

January 2025 Report

Imperial Energy (IMO)

Imperial Energy (IMO) is a Canadian-based petroleum company specializing in crude oil, diluted bitumen, and natural gas. The company's key holdings include the Alberta oil sands, Kearl oil sands, and the Norman Wells oil field in the Northwest Territories. With a strong foothold in Canada's energy sector, IMO is well-positioned to capitalize on industry growth and geopolitical shifts.

Key Financial Metrics

- **Market Cap:** \$34.70 billion
- **P/E Ratio:** Approximately 10.8 beating their industry average of 13.95
- **Earnings Report (January 31st):** Analysts projected a +1.42 gain in EPS, they posted an earnings surprise of 19.01% with an EPS of +1.69 beating the analysts' projections

These metrics showcase IMO's thriving financial health and signal a good buy for investors looking to get a foot into Canadian Oil. The company's lower-than-average P/E ratio displays potential undervaluation, making it an attractive option for investors.

Recent Performance and Historical Earnings

Imperial Energy has consistently shown the ability to weather market volatility. In the last earnings report, the company announced an EPS of \$1.71, beating expectations by 15.54% due to increased production efficiency at the Kearl oil sands and higher-than-expected natural gas prices. IMO has invested in technology in the extraction process to improve its refining processes. These investments are said to have reduced operating costs by 12% in the last year, expanding the profit margins.

Future Outlook

The future for Imperial Energy looks particularly promising for several reasons:

Political Shifts: The recent announcement of Prime Minister Justin Trudeau stepping down signals a potential shift in Canadian energy policies. Trudeau was a very "green" prime minister, with strong regulations against the oil sector. With him stepping down there is deregulation expected within the sector.

Geopolitical Influences: With the inauguration of Donald Trump, the North American energy sector is likely to emerge stronger. In his previous term, Trump supported projects such as the Keystone XL pipeline, directly benefiting Canadian producers like IMO.



Strong Global Demand: While the world is increasingly leaning toward renewable energies, oil still is the king of energy. With increasing energy demands globally, the strategic positioning of IMO in the Alberta oil sands alone ensures it will continue to have a key contribution around the world.

Risks and Considerations

While the outlook is bright, investors should remain mindful of potential risks:

- Fluctuations in global oil prices could impact revenue.
- Regulatory uncertainties, particularly around environmental policies
- Rising competition from renewable energy sources may require IMO to diversify its portfolio further in the long term.

Conclusion

Imperial Energy's strong financial foundation, strategic asset base, and favorable geopolitical conditions position the company for significant growth. With a market cap of \$34.70 billion and a P/E ratio that undercuts the industry average, IMO represents a compelling opportunity for investors seeking exposure to the energy sector. As global demand for oil and natural gas rises, and with potential policy shifts in both Canada and the U.S., IMO is well-positioned to deliver value to its shareholders with solid returns.

GEO Group (GEO)

GEO Group (GEO; NYSE) provides complementary, turnkey solutions for numerous government partners worldwide across a spectrum of diversified correctional and community reentry services. From the development of state-of-the-art facilities and the provision of management services and evidence-based rehabilitation to the post-release reintegration and supervision of individuals in the community, GEO offers fully diversified, cost-effective services that deliver enhanced quality and improved outcomes.

Trump's Plan

As it's well-known Donald Trump, president of the United States is taking an even more anti-immigration stance coming into his second term. What may be less known is that Trump is looking to deport record numbers of illegal immigrants. In Trump's last term in office, he deported roughly 935,000 people who had been in the U.S. illegally according to the migration policy institute. This plan for redeveloping America's immigration system will come with massive reform as well as spending. The government doesn't have the necessary resources established to conduct these deportations alone. This will prompt government sectors to create contractual agreements with third party private detention corporations. If Immigration and



Customs Enforcement is to effectively conduct massive deportations that Trump has built his campaign upon, they will need at least 100,000 operating beds for deportees. The current number of beds that are “online” is only 41,500. The cost to deport 1 million illegal immigrants would be nearly \$88 billion dollars according to the Wall Street Journal.

Expanding GEO group revenue

This is a timeless example of Supply and Demand within markets. The United States government needs more infrastructure to deport illegals, and GEO stands to provide them with this service. With the need for active detention facilities to house deportees, GEO sees possible influx of government contracts and increased revenues and infrastructure, while Trump actively seeks immigration reform. The need for their services and the efficiency will possibly double GEOs quarterly revenue as soon as Trump seeks change. "It's not a question of a price tag. It's not - really, we have no choice," Trump [told NBC News earlier this month](#). GEO already currently houses about 40% of Immigration and Customs Enforcement's detainees, said on its last earnings call that it is looking at a potential doubling of all its services.

Outlook

GEO's share price is very volatile and is moving very freely due to investor sentiment but not affected by actual improvement in profit or revenue. Baymar expects to see mean reversion on a short-term outlook because of the inflated value, due to speculators being bullish in months leading up to now. We predict an average, possibly underperformance on the Q4 earnings report due to the lack of growth and high Debt to earnings ratio. Baymar is anticipating substantial growth in coming quarters assuming GEO acquires most of the federal contracts made for Donald Trump's mass deportation plans. With all this considered we predict share prices dropping to a fair value after their Q4 earnings call. We intend to allocate a large position with a bullish outlook for months to come.

Hedera HashGraph (HBAR)

Hedera Hashgraph is a decentralized public network that uses a Proof of Stake system to validate transactions. Proof of Stake (PoS) is a mechanism used in blockchain networks to validate transactions, create new blocks, and secure the network. This is done by participants who “stake” a certain amount of cryptocurrency as collateral to gain the right to validate transactions and create the new blocks. In return the “stakers” are given a share of transaction fees for staking the currency. Hbar also features a governing council that features many different large companies, Web3 projects ‡, and prestigious universities that have a role in furthering the development of the project. Hbar currently is sitting at a price of around 33¢ with a market cap of \$12 billion.

Why Hbar?

Hbar sets itself apart from other cryptos currencies in the space in various ways. First off, Hbar has lightning-fast speeds that are capable of processing over 10,000 transactions per second (TPS) which is faster than nearly all currencies on the Blockchain. While Solana has a TPS of around 65,000, this network can become overloaded, slowing transaction speeds. A TPS of 10,000 is more than enough for most enterprise applications. Hbar has a very fast finality, finality is how fast a transaction can be sent and confirmed. Hbar's finality is around 3-7 seconds, while competitors like Ethereum is 10-20 seconds and Bitcoin is 10-60 minutes. Hbar also features very low fees, at approximately \$0.001 per transaction. Other currencies are in the 50 cents to few dollars range. Hbar features a governing council of major institutions that are responsible for maintaining, scaling, credibility, and vision of Hedera. Members of this council include Google, IBM, Boeing, DELL, LG, Ubisoft and many others. These companies give major credibility to the token while also proving a safety net for Hbar's long term vision. Possibly the biggest reason to consider Hbar is its scalability. While Hbar can already process over 10 thousand transactions per second, the new planned shard system will allow the currency to exponentially scale with the possibility to reach hundreds of thousands and potentially millions of TPS. The sharding system divides the network into smaller groups capable of processing its own set of transactions in parallel. Hedera's plan is to continue to support sharding which will enable linear scalability of the shards to increase. Hbar also features a very low energy usage. Not only will this help the scalability but also make it very desirable for large scale use. The low transaction fees also are very attractive to large institutions looking for a crypto to use in large scales. Lastly, Hedera's governing council of major companies gives the currency so much credibility and purpose in the long term. With good oversight, high potential, low energy usage, low transaction cost, and scalability, Hedera Hashgraph should be on your radar in the crypto sector.

Hbar's Potential

Hbar currently sits at a price of around 30 cents and a market cap of 12 billion. While Hbar isn't currently trading near the all-time high (ATH), Hbar's market cap is at ATH. Hbar is still a relatively new currency, being around since 2018. Hbar has still made waves in this short amount of time. With Hbar's decentralized governance and long-term vision, BayMar thinks that they have what seems like unbounded potential. As Hedera scales further and makes more progress in achieving their goals, we think Hbar can easily make headway in the crypto markets and easily be in the top 10 if not top 5 cryptos in market cap. Since their market cap is only 12 billion, it has a massive upside, easily being able to bolster. Baymar is invested in Hedera Hashgraph and believe we may see a market cap in the hundreds of billions and the market price reach multiple dollars possibly a double-digit price.

Rio Tinto Group



Rio Tinto (NYSE: RIO) is a leading global mining company. RIO currently operates in thirty-five countries producing various natural resources such as iron ore, copper, aluminum, and other minerals. Rio Tinto is actively uncovering more efficient ways to provide materials necessary for industrialization. Rio Tinto's price evaluation is a bargain for potential investors with a PE ratio of 8.91, beating their industry PE ratio of 14.58. The stock provides an attractive dividend yield of 7.42% or \$4.35 per share. Rio is currently trading around \$58.84.

Production

Rio Tinto has displayed notable growth metrics in recent quarters. Specifically, Rio Tinto's Bauxite and copper production in Q4, 2024 experienced a 7% and 13% increase year over year respectively. Regarding diamond production, the company experienced major headwinds with a 18% YoY increase. Other Rio Tinto operations experienced minimal growth but overall production and sales volume increased in 2024. In terms of progression, the company's growth projects such as the Rincon lithium plant, Simfer iron ore mine, and Oyu Tolgoi copper mine became fully operational and are producing optimally.

Due to recent market instability in China, both Rio Tinto's iron shipments and production decreased 1%. China being a key driver in iron ore demand, affected the company's output. More favorable market conditions have begun to surface for Rio Tinto as China's property markets begin to stabilize and an increase in manufacturing demand can be seen. Considering inconsistencies in the iron ore market, Rio Tinto has decided to put a spotlight on copper and lithium production to capitalize on the surging demand and expanding markets.

Expanding revenue

Rio Tinto executives have called on President Trump to speed up permitting processes in reference to their Arizona copper mine. This would be crucial to Rio Tinto's future growth because once this mine is fully permitted and is running at an efficient level, it's likely that it would produce around 25% of the forecasted copper demand in the United States.

In 2023 the United States imported \$14.53 billion worth of copper. With this being the case and Trump now in office BayMar believes this opens the door for mining companies to receive large public sector contracts and deregulation on mining permits. The mining permitting issue in the U.S. is currently holding these American based companies back, may be no more if Trump works toward more friendly in-house mining regulations. Trump is known for supporting American based manufacturing and expanding the U.S. economy. Looking back at his last term, the Trump administration moved to loosen mining regulations and added mining to the list of industries that can receive fast track permitting. These efforts unfortunately were not irreversible. This information indicates the support the Trump administration has for American industrial manufacturing and mining. Concerns that the mining regulation issue lies with the Fed and is out of Trump's reach are not accurate in consideration of the [Administrative Procedure Act](#). Speculatively speaking, we think it is likely that the permitting process for Rio Tinto and other material extraction companies alongside it will act smoothly moving forward.

Just recently Rio Tinto purchased Arcadium Lithium for \$6.7 billion making them the third largest lithium producer. With that purchase Rio Tinto will be able to expand its focus on lithium



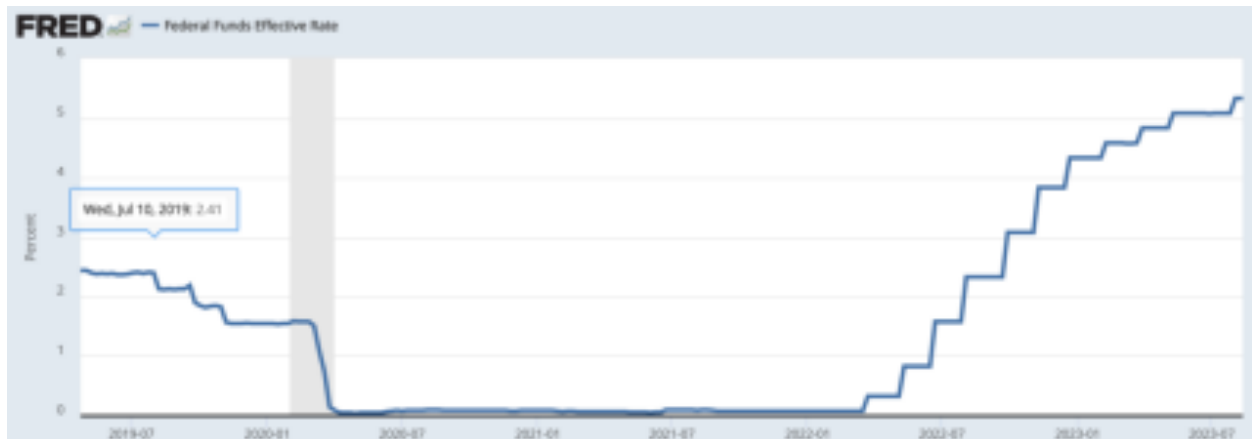
production to capitalize on the current expanding markets for lithium. With the high demand for energy storage and Ev's, the company has positioned itself in favorable market conditions that will contribute to future company growth.

Conclusion

At BayMar we have an optimistic outlook on Rio Tinto's long-term prospects. With the new administrations take on loosening domestic mining regulations in the United States friendlier conditions may prevail. Rio Tinto's Arizona copper mine that has struggled to gain the necessary mining permits will reap the benefits of new policies coming into place. Aside from speculation on future operations, the company is poised for growth in its current standing that has proven to be an efficient model. Mining operations did experience hiccups this year due to geopolitical factors and market fluctuations but despite that, production continued to grow. After acquiring Arcadium Lithium October 9, 2024, the company has set itself in a favorable market considering lithium demand. Emphasizing more focus on the domestic lithium industry, should benefit the company well.

Prospect of Gold

1. Federal Reserve Policies



This graph is the Federal Funds Effective Rates, which reflects the set interest rates at a given time.



This graph is the SPDR Gold Trust, which simply holds gold, making it completely reflective of the current price of gold

- These two illustrations together show how the decision making of the Federal reserve will affect how gold moves. As rates increase, the US dollar is more valuable, while gold loses value comparatively. Conversely, when rates are lowered, the dollar loses its value, and Gold has a more comparative value.
 - **Where the Fed is now:** As illustrated in the first graph above, the Fed started hiking up rates in 2022 to fight inflation. Since then, inflation has rolled back to below 3%. However, in 2024, inflation remained higher than any year the decade before the inflationary crisis that began after the pandemic. In 2019, when the Fed had rates between 1.5% - 3.0%, the annual rate for the year was a measly 1.81%. At a current inflation rate of 2.9%, still much higher than the Fed's 2% target, the likelihood that the Fed will cut rates again in the next 3 months is more likely not to happen according to both experts and odds markets.
 - **What this means:** If the fed holds rates between 4.25% - 4.50% as predicted, gold does not have the same advantage against the dollar it did in the 2010s as shown below:



This is an illustration of the federal funds effective rate from 2010-2024

- **Conclusion:** Based off an outlook of Federal Reserve Policies in the past and now, the Federal Reserve will make moves that are more likely to lessen the price of gold in 2025.

2. Gold as a Safe-Haven asset

Economic Uncertainty

- One thing is certain about gold; it will always be a safe-haven asset with a limited supply that cannot be controlled by government. Unlike currencies created and controlled by government. However, like any good, gold will rise and fall by supply and demand. One of gold's biggest drivers of demand is Economic Uncertainty:



Illustration of the price of gold per ounce between 2008 and 2014

- This graph of gold per ounce from 2008-2014 shows the growth of gold from 2008 to 2012 to be over 100%. This was an effect of the financial crisis that made investors take their money out of the economy and into gold, a safe-haven asset. However, as the US economy regained its strength years later, investors took their money back out and back in the US economy. Between 2012 and 2018, gold lost a little over 24% of its value. Similarly, gold increased over 13% between April and June of the 2020 pandemic.

Foreign Conflicts:

- Foreign conflicts such as the Ukrainian Russian war and the Israeli Palestinian conflict create fear of more widespread regional war. Foreign Conflicts create uncertainty and uncertainty, as we know, increases demand for gold, increasing the price of gold:



Illustration of the price of gold per ounce in the month of February of 2022

- The month of February of 2022 shows us a 6% growth of gold that stemmed from the anticipation and official invasion of Ukraine. This growth is built-in to the price of gold today, as this conflict is ongoing and continues to have economic consequences. Fast forward about a year and a half later, Hamas invades Israel on October 7th, 2023. Gold increased in value the rest of that month nearly 9%, making the Israeli conflict another built in factor for the price of gold.
- **What this means:** Since Economic Uncertainty increases demand and the price of gold, Economic Optimism decreases the demand for gold and therefore the price of gold. The Economic Uncertainty from the pandemic, the Ukrainian Russian conflict, and the Israeli conflict, are some of the many built in factors that have contributed to an all-time high in the price of gold.
- **Conclusion:** Economic Optimism for 2025 is high, and that is reflected by strong growth in US markets following the election of Donald Trump, who has been vocal about a solution for the Ukrainian Russian War. Additionally, the Israeli war seems to be closer to an end now than ever, with a ceasefire deal around the corner. More likely than not, these three factors that have boosted the demand and therefore price for a safe-haven asset like gold, may not be factors at all by the end of the year. This suggests again that the price of gold will be reduced in 2025.

Our Outlook: Gold's record prices are as of now, overvalued. Baymar forecasts that with the loss of these various factors that have driven up demand for gold, we will see a dive in 2025. At some point this year, gold should come down to at least \$2,500 an ounce, around a 10% reduction. A 10% reduction is conservative and wouldn't wipe even half of the tremendous gain's gold received in 2024.

Good luck and thank you for reading.

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