

THE GEO WIRE

WHAT YOU MISSED THIS MONTH FROM GEOINVESTING

NOVEMBER 2021, VOLUME 01, ISSUE 02

STUDS V. DUDS

STUD - USA TRUCK, INC. (NASDAQ:USAK)

Congratulations to GeolInvesting research contributor Egor Romanyuk who pitched another favorite trucking company of his on August 8, 2021, which is now **up 34.09%**. Better yet, we chose Egor's pitch as a GeolInvesting favorite and added it to our Selected Long Disclosure list, which is a tool our Premium Members lean on to assist them in their research. And that is a very important point we want to convey to you. We try our best to let our Premium Members know when a GEO Contributor pick connects with our investing style.

Egor's experience and knowledge in the trucking industry has been leading him on a path to find what he feels to be some of the better transportation-focused companies. Since we began accepting pitches in 2014, to date, **60.87%** of the stock pitches made by GeolInvesting research contributors have amassed positive returns. Let's put that in perspective using baseball as an example. In baseball, a batting average of **300%** is looked at as being superior. Well, Egor's batting average at GEO is an even more impressive **1,000%** - a baseball perfect score - meaning that every time Egor swings his bat he hits the ball. He Sports an average return of **105.15%** at the peak percent gains of his picks.

SYMBOL	CURRENT PRICE	OPEN PRICE	CURRENT RETURN	PEAK PRICE	PEAK RETURN
YELL	\$8.75	\$2.83	209.18 %	\$10.20	260.42 %
CAI	\$55.94	\$23.02	142.98 %	\$56.22	144.20 %
USAK	\$19.29	\$13.85	39.27 %	\$20.20	45.84 %

Ave: **103.50%**

Ave: **150.15%**

Egor Romanyuk's most recent pitch, \$USAK, is a truckload carrier in the United States, Mexico, and Canada. The company operates through two segments, Trucking and USAT Logistics.

In his first conversation with Maj in April 2021, Egor explained why he invests heavily in transportation companies, capitalizing on a true "buy what you know" philosophy preached by our favorite investor, Peter Lynch. We encourage you to watch [that discussion here](#), perhaps after you [hear his pitch on USAK](#).

When Maj caught up with Egor on August 6, 2021, he primed his pitch with a few small reasons why USAK is in his crosshairs:

- "So USA Truck - The reason why I like it. It's super illiquid. When there's good news, it moves up. I did a lot of research on it and like it for all the fundamental reasons.
- The trucking industry is very hot right now. I'm sure you've seen pictures of all the container ships that are stuck at LA ports, trying to get in.
- The trade deficit for the U.S., I think it's at record levels. So there's a lot of stuff being imported into the country.
- The retail sentiment is high right now. So there's a lot of freight to be moved around. And trucking companies or a lot of trucking companies are capitalizing on that."

Don't forget to follow Egor on twitter @romanyuk_e and don't miss out on the next pitch he brings to the GeolInvesting Community.

MONTHLY HIGHLIGHT

Fullnet Communications Inc (OTC:FULO) is an integrated communications provider that, through its subsidiaries, provides a range of technology services to its clients. The primary offerings include group text and voice delivery services, equipment colocation & web hosting (Data Center) and customised live help-desk outsourcing.

GeolInvesting Initiated Coverage on September 6, 2021 as well as adding the stock to both the Selected Long Disclosure Model Portfolio and Run to One Model Portfolio when the stock was trading at **\$0.60**, FULO's peak in October had it trading at **\$1.60**, a **166.66% surge**, and was **\$1.10** at the end of last month.

I prefaced that while I had yet to interview management, it was probably safe to assume that all three divisions are benefitting from the growth in mobile usage, on-line businesses, broadband usage and remote working trends. The company has spent the last several years fine tuning its business model, which included divesting non-performing assets and de-risking the balance sheet. This has resulted in the attainment of consistent profitability for the first time since going public in around 1999, as well experiencing an uptick in revenue growth.

Now, armed with a strong balance sheet, the company should be in a position to execute an acquisition strategy and be more aggressive on the marketing front. **While I was not sure if the current sales and earnings growth rate could be maintained, the stock was selling at a crazy discount to its publicly traded comps, Twilio Inc. (NYSE:TWLO) & Everbridge, Inc. (NASDAQ:EVBC) (direct comp).** So, I liked the risk/reward opportunity.

STUDS V. DUDS

DUD - MUSCLE PHARM CORP (OTC:MSLP)

MusclePharm Corporation, a global provider of leading sports nutrition & lifestyle brands (such as protein powders), recently entered the energy drink market.

We love investing in turnarounds because they can often turn into multi-baggers as investors might ignore them in the early stages of turnaround initiatives. That's why we were excited about the MSLP story when we found the company at very cheap valuations. MSLP looked to be at the very final stage of its turnaround.

The company has a great brand identity and was trying to reinvent itself under a new CEO. The stock initially rose as high as 528% after we started covering it on January 15, 2021. However, supply chain issues, escalating freight costs and inflationary pressures in whey protein unexpectedly destroyed gross margins, causing the company to take a few steps backwards in their restructuring plan.

To add salt to the wound the company announced a highly dilutive financing deal to combat liquidity issues brought about by these challenges.

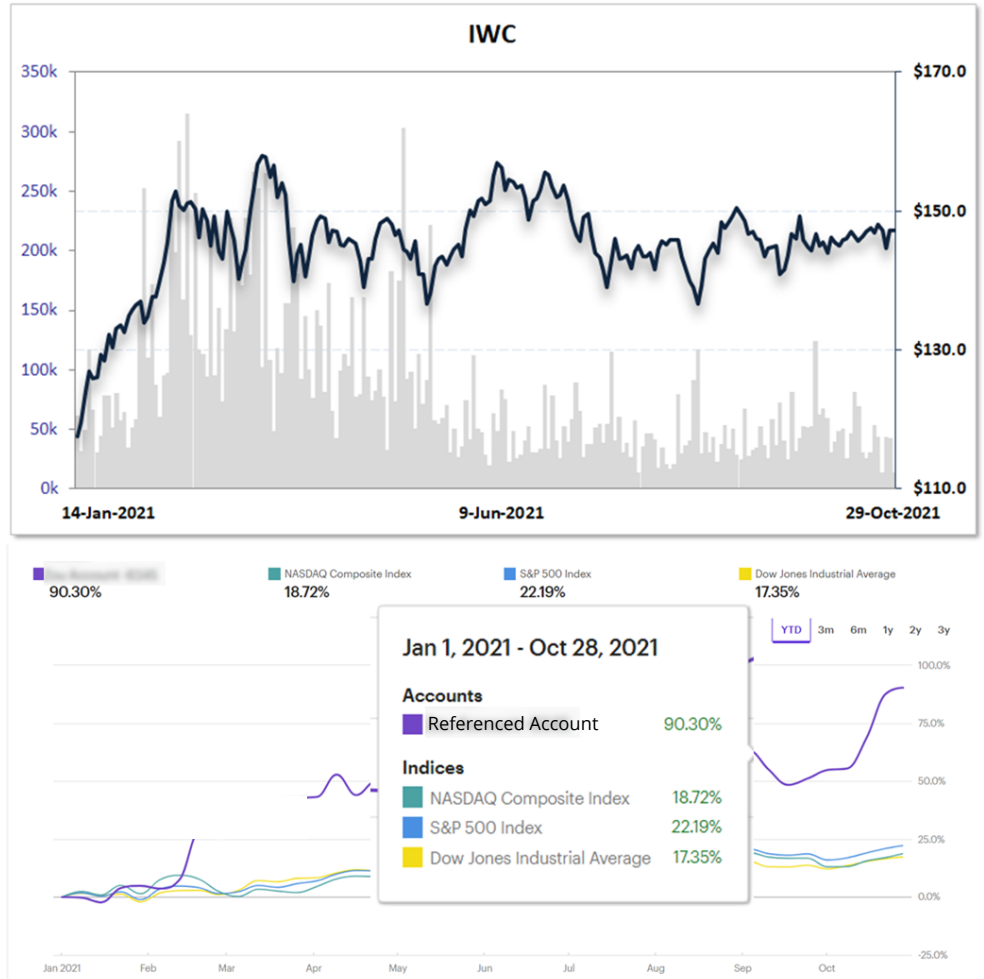
On the positive side, we still think the company's move into the functional beverage industry (energy drinks), which has been gaining healthy pre-order momentum, will be a success. The company's hope is that it can push this new product into an established customer distribution space, where the company sees its future. But, we're not going to lie, we believe this turnaround story has gotten a lot riskier. We'll just have to keep an eye on it for you. See the company's [new beverage line here](#).

As a friendly reminder, you can choose to become a Geoinvesting 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.

MICROCAPS HOLDING STRONG, OR A COLLECTIVE DUD?

If you were to look at the microcap universe in general, you might be asking yourself when things are going to heat up again. We've been in this predicament in the past. While many might view the concrete wall that we've hit, as evidenced by iShares Micro-Cap ETF (IWC), an index that tracks the investment results of the Russell Microcap Index, as a sign of things to come (half glass half empty), it could be worse.

Below is IWC's 1-year chart compared to the same period performance of an investor's portfolio that contains primarily Geoinvesting stocks (name not disclosed for privacy). So, remaining steady is the key here. He told me that he did not sell any of his stocks during the 6-month flat line, and that the next leg up would put his portfolio at all time highs, going hand-in-hand to what we feel is incredible upside (glass half full) with some of the undervalued stocks in our disclosures list.



2021 RETURNS INSIDE OF GEOINVESTING

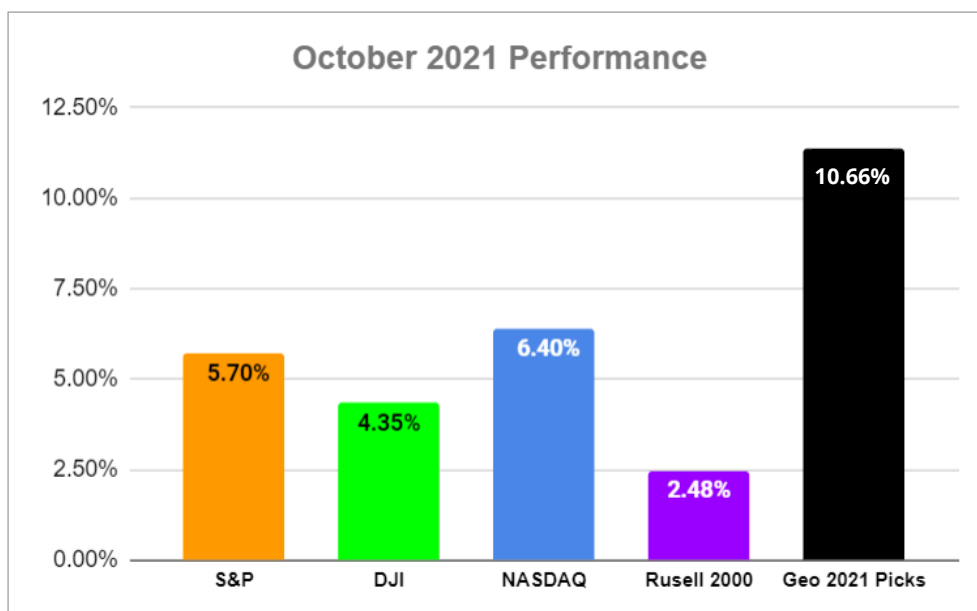
So far in 2021, we have issued **13 closing Calls to Action** on companies tenured on our Select Long Disclosures List for varying periods of time.

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	AESW	\$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%
					113.41%		299.54%

OTHER MARKET WIDE STATS VS. GEOINVESTING



Note: GeoInvesting picks initiated and still open in 2021 **performed better than all the major indices in October 2021**. The returns shown are for informational purposes only to showcase the performance potential of hand-picked microcap stocks.

GEO RESEARCH STATS

 <p>Geo Research Articles</p> <p>17</p>	 <p>PodClips</p> <p>24</p>	 <p>Fireside Chats</p> <p>10</p>	 <p>Contributor Research Articles</p> <p>14</p>
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** All stats are cumulative YTD as of October 31, 2021

RESEARCH AND IDEA PIPELINE

CLOUD COMMUNICATION TRIO

As you can see from the FULO summary highlighted in this newsletter on page 1, you might think that we like cloud communication type stocks, and you would be correct.

Last month we said we would be ready to present you our favorite Cloud Communication Trio. Unfortunately, I wanted to perform an extra layer of Due Diligence before publishing the presentations to our Premium Members. It is worth noting that one of the three stocks in the trio has already risen **194% (258% at peak)**.

On the positive side, we have clearly communicated to our Premium Members our bullish thesis on this company and the other two companies in our Cloud Communication Trio through various model portfolios and extensive prior research. More good news is that we still think this stock has plenty more upside, and all three stocks have multibagger potential. If you choose to become a member today, you can see our current research on these stocks which includes all of our previous research, podclips and management interviews we have compiled.



Follow us on Twitter [@GeoInvesting](#)
For daily updates in all things Microcap

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.



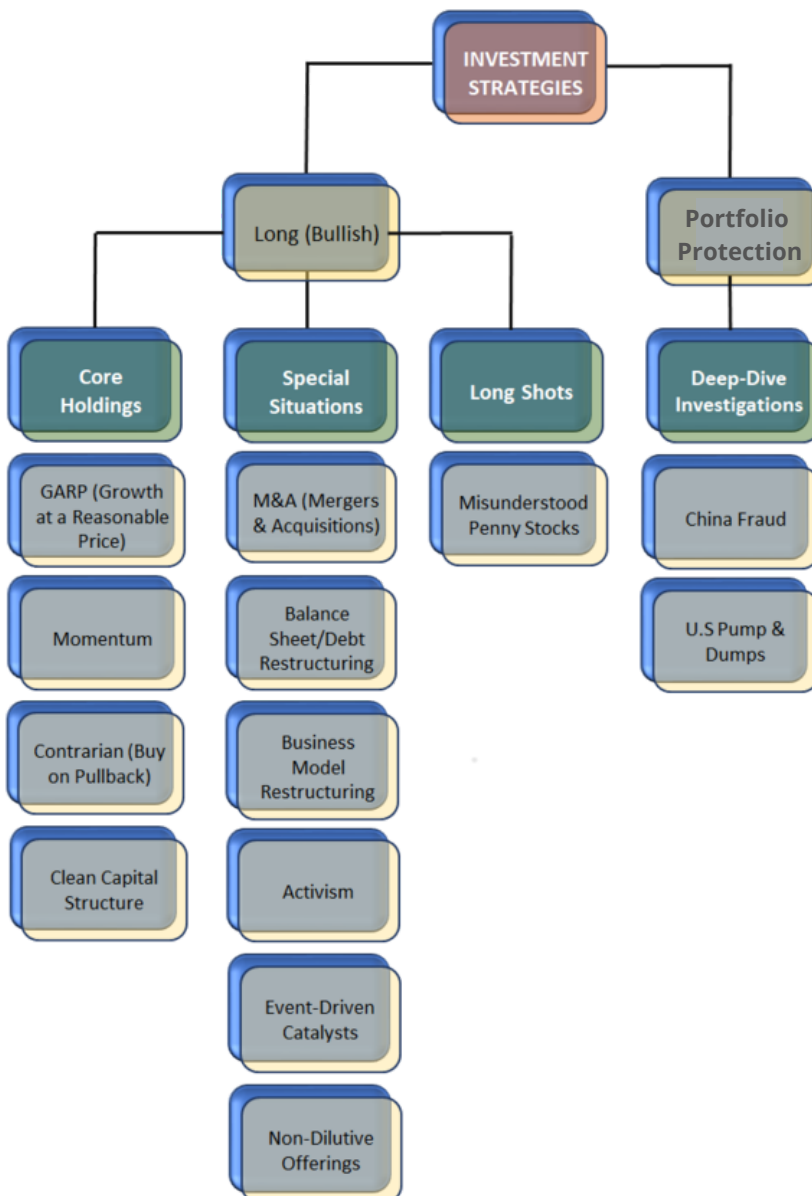
AN INSIDE LOOK AT GEOINVESTING'S RESEARCH AND STOCK PICKING STRATEGY

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.