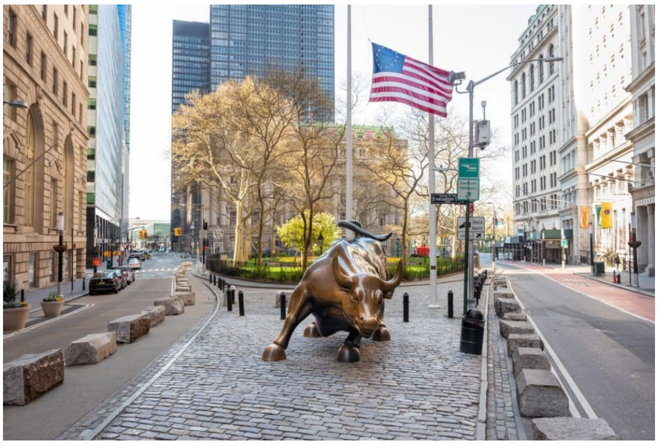
THE RIO CLUB

15 April 2025

RIO STOCK TRADING USD

RIO Stock Trading USD lost just 0.98% in March, this as the Dow Jones fell 3.83% and the NASDQ collapsed almost 10%, I had taken proactive action to reduce the accounts exposure to stocks which had limited the downside.



As the month opened I sold several equity positions prior to the stock market sell-off which tanked the markets. The strategy of moving capital to safety has yet again been proven to be prudent.

The weighting to equities at the end of February was 37.73% and today it stands at 20.13%, with the remainder held in cash ready to buy back in to any further correction.

Stock Trading USD was well placed as we entered April and I have since reacquired over half of the stocks sold last month, with each being bought at a lower book cost. I am almost certain that I will be able to add to this in coming days and intend to take full advantage of this sell-off to reposition Stock Trading. The equities currently held have a combination of promising technical indicators and strong fundamentals.

The volatility is unlikely to taper off as we move through to mid April so the stock market sell-off is, in my opinion, not over yet. That said, there would certainly be relief on any positive news that there has been some tariffs renogotiated, or suspended. Without this the market's upside is capped.

<u>The Market</u>

Uncertainty may persist, but any long-term professional investor would comment that market cycles come and go. Instead of trying to predict the bottom, professionals focus on buying good businesses at reasonable prices and right now that's certainly possible.

History clearly shows that the best opportunities almost always present themselves when fear is at its highest. But a warning, not all stocks are a buy in this market, despite the market correction, some growth stocks still trade at elevated multiples. A further earnings slowdown or delay in rate cuts could lead to another leg down in valuations.

Geopolitical and macro risks are glaringly obvious, rising global trade tensions, persistent inflation risks, and uneven economic growth could weigh on investor sentiment, limiting near-term. This as the Trump administration is advancing tariff plans on pharmaceuticals and semiconductors, citing national security. Probes under Section 232 target imports like copper and electronics, mainly from China. These actions have shaken markets, with rising import costs and economic outlook downgrades amid inflation and jobless concerns.

Pharmaceuticals are the next sector targeted by tariffs, with European drug-makers like Novo Nordisk facing threats, while weakened US import bookings reflect escalating trade tensions and economic unease worldwide.

The stock markets rose firmly on Monday after fears over Trump's trade war were tempered by tariff exemptions for smartphones, laptops, semiconductors and other electronic products.

But suggestions by Trump that the exemptions would be temporary added to market uncertainty as the dollar extended losses, helping gold to a fresh record high.

Last Friday the US appeared to dial down the pressure on its trade war with Beijing, sparing electronic products -- for which China is a major source -- from painful "reciprocal" levies. On Sunday Trump stressed that the exemptions had been misconstrued and that no country would get "off the hook" in his trade war, especially China.

He said they would only be temporary as his team pursued fresh tariffs against many items on the list, including on semiconductors "over the next week".

Data on Monday showed Chinese exports soared more than 12 percent last month ahead of the tariffs, with the United States remaining the largest single destination, accounting for $115.6 billion worth of goods.

It could be years before Chinese exports regain current levels.

The dollar extended losses against its major peers on Monday, with the euro around a three-year high and the Swiss franc at its strongest in 10 years. Treasuries also remained under pressure amid worries that China and other nations might dump their vast holdings, which could call into question the US government bonds as a safe haven.

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