



2 Ways to Profit From the Electric Vehicle Boom

Description

Electric vehicles are ready to take over. Based on pure economics, electric vehicles should soon be the logical choice for millions of vehicle buyers. By 2030, some analysts predict that up to *half* of the cars on the road will be electric. The remainder will either be highly specialized (requiring fossil fuels) or simply wait until the end of their useful lives, after which they'll be replaced by electric vehicles.

If the world's vehicle fleet goes electric — every law of technology and economics seems to suggest this — *billions* will be made during the transition. Here's how to capitalize.

Manufacturers are popular

The most obvious way to play the electric car boom is to invest in car manufacturers. The most popular option is **Tesla** ([NASDAQ:TSLA](#)). Because consumers see Teslas on the road and frequently hear about Elon Musk's activities, many investors go straight into the company's stock. Others take a more contrarian view, betting that legacy manufacturers like **Ford** or **General Motors** can successfully pivot.

In theory, this isn't such a bad idea. Tesla is very likely in the early stages of growth. Even with a \$50 billion market cap, many analysts believe the company could double in size *several times* in the coming decade. And despite bearish calls, the stock isn't that expensive. It trades at 1.6 times 2019 revenues and just 1.3 times 2020 revenues. If the company can transition to profitability and continue to grow the top line, the current share price may be a bargain.

Just take note: Tesla isn't the only game in town. The most exciting stocks to benefit from the electric vehicle boom aren't what you'd expect.

Better choices exist

There's a popular saying that has helped thousands of people get rich: during a gold rush, sell the shovels. While everyone is focused on the gold, turn *your* focus to supplying the rush. In the end, it doesn't matter if there ends up being gold or not. If you sold the shovels, you likely profited.

Which companies are supplying the electric vehicle boom? Your first choice is a lithium miner like **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)). I've [written extensively](#) about the company before. Earlier this month, I called the stock "too cheap to ignore." That's because its lithium mines could be worth as much as \$20 per share once they begin producing. The stock today trades for just \$5 per share. You can't make Teslas without batteries, and you can't make batteries without lithium. Because it supplies the entire industry, Lithium Americas is one of the best ways to play the electric vehicle boom without needing to bet on a single manufacturer.

Another way you can invest in suppliers is by purchasing companies that are building critical security software. Electric vehicles rely much more heavily on software than conventional vehicles. That makes them more vulnerable to hacking, especially if they also rely on features that enable autonomous driving. That's where **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) comes in.

You may remember BlackBerry as the forgotten phone manufacturer, but the company doesn't even make phones anymore. Instead, it specializes in security software to protect next-gen technologies like autonomous vehicles. It's invested more than \$300 million into its QNX platform, which not only helps secure a vehicle from hacking attempts, but also enables key autonomous features like car-to-car communication. One journalist called QNX the "biggest platform you've never heard of." In time, BlackBerry could be as valuable as Tesla.

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3. NYSE:LAC (Lithium Americas Corp.)
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