

## INVESTOR'S EDGE

# A good choice for aggressive stock investors

*The future growth of  
Tesla common stock will  
rest on three things.*

"I'd rather be optimistic and wrong  
than pessimistic and right." *Elon Musk*



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Guest columnist

For most people, getting a  
new car is a fun and excit-  
ing time.

In fact, a friend called me last week  
as he was driving his brand-new Tesla  
Model Y. He was awed by the electronic  
sophistication, especially the center con-  
sole infotainment system.

He was in heaven, but I was in purga-  
tory. I say that because Tesla has been an  
incredible growth stock that I've never  
bought, nor recommended.

So, it's high time for me to repent of my  
sin and get the hell out of purgatory!

You don't need to live under a rock to  
know that Tesla has been one of the great  
stocks of our time. The shares are up a  
stunning 1,128% over the last five years  
alone compared to the S&P 500 Index  
which is up about 47% over the same  
timeframe.

Furthermore, it's led by one of the  
most eccentric — and controversial —  
business leaders of our time, Elon Musk.

You could also say that Tesla (symbol:  
TSLA) has become a stock of local inter-  
est. This past spring the Oneida Indian  
Nation announced they would be part-  
nering with Tesla to build a 25,000  
square foot showroom on Oneida land,  
near the Turning Stone casino. This will  
be the first Tesla showroom outside of the  
New York City area.

Around the same time, Tesla  
announced they would be building a ser-  
vice and repair store just outside the vil-  
lage of Fayetteville. That's good news to  
local Tesla owners whose previous ser-  
vice options were only in Rochester,  
Albany, and New York City.

Some readers are wondering whether  
Tesla stock is still a buy and what its long-  
term outlook is. So, let's take a look under  
the hood.

## **DOMINANT EV MANUFACTURER**

Tesla is the dominant electric vehi-  
cle manufacturer worldwide — by a wide  
margin.

Their Model S, introduced in 2012,  
marked the true starting point for the EV  
industry.

Since then, Tesla unveiled a series of  
EV's that captured the imagination of  
consumers worldwide. With a focus on  
sleek design, impressive range, and cut-  
ting-edge technology, Tesla's vehicles  
proved that electric cars could compete  
with traditional gas-powered vehicles  
without sacrificing performance or lux-  
ury.

This focus and execution are also  
what has allowed Tesla to stay leaps and  
bounds ahead of its competition and  
drive profitability. In fact, Tesla's labor  
cost averages \$45 an hour compared to  
\$66 per hour for Detroit's "Big Three"  
(Ford, GM, and Stellantis). Last year Tesla  
recorded \$12.6 billion in profit on \$81.5  
billion in revenue. By comparison, GM  
had a profit of \$10 billion on \$157 billion  
in revenue while Ford had a loss of \$2 bil-  
lion on \$158 billion in revenue.

And, when the current UAW strike is



**Olivia Simon enjoys a drink while waiting for her Tesla to be charged at a Tesla Supercharger station in Culver City, Calif.** *Genaro Molina, Los Angeles Times via TNS*

resolved, you can bet that spread will widen further.

Importantly, Tesla boosts the largest charging network for its electric vehicles, commanding more than 60% of all fast chargers in the United States. Tesla will be upgrading some of its network to be compatible with non-Tesla electric vehicles, allowing them to make money off their competition.

Sneaky devils.

Tesla's long-term investment thesis centers around not only its commanding position on producing quality, innovative electric cars, but also as a pioneer in Artificial Intelligence (AI). Elon Musk has set his sights high for Tesla leading the transition to fully autonomous driving cars. These cutting-edge vehicles are essentially supercomputers on wheels, affording passengers the luxury of focusing on other tasks while the car relies on an array of thousands of sensors, cameras, and advanced driver-assist systems to transport them from point A to point B.

Tesla's been pursuing self-driving cars for years and currently has 400,000 test vehicles on the road that have already collected data from more than 300 million miles traveled. Notably, the company has introduced its in-house AI training machine, named Dojo, which Musk spearheaded solely for the purpose of advancing autonomous driving.

Investing in Tesla for the long term banks on three things: first, the continued growth of the electric vehicle industry; second, Tesla's innovative deployment of Artificial Intelligence; and third, the sanity — or insanity — of Elon Musk. Like him or not, the man's a genius.

Tesla's stock is not for the faint of heart. It was down 62% in 2022 and carries with it above-average volatility. However, everything I read points to a future of driverless, electric vehicles and Tesla dominates here.

Tesla currently sells for about \$242 a share. After their last blow-out earnings report on July 19th, there were eight price target increases from Wall Street firms. In fact, Morgan Stanley raised their price target to \$400 from \$250, or 65% above its current price.

In summary, I give my blessing to the purchase of Tesla's common stock for the aggressive growth investor.

In fact, an investment in Tesla today just might charge your portfolio to go very far.

*Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment. Contact him at [jburns@jwburns.com](mailto:jburns@jwburns.com)*

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