



## BRAVE CHANGING WORLD: INBOUND KEEPING YOU POSTED

### News & Views #49

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*"Plus ça change"....In this selection of our posts, we focus on cannabis stocks in the wider context of the current "Grass Hype", digital solutions addressing the needs for product traceability and brand engagement with customers for FMCG groups in the post-COVID era, video-games and the future of remote work, bitcoins and Bill Gates, AI used for post-mortem purposes (and its ethics), bond yield and inflation (oh yes), Mosa Meat and alternative food solutions, LPE Research in hindsight - and more!*

*Have a good read!*

*The Inbound Capital team*

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SMALL CAPS

## The French small letter

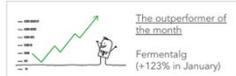
February 1, 2021

Does anyone care about the real value of GameStop, Tesla or Bitcoin? Apart from a few old-fashioned financial analysts and investors, not many, it seems. At least not Elon Musk and the new retail investors of the social network Reddit. Since the tulipomania of 1636-1637, however, we know where speculation leads and that the return to reality can be painful.

In the meantime, the publication of the companies' annual results should be the occasion for the first reality checks. Supported by the ultra-accommodating policies of central banks and hopes of economic recovery linked to the start of the Covid-19 vaccination campaign, the stock markets experienced a euphoric end of the year 2020. The markets have stabilized since then, but optimism remains the order of the day. In France, the CAC40 index stagnated a little in January, but the Small Caps again gained more than 2%.

The concern is that economic growth and therefore the companies' results could be a little disappointing. Vaccination campaigns are lagging behind in continental Europe, and the rapid emergence of new Covid variants has forced governments to introduce new restrictions. Economic activity will contract again in the first quarter and remains very uncertain for the second quarter. Downward revisions of results are likely. At 23x earnings 2021, French small caps do not seem cheap. (go to next page)

LPE Research – The French small letter  
February 1, 2021



The company specializing in the research and bio-industrial exploitation of microalgae jumped on the announcement of the creation of a JV with Suez to develop algae photobioreactors capable of capturing CO<sub>2</sub>. Fermentalg has also increased its turnover by 16% over 2020 but remains largely in the red. Thus the company, which burns nearly 10 million euros of cash per year, will have to refinance itself again and issue new shares in 2021.



The group specialized in tourist residences and villages suffered another sharp drop in its share price following the new Covid-19 lockdowns and in particular the closure of the ski resort in France. Pierre & Vacances, which has once again changed its Managing Director, has published a 55% drop in its sales in Q4 2020, has initiated a conciliation procedure with its main creditors and is considering a capital increase.

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## VALUATIONS MATTER (2): SMALL CAPS

In hindsight, the central argument in the recent issues of "The French small letter" by LPE RESEARCH (<http://www.lperesearch.com>) - one of the true sophisticated independent research names focusing on French small & mid caps - about growing valuation disconnect vs. the reality of forthcoming results - has been vindicated more recently (the CAC Small has been gradually looking for a direction and performance has become slightly more discriminate). Wait though for the \$1.9tr financial package to be finally voted in the US and all bets are on the upwards march of Small Caps to resume! Where else to find yield in the context of ultra-accommodating central bank policies and hopes of a strong economic. Bottlenecks, what bottlenecks? Inflation? Pah! Long term rates have begun to rise again but a splash of liquidity should nicely douse that rising fire. And for now a tide still lifts all boats. Still LPE's select list has strongly outperformed. Fundamental analysis and selectiveness pay off!

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## START-UPS & TECH



### DIGITAL TRACEABILITY AND BRAND ENGAGEMENT EXPERT KaiosID MAKES IT TO THE TOP 5 POST-COVID FMCG SOLUTION PROVIDERS

With the pandemic, product traceability and brand transparency have risen in importance for consumers demanding to know more about food/products, their origins and that of its ingredients, where/how they were processed etc. This arguably forces FMCG companies to find new solutions to improve transparency, key to drive revenues: enter kaiosID ([www.kaiosID.com](http://www.kaiosID.com)), whose cutting-edge digital printing solution is fully integrated into the design of each product's package/label and can easily be scanned, allowing for easy authentication, tracking and tracing. At the same time, kaiosID's solution protects brands' reputations, establishes a close relationship with clients, and guarantees consumer safety. It just made it to the top 5 of STARTUS INSIGHT ([www.startus-insights.com](http://www.startus-insights.com)), a global Austria-based start-up scouting platform. Inbound is sole advisor to kaiosID.

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### (LISTED) GREEN (GRASS) IS FOOD

#Cannabis Stocks - #ETF flows in the #usa suggest a shift away from North America to a more global focus.

After many false dawns, North American Cannabis and Marijuana stocks have enjoyed a resurgence in early 2021. The #HorizonsMarijuanaLifeSciencesIndexETF which tracks the North American Marijuana Index, doubled in January.

The frenzy tipped over into the #London market this week when the #DavidBeckham association with the IPO of Cellular Goods PLC helped the stock to a 310% first day premium! This should not surprise. We learned at the US hosted Benzinga Cannabis Capital Conference this week that January saw the contrast of \$30m of outflows from the North American based Horizons ETF but \$200m of inflows into ETFMG ([www.etfmg.com/funds/mj/](http://www.etfmg.com/funds/mj/)) which tracks medicinal / recreational companies globally.

That the investor audience is shifting focus to Europe and Asia is welcome news at [INBOUND CAPITAL](#). We are newly involved in the CBD sector and are working closely with [Grass & Co.](#) on upcoming funding requirements as the company grows in UK retail. We also have board level contact at [Cannaray Limited](#). Expect to see more commentary on the space from us in coming months.

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## FUTURE OF REMOTE WORK: GAME ON!

Alas for parents worrying about their kids' screen times and addiction to video games (all created by a secret society of ophthalmologists according to conspiracy sites), they are likely to lose the argument about preparing them to a WFH-friendly New Normal. Digital start-ups have already pervaded work in more ways than one: those focusing on virtual offices got a big boost from the pandemic, some mushroomed in just 12 months. US companies like Gather (<https://gather.town>), Teamflow ([www.teamflow.com](http://www.teamflow.com)), SpatialChat (<https://spatial.chat>), Branch (<https://branch.io>), Reslash (<https://reslash.co>) or Tropicia (<https://reslash.co>) did not even exist a year ago. Those and start-ups like Virtual not Distant ([www.virtualnotdistant.com](http://www.virtualnotdistant.com)), Workplaceless ([www.workplaceless.com](http://www.workplaceless.com)) deliver things a Zoom cannot (yet): collaborating and even socialising. Like meeting & learning specialist Glowbl ([www.glowbl.com](http://www.glowbl.com)) in France, they all have in common to inject a proper sense of fun and video-game look and feel at the virtual workplace. One online office template even includes an option to chat in the virtual bathroom! Oh dear...

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## FINANCE & ECONOMY



## TREASURY YIELDS ON UP - AND NOW, INFLATION, INFLATION LOUD IN THE WIND. REALLY?

We didn't hear talk of inflation for a while ...right? But since 10th February, 10-year Treasury

yields have moved from 1.13% to as high as 1.61%, a 48 basis point rise. In response fixed income commentators are scaremongering that inflation maybe on the horizon. Well just about every old school economist got it wrong 10 years ago, when central banks turned on the presses in response to the global financial crises. Why are they being given the airtime now ?

There is a ray of hope in the thinking, and recent book 'The Inflation Myth', from Mark Mobius. Dr Mobius argues that GDP growth per se is no longer linked to inflation, but that growth derives from innovation and technology and its positive impact on productivity.

Whilst technically inflation is a definite in 2021, many structural deflationary forces are still in the ascendant (the internet). An irony comes from the startup economy, where said companies that are producing tomorrows tech and innovation, are also seeing staggering short term value inflation driven by excess venture capital dry powder. Their success could actually be deflationary.

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## NO BITCOINS FOR BILL GATES

It is surprising from a guy who has created one of the most important tech companies in the world, but Bill Gates is not a fan of Bitcoin.

There are two main reasons for this.

The first one is straightforward if you are fighting to save the planet: bitcoin uses a lot of energy. And when I say a lot, it is a lot! Bitcoin (which uses heavy computer calculations to verify transactions) consumes around 121.36 TWh/year which is more than Argentina (121 TWh), the Netherlands (108.8 TWh), and the United Arab Emirates (113.20 TWh) and it is close to reaching the consumption levels of Norway (122.20 TWh). This means that Bitcoin will never be used as a normal currency or that's the end of our planet!

The second one is that not everyone is as rich as Elon Musk (I can testify on that one!) so people have to watch out as it is risky, especially as the value of bitcoins has skyrocketed recently. And as the value of Bitcoins is based on confidence between people, it will continue to be very volatile.

I quite agree with Bill gates and I am not sure I will do like Elon Musk tomorrow

[#bitcoin](#) [#blockchain](#) [#esg](#)

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## LIFESTYLE & OTHER



### PLEASED TO (MOSA'S) MEAT YOU!

It is now well known that beef meat is not good for the environment as producing a kilogram of beef emits 60 kilos of greenhouse gases (CO<sub>2</sub>-equivalents). It is far above all other type of food! In addition it is not very nice to kill all these animals just to eat meat. So alternative solutions are no more an option. Some companies are offering plant-based meat (Beyond Meat). Mosa Meat is focusing on cell-based beef. Yes, that what it is: cultivating beef!

Even if there is no specific timeline for commercialisation, the company has just raised \$85m.

The funds will help the startup extend its current pilot production facility, develop an industrial-scale plant, and expand its team.

Since its founding in 2013, Mosa Meat has grown its team to more than 50 scientists and engineers, and has achieved a number of major milestones, including slashing the cost of its growth medium by 88-fold and removing fetal bovine serum (FBS) from the process to ensure a 100% animal-free and slaughter-free product.

The real question is to know if cultivated beef will be as good as the real one but if it is, it is definitely a good option to save the planet while continuing to eat meat!

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### AI BEYOND DEATH

Only SF fans will remember the outstanding 2010 TV series [#Caprica](https://lnkd.in/exNeeC) (<https://lnkd.in/exNeeC>): a spin-off of the [#Galactica](#) saga taking place nearly 60 years before, [#Caprica](#) is really a drama

about a genius computer science scientist who loses his daughter in a terrorist bombing then manages to "re-create" her through AI...in the body of a robot - in effect the precursor of the [#Cylon](#) robots. Inbound already asked whether there was any start-up that did NOT mention the word "AI" in its pitch, so much it seemed to have replaced gluten in our everyday life - and in death as well. Indeed both start-ups and the FAANG are reportedly looking to offer the possibility of having a "conversation" with a lost loved one through the wizardry of advanced algorithms. They are walking on thin ice: Microsoft (MS US) had to hurriedly back off so sensitive the topic is and so big the ethical questions are - not least who owns the deceased's personal data and what his intentions would be regarding the posthumous use of them: talk about a serious need for a GPRD update! More than 10 years ago, the screenwriters of [#Caprica](#) saw it all coming.

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