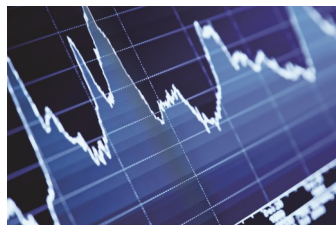


MZ Perspectives

Small Cap Investment Themes

Small and microcap stocks have benefited from investors' appetite for greater risk taking. Through the first three quarters of 2013, small cap stocks have handily outperformed large and midcap stocks, with the S&P 600 small cap index up 28.7% compared to 23.2% for the S&P Midcap 400 index and 19.8% for the S&P 500 index. Energy and healthcare have been the leaders among small cap stocks so far this year.



Through September 30, 2013	1-Month	YTD	1-Year
S&P 500	3.1%	19.8%	19.3%
S&P Midcap 400	5.2%	23.2%	27.7%
S&P Small Cap 600	6.2%	28.7%	31.5%
S&P Small Cap Energy	8.3%	34.7%	33.5%
S&P Small Cap Healthcare	5.1%	38.2%	33.9%

Source: S&P Dow Jones

While investors have been temporarily distracted by the political gridlock in Washington and the surprising decision by the Fed to delay tapering at its September FOMC meeting, smart investors remain squarely focused on underlying profits and growth opportunities in a subdued global economic environment. We identify the top five themes in the small and microcap space that emerged from our interactions with investors, management teams, and analysts over the past few months.

1. Rising interest in M&A
2. Regulatory changes creating opportunities
3. Heavy investments putting downward pressure on margins
4. Use of technology to deliver products and services to target audience
5. Long sales and qualification cycles

Race to Scale

From a telecom equipment manufacturer to an oil services company to an outsourced health care printing solutions vendor, many small and microcap companies are looking for ways to reach economies of scale as quickly as their funding allows. In addition to organic growth through entering new markets and selling more to existing customers, more companies are augmenting growth through acquisitions. In many instances, this adds new products or services that are complementary to their existing businesses. Companies are also making acquisitions to add more talent quickly and to gain access to new customers in different markets and geographies. Rising multiples and accommodating capital markets have provided more firepower for public growth companies to pursue acquisitions.

Regulations: A Blessing and a Curse

Throughout history, evolutions in rules and regulations have created opportunities for new entrants to capture market share from incumbents. Whether it's the Telecom Act of 1996, NAFTA,

October 2013

Thanks for reading the October edition of our MZ Newsletter, with this month's perspectives on small cap. Please visit us at www.mzgroup.us to learn more about our complete set of investor relations products and services.

-The MZ Team

MZ Client News

[Torchlight Energy Signs JV With Ring Energy on 17,000 Acres in Kansas 10/17/13](#)

[Fission JV Hits 14m @15.63% U3O8 in 43m @6.93% U3O8 at R780E Zone 10/17/13](#)

[Asia Pacific Wire and Cable Company Reports First Half 2013 Financial Results 10/16/13](#)

[Fission Hits 99.5m Total Composite Mineralization at Line 750E, Including 6.87m Total Composite "Off-Scale" at PLS 10/16/13](#)

[Actinium Pharmaceuticals Webinar To Discuss Iomab™-B At 11AM EDT Today 10/15/13](#)

[Bradex to Spend \\$5M to Earn 50% of Fission's Clearwater West 10/15/13](#)

[Shoreline Energy Corp. to Host Investor Conference Call 10/14/13](#)

[Bofl Holding Inc. to Announce First Quarter Results on November 5, 2013 10/9/13](#)

[Fission hits 144m Total Composite Mineralization With 8m Total Composite Off-scale at PLS 945E Zone 10/9/13](#)

[Miller Energy Resources Announces the Conditional Approval of Otter Unit Agreement 10/8/13](#)

[Fission JV Discovers 8km Conductive Trend at PLN 10/8/13](#)

[Fission JV to Drill 11 Land-Based Holes West of Discovery Zone 10/7/13](#)

[Bofl Federal Bank Strengthens Its Business Banking Leadership 10/2/13](#)

[Shoreline Energy Corp. Signs Letter of Intent for Joint Venture with Acceleration Resources and Associated Compliance with Banking Covenants 10/1/13](#)

[Torchlight Energy Increases Its Hunton Limestone Assets 10/1/13](#)

Continued on page 2

Continued from page 1— Small Cap Investment Themes

or more recently Dodd-Frank and the JOBS Act, regulatory changes have shifted the competitive landscape across virtually every industry, from healthcare to banking and media. Today, increased environmental regulations in the oil and gas industry have significantly increased demand for waste remediation services, particularly for companies involved in hydraulic fracturing, or fracking. The Healthcare Act (aka Obamacare) has also pressured reimbursements and pricing in certain types of procedures while creating opportunities for companies with lower cost alternatives and more efficient third party service providers to handle more of hospitals' non-essential services such as printing and document management.

Growth at all Costs?

Investors have historically emphasized growth from small cap companies over short term margins or profitability. The affinity toward growth stocks has shifted even more in the past year as interest rates remain close to record lows and investors' appetite for risk has risen. Combined with greater access to financing via IPOs and secondary offerings, we have seen companies accelerate their investment spending across the board. An oil and gas company has budgeted a doubling of its drilling cap ex as oil prices remain above \$100 per barrel. A cloud-computing software company is hiring more sales staff to expand its presence in Asia and Latin America. An e-commerce services company is buying more bandwidth and expanding its marketing budget in anticipation of entering two new verticals. While the long term benefits of these investments will not be realized for another two to three years, the upfront investments are pressuring margins and cash flows in the short term. As the valuation disparity between growth and value compresses and investor sentiment ebbs and wanes, small cap companies' ability to maintain this level of investment spending may be curtailed.

Extended Adoption Curve

Innovation is the lifeblood of startups and emerging companies. The good news is many companies continue to introduce new products and services to the market faster than ever while being efficient with their limited capital. Drug development companies are able to complete clinical trials for under \$10 million by using lower-cost processes and SaaS companies can roll out new software modules every 3 to 6 months by delivering them through an efficient, scalable technology platform. The drawback is that customers remain cautious in their spending, particularly for new technologies and processes that require a steeper learning curve. The net result is smaller orders and longer sales cycles. The hope is that a gradual improvement in the global economy and record high profits from Fortune 1000 companies will eventually lead to acceleration in corporate and consumer spending.

MZ Announcements

MZ Adds New Cleantech Client - Pacific Green Technologies

MZ is pleased to announce the addition of new client Pacific Green Technologies who has chosen MZ as their premier investor relations service provider.

Pacific Green Technologies, (OTCQB: PGTK) is dedicated  to developing and building solutions to help address the world's need for clean and sustainable energy. Our Group is divided into three key divisions that are focused on the design, development, licensing and marketing of numerous types of technologies designed to improve the environment by moving the world's energy supply to a cleaner and more sustainable future. For more information about the company and its products, please visit www.pacificgreentechnologies.com.

Visit MZ at the 6th Annual LD MICRO Conference



MZ is pleased to be a sponsor at the 2013 6th Annual LD MICRO Conference in Los Angeles December 3 to 5, 2013 at The Luxe Hotel.

More than 200 companies and 350 institutions focused on small and micro-cap names are invited to this year's event. The Conference will include corporate presentations and Q & A sessions, investor one-on-one meetings and daily networking opportunities.

Date: December 3 - 5, 2013

Location: Luxe Hotel
11461 Sunset Boulevard
Los Angeles, CA 90049

For more information please visit www.ldmicro.com

MZ Client Calendar

Date	Client	Event	Location
10/22-23	FCU	Non Deal Roadshow	New York, Boston
10/22-23	MILL, TRCH	Oil and Gas Council Conference	Houston
10/24	BOFI	Annual Shareholder Meeting	San Diego
10/28-30	ATNM	Non Deal Roadshow	Boston, New York
10/28-30	MILL	Non Deal Roadshow	Boston
10/29	TRCH	Accredited Members Conference	Seattle
10/29-11/1	FCU	Beijing Non Deal Roadshow and Mining Conference	Beijing
11/36	MNDL	Non Deal Roadshow	West Coast
11/4	ATNM	Company Corporate Update Virtual Roadshow Conference Call	Online
11/5	BOFI	Bofi Holding Inc. Q1 Earnings Conference Call	Online
11/6-6	BOFI	Bofi Holding Analyst & Investor Day	San Diego
11/5	MNDL	Macquarie Mobile Corporate Day	San Francisco
11/5-7	ATNM	Non Deal Roadshow—San Francisco, Los Angeles, San Diego	California
11/7-8	MILL	Mexico Oil and Gas Foreign Investment Opportunities	Mexico City
11/11-14	ATNM	Non Deal Roadshow—Chicago, Minneapolis, KC and Dallas	Midwest
11/19	HIMX	JP Morgan TMT Conference	Hong Kong
12/2	VNRX	Non Deal Roadshow	San Francisco
12/3-4	HIMX	Credit Suisse Technology Conference	Scottsdale, AZ
12/4	BOFI	Sandler O'Neil and Partners Regional Bank Conference	Century City, CA
12/5	BOFI, SBOTF, VNRX	7th Annual LD Micro Conference	Los Angeles
12/6	SBOTF	Non Deal Roadshow—Orange County and San Diego	So. California
12/6	VNRX	Non Deal Roadshow—Orange County and San Diego	So. California
12/9-11	VNRX	Non Deal Roadshow	Boston, New York



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MZ serves as a premier informational resource for institutional investors, brokers, analysts, private investors, and the media which creates a dynamic audience and assists in diversifying our clients' shareholder base.

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