

A nighttime cityscape featuring several illuminated skyscrapers against a dark blue sky. In the foreground, there are light trails from traffic on a road, suggesting a busy urban environment. The overall scene is a mix of modern architecture and dynamic light patterns.

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11 ELECTRIC VEHICLE STOCKS TO BUY FOR 2021

LUKE LANGO

How to turn the electric disruption of transportation into your million-dollar opportunity

When it comes to identifying next-generation breakthrough investments that could rise 100%, 200%, 500%, or more, I always come back to one saying.

Where there's disruption, ***there's opportunity***.

Case-in-point: The internet.

Throughout the 1990s, the emergence of the internet rapidly disrupted how people across the globe worked, communicated, and played.

For many, it was a scary time. Change is never easy. For many more, it was an exciting time, as the internet was unlocking a new world of possibilities.

But... for investors... it was an opportunity.

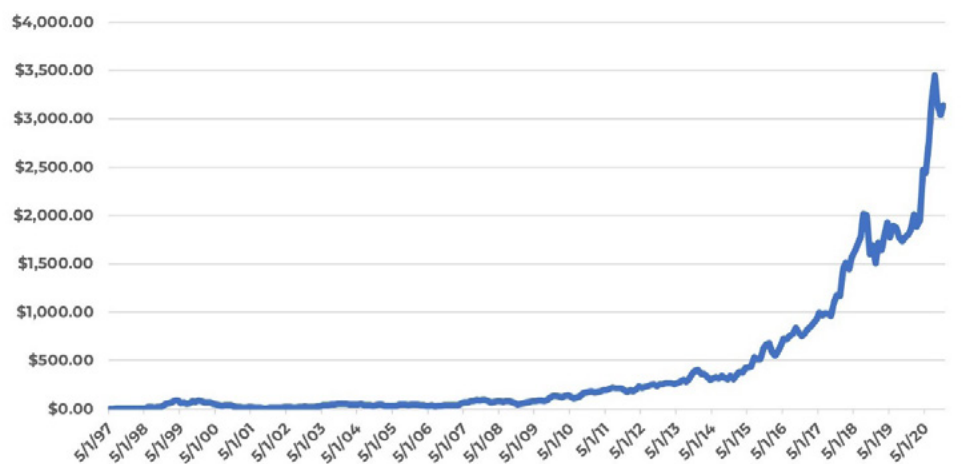
Specifically, it was a once-in-a-decade opportunity to invest early in emerging titans of the internet industry.

Like **Amazon (AMZN)**... when it was a \$438 million company in 1997...

It's a \$1.6 TRILLION company today – representing a whopping **365,000%** return.

That means a mere \$1,000 investment in Amazon in 1997 would be worth more than \$3.6 million today.

Amazon.com, Inc. (AMZN)



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Need I say more?

Where there's disruption, there's opportunity – and the bigger the disruption, the bigger the opportunity.

Right now, we are on the cusp of an enormous disruption.

This disruption will fundamentally and entirely change the world's multi-trillion-dollar transportation work. In its wake, it will create new hundred-billion-dollar titans of the auto industry – most of whom are just tiny companies today.

What disruption am I talking about specifically?

The shift toward **electric vehicles**.

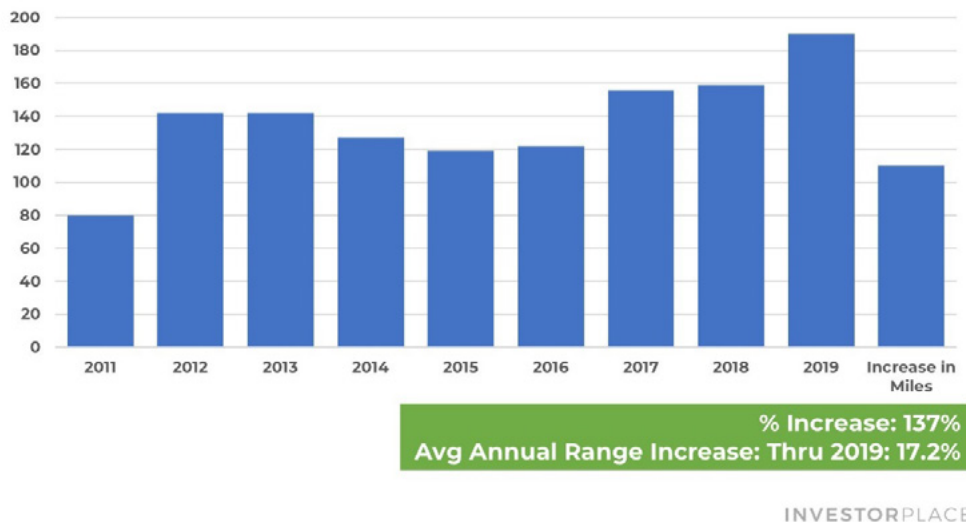
Long story short, the world's transportation network is rapidly being electrified. This electrification wave is nothing new. Electric cars have been around for over a decade. To-date, they've barely moved the needle – in 2019, only 2.1 million new EVs were sold, representing just 3.3% of the total global new car market.

But... in 2020... ***multiple game-changing trends have converged*** to set the stage for the nascent EV market to rapidly march toward global ubiquity over the next decade.

Simply consider the following:

- ***Demand is shifting.*** Today's consumers are more aware than ever before of climate change, and are increasingly aligning their purchasing decisions to "go green." As a result, over 60% of prospective car buyers in the U.S. today want an EV – and that number is going up every single year.
- ***Laws are changing.*** Governments are also more aware than ever before of climate change and are increasingly enacting legislature to promote adoption of "green" technologies. More than 200 cities and counties across the world have a "100% clean energy" target for 2030, 2040, or 2050 – while districts on the cutting edge of green tech (like California and New Jersey) are outright banning gas car sales after 2035.
- ***Tech is improving.*** EVs used to be significantly limited by driving range. Thanks to major technological improvements on the battery front, that's no longer true. The average range of an EV has increased 140% since 2011, with a fully charged EV now getting as much range as a gas car at 300-plus miles. Even further, gas cars aren't increasing their driving ranges. EVs are, and rapidly – so by 2030, EVs will be able to drive significantly farther than gas cars.

BEVs (Available in the U.S.) Range Increases



- **Costs are falling.** EVs also used to be significantly limited by costs. That is, they have traditionally been far more expensive than gas cars. Again, though, this is no longer the case. Average EV prices have dropped 70% since 2010 and are now largely on par with gas cars. Economies of scale and technological improvements will unlock further cost reductions, and by 2030, EVs will be substantially cheaper than gas cars.
- **Supply is pivoting.** For years, auto industry incumbents were asleep at the wheel when it came to the EV revolution. Not anymore. Every major automaker in the world – from Ford to GM to Bentley – is making all-out blitz into the EV category, in what will amount to an unprecedented surge in EV supply over the next decade.

The future couldn't be any clearer.

EVs are on the cusp of fundamentally disrupting the entire multi-trillion-dollar auto market.

It's one of the biggest disruptions we have ever seen in the past 50 years – and, by extension, it's one of the biggest investment opportunities we have ever seen in the past 50 years, too.

The **right** investments in the EV sector will score investors 10X, 20X, even 30X returns over the next few years.

Note the emphasis above...

The **right** investments.

That's the thing about disruptive megatrends. You can't just invest in the megatrend. Although the internet did turn into a globally ubiquitous, multi-trillion-dollar industry, most internet startups in the 1990s went under. Only a handful actually turned into enormous long-term winners.

The same will be true about the EV space.

It will turn into a globally ubiquitous, multi-trillion-dollar industry by 2030. But there are a lot of EV startups today, and the reality is most of them will fail.

Only a handful will succeed – but those that do, **will generate Amazon-like returns.**

So... with that in mind... let's take a look at my 11 favorite electric vehicle stocks to buy for the next decade, each of which represents a **right** investment in one of the biggest disruptions of our lifetimes.

EV Stock #1: The Emerging Tesla of China

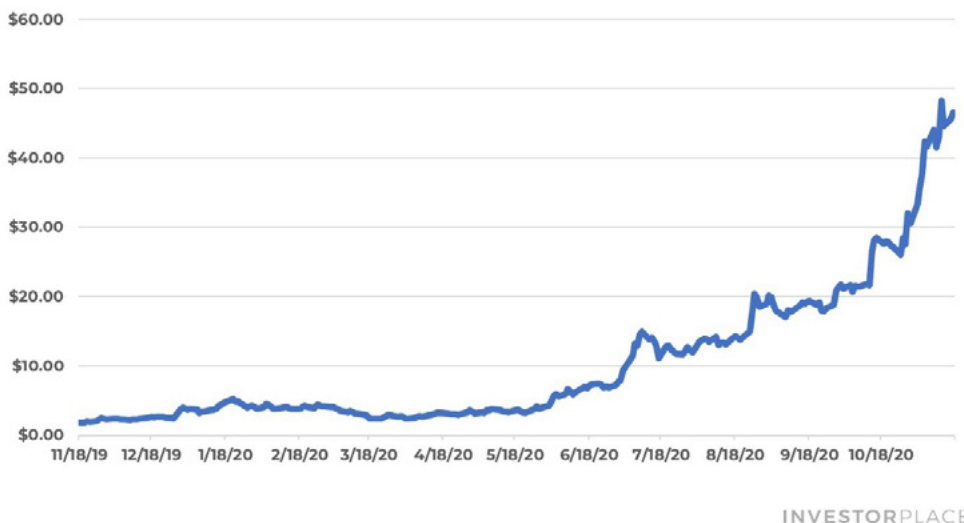
There's no doubt that **Tesla (TSLA)** has experienced momentous success in the booming EV market.

But, with a \$460 billion market cap, it's fair to say that Tesla is already valued to be a dominant auto maker for many years to come.

In other words, if you're looking for explosive gains in the EV market, it may be time to look for the *next Tesla*...

With that in mind, I'd like to introduce you to **NIO (NIO)**.

NIO Limited (NIO)



Many consider NIO to be the “Tesla of China.” That’s accurate. NIO is dominating China’s luxury EV market today much like Tesla has dominated America’s luxury EV market over the past few years.

This dominance isn’t by mistake.

NIO makes **the best electric cars** in China, packaged with the **most exclusive and desirable branding** in the market. And thanks to a unique business model, it can sell those cars at **great prices**.

There’s no denying the robust performance and aesthetic of NIO’s e-SUVs. These are sleek looking, smartly designed luxury cars with tons of space, attractive interiors, omni-present software integration, and a large sky roof that gives the cars a modern, open-air feel.

NIO's cars are only rivaled by Tesla in terms of range (350-plus miles of driving range, significantly better than every other EV in the world except for Tesla's long-range models, which are comparable) and pick-up power (0-to-60 miles per hour time of 4.5 seconds, again miles better than every other EV in the world except for Tesla's models, which are comparable).

So, when it comes to EVs, **NIO and Tesla make the best cars in the world, without any close competition.**

Meanwhile, NIO has followed in Tesla's stateside-footsteps, fostering excellent, exclusive brand equity in China, primarily through the creation of swanky NIO clubhouses for car-owners. In so doing, NIO has cemented itself as the "cool" brand in China's EV market.

Perhaps most importantly, thanks to its unique battery-swapping model that removes the cost of battery ownership for the consumer, NIO is selling its premium EVs for anywhere between \$50,000 and \$80,000. That's a great price for a high-performance luxury e-SUV like this. For comparison, Tesla's Model X is selling for over \$100,000 in China.

It doesn't take a rocket scientist to connect these dots.

By selling the best premium e-SUVs in the market, under a great brand, and at great prices, NIO will drive to a leadership position in China's premium EV market over the next decade — which, of course, is great news for NIO stock, because China is the largest auto market in the world.

But NIO also has an incredible opportunity to leverage its leading tech, strong brand, and genius business model to replicate its core China success on a global scale.

Ultimately, that means **NIO is a Tesla 2.0 in the making.**

Tesla is a \$460 billion and "getting-bigger-everyday" company. NIO's market cap is \$60 billion. Clearly, there's a ton of upside potential left in this emerging EV maker.

EV Stock #2: The Leader in a New Class of 3-Wheel EVs

Every small car that has ever launched in the U.S. to-date has been a failure.

Suzuki in the early 2010s. The Toyota Scion iQ in 2015. Mercedes' mini-Smart Car in 2019.

None of them sold more than a few hundred units. *None of them are still for sale in the U.S. today.*

The blunt reality: small cars don't sell well in the U.S.

Actually... let me rephrase that... small cars *haven't* sold well in the U.S.

Yet.

America's relationship with cars is changing. And that's mostly because **who** is buying cars is going to change over the next decade.

The U.S. auto market has historically been driven by older folks and families, who live in spacious suburban neighborhoods, with sizable incomes and good credit.

That crowd likes bigger cars and can afford nicer cars.

But, in the 2020s, the U.S. auto market will increasingly be driven by an entirely different demographic: **young, single folks, who live in jam-packed cities, with lower incomes and worse credit.**

Long story short, due to the widespread availability of shared mobility services, millennials have long shunned car ownership, with U.S. millennial car ownership rates at 80% today, versus 90%-plus for older demographics.

Covid-19 is changing that, because it has eroded the attractiveness of ride-hailing, and prompted these young, single folks, who before relied on Lyft and Uber rides, to finally get a car.

A recent Capgemini survey found that 45% of individuals under the age of 35 are considering buying a car in the wake of the pandemic, with a majority of that intent coming from people who have never owned a car before.

But these young folks are still at the beginning of their careers. Living in cities. With unproven credit histories. And tons of student debt. Plus, they are also from the generation that is hyper-concerned with saving the environment.

So, they aren't going to splurge on big new fancy Hummers.

They are going to buy small and cheap electric cars.

That's great news for **ElectraMeccanica (SOLO)**.

Electrameccanica Vehicles Corp. (SOLO)



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The Canadian-based EV maker is making the perfect car for this new generation of car buyers: a three-wheel, single-seat EV – dubbed SOLO – which retails for just \$18,500.

At that price point, it's cheaper than any other vehicle on the market. It's zero-emission. It's small enough that it can be parked anywhere. And one seat isn't a significant limiting factor, since the most common use case of a car is to commute to and from work, and 80%-plus of those trips are done alone.

In other words, ElectraMeccanica is selling the **perfect car** (a small, cheap EV), to the **perfect audience** (price- and eco-sensitive young consumers living in cities), at the **perfect time** (when all those young consumers are looking to buy a car).

This growth story is just starting to come to life in 2020.

The company – which up until this year was just a concept and a website – has, in 2020, simultaneously scaled production at its Chinese factory to pump out 20,000 SOLO vehicles a year, and opened up multiple direct-to-consumer retail locations in busy malls in Los Angeles, San Diego, Portland, and Scottsdale.

Deliveries of these vehicles are expected to commence in late 2020...

Thus, for the first time in its history, **ElectraMeccanica is ready to sell thousands of its next-gen urban mobility vehicles.**

And that's exactly what the company will do: Sell thousands upon thousands of Solo cars to young consumers over the next few years.

As the company does that, ElectraMeccanica stock appears ready to rip higher – especially since this is just a \$500 million company today.

EV Stock #3: Leading the Electrification Wave in Local Commercial Transportation

Every year, about 10 million medium-to-heavy duty commercial busses, trucks, and vans are sold to fleet operators across the world.

Very, very few of them are electric today.

According to *Bloomberg NEF*, just about 3,600 electric medium- and heavy-duty commercial vehicles (CVs) and busses were sold in the U.S. in 2020.

But... thanks to growing legislative pressure to cut carbon emissions, falling costs of electric batteries, expanding charging infrastructure and improving specs of electric CVs... *Bloomberg NEF* sees that number **rising by nearly 7,000%** to over 250,000 vehicles by 2030.

That's enormous growth.

So, don't sleep on the electric CV market. It may not be as sexy as the passenger car market. But the electrification wave across commercial transportation will be one of the most exciting hypergrowth markets of the 2020s.

Leading this hypergrowth megatrend will be a small, relatively obscure electric bus maker by the name of **GreenPower Motor (GP)**.

GreenPower Motor Company Inc. (GP)



GreenPower makes three purpose-built electric CVs: an electric shuttle bus dubbed the EV Star, an electric transit bus, and an electric school bus.

The CVs themselves have great specs.

The EV Star is *big* (sits up to 25 people), *powerful* (has a 118 kWh battery pack), and *capable* (can drive up to 150 miles on a single charge). The transit bus is also *big* (the biggest model can seat up to 100 people), *powerful* (has a near 500 kWh battery pack), and *capable* (up to 200 miles of driving range).

The school bus – dubbed BEAST (love the name; it’s short for **B**attery **E**lectric **A**utomotive **S**chool **T**ransportation) – is much of the same: big, powerful, and capable.

Indeed, GreenPower’s CVs have been rigorously tested and approved by the Federal Transit Administration.

So... these vehicles are no joke. They aren’t Nikola trucks that are being filmed rolling down a hill. **GreenPower’s purpose-built electric CVs are the real deal.**

GreenPower started delivering these vehicles back in late 2017.

Since then, the company has signed contracts with multiple commercial customers like UCLA, San Diego Airport Parking Co, GreenCommuter, Sacramento Regional Transit, and more – while scaling vehicle deliveries from near zero in 2017, to 13 in 2018, to 68 in 2019.

Perhaps more importantly, pretty much all those university, airport, and transit authority customers have ***made substantial re-orders with GreenPower*** – while the company has also signed up many, many more new customers, as well.

At the same time, the company has made huge investments over the past 12 months to dramatically increase production capacity.

The result?

GreenPower is now signing 100-plus unit contracts – meaning delivery volumes are on track to keep doubling every year toward several hundred units by 2021/22.

This is just the beginning.

Recall from earlier... the electric truck and bus market in the U.S. is expected to grow by nearly 7,000% to ~250,000 units by 2030.

GreenPower presently controls about 3.5% of that market, based on 2020 projected delivery volumes.

As an emerging leader in this market, GreenPower could easily nab 10% market share by 2030 – implying 25,000 deliveries in 2030. At an average price of \$200,000, that implies 2030 revenue potential of \$5 billion.

Given the company’s current 30% gross margin profile, I think that easily flows into \$500 million in net profits – and a 20X multiple on that implies a **potential \$10 BILLION valuation** in the long run.

EV Stock #4: Driving the Pick-Up Truck World Into the Electric Future

Followers of the electric vehicle space have assuredly heard of **Lordstown Motors (RIDE)** before.

Lordstown Motors Corp. (RIDE)



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Lordstown Motors is an early-stage, electric pick-up truck maker based in Ohio that is trying to create a low-cost, high-performance all-electric pick-up truck purpose-built for commercial fleet end-markets.

The end goal is for the company’s truck – dubbed the **Endurance** – to be the ubiquitous pick-up truck of choice for commercial fleet operators, like energy, mining, and construction companies.

The \$2.9 billion company has yet to deliver a single Endurance pick-up truck... *but* the writing is on the wall for this company to ramp production quickly in the coming years and, over the next decade, ultimately achieve its goal of becoming a powerhouse in the commercial pick-up truck market.

There are really three big things at play here:

One, production.

Lordstown Motors lucked into acquiring an old General Motors automotive manufacturing plant in Lordstown, Ohio. The plant is 6.2 million square feet and requires just a few minor upgrades here

and there to be fully functional – at which point it will be capable of producing 600,000 Endurance pick-up trucks per year.

That's big, because making electric pick-up trucks is not easy to do. Building out the facility and manufacturing capability to produce hundreds of thousands of vehicles every single year requires lots of time and money.

Every single one of Lordstown's competitors is therefore years and billions of dollars away from being capable of producing tons of electric pick-up trucks. Not Lordstown. The company is just a few quarters and a few million dollars away from full production – meaning that Lordstown has clear visibility to being first-to-market with a widely available all-electric pick-up truck.

Two, performance.

Big production capability is meaningless unless Lordstown's Endurance pick-up truck is a capable pick-up truck.

It is. More than that, the Endurance pick-up truck features many best-in-market specs which outperform typical pick-up trucks.

Your typical pick-up truck weighs about 6,700 pounds, with a 2,000-pound payload capacity and 15 miles per gallon of fuel efficiency. The Endurance pick-up truck is *heavier* (7,000 pounds), with *more payload capacity* (3,000 pounds) and *better fuel efficiency* (75 miles per gallon equivalent).

Most importantly, these performance advantages are sustainable because of the Endurance truck's unique and proprietary "hub motors" design – wherein the car's motors are actually built into the wheels, allowing the truck to perform better in environments where tire power matters (which is, as truck drivers will tell you, most environments).

Three, economics.

Lordstown is focused on selling its Endurance pick-up truck into the commercial end-market, not the consumer end-market. That's important because – while consumer purchasing decisions are driven by multiple factors – enterprise purchasing decisions are driven almost entirely by economics.

That is, enterprises worship the bottom-line, so they make decisions that boost the bottom-line.

Switching to Lordstown's Endurance pick-up truck is one of those profit-boosting decisions.

Not only does the Endurance's \$50,000 list price match the average U.S. pick-up truck list price, but due to tremendous fuel and maintenance cost savings, the five-year total cost of ownership of an Endurance pick-up clocks in at *nearly \$20,000 below* that of a Ford F-150 pick-up truck.

Big picture: Lordstown Motors will lean into its **production, performance**, and **economic** advantages to lead the electric disruption of the U.S. commercial pick-up truck market over the next decade.

EV Stock #5: A “Picks-and-Shovels” Play with HUGE Upside Potential

Back in 1849, during the California Gold Rush, thousands of prospectors rushed to the West Coast in search of gold. Few found any. Most ended up broke. But the suppliers who sold picks, shovels, and other essentials to the prospectors were hugely successful.

The implication? The best way to strike gold in a booming megatrend is to invest in the industry’s suppliers – the picks-and-shovels sellers.

In the world of EVs, one of the best pure picks-and-shovels plays is charging company **Blink (BLNK)**.

Blink Charging Co. (BLNK)



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Much like the gold miners of the 1800s couldn’t mine without picks and shovels, EVs of the 2020s can’t operate without charging stations.

Blink is one of America’s largest owners, operators, and providers of EV charging stations and services. As of late 2019, the \$50 million company had 5,600 commercial EV charging stations across 40 states, nearly 9,000 more residential charging stations, and was the second largest EV charging company in the U.S.

Consider those numbers in context. Blink is America's second largest charging company, with *just* 15,000 charging stations. That's because there's only about 75,000 charging stations in America.

By comparison, there are 1.2 MILLION gas station pumps in America – *sixteen-fold* the number of charging stations.

Clearly, if EVs really are the future of automobile transportation (spoiler alert: they are), **then the number of charging stations in the U.S. is going to explode higher over the next decade.**

At the center of all that growth will be Blink.

Blink isn't the only charging station company in the world. Instead, it's one of about four major players in the charging station market. And being in the "Top Four" is all the company needs to be enormously successful.

Just look at the U.S. gas station market. It isn't dominated by one player. You have Exxon Mobil, Shell, and Chevron. Even Costco and Kroger are in the gas game.

In other words, ***the gas station market isn't a winner-take-all market.***

The EV charging market won't be one, either. It will shape out very similarly. You'll have a few major players, each of which will own hundreds of thousands of charging stations.

Blink will be one of those companies. Both because Blink is one of those companies today, and because the company offers an end-to-end hardware and software EV charging solution that is widely considered to be one of, if not *the*, best solution(s) in the market.

What is Exxon's market cap? \$180 billion. What is Chevron's market cap? \$150 billion.

Tiny, \$450 million Blink won't ever get *that* big.

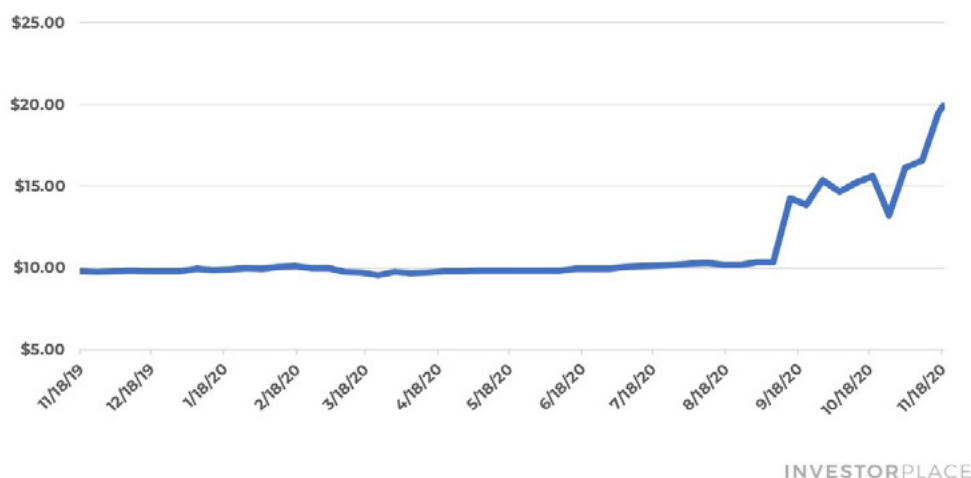
But... those huge market caps do speak to just how **big** Blink's growth opportunity is over the next decade, as this company turns into the fuel backbone of modern automobile transportation.

Big picture: a boom in EV car demand will spark a boom in EV charging infrastructure expansion over the next decade. That expansion will send tiny Blink stock soaring.

EV Stock #6: The Emerging Shell of EVs

Building on EV stock number 5, the largest EV charging company in North America is **ChargePoint**, which is just now coming public through a reverse merger with blank-check company **Switchback Energy Corporation (SBE)**.

Switchback Energy Acquisition Corporation (SBE)



ChargePoint – much like Blink and pretty much every other EV charging company out there – operates on a hardware-plus-software model, where the company sells both physical EV charging ports as well as an end-to-end software platform to manage those charging ports.

Nothing special there about ChargePoint.

But... what is extremely special about ChargePoint is its **unrivaled size** and **expansive dominance** in the EV charging market.

The company operates over *100,000 charging ports*, and commands 73% EV charging station market share in North America – making it **7X** larger than the closest competitor.

This size is a huge advantage because of network effects.

On the commercial side, roughly **62% of the Fortune 50** – including Facebook, Netflix, Salesforce, Microsoft, and Adobe – already deploy ChargePoint charging stations at their corporate offices.

ChargePoint should be able to leverage this already huge and very well-known commercial client portfolio to keep winning over more corporate office contracts. After all, if I'm a CEO and I'm looking for EV charging solutions, I'm going to do whatever the leading tech companies are doing – and quite literally all of them are ChargePoint customers.

Thus, there is clear visibility to **ChargePoint dominating the commercial workplace vertical** of the EV charging market for the near future.

The same is true across the **education, hospitality, and residential verticals**, where ChargePoint counts Harvard, Stanford, Best Western, Disney, and Brookfield Partners as customers (among many, many others).

ChargePoint will similarly leverage existing robust partnerships in those verticals to sustain market dominance.

Meanwhile, from a consumer-facing perspective, ChargePoint has teamed up with auto makers like BMW so that their charging locations are seamlessly integrated into in-car navigation systems... *and* the company has a widely downloaded app which allows EV drivers to easily locate ChargePoint charging stations.

All of that will push ChargePoint to top-of-mind for consumers, which should provide a huge tailwind for ChargePoint in its pursuits to also dominate the at-home residential EV charging market.

Overall, the network effects at play here are **powerful** and **pervasive**.

Indeed, they're so powerful and pervasive that – as EVs replace gas cars over the next one to two decades – **ChargePoint will very likely replace Shell** as the world's largest "refueling" station operator.

Of course, that implies enormous upside potential for ChargePoint stock.

EV Stock #7: A Tiny Company at the Heart of the EV Disruption

When it comes to electric vehicles, **it's all about the battery**.

The battery is, after all, the "engine" of an electric vehicle. It is what makes the car go. The better the battery, the better the electric vehicle.

What determines the driving range of an EV? The battery.

What determines the life span of an EV? The battery.

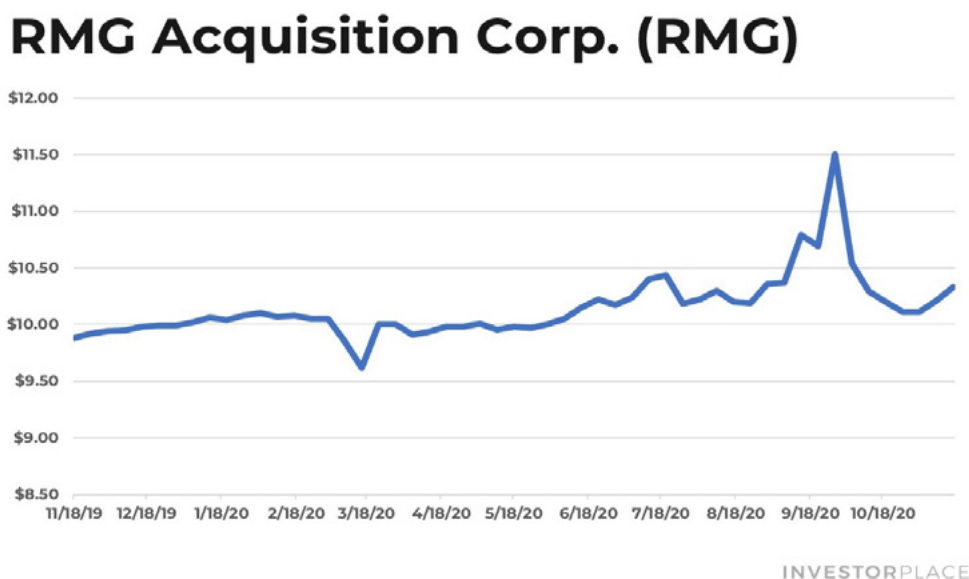
What determines the cost of an EV? The battery.

What determines the safety of an EV? The battery.

Get the point?

The battery determines everything about an EV – and one small, under-the-radar company by the name of **Romeo Power (RMG)** is the engineering brain behind EV batteries.

The Vernon, CA-based company designs and builds battery modules, battery packs, and battery management systems (BMS) for all commercial electric vehicles, so everything from Class 1 to Class 8 trucks.



This is a very critical, downstream component of the EV battery manufacturing supply chain.

Romeo essentially takes raw battery cells (which are made by another company), and turns them into usable and functional battery packs, which are then sold directly to the commercial vehicle manufacturers themselves, like Freightliner and Lonestar.

In other words, unless Romeo Power converts battery cells into battery packs, **EVs don't make it on the road.**

And the science behind converting battery cells into battery packs is super complex because that's where all the "magic" happens – where you do things like module design, thermal

management, electro-mechanical engineering, and the like, all of which are what ultimately make the battery *last longer, recharge faster, cost less, and be safer*.

So... because the battery module, pack, and management system construction process is a highly specialized and absolutely necessary component of the EV supply chain... whoever dominates this niche, **will be an incredibly valuable company at scale**.

For a few reasons, Romeo Power is most likely to emerge as the dominant player here.

First, the company was founded by and is still led by the *right* people.

Romeo was founded in 2016 by former Tesla engineers, former SpaceX engineers, and Mike Patterson, a serial entrepreneur whose three previous startups were huge successes that scored big exits via buyouts from Proftline, Juniper, and American Express.

Second, this is an engineering-focused company that is *attracting top-notch talent*.

About 60% of the company's current employees are battery-specific engineers, and it's very clear from the company's marketing materials that engineers are the heartbeat and most celebrated individuals in this org. Top notch engineers like to work at places where they are celebrated, and where they are solving some of the world's most challenging problems. Romeo Power is both of those things – so it's no wonder that the company's roster has alums from some of the top engineering schools in the world, like MIT and Caltech.

Third, Romeo already has an ultramodern, 113,000 square foot production facility that is producing usable battery packs.

Romeo opened a huge production facility in LA in 2017, and ever since, has been designing, manufacturing, and testing battery packs. Earlier this year, the company launched its Hermes batteries, which are currently going through customer trials.

Fourth, the battery packs Romeo is producing are best-in-breed.

Romeo's battery packs are the *most energy dense packs in market* (with a gravimetric energy density of nearly 200 Wh/kg), *some of the fastest recharging packs* (recharge times of less than 30 minutes), and *the safest* (Romeo has developed a unique process that prevents thermal incidents from propagating between cells).

It's no wonder that Romeo already has contracts with customers that represent ***nearly 70% of the North America Class 8 trucking market today***, including Freightliner and Peterbilt.

Or that the company has about **\$2.4 billion** in revenue under advanced negotiations, with customers like BMW, John Deere, and Lonestar.

Folks... the writing is on the wall here.

Romeo Power is the REAL DEAL... and if anyone is most likely to emerge as the dominant commercial EV battery pack maker of the future, it's Romeo.

EV Stock #8: A First-Rate Solution to a Last-Mile Delivery Problem

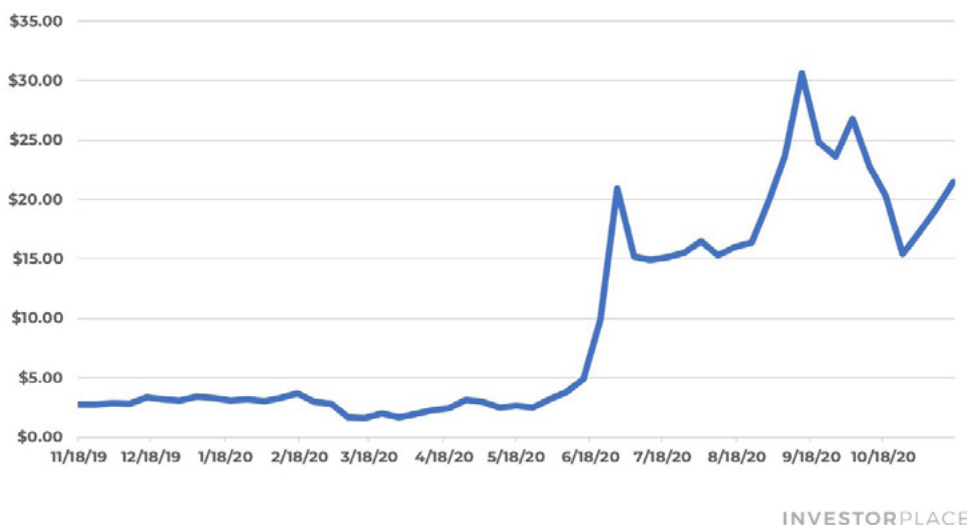
When investing in the EV disruption, you want exposure to all verticals of the megatrend.

So, not just electric passenger cars, which is what everyone thinks about first when they think Transportation 2.0. But electric busses, too. Electric bikes and scooters.

And electric delivery vans.

This last vertical is particularly interesting, and the best way to play the electric delivery van trend is by buying **Workhorse Group (WKHS)** stock.

Workhorse Group Inc. (WKHS)



Workhorse Group is a small, \$1.6 billion next-generation electric vehicle and aircraft manufacturer on the cusp of breakthrough growth in the last-mile delivery market.

What exactly does that mean? Let's take a step back here.

Last-mile delivery – or the last leg of delivering goods via trucks from warehouses to homes – is ripe for Transportation 2.0 disruption.

About 80% of freight in the U.S. is transported less than 250 miles. Your average EV has about 300-mile driving range.

So, electric delivery trucks are already advanced enough to entirely replace most traditional delivery trucks.

That's a big deal. Because in the U.S. alone, more than 350,000 last-mile delivery vans are sold every year... at an average sales price of \$50,000... for an annual addressable market here of \$18-plus BILLION.

Workhorse is perfectly positioned to lead the electric disruption of this \$18 billion transportation category.

Workhorse's C-Series electric delivery vans are ***more fuel efficient*** than diesel trucks, with 40 miles per gallon gas-equivalent versus 6 miles per gallon for a traditional UPS truck, and ***much cheaper***, with 65% lower operating costs per mile.

At the same time, Workhorse's vans are the only medium duty electric van permitted to sell and deliver vehicles in all 50 states, are equipped with a wide-reaching distribution deal with Ryder – one of North America's largest delivery van retailers – and have already scored huge partnership deals with UPS and USPS.

So... Workhorse's vans are simply better than legacy diesel delivery vans ***and*** miles ahead of electric van competition in terms of reach, scale, and distribution.

Plus, Workhorse is developing drone delivery technology – dubbed **HorseFly** – to be integrated with its delivery vans. Once fully fleshed out, this tech should only extend Workhorse's early leadership in this market.

In numbers, all of this means that Workhorse stock could soar over the next decade alongside the Transportation 2.0 megatrend.

EV Stock #9: A Tiny Battery Company with a Breakthrough Solution

When it comes to potential “picks and shovels” plays for the booming EV market, arguably none are as attractively positioned to roar higher than **Nano One Materials (NNOMF)**.

Nano One Materials Corp. (NNOMF)



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Nano One Materials makes cathodes for lithium ion batteries in electric vehicles.

But the \$200 million company isn't just another player in the \$12 billion global cathode components market.

Nano One is a differentiated player that has developed a **novel, breakthrough process** that – at scale – could **entirely disrupt this \$12 billion category**.

Specifically, the company has developed what management calls the “**one pot**” process... and it's called that because, in broad and simple terms, it involves taking the massively complex and costly cathode manufacturing process, and shrinking it down into happening fairly quickly in just one “pot” or furnace.

The science here is quite complex, so let's break it down in easy-to-understand terms.

Lithium ion batteries are powered by shuffling lithium ions between cathodes and anodes. Cathodes are traditionally made by baking lithium ions into metals, like cobalt, nickel, and magnesium.

To stabilize this concoction of energies and metals, the traditional cathode manufacturing process involves coating the entire cathode with a protective layer. But that layer adds *costs* and *time* into the manufacturing process and *erodes over time from repeated charging*.

This erosion is mostly why electric vehicles can only go so far, and why the batteries need to be replaced so often.

So, in essence, the key to unlocking the dream EV that can drive and last forever, lies in fixing the cathode manufacturing process.

Nano One may have done just that...

The company's "one pot" cathode manufacturing process is a ground-up approach wherein – as opposed to creating a cathode and then coating it – involves creating individually coated nanocrystals and stringing them all together to create one super-coated cathode.

Why do this?

It's a *quicker* process. It's *cheaper*. And it results in a *cathode that can withstand repeated charging and lasts far longer*.

Recent research from Tesla supports this last finding. In late 2019, a Tesla-commissioned study found that a single crystal cathode battery could power an electric car for over 1 million miles.

So... it is understood... **the single crystal cathodes that Nano One specializes in appear to be the future of EV batteries.**

Of course, as the Tesla study implies, Nano One isn't the only company experimenting with this breakthrough technology. It's a highly competitive space.

But...

Making coated nanocrystals is expensive. Nano One's ability to inexpensively produce multiple coated nanocrystals in "one pot" is novel and backed by 16 patents worldwide.

Making these crystals and disrupting the cathode manufacturing market is also *the only thing that Nano One does*. Specialization in such a specialized space in the EV category is an important feature.

NanoOne is also a licensing play. The company isn't building out huge manufacturing facilities, which require a ton of money.

Instead, the company has one pilot facility, where engineers are establishing proof-of-concept. Once proof-of-concept is established, NanoOne plans to license the technology to EV players, which implies **a hugely profitable business model** at scale.

Also, Nano One has partnered with Volkswagen, who is looking to Nano One's differentiated cathode technology to help Volkswagen make a big push into the EV space over the next 10 years (a stretch during which VW plans to launch 22 million EVs).

Connecting the dots, Nano One is a **disruptive, highly qualified pure play** on the next generation of cathode technology and electric cars.

EV Stock #10: The Luxury Design King Pioneering an Affordable, Sustainable EV

Auto enthusiasts will have heard the name **Henrik Fisker** before.

He is a legend of unparalleled reputation in the auto market, mostly because he was the design brain behind many of the luxury automobile world's most iconic vehicles, such as the Aston Martin DB9, the Aston Martin Vantage, the BMW Z8, and the BMW X5.

So when Fisker designs a car, *the world pays attention*.

Today, Fisker – through his new enterprise, **Fisker Inc (FSR)** – has allocated all his time and efforts to designing an ultra-stylish, ultra-affordable, and ultra-sustainable luxury eSUV: the Fisker Ocean.

Fisker Inc. (FSR)



INVESTORPLACE

This new car, set to start deliveries in the fourth quarter of 2022, is no joke.

Many industry insiders actually call it the “**Tesla Killer.**”

That’s because the Ocean is a legitimate rival to Tesla’s Model X and Y in terms of **performance, design, and features.**

It offers best-in-market driving range at up to 300 miles (which is largely consistent with base versions of the Model X and Y).

It also offers four-wheel drive for off-roading, lots of horsepower, a sub 3 second 0-to-60 miles-per-hour get-up, a large digital display screen equipped with a state-of-the-art in-vehicle software platform, and a very aesthetic, futuristic exterior design (all of these features are comparable to the Tesla Model X and Y).

Sure, it’s smaller in terms of cargo space (45 cubic feet with seats down, versus 60-plus cubic feet for the X and Y) and seating space (it’s a 5-seater, versus options for 7-seater in the X and Y).

But the Ocean makes up for those shortcomings via a *built-in solar panel roof* (which will enable for auto-recharging while driving, and therefore, result in longer driving ranges) and a *fully “vegan” interior* (the entire interior is made from recyclable materials).

So... on a technical specs and aesthetics basis... **the Ocean is close to rivaling Tesla’s Model X and Model Y.**

Yet the Ocean will retail for *just \$37,500* – well below the \$50,000 base price for the Model Y, and \$80,000 base price for the Model X.

After tax credits, that retail price falls to about \$30,000 – putting it on par with most mid-size, gas-powered luxury SUVs out there (and below many of them).

I don’t need to tell you that there’s a lot of demand at the convergence of luxury, sustainability, and affordability. At this convergence, **Fisker stands alone with its Ocean SUV.**

To that end, if Fisker can execute on manufacturing the Ocean at scale, this company will sell a lot of Ocean cars over the next five years – and the company will be worth a lot more than its current \$4 billion implied market cap.

Of course, **that’s a huge “if.”** There’s a lot of execution risk when it comes to scaling manufacturing for a new car.

Plus, as some of you may know, this is not Henrik Fisker’s first foray into the EV space. His first car – the electric sports car Karma, which counted Justin Bieber and Al Gore as customers – ended up being a flop after the company’s battery supplier went under.

But that's why Fisker is aiming to outsource all of the manufacturing this time around, through **Volkswagen** – the world's largest automobile maker. In so doing, Fisker is significantly reducing execution risk, capital requirements, manufacturing costs, and speed-to-market.

The partnership will also allow Fisker to hyper-focus on design and software – two components that will help the company establish and sustain competitive advantages.

Net net, Fisker has all the right components to turn into a very strong player in the booming EV market over the next few years.

EV Stock #11: A Disruptive Battery Stock to Play the Leap into Solid-State Batteries

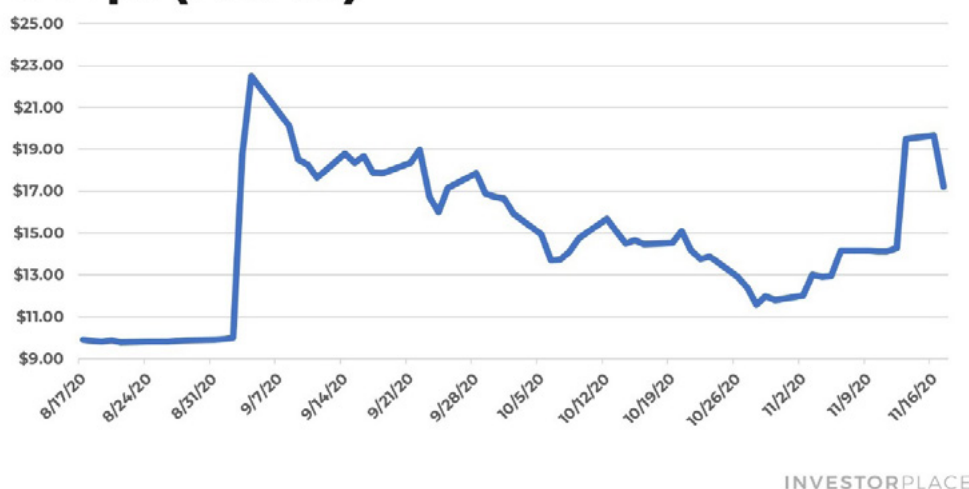
Batteries power EVs – and these batteries on the cusp of making an enormous “leap.”

The leap is from **liquid batteries** (which have a solid cathode, a solid anode, and a liquid electrolyte solution connecting the two) to **solid-state batteries** (which replace the liquid electrolyte solution with a solid).

Turning batteries into “solids” makes them more compact, smaller, with zero wasted space and more efficiency – meaning this new generation of solid-state batteries *lasts far longer* and *charges far faster*.

At the epicenter of this shift is a small company by the name of **QuantumScape (KCAC)**.

Kensington Capital Acquisition Corp. (KCAC)



QuantumScape is the highest quality pure play on the solid-state EV battery megatrend.

The bull thesis really boils down to three things:

First, QuantumScape has the best technology in the solid-state battery game.

Specifically, adoption of solid-state batteries has been essentially non-existent to-date for two big reasons: they are exceptionally expensive to make, and they tend to short-circuit because of something called “dendrites,” which form in the solid electrolyte substance over time.

QuantumScape’s technology has addressed both of these shortcomings.

The company has employed an anode-less battery cell design, which eliminates anode manufacturing costs and brings QuantumScape’s all-in battery costs to *17% lower than* all-in costs for traditional lithium-ion batteries.

Meanwhile, the company’s proprietary design includes a ceramic electrolyte with high dendritic resistance – and therefore, QuantumScape’s batteries don’t have dendrite problems.

Thus, QuantumScape is positioned to create a new class of EV batteries that are cheaper, last longer, and charge faster.

Second, QuantumScape has all the intangibles – a talented management team, big partnerships, and seasoned investors.

The management team – headed by the former founder of Infinera and a Stanford grad – is essentially a handpicked team of the best-of-the-best of Stanford and Berkeley physics grads. Indeed, the company’s Chief Scientific Officer is the Chair of Mechanical Engineering at Stanford.

Volkswagen – the world’s largest auto maker who is committed to electrifying its vehicle portfolio – has poured *\$100 million* into QuantumScape and is committed to using the company’s solid-state batteries in its cars by 2025.

Meanwhile, QuantumScape’s list of early investors includes Bill Gates. Yes. *That* Bill Gates.

Third, QuantumScape has tons of cash to execute on its long-haul growth strategy.

Through the SPAC deal, QuantumScape will receive *more than \$1 billion* in cash and funding commitments. Volkswagen also has a lot of cash to throw at the company. So does Bill Gates.

In sum, then, QuantumScape has sufficient resources to not worry about cash burn today and instead focus on the company's long-term goal of becoming a ubiquitous, best-in-breed supplier of solid-state batteries into the EV industry.

If management does execute on that ambitious goal, ***the potential upside for QuantumScape stock is enormous.***

Best regards,

A handwritten signature in black ink, appearing to read 'Luke Lango', with a stylized, cursive script.

Luke Lango