



2018

Small Cap Millionaire Equity and Crypto World Report

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7/1/2018



I have no special talent. I am only passionately curious.
Albert Einstein

Success consists of going from failure to failure without loss of enthusiasm.

Winston Churchill

Stocks in Focus July 2018

- **KDMN**

Finding and Filtering: Tier 1 Technical Screens

Tier 1 Phase 1 info:

Date	
Ticker symbol	
Company name and description	
Industry	
Web address	
IR contact	
Exchange	
Volume / Price behaviour	
Daily volumes	
10 day avg volume	

Dividend rate	
Shares outstanding, FD	
Market capitalization	
Institutional holdings >2% & <40%	

Tier 1 Phase 2 Info:

Current price	
52 week high	
52 week low	
50 day average	
Breakout 9 day past 50	
Breakout 50 past 200	
MacD	

Green Flags & Upside volume price increasing:

- Increased volume and price driven by increasing institutional buying (large block trades, select institutional buyers check www.stockwatch.com)
- Positive MACD Signs
- Positive Press releases
- *Broad support, material liquidity, short term momentum slowing-consolidating.*

Red Flags and upside volume price declining:

- Increased Institutional Volume on the sell side
- **Technical Patterns:**
 - Reverse Head and Shoulders
 - 52 Week high hitting resistance with slowing volume.
 - Breakout to the downside, 9 day past the 50 day support line.
 - 50 day moving past 200 day Moving Average.
 - Negative MACD Signs,
 - Negative Press releases,
 - Unexpected CEO/CFO resignations or management

Post Tier 1 Analysis:

The stock tilts towards Positive Tier 1 indicators and green flags proceed to a detailed Tier 2 analysis: *Tier 2 warranted, proceed.*

Stock tilts towards Negative Tier 1 Indicators and red flags eliminate; undecided, move to Watch List.

Analyzing:**Tier 2 Fundamental Analysis***Tier 2 Small cap Stock GARP Analysis*

Date	
Company	
Ticker	
Web Address	
Idea Generation Source	
Investor Relations Contact and Number	
Market	
Market Cap	
High Quality Dividend equity or Speculation?	
# Shares Outstanding Fully Diluted	
Float	
Insider Ownership % SEDI, SEDAR, www.Canadianinsider.com	
1 year, 3 month, 1 week Chart Trend www.stockcharts.com; TMX.com	
Institutional Ownership www.morningstar.ca;	
News Reports, Bulletins, Press releases	

Macro Economics:

Sector	
Sector Performance and Outlook	
Inflation Trend	
Interest Rate Trend	

Analyst Ratings & Forecasts

Sentiment Index	
Fundamentals	
Earnings Growth	
Earnings per Share	
PEG Ratio	
PE Ratio	

Sales Growth	
Margins & Trend	
Earnings Forecast Trend	
Earnings surprise History	
Debt to Equity	
Cash on the Balance Sheet	
Free Cash Flow	
Earnings Drivers Rational	
Current Price	
12 month Target Price	
Competitive analysis	
Business Plan	
Management team, Key Executives	
Quality of Board of Directors	
Strategic Partners and Contracts	

Key Questions to ask Management on a conference call or IR- financial analyst:

How did the company make money last year?

How did it Make money last quarter?

Are these high or low quality earnings?

What forces tend to move the sector?

How has the stock performed? Last year; last 3 months; last month, last week, TREND

Peer comparisons. Who is a threat?

What are the comparable PE and PEG ratios? Is it expensive or cheap relative to competitors?

How much debt do they carry? How long can they survive (Burn Rate)?

How much debt is due this year?

How much Free Cash Flow should it have according to the analyst report?

Will they generate enough cash to pay its debts? Will they have to raise more money and dilute shareholders? By how much?

Can it pay its Debt Next year?

Will it have to sell assets to pay its debt?

Make note of Investor Relations comments. (Conference calls)

: Tier 3 Forensic Analysis

Buy: Buy criteria

Detailed Green Flags View:

- **Increasing Sales Growth (1 point);**
- **Increasing Earnings Trends (2 points);**
- **Increasing Margins (1 point);**
- **Ascending chart trend (2 points);**
- **Increased volume and price driven by increasing institutional buying (2 points);**
- **Breakout to the upside 9 day past 50 day; Moving Average 50 past 200 MA (3 points);**
- **Positive Volume and Price Spike with a 50 day MA cross (3 points);**
- **Positive 200 Day Moving Average (2 points);**
- **Positive MACD Signs(1 point);**
- **Positive Press releases (1point);**
- **Consensus earnings forecast positive (1 point);**
- **Positive analyst sentiment (1 Point);**

Total score and comments: _____ *10 positive outlook* _____

Sell: Sell Criteria

Detailed RED Flags view:

Critical get out or avoid: (***)

***CEO lying to investors

*** Restated earnings

***Large unexpected selling forcing a Gap down, and blowing through a 50 or 200 day MA support level.

*** Unexpected or unexplained material selling by Key officers and directors

- Negative Regulatory Filings TSX, ASC, SEDAR, EGDAR (-4 points);
- Slowing Sales Growth (-1 point);
- Increasing Inventories (-1 point);
- Unexpected Capital Expenditures (-1 point);
- Shrinking Margins (-2 points);
- Insider Trading (-5 points);
- Excessive Short Positions (-2 points);
- Increased Institutional Volume on the sell side (-3 points);
- Negative Press releases (-3 points);
- Unexpected CEO/CFO resignations or management Changes (-6 points);
- Continuous officers and directors selling down the stock (-4 points);

Technical Patterns:

- Descending chart trend (-3 points);
- Reverse Head and Shoulders (-3 points);
- 52 Week high hitting resistance with slowing volume (-2 points);
- Breakout to the downside past the 50 day support line and 200 day Moving Average (-5 points);
- Negative MACD Signs (-3 points);

Total score and comments: -3 consolidation pattern, General Economy and loan book related risk, buy on dips tilts positive, but PR high, growth rate positive as it diversifies out of Alberta, this is Canadian economy risk.

Overall Impression:

Trading Plan:

Current Price 38.07 **12 Month Target** 41.00

Hold Period Trading Timeline 2 yr >Rational: *This is a good long term growth story ,but slow and steady buy on further weakness, small addition to financial services component of portfolio,37.00 or less with positive trend.*

Trade Strategy:

Watch list _____ **X**

Long _____

Short _____

Risk Reward: _____

Win Probability: _____

Trade Risk Limit: _____

Account Risk Limit: _____

Risk: Calculations:

Price of Stock X # of Shares = total Cost _____

Commission on Trade = _____

Margin Cost = _____

% of Total Portfolio= _____

% of Speculative Portfolio _____

Break Even Target Price _____

Stop Loss

Rule _____

BUY & Sell

Parametres _____

Gut

Instincts: _____

What I learned from the

trade _____

Re Assessment of

Situation: _____

ACTION:

Sell All Position Immediately _____ **Sell Partial Position**

_____ **Hold** _____ **Add** _____

Watch Red Flags closely _____

Watch Green Flags Closely _____



[financial highlights | statements](#)

Index	-	P/E	-	EPS (ttm)	-1.37	Insider Own	5.86%	Shs Outstand	105.87M	Perf Week	1.57%
Market Cap	410.78M	Forward P/E	-	EPS next Y	-0.89	Insider Trans	0.00%	Shs Float	102.57M	Perf Month	6.01%
Income	85.00M	PEG	-	EPS next Q	-0.26	Inst Own	46.30%	Short Float	2.69%	Perf Quarter	-8.71%
Sales	7.10M	P/S	57.86	EPS this Y	85.30%	Inst Trans	4.00%	Short Ratio	3.84	Perf Half Y	9.60%
Book/sh	-0.42	P/B	-	EPS next Y	9.20%	ROA	-118.60%	Target Price	11.58	Perf Year	14.79%
Cash/sh	0.46	P/C	8.35	EPS next 5Y	-	ROE	184.80%	52W Range	2.05 - 5.86	Perf YTD	7.18%
Dividend	-	P/FCF	-	EPS past 5Y	-	ROI	1464.60%	52W High	-29.69%	Beta	-
Dividend %	-	Quick Ratio	1.00	Sales past 5Y	-	Gross Margin	66.40%	52W Low	100.98%	ATR	0.21
Employees	101	Current Ratio	1.00	Sales Q/Q	-92.90%	Oper. Margin	-	RSI (14)	61.50	Volatility	7.16% 5.83%

SMALL CAP MILLIONAIRE EQUITY AND CRYPTO WORLD REPORT

Option able	Yes	Debt/Eq	-	EPS Q/Q	31.40%	Profit Margin	-	Rel Volume	3.62	Prev Close	3.88
Shortable	Yes	LT Debt/Eq	-	Earnings	-	Payout	-	Avg Volume	717.11K	Price	4.12
Recom	2.00	SMA20	11.58%	SMA50	7.11%	SMA200	6.72%	Volume	1,058,089	Change	6.19%

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