

EVALUATE NEWSLETTER

December 2021

Welcome to Evaluate Research's Newsletter for December 2021! This newsletter focuses on:

- In-Process Evaluate's New Coverage: An Exciting Fintech, Cryptocurrency Company
- Small-cap Stocks – Historically, The Pandemic and The Present

In-Process New Coverage: An Exciting Fintech, Cryptocurrency Company

We are currently in the process of new coverage on a Chinese company, which is aspiring to be a leader in the vibrant fintech eco-system.

This company has its primary focus on developing software and applications for the financial services industry. It specializes in the development, deployment, and maintenance of customized internet and mobile software solutions with an emphasis on financial technology, Blockchain and cryptocurrencies. The company's team consists of technologists and finance professionals with decades of experience in financial services, investing and information technology with several developed software and applications.

We look forward to publishing our report on this company soon on all platforms.

Small-cap Stocks – Historically, The Pandemic and The Present

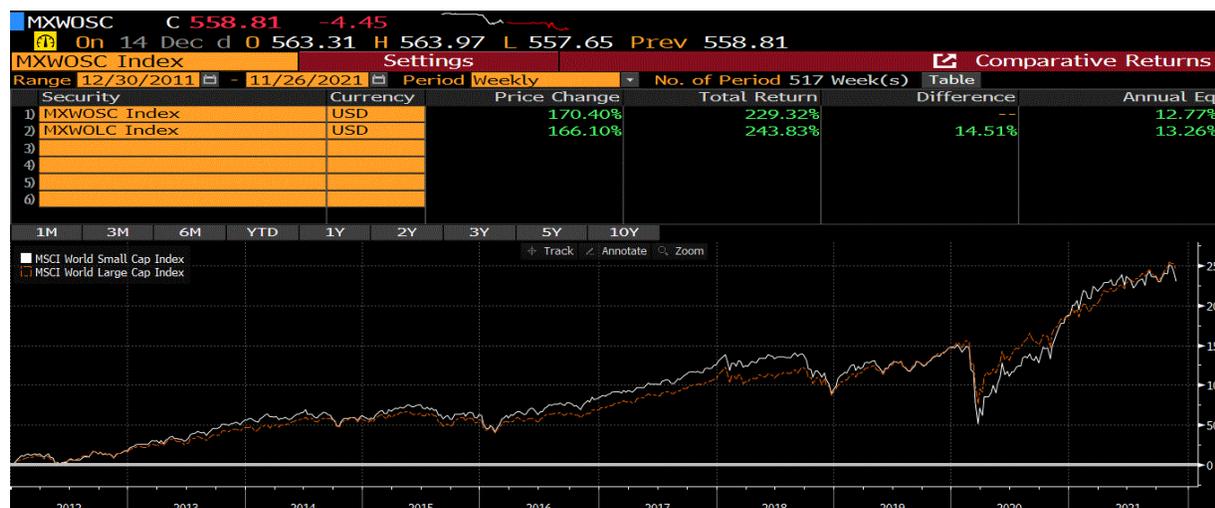
Small-cap stocks are an important part of a balanced portfolio for global Fund Managers.

Driven by higher growth rates [from smaller bases] and cheaper valuations, small-caps have historically outperformed large-caps. As is clearly evident in the chart below, in the 20-year period from 2001 through 2021, the MSCI [Morgan Stanley Capital International] World Small-cap Index [white line] total return of 638% was significantly ahead of the MSCI World Large-cap Index [red line] total return of 232%.



While overall global equity markets had been strong through year-end 2019, small-cap managers were facing significant style headwinds, particularly in the period from 2016 to 2019. The market was favoring and was driven by growth and large-cap stocks, especially large-cap tech such as the FAANG stocks [Facebook, Amazon, Apple, Netflix and Google] during this brief anomalous period.

Small-cap stocks finally did recover and catch-up, with a powerful rally during the past one year, starting from December 2020. The net result is that, after four years of huge underperformance, small-caps have eventually matched large-caps during the past 10 years, as can be seen in the latest 10-year chart comparison below, with the MSCI World Small-cap Index and the MSCI World Large-cap Index both having similar total returns of 229% and 244% respectively, and nearly identical charts.



The chart comparison above also shows small-cap recovery and outperformance especially in the recent pandemic period from early-2020 onwards, which is particularly a favorable situation for small-cap companies.

Since small-caps are generally undiscovered it makes more sense for small-cap companies to have research coverage on them. Now, as the global economy is recovering and the market is paying more attention to small-caps; it is becoming increasingly important for them to reach out to the investor community with their stories and core investment thesis with detailed analysis of their stocks.

We, at Evaluate Research, have been providing research coverage on global mid-sized stocks since the past 6 years. Our consistent reports and wide distribution have helped small and mid-cap stocks attract greater investor attention, achieve better liquidity and more access to the capital markets. We have been able to add value to the investor relations activities of companies by reaching out to all kinds of investors with our detailed reports published on various major investment platforms like Bloomberg, S&P Capital IQ, FactSet etc. without any restricted access.