Ubika Tech 20
Apr. 4, 2016 - Jun. 20, 2016

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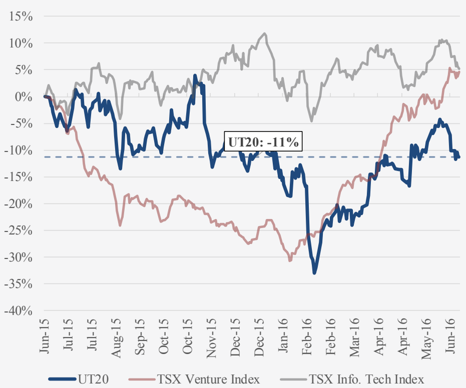
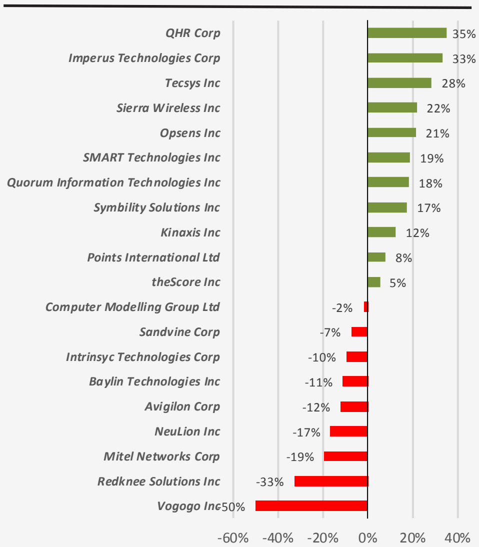
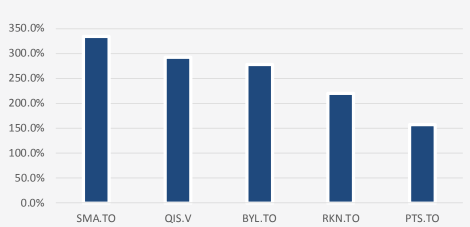
UT20:	+5.0% (-11% Y/Y)
TSX Venture:	+22.8% (+5% Y/Y)
TSX Info Tech:	-2.8% (+5% Y/Y)



Ubika Tech 20: Performance Distribution



Top Volume Gainers (m/m)



Volatility Hits the Index, is a Rebound in Sight?

When stock markets are volatile, the tech sector is often where investors go first to liquidate – factoring in high multiples and overpriced shares. Global uncertainty has been the key topic throughout 2016, thus far. Indeed, factors like the Brexit vote on June 23rd, rattle markets, and should the Exit vote go through, will continue to do so. As such, we have not been impressed by the tech sector's performance during much of 2016, especially in the small-cap space. That being said, we welcome the sell-offs with open arms – we are constantly reviewing the tech space in search of fundamentally stronger companies with upbeat trends and depressed valuation metrics. Some key trends we are noticing and continue to be involved in include: the Internet of Things (IoT), big data analytics, cloud computing, additive manufacturing and cognitive computing?

Industry Highlights

- Uber's Chinese rival – Didi Chuxing – recently closed its final round of financing, having raised $7.3 billion. Apple Inc. took the lead with $1 billion, China Life contributed $600 million. Alibaba was also involved in the round. Moreover, China Merchants Bank opened a $2.5 billion syndicated loan. Didi has a firm lead in the Chinese rideshare market. In similar news, the $4.5 billion equity portion given to Didi is just behind Uber's $5 billion private equity raise this year.
- JPMorgan Chase, Citigroup, Bank of American, and Morgan Stanley all participated in a $1 billion secured debt facility for Airbnb. The Company has noted the financing provides opportunity for extended global growth and expansion beyond home-sharing. The Company plans to build add-on travel services. This financing could imply a near-term IPO for Airbnb.
- Microsoft is set to acquire LinkedIn in a $26 billion deal (50% premium). It feels as though Microsoft wants to make sure its Office franchises are relevant for generations ahead - Integrated professional network LinkedIn allows for that. With 2/3 of LinkedIn's revenues being B2B, Microsoft could in theory successfully integrates the platform with its Office sales.
- Amazon's stock price hit a new high above $700 a share. The sentiment has been largely positive for the largest retailer in the world, with several upbeat analyst reports constantly being released. The global dynamic for e-commerce continues to strive forward, whereas conventional brick and mortar stores are in need of a vital requirement going forward: adaptation.

Outlook for next month:

Some of the events which you should look out for are: Traction Conference (June 22, 2016 to June 23, 2016 @ Vancouver, B.C.), Wearables TechCon (July 18, 2016 to July 20, 2016 @ San Jose, CA), and the Esri User Conference (June 27, 2016 to July 1, 2016 @ San Diego, CA).

Top Performers of the UT20

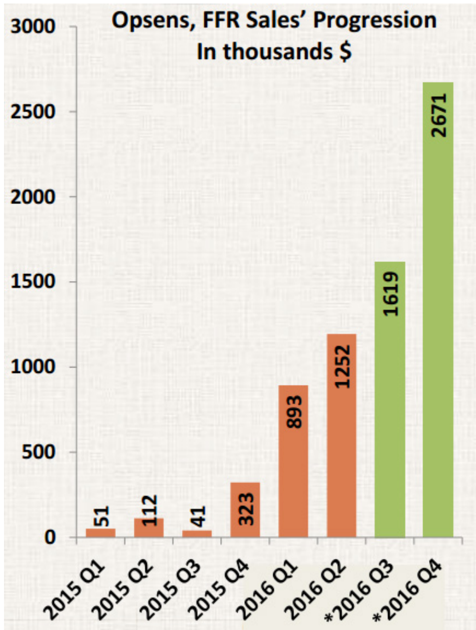
Opsens Inc. (CVE:OPS)

Opsens Inc. (Opsens) is a Canada-based company that operates in the interventional cardiology, and the industrial, oil and gas markets. In the interventional cardiology market, Opsens offers an optical-based pressure guidewire (OptoWire). Opsens operates through two segments: Opsens Inc., which is engaged in developing, producing and supplying fiber optic sensors, and Opsens Solutions Inc., which is engaged in the commercialization and installation of optical and conventional sensors for the oil and gas industry. Opsens also offers the OptoMonitor, a monitor that can be connected directly to a cath lab hemodynamic system that offers fractional flow reserve (FFR) module to display directly on the cath lab monitor. Opsens develops, manufactures and installs fiber optic sensing solutions for various applications, such as the monitoring of oil wells. Opsens' optical-based sensors measure temperature and pressure in oil wells that use Steam Assisted Gravity Drainage (SAGD) technology

The Company's share price soared 21% since the last date we covered them: April 4, 2016. Indeed, a lot has been developing in its oil and gas segment (oil prices have gained almost 90% since the February lows). Aside from the strength in that market, Opsens has some strong fundamentals in place. For example, its Fractional Flow Reserve (FFR) cardiology technology has been approved in the U.S., EU, Japan, and at home – Canada. This interventional technology will grow through several U.S. healthcare trends:

- U.S. health care spending is expected to grow by 5.8 percentage points to reach 20% of GDP by 2022, as estimated by CMS in its 2013 study.
- Hospital trends exhibit increasing demand for non-invasive procedures (i.e. Opsens stent implantation), in order to improve services and post-procedural health. Non-invasive procedures are also normally less costly.
- Coronary artery disease continues to be most common form of heart disease (at an increasing rate). With the use of supported FFR, cardiac diagnostics and treatments are enhanced.
- The European Society of Cardiology (ESC) has designated FFR with Class I, Level A recommendations, citing its beneficial properties and general agreement on clinical evidence.

Figure 1. FFR Sales Projections (000's)



Source: Company Filings, Ubika Research

Sierra Wireless Inc. (TSE:SW)

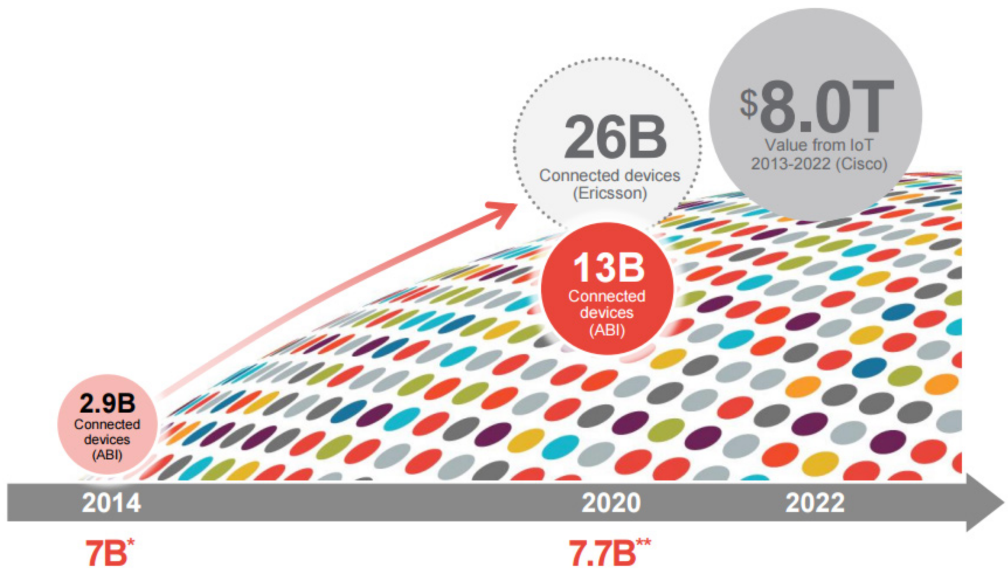
Sierra Wireless, Inc. offers second generation (2G), third generation (3G) and fourth generation (4G) cellular embedded wireless modules and gateways. The Company offers products to original equipment manufacturers (OEMs) and enterprises. It operates through three segments: OEM Solutions, Enterprise Solutions, and Cloud and Connectivity Services. The OEM Solutions segment includes cellular embedded modules, software and tools for OEM customers. The Enterprise Solutions segment includes gateways and management tools and applications that enable cellular connectivity for mobile, industrial and enterprise customers. The Cloud and Connectivity Services segment comprises three areas of operation: its Cloud services business; its connectivity services, and its managed wireless broadband services business. The Company's products and solutions include Legato, Project MangOH, AirLink, AirLink Raven RV50, IoT Acceleration Platform and AirVantage Management Service.

Sierra Wireless' stock shot up 22% since April 4, 2016, making the Company one of our top performers in the UT20. More recently, the Company has experienced some headwinds in the auto segment, as well as demand softness from some OEMs. That being said, as these headwinds abate, we feel as though Sierra will continue to outperform its competitors and significantly grow its share price due to these upcoming catalysts:

- 2016 guidance has increased with its plan to ramp up 40+ new OEM programs in 2H16, implying considerable upward strength in its top line.

- Cash mountain of $86.1 million (which is down $10.4 million from its buyback program) allows for a focused and active M&A pipeline down the road.
- Comparable company valuation metrics imply price appreciation for Sierra Wireless: the Company trades at a 0.6x 2016 estimated Sales, compared to the peer average of 1.2x. That being said, in terms of 2016 estimated EBITDA, it currently trades at a ~30% premium to its peer group.
- According to ABI Research, Sierra has a 35% market share (highest) in the global cellular embedded modules space, with its closest competitors at ~20% each. This gives Sierra a clear edge as the #1 cellular device for the IoT services.

Figure 2. Long Term IoT Growth Opportunity with Population Growth



Source: Company Filings, US Census Bureau, UN, Ubika Research

Tecsys Inc. (TSE:TCS)

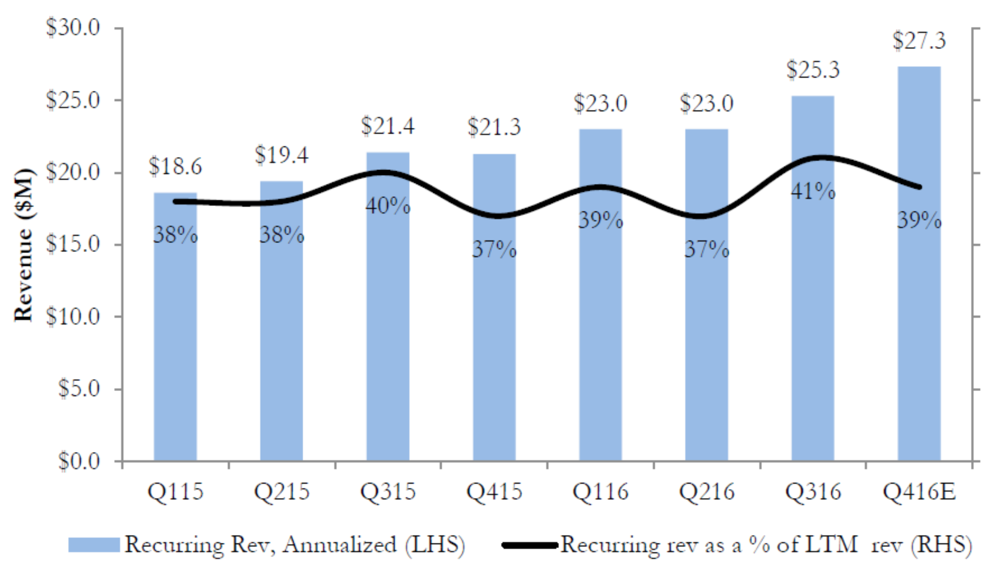
Tecsys Inc. is a Canada-based supply chain management (SCM) provider of warehouse, distribution and transportation management software solutions. The Company provides its solutions to mid-size and Fortune 1000 corporations in the healthcare industry and organizations with complex supply chains. The Company's business is focused on warehousing and distribution operations. The Company offers a supply chain platform, which is a technology infrastructure on which all of Tecsys' applications are built. It also offers visual content, as well as visual-on-voice applications. The Tecsys warehouse management systems (WMS) is developed on a complete supply chain execution platform that allows the merging of information obtained from various application segments and databases into a single query. It also allows user to adapt and personalize the WMS according to their specific needs. The Company has operations in Canada and the U.S. One notable feat was its 2013 winning bid to take on the LCBO's new warehouse plans.

Tecsys shot up almost 30% since the last issue on April 4, 2016. The SCM Company continues to make strategic movements into the health systems and hospitals: Tecsys recently signed one of the largest integrated delivery networks (IDNs) in the U.S., furthering its clear market leader position.

Tecsys' success and potential for more growth is derived through these two factors:

- Annualized recurring revenue shot up $25.3 million in FQ3/16 vs. a $23.0 million figure last FQ. This also represented an 18% y/y growth. The Company's recurring revenue has stabilized to around 40% of LTM revenues, making it an attractive and sustainable investment.
- Tecsys trades are low multiples compared to peers: 2016 EV/Revenue, 2016 EV/EBITDA and 2016 P/E of 1.3x, 11.8x, and 21.3x, respectively, versus comparable companies in the SCM space trading at averages of: 3.3x, 16.5x, and 34x the same respective multiples. In each case, it seems the market has unjustly priced Tecsys, implying further share price appreciation.

Figure 3. Recurring Revenue over Time



Source: Cantor Fitzgerald Canada, Company Filings, Ubika Research

Reassessing the UT20: The Replacement of Three Constituents

As mentioned in the last UT20, we have had to reassess our position with three consistently underperforming constituents: **Imperus Technologies Corp (CVE:LAB)**, **Slyce Inc (CVE:SLC)**, and **EXO U Inc (CVE:EXO)**. Their replacement constituents have been carefully monitored and chosen throughout the past weeks:

1. Sandvine Corp (TSE:SVC)

Sandvine Corporation develops and markets Network Policy Control solutions for communications service providers. The Company's Network Policy Control solutions consists of a hardware platform and software modules that are bundled together to provide a system for broadband communications service providers to identify (video streams, such as Netflix, Voice over Internet Protocol traffic, such as Skype, or online gaming), report on and take action on the data traversing its networks. Its hardware platform, Policy Traffic Switch (PTS) product line includes over three hardware models, the PTS 22000, PTS 24000 and PTS 32000. It also offers the PTS Virtual Series, which is a software-only version of the PTS functionality suitable for networks architected for Network Functions Virtualization (NFV) and Software Defined Networking (SDN). The Company has operations, including direct sales channels throughout the world. The Company also has research and development operations in Bangalore, India.

Sandvine has a market cap of $370 million, with LTM revenues of $164 million. We especially enjoyed seeing its $17 million cash balance with no debt on the side. A look at its margins also intrigued us: Gross/EBITDA/EBIT/Net Profit margins of 78%, 33%, 28%, 27%, respectively. Its margins (except for net profit) are significantly greater than the peer group's averages. In addition, we have analysed its valuation, and found a heavy discount to how the peer group was trading (in terms of sales, EBITDA, EBIT and PE). With a promising low point in its valuation, extremely sound balance sheet, and growing operations, we have chosen to add Sandvine to our UT20 index.

2. Intrinsyc Technologies Corp (TSE:ITC)

Intrinsyc Technologies Corporation is a product developer and provides software, engineering services, and integrated solutions. The Company provides solutions for the development and production of mobile, embedded and the Internet of Things (IoT) devices with software solutions for Java or Component Object Model (COM) enterprise interoperability. It operates through three segments: Embedded Solutions, which includes its computer modules and development kits, engineering services related to these modules and kits, and distribution of cellular communication modules; General Engineering Services, which includes RapidRIL telephony software, iDevice Manager and other enabling technology, testing tools, and hardware reference designs and platforms, and Other Software Solutions, including software licenses, implementation and other related services, maintenance and support attributable to its J-Integra Enterprise Interoperability Software, and Destinator software product offerings.

This relatively small company (market cap of ~$26 million) was chosen due to their growth potential and healthy financials. Not only do we like their operations, but from a valuation standpoint, the stock seems extremely undervalued. From a LTM sales and EBITDA basis, the Company trades at only 0.95x and 8.01x, respectively. When compared to the peer group average of 4.39x and 26.68x, respectively, we see a huge discrepancy. While a certain portion of that is due to their size and scale, we feel as though their stock has much room for appreciation.

3. Quorum Information Technologies Corp (CVE:QIS)

Quorum Information Technologies Inc. is a Canada-based information technology (IT) company that focuses on the automotive retail business in Canada and the United States. The Company develops, markets, implements and supports its Windows-based software product, XSELLERATOR, a dealership management system (DMS) for the automotive market. The Company operates through the computer network and business software industry segment. Quorum works with original equipment manufacturers (OEMs) to bring integration between the auto manufacturers and the systems that dealers use. XSELLERATOR automates, integrates and streamlines a range of processes across departments in a dealership. The product is delivered to General Motors Corporation (GM), Chrysler, Ford, Toyota, Hyundai, Kia, Nissan, Subaru, NAPA and Bumper to Bumper dealerships throughout North America.

Quorum is a more speculative play in our books. However, seeing its revenue growth throughout the past years has warranted further analysis. Trading at just 1.95x EV/Sales, and 13.20x EV/EBITDA, the Company's stock price certainly has room for growth in the high-pace tech sector. While we feel its sole offering is limited to just one product, we see positive trends in the auto market that will provide tailwinds to its growth initiatives. If Quorum can continue to attain dealership deals at this pace, we believe it can contribute significant returns to the UT20.