

THE GEO WIRE

WHAT YOU MISSED THIS MONTH FROM GEOINVESTING

SEPTEMBER 2021, ISSUE 01

STUDS V. DUDS

STUD

Semler Scientific, Inc. (SMLR) is a perfect case study in "Why Microcaps." The stock was first shared with GeolInvesting premium members when a research contributor published his bullish thesis on November 30, 2015. The company develops, manufactures, and markets patented products that assist healthcare providers to evaluate and treat patients with chronic diseases in the United States.

Three years later, we wrote about the company and provided our bullish thesis. We also added the company to one of our model portfolios in April of 2018 when the stock was trading at \$8.30. The stock is now trading at \$131.99, generates annual revenue of around \$60 million, is solidly profitable and about to uplist to the NASDAQ from the OTC. Due to our penchant for identifying multibagger medical device stocks (8 so far), we are taking a look at a few more that have recently entered our research pipeline.

As a friendly reminder, you can choose to become a GeolInvesting Premium Member at any time to receive all of our premium research by clicking on this [link](#), by emailing us at support@geoinvesting.com or by calling us at 800-891-1526.

DUD

We began our most recent coverage on Energy Focus (EFOI) in December 2019 when we connected with the restructuring initiatives of the newly appointed CEO, James Tu. The company is a leading manufacturer and supplier of high tech LED lighting solutions to commercial customers and the U.S. Navy. Ironically, Mr. Tu was the CEO of EFOI during 2015 when the company operations were solid and when we had a good run with stock, logging a **70.5% return**. However, his vision for EFOI was not fully aligned with the Board, so he parted ways with the company in 2016.

In 2019, the Board asked him to rejoin the company as the CEO in the midst of poor stock performance and a deterioration of the business that was flirting with bankruptcy. As an aside, Mr. Tu has put a significant amount of personal capital into the company since he accepted the offer.

Then, as luck would have it, COVID-19 hit and all the company's commercial projects were put on hold. Now, as it waits for its legacy growth to rebound and in hopes of revising growth, EFOI is currently attempting to launch a line of UV-based disinfectant products designed to combat COVID on indoor surfaces.

After the start of our research, EFOI had an initial run from \$2.23 to \$9.53, but in recent days sits in the \$3 range. Had COVID-19 not arrived, we think the stock would have held its multi-bagger status. This is a great case study that shows the unpredictability of investing. Surprises and circumstances beyond your control can quickly turn a stud into a dud.

MONTHLY HIGHLIGHT

[Millennium Investment & Acquisition Company Inc.](#) (MILC) President Jared Schrader was our guest on September 16, 2021, to engage in a fireside chat that includes our normal format of conversation and Q&A. [View the chat here.](#)

We added MILC to our Select Long Model Portfolio at \$3.90 on September 9, 2021. Less than a month later, it reached a high of \$8.50 in intraday trading on October 1, representing a **118%** climb.

Below is a brief summary of coverage and introduction to MILC.

MILC has been operating as a non-diversified, closed-end investment company. However, the company is in the process of [terminating this designation](#).

The company's main focus will be on operating cannabis cultivation facilities through lease agreements on land owned by high flying Power REIT (MD) (NYSE AMEX:PW).

As we have stated before, we are becoming really excited about this company's new cannabis focused business direction. On September 10, 2021 shares jumped on a press release stating that the company entered into a long term lease agreement with Power REIT for a 556,146 square foot greenhouse cultivation facility. The Michigan cannabis market is the second largest market in the United States, second only to California. The company also has agreements with PW in Colorado and Oklahoma.

MILC's investor [presentation](#) shows fiscal 2022 and 2023 revenue and annual profit projections. The company expects sales of \$14.4 million and \$54.7 million with annual profits of \$6.2 and \$35.0 million, respectively. This works out to EPS of \$0.56 and \$4.40, respectively.

Other notable considerations are that the company has only 10.9 million shares outstanding and it is our belief that it won't need to raise significant capital to fund its near-term goals.

2021 RETURNS INSIDE OF GEOINVESTING

So far in 2021, we have issued **13 closing Calls to Action** on companies tenured on our Select Long Disclosures List for varying periods of time.

Through the end of September 2021, the **average return per closing CTA was 113.41%**. However, opportunity existed to capture more returns at peak prices. We are also proud that we were able to capture a few multibaggers in a short period of time.

There are **17 Calls to Action initiated** and still open in 2021. While we cannot show you the premium table, our current average return per stock is **30.71%**, compared to year-to-date numbers of about 12% for the DOW, 16% for the S&P and 13% for the NASDAQ.

DATE OPENED	SYMBOL	OPEN PRICE	DATE CLOSED	CLOSED PRICE	FINAL RETURN	PEAK PRICE	PEAK RETURN
8/3/2021	PALT	\$3.82	9/27/2021	\$5.30	38.74%	\$5.75	50.52%
5/4/2021	CTHR	\$3.66	9/16/2021	\$2.71	-25.95%	\$3.66	0.00%
3/26/2021	GTBP	\$6.61	8/20/2021	\$7.74	17.09%	\$19.73	198.53%
12/27/2017	IHC	\$28.10	8/20/2021	\$41.01	45.94%	\$48.75	73.49%
11/25/2019	IEC	\$7.80	8/12/2021	\$15.30	96.15%	\$17.98	130.51%
6/27/2019	AESEW	\$0.40	7/14/2021	\$0.16	-60.00%	\$0.45	12.50%
5/22/2018	INTZ	\$1.35	5/5/2021	\$14.40	966.66%	\$29.90	2114.81%
8/18/2020	ALTO	\$4.65	3/11/2021	\$5.91	27.09%	\$11.44	146.02%
11/23/2020	AERO	\$2.94	2/16/2021	\$3.00	2.04%	\$3.62	23.12%
7/9/2020	HWKE	\$0.59	2/1/2021	\$0.20	-66.10%	\$1.43	142.37%
8/20/2013	MKRS	\$0.09	2/1/2021	\$0.13	44.44%	\$0.63	600.00%
12/27/2019	CLPT	\$4.80	1/19/2021	\$19.95	315.66%	\$20.50	327.08%
10/30/2020	BGFV	\$7.32	1/11/2021	\$12.63	72.54%	\$12.82	75.13%
Average Returns:					113.41%		299.54%





OTHER MARKET WIDE MICROCAP STATS

Notable Trailing 1-Month Microcap Movers, 9/1/2021 to 10/1/2021

Over \$1 per share			\$0.50 to \$1 per share		
Symbol	Last	1M %Chg	Symbol	Last	1M %Chg
SRBT	1.29	1729.79%	SECI	1	99999.99%
CAMG	1.25	1150.00%	CTON	0.78	5065.56%
NWCN	2.457	664.94%	SRCX	0.5	2280.95%
VKIN	2.12	381.27%	EPGC	0.75	642.57%
LIFX	25	317.36%	CMOT	0.69	590.00%
GEMZ	2.15	252.46%	FMYR	0.76	533.33%
ISWH	2.8	241.46%	CYDX	1	334.78%
BFNH	1.45	235.42%	ROYE	0.51	308.00%
XNDA	1.5	233.33%	SYQH	1	300.00%
MILC	7.75	198.08%	SPUP	0.6	294.74%

*Note: We have not vetted any of the stocks in the 2 tables above (except MILC, of course). The returns shown are for informational purposes only to showcase the performance potential of microcap stocks.

GEO RESEARCH STATS

 <p>Geo Research Articles</p> <p>17</p>	 <p>PodClips</p> <p>23</p>	 <p>Fireside Chats</p> <p>10</p>	 <p>Contributor Research Articles</p> <p>13</p>
---	--	---	---

** All stats are cumulative YTD as of September 31, 2021

WHAT YOU MISSED THIS MONTH

WEEKLY WRAP-UP HIGHLIGHTS

This month, as we approached September 28, 2021, the date that SEC Rule 15c2-11 (Rule 211) went into effect, we regularly discussed how the rule would impact dark stocks on the OTC market, as well as investor appetite for microcap stocks in general

Over the month of September we shared multiple resources with our members to help them better understand Rule 211 and what it meant for their portfolios.

On Friday the 22nd, Maj put out a PodClip in response to several member questions who expressed concerns about stocks in Geo's select longs.

We encourage you to listen to it or read the transcript as well as checking out these other articles posted to our members on the same topic:

- [Working Your Way Into The Dark - Don't Be Afraid of OTC Stocks](#)
- [OTC Stock Regulation's Silver Lining](#)
- [Rule 2-11 Drop Dead Date Quickly Approaching](#)

We also shared a video of a round table discussion Maj participated in with Robert Kraft of SNN Network where Maj and his peers engaged in a thoughtful discussion on Rule 211.

For us at GeoInvesting, this is probably one of the most relevant things to come out of the OTC environment in recent memory, this is because of our investment strategy which partly revolves around hunting for Tier One Quality micro cap OTC stocks.

As an investor, being ahead of the game is a key factor to successfully riding gains from the illiquidity that most people avoid, to improvements in liquidity, a factor that many use to legitimize an investment, especially if fortified by a wealth of research supporting a bullish case.

About our Weekly Wrap Ups

Every week we send what we like to call a "Weekly Wrap Up" that highlights topics discussed during the week that our members may have missed, as well as more thoroughly touching upon upcoming events, companies or research happening at GeoInvesting. This value-add underscores the deep dive research and timely information on microcap stocks that we aim to provide to our premium subscribers.

RESEARCH AND IDEA PIPELINE

We are really excited about **THREE high conviction profitable microcap telecommunication stocks** that we believe have synchronously reached inflection points in their growth models. We have been following these companies for some time and completed deep dive due diligence on all of them. Furthermore, the majority of the revenues of all three companies are recurring, and their valuation ratios are trading at significant discounts to the valuations of their larger cap peers. Some of these peers are even losing money and saddled with debt and complicated capital structures. This valuation gap has helped us reaffirm our belief that all three of these high conviction stocks should rise by several multiples from their current prices. We believe that as growth inflects, the valuation gaps will quickly close.



WHY MICROCAP CASE STUDY

WRITTEN BY MAJ SOUEIDAN

Our focus and our lifeblood is investing in microcaps, companies with market caps under \$300 million that most of the "Wall Street crowd" ignores. This allows us to do the opposite of what the crowd is doing, and we think you can agree that this is a key to beating the market and finding multibaggers. As large cap stocks continue to get more overvalued, we believe that interest in the microcap space will pick up significantly from investors who are looking to invest in value. While the media tells investors to fear smaller companies, we make examining them easy for GeoInvesting Premium Members with research from our activities which includes: interviewing management teams, site visits, reading SEC filings, participating in company conference calls and monitoring hidden bullish clues like insider buying trends.

Microcaps can give investors many of the same competitive advantages that make companies great that target niche markets that larger competitors ignore. In a [2017 ValueWalk article](#), I outlined some of the main structural advantages of microcaps.

We encourage you to read the article for more specific advantages of the space, but here is the system at play in a nutshell:

Multi-billion dollar institutions face many barriers to entry to investing in microcaps, because they simply have too much capital to build meaningful positions in microcap companies.

Further, the misplaced negative stigma surrounding "penny stocks" causes even many qualified investors to ignore the space. However, the absolute price of a stock does not determine its quality.

That is why we believe that not all microcaps are microCaps, which is proven by [our return statistics](#). We focus on what we call Tier One Quality microcaps to help us weed out the quality names from the bad actors.



Follow us on Twitter
[@GeoInvesting](#)

For daily updates in all things
Microcap

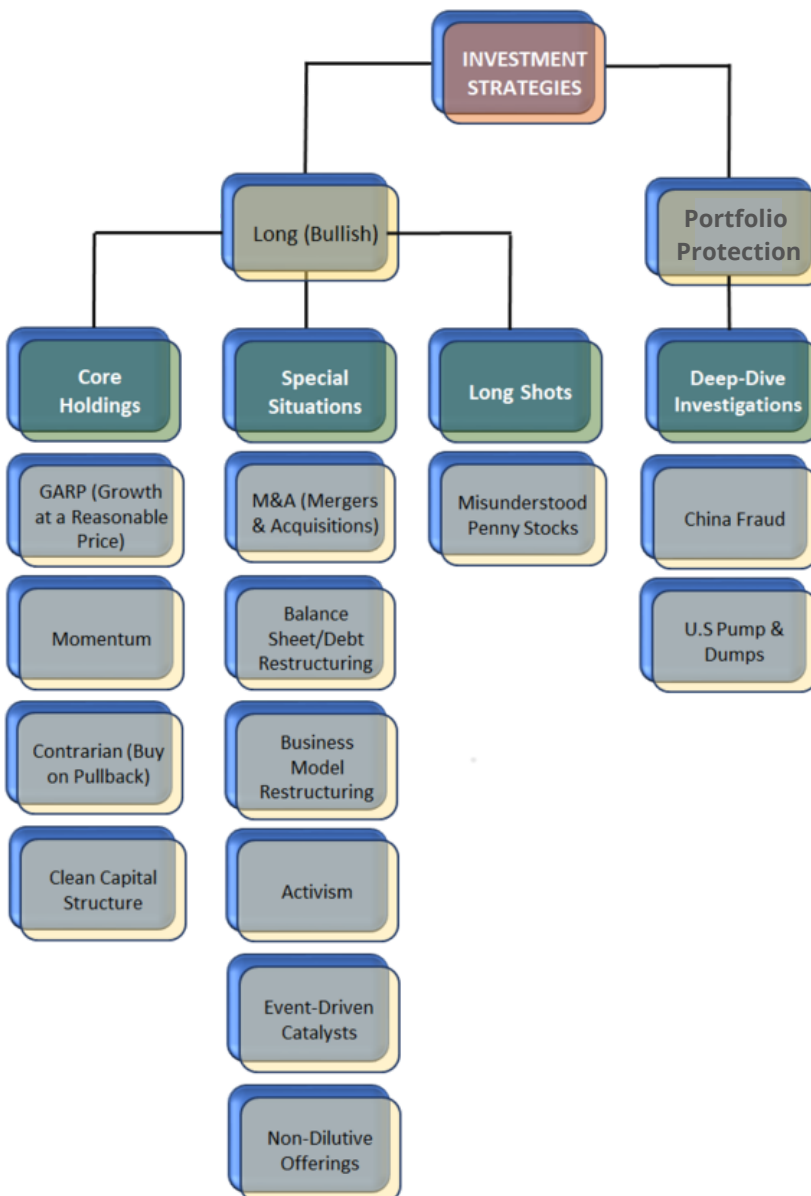
AN INSIDE LOOK AT GEOINVESTING'S RESEARCH AND STOCK PICKING STRATEGY

Just as for many of you, Peter Lynch was my investing hero when I first decided that I wanted to become a full-time investor. Although I was exposed to the stock market by watching my dad research and buy stocks while I was in high school, it wasn't until college, when my dad passed down to me Lynch's book, "One Up on Wall Street", that I became hooked for life. Lynch's approach to investing was the perfect fit for me. I entered college with no idea of what I really wanted to do and a limited knowledge base on stocks and finance. But Lynch showed that the average guy can learn how to pick stocks, and he did it in a way that is easy to understand. Most importantly, he laid out a step by step process to find a few good stocks among thousands that trade in North America. When I reflect back on decades of investing, I am reminded of why a lot of the general framework I apply to pick stocks was borrowed from Peter Lynch's principles.

Lynch's process for defining his stock universe began by putting stocks he was researching into 5 buckets:

- **Slow growers**
- **Fast Growers**
- **Cyclical**
- **Turnarounds**
- **Asset Plays**

Personally, my "buckets" have evolved over time.



Also, when I was raw and first started investing, I spent most of my time searching for clean companies that were undervalued based on pieces of Lynch's criteria.

- **Trailing P/E < 25**
- **Forward P/E < 15**
- **Debt Ratio < 35%**
- **EPS Growth > 15% to < 30%**
- **PEG Ratio < 1.2**
- **Market Cap < \$5 billion**

As I grew as an investor, I expanded my valuation parameters and narrowed my selection universe by putting a heavy emphasis on U.S. microcaps (around 10,000).

Modified parameters:

- **Recent 52-week High**
- **Strong EPS Growth Rate**
 - > 30% EPS Growth Rate
 - GeoPowerRanking (GPR); Number of consecutive quarters that we expect EPS to grow by at least 30%. (20% may be acceptable under certain circumstances)
- **> 10% Revenue Growth**
- **Strong Operating Cash Flow and Balance Sheet**
 - Positive Cash Flow
 - Debt to Equity Ratio less than 20%
 - Current Ratio is at least 2:1
 - Days in receivables < 90. This shows that the company converts its account receivables to cash within 90 days. (measure of liquidity)
- **Return on Equity is at least 15%**
- **Minimum Pre-tax Operating Margins of 8%**
- **Preferably Under 50 Million Shares (diluted)**
- **High Insider Ownership (generally greater than 15%)**
- **Limited Institutional Ownership (generally less than 20%)**

WHAT MAKES A MICROCAP TIER ONE

Big returns can come in small packages. That's certainly the case with investing in a micro-caps. Why should you care about these companies?

To begin with, the smallest subset of micro-cap stocks [have been shown to outperform](#) larger stocks by 14.75% (1927 to 2016). We are surrounded by companies in our daily lives that were once micro-cap stocks like Walmart Inc. (NYSE:WMT) and Monster Beverage Corporation (NASDAQ:MNST). In fact, Monster Beverage has been the [best performing stock](#) of this century, up nearly 70,000% at its high.

As we search for our next "multibagger" we are using our 10 point checklist we curated as our core strategy to buy stocks that meet our tier one quality standards:

- Long operating history of at least 20+ years
- Strong management
- Management focused on business, not stock price movement
- Generating revenue
- At or near profitability
- High probability turnaround stories
- High Insider ownership
- Manageable debt burden
- Ability to grow without excessive equity raises
- Shares outstanding are not excessive

Following this checklist helps us better realize that there is opportunity not only for achieving great returns, but also for learning, collaborating, and experiencing the industry. The good thing is that you can still use microcap "hunting" strategies to quickly identify opportunities in big cap stocks when they arise.

We believe we give you a competitive advantage to help you make the best stock picks and to invest in some of the best success stories.

If you are interested in joining GeoInvesting, which includes access to over 14 years of our research in "High Quality Tier One" Microcaps, [become a Premium Member](#). We are always searching for the next multibagger for our members!

PREMIUM MICROCAP RESEARCH: SAVING YOU TIME AND EARNING YOU MONEY

Since GeoInvesting's inception in 2007, we have followed a strict regimen of disciplined research that has enabled us to forge ahead through major market disruptions, including the 2008 financial crisis. Our research has proved to us internally, time and time again, that a recipe of thorough due diligence is likely to trump luck any day of the week.

We navigate investment risk by interviewing company management, dissecting conference calls, interacting with our wide network of investors and scouring financial documents for hidden clues. GeoInvesting provides quick, concise and efficient research instead of hundreds of pages of financial jargon. You will no longer have to sift through these documents to find the most relevant aspects of a company's operations when we cover them - that's our promise.

We like microcap stocks because we believe they can give investors an edge over Wall Street. Did you know some of the most legendary investors in the world, including many billionaires, invest in microcaps? We sift through the microcap universe of tens of thousands of stocks to bring you quality ideas and help you avoid deceptive companies. Co-founder Maj Soueidan has been a full time microcap investor for 30 years.

Armed with experienced analysts, a veteran investing team, and real time data from our fintech partner Sentieo, GeoInvesting gives you the power to consider educated investing decisions and identify risk.

Maj Soueidan, Micro-Cap & Information Arbitrage

My name is Maj Soueidan. I am a full-time investor and co-founder of GeoInvesting.com. GeoInvesting delivers an all-in-one research platform that profiles "Tier One Microcap Companies." Our services are tailored to fundamental investors, who are looking for model portfolios, stock pitches, management interviews, podclips, member skull sessions, and so much more.

With some initial capital saved and the book "One Up On Wall Street" by legendary Fidelity fund manager Peter Lynch, I began investing while in college between 1988 and 1992. My passion is finding "under the radar" micro-cap opportunities and sharing them with other investors. I enjoy helping others understand the advantages of investing in smaller homegrown U.S. companies to supplement their overall investing strategies.

When I graduated college in 1992 I took a part time job at The Vanguard Group, working in the evenings. It was the perfect fit. I would spend my days performing research, interviewing management teams and developing an eye for finding unique and undervalued micro-cap stocks. I bought my first "multi-bagger" in 1994 and I was hooked. At the time, I briefly published my first investment newsletter called "The Market's Edge." I left Vanguard in 1994 to become a full-time investor.

Micro-caps appeal to me due to the information arbitrage opportunities they provide. An arbitrage exists when a disconnect between stock prices and available public information on a company is noticeable, and monetarily worth pursuing. Sometimes, the mispricing of micro-caps can be substantial. This strategy has "paid dividends" for many investors. Part of the reason the "Info. Arb." opportunity exists is because investors often associate micro-cap stocks with pump & dump companies with no revenues and profits. But there is no better strategy in the stock market than to look for opportunity where others are not looking. There are many good micro-cap companies with real revenues, some even with blue chip customers.