

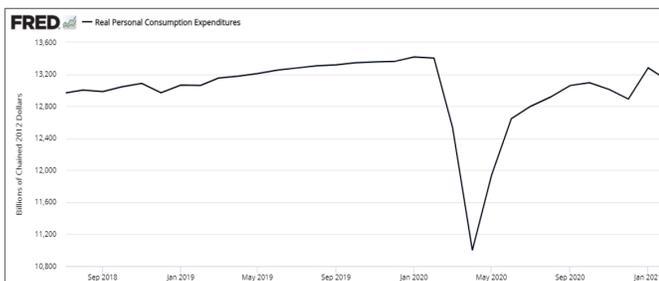


Cathie Wood and “The ARK Effect” *How one fund manager changed the way we invest*

Cathie Wood is the founder, CEO and CIO of ARK Invest, an investment management firm that manages some of the largest actively-managed exchange traded funds (ETFs). Wood gained popularity after Tesla (TSLA) reached her outlandish \$4,000 price target after the stock split in September 2020. ARK Funds proceeded to surge in popularity because of their focus on “disruptive innovation,” which is best defined as the introduction of technology that changes the way the world works. This caused investors to flock to smaller speculation stocks and even boosted a couple of Bowser recommendations!

How It Started

The stock market landscape changed drastically over the past year with the economy slumping and stocks bouncing back to all-time highs. Additionally, consumer spending plummeted with the significant drop in employment and individuals were forced to either save money or put it towards expenses. Below is a chart of consumer spending since August 2018:



The huge drop in consumer spending did not last long, and a lot of the excess cash flowed into the stock market. Small stocks saw record-breaking inflows and so did speculation growth stocks, which put ARK Funds on every investor’s radar.

Buying an ETF is like buying a basket of stocks with a common theme. ARK Invest has six popular actively-managed funds that all focus on different themes of disruptive innovation. This includes a wide variety of funds ranging from its Autonomous Technology and Robotics ETF (ARKQ) to its new Space Exploration and Innovation ETF (ARKX). But here is the kicker: unlike most ETFs, these are all fully transparent. That means anybody

with Internet access can view which stocks are being bought and sold, the number of shares traded and the exact date of the transaction. This caused numerous small stocks to surge in 2020.

The ARK Effect

With retail money pouring into speculation stocks, small caps caught fire in late 2020. Inflows for ARK Funds were so high that if even a fraction of that capital was allocated to an individual stock, it would soar. For example, Bowser recommendation **CPS Technologies (CPSH)** surged over 1,000% in less than one month. The company produced the AISiC hermetic housing for the turret power supply for the SHERLOC scientific instrument on the Perseverance Rover, which landed on Mars. CPS management also expressed belief that AISiC components will be used in space-based and airborne applications for years to come. However, this only made up a small portion of the company’s revenue.

The real driving factor was that ARK was launching its Space Exploration and Innovation ETF (ARKX), which could pour millions of dollars into CPSH. ARKX did not end up including CPSH in its holdings, and the stock price has dropped since its launch. You can find the various ARK Funds and their holdings on their website.

Since *The Bowser Report* picks companies with strong fundamentals, we do not recommend buying on speculation that an ARK Fund will invest in it. However, those of our recommendations with innovative technology have considerable upside.

An example is **One Stop Systems (OSS)** December 2020’s pick, which is a leader in high-performance edge computing. Just a few months after being named Company of the Month, OSS started rapidly developing its “AI Transportables” segment and landed its second major design win for autonomous vehicles. The stock surged 241% in less than three months and almost hit double-digits. This is definitely a stock to keep on your radar if the AI market maintains its high rate of growth.

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Speculation vs. Fundamentals

Investing in speculation stocks is exciting but very risky. The Bowser Game Plan ensures that we do not recommend a stock without solid fundamentals. Companies that have extremely high growth potential are rare but can also justify paying a higher premium. As long as you have a diverse portfolio, then you can invest in high risk/reward stocks with smaller position sizes. For example, OSS was trading 58% above its book value of \$1.75 upon our initial recommendation. This is standard for a growth stock but also adds risk to the investment. Smaller position sizing and offsetting that risk with less volatile stocks allows you to pay a higher price and wait for a larger move.

Although speculation stocks outperformed in 2020, that will not always be the case. Below is a chart showing growth and value stock performance since 1997:



The peak on the graph is just prior to the Dot-Com bubble burst in 2000. Since then, growth stocks have gradually recovered. Two months ago, value stocks finally made a big push as institutional investors rebalanced their portfolios to avoid taking on too much risk.

Not all fund managers are willing to take on as much risk as Cathie Wood, but that also left ARK Funds overexposed. ARKK dropped 33% from its 52-week high during the most recent market correction.

The bottom line is that diversification is key. It's in bold and italics in the Bowser Game Plan description below for a reason. To avoid downside risk while ensuring upside potential, investors

Market Overview

BWSR AVG
↑ 5.1%

DOW JONES
↑ 5.3%

S&P 500
↑ 4.6%

NASDAQ
↑ 4.3%

RUS 2000
↑ 2.8%

Stocks recovered from their recent correction and returned to all-time highs. Volatility returned to its 52-week low and the Dollar continued its bounce. This resulted in weakness from commodities, with crude oil recording its biggest drop since it bottomed in April 2020. Bowser stocks (up 5.1%) outperformed other small cap stocks. Most of the strong performers were growth stocks that recovered last month's losses. **Leatt Corp. (LEAT)** was the top gainer after announcing 75% yoy quarterly revenue growth.

should always seek to have a balance of growth and value stocks in their portfolio despite the excitement speculation stocks bring to the table.

Finding Stocks

One way *The Bowser Report* further reduces risk in speculative companies is by maintaining strict guidelines for stock picks. This ensures that our Companies of the Month have sufficient fundamentals. We also try to balance our picks between growth and value.

Meanwhile, we don't focus on what funds own or could own our recommendations. We believe that their competitive advantages and strong fundamentals will eventually attract institutional investors whether they are growth or value stocks.

For those interested in featuring ETFs in your portfolio, you can find most information online nowadays. For more information, specifically on ARK Invest, check out their website (www.ark-invest.com). You can select an ETF from the dropdown menu at the top of the page and scroll down to view its holdings.

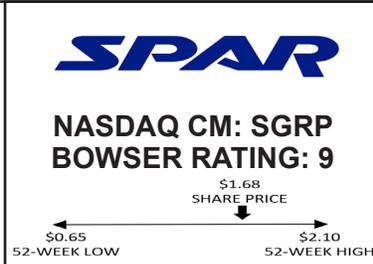
Whether or not you're looking to invest in ETFs, understanding the drivers behind some of the most recent Bowser recommendations' run-ups is helpful. However, always be sure to stick to the Bowser Game Plan and take your profits.

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

SPAR Group (SGRP) provides merchandising and marketing services worldwide. We recommended the stock in 2005 and 2012 and it doubled both times. It left the newsletter in June 2020 due to its hindered financial outlook as the global pandemic worsened. While market value has increased substantially since then, so has SGRP's outlook. The company currently operates in 10 countries and is expanding internationally to capitalize on growing global demand. It primarily offers syndicated services such as product reordering, product placement and maintenance services.



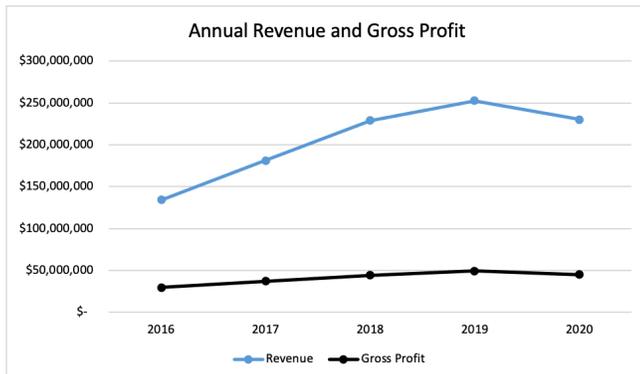
Financials and Valuation

We recommended subscribers sell SGRP in June 2020 over fears of worsening market conditions. The stock slid lower but eventually joined the major rally from small caps as a whole. Despite weakened international revenues, financials have remained rock solid.

SGRP's balance sheet has greatly improved since our previous recommendation, and cash is up to \$16 million. SPAR Group has an assets/liabilities ratio of 1.8 and its long-term debt decreased 30% to \$1 million in the fourth quarter. Below is a chart showing its balance sheet growth over the years:

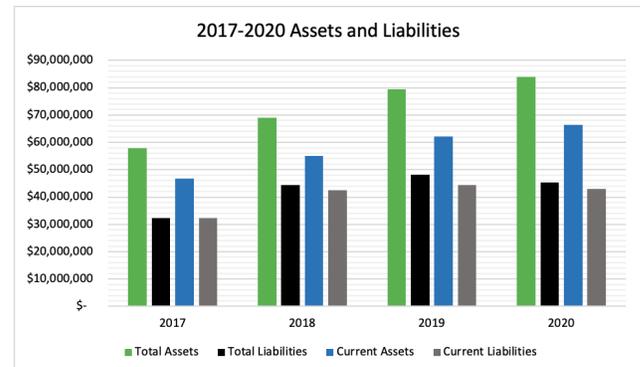
Income Breakdown

Revenue decreased \$22.4 million, or 8%, to \$230.5 million in 2020. This decrease is a direct result of companies cutting marketing expenses due to the global pandemic. However, SGRP has an outstanding long-term sales trend that is likely to resume as the global economy normalizes. Below is a chart of its historical revenue and gross profit:



Gross profit also decreased 8% to \$45.2 million despite margin improvements in Mexico, India and Brazil. Domestic revenues managed to grow 1.5% to \$92.1 million in 2020 due to solid project growth. Additionally, quarterly domestic revenues grew 11.5% yoy but made a small positive contribution to the company's net income.

International revenues significantly lagged, decreasing 14.7% to \$138.4 million following slowdowns in Australia, Canada and Japan. All three countries had very strict lockdowns as the global pandemic worsened, causing companies to cut costs to survive. We expect international revenues to recover gradually, especially in regions with high population density. The recent rebound in foreign exchange rates should also boost the recovery considering the USD lost 7% of its value in 2020.



Total assets have grown to \$84 million and have been in a consistent upward trend. Current and total liabilities decreased in 2020, while assets trended higher. Debt reduction and a strong cash position during a global pandemic are representative of high financial efficiency.

Although SGRP is trading above book value, it has an appealing valuation relative to its competitors. The company has a price/earnings (P/E) ratio of 10.8, showing steady earnings growth and a severe undervaluation relative to the industry average of 55. The substantial difference between these two metrics means that investors are getting a better bang for their buck with SGRP without any major drawbacks.

The most obvious sign of its undervaluation is

Continued on page 6...

	2018	2019	2020
REVENUES	\$229,100,000	\$252,900,000	\$230,500,000
INCOME (LOSS)	\$1,700,000	\$5,800,000	\$9,000,000
WORKING CAPITAL	\$12,600,000	\$17,400,000	\$25,800,000
BOOK VALUE	\$0.79	\$0.90	\$1.04
TOTAL SHARES	20,684,000	21,157,000	21,555,000
FLOAT	N/A	N/A	7,980,000

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 04/01/21	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
04/17(QB)	MAMAMANCINI'S (MMMB)	NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
03/21(QB)	INFORMATION ANALYSIS (IAIC)	INFORMATION TECHNOLOGY SERVICES	2.83	\$0.450	\$13.9	\$0.413	11.3	9
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.32	\$0.000	\$12.3	\$0.312	5.2	9
02/21(GS)	MIND C.T.I. (MNDO)	BILLING & CUSTOMER CARE SOFTWARE	2.69	\$0.000	\$23.4	\$5.383	19.9	9
05/19(N)	SAFE BULKERS (SB)	MARINE DRY BULK TRANSPORTATION	2.45	\$538.508	\$198.0	\$15.765	101.5	9
04/21(CM)	SPAR GROUP (SGRP)	MARKETING SERVICES	1.68	\$1.000	\$230.5	\$8.962	21.1	9
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	0.56	\$2.234	\$45.1	\$0.079	18.0	8
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
10/18(CM)	AEHR TEST SYSTEMS (AEHR)	SEMICONDUCTOR TEST EQUIPMENT	2.57	\$0.466	\$13.6	(\$4.499)	23.4	NR
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	2.36	\$0.793	\$11.6	\$1.000	23.0	NR
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	2.19	\$79.679	\$289.5	\$5.793	42.9	7
10/19(QB)	BAB, INC. (BABB)	FAST CASUAL RESTAURANT FRANCHISES	0.72	\$0.143	\$2.5	\$0.150	7.3	NR
02/20(QB)	BUTLER NATIONAL (BUKS)	AEROSPACE AND DEFENSE PRODUCTS	0.66	\$3.211	\$65.9	\$3.234	67.7	7
# 03/20(CM)	FLEXSHOPPER (FPAY)	VIRTUAL LEASE-TO-OWN MARKET	2.63	\$37.876	\$102.1	(\$0.340)	21.4	8
05/17(QB)	GALAXY GAMING (GLXZ)	GAMING INDUSTRY PRODUCTS	2.70	\$46.691	\$10.2	(\$2.209)	18.3	7
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	1.62	\$0.000	\$57.6	(\$10.537)	20.6	NR
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.42	\$5.967	\$56.4	(\$4.872)	34.7	NR
# 02/15(GM)	NOVA LIFESTYLE (NVFY)	NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
# 07/19(QB)	TABLE TRAC (TBTC)	CASINO SYSTEMS AND SUPPORT	2.99	\$0.000	\$4.4	\$0.307	4.5	7
		Office: Baker Technology Plaza, Ste. 206, 6101 Baker Rd., Minnetonka, MN 55345, www.tabletrac.com						
09/19(QB)	TECHPRECISION (TPCS)	METAL COMPONENTS AND SYSTEMS	1.30	\$2.446	\$15.0	(\$0.679)	29.4	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.

Category Change

This month, **TSS, Inc. (TSSI)** is moving up from Category 3 to Category 2 as its trailing twelve month earnings went positive.

HC2 sells insurance segment

HC2 Holdings (HCHC) entered into a definitive agreement to sell its insurance segment, comprised of Continental General Insurance Company and Continental LTC Inc., to Continental General Holdings, an entity controlled by Michael Gorzynski, who is a director of the HCHC and beneficial owner of approximately 6.6% of common stock.

The total transaction value of approximately \$90 million consists of a combination of \$65 million in cash plus securities, including certain assets of Continental. "The sale of Continental will allow HC2 to focus on its three core operating segments – Infrastructure, Life Sciences and Spectrum," said Avie Glazer, Chairman of HC2.

Libsyn acquires AdvertiseCast

Liberated Syndication (LSYN) entered into a definitive agreement to acquire AdvertiseCast, LLC, one of the largest independent and fastest-growing

podcast advertising companies. The combination of Libsyn's 75,000 podcasts and AdvertiseCast's premier advertising capabilities will accelerate revenue opportunities for podcast creators and provide advertisers with significant new inventory.

LSYN will acquire all of the issued and outstanding membership interests of AdvertiseCast in consideration for a purchase price of up to \$30 million. Of that \$30 million, \$18 million will be in cash, \$10 million will be in newly-issued shares and \$2 million in the form of an earn-out.

One Stop Systems secures AI orders

One Stop Systems (OSS) secured first production orders for a ruggedized-edge, transportable system from a self-driving trucking technology company that utilizes level 4 driving automation. The win reflects OSS's focus on the rapidly developing segment of the edge computing market that it calls "AI Transportables" with this quickly becoming the fastest growing area of its business.

The AI Transportables solution for this customer is based on the company's new ExpressBox 4400 (EB4400), which OSS designed and built to support challenging edge applications like autonomous trucks.

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 04/01/21 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)	\$3.27(8)	12/19 \$1.70(8)	ORION ENERGY SYSTEMS (CM:OESX)	\$7.17(7)	11/19 \$2.93(9)
BETTER ONLINE SOLUTIONS (CM:BOSC)	\$3.56(9)	07/18 \$2.50(11)	RADA ELECTRONIC (CM:RADA)	\$12.54(9)	03/18 \$2.16(10)
BGC PARTNERS (GS:BGCP)	\$5.04(NR)	08/20 \$2.89(8)	RETRACTABLE TECHNOLOGIES (A:RVP)	\$12.46(10)	01/20 \$1.48(10)
CBDMD, INC. (A:YCBD)	\$3.98(8)	10/20 \$1.98(10)	SMITH-MIDLAND (QX:SMID)	\$12.74(NR)	02/16 \$2.38(10)
CF BANKSHARES. (CM:CFBK)	\$19.62(11)	03/17 \$9.00(11)	SOCKET MOBILE (CM:SCKT)	\$8.58(10)	09/16 \$2.59(10)
*Price adjusted for 1-for-5 reverse split (Aug. '18)			SONO-TEK CORP. (QB:SOTK)	\$4.39(10)	08/14 \$1.11(8)
CLEAN ENERGY FUELS (GS:CLNE)	\$14.52(NR)	09/20 \$2.57(9)	TABLE TRAC (QB:TBTC)	NOW \$2.99; SEE PAGE 4	
DESWELL INDUSTRIES (GM:DSWL)	\$3.60(8)	05/20 \$2.35(9)	TAITRON COMPONENTS (CM:TAIT)	\$4.55(11)	05/18 \$1.44(11)
ENGLOBAL CORP. (CM:ENG)	\$4.49(9)	07/20 \$1.10(10)	TOMI ENVIRONMENTAL (QB:TOMZ)	\$4.17(9)	06/20 \$6.56(10)
FLUENT, INC. (GM:FLNT)	\$4.46(10)	11/20 \$2.67(10)	*Price adjusted for 1-for-8 reverse split (Sep. '20)		
HC2 HOLDINGS (N:HCHC)	\$4.00(9)	06/19 \$2.34(12)	TRXADE GROUP (CM:MEDS)	\$5.13(7)	08/19 \$4.20(9)
INSIGNIA SYSTEMS (CM:ISIG)	\$6.22(NR)	03/19 \$8.82(10)	*Price adjusted for 1-for-6 reverse split (Feb. '20)		
*Price adjusted for 1-for-7 reverse split (Jan. '21)			WHERE FOOD COMES FROM (CM:WFCF)	\$13.90(9)	10/12 \$5.80(9)
LEATT CORP. (QB:LEAT)	\$14.50(10)	12/17 \$1.92(10)	*Price adjusted for 1-for-4 reverse split (Dec. '20)		
LIBERATED SYNDICATION (QB:LSYN)	\$4.95(7)	08/18 \$1.61(8)	WIDEPOINT CORP. (N:WYY)	\$9.73(8)	04/20 \$3.50(8)
MAMAMANCINI'S (QB:MMMB)	\$3.00(10)	04/17 \$0.73(8)	*Price adjusted for 1-for-10 reverse split (Nov. '20)		
NOVA LIFESTYLE (GM:NVFY)	\$3.36(9)	02/15 \$2.41(11)	WILLIAMS INDUSTRIAL (QX:WLMS)	\$3.68(9)	01/21 \$2.86(9)
ONE STOP SYSTEMS (GS:OSS)	\$6.75(NR)	12/20 \$2.73(9)			

THE FOLLOWING WE SAID SHOULD BE SOLD

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

SEACHANGE INT'L (GS:SEAC)	\$1.55	10/20 \$0.76	SINGING MACHINE CO. (QX:SMDM)	\$0.41	09/20 \$0.25
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BRIEFS

Aehr Test Systems (AEHR) received a \$1.2 million order for multiple WaferPak™ Contactors from one of its lead FOX-XP test and burn-in system customers. . . . **cbdMD (YCBD)** announced that the judge in the California class action lawsuit in which cbdMD, Inc. was named a defendant has granted its motion and stayed the action. YCBD also formed cbdMD Therapeutics LLC, a new wholly-owned subsidiary. . . .

Fluent (FLNT) entered into a new five-year credit agreement, consisting of a \$50 million term loan and a revolving credit facility of up to \$15 million. . . . **GSE Systems (GVP)** received a contract from a major energy company in Canada to upgrade their on-premises training platform to the new EnVision software as a service subscription solution. . . . **Leatt Corp. (LEAT)** announced that its Velocity 4.0 MTB Goggles won the 2021 Design & Innovation Award. . . . **Liberated Syndication**

(LSYN) partnered with Samsung to help bring podcasts under the "Listen" tab within the Samsung Free application. LSYN also appointed Douglas Woodrum, a seasoned executive with audit and financial experience in the media industry, to its board of directors. . . . **MamaMancini's (MMMB)** appointed prominent small-cap investment manager Connor Haley and tenured hospitality industry executive Michael Stengel to the board of directors. . . . **RADA Electronic Industries Ltd. (RADA)** closed its public offering of 5,175,000 ordinary shares at a public offering price of \$11.50 per share. RADA also received over \$15 million in new orders during January and February of 2021, compared to \$6 million during the same period in 2020. . . . **Smith-Midland Corp. (SMID)** subsidiary, EasiSet Worldwide, announced a new licensing agreement for its J-J Hooks barrier with Ross Prestressed Concrete. . . . **Where Food Comes From (WFCF)** announced the implementation of the WFCF CARE Certified program across Heinen's beef, pork and Gerber Poultry.

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
cbdMD (YCBD)	A-2,497,469	2	\$0.00
	S-125,000x	2	\$3.93-\$4.04
	S-20,000	1	\$4.04
	D-693,000	1	\$0.00
CF Bankshares (CFBK)	D-2,000	1	\$0.00
	S-15,675	1	\$12.99
Clean Energy (CLNE)	S-11,756x	1	\$12.99
	A-41,854	4	\$0.00
ENGlobal Corp. (ENG)	S-29,891	2	\$5.12-\$5.15
	A-105,000	3	\$0.00
Fluent (FLNT)	A-105,000	3	\$0.00
Galaxy Gaming (GLXZ)	OE-50,000	2	\$0.22
HC2 Holdings (HCHC)	A-296,000	4	\$0.00
	B-2,164,108x	1	\$3.80
	B-7,500	2	\$3.55-\$3.60
Liberated Synd. (LSYN)	S-26,843	3	\$3.55-\$3.66
	A-15,000	1	\$0.00
	S-45,900	2	\$12.39-\$12.58
Socket Mobile (SCKT)	OE-15,900	2	\$1.08-\$2.10
	D-2,464	3	\$10.63-\$10.65
	OE-63,334	3	\$0.91-\$1.06
Sono-Tek Corp. (SOTK)	D-28,433	5	\$0.00-\$4.70
	S-4,909	2	\$4.68-\$4.69
	OE-2,500	1	\$0.96

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

Mining stocks

Are there any mining stocks on your radar? The \$1.9 trillion welfare bill could boost precious metals.

-- Lee B. (Forums)

We have not had a mining stock in the newsletter since 2012. That was shortly after they topped in late-2011 before finding a bottom in 2016. Despite gold and other precious metals substantially pulling back from their 52-week highs, many of the mining names that we track are still 10-20% overvalued.

Since the majority are not growth stocks, we cannot recommend them until they hit a reasonable valuation. In the meantime, here is a scan (<https://bit.ly/3fHhekc>) of gold miners with strong fundamentals.

Overpaying for stocks

Why is it that every stock I want to buy is over \$3? Do I just keep waiting?

-- Greg S.

Many of our recommendations have climbed over \$3 because of the huge strength from small stocks as a whole. The recent correction knocked a few names back down, but we still recommend sticking to the Bowser Game Plan.

You can create a list of stocks that you would be willing to pay a higher premium for but steer clear of the ones that are significantly overvalued. We touch on a basic dip-buying strategy for stocks in our latest YouTube video (<https://bit.ly/3fMF7a3>).

COMPANY OF THE MONTH... CONTINUED

its price/sales (P/S) ratio of 0.15. This is 99% below the industry average of 1.9 and the index average of 4.3. Such a significant gap usually means lackluster profits, but that is clearly not the case with SGRP.

Ownership

While insiders are not actively accumulating, they account for 62% of the outstanding shares. Institutional investors account for 6.2% of the outstanding shares and 16% of the float. SGRP has a low float, which means there are less shares available to the public and any major institutional investments will greatly effect share price.

There are currently 15 institutions invested in SGRP. Below is a table from Nasdaq.com showing the active positions:

ACTIVE POSITIONS	HOLDERS	SHARES
Increased Positions	5	105,167
Decreased Positions	3	17,067
Held Positions	7	1,194,085
Total Institutional Shares	15	1,316,319

The three decreased positions sold out entirely, but it was only a small percentage of the total shares held by institutions. Additionally, four new investors purchased a total of 104,912 shares. Since the stock trades on higher volume and the industry is rebounding, we expect to see more institutional investors down the road.

Outlook and Risks

Management changes and recovering financials put SPAR Group immediately back on our radar. While we believe the previous management was exceptional, the new executives make us even more optimistic. Mike Matacnas was appointed president and CEO in February 2021 and is responsible for setting global strategy. Matacnas formerly served

as the chief administrative officer of Dollar Tree, where he helped lead the successful multi-billion-dollar acquisition and integration of Family Dollar Stores. He is a Fortune 500 veteran with over 30 years of leadership experience.

Fay DeVriese was appointed CFO in August 2020, succeeding Jim Segreto after his 23-year career. Prior to joining SGRP, DeVriese served as the CFO of Letica Corporation.

In addition to the executive changes, the company also appointed multiple independent board members, further displaying the company's focus on growth and success in any market.

Domestic sales growth has remained intact but it will take time for international sales to recover. The company's history of financial stability and current efficiency position it for long-term success. Management has not raised guidance, but the industry is recovering quickly, which is promising with regards to financial outlook as it should lead to increasing demand for SGRP's services.

As with all of recent picks, the stock price of SGRP has risen quite a bit over the past year.

Conclusion

SPAR Group has been a favorite of ours over the years because of its strong financials and efficient management. While the stock has bounced up quite a bit from its lows, we are optimistic about its domestic growth and new leadership. With growth potential, it also offers value given its undervaluation relative to its competitors. As long as international sales do not slump, SGRP is on track to be a great winner yet again.

Office: 333 Westchester Ave., Ste. 204, White Plains, NY, Phone: 248-364-7727, www.sparinc.com

Beginner's Portfolio Up 410%

BOUGHT: SB (200 Shares) @ \$2.45 = \$490
IAIC (200 Shares plus \$7 commissions) = \$573

SOLD: BGCP (100 Shares) @ \$5.12 = \$512
NHLD (200 Shares) @ \$3.25 = \$650
VTSI (100 Shares) @ \$5.60 = \$560
VTSI (100 Shares) @ \$7.62 = \$762

	Cost	04/01/21	Cost	04/01/21	Cost	04/01/21	Proceeds		
MMMB*	200/Jun '17	300	ISIG	262/Apr '19	174	YCBD	600/Dec '20	796	From Sales
LEAT*	488/Jan '18	1,450	HCHC	460/Jul '19	800	TAIT	560/Dec '20	910	
BOSC	510/Aug '18	712	BUKS	134/Mar '20	132	TBTC	587/Feb '21	598	
SMIT*	578/Oct '18	697	ALSK	450/May '20	654	MNDO	586/Mar '21	538	
AEHR	368/Dec '18	514	WYY*	106/May '20	97	SB	490/Apr '21	490	
TSSI	198/Mar '19	112	BGCP*	512/Sep '20	1,008	IAIC	573/Apr '21	566	
Current Holdings Value:							8,988	(490)	
Proceeds from Sales:							15,316	(573)	
Total Value of Portfolio:							24,304	15,316	

Original cost for all stocks: \$4,766

*Half of original holdings

Gain: 24,304 minus 4,766 = 19,538

Percentage of gain: 19,538 divided by 4,766 x 100 = 410.0

Compound Annual Growth Rate: 8.67%

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 began using 200 shares each in 2017 to use more cash... We use an internet broker... We follow the Bowser Game Plan. Portfolio started Sep. '01.

Beginner's Portfolio Explanation

There are a few changes to the Beginner's Portfolio this month. **BGC Partners (BGCP)** and **VirTra (VTSI)** doubled while **VTSI** also pulled back 25% from its high. **National Holdings (NHLD)** was acquired. **Safe Bulkers (SB)** and last month's recommendation, **Information Analysis (IAIC)**, replaced **NHLD** and **VTSI**.

EARNINGS

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Better Online Solutions (BOSC)	12/31/20	\$10,426,000	\$9,354,000	\$248,000	(\$335,000)	
Clean Energy Fuels (CLNE)	12/31/20	\$74,958,000	\$119,615,000	(\$2,852,000)	\$39,223,000	
FlexShopper (FPAY)	12/31/20	\$28,141,573	\$22,461,817	(\$418,879)	(\$1,004,164)	
Galaxy Gaming (GLXZ)	12/31/20	\$3,274,000	\$5,183,000	\$1,179,000	\$847,535	(A)
GSE Systems (GVP)	12/31/20	\$12,653,000	\$17,292,000	(\$1,469,000)	(\$6,349,000)	
HC2 Holdings (HCHC)	12/31/20	\$178,000,000	\$169,400,000	(\$8,000,000)	(\$30,700,000)	
Leatt Corp. (LEAT)	12/31/20	\$12,748,439	\$7,300,488	\$1,775,460	(\$27,988)	
Nova Lifestyle (NVFY)	12/31/20	\$3,536,411	\$2,523,662	(\$16,046,569)	(\$8,018,860)	(B)
One Stop Systems (OSS)	12/31/20	\$13,934,365	\$18,424,920	\$243,860	\$1,094,126	
Smith-Midland (SMID)	12/31/20	\$11,073,000	\$12,442,000	\$713,000	\$742,000	
Table Trac (TBTC)	12/31/20	\$592,955	\$1,846,673	\$195,646	(\$488)	
TOMI Environmental (TOMZ)	12/31/20	\$3,654,133	\$1,855,441	(\$2,904,312)	(\$495,203)	
Trxade Group (MEDS)	12/31/20	\$1,994,294	\$1,695,903	(\$2,312,158)	(\$495,203)	
TSS, Inc. (TSSI)	12/31/20	\$7,248,000	\$20,404,000	\$637,000	\$346,000	

(A) "We used the downtime in 2020 to develop new games and a new technology platform, and we will be launching these in 2021 as they are approved by our regulators. Finally, and most significantly, our acquisition of PGP in August made iGaming a much more important part of our business. We expect iGaming to be one of the major growth areas going forward, and we are well-positioned to benefit from those trends," stated Todd Cravens,

GLXZ's president and CEO.

(B) Tawny Lam, CEO of NVFY: "Throughout 2020, we expanded our business model while operating in the challenges posed by the COVID-19 pandemic. Switching to higher margin products could be quite opportunistic for NVFY's future direction. To that end, we successfully launched an online platform to distribute a new line of health products."

NOTES BY THE EDITOR

Stocks fully recovered from the brief correction and major indices returned to all-time highs. It's worth noting that while Bowser stocks held their own, small stocks have started to underperform once again.

Value stocks finally received more inflows than growth stocks as market conditions started to normalize. Most of the volatility this month surrounded comments from Federal Reserve members and macroeconomic data.



Leatt Corp. (LEAT) was without a doubt the best performer as the stock hit a new all-time high. The company reported outstanding quarterly figures and incredible top-line growth. The stock is up 603% from our recommendation in December 2017 and is yet another reminder of why it pays to be patient.

The three-month Bowser Investing Competition will be wrapping up in just a few days! The prize winner will be announced via email and on the forums.

Another contest will start June 1, 2021. Subscribers will be notified via email and will have a chance to win a free subscription and other great prizes! Be sure to check out our blog and YouTube channel for tips on stock picking to prepare.

FIVE BOWSER STOCKS UP AND DOWN

Leatt Corp. (LEAT)	UP	53%	Fluent (FLNT)	DOWN	27%
Nova Lifestyle (NVFY)	UP	50%	TSS, Inc. (TSSI)	DOWN	25%
Information Analysis	UP	26%	Trxade (MEDS)	DOWN	12%
Clean Energy (CLNE)	UP	25%	GSE Systems (GVP)	DOWN	12%
Liberated Syn. (LSYN)	UP	21%	Safe Bulkers (SB)	DOWN	11%