

# Profitable INVESTING Tips

## Stock Market Investing Tips, Techniques, and Resources



### **Are Electric Vehicle Stocks Safe Investments?**

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There was a time when people would invest in virtually any new company that had dot com at the end of its name. The stock market was supposed to have become different. Then the Dot Com bubble burst, taking 75% of the value of the NASDAQ and \$5 Trillion in market value with it. Today the situation with electric vehicle stocks bears some similarities to stocks in the early internet era. Are electric vehicle stocks safe investments when a company like Rivian which has yet to make any electric pickups went public with a market cap of \$127 billion which is more than General Motors which generally [sells more than 200,000 vehicles](#) a month.

### **Hoping to Invest in the Next Microsoft**

We all wish that we had bought Microsoft the day it went public. That stock today is worth a thousand times its original price with splits and appreciation. One of the places where investors are looking for comparable opportunities is in the list of new electric vehicle manufacturers. The world is finally catching on to the fact that the climate is changing and that in order to avoid the worst consequences the world of transportation is going to switch from gasoline and diesel to electric vehicles. The success of Tesla which has a market value of \$1 Trillion attracts investors. Tesla's market cap is more than the market cap of every other car and truck maker combined. Tesla produces fewer than a million of the 78 million vehicles produced in the world each year. Rather than jump into Tesla which many consider to be overpriced, many investors are looking at other electric vehicle stocks which, hopefully, have room to grow.

### **How Big Will the Electric Vehicle Market Be?**

A fair estimate is that the world will spend \$5 Trillion on electric vehicles between now and 2030. Analysts are expecting companies to make a profit of \$80,000 per car versus people paying an average of \$80,000 per car today. Experts expect Tesla to end up producing half of the electric vehicles in the world. The rest of the electric vehicle makers would then produce the other half. Today Tesla makes 28% of electric vehicles at just under a million a year. GM has set a million electric vehicles a year as a target for 2025 and wants to make all electric cars and trucks by 2035. As more and more companies ramp up production we think it will be difficult for one company to control half of the global market. We also think that a large proportion of the startups are going to fail. So, are electric vehicle stocks safe investments. As a group they will prosper but it is very likely that some of these overvalued companies that have produced few if any vehicles as of yet will not be around five and especially ten years from now.

### **What Determines Success in a Crowded Industry?**

The companies that provide reliable vehicles at competitive prices will tend to out-compete the others in the electric vehicle sector. Customers return to companies who offer strong customer service, stand behind their products, and fix problems so that their brand does not get a bad name from the very start. While we doubt

that Tesla will make half of the electric vehicles in the world, it is telling that Tesla has a [90% satisfaction rating](#) from their buyers and 80% buy a Tesla for their next car. Tesla is priced for further growth. Since we don't think they will have total control of the market that may be the only "safety factor" issue for investing in Tesla. On the other hand, we see Rivian as a gamble as they will spend years catching up to their current share price. As a niche this one should be profitable. Picking the winners will be the key.

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