



As 2022 comes to a close and 2023 opens, the economic outlook sadly still points to the obvious risk of recession.

Last year as the Fed touted that inflation would be transitory, I went on the record and published several reports stating that I strongly disagreed with the Fed's position - my predictions had correctly forecast that inflation would climb and remain high through 2021/2.

During 2022 we had a succession of rate hikes, this rate hike cycle will continue through the first half of next year and as interest rates rise, so in turn, the growth expectation will tumble. As for the UK, sadly, the fiscal policy errors in the mini-budget are still weighing down this market as the year closes.

Massive losses dominated the financial news in 2022, a year when markets reeled from the full brunt of falls in stocks and bonds, in-fact, last year cut the combined value of the world's sovereign wealth and public pension funds for the first time to the tune of \$2.2 trillion. The value of assets managed by sovereign wealth funds fell to \$10.6 trillion from \$11.5 trillion, while those of public pension funds dropped to \$20.8 trillion from \$22.1 trillion.

The main driver was the significant 10% corrections in major bond and stock markets, a combination that had not happened in the past 50 years. Russia's invasion of Ukraine boosted commodity prices which in turn helped drive inflation rates to 40-year highs. In response, the U.S. Federal Reserve and other major central banks jacked their interest rates, and the Fed's actions caused a global stock market sell-off.

The massive rates rise by year-end had helped to wipe \$3.6 trillion off the tech titans. Facebook and the mighty Tesla have fallen more than 60%, while Google and Amazon are down 40% and 50%. End-of-year statistics show that Commodities were the best-performing asset class in 2022. This was the second consecutive year in which precious metals were among the top performers.

It was no surprise that during 2022 the mainstream investment houses got it wrong and lost many people a great deal of money. Their outdated, lack luster investment management style and strategy had cost their clients dearly in 2022.

Being both proactive and forward thinking, RIO wanted to limit risk. The ideal way to do so was to forget the standard 'off the shelf one size fits all' 60/40 investment portfolio allocation strategy utilized by almost all investment companies. The investment industry has used this asset allocation strategy as a benchmark for decades, recommending that 60% of your capital is invested in stocks and 40% into bonds. This provides investors with the growth of stocks, backed by the stability of bonds and had been underlined as a tried-and-tested institutional benchmark.

But 2022 was a year when the 60/40 portfolio would have resulted in serious losses! The elephant in the room is that the major feature of the 60/40 portfolio is that stocks don't correlate with bonds. So, if one falls, it won't drag the other down with it, right? No, wrong! This year, these 'uncorrelated' assets saw massive losses for mainstream investment companies and their investors.

Stocks and bonds are now moving in concert. The Dow Jones lost -8.58%, the NASDAQ fell -33.61% and the S&P 500 Index is down about -18.79% in the year. The iShares Core U.S. Aggregate Bond Fund (AGG), which offers broad-based exposure to U.S. bonds, is down about 11.91%.

So, the standard investment model of holding a 60/40 allocation would have lost those invested around 20% in 2022.

Basically, Investors with 60/40 portfolios had nowhere to hide in 2022. After accounting for inflation, we are on pace for the single worst year for 60/40 portfolios in a century.

Welcome news then that RIO's precious metal investment selection outperformed all Stock and Bond markets during 2022.

This was yet another year where the positive performance of RIO's precious metal investments again benefited both the Club, and its members who are invested in these products. Gold, Silver and Platinum products account for eight of the fourteen investment products in our entire product range. Statistics show that all eight of our metal investments produced a net gain last year as stock and bond markets crashed.

Despite the stock markets losses members again benefited from our active management strategy, which showed its worth this year.

Members invested in the Club's equity products will be aware that this year was a year in which our proven active trading strategy yet again produced positive results, with five out of six of our equity-based investments recording net gains for members, this despite the stock markets negative performance. I would draw attention to the fact that this was achieved in a year where all of the primary stock markets plunged, as markets were ravaged by massive losses.

The only investment in the RIO Club investment range to record a loss in 2022 was RIO 888 which offers members the opportunity to invest in the rapidly expanding space industry, the main holding of this investment is Virgin Galactic stock. This high-risk investment lost ground this year as both Virgin Galactic and Virgin Orbit were negatively impacted by the NSADQ sell-off. Virgin Galactic stock currently looks oversold at \$3.4 per share and it is very likely to rally back to its more recent range of \$5 a share. This stock can, and often does, move 10% higher or lower on any given trading day.

As such RIO 888 is a high-risk investment which is for those who can and have accepted the risk in exchange for the potential rewards. The investment has the potential to deliver sizable gains in the coming year.

By size RIO 888 represents less than 1% of the total funds under our management.

In summary, an actively managed balanced investment portfolio built from a selection of gold, platinum, property, stocks and RIO's Income Bond would have produced a net gain of around 9% in 2022.

RIO has long warned the stock markets and bond markets have moved to a position of additional risk. As such we continue to recommend that members hold precious metals and property (hard assets) moving forward and not the standard 60/40 model peddled by mainstream investment houses. RIO can, and indeed has, outperformed all stock and Bond markets in 2022.

RIO offers stocks and bonds within our product range, but have for over a decade recommended precious metals, property, real assets and over the years have assisted many members to build an investment portfolio with exposure to a balanced weighting to both stocks, bonds and hard assets. Money goes where its best treated.

RIO's performance in 2022

We outperformed all main stock markets yet again!

	<u>2022</u>
RIO Regular Investment Account USD	7.11%
RIO Regular Investment Account GBP	9.00%
RIO ARC Bullion Account USD	2.94%
RIO ARC Bullion Account GBP	6.16%
RIO Platinum Account USD	11.58%
RIO Platinum Account GBP	15.51%
RIO Stock Trading USD	18.90%
RIO Stock Trading GBP	24.82%
RIO Property Group	8.08%
RIO Currency Concept	3.24%
RIO ARC BAR	9.81%
RIO Silver Lining USD	3.83%
RIO 888	-30.30%
RIO Smart Money	19.67%

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