



Why are small stocks underperforming? *An in-depth answer to a common question from investors*

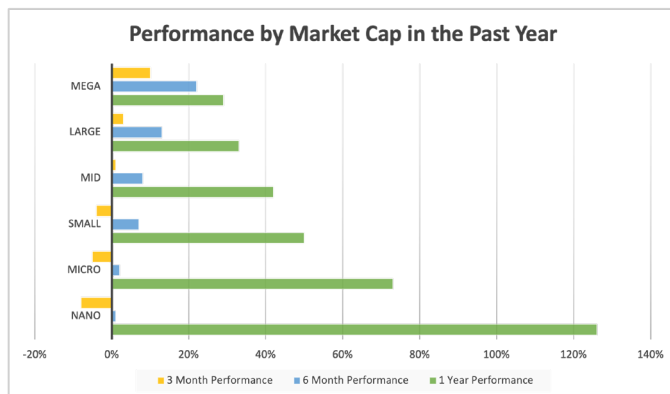
Small stocks have been underperforming in the current bullish market state. As a result, many subscribers have been asking questions and seeking data that explain the current environment. Small stock underperformance is common during market weakness, so how could this be happening at all-time highs?

Let's explore both why small stocks are currently underperforming and what potential actions you could take to better navigate the market turbulence.

The Data

The underperformance from small stocks feels much more exaggerated within the past few months due to the unusual strength from "mega" cap stocks. These stocks have market capitalizations over \$200 billion and include the likes of Apple (AAPL), Microsoft (MSFT), Costco (COST), etc.

The strength of these mega stocks has caused large cap major indices to surge higher. Below is a chart showing relative performance from the various capitalizations:



Small stocks as a whole have been underperforming over the past six months. While it is easy to justify this weakness with their record-breaking returns in the past year, that does not help guide us around possible obstacles in the future.

The shift towards mega stocks has been more aggressive lately, with their three-month and one-month performances substantially higher than other capitalizations.

Portfolio Management

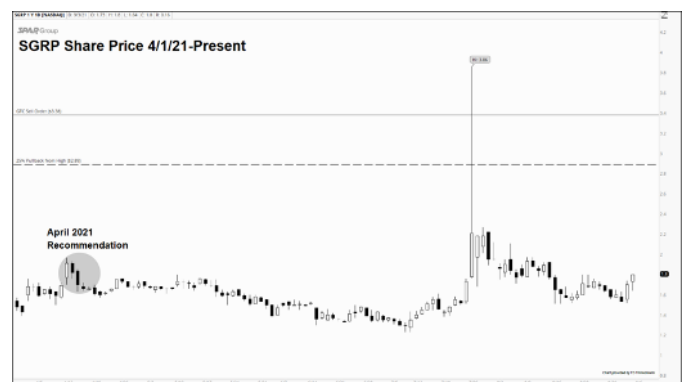
So, how exactly does this help invest more responsibly

in Bowser stocks? Considering most Bowser recommendations are nano to small cap stocks, the greatest lesson here concerns profit taking, a key point of the Bowser Game Plan (found on page 2).

In the March 2021 monthly issue, we highlighted that the average recommendation within the past twelve months gained an impressive 113%. In a cyclical market, this caliber of relative strength is unsustainable. Knowing that, investors should ensure they are adhering to the Bowser Selling Plan while being more selective with entry points to avoid overpaying for stocks after the major run-up.

Concerning adherence to the Bowser Selling Plan, investors should consider using GTC (Good 'Til Canceled) orders to take profits more diligently. Most major brokerages allow investors to use this order type. Those who are curious on how to submit GTC orders should contact their specific brokerage for help.

An example of the importance of GTC orders is our April 2021 recommendation, **SPAR Group (SGRP)**, which skyrocketed 169% in July. If you had bought the stock upon recommendation at \$1.69, then your GTC sell order would have been at \$3.38. However, the stock sold off shortly after hitting this target, which could result in missing the double if you aren't watching the markets diligently. Below is a chart showing SGRP's share price since April 2021:



The chart shows the potential GTC sell order at \$3.38 (the solid line) and a dotted line representing a 25% pullback from the high. Using this order type to automate the Bowser Game Plan netted an 84% gain on the investment.

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Diversification

While we research and recommend the stocks, diversifying your portfolio is entirely up to you. Historically, investors have found success by balancing growth and value. This limits exposure to riskier stocks that may underperform during market weakness. However, after thorough research, we found that this is the main reason Bowser stocks have underperformed over the last three months.

Despite a track record of balancing growth and value stocks, many of the Bowser picks over the past year have been growth plays. This is a result of the huge boom from small stocks, which left many classic "value" stocks overvalued. Only recently have these stocks come down to reasonable valuations compared to their competition.

The Bowser Game Plan encourages subscribers to diversify by investing in 12-18 stocks. To avoid overcomplication, it does not factor in growth and value diversification. Therefore, if you are too heavily invested in growth stocks, you may want to prioritize value recommendations for future additions and avoid overpaying using the methods described in the July 2021 newsletter.

To demonstrate the importance of entry points, let's look at the performance of our last six stock picks, focusing on the time period in which small stocks have weakened.

Company	% Change	Max % Gain/Loss
Information Analysis (IAIC)	34%	54%
SPAR Group (SGRP)	7%	128%
KonaTel (KTEL)	34%	69%
Mace Security Int'l (MACE)	(-44%)	(-55%)
Parks! America (PRKA)	(-27%)	(-29%)
Charles & Colvard Ltd. (CTHR)	12%	25%

Of the six, SGRP was the leader and MACE was the laggard. Although MACE had multiple catalysts justifying its run up prior to recommendation, we had mentioned \$0.45/share and below as a reasonable entry point. The other underperformer, PRKA, was recommended with a reasonable entry point of \$0.50-

Market Overview

BWSR AVG ↑ 3.7%	RUS 2000 ↑ 4.7%	NASDAQ ↑ 3.6%	S&P 500 ↑ 2.2%	DOW JONES ↑ 0.5%
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Major indices returned to all-time highs with the exception of the Russell 2000 Index. Stocks moved higher on low volume as the S&P 500 extended its seven-month winning streak. The USD weakened following comments of possible tapering from the Fed.

Bowser stocks (up 3.7%) recovered most of July's sell-off following potential reversals from historical underperformers. **TSS, Inc. (TSSI)** bounced up 60% from its 52-week low due to optimism for its third and fourth quarter results.

\$0.60/share given its run-up prior to recommendation.

The takeaway from the performance of these stock picks is that if a stock is not trading at an ideal entry price, you do not have to buy it immediately. Patience is even more valuable in a stock market in which small stocks averaged a 50% gain in just one year. Decide a price you are willing to pay for a stock (use the July 2021 newsletter as a refresher), ignore the fear of missing out and wait for your entry point.

Conclusion

If the stock market was efficient, investing would be incredibly easy. Relative weakness from small stocks as a whole is more telling when it comes after a major run-up. Adapting to market cycles is one of the most difficult aspects of the investing process, but it rewards patient investors. By recognizing this weakness early and adhering to the Bowser Game Plan, you put yourself at an advantage. The inflated returns following the COVID-19 crash are unsustainable and it is our job as investors to adapt. Diversification and patience are the two big lessons from the recent underperformance.

While Bowser picks have underperformed recently, do not lose motivation because of short-term results. Stick to the Bowser Game Plan, focus on the underlying company, keep a long-term mindset and be patient. With that combination, you'll be able to ignore market inefficiencies and focus on the underlying companies for long-term sustainable growth!

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

ClearOne, Inc. (CLRO) designs, develops and sells conferencing, collaboration and network streaming solutions for voice and visual communications. It sells directly to dealers, systems integrators and other value-added resellers. Its products, including both conferencing solutions and professional microphones, are used in numerous industries such as enterprise, healthcare, education, government, legal and finance. The company has an established history of product innovation and expertise in developing high-quality conferencing and collaboration products.

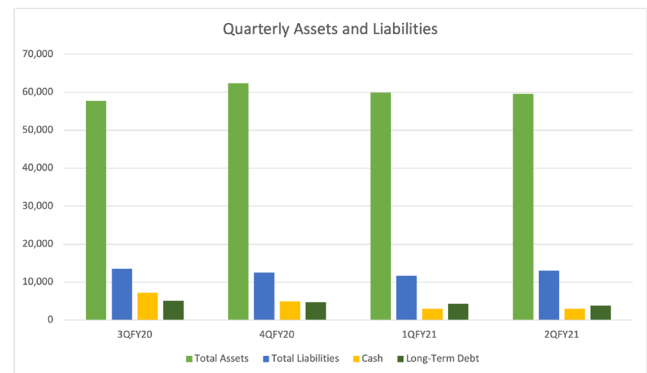
ClearOne

NASDAQ CM:CLRO
BOWSER RATING: 10



the tip of the iceberg when it comes to financials. The company has a healthy balance sheet for multiple reasons, the most notable being its high liquidity. CLRO's current ratio of 3-to-1 and net working capital of \$17.5 million represent a large imbalance between assets and liabilities. Short-term financial risk is minimal as a result.

Cash and cash equivalents total \$3.1 million and recently dipped below the total long-term debt of \$3.8 million. Below is a chart showing a summary of its assets and liabilities:



While cash levels have faded, so has long-term debt, falling from \$5.1 million in 3QFY20 to \$3.8 million in the most recent quarter.

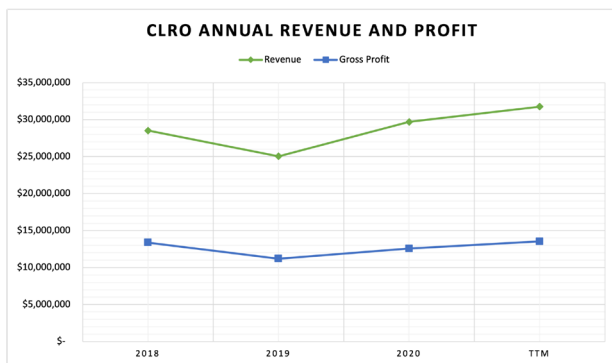
ClearOne's strong fundamentals resemble that of a growth stock, but it is a mix of both growth and value. Bottomline results have also improved, with net income totaling \$1 million over the trailing twelve month period. The boost in profits has contributed to a higher overall valuation, giving the company a book value of \$2.48/share.

Despite its market value being slightly higher, this is still incredibly low for the competitive audio and video industry. While we should be comparing its value metrics to that of the audio and video conferencing industry, that would make CLRO seem unbelievably undervalued because of the industry's inflated metrics. All of the company's value metrics, except its price/earnings (P/E) ratio of 28, show an

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Sales Breakdown

The second quarter marked the fourth consecutive quarter of year-over-year (yoy) revenue growth. Quarterly revenues grew 22% yoy and annual revenue is in an upward trend. Below is a chart showing the company's annual sales and profit:



Revenue and gross profit have grown hand-in-hand and have fully recovered from poor 2019 results mainly because of a substantial increase in sales of microphones. This has been led by new solutions incorporating BMA-CT and BMA 360 technologies. The BMA 360 with voice lift and camera tracking is a highly advanced beamforming microphone array ceiling tile that delivers unrivaled audio performance. Revenue growth from these new solutions totaled 70%, which was partially offset by a decline in revenue from video products.

Gross profit margin in the second quarter was 44.3%, compared to 41.2% in the same period last year. Profit margin expansion is important since revenue from video products has been lacking (a direct result of recent infringements on the company's patents).

Financials and Valuation

ClearOne's revenue growth via new products is only

	2019	2020	2021 (A)
REVENUES	\$25,042,000	\$29,069,000	\$7,735,000
INCOME (LOSS)	(\$8,408,000)	\$505,000	(\$1,586,000)
WORKING CAPITAL	\$18,934,000	\$22,185,000	\$17,567,000
BOOK VALUE	\$2.67	\$2.88	\$2.48
TOTAL SHARES	16,638,580	17,271,629	18,775,817
FLOAT	N/A	N/A	8,220,000

(A) For the three months ended 6/30/2021

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 09/03/21	Long-term Debt (Millions)	Sales Updated Quarterly (Millions)	Income/Loss Updated Quarterly (Millions)	Shares Outstanding (Millions)	Bowser Rating
CATEGORY ONE: BEST COMPANIES (RATED 10+)								
08/21(CM)	CHARLES & COLVARD (CTHR)	FINE JEWELRY	2.93	\$0.000	\$39.2	\$12.811	29.7	10
09/21(CM)	CLEARONE, INC. (CLRO)	VOICE AND VISUAL COMMUNICATIONS	2.61	\$2.609	\$31.8	\$1.048	18.8	10
06/21(QX)	MACE SECURITY INT'L (MACE)	PERSONAL SAFETY AND SECURITY	0.32	\$0.000	\$15.9	\$2.188	64.6	10
04/21(CM)	SPAR GROUP (SGRP)	MARKETING SERVICES	1.80	\$1.000	\$246.5	\$4.605	21.3	10
09/19(QB)	TECHPRECISION (TPCS)	METAL COMPONENTS AND SYSTEMS	1.55	\$0.030	\$15.7	\$1.808	29.5	10
CATEGORY TWO: GOOD COMPANIES (RATED 8-9)								
04/19(N)	ARC DOCUMENT SOLUTIONS (ARC)	DOCUMENT SOLUTIONS	2.85	\$68.132	\$271.7	\$8.455	42.3	8
10/19(QB)	BAB, INC. (BABB)	FAST CASUAL RESTAURANT FRANCHISES	0.74	\$0.000	\$2.8	\$0.382	7.3	8
# 03/20(CM)	FLEXSHOPPER (FPAY)	VIRTUAL LEASE-TO-OWN MARKET	2.85	\$35.267	\$116.2	\$0.814	21.6	9
# 03/21(QB)	INFORMATION ANALYSIS (IAIC)	NOW ABOVE \$3 PER SHARE; SEE PAGE 5 (FOLLOW-THROUGH)						
12/14(QB)	INT'L BALER CORP. (IBAL)	BALING EQUIPMENT	1.90	\$0.000	\$12.3	\$0.312	5.2	9
05/21(QB)	KONATEL, INC. (KTEL)	TELECOM SERVICES	0.87	\$0.150	\$10.5	\$0.104	40.7	9
07/21(PK)	PARKS! AMERICA INC. (PRKA)	THEME PARKS AND ATTRACTIONS	0.62	\$5.164	\$13.1	\$3.813	75.1	8
# 06/20(CM)	TOMI ENVIRONMENTAL (TOMZ)	DISINFECTION AND DECONTAMINATION	2.11	\$0.000	\$11.5	(\$4.174)	16.8	8
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)						
02/18(QB)	ALTIGEN COMMUNICATION (ATGN)	CLOUD-BASED IP SOLUTIONS	2.02	\$0.000	\$11.2	\$0.723	23.4	7
02/20(QB)	BUTLER NATIONAL (BUKS)	AEROSPACE AND DEFENSE PRODUCTS	0.59	\$3.211	\$65.9	\$3.234	67.7	7
# 10/20(A)	CBDMD, INC. (YCBD)	CANNIBIDOIL PRODUCTS	2.40	\$0.000	\$46.4	(\$26.627)	57.3	9
# 07/20(CM)	ENGLOBAL CORP. (ENG)	ENGINEERING SERVICES	2.10	\$1.600	\$50.8	(\$6.004)	29.6	9
# 11/20(GM)	FLUENT, INC. (FLNT)	DIGITAL MARKETING SERVICES	2.72	\$42.683	\$303.8	(\$10.090)	80.0	8
# 12/18(CM)	GSE SYSTEMS (GVP)	DATA ACCESS AND MANAGEMENT	1.36	\$0.000	\$52.2	(\$1.104)	20.9	8
10/17(QB)	INNOVATIVE FOOD (IVFH)	FOOD PRODUCTS AND SERVICES	0.43	\$7.401	\$52.5	(\$5.538)	36.0	8
# 04/17(QB)	MAMAMANCINI'S (MMMB)	FOOD PRODUCTS	2.68	\$0.000	\$39.7	\$3.519	35.6	NR
# 02/15(GM)	NOVA LIFESTYLE (NVFY)	FURNITURE MANUFACTURING/SALES	2.27	\$0.150	\$13.7	(\$31.333)	6.7	9
02/19(QB)	TSS, INC. (TSSI)	END-USER AND ENTERPRISE SYSTEMS	0.62	\$1.979	\$36.3	\$0.334	18.3	7

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

Category Changes

Several companies are on this move this month as multiple recommendations are climbing out of the financial setbacks brought on by the onset of the pandemic last spring.

- **FlexShopper (FPAY)** and **KonaTel (KTEL)** are both climbing from Cat. 3 to Cat. 2 with their Bowser Ratings at 9 and their trailing twelve month (ttm) earnings positive.
- **Charles & Colvard (CTHR)** and **Spar Group (SGRP)** are climbing from Cat. 2 to Cat. 1 with their Bowser Ratings increasing from 9 to 10.
- **TechPrecision (TPCS)** is climbing from Cat. 3 to Cat. 1 with its Bowser Rating increasing from 7 to 10.

TOMI Environmental (TOMZ) is falling from Cat. 2 to Cat. 3. Overall, the company's earnings were quite disappointing. Unprecedented demand one year ago led to unsustainable results. Now, sales are normalizing at lower levels than previously observed.

Management remains hopeful that TOMZ is

in a good position to execute on long-term growth. "Despite the decline of revenue during the second quarter, we expect to see significant revenue growth in the second half of the year *over the first half*," remarked CEO Dr. Halden Shane. "We are targeting strong *sequential* growth in Q3 over Q2 and double-digit revenue in Q4." Emphasis is ours.

cbdMD expands to Israel

cbdMD (YCBD) signed a binding letter of intent with IM Cannabis (IMC), granting IMC an exclusive right to import, sell, distribute and market its products in Israel. This is subject to the execution of a definitive agreement and the legalization of CBD for non-medical purposes in Israel.

RADA establishes joint venture

Rada Electronic (RADA) and Alpha Design Technologies (ADTL) signed a Memo of Understanding to establish a joint venture to market, manufacture, sell and support RADA's radars in India. The terms of the deal remain undisclosed. RADA envisions this market as a strategic growth opportunity based on Indian defense doctrines for air defense and force protection.

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 09/03/21 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
AEHR TEST SYSTEMS (CM:AEHR)	\$8.49(10)	10/18 \$1.95(8)	ONE STOP SYSTEMS (GS:OSS)	\$5.96(10)	12/20 \$2.73(9)
BETTER ONLINE SOLUTIONS (CM:BOSC)	\$4.17(9)	07/18 \$2.50(11)	ORION ENERGY SYSTEMS (CM:OESX)	\$4.39(7)	11/19 \$2.93(9)
BGC PARTNERS (GS:BGCP)	\$5.16(NR)	08/20 \$2.89(8)	RADA ELECTRONIC (CM:RADA)	\$11.35(9)	03/18 \$2.16(10)
CF BANKSHARES. (CM:CFBK)	\$19.06(11)	03/17 \$9.00(11)	RETRACTABLE TECHNOLOGIES (A:RVP)	\$12.57(10)	01/20 \$1.48(10)
	*Price adjusted for 1-for-5 reverse split (Aug. '18)		SAFE BULKERS (N:SB)	\$4.18(8)	05/19 \$1.81(10)
CLEAN ENERGY FUELS (GS:CLNE)	\$7.87(9)	09/20 \$2.57(9)	SMITH-MIDLAND (QX:SMID)	\$18.55(11)	02/16 \$2.38(10)
DESWELL INDUSTRIES (GM:DSWL)	\$4.34(8)	05/20 \$2.35(9)	SONO-TEK CORP. (QB:SOTK)	\$3.43(10)	08/14 \$1.11(8)
GALAXY GAMING (QB:GLXZ)	\$4.37(8)	05/17 \$0.69(8)	TABLE TRAC (QB:TBTC)	\$3.60(9)	07/19 \$2.40(10)
HC2 HOLDINGS (N:HCHC)	\$3.87(9)	06/19 \$2.34(12)	TRXADE HEALTH (CM:MEDS)	\$5.23(8)	08/19 \$4.20(9)
INFORMATION ANALYSIS (QB:IAIC)	\$3.05(9)	03/21 \$2.24(9)		*Price adjusted for 1-for-6 reverse split (Feb. '20)	
INSIGNIA SYSTEMS (CM:ISIG)	\$8.82(10)	03/19 \$8.82(10)	WHERE FOOD COMES FROM (CM:WFCF)	\$12.54(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)	\$25.00(11)	12/17 \$1.92(10)	WIDEPOINT CORP. (N:WYY)	\$5.37(8)	04/20 \$3.50(8)
LIBERATED SYNDICATION (QB:LSYN)	\$3.66(7)	08/18 \$1.61(8)		*Price adjusted for 1-for-10 reverse split (Nov. '20)	
MIND C.T.I. (GS:MND0)	\$3.30(10)	02/21 \$2.64(8)	WILLIAMS INDUSTRIAL (QX:WLMS)	\$4.91(8)	01/21 \$2.86(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)	\$1.03	10/20 \$0.76	SINGING MACHINE CO. (QX:SMDM)	NOW IN BOWSER DATABASE
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BRIEFS

Aehr Test Sytems (AEHR) received initial orders totaling nearly \$1.2 million from a new customer in China for its FOX-P™ test and burn-in solution for production testing of silicon photonics devices. . . . **Clean Energy Fuels (CLNE)** announced new deals in response to the demand for renewable natural gas. . . . **HC2 Holdings (HCHC)** adopted a tax benefits preservation plan to protect the availability of HCHC's net operating loss carryforwards and other tax attributes under

the Internal Revenue Code. Additionally, HCHC's infrastructure business, DBM Global, will payout approximately \$4.5 million of its total \$5 million dividend to the parent company. . . . **Information Analysis (IAIC)** sold 1,400,000 units at a price of \$2.00 per unit in a private placement financing. A key project to modernize the Fiscal Transfer Agent of the U.S. Small Business Administration 7(a) Loan Program and Secondary Market has begun operating. . . . **Innovative Food (IVFH)** closed a \$3.75 million private placement. IVFH also launched sustainable

INSIDER TRANSACTIONS

COMPANY	SHARES TRADED	# OF TRADES	PRICE RANGE
Aehr Test System (AEHR)	OE-215,750	6	\$1.34-\$2.71
	S-62,000	3	\$2.71
ARC Document (ARC)	AB-49,954	6	\$2.00-\$2.65
	cbdMD (YCBD)	A-375,695x	2
CF Bankshares (CFBK)	B-7,400	1	\$2.04
	B-3,553	6	\$18.63-\$19.13
Charles & Colvard (CTHR)	A-38,025	2	\$0.00
ENGlobal (ENG)	A-75,759	3	\$0.00
FlexShopper (FPAY)	B-76,491x	4	\$2.24-\$2.40
	B-24,000	3	\$2.32-\$2.57
HC2 Holdings (HCHC)	B-2,500	1	\$3.86
Innovative Food (IVFH)	B-6,250,000x	2	\$0.40
Insignia Systems (ISIG)	D-1,063	1	\$8.08
One Stop Systems (OSS)	B-2,000	1	\$5.45
	D-1,259x	2	\$5.85-\$6.37
	D-1,490	2	\$5.85-\$6.37
	OE-20,166	3	\$0.00
	OE-4,166x	2	\$0.00
	S-104,420	4	\$5.66-\$6.25
Parks! America (PRKA)	B-11,000	1	\$0.65
Smith-Midland (SMID)	AS-43,062	9	\$19.02-\$19.13
SPAR Group (SGRP)	OE-14,672	1	\$0.85
	S-100,123	3	\$1.65-\$1.93
TSS, Inc. (TSSI)	D-73,326	2	\$0.43
Williams Industrial (WLMS)	B-46,700x	1	\$4.03

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.

packaging solutions for the its e-commerce and direct-to-consumer offerings. . . . **MamaMancini's (MMMB)** secured an expanded \$10.5 million credit facility with M&T bank for acquisition financing at an interest rate of 3.5% above one-day LIBOR. MMMB later announced that its 3-Cheese Beef and Turkey Meatballs in Traditional Italian Sauce products were been chosen as the September Food of the Month on QVC®. . . . **Smith-Midland (SMID)** signed an agreement with Foley Materials Company, a Southeast transportation materials company, in which Foley will manufacture the patented J-J Hooks highway barrier system for markets in the Southeastern U.S. . . . **TOMI Environmental Solutions (TOMZ)** secured a project to install an iHP Custom Engineered System for a major pharmaceutical company in Europe. . . . **Trxade Health's (MEDS)** subsidiary, Bonum Health, launched an eGift Card program as a new way for uninsured and under-insured consumers to gain access to healthcare. . . . **Where Food Comes From (WFCF)** announced Jason Franco as chief technology officer.

BUCKAROOS SPEAK

Hot Stocks to Watch

Are there any industries or hot stocks you've researched that aren't way overvalued? I want to buy blockchain stocks, but they are too high priced.

-Michael M.

There are still plenty of groups that are trading at reasonable valuations for their potential. Shipping stocks and uranium stocks have been heating up lately and are not trading at unhealthy multiples. This is mainly because many of them have outstanding long-term debt, but that's not always the case.

If we're analyzing a group or industry, we take a top-down approach. This entails picking the

best stock from that industry with the strongest fundamentals. Finviz.com let's you search for stocks based on industry and will assist you in finding a company with a strong fundamentals.

Book recommendation

I enjoyed the The Intelligent Investor and Ben Graham's other books. My personal favorite investing book is Market Wizards by Jack D. Schwager.

-Sam K.

Thanks for the suggestion! That is a great read and one that we'd also recommend. Please feel free to share books and other resources on the website forums (<https://thebowserreport.com/forums>).

COMPANY OF THE MONTH... CONTINUED

undervaluation. However, investors can overlook the P/E ratio if its operational income keeps improving.

Overall, it is rare that a company with 22% quarterly revenue growth is trading at book value and a steep discount relative to the competition.

Ownership

High insider ownership always stands out for a company with such high potential. Insiders currently hold 70% of CLRO's total outstanding shares, many of whom have been accumulating shares consistently for years. Below are charts showing the total buys and sells for the past 12 months:

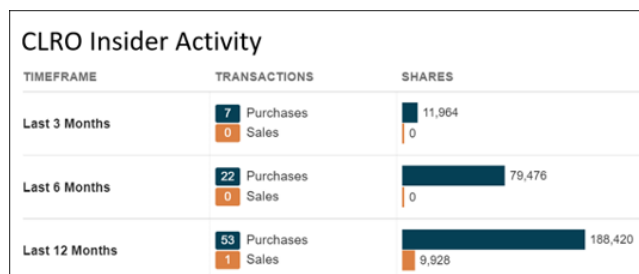


Chart provided by marketwatch.com

Most of this buying pressure has come from the same four insiders, including CEO and President Zeynep Hakimoglu and Senior VP of Finance Narsi Narayanan. Major shareholder, Edward Bagley, alone holds 8.4 million shares and has purchased hundreds of thousands of shares in the past year. This accumulation and lack of selling from insiders is a great sign for long-term shareholders.

Outlook and Risks

Patent infringement litigation is an ongoing risk for ClearOne and is prominent in the industry. Shure Inc. is attempting to appeal the U.S. District Court's decision to hold it in contempt for marketing and selling CLRO's MXA910-A product. The Federal

Circuit Court dismissed the appeal and ordered Shure to pay costs that CLRO incurred in responding to the appeal. This is the only major outstanding litigation for the company.

Outside of the industry-wide intellectual property issues, the only other significant risk is volatility due to a low float of just 8 million shares. The best way to mitigate this risk is to use limit orders to prevent buying or selling at unreasonable prices.

Sales outlook is great due to the popularity of ClearOne's newest products. Microphone sales have been soaring, and the company has more new products on the way.

The recent move towards online learning is a good example of how the company plans to capture market share. Its recent first-class audio solution implementation at Utica College's Donahue Auditorium showcases how high-quality audio solutions can benefit classrooms that heavily rely on a virtual setting. The audio and video industry can be very competitive, but CLRO has done a fantastic job of creating and marketing desirable products.

In conclusion, ClearOne is a value stock with the appeal of a growth stock. Recent revenue growth stems from the increasing demand for high-quality microphones and audio solutions. Outside of its product sales, the company offers a great long-term investment opportunity due to its strong fundamentals. Its balance sheet shows very little liquidity risk and profit margins are starting to ramp back up. We are excited about CLRO's potential to capture more market share in the audio and video industry with its innovative, top of the line products.

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Beginner's Portfolio Up 479%

BOUGHT: CTHR (200 Shares) @ 2.93 = \$586

SOLD: None this month

Cost		09/03/21	Cost		09/03/21	Cost		09/03/21	Proceeds
LEAT*	488/Jan '18	2,500	YCBD	600/Dec '20	480	KTEL	219/Jun '21	174	From Sales
BOSC	510/Aug '18	834	TBTC	587/Feb '21	720	ARC	530/Aug '21	570	
ISIG	262/Apr '19	247	MNDO	586/Mar '21	660	BABB	157/Aug '21	148	(586)
HCHC	460/Jul '19	726	SB	490/Apr '21	836	PRKA	169/Aug '21	124	16,921
BUKS	134/Mar '20	118	IAIC	573/Apr '21	610	TOMZ	406/Aug '21	422	
BGCP*	512/Sep '20	516	IBAL	371/May '21	380	CTHR	586/Sep '21	586	
						Current Holdings Value:		10,651	
Original cost for all stocks: \$4,766		*Half of original holdings				Proceeds from Sales:		16,921	
						Total Value of Portfolio:		27,572	

Gain: 27,572 minus 4,766 = 22,806

Percentage of gain: 22,806 divided by 4,766 x 100 = 478.5

Compound Annual Growth Rate: 9.17%

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

The Beginner's Portfolio had another great month as multiple holdings performed exceptionally well, reaching a new all-time high at more than five times the initial \$4,766 investment. Current Holdings Value, excluding **Charles & Colvard (CTHR)** which was added this month, climbed \$943, or 10.3%. Proceeds from Sales dropped as a result of our purchase of CTHR to round out the portfolio at 18 holdings.

EARNINGS

	Quarter <u>Ended</u>	Current <u>Sales</u>	Same Period <u>Last Year</u>	Current <u>Earnings</u>	Same Period <u>Last Year</u>	<u>Comments</u>
Better Online Solutions (BOSC)	06/30/21	\$9,229,000	\$7,478,000	\$141,000	(\$1,434,000)	
cbdMD, Inc. (YCBD)	06/30/21	\$11,352,585	\$10,809,387	\$1,537,288	(\$8,952,702)	
Charles & Colvard (CTHR)	06/30/21	\$9,726,699	\$4,430,460	\$8,381,196	(\$1,028,193)	
Galaxy Gaming (GLXZ)	06/30/21	\$4,749,000	\$663,972	\$550,455	(\$2,207,000)	
GSE Systems (GVP)	06/30/21	\$13,522,000	\$14,340,000	\$3,231,000	(\$2,149,000)	
Innovative Food (IVFH)	06/30/21	\$13,974,564	\$11,997,649	(\$937,524)	(\$1,654,546)	
Insignia Systems (ISIG)	06/30/21	\$6,096,000	\$3,347,000	(\$894,000)	(\$1,843,000)	
FlexShopper (FPAY)	06/30/21	\$30,688,553	\$24,530,130	\$942,194	(\$262,062)	
Fluent (FLNT)	06/30/21	\$73,378,000	\$71,509,000	(\$5,179,000)	\$452,000	
KonaTel (KTEL)	06/30/21	\$2,913,873	\$2,257,193	\$341,085	\$142,049	
Leatt Corp. (LEAT)	06/30/21	\$14,300,559	\$6,943,130	\$2,408,648	\$674,507	
MIND C.T.I (MNDO)	06/30/21	\$7,242,000	\$5,635,000	\$1,514,000	\$1,413,000	
Nova Lifestyle (NVFY)	06/30/21	\$3,550,000	\$2,295,000	(\$6,346,000)	(\$515,302)	
One Stop Systems (OSS)	06/30/21	\$14,905,009	\$11,625,327	\$1,697,122	(\$12,162)	
Parks! America (PRKA)	07/04/21	\$3,874,100	\$3,220,208	\$1,266,833	\$1,266,175	
Retractable Technologies (RVP)	06/30/21	\$42,497,000	\$11,574,000	\$10,603,000	\$3,592,000	
Smith-Midland (SMID)	06/30/21	\$12,307,000	\$10,450,000	\$985,000	\$441,000	
Spar Group (SGRP)	06/30/21	\$67,276,000	\$50,944,000	\$514,000	(\$103,000)	
Table Trac (TBTC)	06/30/21	\$1,447,000	\$1,213,000	\$153,635	\$33,574	
TechPrecision (TPCS)	06/30/21	\$3,412,229	\$3,282,525	\$1,371,092	(\$116,234)	
TOMI Environmental (TOMZ)	06/30/21	\$1,465,525	\$10,028,497	(\$778,454)	(\$1,042,000)	
TSS, Inc. (TSSI)	06/30/21	\$3,068,000	\$6,454,000	(\$456,000)	(\$1,042,000)	
WidePoint Corp. (WYY)	06/30/21	\$19,983,420	\$54,783,790	(\$204,731)	\$488,627	
Williams Industrial (WLMS)	06/30/21	\$91,571,000	\$72,549,000	\$2,871,000	\$2,505,000	

NOTES BY THE EDITOR

Aehr Test Sytems (AEHR) and Leatt Corp. (LEAT) both continued their bullish trends and hit new all-time highs. While these moves were on low volume, both had unusually high momentum and reached their highest levels since recommendation.

The top gainers this month, **Innovative Food (IVFH)** and **TSS, Inc. (TSSI)**, were bottom bouncers. Although TSSI earnings were lacking, there is clear optimism regarding its upcoming third and fourth quarter results.



IVFH reported healthy growth, with its specialty foodservice revenue up 148%.

This month's issue discusses how to fine tune your investment methods when small stocks are underperforming. The relative strength from small stocks over the past year has inflated short-term gains. We cannot stress enough how important it is to focus on the underlying companies, take profits in accordance with the Bowser Game Plan and be patient.

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FIVE BOWSER STOCKS UP AND DOWN

TSS, Inc. (TSSI)	UP	46%	Parks! America (PRKA)	DOWN	23%
Innovative Food (IVFH)	UP	45%	WidePoint (WYY)	DOWN	21%
Aehr Test System (AEHR)	UP	43%	Where Food (WFCF)	DOWN	13%
Leatt Corp. (LEAT)	UP	37%	GSE Systems (GVP)	DOWN	13%
Safe Bulkers (SB)	UP	24%	Orion Energy (OESX)	DOWN	12%