

# Eyes on Moovly

written by InvestorNews | July 29, 2021

The efficient-market hypothesis in financial economics states that asset prices reflect all available information. This implies that it is impossible to “beat the market” consistently on a risk-adjusted basis since market prices should only react to new information. While this may hold some truth on a macro level, many people (including me) believe if you do your homework on less popular, less liquid stocks you can find some hidden gems out there. Now don't jump to the conclusion that I'm about to serve up the hottest stock tip of the year. It's the stock market after all, I could be right and wrong at the same time about the same stock given that if there aren't enough buyers out there, an equity likely won't go up in price regardless of underlying fundamentals or new information.

Today is more of an examination of the price action of a specific equity and its relative performance over the last six months given the information that has come available over that time and whether or not that seems to make sense. The stock under the microscope is [Moovly Media Inc.](#) (TSXV: MVY), the leading provider of creative cloud-based tools to create compelling marketing, communications and training videos and video presentations. Their clients including users from over 300 of the Fortune 500, small businesses, freelancers and Ivy League universities. Moovly is an intuitive, cost-effective choice for DIY creation of engaging video-based content. It's a pretty cool technology company but today's focus isn't as much about what they do but what happens after they announce something.

Looking back six months ago to January 29th of this year, Moovly's share price closed the day at \$0.315. News that [paid Education subscriptions grew more than 300%](#) year over year on

February 9th helped push the stock up to a high of \$0.455 that day with momentum carrying through until the next news release on February 17th where it rallied to an intraday high of \$1.02 on the heels of news that they had signed a [reseller partnership agreement with VidiBuzz](#) to accelerate its sales in the US. Makes sense, two pieces of new information for the market that were taken positively given revenue should be up considerably and the partnership essentially expanded the company salesforce and accessibility to new customer sets. Both news items were impactful in their own right and arguably should put the company in a better place than it was at the end of January. Perhaps a triple of the stock price might have been a little overdone so it wouldn't be unusual to see the stock settle back into a more reasonable trading range.

And that's exactly what happened as the stock traded in a range of \$0.60 to \$0.80 through to the end of March. During that stretch of time, the company released its quarterly results for the period ending December 31, 2020, plus integrations of its software with [Wistia](#), [Microsoft](#), [Twitter](#) and [Instagram](#). All of which the market appeared to view with passive indifference even though one can argue the quarterlies confirmed the Company was moving in the right direction and all the integrations further expanded the ability to seamlessly access a larger user base. As well, the Company raised \$3.8 million at \$0.45 which could potentially cause a bit of selling pressure on the stock but provided capital to fund sales and marketing growth.

However, April Fool's Day proved to be no laughing matter for the share price of Moovly as the stock begin a steady journey lower moving from \$0.61 to a low of \$0.155 by June 17th. But here's where the story gets interesting to me. On May 5th The Company announced it had [upgraded its platform](#) to support multiple languages, improving translation efficiency and overcoming multilingual challenges. I view this as a step-change

in making Moovly's video software available to a much broader, global audience. But what do I know? The stock price was down 8% the day of this news. On June 23rd another [reseller and partnership agreement](#) was signed with UAE based SFA Dubai. At least that news rallied the stock a material 35% but only back to \$0.25 and was relatively short lived. Then July 7th one of Moovly's partners, Contenthouse announced it had [secured Dipl. Ing. Fust AG's content creation contract](#) using the Moovly platform. This dragged the stock price back up to a high of \$0.28 but again only briefly.

Despite all this information, it's true that the overall market can also have an impact on an equity as well. It's tough for an individual stock to have a prolonged rally in a bearish environment. However, if we look at the TSX Composite over this same time frame we see a February 18th close of 18,274 versus 20,230 yesterday, or a 9.7% gain over that period. Arguably a stock simply holding its own should at least be flat to positive over that time in light of the underlying market.

So I will now leave it up to you to decide if the market is correct now about Moovly at yesterday's close of \$0.21 (down 33% since Jan 29th), was it right in February or March or perhaps somewhere in between. Regardless, in my opinion, somewhere along the way the market stopped acting efficiently with this stock. I suspect the next quarterly results will help us all decide what the right answer is.