



As we enter the last week of the second quarter of 2022, RIO Smart Money is currently showing a reasonable gain. As such this investment is looking set to produce yet another record quarter having monetized the total holdings in NIO, netting a very healthy profit. I have subsequently moved both the capital and the gains to a cash position as we near the end of the quarter. Buying the dip ahead of the unveiling of NIO's newest product launch, their ES7 SUV, allowed us to capture value with the price momentum. I am now awaiting another downward sell-off to secure a better re-entry point.

This quarters focus

Electric Vehicles (EV)

NIO is the Chinese EV maker considered the Tesla of China and has produced 4 commercial models, the ES6, ES8, EC6 and ET7. In September this year, a new ET5 model is scheduled to hit non-Chinese showrooms and the latest surprise, the ES7 SUV, coming out in Q3, will undoubtedly cause a jump in stock price. It is also important to note that NIO's cars will be available to 5 European countries before year end and to a further 25 countries by 2025. Given a rising gasoline price now well above the €2 mark in Europe, these cars may well be in higher demand. NIO is currently on track to sell 100,000 cars in China in this year at an average price of 51K USD and has shown year on year sales growth of 100% while still having less than 0.5% market share of the Chinese automobile market.

The NIO brand brings along an important side business of tremendous potential; the modular battery feature that will literally eliminate charging times and ensure an ever-growing battery swapping monthly subscription cash flow stream as more charging stations enter the Chinese market. Although NIO had to delay the launch of this ES7 SUV and was plagued by parts and chip shortages, it has been to a lesser extent than many other countries. Having survived the challenges of the pandemic and reduction in EV subsidies by Chinese regulators, it is now banking on Chinese deliveries of the ES7 for Q3 2022; this could signal wider adoption for the brand. Given the China market size, if NIO can resolve its car production and deliveries issues, they could be set to benefit significantly.

Smart Money is targeting sectors which will benefit from the clean energy revolution, it has the potential to deliver strong gains, given the forecast \$95 trillion cost of the clean energy global transition. With a strong focus on electric vehicle manufacturers, self-driving lorries, vans, and their critical parts suppliers, the Smart Money could potentially capture direct and ancillary benefits from the global push to a cleaner environment. Members with a slightly riskier appetite wishing to do their share of reducing the carbon footprint, will have an opportunity to do so by taking a position in Smart Money. To put the afore mentioned \$95 trillion figure into perspective, it represents more money than the value of the London Stock Exchange, the entire crypto market and the 5G revolution combined.

Apple

Apple is about to step into the arena, the Apple car is coming, however, the greatest profits will not be Apple stock!

The tech giant has been secretly pulling all the stops to launch its own electric car. Morgan Stanley is the top bank for tech and they estimate the Apple car will become a \$10 trillion opportunity for Apple. With its market cap is approaching \$2.3 Trillion, Apple has around \$250 billion in earnings from the i-

Phone alone, which was revolutionary, but wasn't heard of until it was launched; nobody knew about the i-Phone until the official launch in January 2007. If you haven't heard of the i-Car, don't be surprised when the company comes out with a fresh new announcement, Apple is notoriously secretive and focuses on one thing and one thing only, designing the most revolutionary, cutting-edge products; the next big ticket is, you guessed it, the i-Car.

Apple cannot grow fast because of its market cap size, the big gains in the Apple car, will come as they partner up. As most people know, Apple does not manufacture its own products, it just assembles everything in order to preserve the "whole recipe". There are no expensive manufacturing plants with thousands of employees at Apple, and they are notorious for outsourcing to other companies, much smaller in size and those companies will see tremendous growth as they reap the benefits of massive contracts from the giant firm.

RIO has identified and short-listed a number of prime candidates, which stand to benefit most from the Apple car. Although an official announcement has yet to be made, our analysts have spent weeks to identify the candidates. Insiders refer to the Apple i-Car as "Project Titan". Recently, even Elon Musk himself acknowledged the Apple i-Car is an "open secret" in the tech world, a secretive project years in the making.

In 2017, Apple got the green light from the DMV to start testing the technology for the Apple i-Car. The tech giant could easily afford to fund this venture to the tune of \$202 billion in cash at the last count. To put that number in to perspective that's more than the entire market cap of Nike, Intel, or McDonald's held in cash. Add to that the fact that Governments all over the world are fast-tracking the push for electric cars; the market for electric cars is set to skyrocket by 2030. The US Government alone has publicly announced that it wants half of all new cars sold in 2030 to be electric.

The above news is perhaps a breath of fresh air, when the general stock market offers very little other than disappointment for investors. For the experienced multi asset fund manager who had prepared and forecasted this carnage, it's the perfect time to invest, if you know what to buy and why.

William Gray
The RIO Club