

March 13, 2024

Ross LaDuke, CMT
Global Strategist
612-482-8442
Ross@vermilioncap.com

David Nicoski, CMT
Chief Investment Officer
612-682-1900
Dave@vermilioncap.com

Joseph Jasper, CFA
President
612-712-1300
Joe@vermilioncap.com

Eric Anderson
Research Sales
612-482-6622
Eric@vermilioncap.com

Sean Cusick
Director of Quant Systems
612-712-1400
Sean@vermilioncap.com

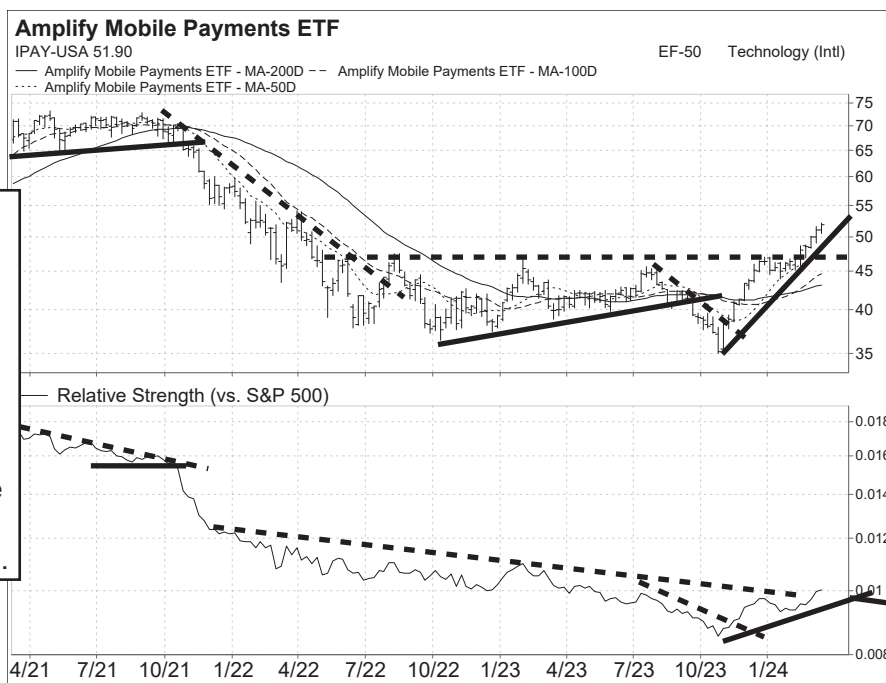
Vermilion Research LLC
920 2nd Ave S, Ste. 1225
Minneapolis, MN 55402

Timely Long-Term Buys in Payments/Buy Now, Pay Later Names; Buy Affirm (AFRM) and Block (SQ)

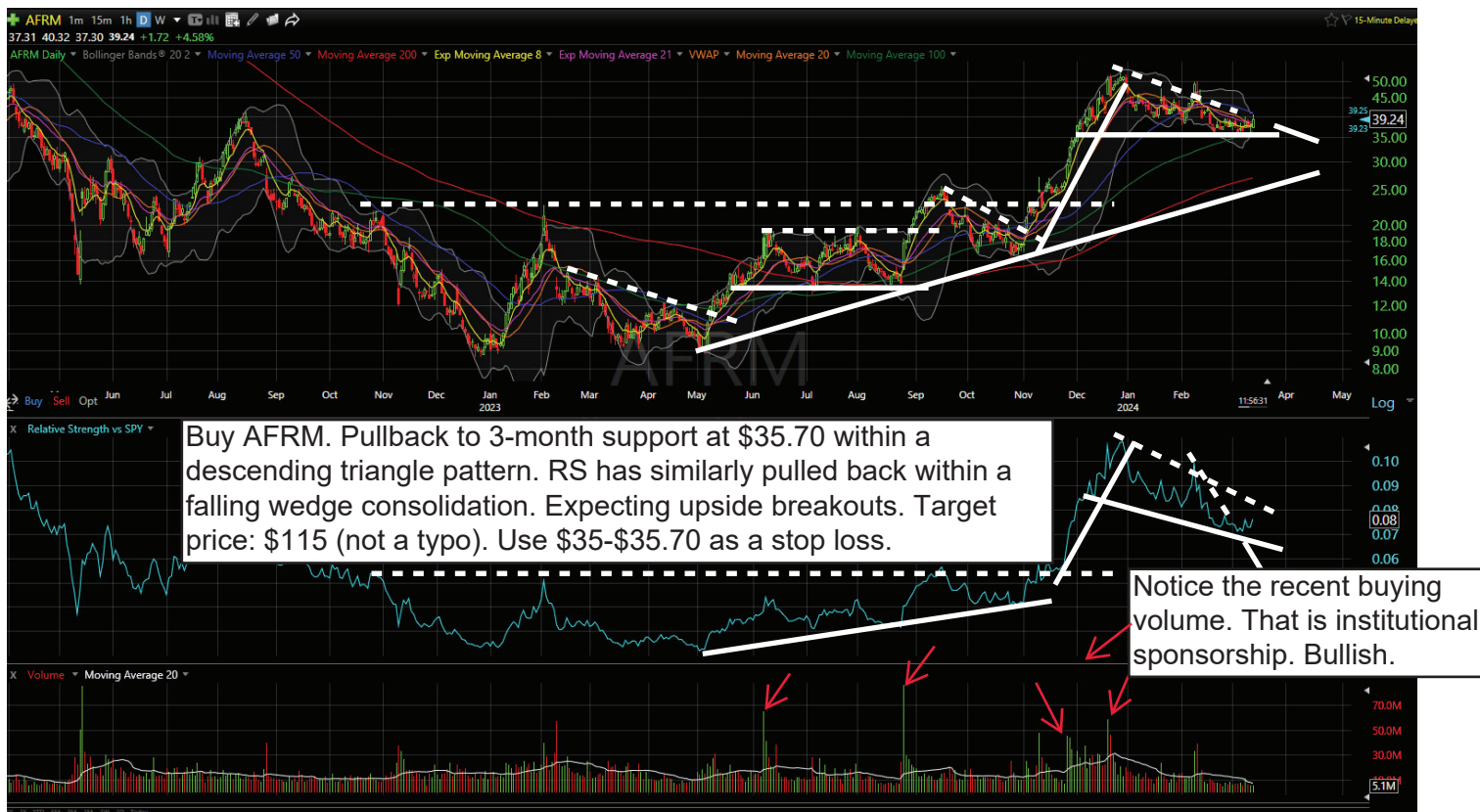
Below we lay out what we believe is a compelling case to add exposure to two payments/buy now, pay later stocks at current levels.

- **Overweight Services, With Payments Leading the Way.** We are overweight Services (payments' Sector), and the Vermilion equal-weighted Services Sector is just now breaking out from multi-year price and RS bases. Moreover, the payments space (ETF: **IPAY**) is leading the way... *see chart below.*
- **Buy Now, Pay Later.** While there are no guarantees, the "buy now, pay later" (BNPL) space has the *potential* to be a disruptor within payments, and it could easily be a theme that we look back on, years from now, and think "if only we had invested in these companies years ago." Now is the time to take a risk on buying these names (**AFRM** and **SQ**); if we are wrong, our max stop loss would be 10%-15% based on technical invalidation levels, but if we are right, we see potential to make 100-200%+ price gains in the coming months/year(s). For reference, Adobe Analytics reported 43% growth in BNPL purchases from Black Friday/Cyber Monday in 2023, compared to the prior year; the growth potential is real. Note: Affirm's primary business is BNPL, while Square has exposure through Afterpay.
- **Buy Affirm (AFRM) and Block (SQ).** Importantly, the technicals suggest the rallies in AFRM and SQ are just getting going, and we see both as being at low risk buy points. Both AFRM and SQ are emerging from 2-year bases with volume patterns that are consistent with institutional sponsorship; this is a huge reason why we believe now is the time to be buying. Affirm (AFRM) has been the leading stock within BNPL, and is pulling back to identifiable support, while Block (SQ) is just today breaking out from a 2-year base -- buy... *see charts on page 2.*

Buy. Mobile Payments ETF (IPAY) with major 2-year bullish price and RS inflections. There are many attractive stocks in this space that we have been recommending since early-to-mid 2023 (COIN, MA, V, AFRM, etc.), and SQ since mid-November 2023, but today we are focusing on AFRM and SQ since we see them as timely long-term buys within the "buy now pay later" space.



Buy Affirm (AFRM) and Block (SQ)



This page intentionally left blank.

David P. Nicoski, CMT
612-682-1900
dave@vermilioncap.com

Joe W. Jasper, CFA
612-712-1300
joe@vermilioncap.com

Ross W. LaDuke, CMT
612-482-8442
ross@vermilioncap.com

920 Second Avenue S., Ste. 1225 • Minneapolis, MN 55402 • 612-482-6800 • www.vermilioncap.com

Disclaimer: The information contained herein is privileged, confidential and protected from disclosure. Any unauthorized disclosure, distribution, dissemination or copying of this material or any attachment is strictly prohibited; such information, whether derived from Vermilion Research or from any oral or written communication by way of opinion, advice, or otherwise with a principal of the company is not warranted in any manner whatsoever, is for the use of our customers only and may be obtained from internal and external research sources considered to be reliable. It is not necessarily complete and its accuracy is not guaranteed by Vermilion Research, its operating entity or the principals therein. Neither the information nor any opinion expressed constitutes a solicitation for the purchase of any future or security referred to in Vermilion research publications. Principals of Vermilion Research may or may not hold, or be short of, securities discussed herein, or of any other securities, at any time. The foregoing also expressly applies to any trial subscription. EU disclaimer: The statements in this document shall not be considered as an objective or independent explanation of the matters. Please note that this document (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research, and (b) is not subject to any prohibition on dealing ahead of the dissemination or publication of investment research.

