

A look at some combined disruptions for the 2020s – Searching for the next Amazon or Tesla

Investors who invested early into disruptive companies made a fortune. Amazon (NASDAQ: AMZN) listed in 1997 at US\$18, and today is at US\$2,653, for a **147x gain** in 23 years. Tesla (NASDAQ: TSLA) listed at US\$17 in 2010, and now trades at US\$1,003, handing investors a **59x gain** in 10 years. Netflix (NASDAQ: NFLX) listed in 2002 at US\$15, and today is at US\$449, for a **30x gain** in 18 years.

Returns like these are life changing events for many shareholders who saw the disruption early. Just \$10,000 invested into Amazon would now be worth a staggering **US\$1.47 million**, into Tesla it would be worth **US\$590,000**, and into Netflix it would be worth **US\$300,000**.

Tesla has risen over 5,000% the past 10 years, recently outperforming Netflix & Amazon



Source

In each case there was a major disruption – Online shopping for Amazon, electric cars for Tesla, and online video on demand for Netflix. Once you determine a disruption is coming then you need to determine the potential winning stock.

Looking ahead to the 2020s I think we are likely to see several combined disruptions. This means the potential is there for the winners to make exceptional returns. Below I look at five combined disruptions and who may be a potential multi-bagger winner for each one.

Electric Vehicles/ride sharing/Autonomous Vehicles/TaaS/delivery

There is now very little doubt that the 2020s will see electric vehicles (EVs) disrupting conventional vehicles. EV market share of new car sales in 2019 was 2.5%. Bloomberg forecast this to be 28% share by 2030 (~24 million new EVs pa), and 58% share by 2040 (~54 million pa). I think from 2023

onward, when an EV costs the same as a conventional car to buy; it will make no sense to buy a conventional car when an EV has 5-10 times cheaper running and maintenance costs. My model suggests that by 2030 EV market share should be 36% or higher, with raw materials and production bottle necks being the limiting factors. That would mean a 14x increase in EVs by 2030. That's a disruption.

Combined with the above we will see ride sharing EVs, autonomous EVs, transport as a service (TaaS) EVs, and delivery (including drones) EVs.

My potential winner is summarized by the phrase 'Tesla will be the new Tesla'. Tesla will grow by many multiples from today, and will continue to disrupt and dominate the transport sector. Yes the stock is up 59x since IPO, but it has potential to still increase many fold from here. This is because the EV disruption has only just begun and can be across ALL forms of transportation. Also because Tesla is also disrupting other sectors such as energy storage, solar, and perhaps one day TaaS ('robotaxis') and energy production.

For a smaller stock with potential in this area I like Exro Technologies Inc. (CSE: XRO | OTCQB: EXROF).

'Tesla will be the new Tesla' – The EV disruption has only just begun led by visionary Elon Musk



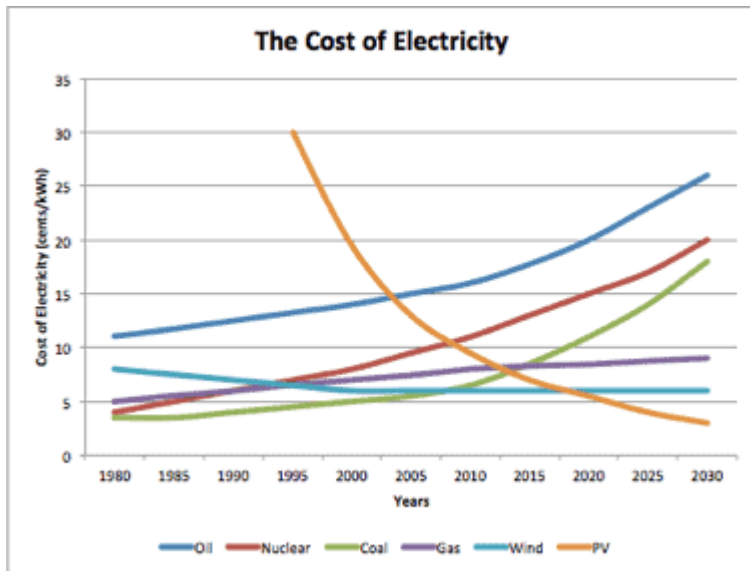
Solar & wind/energy storage

Apart from hydro, solar is now the cheapest form of energy production in most places around the world. Wind is not so far behind. This will mean the 2020s will see a massive disruption by solar and wind power generation, replacing conventional fossil fuel electricity generation such as coal and gas power stations. Lithium ion battery and other forms of energy storage will enhance the solar & wind energy disruption.

My potential winners from the 2020s solar disruption are:

- Solar generator (solar parks) – Sky Solar Holdings Ltd. (NASDAQ: SKYS)
- Solar roof/panels & Li-ion battery energy storage – Tesla (NASDAQ: TSLA)
- Solar inverters – SolarEdge Technologies Inc. (NASDAQ: SEDG), Enphase Energy Inc. (NASDAQ: ENPH)

Solar (PV) and wind are the cheapest sources of electricity in most locations globally (excluding hydro)



Source

Artificial Intelligence/cloud/5G/IoTs/robots & subscription revenue models

The Artificial Intelligence (AI) disruption is still in the early stages. AI will enable or combine with the cloud, 5G, the Internet of Things (IoTs), and robots to disrupt many industries. Some examples already are online bots replacing humans and voice and facial recognition for call centers and surveillance.

My potential winners from the 2020s AI disruption are: Nvidia (NASDAQ: NVDA), Skyworks Solutions (NASDAQ: SWKS). We could also add in existing winners that use AI extensively such as Facebook, Alphabet Google, and Apple. The later is already strong in subscription services. For a smaller stock with potential in this area I like Predictmedix Inc. (CSE: PMED | OTCQB: PMEDF).

Internet – Streaming/social media/shopping/e-commerce/online education/work from home platforms

Streaming on demand using the internet is rapidly replacing conventional TV and cable TV. Social media continues to grow users and online shopping and e-commerce continue to gain market share. Within the e-commerce sector payments and other

banking services (lending, investments) should be a major disruptive theme in the 2020s. We will see online neobanks with no branches offering discounted mortgage lending rates. Another big advance will be in online education and working from home.

My potential winners from the 2020s payments disruption are: Mastercard, Visa, Paypal, Tencent, Alibaba, Apple, and Samsung Electronics.

For the neobanks disruption: GoBank (owned by Green Dot Corp. (NYSE: GDOT)).

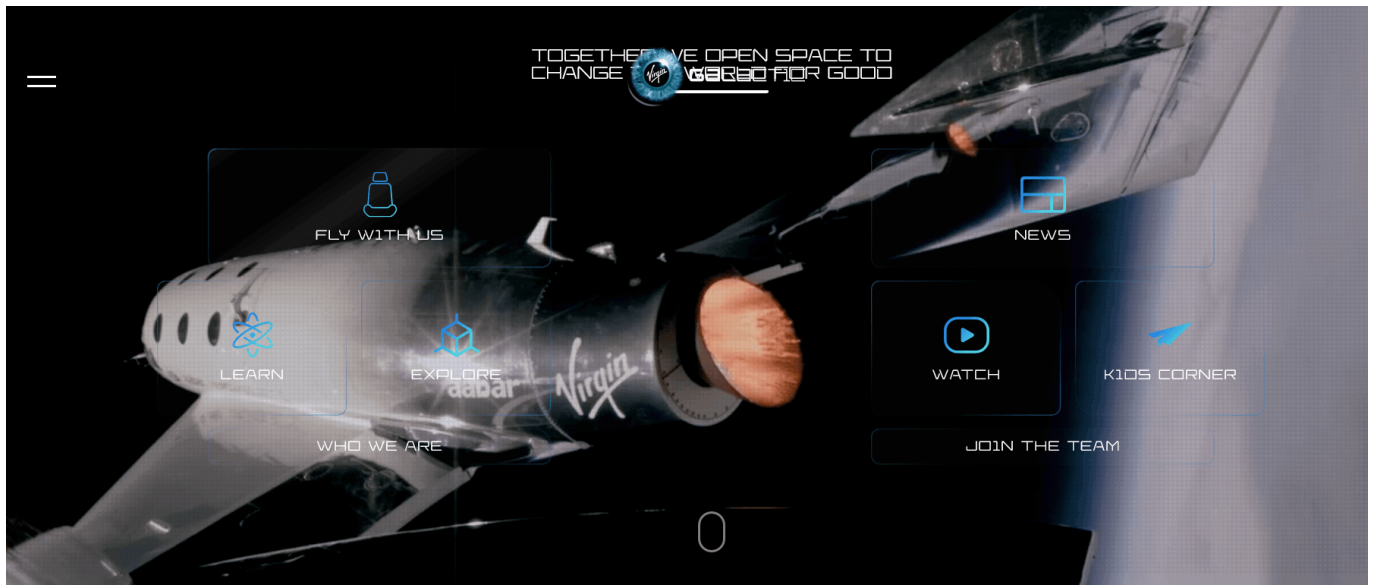
My potential winner from the 2020s work from home disruption is: Slack Technologies (NYSE: WORK).

Reusable rockets enabling global satellite internet/space travel/rapid long haul earth travel

Reusable rockets have resulted in cheaper space travel essentially disrupting NASA and others. In the 2020s this will lead to a low earth global satellite network to serve rural and remote areas led for now by Starlink, owned by SpaceX (private). It will also lead to space tourism (Virgin Galactic already charges US\$250,000 for a 90 minute flight), and possibly 1 hour flights across the earth that may disrupt the long-haul airline industry. The SpaceX Starship could fly from New York to Shanghai in 39 minutes, rather than the 15 hours it takes currently by conventional plane.

My potential winner from the 2020's space disruptions are: Virgin Galactic (NYSE: SPCE), SpaceX (private, 54% owned by Elon Musk, ~7.5% owned by Alphabet in 2015), and Blue Origin (private, owned by Jeff Bezos).

Virgin Galactic offers a 90 minute space flight for US\$250,000 per passenger



Source: Virgin Galactic

Closing remarks

Combined disruptions will likely have the biggest impact on shareholder returns. Some of the winners are already leading the early stage of disruption but still can offer investors massive returns as the disruptions gain traction (such as EVs). Others may not yet be well known or may be private stocks not accessible yet to investors, such as SpaceX.

Investors should look for companies that are leading the disruption and who have visionary owners. Many of the names in this article offer just that. Investors that can successfully pick the right disruption and the winning stocks stand to make enormous gains between now and 2030.

Which one is your disruptive 2020s stock and why?