



# Signs of Strong Management

## *Signs of an ideal management team and how to spot red flags*

One of the unusual benefits of investing in small cap stocks is that investors typically have access to management. While this can lead to unique insights and opportunities, there is no guarantee that management has the company's best interests at heart. Here are a few tips to help identify a good management team and how to spot red flags with questionable management.

### Managing with Transparency

First and foremost, management must be transparent with regard to its strategy. Management is not required to provide forward-looking statements. However, investors do need to hear what the company intends to achieve, how they intend to achieve their goals and by when. In turn, if the company cannot deliver within the allotted time, it presents a considerable red flag.

Transparency most often manifests in companies' quarterly earnings releases and calls. As an example, the CEO of Company XYZ states that it intends to uplist its shares and boost annual revenue by 20% to justify getting rid of its dividend. If management does not provide a timeline and does not reach those milestones within that time period, investors should be skeptical.

Another example of outlining a strategic plan is when it comes to reverse splits. Reverse splits are seen as damaging to a stock's value if done without a clear reason.

Recently, **Where Food Comes From (WFCF)** announced a 1-for-4 reverse split along with the intention to uplist its shares to the Nasdaq. This is a positive use of a reverse split to attract more institutional investors (as described by WFCF management). However, if the company does not proceed that would be a red flag.

### Prioritizing Growth and Value Creation

In the regular transparent updates, investors should get an idea of what management's priorities are. Most investors seek management that always prioritizes shareholders, but that is not always ideal with small stocks.

Instead, small stock management teams should seek to first boost the underlying company's value and/or create opportunities for growth. While shareholder value may take a slight hit as a result, long-term prospects should be favorable. So, before you write off a management team for issuing shares or taking on more debt, try to focus on how it will impact the book value and overall growth.

Another clear indicator of growth/value creation is acquisition. Although acquiring smaller companies is often

a negative in the short-term, it can open up many doors for synergies in the long haul. For example, this month's recommendation, **One Stop Systems (OSS)**, acquired Bressner Technology in 2018. The acquisition burned through a significant amount of capital and lowered the company's profit margin. However, it was vital in order for OSS to maintain an edge in an extremely competitive industry. As long as the company does not have a concerning amount of debt, growth via acquisitions can be a very beneficial strategic initiative.

### Using Assets Efficiently

One way to measure a company's ability to efficiently prioritize value and growth is examining its asset efficiency. To do so, investors commonly use the Return on Assets (ROA) metric:

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

ROA helps investors measure efficiency by giving a brief snapshot that's easy to read. Higher ROAs are better because the lower the ROA, the less efficient management is with the company's assets. Below is a table showing the Companies of the Month with the highest ROAs:

Stock	ROA
Schmitt Industries (SMIT)	33.6%
Altigen Communications (ATGN)	31.3%
MamaMancini's (MMMM)	21.9%
Orion Energy Systems (OESX)	20%
Galaxy Gaming (GLXZ)	17.5%
Butler National Corp. (BUKS)	15.3%
Electromed (ELMD)	13.6%
Franklin Wireless Corp. (FKWL)	13.3%
BAB (BABB)	11%
Manhattan Bridge Capital (LOAN)	10.5%

Worth noting is that eight of the ten recommendations on the list have doubled—all but **Butler National Corp. (BUKS)** and **BAB, Inc. (BABB)**. There are other means of value creation, but for long-term success, a company should be able to leverage its assets to grow earnings.

### Incentivizing Shareholders

One of the other ways that management can create value is by using earnings and/or excess cash to pay dividends or repurchase shares. Dividends and repurchases are attractive, but the company must first be achieving its growth and/or value goals. Therefore, while growth stocks

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can certainly benefit, value investments are more likely to see sustained positive results from these actions.

When it comes to dividends, the payout ratio shows the proportion of earnings paid to shareholders:

Payout Ratio = Total Dividends/Net Income

There is no standard for a good payout ratio, but a higher ratio is more favorable for value investors. Additionally, if the number is too high, it will be unsustainable.

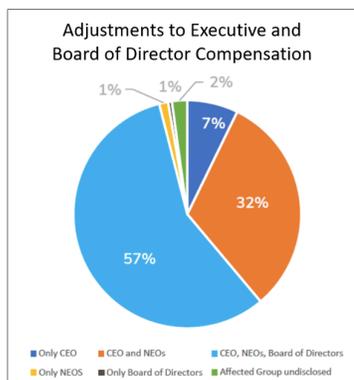
**BAB, Inc. (BABB), BGC Partners (BGCP), Manhattan Bridge Capital (LOAN) and Taitron Components (TAIT)** have payout ratios over 90%, heavily rewarding shareholders.

### A Note on Compensation

One way to ensure alignment between shareholders and management is to examine the executive team's compensation and insider ownership. There are tons of small stocks with overpaid executives. We will rarely pick a stock with an overcompensated management team, but if we do, it is highlighted as a risk.

The most obvious red flag is high salaries when profitability is lacking. For example, if a company has a net income of \$500,000 and the CEO's salary is \$1.5 million, then both the executive team and board of directors have questionable intentions.

In fact, it is common for executives to lower their salaries temporarily if the underlying company is struggling with profitability due to its business model or challenging economic outlook. To examine how companies in general are compensating their executives, out of the 554 companies in the Russell 3000 that exercised changes to compensation this year, 7% adjusted compensation for only their CEO. Below is a chart provided by the Harvard Law School Forum on Corporate Governance showing how these companies adjusted compensation:



# Market Overview

BWSR AVG	RUS 2000	DOW JONES	S&P 500	NASDAQ
↑19.8%	↑15.1%	↑ 6.7%	↑ 5.4%	↑ 4.8%

Major indices hit new all-time highs on multiple headlines regarding COVID-19 vaccine optimism. The Russell 2000 Index had its best monthly gain since its inception in 1984 as small caps showed relative strength. Bowser stocks (up 19.8%) had a record-setting month due to strength from some of our energy recommendations. **ENGlobal (ENG)** and **Clean Energy Fuel (CLNE)** were the top gainers, both of which have now doubled from their recommended prices. **WidePoint Corp. (WYY)** also soared with energy stocks but gave back most of its gains shortly after.

Of these companies, 57% adjusted compensation for their CEO, NEOs and board of directors. While it is not a requirement, it is a great sign to see management sacrifice compensation and prioritize the company's financial health. Additionally, it is a plus if insiders continue to accumulate shares regardless of the share price.

### Putting the Pieces Together

Any worthwhile long-term investment should have a clearly articulated strategy. After all, would you invest in a private company without seeing a business plan? Public companies should be no different.

Management has everything to do with the creation of that strategy and its execution. The first piece of the puzzle to seek out is how management intends to either grow or create value for the business. If that is well-articulated and management is making progress toward its goals, try to understand how shareholder value, including dividends and buybacks, is being created. Lastly, ensure that compensation and ownership line up.

In the event that management loses its way and is underperforming, understand that activist investors can take action. The most recent examples of this were the activists that initiated changes for **HC2 Holdings (HCHC)** and **Liberated Syndication (LSYN)**.

Leadership often makes or breaks a company, especially the small companies we recommend. The vast majority of the Companies of the Month have great management teams, but we are always on the lookout for red flags when it comes to transparency, execution and compensation/ownership.

## 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

**One Stop Systems (OSS)** designs, manufactures and markets custom high-speed computing systems for high-performance edge computing applications. Its systems are built using the graphical processing unit (GPU) and solid-state flash technologies. The company provides GPU expansion units, which could add hundreds or thousands of computing cores to virtually any server. It also provides flash storage and network appliances, flash storage arrays and PCIe expansions to deliver high-performance computing and flash memory. The company sells its products to multinational companies, government agencies and technology providers through its website, direct sales team and OEM-focused sales.



**NASDAQ GS:OSS**  
**BOWSER RATING: 9**



arrays and improvements in its sales of media and entertainment products.

Since revenue growth has been consistent, the focus for OSS is improving its margins. In the third quarter of 2020, operating expenses dropped by \$1.2 million, keeping the company on track to hit its target of

\$2.5-\$3 million in annual cost reduction.

The global pandemic has made the move towards profitability more difficult with media and entertainment revenue dropping \$1.8 million. However, One Stop reported a 57% increase in net income. Management has outlined its earnings growth strategy for the years to come, geared towards driving OEM contract momentum and providing more OSS-designed technical content.

## Strong Balance Sheet and Cash Flow

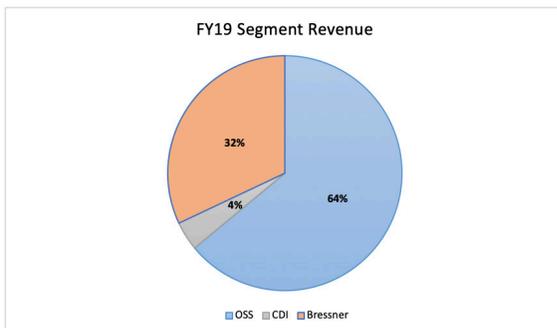
The fundamentals for One Stop Systems are shockingly consistent for a company with risk exposure due to the global pandemic. Additionally, its multiple acquisitions within the last two years have altered its balance sheet. Its asset/liabilities ratio of 3.2 and net working capital of \$15.4 million are extremely high and exemplify the company's solid fundamental foundation. Cash is at its highest level ever, \$5.5 million. Regardless of slightly increasing debt, liquidity is not an issue, and OSS has a very healthy balance sheet.

Cash flow has been positive due to improved cash from operations and financing. Below is a chart of its annual net change in cash since 2015:

## Acquisitions Fueling Growth

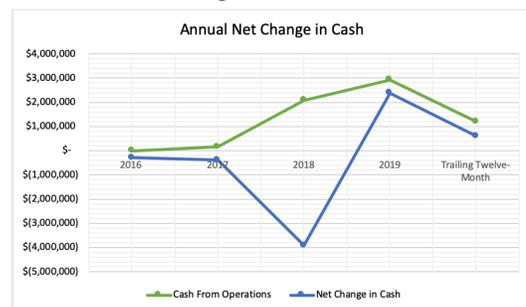
One Stop Systems has proven itself as a market leader in specialized high-performance edge computing. The company's primary competitive advantage is being first-to-market by developing next-generation PCIe-based building blocks and systems. This has played a key role in its consistent revenue growth and contract momentum.

In the first nine months of 2020, OSS annual revenue has grown 34% over fiscal 2019's total with one quarter still to go. The big factor in its aggressive revenue growth was acquisition. The company recently acquired Concept Development Inc. and Bressner Technology. Below is a breakdown of its revenue between the three segments in fiscal 2019:



Out of the three segments, Bressner has the highest revenue growth rate but lowest margins. Both Bressner and CDI have gross margins of 22.5% and 22.6% respectively, while OSS has a gross margin of 39%. Therefore, growth in the OSS segment is most beneficial to the company's bottom line.

The recent increase in OSS revenue is attributable to shipments associated with its flash



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	2018	2019	2020(A)
REVENUES	\$37,027,382	\$58,308,019	\$78,280,000
INCOME (LOSS)	(\$1,572,620)	(\$900,337)	(\$250,372)
WORKING CAPITAL	\$11,083,000	\$14,013,000	\$15,468,000
BOOK VALUE	\$2.11	\$1.89	\$1.72
TOTAL SHARES	12,586,513	15,148,613	16,620,000
FLOAT	N/A	N/A	11,750,000
(A) Nine months ended September 30, 2020			

# 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 12/04/20	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>								
10/20(A)	CBDMD, INC. (YCBD)	<b>NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)</b>						
09/20(GS)	CLEAN ENERGY FUELS (CLNE)	<b>NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)</b>						
# 05/14(CM)	CPS TECHNOLOGIES (CPST)	ADVANCED MATERIAL SOLUTIONS	2.29	\$0.150	\$22.2	\$1.483	13.3	11
11/20(GM)	FLUENT, INC. (FLNT)	<b>NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)</b>						
04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	2.00	\$3.639	\$40.9	\$2.465	33.7	10
# 07/19(QB)	TABLE TRAC (TBTC)	CASINO SYSTEMS AND SUPPORT	2.96	\$0.265	\$6.4	\$0.574	4.5	10
# 05/18(CM)	TAITRON COMPONENTS (TAIT)	ELECTRONIC COMPONENTS	2.80	\$0.000	\$7.3	\$1.557	5.6	11
<b>CATEGORY TWO: GOOD COMPANIES (RATED 8-9)</b>								
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	2.43	\$0.469	\$11.8	\$1.446	23.0	8
07/20(CM)	ENGLOBAL CORP. (ENG)	ENGINEERING SERVICES	1.81	\$3.371	\$65.3	\$0.215	27.5	9
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.15	\$0.000	\$12.3	\$0.312	5.2	9
# 07/13(CM)	LIGHTPATH TECH (LPTH)	OPTICAL COMPONENTS	2.93	\$4.297	\$37.0	\$2.339	26.0	8
12/20(GS)	<b>ONE STOP SYSTEMS (OSS)</b>	<b>HIGH-SPEED COMPUTING SYSTEMS</b>	<b>2.73</b>	<b>\$2.402</b>	<b>\$56.4</b>	<b>\$0.844</b>	<b>16.6</b>	<b>9</b>
05/19(N)	SAFE BULKERS (SB)	MARINE DRY BULK TRANSPORTATION	1.18	\$538.508	\$198.0	\$15.765	101.5	9
# 10/12(QB)	WHERE FD CMS FROM (WFCF)	FOOD VERIFICATION SERVICES	2.95	\$0.391	\$20.3	\$1.507	24.8	9
04/20(N)	WIDEPOINT CORP. (WYY)	<b>NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)</b>						
<b>CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)</b>								
10/18(CM)	AEHR TEST SYSTEMS (AEHR)	SEMICONDUCTOR TEST EQUIPMENT	2.11	\$1.341	\$18.8	(\$2.282)	37.6	8
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	1.36	\$87.374	\$352.0	\$4.675	42.8	7
10/19(QB)	BAB, INC. (BABB)	FAST CASUAL RESTAURANT FRANCHISES	0.56	\$0.143	\$2.5	\$0.150	7.3	NR
# 07/18(CM)	BETTER ONLINE SOLUTIONS (BOSC)	RFID AND MOBILE SOLUTIONS	2.66	\$1.709	\$32.5	(\$1.536)	4.3	10
02/20(QB)	BUTLER NATIONAL (BUKS)	AEROSPACE AND DEFENSE PRODUCTS	0.50	\$3.211	\$65.9	\$3.234	67.7	7
05/20(GM)	DESWELL INDUSTRIES (DSWL)	PLASTIC & ELECTRONIC COMPONENTS	2.93	\$0.000	\$55.4	(\$1.037)	16.0	8
03/20(CM)	FLEXSHOPPER (FPAY)	VIRTUAL LEASE-TO-OWN MARKET	2.21	\$10.964	\$96.4	(\$4.077)	21.4	NR
01/19(CM)	FORWARD INDUSTRIES (FORD)	CARRYING CASES AND ACCESSORIES	1.87	\$0.760	\$35.0	(\$4.507)	9.6	NR
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	1.43	\$45.991	\$12.1	(\$2.539)	19.8	NR
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	1.13	\$9.597	\$62.3	(\$15.671)	20.6	NR
# 06/19(N)	HC2 HOLDINGS (HCHC)	<b>NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)</b>						
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.29	\$5.967	\$56.4	(\$4.872)	34.7	NR
03/19(CM)	INSIGNIA SYSTEMS (ISIG)	MARKETING SERVICES	0.99	\$0.000	\$21.3	(\$3.440)	12.1	NR
10/16(CM)	KOSS CORPORATION (KOSS)	STEREO ACCESSORIES	2.65	\$0.000	\$18.3	(\$0.466)	7.4	9
# 08/17(CM)	NATIONAL HOLDINGS (NHLD)	INVESTMENT BANKING	2.64	\$0.000	\$19.6	(\$3.301)	13.5	7
# 02/15(GM)	NOVA LIFESTYLE INC. (NVFY)	FURNITURE MANUFACTURING/SALES	2.41	\$0.150	\$14.7	(\$10.270)	5.6	9
# 09/16(CM)	SOCKET MOBILE (SCKT)	DATA CAPTURE PRODUCTS	2.53	\$0.208	\$18.9	\$0.185	6.0	7
09/19(QB)	TECHPRECISION (TPCS)	METAL COMPONENTS AND SYSTEMS	1.30	\$2.446	\$15.0	(\$0.679)	29.4	NR
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	0.59	\$2.703	\$58.2	(\$0.212)	19.0	9

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.

## Category Changes

This month, there was one category change: **FlexShopper (FPAY)**. FPAY fell from Category 2 to Category 3. The company's trailing twelve month earnings turned from positive to negative, and its Bowser Rating dropped from 9 to NR.

## WidePoint lands DHS contract

**WidePoint Corp. (WYY)** received the Cellular Wireless Managed Services 2.0 contract from The U.S. Department of Homeland Security (DHS). Valued at up to \$500 million, this new Indefinite Delivery, Indefinite Quantity contract has a one-year base period with four 12-month option periods

extending through November 24, 2025.

## Alaska Communications proposals

**Alaska Communications (ALSK)** announced that a 30-day "go-shop" period in the previously-announced agreement with affiliates of Macquarie Capital and GCM Grosvenor expired on December 3.

As a result, ALSK received two additional acquisition proposals: one from a third party at \$3.15 per share, which the company's board has determined constitutes a "superior proposal", and another from a different third party that the the board has determined would reasonably be expected to result in a superior proposal.

# 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 12/04/20 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
ALASKA COMMUNICATIONS (GS:ALSK)	\$3.76(8)	12/19 \$1.70(8)	MANHATTAN BRIDGE CAPITAL (CM:LOAN)	\$5.13(NR)	02/10 \$1.10(9)
BGC PARTNERS (GS:BGCP)	\$4.46(NR)	08/20 \$2.89(8)	ORION ENERGY SYSTEMS (CM:OESX)	\$9.37(7)	11/19 \$2.93(9)
CARPARTS.COM (GS:PRTS)	\$16.14(10)	06/18 \$1.61(8)	RADA ELECTRONIC (CM:RADA)	\$9.22(9)	03/18 \$2.16(10)
CBDMD, INC. (A:YCBD)	\$3.00(10)	10/20 \$1.98(10)	REPRO MED SYSTEMS (QB:KRMD)	\$5.61(7)	07/10 \$0.16(8)
CF BANKSHARES. (CM:CFBK)	\$15.10(11)	03/17 \$9.00(11)	RETRACTABLE TECHNOLOGIES (A:RVP)	\$10.00(10)	01/20 \$1.48(10)
*Price adjusted for 1-for-5 reverse split (Aug. '18)			RIVERVIEW BANCORP (GS:RVSB)	\$5.36(NR)	06/13 \$2.30(9)
CLEAN ENERGY FUELS (GS:CLNE)	\$4.29(10)	09/20 \$2.57(9)	SCHMITT INDUSTRIES (CM:SMIT)	\$5.58(NR)	09/18 \$2.76(11)
DLH HOLDINGS (CM:DLHC)	\$10.91(9)	01/14 \$1.53(9)	SMITH-MIDLAND (QX:SMID)	\$8.75(7)	02/16 \$2.38(10)
ELECTROMED (A:ELMD)	\$9.98(8)	09/15 \$1.64(10)	SONO-TEK CORP. (QB:SOTK)	\$4.27(10)	08/14 \$1.11(8)
FLUENT, INC. (GM:FLNT)	\$4.08(10)	11/20 \$2.67(10)	TOMI ENVIRONMENTAL (QB:TOMZ)	\$4.53(11)	06/20 \$6.56(10)
FRANKLIN WIRELESS (QB:FKWL)	\$23.50(10)	12/16 \$2.70(12)	*Price adjusted for 1-for-8 reverse split (Sep. '20)		
HC2 HOLDINGS (N:HCHC)	\$3.46(8)	06/19 \$2.34(12)	TRXADE GROUP (CM:MEDS)	\$5.36(10)	08/19 \$4.20(9)
INFUSYSTEM HOLDINGS (A:INFU)	\$17.11(8)	12/15 \$2.88(8)	*Price adjusted for 1-for-6 reverse split (Feb. '20)		
LEATT CORP. (QB:LEAT)	\$6.74(10)	12/17 \$1.92(10)	WIDEPOINT CORP. (N:WYY)	\$9.36(8)	04/20 \$3.50(8)
LIBERATED SYNDICATION (QB:LSYN)	\$4.15(7)	08/18 \$1.61(8)	*Price adjusted for 1-for-10 reverse split (Nov. '20)		

## THE FOLLOWING WE SAID SHOULD BE SOLD

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

MIKROS SYSTEMS (QB:MKRS)	<b>NOW IN BOWSER DATABASE</b>	SINGING MACHINE CO. (QX:SMDM)	\$0.35	09/20 \$0.25
SEACHANGE INT'L (GS:SEAC)	\$0.96	10/20 \$0.76		

## BRIEFS

**Aehr Test Systems (AEHR)** received \$4.3 million order from a new customer that supplies sensors to a major mobile

device manufacturer. . . . **BGC Partners (BGCP)** announced a services agreement with CLS Group. . . . **CarParts.com (PRTS)** released its first ever live-shot national advertising campaign. . . . **HC2 Holdings (HCHC)** appointed Wayne Barr, Jr. as CEO. HCHC also closed its rights offering with 13,979,674 shares purchased under basic subscription rights and 2,763,148 purchased under the over-subscription privilege. . . . **LightPath Technologies (LPTH)** announced a new sales partner to promote and sell its products in Israel. . . . **Repro Med Systems (KRMD)** authorized a stock repurchase program for up to \$10 million through December 31, 2021. . . . **Smith-Midland Corp. (SMID)** subsidiary, Easi-Set Worldwide, started overseeing the production of over 10 miles of MASH-rated precast concrete highway safety barrier for a major West Virginia road project. Additionally, SMID expanded one of its current J-J Hooks licensed producers. . . . **Socket Mobile's (SCKT)** SocketScan S550 Contactless Membership Card Reader/Writer passed the Google Wallet Certification process. . . . **TOMI Environmental Solutions (TOMZ)** expanded its intellectual property in Australia. TOMZ also retained IMS Investor Relations to develop and execute a comprehensive investor relations and financial communications program. . . . **Where Food Comes From (WFCF)** plans to implement a 1-for-4 reverse split of its common stock. The company also submitted its application for listing on the Nasdaq Capital Market.

## INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Alaska Comm. (ALSK)	B-160,284	2	\$3.09-\$3.11
	S-76,658	5	\$3.01-\$3.15
ARC Document (ARC)	S-43,257	1	\$1.29
CarParts.com (PRTS)	OE-58,001	1	\$1.06
CPS Tech. (CPSH)	OE-15,000	1	\$1.55
	D-7,524	1	\$3.09
ENGlobal (ENG)	S-100,000	1	\$2.18
FlexShopper (FPAY)	B-43,190x	2	\$1.63-\$1.64
	B-8,500	3	\$1.59-\$1.66
Forward Ind. (FORD)	S-9,450	1	\$1.57
HC2 Holdings (HCHC)	A-11,891,539x	1	\$0.00
	OE-2,179,897x	2	\$2.27
	OE-297,384	7	\$2.27
	S-160,438	4	\$2.40-\$2.51
LightPath Tech. (LPTH)	D-11,493	1	\$2.31
	OE-18,136	2	\$0.00-\$1.28
National Holdings (NHLD)	B-9,000	2	\$2.71-\$2.84
	B-214,820x	3	\$2.53-\$2.69
Nova LifeStyle (NVFY)	OE-113,124	3	\$0.00
	A-6,000	1	\$0.00
Orion Energy (OESX)	S-75,000	3	\$8.03-\$8.13
Repro Med (REPR)	B-21,552	2	\$4.48-\$4.63
	B-10,000x	1	\$4.56
Retractable Tech. (RVP)	B-500	1	\$8.17
Schmitt Industries (SMIT)	A-9,222	1	\$0.00
Sono-Tek Corp. (SOTK)	S-7,322	4	\$4.07-\$4.45
Taitron Comp. (TAIT)	OE-17,000	1	\$1.91
	S-5,000	2	\$2.60-\$2.65
	B-5,000	1	\$1.62
TSS, Inc. (TSSI)	OE-100,000	1	\$0.15

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.

# BUCKAROOS SPEAK

## Taking profits with the Game Plan

*Clean Energy Fuels (CLNE) is my favorite stock right now, and I am still holding 750 shares. Am I crazy or should I have sold it all at \$5?*

-- Sam K.

CLNE exploded on November 24, hitting a 52-week high of \$5.25, and doubling for most subscribers. The Game Plan states that you sell 50% at the double (to cover your initial investment) and then sell the remainder when it drops 25% from its most recent high (\$3.94). This is to protect against emotions and secure profits.

The run up from energy stocks triggered a higher degree of optimism for CLNE. However, the stock has to pullback below \$3 to repurchase.

## Marijuana stocks

*I know you picked cbdMD (YCBD) in October, but are there any other marijuana stocks that you like? The House of Representatives voted to decriminalize marijuana so I think there is some serious potential.*

-- Mike P.

Although the House voted in favor of decriminalizing marijuana, a favorable Senate vote is not guaranteed. Additionally, marijuana stocks have ran up 47% within the last five weeks.

If you want to avoid overpaying but still want exposure, you can always purchase shares of an exchange traded fund (ETF). ETFMG Alternative Harvest ETF (MJ) is one of the most actively traded marijuana funds and has potential after a pullback.

# COMPANY OF THE MONTH... CONTINUED

The huge cash reduction in 2018 was due to the acquisition of Bressner Technology GmbH, which consisted of \$4.72 million in cash and 106,463 in newly-issued restricted shares of OSS.

On the negative side, book value has decreased as a result of the multiple acquisitions, which required share issuance. However, OSS has shifted from a value stock to a mix of growth and value to maintain a competitive advantage.

The industry P/B ratio has skyrocketed to 64 in the third quarter from 14 in the second quarter. Price/Sales (P/S) and Price/Earnings (P/E) ratios have also soared as a result of the global pandemic increasing the demand for computing systems as companies shift to telecommuting. Most investors view this positively, but this makes the competition cutthroat.

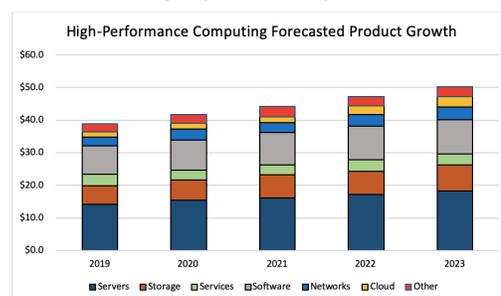
Overall, OSS is significantly undervalued relative to its competitors and management has adapted to the rapid industry growth.

## Outlook and Risks

Industry outlook is clearly very bright considering the surge in demand for computing systems and services. The underlying risk with rapid growth is sustainability and whether demand will remain when people return to work. However, the high-performance computing market is expected to grow to \$50 billion in 2023 at a compound annual growth rate (CAGR) of 7%. Most analysts forecasted a 6.5% CAGR, but these estimates were made before the global pandemic.

OSS is in a great position to be a leading provider of specialized servers, flash storage arrays, and computer accelerators. Below are forecasts for

each product category made by economic sectors:



Although Cloud's CAGR is extremely high at 18.9%, it has one of the smallest impacts on the total. Storage and Servers will offer much more market share, which puts OSS in an outstanding position.

The main risks associated with OSS are its share structure and market value. The company has 16.6 million shares outstanding and a float of 11.7 million, making it a very volatile stock.

The stock has also run up from its low of \$0.59 in March and has had trouble staying above \$3 in the past. While it is undervalued relative to the competition, we would ideally like to invest in the stock closer to \$2 to limit risk exposure.

## Conclusion

One Stop Systems has done a fantastic job of maintaining a competitive advantage in a rapidly changing market. Management has been efficient with its assets and insiders have been accumulating shares. The company has shifted from value to growth to capture more market share. Its strong fundamentals and numerous competitive advantages put OSS in a great position to capitalize on a rapidly growing industry.

Office: 2235 Enterprise St., Ste. 110, Escondido, CA, Phone: 760-745-9883, [www.onestopsystems.com](http://www.onestopsystems.com)

## Beginner's Portfolio Up 363%

**BOUGHT:** YCBD (200 Shares) @ \$3.00 = \$600  
TAIT (200 Shares) @ \$2.80 = \$560

**SOLD:** FPAY (100 Shares) @ \$2.00 = \$200  
WYY (10 Shares) @ \$10.60 = \$106  
ENG (100 Shares) @ \$1.62 = \$162  
ENG (100 Shares) @ \$3.24 = \$324  
CLNE (100 Shares) @ \$4.84 = \$484  
CLNE (100 Shares) @ \$3.94 = \$394

Cost		12/04/20	Cost		12/04/20	Cost		12/04/20	Proceeds
									From Sales
AAME	280/Mar '12	218	SMIT†	578/Oct '18	1,116	FPAY†*	200/Apr '20	221	
MMMB†*	200/Jun '17	200	AEHR†	368/Dec '18	422	ALSK†	450/May '20	752	12,806
NHLD†	546/Sep '17	528	TSSI†	198/Mar '19	118	WYY†*	106/May '20	94	200
VTSI†	560/Dec '17	826	ISIG†	262/Apr '19	198	BGCP†	512/Sep '20	892	106
LEAT†*	488/Jan '18	674	HCHC†	460/Jul '19	692	YCBD†	600/Dec '20	600	162
BOSC†	510/Aug '18	532	BUKS†	134/Mar '20	100	TAIT†	560/Dec '20	560	324
							<b>Current Holdings Value:</b>	8,742	484
Original cost for all stocks: \$4,766			*Half of original holdings			<b>Proceeds from Sales:</b>		13,316	394
			†Bought 200 Shares			<b>Total Value of Portfolio:</b>		<b>22,058</b>	(600)
Gain: 22,058 minus 4,766 = 17,292									(560)
Percentage of gain: 17,292 divided by 4,766 x 100 = 362.8							<b>Compound Annual Growth Rate:</b>	8.28%	<b>13,316</b>

**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 \$600 a month is required...**With each new Company of the Month, 100 shares are 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 had one of its best month's in history as three holdings doubled: **Clean Energy Fuels (CLNE), ENGlobal (ENG), FlexShopper (FPAY)** and **WidePoint (WYY)**. CLNE and ENG subsequently dropped 25%. Replacing CLNE and ENG are **cbdMD, Inc. (YCBD)** and **Taitron Components (TAIT)**.

## EARNINGS

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Altigen Communications (ATGN)	09/30/20	\$2,977,000	\$2,662,000	\$20,000	\$290,000	
Better Online Solutions (BOSC)	09/30/20	\$8,179,000	\$7,914,000	\$179,000	(\$754,000)	
CarParts.com (PRTS)	09/26/20	\$117,406,000	\$69,273,000	\$1,385,000	(\$1,424,000)	
Deswell Industries (DSWL)	09/30/20*	\$27,690,000	\$37,713,000	\$1,532,000	\$1,249,000	
Electromed (ELMD)	09/30/20	\$8,004,171	\$8,302,498	\$535,262	\$1,014,556	
FlexShopper (FPAY)	09/30/20	\$23,391,348	\$22,267,261	\$289,360	\$1,387,982	
Franklin Wireless (FKWL)	09/30/20	\$62,569,000	\$8,870,000	\$6,920,000	\$253,938	
Galaxy Gaming (GLXZ)	09/30/20	\$1,798,000	\$5,372,000	(\$1,297,000)	\$580,234	
GSE Systems (GVP)	09/30/20	\$12,922,000	\$20,031,000	(\$661,000)	(\$1,223,000)	
HC2 Holdings (HCHC)	09/30/20	\$393,300,000	\$427,500,000	(\$21,600,000)	(\$8,300,000)	
InfuSystem Holdings (INFU)	09/30/20	\$25,125,000	\$21,489,000	\$2,940,000	\$1,135,000	
Leatt Corp. (LEAT)	09/30/20	\$11,370,946	\$9,649,335	\$1,611,457	\$1,320,778	
Liberated Syndication (LSYN)	09/30/20	\$6,511,707	\$6,219,119	(\$2,024,006)	\$641,255	(A)
RADA Electronic (RADA)	09/30/20	\$20,359,000	\$11,260,000	\$2,126,000	(\$686,000)	
Retractable Technologies (RVP)	09/30/20	\$27,091,000	\$11,640,000	\$8,626,000	\$1,024,000	
Smith-Midland (SMID)	09/30/20	\$12,515,000	\$13,209,000	\$1,549,000	\$579,000	
TOMI Environmental (TOMZ)	09/30/20	\$4,291,589	\$1,600,387	\$1,019,300	(\$236,813)	
TSS, Inc. (TSSI)	09/30/20	\$20,763,000	\$4,176,000	\$852,000	(\$95,000)	

\*Six months ended September 30, 2020

# NOTES BY THE EDITOR

**This will go down in the books as one of the best months for Bowser stocks in history!** A lot of this strength is attributable to overall market strength and the spike from the Russell 2000 Index.

There were plenty of positive headlines and energy stocks caught fire, leading to multiple recommendations gaining over 100%. Thirty-six recommendations posted double-digit gains, 5 of which were over 50%.

Despite this strength, **TOMI Environmental**



(TOMZ) was the biggest laggard after multiple vaccine headlines. Both Moderna (MRNA) and Pfizer (PFE) made significant strides with their COVID-19 vaccines, which played a big role in stocks pushing up to new highs. The energy sector fully recovered the March drop and gained 33%.

**In the upcoming month, we will be launching our new quarterly investing competition that will run at least through 2021!** This contest will focus on stock selection. While we will still prioritize long-term investing, this contest will provide an opportunity for subscribers to make their own picks and be rewarded for successful ones..

More details and prizes will be announced on [YouTube](#) (type in the following URL: <https://bit.ly/3gkBExy>) and via email later this month!

## FIVE BOWSER STOCKS UP AND DOWN

ENGlobal (ENG)	UP	132%	TOMI Environ. (TOMZ)	DOWN	37%
Clean Energy Fuel (CLNE)	UP	77%	Innovative Food (IVFH)	DOWN	17%
Aehr Test System (AEHR)	UP	66%	TSS, Inc. (TSSI)	DOWN	5%
CPS Technologies (CPSH)	UP	62%	MamaMancini's (MMMB)	DOWN	4%
Whr Fd Cms Frm (WFCF)	UP	55%	TechPrecision (TPCS)	DOWN	4%