

5

UNDER-THE-RADAR  
SMALL-CAP STOCKS  
TO BUY NOW



— *Shah Gilani's* —  
**TOTAL WEALTH**

# 5 Under-the-Radar Small-Cap Stocks to Buy Now

Dear Reader,

Sometimes the stocks that hold the biggest opportunities aren't the ones that are plastered all over the news. Sure, big-name stocks like **Microsoft Corp.** ([NasdaqGS:MSFT](#)) or **The Walt Disney Co.** ([NYSE:DIS](#)) are good buys, but sometimes it pays to go looking for needles in haystacks, especially if you know your haystacks.

That's why turning your sights to the little guys, the under-the-radar almost secret powerhouses, is one of the smartest things you can do for your money. Solid small-caps, and even micro-caps, can send you on a spectacular journey, sometimes in one direction, straight up.

Today, I've picked out five of my favorite small-cap companies that you can buy today. Each is chock-full of profit potential, and they each cost less than it takes to fill up your gas tank.

## Small-Cap Stock #5: VirnetX Holding Corp. ([NYSE:VHC](#))

- Current share price: \$4.02
- Market cap: \$285.66 million

VHC is the smallest stock on this list today, with a market cap just over \$367 million and a share price of \$5.17, but don't let that fool you.

The company plays into one of the biggest trends of 2020: working from home. By developing software to facilitate real-time communications online, which includes voice over internet protocol, encryption, file transfer, streaming, and similar services, VHC's services are in high demand as more and more people decided to make the "work from home" switch permanent.

VHC also made big news in late 2020, when a jury awarded the company just over \$500 million in a patent lawsuit with **Apple Inc.** ([NasdaqGS:AAPL](#)).

According to a recent press release, "The latest decision derives from Apple's appeal of a federal court's ruling that its VPN-on-demand feature, which allows you to configure a secure connection anonymously to keep your data safe, violated two of VirnetX's patents."

That's just one patent in VHC's portfolio of more than 190 granted and pending patents. Most of its patents deal with technology that secures communications of 4G LTE and 5G networks.

And of course, as the 5G boom continues for years to come, VHC's patents will only become increasingly in demand.

[**Editor's Note:** I'm going live with the latest edition of my famous segment **[BUY THIS, NOT THAT](#)**. In under an hour, I go through 30+ stocks you should know about – for better or for worse. I'm not holding back; prices, tickers, and company names will be coming your way fast. All you need to do is **[click here to view them now](#)**.]

## **Small-Cap Stock #4: Boingo Wireless Inc. ([NasdaqGS:WIFI](#))**

- Current share price: \$13.94
- Market cap: \$623.83 million

WIFI, as Boingo's ticker is aptly named, is a mobile internet provider. Dedicated to connecting people around the world via a strong internet connection, WIFI has pioneered many firsts in the space, including Wi-Fi 6 solutions. Their other services and solutions include 5G and CBRS, which secures LTE and IoT (internet of things) connectivity in high-traffic areas; distributed antenna systems (DAS) and small cell, both of which improve capacity and coverage of cell service wherever you are; and built-to-suit towers.

According to the company's website, "Wi-Fi 6 is ushering in a new era of Wi-Fi to provide better performance in any environment, especially high-density locations. Boingo's Wi-Fi 6 solutions can power advanced 5G services with high speeds, low latency, power efficiency and enhanced security." In fact, the company debuted their Wi-Fi 6 solution at John Wayne Airport in Orange County, CA.

Solid wi-fi is more important than ever for a few reasons – with more and more folks working from home, a reliable internet connection is a must. Since employees can't visit each other's desks to talk strategies or discuss new ideas at the coffee machine for the time being, staying connected on company video conferences, calls, and chatrooms is crucial for success.

WIFI's trading at a discount right now, which makes now an excellent time to get in.

## Small-Cap Stock #3: Unisys Corp. ([NYSE:UIS](#))

- Current share price: \$17.74
- Market cap: \$1.118 billion

UIS is an IT consulting services company, which provides data analytics, mobility, network, security, and outsourcing services for a global range of clients.

Really, this company is all about the data analytics. The amount of data that large companies use every single day is exploding and making sense of it is big business. Think of major corporations like Apple and **Amazon.com Inc.** ([NasdaqGS:AMZN](#)); you can bet they wouldn't be as big as they are if it wasn't for their ability to parse data, which is where companies like UIS come in.

Earnings retreated slightly for UIS in 2020, but that's to be expected, given the pandemic and the economic fallout. But analysts are predicting a big rebound in 2021. In fact, EPS is expected to soar more than 114% in 2021, making the timing perfect here.

And I'm not the only one who's bullish on UIS stock. Of the four analysts rating the stock, three have "buy" ratings, with just one "hold" rating. One even has a price target of \$25 per share, which would represent a solid gain of 41% from today's price. But I think that's conservative.

With a market cap of just \$1.118 billion at the time of this writing, this stock has plenty of upside.

## Small-Cap Stock #2: Ultra Clean Holdings Inc. ([NasdaqGS:UCTT](https://www.nasdaq.com/symbol/uctt))

- Current share price: \$47.74
- Market cap: \$2.11 billion

UCTT focuses on the production and distribution of semiconductors, semiconductor equipment, and display manufacturing by offering products that tailor to chemical and gas delivery, mechatronics, system integration, and thermal control, as well as offering services like QuantumClean, which cleans and coats chamber parts for chipmakers, and ChemTrace, which deals with microcontamination control and risk management.

So what's the big deal with semiconductors?

According to UCTT's website, "Semiconductor capital equipment is used in one of the most complex and advanced manufacturing processes in the world – the production of semiconductor chips. Global demand for smaller, faster and lower power consumption electronic devices drive continuous advances in semiconductor technology, increasingly demanding revolutionary changes in chip designs and the manufacturing equipment used to make them."

That's great news for us, because as you can imagine, there are hundreds of semiconductor companies out there. But they're all crazy overvalued and, frankly, overblown.

Like some of the other small-cap picks on our list, UCTT is trading at a huge discount right now, which means that if it does experience a huge pop like I believe it will, we have a chance to make a nice gain.

## Small-Cap Stock #1: Axos Financial Inc. ([NYSE:AX](#))

- Current share price: \$45.49
- Market cap: \$2.69 billion

Last on our list is AX. AX is a financial services company that mostly focuses on auto loans and mortgages, financial advice, and other brokerage services. Its online-only model helps keep its costs down and its rates competitive and should give the company an advantage over the long term.

Its market cap is just over \$2 billion, so it isn't quite a micro-cap stock, but it does still provide significant upside.

It's also an earnings juggernaut, which is rare for companies this size. For the full-year 2020, earnings are expected to come in at \$3.15 per share. That'll represent a modest 5% growth from the \$2.98 per share it reported in 2019. Revenue is growing modestly too, expected to pop 6% this year to \$617 million.

But what really stands out is the company's operating margin, which clocks in at a crazy 51%. That's almost unheard of for a company this size.

Again, it's the firm's all-online model that makes it so profitable. And I expect demand for this company's products to climb significantly. After all, think about the year we had in 2020. How many people will still be relying on physical banks in an increasingly digital and remote world?

## Buy This, Not That

One thing's been made extra clear over the past year: While life, as we know it, looks completely different, we've shown that we're

extremely adaptable. We've had to change the way we work, play, interact with family and friends, and most of all, make money.

That's why we're focusing on small-cap stocks – the household names that once looked like great picks just aren't doing it anymore. In fact, many of them have turned toxic, and could be detrimental to your portfolio.

In fact, [I'm going LIVE right now](#) to give you a completely unfiltered look at which stocks need to be dropped like a ton of bricks, and more that you should consider buying right now.

I'm dropping tickers, prices to buy in at, and giving you a full run-down of what will best set you up for success this year. The list is over 50 stocks long, so make sure you [download your exclusive notes sheet here](#). It's just two columns – which stocks to buy now, and which stocks to kick to the curb.

[Click here to get started.](#)

Talk soon,

A handwritten signature in black ink that reads "Shah Gilani". The signature is written in a cursive, flowing style.

Shah Gilani

Chief Investment Strategist, *Money Morning*

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