



December 8, 2020

# **WORLD SERIES OF GOLF, INC.**

## **(OTC – WSGF)**

Industry: Sharing Economy

Price Target: \$0.20



## WORLD SERIES OF GOLF, INC.

### The Next Great Sharing Economy Firm; Substantial Stock Gains Ahead

Rob Goldman  
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December 8, 2020

#### WORLD SERIES OF GOLF, INC. (OTC – WSGF - \$0.011)

Industry: Sharing Economy

6 Mo. Price Target: \$0.20

#### COMPANY SNAPSHOT

Through WSGF’s wholly owned subsidiary Vaycaychella, the Company features an innovative sharing economy technology enterprise serving the short-term rental market. Over the past 3 years, Vaycaychella has built a business serving short-term vacation rental operators with financing to acquire and renovate real estate properties as vacation destinations. Through the introduction of a P2P app currently in beta, Vaycaychella empowers existing and would-be short-term rental property owners along with providing investors with access to potential opportunities.

#### KEY STATISTICS

Price as of 12/7/20	\$0.011
52 Week High – Low	\$0.03- \$0.0116
Est. Shares Outstanding	88.8M
Market Capitalization	\$1.06M
Average Volume	14,758,885
Exchange	OTCPK

#### COMPANY INFORMATION

**World Series of Golf, Inc.**  
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#### INVESTMENT HIGHLIGHTS

**WSGF’s key subsidiary, Vacaychella, is poised to emerge as a leading player in key segments of the sharing economy, which is slated to reach \$335B in size by 2025.** Vaycaychella has smartly combined the best of sharing economy apps such as **Booking.com (NASDAQ – BKNG)** with short term rentals like Airbnb, along with crowd-sourcing and P2P investing and lending platforms such as Indiegogo and **LendingClub (NASDAQ – LC)**.

**The Company’s current customer base spans across Caribbean vacation destination clients from Mexico to Puerto Rico.** Vaycaychella has provided over \$1.25 million in acquisition and renovation financing secured by 10 premium beachfront houses, a boutique hotel and historic building. with a combined estimated value of approximately \$12 million.

**With an innovative P2P platform in beta, WSGF is set to offer existing and would-be short-term rental property owners with investors seeking potential financing opportunities.**

**Major upside to current prices lies ahead.** With the Airbnb IPO as a comp and proxy, we believe this low-priced alternative will trade in directional tandem with segment leader, going forward.

**Our 6-month price target of \$0.20 and is based on a Price/Sales multiple discount to WSGF’s peer group, among other factors.** We expect a series of milestones, multiple revenue streams, and novel innovation should drive WSGF’s stock markedly higher over the coming months..

## COMPANY OVERVIEW

### *The View from 30,000 Feet*

Vaycaychella, a wholly owned subsidiary of **World Series of Golf, Inc. (OTC – WSGF)**, is poised to emerge as the next innovator in the sharing economy industry, which is slated to reach \$335 billion in size by 2025, according to Brookings Institution. Tracing its concept roots to three years ago, Vaycaychella had built a business serving short-term vacation rental operators with financing to acquire and renovate real estate properties as vacation destinations. The current customer base spans Caribbean vacation destination clients



from Mexico to Puerto Rico. Vaycaychella has provided over \$1.25 million in acquisition and renovation financing secured by 10 premium beachfront houses and other properties with a combined estimated value of approximately \$12 million. The Company has also added a Caribbean-based boutique hotel and an historic building in Puerto Rico.

Evolving from the success with its original business model, Vaycaychella today is an innovative, sharing economy technology enterprise serving the short-term rental market. In our view, Vaycaychella has smartly combined the best of sharing economy apps such as **Booking.com (NASDAQ – BKNG)** with short term rentals like Airbnb, along with crowd-sourcing and P2P investing and lending platforms such as Indiegogo and **LendingClub (NASDAQ – LC)**.

Through the introduction of a P2P app currently in beta, Vaycaychella empowers existing and would-be short-term rental property owners along with providing investors with access to potential opportunities. Via this automated platform, capital (investment or loans) for property acquisitions and improvements can be financed outside the conventional lending and investment market. As a critical mass of users and properties are on-boarded, the pilot ecosystem model will go live. In this second stage, complementary services and features to investors, and owners/operators will be launched, thereby maximizing revenue potential for the Company.

### *Major Price Appreciation Lies Ahead*

While naysayers may believe that building a sharing economy technology enterprise serving the short-term rental market during the COVID-19 health pandemic is an uphill battle, we believe timing could not be better in the short term and well into 2021. For starters, sharing economy apps are taking an increasing share of the \$32 billion Caribbean vacation market. Later this week, one of the hottest IPOs in years, and certainly the number one IPO of the year, is slated to be priced. This event alone should favorably impact trading activity and upside for Vaycaychella, and in turn WSGF's shares. Looking further into 2021, our six-month price target is \$0.20. While on the surface it could be considered optimistic, we believe it is on point for the reasons below.

**Airbnb as Proxy.** Already the company has twice raised the IPO price range and the appetite is strong. Interestingly, the Company has fared well in this environment, especially for those users seeking “near-home” vacation spots. Plus, its business outside the US represents the largest percentage of business and arguably the most important growth driver. As a fellow sharing economy technology player focused on the short-term rental market, Airbnb’s trading activity, direction, and valuation should serve as a proxy for WSGF’s shares both in the near term and going forward. Clearly, this bodes well for investors.

**Relative Unknown:** Until recently, Vaycaychella has been a relatively quiet enterprise. With the launch of the P2P app in beta, and with additional deals planned ahead, we expect Vaycaychella, and in turn WSGF, to receive a much higher profile, adding value to shareholders.

**Hidden Value:** The Company’s current loan portfolio is collateralized by \$12M in property, including homes and boutique hotels. Not only does this limit downside risk but it illustrates potential underlying value of the properties to the Company. In addition, this figure gives investors a view into prospective loan servicing cash flow for the current portfolio and the type of financeable properties going forward. We expect more closings throughout 2021, increasing the value of the overall enterprise. Separately, it doesn’t hurt that the stock trades above its 50 and 200 DMAs.

**Innovation:** Based on our due diligence, there is nothing like Vaycaychella operating in the short-term rental property market today. While this may be an intangible characteristic, it is a key cog in the Company’s success.

**Valuation:** In our view, valuation will be driven by news, development, and onboarding milestones, as well as revenue generation. Over the next few months, we expect new markets will be opened and additional properties will come online for financing, loan servicing revenue and potentially other streams as well. App development, the onboarding of investors, owner/operators, properties, etc. will serve as key milestones throughout the beta, as will the soft launch or full launch, which should occur in about six months or so. Interestingly, a cursory review of private P2P app companies indicates that when apps evolve from Beta to Launch stage, a number of private firms are in the Series B funding stage. With a median \$21M pre-money valuation for this stage, according to KPMG’s 3Q20 Venture Pulse report, our roughly \$18M valuation projection is affirmed.

Finally, although some revenue will be booked in 4Q20, our focus is on 2021 and 2022. Thus, we preliminarily project 2021 revenue of around \$500,000. (It depends on property acquisition timing, app onboarding, new services, etc.). We believe at least half of this figure could come from Company-financed properties alone. For 2022, we project \$4M in revenue. Revenue source opportunities will be key in getting a firm handle on this figure, as we expect new services such as credit card processing or ecommerce product sales to be offered sometime in 2H21. As illustrated in Table I in the Valuation section, the current average Price/Revenue multiple for the WSGF peer group on next year’s sales is 5.5x. By assigning a 20% discount to this multiple for our 2022 forecast, our six-month target is again confirmed. Moreover, Price/Revenue multiple expansion is in the cards next year as well.

**Analyst Buying in Open Market:** Since 1992, the analyst has only twice bought shares in the open market of a stock under coverage. However, the WSGF opportunity appears to be extremely compelling. As a result, the analyst may purchase shares in the open market once a 48-hour window has passed following the release of

the report. If shares are purchased, the amount and price per share will be disclosed in future reports and updates.

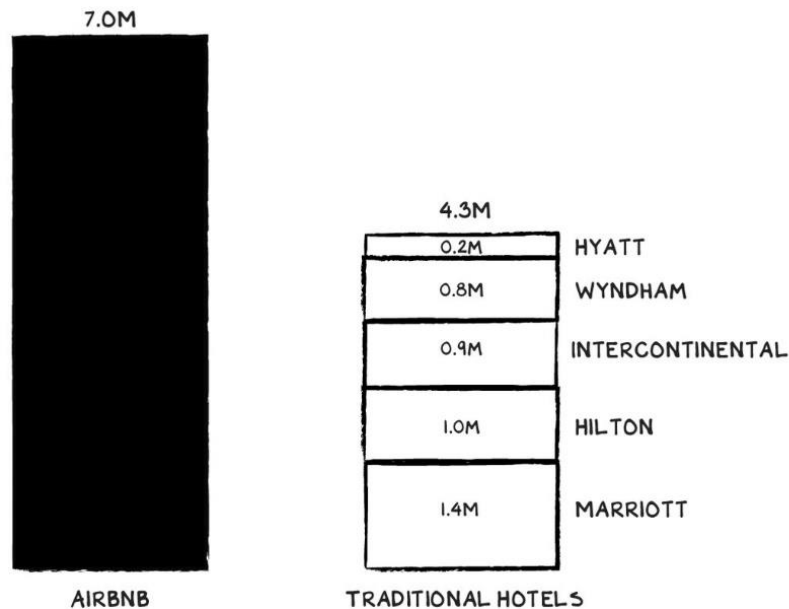
## THE SHARING ECONOMY DEFINED

The sharing economy is an economic model defined as a peer-to-peer, or P2P-based activity of acquiring, providing, or sharing access to goods and services that is often facilitated by a community-based online platform. Generally speaking, the sharing economy involves short-term peer-to-peer (often consumer to consumer) transactions to share use of idle assets and services or to facilitate collaboration. In order to facilitate commerce, the sharing economy typically is led by an online platform or app that connects buyers and seller.

At its core, sharing economies allow individuals and businesses to make money from under-used assets. In a sharing economy, idle assets such as parked cars and spare bedrooms can be rented out when not in use. In this novel way, physical assets are shared as services, while gig economies and economics are favorably impacted as well. In the case of short-term property or room rentals, the lodging sharing service Airbnb's cost advantage over hotel space is significant, as homeowners make use of spare bedrooms. Airbnb rates were reported to be between 30-60% cheaper than hotel rates around the world. Today, Airbnb is essentially the largest hotel in the world. Airbnb has more rooms to rent (7 million) than the five largest hotel operators combined (4.3 million).

### NUMBER OF AIRBNB ACCOMMODATIONS VS. HOTEL GUESTROOMS

2020



SOURCE: STATISTA, AIRBNB.

Spurred by the growth of segment leaders such as Uber (**NASDAQ – UBER**) and Airbnb, it is expected that the sharing economy will grow from \$14 billion in 2014 to \$335 billion by 2025, as estimated by the Brookings Institution. The advent of the Internet, mobile apps, and fintech have made the broad utilization of the shared economy by individuals and businesses possible, with many popular new platforms and applications introduced each year, such as Vaycaychella's.

Clearly, the advent of sharing economy technology companies like Airbnb, Uber, DoorDash and others empower every day individuals around the world to combine their personal resources (homes, cars, savings and talent for example) under a single organized business, that can compete with if not dominate any traditional Fortune 500 competitor. For example, Peer-to-Peer Lending Platforms enable companies or individuals to lend money to other individuals at rates cheaper than those offered through traditional credit lending entities. This approach serves as a key driver and success story in the sharing economy and is also a force behind the Vaycaychella P2P app.

## THE WSGF APPROACH



Over the last three years, Vaycaychella has built a business serving short-term vacation rental operators with financing to acquire and renovate real-estate properties as vacation destinations.

Today, Vaycaychella's current customer base currently spans multiple Caribbean vacation destination clients from Mexico to Puerto Rico, and even as far flung as Kenya. Vaycaychella has provided over \$1.25

million in acquisition and renovation financing secured by 10 premium beachfront houses, with a combined estimated value of approximately \$10 million. These properties serve as collateral on Vaycaychella's investment. An additional \$2 million in value is allocated when including the recent addition of a boutique hotel and an historic 4000 square foot building in Old San Juan Puerto Rico to its portfolio of vacation properties. The new property has three units which will be made available for short-term rentals through Airbnb, VRBO and Booking.com after the property is refurbished.

Vaycaychella's vision is to empower existing and would-be short-term rental property owners to access investment capital for property acquisitions and improvements financed outside the conventional lending and investment market. Now Vaycaychella is scaling its business operations to serve vacation property entrepreneurs ("rentrepreneurs") globally by introducing a sharing economy, peer to peer application (P2P App) to connect rentrepreneurs with investors. The P2P Investment App has been built and is currently being tested. Vaycaychella management anticipates soon initiating beta user testing as it signs up prospective users for the beta test.

Through Vaycaychella's P2P app, small business lenders and investors, and even private individuals can connect with entrepreneurial short-term property rental operators to access real estate leveraged investment opportunities not typically available through conventional brokers and agents. Plus, entrepreneurial short-term property rental operators now have access to a wider variety of investment options than ordinarily available through conventional channels. With Sharing economy apps taking an increasing share of the [\\$32 billion Caribbean vacation market](#), Vaycaychella is uniquely positioned.

### *Looking Ahead*

In the coming months, we expect Vaycaychella to have direct investments of \$3.5 million in short term rental properties with an enterprise value exceeding approaching \$15 million, which would aid in achieving our estimates.

The revenue model is initially focused on loan servicing with an estimated \$250,000 to be generated in 2021, and the balance derived from other services. Vaycaychella also plans to provide other app-facilitated services such as credit card processing. This service could be a sleeper for the Company as it is likely to serve as an invaluable service to operators with vacation properties in exotic locations like Cuba and future locations like Kenya for Safaris. Other ecommerce offerings related to the property itself such as the provision of basic goods such as soap, shampoo, toilet paper, towels, etc. is in the cards as well. The Company would generate fees via a percentage of sales, the transaction processing, or advertising. This part of the model is evolving and will be finalized next year.

The key component to the revenue growth in 2021 and 2022 will be facilitating investor and property owner connections. If the company can ramp up its P2P software into full production next year, our preliminary \$500,000 and \$4 million forecasts could prove to be conservative.

Finally, WSGF is in the process of changing its corporate name in conjunction with the acquisition of Vaycaychella earlier this year.

## **WSGF LEADERSHIP SNAPSHOT**

### **William "Bill" Justice, President**

Bill is a senior executive with a background in start-ups and entrepreneurial ventures that brings decades of real estate market experience. He was recruited and hired by the Vaycaychella founders to scale the scale the 10-beach house pilot the founders had established. Bill has launched the software development initiative to introduce a P2P solution scaling the Vaycaychella model and also secured new direct investment short-term rental vacation property projects in Puerto Rico, Mexico and Kenya.

### **Brian Shibley, Director**

Brian is a seasoned real estate developer with decades of experience building hotels and residential housing around the world. He currently runs an independent real estate development and investment firm with projects in the U.S. and abroad.

## RISK FACTORS

### *Corporate Risks*

In our view, the Company's biggest risks are related to the timing and magnitude of the onboarding of investor and owner/operators via the P2P app. The Company is already to set to generate loan servicing revenue from existing and prospective properties. Moreover, risk of the loans is mitigated by the collateralizations of the loans themselves. Separate risks may be delays in ancillary/complementary offerings launches or utilization, thus negatively impacting revenue. A lesser risk could be delays in expansion into new, in-demand markets.

The aforementioned risks could come from larger competitors, existing firms, or new entrants. Still, these future concerns are consistent with firms of WSGF's size and standing. Moreover, we believe that WSGF's seasoned management team is prepared to overcome these hurdles and generate significant top-line growth and consistent social media management implementations.

### *Capital Market Risks*

Volatility and liquidity are typical concerns for microcap stocks that trade on the over the counter (OTC) stock market. Although the number of shares outstanding has been little changed in recent quarters, it is also possible that the share count could increase due to future fundraises to substantially expand the Company's business and reach. However, an overriding financial benefit as a public company is the favorable access to and the availability of capital to fund product launches, consistent marketing campaigns and other initiatives. Since the proceeds of any future funding would be used in large part to advance major business development and sales, we believe that any dilutive effect from such a funding could be offset by related increases in market value. Moreover, we believe that management would not execute such a transaction unless the stock price was four or five times greater than the current stock price.

## VALUATION

Valuation for WSGF should be driven by a variety of factors, in our view. Given the relative low level of revenue expected in the early part of 2021, these shares will be predominantly news-driven. News can include the addition of new properties, and the opening of new markets. Another critical factor is the closing of critical milestones. App development progress, the migration from beta to soft launch stage, and onboarding of investors, and owner/operators and their properties will be key news items to monitor and to weigh with respect to valuation. Progress on this front, along with the introduction of new services such as credit card processing, ecommerce services, locale-specific travel packages, etc., could directly serve as a driver of profitable business.

At present, we believe a soft or full app launch could occur around mid-year 2021. A cursory review of private P2P app companies indicates that when apps evolve from Beta to Launch stage, most firms are in the Series B funding stage. With a median \$21M pre-money valuation for this stage, according to KPMG's 3Q20 Venture Pulse report, our roughly \$18M valuation projection is affirmed.



As illustrated in Table I below, the publicly traded peer group for WSGF includes Airbnb (slated to go public this week), Booking.com, the leading online booking site, and Expedia, which owns one of the oldest short-term rentals companies, VRBO, along with HomeAway. We have also included LendingClub, as it represents the huge popularity of P2P consumer lending. Although the LendingClub model differs from WSGF given the sub-prime nature of the borrowers, the P2P lending characteristic is a good comp to the Company. The current average Price/Revenue multiple for the WSGF peer group on next year's sales is 5.5x. By assigning a slight (20%) discount to this multiple for our 2022 forecast, our six-month target is again confirmed. Moreover, Price/Revenue multiple expansion is in the cards next year as well. It should be noted that if we were to omit LendingClub, which is the only one of the four not directly involved in the short-term rental market, the average multiple for next year would be 6.8x. Thus, the argument could be made that our price target is too low since the average multiple is too low.

**Table I. WSGF Publicly-Traded Peer Group**

Company Name	Symbol	Price (12/7/20)	Mkt Cap (mil)	FY20E Revs (mil)	FY21E Revs (mil)	20E - 21E Revs Growth	2020E Price/Revs	2021E Price/Revs
Airbnb*	ABNB	\$60.00	\$42,000	\$3,300	\$4,300	30.3%	12.7	9.8
Booking	BKNG	\$2,128.78	\$87,184	\$6,740	\$10,320	53.1%	12.9	8.4
Expedia	EXPE	\$126.52	\$17,898	\$5,420	\$7,920	46.1%	3.3	2.3
LendingClub	LC	\$9.67	\$756	\$322	\$490	52.2%	2.3	1.5
<b>Average</b>			<b>\$36,960</b>	<b>\$3,946</b>	<b>\$5,758</b>	<b>45%</b>	<b>7.8</b>	<b>5.5</b>
				<b>FY21E</b>	<b>FY22E</b>		<b>FY21E</b>	<b>FY22E</b>
WSGF: Today		\$0.012	\$1					
<b>WSGF: 6 Mo Tgt</b>		<b>\$0.20</b>	<b>\$17.8</b>	<b>\$0.5</b>	<b>\$4</b>	700%	<b>N/A</b>	<b>4.5</b>

Sources: www.Yahoo!Finance.com, Company websites, Goldman Small Cap Research

## CONCLUSION

WSGF's key subsidiary, Vacaychella, is poised to emerge as a leading player in key segments of the sharing economy, which is slated to reach \$335B in size by 2025. Vacaychella has smartly combined the best of sharing economy apps such as Booking.com (NASDAQ – BKNG) with short term rentals like Airbnb, along with crowd-sourcing and P2P investing and lending platforms such as Indiegogo and LendingClub (NASDAQ – LC).

The Company's current customer base spans across Caribbean vacation destination clients from Mexico to Puerto Rico. Vacaychella has provided over \$1.25 million in acquisition and renovation financing secured by 10 premium beachfront houses, a boutique hotel and historic building. with a combined estimated value of approximately \$12 million. With an innovative P2P platform in beta, WSGF is set to offer existing and would-be short-term rental property owners with investors seeking potential financing opportunities.

Major upside to current prices lies ahead. With the Airbnb IPO as a proxy, we believe WSGF will trade in tandem with this sharing economy leader. Our 6-month price target of \$0.20 is based on a Price/Sales multiple discount to WSGF's peer group average valuation, among other factors. Future technology and business milestones, multiple revenue streams, and novel innovation should drive WSGF's stock markedly higher, going forward.

### RECENT TRADING HISTORY FOR WSGF

(Source: [www.StockCharts.com](http://www.StockCharts.com))



## SENIOR ANALYST: ROBERT GOLDMAN

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

## ANALYST CERTIFICATION

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