

• MY NEXT TEN-X •

MICROCAP PLAY



That's a **1,607%** increase in less than five years.

If you string that out across the whole country, well, the math becomes pretty ridiculous. And then multiply that around the world...

Well, at that point, you're getting to some truly obscene bandwidth requirements.

You can think of bandwidth like a digital road. For a small town, a single lane road may very well be enough. But as the town grows, so does the traffic. So that single lane road expands to two lanes, three lanes...

If the town grows enough, eventually that little road will have to turn into a five-lane superhighway to handle all the cars traveling along it.

Bandwidth works the same way, but with data instead of cars. As more data is passed across the world each year, the amount of bandwidth has to grow. If it doesn't, your YouTube videos won't load, your webpages will freeze, and even your smart toaster might cease to toast properly (a tragedy, I know).

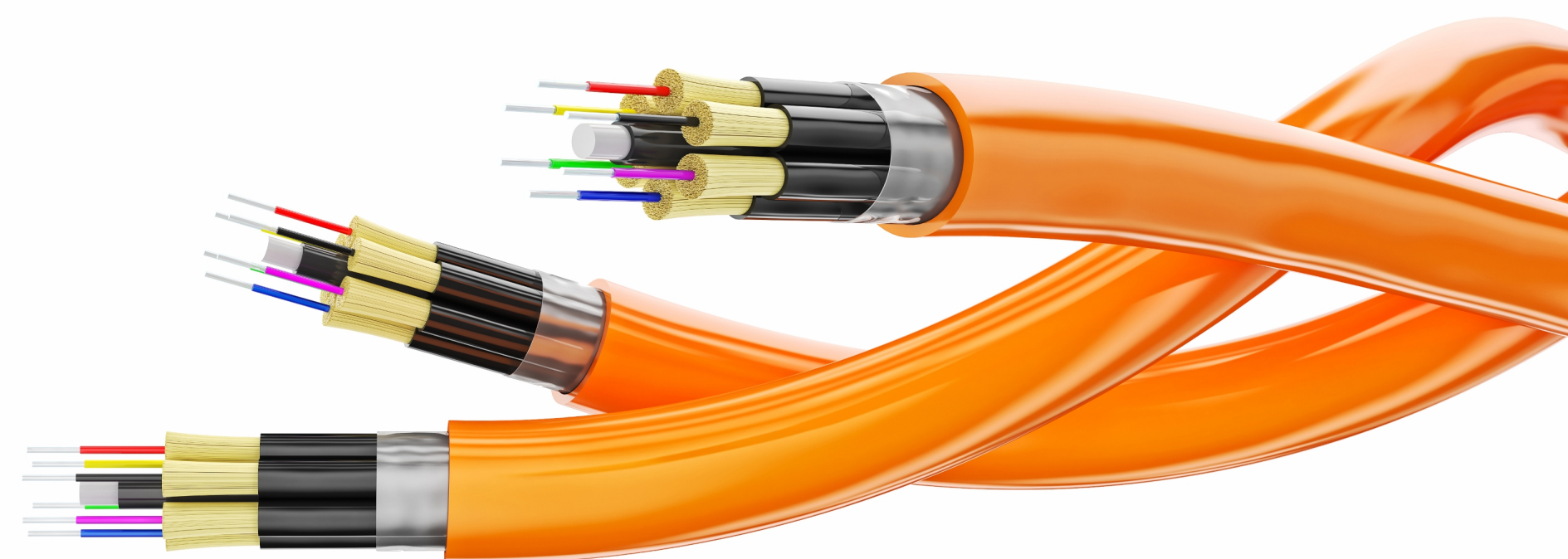
So, how is bandwidth increased?



The Fiber Optic Foundation

With fiber optic cables.

It may seem like we live in a wireless world, but the truth of the matter is, wires enable our wireless existence.



Fiber optics cables are the internet's backbone. There are fiber optic networks which span thousands of miles, and connect entire continents together. Fiber optic cables connect all of the vast data centers that store our data. And increasingly, these fiber optic networks are being run into our own homes, to power our own internet.



As the world's bandwidth needs grow, the fiber optic market will grow along with it. Right now, it's a \$4.5 billion industry. **By 2028, it's expected to almost double to \$9.7 billion.**

This market growth will primarily be driven by two things:

- 1 Laying new fiber optic cables
- 2 Upgrading existing networks with improved technology and data capabilities

Luckily for us, the small microcap company I'm about to reveal is well-positioned to do both of those things...

And potentially set up investors for a massive return as the fiber optic industry booms.

SMARTOPTICS GROUP AS (OTCMKTS: SMOPF)

smartoptics

Price At Publication	:	\$2.00
Market Cap At Publication	:	\$196 Million
Shares Outstanding	:	96.29 Million
52-Week Range	:	\$1.49-\$2.40

SmartOptics Group is a Norwegian company headquartered in Oslo. While they are a small company now, they stand well-positioned to experience serious growth over the coming months and years.

Let's run through my TEN-X filter and explain why:



Total Addressable Market

SmartOptics' market cap is \$196 million.

Like I mentioned, over the next five years the fiber optic market is expected to grow to \$9.7 billion.

That's more than **49x** the size of Smartoptics right now.

Which means they'll have plenty of room to grow.



So, it passes the "T."



Earnings

Smartoptics' P/E ratio is 29.

Right under my cut-off of 30.

This means that the company is still undervalued and trading at a discount.

In other words, it's a good buy.



So, it passes the "E."



Near Term Gross Margin

I'm looking for anything over 10%.

Over 10%, and that means the company will be better able to absorb the costs of growth and still turn a profit.

Smartoptics' margin is at 13%.



So, it passes the "N."



The Catalyst, Or X-Factor

For a company of this size, one big deal can be a gamechanger. And I believe Smartoptics' just signed one such deal.

On December 19th, Smartoptics announced that they will upgrade the fiber optic infrastructure of NDIX – one of Europe's largest internet exchange operators.

You can think of an internet exchange like the switchboard operator of the web.

If you have Comcast, but send an email to someone with Verizon...

At some point, that data has to switch from one internet provider to the other one.

That's where the exchanges come in.

NDIX has over 100 data centers across the Netherlands and Germany. And now, Smartoptics is going to be supplying fiber optic cables to all of them.

This is a whale of a deal. And it's going to be worth tens of millions of dollars.



For such a small company, I believe this sudden revenue injection will be like speed.

How high could Smartoptics fly?

Well, let's look at similar companies in the fiberoptics space.

Belden Inc. trades for **\$72**.

Cienna Corporation reached a high of **\$76**.

And Lumentum Holdings Inc hit an all-time high of **\$106** in 2021.

So, there's significant upside potential with this stock. And if you do want to place a stake in Smartoptics, you may want to consider doing it sooner rather than later.

I expect the stock to steadily rise as this deal progresses, and as Smartoptics uses this deal as a launchpad into other high-value partnerships.

But I would be remiss if I didn't warn you:

Like all of the trade ideas in ***Breakout Wealth***, this is a high-risk, high-reward play. Microcaps are inherently more risky than your blue chip dividend payers, so every investor should approach each trade with caution. And never risk more than they're willing to lose.

Of course, microcaps can also dish out lucrative gains as well, far and above what your traditional blue chips can deliver.

I believe that SmartOptics Group AS could be one of those plays. But again, there's also the risk that it doesn't pan out. So, do your due diligence, and be smart.



To your wealth,

Alex Reid

Editor, *Breakout Wealth*

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