



The Goldman Guide

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INSIDE THIS ISSUE:

Follow This “Icon”
How Did We Do?

KEY TAKEAWAYS

- ⇒ *Bad jobs report actually helps the small cap story*
- ⇒ *Small caps outperforming and attracting investors*
- ⇒ *Carl Icahn now owns over 50% of this very small microcap. Might be a shrewd idea to ride his coattails.*
- ⇒ *Our 1Q15 Guide profiles were very strong*
- ⇒ *The most recent picks have plenty of room to move higher*
- ⇒ *Our one “pan” actually rose sharply. Clearly, our strength is going long, not short.*

KEY STATISTICS

Index	Close	2015
DJIA	17763	-0.0%
S&P 500	2067	0.4%
NASDAQ	4887	3.2%
Russell 2000	1256	4.2%

(figures are rounded)

SMALL IS STILL BETTER

Welcome to an abridged “holiday” version of The Goldman Guide. In this issue, we provide a brief look behind, a quick look ahead, and an idea that suggests you follow an “icon.”

Friday’s job report likely would have spooked some investors considering it was so poor. On the flip side, a bad jobs report only prolongs the time until interest rates rise, which is good for stocks. Maybe I am being naïve but I think that this jobs report will serve as a near term low point (employment number-wise, not market-wise) and there is a possibility of a very modest bounce in April, since weather likely played a factor. Still, it may have to be driven by small businesses.

Regardless, in our universe, what is bad for big caps tends to be good for small caps. A higher dollar hurts exports and makes small stocks, which typically do not export products, attractive. Another shoe that we expect could drop and hurt big caps are mid-April earnings results, whereas small cap stocks could have fewer disappointments or lower guidance events, thus buoying the segment.

Market watchers have no doubt noticed that for the first time in a few quarters small stocks trounced the performance of their big cap brethren. While the DJIA components were down slightly in the first quarter of 2015, the S&P 500 Index, aided by stocks like Apple (NASDAQ—AAPL) rose .4%. The NASDAQ Composite, buoyed to a degree by health care, biotech and tech notched a 3.2% gain while the Russell 2000 jumped 4%, besting them all.

Due to seasonality and money flows, we expect dollars to continue to migrate to small caps for another month or so. That means you should follow this trend. Speaking of trends, how about following this “icon.”

Follow This “Icon”

I confess I have never been much of a fan of corporate raider and rabble-rouser Carl Icahn, but you would be hard pressed to ignore his results. Although he usually plays in the big cap, big brand name arena in which to exert his influence, he occasionally steps outside this comfort zone and into the small cap arena.

With **Voltari Corp. (NASDAQ—VLTC—\$2.63)**, a stock with a mere \$12m market cap, Icahn had done just that. Voltari Corporation, together with its subsidiaries, provides relevance-driven merchandising, digital marketing, and advertising solutions, primarily over smartphones and other mobile devices to brands, marketers, and advertising agencies. It also offers predictive analytics services. Icahn was involved with its parent company (before a spin-off) some years ago but that did not pan out. In the interim, he quietly acquired a roughly one-third ownership in the stock. However, in recent days, it has gone haywire as it has been announced that Icahn now owns over 52% of the stock.

Look, I don't profess to know what his endgame is with VLTC. But, I expect that whatever it is, he will see to markedly increase its value by 2-5 times. Moreover, with effective control of the company, I do not see him “getting out” for a trade. Who could/would buy it? Clearly, he has some grandiose business development in mind that will organically or inorganically increase the value of the stock.

Looking for a flier with an extraordinarily successful guy at the helm (ownership-wise)? You could probably do worse than VLTC. It is probably worth a trade to \$5.

How Did We Do?

GSCR 1Q15 Picks and Pans

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Stock	Pick/Pan	Profile Date	Orig Price	3/31/15 Price	Return
DOD	Pick	1/2/2015	\$15.35	\$15.13	-1.4%
T	Pick	1/2/2015	\$33.87	\$32.65	-3.6%
VZ	Pick	1/2/2015	\$46.96	\$48.63	3.6%
CVX	Pick	1/2/2015	\$112.58	\$104.98	-6.8%
AAPL	Pick	1/2/2015	\$109.33	\$124.43	13.8%
PIN	Pick	1/9/2015	\$21.53	\$22.57	4.8%
IBN	Pick	1/9/2015	\$11.55	\$10.36	-10.3%
TTM	Pick	1/9/2015	\$43.83	\$45.06	2.8%
<i>MSO</i>	<i>Pan</i>	<i>1/16/2015</i>	<i>\$4.77</i>	<i>\$6.50</i>	<i>36.3%</i>
ZIXI	Pick	1/16/2015	\$3.71	\$3.93	5.9%
ELY	Pick	1/23/2015	\$7.92	\$9.53	20.3%
FLWS	Pick	1/30/2015	\$7.89	\$11.83	49.9%
HRB	Pick	2/6/2015	\$35.38	\$32.07	-9.4%
JGW	Pick	2/6/2015	\$10.24	\$10.39	1.5%
ORBK	Pick	2/13/2015	\$15.87	\$16.03	1.0%
INTT	Pick	2/20/2015	\$4.16	\$4.10	-1.4%
CVU	Pick	2/20/2015	\$11.87	\$12.20	2.8%
LCI	Pick	2/20/2015	\$63.23	\$67.71	7.1%
LPSN	Pick	2/27/2015	\$11.54	\$10.24	-11.3%
SKX	Pick	3/6/2015	\$66.79	\$71.91	7.7%
VA	Pick	3/13/2015	\$34.77	\$30.40	-12.6%
GLUU	Pick	3/20/2015	\$4.95	\$5.01	1.2%
SKUL	Pick	3/27/2015	\$10.85	\$11.30	4.1%
Big Cap Avg					1.1%
S&P 500					0.40%
India Avg					-0.9%
SC Buy Avg*					4.78%
RUT 2000					4.0%

Source: GSCR, Yahoo!Finance

*excludes pans

Here is a table of all our Picks (and 1 Pan) for 1Q15, as mentioned or profiled in the Guide. As you can see below, our big cap picks beat the S&P 500 and our small cap picks edged the Russell and winners like ORBK, SKUL, and GLUU have room to move much higher, in our view. We blew it on the MSO pan. Mea culpa. It will be interesting to see how these picks end up by the end of Q2

Have a great day!



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