



The Regular Investment Account USD posted a gain of 0.19% during the first month of 2022. This marks the account's twelfth consecutive gain, its sister account, the Regular GBP had recorded a perfect year in 2021.

The lack of volatility within these actively traded equity investments clearly underlines the fact that this investment is among the least volatile equity investments in the world. Now that's a very compelling reason to invest; there are many equity investments in the world, but very few which can constantly post gain after gain!

The account's risk-reward ratio of 4.47:1 remains above 3:1, a ratio which is considered average by the investment industry. The takeaway is that this account continues to deliver, and better still has a risk reward ratio which is rarely seen in the equity investment arena. Why take additional risk when RIO can, and often has, delivered constant gains but with less risk?

The Market

The first four weeks of 2022 marked a volatile month of trading for U.S. stocks, going forward the implications of the Federal Reserve's recent announcement in which they had clearly stipulated that there may need to be some aggressive policy moves to tackle soaring inflation has caused investors worldwide to consider the potential downside risk to equity assets.

I forecast that the Fed will raise rates four times this year. I also noted that several banks are predicting seven rate hikes, and JP Morgan, has forecasted that there will be five. Time will tell who called it right.

The four rate rises forecast which I have predicted is based on sound rationale and reason. I would point out that it remains to be seen whether the Fed will be able to raise interest rates too aggressively. I predict that they will look to otherwise adjust policies to bring down inflation, in an effort to avoid negatively impacting economic growth and corporate profits; the above is only one reason why I forecast four rate rises.

Looking forward, the massive monetary stimulus that has helped keep interest rates low, and stock prices high, will soon be scaled back. Throughout the second half of 2021, I had been warning members that inflation will soon replace COVID as the main issue; it now has!

William Gray
The RIO Club