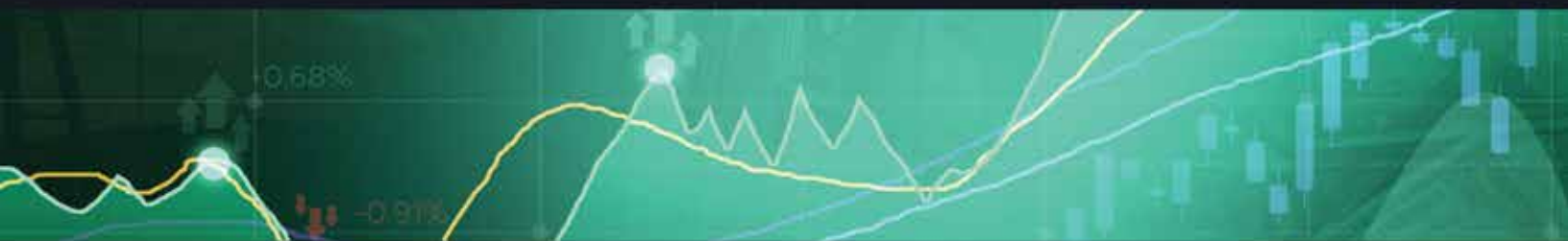


THE MARKET'S SWEET SPOT

# Buy This EV Innovator for **300% Gains** in 12 Months



# The Market's Sweet Spot: Buy This EV Innovator for 300% Gains in 12 Months

By *True Momentum* Team

I love my Tesla. It's packed with so much technology and engineering that I think of it as more than just a car. It's a computer and entertainment system on wheels.

And I am hardly alone.

Today, 1 million electric cars are on the road in America. That's projected to soar to 21 million — led by Tesla, the leading EV (electric vehicle) maker in the world.

The company's founder, Elon Musk, is transforming the automotive industry in ways that have made him a modern-day Henry Ford.

Cutting-edge electric vehicles are becoming increasingly common at a rate that is accelerating every year. Check this out:

- The EV market is set to skyrocket 858% by 2027.
- Federal legislation has been proposed to create a nationwide network of 500,000 charging stations and new tax incentives are in the works for consumers who trade in their gas-guzzling cars for EVs.
- Entire fleets of "state of the art" electric school buses and EVs for government agencies are hitting the road across the country.
- And by 2035, California will require ALL vehicles on the road be EVs — a standard other states are certain to follow.

I believe Tesla will remain the dominant player in the EV space and become a \$10 trillion company by the end of the decade. I also believe its stock will hit \$4,000.

No doubt, Tesla is THE green energy company of the future. It is the global EV leader and a dominant force in the solar energy and battery storage spaces. And it is bringing our world to the next level.

But Tesla isn't a solitary player. So, to hit \$10 trillion, it's going to need help from other tech innovators.

You see, Tesla's fortunes and future growth are intimately tied to other, much smaller companies that Musk is working with. And here's the kicker: In percentage terms, these other companies could grow much faster than Tesla in the short term or even down the road.

So, today, I'm going to tell you about the No. 1 company I've identified that will hit that sweet spot. I believe it's going to be the key player in getting Tesla to \$10 trillion.

It is already a pivotal behind-the-scenes player in EV tech innovation.

But my gut tells me it's perfectly positioned to explode higher, riding EV's Tesla-driven rise to the top.

My research tells me the company's stock could double in the next six months.

And I believe we could see gains of 300% this next year.

Over the next two to three years, it could be 1,000% or more, just like we are seeing with Tesla.

One reason: The company is laser-focused on the next evolution in the EV automotive industry that Tesla is helping to lead. I'm talking about autonomous vehicles — next-gen EVs loaded with artificial intelligence (AI) capabilities, internet connectivity and other technologies that will usher in the driverless-vehicle revolution.

So, it's a company that will give us another shot to ride the next wave of the EV revolution even higher.

That's why I believe it gives us our next big EV opportunity.

That company: **Cerence Inc. (Nasdaq: CRNC)**.

## The Next Big EV Opportunity

Electric vehicles have been around longer than Tesla.

It's pretty well known that Henry Ford and Thomas Edison were good friends. But most people don't know that the two worked together to build one of the first EVs in the more than 100 years ago.

By 1900, electric cars made up a third of all the vehicles on the road.

Of course, we all know, that Ford ended up abandoning EVs in favor of internal combustion engine cars. And the rest is history.

But since those early days, EVs have always held a fascination and appeal.

In the 1960s and 1970s, EVs made a comeback, with the rise of the environmental movement. In 1996, the first commercially available EV emerged, when GM rolled out its EV1.

But it wasn't until Tesla took EVs to the next level about a decade later, producing its first luxury electric sports car with a range of more than 200 miles on a single charge.

Since then, EVs have taken off, as engine technology has advanced and battery costs have plummeted, bringing down the costs of EVs to levels comparable to sticker prices of conventional gas-powered cars. In addition, research shows EVs now cost less per mile than their gas counterparts, even though they tend to cost more upfront.

Today, I can drive my Tesla over 300 miles on a single charge. And I can recharge the battery at home, the office, highway rest stops or even while shopping or eating at a restaurant.



For all of these reasons, EVs are already stealing market share from the gas-guzzlers of the past and will be the only cars on the road in the near future.

Grand View Research projects the global EV market will grow 858% — from \$126 billion today to *\$1.2 trillion* by 2027.

But this is just the start. As I mentioned, the next evolution of EVs is going to take automobiles to the next level with a tech innovation that will push future consumer market demand off the charts. I'm talking about autonomous vehicle technologies that are creating driverless cars that can chauffeur to wherever you want to go.

And the company I'm recommending today — Cerence — is right at the center of it all.

It's an innovator that provides everything an EV needs to go fully autonomous — AI technology, software, products and professional services.

For investors like us, it's a huge opportunity. By getting in now, you can ride Cerence's drive to the top, as the company takes advantage of the growth in the global automotive artificial intelligence market.

So, let's take a closer look at why Cerence is my No. 1 pick to pocket 300% gains in the next 12 months.

## Tap Into the 1-Stop Shop for EV

I think of Cerence as a kind of one-stop-shop operation for EVs.

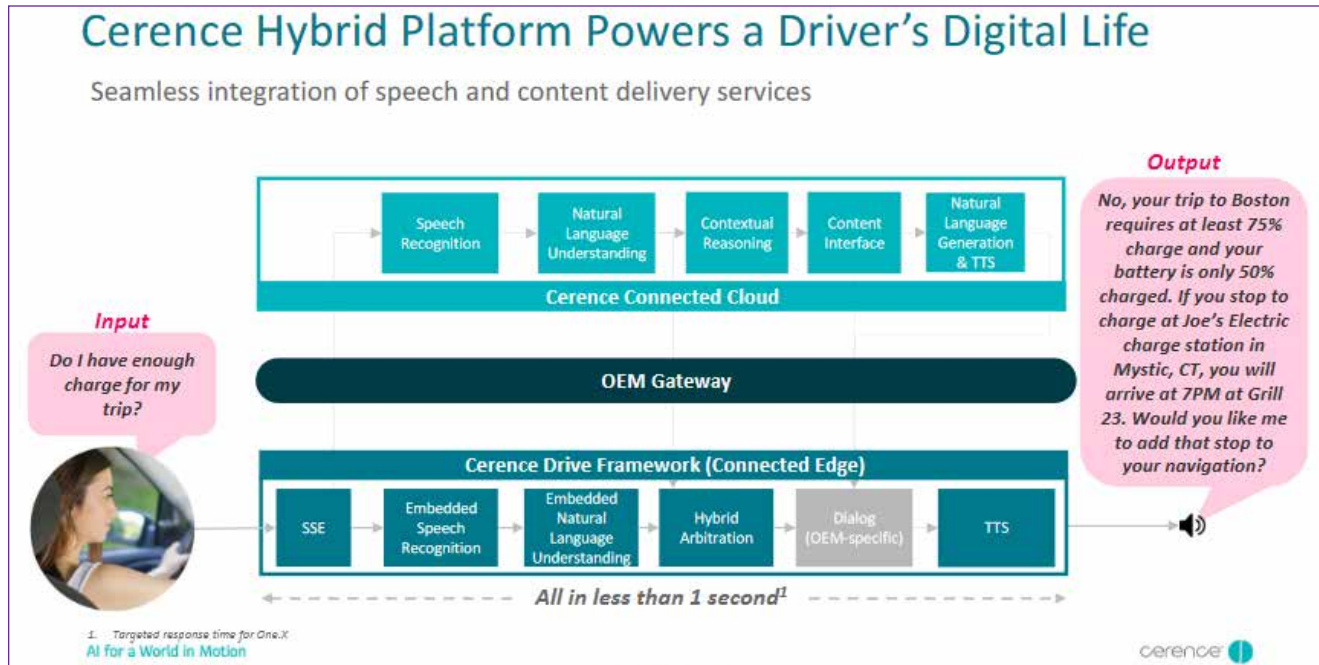
- The company has developed cutting-edge software and cloud-connected components that essentially turn cars into computers on wheels.
- It creates AI-powered assistants and innovations for internet-connected and autonomous EVs. These include conversational AI applications for motorists — including voice recognition — so a driver can tell the vehicle what to do, where to go and what options to activate.
- The company's Cerence Look software is even coded to track and respond to eye movements, giving drivers the ability to control some vehicle operations with their eyes while on the road.

Headquartered in Burlington, Massachusetts, Cerence is focused on creating the AI-driven “brains” of the next breed of EVs.

In other words, Cerence is turning EVs into mobile “thinking machines” with sophisticated technology that tracks traffic conditions, other cars on the road, weather and other factors.

In some ways, its voice-activation systems bridge the gap between automobiles and robots, so it's almost like having Apple's Siri or Amazon's Alexa in the passenger seat beside you.

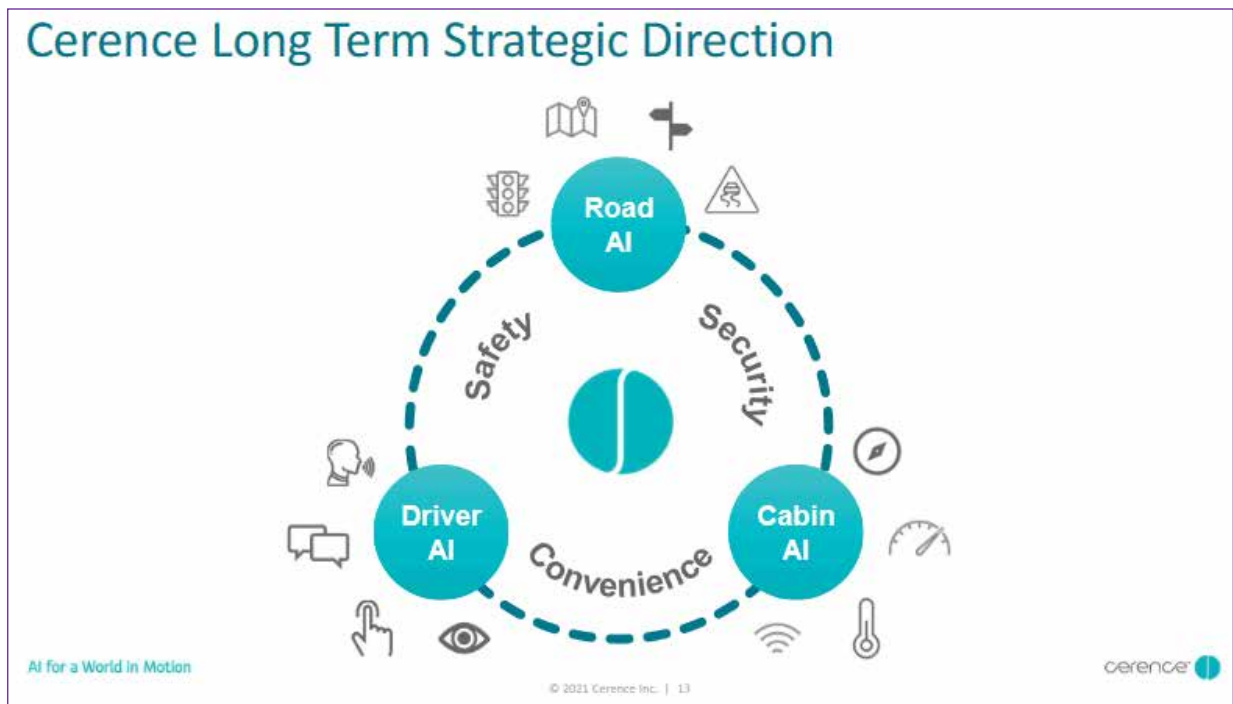
These virtual automotive virtual assistants can respond to what you say and also to touch-screen directions and handwritten instructions.



Most exciting of all: Cerence's software components are integrated with cloud-connected components and can interact with external networks and information systems.

This is critical for autonomous vehicle operations.

This allows the company's software platform to combine the performance, reliability, efficiency, security and tight vehicular integration of embedded software with the flexibility of cloud connectivity.



Motorists can build and design custom-made virtual driving assistants to help them navigate the road, control the car, access media, entertainment, information and communication systems, and use other tools in Cerence’s tech toolkit.

I also like that Cerence’s software and human-vehicle interaction systems can be designed to be tailored for a specific vehicle model.

Now, Cerence may not be a household name. Not yet, anyway.

But the company has been around for more than two decades, supplying speech-recognition systems to a wide variety of manufacturers and suppliers.

Its major customers include BMW, Daimler, Renault-Nissan, FCA Group, Volkswagen Group, Ford, General Motors, Toyota, Harman, Bosch, Continental and more.

Cerence’s financials tell me the company is already on firm footing, which makes it well positioned to explode over the next three years.

The company reported sales of \$329.65 million for the fiscal year ending September 2020. That’s an increase of 8.7% versus 2019, when the company’s sales were \$303.32 million.

Sales of professional services saw an increase that was more than double the company’s growth rate: Sales were up 32.5% in 2020, from \$52.25 million to \$69.23 million.

In addition, Cerence reported significant increases in sales in its connected services division — up 22.2% to \$96.15 million.

And the company is expanding its global footprint with 2020 sales rising in Germany (up 28.6% to \$100.67 million), Japan (up 14.5% to \$50.94 million) and other European countries, the Middle East and Africa (up 24.0% to \$25.39 million).

Cerence also meets several key criteria of my GoingUpness strategy for picking superstar stocks:

1. **InDemandness** — The company’s stock is trading at or above the 10-day moving average and currently 439% above its 52-week low — crushing my benchmark of 20%. Investors clearly want the stock big time. And consumers and automakers want the technology. So, it’s obviously in demand.
2. **ScarceAbility** — Cerence’s stock only has about 30 million shares outstanding, which isn’t a lot.

Amazon, by comparison, has 500 million. And Apple has 17 billion. And there aren't many other companies whose technology is as developed as Cerence's.

**3. ManageAbility** — This quality tells me the company's business model is simple enough for the average person to understand. How does Cerence stack up? On the company's last earnings call, the CEO was replaced with Cerence's AI-enhanced voice recognition software to demonstrate the technology.

**4. ValueAbility** — The company checks my box for this criterion big time, since the stock only trades for about seven times sales. What's more, the company's revenue is poised to grow from \$330 million in 2020 to \$771 million by 2025, a 134% increase. This tells me the stock has great value.

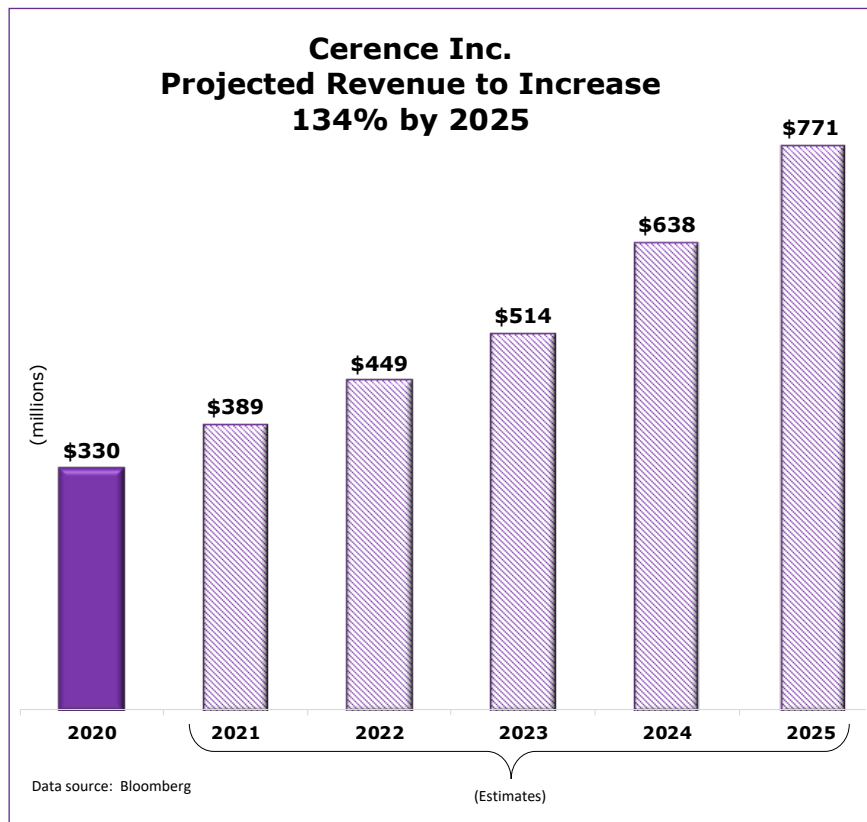
Put it all together and I think Cerence gives us a great way to ride the next EV revolution to profits of 1,000% over the next three years.

**Action to take: Buy Cerence Inc. (Nasdaq: CRNC).**

By investing in this EV innovator, you're not only boosting the rise of autonomous vehicles as they become the new kings of the road, but I believe you'll also be pocketing the profits along the way.

Regards,

*True Momentum Team*





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