



# Five May takeaways

## Lessons learned during a volatile month in the market

May was a perfect example of the roller coaster ride that is the stock market. After retesting its all-time high, the S&P 500 fell 6%. Then, just before the four weeks wrapped up, the index rallied 5.7%. Bowser stocks slightly underperformed as a result of the volatility. Adapting to this price action and learning to avoid emotional decision-making is important to an investor's success in the market.

### Understand Market Volatility

Market volatility can be scary for any investor. At a glance, you may think that a 6% drop from major indices results in a 6% drop from your portfolio, but unless you're only investing in the safest stocks possible, your portfolio is likely to take a bigger hit.

The best way to track volatility is by following the Volatility Index (VIX). Historically, a spike over \$25/share from VIX is usually due to an unexpected headline, which can provide buying opportunities for long-term investors. Below is a chart of the S&P 500 ETF (SPY) and the VIX for comparison:



Each candlestick represents one trading day of the past year. Letters A, B and C show instances

in which VIX has spiked due to various unexpected headlines. The larger the spike, the better the buying opportunity. Still, most investors shy away during these times as headlines and rumors can result in overthinking the investment process.

### Ignore the Headlines

With today's political climate, it's easy to get caught up in the headlines. There was an average of two political headlines everyday throughout the past month. Ignoring the non-event headlines is important. These recent headlines may have led to a drop from equities, but did not warrant much concern. By focusing on the VIX and ignoring the non-event headlines, you avoid getting swept up by emotion and making rash decisions.

### Take Profits

We've broken down the Bowser Game Plan time and time again, yet one of its most overlooked steps is part two of step five.

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.

**Taitron Components (TAIT)** was recommended in May 2018 at \$1.60 per share. The stock doubled as of April 2, 2019, which means most subscribers should have taken half of their profits. The stock only pulled back 14% prior to its huge run to \$7.35/share in early May. Following that run, the stock slid over 25% down to \$5.51 per share, resulting in the sale of all remaining shares.

TAIT alone could have substantially dragged down your portfolio over the past month. The stock dropped 52% from the sell price, at which point your profits would have taken a huge hit. It's easy to let a winner ride, but it's even easier to let a winner become a loser. All it took was a poor earnings report and a 6% drop from major indexes to make last month's top gainer this month's top laggard.

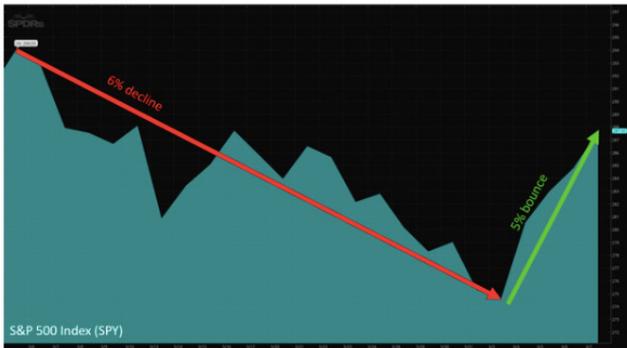
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### Disregard Seasonality

We debunked the “Sell in May and Go Away” theory in July 2017’s monthly issue. Seasonality may affect certain major indices, but it doesn’t play a big role in Company of the Month performance. Smaller stocks don’t have a sufficient market correlation to realize the effects of seasonality.

Over the course of this 6% pullback, there was a revival of the “Sell in May and Go Away” trend, and investors started buzzing once again. If that were the case, you would have missed out on the recovery, which once again would have dented your profits and exaggerated your losses. Below is a chart of the S&P 500 performance:



The past month was another reminder that although seasonality may shake up major indices from time to time, it’s still not worth overthinking the investment process and entering or exiting prematurely. Your goal is to always keep it simple.

### Focus On Winners

One of the simplest reminders is to focus on winners.

## The ONE Group refinances

The ONE Group Hospitality (STKS) successfully closed a new credit facility that includes a \$10 million term loan and a new \$10 million revolving credit facility. Based on current market conditions, the refinancing represents a 240 to 290 basis point reduction in STKS’s borrowing costs and is expected to reduce annual interest expense by approximately \$0.4 to \$0.5 million per year.

# Market Overview

BWSR AVG ↓ 4.2%	DJIA ↑ 0.5%	S&P 500 ↓ 0.1%	NASDAQ ↓ 2.8%	RUS 2000 ↓ 4.2%
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**Major indices showed mixed results due to varying trade headlines and Federal Reserve comments.** The recent employment data indicated a higher likelihood of a rate cut within the next six months. Bowser stocks lagged with small stocks as a whole and performed in line with the Russell 2000 Index. **Liberated Syndication (LSYN)** and **Repro Med Systems (REPR)** shined and hit new all-time highs on low relative volume.

**Repro Med Systems (REPR)** and **Liberated Syndications (LSYN)** were back at the top of the leaderboard. Both hit all-time highs and closed out the month strong. If you got sidetracked by the market volatility or the numerous non-event political headlines, then you could have easily lost track of these movers. LSYN is getting close to the 100% gain milestone, while REPR is showing relative strength following months of strong insider buying.

By focusing on your winners and taking profits appropriately, you avoid deviating from the Game Plan. When volatility spikes and headlines overwhelm the investment thought process, you should hold to your strategy to the best of your ability. If you check VIX regularly and ignore the non-event news, you’ll stay on the same track for long-term success in the stock market.

## Libsyn inks deal with Entercom

**Liberated Syndication (LSYN)** announced a new agreement with Entercom, one of the two largest radio broadcasters in the United States, to distribute Libsyn podcasts on RADIO.COM.

"The RADIO.COM partnership will make it easier for listeners to consume our great podcasts by making them directly available on an app they already use daily," said Rob Walch, V.P. of Podcaster Relations.

## 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

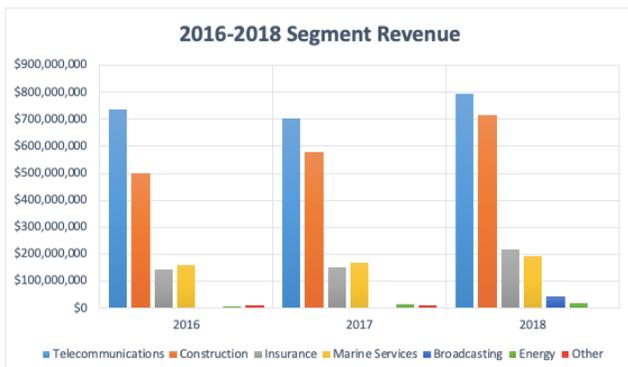
# COMPANY OF THE MONTH

**HC2 Holdings (HCHC)** is a diversified holding company that seeks opportunities to acquire and grow businesses that can generate long-term sustainable free cash flow and attractive returns. Its operating segments consist of Construction, Marine Services, Energy, Telecommunications, Insurance, Life Sciences, Broadcasting and Other. HC2's largest operating subsidiaries include DBM Global Inc., a family of companies providing fully-integrated structural and steel construction services, and Global Marine Systems Limited, a leading provider of engineering and underwater services on submarine cables. The company was founded in 1994 and currently has 4,119 employees.



## Sales

HC2 is an asset-rich company that has fallen to an appealing share price. Its operating segments are complex, but can be simplified by analyzing their top and bottom line results. Below is a chart of their top line results:



The Construction segment had the largest revenue increase, and only two segments (Life Sciences and Other) showed a year-over-year decline in revenue. The Life Sciences segment is not included in the above chart as it did not have revenue for FY18. However, these segments are a very small piece of the pie and did not significantly impact financial results.

Four of the eight segments reported increased operational income, with Construction leading the way. We're currently most optimistic about the Construction and Life Sciences segments based on the most recent financial results. Regardless, HC2 is likely to sell some of these businesses and continue to focus on value creation rather than individual segment growth.

## Value

There is potential for HC2 to increase its book value over the coming years. The Life Sciences segment added value following the sale of portfolio company, BeneVir Biopharm, Inc., to Janssen Biotech, Inc. in early May 2018. Aside from the value added to the company from the upfront cash payment, HC2 is eligible to receive up to \$512.2 million from potential milestone payments. These payments could add up to \$11 revenue per share, which will dramatically increase book value. Shares of HCHC spiked to a 3-year high of \$7.79 following the news and have not revisited that level since.

With regard to future asset sales, management has expressed interest in selling The Global Marine Group (GMSL), its Marine Services Segment market leader. While the company has not expressed interest in selling Broadcasting assets, this is likely the long-term game plan as HCHC invests capital into potential growth. The value of these two segments combined with its recent Insurance Segment growth are the main catalysts for future value creation.

In comparison to its competitors, HC2 does not have a very high price/earnings (P/E) ratio; 0.65 is well below the industry average of 20. Book value recently jumped above \$7 per share, for a price/book (P/B) ratio of 0.32. This shows an undervaluation in relation to its competitors, which have an average P/B ratio of 2.5. All in all, HC2 is deeply undervalued by almost every metric and has long-term value creation prospects lined up.

## Ownership

Institutional investors currently own 62% of the shares outstanding, which is no surprise as value investments with multiple revenue channels are usually safer in the long run. Despite the drop in share price, institutions are accumulating more

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	2016	2017	2018
REVENUES	\$1,558,126	\$1,634,123	\$1,976,700
INCOME (LOSS)	(\$94,549)	(\$46,911)	\$162,000
WORKING CAPITAL	\$1,968,037	\$1,987,302	\$5,084,700
BOOK VALUE	\$1.18	\$1.70	\$1.98
TOTAL SHARES	37,260	42,824	44,300
FLOAT	N/A	N/A	43,730

\*All numbers except book value in thousands.

# 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 06/07/19	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
<b>CATEGORY ONE: BEST COMPANIES (RATED 10+)</b>								
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	1.17	\$0.000	\$10.5	\$10.134	22.9	10
03/16(CM)	BROADWAY FINANCIAL (BYFC)	BANK HOLDING COMPANY	1.33	\$81.200	\$12.7	\$1.176	18.5	10
06/19(N)	<b>HC2 HOLDINGS (HCHC)</b>	<b>DIVERSIFIED HOLDING COMPANY</b>	<b>2.34</b>	<b>\$762.000</b>	<b>\$2,014.5</b>	<b>\$194.196</b>	<b>44.8</b>	<b>12</b>
02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	0.73	\$0.000	\$115.3	\$7.435	27.6	10
# 05/18(CM)	TAITRON COMPONENTS (TAIT)	ELECTRONIC COMPONENTS	2.60	\$0.000	\$8.0	\$1.503	4.9	10
Office: 28040 West Harrison Pkwy., Valencia, CA 91355, Tel: (661) 257-6060; www.taitroncomponents.com								
<b>CATEGORY TWO: GOOD COMPANIES (RATED 8-9)</b>								
# 07/18(CM)	B.O.S BETTER ONLINE (BOSC)	RFID AND MOBILE SOLUTIONS	2.48	\$2.206	\$32.1	\$0.941	3.9	8
06/14(A)	DYNASIL CORP. (DYSL)	OPTICAL COMPONENTS	1.02	\$1.660	\$42.8	\$1.254	17.5	9
# 06/08(A)	FLEXIBLE SOLUTIONS (FSI)	<b>Now above \$3 per share; See page 5 (Follow-through)</b>						
03/19(CM)	INSIGNIA SYSTEMS (ISIG)	MARKETING SERVICES	1.06	\$0.000	\$30.9	\$0.467	11.9	9
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.55	\$0.000	\$12.3	\$0.312	5.2	9
12/17(QB)	LEATT CORP. (LEAT)	PERSONAL PROTECTIVE EQUIPMENT	2.12	\$0.286	\$25.0	\$1.064	5.4	8
08/18(QB)	LIBERATED SYNDICATION (LSYN)	PODCASTHOSTING AND MEDIA	2.97	\$6.045	\$23.2	\$4.784	29.3	8
05/19(N)	SAFE BULKERS (SB)	MARINE DRY BULK TRANSPORTATION	1.49	\$538.508	\$198.0	\$15.765	101.5	9
<b>CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)</b>								
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	2.10	\$139.019	\$400.2	\$8.837	46.3	7
10/18(CM)	AEHR TEST SYSTEMS (AEHR)	SEMICONDUCTOR TEST EQUIPMENT	1.65	\$0.000	\$18.1	(\$5.154)	22.4	7
11/16(N)	CHINA NEW BORUN (BORN)	<b>Sell recommendation; See below</b>						
# 05/14(CM)	CPS TECHNOLOGIES (CPHS)	ADVANCED MATERIAL SOLUTIONS	1.15	\$0.000	\$22.7	(\$3.876)	13.2	8
01/19(CM)	FORWARD INDUSTRIES (FORD)	CARRYING CASES AND ACCESSORIES	1.29	\$0.008	\$37.5	(\$1.277)	9.5	NR
12/16(QB)	FRANKLIN WIRELESS (FKWL)	WIRELESS SOLUTIONS	2.59	\$0.000	\$37.5	(\$1.081)	10.5	NR
# 08/16(CM)	FULL HOUSE RESORTS (FLL)	CASINO OPERATIONS	2.06	\$111.501	\$166.4	(\$1.702)	27.0	9
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	1.80	\$8.310	\$19.6	\$1.143	17.3	7
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	2.47	\$21.172	\$91.6	(\$3.094)	20.0	NR
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.54	\$1.190	\$54.9	\$1.410	33.8	7
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	2.00	\$0.000	\$24.1	(\$0.964)	7.4	8
07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	0.96	\$5.141	\$33.1	(\$1.726)	25.8	7
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	0.52	\$5.168	\$28.5	\$0.550	31.6	7
06/17(QB)	MIKROS SYSTEMS (MKRS)	ADVANCED MAINTENANCE PRODUCTS	0.28	\$0.341	\$8.1	\$0.257	35.6	7
# 08/17(CM)	NATIONAL HOLDINGS (NHLD)	INVESTMENT BANKING	2.86	\$0.000	\$205.4	(\$3.047)	12.9	8
Office: 200 Vesey St., 25th Fl., New York, NY 10281, Tel: (212) 417-8000, www.yournational.com								
01/15(N)	NEVADA GOLD & CASINOS (UWN)	GAMING OPERATIONS	2.49	\$6.818	\$74.4	\$1.147	16.9	7
11/14(QB)	NOBLE ROMAN'S (NROM)	<b>Sell recommendation; See below</b>						
07/10(QB)	REPRO MED SYSTEMS (REPR)	DESIGN/PRODUCE MED PRODUCTS	1.98	\$0.000	\$18.4	\$0.423	38.2	7
09/18(CM)	SCHMITT INDUSTRIES (SMIT)	SCIENTIFIC AND TECH INSTRUMENTS	2.20	\$0.000	\$13.8	(\$0.716)	4.0	7
11/18(GS)	SEACHANGE INT'L (SEAC)	APPLICATION SOFTWARE	1.26	\$0.000	\$56.0	(\$43.380)	36.5	8
01/18(QX)	SINGING MACHINE CO. (SMDM)	KARAOKE AUDIO EQUIPMENT	0.36	\$0.251	\$48.2	\$0.214	38.4	NR
# 09/16(CM)	SOCKET MOBILE (SCKT)	DATA CAPTURE PRODUCTS	2.33	\$0.708	\$17.1	(\$0.334)	6.0	9
08/14(QB)	SONO-TEK CORP. (SOTK)	ULTRASONIC NOZZLES	2.45	\$0.708	\$11.6	\$0.162	15.1	7
04/13(CM)	SPAR GROUP (SGRP)	<b>Sell recommendation; See below</b>						
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	0.80	\$3.299	\$22.2	\$2.327	17.4	NR
06/18(GS)	U.S. AUTO PARTS (PRTS)	AFTERMARKET AUTO PARTS	1.07	\$0.192	\$285.8	(\$9.205)	25.5	NR
# 09/17(CM)	VIRTA (VTSI)	LAW ENFORCEMENT TRAINING SYSTEMS	2.95	\$1.401	\$17.8	\$0.591	7.7	7
Office: 7970 South Kyrene Rd., Tempe, AZ 85284, Tel: (480) 968-1488, www.virtra.com								
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	1.70	\$3.678	\$18.1	\$0.622	24.9	7

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.

## Sell Recommendations

This month we are recommending the following be sold if you have a current position:

- **China New Born (BORN)** due to a lack of readily available information;
- **Noble Roman's (NROM)** because, despite

efforts to reconstruct the company, financials remain poor; and

- **Spar Group (SGRP)**, which continues to underperform at a trailing twelve month net loss.

There were several category changes this month. For more information, contact us.

# 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 06/07/19 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
CENTRAL FEDERAL CORP. (CM:CFBK)	\$12.12(11)	03/17 \$9.00(11)	MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$6.15(10)	02/10 \$1.10(9)
*Price adjusted for 1-for-5 reverse split Aug. '18			NATIONAL HOLDINGS (CM:NHLD)	<b>Now \$2.86; See page 4</b>	
DLH HOLDINGS (CM:DLHC)	\$4.64(7)	01/14 \$1.53(9)	ONE GROUP HOSPITALITY (QB:STKS)	\$3.20(9)	01/17 \$2.12(8)
ELECTROMED (A:ELMD)	\$5.35(7)	09/15 \$1.64(10)	RADA ELECTRONIC (CM:RADA)	\$3.48(7)	03/18 \$2.16(10)
EMMIS COMMUNICATIONS (GS:EMMS)	\$3.60(NR)	07/17 \$2.92(8)	RIVERVIEW BANCORP (GS:RVSB)	\$8.10(9)	06/13 \$2.30(9)
FLEXIBLE SOLUTIONS (A:FSI)	\$3.35(9)	06/08 \$	SMITH-MIDLAND (QX:SMID)	\$8.90(9)	02/16 \$2.38(10)
INFUSYSTEM HOLDINGS (A:INFU)	\$4.70(NR)	12/15 \$2.88(8)	TAITRON COMPONENTS (CM:TAIT)	<b>Now \$2.60; See page 4</b>	
ITERIS (A:ITI)	\$5.42(7)	12/06 \$2.21(8)	VIRCO MANUFACTURING (GM:VIRC)	\$4.05(9)	06/15 \$2.51(11)
LANTRONIX (CM:LTRX)	\$3.43(11)	11/17 \$1.82(8)	VIRTRA (CM:VTSI)	<b>Now \$2.95; See page 4</b>	
LRAD CORP. (CM:LRAD)	\$3.23(9)	07/16 \$1.85(8)			

## THE FOLLOWING WE SAID SHOULD BE SOLD

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

CCA INDUSTRIES (N:CAW)	\$2.00	02/19 \$1.34	SUNWORKS, INC. (A:SUNW)	\$0.85	09/18 \$0.46
CEMTREX, INC. (CM:CETX)	\$0.23	01/19 \$0.81			

## BRIEFS

**Aehr Test Systems (AEHR)** received an order from Skorprios Technologies, Inc. for its FOX-P test and burn-in system. AEHR also began shipments of new FOX-CP and FOX-NP test and burn-in systems. . . . **Better Online Solutions Ltd.**

**(BOSC)** acquired the assets of Imdecol Ltd. BOSC also entered into and closed a securities purchase agreement for 400,000 ordinary shares at \$2.50 per share. . . . **Full House Resorts (FLL)** closed \$10 million in aggregate principal amount of senior secured notes due 2024. . . . **Galaxy Gaming (GLXZ)** received

## INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Aehr Test Systems	A-157,206	6	\$0.00
	OE-20,000	1	\$1.27
	S-20,000	1	\$1.56
Central Federal	B-1,000	1	\$12.63
	B-870x	1	\$12.47
	A-1,000	1	\$1.36
Dynasil Corp.	A-20,000	1	\$1.06
Emmis Communications	D-10,192	5	\$3.61
	A-21,098	5	\$0.00
Full House Resorts	B-20,000	1	\$2.21
	A-21,524	4	\$0.00
GSE Systems	B-100,000	2	\$2.30
	D-224,061	2	\$0.00-\$2.53
	OE-40,000	1	\$1.54
Insignia Systems	D-8,444	1	\$1.13
Innovative Food	B-15,735x	1	\$0.52
Lantronix	OE-94,985	7	\$0.00-\$1.95
LightPath Technologies	B-3,000	1	\$1.15
Manhattan Bridge Capital	B-5,000	1	\$6.00
Mikros Systems	OE-20,000	1	\$0.20
The ONE Group	D-4,623x	1	\$0.00
Repro Med Systems	OE-65,000	1	\$0.38
Riverview Bancorp	B-16,000	1	\$7.72
	OE-6,000	1	\$2.78
Scott's Liquid Gold	OE-37,286	2	\$0.792
Sono-Tek	S-2,062	2	\$2.42
SPAR Group	S-62,825	2	\$0.75
Taitron Components	OE-20,000	4	\$0.84-\$1.05
TSS, Inc.	D-142,857x	1	\$0.00
U.S. Auto Parts Network	B-594,893x	8	\$0.97-\$1.00
	B-148,192	5	\$0.97-\$1.03
	A-182,813	3	\$0.00
VirTra	B-3,460	1	\$2.98

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.

its manufacturer's licensing approval from Alcohol and Gaming Commission of Ontario and the Maryland Lottery and Gaming Control Agency. GLXZ later received an order granting its Gaming Related Contractor Certificate from the State of Wisconsin, Division of Gaming. . . . **Iteris (ITI)** announced that Effigis will utilize ClearAg® to enhance its artificial intelligence (AI)-powered FieldApex fertilizer management platform. ITI also launched a new transportation analytics solution, Iteris ClearGuide™. . . . **LightPath Technologies (LPTH)** CEO Jim Gaynor intends to retire in June 2020. . . . **LRAD Corp. (LRAD)** announced a \$4.75 million five-year maintenance agreement for acoustic hailing devices deployed by the Indian Navy. . . . **RADA Electronic Industries (RADA)** received over \$5 million in new orders in the past two months, which are expected to be delivered during 2019. . . . **Smith-Midland's (SMID)** Smith-Columbia division will manufacture a 37 Easi-Set Building order by Atlanta-based contractor, Reams Enterprises. Also, SMID subsidiary, Easi-Set Worldwide, was selected to use its precast concrete for the new security guardhouse of the Philadelphia Phillies. . . . **Where Food Comes From (WFCF)** launched Black Angus Verified Beef, a new verification program to reassure cattle buyers and beef consumers that the claims producers and marketers make about Black Angus beef are authentic.

# BUCKAROOS SPEAK

## Dynasil buyout

*Is Dynasil Corp. (DYSL) going to get bought out?*

*-Jay M. (Forums)*

A press release recently announced a plan to cease the registration of DYSL's common stock. The plan will take effect late summer 2019, but a reverse split needs to be approved by shareholders first. This is common for a stock that has failed to perform due to poor management or the markets inability to efficiently price it.

We will keep you updated as to any updates regarding shareholder approval of the merger.

## Price action

*What's the difference between "flat lining" and "building a base"?*

*-DF (Forums)*

"Flat lining" occurs when a stock trades sideways in a very tight range with relatively low volume. "Building a base" occurs when a stock visits a price level multiple times and manages to hold above it. For example, **Repro Med Systems (REPR)** fell to the low \$1.40's numerous times over the past nine months. It held the area every single time, and built a base off of it. Just recently, the stock jumped to a new all-time high.

## 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>
ARC Document Solutions (ARC)	03/31/19	\$97,122,000	\$97,708,000	\$447,000	\$476,000	
Better Online Solutions (BOSC)	03/31/19	\$7,763,000	\$8,291,000	\$156,000	\$205,000	
Broadway Financial (BYFC)	03/31/19	\$4,373,000	\$3,758,000	\$277,000	(\$84,000)	
DLH Holdings (DLHC)	03/31/19	\$33,756,000	\$34,401,000	\$1,265,000	\$1,316,000	
Dynasil (DYSL)	03/31/19	\$11,532,000	\$10,255,000	\$72,000	\$1,290,000	
Electromed (ELMD)	03/31/19	\$7,407,779	\$7,167,064	\$350,145	\$376,491	
Emmis Communications (EMMS)	02/28/19	\$23,746,000	\$30,130,000	(\$141,000)	\$12,990,000	
Full House Resorts (FLL)	03/31/19	\$40,494,000	\$37,931,000	(\$1,617,000)	(\$4,286,000)	
Forward Industries (FORD)	03/31/19	\$8,172,467	\$9,012,467	(\$1,130,905)	\$201,467	
Flexible Solutions (FSI)	03/31/19	\$8,471,476	\$4,201,180	\$1,011,150	\$703,664	
Galaxy Gaming (GLXZ)	03/31/19	\$5,346,751	\$4,360,695	\$460,664	\$536,798	
GSE Systems (GVP)	03/31/19	\$22,194,000	\$22,895,000	(\$4,236,000)	(\$1,496,000)	
InfuSystem Holdings (INFU)	03/31/19	\$18,193,000	\$16,483,000	(\$960,000)	\$204,000	
Iteris (ITI)	03/31/19	\$26,091,000	\$25,273,000	(\$2,432,000)	(\$2,416,000)	
Innovative Food (IVFH)	03/31/19	\$12,859,215	\$10,916,544	\$163,360	\$448,548	
Leatt (LEAT)	03/31/19	\$6,090,928	\$5,502,542	\$9,238	\$140,819	
LightPath Technologies (LPTH)	03/31/19	\$7,905,582	\$8,503,628	(\$352,018)	\$1,226,279	
LRAD (LRAD)	03/31/19	\$10,192,000	\$7,868,000	\$1,179,000	\$461,000	
Liberated Syndication (LSYN)	03/31/19	\$6,282,979	\$5,059,305	\$1,527,633	\$532,915	
Mikros Systems (MKRS)	03/31/19	\$2,020,265	\$2,490,660	\$80,805	\$153,305	
National Holdings (NHLD)	03/31/19	\$46,700,000	\$60,346,000	(\$2,785,000)	(\$2,252,000)	
Noble Roman's (NROM)	03/31/19	\$2,952,663	\$2,922,749	\$402,549	\$476,260	
U.S. Auto Parts (PRTS)	03/30/19	\$74,739,000	\$78,385,000	(\$3,581,000)	\$568,000	
RADA Electronics (RADA)	03/31/19	\$8,687,000	\$6,020,000	(\$516,000)	\$204,000	
Safe Bulkors (SB)	03/31/19	\$50,482,000	\$43,501,000	\$5,419,000	\$5,954,000	
SeaChange International (SEAC)	03/31/19	\$8,485,000	\$14,935,000	(\$10,849,000)	(\$5,471,000)	
Spar Group (SGRP)	03/31/19	\$57,160,000	\$54,579,000	\$1,041,000	\$425,000	
Smith-Midland (SMID)	03/31/19	\$10,189,000	\$9,125,000	\$331,000	(\$422,000)	
Sono-Tek (SOTK)	02/28/19	\$2,935,750	\$2,894,437	\$60,774	\$103,251	
ONE Hospitality Group (STKS)	03/31/19	\$22,776,000	\$19,517,000	\$769,000	\$118,000	
Taitron Components (TAIT)	03/31/19	\$1,384,000	\$1,655,000	\$184,000	\$59,000	
TSS, Inc. (TSSI)	03/31/19	\$4,660,000	\$4,849,000	(\$31,000)	\$81,000	
VirTra (VTSI)	03/31/19	\$3,051,338	\$3,288,792	(\$312,902)	(\$85,787)	
Where Food Comes From (WFCF)	03/31/19	\$3,954,540	\$3,620,802	(\$186,964)	\$20,688	

## Beginner's Portfolio Up 247%

BOUGHT: None this month

SOLD: None this month

Cost		06/07/19	Cost		06/07/19	Cost		06/07/19	Proceeds
AAME	280/Mar '12	245	NHLD†	546/Sep '17	572	LSYN†	334/Sep '18	594	<b>From Sales</b> <b>9,913</b>
UWN	180/Jul '15	249	VTSI†	560/Dec '17	590	SMIT†	578/Oct '18	440	
BYFC†	398/Apr '16	266	LEAT†	488/Jan '18	424	AEHR†	368/Dec '18	330	
MMMB†	200/Jun '17	104	RADA†	452/Apr '18	696	SEAC†	362/Dec '18	252	
MKRS†	114/Jul '17	56	PRTS†	318/Jul '18	214	TSSI†	198/Mar '19	160	
EMMS†	560/Aug '17	720	BOSC†	510/Aug '18	496	ISIG†	262/Apr '19	212	
						<b>Current Holdings Value:</b>		6,620	
Original cost for all stocks: \$4,766			*Half of original holdings			<b>Proceeds from Sales:</b>		9,913	
			†Bought 200 Shares			<b>Total Value of Portfolio:</b>		<b>16,533</b>	

Gain: 16,533 minus 4,766 = 11,767

Percentage of gain: 11,767 divided by 4,766 x 100 = 246.9

**Compound Annual Growth Rate:** 7.26%

**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

The Beginner's Portfolio dropped this month as Current Holdings Value fell 3% (less than the Bowser average and Russell 2000, but more than the overall market).

# COMPANY OF THE MONTH... CONTINUED

shares. Below is a chart of their active positions:

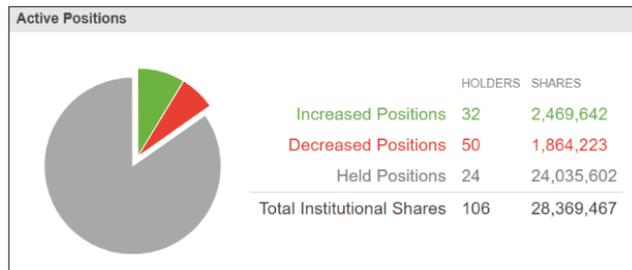


Chart provided by Nasdaq.com.

Although the total number of decreased positions is higher, the total shares purchased is greater.

Insiders have also been buying on the pullback, including CEO Philip Falcone. Falcone recently bought another 20,000 shares in March 2019. Various directors and officers have been accumulating with Falcone, totaling 1.5 million shares bought versus 280,000 shares sold by insiders in the past twelve months. This imbalance has resulted in insiders now holding 14% of the shares outstanding.

#### Outlook and Risks

HC2 has a large amount of debt, which is already accounted for in the share price but could result in impulsive decision making by management to raise capital. For example, management could choose to execute a stock offering, sell assets at an inopportune time or take on even more debt. The silver lining to its

lackluster balance sheet is that the company could refinance its debt and save on interest expenses.

Management compensation is another risk. Although Falcone is buying shares, he is also being paid \$3 million in salary and even more with stock compensation. Since HCHC has huge sales and smaller profit margins, every dollar counts.

The short interest of 15% shows that there are a lot of investors betting against HCHC, which can be a problem short-term. This increases sell pressure and is attributable to the drop in share price as institutions and insiders have been buying.

HC2's future value creation from three different segments and the stability of its Construction revenue are promising. Moving forward, be sure to look out for any significant asset acquisitions/liquidations and the guidance for the aforementioned segments.

#### Conclusion

HCHC is undervalued individually and in relation to its industry, sector and major index. Multiple stable revenue streams and the potential to create even more value outweigh the debt risk. HCHC is trading at an appealing price which means the recognition of just over 60% of its book value would result in a 100% gain for shareholders.

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## NOTES BY THE EDITOR

**Equities put investors through a wild ride over the past month.** The trade headlines, macroeconomic data and spike in volatility caused for another small panic sell off. Avoid these headlines and focus on the underlying companies in your portfolio.

Bowser stocks lagged due to a few companies significantly underperforming,



including **Taitron Components (TAIT)** ending its winning streak. This drop was offset by **Liberated Syndication (LSYN)** and **Repro Med Systems (REPR)** hitting all-time highs. Both of these are perfect

examples of how focusing on the underlying company's financial performance can allow you to let your winners ride.

**Make sure to grab a copy of *The Bowser Database* published last month.** Once again, this publication is available to anyone for a single issue (\$25) or on a subscription basis (\$79 - 4 issues; \$125 - 8 issues). To purchase your copy, please visit our website.

### FIVE BOWSER STOCKS UP AND DOWN

Repro Med Systems	UP	32%	Taitron Components	DOWN	53%
Liberated Syndication	UP	28%	China New Borun	DOWN	45%
Noble Roman's	UP	27%	LightPath Tech.	DOWN	39%
Iteris	UP	23%	DLH Holdings	DOWN	25%
Broadway Financial	UP	14%	Full House Resorts	DOWN	18%