



RIO Smart Money recorded a gain of 1.69% during the first quarter of 2022, adding to the gains posted to date. The upside potential for this investment is easy to see with the political capital to improve the environment being mobilised, this will come with massive government support and investments which will create a mega trend in green industries.

This actively traded investment targets sectors which are set to benefit from the clean energy revolution, forecast to be a \$95 trillion transition globally. To bring this fact into perspective, that's more money than the value of the London Stock Exchange, the entire crypto market and the 5G revolution combined.

Having done the ground work and reviewed our in-house research on EV manufacturers I added NIO stock to the asset allocation. I will look to acquire the stock at below our strike price and begin to focus on building a longer position in this company.

The opportunity to acquire this stock far lower may come sooner rather than later, as during the past few weeks a chain of events has already driven NIO stock down, and this may soon present what could be an ideal opportunity to buy additional NIO shares as they enter an oversold position.

Why has the stock sold off? Firstly, this Chinese electric vehicle manufacture has been pulled lower by Chinese tech giants which have been pulled up by regulators on the basis of anticompetitive practices. My comment on NIO's lower pricing is simple, it's a buy, as this EV manufacturer is unlikely to be caught in the regulatory issues. The Chinese regulators are clamping down on high-margin companies, but NIO doesn't fit that remit and as such the lifting of the recent regulatory risk may move the stock higher, and I may trade the stock. That said, I am also just as likely to build a position in this holding. The reason being that Smart Money is looking at a two, to three year timeline with a target price of \$30.

Another point to consider is that NIO stock, like most companies trading in China, may see additional short term downward pressure. This is simply due to the economic impact which comes hand in hand with a surge in COVID cases and subsequent lockdowns. NIO shares were down 2.69% on the week at \$19.17 Monday the 18th.

NIO operates in China's premium electric vehicle market. The company designs, jointly manufactures, and sells smart and connected premium electric vehicles, driving innovations in next-generation technologies in connectivity, autonomous driving and artificial intelligence.

Today NIO is basically trading at a discounted level, in addition to the points addressed earlier, the war in Ukraine has sent input prices spiraling and rendered components in short supply, this in turn put additional downward pressure on this stock. To make matters worse, as I mentioned earlier a renewed outbreak of COVID-19 in China has forced these companies to suspend production. NIO are currently still in production and have not completely halted their production line. That said, it is widely believed in the market that NIO's production had stopped and this is perhaps also factored in to the current valuation.

Smart Money - gets smart!

This product benefits from a unique charging structure. There are no administration or management fees levied, and even the establishment charge is covered by RIO. The product is simple; you profit, RIO profits. You make no money, RIO makes no money. It doesn't get any clearer than that!

Smart Money intends to invest up to 20% of its net asset holdings in companies which manufacture electric vehicles, self-driving trucks, vans, and or their critical parts suppliers. The stock highlighted today, NIO, is just one of three EV stocks which Smart Money has identified.

Smart Money homes in on EV trucks which are on the rise; for example, the mining company, Rio Tinto, now uses autonomous trucks to haul iron ore 24 hours a day in Australia. The US Postal Service is using self-driving trucks on a 1,000-mile mail run between Phoenix and Dallas. Courier UPS is yet another company to switch from fossil-fuelled vehicles to electric trucks. In fact, they ordered 10,000 last year and already have autonomous trucks on the road in Arizona. Walmart is rolling out self-driving trucks in Arkansas.

William Gray
The RIO Club