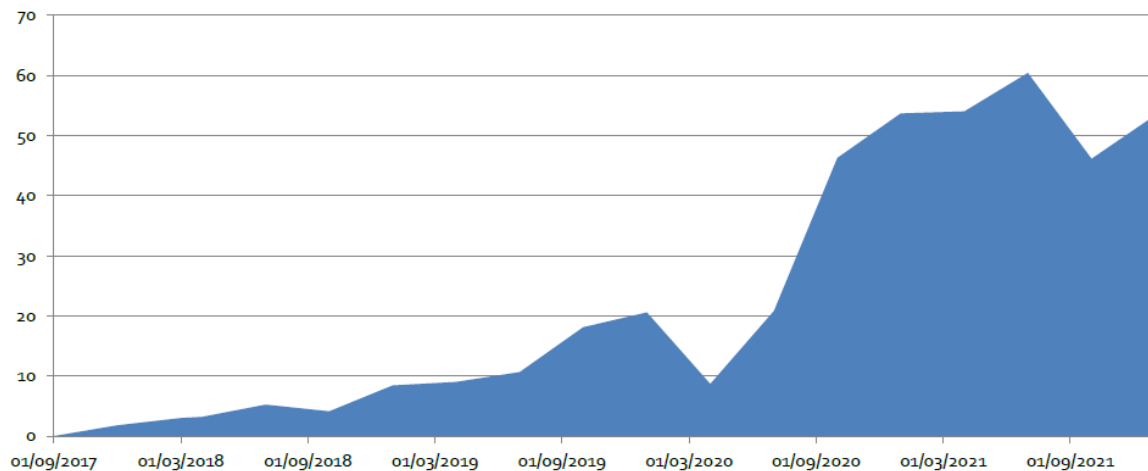




RIO Silver Lining posted a gain of 4.92% during the fourth quarter of 2021, the net result of perfect timing. I had taken full advantage of the oversold position seen in the metal during the third quarter to position what are now seen as precision trades.



Acquiring silver at sub \$22, and then selling it at \$25 during November certainly helped this investment perform well in this, the last quarter. This positive performance was welcomed following the loss of 8.90% filed during the third quarter which due to the fact that spot silver fell back to \$21.50 an ounce, or -15.08%.

At the time Silver had fallen to its lowest price in more than a year; this occurred on the back of a US dollar rally. The dollar's rally driven by the Fed, who had indicated that it may begin tapering its monetary stimulus measures far sooner; they announced that these could be implemented by the end of the year.

Looking back, semiconductor chip shortages and the lack of supply have plagued the industry; this, in turn, caused a massive fall in the demand for precious metals such as Silver, which had pushed values down.

Silver as a result sold off, and moved in to what would be considered an oversold position. I would confidently forecast that the oversold position will normalize in the coming months; when coupled with demand for silver increases, the price will rally. Furthermore, bullish sentiment will come as industrial use of silver will almost certainly increase dramatically in the next five years as we move toward a low carbon economy.

The green drive pushed as multiple western governments move ahead with programmes for clean energy, as a result silvers value will almost certainly be supported in the coming years. For example, Silver is used in the production of electrical connections in electric vehicles; it is also used in solar panels which accounted for around 20% of industrial demand this year. Demand from the solar sector is already rising steadily; in fact, demand rose 4% in 2020 and is forecast to rise further still in 2022.

Looking Forward, there have been some analysts toting the idea that inflation may be peaking, sighting that recent data indicates that some supply lines are beginning to show signs of improvement. I would counter the statement with this simple comment - "Wage inflation, energy bills,

and any potential restrictions could bring more price rises." In short, I predict inflation to continue higher. Consumers and some analysts may be hoping for inflation to taper off and prices to fall, but at best they'll likely stay at current highs.

Our analysts have all agreed with my take; inflation is most likely to be sustained for much longer than some believe, and as a result, the real cost of living crisis could face both the US and UK in the coming months. Buy RIO Silver Lining as silver is almost certain to rally, as will Gold, but time will tell!

William Gray
The RIO Club