



2ND ANNUAL THANKSGIVING TREATS AND TURKEYS

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REPORT OVERVIEW

Since 1942, the DJIA has risen 40 times during the week of Thanksgiving, or 58% of the time. It has averaged a gain of 1.75% during the years it rose and a loss of 1.10% during the down years. Overall, the week of Thanksgiving has, on average, produced a gain of 0.6%. For the first 2 days of the week, the Dow is already up 1.6%, while NASDAQ is up 2.2%. Even the Russell 2000 has had a great start, as it has jumped 2.3%.

When the market is already up year-to-date, returns tend to be even greater. According to a study released by J.P. Morgan, when the Dow is positive for the year up to Thanksgiving, it returns 3.4% on average with positive returns 82% of the time.

Typically, when there is October and November pain, it bodes well for a December gain, which is the prelude to the January Effect, which occurs earlier and earlier and is a driver of small cap stocks. Since 1991, the S&P 500 Index has actually risen by nearly 7% in January alone, and when the prior December is added to the return it nears 10%. Plus, small stocks tend to perform even better.

Investors should view this time as an opportunity to eke out quick gains, despite the fiscal cliff and other concerns. One of our picks last year was acquired at a huge premium and one of our pans dropped 50% very quickly. We hope to have similar results again.

Enjoy the report and from all of us at Goldman Small Cap Research, have a happy Thanksgiving.

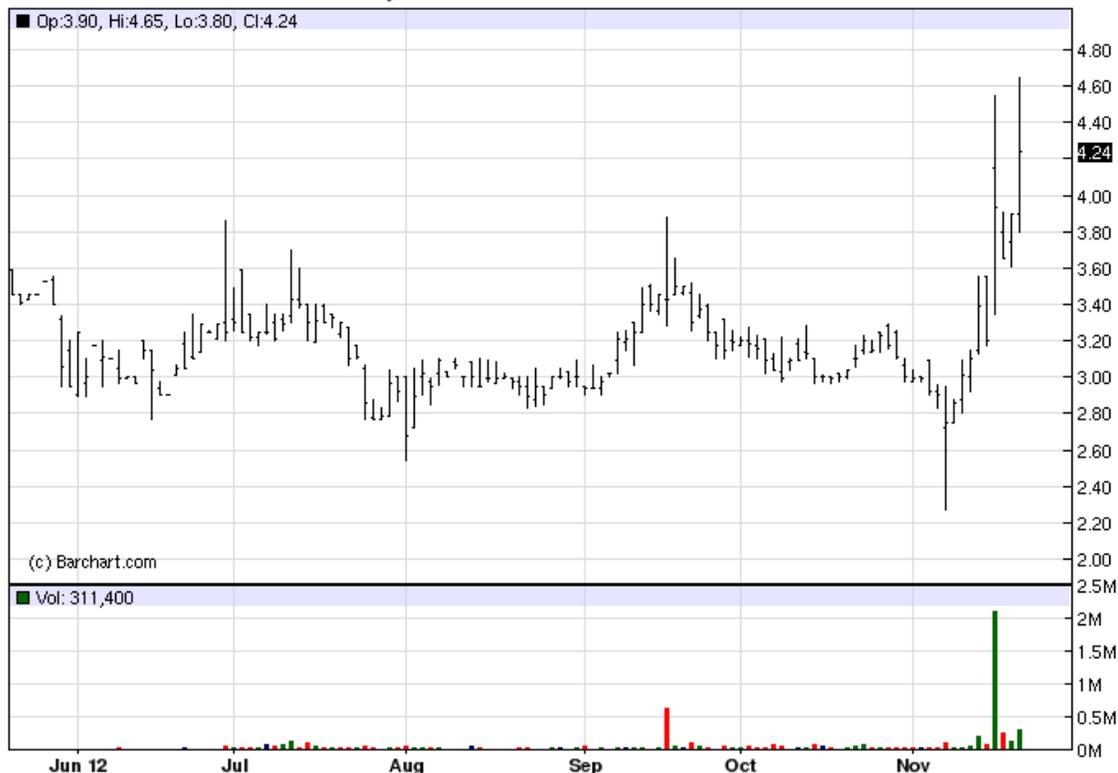
TREATS

AcelRX Pharmaceuticals, Inc. (NASDAQ – ACRX - \$4.24)

ACRX is a specialty pharmaceutical company focused on the development and commercialization of innovative therapies for the treatment of acute pain. AcelRx's lead product is currently in Phase 3 clinical development, and is designed to solve the problems associated with post-operative intravenous patient-controlled analgesia which has been shown to cause harm to patients following surgery because of the side effects of morphine, the invasive IV route of delivery and the inherent potential for programming and delivery errors associated with the complexity of infusion pumps.

The Company just released top-line results for the Phase 3 trial with very positive results, as the trial demonstrated that ACRX met its primary endpoint for the non-invasive, handheld system that allows post-operative patients to self-dose with sublingual *Sufentanil NanoTabs* to manage their post-operative pain. ACRX has other products that have already completed Phase 2. The stock has hit a new 52-week high and still appears to be very attractive on a valuation basis, given its deep and late-stage pipeline. It is clearly under accumulation.

ACRX - Acelrx Pharmaceuticals - Daily OHLC Chart

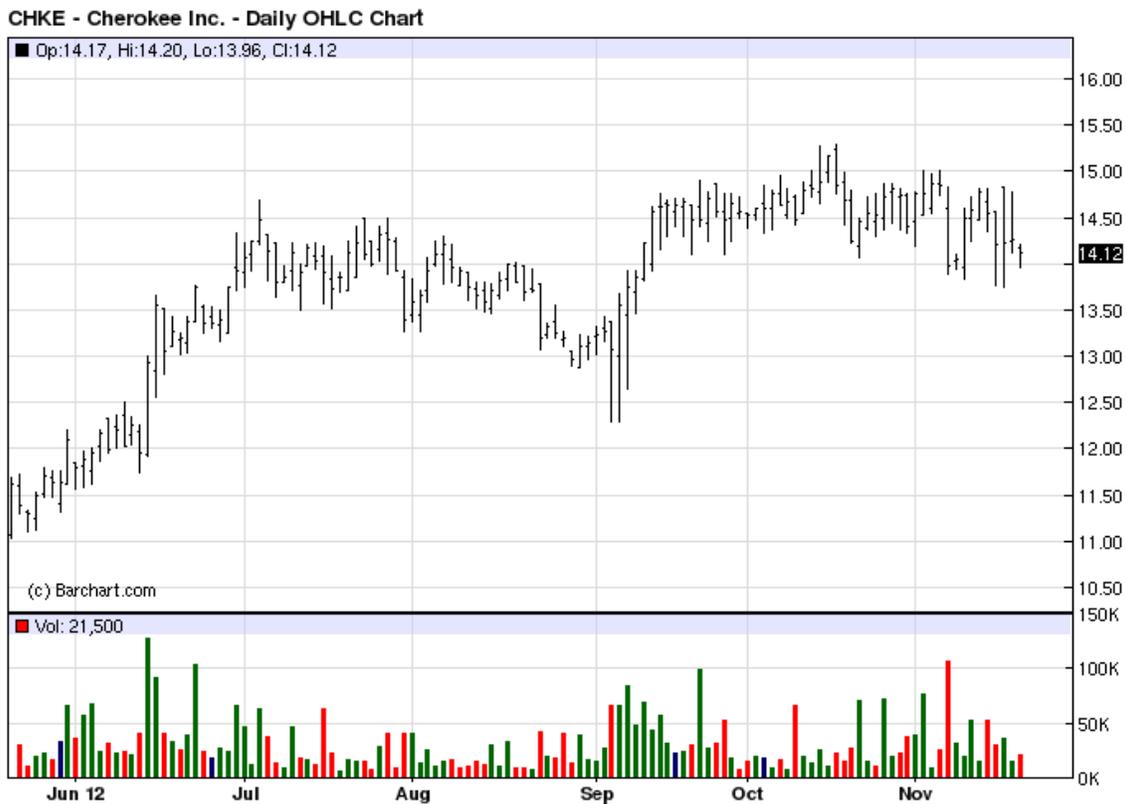


Source: BarChart.com

Cherokee Corporation (NASDAQ – CHKE- \$14.12)

Last week we discussed Target (NYSE – TGT) and Walmart (NYSE - WMT) in our daily blogs. Walmart missed earnings and Target hit. Cherokee Corporation is a small-cap play supplier of Target and other retailers with its own line of brands and licenses in apparel, footwear, home, and accessories. The Company has increased its revenue stream with the acquisition of Liz Lange, a popular brand in maternity, and Completely Me, a sportswear line, earlier this year. Additionally, the Company is paying its first dividend of \$0.10 in December.

CHKE is a great inexpensive way to play Target as it often acts as a proxy for the stock. We expect a holiday bounce here and that the stock will bust through its 52-week high of \$15.29.

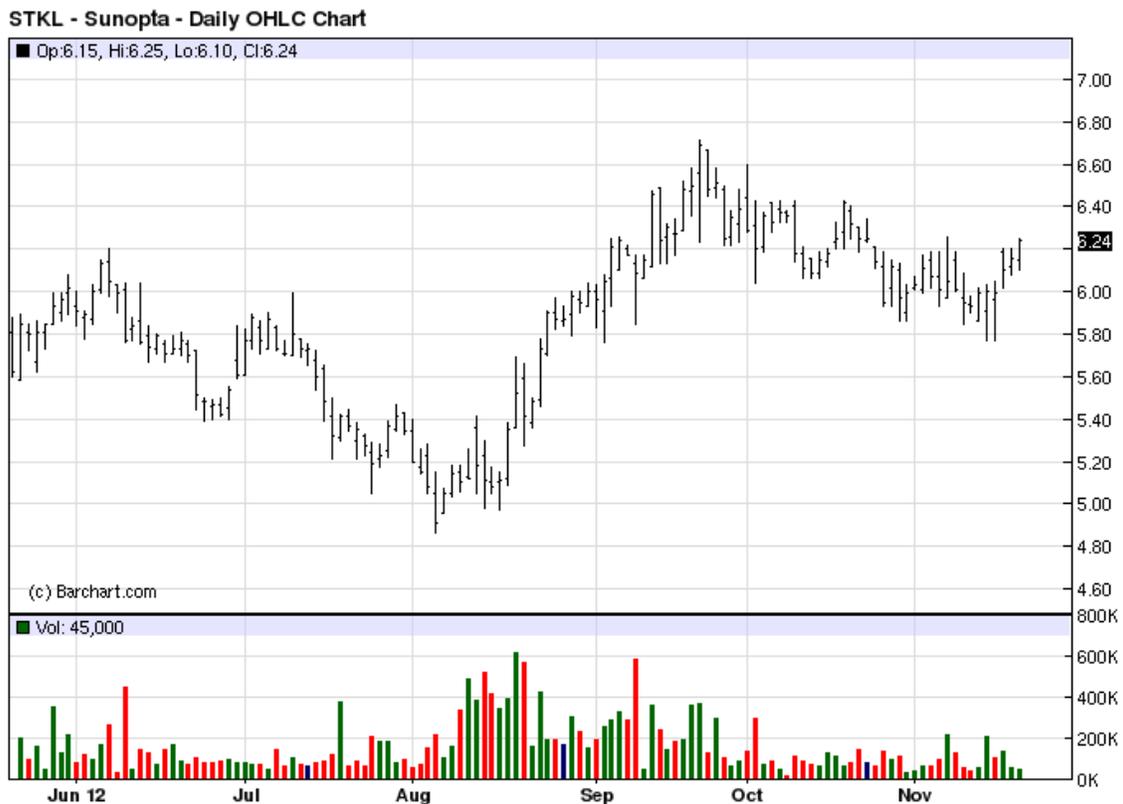


Source: BarChart.com

SunOpta Incorporated (NASDAQ – STKL - \$6.24)

SunOpta is a strong play in the natural and organic food industry. The Company beat revenue forecasts and hit earnings estimates for the just-announced 3Q12. In fact, STKL has met or exceeded quarterly earnings per share estimates for four straight quarters, and has had consistent sales growth of just under 13% for the past 5 years, despite the tough economy.

As with CHKE, we expect to see a nice ‘holiday bump’ in the stock after hitting a 52 week high of \$6.71 in September, driven by “organic growth” and acquisitions.



Source: BarChart.com

Timmins Gold Corporation (NYSE – TGD - \$3.28)

This stock is literally a gold mine! The Company is primarily engaged in gold mining in its properties in Mexico, although it owns other properties with other mineral resources. TGD reported third quarter profit from operations of \$18.3 million with record production of 25,153 ounces of gold and 13,857 ounces of silver.

Timmins is on track to produce over 100,000 ounces of gold from its *San Francisco* mine in Sonora, Mexico this year. Not only is this a great profit and production story, but the Company is on a momentum ride and broke through the \$3.00 ceiling earlier this month. We think a ride up to the \$4.25 range is not out of the realm of possibility.

TGD - Timmins Gold Corp - Daily OHLC Chart



Source: BarChart.com

TURKEYS

COSI, Inc. (NASDAQ – COSI - \$0.58)

COSI is below its feature price a year ago when we had it as our top turkey last year. While management did change its fortunes for a short time, it has come crashing back to earth in recent months. With poor same-store sales, declining margins, and a tough, competitive space that has seen the leaders take it on the chin, we would avoid COSI. The Street is expecting COSI to return to profitability next year, but we believe that is a tall order.

COSI - Cosi - Daily OHLC Chart

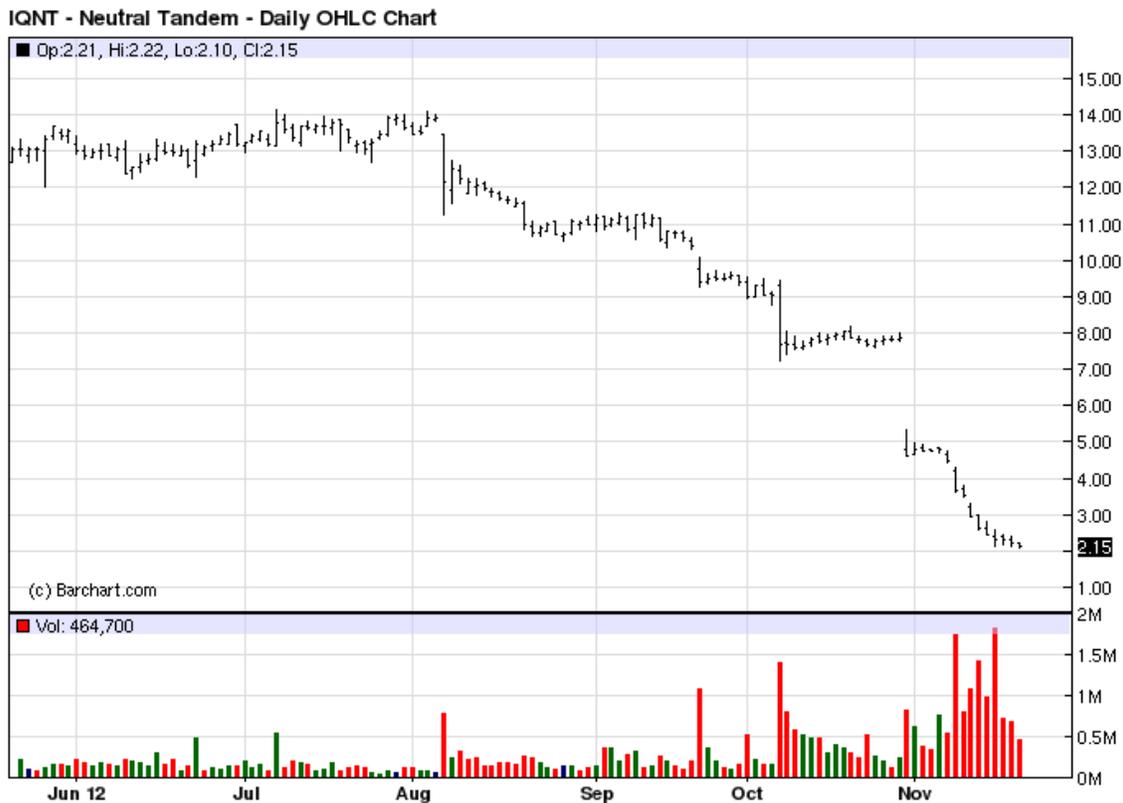


Source: BarChart.com

Neutral Tandem, Inc. (NASDAQ – IQNT - \$2.15)

IQNT provides intelligent networking to solve challenging interconnection and interoperability issues on a global scale to major telecom carriers. With an advanced MPLS network that is highly interconnected to carriers around the world, the Company provides voice, IP Transit and Ethernet services to major carriers, service providers, and content management firms based in over 80 countries and six continents. With over 130 Ethernet sites worldwide, the company is the largest global Ethernet interconnection provider, and a top-five global IP transit provider.

Sounds good, right? Unfortunately, IQNT is trying to settle a dispute with a major customer, pricing is becoming an issue, and a remake of the business model (to a degree) is in order. Major downgrades by Street analysts have occurred earlier this month and we believe the problems will continue to linger and plague the stock in the near term, after declining by 50% since early November.



Source: BarChart.com

Cache, Inc. (NASDAQ – CACH - \$2.30)

Not all retail stocks are created equal, and CACH is struggling to tread water. With 263 stores, Cache operates as a mall and Web based specialty retailer of women’s lifestyle sportswear and dresses in the United States. Unfortunately, it not only needs a new strategy after customers did not take to its new fashion offerings, but it needs a new President to run the Company and infuse a new strategy and game plan. Enough said.



Source: BarChart.com

**Senior Analyst: Robert Goldman**

Rob Goldman has over 20 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell side analyst, Rob was a senior member of Piper Jaffray's Technology and Communications teams. Prior to joining Piper, Rob led Josephthal & Co.'s Washington-based Emerging Growth Research Group. In addition to his sell-side experience Rob served as Chief Investment Officer of a boutique investment management firm and Blue and White Investment Management, where he managed Small Cap Growth portfolios and *The Blue and White Fund*.

Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report.

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