GEO INVESTING

An Inside Look GeoInvesting

Research Process

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.
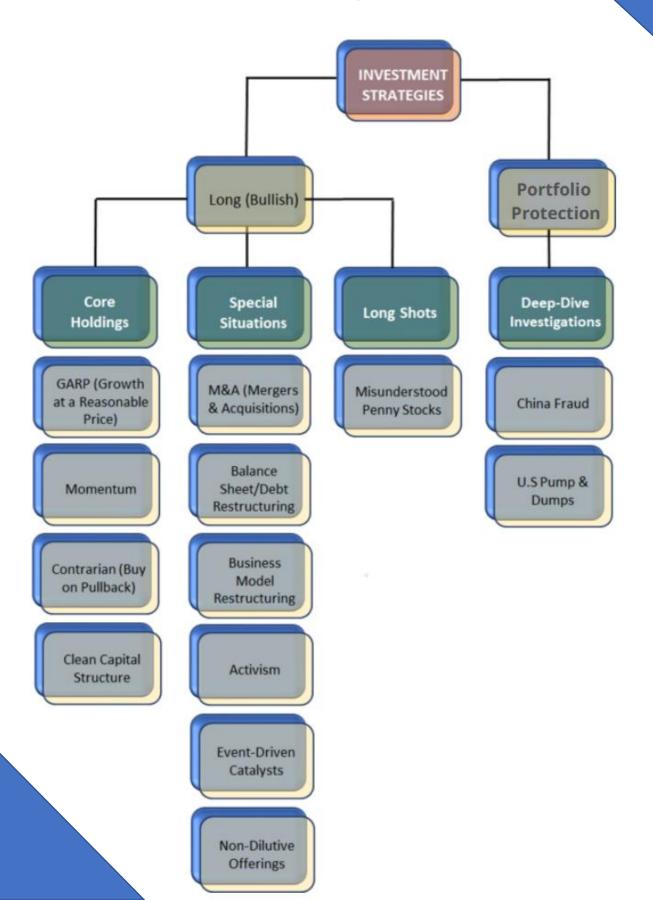
Research Process

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…

My Strategy Buckets

INVESTMENT STRATEGIES

Long (Bullish)

Core Holdings
- GARP (Growth at a Reasonable Price)
- Momentum
- Contrarian (Buy on Pullback)
- Clean Capital Structure

Special Situations
- M&A (Mergers & Acquisitions)
- Balance Sheet/Debt Restructuring
- Business Model Restructuring
- Activism
- Event-Driven Catalysts
- Non-Dilutive Offerings

Long Shots
- Misunderstood Penny Stocks

Portfolio Protection

Deep-Dive Investigations
- China Fraud
- U.S Pump & Dumps

Research Process

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 (PE/EPS 3-5 Growth Rate) <1.2
- Market Cap < $5 billion

Modified Parameters

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

Modified Parameters

- 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 Tier 1 Microcap

Big returns can come in small packages. That's certainly the case with investing in 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.

What Makes A Tier 1 Microcap

As we search for our next "multibagger" we are using our10 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

What Makes A Tier 1 Microcap

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 multi-bagger for our members!

Premium Microcap Research:
Saving You Time & 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.

Premium Microcap Research:
Saving You Time & Earning You Money

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. Cofounder 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.

Microcaps & 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.

Microcaps & Information Arbitrage

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.

Microcaps & Information Arbitrage

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.