



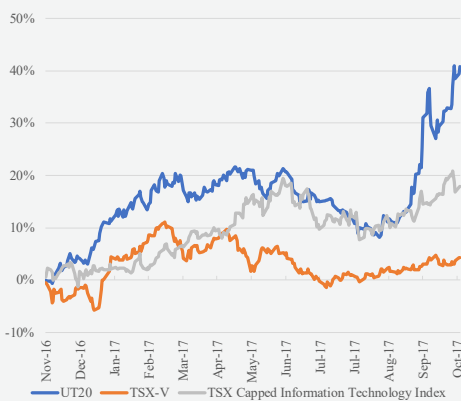
Ubika Tech 20

November 6, 2017

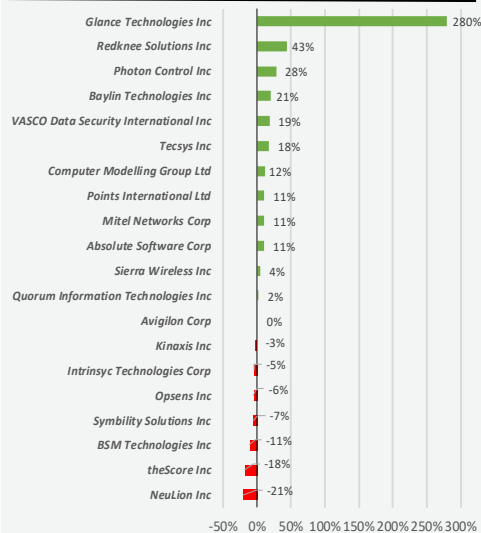
Ubika Tech 20

September 18th, 2017 - November 3, 2017

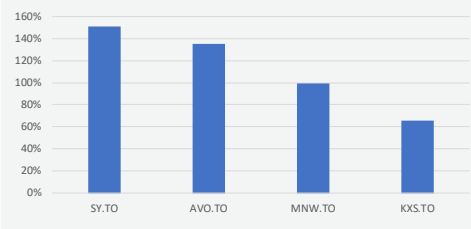
UT20: 24.5% (39% Y/Y)
 TSX Venture: 2.1% (4.2% Y/Y)
 TSX Info Tech: 4.3% (17.8% Y/Y)



Ubika Tech 20: Performance Distribution



Top Volume Gainers (m/m)



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Ubika Technology 20 Powers Past its Benchmarks

The Ubika Technology 20 Index has returned 24.5% since our last report dated September 18, 2017, outperforming its benchmarks, the TSX-V and TSX Capped Information Technology Indices, which returned 2.1% and 4.3%, respectively, over the same period. Notable performers for this report include:

- Glance Technologies Inc. (CSE:GET), which increased 280% following the Company’s partnership with Netcoins to incorporate cryptocurrencies onto its platform.
- Redknee Solutions Inc. (TSX:RKN), which increased 43% as the new management’s restructuring plans continue to materialize.
- BSM Technologies Inc. (TSX:GPS), which decreased 11% as it reported another Net Loss for the quarter, and disclosed expectations of higher costs in the near future.

Industry Highlights

- **First-day pre-orders for the iPhone X sold out in minutes.** When Apple Inc. announced the release of its new US\$1000 smart phone, there was some doubt as to whether consumers would pay such a premium for Apple’s product. Following the release, an Apple spokesperson stated that “demand was off the charts” as customers may have to wait up to five weeks for delivery.
- **Bitcoin surpassed the US\$6,500 barrier as the Chicago Mercantile Exchange announced plans to launch Bitcoin futures starting in Q4/2017.** The CME’s decision to launch futures trading for Bitcoin gives the cryptocurrency greater credibility in the eyes of investors.
- **Canada’s first AI-run ETF opened for trading on Nov. 1.** Horizons ETFs Management Inc released the Active A.I. Global Equity ETF, which uses artificial intelligence to pick stocks from an investment base of 32 global equity ETFs. The fund has a management fee of 0.55% and uses algorithms that analyze enormous data sets to solve problems and make trading decisions.
- **Tesla fell 7% following its quarterly earnings release as it missed analyst expectations.** The auto manufacturer posted a loss per share of US\$2.92, significantly higher than analyst estimates of \$2.29. Its earnings were released the same day as the Republican tax proposal to remove the US\$7,500 credit for electric vehicles, which likely contributed to the stock price decline.

Change in Constituents

As part of our aim to provide readers with relevant and insightful industry reports, we conduct periodic reviews of our index constituents to determine whether they meet the overall criteria for inclusion. As a result, we have removed Sandvine Corporation (TSX:SVC) as it was acquired by ProCera Networks in September, and Tangelo Games (TSXV:GEL) as it no longer met our listing requirements.

The new constituents for the Ubika Technology 20 Index include Glance Technologies Inc. (CSE:GET) and Photon Control Inc. (TSXV:PHO). Glance Technologies launched a mobile payments app in 2016 and its products allow users to pay restaurant bills without the use of a machine. Photon Control develops and manufactures a variety of measurement technologies, including optical sensors and instruments that are used primarily by the semiconductor and energy industries.

As we aim to shift the Ubika Indices to an investable index model, we have decided to switch to an Equal Weight Index. The new Index is like a portfolio, or an index fund, as it gives each stock an equal weighting.

Notable Performers

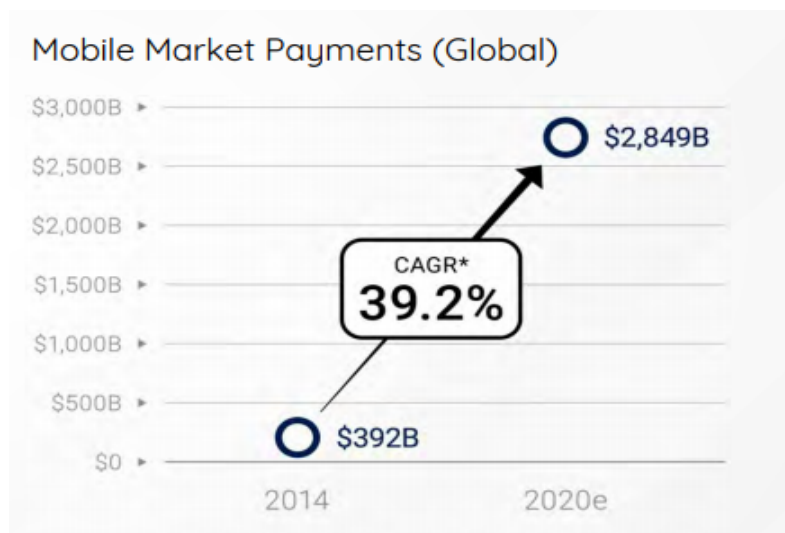
Glance Technologies (CSE:GET)

Glance Technologies provides payment solutions to clients primarily in the restaurant business. The Company's Glance Pay app allows users to pay restaurant bills without the need for a card machine, and offers restaurants expense tracking, rewards and records for bookkeeping purposes. The Company's stock price returned 280% since our last report date, as it announced a partnership with Netcoins Inc. to integrate cryptocurrencies onto its Glance Pay App.

Netcoins Inc. provides virtual ATM software to retailers, allowing stores to become bitcoin tellers. The partnership, which was announced on October 3, allows Glance to leverage Netcoin's platform, enabling users to spend bitcoins on the Glance Pay App.

The Glance Pay app allows users to take a photo of their restaurant bill, confirm amounts and pay bills without waiting for a server to bring the machine. Since its launch in September 2016, over 230 locations have signed on to use Glance Pay across North America. Glance's technology makes the payment process more convenient for customers and increases turnover at restaurants. Research from Future Market Insights indicates robust growth at a 39% CAGR for the global mobile payments market between 2014 and 2020. Glance plans to leverage the trend towards mobile payments by expanding into the United States, as it signed an agreement with its first restaurant down south and announced plans to open an office location in Silicon Valley, United States.

Figure 1: Mobile Payments Market Growth Forecast



Source: Company Presentation

In conjunction, Glance leverages its payment platform to generate licensing revenues from a variety of industries, including the Cannabis and Fitness & Wellness markets. In May 2017, the Company announced a \$1M licensing deal that would allow CannaPay Financial Inc. to use its platform to service marijuana businesses. The Company also announced another \$1M licensing agreement with ActivePay Distributions Inc. for the use of its technology and for the development of an online payments app for the Fitness and Wellness market. Lastly, the Company has an agreement with Euro Asia Pay for the use of Glance’s payment technology in exchange for a \$1M licensing fee, as well as recurring service revenues.

Through a series of private placements over the last couple of months, Glance has raised its bank balance to \$9M, which it expects to utilise for expansion into the United States.

Redknee Solutions (TSX:RKN)

Redknee Solutions provides a variety of software solutions, primarily to global telecom industry clients. The Company provides its solutions on site, on the cloud or as Software-as-a-Service (SaaS). RKN has increased 43% since our last report date, as the Company’s restructuring plans continue to materialize following ESW Capital’s investment earlier this year.

RKN provides software for billing, charging, customer care, network management, and data analytics for 250 clients. Redknee’s main product categories are outlined as follows:

- Redknee InBill: Serves as a wholesale billing solution that addresses multi-party settlement needs and provides data storage and analytics for billing.
- Redknee PCS: Allows telecom clients to manage their services, creating an overall framework (i.e. data usage limits) for the use of their services.
- Redknee Unified and Unified Digital Suite: Offer’s a packaged platform for telecom service providers that includes monitoring, metering, billing and customer care all in real time. The Unified Digital Suite platform can also be delivered in the cloud.

Earlier this year, ESW Capital, an enterprise software company that specializes in turning around software businesses, took a \$83M equity stake in Redknee. ESW brought in their own senior management and began restructuring operations. In August, Redknee announced a \$68M right issue at \$0.63 per share, which was oversubscribed. At closing, the Company raised \$96M, which would fund the restructuring of Redknee’s business operations. Oversubscription of the rights offering was caused primarily by ESW Capital exercising its rights, providing the Company with additional proceeds of \$28M. The Company has outlined a three-step plan that focuses on long-term growth and simplified operations. With regards to restructuring, the Company is in talks with clients to improve and revamp its product offerings providing a roadmap for Redknee’s restructuring.

Figure 2: Redknee Strategic Plan



Source: Company Presentation

Analysts have set an average price target of \$0.93 for the stock, representing a 12.3% downside, with 2 Buy and 3 Hold Recommendations.

BSM Technologies Inc. (TSX:GPS)

Founded in 1996, BSM Technologies designs and manufactures GPS fleet management systems for large enterprise clients. The Company's stock price decreased 11% since our last report date, following another quarter of Net Losses and management's disclosure of higher expected R&D costs over the coming quarters.

BSM's fleet management systems service clients primarily in the railways, construction and government sectors. The Company sells hardware to its clients at a one-time cost and gives customers access to its related software, generating recurring revenues. Using BSM's products, clients can monitor their fleet (rail cars, construction equipment, buses etc.) in real time, and receive updates on location, speed, predictive maintenance and driver management & assistance. As an example of their services, clients can remotely track fuel costs, remind drivers to turn off vehicles when stationary and assess any need for maintenance. Currently, the Company focuses on obtaining a competitive edge by building its data analytics and business intelligence capabilities to improve its data solutions.

In October 2016, the Company acquired a private software company called Mobi Corp. Mobi provides data analytics using GPS data for customers to improve operations from a logistics standpoint (scheduling, routing etc.). In order to build on Mobi's software and consolidate it with BSM's current offerings, management stated expectations of an upward trend in R&D costs over the coming quarters. For Q4/2017, the Company expects its R&D costs to increase by \$300K and it expects the costs to continue rising up until Q2/2018. The anticipated increase in costs, paired with a greater net loss during Q3/2017, has served as the catalyst for a 11% decline in the stock price over the last couple of months. The table below shows a summary of BSM's quarterly performance over the last couple of years:

Figure 3: BSM Operating Performance

(\$ thousands, except per share data)	FY 2015	FY 2016				FY 2017		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	\$ 7,486	\$ 15,701	\$ 15,239	\$ 13,093	\$ 14,965	\$ 18,363	\$ 16,004	\$ 16,660
Gross profit ¹	3,871	8,672	8,508	7,230	8,587	10,912	9,458	9,819
Net income/(loss)	479	(505)	(858)	(162)	9,135	(465)	(1,181)	(1,336)
EBITDA ¹	201	1,698	1,206	1,894	3,485	2,344	1,557	1,051
Adjusted EBITDA ¹	494	2,114	2,325	1,882	2,033	2,818	2,170	2,150
EPS - basic	\$ 0.011	\$ (0.006)	\$ (0.010)	\$ (0.002)	\$ 0.112	\$ (0.006)	\$ (0.015)	\$ (0.017)
EPS - diluted	\$ 0.011	\$ (0.006)	\$ (0.010)	\$ (0.002)	\$ 0.112	\$ (0.006)	\$ (0.014)	\$ (0.016)

Source: Company Filings

BSM's revenues were up 4% Q/Q but, the Company recorded a 13% increase in net loss for the quarter. Gross margins remained stable over the quarter, but EBITDA margins decreased from 9.7% to 6.3% Q/Q, partly due to higher R&D costs.

Currently, BSM Technologies has an average price target of \$2.08, representing a 62.5% upside for the stock, with 8 Buy, no Hold and no Sell recommendations.

Upcoming Catalysts:

The new U.S. tax reform plan proposes a one-time tax rate of 12% on cash returns and 5% on non-cash for corporate dollars repatriated to the United States. As of September 2016, U.S. corporations were hoarding ~US\$2.5 trillion in cash abroad, with tech conglomerates such as Apple and Alphabet on top of the list. If the proposed tax plan were approved, we could see an uptick in M&A activity, sparking further interest in the sector.

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