

# The Goldman Guide

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## Goldman Small Cap Research Scorecard

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Happy Holidays to everyone!

As we near year-end, we thought it would be timely to review in detail the performance of our stock picks and pans of the past year. We were very surprised at the numbers and we think you will be as well. We have the recommendations divided into 3 categories, in order to provide pure segment return figures.

We endeavor to provide as much transparency as possible, in all cases, and we are proud of our overall performance, given the difficult market conditions. We remain here to serve you, the investor, and we will be introducing a brand new website, along with new tools and services to help you along your investing journey.

### Picks and Pans

Since late November, and on an accelerated basis since just before Thanksgiving, we have gone back to our roots, and provided stock picks and pans in the small cap and midcap stock spaces, via *The Goldman Guide* and special reports. We will continue to do so as you will see beginning in January 2012.

As illustrated by the table below, the ten small cap/midcap buy recommendations rose an average of 11.6%, with 7 up and 3 down. What is most interesting is that the picks were made from late September 2011 through early December. Two of the three losers declined by 3% while the other dropped by 13%.

The big winner, Charming Shoppes, jumped 48%, while three others increased by at least 16%, year-to-date.

## Picks:

### GSCR Scorecard Small Cap/Mid Cap Picks

Stock	Date	Price	12-23-11 Price	Return
MLI	18-Sep	\$45.13	\$38.92	-13.8%
PNRA	21-Oct	\$111.70	\$140.10	25.4%
DRI	21-Oct	\$47.17	\$45.70	-3.1%
RRGB	21-Oct	\$24.38	\$28.95	18.7%
JEF	4-Nov	\$12.07	\$14.02	16.2%
EBAY	11-Nov	\$31.76	\$30.83	-2.9%
GLUU	23-Nov	\$2.78	\$3.29	18.3%
QCCO	23-Nov	\$3.80	\$3.83	0.8%
CHRS	23-Nov	\$3.32	\$4.91	47.9%
LOV	9-Dec	\$3.30	\$3.57	8.2%

**Avg Return**

**11.6%**

Clearly, this small cap/mid cap stock-picking success, leverages upon our 20+ years of work in the Wall Street analyst and mutual fund management roles. We are confident that these types of returns will be generated from our picks going forward, although there is no assurance of this type of execution.

As to the current picks above, the upside for CHRS is a bit limited, but the others, in our view, remain attractive. We will monitor and provide insights on a more formal basis, going forward.

## Pans:

When we published our Special Thanksgiving Treats and Turkeys report, we not only included 3 treats mentioned above, but 3 stocks that should be sold. While only one of the 3 is down, and down substantially, it should be noted that until recently, all 3 were down several percentage points in just 4 weeks, while the market has risen 6% or more.

**GSCR Scorecard**  
**Small Cap/Mid Cap Pans**

Stock	Date	Price	12-23-11 Price	Return
COSI	23-Nov	\$0.67	\$0.68	1.5%
RF	23-Nov	\$3.90	\$4.39	12.6%
NVLT	23-Nov	\$0.75	\$0.50	-33.3%
GRPN*		\$26.11	22.84	
<b>Avg Return</b>				<b>-6.4%</b>

We should note that since NVLT completed a financing, the stock has plummeted. We are still not big believers in the science, and think it can still decline from current levels. Although NVLT shares characteristics with the sponsored group, since we place din our special report, its performance is listed here. We remain bearish on COSI and RF (Regions Financial), despite the recent financials rally.

GRPN, or Groupon, is an interesting animal. We panned it big time weeks before the IPO, and then touted as a possible trade post-IPO, but a lousy investment. However, since it was not a formal "Sell" recommendation, we are not including it in any performance results. We should note that it has declined well over 15% from the IPO price and even reached a low of \$15. Ouch.

## Sponsored Research Performance

We have segmented our small cap and mid cap performance results from our sponsored research results for 2 reasons. First, our sponsored research recommendations tend to be either micro cap or very thinly traded. Second, as they are largely event-driven rather than fundamentally-driven, the stocks are subject to price swings and greater risk.

Although we have been compensated for the research produced, we screen each company very carefully, and feel as confident about these recommendations as any other.

We readily admit we are not infallible, and we would describe the performance in this segment in one word: Awful.

**GSCR Scorecard**  
**Sponsored Micro Cap Picks**

Stock	Date	Price	Peak Price	Price - Peak	12-23-11 Price	YTD Return
IBIO	4-Jan	\$3.34	\$6.06	81.4%	\$0.78	-76.6%
SSIE	8-May	\$3.10	\$5.00	61.3%	\$3.84	23.9%
NVLX	9-May	\$0.026	\$0.104	300.0%	\$0.045	73.1%
OCLS	19-Jun	\$1.60	\$1.92	20.0%	\$1.13	-29.4%
RNN	18-Sep	\$1.17	\$1.21	3.4%	\$0.44	-62.4%
MIMV	4-Nov	\$0.29	\$0.29	0.0%	\$0.13	-55.2%
ECTH	18-Nov	\$0.35	\$0.38	8.6%	\$0.34	-2.9%
OMVE	24-Nov	\$0.39	\$0.35	-10.3%	\$0.13	-66.7%
SRPX	25-Nov	\$0.75	\$0.80	6.7%	\$0.56	-25.3%

<b>Avg Return</b>	<b>52.3%</b>	<b>-24.6%</b>
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A few important points on an overall basis are in order. First, given the wide variance in price swings and short-term trading nature of some of our subscribers, we felt it was important to note that while year-to-date the performance is poor, the returns from initiation price to the peak was very strong. Thus, for those investors with a short-term horizon and disciplined approach, strong returns were likely recorded. For the buy-and-hold investors, only 2 of the 9 companies' shares are up since initiation.

It should be noted that while IBIO and RNN were NOT sponsored reports, we elected to place the stocks in this group, as they shared characteristics with these stocks rather than the other group.

We are still favorable on all of the stocks listed above. NVLX is progressing with its acquisition and on the development front, and is likely down due to not meeting previous timetables. In our view, that should not change investors' sentiment about the Company's prospects.

SSIE remains a profitable stalwart, and we expect it will list on NASDAQ soon, providing it a boost higher. Management is very strong and is building a company that will be the dominant player in its niche segment.

Although MIMV's performance is well below par, investors should ignore the current share decline and take advantage of the current, short-term, thin-trading. We are very confident it will be much closer to \$1.00 in 1H12. The company is on the cusp of executing great things, in our opinion.

Finally, our 3 most recent picks are mixed. OMVE's trading since initiation is a disaster, but the model holds true. ECTH appears very strong, and SRPX has had some great news of late which we think will generate considerable interest in the stock as the Street fully understands its significance.

This table is a reminder that perhaps taking *some* profits on price climbs is not a bad idea, given the huge average increase in stock price from initiation to its peak price, post-initiation. Nonetheless, longer term, we still believe that investors will win out.

## Wait Till Next Year

All in all, our performance surprised us and we are very pleased, especially on the small cap/mid cap side. We will keep you informed of upcoming changes to the website and our offerings to help you grow your investment portfolio to higher levels next year. These will include new research, blogs, and conference calls with our research personnel and with major Wall Street players, plus company CEOs.

In the meantime, be on the lookout for our Top Twelve Predictions for 2012 later this week.

Until then...

## **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 newsletter 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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