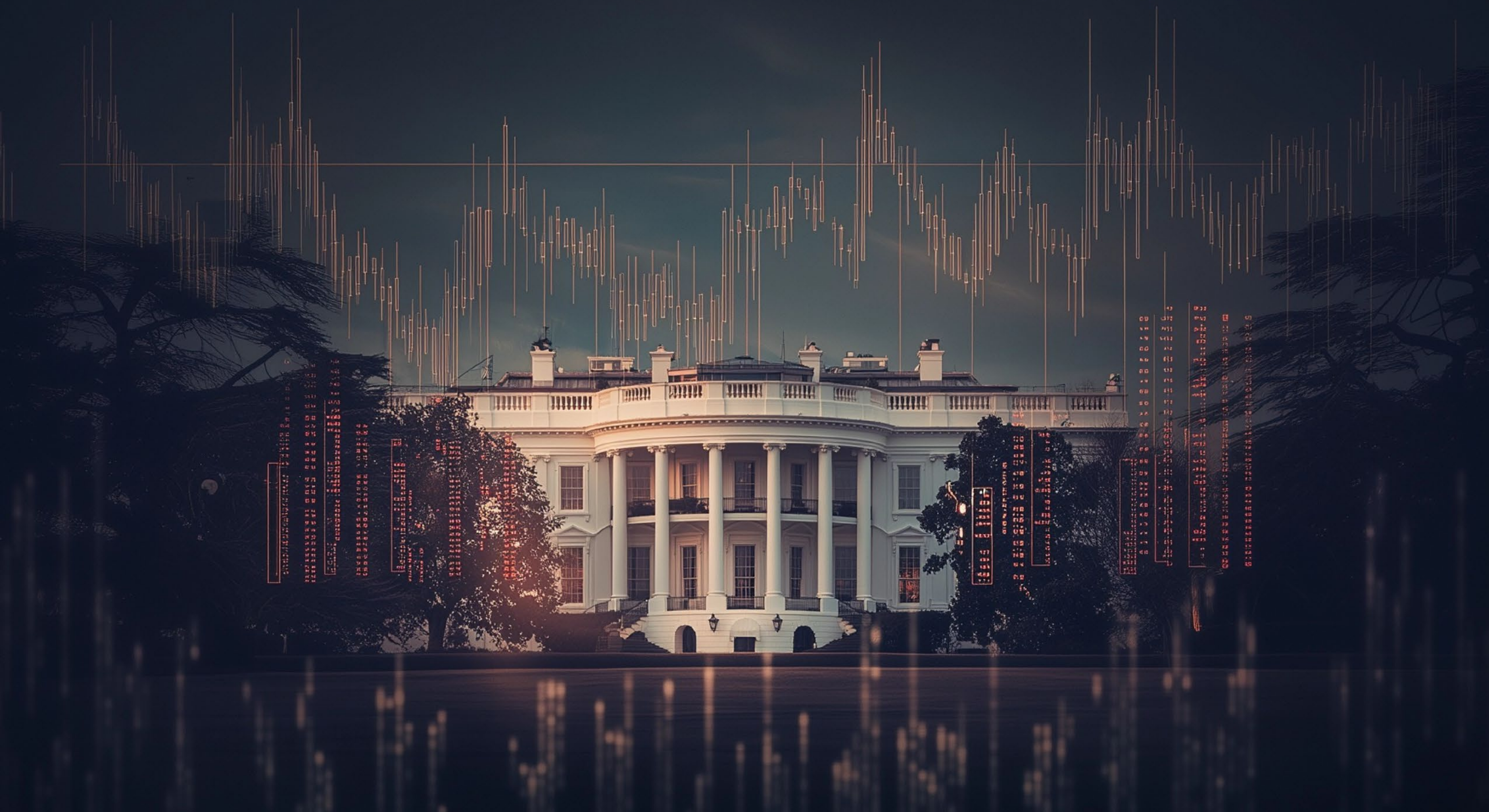
THE BIG SECRET ON WALL STREET

TRUMP'S SECRET STOCKS

- SIX STOCKS TO MAKE AMERICA RICH AGAIN
- COMPANIES THAT COULD SHINE OVER THE NEXT FOUR YEARS



FROM THE DESK OF PORTER STANSBERRY

SPECIAL REPORT

This report was originally published December 21, 2024 and was modified on May 1, 2025.
Click here to read the update.

Trump's Secret Stocks

Six Stocks To Make America Rich Again

Companies That Should Shine Over The Next Four Years

In March 2024, one of Donald Trump's longest-serving advisors invited me to Mar-a-Lago.

The invitation to Trump's Palm Beach club, which had been his home base until he moved back to the White House in January, came well before he won the U.S. presidential election on November 5… well before every imaginable swamp creature from Washington, D.C., started hanging around looking for some political position…

I was there, specifically to work with a Trump advisor on a plan to help investors capitalize on his election. We're both in our 50s, and we've seen enough of politics and finance (he's a major real estate investor) to understand the best way to deliver as many benefits from a Trump administration as we could, to as many powerful business leaders as we could.

To be clear, not by giving handouts. Trump's plans to cut government excess and to get rid of crony capitalism were already being widely discussed – and of course are now being implemented in a big way. We were there to figure out how cutting regulations and getting rid of government-propped-up zombie businesses could unleash real American capitalism – and enrich a lot of great Americans in the process.

I spent most of the afternoon and worked well into the evening with this Trump insider. My wife then joined us for dinner in Mar-a-Lago's stadium-like outdoor dining room – the whole place cheered when Trump's plane flew directly over the club just before dark.

And the next morning we met briefly with Trump as he was leaving to play a round of golf. I assured the future president that we had a great plan. And that we would do our part to make America great again.

Planning For Trump 2.0

And now, as Trump's second term is fully under way, I firmly believe that this will be an "economic explosion" the likes of which our country hasn't seen since the 1880s and the great American industrial revolution.

I want everyone to know how I'm advising my friends, family, and my long-time subscribers to capitalize what I believe will be the greatest wealth-building boom in American history.

Whether a comparison to the 1880s is justified or not, we definitely haven't seen anything like this for more than 40 years. The last time anything came close to this impending business revolution was when Ronald Reagan became the U.S. president and waged war against the socialist, high-inflation disaster that was Jimmy Carter's presidency.

With massive tax cuts, domestic spending cuts, and the privatization of government operations, Reagan gutted the government and pushed America back to its original, free-market economy. Doing so unleashed an economic resurrection of unprecedented might that lasted for almost 20 years.

And it's about to happen again… once things really get going.

We've been very critical of the Trump administration's tariff policy – we don't believe it is the right move for the economy. In the short term, it is already causing lots of financial market volatility… and it will continue. But, over the long term, all the administration's actions combined should make the U.S. economy much bigger, and make U.S. businesses much more valuable.

And it will be even bigger this time because it won't merely be a re-industrializing effort. America will be pushing far deeper in the technological revolution than any other country.

And I'm going to show you six companies that no one knows – yet – will be prime beneficiaries of this massive wealth boom.

On the whiteboard you won't see companies like Tesla (TSLA), ExxonMobil (XOM), Unusual Machines (UMAC), or any of the other Trump trades you've seen parroted by the financial press.

No.

These are Trump's Secret Stocks.

Trump's Secret Stocks Could Soar

They're the obscure, little-known companies we believe could 5x, even 10x, under Trump's second term. The opportunities that nobody else is telling you about and that some investors may be loading up as the president begins taking action now in his second term.

Nobody is talking about these companies because most people do not understand how they're connected to the policies being pushed or the people inside the White House.

But I do. And I believe these six stocks are where the real fortunes could be made over the next four years.

Now, for the first time, I'm going to share these six investments publicly – the same ones I've discussed behind closed doors with some of America's savviest investors.

Please note, before you read any farther... these stocks are cut from a different cloth than the capital efficient companies I usually recommend in *The Big Secret On Wall Street*.

These aren't necessarily "safe" stocks. They are exciting growth stocks, some in industries I don't often explore. They are at a different point in their trajectory than many of the "forever stocks" I recommend as part of my long-term portfolio.

In a word, these stocks are a little risky. A little speculative.

They're not for everyone. I fully admit it.

But the same thing is true of Trump.

This is a man who has gambled on America... again... and won. A man who's so "crazy" that he's the sanest person in the room. A man who makes deals, dodges bullets, and gets out of jail free.

This is the luckiest man alive.

And these are the stocks that Trump's informed inner circle are betting on... stocks that they believe are the most likely to make America rich again.

I believe the same thing... and I can't wait to show you why.

My team and I have put together six detailed reports on these stocks for you below. I hope you'll be as excited about them – for good reason – as we are.

Porter Stansberry

Stevenson, MD

Table of Contents

Secret Stock #1: Sable Offshore (SOC)

Ready To Open The Oil Spigot
Waiting Approval To Produce Off The California Coast

It's going to be a great time to be an energy company during the second Trump administration.

Or better… it's going to be a great time to be an *investor* in *certain* energy companies during the second Trump administration… and one in particular.

First, though… there are a few big-picture reasons that the energy sector is poised to do well during Trump 2.0. Inflation remains a dogged concern for the American economy – and **as we've written before**, the parallels between what happened with inflation in the 1970s, and what's happening now, are eerily similar (and spoiler alert: what happened five decades ago suggests that inflation is far from dead during this cycle). What's more, higher tariffs, one of the main early advertised focuses of the second Trump administration's policy platform, will likely result in higher prices – further fueling inflation.

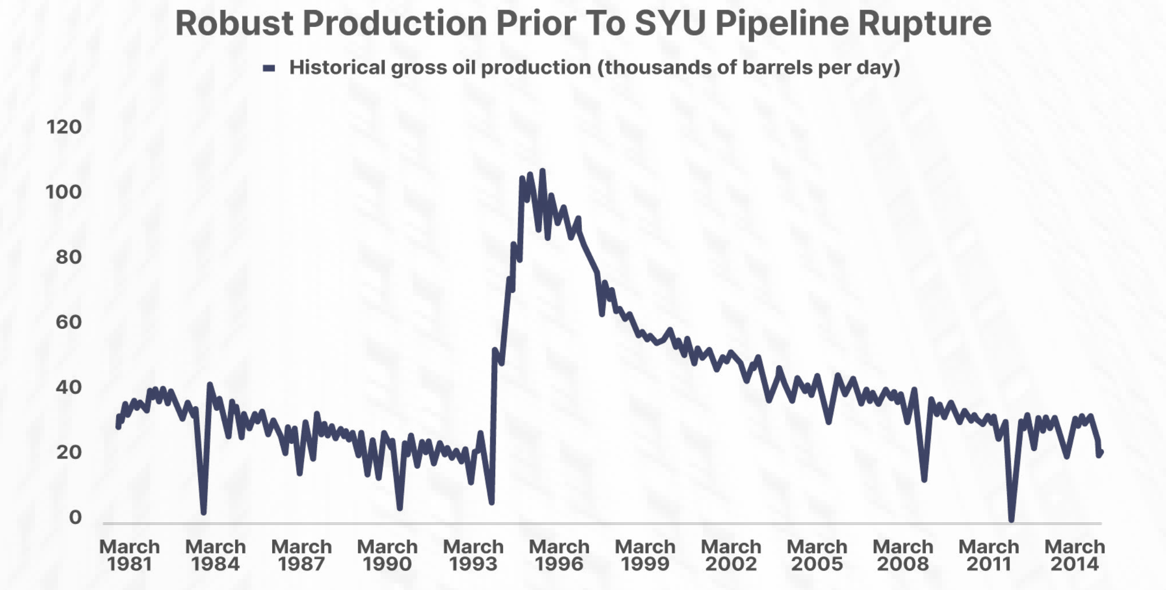
During inflationary periods, hard assets are often good hedges. They're real assets (not paper or financial ones), and – check the price of gold recently? – real assets have historically held their value comparatively better during inflation. Importantly, if the U.S. faces higher production costs across industries (due, say, to labor shortages and other factors), energy companies should be well-positioned to pass these costs on to consumers through higher prices.

At least as importantly, Trump has made clear his intention to bolster the U.S. energy sector however he can. He'll likely roll back regulatory restrictions on oil and gas projects, and environmental concerns – see below – will take a back seat. The Trump federal government has also begun to reverse some of the incentives for green energy – to the benefit of fossil fuels. While energy companies may repeat the errors of past cycles and overproduce – thus driving down prices – they've shown encouraging signs in recent years of being more disciplined, and having learned from the booms and busts of past cycles.

And one company in particular stands to benefit from the confluence of these trends – and of the Trump White House.

Off The Coast Of Southern California

In 1968, oil was discovered off the shore of southern California, in the Santa Barbara Channel. Over the next 14 years, oil major Exxon consolidated more than a dozen federal offshore oil leases in the area into a single production unit called the Santa Ynez Unit ("SYU"). The SYU was ultimately comprised of three oil and natural gas platforms located five to nine miles offshore, 112 wells, and an onshore oil and natural gas processing facility. Production began in 1981, and more was phased in as additional platforms came on line. At its peak in the early 1990s, the SYU was producing around 100,000 barrels of oil per day.



The SYU was a small but helpful contributor to ExxonMobil's (XOM) production when disaster struck in May 2015. An antiquated pipeline that carried oil from the offshore Santa Ynez platforms in the Pacific Ocean ruptured – and more than 120,000 gallons of oil covered Refugio State Beach and polluted 3,700 acres of fisheries and beaches. Though it was relatively small (the 1989 Exxon Valdez spill in Alaska was 462 million gallons), the SYU spill was the biggest oil spill in California in 25 years.

Plains All American Pipeline LP, the owner and operator of the pipeline, was later found to have been at fault for not maintaining the pipeline, and for not having sufficient monitoring systems to stem the spill. The company eventually paid $61 million in penalties, and settled a lawsuit with landowners and fishers on the coast for $230 million.

The accident, not surprisingly, resulted in the immediate shutdown of production of the SYU, which at the time – after years of steadily declining production – was pumping around 40,000 barrels of oil per day (around 1% of ExxonMobil's total production at the time).

After the accident, California regulators tightened the rules on oil and natural gas producers operating coastal pipelines. Plains, the SYU pipeline operator, repeatedly tried to get past numerous regulatory hurdles to restart production, in conjunction with ExxonMobil's efforts to restart the Santa Ynez platforms. But their efforts were repeatedly denied, due to continued questions about the structural integrity of the pipeline, concerns about the environmental impact of restarting production, and the possible impact on bird migration patterns in the area. Meanwhile, ExxonMobil was paying around $70 million a year in upkeep for SYU.

ExxonMobil wasn't alone in giving up on California. Occidental Petroleum (OXY) spun its California assets off into a separate company. Chevron (CVX) similarly is leaving the state.

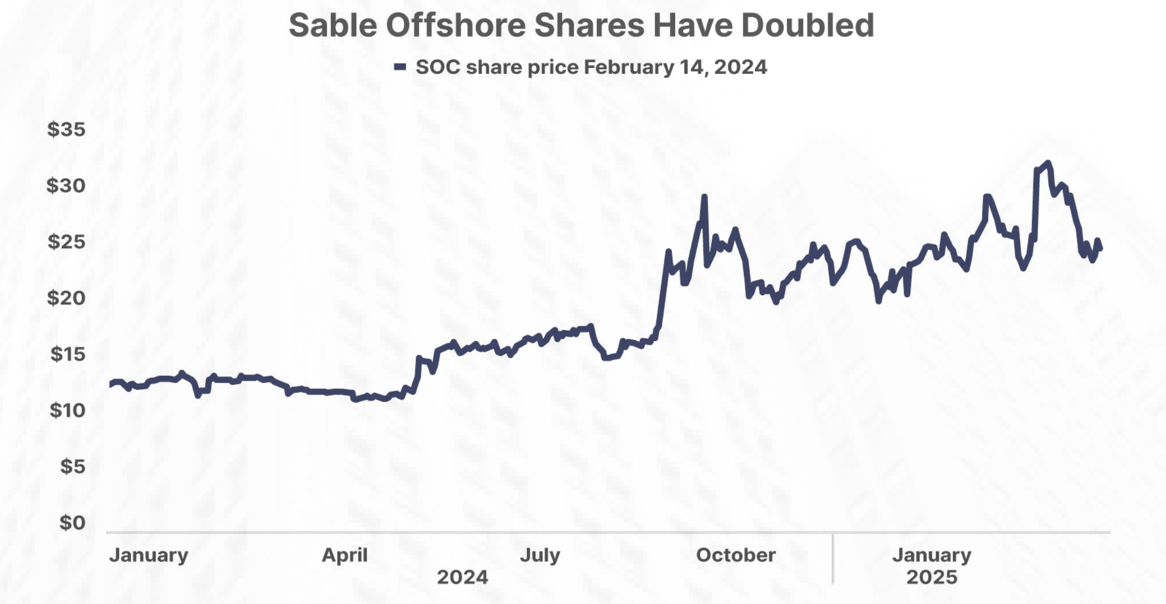
ExxonMobil Gives Up

In late October 2022, ExxonMobil bought the pipeline infrastructure from Plains – and announced that it would take a $2 billion loss on SYU on the sale of the assets. Exxon had had enough of the struggle, for an asset that in any case would account for a small rounding error of its total global production. The company was also at the time looking to cut costs and streamline its operations, after a disastrous (for the company as well as for the fossil fuels industry global) 2020.

The eager buyer of the SYU was **Sable Offshore (NYSE: SOC)**, a special purpose acquisition company (SPAC, or blank check company) that would borrow – from ExxonMobil itself – 97% of the $643 million purchase price of the SYU, including the offshore platforms, onshore processing facilities, and the 123 miles of pipeline that had caused so many problems for ExxonMobil.

The man behind the Sable Offshore SPAC was James Flores, a 40-year oil and gas industry veteran who'd been the chairman or CEO of five oil exploration and production companies (including four that were publicly traded). Flores had long been interested in SYU, and had extensive experience in offshore operations in the area.

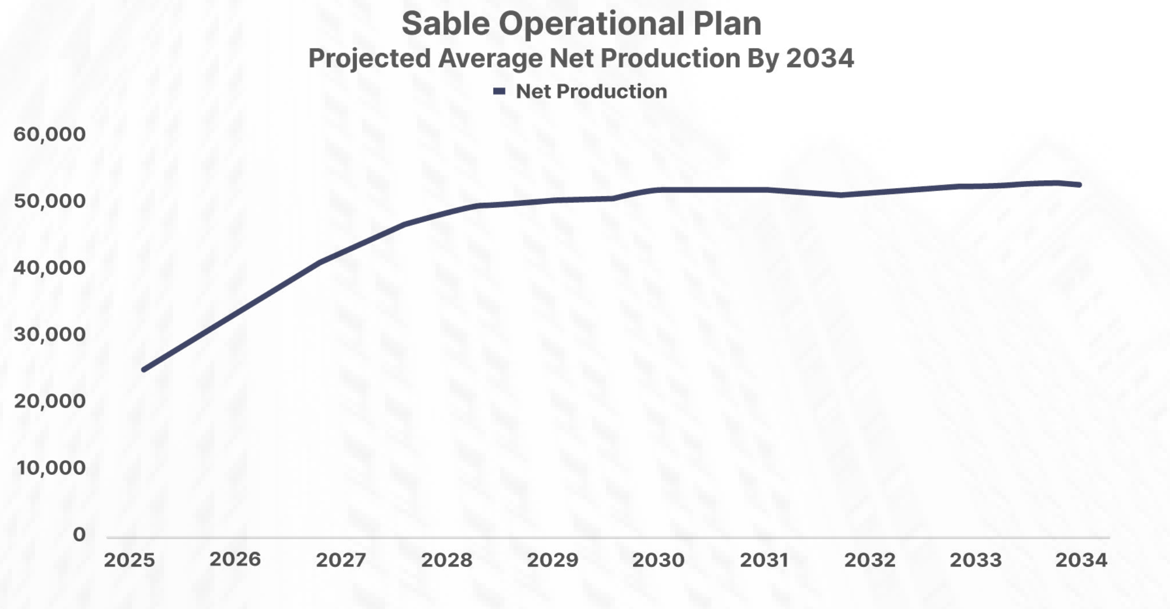
After negotiating the deal with ExxonMobil and arranging financing, the deal closed in February 2024. The SPAC went public soon thereafter. Since then, the share price has nearly doubled.



Source: Bloomberg

One of the biggest challenges for Exxon was that while the California Fire Marshal had approved the safety design for the restart of the SYU, Santa Barbara County had denied the required permits to execute the proposed design. One of Sable's early approaches was to circumvent county approval altogether with a revised safety design. In early 2024, the company withdrew its alternative plan, though, and subsequently filed a revised one. Importantly, though, even after the approval of the Fire Marshal, the company will need a number of other regulatory approvals and signoffs before it can restart production on the field, which contains upwards of 1 billion barrels of recoverable oil (as context, as of the end of 2021 there were 44 billion barrels of proven crude oil reserves in the U.S.).

The clock is ticking. Under the terms of the deal, ExxonMobil will be able to take control back of the SYU from Sable – without any compensation or reimbursement – if Sable is unable to restart production by January 1, 2026. (Whether ExxonMobil would want the asset is unclear.)



Source: Company projections

The company has pushed back its target launch of production, but is still projecting that in 2025 it will be able to produce around 25,000 barrels of oil per day (see below), and double that figure by 2028. Significantly, the cost of production – despite pipeline challenges – would be roughly 45% to 55% of that of more complex shale fields, such as the Permian Basin, home of the largest supply of oil in the U.S. Fracking is effective, and has been responsible for the renaissance of fossil fuel production in the United States – and it is also expensive.

What's Next For Sable

The key trigger for Sable is what's expected to be a significantly more permissive regulatory environment in the U.S. for fossil fuel producers – as reflected by the confirmation of oil industry executive Chris Wright to head the Department of Energy. Wright, a long-time oil industry executive, in 2011 founded Liberty Energy (LBRT), a large fracker based in Denver, which has a market capitalization of around $3 billion.

The regulatory backdrop for Sable has, against the odds, improved significantly since September. A laundry list of government entities, including the Department of Justice and the Environmental Protection Agency, have approved the restart of the SYU. The company has also settled with property owners over easement issues. The path to restart – even before the election of Trump – is much more clear than it had been for years.

Wright is likely to push for the SYU to be re-opened sooner rather than later – especially because James Flores, Sable's CEO (and 12.56% shareholder) is a major Trump donor.

At its current valuation, Sable trades like an option – because, until very recently, the SYU was completely off the radar. If, as anticipated, production ramps up dramatically, the SOC share price could quickly move up 3x to 5x.

Action to Take: Buy Sable Offshore (NYSE: SOC) up to $26 per share

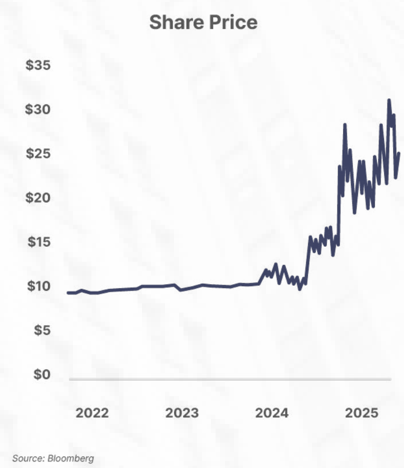
Sable is not currently producing any gas or oil, and thus doesn't yet generate any revenue or earnings. While we're optimistic about the restart of production at SYU and the future potential of the business, the lack of current revenue means this investment comes with above-average risks. As a result, we're assigning this stock with our highest risk rating level of 5. This maximum risk rating level means investors should size their positions such that a total loss on the position would not result in excessive losses within an overall portfolio.

Sable Offshore (SOC)

Oil-Focused E&P

Current Price		$25.17
52-week range	$10.11	$32.33
Market Cap. ($millions)		$2,242.6
Enterprise Value ($millions)		$3,027.4
Dividend Yield		0%
Exchange		NYSE
Cash and Equivalents ($millions)		$288.2
Total Debt ($millions)		$1,073.0
Net Cash (Debt) ($millions)		($784.7)
ROIC		-59.0%
ROIC 10-Year Average		-3.7%

Select Financials	2024	2025E	2026E
Revenue ($millions)	$0.0	$95.9	$457.0
EBITDA ($millions)	-$4.9	-$335.3	$298.0
EBITDA Margin	*0%*	*-349.6*	*65.2%*
Net Income ($millions)	-$32.2	-$646.5	$150.0
Net Margin	*0%*	*-674.1%*	*32.8%*
EPS	-$1.78	-$7.79	$1.59
Free Cash Flow (millions)	-$3.8	-$330.9	$189.2
FCF Margin	*0%*	*-345.1%*	*41.4%*
Valuation	**2024**	**2025E**	**2026E**
Price-to-Sales	-	23.4	4.9
EV / EBITDA	-	-	7.9
Price-to-Earnings	-	-	15.8



Data as of March 14, 2025

Secret Stock #2: Roivant Sciences (ROIV)

Finding Winners In The Discard Pile

$2 Billion In Hidden Balance Sheet Assets

Big Pharma – the Eli Lillys, Johnson & Johnsons, and Mercks of the world – spends about $350 billion *per year* on the research and development (R&D) of new medicines. This enormous financial investment churns a flywheel that puts roughly 15,000 novel therapies into Big Pharma's research pipeline at any given time. Yet in 2023, the U.S. Food and Drug Administration ("FDA") approved only 55 new drugs… in 2022, only 37… in 2021, only 50.

What happens with all the unapproved compounds in Big Pharma's pipeline? The answer is: Many of them are, literally and figuratively, sitting on the shelf. Conducting clinical trials and pursuing regulatory approvals are expensive, with costs often running into the hundreds of millions of dollars per drug. As a result, even well-resourced Big Pharma companies can only focus on advancing a small number of candidate drugs for FDA approval.

Once a compound gets placed in Big Pharma's discard pile, it's available for purchase… often at a fire-sale price.

With this context in mind, let's turn to our next recommendation **Roivant Sciences (Nasdaq: ROIV)**.

After several years managing the biotech portfolio at hedge fund QVT with great success, Vivek Ramaswamy asked a series of potent questions: What if there were a biotech company focused on identifying the unrecognized gems in Big Pharma's discard pile? Moreover, what if that biotech company approached the task of identifying these unrecognized gems in a highly data-driven way, similar to the rigorous methods QVT applied to picking biotech stocks?

Ramaswamy's thought experiment became Roivant's business plan.

100x In 10 Months – Not Bad

In 2021, Roivant identified a compound in Big Pharma giant Pfizer's discard pile dubbed PF-0648065. This compound belonged to a promising new class of monoclonal antibodies called TL1A cytokine inhibitors, which work to modulate the inflammatory response of people suffering from Inflammatory Bowel Disease ("IBD"), a category that includes Crohn's disease and ulcerative colitis, describes a group of gastrointestinal disorders that afflict 8 million people globally. Despite this promise, the compound was stuck on the shelf at Pfizer.

Roivant struck a deal with Pfizer to license PF-0648065 through a joint venture ("JV"). Under the terms of the deal, Roivant and Pfizer would form a new company called Televant, which would be a Roivant subsidiary. Televant would own the rights to develop and commercialize PF-0648065, which would be renamed RVT-3101. Roivant would own 75% of Televant, Pfizer 25%. For its 75% stake, Roivant would pay Pfizer $45 million – as we'll see, a real bargain.

Roivant would invest an additional $5 million in RVT-3101 to fund the completion of an important Phase IIb clinical trial on this compound, called the TUSCANY-2 study. Just seven months after Roivant struck the deal with Pfizer, the TUSCANY-2 trial topline results became available, and they were jaw-dropping: RVT-3101's efficacy in the trial was nearly two times better than the existing standard of care.

In October 2023, a mere 10 months after Roivant inked the deal with Pfizer that for $45 million gave it 75% ownership of RVT-3101, Big Pharma player Roche bought Televant for $7.1 billion. Roivant's three-quarters share of the payout was $5.3 billion – more than a 100x return on investment in less than a year.

When he founded Roivant, Vivek Ramaswamy, who was briefly going to co-lead the Department of Government Efficiency with Elon Musk before deciding to run for governor of Ohio, explained that the "Roi" in the company's name stands for "return on investment." Roivant's coup with RVT-3101 proves that the name choice was no gimmick.

A Track Record Of Success

Skeptics dismiss the Televant story as a lucky break... but Roivant's track record picking winners out of Big Pharma's discard pile suggests otherwise. Since its founding, Roivant's distinctive approach to buying Big Pharma's rejects has yielded six FDA-approved drugs and 10 consecutive positive Phase 3 clinical trials for compounds that Roivant in-licensed. The company's R&D spending productivity – at roughly $85 million spent per Phase 2 or Phase 3 clinical-trial readout – makes it between 5x and 10x more efficient than its Big Pharma peers. (A readout is when trial results are made public.)

Roivant's pipeline features several compounds that could prove to be as valuable as RVT-3101. Moreover, Roivant's balance sheet now gives it the financial wherewithal to significantly accelerate the innovative process it's already demonstrated can deliver blockbuster wins. All this suggests we've only begun to see the success Roivant can achieve on the infinitely large pharmaceutical chessboard with its own distinctive strategy.

Roivant's current market capitalization is $9 billion. The company has $7 billion of net cash… and a hidden asset on its balance sheet that is conservatively worth another $2 billion to $5 billion. It's still appropriate to back out Roivant's net cash from its market cap to zero in on how the market is valuing Roivant's business. Take $9 billion less $7 billion of net cash to get $2 billion of cash-adjusted market cap – versus our EV estimate of $15.5 billion. That implies a 6x to 7x return…

Roivant's hidden asset, which few observers are paying attention to: patent-infringement lawsuits against Moderna (MRNA) and Pfizer (PFE), asserting that these Big Pharma giants infringed on key Roivant patents in developing their COVID-19 vaccines. With various scenarios of litigation outcomes – from a full $11 billion victory, a $ 6 billion settlement victory, or no victory – we calculated an expected value of $2.1 billion to the litigation asset.

With an expected value of $2.1 billion for Roivant's litigation asset, the total balance sheet suggests the company currently trades with a compelling enterprise value of $2.9 billion.

Expected Value And Risk/Reward

The downside scenario with Roivant is that the company's streak of 10 consecutive positive Phase 3 clinical trials is broken and its next several Phase 2 and Phase 3 clinical-trial readouts are disappointing. And, it could be that Roivant suffers setbacks in its patent lawsuits, perhaps even receiving an interim ruling that appears to foreclose a successful settlement.

The upside scenario is that the company's winning streak in its Phase 2 and Phase 3 clinical trials continues, and the market begins to give more credit to Roivant's own prediction that its autoimmune franchise alone is capable of generating $10 billion in annual revenue after 2026. In the meantime, the superb capital allocation Roivant has demonstrated so far continues, yielding visible results. For example, the company invests in another compound such as IBD treatment RVT-3101 that it flips back to Big Pharma for another striking return. Finally, Roivant reaps a series of positive rulings in its patent lawsuits, perhaps compelling Moderna to push for a settlement at a multibillion-dollar number.

Below is an expected-value tree. We begin by encapsulating our entire investment thesis into a downside scenario, a base-case scenario, and an upside scenario. We assign a probability and a stock price to each. And we derive our EV for the stock based on the sum of these three probability-weighted scenarios and their respective contributions. Here is our expected-value tree for Roivant:

EV Tree for Roivant Sciences

Scenario	Summary	Probability	Stock Price	EV Contribution (per share)
Downside Case	Setbacks in clinical trials, capital allocation, lawsuits	20%	$8	$1.60
Base Case	Continued strong execution	60%	$24	$14.40
Upside Case	Continued strong execution and some good luck	20%	$36	$7.20
			Expected Value (per share)	$23.20

With Robert F. Kennedy Jr. – who has spent a lifetime railing against Big Pharma – now the Secretary of Health and Human Services, which oversees the FDA, Roivant should have plenty of opportunities to pluck promising but neglected assets from its larger peers. Plus, Ramaswamy's close relationship with Trump shouldn't hurt if the company needs favorable dispensation from regulators. Finally, Roivant's potential multibillion-dollar windfall from its patent litigation against Pfizer and Moderna regarding the COVID-19 vaccines adds more upside to the company and its share price.

Action to Take: Buy Roivant Sciences (Nasdaq: ROIV) up to $13 per share

Given the inherent uncertainty of successfully completing phase 2 and phase 3 clinical drug trials, we are assigning this recommendation with our highest risk rating level of 5.

Roivant Sciences (ROIV) — Biotech

Current Price		$10.63	**Select Financials**	**2024**	**2025E**	**2026E**
52-week range	$9.76	$13.06	Revenue ($millions)	$125	$102	$47
			EBITDA ($millions)	$4,276	-$1,152	-$1,198
Market Cap.		$7,581	*EBITDA Margin*	*3,426%*	*-1,129%*	*-2,537%*
Enterprise Value		$3,814	Net Income ($millions)	$4,349	-$398	-$814
			Net Margin	*3,485%*	*-390%*	*-1,724%*
			EPS	$0.19	-$0.89	-$1.23
Dividend Yield		0.00%	Free Cash Flow ($millions)	-$767	-$816	-$852
Exchange		NASDAQ	*FCF Margin*	*-614%*	*-800%*	*-1,804%*
Cash ($millions)		$4,099	Cash & Equiv ($millions)	$1,692	$6,550	$1,781
Cash and Equivalents ($millions)		$5,147	Net Change in Cash ($millions)	$4,858	-$4,770	-$273
Total Debt ($millions)		$100	**Valuation**	**2024**	**2025E**	**2026E**
Net Cash (Debt) ($millions)		$5,046	Price-to-Sales	60.8	74.3	160.5

Source: Bloomberg

Data as of March 14, 2025

Secret Stock #3: Zevia PBC (ZVIA)

The Ultimate RFK Jr. Stock

The Leading All-Natural Sugar-Free Soft Drink

Headquartered in Los Angeles, California, **Zevia PBC (NYSE: ZVIA)** owns the Zevia brand of soft drinks. The company was founded in 2007 with the aim of creating a better alternative to traditional diet soft drinks, by eliminating the use of artificial sweeteners, colors, and preservatives. All Zevia drinks are sugar-free and made from all-natural ingredients, including the zero-calorie Stevia sweetener, sourced from extracts of the stevia plant.

Within a year of launching its first zero-calorie sodas in 2008, Zevia became the fastest-growing natural-food product in the U.S. By 2012 Zevia was the best-selling soda in Whole Foods markets, and in 2020 it became the top-selling carbonated soft drink on Amazon. Along the way, the company also expanded to 18 different soda flavors, as well as energy drinks and teas.

Zevia’s soft-drink portfolio is the largest revenue generator for the company, and the brand is currently the number-one all-natural zero-calorie soda in the U.S. The business generates $155 million in annual revenue, and its products are available in over 34,000 retail locations across the country. The company has sold 1.9 billion sugar-free cans of soda since its inception, keeping an estimated 174 million pounds of sugar out of their customers’ diets.

And therein lies the biggest opportunity for Zevia under the current Trump administration. Zevia’s mission to eliminate excessive sugar from Americans’ diets is directly in line with Trump’s Secretary of Health and Human Services (“HHS”), Robert F. Kennedy Jr.

On the campaign trail for his own presidential bid, and later as a supporter of candidate Donald Trump, Kennedy’s core message revolved around the failures and “mass-poisoning” of the American food system. Poor diet has led to chronic diseases like obesity and diabetes, which health experts have linked to half a million preventable deaths each year, or the same number of deaths caused by cigarettes. When Trump first talked about tapping RFK to lead HHS, he promised to let Kennedy “go wild on the food.”

Kennedy Can Make Huge Changes

As HHS secretary, Kennedy has promised to focus on three key initiatives:

1. Remove ultra-processed foods from school meals
2. Crack down on artificial food colors, which are linked to ADHD and cancer
3. Eliminate the ability to use food-assistance programs to purchase sugary drinks

Zevia checks all three boxes by providing a sugar-free alternative to sugary drinks, and one that also eliminates chemical sweeteners, colors, and preservatives used in traditional sugar-free drinks.

The soft-drink industry is an easy first target for RFK to crack down on to promote his healthy food agenda, given the well-known risks associated with the consumption of sugary, chemical-filled soft drinks.

One avenue RFK could pursue is a sugary-drink tax, which has been proven to reduce consumption in other countries. In 2018, for example, the UK imposed taxes on sugary drinks that led to an almost immediate 44% decline in the sugar content of soft drinks sold in the country, which likely helped lead to what was a meaningful reduction in obesity. Likewise, Mexico passed a similar soda tax in 2014 that led to a 10% decline in sales of sugary drinks. Similar soda taxes have been passed in several U.S. cities, including Berkeley, California; Seattle, Washington; and Philadelphia, Pennsylvania, that have also resulted in lower consumption.

Another avenue includes restrictions on food benefit programs, like the federal government's Supplemental Nutrition Assistance Program ("SNAP"), commonly known as food stamps. A recent analysis of SNAP revealed that recipients spend $10 billion each year on sugary drinks. That's a $10 billion welfare check that flows from taxpayers directly to traditional soda makers like Coca-Cola (KO) and PepsiCo (PEP) each year. As health secretary, he has continued to support statements made during the campaign to exclude SNAP recipients from using government funds on sugary drinks, as well as those that use artificial coloring and flavoring. In an interview in late February with Laura Ingraham of *Fox News*, following his confirmation as HHS secretary, Kennedy reiterated this view:

> *"The one place that I would say that we need to really change policy is the SNAP program and food stamps and in school lunches. There, the federal government in many cases is paying for it. And we shouldn't be subsidizing people to eat poison."*

If implemented, this alone could shift some of the $10 billion spent on sugary drinks to all-natural, sugar-free alternatives like Zevia.

Considering that the market for sugar-free sodas in the U.S. is estimated at around $10 billion, this one initiative represents a potential doubling the size of the market category. And with Zevia drinks being the leader in the all-natural sugar-free soda category, it's by far the best positioned brand to capitalize on an influx of new consumers.

The Walmart Factor

But even without a boost from an RFK-lead HHS, there's another powerful catalyst that should significantly boost Zevia's business and share price. That catalyst came from the November 7 announcement that America's largest brick-and-mortar retailer, Walmart (WMT), would begin stocking Zevia sodas at 4,300 of its stores – more than 90% of all U.S. Walmart locations.

Before the announcement, Zevia had already signed a distribution deal that put its drinks in 800 Walmarts. That Walmart decided to expand distribution from less than 20% of its U.S. stores to a full-scale national rollout indicates the early sales data was highly compelling.

The news sent Zevia shares skyrocketing by 200% over the next six weeks, from $1.08 to $3.40 before falling back to $2. We still see shares regaining that upside and more.

Source: Bloomberg

At $2 per share, Zevia trades for a market capitalization of just $150 million. Adding in the net cash on its balance sheet, and the business trades for an enterprise value of just $100 million. That's an attractive valuation for a business that generated $155 million in revenue last year, reflecting an enterprise value-to-sales ratio of less than 0.7x. Its peers trade at significantly higher valuations, including National Beverage Corporation (FIZZ) at 3x, Celsius Holdings (CELH) at 5x, and Monster Beverage (MNST) at 7x.

And the Walmart distribution deal could be the secret to unlocking faster growth and a higher valuation. In the game of selling soft drinks, shelf space is the most valuable marketing tool by providing the most direct path for consumers to discover and try a new brand.

Before this latest Walmart deal, Zevia's household penetration rate (the percentage of U.S. homes that have purchased its drinks) was 5.3%. This compares to the leading zero-calorie soda brands like Diet Coke and Diet Pepsi that have a household penetration rate of 40% to 70%.

The power of the Walmart distribution deal is that it puts Zevia's products directly in contact with the 50% of the U.S. population that routinely shops at Walmart.

With this opportunity to introduce millions of new consumers to Zevia in Walmart stores around the country, Zevia could massively expand its household penetration 10-fold from 5% to around 50%, on par with its top sugar-free rivals.

This Walmart deal plus new taxes or regulations that tilt the scales in favor of Zevia under the Trump administration each offer a potential pathway for Zevia to expand from $155 million in revenue to a billion-dollar business.

There's precedent for such an outcome in the form of National Beverage (FIZZ), owner of sugar-free sparkling-water brand LaCroix (and other sugar-free brands like Shasta). National Beverage currently generates $1.2 billion in annual sales and is valued at $4.5 billion, or nearly 4x its revenue.

If Zevia grows to a similar size and commands a similar valuation multiple, that works out to roughly 30x upside from its current market capitalization of around $150 million.

However, it's worth noting that Zevia is not yet profitable, due to its small size. The cost of its overhead is too high relative to its revenue to earn a profit. However, if we exclude overhead costs and look at just gross profit margins, or the revenue minus the direct costs of selling its products, the company generates excellent gross margins of 46%. That's 10 percentage points above National Beverage, and thus indicates the potential for Zevia to earn solid net income margins as it scales up operations and defrays its overhead costs over a significantly larger revenue base.

Zevia could quickly become a much larger, profitable company given the multiple different catalysts that could supercharge its sales.

Action to Take: Buy Zevia PBC (NYSE: ZVIA) up to $4 per share

Given Zevia's current lack of profitability, this recommendation comes with our maximum risk level of 5.

Zevia PBC (ZVIA)

Healthy Beverages

Current Price		$2.21
52-week range	$0.62	$4.99
Market Cap. ($millions)		$162.8
Enterprise Value ($millions)		$111.5
Dividend Yield		0%
Exchange		NYSE
Cash and Equivalents ($millions)		$30.7
Total Debt ($millions)		$1.3
Net Cash (Debt) ($millions)		29.3
ROIC		-44.0%
ROIC 10-Year Average		-55.7%

Select Financials	2024	2025E	2026E
Revenue ($millions)	$155.0	$160.5	$172.2
EBITDA ($millions)	-$21.6	-$10.1	-$0.9
EBITDA Margin	*-13.9%*	*-6.3%*	*-0.5%*
Net Income ($millions)	-$20.0	-$11.0	-$7.2
Net Margin	*-12.9%*	*-6.9%*	*-4.2%*
EPS	-$0.3`	-$0.23	-$0.13
Free Cash Flow ($millions)	-$1.3	-$10.1	-$0.6
FCF Margin	*-0.8%*	*-6.3%*	*-0.4%*
Valuation	**2024**	**2025E**	**2026E**
Price-to-Sales	1.1	1.0	0.9
EV / EBITDA	-	-	-
Price-to-Earnings	-	-	-

Source: Bloomberg

Data as of March 14, 2025

Secret Stock #4: Oscar Health (OSCR)

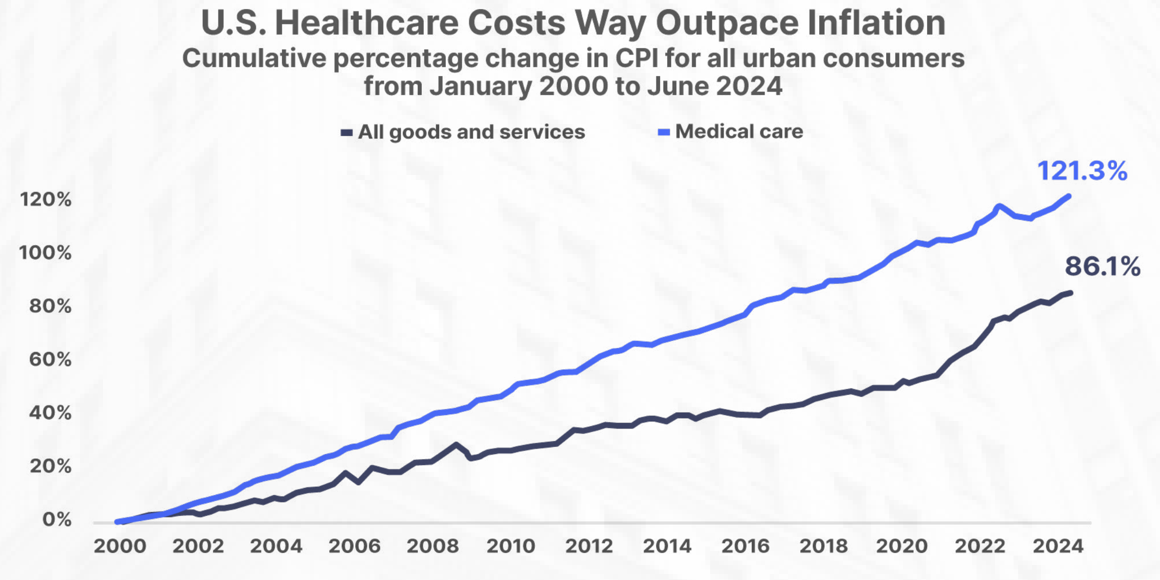
Good Health... For Less

The Disruptor America Needs to Fix a Broken Healthcare System

Oscar Health (NYSE: OSCR) is a health insurance company co-founded in 2012 by former MIT scientist Mario Schlosser and venture capitalist Joshua Kushner, brother of Jared Kushner (Donald Trump's son-in-law and first-term Trump administration advisor).

The company's mission is to disrupt the American healthcare status quo, using technology to offer more affordable health insurance while also delivering better patient outcomes. Specifically, the company aims to address two of the biggest problems plaguing America's broken health care system.

The first problem is that 97% of U.S. physicians, hospitals, and other healthcare providers operate a fee-based business model. This creates an incentive for providers to earn more money by charging higher prices, and also by encouraging excessive consumption of services, regardless of patient outcomes. As a result, healthcare costs have increased at rates well above the overall pace of inflation for decades:

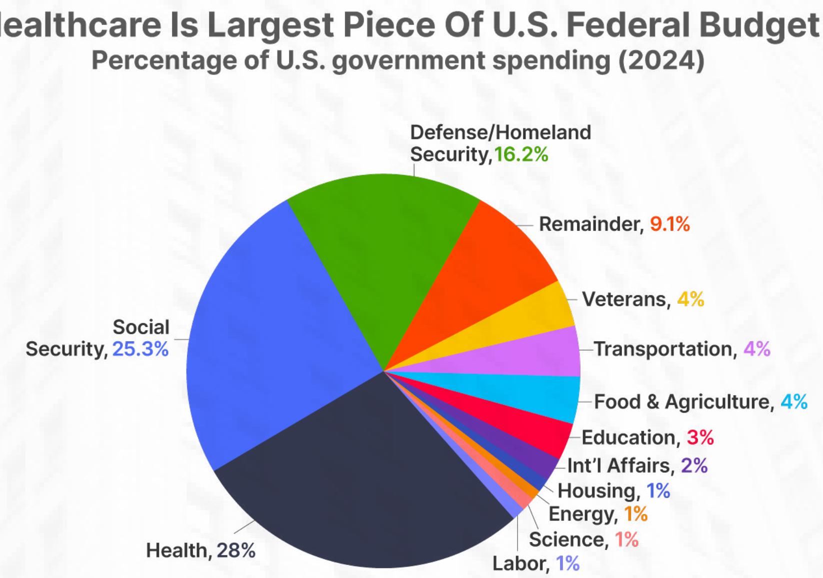


Source: KFF analysis of Bureau of Labor Statistics (BLS)

The second problem is that, as a result of the runaway costs of medical care, insurance companies that pay for this care must raise premiums and must rein in their costs by denying coverage. This includes companies like UnitedHealth Group (UNH), which has a denial rate of 32%.

As a result, health insurance has become one of the most universally reviled industries in America, and the U.S. has some of the worst health outcomes of the developed world, despite spending the most of any country on a per-capita basis, at 18% of GDP.

Government healthcare spending on programs like Medicare and Medicaid currently make up the single largest line item in the federal budget, at $1.6 trillion per year, or 28% of all government spending, providing the incoming Trump administration a great opportunity to cut the U.S. budget deficit:



Oscar's business model offers a solution to the broken fee-based healthcare model in the form of a newer model known as value-based care. In this system, healthcare providers like doctors and hospitals partner with insurance companies to share in the risk and the profitability of delivering healthcare. This includes structuring the payment terms from insurance companies to providers in a way that is linked to overall patient outcomes and to the cost effectiveness of the care provided. In this way, value-based care aligns incentives toward the ultimate end goal of delivering the best patient outcomes at the lowest cost.

How Value-Based Care Got Its Start

The concept and regulations around value-based care were introduced in the 2010 Affordable Care Act (Obamacare). But the legacy insurers have struggled to adopt care-based practices because it involves an almost entirely different business model to implement successfully.

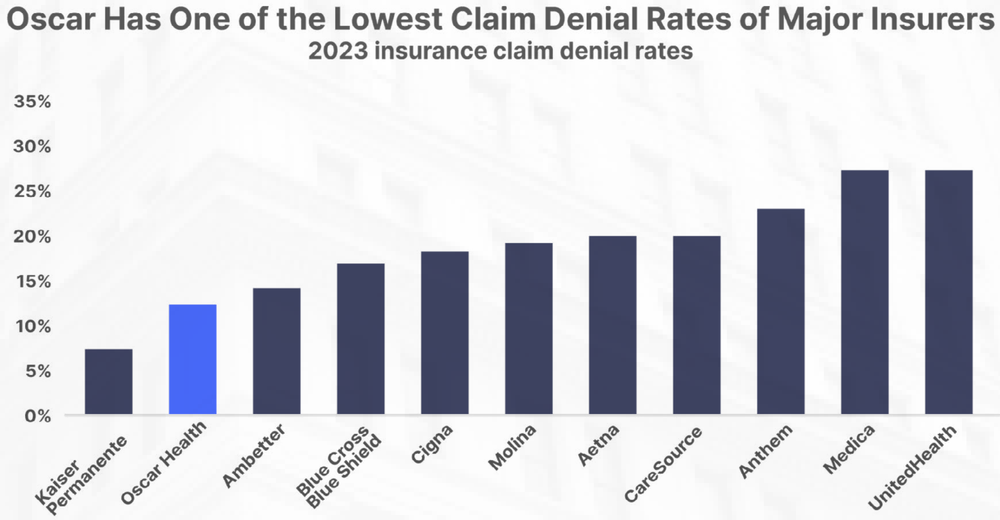
In the fee-based system, each individual health service is performed and billed in isolation. In contrast, the care-based model requires a holistic approach of coordinating between various healthcare providers and the insurance company, while managing the patient's journey through it all.

The legacy health insurers, founded in the age of paper files and fax machines, have struggled to manage the massive amount of data required to coordinate this holistic approach.

Oscar Health had the advantage of starting from scratch in 2012, in the age of cloud computing and digital applications. The founders created America's first health insurance company that was built around a fully integrated data-management system that they own and control, as well as a fully online portal for managing the user experience.

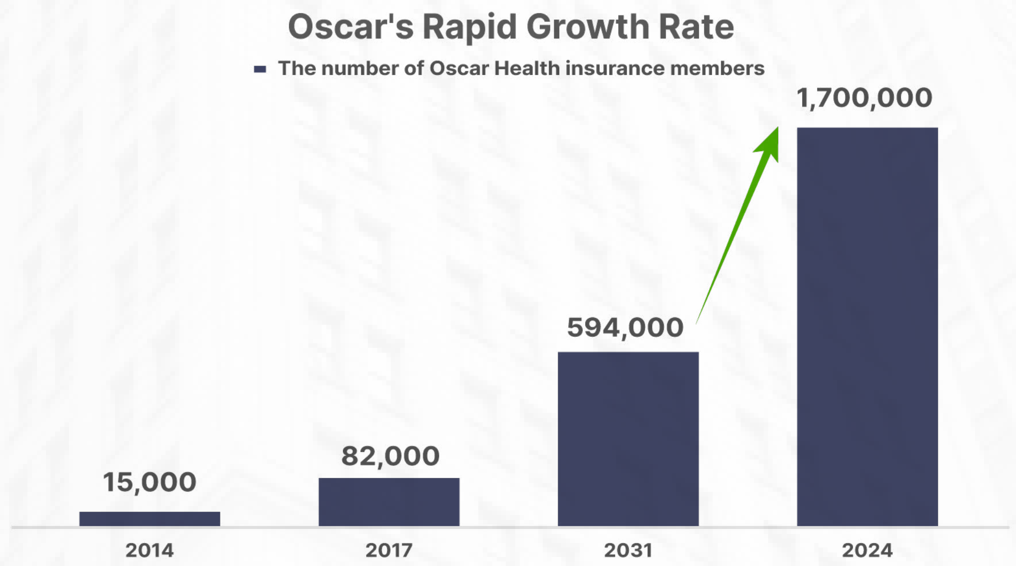
By creating this fully integrated digital ecosystem, Oscar has used technology to manage a care-based approach that its legacy competitors have been unable to replicate. This includes tracking each patient's journey from the moment they sign up, through a digital Care Team that consists of six people, including a registered nurse and administrative assistants. Oscar's Care Team guides users through their healthcare journey, coordinating with its network of healthcare providers to meet patient needs, where the providers share both in the risk and the upside of delivering the optimal services delivered at the lowest cost.

That's how Oscar has been able to keep the rate of increases in premiums well below that of the overall industry. Over the last five years, Oscar has increased its premiums at less than 3% per year, whereas its legacy competitors routinely raise premiums at mid-single digit or double-digit rates. Meanwhile, Oscar also sports one of the lowest rates of claim denials among its peers:



The ease of use of its platform, low rate of premium inflation, and low rate of claim denials have made Oscar one of the rare healthcare companies that customers love. We can quantify this using the net promoter score ("NPS"), a numerical rating system that measures the likelihood of customers recommending a company's product or service on a scale of -100 to +100. Overall, U.S. health insurance companies as an industry have an average NPS score in the low single digits, with many of America's largest insurers deeply in the negative. Oscar, on the other hand, sports an NPS score of 66. This puts the company in the same league as many of America's most beloved brands like Netflix (NFLX), with an NPS of 67, and Apple (AAPL) with a score of 61.

But the ultimate proof of the company's success shows up in its rapid growth rate since inception. Since its founding in 2012, the company has grown its customer count from zero to 1.7 million members (compared with 50 million for UnitedHealth and more than 100 million for Blue Cross Blue Shield). And this growth shows no signs of slowing, with membership increasing at a 42% compounded annual growth rate ("CAGR") over the last three years:



Oscar's disruptive business model has received backing from some of America's most venerable venture capital ("VC") funds. It raised $1.6 billion from VCs Google Ventures, Fidelity Investments, and Peter Thiel's Founders Fund in private funding rounds before launching its initial public offering ("IPO") in 2021.

The IPO was completed at $39 per share, valuing the business at over $7 billion. Since then, revenue has quadrupled from $1.9 billion in 2021 to $8 billion over the last 12 months. Yet over the same period, the share price has fallen by over 60% from its peak to trade around $13 today.

Getting To Profitability

Oscar's main challenge is that it's not yet profitable because it has had to invest heavily into building a full-scale technology platform while growing its insurance business, a highly capital-intensive endeavor that requires a larger scale that it currently has to reach profitability.

However, much of the hard work has been done, and Oscar is now on the cusp of an inflection point toward profitability. Leading the charge to profitability has been Mark Bertolini, who took over as CEO in April 2023. Bertolini is an industry heavyweight with decades of leadership experience, including serving as the CEO of Aetna, where he oversaw the company's sale to CVS in the largest healthcare merger of all time.

In just 18 months, Bertolini has moved Oscar Health from losing hundreds of millions each year to break-even. The stock price has soared from $3 to as high as $24 under his tenure, before more recently trading back to around $13. We see even more upside ahead if Bertolini achieves the targets he's laid out for the company.

Specifically, Bertolini aims for consistent 20% annual revenue growth over the next three years while also bringing down operating costs through economies of scale, reaching a 5% operating margin (profit margins before tax and interest). If the company achieves this goal, it should be able to generate $2.25 in earnings per share by 2027, up from $0.20 per share in 2024.

Given the company's healthy growth rate, we believe a fair valuation multiple would be roughly 25x earnings. That would translate into a price target of $56 per share by 2027, or a 300% return from its current price of $13.

With the Trump administration facing one of the largest budget deficits on record, Oscar could become one of the biggest winners by helping solve America's runaway healthcare spending.

We're not the only ones seeing this opportunity. Oscar's single largest shareholder is Thrive Capital, an investment fund owned by Oscar co-founder, Josh Kushner. In the days following Trump's presidential victory in November, Thrive bought 3.5 million shares worth $50 million in a series of open market purchases at prices ranging from $13 to $17 per share.

Action to Take: Buy Oscar Health (NYSE: OSCR) up to $20 per share

While we're optimistic that healthcare regulations will increasingly favor Oscar's care-based business model, predicting regulatory changes comes with a high degree of uncertainty. This uncertainty, amplified by the fact that Oscar is not yet profitable, means we will assign our highest risk rating level of 5 for this recommendation.

Oscar Health (OSCR) — Managed Care

Current Price		$13.11	**Select Financials**	**2024**	**2025E**	**2026E**
52-week range	$12.43	$23.79	Revenue ($billions)	$9.2	$11.3	$10.9
			EBITDA ($billions)	$0.1	$0.4	$0.5
Market Cap. ($billions)		$3.3	*EBITDA Margin*	*1.1%*	*3.4%*	*4.2%*
Enterprise Value ($billions)		$2.9	Net Income ($billions)	$0.0	$0.2	$0.6
Dividend Yield		0%	*Net Margin*	*0.3%*	*1.9%*	*5.5%*
Exchange		NYSE	EPS	$0.10	$0.73	$1.00
Cash and Equivalents ($billions)		$2.2	Free Cash Flow ($billions)	$1.0	$0.6	$0.6
Total Debt ($billions)		$1.7	*FCF Margin*	*10.4%*	*5.2%*	*5.8%*
Net Cash (Debt) ($billions)		$0.4	**Valuation**	**2024**	**2025E**	**2026E**
			Price-to-Sales	0.4	0.3	0.3
ROIC		1.9%	Price-to-Book	32.3	3.9	2.1
ROIC 10-Year Average		-33.5%	Price-to-Earnings	131.1	18.0	13.1

Data as of March 14, 2025

Secret Stock #5: Core Natural Resources (CNR)

Powering The AI Revolution

Generating The Energy For Today's Power-Hungry Data Centers

America's largest technology companies are competing in a capex arms race to overhaul their data centers to keep up with the enormous computing demands of artificial intelligence ("AI"). This data-center reboot involves ramping up both computer power and computing speeds that will, as a result, consume vast amounts of additional energy.

The Electric Power Research Institute estimates that data centers will consume roughly 9% of U.S. power generation by 2030 – more than double today's 4%. Combined with the rising power demand from electric vehicles, this surge in demand will strain America's aging power grid. Indeed, it's already happening.

This all adds up to a looming energy crunch. But because of increased demand, the push to shut down coal plants is slowing down. In fact, the closing of more than 20 facilities from Kentucky to North Dakota that were set to retire between 2022 and 2028 has been delayed.

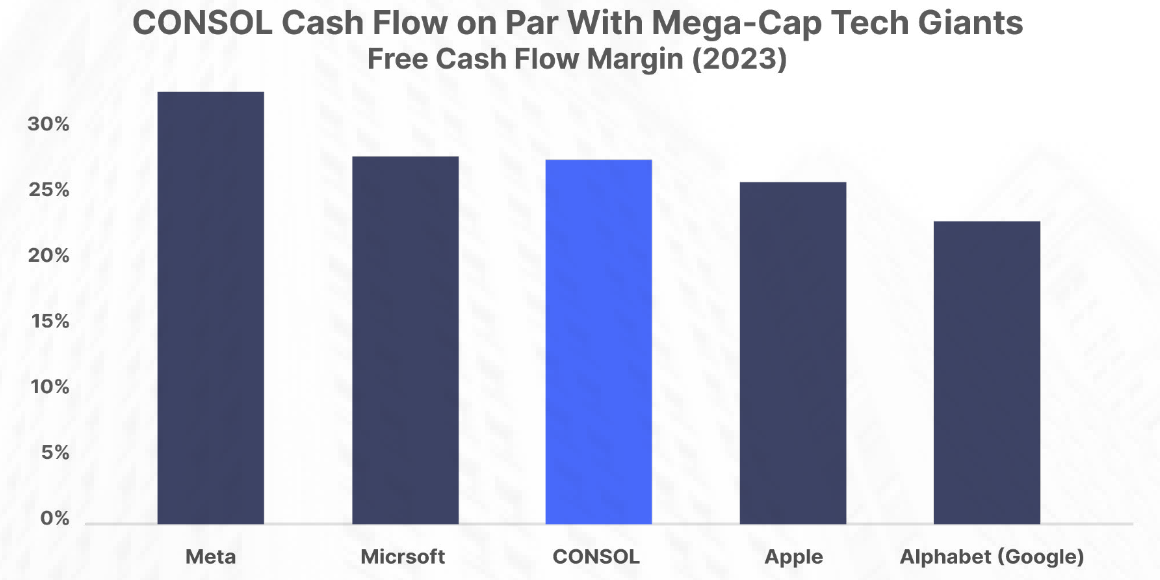
There are many supporters of traditional forms of energy working in the Trump White House and the Republican-controlled U.S. House and U.S. Senate, which is creating a favorable climate for oil, gas, and coal companies.

In this report, we'll show how one U.S. coal producer is poised to profit from supplying the critical power fueling this computing revolution.

The New Global Coal Powerhouse

Headquartered in Cecil County, Pennsylvania – just outside of Pittsburgh – **Core Natural Resources (NYSE: CNR)** is one of America's oldest coal producers. Its parent company Consol first began mining in 1864 in the Appalachian Basin, one of America's richest coal deposits. CONSOL Energy was spun off and began trading as a public entity in 2017 and then merged with fellow coal miner Arch Resources in January 2025 to form Core Natural Resources.

We'll begin by analyzing CONSOL, and then explain why we're even more bullish on Core Natural Resources, the newly formed entity created from the merger of CONSOL with Arch Resources. The CONSOL business primarily produces thermal coal, which is used to generate electricity. In total, the company mined 26.1 million tons of coal last year, up 9% from 2022. This brought in $2.57 billion in revenue and $687 million in free cash flow, for a stellar free cash flow margin of 27%. That's on par with some of the world's most dominant technology giants, including Microsoft, Meta, Apple, and Alphabet (Google):



Source: Bloomberg

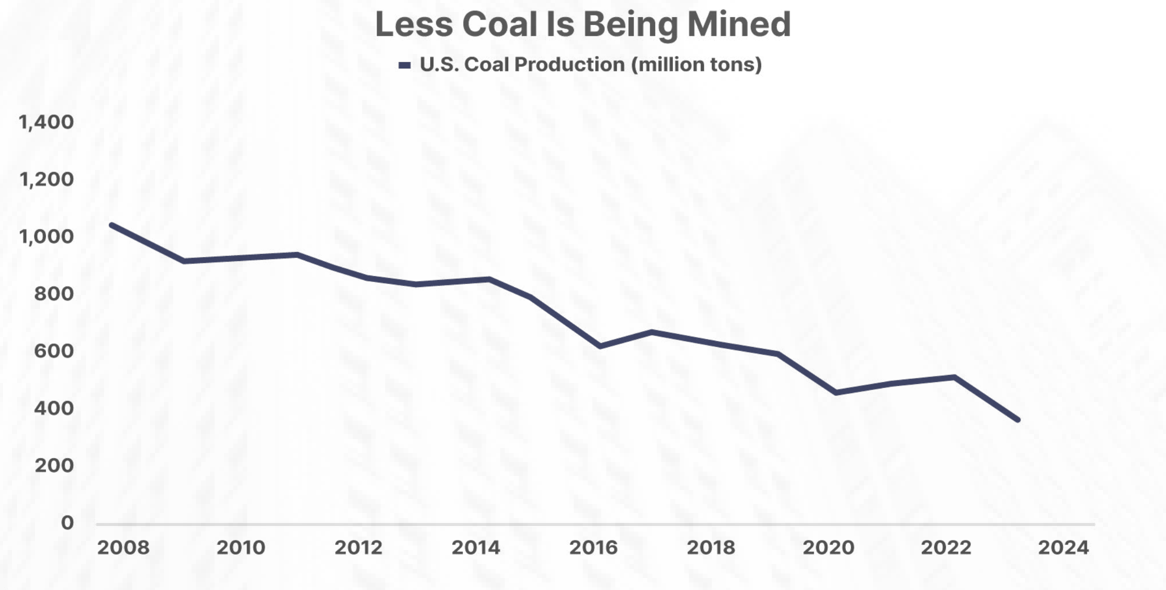
Despite CONSOL's impressive profit margins, it gets little respect on Wall Street, even after the recent merger. Many hedge funds, pension funds, and market index providers simply won't own coal stocks for fear of being labeled "non-woke." Even under a Trump administration that will be more friendly to oil, gas, and coal production, coal's reputation as dirty, dangerous, and a thing of the past will remain with many investors, big and small.

Wall Street's dislike of coal stocks has created a tremendous opportunity in shares of CNR, which trade at a deeply discounted valuation of just 7x free cash flow. In contrast, today's much-loved mega-cap technology stocks command valuations of 30x to 60x free cash flow multiples. While there are admittedly big differences between coal-mining and technology companies that warrant different industry valuations, the cash these industries generate still spends the same.

Coal Is Dead... Long Live The Coal Miners

Unlike metallurgical coal, which has no viable substitute for its use in steelmaking, there are a number of alternatives to thermal coal – natural gas, nuclear power, wind generation, and solar – all of which produce electricity with significantly fewer (or zero) direct carbon emissions.

Since 2008, environmental mandates have forced U.S. utilities to shut down hundreds of coal plants in favor of these lower-carbon alternatives. As a result, U.S. thermal coal consumption used in power generation has declined by roughly 60% since 2008, resulting in a similar decline in mining output:



Source: Energy Information Administration (EIA)

CONSOL has remained immune – and will continue so under Core Natural Resources – from the broader decline in the U.S. domestic coal market by tapping into overseas markets, with exports making up nearly two-thirds of its sales (discussed in greater detail below).

A Low-Cost Leader

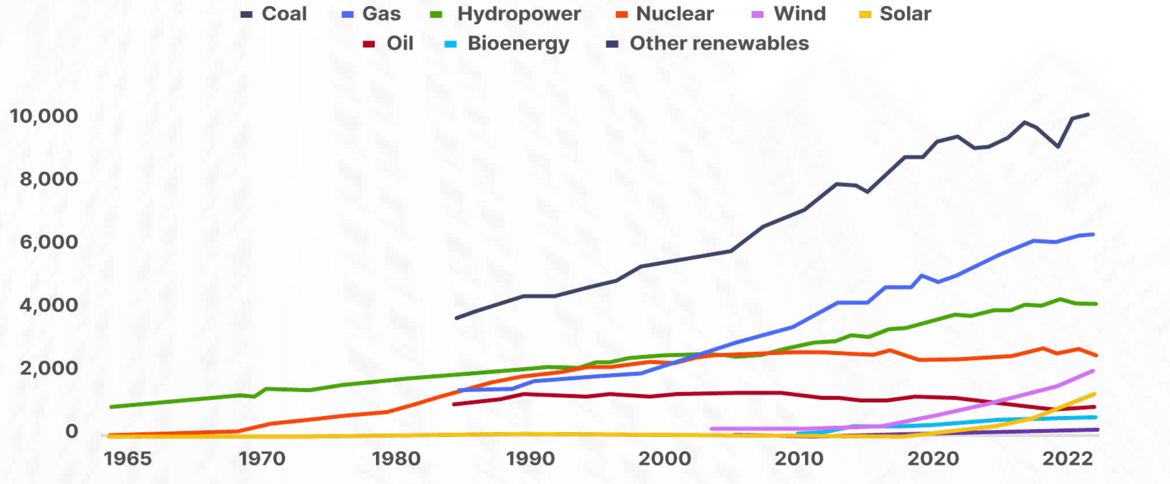
The other advantage the CONSOL business has is that it pulls coal from a region that enables it to run a very low-cost operation. Last year, the cost of production from CONSOL's Pennsylvania Mining Complex ("PAMC"), where it produces 99% of its coal, averaged $36.10 per ton, versus a selling price of $77.74 per ton. With a $41.64 cash profit per ton, CONSOL's PAMC assets delivered an operating margin of 54% – making it one of the most profitable commodity producers in the world.

The reserve base for CONSOL's PAMC assets ensures a long future of profitable production. As of year end 2023, the company had 583.5 million tons of reserves among its three PAMC mines. Pulling out its current level of 26 million tons a year leaves enough to support 22 years of future production.

And CONSOL's future as a coal miner, under the umbrella of Core Natural Resources, isn't limited to a declining U.S. market. Coal offers the cheapest, most reliable form of baseload energy in the world. So even as climate alarmists have hurt demand in the U.S., the rest of the world continues building new coal-fired power plants. That's why coal consumption recently hit all-time highs in 2022, following a brief decline in 2020-2021 when global economic activity slowed during the COVID-19 pandemic:

Coal Is the Super Power Generator

Global electricity production by source, in terawatt hours (twh)



Source: Ember, Energy Institute

Most experts forecast that global coal demand for power generation will continue growing through at least 2030. The key drivers of this demand will come from India and China, which together make up one-third of the world's population. In 2023 alone, China grew its coal capacity by 48.4 GWs (or 4%), while India added 14 GWs of capacity.

The massive (and growing) global market for thermal coal means that, even in the ultimate bear case scenario where U.S. coal consumption goes to zero, Core Natural Resources can still thrive. Since 2017, the CONSOL business doubled its export coal sales from 8.3 million tons (or 32% of its total volume) to 16.2 million tons last year (or 61% of total volumes).

And therein lies the big secret about Core Natural Resources: the company is rapidly changing itself from a domestic U.S. coal supplier into a coal exporter. And while it will enjoy a boom in domestic demand for the data center build out, its long-term future is secured as one of America's leading, low-cost exporters of high-quality coal to a large and growing international market.

And in August 2024, CONSOL accelerated its shift into a global coal exporting powerhouse when it announced a merger with America's second largest coal producers.

CONSOL To Merge Into New Larger Entity

On August 21, thermal coal producer CONSOL Energy (CEIX) announced a merger agreement with fellow coal miner Arch Resources (ARCH) to form a new entity called **Core Natural Resources (NYSE: CNR)**. The deal terms state that CONSOL shareholders will own 55% of the merged entity, with Arch shareholders owning the remaining 45%. The deal closed on January 15, 2025, and CONSOL shares were converted to the new entity Core Natural Resources.

We like this deal for two reasons.

1. Arch is one of the leading low-cost producers of metallurgical coal – the type used in steelmaking. Unlike thermal coal, which is being phased in the U.S. and Europe due to environmental restrictions in favor of cleaner-burning fuel sources, metallurgical coal has no viable substitute in the steelmaking industry. As a result, the long-term demand for metallurgical coal will continue rising with global economic growth indefinitely. The newly combined entity thus has a highly diversified portfolio that will ensure decades of future demand ahead.

2. It will eliminate operational redundancies between the two companies, unlocking an estimated $110 million to $140 million of cost savings within six to 18 months of closing the transaction. As a result, the deal is expected to generate positive free cash flow for both Arch and CONSOL in year one of the merger.

The two companies completed their merger after the close of trading on January 14, 2025. The combined entity now trades as Core Natural Resources (NYSE: CNR) and has an enterprise value (sum of equity plus net debt) of $4.9 billion.

Following the completion of the merger in mid-January, shares of CNR have dropped by 25% from around $100 to $75 in response to falling coal prices that have sparked similar declines across the entire coal mining sector. At $75 per share, CNR trades at a market capitalization of $4 billion and a $3.7 billion enterprise value (i.e. market capitalization plus net debt). That's an attractive valuation for a company expected to generate $500 million in free cash flow this year, reflecting an enterprise value-to-free cash flow multiple of just over 7x.

Longer term, we're optimistic about the prospects of Core Natural Resources as a leading, low-cost producer of both thermal and metallurgical coal.

For CONSOL investors, no action is needed. The CONSOL shares were converted automatically to stock in the newly formed Core Natural Resources (NYSE: CNR) on January 15, 2025.

Action to Take: Buy Core Natural Resources (NYSE: CNR) up to $120 per share

While Core Natural Resources is profitable today and trading at a reasonable valuation, the earnings of the business can swing wildly based on fluctuations in coal prices. For this reason, we are assigning this recommendation with an elevated risk rating level of 4 out of 5.

Core Natural Resources: CNR

Coal Mining

Current Price		$71.84
52-week range	$66.54	$134.55
Market Cap ($billions)		$4.0
Enterprise Value ($billions)		$3.7
Dividend Yield		0.5%
Exchange		NYSE
Cash and Equivalents ($billions)		$0.5
Total Debt ($billions)		$0.2
Net Cash (Debt) ($billions)		$0.3
ROIC		18.0%
ROIC 10-Year Average		16.4%

Select Financials	2024	2025E	2026E
Revenue ($billions)	$2.1	$4.7	$4.6
EBITDA ($billions)	$0.6	$1.0	$1.2
EBITDA Margin	27.9%	20.8%	26.5%
Net Income ($billions)	$0.3	$0.5	$0.7
Net Margin	12.0%	12.0%	15.2%
EPS	$11.44	$9.85	$14.01
Free Cash Flow ($billions)	$0.3	$0.5	$0.6
FCF Margin	12.9%	11.2%	13.0%
Valuation	**2024**	**2025E**	**2026E**
Price-to-Sales	1.9	0.9	0.9
EV/EBITDA	6.9	4.0	3.2
Price-to-Earnings	6.4	9.5	5.0

Secret Stock #6: Apollo Global Management (APO)

Trump's Man Behind The Curtain

Your Chance To Profit From The President's Top Dealmaker

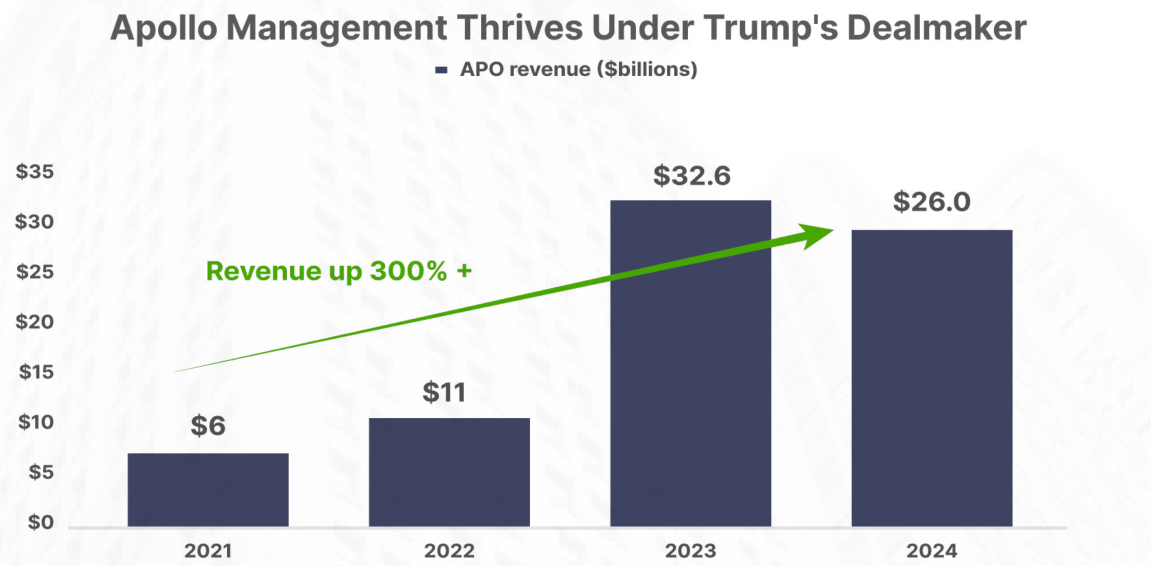
Most Americans have never heard of Marc Rowan. But we believe this reclusive billionaire financier – and his company, **Apollo Global Management (NYSE: APO)** – could be among the biggest beneficiaries of Trump's second term.

Rowan founded Apollo along with colleagues Leon Black and Joshua Harris in 1990, shortly after their prior firm, investment bank Drexel Burnham Lambert, had filed for bankruptcy. With the economy teetering on recession and Wall Street still reeling from the savings-and-loan crisis, which decimated a third of the nation's small banks, Rowan and his partners saw a huge potential opportunity to invest in distressed assets.

Their initial focus was on distressed debt and opportunistic buyouts, where debt could be converted into controlling equity stakes through bankruptcy or restructuring. By the mid-1990s, Apollo had diversified into real estate. In the 2000s, the firm continued to grow and diversify. It opened the first of several international offices in Europe and Asia in 2006. The firm became a major player in private equity via some of the largest leveraged buyouts in history at the time, including the $31 billion buyout of Harrah's Entertainment, now Caesars Entertainment (CZR) in 2008. And in 2009, it launched Athene, which has since become a leading annuity and retirement-services company and a major source of capital for the firm.

In 2021, Apollo experienced a leadership shakeup, when co-founder and CEO Leon Black retired following news of his financial ties to convicted sex offender Jeffrey Epstein. Rowan, who had been on a semi-sabbatical from the firm, was chosen to lead Apollo over fellow co-founder Joshua Harris. This decision was seen as a testament to Rowan's strategic vision, particularly his role in growing Athene.

The firm has thrived under Rowan's control, growing revenue by more than 300%, from around $6 billion in 2021 to more than $26 billion last year.



Source: Statista

Today, Apollo Global Management is one of the world's leading alternative investment firms with more than $750 billion in assets under management ("AUM"). But the next four years under a second Trump presidency could see the firm do even better.

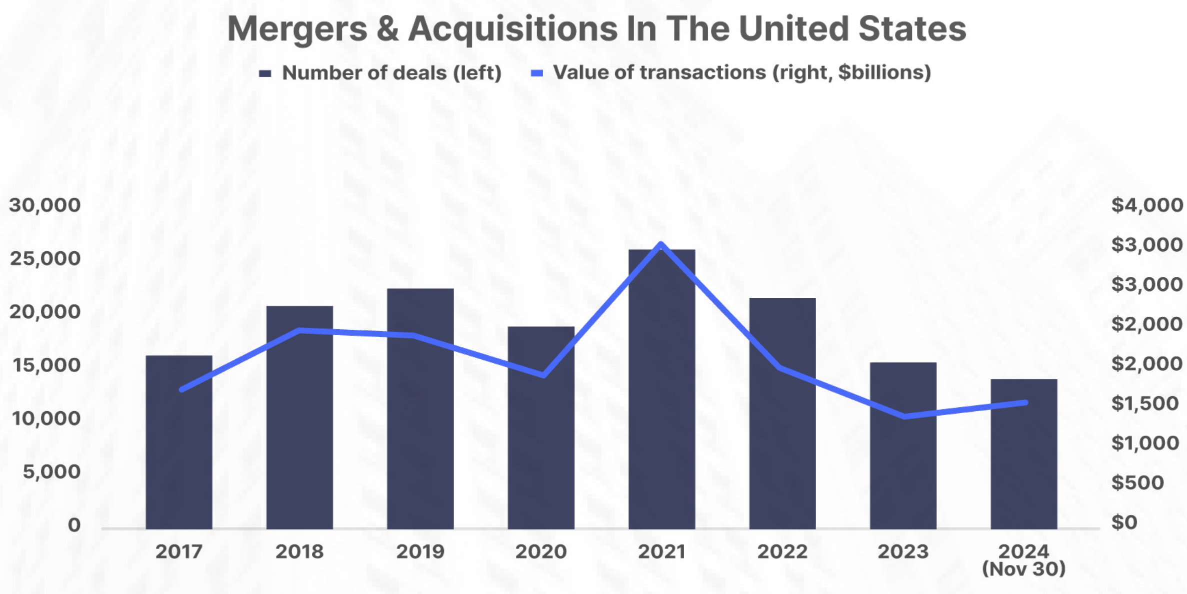
You see, Rowan is deeply intertwined in almost every aspect of Trump's world, which translates into significant potential political influence.

Apollo And Trump Are Closely Aligned

Apollo has lent hundreds of millions of dollars to entities within Trump's orbit, and Rowan himself personally donated millions to Trump's presidential campaign. Additionally, Trump has appointed members of Apollo's board to key positions., such as Jay Clayton – a former chair of the U.S. Securities and Exchange Commission – who has been appointed as U.S. Attorney for the Southern District of New York, known for prosecuting financial crimes. And Trump's admiration for Rowan's business acumen and alignment with his policies – such as support for Israel – further solidify this relationship.

Reports suggest Rowan was previously in the running to be nominated as Trump's Treasury Secretary, a position which ultimately went to former hedge-fund manager Scott Bessent. But make no mistake, Rowan is likely to be one of the most powerful figures influencing America's financial and economic landscape under the new administration.

The most likely area of influence is with federal regulations. The Biden administration oversaw one of the greatest expansions of the regulatory state in history. According to Bloomberg, Biden's Department of Justice and Federal Trade Commission set new records in enforcement actions against mergers and acquisitions ("M&A") deals, causing dealmaking to slow dramatically over the past couple of years.



With fewer regulatory hurdles and access to new markets, M&A activity could explode, allowing Apollo to solidify its dominance.

A more business-friendly administration could also accelerate the already rapid growth of the private credit market, currently valued at $1.6 trillion. Under Rowan's leadership, Apollo has quickly transformed into a powerhouse in this area as well, which accounts for around $500 billion of its $751 billion in AUM. But Apollo is ideally positioned to take even more market share as investors seek higher returns outside of the traditional banking system.

Rowan is also likely to push for the greenlighting of large-scale energy and infrastructure projects – two areas of critical need where Apollo is already heavily investing – which President Trump has previously endorsed.

Tremendous Growth At Apollo

As noted previously, Rowan has steered Apollo to tremendous growth despite the anti-business environment of the past few years. Under his guidance, revenue has grown more than 300% since 2021, while earnings have grown by 150%. The company is currently producing a healthy free cash flow margin of 12.5%, and generates an efficient return on invested capital of 16%.

It's also worth noting that Rowen personally owns 34 million APO shares, or roughly 6% of the amount outstanding. Unlike many CEOs, he has substantial skin in the game, meaning his interests are heavily aligned with those of shareholders.

The stock is up more than 175% since Rowen became CEO. However, it's currently trading at a reasonable 16x earnings and an enterprise value-to-earnings before interest, taxes, depreciation, and amortization (EV/EBITDA) ratio of less than 11.

As Rowen leverages his political connections and influence, the deals he's able to structure… the regulations he's able to "circumvent"… and the levers he's able to pull… could allow Apollo to grow even faster than it has since he took the helm in 2021. Add on a reasonable valuation premium for this growth, and this stock could easily return 500% or more over the next four years.

Action to Take: Buy Apollo Global Management (NYSE: APO) up to $170 per share

Given the more speculative nature of this recommendation, we will give it an above-average risk rating of 4 out of 5.

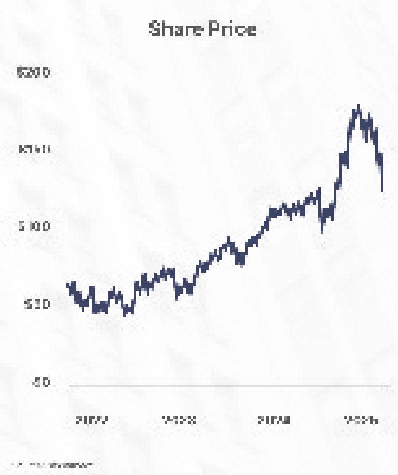
Apollo Global Management (APO)

Current Price		[illegible]
52-week range	[illegible]	[illegible]
Market Cap ($billions)		$76.0
Enterprise Value ($billions)		$75.5
Dividend Yield		1.4%
Exchange		NYSE
Cash and Equivalents ($billions)		[illegible]
Total Debt ($billions)		[illegible]
Net Cash (Debt) ($billions)		$1.4
ROIC		[illegible]
ROIC 10-Year Average		[illegible]

Select Financials	2022	2023	2024
Revenue ($billions)	[illegible]	[illegible]	[illegible]
EBITDA ($billions)	-$3.3	$6.5	$8.5
EBITDA Margin	[illegible]	[illegible]	[illegible]
Net Income ($billions)	-$2.0	$5.0	$4.6
Net Margin	[illegible]	[illegible]	[illegible]
EPS	[illegible]	[illegible]	$6.00
Free Cash Flow ($billions)	$3.0	$6.3	$3.3
FCF Margin	[illegible]	[illegible]	[illegible]
Valuation	**2022**	**2023**	**2024**
Price-to-Sales	6.5	2.3	2.9
EV/EBITDA		9.4	10.9
Price-to-Earnings	-	15.3	16.7

[illegible]

Investment Management



We truly believe that shares of these companies are investment opportunities to take advantage of early in the Trump second term before they catch on with others...

Not every business or every sector of the market will benefit from the economic policies of the Trump administration. There will be winners and there will be losers... But from looking at the past and talking with people who understand what President Donald Trump will achieve in his second term, we believe the stocks we shared in this report will be among the winners... poised to soar above the returns of the overall stock market.

Porter & Co.
Stevenson, MD

P.S. If you'd like to learn more about the Porter & Co. team, you can get acquainted with us **here**. You can follow me (Porter) on **X** here: **@porterstansb**