

Taking the Small Cap Secret to the Street.

Whispers on Bay St, C-level managers maintain strong composure, but behind closed doors the consensus is the same: **the small cap industry is in trouble.** Furthermore, we will need to collaborate towards addressing the real issues with creative solutions on how to build a stronger market where true entrepreneurs flourish.

With Canada's main stock index hitting a new high on Thursday and the S&P/TSX composite index hitting an all-time high of 17,120.90 in earlier trading last week, why are the breadcrumbs from this financial feast not making it down the food chain to the hard working small cap teams?

A particularly astute market consultant from Montreal, Jerome Cliché replies to my requests for feedback on this issue matter of fact, with **"This is the worst I have seen the small cap market in 25 years."**

He then goes on to add, "Warning signs that the TSX Venture was ready to capitulate have been all around us for some time as the volume and value of shares traded continue to crater." Leaning in closer to home, we published a story last week titled, Are small cap stocks on the TSX-V set for a holiday rally? as we monitor stocks flatlining despite achieving relevant milestones.

Attempting to posture optimism I enjoyed MI3's Mario Drolet's take in Matt Bohlsen's story with **"...remember the junior market is a catch up market.....I am expecting a Christmas rally and we should start seeing some inflows of money into the market soon.."** Unfortunately, he also goes on to confirm market indicators for concern when he adds: "we are all seeing the TSX-V and CSE Index near their all-time lows."

18-years in the small cap industry myself, I am sorry to say that this is indeed the worst year I have seen, 2019 is starting to make 2008 look like a joy ride. In my opinion, our portfolio managers are now directing their clients into only top performance stocks in the market with the angle being to minimize any risk for Baby Boomers to lose money.

Okay that makes cents, but what about the illustrious and rarely covered Generation X's to which I am a part of? Where are we hiding? Bruised from blockchain, fintech and cannabis market highs and lows, how do we rectify these parallel realities without an inevitable market crash, as these small caps cannot sustain their dream on air.

I reach out to Peter Clausi, a public market consultant that we often call for questions on compliance, and when we need to refer a company seeking either to list or would do an RT0, he responds quickly with: "Some of the blame can be directed at the portfolio robo managers. Their goal is not to outperform, but rather not to underperform. As long as the return is not below its index, the robo manager has done its job, even though this may be a real loss when measured against inflation. **Mediocrity is being rewarded. it's like the old saying, nobody ever got fired for buying IBM.**"

Speaking to dozens of small cap CEOs weekly, one tech principal tells me – "I haven't paid myself in over a year", another junior gold CEO explains how he no longer even watches his trades as he finds it too demoralizing. One of my favorite IR firms in Vancouver sends me a note on Friday that reads, "Hope all is well there, **its s**t town here – and by that, I mean the markets...**"

I respond with it's too everyone's benefit to see performance rewarded through effective market valuation. *But are we optimists living in a false reality?*

Jerome Cliché hits back hard with some year-over-year data

(June 30th data) starting with the volume trading for small caps down -27%, value traded down -40% and number of trades down -31% for the year.

What do I think? Obviously moving forward believing that this is an M&A smorgasbord for a practical investor ripe to make a deal, a banker from Zurich confirms my perspective. What's the ole rule of forecasting – make as many forecasts as possible and publicize the ones you get right? Not making a forecast here but reminding our readers of our trending section that monitors what are readers are reviewing most over the last 30-days. And based on this list, which Sharron Clayton tweets out weekly, we seem to have an increasing interest in electric vehicles and everything in them (lithium, graphite, cobalt); we continue to wait for the President's Nuclear Fuel Working Group on how we plan on responding to our uranium market as that is a market over ripe for rewards.

And holy heavens, if you're not into rare earths, I agree with Greg Andrews of Search Minerals Inc. (TSXV: SMY) that I spoke with earlier today – if you're a market timed investor, and if you don't have a rare earths company in your portfolio, your going to wake up one morning, see a Trump tweet – blink, and you will have missed another hockey stick this niche sector is known for.

We have industry expert Jack Lifton, the Godfather of Rare Earths, the man who coined the term “technology metals” doing interviews, backed by industry expert Alastair Neil – we are leading the market for coverage here on InvestorIntel for critical materials, expect some surprises this week.

On Monday and Tuesday of this week, Matt Bohlson is going to do a part I and II on some gold companies we are watching. All presently trading at market valuation discounts, I continue to love this sector and agree with Mario Drolet who writes “lookout for a rebound on precious (gold) and base metals (copper, nickel) and strategic metals like rare earths.” He is

not the only one anticipating a rally, so enjoy this time to do your due diligence and see what producers are eyeing what.

And then of course there are esports, and Ben Feferman's columns continue to drive into the top 10 as we all seek millennial generation guidance on what to watch...and play. Speaking of learning more about this sector or catching up! The Business of Esports Investor Conference is on Monday, December 2nd from 1230-530 and while we know its last minute – if you can make it, click here to register, Ben and AMUKA Esports will be hosting this informative business and technology seminar and the 1st 3 people who email me at info@investorintel.com, will receive a complimentary pass!

Then there's AI and technology (see our Top 10 below, or click here to access our Trending section) and we are working with Chris Thompson of eResearch who is sharing his valuable insight with our audience. Obviously, we welcome your comments, your tweets and ideas. After all, we all thrive in a market where entrepreneurs are rewarded for taking a vision for the future forward and making our lives better! Stay tuned, we are following the small cap market challenges closely –.

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