

Rid Investment LLC FZ. 01/03/2022

Report February 2022.

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Report

In February 2022, the global financial markets were marked by pronounced volatility influenced by central bank policies, key economic data releases, and persistent geopolitical tensions. The macroeconomic landscape presented a complex interplay of factors that shaped market dynamics across various asset classes, necessitating a sophisticated approach to investment management.

The US dollar maintained a strong performance throughout the month, driven by the Federal Reserve's hawkish rhetoric and concrete steps towards tightening monetary policy. The Fed's indications of imminent interest rate hikes and the tapering of asset purchases were significant drivers of the dollar's strength. This was further bolstered by robust economic data, including strong labor market indicators and rising inflation, which reached levels not seen in decades. As a result, the dollar appreciated against several currencies, particularly growth-linked ones like the Australian and New Zealand dollars. These currencies weakened as risk sentiment waned and commodity prices faced downward pressure.

The EUR/USD pair experienced significant bearish pressures in February. Historical seasonality trends reveal that February has been one of the worst months for this pair over the past five and ten years, with average losses of -1.12% and -0.57%, respectively. This trend was evident in 2022, exacerbated by the divergent monetary policies of the Federal Reserve and the European Central Bank. While the Fed was firmly on a path to tightening, the ECB remained cautious, citing uncertainties related to the economic outlook and inflationary pressures within the Eurozone. This policy divergence led to a weaker euro against the strengthening dollar.

Similarly, the GBP/USD pair saw declines, with February historically being the second-worst month for the pair. The British pound faced headwinds from domestic inflation concerns and the Bank of England's monetary policy actions. Despite the BoE's efforts to curb inflation through rate hikes, the relative strength of the US dollar and ongoing economic uncertainties in the UK contributed to the pound's depreciation against the dollar.

In the commodities market, gold and silver prices declined in February, contrary to their usual behavior as safe-haven assets. The stronger US dollar made these metals more expensive for holders of other currencies, dampening demand. Additionally, shifting investor sentiment towards riskier assets amid expectations of higher interest rates and improved economic prospects reduced the allure of precious metals. Despite these declines, copper prices remained resilient, supported by robust industrial demand and persistent supply chain disruptions. The global recovery in manufacturing and infrastructure development projects sustained copper's high demand, offsetting some of the broader commodity market weaknesses.

Equity markets in the United States exhibited mixed performance during February. The S&P 500 index faced significant volatility, influenced by rising interest rate expectations and inflation concerns. Early in the month, the market reacted negatively to the prospect of higher borrowing costs, which could impact corporate profit margins and consumer spending. However, positive corporate earnings reports and ongoing economic growth provided some stabilization towards the end of the month. The technology sector, in particular, experienced pressure as investors reassessed growth valuations in a higher interest rate environment, while sectors linked to economic recovery showed relative strength.

Overall, February 2022 presented a challenging yet opportunistic environment for investment management. The strong US dollar, influenced by the Federal Reserve's hawkish stance and robust economic data, set the tone for forex markets, while commodities and equities responded to a complex mix of demand dynamics, supply chain issues, and shifting investor sentiment. Our

strategic adjustments across various asset classes allowed us to navigate these volatile conditions effectively, leveraging rigorous macroeconomic analysis and timely execution of trades to optimize returns across our diversified portfolio.

In February 2022, our investment strategy was dynamically adjusted to capitalize on the prevailing market conditions, which were characterized by significant volatility driven by the Federal Reserve's hawkish policies, robust US economic data, and persistent geopolitical tensions. These factors necessitated a nuanced approach to asset allocation across our five investment accounts, each designed to optimize returns through strategic positioning in forex, commodities, and equity markets.

For Account 1, we increased the forex allocation to 50%, focusing on strategic trades in pairs such as NZD/USD, CAD/CHF, and GBP/JPY. The NZD/USD pair faced downward pressure as the US dollar strengthened, influenced by the Federal Reserve's tightening stance and New Zealand's relative economic outlook. Our short positions in NZD/USD capitalized on these dynamics, yielding significant gains. Similarly, the CAD/CHF pair offered opportunities as the Canadian dollar remained relatively stable against a weakening Swiss franc, driven by differing economic conditions and central bank policies. Long positions in CAD/CHF were profitable due to this divergence. Additionally, the GBP/JPY pair saw notable movements, with the British pound under pressure from UK inflation concerns and the Bank of England's actions, while the Japanese yen remained relatively stable. Short positions in GBP/JPY provided substantial returns.

Account 2 shifted focus more towards commodities, increasing the allocation to 60%. This account capitalized on the strong performance of copper and the relative stability of gold and silver, despite a general decline in precious metals. Copper prices remained resilient due to industrial demand and supply chain disruptions, and our long positions in copper contributed significantly to the account's performance. The forex allocation was reduced to 20%, with profitable trades in CAD/CHF and GBP/JPY. The remaining 20% was invested in indices, primarily in the S&P 500, which managed to stabilize despite early month volatility.

For Account 3, we maintained a balanced approach with 30% allocated to forex, 30% to indices, and 40% to commodities. This diversified strategy ensured robust performance across all sectors. Forex trades in NZD/USD, CAD/CHF, and GBP/JPY provided substantial returns, complemented by gains in the S&P 500 and commodities like copper. The balanced allocation allowed the account to navigate the mixed performance in equity markets and leverage opportunities in forex and commodities.

Account 4, heavily focused on commodities with a 70% allocation, maximized returns from trades in copper, gold, and silver. The robust demand for copper due to manufacturing and infrastructure projects provided a solid foundation for gains. The forex allocation was increased to 20%, focusing on pairs like CAD/CHF and GBP/JPY, which offered profitable trading opportunities. The remaining 10% in indices added to the overall gains, particularly through selective investments in the S&P 500.

Finally, Account 5 maintained a balanced allocation of 30% forex, 30% indices, and 40% commodities. This strategy allowed for significant returns across all asset classes. Forex trades in NZD/USD, CAD/CHF, and GBP/JPY leveraged movements driven by economic data and central bank policies. The indices allocation in the S&P 500 and the commodities allocation in copper, gold, and silver also contributed to the account's success.

Overall, our strategic adjustments in February 2022 resulted in a notable profit of 3.29%. Our ability to adapt allocation percentages across forex, indices, and commodities ensured effective navigation of the volatile market landscape, capitalizing on emerging opportunities and optimizing returns

across our diversified portfolio. This performance underscores our expertise in managing investments amidst complex and dynamic market conditions, leveraging rigorous analysis and timely execution of trades.