

SL: Breakout Wealth Portfolio Update

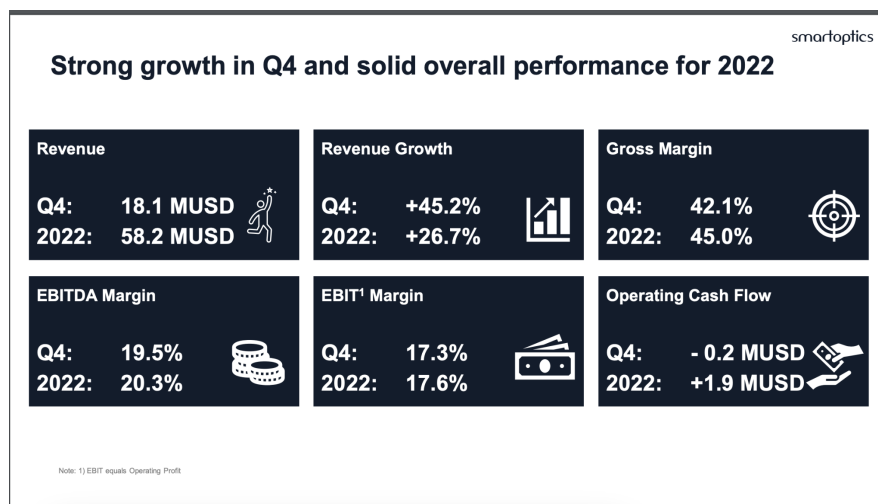
Hey, it's Alex here.

Let's take a look at the state of our Breakout Wealth portfolio.

Smartoptics Group (OTC: SMOPF)

To start, I gotta say — Smartoptics Group is looking great!

Despite retracing a bit from our buy price, the long-term fundamentals of the company continue to grow stronger. Smartoptics recently released their Q4 financial report, and it's a banger.



Q4 revenue was up 45% YoY. That's an incredible jump, and it's one of the most exciting things about microcap companies. Can you imagine Apple or General Electric increasing their revenue by 50% in a quarter?

It's never going to happen.

But because microcaps are so small, those types of increases are possible. And as investors, we're fortunate to be able to tag along for the ride.

Overall for the year, revenues were up 22%. But revenues aren't the only thing we're looking at. You can make more money, but if you have to spend more money to make that extra revenue...well, it's not that good.

But Smartoptics doesn't have to worry about that. Their EBITDA margin grew as well, jumping over 20% on the year.

And to top it off, SMOPF finished the year with \$1.9 million in operating cash flow.

(Just in case you want to familiarize yourself with the terms, operating cash flow is a measure of a company's revenue minus the cost of goods sold, marketing, rent, administrative overhead, and insurance.)

So, now the question is, what's driving this growth?

Well, for one, Smartoptics has released a number of new products over the past year that are performing exceptionally well. First off is their 400G fiber optic upgrade segment. This is SMOPF's bread and butter.

And just like I outlined in the initial report on SMOPF, as the bandwidth requirements of the web grow, there will be constant demand for better fiber optic networks that can handle the increased data load. SMOPF has signed a number of deals this year to upgrade the networks of different telecom players — the most recent one was with U.K.-based network provider, YouFibre.

The second main product is in their network hardware solutions. These are fiber optic interfaces (like the nodules you actually plug the fiber optic cables into) and transponders (which receive and emit signals). The most recent release was the DCP-1203 transponder in late February.

The third segment is the SoSmart software suite. This offers Smartoptics' customers a streamlined way to manage and monitor their connections.

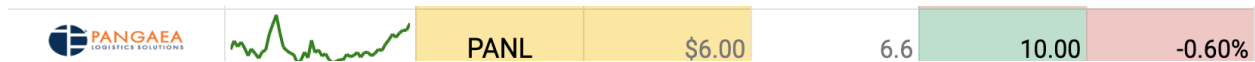
The Future

Smartoptics had a stellar year. And their most recent quarterly report proves that they are an excellent microcap company with huge growth potential. During the last earnings call, the CEO Magnus Grenfeldt confirmed that Smartoptics is shooting for 100 million in revenue by 2025/26.

In 2022, their revenue was \$58.2 million. I'm excited that the leadership has such an ambitious goal, and based on their latest financials, I don't see why Smartoptics couldn't exceed that goal.

Pangaea Logistics Solution Ltd. (NYSE: PANL)

So far, Pangaea is up 10% since our initial publication of the trade idea.



Their earnings reports is expected to land on 3/15, so we'll be closely watching that. I expect that earnings will be better than they were in Q3 — consumer demand was strong around the holidays, and their ice class vessels will have been put to work during the northern hemisphere's icy season.

While we wait, let's take a look at the chart and see what we may be able to glean about future price action.

Remember, when charting, you always need to check multiple time periods. On the monthly chart, there's the beginning of what could be an ascending triangle forming. I'll be looking for the price to continue bouncing off the support line while forming a tighter pattern against the resistance.

Monthly



If we go to the weekly chart, we can see the pattern in a little more detail:

Weekly



But take a look at the daily:



This is called a cup and handle pattern. And it can signify that a breakout is on the way. The arc in the middle is the cup, and the descending consolidation pattern on the right is the handle. This setup can signal that a breakout is approaching.

(*Can* being the operative word. Like everything in trading and investing, charting is not guaranteed. That's why we use it in conjunction with other forms of analysis.)

But typically in cup and handle patterns, the consolidation handle will extend for a little longer than it is right now.

So, all of this put together, I expect a period of consolidation with PANL that could last a few weeks, maybe even a month or two. But barring any big earnings miss, I think this consolidation period will be followed by a strong move upwards.

That's a wrap!

Thoughts? Questions?

Let me know with an email to support@wealthpin.com.

To your wealth,

Alex Reid

Founder, Breakout Wealth