

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Profitable Battery Stock Investments

By: www.ProfitableInvestingTips.com

Venture capital investments in the US in companies that make batteries for electric vehicles have been climbing for years and hit about \$1.8 billion in 2021. As electric vehicles move ahead of gas and diesel vehicles, the need for batteries will grow exponentially. With this thought in mind, what are some profitable battery stock investments for your portfolio? Do you look for companies developing the latest technologies or companies that most efficiently integrate into the electric vehicle battery supply chain?

Following the “Smart” Money in Electric Vehicle Battery Investments

The Koch brothers fund conservative groups that deny that the climate is changing and at the same time are investing heavily in electric vehicle batteries which are part of the “cure” for potential global warming and extreme weather. A look at their portfolio of investments is instructive. They have invested in Standard Lithium, Eos Energy Enterprises, Aspen Aerogels, and the Silicon Valley startup Blue Current.

Standard Lithium has been a penny stock for more of its 5-year existence. This Canadian company peaked at \$11.49 in November of 2021 and trades for \$7.44 in April of 2022. The company mines lithium using brine-extraction technologies.

Eos Energy has been around for less than two years, trades for \$3.61 a share in April of 2022 and has peaked at high as \$28.83 in January of 2021. They specialize in energy storage and say that their technology reduces the chances of fires which are associated with normal lithium batteries,

Aspen Aerogels is a \$28.57 stock in April of 2022, peaked at \$62.17 in November of 2021 and spent the majority of its 8-year existence as a public company (twenty years total) in the \$5 to \$10 range. As part of a broad range of products this company works on low-cost, high performance energy storage.

Blue Current is a startup. They note that lithium batteries with electrolyte solutions tend to catch on fire and are trying to develop a solid-state silicon alternative. The fact that GM had to replace lithium batteries in more than 140,000 vehicles due to fires supports this direction of research. They say that their solid-state batteries have more charge in a smaller space but are not ready for use.

Electric Vehicle Battery Stock Investment Options

When investing in stocks you generally want to find companies that have good track records of growing their earnings as well as outperformance within their market niche. Unfortunately, many of the possibilities in the electric vehicle niche like Canoo (GOEV), Lordstown (RIDE), Fisker (FSR), Xos (XOS), and Faraday Future (FFIE) are yet to deliver or even produce any electric vehicles to this point in time.

Companies with two important characteristics generally make the best candidates for stocks to buy and watch, according to CAN SLIM guidelines. First, they need strong track records of earnings growth. Second, the stock should be showing elements of market outperformance, and be shaping bullish chart patterns. Two exceptions are Rivian Automotive (RIVN) and Lucid Motors (LDID) which are both just started to send vehicles off the assembly line.

If you look offshore to China, there are companies turning out electric vehicles but not making any money. These include Li Auto (LI), Xpeng (Xpeng), and Nio (NIO).

That leaves you in the electric auto niche with Tesla, GM, Ford, and other legacy manufacturers who are not only transforming themselves into electric vehicle manufacturers but also firming up their supply chains by building their own battery production facilities.

Investing in the World of Electric Car Support Services

Other options in this growing niche will include not only folks making and selling batteries but electric motors, car charging networks, electric power trains, battery enclosures, and more. Possibilities include Wallbox (WBX), Blink Charging (BLNK), EVgo (EVGO), Hylion (HYLN), QuantumScape (QS), Magna (MGA) Global X Lithium and Battery Technology ETF (LIT) and ChargePoint (CHPT).

As in all evolving sectors the best investments will turn out to be companies that find the sweet spot in making and selling what the niche requires and are nimble enough to turn on a dime when conditions warrant. They will also need to be sufficiently well funded so that they are not immediately bought out by one of the giants who want to buy instead of developing the technology.

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