



Next Company of the Month Recording:
Friday, September 10, After 5 PM EST
Recording on for entire weekend
Phone: (757) 877-5979

Lessons Learned: *The Intelligent Investor* Takeaways from the best-selling investment book

Benjamin Graham, an economist and investor born in 1894, is widely recognized for the success of one of his disciples – Warren Buffett. However, Graham also contributed some of the best neoclassical investing texts to the financial world. In 1949, he released *The Intelligent Investor* which later became one of the best-selling investment books ever. Every subscriber should still read the book, but we will share some of his most important lessons that could help you build wealth.

Max Bowser and Benjamin Graham

The Intelligent Investor primarily tackles investing principles and psychology. Although the book is 72 years old, Graham's insight is timeless and many of these principles align with those of Max Bowser, who focused on the underlying company and the utilization of a simple game plan.

Another principle shared by both men is not investing to get rich quick. Instead, they emphasized building wealth, lowering the frequency of impulse decision-making and emotional mistakes.

Lastly, both Bowser and Graham avoided constantly tracking each stock and watching the markets all hours of the day. Graham mentioned this many times in *The Intelligent Investor* referring to the stock market as Mr. Market, who is notoriously unpredictable and suspicious. As a result, investors should ignore his sketchy price quotes. A common example of Mr. Market's antics is a stock's quarterly earnings report. Below is a chart showing Apple's (AAPL) historical earnings statistics:

Totals	AAPL
Total Earnings Events Analyzed	75
Total # Up	47
Total # Down	28
Total % Up	63%
Total # Inside Expected Move	44
Total # Outside Expected Move	31
Total % Inside Expected Move	59%

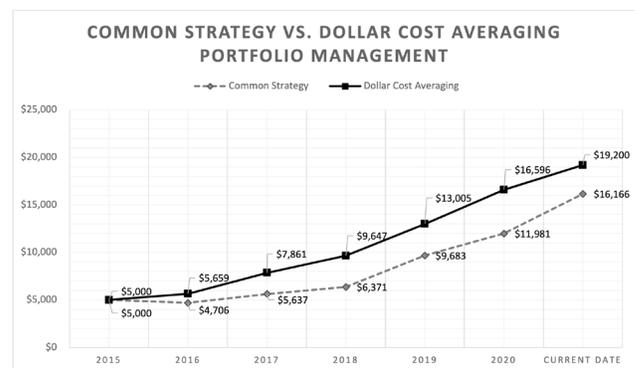
Out of the 75 earnings events, only 47 of them resulted in share price moving up. Additionally, 31 events resulted in unexpected moves. AAPL is one of the

most consistent growth stocks ever and still behaves irrationally during major events. This happens often with Bowser picks due to high expectations for companies with strong fundamentals.

The Formula

There is a reason that *The Bowser Report* has found success for over 45 years and Graham's ideologies are timeless – the formula. No investment system is complete without a proven strategy. This applies to a formula for selecting your investments, executing trades and dollar cost averaging (the practice of spreading out purchases in intervals and equal amounts).

Dollar cost averaging boosts long-term profits and helps to avoid timing the stock market. By way of example, consider the Russell 2000 Index ETF (IWM). A common strategy is just two different entry points with the same cost basis of \$5,000 (\$10,000 total investment). The dollar cost averaging strategy will consist of a \$5,000 initial investment and ten purchases of \$500 every six months. The chart below shows the portfolio value for both strategies:



The dollar cost averaging strategy performed much better and required much less effort. The one drawback to using this strategy is increased commissions, which has been relatively insignificant since brokerages lowered their rates.

Dollar cost averaging is only one aspect of a good formula for portfolio management, and one that is less applicable to Bowser stocks. Trade execution determines profits and losses and can be extremely challenging, which is why we strongly recommend

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using the Bowser Game Plan (found below), which coincidentally overlaps with many of Graham's tactics.

The Bowser Game Plan is a great example of a successful formula because of the math behind it. It suggests selling a stock when it doubles, then cutting the remainder loose after a 25% drop from the highest price after doubling. It also suggests selling a stock if it drops 50% before doubling. The simple math that Max Bowser implemented only requires a winning investment less than half of the time, which leads to long-term success. It also encourages cutting losers, letting winners ride and diversification.

Risk Management

Graham highly values a diverse portfolio but warns against too many holdings. He also states that "defensive" investors should maintain a balance of stocks and bonds while "aggressive" investors should focus on equities. The Game Plan suggests maintaining a portfolio of 12-18 holdings, but any number far below or above that range could be detrimental.

Another method Graham uses to limit risk is avoiding hype stocks and IPOs. We wrote about a similar concept in the July 2020 monthly issue, which discussed hype stocks and showed their inability to hold gains. Similarly, Graham believes the popularity of IPOs makes them more overvalued and hurts the average investor. A big factor in their overvaluation is that the company going public intends to cash out its proceeds from the offering, which can lead to secondary offerings down the road. Below is a chart showing the total proceeds from IPOs over the years:



Management will always prioritize the company over

Market Overview

BWSR AVG
↓ 5.5%

S&P 500
↑ 1.9%

NASDAQ
↑ 1.3%

DOW JONES
↑ 1.2%

RUS 2000
↓ 5.5%

Major indices rallied from yet another quick sell-off and returned to all-time highs. The Federal Reserve decided to leave rates unchanged despite improved jobs data. Small stocks went on to record their worst month since the March 2020 bottom. Bowser stocks (down 5.5%) were not immune to the sell-off and erased the prior month's gains. **Aehr Test Systems (AEHR)** went against the grain and soared higher following strong earnings and a large purchase order.

its shareholders as soon as the company goes public. The fact of the matter is that hype will usually cause a temporary overvaluation for a stock or industry.

Stock Picking

Picking a stock relies on finding a valuable company with strong fundamentals and earnings stability. Graham's rationale for investing in companies with healthy financials is based on their earnings track records. Similarly, the Bowser system prioritizes stocks with consistent growth in sales and earnings.

While *The Intelligent Investor* does not recommend investing in small stocks, it highly recommends companies with a healthy balance sheet. Graham broadly defined a healthy balance sheet as current assets being double that of current liabilities, which is similar to the Bowser Rating's ideal.

Lastly, Graham gravitates to value stocks and companies with a healthy price/earnings (P/E) ratio. A P/E ratio of under 15 is ideal as long as it is accompanied by a reasonable price/book (P/B) ratio. His criteria for this was that if the stocks P/E ratio multiplied by the P/B ratio was less than 22.5, you could buy.

In conclusion, *The Intelligent Investor* provides readers with helpful investment methods and a great perspective. Understanding Graham's approach to both picking stocks and managing a portfolio can assist with investment decisions. If you focus on the underlying company and ignore Mr. Market's mood swings, your portfolio should thrive.

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

Charles & Colvard (CTHR) operates as a fine jewelry company. The company provides gemstones and jewelry to market through its Forever One™ Moissanite brand and Caydia™ Lab Grown Diamond brand. Its unique differentiator, moissanite - The World's Most Brilliant Gem®, is core to its environmentally and socially responsible fine jewelry and fashion jewelry. The company sells loose moissanite jewels and finished jewelry through its Online Channels Segment and its Traditional Segment.



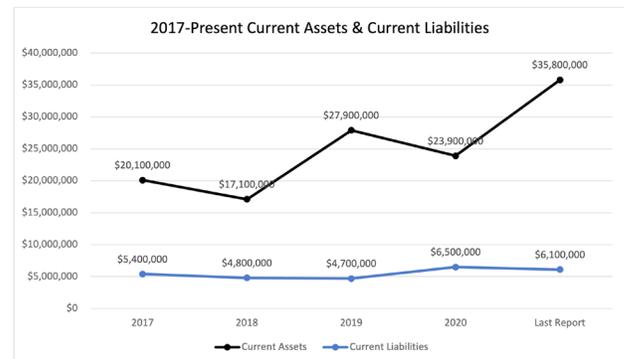
CHARLES & COLVARD
NASDAQ CM:CTHR
BOWSER RATING: 9

\$2.62
 SHARE PRICE

\$0.63 52-WEEK LOW \$3.66 52-WEEK HIGH

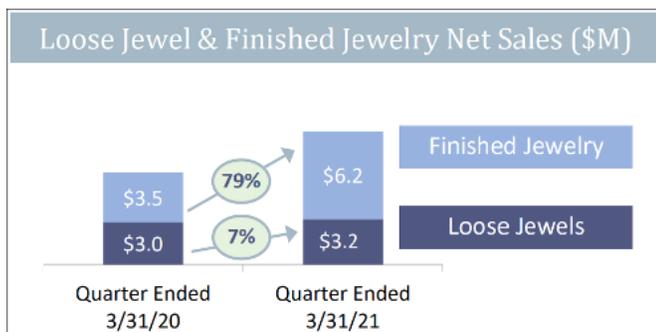
balance sheet has never looked better. Its assets outweigh liabilities 5.6 to 1. And, cash of \$19.6 million, or \$0.66 cash per share, further highlights the low liquidity risk. Cash and cash equivalents have soared as a result of \$2.3 million in cash flow from operations. Below is a chart showing the company's current assets and liabilities:

showing the company's current assets and liabilities:



Sales Breakdown

Charles & Colvard reported solid earnings and revenue growth in the third quarter. Its brand awareness combined with the demand spike for socially responsible jewels generated great financial results. Net sales increased to \$9.4 million for the quarter, up 45% from \$6.5 million in the same period last year. Below is a chart showing the sales breakdown for the recent quarter:



Finished jewelry sales skyrocketed, which greatly contributed to margin improvements. Coincidentally, both the Online Channels Segment and the Traditional Segment saw net sales grow 45%. Revenue growth in both segments is attributed to reaching a broader audience by offering consumers a choice in premium lab-grown gems and expanding product offerings beyond traditional bridal jewelry. Additionally, the company extended its distribution capacity to meet the constantly growing demand.

Increased margins boosted net income to \$1 million for the quarter, up substantially from a net loss of \$6.2 million in the same period last year. Net income for the past nine months is \$4.4 million, totalling \$0.15 earnings per diluted share. Growing demand coupled with better profits have put CTHR in a great position to capture more market share.

Financials and Valuation

In addition to its recent income growth, CTHR's

The huge gap between current assets and current liabilities has created many growth opportunities for the company. Management took advantage of the growing worldwide acceptance of lab-created gemstones and raised capital with an underwritten public offering of 6.2 million shares in 2019. The additional funds played a vital role in increasing brand awareness and further developing global omni-channel sales.

CTHR used to be widely considered a value stock due to its solid fundamentals and ability to create value for shareholders. However, the price/earnings (P/E) ratio has risen to 23 due to the stock's strong performance, which categorizes it as a slightly overvalued growth stock. This is only concerning if revenue growth flattens.

The price/book (P/B) ratio of 1.66 also shows an overvaluation, but not in comparison to CTHR's competitors. In fact, the P/E ratio and the P/B ratio are 13% and 98% lower than the industry average.

Management

The Charles & Covard management team has done

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	2019	2020	2021 (A)
REVENUES	\$32,244,109	\$29,189,020	\$9,436,056
INCOME (LOSS)	2,275,467	(\$6,162,083)	\$1,036,227
WORKING CAPITAL	\$23,200,000	\$17,400,000	\$29,700,000
BOOK VALUE	\$2.08	\$1.44	\$1.57
TOTAL SHARES	22,111,223	28,644,133	29,852,950
FLOAT	N/A	N/A	22,730,000

(A) For the three months ended 3/31/2021

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 08/06/21	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
06/21(QX)	MACE SECURITY INT'L (MACE)	PERSONAL SAFETY AND SECURITY	0.30	\$0.000	\$15.9	\$2.188	64.6	10
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	2.65	\$68.132	\$271.7	\$8.455	42.3	8
10/19(QB)	BAB, INC. (BABB)	FAST CASUAL RESTAURANT FRANCHISES	0.75	\$0.000	\$2.8	\$0.382	7.3	8
08/21(CM)	CHARLES & COLVARD (CTHR)	FINE JEWELRY	2.62	\$0.322	\$33.9	\$3.401	29.9	9
# 03/21(QB)	INFORMATION ANALYSIS (IAIC)	INFORMATION TECHNOLOGY SERVICES	2.60	\$0.301	\$15.3	\$0.811	12.1	9
		Office: 11240 Waples Mill Rd., Ste. 201, Fairfax, VA 22030, Tel: (703) 383-3000, www.infoa.com						
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.75	\$0.000	\$12.3	\$0.312	5.2	9
07/21(PK)	PARKS! AMERICA INC. (PRKA)	THEME PARKS AND ATTRACTIONS	0.81	\$5.437	\$12.5	\$3.813	75.1	9
04/21(CM)	SPAR GROUP (SGRP)	MARKETING SERVICES	1.79	\$1.000	\$230.5	\$8.962	21.1	9
# 06/20(CM)	TOMI ENVIRONMENTAL (TOMZ)	DISINFECTION AND DECONTAMINATION	2.03	\$0.411	\$20.1	\$0.261	16.8	9
CATEGORY THREE: SPECULATIVE COMPANIES (RATED 7 AND BELOW AND/OR NON-PROFITABLE)								
10/18(CM)	AEHR TEST SYSTEMS (AEHR)	NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)					23.5	NR
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	1.95	\$0.000	\$11.2	\$0.723	23.4	7
02/20(QB)	BUTLER NATIONAL (BUKS)	AEROSPACE AND DEFENSE PRODUCTS	0.61	\$3.211	\$65.9	\$3.234	67.7	7
# 10/20(A)	CBDM, INC. (YCBD)	CANNIBIDOIL PRODUCTS	2.25	\$0.568	\$46.5	(\$37.117)	44.1	8
# 07/20(CM)	ENGLOBAL CORP. (ENG)	ENGINEERING SERVICES	2.38	\$1.600	\$50.8	(\$6.004)	29.6	9
		Office: 654 North Sam Houston Pkwy. East, Ste. 400, Houston, TX 77060-5914, (281) 878-1000, www.englobal.com						
# 03/20(CM)	FLEXSHOPPER (FPAY)	VIRTUAL LEASE-TO-OWN MARKET	2.73	\$41.675	\$110.0	(\$2.829)	21.4	8
# 11/20(GM)	FLUENT, INC. (FLNT)	DIGITAL MARKETING SERVICES	2.47	\$43.848	\$302.0	(\$4.459)	81.9	7
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	1.56	\$1.260	\$53.0	(\$6.484)	20.6	NR
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.30	\$7.517	\$50.6	(\$6.255)	35.9	NR
05/21(QB)	KONATEL, INC. (KTEL)	TELECOM SERVICES	0.91	\$0.150	9.8	(\$0.095)	40.7	NR
# 04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	2.70	\$0.000	\$39.7	\$3.519	35.6	NR
# 02/15(GM)	NOVA LIFESTYLE (NVFY)	FURNITURE MANUFACTURING/SALES	2.47	\$0.150	\$12.5	(\$25.503)	6.7	9
		Office: 6565 East Washington Blvd., Commerce, CA 90040, Tel: (323) 888-9999, www.novalifestyle.com						
09/19(QB)	TECHPRECISION (TPCS)	METAL COMPONENTS AND SYSTEMS	1.33	\$1.305	\$15.6	\$0.321	29.5	7
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	0.43	\$2.282	\$39.6	(\$0.252)	19.5	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 Changes

This month, two companies are moving up as a result of their most recent earnings reports (more details on page 7):

- **ARC Document Solutions (ARC)** is moving from Category 3 to Category 2 as its Bowser Rating climbed from NR to 8; and
- **Mace Security (MACE)** is moving from Category 2 to Category 1 as its Bowser Rating rose from 8 to 10. Despite the sell-off, MACE's earnings report was positive due to its earnings growth (which was inflated by the forgiveness of its PPP loan).

Aehr receives \$10.8 million order

Aehr Test Systems (AEHR) received a \$10.8 million single purchase order from its lead silicon carbide test and burn-in customer for multiple FOX-XP™ systems and full sets of WaferPak™ Contactors to meet their increased production capacity needs. This customer is a leading Fortune 500 supplier of semiconductor devices with a significant customer

base in the automotive semiconductor market. These FOX systems and WaferPaks are expected to ship within the next six months.

President and CEO Gayn Erickson commented, "This customer continues to forecast orders for multiple additional FOX systems and WaferPak Contactors this fiscal year and a significant number of systems and WaferPaks over the next several years due to electric vehicle semiconductor test and burn-in demand."

TOMI launches SteraPak

TOMI Environmental Solutions (TOMZ) announced the launch of the SteraPak, which places powerful, innovative SteraMist iHP technology on your back. It features cordless as well as AC and DC power functionality which ensures compatibility in all countries.

TOMZ is currently taking deposits from customers for the product and expects to begin filling backlog orders in the third quarter.

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 08/06/21 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)	ACQUIRED @ \$3.40/SHARE		ONE STOP SYSTEMS (GS:OSS)	\$5.97(NR)	12/20 \$2.73(9)
BETTER ONLINE SOLUTIONS (CM:BOSC)	\$3.92(9)	07/18 \$2.50(11)	ORION ENERGY SYSTEMS (CM:OESX)	\$5.01(7)	11/19 \$2.93(9)
BGC PARTNERS (GS:BGCP)	\$5.68(NR)	08/20 \$2.89(8)	RADA ELECTRONIC (CM:RADA)	\$12.18(9)	03/18 \$2.16(10)
CF BANKSHARES. (CM:CFBK)	\$19.47(11)	03/17 \$9.00(11)	RETRACTABLE TECHNOLOGIES (A:RVP)	\$12.73(10)	01/20 \$1.48(10)
*Price adjusted for 1-for-5 reverse split (Aug. '18)			SAFE BULKERS (N:SB)	\$3.37(8)	05/19 \$1.81(10)
CLEAN ENERGY FUELS (GS:CLNE)	\$7.48(9)	09/20 \$2.57(9)	SMITH-MIDLAND (QX:SMID)	\$17.00(NR)	02/16 \$2.38(10)
DESWELL INDUSTRIES (GM:DSWL)	\$4.55(8)	05/20 \$2.35(9)	SONO-TEK CORP. (QB:SOTK)	\$3.03(10)	08/14 \$1.11(8)
ENGLOBAL CORP. (CM:ENG)	NOW \$2.38; SEE PAGE 4		TABLE TRAC (QB:TBTC)	\$3.52(7)	07/19 \$2.40(10)
GALAXY GAMING (QB:GLXZ)	\$4.57(7)	05/17 \$0.69(8)	TAITRON COMPONENTS (CM:TAIT)	NOW IN BOWSER DATABASE	
HC2 HOLDINGS (N:HCHC)	\$3.87(9)	06/19 \$2.34(12)	TRXADE HEALTH (CM:MEDS)	\$5.12(8)	08/19 \$4.20(9)
INFORMATION ANALYSIS (QB:IAIC)	NOW \$2.60; SEE PAGE 4		*Price adjusted for 1-for-6 reverse split (Feb. '20)		
INSIGNIA SYSTEMS (CM:ISIG)	\$8.18(10)	03/19 \$8.82(10)	WHERE FOOD COMES FROM (CM:WFCF)	\$14.45(10)	10/12 \$5.80(9)
*Price adjusted for 1-for-7 reverse split (Jan. '21)			*Price adjusted for 1-for-4 reverse split (Dec. '20)		
LEATT CORP. (QB:LEAT)	\$18.20(10)	12/17 \$1.92(10)	WIDEPOINT CORP. (N:WYY)	\$6.82(8)	04/20 \$3.50(8)
LIBERATED SYNDICATION (QB:LSYN)	\$3.81(7)	08/18 \$1.61(8)	*Price adjusted for 1-for-10 reverse split (Nov. '20)		
MIND C.T.I. (GS:MNDI)	\$3.49(9)	02/21 \$2.64(8)	WILLIAMS INDUSTRIAL (QX:WLMS)	\$4.75(9)	01/21 \$2.86(9)
NOVA LIFESTYLE (GM:NVFY)	NOW \$2.47; SEE PAGE 4				

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)	\$1.06	10/20 \$0.76	SINGING MACHINE CO. (QX:SMDM)	\$0.35	09/20 \$0.25
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BRIEFS

BGC Partners (BGCP) entity, Capitalab, announced a collaboration with Eurex to execute the first compression in equity index derivatives in Europe. . . **cbdMD (YCBD)** agreed to purchase CBD online marketplace, DirectCBDOnline.com, from Twenty Two Capital. . . **Galaxy Gaming (GLXZ)** acquired the rights to the game portfolio of High Variance Games, including Super Blackjack, Super Texas Hold'em, Super Pai Gow, Three Card Stud Triple Draw and Super Omaha Poker. . . **HC2 Holdings (HCHC)** provided an additional \$15 million in Series C funding to R2 Technologies Inc. at a post-money valuation of \$150 million. . . **Innovative Food (IVFH)** partnered

with Isaac Mizrahi Live! to curate a delicious collection of cheeses to pair with Isaac's offering of award-winning Vintage Wine Estates wines. . . **Liberated Syndication (LSYN)** partnered with new storytelling platform Fireside. LSYN also announced its inclusion in the Canva Partner Program which will provide Libsyn podcasters with innovative, easy to use tools to create artwork for their podcasts. . . **MamaMancini's (MMMB)** received the the Nasdaq Stock Market's approval to list its common stock on the Nasdaq Capital Market. . . **Nova LifeStyle (NVFY)** entered into definitive agreements with certain institutional investors who will purchase 1,114,508 of NVFY's shares of common stock in a registered direct offering. . . **Safe Bulk**

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Aehr Test Systems (AEHR)	A-124,486	7	\$0.00
	A-25,085x	5	\$0.00
	D-2,010	2	\$2.83
	OE-62,690	2	\$2.10-2.71
	S-12,000	3	\$5.66-8.08
ARC Document Sol. (ARC)	S-138,456x	3	\$5.75-7.16
	AB-65,291	5	\$2.01-2.32
cbdMD, Inc. (YCBD)	B-161,550x	1	N/A
	HC2 Holdings (HCHC)	AB-116,565x	1
One Stop Systems (OSS)	D-4,160	1	\$4.07
	D-66,960	1	\$6.06
	OE-157,142	2	\$2.15
Smith-Midland (SMID)	AS-3,900	1	\$19.08
	D-50,000	1	\$0.00
Sono-Tek (SOTK)	D-2,000	1	\$0.00

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

entered into agreements to acquire three Japanese dry-bulk 82,000 dwt, Kamsarmax class vessels at attractive prices. Also, SB entered into a twelve-month bareboat charter agreement with a down payment of \$4.5 million on signing. . . **Socket Mobile (SCKT)** released of an updated version of the SocketScan S740 with new features and performance enhancements. . . **SPAR Group (SGRP)** announced key executive appointments that further strengthen its executive team and support the company's global expansion.

BUCKAROOS SPEAK

Automating the Selling Plan

Should I be concerned that my broker is only accepting sell orders for two Bowser stocks?

-- Mike K.

The SEC is adopting more strict policies to enhance investor protection, which could temporarily increase sell pressure for **Fluent (FLNT)** and **Liberated Syndication (LSYN)**.

While the companies could still come into compliance, it could be beneficial to place a trailing stop order on your positions and/or contact investor relations. Both stocks have a proven track record of healthy financials but brokerage restrictions should

not be ignored.

Mace Security selloff

Is Mace Security (MACE) dropping because of its earnings release?

-- Sam C.

The MACE sell-off started with small cap weakness and was exaggerated by its earnings report. Market sentiment and expectations were too high, which is the downside to recommending a stock after unusually high growth. Quarterly retail and e-commerce sales increased 38% yoy but net sales decreased by 1%.

COMPANY OF THE MONTH... CONTINUED

a great job of creating brand awareness and growing sales. The company has reached many milestones, including the launch of a new direct-to-consumer website, moissaniteoutlet.com, to improve online sales. It also participated in numerous investor events, boosted customer relations efforts and was featured in multiple major industry publications.

President and CEO Don O'Connell has played a pivotal role in the company's success. Before becoming the CEO, O'Connell served as the COO and senior vice president since 2016. As a highly accomplished jewelry manufacturing and supply chain executive, O'Connell has delivered positive and sustainable results for over 25 years. His industry experience in major leadership roles at several companies acts as a competitive advantage and has fueled the company's growth.

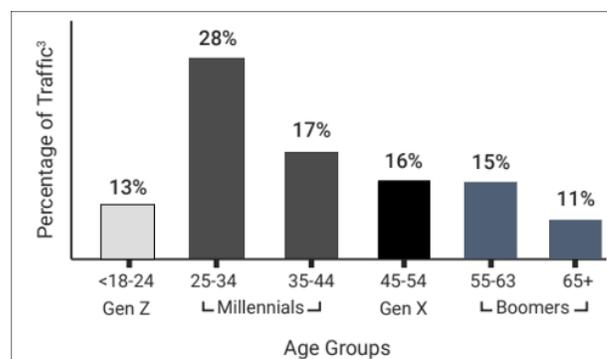
CFO Clint Pete has also played a large role in the company's success since joining as corporate controller in June 2016. Prior to CTHR, Pete served as the director of business planning for Oracle Corp., a leading cloud application company. He has held various leadership positions in accounting and finance for companies in rapidly growing industries. Overall, O'Connell and Pete bring an abundance of experience to the table and have gotten CTHR on track for sustainable long-term growth.

Outlook and Conclusion

Industry outlook is amazing due to the worldwide acceptance of lab-created gems and increased traffic for online engagement ring shopping. Although lab-created gems can carry a reputation of being "cheap" or "fake," CTHR has built a high quality brand. For example, its Caydia™ Lab Grown Diamonds come in 14K and 18K gold, as well as

platinum. And, its Forever One™ moissanite is the first premium, colorless moissanite on the market. These high quality products, combined with growing demand across multiple revenue channels, have already started to create value.

Online engagement ring shopping will be a big catalyst moving forward and should keep driving online sales. Below is a chart showing the customer demographics for online traffic:



Millennials make up a majority of online traffic and are clearly the key demographic. In fact, 1 in 4 millennials will buy their engagement ring online, and CTHR has put itself in a strong position to capture more market share by launching new websites and focusing on online sales.

In conclusion, the Charles & Colvard business model is shifting from value to growth. While we believe around \$2.20 and below is the optimal entry point, the stock is undervalued relative to its competitors. Strong fundamentals and an experienced management team make CTHR a unique long-term investment opportunity with strong potential.

Office: 170 Southport Dr., Morrisville, NC, Phone: 919-468-0399, www.charlesandcolvard.com

Beginner's Portfolio Up 459%

BOUGHT: PRKA (200 Shares) @ 0.81 plus \$7 commissions = \$169
 BABB (200 Shares) @ 0.75 plus \$7 commissions = \$157
 TOMZ (200 Shares) @ 2.03 = \$406
 ARC (200 Shares) @ 2.65 = \$530

SOLD: ALSK (200 Shares) @ 3.40 = \$680
 AEHR (100 Shares) @ 3.68 = \$368
 AEHR (100 Shares) @ 6.45 = \$645
 TAIT (100 Shares) @ 4.95 = \$495
 SGRP (100 Shares) @ 3.32 = \$332
 SGRP (100 Shares) @ 2.89 = \$289
 MACE (200 Shares) @ 0.33 = \$66

	Cost	08/06/21		Cost	08/06/21		Cost	08/06/21	Proceeds
LEAT*	488/Jan '18	1820	YCBD	600/Dec '20	450	KTEL	219/Jun '21	182	From Sales
BOSC	510/Aug '18	784	TBTC	587/Feb '21	704	ARC	530/Aug '21	530	
ISIG	262/Apr '19	229	MNDO	586/Mar '21	698	BABB	157/Aug '21	150	
HCHC	460/Jul '19	774	SB	490/Apr '21	674	PRKA	169/Aug '21	161	
BUKS	134/Mar '20	122	IAIC	573/Apr '21	520	TOMZ	406/Aug '21	406	
BGCP*	512/Sep '20	568	IBAL	371/May '21	350				

Current Holdings Value: 9,122

Original cost for all stocks: \$4,766

*Half of original holdings

Proceeds from Sales: 17,507

Total Value of Portfolio: 26,629

Gain: 26,629 minus 4,766 = 21,863

Percentage of gain: 21,863 divided by 4,766 x 100 = 458.7

Compound Annual Growth Rate: 9.02%

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 was quite a bit of turnover this month as **Aehr Test Systems (AEHR)** and **Spar Group (SGRP)** each doubled and dropped 25%. **Alaska Communications (ALSK)** was acquired for \$3.40 per share. **Taitron Components (TAIT)** dropped 25% after previously doubling. And, **Mace Security (MACE)** dropped 50% without doubling. We replaced these five companies with **ARC Document Solutions (ARC)**, **BAB, Inc. (BABB)**, **Parks! America (PRKA)** and **TOMI Environmental (TOMZ)**. We still have one opening in the portfolio that we will fill in the next month or so.

EARNINGS

	Quarter Ended	Current Sales	Same Period Last Year	Current Earnings	Same Period Last Year	Comments
Aehr Test Systems (AEHR)	05/31/21	\$7,638,000	\$3,773,000	\$567,000	(\$2,885,000)	
Altigen Communications (ATGN)	06/30/21	\$2,848,000	\$3,018,000	\$982,000	\$426,000	
ARC Document Solutions (ARC)	06/30/21	\$68,799,000	\$64,319,000	\$2,468,000	\$1,420,000	
BAB, Inc. (BABB)	05/31/21	\$748,819	\$351,820	\$86,779	(\$71,560)	
BGC Partners (BGCP)	06/30/21	\$512,450,000	\$519,088,000	\$22,841,000	\$39,273,000	
Central Federal (CFBK)	06/30/21	\$11,991,000	\$26,997,000	\$3,489,000	\$10,068,000	
Clean Energy Fuels (CLNE)	06/30/21	\$480,000	\$59,874,000	(\$79,893,000)	(\$7,037,000)	
ENGlobal (ENG)	06/26/21	\$11,079,000	\$17,882,000	(\$4,256,000)	\$68,000	
HC2 Holdings (HCHC)	06/30/21	\$243,800,000	\$181,800,000	(\$25,200,000)	\$28,500,000	
Mace Security (MACE)	06/30/21	\$3,396,000	\$3,432,000	\$702,000	\$453,000	
Orion Energy (OESX)	06/30/21	\$35,101,000	\$10,811,000	\$2,510,000	(\$2,219,000)	
Rada Electronic (RADA)	06/30/21	\$28,255,000	\$17,506,000	\$10,443,000	\$707,000	
Safe Bulkers (SB)	06/30/21	\$81,578,000	\$48,281,000	\$32,446,000	(\$13,881,000)	
Sono-Tek (SOTK)	05/31/21	\$3,644,468	\$3,428,544	\$1,266,752	\$167,928	
TRxADE Health (MEDS)	06/30/21	\$1,898,254	\$6,592,637	(\$2,578,276)	(\$542,587)	
Where Food Comes From (WFCF)	06/30/21	\$5,141,000	\$4,416,000	\$202,000	\$351,000	

NOTES BY THE EDITOR

Bowser stocks erased their recent gains as small stocks had their worst month since the COVID-19 crash. Mace Security (MACE), the biggest laggard, had an awful month after reporting lackluster quarterly sales.

Aehr Test Systems (AEHR) stole the spotlight with a whopping 366% gain from our original price in October 2018. Another big gainer was **Galaxy Gaming (GLXZ)** which quietly hit a new all-time high and is now up 553% over the past four years.



Despite the weakness from small caps, this has been a terrific earnings season for Bowser stocks. We recommend using the table on page 7 and the weekly updates to catch up on which stocks deserve more attention.

There are plenty of resources on the website that will help you grow your portfolio and protect your wealth. We have been updating our [blog](http://www.thebowserreport.com/blog/) (www.thebowserreport.com/blog/) with investing content frequently and have more exciting posts on the way! If you have a topic you want to see on the blog, email me at faris@thebowserreport.com.

Lastly, the latest edition of *The Bowser Database* will publish on August 17. Single copies are available for \$25 or subscriptions start at \$79. Visit <https://bit.ly/3Ct3hQ0> to check out purchase options.

FIVE BOWSER STOCKS UP AND DOWN

Aehr Test System (AEHR)	UP	114%	Mace Security (MACE)	DOWN	50%
Spar Group (SGRP)	UP	31%	Nova Lifestyle (NVFY)	DOWN	33%
Galaxy Gaming (GLXZ)	UP	22%	TOMI Environ. (TOMZ)	DOWN	32%
Arc Document Sol. (ARC)	UP	22%	ENGlobal (ENG)	DOWN	26%
KonaTel (KTEL)	UP	17%	Smith-Midland (SMID)	DOWN	26%