



RIO Smart Money has recorded a return of 1.42% in the second quarter of 2024. It is well known that Smart Money has recorded eleven gaining quarters, and that it has filled only one losing quarter since its inception, this is an excellent track record. But more importantly since inception this investment has registered a net return of over 41%, that's what counts. The risk reward ratio continues to be favorable, at the end of the second quarter this statistic came in at 12.45-1, which ranks the account as excellent.

These numbers were achieved by selectively trading the EV market, not trading the wide and general EV market, as this has been very volatile over the past two years. As Warren Buffet once commented "Wide diversification is mainly for those who do not understand the market they are investing in". RIO is well versed in the market, and as the returns indicate we are very capable of selecting the right stocks. In short, Smart Money had the potential upside clearly in your favour from the very get go.

The account continues to trade NIO and BYD stock, and it's perhaps reassuring to also note that we always reevaluate these companies. The reevaluation is done to ensure that they continue to fit our risk profile, and that they offer the potential returns which led RIO to add them to this investments stock selection trading matrix in the first place.

The main stock traded during the second quarter was BYD. BYD is now the world's largest EV manufacturer, but a closer look shows that BYD is not resting on its laurels, they have already overtaken Tesla in EV production and BYD is looking to become a front runner in battery innovation. The company is renowned for its Blade Battery technology, which top automakers, including Tesla and Ford, utilise.

The EV Market

Chinese electric vehicle maker BYD turned in impressive June sales numbers. It might beat Tesla again in the quarterly race to sell the most all-electric cars. BYD's numbers showed the strength of its hybrid offerings and the challenges it will face to export more cars to the West.

BYD reported June sales volumes on Monday. It sold about 340,000 passenger vehicles, up 35% year on year. All-battery electric-vehicle sales came in at about 145,000, up 13% year on year. Plug-in hybrid sales came in at about 195,000, up 60% year on year.

The company exported approximately 27,000 vehicles, amounting to about 8% of June's passenger vehicle sales. That's up 156% year on year, but down 28% from the 37,499 vehicles exported in May. The May number amounted to 11% of passenger vehicle sales.

It's getting a little harder for the company to export vehicles to Europe as regulators are adding tariffs of up to 38% on Chinese vehicle imports (the tariffs were announced in June). It's too early to see the lasting impact of new import levies. Our Analysts have been closely watching BYD and their export numbers for several months.

For the quarter, BYD sold 426,039 all-electric vehicles and 556,708 plug-in hybrids. It's the best quarter for plug-in hybrid sales ever. What's more, about 1.3 hybrids were sold for every all-electric car. Historically, that ratio for BYD has been closer to one-to-one.

All-electric cars typically account for 25% or 30% of total electrified sales in China in a given month. Hybrids account for 15% or 20%. All-electric sales are growing slower than hybrids in 2024 as the latter technology picks up some share.

With its strong June, BYD might be able to top Tesla on all-electric sales for the second time. Tesla is due to report second-quarter numbers on Tuesday. The most recent Wall Street estimates are about 420,000 cars sold.

If Tesla ships less than 426,000 vehicles, it will be the second quarter that BYD has beaten the EV pioneer. BYD shipped about 526,000 all-electric cars in the fourth quarter of 2023. Tesla shipped 502,000.

Whichever company wins the quarter, solid deliveries are helping both stocks early on Monday. BYD was up 0.6% in overseas trading. Tesla shares were up 1.7% in premarket trading at \$201.20 a piece, while the S&P 500 and Dow Jones Industrial Average futures were both up about 0.3%.

Coming into Monday trading, Tesla stock was down about 20% so far this year. Slowing sales growth has weighed on investor sentiment. Tesla's first-quarter deliveries dropped almost 9% year on year.

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