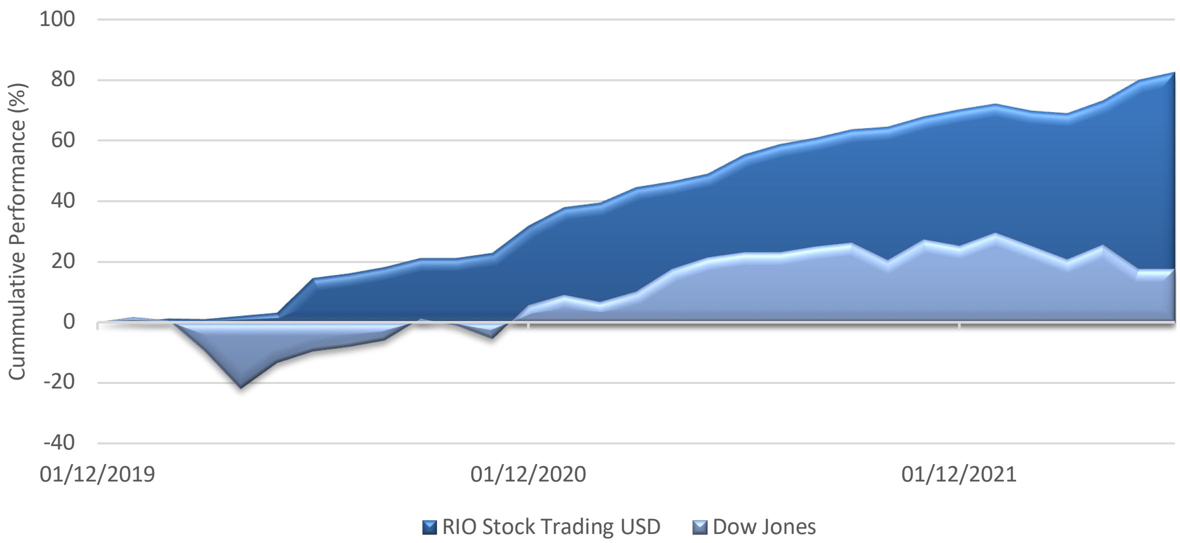
THE RIO CLUB

24 June 2022

RIO STOCK TRADING USD

The beginning of 2022 saw the S&P 500 have its worst weekly performance since the COVID-19 crash; the index closed below its 200-day moving average for the first time since 2020. The stock sell-off continued throughout the first 6 months of 2022 and, by mid-May, the S&P 500 had reported the worst start in over 90 years, down close to 20%, with the Nasdaq Tech index bleeding an even larger 30% over the same period.

The RIO USD stock trading account fared very well over the same period, having benefited from holding a larger than average cash position through late 2021, in preparation for the stock market meltdown, which I had forecasted would arrive. The fact that I had taken a safety stance, and accurately forecast the arrival of the stock market meltdown, had both protected members from losses and enabled me to take full advantage of the cash on hand to place some precision trades. The results speak for themselves as over the six months leading up to May 1st, the stock trading account posted a 7.3% net gain, as stock markets around the world crashed.

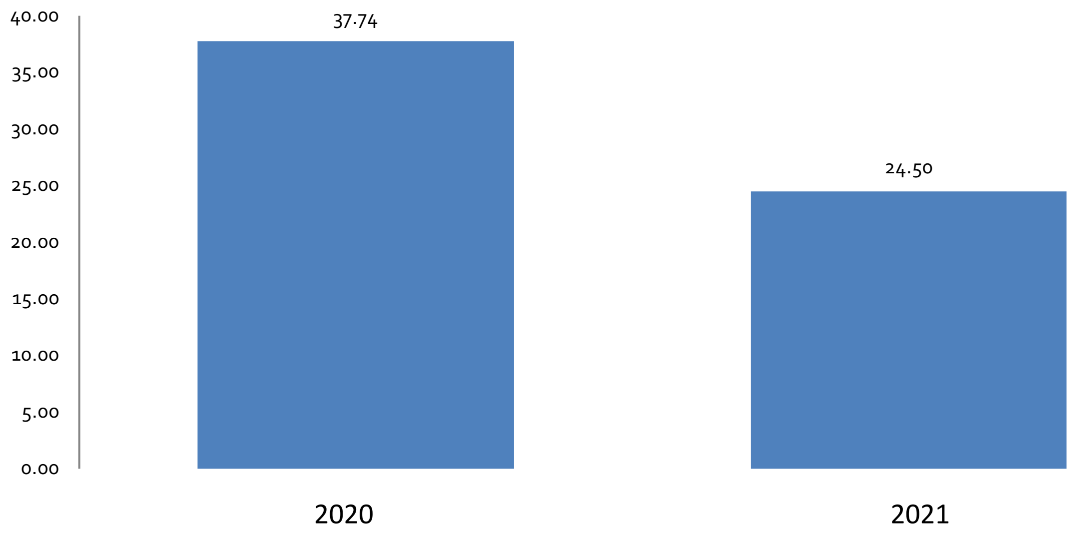


The superior performance was attributed to market timing and strategic stock selection. That done, it was a case of taking profits by simply selling into the subsequent bear market bounces. During June I continued to acquire targeted equities such as NIO, which was bought at 17.52 and later sold at 22.97. As I write through this overwhelming market volatility, the account is already showing a net gain, and all proceeds from equity sales have been moved to cash as we near month end, this to lower the risk and to secure a positive month, monetizing gains to benefit those invested.

As a skilled and well seasoned fund manager strategically speaking I have often profited from a market sell-off where uncertainty reigns. Personally, I much prefer market meltdowns and turmoil as these can produce unique investment opportunities!

Looking back on the historical performance, the USD trading account yielded 17.5%, 59.0% and 82.6% over the past 12, 24 and 29 months respectively for a very satisfying average of 33% per year. This stellar performance, sustained by 27 months of positive gains over a 29-month period underlines how focused and astute the trading strategy has been, this has maximized returns yet minimized risk. It is also worth mentioning that May 2020 saw the highest reported monthly gain for the account of 11.02%, just two months after the 2020 market crash where the Dow lost 34%. Incidentally, over the same 29-month period, the largest recorded loss was registered in January 2022 at -1.28%.

The current philosophy behind the stock trading account is to take advantage of market instability caused by political turmoil and its impact on regional, national and international businesses. Those who have a higher tolerance to risk should consider the stock trading account.



The yearly performance statistics show even more impressive gains as illustrated above.

Although RIO has done well, the stock market sell-offs have devastated the returns of almost all mainstream equity based mutual funds; the reason why is simple, most equity funds remain fully invested and they do not run to the safety of cash. Ask us why and you may be shocked!

Mainstream equity investors have seen a painful start to the year as most mutual fund managers erased the gains they had seen in 2020/21 while global stock markets around the world collapsed. The month of May was particularly significant where a continuation of the sell-off in stocks and bonds continued. At this stage, bonds are no longer a safe haven or great hedge against inflation, as rising interest rates have been the catalyst for stocks selling off.

Fortunately for our RIO membership, those holding equity funds or direct stocks outside the RIO club's umbrella, were forewarned of the impending meltdown, and have benefited from our insight into the markets; that is assuming they heeded our warnings. Members who reduced their stock positions and moved into safety fared far better this year; sadly, most mainstream equity investors/non-members suffered from the stock market carnage, often losing in excess of 20-30%.

In late 2021, I weighted RIO's equity investments more heavily towards cash to protect both the USD and GBP RIO Stock Trading accounts in preparation for a stock market meltdown. This low-risk strategy proved to be strategically critical as we moved through 2022 and shielded members from double digit losses.

William Gray
The RIO Club