



Stockgroup.com Holdings, Inc.

OTCBB: SWEB

INITIAL REPORT

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Symbol: SWEB
 Recent Price: \$3
 Price Range (12 months): \$1.25 - \$10.25
 Avg. Daily Volume: 36,500
 Industry: Internet Content
 All Amounts in Report are US \$ Unless Noted.

Fiscal Year Ending: Dec. 31				
Year	EPS	PE	REVS*	PSR
1998A	(.04)	---	.858	28.6x
1999E	(.41)	---	1.9	12.9x
2000E	(.96)	---	6.7	3.6x
2001E	(.40)	---	27.1	.91x
2002E	N/A	---	N/A	---

Capitalization (000): 9/30

Shares O/S: 8,195
 Shareholders Equity: \$6,386
 Cash & Equiv.: \$3,358
 Long-Term Debt: \$0
 Net Working Capital: \$5,113

Estimated 1999-2004 Annualized

Growth Rate (ACGR): 100+%
 Dividend: NM
 Yield: NM
 Inside Ownership: 47%
 Target Price: \$12

* Millions of dollars.

Recommendation: BUY

Basis of Recommendation: We are initiating coverage of Stockgroup.com Holdings (SWEB) with a BUY rating and a 12-month target price of \$12. Our reasoning is summarized as follows:

- Stockgroup.com is the leading provider of online financial news relating to small cap stocks. The company provides through its website at www.smallcapcenter.com, the largest and most comprehensive single source of news and information relating to small cap stocks on the web.
- The company's accelerating revenue growth is based, in part, on its first entrant advantage in the online small capitalization investor information market.
- In March 2000 SWEB will be instituting a premium subscription revenue model that should accelerate revenue growth.
- SWEB has a growing and loyal readership base that stays on its site an average of over 10 minutes per visit.
- SWEB is positioned to participate in the international financial information market through its recently announced joint venture that will service the growing Asian markets.
- Our price target of \$12 is predicated on only using an industry low 25X price to sales multiple (PSR) based on year 2000 revenue. Industry average PSR on latest 12 months revenues is 59X. The Company currently sells at a significant discount to the mean PSR of its peers, which we believe is not justified. Substantial price appreciation potential then exists from a combination of SWEB's revenue growth and a narrowing of the PSR discount.

The Company

Stockgroup.com Holdings is a fast growing and diversified provider of financial information and Internet services to small and micro cap companies and investors. The Company's website serves investors as the leading site providing financial information related to small and microcap stocks. These stock classes are defined as companies with a market capitalization of less than \$750 million and \$50 million respectively. Stockgroup.com also provide Internet development and marketing services to small and microcap companies on a contract basis.

Via its website, www.smallcapcenter.com, Stockgroup.com provides an investment community environment geared towards the analysis, research, and discussion of small cap stocks. The Company's site provides a combination of traditional print media with the real time advantages of the Internet, and Stockgroup.com has over 21,000 companies in its current database. Market information is disseminated in real time via editorial commentary. Its Internet consulting business provides a recurring revenue stream that augments the paid subscription service to be initiated in the first quarter.

The Company is positioning itself to participate in the worldwide financial information business. It recently announced that it had joined an existing venture of two leading Singapore publicly listed companies, Form Holdings of Singapore, a music and production company and SMB United, an electronics company. The joint venture is known as the Asian Exchange Information Service Ptd Ltd. (AsiaXIS). Today, AsiaXIS is already an established online provider of financial information covering stock markets across Asia. Under terms of the recent agreement, Stockgroup.com is to receive US \$1,060,000 and an equity position of 19.4% for the license and development of sites, initially in Singapore. After the Singapore site, the agreement calls for Stockgroup.com to develop 13 additional "financial enterprise sites" throughout the Far East. Additional revenues for SWEB will be derived from further technology licensing, development, and customization fees, as well as royalties for each additional market that AsiaXIS enters. This is the first major venture in Stockgroup.com's international expansion plans. Management is currently exploring similar ventures in Europe, which should be announced over the next two quarters.

The Website

Smallcapcenter.com is a comprehensive offering of content relating to the small and micro cap stocks. The site offers the standard services typical of a financial content site including delayed stock quotes, news releases, and charts. The site also offers the investment community a broad base of services including:

- Premium editorial content and news on Small Cap Sector produced by a team of professional writers and editors. Approximately 10-15 original stories are published each trading day.
- Proprietary database of 21,000 public companies, including data on over 4,000 companies that have been virtually ignored by the financial information community.
- Trading station for investors to manage their portfolios.
- Screening programs for Fundamental and Technical Analysis.
- Access to third party analyst reports and newsletters on small cap companies.

The site has received numerous accolades. About.com Canada rated smallcapcenter.com as the "Best of the Net" investment site for the month of October 1999. Lycos rated the Investment community Stockgroup.com as the number one investment site for a 17-month stretch. Microsoft, Barrons, Worth, Fortune, and Infoseek have all written positive comments.

To maintain the site's growing momentum, Stockgroup.com continues to build added infrastructure. This new infrastructure is designed to provide investors with expanded and timely information that is accurate, reliable, and actionable. To that end, the company also continues to invest significantly in its editorial staff. At present, this editorial staff consists of a Managing Editor, a Senior Editor, 12 full time and 10 freelance writers all dedicated to the small cap market. The staff currently publishes approximately 15 original content pieces daily. Within the next 6 months, the complement of writers is expected to increase to 35 with a corresponding increase in the number of daily news stories.

The content of the smallcapcenter.com site is currently provided to users free of charge. However, a registration process collects demographic profiles on its over 39,000 subscribers. Beginning in March 2000, a premium content section will be introduced and subscribers will be charged \$99.95 annually for the premium content. A portion of the site will continue to be offered for free.

The Financial Content Industry

This industry can be divided into two categories:

Firstly, there are the major players, or portals, where financial content is only one aspect of the overall Internet content provided. Companies in this category are America Online (AOL), which recently announced a merger with Time Warner, and Yahoo (YHOO). Secondly, there are the content providers that focus on a specific niche, in this case financial content. The major players in this segment, besides Stockgroup.com, include MarketWatch.com (MKTW) and TheStreet.com (TSCM).

A main driver in the growth of the financial content industry has been the growth of discount and Internet based brokers. As more investors switch from full service to online brokers, there is an increased need for an investor to become more involved in the investment decision-making process. To put this into perspective, the number of online brokerage accounts has grown dramatically over the past several years. The ease and availability of financial information on the Internet and the increase of Internet based discount brokers has had an accelerating effect on each other's growth. With the expansion of the Internet, timely financial information is no longer the domain of only full service brokerage firms. Analyst's conference calls for example, formerly geared toward institutional investors are now available in real time from a number of sources. Secondly, most traditional media outlets as well as these new media outlets now provide information in real time. Investors no longer have to wait until the following day to get updated financial information from print media.

The large brokerage firms have been forced to embrace both discount and online investing. Merrill Lynch (MER) last year began to offer discount trades to its clients. This strategic move by Merrill Lynch validates the fact that an increasing number of investors prefer to do their own research rather than pay the high commissions associated with traditional full service brokers. With the intense competition that online brokers face, there will be a continuing contraction of commission fees and consolidations in that industry. These changes will draw even more investors from full service to the online discount brokers.

We believe that for the above-mentioned reasons there is a tremendous opportunity for growth in providing investment information. Furthermore, companies that are positioned to take advantage of this growth, such as Stockgroup.com, should be successful. Stockgroup.com is also positioning itself for the international markets. Along with these reasons, we believe that there are additional grounds for an investment in Stockgroup.com. These reasons include a number of positive features inherent in the business model of Stockgroup.com. These inherent positive features include:

Recurring Revenue/Operating Leverage

Once a subscriber base has been established, future revenues becomes fairly predictable. Subscriber turnover tends to be low in this industry. As additional subscribers are added, increasing amounts of this

incremental revenue flow to earnings due to the fixed cost nature of the business. For example, the cost of servicing 200,000 subscribers is only marginally higher than serving 150,000 subscribers.

Quality Sites Command Premiums from Advertisers

Sites with favorable subscriber demographics such as Stockgroup.com command premiums from advertisers. The specialized nature of the smallcapcenter.com makes it easier for advertisers to reach a target audience. The new premium section should command even higher rates.

Consolidation

Large portals looking to acquire more users for their own site will view these niche companies as potential takeover targets. Further, the Company's expanding proprietary database of companies enhances its value to potential acquirers.

The Investment Opportunity – Stockgroup.com

The focus of Stockgroup.com on the small cap market, coupled with the growth potential of the financial content industry, presents, we believe, a compelling investment opportunity. The Company's business model targets the following growth markets:

1. Small cap investors seeking reliable, accurate information.
2. Small cap companies seeking better exposure to investors.
3. International capital markets, initially Asian.

The Company has become an acknowledged independent and credible supplier of financial information. Historically, investors had a difficult time garnering accurate and reliable investment information on small and microcap stocks. Where the information was available in the past, its accuracy and the agenda of the parties disseminating the information came into question. Limiting this availability of information was also the fact that traditional media outlets and online financial news services for the most part ignored small cap companies or had limited their focus to the larger more recognized names.

Small and especially micro cap public companies generally do not receive the attention that their large cap counterparts do from either retail or institutional investors. To enhance the profile of small cap companies, Stockgroup.com implemented a corporate service that uses the power of the Internet as a cost-effective solution. Internet related services are outsourced to Stockgroup.com, which has developed extensive expertise in the design, development and maintenance of investor relations oriented websites and the creation of online advertising. A growing number of companies turn to Stockgroup.com to provide these services.

The Industry and Competition

There are two additional companies within the financial content industry in addition to Stockgroup.com; MarketWatch.com (also referred to as CBS.MarketWatch.com), and TheStreet.com. For the purposes of comparison, these are six companies that have a similar overall business strategy. These other five companies are not direct competitors to Stockgroup.com in the conventional sense; they have a very limited coverage of small cap stocks. They are however, competitors in the sense that they compete for investors' time when seeking online financial information. They also provide a comparative valuation model. The following table shows some key characteristics about each company.

Company	Ticker	Targeted Market	Sources of Revenue
Financial Web	FWEB.OB	Investment Community at large	Primarily advertising licensing, syndication, sale of value added products
Global Financial.com	GBLN	Investment Community at large	online trading, advertising, e-commerce and sponsorships
MarketWatch.com	MKTW	Investment Community at large	advertising, ecommerce, sponsorship and licensing
Edgar Online Inc.	EDGR	Investment Community at large	subscription sales, corporate contracts and advertising
Stockgroup.com	SWEB.OB	Investment Community at large and Public Companies	advertising, ecommerce, subscription sales and licensing
TheStreet.com	TSCM	Investment Community at large	subscription sales, advertising, syndication, content licensing

As the table shows, there are striking similarities among the companies. All factor advertising as an important source of revenue. A couple of the companies, including Stockgroup.com have opted to charge for premium content as an additional source of revenue. This strategy implies that investors will be willing to pay for quality content.

Multiple Revenue Sources for the Content Providers

As the Internet becomes more accepted as an alternative to traditional media outlets for the dissemination of news and information, online advertising is expected to increase exponentially. The number of Internet users is expected to grow by 268% over the next 5 years. According to recent figures from Advertising Age, total advertising expenditures were expected to reach \$117 billion at the end of 1999. The 1999 advertising expenditures are broken down as follows: \$45.9 billion on television, \$41.9 billion on newspaper, \$11.9 billion on radio, and \$15.2 on magazine. Online advertising currently represents less than 2% of that total figure. This Internet segment is expected to double to 4% over the next 2-3 years.

The business strategies for the content companies that have advertising as their main source of revenues are based on these advertising expenditure trends. The challenge for these companies is to continue to offer compelling high quality content at their site that will attract additional users and increase the “stickiness” of their site. The theory is similar to traditional media. In the television industry for example, the higher the ratings a program receives, the more they can charge for advertising space.

Alternatively, the subscription model is based on the notion of an investor’s willingness to pay a premium for high quality financial information. As competition increases in this sector, success will be determined by management’s ability to execute their business strategy. A site’s success is dependent upon continuing to provide timely broad based content and maintaining a roster of well respected and recognized journalists who produce widely read editorial content.

There is presently a convergence of the needs of the online brokerage industry and companies such as Stockgroup.com. This convergence is in bulk subscriptions. With the growth of online brokers over the past several years, a window of opportunity for strategic alliances exists. At last count, there were over 150 Online Brokers offering stock, bond and mutual fund trading. Fierce competition in this market has made transaction processing virtually a commodity. With commissions for transactions similar across the board, the key factor in individuals selecting one discount broker over another is the value added of services offered. Investors that choose the route of a discount broker perform their own investment research. Therefore, discount brokers that have a comprehensive offering of quality execution at reasonable prices and offer value added services, including investment information, are better positioned to survive approaching consolidation. Consequently, Stockgroup.com is in discussions with several North American Online Brokers for bulk subscriptions. These bulk subscriptions are negotiated with third parties, typically online brokers or banks, to provide the content to all their account holders at a reduced rate. Bulk rates are typically 25-50% of the retail rate depending on the number of account holders that sign up.

Stockgroup.com's Future Revenue Strategy

Historically, the Company has drawn revenue from two sources and will be adding a third:

Advertising

Advertisers have been willing to pay premium rates to advertise on smallcapcenter.com due to the favorable demographics of Stockgroup.com's user base. A typical user tends to be well educated, above average income earner with a high tolerance for risk. Because of these user demographics, Stockgroup.com has a blue chip clientele of advertisers, which currently number about 25. Some of the more recognizable names on their client roster include IBM, VISA, Microsoft and Ameritrade.

Corporate Services

Stockgroup.com offers monthly maintenance packages for websites and web services including private label quotes and charts, database tools and traffic reports. These services are tailored to the needs and budgets of each client. Stockgroup.com also markets services such as links to client websites on their community pages and to lease its mailing list of over 39,000 subscribers. Advertising management services, where the Company essentially acts as an online ad agency for its client base, is another offered corporate service.

Subscription Revenues

Going forward, the addition of a premium service by Stockgroup.com will move the company towards a model where paid subscriptions are a significant revenue source. Effective March 2000, the premium news and editorial services offered by Stockgroup.com will only be available to paying subscribers while a portion of the site will continue to remain free.

Stockgroup.com will spend heavily on advertising to draw users to its smallcapcenter.com and its subscription service. The Company will additionally target the following areas:

- The 39,000 subscribers that receive the free daily email Small Cap Express.
- Management, directors, and staff of companies and industries covered by smallcapcenter.com.
- Officers and directors of the 12,000 small cap companies for whom data exists.
- Corporations such as brokerage houses and banks by way of bulk subscription sales.
- Small cap investors who subscribe to the plethora of financial newsletters on the market. As part of the premium content, there will be editorial and opinions from a number of the leading newsletter services. The present market for newsletter subscriptions is estimated to be over 20 million users who pay an average subscription price of \$375. The key to success in this strategy will be by offering a more comprehensive service to take market share from the traditional financial newsletters.

Content Strategy

Management has positioned Stockgroup.com to become the one stop shop for small cap stocks. There are approximately 12,000 small cap stocks listed on all of the North American Exchanges. Prior to the launch of smallcapcenter.com, virtually no information existed on approximately 8,000 of these companies, other than the standard quote, news release, and chart. Stockgroup.com has developed a proprietary database, which now contains useful information on 4,200 of these 8,000 companies. It intends to broaden this covered base of companies.

Stockgroup.com Financial Review and Valuation

For the third quarter ending September 30, 1999, the company reported a net loss of \$(780,000) or \$(.08) per share on revenues of \$306,000. We are projecting fourth quarter revenues of approximately

\$365,000. For fiscal 1999, revenues would total \$1.8 million, an increase of over 100% over fiscal 1998. Earnings per share are expected in 1999 to widen to a loss of \$(.41) as compared to \$(.02) in 1998.

Currently, sales and marketing spending runs about 125% of revenue and should continue at this rate over the next 12 months. The monthly cash burn rate is \$250,000. In order to increase its brand awareness, the Company intends to increase its advertising expenditures. To accomplish its strategy, the Company maintains a strong financial position. There is virtually no debt and the Company has cash resources of over \$3 million to initiate this next stage of development. We expect that management will go to the private equity markets this year for additional financing to meet long term goals. A financing is assumed in our earnings model. We expect Stockgroup.com to achieve initial profitability in the third quarter of 2001.

At this stage in the industry's evolution, valuations are not based on profitability measures. The PSR and the number of users that are drawn to the site are much more meaningful figures in capturing the growth potential of this company. SWEB currently trades at a price to sales ratio of 15X based on projected fiscal 1999 figures, and only 4.3x estimated 2000 revenues. Similar companies with less favorable fundamentals currently trade at much higher multiples.

The following table provides comparative valuation data for Stockgroup.com and these previously noted comparable companies. The mean price/sales ratio for the six companies is 59x (based on latest 12 months revenues). Considering only the four smallest companies that have a mean LTM revenue of \$2.2 million, the PSR ratio increases to 70x. Therefore, we believe that a projected PSR ratio for Stockgroup.com of only 25x fiscal 2000 revenues is a very modest valuation by comparative standards, and is not reflective of the substantial proprietary database and technological capability of SWEB.

Company	Recent Price*	52 week range	Revenue FY98 (\$000)	Revenue** (\$000)	Shares Outstanding (000)	Current Market Cap (000)*	Trailing 12 Months EBITDA**	Price/sales ratio on LTM sales
Financial Web-FWEB	\$5.63	\$4.875-\$24.75	\$160	\$352	5,460	\$30,713	(\$2,700)	87x
Global Financial.com-GLBN	\$36.50	\$8.25-\$41.13	\$1,688	\$2,819	11,400	\$416,100	(\$11,900)	148x
MarketWatch-MKTW	\$39.00	\$26.13-\$107	\$7,027	\$17,431	13,900	\$542,100	(\$24,700)	31x
TheStreet.com-TSCM	\$18.50	\$14-\$71.25	\$4,623	\$10,700	24,500	\$453,250	(\$28,700)	42x
Edgar Online Inc. EDGR	\$9.16	\$6.06-\$21.88	\$2,003	\$3,810	12,400	\$113,584	(\$4,060)	30x
Stockgroup.com-SWEB	\$3.44	\$1.32-\$10.25	\$858	\$1,750	8,195	\$28,170	(\$1,440)	16x
Average(Mean)				\$6,144				59x

(*) 1/21/00

(**) LTM - 4 quarters ending Q3/99

The above table reflects the high valuations as well as the variability of this sector. Revenue is a key driver of stock price in this sector. Typically, higher multiples are awarded to industry leaders. We believe that SWEB can continue to carve out a leadership position in this space and could command a premium. We also believe that the potential upside may be higher than our target price but reserve judgment until the subscriber model is phased in. The revenue from subscriptions will be key in making future valuations. The table on the following page shows our financial projections for the next two years.

Financial Projections (all figures in thousands of dollars except per share)

	Q1/99(A)	Q2/99(A)	Q3/99(A)	Q4/99(E)	1999(E)	Q1/00(E)	Q2/00(E)	Q3/00(E)	Q4/00(E)	2000(E)	2001(E)
Subscription Rev	0.0	0.0	0.0	0.0	0.0	0.0	165.0	630.0	1,000.0	1,795.0	9,900.0
Advertising Rev	37.2	789.2	94.8	250.0	1,171.2	118.0	220.0	732.0	925.0	1,995.0	8,000.0
Corporate Svcs. Rev	142.2	218.9	211.9	115.0	688.0	245.0	455.0	950.0	1,250.0	2,900.0	9,250.0
Total Revenue	179.4	1,008.1	306.7	365.0	1,859.2	363.0	840.0	2,312.0	3,175.0	6,690.0	27,150.0
Cost of Revenues	60.5	773.1	197.6	215.0	1,246.1	150.0	190.0	300.0	320.0	960.0	3,000.0
Gross Profit	119.0	235.0	109.1	150.0	613.1	213.0	650.0	2,012.0	2,855.0	5,730.0	24,150.0
Gross Margin	66.3%	23.3%	35.6%	41.1%	33.0%	58.7%	77.4%	87.0%	89.9%	85.7%	89.0%
Sales and Marketing	55.8	181.6	381.2	2,120.0	2,738.6	2,323.0	900.0	800.0	3,900.0	7,923.0	12,500.0
Product Development	31.0	39.0	140.0	170.0	380.0	700.0	900.0	1,000.0	5,600.0	8,200.0	15,000.0
General and Admin.	171.5	413.3	339.7	462.0	1,386.5	445.5	462.3	502.3	496.3	2,130.0	1,797.0
Total Operating Expenses	258.3	633.9	860.9	2,752.0	4,505.1	3,468.5	2,262.3	2,302.3	9,996.3	18,253.0	29,297.0
EBITDA	(139.3)	(398.9)	(751.8)	(2,602.0)	(3,892.0)	(3,255.5)	(1,612.3)	(290.3)	(7,141.3)	(12,299.4)	(5,147.0)
Amortization	7.1	6.5	28.0	28.0	69.6	34.5	37.7	47.7	103.7	223.6	603.0
Other Items	0.2	2.4	0.0	0.0	2.7	0.0	0.0	0.0	0.0	0.0	0.0
Net Income/Loss	(146.2)	(403.0)	(779.8)	(2,630.0)	(3,959.0)	(3,290.0)	(1,650.0)	(338.0)	(7,245.0)	(12,523.0)	(5,750.0)
EPS (basic)	\$ (0.03)	\$ (0.05)	\$ (0.10)	\$ (0.32)	\$ (0.50)	\$ (0.36)	\$ (0.18)	\$ (0.03)	\$ (0.58)	\$ (1.14)	\$ (0.46)
EPS (fully diluted)	\$ (0.02)	\$ (0.05)	\$ (0.08)	\$ (0.26)	\$ (0.41)	\$ (0.29)	\$ (0.15)	\$ (0.02)	\$ (0.50)	\$ (0.96)	\$ (0.40)
Common Shares	4,265.8	7,995.0	8,195.0	8,195.0	8,195.0	9,257.0	9,257.0	12,475.0	12,475.0	12,745.0	12,475.0
Fully Diluted Shares	7,095.0	7,995.0	10,195.0	10,195.0	10,195.0	11,257.0	11,257.0	14,475.0	14,475.0	14,745.0	14,475.0

Projected Revenue Breakdown

	1999(E)	2000(E)	2001(E)	2002(E)	2003(E)	2004(E)
Premium Content	0%	27%	36%	37%	43%	42%
Advertising	50%	30%	30%	29%	31%	37%
Corporate Services	50%	43%	34%	34%	26%	21%
Total	100%	100%	100%	100%	100%	100%

Stockgroup.com is in the process of expanding its revenue model from advertising and corporate services to include paid subscriptions. Paid subscriptions are not forecasted to contribute to revenue until the second quarter. For year 2000, the revenue breakdown is targeted to be 27% from paid subscriptions, 30% from advertising and 43% from corporate services. The table on the left outlines our long-term revenue breakdown for the company. Premium subscriptions will lead revenue growth. We estimate that 42% of revenue within the next 5 years will be from paid subscriptions.

The Management Team

Marcus New is the founder, chairman and chief executive officer of Stockgroup.com. His vision was formed in 1995 where he developed the company from a simple idea to its current form as a single source for small cap information over the Internet. The company has grown over the last five years by re-investing profits and building a substantial client roster.

Leslie Landes, president and chief operating officer, has been with the company since August 1998 and has been an advisor to the company since inception. In 1992, Mr. Landes founded Landes Enterprises Limited, a privately held interim turnaround management consulting company that advised and counseled clients in several industries including telecommunications and technology on issues ranging from mergers and acquisitions to international marketing campaigns.

Prior to founding Landes Enterprises, Mr. Landes served as a senior executive of The Jim Pattison Group, Canada's third largest private company with sales in excess of \$3 billion and over 13,000 employees. In these capacities, he successfully initiated and completed the acquisition of strategically important companies in a number of diverse industries. Mr. Landes also had active management responsibilities and under his presidency, the Jim Pattison Group's Sign Group Division was built into the largest electronic Sign Company in the world.

David Andelman was appointed to Stockgroup.com in December of 1999 as editor in chief. Prior to this appointment, he was most recently a news editor of Bloomberg News. Mr. Andelman has over 30 years experience in both print and broadcast media and has the mandate of building Stockgroup.com into a world-class news service devoted to the small cap sector.

Along with the above-mentioned members of the management team, the Company is in the process of adding to its diverse well-experienced editorial staff located throughout North America. Along with the head office location in Vancouver, Canada, news bureaus are also located in Calgary, Toronto, New York and San Francisco.

Investment Risks

We believe that financial content stocks in general, and Stockgroup.com in particular, offer an attractive investment opportunity. However, there are inherent risks that are involved in such investments:

- **Competition.** While we believe that Stockgroup.com offers a unique insight into their niche market, the company may still be perceived as another site offering financial information. Marketing strategy will be key in differentiating themselves from larger and well-financed sites.
- **Reliance on Small Cap Sector.** The small cap sector tends to be more volatile and a significant change in market sentiment could lead to poor financial results and a loss of audience if small cap stocks fall out of favor.
- **Sustainability of Subscription Model.** This model will increasingly depend on bulk sales as a driver of revenue growth. A prolonged and sustained downturn in the market could lead to a reversal in the growth of online discount brokers and result in decreased revenues from subscriptions.

Darren E. Robinson, CFA, Analyst

Darren E. Robinson, CFA

Mr. Robinson is a member of the Toronto Society of Financial Analysts and the Association for Investment Management and Research. He has worked as an analyst in the investment industry for over 6 years, most recently as an analyst with a leading Canadian Mutual Fund company. Along with being a CFA charterholder, he has completed course work with the Canadian Securities Institute and holds a bachelor of Arts degree in Mathematics from York University.

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