



Next Company of the Month Recording:
Friday, Aug. 11, After 4 PM EST
Recording on for entire weekend
Phone: (757) 877-5979

Market cycles and Bowser stocks

How seasonality affects Company of the Month performance

Cyclical price fluctuations in the stock market have been proven to be true time and again. Bowser stocks have followed these trends a bit, but smaller stocks usually don't correlate as well with major indices. In order to breakdown the data, we analyzed the performance of Bowser stocks, the S&P 500 and the Russell 2000 Index over the past five years.

Market Cycles

The seasonal performance of stocks is shocking to say the least. Stocks have averaged a return of 7% between the months of November to April, and just 0.2% within the months of May to October, historically.

The "Santa Rally" and "Sell in May and Go Away" seasonal trends are the most popular. The "Santa Rally" is caused by tax-loss selling. With long-term profits, investors must pay taxes on their gains. To offset the taxes owed, many investors will exit their positions with unrealized losses, potentially saving a lot of money.

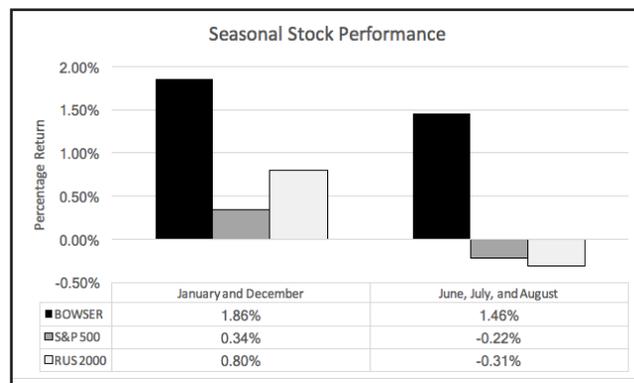
As soon as we get into the New Year, investors typically buy the stocks back, resulting in an imbalance in accumulation. This rally represents a significant portion of the aforementioned 7% gain from November to April.

The "Sell in May and Go Away" trend started when volume began dying down in the summer due to traders going on vacation. This lack of volume lowered the demand for active portfolio managers to sit by a computer screen all day, which inevitably resulted in much lower returns. Out of both of these seasonal trends, the "Santa Rally" has been more consistent throughout the years.

Breaking Down the Numbers

Below is a visual representation of the performance of Bowser stocks, the S&P 500 and the Russell

2000 Index.



Bowser stocks have outperformed both indices over the past five years in each category. Surprisingly enough, the "Sell in May and Go Away" trend has not impacted Bowser Buckaroos negatively.

As for the other indices, both performed negatively during the summer, showing that the trend has held true. Liquidity and volume decrease from June through August, which has a different but still fairly large impact on risk for microcap stocks. It is also probably why the Russell 2000 took a bigger hit compared to the S&P 500 over the summers that we analyzed.

The average gain in January and December was positive as expected, although January did have mediocre performance in comparison to December. The average performance for both months was impressive, but January had negative returns for all three groups. This shows that the "Santa Rally" is unlikely to impact smaller stocks as much and that the theory has not played out accurately over the past five years.

Overall, Bowser stocks have managed to significantly outperform both major indices. It's also noteworthy that small cap stocks have done better in the winter, while lagging a bit more in the

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summer.

Oddly enough, Bowser stocks have had huge price swings May through August. May typically provides the highest monthly returns. Stocks in June and July have consistently had high percentage returns, but have not outperformed the month of May. Lastly, August had the largest range of returns, with the low being a drop of 7.55% and the high being an increase of 5.73%. Therefore, the "Sell in May and Go Away" trend may also be a result of the high volatility during the summer for smaller stocks.

Other Strategies Beyond the Seasons

In addition to investing based on the season, there are many other strategies typical among investors. The most common is sector rotation, which is the movement of money from one industry or sector into another depending on expected performance. All types of investors use this strategy, not just short-term or long-term.

A few other bizarre yet common strategies are investing based off of moon phases, avoiding election years and only investing based on overall economic stability.

Conclusion

Over the past six months, Bowser stocks have outperformed major indices fairly consistently.

Market Overview

BWSR AVG ↑ 2.3%	RUS 2000 ↑ 1.5%	DJIA ↑ 1.3%	S&P 500 ↓ 0.2%	NASDAQ ↓ 2.2%
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Small cap stocks led major indices as the Nasdaq lagged. The Nasdaq gained 3.4% last month and erased the majority of those gains this month. **Nova LifeStyle (NVFY)** was the largest gainer after announcing a huge increase in its number of products and e-commerce growth. Bowser stocks continued to outperform all major indices and saw significantly smaller price fluctuations.

This is true of the past five years as well. It's also reassuring for subscribers that the typical seasonal trends don't seem to affect Company of the Month performance.

While having a knowledge of these cyclical trends is good, the best way to decrease risk is to diversify by increasing your total number of holdings. This brings stability to your portfolio and keeps the wild returns to a minimum.

Bowser stocks have performed noticeably better than the market in the past five years. If you purchase the recommendations and follow the Game Plan accordingly, you too should be able to consistently outperform the market.

Electromed gains 17% with no news

Electromed (ELMD) gained 17% this month without releasing any news that directly added value to the stock.

ELMD issued a press release stating that it would present a poster at the 2017 World Bronchiectasis Conference. The increase in share price was likely due to speculation of a positive presentation on July 8, 2017.

The presentation will cover Bronchiectasis related exacerbation rates after long-term treatment with high frequency chest wall oscillation.

FSI drops following positive press release

Flexible Solutions (FSI), this month's biggest loser, dropped 17% without any major headlines to account for the price action.

The company had just released its latest earnings on June 1. The same press release also detailed the results of the Watersavr™ trial in San Diego, CA. The results were outstanding, but there was still sell pressure once the news was issued.

It's likely that short-term investors bought on speculation leading up to the earnings release and then sold.

The Bowser Game Plan

1. **DO NOT PAY** more than \$3/share for a stock.
2. **CREATE A PORTFOLIO** of 12 to 18 stocks. **Diversification is important.**
3. **DO NOT SELL** when a stock goes above \$3/share and is moved to Page 5.
4. **DO NOT SELL** when a stock moves to a lower category.
5. **SELLING PLAN:** Sell half of your holdings when the stock doubles from your purchase price. Sell the remainder after the stock drops 25% from its most recent high. If the stock drops 50% without doubling, sell all shares.
6. **RECORD** proceeds from sales.
7. **PORTFOLIO EVALUATION** = current value of portfolio + proceeds from sales

COMPANY OF THE MONTH

Emmis Communications (EMMS) is a diversified media company principally focused on radio broadcasting. Founded in 1981, EMMS operates in three segments: Radio, Publishing, and Corporate & Emerging Technologies. It operates 16 FM and 3 AM radio stations in New York, Los Angeles, St. Louis, Austin and Indianapolis. The company also develops and licenses TagStation®, a cloud-based software platform that allows a broadcaster to manage album art, meta data and enhanced advertising on its various broadcasts. It also develops NextRadio, a smartphone application that marries over-the-air FM radio broadcasts with visual and interactive features on smartphones. In addition, Emmis provides Dial Report that offers radio advertising buyers and sellers big data analytics derived from radio station networks, smartphone usage, location-based data, demographic profiling and listening data.

Products

As stated above, Emmis Communications owns stations in major cities across the U.S. The company only owns 50.1% of the six stations in Austin, Texas. Below is a table with the company's various radio stations, including data on their revenues, format and primary demographic target ages.

STATION AND MARKET	MARKET RANK BY REVENUE	FORMAT	PRIMARY DEMOGRAPHIC TARGET AGES
Los Angeles, CA	1		
KPWR-FM		Hip-Hop	18-34
New York, NY	2		
WQHT-FM		Hip-Hop	18-34
WBLS-FM		Urban Adult Contemporary	25-54
St. Louis, MO	23		
WLIB-AM		Urban Gospel	25-54
Austin, TX	32		
KPNT-FM		Alternative Rock	18-34
KSHE-FM		Album Oriented Rock	25-54
KNOU-FM		Contemporary Hit Radio	18-34
KFTK-FM		Talk	25-54
Indianapolis, IN	37		
WFNI-AM		Sports Talk	25-54
WYXB-FM		Soft Adult Contemporary	25-54
WLHK-FM		Country	25-54
WIBC-FM		News/Talk	

Hip-Hop stations typically perform very well and bring in the most revenue, and EMMS dominates the markets in both Los Angeles and New York, holding the first and second spots in market rank by revenue, respectively.

EMMS also owns five regional magazines: *Los Angeles Magazine*, *Orange Coast*, *Atlanta*, *Indianapolis Monthly*, and *Cincinnati*. These publishing assets represent a much smaller portion of the company's

value. In the most recent annual SEC filing, Emmis announced that it is exploring strategic alternatives and will potentially sell off its publishing division (except *Indianapolis Monthly*).

EMMS's most exciting up-and-coming product is NextRadio, which enriches the user experience of listening to free over-the-air radio broadcasts on their FM-enabled smartphones and other wireless devices.

On August 9, 2013, NextRadio LLC, a wholly-owned subsidiary of Emmis, entered into an agreement with Sprint, whereby Sprint agreed to pre-load the NextRadio smartphone application on a minimum of 30 million FM-enabled wireless devices over a three-year period.

On July 27, 2015, NextRadio entered into an agreement with AT&T, whereby AT&T agreed to include FM chip activation in its Android device specifications to wireless device manufacturers. In exchange, AT&T will receive a share of certain revenue generated by the NextRadio application.

Industry

EMMS is in a unique situation for its industry in that the company has a high valuation and still dominates multiple cities. The high valuation comes from the company's old assets and various stations.

EMMS recently sold off its Terre Haute cluster for about \$5.2 million, and there are still plenty of buyers for its older assets. The company also intends to increase its revenues through advertising and targeting accurate demographics. These advertisements are getting more and more competitive as many smaller companies don't have the assets to advertise often. Within the past year, 15% of Emmis's annual advertising revenues were derived from national sales, while 85% were derived from local sales.

Value

Since EMMS has only come out with one new product recently, it's clear that the company is likely to keep selling assets to create value for investors. There are two different segments that we need to consider to

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	2015	2016	2017(A)
REVENUES	\$237,938,000	\$231,433,000	\$214,568,000
INCOME (LOSS)	(\$99,259,000)	\$1,952,000	\$13,119,000
WORKING CAPITAL	\$13,125,000	\$406,000	(\$8,146,000)
BOOK VALUE	(\$5.53)	(\$4.76)	(\$3.07)
TOTAL SHARES	10,634,000	11,034,000	12,040,000
FLOAT	N/A	N/A	8,610,000
(A) TWELVE MONTHS ENDED 02/28/17			

MINIPRICED STOCKS IN BUYING RANGE

SYMBOLS: (A) NYSE MKT; (CM) NASDAQ CAPITAL MARKET, WAS THE SMALL CAP MARKET; (GM) NASDAQ GLOBAL MARKET, WAS NATIONAL MARKET; (N) NEW YORK STOCK EXCHANGE; (NR) NOT RATED; (QB) OTC QB MARKET; (QX) OTC QX MARKET; # PREVIOUSLY APPEARED ON LIST, BUT WAS REMOVED BECAUSE IT HAD RISEN ABOVE \$3.00/SHARE; FIGURES IN PARENTHESIS ARE LOSSES.

Date of Recommend & Market	Issue/Trading Symbol	Principal Business	Price 07/07/17	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
03/17(CM)	CENTRAL FEDERAL (CFBK)	BANK HOLDING COMPANY	2.15	\$0.000	\$11.8	\$3.810	16.3	11
12/16(QB)	FRANKLIN WIRELESS (FKWL)	WIRELESS SOLUTIONS	2.35	\$0.000	\$60.6	\$1.856	10.5	12
06/17(QB)	MIKROS SYSTEMS (MKRS)	ADVANCED MAINTENANCE PRODUCTS	0.52	\$0.000	\$5.8	\$0.171	35.5	10
11/15(QX)	OURPET'S COMPANY (OPCO)	PET SUPPLIES	1.48	\$0.673	\$27.4	\$2.262	15.2	10
02/17(QX)	PRECISION AUTO CARE (PACI)	AUTOMOBILE MAINTENANCE CENTERS	1.72	\$1.093	\$28.4	\$1.189	22.7	10
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
# 03/13(GM)	ADVANTAGE TECH (AEY)	CABLE TV EQUIPMENT	1.59	\$3.466	\$38.7	\$0.294	10.1	9
03/16(CM)	BROADWAY FINANCIAL (BYFC)	BANK HOLDING COMPANY	2.15	\$0.000	\$17.8	\$4.079	18.7	8
11/16(N)	CHINA NEW BORUN (BORN)	CORN PRODUCTS IN CHINA	1.32	\$0.000	\$350.4	\$16.960	25.7	9
07/17(CM)	EMMIS COMMUNICATIONS (EMMS)	DIVERSIFIED MEDIA	2.92	\$228.027	\$214.6	\$13.119	11.4	8
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	2.00	\$0.000	\$18.5	\$0.901	5.2	9
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	1.79	\$0.000	\$26.3	\$1.328	7.4	8
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	0.90	\$1.812	\$18.1	(\$0.289)	27.6	8
01/15(N)	NEVADA GOLD & CASINOS (UWN)	GAMING OPERATIONS	2.24	\$16.231	\$72.7	\$0.744	17.8	8
11/14(QB)	NOBLE ROMAN'S (NROM)	PIZZA FRANCHISES AND LICENSES	0.45	\$2.497	\$8.3	\$0.632	20.8	8
02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	1.53	\$0.000	\$110.4	(\$0.857)	26.6	8
01/17(CM)	ONE GROUP HOSPITALITY (STKS)	GLOBAL RESTAURANT OPERATIONS	2.07	\$12.031	\$70.6	\$1.103	25.1	8
04/15(QB)	SCOTT'S LIQUID GOLD (SLGD)	HOUSEHOLD AND BEAUTY PRODUCTS	2.69	\$0.944	\$37.8	\$2.179	11.9	9
04/13(CM)	SPAR GROUP (SGRP)	MERCHANDISING AND MARKETING	1.05	\$0.004	\$152.1	\$0.818	20.7	8
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	2.43	\$0.170	\$12.2	\$0.461	24.7	8
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
# 05/14(CM)	CPS TECHNOLOGIES (CP SH)	ADVANCED MATERIAL SOLUTIONS	1.22	\$0.000	\$13.0	(\$1.255)	13.2	NR
06/14(A)	DYNASIL CORP. (DYSL)	OPTICAL COMPONENTS	1.22	\$1.507	\$40.2	\$3.366	17.0	NR
07/14(QB)	FITLIFE BRANDS (FTLF)	NUTRITIONAL SUPPLEMENTS	0.51	\$0.230	\$23.0	(\$0.779)	10.5	7
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	SPECIALTY CHEMICALS	1.76	\$0.402	\$15.9	\$1.834	11.5	7
08/16(CM)	FULL HOUSE RESORTS (FLL)	CASINO OPERATIONS	2.45	\$99.110	\$153.6	(\$5.366)	22.9	8
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	0.78	\$9.692	\$12.9	\$1.499	39.4	NR
# 12/15(A)	INFUSYSTEM HOLDINGS (INFU)	MEDICAL INFUSION PUMPS	1.70	\$26.577	\$70.5	(\$0.222)	22.6	NR
# 07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	2.75	\$10.167	\$24.1	\$1.670	24.1	7
Office: 2603 Challenger Tech Ct., Ste. 100, Orlando, FL 32826, Tel: (407) 382-4003, www.lightpath.com								
07/16(CM)	LRAD CORP (LRAD)	ACOUSTIC SYSTEMS	1.79	\$0.000	\$18.5	(\$0.752)	31.8	10
07/10(QB)	REPRO MED SYSTEMS (REPR)	DESIGN/PRODUCE MED PRODUCTS	0.42	\$0.000	\$12.6	(\$0.076)	37.8	7
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	1.14	\$1.027	\$9.7	\$0.096	15.0	7
# 06/16(A)	SUNWORKS, INC. (SUNW)	SOLAR ENERGY SYSTEMS	1.74	\$0.822	\$81.3	(\$11.907)	22.4	NR

We recommend only purchasing companies rated 8 or higher. If a company's rating drops, do not sell. For when to sell, refer to the Game Plan on page 2.

Nova LifeStyle gains on e-commerce growth

Nova LifeStyle (NVFY) was the largest gainer this month due to a positive press release that covered the huge increase in the variety of its product line and noteworthy e-commerce growth.

This was largely due to an increase in the number of products being sold online through a combination of direct retail and third-party sellers. The company now offers over 450 different product options to retailers across the world (up over 200% from 2016).

The stock surged higher despite the CFO of the company selling 100% of his stake (totalling 4,156,403 shares). Insider activity usually scares some investors, but long-term holders didn't react much to this large insider sell.

NTIP sells off despite repurchase program

Network-1 Technologies (NTIP) shares sold off 14% this month, leaving the stock just above its 200-day simple moving average.

The only noteworthy press release was an increase in the company's share repurchase program. To date, NTIP has repurchased 7,104,711 shares of its common stock under the program since inception in August 2011. The purchases come at an average price of \$1.72 per share for a total cost of approximately \$12,214,110, excluding commissions).

CEO Corey M. Horowitz stated that he still believes the stock is "undervalued." This is the fifth increase in the share repurchase program.

FOLLOW-THROUGH AND STOCKS TO SELL

WE ENCOURAGE SUBSCRIBERS TO BUY OUR STOCKS WHEN THEY ARE \$3 OR LESS. HOWEVER, WHEN THEY GO ABOVE \$3, WE FOLLOW THEM IN THE FIRST GROUP BELOW. IN BOTH OF THE FOLLOWING LISTS, COLUMN 1 GIVES THE SHARE PRICE AS OF 07/07/17 PLUS THE CURRENT BOWSER RATING. COLUMN 2 IN THE FIRST LIST BELOW INCLUDES THE MONTH/YEAR WE ORIGINALLY RECOMMENDED THE ISSUE, THE PRICE PER SHARE THEN AND THE BOWSER RATING. (NR=not rated)

ISSUE/EXCHANGE SYMBOL	1	2	ISSUE/EXCHANGE SYMBOL	1	2
ATLANTIC AMERICAN (GM:AAME)	\$3.60(7)	02/12 \$2.05(8)	MEET GROUP (CM:MEET)	\$5.04(8)	10/15 \$1.62(10)
CEMTREX, INC. (CM:CETX)	\$3.53(NR)	05/16 \$1.96(8)	NETWORK-1 TECHNOLOGIES (A:NTIP)	\$3.80(7)	03/15 \$2.29(10)
COMMAND SECURITY (A:MOC)	\$3.20(9)	03/14 \$1.92(11)	PLANET PAYMENT (CM:PLPM)	\$3.38(NR)	07/15 \$2.42(10)
DLH HOLDINGS (CM:DLHC)	\$5.74(8)	01/14 \$1.53(9)	RIVERVIEW BANCORP (GS:RVSB)	\$6.94(9)	06/13 \$2.30(9)
ELECTROMED (A:ELMD)	\$5.41(10)	09/15 \$1.64(10)	ROYAL BANCSHARES OF PA (GM:RBPA)	\$4.25(7)	10/14 \$1.65(9)
GOLDFIELD CORP. (A:GV)	\$5.15(9)	06/12 \$1.58(8)	SIMULATIONS PLUS (CM:SLP)	\$12.95(10)	05/10 \$2.46(9)
ITERIS (A:ITI)	\$6.12(9)	12/06 \$2.21(8)	SMITH-MIDLAND (QX:SMID)	\$7.62(10)	02/16 \$2.38(10)
			SOCKET MOBILE (CM:SCKT)	\$4.20(8)	09/16 \$2.59(10)
MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$5.65(10)	02/10 \$1.10(9)	VIRCO MANUFACTURING (GM:VIRC)	\$5.15(10)	06/15 \$2.51(11)

THE FOLLOWING WE SAID SHOULD BE SOLD

(COLUMN 2 SHOWS THE DATE, PRICE AND BOWSER RATING WHEN WE RECOMMENDED THE STOCK BE SOLD)

INFOSONICS (CM:IFON)	\$0.45	12/16 \$0.39(8)	PAYBOX CORP. (PBOX)	\$0.24	04/17 \$0.27(7)
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BRIEFS

Broadway Financial (BYFC) has been informed that the U.S. Department of the Treasury sold a total of 1,832,092 shares of BYFC's stock at \$1.90 per share. . . . **Cemtrex (CETX)** may from time-to-time issue up to an aggregate \$20,000,000 of securities. CETX was also added to the Russell Microcap® Index as part of the Index's annual reconstitution. . . . **DLH Holdings (DLHC)** was selected by *FedHealthIT* magazine as one of its 2017 Innovation Award winners for its Aligned Monitoring System 2.0. . . . **Full House Resorts (FLL)**, completed a \$5 million transformation of Grand Lodge Casino, located at Hyatt Regency Lake Tahoe Resort, Spa & Casino. . . . **FitLife Brands (FTLF)** announced iSatori will attend and showcase its products at the 2017 Europa Games Expo on June 17 – 18 in Dallas, TX. . . . **Goldfield (GV)** announced the appointment of Jason M. Spivey as President of Power Corporation of America and Southeast Power, electrical construction subsidiaries of Goldfield,

effective June 19, 2017. . . . **InfuSystem Holdings (INFU)** received a letter from 22NW Fund to acquire all outstanding shares of INFU for \$2.00 per share. INFU rejected the offer as inadequate and not in the best interests of INFU shareholders. InfuSystem also announced that Darrell B. Montgomery and Christopher R. Sansone were elected as new board members. INFU recently amended its existing credit facility with JPMorgan Chase Bank, N.A. . . . **Iteris (ITI)** was added to the Russell Microcap® Index. . . . **LightPath Technologies (LPTH)** was added to the Russell Microcap® Index. . . . **Manhattan Bridge (LOAN)** announced that a cash dividend of \$0.1025 per share will be paid to all shareholders of record as of July 10, 2017. The dividend will be paid on July 17, 2017. . . . **LRAD Corp. (LRAD)** received multiple international AHD orders totaling over \$1 million. . . . **The Meet Group (MEET)** entered into a cooperation agreement with Harvest Capital Strategies LLC, who owns approximately 6.3% of MEET's outstanding shares, regarding

the composition of The Meet Group's Board of Directors. . . . **Mikros Systems (MKRS)** received a second contract from the U.S. Navy for development of a new upgrade to Mikros' ADSSS® product line. The new award increases existing funding from \$1.5 million to \$2 million. . . . **MamaMancini's (MMMB)** resumed its aggressive marketing campaign June 26, 2017 through the July 4, 2017 holiday period. . . . **Network-1 Tech. (NTIP)** extended and increased its previously announced share repurchase program to buy back up to \$5,000,000 of shares of its common stock over the next two

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Central Federal	B-3,000	2	\$2.24
International Baler	B-14,600	3	\$2.00-\$2.25
InfuSystem Holdings	B-20,109	2	\$1.50
Iteris	S-385,218x	2	\$5.47-\$5.50
	D-88,028x	1	\$0.00
Manhattan Bridge	B-5,000	1	\$4.99
Network-1 Tech.	A-50,000	2	\$0.00
	D-13,599	2	\$4.00
Nova LifeStyle	S-4,156,403	1	\$1.41
OurPet's	OE-159,333x	7	\$0.49-\$0.70
Repro Med Systems	A-86,883	6	\$0.47
	A-8,866x	1	\$0.00
Simulations Plus	S-41,015	5	\$0.00
Sunworks	B-108,451x	10	\$1.53-\$1.92
Virco Manufacturing	A-200,404	12	\$4.95
	D-25,911	10	\$4.55-\$5.10

A-Acquisition (Non Open Market), B-Bought, D-Disposition (Non Open Market), OE-Option Exercise, S-Sold, x-indirect holdings. Information obtained from Nasdaq.com.

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BUCKAROOS SPEAK

What's With MamaMancini's Drop?

Is there anything behind MamaMancini's (MMMB) 20% drop on Friday, July 7?

--Rich Kealey, Oak Lawn, IL

MMMB slid \$0.25 (21.7%) on higher than average volume after gaining more than 60% over the past six months. Like Rich, we searched for a cause, but came up empty. No news, no rumors, no insider sales.

Three "large" sales took place: 12k shares @ \$1.05, 7k shares @ \$0.95 and 5k shares @ \$1.10. The higher volume increased volatility and dropped share price.

This move is likely short-term as the share price should level off or climb slightly.

Precision Auto Care's Buyout

What are the details of the Precision Auto Care (PACI) buyout?

--Dean Shelato, West Chester, PA

CEO Robert Falconi stated that when the deal is closed within the next month or so, the company is likely to receive \$33-\$38 million for the acquisition. The company has not issued any press releases regarding the actual buyout price.

PACI will likely announce the details as soon as it's closed. That said, \$33 million over the 22,700,000 shares outstanding equates to a minimum buyout price of \$1.45 (maximum of \$1.67).

This is currently just below the market value of the stock. The stock price could continue to increase, but due to the market value being higher than the buyout price, we recommend selling the stock to lock in your profits.

COMPANY OF THE MONTH... CONTINUED

calculate the company's value.

The publishing assets are the easiest to evaluate. The company recently sold *Texas Monthly*, \$25 million of the \$53 publishing division's value. Since this portion of the business is dying out and has not resulted in huge profits, buyers are likely to pay significantly less. We'll estimate a \$10 million value for the remaining portion of the publishing assets, giving a total value of \$35 million.

The radio broadcasting segment is the most complicated to evaluate. The Austin segment is 50.1% owned by EMMS, which represents about 33% of the market share. This gives us an estimate of about \$30 million in revenue, or about 25% of the company's total revenues for EBITDA of about \$10.5 million. To calculate value from EBITDA, one must multiply it by the industry average of 8. This gives a value of approximately \$84 million for the Austin stations. EMMS owns 50.1% of that value, or \$42 million. The other radio stations have an estimated EBITDA of \$30 million, for a total value of \$240 million. Combining the \$240 million and \$84 million valuation figures gives the radio broadcasting segment a huge value of \$324 million.

To get a per-share valuation, combine the \$35 million publishing segment, with the \$324 million radio segment for a total value of \$359 million. Then subtract the debt of \$299.5 million for a leftover value of \$59.5 million. With 11.35 million shares outstanding, the per-share value is \$5.26, an 80% premium over the current share price.

Risks

Emmis Communications is vulnerable to various risks depending on how shareholders vote moving forward. The company has gotten three buyout offers from the CEO for \$4.10 per share, but the shareholders have rejected the offers all three times. If shareholders vote the other way down the road, the premium would likely be smaller.

The risk of strict regulations from the FCC may hinder growth as it prevents companies from dominating a specific city's radio stations. However, EMMS is attractive for its value, not its growth rate.

Lastly, the huge long-term debt and fluctuating profitability is worrisome, but as long as the company's assets are highly-valued then it should be fine with respect to liquidity.

Outlook and Conclusion

Moving forward, the company will likely try to sell select assets and continue to focus on expanding its revenues from radio broadcasting, while enhancing profitability as well.

Shareholders have voted wisely in the past, as the value clearly outweighs that of the buyout offer. The stock has a 52-week high of \$4.33 per share, which was higher than the buyout offer of \$4.10. Demand for the stock is likely to increase as the gap between the buyout offer and the current stock price will inevitably push it back up over \$3.00 per share.

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Beginner's Portfolio Up 250%

BOUGHT: MKRS (200 Shares) @ \$0.52 plus \$10 commissions = \$114

SOLD: NTIP (50 Shares) @ \$3.78 less \$10 commissions = \$179

	<u>Cost</u>	<u>07/07/17</u>		<u>Cost</u>	<u>07/07/17</u>		<u>Cost</u>	<u>07/07/17</u>	Proceeds
AAME	280/Mar '12	380	RBPAA*	188/Nov '14	213	BYFC†	398/Apr '16	430	From Sales
ITI*	162/Aug '12	306	UWN	180/Jul '15	224	SUNW†	482/Jul '16	348	
SGRP	178/Apr '13	105	SLGD*	122/ Jul '15	135	FLL†	384/Sep '16	490	179
AEY	248/May '13	159	OPCO†	196/Dec '15	296	PAC†	198/Apr '17	344	(114)
MOC	209/May '14	320	PLPM†	590/Jan '16	676	MMMB†	200/Jun '17	180	11,086
DYSL	185/Aug '14	122	SMID†*	540/Mar '16	762	MKRS†	114/Jul '17	104	

Current Holdings Value: 5,594

Proceeds from Sales: 11,086

Total Value of Portfolio: **16,680**

Original cost for all stocks: \$4,766

*Half of original holdings

†Bought 200 Shares

Gain: 16,680 minus 4,766 = 11,914

Percentage of gain: 11,914 divided by 4,766 x 100 = 250.0

Compound Annual Growth Rate: 8.24%

Comments: **This is a simulated portfolio** for those who would like to actively participate in the stock market...**They want an approach that will serve as a learning situation**...An investment of up to \$300 a month is required...**With each new Company of the Month, 100 shares were purchased until we had 18**...We use an internet broker...**We follow the Bowser Game Plan. Portfolio started Sep. '01.**

BEGINNER'S PORTFOLIO EXPLANATION

Network-1 Technologies (NTIP) fell 25% from its most recent high of \$5.05. As a result, we sold the remaining 50 shares in the Beginner's Portfolio. Other subscribers who saw NTIP double should have followed suit. Replacing NTIP is **Mikros Systems (MKRS)**, June 2017's Company of the Month.

EARNINGS

	<u>Quarter Ended</u>	<u>Current Sales</u>	<u>Same Period Last Year</u>	<u>Current Earnings</u>	<u>Same Period Last Year</u>	<u>Comments</u>
Command Security (MOC)	03/31/17	\$40,764,522	\$31,449,329	(\$2,714,959)	(\$1,355,119)	(A)
Virco Manufacturing (VIRC)	04/30/17	\$23,235,000	\$20,827,000	(\$2,211,000)	(\$3,138,000)	(B)

(A) Craig P. Coy, CEO of MOC, said, "We continue to make great progress on a number of initiatives. In general, the industry is seeing significant changes as consolidation continues. This is providing many new opportunities as the big three or four security companies work to integrate and consolidate their brick and mortar operations while seeking to provide consistent service to their customers. We are adapting to a technology-based service delivery model which focuses more attention on the customer. With

this approach we have successfully added new large contracts with high quality companies that value service and results."

(B) "We're very happy to finally see a recovery of this magnitude. Our hope and expectation that this would happen is the reason we struggled to hang on to all of our productive assets and highly skilled employees. This summer will test all of our resources, but this is what we've waited for and we're excited by the challenge," commented VIRC CEO Robert Virtue.

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years (for a total authorization since inception of approximately \$17,000,000). . . . **OurPet's (OPCO)** announced new and expanding relationships with partners in Germany, China, and South Korea. . . . **Planet Payment (PLPM)** launched UnionPay International's SecurePlus to enable the acceptance debit and credit cards online. PLPM later announced the launch of Pay In Your Currency® in affiliation with KCB Bank in East Africa. . . . **Riverview Bancorp (RVSB)** declared a quarterly cash dividend of

\$0.0225 per share, payable on July 25, 2017, to shareholders of record as of July 14, 2017. RVSB also was added to the Russell 2000® and 3000® Indices. . . . **Simulations Plus (SLP)** released preliminary revenues for the third quarter of its fiscal year 2017 of \$6.69 million, compared to \$6.01 million for the same period in 2016. . . . **Sunworks (SUNW)** announced a new project for a 1.06 megawatt (MW) solar system at Demas Farms in Winnemucca, NV. The installation is expected to generate energy savings in excess of \$3.6 million over the next 25 years.

NOTES BY THE EDITOR

The past month has been quiet since most companies will not report earnings until the end of July. The most noteworthy headlines were in regard to product line growth and marketing strategies.



July's Company of the Month is not your typical Bowser recommendation. Keep in mind that you need to distinguish between growth and value plays in order to understand what to expect from a company in the long run.

FIVE BOWSER STOCKS UP AND DOWN

Nova LifeStyle	UP	19%	Flexible Solutions	DOWN	17%
Electromed	UP	17%	Network-1 Tech.	DOWN	14%
Virco Manufacturing	UP	14%	LightPath Tech.	DOWN	12%
InfuSystem Holdings	UP	13%	OurPets	DOWN	8%
Mikros Systems	UP	13%	Repro Med Systems	DOWN	7%

June, July and August are the typically much slower months, which we covered on the front page. The data provided supports various theories, but it's important that you stick to the Bowser Game Plan. Being aware of these trends is important for understanding price fluctuations.

Publisher Thomas Rice and I will be out of town without Internet connection the weekend of July 15.

As a result, there will not be a weekly newsletter. However, we will include all of next week's updates in the following weekly newsletter. Be sure to check it out or email either of us with any questions!