



## 2013 Stock Market Outlook

### **S&P 500 (SPX) Technical View and Analysis**

The S&P trended higher in 2012 in a channel up pattern making two key highs and two key lows along the way. There was the March/April top near 1,410 that was followed by a 130 point pullback where 1266.74 marked the intraday lows, and then the September/October top near 1,470 that was followed by a 130 point pullback where 1343.35 marked the lows, a key level that was a re-test of a 2011 major top, and 2012 trend support. The 130 point pullback number may just be a coincidence, but an interesting note, and this pattern of higher lows and higher highs confirms we are in a bullish trending market. There are many key levels on a shorter-time frame, and will all be highlighted in the table of key levels below, but for the full year outlook it is best to look at the bigger picture. If the channel up pattern continues, and note that January-March has been a very strong period for the market the last two years, the next upside target for a higher high is at 1,525, the 123.6% Fibonacci extension of the 2012 range, and also would align with the magnitude of the prior two rallies off key reversals on the predominant trend. A move to that level could be seen as early as February, and would likely be followed by another pullback that re-tests the 1,460/1,475 zone, and generally pullbacks come in May. In this optimistic scenario I would fully expect the 1,540 double top from 2007/2007 to be tested in 2013, and forecast a yearend target of 1,565 for the S&P 500. Heading into 2013 the market does have uncertainty with the Fiscal Cliff, and on a pullback consider the 1,370/1,380 zone very important to hold the bullish longer term market trend, while a break of the November 2012 lows would call for a much deeper correction where I could see 3.5 year trend support at 1,275, also being the 50% Fibonacci of the 2011/2012 range as the area to look for a reversal and would likely mark the lows for the year, but 1,325 also a key level to watch. That is the broader-scale road map for 2013, and clearly there will be volatility and price-swings along the way, but the market has memory, and the levels on the table below should all be seen as important depending on your timeframe. One other interesting note is that a trend line from the 1994 lows, going way back, and drawn through the 2002 lows, was broken in September 2008 and a huge market sell-off followed. Keeping that trend line in play (extending), the 2011 top came exactly at that point, and if we were to re-test that line in 2013 it would be near 1,540, which is fitting. I prefer to remove the noise in charts and just look at price-patterns, so below are a few of the timeframes discussed above.

#### **3.5 Year S&P Weekly**



# 20 Year Monthly



Indicator	Level
2007 Highs	1576.1
123.6% Fib. Extension of 2011/2012	1568.85
2000/2007 Double Top	1540
123.6% Fib. Extension of 2012 Range	1525.4
Monthly Upper Bollinger	1505
2012 High	1474.5
Weekly Upper Bollinger	1458.3
Daily Upper Bollinger	1446.6
May 2008 Highs	1440
Tenkan Line	1430
13 Day EMA	1426.66
23.6% Fib of 2012 Range	1423.6
Cloud Support	1422
20 Day SMA	1420
34 Day EMA	1417.7
50 Day SMA	1413.4
20 Week EMA	1408.5
Daily Lower Bollinger	1396.7
Kijun Line	1395.7
38.3% Fib. 2012 Range	1392.1
Weekly Kijun Line	1391.9
150 Day SMA	1391.5
200 day SMA	1389.4
78.6% Fib. Of 5 Year Range	1381.5
23.6% Fibonacci of 2011/2012 Range	1380
2012 Trend Support	1380
50 Week EMA	1374.9
50% Fib. 2012 Range	1370.6
2011 Highs	1370.6
Weekly Lower Bollinger	1358.6
4 Year Trend Support	1345
November 2012 Lows	1343.35
Weekly Cloud Support	1338

July 2012 Low	1325.4
38.2% Fibonacci of 2011/2012 Range	1321.3
50% Fibonacci of 2011/2012 Range	1275
200 Week EMA	1268.85
2012 Low	1266.74
61.8% Fib. Of 5 Year Range	1227.5
23.6% Fib. 1975 Low to Mkt. High	1218.4
23.6% Fib. Of All Time Range	1205
Monthly Lower Bollinger	1183
Oct. 2011 Lows	1075

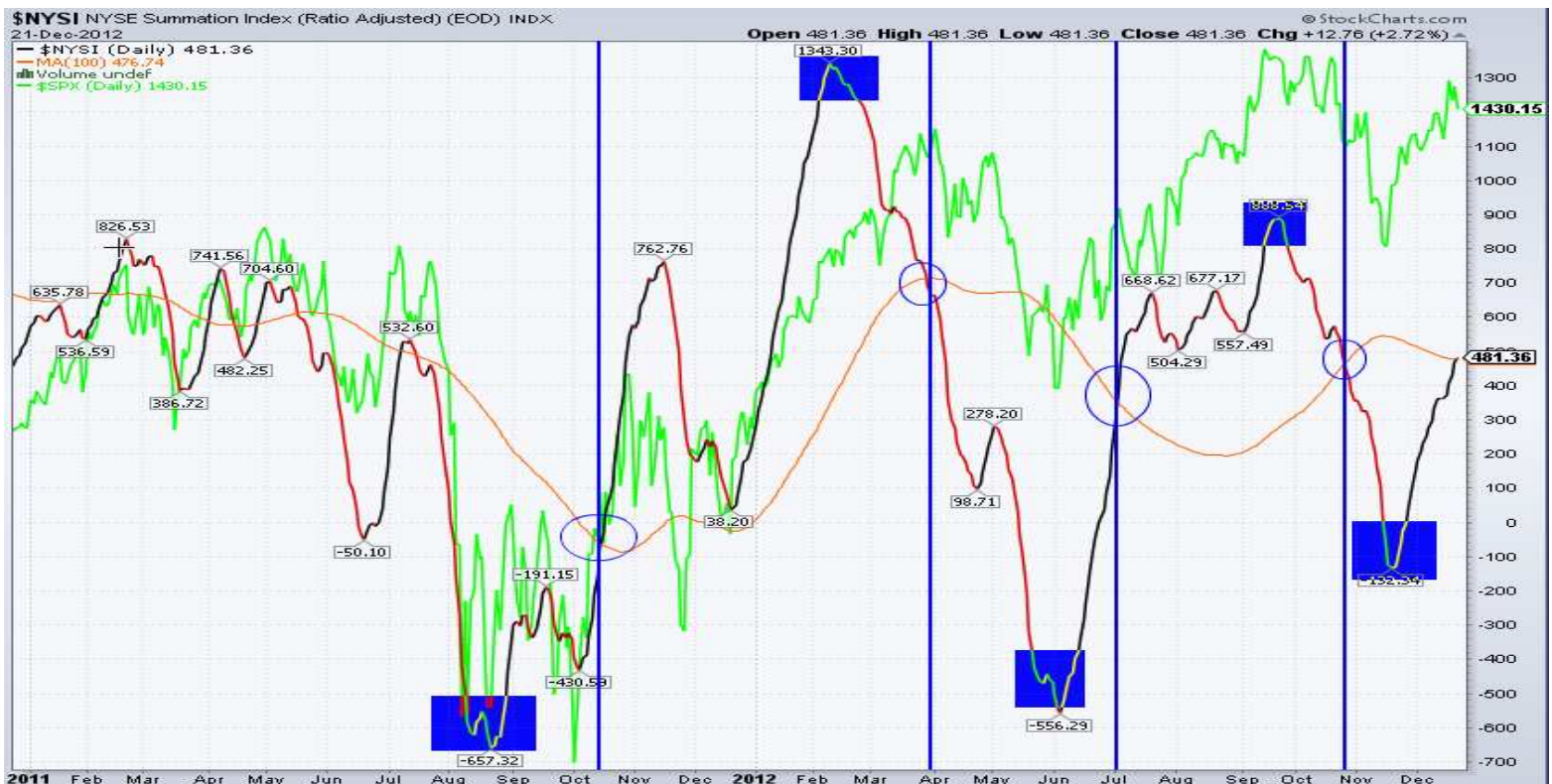
# Market Sentiment, Macro Picture and Fundamental Analysis

## Sentiment

As we near the end of 2012 market sentiment is seeing rising optimism, while consumer sentiment is declining. The latest AAI Sentiment Survey showed bullish sentiment rose to its second highest level of 2012, jumping 3.2% to 46.4%, and well above the historical average of 39%, while bearish sentiment plunged 5.3% to 24.8%, lowest level of pessimism since February 2012. However, consumer confidence reported for December fell to 72.9 from 82.7 in November, a 5 month low, but coming off of a 5 year high. Much of the drop is attributed to the ongoing Fiscal Cliff negotiations. The NAAIM Survey of Manager Sentiment pulled back to 80.19 after hitting 82.91 on 12/12, near a 2 year high, and showing that active money managers have a high amount of long equity exposure, although this number has tended to rise into year-end the past two years as well. Equity Fund Flows for the week ending 12/19 came in with \$6.4B in outflows, and November monthly data shows \$7.5B in outflows. As of the 12/20 close 63.5% of stocks were trading above 50 day moving averages and 64.6% above the 200 day moving average. In a recent report Hedge Fund equity exposure jumped to 45% and the highest level since August 2006 as many have lagged the S&P performance and chase the rally, and a survey of risk-appetite among individual investors is also rising to the highest level since April 2011, so many of the sentiment indicators call for caution. Another cautious signal is the recent surge in the TED-Spread a measure of credit risk, and signals risk-off as it hit 3 month highs. On the other hand short interest remains elevated and can fuel a continuation of the market rally. The adjusted short interest ratio rose to 3X in early November, above the 10 year average of 2.5, and Technology remains the most shorted and also most oversold Sector. Analysts have also turned bearish with increasing sell rating and reduced buy ratings, and the sell-side has a long history of being terrible market timers.

In the options market the VIX moved to more than a 4 month high last week showing that there is plenty of fear coming into the market with the uncertain outcome of the Budget talks. Option traders were clearly scrambling for protection and the CBOE Index Put/Call Ratio jumped to 1.43 on 12/21, the highest level in a month, and 0.75/1.3 is a normalized range, so currently would be at an extreme pessimism reading. The CBOE Equity Put/Call Ratio jumped to 0.71, also elevated, but extremes typically seen at 0.8 for pessimism and 0.55 for optimism. The ISEE Index fell to 98, below the 20 day moving average of 124 and 50 day moving average of 114, so the options market tends to be more short-term focused and these readings would call for a short-term rally into yearend.

NYSE Summation Index: The chart below shows the NYSE Summation on a 2 year timeframe with the S&P overlay (green) and the 100 day MA of the NYSE Summation (Orange), where crosses have provided nice trend signals. Into the end of the year the trend is bullish and crossing the 100 day MA, and no divergences nor extended. This indicator is important to watch each week for signs of divergence and extremes tend to foreshadow tops/bottoms as highlighted in blue.



## Macro-Economic

Heading into 2013 markets are putting behind a lot of uncertainty the held back markets in 2012. The European Sovereign Debt Crisis looks to have finally been solved and the ECB willing to do whatever it takes, providing a similar backstop as the Fed has done with monetary policy in the US. Greece, Portugal, Italy, Spain and Ireland are all recovering and debt is back at a sustainable level, and Greek bonds gained 80% in 2012. The data out of Europe has shown stabilization, still a recessionary environment, but the worst looks to be behind the EU as European Stocks recently jumped to 19-month highs with markets forward looking. China is also seeing improved data, and the fear of a severe slowdown was overblown, and likely hear more about it through 2013, but the latest PMI's show the country back in expansion, and also the new leadership is favorable for monetary policy. In the US the employment data has improved, but expect it to remain in a range without much improvement in 2013 simply due to changing dynamics of employment in the economy and a lack of a major growth move in the economy. The most recent data including Durable Goods Orders, ISM Manufacturing, ISM Services, and Regional Fed Surveys all suggest a strengthening economy.

Equities remain the best reward/risk investment with Bonds offering such low rates of return, and if the Fiscal Cliff uncertainty is removed that removes a major overhang for stocks. Although earnings are expected to see a modest slowdown it will still be a positive trend in net earnings to a record high and 10 straight quarters of all-time profit levels, and peak margins is likely a catchphrase for 2013, but still a ways off from seeing peak earnings, and expect buybacks to boost EPS with many companies cash-rich. With many high quality companies with clear visibility and consistent earnings growth offering 3.5%+ dividend yields, it is hard to argue the case for Treasuries. The bull market in stocks started in 2009 and now 4 years in, and historically year 5 has seen a strong move higher but gets off to a slow start.

## Fundamental

At the start of 2012 the expectation for S&P earnings in 2013 was \$120, but consensus has now come down to \$113. Financials are expected to generate the most growth in earnings for 2013. A basic sensitivity analysis with a Bull, Base, and Bear Case is fitting and the average of the 3 targets is 1,443, and provides a nice view of scenario analysis with earnings.

	EPS	Multiple	S&P Value
<b>Bull Case</b>	\$116	15	1740
<b>Base Case</b>	\$112	13.5	1512
<b>Bear Case</b>	\$98	11	1078

### Chart Below from Bloomberg Data of S&P Performance, EPS, and PE Ratio Since 1997



## Gold (GLD) Technical View and Analysis

Gold is showing weakness into yearend with much of it attributed to tax-selling on fear of rising rates. The continuing push by the Fed and ECB for monetary easing should equate to rising gold prices, and a stronger Chinese market will support higher commodity prices in 2013. If the US economy shows gradual growth in 2013 and the Fed sees reason to raise rates Gold would come under pressure, but the latest Fed Policy Statement ties rates to Unemployment, so a rate raise appears very far down the road and Gold should be a steady gainer in 2013 and 2014, but better opportunities elsewhere, unless we see signs of a deterioration to the economy, and then Gold would see demand as a form of capital preservation. Gold (GLD) looks vulnerable on the chart into 2013 and the key here is 157.50 as it is 2 year trend support and the 23.6% Fibonacci Retracement of the 2009 low to the 2011 high. An aggressive long could buy the GLD at 160 with a 157.5 stop looking for the reversal and the 170 and 174 levels are resistance. A break below 157.5 and next major supports are 150 and then 140 as the 38.2% Fibonacci and aligns with the 2011 breakout move, a re-test of prior resistance and now is support, although the 155 level holds some psychological support and also would back-test a downtrend breakout that triggered in September. The GLD is currently in a 3 month channel down, and can be seen as a cup and handle pattern, a break above 174.20 would measure a move to near 200. A move past 167 would be needed to take a run at 174.2. RSI and MACD are both rolling over on the weekly which suggests further downside and a likely break of that 157.5 support, but a move through 167 would flip to a more bullish scenario.

### 5 Year View



## 2 Year Weekly View



## Oil Technical View and Analysis

Crude Oil is in a clear downtrend entering 2013 and the first view is that it looks to be a volatility buy into a new year where movement will be closely tied to economic output from the emerging markets. Crude Oil is forming a tight triangle on the weekly and RSI is also seeing a similar pattern with the 200 week EMA acting as support on pullbacks, currently at \$84.38, and the key breakout level entering 2013 being a move past \$95 with \$105 the overhead target on a breakout, while a move below \$84 can see a major breakdown and test the \$75 level. Another factor in 2013 is sure to be rising Middle-East tensions which could spur sudden spikes in Oil, and based on recent events, it seems to be a near-certainty that we see escalation in 2013. Otherwise, the fundamental view has limited upside for Oil with plenty of supply, and demand not seen to surge as global economic growth is fairly subdued in 2013.



## Top 10 Long Investment Ideas for 2013 in Large/Mid Cap Stocks

Overview: Snapshot of Top 10 with Entry Levels for 1/2 and Full Positions as Well as a Target and Stop.

Ticker	Company	Market Cap	FY13 P/E	P/B	P/FCF	EPS Growth '12	EPS Growth '13	ROE	1/2 Entry	Full Pos.	Target	Stop
CBI	Chicago Bridge & Iron	\$4,041	12.1	3.06	14.71	24.99%	15.77%	22.73%	\$39.00	\$35.00	\$50.00	\$32.00
CELG	Celgene	\$33,568	14.32	5.87	18.49	51.89%	13.52%	28.29%	\$75.00	\$67.50	\$95.00	\$60.00
EBAY	eBay Inc.	\$65,165	18.38	3.27	29.86	81.29%	16.60%	21.28%	\$48.50	\$45.00	\$60.00	\$40.00
GM	General Motors	\$38,540	6.58	0.93	36.7	58.46%	14.72%	13.53%	\$26.00	\$24.00	\$35.00	\$18.50
RGLD	Royal Gold	\$5,203	29.29	2.59	37.94	24.70%	47.59%	5.68%	\$80.00	\$73.50	\$105.00	\$65.00
RYAAY	Ryanair Holdings	\$10,196	13	2.09	11.26	50.93%	24.88%	17.69%	\$33.00	\$30.00	\$45.00	\$25.50
SYMC	Symantec	\$12,962	10.26	2.55	10.14	106.29%	9.64%	24.15%	\$18.50	\$17.00	\$25.00	\$15.50
TSCO	Tractor Supply Co	\$5,992	19.51	5.69	72.32	33.98%	17.20%	26.87%	\$85.00	\$75.00	\$115.00	\$68.50
VRX	Valeant Pharma	\$17,594	10.73	4.83	16.29	146.02%	21.15%	1.49%	\$55.00	\$50.00	\$70.00	\$44.00
WWW	Wolverine	\$1,982	14.09	2.97	22.27	17.68%	40.69%	16.56%	\$40.00	\$37.00	\$50.00	\$33.00

**Celgene (CELG)** is a \$33.3B leader in Biotechnology that trades 14.2X FY13 earnings and 18.33X free cash flow with 13.5% EPS growth seen for FY13 after a 50%+ jump in EPS for FY12. Celgene is a leader in Oncology with ABRAXANE showing positive results recently in Pancreatic, Ovarian, and Bladder cancers, and will be up for approval in Q4 2013 for breast, lung, and pancreatic cancers as a major growth driver for the Company as it diversifies away from Revlimid with EU approval not anticipated until 2014. I see fair value for CELG at \$90 with upside potential on further positive data from its deep product pipeline. On the technical view shares have traded in a sideways range since 2006 between \$40 and \$80, and shares showing strength into yearend for a break past \$80 resistance. CELG is likely to give better entry opportunities in 2013 with optimal entry at the \$65 long term trend support level, and the trend remains strong with upward sloping 50, 100, and 200 week EMAs. I suggest building a position in the \$65/\$70 range with a \$95 price objective.

**General Motors (GM)** is a \$39.45M auto manufacturer that trades at 6.75X FY13 earnings, 0.26X sales, 0.95X book value and 37.6X free cash flow with 14.7% EPS growth seen for FY13. Auto Sales in November jumped 15% year/year and up 4% from October with sales jumping at the fastest rate in nearly 5 years. Pent-up demand will continue to drive a strong year for auto sales in 2013 with it being early in a major replacement cycle as sales are expected to hit 16M in 2013. The auto industry is coming out of the recession very strong following restructuring and will allow for investments in new vehicles, fuel economy, and factories in 2013 and also be a potential help to the jobs market. The average age of vehicles in the US is 11 years, approaching record highs, so demand should stay steady even if the economy contracts in 2013. GM's balance sheet is improving and I expect the Company to initiate a dividend in 2013 and the market will react favorably to the move. The technical view of GM's shares shows shares in a sideways \$19/\$27 range since August of 2011 and a breakout past \$27 measures to a target of \$35, which is also near fair value for shares at 4X EV/EBITDAP. The September 2012 move past \$23 broke the 2 year downtrend, and shares are now in an uptrend with resistance at the \$27 and \$33 levels.

**Royal Gold (RGLD)** is a \$5.17B Company that owns royalty interests in the gold, silver, copper, and other metals markets. Shares trade at a premium multiple, 29.1X FY13 earnings, 2.57X book value and 37.7X free cash flow, but deserves the premium with 47.6% EPS growth seen for FY13. Revenues are diverse by country with Chile, Canada, Mexico, and the US contributing the bulk of revenues, and considered more stable countries for mining. As a royalty Company Royal Gold operates with very low costs and high margins. The technical view of RGLD shows shares broke out past key \$80 resistance in August of 2012, a short term bull flag pattern that measures to a \$105 price objective. Shares made it to \$100 highs and then pulled back in a falling wedge pattern to re-test the \$80 level, and currently provides a positive reward/risk on entry with a \$105 price objective, and if Gold were to continue higher in 2013 RGLD can be valued at \$120+ based on 2.5/3X NAV. The Gold-related stocks tend to be volatile, and the patient investor could wait for a test of trend support down at \$65 with the risk of missing the move higher.

**Symantec (SYMC)** is a \$13.15B provider of security and storage software solutions that has blown away Street estimates on earnings the last two quarters, and although the decline seen in the PC market had an early impact, the Company's management has done a great job of positioning it for the move to mobile/tablets. Shares trade 10.4X FY13 earnings, 1.35 PEG, 1.94X sales, 2.58X book, 10.3X free cash flow, and a balance sheet with nearly \$4B of cash on hand. The transition to cloud computing leaves a major void for Symantec to fill with secure online file sharing solutions as well as securing cloud access/data. Symantec announced a new CEO in July with Steve Bennett and has delivered ever since that hiring, and is expected to unveil a new outlook on strategies in January 2013 that can give reason for multiple expansion. The technical view shows shares forming a bull flag on the weekly chart with resistance at \$19.20 for a breakout move. The longer term view has shares in a channel up pattern with support now at \$15.50 and an upside target at \$24, resistance at \$20 and \$22. The chart and valuation make \$24 a fair price objective for 2013, more than 25% upside from the current price.

**Tractor Supply Company (TSCO)** is a \$6.05B specialty retailer focusing on the needs of farmers and ranchers. Shares trade 19.7X FY13 earnings, 1.31X sales, and 5.75X book value with 17.2% EPS growth seen for FY13. Tractor Supply Co. is a clear leader in a niche industry and currently has 1,100 locations with a domestic target of 2,100, so plenty of room for growth via store expansion, and expects to grow square footage 8% annually. Management will look to increase dividends and share repurchases throughout 2013, and an Analyst day in March is likely to be a positive catalyst for shares. TSCO receives 40% of sales from Livestock & Pet products, 23% from Hardware, Tools & Trucks, and 21% from Seasonal, Gift & Toys. Margins have grown from 6% in 2009 to 8.3% in 2011 and the Company targets 20 bps annual improvement to operating margins. The technical view of TSCO shows shares hit a high of \$103.50 in October and have faded back to the 23.6% Fibonacci Retracement of the 2008/2012 range at \$82.15 as support. Shares should rebound from the \$82 December lows and target a return to the highs, and a break of this \$80/\$100 sideways range from 2012 with a price objective of \$120.

**Wolverine Worldwide (WWW)** is a \$2.05B apparel and footwear Company trading 14.7X FY13 earnings, 1.47X sales, 3.08X book value and 23.06X free cash flow. Wolverine acquired the Performance & Lifestyle business of Collective Brands in 2012 for \$1.24B and expects it to be accretive to earnings in 2013 and 2014 for \$0.35/\$0.50 and \$0.60/\$0.80 respectively. Wolverine is expecting EPS growth of 38.35% in FY13 making it the top growth play in the industry and footwear trends have remained strong throughout 2012. Wolverine is also well positioned to capitalize on the rebound in Housing and Construction industries with its work boots. The technical view shows a 4 year uptrend with support currently at \$40, and the last 5 months shares consolidating back to that support, coiled to extend the uptrend, and a measured move target to \$50, which would equate to 17.55X FY13 earnings, a fair multiple for a top growth stock.

**Ryanair Holdings (RYAAY)** is a \$10B European Airliner based in Ireland that trades at a very cheap valuation with a 6.33% dividend yield. Shares trade 12.8X earnings, 0.92 PEG, 2.06X book, and 11X free cash flow. After seeing EPS growth of 50.93% in 2012 the Company forecasts 24.88% growth in FY13. The airline industry has long been shunned by investors, but many are now operating at a high level and fuel costs have fallen sharply. RYAAY is seeing strong fare growth per passenger and is expanding routes to drive growth in 2013, and also has indicated plans to return more cash to shareholders in 2013, a Company with more than \$5B in cash. The technical view of RYAAY shares shows a channel up pattern since 2009 with support currently at \$28, but the upper projected move is to \$40 which aligns with the major top from 2007, and the first price objective, although on valuation shares should reach \$45 by late 2013 as the 2014 earnings projections are factored in, a solid 30% return from current levels.

**Chicago Bridge & Iron (CBI)** is among a handful of Industrials that trades less than 15X FY13 earnings and generating 15%+ EPS growth in 2012 and 2013, and one I consider to be the best of the entire sector having beat Analyst estimates 5 of its last 6 earnings reports. The \$4B engineering and construction Company focused on the Energy industry trades 11.88X FY13, 0.76 PEG, 0.76X sales, 3X book and 14.5X free cash flow with 15.7% EPS growth seen for FY13. CBI is well positioning to take advantage of the North American shale gas boom with significant investment in petrochemical expected in the coming years. CBI made a \$3.04B acquisition of Shaw Group in July 2012 that is expected to close in early 2013, and results in an order backlog of \$28B. Management has a proven track record of making strategic acquisitions that add value to shareholders, and this deal is a long term positive. The technical view of CBI shares shows shares putting in a higher base above the \$35 level from the long term uptrend, and recently breaking out with \$42 providing trend and prior price resistance. CBI should provide opportunities on pullbacks, and optimal entry near \$38 with a \$50 price objective, for a 24% return.



**eBay (EBAY)** shares have gained more than 70% in 2012 and I fully expect the momentum to continue through 2013 as its "crown jewel" PayPal is seeing explosive growth and mobile payments will be a key theme in 2013. The \$67B Company is also reporting impressive monthly metrics and has made some key strategic acquisitions that are starting to pay off. At 18.9X earnings, 4.97X sales, 3.36X book and 30.67X cash flow EBAY is no longer the value-name it was in early 2012, but is firing on all cylinders and operates in growing markets with plenty of opportunity for growth. On the technical view EBAY shares had a key breakout at \$35 in February 2012 and the uptrend is firmly intact with 2004 highs of \$59.21 likely to be achieved in 2013. Entering 2013 optimal entry into EBAY is at \$45 which would require a 10% correction in shares, and with a \$60 target in mind for a 33% return. If EBAY decides to spin-off its PayPal unit it would create a feverish demand for shares and could see \$70.

**Valeant Pharmaceuticals (VRX)** is a \$17.22B Canadian specialty Pharmaceuticals Company that was on an acquisition spree in 2012. Valeant trades 10.5X FY13 earnings, 5.8X sales, 4.73X book and 15.94X cash flow with 21.15% EPS growth seen for FY13, and the latest deal for Medicis being highly accretive and bolstering organic growth. Valeant has been running at a 25% CAGR since 2010 and has been a free cash flow machine, also pushing into Emerging Markets with 32% of 2012 sales, up from just 21% in 2010. On the chart shares have been in an uptrend since the 2009 lows and have now formed a large ascending triangle below the \$60 resistance level. In 2013 VRX is a compelling buy at \$55 with a \$70 target in mind.

### **Top 10 Short Investment Ideas for 2013**

**\*\*With Each Short I Provide a "Better Option" of a Similar Market Cap Stock in a Related Industry for those Interested in a Pairs Trades\*\***

Ticker	Company	Market Cap	FY13 P/E	P/B	P/FCF	EPS Growth '12	EPS Growth '13	ROE	1/2 Entry	Full Pos.	Target	Stop
ANSS	Ansys, Inc.	\$6,218	21.86	3.28	22.29	16.52%	7.72%	10.86%	\$68.00	\$70.00	\$55.00	\$75.00
CAJ	Canon Inc.	\$50,483	13.57	1.48		2.40%	9.41%	9.09%	\$38.00	\$41.00	\$25.00	\$44.00
CL	Colgate-Palmolive	\$50,007	18	20	43.94	14.59%	9.91%	95.25%	\$107.50	\$110.00	\$90.00	\$115.00
DEO	Diageo	\$73,821	16.55	8.25	80.34	2.46%	6.43%	36.06%	\$120.00	\$125.00	\$90.00	\$132.50
FTI	FMC Technologies	\$9,652	17.2	5.58		7.28%	26.88%	25.25%	\$42.00	\$45.00	\$25.00	\$50.50
MSCI	MSCI Corp.	\$3,680	14.64	2.51	11.39	6.50%	4.57%	12.75%	\$31.00	\$34.00	\$38.00	\$18.50
OMI	Owens & Minor	\$1,773	14.2	1.85	48.27	3.72%	3.14%	11.49%	\$28.50	\$30.00	\$23.00	\$32.00
OTEX	Open Text	\$3,260	9.86	2.66	12.54	0.78%	6.00%	9.62%	\$57.00	\$60.00	\$42.00	\$66.50
SPLS	Staples	\$7,878	8.23	1.28	10.61	15.17%	2.90%	0.49%	\$12.00	\$13.00	\$7.00	\$15.50
TECH	Techne	\$2,510	19.25	3.69	34.45	0.47%	7.27%	17.40%	\$70.00	\$73.00	\$52.50	\$76.00

**Staples (SPLS)** is struggling as a retailer that cannot compete with the pricing of Amazon (AMZN), and similar to Best Buy (BBY) as a specialty retailer with decelerating earnings that is a value-trap. The \$7.7B Company trades 8X FY13 earnings estimates, 1.25X book value and 10.35X free cash flow. The technical view shows shares in a sharp downtrend and forming a bear flag below the recent trend support breakdown. I expect shares to break \$11 support and head down to the \$7 level in 2013.

Better Option: **Ulta Salon (ULTA)** is a \$6B beauty retailer seeing strong same store sales growth and expanding.

**Diageo (DEO)** was a stellar performer in 2012 with shares gaining 40% and trading to all-time highs, but into 2013 there is not a lot to be excited about with shares trading at a premium but not delivering much growth. The \$75.45B global leader in alcoholic beverages is in a steady industry, but shares are trading 24X trailing earnings, PEG of 2.44, and 8.43X book value with 2.46% EPS growth in FY12 and 6.43% growth seen for FY13. Shares are very overbought on all

timeframes trading up to the upper Bollinger Band on the weekly chart, and with shares above \$120 the reward/risk is favorable from the short side, targeting a move down to \$90.

Better Option: **Constellation Brands (STZ)** at 12.75X FY13 earnings and 11.3X free cash flow with 33.8% EPS growth seen for FY13.

**Colgate (CL)** has a \$51B market cap and the maker of personal consumer products trades 18.35X FY13 earnings, PEG 2.4, 3X sales, and 44.8X free cash flow. Colgate grew EPS 14.6% in FY12 and growth will slow to 9.9% in FY13, and the dividend yield is at 2.3%. Colgate has limited growth opportunities and is trading at a premium to the market and peers, also P/E ratio for trailing 12 months at a 4 year high. The bull-case for Colgate, and for the industry, is the opportunity in emerging markets which will account for nearly all the growth in 2013. However, further Macro challenged in Europe and increased price competition are likely to weigh on Colgate's profitability in 2013, and margins appear to be peaking. On the technical view Colgate shares are very overbought and RSI and MACD both peaked in July 2012 and are currently in downtrends. Shares are undergoing a topping process and can re-test the former \$92.50 breakout level in 2013.

Better Option: **Estee Lauder (EL)** at 20.58X FY13 earnings, 2.4X sales and sees 15.2% EPS growth in FY13 after 23.95% EPS growth in FY12.

**Ansys (ANSS)** is a \$6.3B provider of simulation software used by engineers and designers in the aerospace, defense, energy, and automotive industries. Shares trade 33.15X trailing earnings (near 4 year high), 22.15X FY13 earnings, PEG 2.07, 8.1X sales, 3.32X book value and 22.56X free cash flow. After EPS growth of 16.5% in FY12, Ansys sees just 7.7% EPS growth in FY13. In its Q3 earnings report the Company missed estimates and guided lower for Q4 and FY13. Ansys also is exposed to a shrinking Department of Defense budget, and with growth decelerating it no longer deserves a premium valuation. On the technical view shares have been in a rising channel since the August 2010 lows, and recently pulled back off channel resistance at the \$74 level and pulled back to its 50 week EMA. The next key breakdown in shares will be a move below \$65 with a target at \$60 trend support, but ultimately valuation calls for a move to the \$55 lows from July 2012.

Better Option: **Mentor Graphics (MENT)** at 10.06X FY13 earnings, 0.9 PEG, 1.67X Sales, and 1.85X book value with 14.4% EPS growth seen for FY13.

**Open Text Corp (OTEX)** is a \$3.27B leader in Enterprise Information Management allowing businesses to lower costs of operations. Shares trade 9.9X FY13 earnings, 1.43 PEG, 2.62X sales, 2.67X book and 12.58X free cash flow, which appears cheap but the Company has executed poorly and 6% EPS growth for next year is well below the industry average. OTEX shares are heavily shorted with 8.42M shares short, 15% of the float, short interest near a 2 year high. Open Text has been missing estimates with difficulties getting European deals (EMEA 39.3% of Revenues) and North American government spending is weakening, while it is also reorganizing its sales force. OTEX also has cloud service offerings, but is likely to lose business to much larger competitors as the Company has been executing poorly, seen with the Q1 FY13 results that showed license revenues down 14% year/year. The technical view shows OTEX put in a third lower high in November 2012 at trend resistance off the prior tops. OTEX looks set to continue on its path of lower highs and lower lows and targets a move down to \$41.50.

Better Option: **CA Tech (CA)** with a \$10B market cap and 4.57% dividend yield trades 8.5X FY13 earnings, 2.1X sales and 1.86X book value with 6.65% EPS growth seen for FY13.

**Techne Corp (TECH)** is a \$2.56B maker of research and diagnostic products in healthcare. Shares trade 19.67X FY13 earnings, 1.86 PEG, 8.22X sales, 3.77X book and 35.2X cash flow, rich on valuation after just 0.47% EPS growth in FY12 and 7.27% seen for FY13, and a history of missing earnings estimates and guiding lower. FY12 organic growth dropped to 1.8% from 5.9% in 2011 while R&D spending jumped 7.4%. Entering 2013 Techne has seen growth taper off and continues to see uncertainties in European markets and with research funding in both the government and private sectors, as well as competitive pressures in all markets in pricing and new entrants. On the technical view shares have spent much of 2012 in a narrow \$62.5/\$74 range and a break of \$62.50 would break a 7 year uptrend. I would target a breakdown and move back to \$52.50 where shares would be more fairly valued.

Better Option: **Mine Safety Appliances (MSA)** has a \$1.44B market cap and trades 14.6X forward earnings, 1.2X sales and 2.97X book value and sees 15.15% EPS growth in FY13 after 80%+ growth in FY12.

**MSCI Inc (MSCI)** is a \$3.57B provider of performance and risk management software in the Financial industry. Shares trade 20.7X trailing and 14.17X FY13 earnings, 1.29 PEG, 3.84X sales, 2.43X book and 11X free cash flow. MSCI has closed lower each of its last 4 earnings reports, only 6.5% EPS growth in 2012 and sees 4.57% EPS growth for FY13. MSCI lost Vanguard as a major customer in 2012 and faces new competition and a tough pricing environment, and other large customers like Blackrock could follow suit. MSCI is already seeing slowing subscription growth and with new products in its industry constantly being launched, it is no longer on the cutting-edge and looks to become obsolete. The technical view shows shares touched near 3 year lows in October and have now climbed back to the \$30 level. Shares look headed for a break of \$25 support in 2013 and target a move all the way down to \$18.50.

Better Option: **Jack Henry \$ Associates (JKHY)** at 17.7X FY13 earnings, 3.15X sales, 3.26X book and 19.55X cash flow with 12% EPS growth in FY12 and 10.15% EPS growth seen for FY13.

**Canon (CAJ)** is another value trap, the \$50.3B Company trades 13.5X FY13 estimates, 1.19X sales, 1.48X book and has a weak growth outlook of 9.4% EPS growth in FY13 after generating just 2.4% growth in 2012. Canon receives 36.9% of revenues from digital imaging, 53.9% from office business unit and 11.8% from Industry and Other Business Units. Canon is exposed to a lot of dying industries as a maker of laser printers in a PC market that is seeing a sharp slowdown and also digital cameras and camcorders in a World where Smartphone's are the new choice to take pictures/videos. Canon does hold a lot of patents that have value and the 4.1% dividend yield may limit the downside, but overall I see little upside considering the outlook for its key markets. The technical view shows shares peaked near \$52 in early 2011 and broke major support at \$42.50 in May 2012 for a slide down to \$30, but have rebounded back to \$38. In 2013 shares are likely to test and break the \$30 level and find support down at \$25.

Better Option: **Stratsys (SSYS)** is a \$1.49B Co. trading 38X FY13 earnings, growth of 29.5% after 114.8% growth, and 3D printing has a much brighter future than old-fashioned laser printers.

**Owens & Minor (OMI)** is a \$1.77B supplier of medical products that trades 14.17X FY13 earnings estimates, 1.85X book value and 48.16X free cash flow. The Company only grew EPS 3.72% on FY12 and expects 3.14% EPS growth in FY13. At its Analyst Meeting in November the Company guided 2013 EPS to \$1.90-\$2.00, below the \$2.07 Street consensus, but it does offer a 3.15% dividend yield and is integrating Movianto after an acquisition which gives it more exposure to the struggling European economies. OMI is likely to see further pressure in 2013 as hospital utilization rates stagnate and margins weaken. Considering OMI's recent history of not being able to meet estimates I see fair value for shares in 2013 at \$23. The technical view shows a very long term uptrend with shares but spent 2012 in a \$27/\$31 sideways channel and a break of \$27 targets a move down to that \$23 target, an 18% drop from the current \$28 price.

Better Option: **Henry Schein (HSIC)** is a \$7.16B Healthcare supplier trading 16.8X FY13 earnings, 0.81X sales and 2.79X book expecting 10.76% EPS growth in FY13 after 13.65% EPS growth in FY12.

**FMC Technologies (FTI)** is a \$9.92B provider of solutions to the Oil & Gas Industry and similar to the other names has shown a history of poor execution yet still trades at a premium valuation. Shares trade 24.7X trailing earnings, 17.7X FY13 estimates, 1.61 PEG, 1.71X sales, and 5.74X book value with deteriorating margins. The Company receives 64% of revenues from Subsea Systems, 26% from Surface Systems and 10% from Energy Infrastructure. FMC Tech has a growing backlog with orders rising, but seeing a reduction in operating profits. In Q3 the Company reported \$0.41 EPS and \$1.4B in Revenues with expectations for \$0.57 EPS and \$1.57B in revenues. The technical view shows that shares have formed a 2 year head and shoulders topping pattern with the neckline at \$39, and a pattern that measures to a target of \$17, significant downside.

Better Option: **Oceaneering International (OII)** is a \$5.57B maker of robotics for offshore oil exploration and trades 16X FY13 earnings and 3.2X book value with 22% EPS growth seen for FY13 after 18.5% growth in FY12.

## Top Long Ideas in Small Cap Stocks for 2013

Ticker	Company	Market Cap	FY13 P/E	P/B	P/FCF	EPS Growth '12	EPS Growth '13	ROE	1/2 Entry	Full Pos.	Target	Stop
DXPE	DXP Enterprises	\$651	12.05	3.32	43.67	57.62%	17.59%	26.88%	\$45.00	\$42.50	\$60.00	\$37.50
ECHO	Echo Global Logistics	\$400	19.61	2.9	34.64	41.21%	35.38%	11.30%	\$17.00	\$16.00	\$25.00	\$14.50
INXN	Interxion Holding NV	\$1,521	35.52	3.22		26.10%	23.10%	10.69%	\$22.00	\$20.00	\$30.00	\$17.00
KLIC	Kulicke & Sofa	\$863	6.42	1.32	4.87	22.92%	39.84%	28.84%	\$11.00	\$10.00	\$17.50	\$8.00
MEOH	Methanex Corp.	\$2,947	11.21	2.08	13.01	100.82%	41.79%	9.66%	\$30.00	\$28.00	\$40.00	\$25.00
OMCL	Omnicell Inc.	\$526	22.32	1.77	18.47	108.70%	51.06%	5.15%	\$15.50	\$14.00	\$22.50	\$12.50
PRXL	PAREXEL	\$1,856	17.43	3.17	12.67	28.28%	30.22%	12.12%	\$30.00	\$28.00	\$40.00	\$25.00
TRS	TriMas Corp	\$1,034	12.07	3.28	34.34	29.22%	18.48%	23.00%	\$25.00	\$23.00	\$33.00	\$18.50
TWI	Titan Inter.	\$1,004	7.56	1.87	21.74	793.95%	21.93%	25.66%	\$20.50	\$18.50	\$35.00	\$16.50
XXIA	Ixia	\$1,116	16.01	2.64	18.84	100.59%	28.38%	13.88%	\$15.00	\$13.00	\$20.00	\$10.00

**Kulicke & Sofa (KLIC)** is an \$863M provider of equipment to the Semiconductor industry and shares trade 6.42X FY13 earnings, 1.09X sales, 1.32X book, 4.87X free cash flow and 1.96X cash value with no debt on the balance sheet. KLIC saw EPS jump 22.9% in FY12 and expects to see 39.85% EPS growth in FY13. KLIC does not have a lot of Analyst coverage and is relatively unknown, but the valuation is extremely attractive and as a market leader in wire bonders it is well-positioned for a multi-year replacement cycle underway in a transition to Copper. The technical view shows an ascending triangle building with resistance levels at \$12 and \$13.50, and based on valuation shares can easily get back to above \$20, around 100% upside from current levels.

**Interxion Holding (INXN)** is a \$1.52B provider of data-centers in Europe, a play on cloud computing, and trades 35.5X FY13 earnings, 1.65 PEG, 4.37X sales, and 3.2X book value. INXN sees 23% EPS growth in FY13 after 26% EPS growth in FY12. INXN is in a leading position for the European data center market and an industry with significant barriers to entry that is seeing strong secular growth. INXN is attractively valued compared to peers and has a long history as an established player in Europe that will continue to see strong demand. On the technical view shares have performed well since the 2011 IPO and in a strong uptrend with modest consolidation flags along the way. Current resistance is at \$23 in a trend that should see shares reach \$30 in 2013.

**Methanex (MEOH)** is a \$2.95B Canadian-based producer of methanol for the chemical industry. Shares trade 11.2X FY13 earnings, 0.58 PEG, 1.1X sales, 2.08X book value and 13X free cash flow. Methanex saw a 100% increase to EPS in 2012 and expects 41.8% growth in 2013. Methanex has a leading market share (15%) in the Methanol industry that has a healthy demand outlook and limited new supply, and the Company has bought back 45% of shares since 2000 along with 9 dividend raises. Methanol is used in Pharmaceuticals, Automotive, and Chemical industries as well as in Fuel Blending which is expected to see strong growth in China. On a technical view shares have been making higher lows and higher highs since the 2009 bottom and trend support recently held firm at \$26. A move through \$33 resistance would target a move as high as \$47.

**Omnicell (OMCL)** is a \$525.9M provider of solutions to hospitals for the dispensing of medications, and looks attractive as a M&A target with healthcare technology a hot industry. Shares trade 22.3X FY13 earnings, 1.83X sales, 1.77X book and 18.47X cash flow. OMCL generated 108.7% EPS growth in FY12 and sees 51% growth for FY13, and has beaten Analyst estimates 5 of the last 6 quarters (1 met estimates). With Hospitals facing rising costs and looking for solutions to become more profitable, products offered by Omnicell fulfill that role. There is still a large untapped market with most hospitals only 60% automated, and only 70% of small hospitals have any solution for automatic dispensing. OMCL is also attractive

because the majority of its revenues are recurring once systems are installed, allowing for earnings visibility. The technical view shows a stock that has spent the last two years in the \$11/\$17 range without much volatility. Shares recently cleared the \$15 hurdle and are looking to move back up to \$17.50 resistance, and can look to a breakout towards a \$22.50 target.

**PAREXEL International (PRXL)** is a \$1.86B Company focused on clinical research services to the pharmaceutical and biotechnology industries. Shares trade 17.43X forward earnings, 1.54 PEG, 1.08X sales, 3.17X book value and 12.67X free cash flow. PRXL grew EPS 28.3% in 2012 and expects 30.2% EPS growth in 2013 and has been actively winning new contracts with a growing backlog. PRXL is a derivative play on the growth being seen in the Biotechnology industry with the need for managing clinical trials. PRXL's backlog has jumped 63.9% since 2010 at more than \$4.4B. Operating margins have dipped to 6.8% in 2012 from a 9.1% peak in 2010 and the Company is expecting 8%-9% in 2013, so if it can see that increase in margins through cost cuts, the Company will continue to exceed estimates and demand a higher multiple. The technical view shows a strong uptrend since 2009 with current trend support aligning with the most recent resistance breakout at \$28, a level that is likely to be re-tested and provides optimal entry. The target from the \$28 breakout is to \$38.

**Echo Global Logistics (ECHO)** is a \$400M provider of technology for supply chain management in the transportation industry. Shares trade 19.6X FY13 earnings, 0.9 PEG, 0.56X sales, 2.9X book value and 34.64X free cash flow. ECHO grew earnings 41.2% in 2012 and expects 35.4% growth in EPS for 2013. ECHO managed to post strong revenue growth in 2012 despite a soft freight environment. The market opportunity lies with a US Domestic Freight Market expected to increase to \$1.2T by 2022, and currently is just \$748B. ECHO is also debt-free and has been making strategic acquisitions. The technical view shows a stock trading in a defined \$15/\$20 range all of 2012, and would expect a break above \$20 to gather momentum to \$25.

**Ixia (XXIA)** is a \$1.12B provider of network and application performance testing solutions in the pre-deployment phase. Shares trade 16X forward earnings, 1.28 PEG, 3X sales, 2.64X book and 18.85X free cash flow. Ixia is diversified with applications for Switching/Routing, Security & Apps, Mobility, and Network Visibility. Two of Ixia's largest customers are Cisco (12%) and AT&T (11%) and both of those companies have provided optimistic views for spending in 2013. Ixia is also growing in the Enterprise arena with 19% of Q3 revenues, compared to just 11% in Q2. Gross Margins declined in Q3 to 79% from 82% in Q2 and the Company targets 80/82%. Ixia is seeing growth from robust secular trends and entering new rapidly growing markets with a highly leveraged operating model and proven track record of strong cash generation and consistent earnings. Ixia's recent acquisitions also shifted a greater customer mix to the US, which is a stronger market. The technical view shows shares in a channel up pattern since mid-2011 and longer term resistance at a double top near \$19. Shares look attractive at \$14.50 with expectations for a move to \$20 in 2013.

**DXP Enterprises (DXPE)** is a \$650M distributor of MRO products to industrial customers in the US. Shares trade 12X FY13 earnings, 0.54 PEG, 0.64X sales and 3.32X book value. DXPE grew EPS 57.6% in 2012 and sees 17.6% EPS growth for 2013, and beat Analyst estimates each of its last 4 quarters. DXPE mainly serves the Oil & Gas, Mining, Power, and Chemical markets. DXPE has a phenomenal sales growth track record and EBITDA Margin has increased each of the last 4 quarters, and also made 7 acquisitions in 2012. The technical picture shows shares with a rising trend with current support at \$44, and resistance at \$50, while the rising 50 week EMA has acted as support on pullbacks and currently sits at \$42.50. DXPE will look to break out of this \$40/\$50 range and make a run to new highs with a \$60 target, or 15.5X FY13 earnings.

**TriMas Corp (TRS)** is a \$1.03B maker of products for the commercial, consumer and industrial markets worldwide with a Packaging, Energy, Aerospace, Engineered Components, and Automotive supply business segment. Shares trade 12.07X FY13 earnings, 1.19 PEG, 0.84X sales, 3.28X book and 34.34X free cash flow. TriMas grew EPS by 29% in 2012 and sees 18.5% growth for 2013. TriMas has highly diversified businesses and 70% of revenues come from the US. The Company has also been focusing on deleveraging and the leverage ratio fell to 2.29X in Q3 2012, the lowest level in 6 years. TriMas has strong organic growth, is expanding Internationally, and seeing increased market share and end market demand. The technical view shows a strong uptrend since the 2011 lows near \$13.50 with current trend support at \$23.50. Shares are breaking out of a range and nearing new highs into yearend, and can target a move to \$33.

**Titan International (TWI)** is a \$1B manufacturer of wheels, tires, and assemblies for off-highway vehicles used in construction and agricultural industries. Shares trade 7.55X FY13 earnings estimates, 0.58X sales, 1.87X book and 7.44X cash value. TWI's EPS grew more than 50% in 2012 and in 2013 estimates are for 20%+ growth. TWI is a small cap with a high short float, more than 23% of its float with 10.77M shares short, but at this valuation it is tough to see the rationale for it to be a short target. The underlying dynamics for the Agriculture industry remain very strong with rising commodity

prices increase income to farmers for new equipment, and population growth spurring the demand. The construction segment should also pick-up with the housing recovery and an aging fleet of machinery. Titan's input costs are mainly Steel and Rubber, both of which has seen steep declines allowing for better margins which have risen to 18.3% from 13.5% in 2010. On the technical view shares broke out of a bottom in September 2010 and since have formed a narrowing triangle pattern, continuation pattern for the uptrend with resistance off the prior 3 highs at \$27.50, and near term resistance at \$22.50. Considering the short float and valuation TWI can see a lot of upside in 2013, and a move as high as \$40 is not out of the question, nearly a double from current prices.

### **Top International Stocks to Own In Each Sector for 2013**

Ticker	Company	Mkt Cap	FY13 P/E	PEG	P/B	EPS Growth '13	ROE	Oper. Margin	1/2 Entry	Full Pos.	Target	Stop
ABB	ABB Ltd.	\$ 47,128	13.48	1.38	2.81	17.05%	17.99%	11.10%	\$20.00	\$18.50	\$26.50	\$16.50
AVGO	Avago Technologies	\$ 7,625	10.31	1.21	3.15	15.71%	26.83%	24.36%	\$31.00	\$29.00	\$42.00	\$26.50
HDB	HDFC Bank	\$ 6,310	19.7	0.99	5.29	27.44%	19.37%	43.63%	\$39.00	\$36.50	\$45.00	\$32.50
LUX	Luxottica Group SpA	\$ 19,256	22.72	1.91	3.75	19.21%	14.38%	13.59%	\$39.00	\$36.00	\$47.50	\$32.00
NVO	Novo Nordisk A/S	\$ 73,786	20.72	1.42	17.16	19.60%	57.30%	37.22%	\$160.00	\$152.50	\$190.00	\$145.00
SYT	Syngenta AG	\$ 37,446	16.28	2.95	4.48	8.10%	19.99%	14.89%	\$77.50	\$70.00	\$95.00	\$67.50
TRP	TransCanada Corp.	\$ 32,407	19.23	2.46	1.89	21.30%	8.59%	35.03%	\$45.00	\$43.00	\$52.50	\$41.00

Basic Materials: **Syngenta AG (SYT)** - Switzerland - The \$37.45B crop protection and seeds Company is a play on the Agricultural demand expected to jump in 2013 and beyond. Shares trade 16.3X FY13 earnings, 2.7X sales, and 4.48X book with a 2.15% dividend yield. Syngenta noted a strong start in Latin America on its latest earnings report and in September raised its sales target to \$25B for its 8 key strategic crops by the end of the decade, providing clear earnings visibility.

Financial: **HDFC Bank (HDB)** - India - The \$6.3B foreign Bank trades 19.7X FY13 earnings, 1.09X sales, and 1.28X cash value, and after 20% EPS growth in FY12 expects 27.45% EPS growth in 2013. India is seeing strong growth with 7.2% GDP growth seen for 2014, and policies are encouraging growth with economic reform and low interest rates. India is also opening up to foreign investment. As one of the better looking emerging markets, HDFC Bank is likely to continue to outperform Banking peers with earnings momentum.

Healthcare: **Novo Nordisk (NVO)** - Denmark - The \$73.8B Pharma operates in two segments, Diabetes Care and Biopharmaceuticals, and has shown a strong history of earnings. Shares do trade at a premium, 20.7X earnings, 1.4 PEG, 5.63X sales and 32.1X cash flow, but hard to find \$70B Companies with 21.9% EPS growth in 2012 and 19.6% growth seen for 2013. Although it is a Denmark-based Company Novo Nordisk receives 43% of sales from North America and North America is responsible for 64% of its growth, 19% growth in North America. Victoza is its main growth product with 64% sales growth.

Industrial Goods: **ABB Ltd. (ABB)** - Switzerland - The \$47B Industrial with a focus on automation and power technologies trades 13.5X earnings, 1.38 PEG, 1.21X sales, 2.8X book and 27X cash flow. ABB saw 23.83% EPS growth in 2012, impressive for an Industrial, and forecasts 17% EPS growth in 2013, strong momentum. ABB is a big player in Energy efficiency solutions, and there is a continuing trend to cost savings for factories and buildings. ABB receives 23% of sales from Americas, 38% from Europe, and 30% from Asia. ABB is also seeing strength in emerging markets and a key for the long term.

Consumer Goods/Services: **Luxottica Group SpA (LUX)** - Italy - The \$19.26B retail/apparel Company with a focus on eyewear trades 22.7X earnings, 2.13X sales, 3.75X book and 37.9X cash flow, premium valuation, but 17.6% EPS growth in 2012 and 19.2% growth seen for 2013. Luxottica acquired a very strong brand in Oakley a few years ago and continues to see strong growth. The Company is seeing a larger portion of sales generated from E-Commerce and will be a positive moving forward. LUX is focused on inventory reduction and growth in emerging markets.

**Technology: Avago Technologies (AVGO)** - Singapore - The \$7.63B maker of analog semiconductor devices trades 10.3X FY13 earnings, 1.2 PEG, 3.22X sales, 3.15X book and 22.2X cash flow. AVGO grew EPS 29.85% in 2012 and sees 15.7% growth for 2013. After an inventory correction in 2H12 a recovery in networking and industrial markets is likely to boost results, and AVGO is positioned well for wireless growth on the transition to LTE in 2013. AVGO is also seeing dramatic margin expansion, up to 51.7% in FY11 from 42.4% in FY09.

**Utility: TransCanada Corp (TRP)** - Canada - The \$32.4B Energy Infrastructure Company that operates in 3 segments; natural Gas Pipelines, Oil Pipelines and Electrical Utility. Shares trade 19.23X earnings, 3.86X sales, 1.89X book value and superior growth and margins in its industry. TransCanda has good visibility on growth with \$19B in secured projects and a strong financial position with the capacity to fund growth and increase dividends.

### **Diversified Portfolio of 12 High Yield Stocks to Own for 2013**

Ticker	Company	Sector	Mkt. Cap	FY13 P/E	P/B	Dividend Yield	EPS Growth '13	ROA	1/2 Entry	Full Pos.	Target	Stop
BP	BP	Basic Materials	\$ 131,478	8.04	1.12	5.22%	3.62%	6.04%	\$ 41.00	\$ 38.00	\$ 52.00	\$ 35.00
CTL	CenturyLink	Technology	\$ 24,384	14.7	1.21	7.42%	0.00%	1.17%	\$ 38.00	\$ 36.00	\$ 45.00	\$ 33.00
DOW	Dow Chemical	Basic Materials	\$ 37,680	12.9	1.58	4.07%	28.42%	2.84%	\$ 31.00	\$ 29.00	\$ 36.00	\$ 27.00
ELRC	Electro Rent	Services	\$ 350	13.2	1.41	5.48%	21.98%	6.97%	\$ 14.00	\$ 13.00	\$ 20.00	\$ 11.00
ETE	Energy Transfer	Basic Materials	\$ 12,996	20.1	5.91	5.39%	42.59%	4.86%	\$ 45.00	\$ 42.00	\$ 52.50	\$ 39.00
GSK	GlaxoSmithKline	Healthcare	\$ 108,234	11.5	10.73	5.26%	7.56%	12.71%	\$ 42.50	\$ 40.00	\$ 50.00	\$ 35.50
HCN	Health Care REIT	Financial	\$ 15,126	45.9	1.46	5.08%	30.93%	1.06%	\$ 57.00	\$ 55.00	\$ 70.00	\$ 50.00
LO	Lorillard, Inc.	Consumer Goods	\$ 15,459	13.1		5.19%	8.59%	33.45%	\$ 118.50	\$ 110.00	\$ 145.00	\$ 100.00
NRGY	Inergy, L.P.	Utilities	\$ 2,379	27.4	2.28	6.41%	50.00%	20.40%	\$ 17.50	\$ 15.50	\$ 25.00	\$ 13.00
MCY	Mercury General	Financial	\$ 2,280	17	1.2	5.91%	19.02%	5.15%	\$ 40.00	\$ 37.50	\$ 55.00	\$ 32.50
SCCO	Southern Copper	Basic Materials	\$ 32,300	14.9	4.92	9.71%	4.47%	20.26%	\$ 36.00	\$ 34.00	\$ 45.00	\$ 28.00
STX	Seagate Tech	Technology	\$ 10,438	5.06	3.07	5.50%	5.00%	36.20%	\$ 26.50	\$ 23.00	\$ 35.00	\$ 20.50

### **Top 5 High Beta Stocks for 2013**

**Fusion-io (FIO)** is a \$2.25B NAND Flash Storage Co. that is on the front-lines of cloud computing, virtualization and big data allowing for faster connectivity. Shares trade with a premium valuation at 39.88X earnings, 5.59X sales, and 4.6X book value. Short Interest has risen to 25.1% of the float at 22.1M shares, a record high short interest, and the concern with the Company has surrounded the margins. FIO's server-side flash market is gaining enterprise traction and the potential market is large, and FIO is generating rapid revenue growth. Companies like Apple and Facebook are in demand for massive data centers and FIO can be a major beneficiary, and allow for sustained growth for many years ahead. The technical view shows shares had a strong run in August and ran up to \$32 resistance, but sold off and now formed a symmetrical triangle with \$25.50 key resistance and \$21.70 weekly closing support, also being key Fibonacci Levels. A confirmed close above \$25.50 opens up for a move to \$28 and then \$31, while a weekly close below \$21.70 would be a sell signal.

**Michael Kors (KORS)** is the hottest name in apparel and with a \$10.2B market cap is expecting 30.1% EPS growth in 2013 and has delivered beat and raises since coming public in December 2011. Shares trade 25.2X earnings, 1.39 PEG, and 6X sales. KORS has a lot of momentum and is seeing strong business in the US, Europe and Japan. The Company is transitioning from a fashion designer to a global lifestyle brand. In it's latest report gross margins jumped to 59.8% from 56.9% and Revenues grew 74% year/year, and a phenomenal 45% surge in same-store sales. The technical view is that shares pulled back from \$57 resistance to \$49 that is offering support as the 23.6% Fibonacci Retracement. A key breakout for shares was at \$44, and a move below \$48 gap support would target a return to that level, a major buying opportunity. Overhead \$54 is near term resistance followed by \$57, and then new highs will be in sight.

**Catamaran (CTRX)** is a \$10.27B provider of healthcare information technology solutions with a focus on Pharmacy Benefit Management. Shares trade 26.23X FY13 earnings, 1.29X sales, and 2.26X book with impressive EPS growth of 42.2% in 2012 and 70.5% seen for 2013. The Company is seeing a strong boost in profits from its \$4.4B acquisition of

Catalyst Health Solutions. One risk to the Company currently is a contract with CIGNA up for renewal and is 18%/5 of sales/EPS, but expectations are for a continued relationship. The technical view is shares are in a 7 month sideways consolidation spending most of that time in the \$42/\$52 range in a healthy longer term uptrend. Shares have formed a long base above the 20 week EMA and starting to push through \$50 with resistance at \$52, and with such a long consolidation a move up to \$65 can be seen in 2013.

**Dunkin' Brands (DNKN)** has a \$3.44B market cap and trades 21.6X FY13 earnings, 5.18X sales, and 45.46X free cash flow with 28.2% EPS growth in 2012 and 18.9% growth seen for 2013. The allure of Dunkin' as an investment is the opportunity for expansion that should drive growth for years to come as it has yet to even open many stores West of the Mississippi. A buying opportunity may come on its Q4 report as Hurricane Sandy store closures is likely to impact results. Dunkin' FY12 same store sales are looking to come in at +4%, down from +7.4% the year prior, so improvement is needed and product innovation is a way to boost those numbers. The technical view is shares are breaking out of an inverse head and shoulders bottom on 12-17 that measures back to the \$36 highs. Shares made higher lows from August through November and momentum looks to be turning higher with shares under accumulation and moving averages with rising slopes.

**RealPage (RP)** is a \$1.6B provider of software solutions for the rental housing industry in North America. Shares trade 33.65X the \$0.63 EPS expected in 2013 and 5.2X sales, but after 75% EPS growth in 2012 expects 34% growth in 2013 and 25% the next 5 years forward. RealPage has 11.8% of its float short, 15.8 days to cover at 5.1M shares. RealPage has a 4 year revenue growth CAGR of 33%. RP is a play on the movement to Rent instead of Own with home ownership rates down 4.3% since 2004, and 80M Generation Y entering prime renting years. RealPage has a \$9B addressable market with only 4% current market penetration. As a leading provider of SaaS to the Rental Housing industry with 90% of revenues recurring, RP has high visibility and plenty of room for growth. The technical view shows shares since the 2010 IPO forming a large triangle pattern on the weekly chart with \$18 support and \$25 resistance. In the near-term shares need to clear \$22, and then face \$25 and \$26.50 resistance with potential to breakout to \$32+.

**Infinity Pharmaceuticals (INFI)** is a \$1.28B Biotech seeing strong momentum into the end of the year with shares breaking \$17 lifetime high resistance in September and not looking back, and the move on increasing volume each month. The Company can't be valued on earnings and trades 6.77X cash, but is seen as an investment for future potential of its drugs, and potentially an acquisition target. Institutional option traders have been bullish INFI for months with large put sales and call buys, and on 12-20 a trader bought 2,000 July 2013 \$35 calls at \$4.70 and sold 2,000 April 2013 \$25 puts to open at \$1.40, a very bullish leveraged spread. In December Infinity reported strong Phase 1 data for IPI-145 in B-Cell and T-Cell Malignancies at ASH. The price-action and options activity reminds me of what I saw in Pharmacyclics (PCYC) in 2011 with shares near \$10 and that Biotech ran up to \$70, a pure momentum trade. In 2013 the Company will have updates for PI3K in 2a trials in asthma and initiate Phase 2 trial in rheumatoid arthritis. A sign of just how strong shares are is that after the announcement of a 5M+ share offering the stock continued to rally, so there is plenty of demand for a Company developing what could become a blockbuster drug in Biotech, and a small float of 21.56M shares.

### **8 Contrarian Stock Picks for 2013** (High Short Float with Strong Business Trends & Growth at a Reasonable Price)

Ticker	Company	Mkt Cap	FY13 P/E	PEG	P/FCF	EPS Growth '13	Float Short	ROE	Op. Margin	1/2 Entry	Full Pos.	Target	Stop
ANN	ANN INC	\$1,660	13.05	1.41	12.2	17.94%	10.15%	22.82%	7.21%	\$33.00	\$30.00	\$45.00	\$25.00
CONN	Conns Inc.	\$1,038	14.77	1.57		27.95%	21.48%	11.52%	10.04%	\$28.00	\$26.00	\$40.00	\$22.00
FRAN	Francesca's	\$1,175	21.42	0.89	41.05	23.76%	27.08%	127.46%	24.96%	\$25.00	\$23.50	\$40.00	\$19.75
GNC	GNC Holdings	\$3,477	12.88	0.73	27.96	18.78%	10.05%	25.47%	17.26%	\$33.50	\$32.00	\$50.00	\$28.00
MNRO	Monro Muffler Brake	\$1,044	17.39	1.25	32.08	33.33%	19.41%	14.30%	11.45%	\$30.00	\$27.50	\$42.50	\$23.75
MTZ	MasTec, Inc.	\$1,829	12.74	1.4	15.42	26.00%	19.38%	10.39%	4.07%	\$22.00	\$20.00	\$35.00	\$18.00
VMED	Virgin Media, Inc.	\$9,792	0.23	1.44	18.75	53.90%	13.12%	36.83%	14.65%	\$35.00	\$33.00	\$45.00	\$31.00
WCC	WESCO	\$2,884	12.6	1.07	11.24	15.45%	16.58%	16.27%	5.73%	\$63.00	\$60.00	\$80.00	\$55.00



**Conns Inc. (CONN)** is a specialty retailer with just 68 locations in Texas, Louisiana, Oklahoma, New Mexico and Arizona that sells home appliances and consumer electronics. The \$1.04B Company trades 14.77X FY13 earnings, 1.23X sales, and 2.5X book and forecasts 28% EPS growth for FY13. The shares have risen from \$3 in late 2010 to above \$30 in a strong trend. For Q3 the Company posted 12.6% same store sales growth and operates with 30% margins. The Company forecasts 13-16% same store sales growth for FY13 and 0 to 5% for FY14, and 5 store openings set for 2013. Conns is well positioned for housing related big ticket items that will see less cannibalization from online retail. Short Interest in CONN is at 5.66M shares, 27% of its float, and near a 2 year high, but shares continue to defy the skeptics.

**Virgin Media (VMED)** provides entertainment and communication services in the United Kingdom. The \$9.79B Co. trades 27.2X trailing earnings, 1.49X sales and 18.75X cash flow and after 147% growth in 2012 expects 53.9% growth in EPS for 2013. In Q3 VMED reported 40,000 customer adds and churn at 1.4% and cites TiVo as the underpinning of solid growth in TV subscribers. In November the Company announced price raises effective February 2013, and the Management also recently announced a buyback. VMED has 14% of its float short at 35.1M shares, although down from 8/1 when 43.95M shares were short, but still elevated. The technical view shows shares broke out at \$32 of a large 11 point cup pattern, and measures to a \$43 target. Shares have strong momentum and no signs of that slowing as more shorts cover.

**GNC Holdings (GNC)** is a leading retailer of health and wellness products that trades 12.88X FY13 earnings, 0.73 PEG, 1.46X sales, 4.14X book and 28X cash flow. GNC grew earnings 45% in 2012 and sees 18.75% EPS growth for 2013. The Company has been posting strong results beating estimates each of its last 4 reports, but has come under some pressure with concerns on the safety of some of its products. GNC has 10% of its float short with more than 9.7M shares and at an all time high. GNC is a strong play on the healthy living trend that will continue in 2013. GNC is seeing accelerating same store sales growth with 11.5% in 2012 after 10.1% in 2011 and 5.6% in 2010, and also revenue growth accelerating. GNC's EBITDA Margins are also growing, 19.6% in 2012 after 14.5% and 16.7% in 2010 and 2011 respectively. GNC is also seeing great growth from its e-commerce sales. GNC continues to gain market share and has a loyal customer base due to its Gold Card. The technical view shows shares have been consolidating since early November above the 38.2% Fibonacci of the all-time range, so \$32.25 considered support and near-term resistance at \$36 for a trend breakout move that would threaten the \$42 highs and likely lead to a move to \$50+.

**WESCO International (WCC)** is a distributor of maintenance, repair, and operating (MRO) products in the Industrial sector. The \$2.88B Co. trades 12.6X FY13 earnings, 1.07 PEG, 0.44X sales, 1.87X book and 11.24X cash flow. WESCO generated 58% EPS growth in 2012 and sees 15.45% growth in 2013. Short Interest is at 7M shares, 17.1% of the float, and not far off a 2 year high. WESCO is growing organically and via acquisitions with expanding margins and an industry-leading cost structure. The construction industry accounts for 32% of sales and is an improving sector into 2013. The technical view shows shares in a \$52.50/\$67.50 cup and handle range since the start of 2012, and a break past \$67.50 would squeeze shorts and call for a measured move to \$82.50.

**MasTec (MTZ)** is an infrastructure Company with a focus on engineering and installing for the Energy, Communications and Utility industries in North America. It also has an emergency services unit for accidents or storm damage. The \$1.83B Co. trades 12.74X FY13 earnings, 0.51X sales, 2.24X book and 15.4X cash flow. MTZ is seeing strong business demand and is looking to see a ramp-up in pipeline builds. MTZ's short interest of 10.6M shares is at a 2 year high and accounts for 19.4% of the float. All 6 of MTZ's key markets offer double-digit revenue growth opportunities, and MTZ posted 32% organic revenue growth in Q2 2012 vs. Q2 2011. MTZ is also a sneaky play on the pick-up in Shale Oil & Gas Exploration with the demand for pipelines and gathering systems. MTZ is also an alternative energy play and is active as a contractor in Solar, Biofuel and Wind markets. MTZ is a great play with diversified markets that are all growing and improving margins and cash flow with strong growth, and a building backlog. The technical view shows MTZ shares are breaking out to multi-year highs into the end of 2012, and the next suitable target is at \$30, the 50% Fibonacci of the all-time range, although at this valuation/growth shares can easily trade to \$35+.

**Ann Taylor (ANN)** is a retailer of women's apparel and seeing strength from its LOFT outlet. The \$1.66B Co. trades 13X FY13 earnings, 0.71X sales, 3.7X book, and 12.2X cash flow with 31.85% EPS growth in 2012 and 17.95% growth seen for FY13, superior growth among apparel stores. ANN posted better than expected earnings each of the last 3 quarters and has momentum into 2013 with its Spring collection, and Management continues to expand margins. ANN's short interest at 4.82M shares is 10.4% of the float, but down sharply from April 2011 when short interest was above 12M shares, and now near a 2 year low, so shorts are covering, but above 10% of the float remains elevated. ANN turned on multi-channel inventory sharing in September and is doing a great job with cost controls and Q4 comp sales at +5.5%. ANN is a turnaround story in retail that is seeing strong momentum into 2013. The technical view shows shares that hit all time

highs in 2006 near \$45 and then dropped to below \$4 in 2008/2009. More recently shares broke the 2011 highs at \$31 and then ran up to \$40 before an orderly pullback to \$32. The uptrend is firmly intact with current trend support down near \$29, and shares can make a run back to those \$45 highs in 2013.

**Francesca's (FRAN)** is a retail boutique offering apparel and accessories for females. The \$1.17B Co. came public in Summer 2011 and trades 21.4X FY13 earnings, 4.33X sales and 41X cash flow, but is a compelling growth story with 25.85% EPS growth in 2012 and 23.75% EPS growth seen for FY13. FRAN's short interest at 11.38M shares is 32.7% of the float, 16.2 days to cover and near an all-time high. FRAN has beaten earnings estimates each of the last 5 reports and Q3 same store sales grew 17%, and plans to open 80 new stores in 2013. It operates with more than double the average retailer EBIT margin of 26% and is a leading growth name in all of apparel. The Company currently has 340 boutiques with plans to reach 900 in the next 5-7 years, so clearly a great growth/expansion name. E-Commerce sales jumped 50% in 2011 and still only account for 1.4% of net sales, another significant opportunity. The technical view is that shares have traded in the \$15 to \$37 range since the IPO, and the week of 12/10 put in a strong reversal hammer with a close above the 61.8% Fibonacci at \$23.55, considered support. Shares broke an uptrend with the move below \$28 in November, but look to have built a higher base and can continue the pattern of higher lows and higher highs with a move to \$40 in 2013.

**Monro Muffler Brake (MNRO)** is a provider of automotive repair and tire services in the US. The \$1.04B Co. trades 17.4X FY13 earnings, 1.25 PEG, 1.5X sales, and 3X book value. The Company grew EPS 17.5% in 2012 and expects EPS growth at 33% for 2013. MNRO's short interest at 5.7M shares is near a 2 year high and represents 19.5% of the float. The Company has missed on execution with three straight quarters missing Analyst EPS estimates, pressured by rising costs hurting margins, and consumers opting for new cars. In the Q2 report same store sales decreased 4.6%, so business has weakened, but still a top growth small cap at fair valuation and the long term story is positive. The average age of vehicles continues to rise and while consumers have deferred some expenditures, an improving economy should put car repair back in focus. MNRO has a strong balance sheet and cash flow and has been increasing its dividend. On the technical view shares have formed a major topping pattern on a monthly view and a break of \$30 could send shares down to 13 year uptrend support at \$25 where valuation is also more attractive, so a name to be patient on entry.

### **M&A Candidates**

**Net-Suite (N)** is a \$4.8B provider of cloud-based business management software. The stock has been consistently strong in 2012 and up 65% on the year, and continues to move higher despite trading 217X FY13 earnings and 15.88X EV/Revenues. The smaller cloud-computing companies are going to be prime takeover targets because large cap Tech companies have an abundance of cash, and need to use acquisitions to make up for the lack of organic growth, and will be looking for companies like NetSuite that has a history of strong execution, superior products, and very little debt.

**Anadarko Petroleum (APC)** has a \$37.2B market cap so it would take a very large deal, but Oil & Gas is a sector near trough valuations, although APC does trade at a premium, it is warranted due to the amount of attractive assets the Company owns, making it attractive for a takeover with BHP a long-rumored suitor. There has also been a surge in May \$80 call buying with more than 40,000 contracts now accumulated. China will continue to be an active buyer of US Shale Gas assets, but Anadarko sticks out as a potential major acquisition target with its industry leading exploration success rates and efficient operations.

**Solar Winds (SWI)** is a \$4B provider of IT tools that showed strong earnings momentum in 2012 and has held up when the market was weak, shares up 93.7% this year. Shares trade at a premium valuation, 35.4X FY13 earnings and 15.38X EV/Revenues. A lot of the large cap Hardware Companies with a lot of cash like Dell and Hewlett Packard have made it clear on a desire to move more towards Software and out of Hardware, so the Software sector is full of prime takeover targets. SWI has strong growth and margins, and involved in many of the hot area in Tech with Network Security, Virtualization, Storage Mgmt. and Remote Mgmt. Solar Winds has been a disruptive player in the Industry and with a \$4B market cap could easily fetch a 40% premium.

**Kansas City Southern (KSU)** is one of the smaller rail companies in a consolidating industry, although it does have a \$9B market cap. Shares trade 20X earnings and 3X book and superior growth and operating margins in the industry. It would take a big deal to take out KSU, but Buffett acquired Burlington Northern for \$26B and has made it no secret he would like to buy more rails, and although it could face regulatory hurdles, KSU remains an attractive asset for the larger rails to acquire in the network.

**Kosmos Energy (KOS)** has been a speculated target for Chevron (CVX) and has a \$4.85B market cap. It makes the list due to unusual options positioning with more than 17,500 April 2013 \$12.50 calls accumulating after days of large buying. Kosmos is an E&P with a focus on Africa and South America, emerging growth areas. Kosmos has plenty of growth assets attractive to a prospective buyer and is expanding its portfolio with targeted drilling in Ghana, Cameroon, and Morocco in 2013.

**Beam Inc. (BEAM)** is a \$9.7B owner of some of the top alcoholic beverage brands in the World, and the industry has seen years of consolidation. Shares trade rich for its 10.85% FY13 growth estimates and for a consumer goods stock at 23.1X earnings, 4X sales and 2.17X book. However, it can't be valued by those metrics accurately because of the inherent value of the brands it owns that are attractive to a buyer, such as Diageo (DEO) who is in need of a tequila brand after the deal with Jose Cuervo fell through, and Beam owns Sauza. Option traders have been positioning in March 2013 options with 6,500 of the \$65 calls bought and 6,500 of the \$57.50 puts sold. Beam's strong position in the US would surely attract a foreign buyer such as Diageo or Pernod.

**Arctic Cat (ACAT)** is a \$506M maker of recreational vehicles that has seen great growth and trades very cheap at 11.35X earnings, PEG of 1, 0.78X sales and 7.7X cash flow. It would make an interesting target for Harley Davidson (HOG) or Polaris (PII). Sales remain strong according to dealers, and although there are near-term concerns on weak snowfall resulting in weak demand, that has yet to play out, and the longer term opportunity remains positive. ACAT is a niche player with cheap valuation, strong growth, and no debt, so clearly an attractive M&A target, but also attractive without a buyout.

Other Candidates (< \$10B): Nvidia (NVDA), Fortinet (FTNT), Achillion Pharma (ACHN), Ultimate Software (ULTI), Informatica (INFA), Akamai Technologies (AKAM), Green Mountain Coffee (GMCR), Hyatt Hotels (H), MSC Industrial (MSM), Cooper Companies (COO), Sirona Dental (SIRO), CommVault (CVLT), Carter's (CRI), Ascena Retail (ASNA), Athena Health (ATHN), Foster Wheeler (FWLT), Carpenter Tech (CRS), CBOE Holding (CBOE), SourceFire (FIRE), Lumber Liquidators (LL), Dril-Quip (DRQ), HEICO Corp (HEI), Columbia Sportswear (COLM), Tetra Tech (TTEK), Shutterfly (SFLY), Insperty (NSP), Cantel Medical (CMN), Apogee (APOG), Haynes (HAYN), Volterra Semi (VLTR), Shoe Carnival (SCVL), CEVA Inc. (CEVA), Vascular Solutions (VASC), ResMed (RMD), Cyberonics (CYBX), Thoratec (THOR), Obagi Medical (OMPI), Anika Therapeutics (ANIK), Solera (SLH), Interactive Intelligence (ININ), Aspen Tech (AZPN), Repros Therapeutics (RPRX), NetScout Tech (NTCT)

### **Activist Investor Interest**

**Icahn Capital:** Forest Labs (FRX), Chesapeake Energy (CHK), Hain Celestial (HAIN), Mentor Graphics (MENT), Netflix (NFLX)

**Pershing Square (Bill Ackman):** Canadian Pacific (CP), Procter & Gamble (PG), Beam Inc. (BEAM), JC Penney (JCP)

**Third Point (Dan Loeb):** Delphi Automotive (DLPH), Yahoo (YHOO), Murphy Oil (MUR)

**Jana Partners:** Agrium (AGU), Liberty Media (LMCA), Coca Cola Enterprises (CCE), McGraw Hill (MHP)

**Elliot Associates:** BMC Software (BMC)

**Clinton Group:** Stillwater Mining (SWC)

**Biglari Holdings:** Cracker Barrel (CBRL)

**SPO Advisory:** Calpine (CPN)

**GAMCO Investors:** GATX Corp (GMT)

**Southeastern Management:** Saks (SKS), DineEquity (DIN)

**Triam Fund:** Wendy's (WEN), Legg Mason (LM), Family Dollar (FDO), Ingersoll Rand (IR)

**Harbinger:** Spectrum Brands (SPB)

**Value Act Capital:** Motorola Solutions (MSI), Gardner Denver (GDI)

## **Notable Hedge Funds Top Holdings**

**Top 50 Hedge Funds Top 50 Holdings (In Order of Market Value):** AAPL, LYB, GOOG, AIG, PG, PCLN, IEP, V, NWSA, QCOM, JPM, MSFT, CVI, CHTR, EQIX, WFC, CP, SHLD, ORCL, YHOO, AN, KRFT, DLPH, C, COF, AMZN, TU, LBTYA, TYC, MSI, XOM, PFE, TWX, SLB, APC, GPS, PM, CTSH, DG, MON, CSCO, EBAY, BEAM, GGP, IBM

### **Top 50 Hedge Funds Holding Changes as of Q3 Filings**

**Largest Increases:** VeriSign (VRSN), General Electric (GE), Citigroup (C), Burger King (BKW), Time Warner (TWX), Kraft (KRFT), Capital One (COF), Procter & Gamble (PG) and AIG

**Largest Decreases:** Apple (AAPL), QUALCOMM (QCOM), Crown Castle (CCI), Johnson & Johnson (JNJ), Lyondell (LYB), Enso (ESV), Google (GOOG), EOG Resources (EOG), Sherwin-Williams (SHW), The Gap (GPS)

**Largest New Positions:** Five Below (FIVE), Manchester United (MANU), Tronox (TROX), Alexander & Baldwin (ALEX), Beazer Homes (BZH), Puma Biotech (PBYI), Kraft (KRFT), Ingredion (INGR), Liberty Interactive (LINTA)

### **The Big Ones**

Berkshire Hathaway (Warren Buffett): KO, WFC, IBM, AXP, PG, WMT, USB, DTV, COP, KFT

Greenlight Capital (David Einhorn): AAPL, STX, GM, CI, MRVL, DLPH, MSFT, CSC, ESV

Soros Fund Mgmt. (George Soros): AIG, AGRO, GE, GLD, NTAP; Bonds in MU, ALU, WBMD, DRIV, CIEN

BP Capital (T Boone Pickens): VLO, SWN, PXD, EOG, DVN, APC, RRC, HAL, RIG, SD

Renaissance Technologies (Jim Simons): MSFT, LLY, INTC, BMY, MCD, PM, NVO, CL, CSCO, AAPL

Omega Advisors (Leon Cooperman): AIG, SLM, S, LINE, AAPL, APL, SIRI, KMI, QCOM, KFN

SAC Capital (Steven Cohen): SPY, SIRI, AIG, APC, GILD, TIF, AAPL, SLB

Paulson & Co (John Paulson): GLD, AU, DLPH, LIFE, MYL, EQIX, MGM, HIG, GRFS, PCS

Appaloosa Management (David Tepper): QQQ, AAPL, C, AIG, UAL, GT, GOOG, QCOM, LCC, GM

Tudor Investment Corp (Paul Tudor Jones): ANF, AIG, TIF, PFE, BCR

Duquesne Capital (Stanley Druckenmiller): XOM, LEN, DHI, CVX, MRK, PFE, LLY, WFC, TGT, GOOG

Tiger Management (Julian Robertson): AAPL, GOOG, MA, LBTYA, QCOM, OCN, V, HCA, CHTR

Bridgewater Associates (Ray Dalio): SPY, VWO, MSFT, SWY, HPQ, DELL, APOL

Fisher Asset Management (Ken Fisher): PFE, JNJ, CSCO, GE, IBM, AXP, V, AAPL

ESL Investment (Edward Lampert): SHLD, AN, GPS, COF, AZO, GNW, BIG, NFLX, OSF, SFI

Citadel Investment Group (Ken Grffin): PG, AAPL, COF, COST, ETFC

Millennium Management (Israel Englander): TYC, EQT, CMS, CBE, OXY, EIX, SWN, VLO, AGP

Oaktree Capital (Howard Marks): CHTR, DLPH, XCO, CIT, FBP

Baupost Group (Seth Klarman): BP, ORCL, VSAT, THRX, NWSA, HPQ, NWS, ANV, NG, GNW

D.E. Shaw: AAPL, BRK.B, IBM, WFC, GOOG, AIG, PG, MYL

Farallon Capital (Thmoas Steyer): HPP, NXY, V, PCLN, NWSA, GOOG, TDG, AMT, OI, STT

Relational Investors (Ralph Whitworth): ITW, PEP, HPQ, CVS, FLS, DGX, MET, MDT, OXY

Maverick Capital (Lee Ainslie): AAPL, QCOM, AVGO, NTAP, CI, DG, GOOG, SWKS, PCLN, CTSH

Viking Global (Anreas Halvorsen): NWSA, AAPL, V, QCOM, TWX, COF, SLB, WMB, LYB, EL

Adage Capital (Phil Gross and Robert Atchinson): AAPL, XOM, PM, KFT, GE, HON, CVX, MSFT, IBM, BA

Lone Pine Capital (Stephen Mandel): PCLN, GOOG, CTSH, RL, KMI, EBAY, GPS, MON, AAPL, TDG

Two Sigma Advisors (John Overdeck and David Siegel): GOOG, SBAC, MO, MRO, SPG, MPC, CLX, TCO, CMI, AZO

Highfields Capital (Jonathon Jacobson): NWSA, SLM, DTV, JPM, CNQ, IVZ, APC, IRM, IR

AQR Capital (Cliff Asness): AAPL, XOM, CVX, T, WMT, PFE, JNJ, PG, JPM, MSFT

Orbis Investment (William Gray): NTES, MU, WLP, WFT, GOOG, BHI, HUM, BIDU, SOHU, GLW

### **2012 Top Performing Funds (>20% Return as of Q3 Filings)**

Fortress Investment (Michael Novogratz): NSM, RA, BKD, AIG, BOX, WD, GLD, VMW, WMC

Sprott Asset Mgmt. (Eric Sprott): AG, PSLV, PHYS, CDE, FSM, ANV, MVG, SLW

Dafna Capital (Nathan Fischel): PCYC, NVDQ, ARIA, YMI, PODD, ATRC, XNPT, RIGL, PLX

Palo Alto Investors (William Edwards): ONXX, VPHM, CYBX, MRX, UTHR, AUXL, CBST, ABMD, BMRN, AMAG

Raptor Capital (James Pallotta): PTGI, GEO, SIRI, BP, IACI, BMC, INXN, AIG, VIA.B, VRX

Newland Capital (Ken Brodkowitz and Mike Vermut): HTLD, HNR, HTZ, EDG, KMT, KGC

Bristol Investment Partners (Trey Reik): SA, NAK, PVG, JAG, BAA

Altai Capital (Rishi Bajaj): SIX, WFR, ELX, IL, EXXI, CLW, LEAP, PCS, ISS

### **Hedge Fund Spotlight Trade Ideas**

**Delphi Automotive (DLPH)** is one of the Top 50 holdings for leading hedge funds, an \$11.5B auto markets Company that has emerged from bankruptcy strong, and a play on the auto sector that looks great heading into 2013. Shares trade 8.4X earnings, 0.73X sales and 12.8X free cash flow with 14.3% EPS growth seen in FY13 after 21.5% growth in FY12. Large holders in DLPH include Elliott Mgmt., Paulson & Co, Oaktree Capital, Silver Point, Longview, Centerbridge Partners, and FMR so a lot of the "smart money" involved. The chart is also very strong with shares making new highs into yearend after a key \$33 breakout that measures to a \$40 target. DLPH was added to the S&P 500 in December, and shares have climbed despite a weak Q4 view in its last earnings report noting softness in European production. Shares are likely to re-test that \$33 level, and with cheap valuation in a sector with an improving outlook, and Hedge Funds net buyers, DLPH is a name to own on pullbacks.

**TransDigm Group (TDG)** is a large holding at two of the top funds, Lone Pine Capital and Farallon Capital, and has been a strong performer with shares climbing 55% YTD and near all-time highs. TransDigm is a \$7B supplier to the Aerospace industry, an industry that is also seeing strong demand, and shares trade 17X FY13 earnings, 1.37 PEG, 4.1X sales and 18.1X cash flow. TDG grew earnings 113% in 2012 and sees 15.7% EPS growth for 2013. TDG is exposed to the Budget Talks due to potential for Defense spending cuts, less demand for fighter jets, but management has a proven track record and TDG beat EPS estimates 7 straight quarters before last quarter's slip-up. TDG shares have been consolidating for 12 weeks and remain in an 18 month channel up pattern with support at \$125 and a target move to \$150.

## Technical Momentum into 2013

**Expedia (EXPE)** shares are closing 2012 near new highs and consolidating below the \$62.50 level. A large rising wedge is forming and there is notable bearish divergence on RSI for the weekly chart. EXPE sets up as a short on a break of its rising 50 day SMA at \$57.60 with a targeted move down to \$52.75.



**Salesforce.com (CRM)** shares recently broke out of a range above \$162.50 and a measured move longer term target of \$225. The breakout was confirmed on the weekly with MACD crossing over bullish and RSI breaking out of a downtrend. The 50 week SMA has provided solid support on pullbacks, currently at \$144.11. CRM shares are due for a move to \$200 by July 2013 and a leading name to accumulate on pullbacks.



**Bunge (BG)** shares are nearing 2 year highs into year end and a strong RSI trend on the weekly, needing to clear \$74 for a measured move target of \$90. Shares are seeing strong accumulation on the weekly chart and the 20 day SMA has been support on pullbacks with shares being able to shake off weak tapes.



**Visa (V)** shares have been in a narrow channel up and a constant outperformer making all time highs recently. The weekly RSI is above 70 and last time it remained above 70 for an extended time and then pulled back to the 20 week SMA, currently at \$138.60. There are two ways to trade this, first a short on weekly RSI breaking the 70 level, and then buy the pullback at the \$138.60 level. MACD also rolled over last time before the pullback and starting to again into yearend.



**Citigroup (C)** has the look of many of the Bank stocks closing 2012 strong, and breaking out past its 200 week moving average and a W-Bottom that targets a move up to \$55 once shares clear supply at the \$40 level. Shares should easily get back to \$51.50 highs in 2013 with an improving earnings outlook and Citi being a top name that Hedge Funds are buying.



**eBay (EBAY)** monthly chart shown below shows a few key breakouts the last two years, first in 2011 the downtrend breakout at \$25, and then in 2012 shares consolidated and cleared major supply at \$35. Shares are overbought on the monthly and consolidating in a bull flag into yearend above a recent 46/50 channel breakout that measures to a \$54 target, and the \$59.20 lifetime highs should be challenged in 2013. Optimal long term trend support for entry would be at \$43, but shares are unlikely to move below \$45, and a name to buy during any periods where it becomes oversold.





**Honeywell (HON)** are closing the year strong near new highs and breaking out of multi-month consolidation. Shares are overbought on the daily and showing signs of bearish RSI and MACD divergence on the weekly, so a pullback is in order before getting into HON, looking at the \$60 level. HON shares have a 2 year measured move target of \$80.



**Monsanto (MON)** shares are closing 2012 strong and the key move for the year was breaking past \$83 long term resistance. Shares lack much resistance until the 61.8% Fibonacci Retracement at \$102, and then \$115. A pullback to \$85 would be a gift in MON, and expect MON's momentum to continue through 2013.



**Baxter (BAX)** 5 year monthly chart shown below shows an inverse H&S pattern that breakout above \$60 in 2012 and measures to an \$80 target. Baxter is seeing strong accumulation in shares with 2013 expected to be a big year for its Alzheimer's drug. Shares have become a bit parabolic, but a re-test of \$60 would provide excellent entry, although \$62.50 is worth paying up with the rising 20 week EMA.



**EOG Resources (EOG)** broke out past a triple top at \$117.50 and has shown strong momentum despite pullbacks in Oil & Gas. Shares lack much resistance until the \$135/\$140 zone, while the pattern measures to a \$150 1 year out target. A pullback to the \$110/\$115 zone is very attractive.



**Illinois Tool (ITW)** has been a standout performer in Industrials and shares have a measured move target to \$75 from the key \$57.50 breakout in 2012. RSI remains in a strong trend and shares are under accumulation while price has moved sideways the last few weeks. An optimal entry point would be a pullback to re-test the breakout, or trend support at \$56.50, but the rising 20 week EMA may provide the only shallow pullback, and currently at \$59.



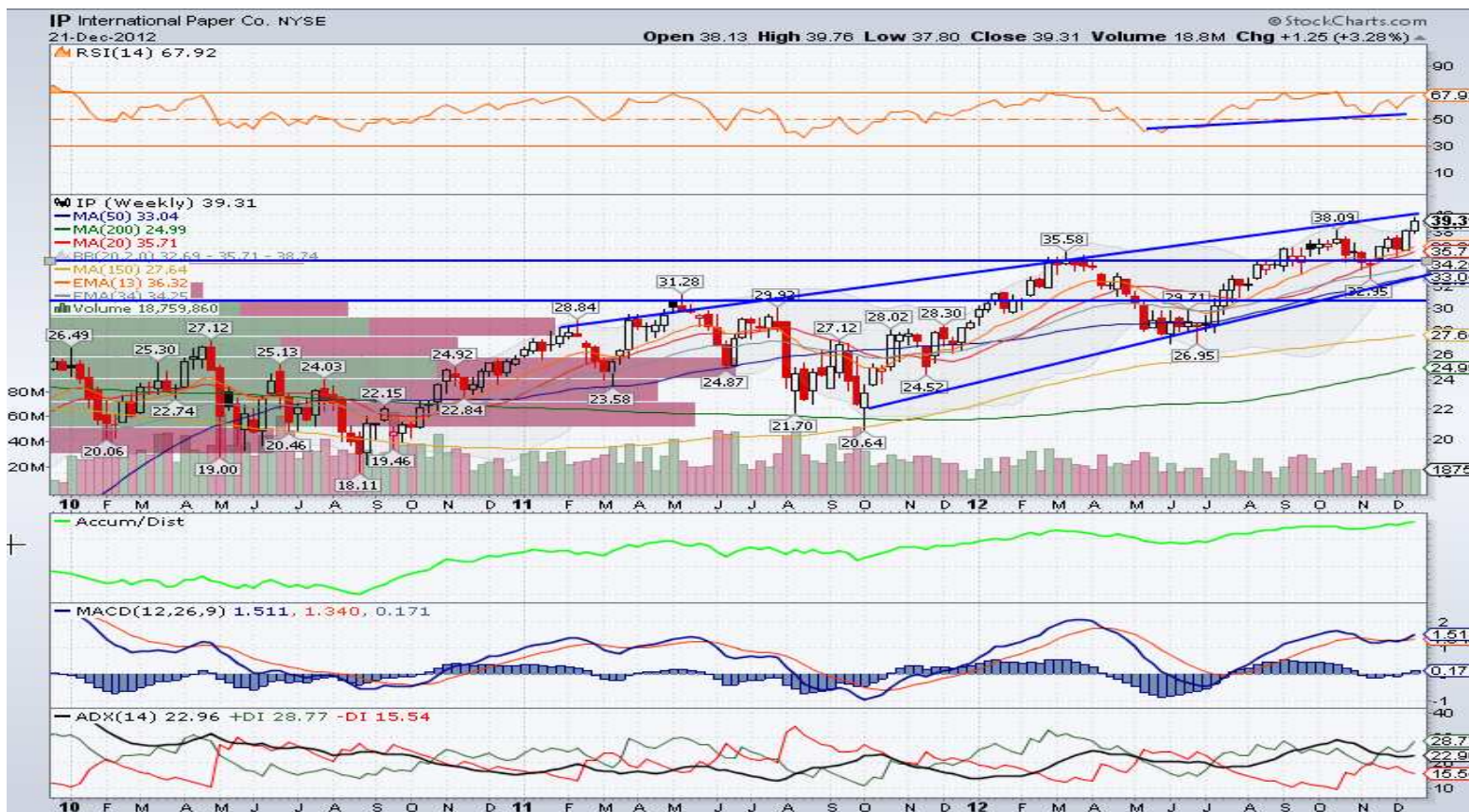
**Thermo Fisher (TMO)** is quietly seeing strong trends in its MACD and RSI confirming this move back to 2011 highs near \$65. Shares could pullback to form a large cup and handle pattern with \$60-\$62 zone a solid area to add stock with a \$75 target in mind.



**Adobe (ADBE)** shares are closing 2012 at multi-year highs and recently broke past a major long term downtrend and RSI also broke out of a tightening triangle with a bullish MACD crossover. Shares lack much resistance and can target \$41.45 as the 78.6% Retracement of the 2007/2012 range. Shares can pull back to the 20 day EMA and fill the earnings gap at \$36 for a better entry.



**International Paper (IP)** shares are moving to all time highs into yearend and clearing a lot of supply, busting out of a \$33/\$38 range that targets \$43 and in a uniform channel up pattern since 2010. It is not required to chase shares at high, but the accumulation is clear and a move down to the 50 day near \$36.50 should be bought.



**CIGNA (CI)** shares recently broke out past \$12.50 of a sideways channel that measures to a \$65 target for shares, but likely face resistance near term at \$55 from the 2007/2008 highs. CI is another name that you can be patient with, and the 23.6% Fibonacci Retracement at \$51 re-test near the breakout and a good spot to add.



**Enco (ESV)** shares are finishing 2012 near the highs and outperforming peers. RSI is tightening in a triangle with shares forming a W-pattern and a move over \$60 measures to a \$75 target. With the sideways price movement shares were under accumulation and maintained relative strength, so potential to be a breakout play to start 2013.



**HCA Corp (HCA)** shares are consolidating below the \$32 level and setting up for a breakout move up to \$35, and under clear accumulation with strong volume during up-weeks, and rising moving averages supporting shares of pullbacks, and currently the 50 day EMA at \$29.50 a good point of entry.



**Cabot Oil & Gas (COG)** has outperformed peers and been a very strong US shale-gas play. Shares broke out of a large cup and handle in September and have since consolidated sideways to up, breaking the \$50 level recently, and have a target up to \$60. The \$46.50 level is an optimal entry.



**Amphenol (APH)** shares have a strong trend and spent weeks consolidating before a recent breakout past \$63 after a successful re-test and hold at the former \$58 breakout level, and a target of this trend at \$75. The 20 week EMA should catch up to trend support near \$61, a target point of entry.



**Whirlpool (WHR)** shares broke out past resistance and a long term trend line at \$75 in 2012 and have been in a strong uptrend since, the April 2010 highs around \$110 in sight now. In the near term shares are in a channel up since the earnings move and consolidating. I expect WHR shares to make a run at and through \$110 in 2013 and target a move to the first Fibonacci extension near \$125.



**Lennar (LEN)** shares have spent weeks in a tight consolidation similar to Spring 2012 and look ready to break through \$40 and target a \$10 move up to \$50 in early 2013. Despite the move sideways shares continue to see signs of accumulation and RSI has pulled back to the 50 level, coiled nicely for a breakout.



**International Flavors (IFF)** broke out of a sideways pattern, \$53/\$63, and trending strong into the end of the year, and any pullbacks to \$63 will likely find buyers. Shares should be able to run up to \$75.





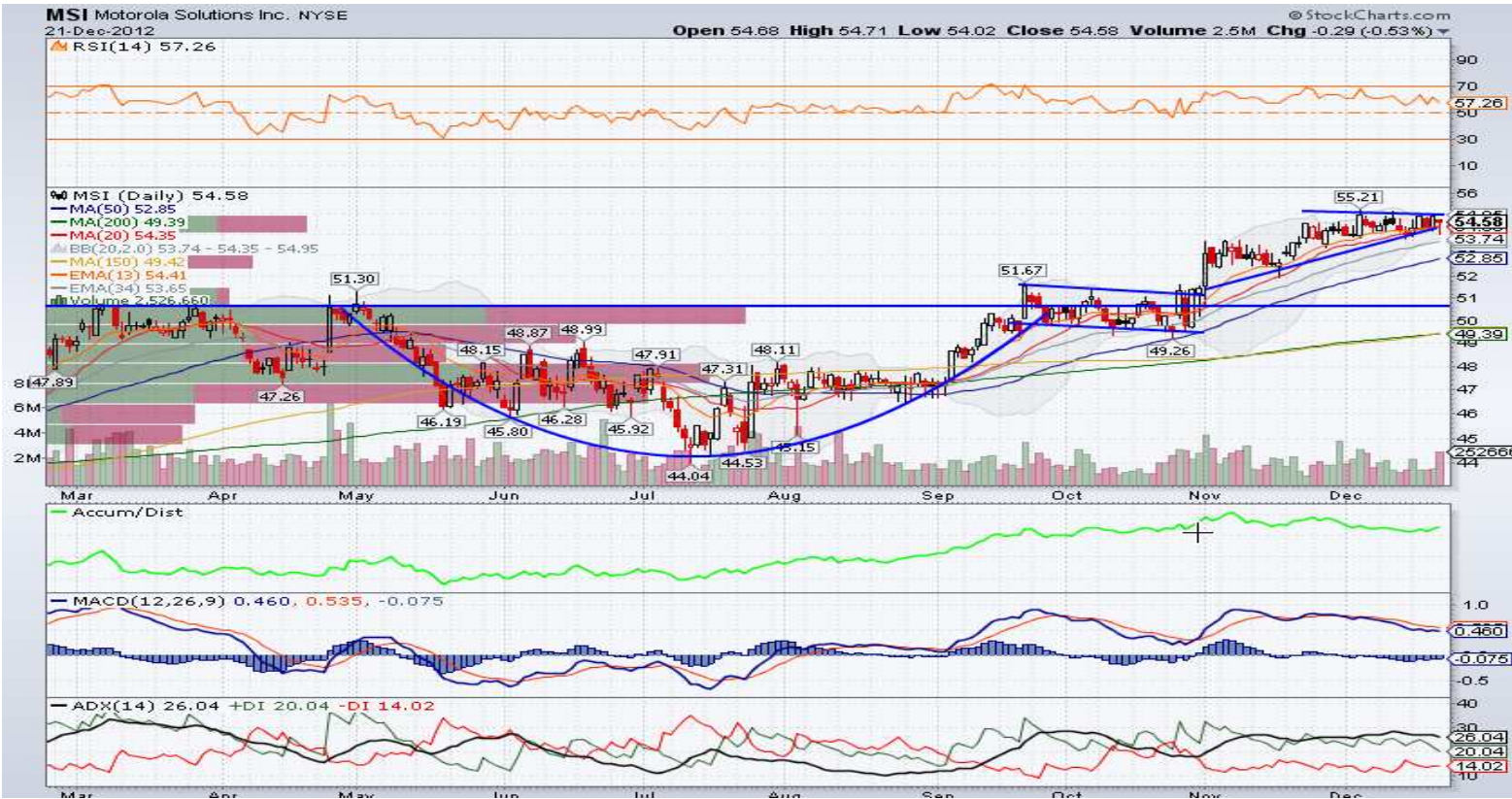
**Old Dominion (ODFL)** shares are in a strong long term uptrend and closing the year breaking out of a weekly bull flag, one that should target a move to new highs at \$40.



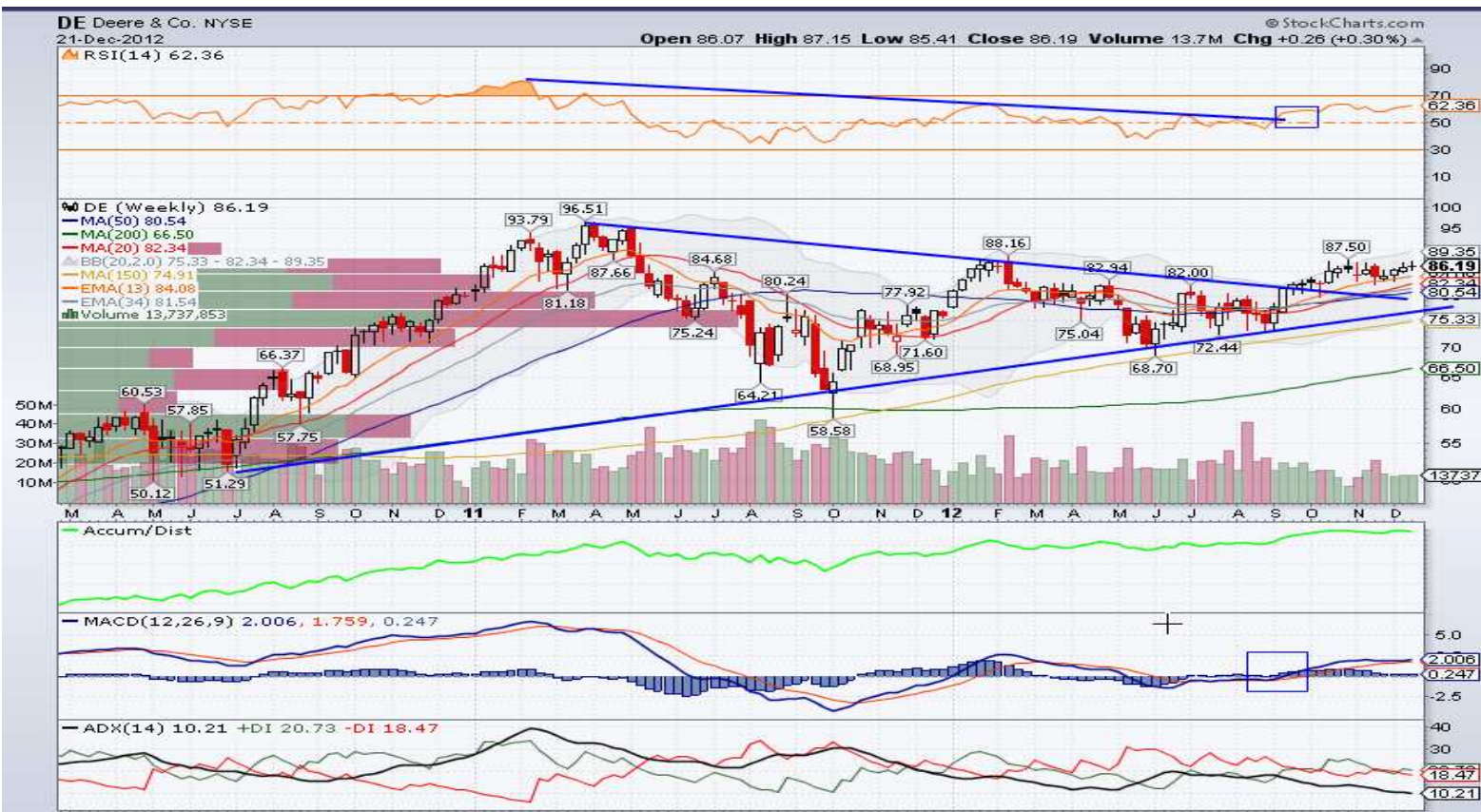
**Constellation Brands (STZ)** are in a 10 week tight consolidation after a move higher, and look ready to take out those highs for a projected move to \$42.



**Motorola Solutions (MSI)** shares broke out past \$51 of a cup and handle pattern that still has a measured move to \$57 and shares consolidating in a tight range for 4 weeks after the break to new \$54 highs. The 10 week EMA has been a buy level, currently at \$53 and MSI has strong momentum into 2013.



**Deere (DE)** shares broke out past a downtrend off prior highs in October and since have been consolidating below \$87.50 resistance and 2011 highs near \$96.50 the only resistance after that level. Shares have formed a 1 year cup and handle pattern with a measured move target of \$105 by the end of 2013. The 10 week EMA has been a buy point and currently at \$84.60, but also a name worth chasing on a breakthrough \$87.50.



**Berkshire Hathaway (BRK.B)** shares are breaking out of a bullish consolidation above a key \$85 break level, looking to continue the move to new high. Shares broke a 20 point pattern that measures to a \$105 target and seeing steady accumulation. The 20 week EMA has acted as support on pullbacks, currently at \$87.



**Akamai (AKAM)** shares cleared major resistance at \$39 and closing 2012 strong with a breakout, and one that can push shares to trend resistance off the 2007 and 2010 highs at the \$50 level.



**Rackspace (RAX)** shares are hitting all time highs in a rising wedge, and shares are pushing up against the upper end of the wedge with RSI showing notable bearish divergence as shares hit new highs. The \$40/\$60 range break measures to an \$80 target and the stock has been under heavy accumulation by growth investors, and RAX has been a difficult name to try and short, so would look to shares finding the momentum up to an \$80 target.



**Trimble Navigation (TRMB)** is notably strong into yearend and broke through key resistance at \$55 in a move that measures to a \$67.50 target, and shares in a strong multi-year trend with RSI not near extreme overbought on the weekly as it was at prior tops. Shares can use a pullback to the \$55/\$56 area short-term, but a powerful trend where dips should be bought as shares have seen heavy accumulation since October.



**Eaton (ETN)** has been a leading Industrial and shares broke out at the \$50 level and should target a longer term move up to \$65. Eaton as seen sharp accumulation since July and a weekly MACD bullish crossover gave a great buy signal, while RSI also in a strong trend. Shares can be bought in the \$49/\$51 range on pullbacks.



### **2013 and Beyond Investment Themes** (Related Stocks with Best Plays in Bold Provided)

**Housing Market Recovery:** The recovery in the housing market has been a major theme for 2012 and is accelerating into year end, and entering a multi-year bullish cycle for housing related stocks. The homebuilders are one of the most heavily shorted industries in the market, and although it has come down, it remains elevated. Even with the strong run in 2012 according to Trulia's Housing Barometer the Housing Market is only 51% of the way back to normal from the crisis, and positive seen in trends for Construction Starts, Existing Home Sales, and Delinquency/Foreclosure rates. The Federal Reserve is focused on a recovering housing market with rates set to remain low through 2015. The Builder Confidence Index is at a 5 year high into yearend according to the NAHB. Home prices are slowly recovering which can cause a sense of urgency and spur demand. Inventories are down with supply of homes for sales down 43% in 2012. One major risk to the housing recovery in 2013 is a change to the mortgage interest deduction, if the Government sees this as necessary to reduce the deficit, but appears unlikely. The strength of the recovery is also being seen in Lumber prices, hitting 6 year highs in December, but other construction materials such as Fuel, Copper, Aluminum and Steel are still subdued. Property values have jumped 10% the last 12 months and inventories at the lowest level in 11 years, so the environment for housing and the related stocks is still extremely bullish.

Lumber (PCL, **WY**), Homebuilders (**DHI**, TOL, PHM, LEN, KBH), Home Improvement (SWK, LOW, HD, MHK, SHW, **AWI**, VAL), Building Materials (EXP, OC, USG, VMC, **MSM**, MAS), Building Material Retailers (GWW, FAST) Security (**ADT**), Appliances (**WHR**), Mortgage Servicing (**OCN**, NSM, ASPS, HLSS, ELLI, PHH), Real Estate Search (Z, TRLA)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROA	Gross Margin
HD	The Home Depot	91684	17.67	1.26	5.17	14.14%	10.31%	34.57%
LOW	Lowe's	39409	16.85	0.77	2.77	20.93%	5.87%	34.28%
SHW	Sherwin-Williams	15624	19.45	1.67	8.78	19.48%	10.39%	43.66%
WY	Weyerhaeuser	15239	29.94	2.28	3.51	88.00%	2.44%	16.89%
GWW	W.W. Grainger	13898	17.08	1.58	4.85	10.37%	14.52%	43.77%
FAST	Fastenal	13654	27.93	4.44	8.21	16.20%	22.92%	51.43%
SWK	Stanley Black & Decker	12396	12.32	1.13	1.73	13.09%	3.40%	36.28%
ADT	ADT Corporation	10398	22.14	3.22	2	12.85%	4.38%	52.67%
WHR	Whirlpool Corp.	7892	11.01	0.43	1.83	31.01%	3.40%	15.31%
LEN	Lennar Corp.	7341	24.5	1.98	2.24	-47.49%	6.07%	8.89%
PCL	Plum Creek Timber	7150	31.61	5.5	5.97	33.33%	4.31%	28.09%
PHM	PulteGroup, Inc.	7027	15.96	1.56	3.31	67.65%	2.24%	14.33%
VMC	Vulcan Materials	6773	326.62	2.63	1.8	135.60%	-1.02%	12.79%
DHI	DR Horton Inc.	6481	14.74	1.49	1.76	54.02%	15.17%	19.86%
MHK	Mohawk Industries	6304	18.94	1.1	1.75	29.92%	3.63%	25.58%
MAS	Masco Corporation	5810	29.05	0.77	12.23	100.00%	-6.02%	24.26%
VAL	Valspar	5661	14.57	1.41	4.63	13.53%	8.21%	33.89%
TOL	Toll Brothers	5339	21.74	2.84	1.71	55.32%	8.67%	19.41%
MSM	MSC Industrial Direct	4669	15.18	1.98	3.91	12.47%	19.26%	45.77%
OCN	Ocwen Financial	4643	7.71	6.07	3.05	209.72%	2.77%	
OC	Owens Corning	4356	17.55	0.84	1.2	85.84%	1.16%	16.45%
AWI	Armstrong World Industries	2986	17.56	1.12	3.87	16.53%	4.79%	23.58%
USG	USG Corporation	2976	57.73	0.94	27.44	152.70%	-5.83%	11.17%
NSM	Nationstar Mortgage	2858	13.39	3.77	4.08		3.94%	
EXP	Eagle Materials Inc.	2824	21.06	5.05	5.22	65.06%	4.46%	14.80%
ASPS	Altisource Portfolio	2046	12.32	3.66	8.87	64.58%	43.70%	35.04%
PHH	PHH Corporation	1299	7.93	0.5	0.89	1505.56%	0.44%	24.41%
KBH	KB Home	1169	126.33	0.8	3.15	114.60%	-2.00%	15.80%
Z	Zillow, Inc.	935	54.86	9.13	3.39	64.52%	3.06%	87.11%
ELLI	Ellie Mae, Inc.	725	31.41	8	4.57	-12.62%	12.66%	76.34%
HLSS	Home Loan Servicing	584	13.45	19.81	1.4	11.30%	1.45%	
TRLA	Trulia, Inc.	435		7.33	5.05	143.60%		84.64%

**Rental/Sharing Society:** The US is seeing a surge in online start-ups and one major theme with these is a society of sharing/renting instead of owning, a cost-effective and efficient style of living. A society of collaborative consumption is just beginning and can cause major shifts in many industries. One industry that could see a negative impact is Hotels (MAR, HOT, WYN) with the start-ups like Home Away (AWAY) and Airbnb where home-owners are renting out properties to vacationers and at better prices, and often with much better amenities. In the auto industry consumers are beginning to realize the unnecessary ownership of vehicles, especially in cities, and companies like Zip Car (ZIP) are looking to capitalize and other start-ups like Zim Ride and Relay Rides are also going to be major factors. In housing home ownership levels have slid to 65% in 2012 from 69% in 2006, and real home ownership rates are at a 50 year low, so the Apartment-REITs stand to benefit as more younger people enter peak years for renting and want to be less tied-down. In the construction/equipment industry companies like United Rentals (URI) are seeing a strong demand from customers opting to rent equipment, rather than purchase, and saw EPS jump 478% in 2012. This theme is likely to transition across more industries such as apparel. Aaron's (AAN) is a Company specializing in leasing/renting out electronic equipment, and expect to see a lot of new start-ups in 2013 that can negatively impact the earnings of companies focused on the ownership side.

Equipment (**URI**, AL), Vehicles (ZIP, **UHAL**, HTZ, CAR, **R**), Housing (AWAY), Apartment REITs (AIV, AVB, BRE, EQR), Uniforms (CTAS), Tech (NFLX, AMZN)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	Yield	FY13 Growth	ROA	Gross Margin
EQR	Equity Residential	18210	40.15	8.44	2.86	5.42%	-30.20%	1.41%	64.60%
AVB	Avalonbay	15334	35.59	14.71	2.83	2.84%	-7.69%	2.96%	64.24%
HTZ	Hertz Global	6946	9.59	0.8	2.73		29.32%	1.72%	46.52%
CTAS	Cintas Corporation	5201	14.87	1.26	2.42	1.54%	9.80%	7.38%	42.20%
NFLX	Netflix, Inc.	5074	212.42	1.43	7.08		975.00%	1.54%	29.23%
URI	United Rental	4200	9.28	1.16	2.72		41.64%	0.83%	37.83%
AIV	Apartment Investment	3890		3.67	4.45	2.99%	22.90%	-0.93%	60.66%
BRE	BRE Properties Inc.	3867	37	9.89	2.36	3.06%	29.52%	2.08%	68.38%
R	Ryder System, Inc.	2577	11.13	0.41	1.74	2.46%	14.11%	2.47%	18.03%
UHAL	AMERCO	2371	8.79	0.93	1.92		10.89%	4.53%	82.51%
AL	Air Lease	2159	12.27	3.72	0.96		42.74%	2.05%	
CAR	Avis Budget Group	2147	8	0.29	2.73		4.13%	1.16%	19.60%
AWAY	HomeAway, Inc.	1816	33.11	6.79	3.63		40.43%	1.56%	81.44%
ZIP	Zipcar, Inc.	341	47.22	1.26	1.47		125.00%	1.15%	

**Mobile Computing/Payments:** The "death of the PC" was pronounced in 2012 with old-school Tech stocks like Hewlett Packard (HPQ) and Dell (DELL) under heavy selling pressure, and shortly enough Laptops will also be a thing of the past as consumers want smaller, cheaper, and faster. Consumers can now do just about everything on a Smartphone or Tablet PC with Apple (AAPL) the clear market leader, but healthy competition in the space from Google (GOOG), Amazon (AMZN), and Samsung, as well as others. Competition creates pricing battles and effectively lower margins, and often the hardware side is not the best place to focus, made clear with large cap Tech companies all starting to transition to Software Services from Hardware. Cloud Computing has caused traditional fundamental analysts to scratch their heads in 2012 on sky-high valuations, but we are still very early in a secular trend with the cloud computing market expected to reach a size of \$270B in 2020, and projected to be a \$55B market in 2014, so clearly still a lot of growth potential in that industry. According to Gartner IT Spending will surpass \$3.7 trillion in 2013 with cloud-computing, big-data projects, and use of mobile technologies the major influencers. The actual devices are set to become less important in 2013, and the focus will be on services, synchronization, and actionable analytics.

Mobile Payments (EBAY, GOOG, **MA**, V), Tablets (AMZN, GOOG, MSFT, AAPL), NFC Chips (BRCM, NXPI), Mobile Databases (SAP), Cloud Computing / SaaS (CRM, RAX, **VMW**, RHT, ORCL, SWI, N, NOW, CNQR, **CVLT**, **CSOD**, WDAY, DWRE), Mobile Chips (AVGO, QCOM, ARMH, SWKS), Storage (FIO, EMC, NTAP, **TDC**), Social (JIVE, FB, LNKD), Data Centers (EQIX, **INXN**, COR, DLR), Data Analytics (CRAY, IBM, **SPLK**), Network Data (**BLOX**, FFIV)

Ticker	Company	Market Cap	FY13 PE	PEG	P/S	FY12 Growth	FY13 Growth	ROA	Gross Margin
AAPL	Apple Inc.	485848	8.93	0.6	3.1	59.51%	17.40%	28.54%	43.87%
GOOG	Google Inc.	235149	15.43	1.42	4.95	13.10%	16.59%	13.29%	60.03%
MSFT	Microsoft	231032	8.52	1.55	3.19	-25.91%	11.81%	13.70%	75.23%
IBM	IBM	218551	11.65	1.4	2.09	13.37%	9.93%	14.39%	47.62%
ORCL	Oracle Corp	162691	11.6	1.4	4.41	17.53%	9.81%	13.53%	79.30%
V	Visa, Inc.	122216	18.03	4.16	11.7	-37.73%	15.31%	5.73%	82.24%
AMZN	Amazon.com	116374	145.98	118	2.03	-45.82%	17700.00%	0.76%	23.74%
QCOM	QUALCOMM	104985	12.94	1.42	5.49	13.27%	10.44%	13.30%	62.89%
SAP	SAP AG	97788	22.24	2.12	4.79	89.68%	15.50%	12.81%	68.15%
EBAY	eBay Inc.	66446	18.74	1.25	4.94	81.29%	16.60%	13.37%	70.08%
MA	Mastercard	61331	19.35	1.56	8.49	5.84%	16.11%	19.92%	

FB	Facebook, Inc.	56890	40.4	8.8	12.3	79.57%	27.45%		73.81%
EMC	EMC Corporation	53973	13.34	1.52	2.54	24.72%	13.61%	8.26%	62.43%
VMW	VMware, Inc.	40855	29.48	2.45	9.34	98.64%	14.89%	8.37%	84.07%
CRM	Salesforce.com	23991	84.47		8.43	118.12%	31.58%	-6.22%	77.64%
BRCM	Broadcom Corp.	18714	11.29	1.86	2.42	-17.11%	1.38%	7.53%	49.70%
ARMH	ARM Holdings plc	17373	42.9	3.83	19.6	28.75%	25.71%	11.26%	94.58%
LNKD	LinkedIn Corporation	12261	91.29	10.5	14.7	247.34%	78.57%	1.86%	86.44%
NTAP	NetApp, Inc.	12117	15.8	2.44	1.94	-7.86%	-10.08%	5.25%	58.64%
RHT	Red Hat, Inc.	10631	39.56	4.35	8.68	36.61%	18.80%	5.97%	85.03%
TDC	Teradata Corporation	10552	19.81	1.72	4.06	16.25%	12.90%	14.63%	56.00%
RAX	Rackspace Hosting	9978	67.46	3.62	8.05	59.29%	44.00%	9.09%	71.37%
EQIX	Equinix, Inc.	9850	62.71	3.45	5.41	109.34%	24.23%	1.99%	49.29%
DLR	Digital Realty Trust	8311	35.65	5.7	6.93	94.57%	25.17%	2.89%	61.88%
FFIV	F5 Networks, Inc.	7704	16.89	1.49	5.59	16.43%	15.86%	15.82%	82.85%
AVGO	Avago Tech	7679	10.38	1.22	3.24	29.85%	15.71%	22.37%	48.42%
NXPI	NXP Semi	6331	9.98		1.52	92.13%	51.19%	-1.08%	46.71%
N	NetSuite Inc.	4804	216.29		16.7	-11.05%	29.17%	11.31%	69.43%
NOW	ServiceNow, Inc.	4062			19.6		105.90%		57.79%
SWI	SolarWinds, Inc.	3941	34.58	2.6	15.7	36.64%	15.91%	18.67%	93.41%
SWKS	Skyworks Solutions	3902	8.16	1.23	2.49	-11.36%	16.59%	10.04%	42.80%
CNQR	Concur Tech	3824	53.01		8.69	36.14%	29.70%	-0.64%	71.88%
CVLT	CommVault Systems	3254	48.34	3.78	7.28	49.17%	12.98%	9.86%	86.82%
SPLK	Splunk, Inc.	2842			16.1	188.82%	133.30%	16.44%	89.70%
FIO	Fusion-io, Inc.	2147	38		5.33	208.78%	43.90%	-1.80%	55.42%
INXN	Interxion	1549	36.16	1.68	4.45	26.10%	23.10%	4.96%	59.19%
CSOD	Cornerstone OnDemand	1433			13.8	-42.97%	53.10%	21.50%	70.88%
WDAY	Workday, Inc.	1273			5.41		23.20%		55.85%
JIVE	Jive Software	940			9.06	-83.81%	38.60%		58.78%
BLOX	Infoblox Inc.	872	49.86		4.86	25.48%	85.00%		78.29%
DWRE	Demandware, Inc.	798			11.1	-39.36%	73.90%		
CRAY	Cray Inc.	601	39.97	0.16	1.86	-6.96%	-91.45%	45.11%	40.80%
COR	CoreSite Realty	542	162.24	18.1	2.74	6.73%	11.80%	0.81%	64.34%

**Healthcare Information Technology:** The Healthcare industry is one of the largest opportunities in the US for Technology providers with IT spending expected to grow at a CAGR of 24% from 2012 to 2014. The mandatory use of electronic health records has boosted spending, and IT hardware is the majority of the spending currently, but expect Software to see the strongest growth. The spending in IT Software will allow for better cost controls and better patient care. Mobile will also play a huge role in the Healthcare IT revolution with needs for better education, remote data collection, monitoring, tracking, and diagnostics. The World healthcare IT market is expected to grow to \$162.2B in 2015 from \$99.6B in 2010. The highest growth market is expected to be EMR (Electronic Medical Records) with point of care information systems. There currently are not a lot of publically traded companies to play this theme, but I highlight 10 below, and there has been a good amount of M&A in the industry which is likely to continue in 2013 as well as new start-ups and potentially IPOs.

Healthcare IT (**MDSO**, CERN, CTRX, QSII, MDAS, ATHN, **CPSI**, HSTM, SLP, NRCI)



Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY12 Growth	FY13 Growth	ROA	Gross Margin
CERN	Cerner Corp	13430	28.16	5.22	4.98	26.99%	17.80%	11.93%	77.16%
CTRX	Catamaran Corp	9946	25.39	1.24	2.18	42.20%	70.54%	2.38%	6.97%
ATHN	athenahealth	2761	62.41	6.93	9.37	46.40%	23.23%	5.03%	60.73%
MDSO	Medidata Solutions	1050	34.63	5.07	8.15	68.50%	21.88%	15.97%	71.40%
QSII	Quality Systems	1046	13.98	2.29	3.35	21.12%	12.50%	15.43%	61.63%
MDAS	MedAssets, Inc.	1015	13.43	1.6	2.31	52.50%	14.29%	0.67%	79.19%
HSTM	Healthstream Inc.	605	59.18	6.19	4.69	58.28%	30.00%	6.01%	60.13%
CPSI	Computer Programs	573	16.57	3.22	8.96	36.98%	13.04%	34.79%	43.95%
NRCI	National Research	367	21.98	4.4	5.72	33.95%	12.44%	13.78%	59.88%
SLP	Simulations Plus	72	16.81	7.65	4.78	5.16%	22.73%	16.93%	84.02%

**Cyber-Security:** With the surge in mobile computing usage and electronic payments it opens up the potential for more cyber-crime, and companies are focused on spending to protect their important data and networks. Cyber attacks are growing not only in frequency, but also in sophistication, and according to AT&T companies will double or triple spending on cyber security in the coming years. Industry analysts expect the market to grow more than 50% in the next 4 years. A combination of a growing e-commerce market, mobile payment market, and putting vulnerable data on the cloud creates a major opportunity for years to come.

Anti-Virus (SYMC, CHKP, **AVG**, PFPT), Network/Data Security (**PANW**, SWI, FTNT, FIRE, GUID, IMPV, WBSN, CACI)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY12 Growth	FY13 Growth	ROA	Gross Margin
SYMC	Symantec	12865	10.19	1.9	2.53	106.29%	9.64%	9.21%	83.35%
CHKP	Check Point Software	9857	13.66	7.41	2.96	19.57%	9.78%	14.72%	87.57%
SWI	SolarWinds	3941	34.58	15.7	11.2	36.64%	15.91%	18.67%	93.41%
PANW	Palo Alto Networks	3741	127.12	13.2	15.8	100.00%	115.00%		71.86%
FTNT	Fortinet Inc.	3384	34.69	6.72	7.08	44.69%	19.61%	7.80%	72.49%
FIRE	Sourcefire, Inc.	1399	46.38	6.7	6.05	29.6%	23.46%	2.21%	76.97%
CACI	CACI International	1254	8.57	0.33	1.15	29.28%	-2.58%	6.84%	7.64%
AVG	AVG Technologies	878	12.04	2.62		72.81%			85.90%
IMPV	Imperva Inc.	780	124.69	8.14	9.68	146.18%	336.40%	-9.44%	78.84%
WBSN	WebSense, Inc.	561	9.99	1.55	6.46	77.18%	1.32%	4.12%	83.78%
PFPT	Proofpoint, Inc.	395		3.94	11.8	3.47%	42.40%		67.48%
GUID	Guidance Software	300	23.86	2.43	8.46	64.52%	25.00%	-1.92%	72.75%

**Agricultural/Food Demand:** The demand for agricultural products will continue to grow simply due to population growth, and is one of the longer term consistent trends. With population set to grow 39% by 2050 after growing 100% from 1966 to present, and combined with a higher caloric intake the food demand will be set to outpace supply in coming decades. The supply side is driven by the need to enhance yields and dependant on environmental and technological factors, but demand is changing due to changes in economic and social behavior. Most of the demand growth will come from Asia and Africa due to sharper changes in economic and social factors. Growth in wealth also impacts the demand with a stronger focus on safer and more nutritional foods. The UN recently warned of a looming worldwide food crisis in 2013 with global grain reserves at critically low levels, and rising prices threatening unrest. Food consumption has exceeded production in 6 of the last 11 years and reserves have fallen to an average of 74 days from 107 days over the past 10 years across countries.

Seeds (**MON**, SYT, DD), Fertilizers (POT, CF, AGU, **MOS**, RNF), Equipment (**DE**, CAT), Farm Products (ADM, AGRO, BG)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY12 Growth	FY13 Growth	ROA	Gross Margin
CAT	Caterpillar	57480	10.1	0.86	3.22	78.22%	-4.71%	7.81%	27.33%
MON	Monsanto	49511	18.36	3.67	4.18	27.56%	14.03%	10.42%	52.17%
DD	DuPont	41896	12.08	1.15	3.95	12.30%	13.07%	5.79%	26.75%
SYT	Syngenta AG	37465	16.29	2.71	4.48	15.50%	8.10%	8.56%	49.29%
POT	Potash Corp.	34472	11.99	4.23	3.59	80.40%	11.74%	13.97%	45.57%
DE	Deere & Co	33758	9.71	0.93	4.94	15.20%	6.35%	5.89%	25.35%
MOS	Mosaic Co	23679	10.91	2.25	1.89	-21.46%	11.60%	10.93%	28.34%
ADM	Archer Daniels	18295	13.04	0.21	1	-41.39%		2.24%	3.87%
AGU	Agrium Inc.	14674	10.03	0.88	2.05	106.03%	0.20%	10.80%	27.18%
CF	CF Industries	12561	7.74	1.98	2.3	311.81%	-6.25%	20.74%	52.39%
BG	Bunge	10717	9.66	0.17	0.92	-60.02%	22.22%	3.41%	4.46%
RNF	Rentech Nitrogen	1481	12.08	7.65	13.93	386.20%	7.60%	49.03%	54.83%
AGRO	Adecoagro S.A.	1010	13.3	1.66	1.02	186.61%	61.54%	-1.03%	17.68%

**3D Printing and Robotics:** The futuristic ideas of robots are starting to come to fruition, recently seen in 3D printing, and will be impacting a lot of industries in the near future, as well as being a constrictor to Employment Growth. 3D printing is still a niche industry and seen to enter new markets the next few years, and currently in the early-adopter mode, so growth will stay rapid for years to come. Analysts at TechNavio expect the global 3D printing market to grow at a CAGR of 17% from 2011-2015. The market size is expected to reach \$3.1B in 2016 and \$5.2B in 2020. The robotics market has vast potential for industrial manufacturers, government use, and personal use.

3D Printing (**SSYS**, DDD, PRLB), Oil & Gas Drilling Robotics (**OII**), Medical Procedures (VAR, ISRG, ARAY, MAKO), Military (AVAV), Personal Use (IRBT), Manufacturers (**ABB**, ADEP), Ancillary Business (**FARO**, AMOT, TRMB, CGNX)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY12 Growth	FY13 Growth	ROA	Gross Margin
ABB	ABB Ltd.	48216	13.79	1.24	2.88	23.83%	17.05%	7.00%	29.44%
ISRG	Intuitive Surgical	19751	28.07	9.56	6	30.00%	19.11%	19.54%	72.37%
VAR	Varian Medical	7746	15.32	2.76	5.13	9.35%	12.14%	15.88%	42.62%
TRMB	Trimble Navigation	7492	19.15	3.82	4.14	42.74%	17.87%	6.48%	51.41%
OII	Oceaneering	5765	16.59	2.24	3.32	18.51%	21.97%	11.02%	22.75%
DDD	3D Systems	2962	33.07	9.2	7.11	67.48%	27.64%	7.45%	50.19%
SSYS	Stratasys Inc.	1734	42.97	9.24	8.51	114.82%	33.09%	8.11%	53.25%
CGNX	Cognex Corp	1559	20.98	4.78	2.58	7.27%	12.34%	11.26%	75.37%
PRLB	Proto Labs	911	36.59	7.72	6.45	111.29%	24.50%	18.50%	59.06%
MAKO	MAKO Surgical	599		5.68	5.92	21.25%	47.90%	27.32%	67.45%
FARO	FARO Tech	585	21.3	2.17	2.15	104.92%	32.79%	7.90%	55.62%
IRBT	iRobot Corp	505	24.93	1.08	1.81	49.31%	48.98%	10.38%	41.70%
ARAY	Accuray	494	170.75	1.26	2.86	128.86%	108.30%	18.46%	34.67%
AVAV	AeroVironment	485	15.13	1.51	1.56	16.30%	-1.38%	9.10%	41.09%
AMOT	Allied Motion Tech	57		0.54	1.39	82.17%		11.99%	29.67%
ADEP	Adept Tech	29		0.47	1.21	48.38%	100.00%	16.22%	41.72%

**Refiners Best Trade in Energy:** The refiners were one of the best investment groups in 2012 with many of the stocks gaining 60%+ on the year, major outperformance. The move came as the Brent-WTI spread moved to near 5 year highs which was beneficial for margins, and thus earnings. We are currently in a seasonal weak period for the refiners, although the stocks are still holding up very well, as gasoline stocks rose for the 4th straight week and at a 5-year seasonal high. The refiner stocks have held up due to the persistent strength in the crack-spreads, but a risk remains of narrower spreads. Utilization rates have rebounded back above 91%, the highest level since the Summer. Despite the strength seen in these stocks in 2012 most of the names still trade at a major discount to earnings compared to the market, and is likely to continue to outperform in the Energy sector in 2013 as long as the spreads hold up.

Refiners (**VLO**, TSO, **PSX**, **MPC**, WNR, IMO, HES, MUR, CVI, **HFC**, INT, UGP, IOC, CLMT, DK, ALJ, ALDW, EROC)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY12 Growth	FY13 Growth	ROA	Gross Margin
IMO	Imperial Oil Ltd.	36701	10.24	1.15	2.32	52.64%	6.80%	14.03%	20.95%
PSX	Phillips 66	32642	6.76	0.17	1.59	598.35%	-17.70%	10.85%	12.90%
MPC	Marathon Petroleum	21077	6.99	0.26	1.84	281.76%	-7.20%	9.93%	7.65%
VLO	Valero Energy	18898	7.07	0.14	1.09	126.93%	2.55%	2.61%	7.56%
HES	Hess Corporation	18235	8.56	0.49	0.89	-22.60%	2.30%	3.90%	26.00%
MUR	Murphy Oil	11736	11.12	0.42	1.22	-5.62%	-1.63%	5.81%	21.39%
HFC	HollyFrontier	9566	7.9	0.48	1.66	562.57%	-28.79%	15.75%	19.53%
TSO	Tesoro	6136	7.51	0.19	1.4	1947.28%	-16.86%	5.91%	10.63%
CVI	CVR Energy, Inc.	4275	8.03	0.55	2.88	2292.79%	-24.51%	14.48%	15.94%
INT	World Fuel Services	2990	13.42	0.08	2.03	17.21%	13.19%	5.37%	1.75%
UGP	Ultrapar Holdings	2925	19.68	0.12	4.14	10.86%	21.98%	6.87%	7.49%
IOC	InterOil	2706		2.16	3.6	135.72%	9.80%	-0.34%	5.06%
WNR	Western Refining	2506	7.11	0.26	2.55	794.83%	-18.74%	4.49%	10.74%
CLMT	Calumet Specialty	1810	8.5	0.41	2.13	111.98%	9.47%	9.63%	10.14%
DK	Delek US Holding	1557	7.5	0.18	1.83	288.53%	-24.78%	9.69%	10.53%
ALDW	Alon USA Partners	1519		0.43	9.88				14.79%
EROC	Eagle Rock Energy	1289	21.85	1.44	1.32	312.93%	220.00%	-5.90%	31.86%
ALJ	Alon USA Energy	970	11.15	0.12	2.12	130.51%	-28.28%	1.93%	9.98%

**Large Cap Biotech:** The large cap Biotechs is another group with a lot of momentum into 2013, both on technicals, and fundamentals with strong earnings reports. The simple thesis behind Biotechs are that with population growth comes more needs for treatments, and with Obesity, Cancers, and other diseases seeing constant growth the Biotechs are well positioned for ongoing success, but an industry that requires a selective approach, and although the small-caps can provide homeruns, the large-caps are the safer investment for the long run, and have plenty of cash to acquire the more successful small cap companies. Medical breakthroughs, personalized medicines and new products are a few themes that keep these companies strong fundamentally. No industry is more aligned with trader sentiment than Biotechs, but the FDA is approving new medicines at a record rate which should keep sentiment high. Healthcare spending continues to rise globally and the industry is less susceptible to macroeconomic weakness which provides steady inflows into these stocks.

**AMGN, CELG, REGN, GILD, BIIB, ALXN, VRTX, BMRN, ONXX**

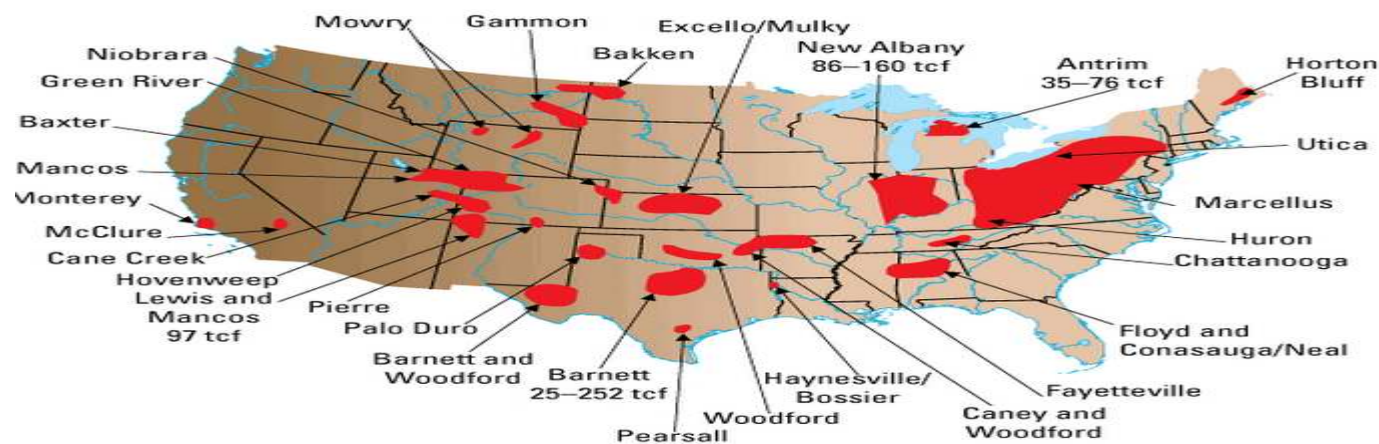
Ticker	Company	Market Cap	FY13 PE	PEG	P/S	P/FCF	EPS Growth FY13	ROA	Gross Margin
AMGN	Amgen Inc.	66883	12.45	1.48	3.98	13.78	6.06%	8.87%	83.25%
GILD	Gilead Sciences Inc.	55142	16.62	1.31	5.92	16.64	13.77%	14.74%	74.45%
BIIB	Biogen Idec Inc.	35469	20.42	1.71	6.54	22.31	11.55%	15.08%	89.84%
CELG	Celgene Corporation	33712	14.36	0.98	6.31	18.57	13.73%	15.00%	94.45%
ALXN	Alexion Pharma	18240	33.41	2.21	17.52	48.58	37.07%	11.65%	88.30%
REGN	Regeneron Pharma	16751	35.48	1.77	15.41		40.52%	17.13%	41.96%
VRTX	Vertex Pharma	9332		1.01	5.31	13.75	700.00%	8.94%	87.34%
BMRN	BioMarin Pharma	6054			12.7		-12.70%	-6.15%	81.79%
ONXX	Onyx Pharma	5249		2.58	11.14		42.40%	5.43%	

**Emerging Market Growth:** Throughout the course of a trading year there are periods of risk-on and risk-off, and during periods of risk-on investors crave growth stocks. Assuming the Fiscal Cliff is avoided estimates for US GDP growth in 2013 are at 2%, while China is at 7.8%, India at 5.9%, Indonesia at 6.2%, Mexico at 3.8%, Turkey at 4.6%, Nigeria at 7%, and Brazil at 3.8% a few of the areas of superior growth. While there are a lot of quality growth stocks in the US it is appropriate to look overseas as well for diversification, and many of the stocks are less well-known, so quality research provides a much better value-advantage. I screened for quality stocks with 10% EPS growth in 2012 and 20%+ seen for 2013, and highlight a few below. I avoided the Gold/Silver miners because they are more closely correlated with the underlying metal prices than true fundamentals.

Growth Stocks Overseas (**BRFS**, NXPI, **EXXI**, **QIHU**, **YNDX**, ALLT, **CRH**, **UGP**, **CZZ**, **ASPS**, **HDB**, **IBN**, **MFG**, MELI, **INXN**, **CHU**, **KUB**, **CGV**, **JHX**, **VCO**, **ITRN**)

Ticker	Company	Country	Market Cap	FY13 PE	P/S	EPS Growth FY13	ROA	Gross Margin
MFG	Mizuho Financial	Japan	42943	9.15	2.47	25.81%		
CHU	China Unicom	Hong Kong	37021	16.54	0.97	46.15%	1.20%	52.24%
IBN	ICICI Bank Ltd.	India	25732	18.75	4.64	21.43%	1.24%	
BRFS	Brasil Foods	Brazil	17720	22.08	1.34	170.59%	1.23%	25.29%
CRH	CRH plc	Ireland	14884	16.92	0.62	26.04%	2.93%	27.21%
KUB	Kubota Corp	Japan	14808	14.76	1.18	21.88%	4.43%	26.78%
YNDX	Yandex N.V.	Netherlands	7184	20.32	8.36	32.93%	21.34%	75.00%
NXPI	NXP Semi NV	Netherlands	6331	9.98	1.52	51.19%	-1.08%	46.71%
HDB	HDFC Bank	India	6296	19.66	1.09	27.44%	1.72%	
CGV	Compagnie G	France	5253	10.64	1.56	125.81%	0.91%	20.27%
CZZ	Cosan Ltd.	Brazil	4615	11.44	0.38	93.51%	2.27%	10.01%
JHX	James Hardie	Ireland	4328	34.62	3.42	38.83%	28.26%	32.18%
MELI	Mercadolibre	Argentina	3466	28.65	9.73	23.42%	24.53%	74.35%
QIHU	Qihoo 360	China	3171	25.07	12.59	43.24%	11.59%	89.41%
UGP	Ultrapar	Brazil	2925	19.68	0.12	21.98%	6.87%	7.49%
EXXI	Energy XXI	Bermuda	2538	7.13	1.97	44.37%	9.64%	73.09%
ASPS	Altisource Portfolio	Luxembourg	2046	12.32	3.66	64.58%	43.70%	35.04%
INXN	Interxion	Netherlands	1549	36.16	4.45	23.10%	4.96%	59.19%
VCO	Vina Concha y Toro	Chile	1434	17.14	1.54	21.08%	5.82%	33.00%
ALLT	Allot Comm.	Israel	556	22.22	5.53	29.51%	7.27%	70.71%
ITRN	Ituran Location	Israel	309	12.06	2.07	21.11%	14.11%	49.63%

**US Shale Gas - Attractive Assets:** Natural Gas is becoming the new Energy of choice due to it being cleaner and cheaper than other energy sources, and the US happens to be sitting on an abundance of Natural Gas. A few of the key US Shale-Gas locations are Marcellus, Haynesville, Barnett, Fayetteville, Bakken, Woodford, Eagle Ford, and Utica. The US is set to become a leading Energy exporter, and produced an average of 6.4B barrels a day this year, a 14% increase from 2011. The related companies are exposed to often volatile Natural Gas prices, but the real attraction here is that Foreign companies will be active acquirers of US Shale Assets, a trend that started to pick-up in 2012 and is set to surge in 2013. Statoil, Norway's largest Oil & Gas producer, paid \$590M for 70,000 acres in the Marcellus Shale earlier this week. As these companies are valued more on asset values of the acreage, stock prices should follow higher.



Shale Gas: **COG, APC, EOG, EVEC, SWN, SM, ROSE, RRC, XEC, DVN, PXD, UPL, NFG, NFX, SFY**

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROA	Gross Margin
APC	Anadarko Petroleum	37882	18.76	2.74	1.86	22.80%	3.62%	85.39%
EOG	EOG Resources	33473	19.58	2.92	2.43	15.78%	4.53%	89.42%
DVN	Devon Energy	21651	12.58	2.28	0.99	30.77%	1.66%	77.58%
PXD	Pioneer Natural	13373	21.36	4.35	2.38	33.68%	2.76%	71.60%
SWN	Southwestern Energy	12070	19.69	4.49	3.71	28.68%	-5.13%	66.53%
COG	Cabot Oil & Gas	10687	37.65	9.69	5.08	114.29%	2.62%	71.22%
RRC	Range Resources	10363	58.46	7.56	4.54	60.29%	-0.71%	87.24%
XEC	Cimarex Energy	5112	11.49	3.17	1.51	23.86%	6.50%	79.20%
NFG	National Fuel Gas	4343	18.54	2.67	2.21	0.36%	3.95%	49.78%
NFX	Newfield Exploration	3647	11.38	1.4	0.88	-2.87%	3.12%	80.60%
SM	SM Energy	3563	29.3	2.47	2.42	89.69%	-2.84%	75.01%
UPL	Ultra Petroleum	2956	18.07	3.42		-38.86%	-44.49%	77.59%
ROSE	Rosetta Resources,	2350	10.55	4.11	3.11	46.21%	12.77%	81.50%
EVEC	EV Energy Partners	2220	56.6	8.02	2.22	121.74%	0.18%	59.55%
SFY	Swift Energy Co.	691	11.67	1.25	0.68	176.00%	1.42%	79.74%

**Healthy Living:** There has been a recent push into healthier living with the US with current eating and exercising habits projecting that 50% of adults will be obese by 2030. Obesity can lead to numerous health issues and States are using programs to provide better awareness, while many are taking responsibility and changing their lifestyles, which can be seen by the strong earnings being reported by the companies focusing on healthy living. The global organic food and beverage market is expected to grow to \$104.5B in 2015 from \$57.2B in 2010, a CAGR of 12.8%, and is way above the growth seen in non-organic foods. This kind of growth is also likely to spur deals in the industry as larger packaged food companies look to add growth via acquisitions. Growing consumer awareness, increased organic farming, and implementation of government regulations all contribute to this growing market, and helped by large retailers increasing interest to sell these products.

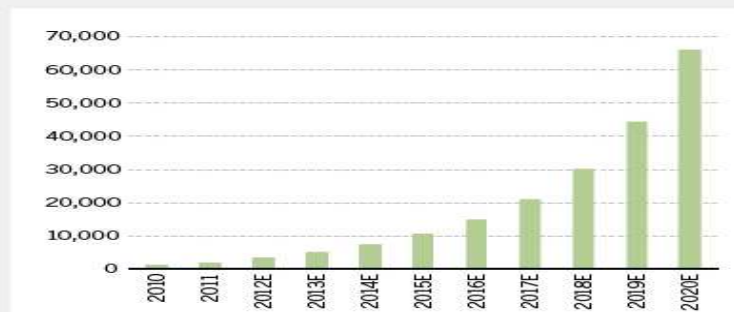
Health Foods (WFM, **TFM**, **HAIN**, **SMBL**, UNFI, WWAV, NGVC, STKL, FIZZ, CPB), Sporting Goods (DKS, HIBB), Athletic-Apparel (**UA**, **LULU**, NKE, GIL), Nutritional (GNC, **VSI**, OME), Weight Control (WTW, LTM, NLS, CLUB, NTRI)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROI	Gross Margin
NKE	Nike Inc.	47353	17.58	1.92	4.72	14.12%	19.17%	43.21%
WFM	Whole Foods Market	16916	26.58	1.45	4.45	18.69%	12.05%	35.52%
CPB	Campbell Soup	11162	13.2	1.42	10.11	5.91%	14.08%	38.10%
LULU	Lululemon Athletica	8445	33.35	6.72	14.23	23.37%	35.04%	55.50%
DKS	Dick's Sporting Goods Inc.	5592	15.61	0.99	3.28	14.06%	13.74%	31.22%
UA	Under Armour, Inc.	5134	32.71	2.96	6.83	25.00%	14.67%	48.09%
GIL	Gildan Activewear Inc.	4379	11.92	2.25	3.06	14.39%	9.28%	20.33%
GNC	GNC Holdings Inc.	3319	12.29	1.4	3.95	18.78%	10.35%	37.88%
WTW	Weight Watchers International	2972	11.19	1.63		17.20%	40.34%	58.42%
UNFI	United Natural Foods	2749	22.4	0.51	2.74	12.67%	8.99%	17.22%
WWAV	The WhiteWave Foods Co	2735	26.35	1.23		18.30%		34.84%
HAIN	The Hain Celestial Group	2519	19.25	1.74	2.45	17.36%	7.62%	27.42%
TFM	The Fresh Market, Inc.	2387	29.31	1.86	13.65	24.26%	24.36%	33.90%
LTM	Life Time Fitness Inc.	2128	15.4	1.93	2	14.44%	6.18%	39.59%
VSI	Vitamin Shoppe, Inc.	1735	23.86	1.83	3.98	15.31%	13.56%	34.97%
HIBB	Hibbett Sports, Inc.	1380	17.64	1.74	6.06	11.81%	29.95%	36.43%
SMBL	Smart Balance, Inc	772	40.53	2.27	2.32	68.42%	0.38%	42.80%
FIZZ	National Beverage Corp.	679		1.04	4.6		30.42%	32.39%
NGVC	Natural Grocers by Vitamin Cottage	437	32.55	1.3	5.99	25.00%	11.08%	29.45%
STKL	SunOpta Inc.	371	11.73	0.34	1.16	23.08%	4.10%	12.44%
CLUB	Town Sports International	242	12.46	0.5	15.48	22.39%	4.48%	62.16%
NTRI	Nutrisystem, Inc.	230	23.03	0.57	3.32	84.21%	0.98%	46.05%
OME	Omega Protein Corp.	119	9.95	0.53	0.58	27.08%	2.04%	17.73%
NLS	Nautilus Inc.	113	9.41	0.6	3.19	34.48%	16.04%	45.34%

**Cell-Tower Usage:** The growing presence of mobile devices and higher bandwidth content available is causing a lot more network traffic, and a demand for a lot more cell-towers. The group of tower stocks has consistently outperformed the market, but there is one risk, Access Point Base Stations, but that is mainly for homes and small offices and not a major threat. Consumers want more data and want it faster, and this is only possible with a better wireless infrastructure. American Tower converted to a REIT structure earlier this year, and valuing these stocks is best done with AFFO (Adjusted Funds from Operations). There does not look to be a lot more M&A opportunity available to wireless providers, so competition should stay intense, and lower pricing risk to the Tower providers. AT&T's (T) recent CAPEX plans for 4G-LTE included 10,000 new cell sites and 40,000 small cells. The CTIA showed in a June report that consumers used 1.1 trillion megabytes of data, up 104% year/year.

**Exhibit 1: U.S. Wireless Network Usage (MB Billions)**

Wireless network usage is projected to soar during the next decade.



Source: Fidelity Asset Management, as of Sept. 30, 2011. Usage reported in billions of megabytes (MB bins).

Tower Stocks (CCI, **SBAC**, AMT), Communication Equipment (**MSI**, ALU, JDSU, ADTN, **CIEN**, FNSR, OPLK, APKT, VSAT), Semiconductor (CAVM, ALTR, ADI, **MXIM**, VLTR)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROA	Gross Margin
AMT	American Tower	30351	36.04	11	8.54	26.79%	5.64%	74.87%
CCI	Crown Castle	20891	95.01	9.17	7.11	-10.71%	2.24%	71.01%
MSI	Motorola Solutions	15310	14.79	1.79	3.96	17.52%	5.37%	50.02%
ADI	Analog Devices	12716	16.29	4.71	3.05	20.47%	11.95%	64.45%
ALTR	Altera	11060	19.71	6.14	3.39	1.16%	13.07%	69.75%
SBAC	SBA Comm.	8963		10.6	19.6	55.40%	-3.31%	71.53%
MXIM	Maxim Integrated	8578	14.35	3.59	3.34	16.48%	9.67%	60.28%
ALU	Alcatel-Lucent	3215		0.17	0.72	55.60%	-0.70%	31.23%
JDSU	JDS Uniphase	3088	15.53	1.84	2.97	39.34%	-3.32%	41.61%
VSAT	ViaSat Inc.	1724	34.07	1.78	1.92	330.00%	-1.50%	24.06%
CIEN	CIENA Corp.	1591	18.47	0.87		109.76%	-6.62%	39.58%
CAVM	Cavium, Inc.	1564	31.4	6.94	5.01	147.50%	-11.33%	57.50%
APKT	Acme Packet, Inc.	1485	43.16	5.18	3.08	10.87%	1.07%	80.29%
FNSR	Finisar Corp.	1467	16.63	1.57	1.87	58.33%	2.15%	27.89%
ADTN	ADTRAN Inc.	1231	26.55	1.88	1.75	-1.33%	8.74%	53.25%
VLTR	Volterra Semi	443	13.29	2.66	2.43	11.76%	13.04%	57.95%
OPLK	Oplink Comm.	287	12.1	1.62	1.05	37.78%	-0.14%	33.25%

**Footwear:** The footwear segment of the apparel industry has been consistently strong and what once was dominated by women's desires for multiple types of footwear is seeing a surge in demand from men. The global athletic footwear market was at \$185.2B in 2011 and expected to reach \$211.5B in 2018, a CAGR of 1.9%, which is not all that impressive, but company-specific situations are seeing much stronger results. Consumer Spending on goods and services is expected to increase by \$12 trillion (43%) globally between 2010 and 2020. . The chart below shows the outperformance of the Dow Jones Footwear Index vs. the S&P 500 over the last 5 years.



Footwear (NKE, **UA**, DECK, **WWW**, SHOO, **VFC**, COLM, CROX, SKX, KWS, **ICON**, COH), Retailers (**FINL**, **FL**, DSW, SCVL, BWS)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROA	Gross Margin
NKE	Nike Inc.	47353	17.58	1.92	4.72	14.12%	14.34%	43.21%
VFC	V.F. Corporation	16535	13.65	1.54	3.35	14.58%	9.97%	45.33%
COH	Coach, Inc.	16332	12.97	3.35	8.19	14.73%	34.67%	72.76%
UA	Under Armour, Inc.	5134	32.71	2.96	6.83	25.00%	11.24%	48.09%
FL	Foot Locker, Inc.	5074	11.89	0.85	2.22	10.55%	11.79%	32.66%
DSW	DSW Inc.	2902	16.81	1.33	3.38	14.20%	11.45%	32.10%
WWW	Wolverine	1979	14.07	1.42	2.97	40.69%	11.64%	38.63%
SHOO	Steven Madden	1972	13.99	1.66	3.36	11.64%	15.27%	36.16%
COLM	Columbia Sports	1822	15.51	1.08	1.62	12.70%	7.01%	43.27%
ICON	Iconix Brand	1519	11.59	4.17	1.27	14.97%	5.97%	
CROX	Crocs, Inc.	1251	8.76	1.14	1.94	14.60%	17.61%	54.58%
DECK	Deckers Outdoor	1216	9.15	0.87	1.78	12.20%	13.74%	46.68%
FINL	Finish Line Inc.	962	9.91	0.67	1.78	14.37%	11.93%	34.65%
SKX	Skechers USA	944	21.99	0.65	1.06	750.00%	-3.99%	43.34%
BWS	Brown Shoe Co.	802	14.16	0.31	1.86	22.22%	1.37%	38.55%
SCVL	Shoe Carnival	403	11.35	0.49	1.29	16.00%	7.26%	29.94%

**Aging Baby Boomers:** By the year 2020 the population of Americans in the 55-64 age group will grow 73% from 2000. The aging of this large portion of the population will spur growth in various medical-related industries provided below.

Retirement Living (BKD, CSU, FVE, **ESC, HCN**), Dialysis (**DVA, FMS, NXTM**), Medical Devices (SYK, ZMH, HGR, MDT, EW, ABMD, ELGX, DXCM, COV, **TMO, BDX**), Medicare (HUM, CI), Assisted Living (GTIV, ENSG, ALC), Generic Drugs (MYL, PRGO, **WPI**, TEVA)

Ticker	Company	Market Cap	FY13 PE	P/S	P/B	FY13 Growth	ROA	Gross Margin
MDT	Medtronic	42497	10.89	2.6	2.47	5.75%	9.87%	75.66%
TEVA	Teva Pharmaceutical	35827	7.46	1.73	1.44	-5.04%	4.81%	51.81%
COV	Covidien	27173	11.84	2.29	2.57	9.73%	8.92%	57.74%
TMO	Thermo Fisher	22985	11.79	1.86	1.5	11.55%	4.26%	42.08%
SYK	Stryker	21242	12.99	2.49	2.54	6.17%	11.50%	67.47%
HCN	Health Care REIT	15711	47.64	8.97	1.52	30.93%	1.06%	69.75%
BDX	Becton, Dickinson	15532	12.82	2.01	3.76	9.24%	10.18%	51.28%
CI	Cigna Corp.	15378	8.5	0.57	1.62	7.84%	2.97%	
ZMH	Zimmer Holdings	11736	11.78	2.63	2.01	8.71%	8.91%	74.67%
WPI	Watson Pharma	11607	11.03	2.03	3.15	39.19%	2.53%	42.39%
MYL	Mylan, Inc.	11333	10.04	1.71	3.14	7.36%	5.35%	42.92%
HUM	Humana Inc.	10821	8.66	0.28	1.25	5.76%	6.35%	20.17%
FMS	Fresenius Medical	10662	17.25	0.79	2.39	9.39%	6.74%	33.68%
DVA	DaVita, Inc.	10645	15.31	1.4	4.21	27.35%	6.50%	27.80%
EW	Edwards Lifesciences	10630	28.25	5.84	6.96	27.34%	12.69%	73.15%
PRGO	Perrigo Co.	9649	16.29	3	4.91	13.69%	11.22%	35.84%
BKD	Brookdale Senior Living	3091	2522	1.13	3.13	102.40%	-1.24%	20.37%
ESC	Emeritus Corp.	1085		0.75	4.68	54.20%	-2.62%	30.02%
HGR	Hanger Orthopedic	931	13.66	0.97	2	11.80%	5.29%	70.69%
DXCM	DexCom, Inc.	924		10.4	11.6	44.70%	-50.32%	44.61%
ELGX	Endologix Inc.	836		8.35	8.82	100.00%	-22.14%	76.49%
NXTM	Nxstage Medical	630		2.69	3.19	63.00%	-5.78%	37.85%
ENSG	The Ensign Group	604	10.4	0.75	1.89	6.32%	7.86%	5.56%



ABMD	Abiomed	542	35.03	3.72	3.86	18.18%	9.46%	80.99%
CSU	Capital Senior Living	507	47.34	1.7	2.99	22.58%	-0.23%	
GTIV	Gentiva Health Services	310	8.02	0.18	1.4	-2.33%	1.49%	47.03%
FVE	Five Star Quality Care	243	16.9	0.18	0.8	50.00%	11.27%	83.57%
ALC	Assisted Living Concepts	218	36.46	0.95	0.78	-31.58%	-3.28%	36.87%

### **15 Investment Theme Optimal Portfolio**

Ticker	Company	Sector	Industry	Market Cap	FY13 PE	FY13 Growth
MON	Monsanto Co.	Basic Materials	Agricultural Chemicals	49510.55	18.36	14.03%
MFG	Mizuho Financial	Financial	Foreign Regional Banks	42943.39	9.15	25.81%
BIIB	Biogen Idec Inc.	Healthcare	Biotechnology	35468.71	20.42	11.55%
DE	Deere & Company	Industrial Goods	Farm & Construction Machinery	33758.04	9.71	6.35%
MOS	The Mosaic Company	Basic Materials	Agricultural Chemicals	23678.91	10.91	11.60%
VLO	Valero Energy	Basic Materials	Oil & Gas Refining & Marketing	18897.86	7.07	2.55%
BRFS	Brasil Foods S.A.	Consumer Goods	Meat Products	17719.87	22.08	170.59%
REGN	Regeneron Pharma	Healthcare	Biotechnology	16751.23	35.48	40.52%
VFC	V.F. Corp	Consumer Goods	Textile - Apparel Clothing	16535.02	13.65	14.58%
MSI	Motorola Solutions	Technology	Communication Equipment	15309.69	14.79	17.52%
KUB	Kubota Corp	Industrial Goods	Diversified Machinery	14808.42	14.76	21.88%
SWK	Stanley Black & Decker	Industrial Goods	Machine Tools & Accessories	12395.94	12.32	13.09%
WPI	Watson Pharma	Healthcare	Drugs - Generic	11607	11.03	39.19%
COG	Cabot Oil & Gas	Basic Materials	Independent Oil & Gas	10686.5	37.65	114.29%
DVA	DaVita, Inc.	Healthcare	Specialized Health Services	10644.54	15.31	27.35%
TDC	Teradata Corp	Technology	Diversified Computer Systems	10551.84	19.81	12.90%
SBAC	SBA Communications	Services	Rental & Leasing Services	8963.18		55.40%
DHI	DR Horton Inc.	Industrial Goods	Residential Construction	6481.36	14.74	54.02%
OII	Oceaneering	Basic Materials	Oil & Gas Equipment & Services	5764.55	16.59	21.97%
CGV	Compagnie G	Basic Materials	Oil & Gas Equipment & Services	5252.89	10.64	125.81%
URI	United Rentals, Inc.	Services	Rental & Leasing Services	4199.55	9.28	41.64%
PANW	Palo Alto Networks	Technology	Networking & Communication Devices	3741.48	127.12	115.00%
R	Ryder System	Services	Rental & Leasing Services	2576.97	11.13	14.11%
HAIN	Hain Celestial Group	Consumer Goods	Processed & Packaged Goods	2519.28	19.25	17.36%
TFM	The Fresh Market	Services	Grocery Stores	2386.84	29.31	24.26%
ROSE	Rosetta Resources	Basic Materials	Independent Oil & Gas	2350.11	10.55	46.21%
ICON	Iconix Brand Group	Consumer Goods	Textile - Apparel Footwear & Accessories	1518.58	11.59	14.97%
CSOD	Cornerstone	Technology	Multimedia & Graphics Software	1432.62		53.10%
ESC	Emeritus Corp.	Healthcare	Long-Term Care Facilities	1084.71		54.20%
MDSO	Medidata Solutions	Technology	Healthcare Information Services	1049.87	34.63	21.88%
AVG	AVG Technologies	Technology	Application Software	877.85	12.04	
BLOX	Infoblox Inc.	Services	Business Services	872.13	49.86	85.00%
FARO	FARO Technologies	Technology	Scientific & Technical Instruments	585.47	21.3	32.79%
CPSI	Computer Programs	Technology	Healthcare Information Services	572.73	16.57	13.04%

## Large 2013 Options Open Interest Positions of Note

Stock	Ticker	Option Trade	Volume/ OI	Trade Start	Trade Price	Current Price	% Diff.	Notes (Additional Action)
Freeport McMoRan	FCX	February 2013 \$36 Calls	30,000	5-Dec	\$0.67	\$0.67	0.00%	May 2013 \$35/\$42 Call Spread 10,000X at \$1.61
Philips 66	PSX	Jan. 2013 \$55 Calls (Rolled Up)	55,000	19-Dec	\$1.15	\$0.85	-26.09%	May 2013 \$65/\$75 Call Spread 15,000X at \$0.80
Marathon Petroleum	MPC	Jan. 2013 \$62.50 Calls	10,000	3-Dec	\$1.20	\$2.10	75.00%	April 2013 \$75/\$85 Call Spread 10,000X at \$0.60
Anadarko Petroleum	APC	May \$80 Calls	40,000	13-Dec	\$4.30	\$4.60	6.98%	Multiple Days of Accumulation
Occidental Petroleum	OXY	February 2013 \$70 Short Puts	19,500	16-Nov	-\$3.10	-\$0.85	-72.58%	Put Sale = Bullish
International Paper	IP	April 2013 \$39 Calls	35,000	27-Nov	\$1.40	\$2.55	82.14%	January 2013 \$39/\$43 Call Spread 35,000X at \$1.23
Guess?	GES	March 2013 \$26 Calls	8,000	2-Nov	\$1.40	\$1.90	35.71%	
MetLife	MET	March 2013 \$35/\$42 Call Spread (Short \$30 Puts)	50,000	24-Sep	\$0.63	\$0.25	-60.32%	\$42 Short Calls Bought Back, March 37/38 Calls 10K
Host Hotels	HST	April 2013 \$15 Calls	9,000	21-Nov	\$0.80	\$1.40	75.00%	
Agilent Tech	A	February 2013 \$39/\$43 Call Spread	18,000	2-Nov	\$1.13	\$3.00	165.49%	\$43 Short Calls Bought Back 11-20
Delta Air	DAL	March 2013 \$11 Calls	30,000	27-Sep	\$0.50	\$1.50	200.00%	9-27 and 9-28
Boeing	BA	May 2013 \$77.50 Calls	20,000	10-Oct	\$2.02	\$3.45	70.79%	Multiple Days of Accum., 11/7 Buys at \$2
Tyco Int'l	TYC	July 2013 \$30 Calls	20,000	29-Nov	\$1.57	\$1.76	12.10%	July \$32/\$25 Bull Risk Reversal, 7000X 12-17
CBS Corp	CBS	June 2013 \$37/\$41 Call Spread (Short \$31 Puts)	5,000	9-Nov	-\$0.68	\$0.65	195.59%	
SBA Communications	SBAC	June 2013 \$70 Short Puts	4,700	8-Nov	-\$5.20	-\$3.50	-32.69%	March 2013 \$70 Calls, 2000X at \$2.65 12-20
Juniper	JNPR	April 2013 \$20/\$16 Bull Risk Reversal	8,000	6-Dec	\$0.37	\$1.50	305.41%	
JDS Uniphase	JDSU	March 2013 \$14 Calls (Rolled Up from \$12)	7,000	12-Dec	\$0.64	\$0.75	17.19%	
Symantec	SYMC	April 2013 \$20 Calls	20,000	1-Nov	\$1.09	\$0.77	-29.36%	11-1 and 12-5, 10K Each Day
General Motors	GM	March 2013 \$26 Calls	20,000	25-Oct	\$1.20	\$2.45	104.17%	Accumulating, 35K+ Now
UPS Corp	UPS	April 2013 \$75 Calls	50,000	26-Oct	\$2.03	\$2.70	33.00%	Days of Accumulation
Procter & Gamble	PG	April 2013 \$67.5 Calls (Rolled from Jan.)	35,000	19-Nov	\$2.43	\$2.60	7.00%	20K \$60's and 10K \$65's as Well
Sigma Aldrich	SIAL	April 2013 \$80 Calls	20,000	7-Sep	\$1.60	\$0.50	-68.75%	Accumulated Over Months, Started 9-7
Lions Gate	LGF	March 2013 \$18 Calls	3,000	18-Oct	\$0.90	\$0.40	-55.56%	Over 6,000 Now in Open Interest
Activision	ATVI	February 2013 \$15/\$10 Bull Risk Reversal	30/15K	25-Sep	\$0.03	-\$0.25	933.33%	May 2013 \$12 Calls 10,500 at \$0.38 on 12-19
Interpublic Group	IPG	April 2013 \$12 Calls	12,000	14-Sep	\$1.35	\$0.50	-62.96%	Jan. 2013 \$11 Puts Sold to Open 12-18 \$0.3, 15K
Onyx Pharma	ONXX	February 2013 \$90/\$70 Bull Reversal	2,000	31-Oct	-\$0.05	-\$0.40	700.00%	Feb. \$90 Calls, 2000 at \$1.55 11-21, 6K in OI
Nucor	NUE	April 2013 \$41 Short Puts	7,000	22-Oct	-\$3.15	-\$1.62	-48.57%	
Candian Natural	CNQ	June 2013 \$30 Calls	5,000	14-Nov	\$2.10	\$2.25	7.14%	
NRG Energy	NRG	June 2013 / March 2013 \$25/\$21 Bull Reversal	11,500	12-Dec	\$0.20	\$0.40	100.00%	
Acme Packet	APKT	February 2013 \$24/\$18 Bull Reversal	4,000	12-Dec	\$0.37	\$0.50	35.14%	

Disney	DIS	July 2013 \$50 Puts	4,000	13-Dec	\$3.45	\$3.30	-4.35%	
Mylan	MYL	January 2013 \$27 Calls (Rolled from Dec. 25)	5,000	13-Dec	\$1.32	\$1.20	-9.09%	
Level 3	LVLT	March 2013 \$24 Calls	5,000	18-Dec	\$1.50	\$1.45	-3.33%	3000 Jan. 22 @ \$1.45, 3,000 June 19 @ \$2.70
UAL Corp	UAL	Jan. 2014 27/35 Call Spread (Short 17 Puts)	12,000	19-Dec	\$0.55	\$0.65	18.18%	
BP PLC	BP	July 2013 \$46 Calls (Rolled from April)	20,000	19-Dec	\$1.20	\$1.15	-4.17%	
Louisiana Pacific	LPX	February 2013 \$15 Calls	15,000	26-Sep	\$0.70	\$4.15	492.86%	
Cheniere Energy	LNG	Jan. 2013 \$17 Calls	20,000	20-Dec	\$1.60	\$1.50	-6.25%	March 2013 \$17/\$12 Bull Reversal 40K on 11-16
Alcatel Lucent	ALU	June 2013 \$1.50 Calls	20,000	20-Dec	\$0.30	\$0.30	0.00%	
Assured Guaranty	AGO	April 2013 \$16 Calls (Rolled from Jan.)	11,500	20-Dec	\$1.12	\$1.00	-10.71%	
Nation Star Mort.	NSM	July 2013 \$40/\$45 Call Spread	10,000	20-Dec	\$1.25	\$1.10	-12.00%	10,000 More on 12-21
Dish Network	DISH	March 2013 \$37 Calls (Rolled from Jan.)	5,000	20-Dec	\$2.80	\$2.10	-25.00%	
Eastman Chemical	EMN	March 2013 \$65 Calls	7,100	10-Dec	\$2.40	\$4.00	66.67%	March 2013 \$60 Calls Big Buys Remain in OI Also
Potash Corp	POT	Jan. 2013 \$41.67 Calls	13,800	4-Dec	\$0.31	\$0.31	0.00%	
Michael Kors	KORS	Jan. 2013 \$55 Calls	5,000	6-Dec	\$1.45	\$2.10	44.83%	
Big Lots	BIG	Jan. 2013 \$30 Calls	9,000	13-Dec	\$0.45	\$0.65	44.44%	
Bed Bath & Beyond	BBBY	February \$62.50 Calls	5,000	18-Dec	\$1.55	\$0.30	-80.65%	
Hartford Financial	HIG	March 2013 \$23 Calls	5,000	19-Dec	\$1.12	\$1.05	-6.25%	
Celgene	CELG	February 2013 \$77.50 Calls	5,000	26-Nov	\$4.70	\$4.70	0.00%	
O'Reilly Auto	ORLY	Feb. 2013 85/95 Call Ratio, Short \$80 Puts	6,500	1-Nov	-\$0.75	\$0.20	126.67%	Multiple Days
Beam Inc	BEAM	March 2013 \$65/\$57.5 Bull Reversal	6,500	11-Dec	\$0.45	-\$0.10	122.22%	
Deckers Outdoor	DECK	March 2013 \$40 Calls	15,000	30-Nov	\$4.70	\$2.40	-48.94%	Rolled from Jan. 40 Calls
Vivus	VVUS	March 2013 \$13/\$20 Call Spread	10,000	6-Nov	\$1.15	\$1.85	60.87%	
Manitowoc	MTW	March 2013 \$17/\$11 Bull Risk Reversal	5,000	19-Oct	\$0.95	\$0.55	-42.11%	
Green Mountain	GMC R	June 2013 \$43/\$55 Call Spread	5,000	18-Dec	\$3.35	\$3.30	-1.49%	
Chicago Bridge	CBI	April 2013 \$38 Calls (Rolled from Dec. 34)	6,700	17-Dec	\$4.85	\$8.00	64.95%	
Petrobras	PBR	April 2013 \$20 Calls	15,000	30-Nov	\$0.72	\$1.42	97.22%	
Allstate	ALL	April 2013 \$38 Calls	18,000	27-Nov	\$3.30	\$3.30	0.00%	Rolled from Jan. 37 Calls
Melco Crown	MPEL	January 2013 \$15 Calls	15,000	4-Dec	\$0.55	\$1.70	209.09%	Jan. 16/17 Call Very Actively Bought Also
Xilinx	XLNX	June 2013 \$35 Calls	4,600	13-Dec	\$2.65	\$3.00	13.21%	3K on 12-13 1.5K on 12-20
Ford	F	June 2013 \$11 Calls	20,000	21-Dec	\$1.24	\$1.42	14.52%	
Spectra Energy	SE	Jan. 2013 \$28 Calls	5,000	21-Dec	\$0.40	\$0.30	-25.00%	June 2013 \$30 Calls 7500 at \$0.50 on 11-30

## **DISCLAIMER:**

**Data Accuracy:** This report was prepared from 12-7-12 to 12-24-12 so some of the figures may not be exact as of the end of 2012, but due to the time-intensive nature of the project it was required. The data provided is deemed to be reliable and was collected from multiple sources. Charts are provided courtesy of StockCharts.com.

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