MANWARD MONEY REPORT Volume 9, February 2025

The Rating Game: A Wall Street Veteran's Secret Formula for Investing Success

And the Two Energy Plays That Are Flashing "Buy" Right Now

The finance world is often shrouded in mystery... But nowhere is this more apparent than in the hidden machinery of ratings.

Every day, a handful of agencies make decisions that move trillions of dollars through global markets, influencing everything from your retirement account to the global financial system.

Yet most investors never fully grasp how these ratings work, who sets them, or why they matter so much.

After the 2008 financial crisis shook faith in the rating agencies and Dodd-Frank tried to fix them in 2010, something unexpected happened: Ratings became more conservative but *less useful*.

At their core, rating systems evaluate the quality, risk, and potential returns of financial instruments. They distill vast amounts of data into actionable insights for investors. But not all ratings are created equal...

That's why, over my long career, I've developed a proprietary rating system that cherry-picks the best of the best methodologies to give you an unbeatable edge.

To understand why my system works so well, let's first look at how traditional ratings operate in different market segments.

Rate This

In the world of bonds, a handful of major credit rating agencies dominate the landscape. Stock ratings come from a mix of these agencies and specialized equity research firms.

For bonds, credit ratings from agencies like Moody's, Standard & Poor's, and Fitch help evaluate the likelihood of a bond issuer meeting its obligations. They provide a snapshot of creditworthiness, which offers critical insight to those investing in fixed income securities.

Kroll Bond Rating Agency (KBRA), a relative newcomer, prides itself on transparency and adaptability, tailoring its approach to different industries.

The stock landscape is more complex than that of bonds, as it has many more variables. While bond ratings focus primarily on the likelihood of repayment, stock ratings must assess growth potential, competitive position, market conditions, and countless other factors that might affect a company's future performance.


Shah Gilani

Wall Street superstar and retired hedge fund manager **Shah Gilani** is the Chief Investment Strategist of Manward Press and at the helm of the *Manward Money Report* newsletter and the *Launch Investor* and *Alpha Money Flow* trading services. He's a sought-after market commentator and has appeared on CNBC, Fox Business, and Bloomberg TV. He's also been quoted in *The Wall Street Journal*, *The New York Times,* and *The Washington Post*, and he's had columns published in *Forbes*.

In 1982, he launched his first hedge fund from his seat on the floor of the Chicago Board Options Exchange. He worked in the pit as a market maker when options on the S&P 100 Index first began trading... and was part of a handful of traders who laid the technical groundwork for what would eventually become the CBOE Volatility Index (VIX). He also ran the futures and options division at the largest retail bank in Britain. Shah gained notoriety for calling the implosion of U.S. financial markets (*all the way back in February 2008*) AND the mega bull run that followed.

Now at the helm of Manward, Shah is focused tightly on one goal: **to do his part to make subscribers wealthier, happier, and freer**.

When it comes to stock rating agencies, the field is narrower, mostly because there are a lot more moving parts in rating stocks.

The most well-known firms are Morningstar and Zacks Investment Research. Morningstar, designed for long-term investors, evaluates stocks on fair value estimates, economic moats, and uncertainty ratings. And Zacks, another retail mainstay, leans into momentum-driven trends.

To be sure, ratings can be a GPS for your investment journey. They guide institutions, retail investors, and even policymakers by assessing risk, setting benchmarks, and pricing securities.

But there's a problem with them all... Traditional rating systems often fall short.

Bond agencies are often paid by the institutions they rate. There's limited accountability thanks to free speech protections... and their methodologies are opaque at best.

Stock agency ratings often come from quantitative models, which may oversimplify complex qualitative factors such as management quality, competitive advantages, or macroeconomic risks. And these models rely heavily on historical data, which might not adequately capture forward-looking risks or opportunities.

These shortcomings create an opening for a better approach... like the rating approach I've developed over my 40-plus years in the markets.

I want to share it with you this month... because it's going to become a much larger part of what we do here in 2025.

So let's take a walk down my ratings street.

Add It All Up

Quite often, I'm asked what I look for in a stock... what the most important metrics I use in my analysis are... and what my deal-breakers are.

To be sure... a truly effective rating system must consider multiple layers of analysis. And while I use lots of inputs to guide me to a decision on a company or stock, they don't all have to line up every single time.

Sometimes certain metrics don't hold as much weight as others. That can be a function of the sector the company's in... how long the company has been around... or whether it's a growth stock or a value play... just to name a few examples.

But **revenue** serves as my fundamental starting point. Without substantial revenue generation, few other metrics carry significant weight.

Both absolute revenue figures and growth trends matter, particularly when weighted against sector peers. **Quarterly revenue growth** is important, as is a positive trend in revenue growth.

Next, I look at profitability metrics. Both **profit and operating margins** provide crucial insight into a company's efficiency and sustainability.

I also look at **quarterly earnings growth** and trends in that growth. I don't look so much at earnings surprises – beats and misses. Yes, they're important... beats usually get rewarded and misses can hammer a stock. But that kind of volatility can muck up a rating. That's why consensus estimates and real numbers matter.

For dividend-paying stocks, the **payout ratio** matters the most.

It's not just about a stock sporting a good or great dividend yield – like **Noble Corp.** (NE), a recent addition to our portfolio that boasts a 6.01% yield. It's also about the pile that money comes out of, the bucket known as "net income available to common shareholders."

It's crucial to know what the payout ratio is... in other words, how much of that pile the company is spending on the dividend. In the case of Noble, the payout ratio is 50%. That's great. It means Noble spends only half its net income on its common shareholders in the form of a cash dividend.

I also look at balance sheet metrics and trends. **Cash, operating cash flow, and levered free cash flow** are important measures of a stock's health. So is debt. **Debt ratios** – whether I'm looking at debt in relation to equity or cash flow to understand debt service costs or how the company is using leverage – are important measures.

Still with me? I just covered a lot... but I promise that in the future I will spend more time on each of these metrics to teach you how all the pieces fit together to find great stocks.

It's Psychology, Technically

Now, I use a lot of technical analysis too. I won't get into the details yet... but know that technical analysis, in all its many forms and applications, isn't just about price action and patterns (as many investors think).

It's really about psychology. The prices people buy and sell at are decision points. They tell us what and how traders and investors think – and that's invaluable.

Technical analysis works beautifully alongside fundamental analysis. That's why there are so many metrics and measures that go into how I rate companies and stocks.

The key to my successful rating system is its adaptability.

The importance of each metric varies based on industry sector, company maturity, growth versus value classification, and market conditions.

A technology startup, for instance, requires a different analytical framework than a mature industrial company.

Similarly, the relative importance of various metrics may shift as market conditions evolve.

By blending quantitative precision with qualitative depth, incorporating both fundamental and technical analysis, and maintaining flexibility in how we weigh it all, we can eliminate the blind spots that plague traditional rating systems.

I've applied my comprehensive system to identify two compelling opportunities this month. These stocks don't just look good on my proprietary metrics – they're also earning strong endorsements from other analysts, giving us multiple thumbs-ups.

Weathering the Storm of Changing Energy Policies

First, we're going to target **Weatherford International PLC** (WFRD). It's a Houston, Texas-based energy services company that provides equipment and services for the drilling, production, and completion of oil, geothermal, and natural gas wells worldwide.

With President Donald Trump's plans to "Drill, Baby, Drill," we'll likely see a lot of new sites available for drilling. Those sites will need equipment, no matter what exploration company is actually doing the drilling.

Three segments make up the bulk of Weatherford's business:

1. **Drilling and Evaluation** – generated 31% of revenue and 31.26% of adjusted EBITDA in Q3 2024
2. **Well Construction and Completions** – accounted for 36% of total revenue and 42.53% of adjusted EBITDA in Q3 2024
3. **Production and Intervention** – contributed up to 26% of total revenue and 23.38% of adjusted EBITDA in Q3 2024.

The remainder of revenue and adjusted EBITDA comes from Weatherford's "**Other**" segment.

I like that the Drilling and Evaluation and the Well Construction and Completions segments generated more than two-thirds of revenue. Here's why...

A Hot Streak

The U.S. is the world's largest producer of oil (followed by Saudi Arabia and Russia). In fact, 2023 marked the sixth straight year that we led the world in oil production. And that streak will increase to seven once we get the results for 2024.

The average cost to produce a barrel of oil in the U.S. is around $30 to $40 per barrel.

That means, with oil currently priced at $74.60 per barrel, there is $34.60 to $44.60 of profit in every barrel of oil produced in the U.S.

If Trump succeeds in bringing the price of oil down – one of his stated goals – the profit per barrel is going to decrease... That means smaller margins for oil exploration companies.

So any new drilling sites will have to be more efficient and more profitable than existing drilling sites. That's where Weatherford International comes in… and why its leading segments are so valuable.

Long before any exploration company breaks ground, Weatherford is tasked with evaluating the site to identify potential reserves and spot optimal locations for drilling.

Then Weatherford's exclusive well-construction technologies can set the stage for life-of-well integrity and high-output production.

While completing well construction, Weatherford uses its "Vero" automated connection integrity solution. Vero uses AI to evaluate connections rather than relying on human judgment. It reduces errors and oversights that can lead to safety incidents or costly remediation. And there's more to Weatherford than its Vero technology…

A Secure Turnaround

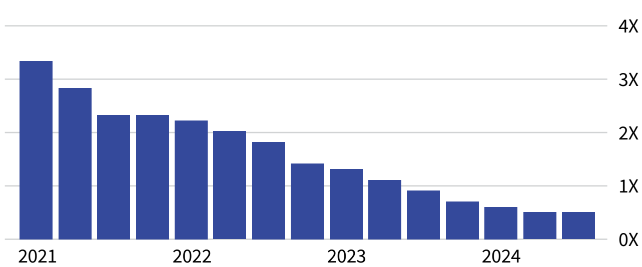
The company employs its "StringGuard" technology to provide an additional layer of security. It reduces the influences of human factors, mitigates nonproductive time, and delivers cost certainty. Bottom line: Weatherford's well building and well completion solutions give a boost to the bottom line!

Improved productivity will be critical for any exploration company that wants to compete in the face of potentially lower oil prices.

In addition to producing cutting-edge technology that improves exploration efficiency, Weatherford runs a tight ship.

Weatherford's Debt on the Decline

0.5X net leverage (net debt to adjusted EBITDA) is the lowest in more than 15 years



Source: Company reports

The company's net leverage (net debt to adjusted EBITDA) is only 0.5X, which is the lowest level it's been in over 15 years. Here's why that's a big deal…

Back in 2019, Weatherford and two affiliated debtors each filed a voluntary petition for relief under Chapter 11.

They listed several issues in the filing: difficulty cutting manufacturing operations, key employees leaving due to increasing losses, market headwinds, and struggles to sell assets and reduce debt. That was then… and this is now.

Since 2019, Weatherford has achieved more than 12 consecutive quarters of adjusted EBITDA margin expansion on a year-over-year basis… and the company has retired approximately $1 billion in debt over the last three years. That's an impressive turnaround!

We're not the only investors seeing the opportunity here. Currently, the stock has five "Buy" ratings and one "Strong Buy" rating. The average analyst one-year price target for the stock is $104.26. That's 48% higher than the current price!

It's going to take some time for Trump to fully implement his "Drill, Baby, Drill" agenda. That means we have a great opportunity to grab shares today, ahead of any upcoming quarterly earnings improvements that could drive shares higher.

Action to Take No. 1: Buy to open **Weatherford International PLC** (Nasdaq: WFRD) at market and use a 20% trailing stop. We'll hold shares in the Growth and Income portion of the Modern Asset Portfolio.

Energy to Build

President Trump wasted no time making his AI ambitions clear by announcing his Stargate initiative on Day 2.

The program will invest $500 billion over the next four years to build critical data infrastructure needed to handle the computational load AI demands.

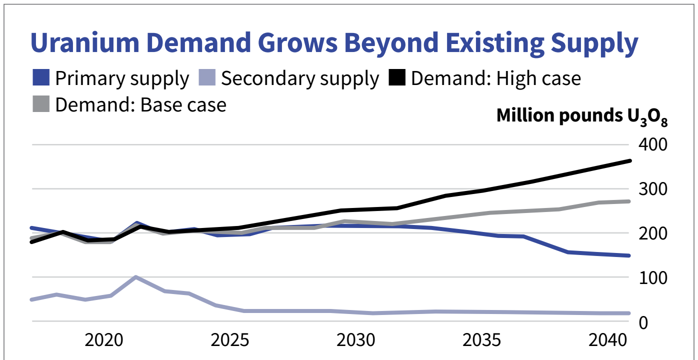
Which also means we're going to need a lot of electricity for it to work. To meet that demand, the U.S. is going to need to build new – or upgrade existing – power plants.

Some of those plants will be powered by natural gas, which is why we're holding **The Williams Companies** (WMB) and **Alerian MLP ETF** (AMLP) in our portfolio.

Some will be powered by coal, which is why we're holding **Alliance Resource Partners** (ARLP).

Yet the biggest growth will likely come from plants powered by nuclear energy, which is why we're holding **NuScale Power** (SMR).

But the U.S. is going to need to produce a heckuva lot more uranium to generate the nuclear power the country needs. And that's the focus of today's second recommendation...



Source: UxC Market Outlook Q3 2024

A Pure Power Player

Uranium Royalty Corp. (UROY) is a pure-play uranium royalty company. Its portfolio includes interests on 21 exploration, development, advanced, permitted, or producing uranium projects.

Uranium Royalty doesn't run mines, develop projects, or conduct exploration. Instead, its focus is on managing and growing a diverse portfolio of uranium interests. That royalty model gives the company several key advantages...

By holding a range of uranium interests across different regions, the company reduces its reliance on any single asset, project, location, or partner.

It has exposure to potential gains in the uranium market... but without the heavy costs of operations, exploration, development, or maintenance that come with directly owning and running uranium projects. Plus, since the company's interests are nonoperational, it doesn't have to contribute cash for ongoing project costs.

And because members of its management team aren't tied up with the day-to-day operations of uranium projects, they can dedicate their time to Uranium Royalty's acquisition strategy. They can focus on identifying and acting on growth opportunities.

This approach allows the company to manage a larger portfolio of uranium interests than an operational company could handle effectively.

And as is the case for Weatherford International, the analyst community sees a bright future for Uranium Royalty.

The company has two "Buy" and one "Strong Buy" ratings. The one-year average analyst price target is $5.58. That's a whopping 108% higher than the current price! Now that's what I call attractive upside.

Action to Take No. 2: Buy **Uranium Royalty Corp.** (Nasdaq: UROY) at market and use a 25% trailing stop. We'll hold shares in the Rocket Riders portion of the Modern Asset Portfolio.

How to Find the Perfect Altcoin Trade


Robert Ross

I've had a lot of success investing in crypto. Since buying my first piece of a Bitcoin in July 2017 for under $7,000 per coin, my position has run up over 1,300%. That type of gain would turn a $10,000 investment into $140,000.

Clearly, there is a lot of money to be made here. But the industry is also rife with scams and "vaporware" that you need to learn how to avoid. So today, I am going to review three factors I use to identify profitable crypto trades. If you follow these rules, you can make a lot of money...

Factor No. 1: Narrative Is Everything

Narratives drive price more than anything in crypto. The fact is... most cryptocurrencies don't generate revenue or profits in the traditional sense. Unlike stocks, where earnings or cash flow can serve as a basis for valuation, crypto often trades on speculation, hype, and potential use cases.

That's why understanding market narratives is essential to finding the best altcoin trades.

For instance, during the 2017 bull run, the dominant narrative was initial coin offerings (ICOs). Startups raised billions by issuing tokens to fund projects, many of which promised to be the "next big thing" in blockchain technology. This narrative drove massive inflows into altcoins like **Ethereum** (ETH), which was the backbone of most ICOs.

In the 2020 bull run, it was all about decentralized finance (DeFi). Investors flocked to tokens like **Uniswap** (UNI), **Aave** (AAVE), and **Compound** (COMP), which allowed users to lend, borrow, and trade without centralized intermediaries.

Those who identified the DeFi narrative early enjoyed massive gains, with tokens like Uniswap rallying over 500%.

So what are the narratives driving crypto right now?

Artificial intelligence and "AI agents" are the most obvious. Memecoins listed on **Solana** (SOL), decentralized physical infrastructure, quantum computing, and others have gained momentum.

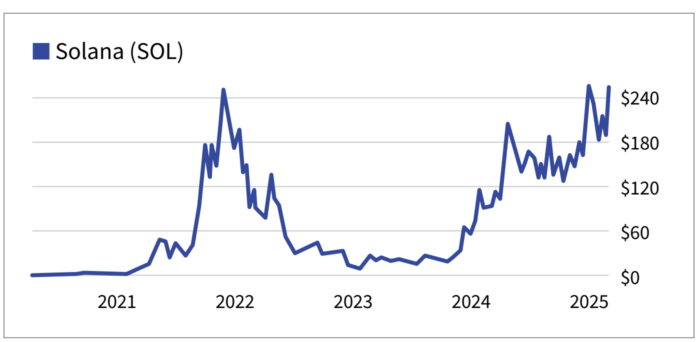
The key to success is recognizing these narratives early and understanding how they shape investor psychology. But just as important is knowing when the story has run its course. ICOs, DeFi, and AI-driven tokens all saw massive corrections after their peaks, leaving latecomers holding the bag.

Factor No. 2: Technical Analysis

The crypto market trades more "technically" than any other market I've encountered. Crypto prices are heavily driven by market psychology and technical patterns. That's why understanding the charts and key indicators is critical for finding the perfect altcoin trade.

For instance, volume is one of the most important indicators in crypto. When an altcoin starts showing significant price movement, I always check the volume to see if it supports the trend. A spike in volume signals that more market participants are buying or selling the asset, increasing the likelihood of sustained momentum.

When Solana's token exploded in price during the 2020 bull market, its rally was accompanied by massive increases in daily trading volume.



This showed that the move was supported by real buying demand rather than just speculative pumps. In a case where prices are rising but volume remains flat or declines, that's a red flag that the move may be unsustainable.

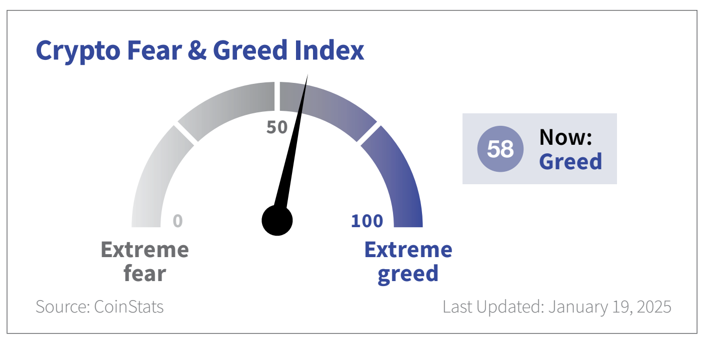
Another indicator in crypto is the relative performance of Bitcoin. We discuss often how Bitcoin "drives the bus" for altcoins. You won't see an altcoin rally if Bitcoin is crashing, or vice versa. But if an altcoin is underperforming Bitcoin during a bull market, it's usually a sign of weakness.

Conversely, when an altcoin outpaces Bitcoin, it indicates strong relative strength – a key signal that the altcoin could deliver outsize returns.

For example, during the 2020 DeFi boom, Ethereum consistently outperformed Bitcoin, showing that investors were rotating capital into Ethereum to take advantage of the DeFi narrative.

Similarly, if I see an altcoin breaking out while Bitcoin is consolidating or pulling back, that's a sign that the altcoin has strong momentum and could continue to run higher.

Lastly, you need to use sentiment indicators to navigate the euphoric highs and crippling lows of crypto bull runs. I focus on contrarian trading strategies: buying when the market is fearful and selling when it's euphoric. This can also mean acting based on volatility, with high volatility indicating fear as traders panic and sell their holdings… and low volatility signaling complacency or greed.



You can also track social media activity, which is what I do through my over 500,000 followers. Platforms like X, TikTok, and Reddit can provide insights into market sentiment.

Excessive hype often indicates a market top, whereas widespread pessimism suggests a potential bottom.

Factor No. 3: Tokenomics

Tokenomics is one of the most important fundamental aspects of any crypto trade. Think of it as the cryptocurrency equivalent of a stock's financials and corporate structure.

Just as you wouldn't invest in a stock without understanding its revenue streams, earnings potential, or share dilution risk, you shouldn't invest in a crypto asset without analyzing its tokenomics.

At its core, tokenomics refers to the supply, distribution, and incentives surrounding a cryptocurrency or token. One of the key components of good tokenomics is a fixed or deflationary supply.

Just as companies can boost their stock prices through share buybacks, cryptocurrencies with mechanisms to reduce token supply over time – such as burns or staking rewards – can create scarcity, driving price appreciation.

Second, projects with a fair token distribution – whether through public sales, airdrops, or mining – are more likely to gain and maintain investor trust.

Conversely, projects where founders and insiders control a large percentage of the supply can face significant selling pressure when those tokens unlock.

Bitcoin is the gold standard here. Its decentralized distribution through mining has ensured no single entity controls the network, making it more resilient and attractive to investors.

Lastly, a solid tokenomics model should align the incentives of all participants – users, developers, and investors.

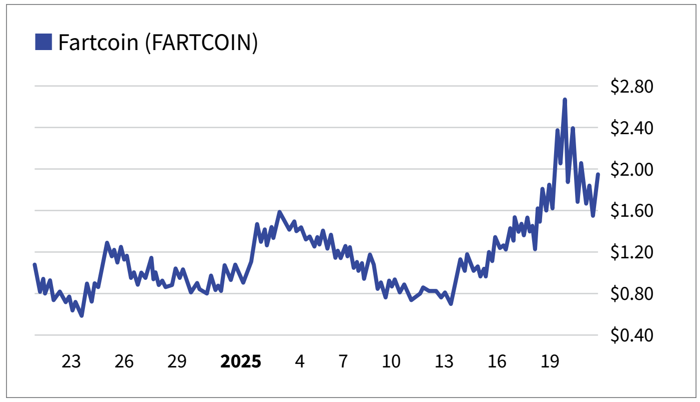
Projects with staking rewards, governance tokens, or utility-driven ecosystems often encourage long-term holding and participation, which reduces volatility and promotes growth.

For instance, **Polkadot** (DOT) uses staking to incentivize holders to lock up their tokens, reducing circulating supply and fostering stability.

If a token doesn't serve a purpose within its ecosystem – such as paying transaction fees, staking, or voting – it's more likely to fade into obscurity. And you'll never believe which cryptocurrency fits this framework: **Fartcoin** (FARTCOIN).

Investment Recommendation: Fartcoin (FARTCOIN)

Fartcoin is the perfect example of an altcoin that fits our framework for identifying profitable crypto trades.



Let's break it down...

- **Narrative:** The Solana memecoin ecosystem is one of the hottest narratives in crypto right now. With Solana's resurgence as a blockchain leader and its fast, low-cost infrastructure, memecoins on the network are gaining significant attention. Fartcoin is riding this wave, capturing the speculative fervor of the community while benefiting from the broader Solana ecosystem's bullish sentiment.
- **Technicals:** Fartcoin has demonstrated strong technical performance, with a significant rally since Election Day. Its price action shows a consistent upward channel, supported by strong trading volume. It has also outperformed Bitcoin and other major cryptocurrencies during this period, a clear sign of relative strength.
- **Tokenomics:** Fartcoin's supply mechanics are highly favorable. With almost 100% of the total supply already in circulation, there's no risk of future dilution or large token unlocks. This creates scarcity and ensures that market forces drive the price. Its fixed supply and solid market cap reflect a well-structured token model that aligns with long-term holder interests.

With strong fundamentals and technicals and a hot narrative, Fartcoin is well positioned to capitalize on the current crypto market trends. If you're looking for an exciting trade, this is it.

Action to Take: Buy **Fartcoin** (FARTCOIN) at market. Place a 50% protective stop loss below your entry price to limit your downside risk. The coin is available on Coinbase.

Bringing It All Together

Finding the perfect altcoin trade requires a deep understanding of the crypto market's unique drivers. Narratives, technical analysis, and tokenomics are three essential factors that can help you separate the winners from the losers in this high-risk, high-reward space.

Narratives set the tone for entire market cycles. Whether it's ICOs in 2017, DeFi in 2020, or AI in 2024, identifying emerging trends early – and exiting before the hype fizzles – can lead to massive profits.

Technical analysis helps you navigate the crypto market's volatility, ensuring you enter trades with strong volume, relative strength, and favorable market sentiment.

And finally, solid tokenomics provides the foundation for a cryptocurrency's long-term sustainability, helping you avoid dilution or pump-and-dump schemes.

But remember, no single factor guarantees success in crypto. This market is volatile, emotional, and often irrational.

That's why it's crucial to approach every trade with a clear strategy, disciplined risk management, and a willingness to adapt when conditions change.

By focusing on these core principles, you can maximize your chances of finding the next big altcoin trade while minimizing unnecessary risk. And when it comes to crypto investing, preparation and patience are the keys to staying ahead of the curve.

But Wait... There's More!

Keep reading the February issue online for portfolio highlights – such as our 54% gain on NuScale – and a comprehensive view of our positions.

Visit **www.manward.co/february2025.**

Alpesh Patel's Ratings Corner

Kinsale Capital Group (KNSL)

Overview

Kinsale is a specialty insurance company with markets across all 50 states, D.C., Puerto Rico, and the U.S. Virgin Islands.

It operates through an independent insurance broker network and focuses on hard-to-place risks and niche markets.

Key Metrics

	Market cap	$10B
	Current price	$444
	Fair value	$592.34
✓	Forecast P/E	37.9X
✓	CROCI	26.20%
✓	Return on equity	33.60%
✓	Volatility	13.36%
✓	Return alpha	7.39%
✓	Sortino ratio	0.69

Strengths

- ✓ Disciplined underwriting approach
- ✓ Strong financial performance
- ✓ Market leadership position
- ✓ Strong CROCI, ROE, and alpha

Alpesh's Rating: A

***Manward Money Report* Team**

Shah Gilani | Chief Investment Strategist
Alpesh Patel | Quantitative Investing Specialist
Robert Ross | Speculative Assets Specialist
Amanda Heckman | Publisher
Anne Mathews | Copy Editor
Kuoting Lian | Senior Graphic Designer