



# The Goldman Guide

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## Missed It By That Much

For those of you that were fans of the television comedy *Get Smart*, you know of what I speak. In this case, I am referring to the Mega Millions jackpot. As you are probably aware, there were 3 winners, including one here in Maryland. I bought some tickets and after the drawing I believe I came as close as I ever will to winning the jackpot, should I choose to play again.

Although I may have had 2 numbers right on my tickets, the winning ticket was purchased at a 7-Eleven convenience store about 5 miles from my home. Probably the closest I will ever get to a few hundred million. Unless I break my cardinal rule and buy some of my own recommendations...but more on that later.

I am a voracious and speed reader of anything related to stocks and finance and spend hours every day perusing all kinds of data and information that temporarily turns me into the main character from *Rain Man*. (12 hours til the market opens. No Wopner on TV anymore.)

With the end of the first quarter, I came across some key data points which do not bode well and further bolsters some of our recent comments on the near term outlook.

As noted on page 2, the S&P 500 Index was up 12.6%, NASDAQ Composite up 18.7%, and the Russell 2000 Index was up 12.4%. Apple, by virtue of being the single largest in the S&P 500, accounted for fully 15% of the performance. NASDAQ, which put in a crazy strong ride, was bolstered even further by Apple.

According to *Barron's* from the earnings perspective, 4Q11 results in the S&P 500 rose 13% but would have been only 10% without Apple. If you look at 1Q12's projected earnings figures, excluding Apple, there will be no earnings growth year-over-year. Ouch.

With no earnings growth, high oil prices, and other economic uncertainty, we need solid sequential quarterly earnings and other catalysts to keep the market going. For now, we are handicapping flat to down 2% for the S&P 500 for Q2.

### Key Takeaways

- ⇒ Micro cap picks up 97% even with one stock down sharply
- ⇒ Small cap picks did well with 3 stocks over 30% in 30 days
- ⇒ Apple drives index performance
- ⇒ Will the Q1 earnings outlook help or hurt stocks?

## Select Research: Small Cap Picks



deLiA's (NASDAQ - DLIA) was our best performer for the quarter.

### GSCR Scorecard

#### Small Cap Picks

1Q12

Stock	Date	Price	3/30/12 Price	Return	Peak Price	Return
QCCO*	2-Jan	\$4.02	\$4.16	3.5%	\$4.99	24.1%
LOV*	2-Jan	\$3.80	\$4.50	18.4%	\$4.82	26.8%
NEI	7-Jan	\$1.22	\$1.43	17.2%	\$1.59	30.3%
NSSC*	19-Jan	\$2.81	\$3.13	11.4%	\$3.15	12.1%
FHCO	19-Jan	\$5.17	\$5.42	4.8%	\$5.69	10.1%
STEI	26-Jan	\$6.34	\$6.07	-4.3%	\$6.71	5.8%
GLUU*	3-Feb	\$4.00	\$4.85	21.3%	\$5.18	29.5%
LLNW	10-Feb	\$3.98	\$3.29	-17.3%	\$4.33	8.8%
ABTL	17-Feb	\$1.05	\$0.97	-7.6%	\$1.06	1.0%
DLIA	17-Feb	\$1.12	\$1.40	25.0%	\$1.62	44.6%
SLP	24-Feb	\$4.10	\$4.41	7.6%	\$4.69	14.4%
WOLF	26-Mar	\$5.59	\$5.72	2.3%	\$5.75	2.9%
NOOF	26-Mar	\$1.43	\$1.55	8.4%	\$1.60	11.9%
<b>Avg Return</b>				<b>7.0%</b>	<b>17.1%</b>	

The table above is surprising and telling. For 4Q11, our small cap picks dramatically outperformed the micro cap (sponsored) research picks. This quarter, the reverse occurred. The stocks in the table above were all recommendations mentioned in 1Q12 editions of *The Goldman Guide*. While as a whole it appears that the recommendations slightly underperformed the Russell 2000 Index, one must take into account that recommendations were made throughout the quarter, as compared to the static performance of the index from 1/2/12. These figures reflect quarter-end prices returns and peak returns achieved post-recommendation. The peak price performance reached 17% versus the 12.4% YTD numbers and would be even higher if the last 2 stocks, introduced only a week ago, were not included.

Importantly, during the period, **3 stocks rose 30% in 30 days**, and although 3 stocks dropped while 10 jumped, none were down from peak prices. Also, 4 stocks were originally introduced in 4Q11, and if we used those prices, which were substantially lower, performance would have been even higher. QCCO is up 9.5% (plus a dividend), GLUU up 74%, LOV up 36% and NSSC up 37%.

**Our favorites are ABTL, DLIA, FHCO, NOOF, SLP, and WOLF.**

### Key Statistics

Index	Close	YTD
DJIA	13,212	8.8%
S&P 500	1408	12.6%
NASDAQ	3092	18.7%
Russell 2K	830	12.4%

(figures are rounded)



## Micro Cap Picks Up an Average of 97%!

GSCR Scorecard							
Sponsored Micro Cap Picks							
1Q12							
Stock	Date	Price	Orig Price	1Q12 Peak	Price - Peak	3/30 Price	1Q12 Return
SSIE	3-Jan	\$3.80	\$3.10	\$3.80	0.0%	\$1.42	-62.6%
ECTH	5-Jan	\$0.34	\$0.35	\$0.68	100.0%	\$0.42	23.5%
MIMV	27-Feb	\$0.12	\$0.29	\$0.60	400.0%	\$0.57	375.0%
NVLX	29-Feb	\$0.037	\$0.026	\$0.09	143.2%	\$0.056	51.4%
<b>Avg Return</b>				<b>160.8%</b>		<b>96.8%</b>	

Admittedly, these *Opportunity Research* performance numbers are skewed, but regardless, it is impressive as these four stocks rose an average of 97% for the period. We remain very positive on all 4 stocks.

**SSIE:** Although Q1 was likely very challenging for SunSi Energies, other solar players are starting to bounce back. We think new business and business development initiatives will enable SSIE to return to its former levels.

**ECTH:** ecoTech has its ducks in a row with respect to executing its business plan and we expect more news, including some revenue recognition in Q2.

**MIMV:** With its biggest competitor acquired by Apple, Mimvi is ripe for a takeover at a premium to its current price. A former Google controller just joined the MIMV team which is a huge plus. Once liquidity increases, the stock should move higher.

**NVLX:** Once the SG Austria deal closes the overhang on the stock and naked shorts will be removed, causing a short squeeze. Nuvilex's current value is still less than what the pancreatic cancer treatment is worth alone. It likely goes to \$0.15 once it breaks through \$0.08 again.

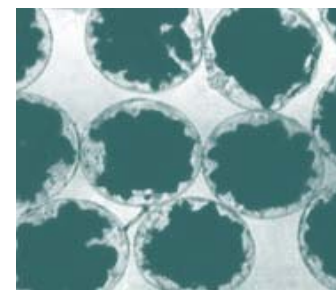
**Little known fact:**

**I am also the editor of pennystockjunction.com and for Q1, we had at least 10 stock picks up over 30% in 30 days!!!**

Until next week...



**Big names helped MIMV in Q1. APPL bought a rival and ex-GOOG exec joined the Mimvi team.**



**Nuvilex's live-cell encapsulation technology and delivery system used to treat pancreatic cancer.**

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Rob Goldman founded Goldman Small Cap Research (GSCR) in 2009. Rob has over 20 years of investment and research experience as a senior research analyst and as a portfolio and mutual fund manager. During his tenure as a sell-side analyst, he was a senior member of Piper Jaffray's Technology team. Prior to joining Piper, Rob led Josephthal & Co.'s Emerging Growth Research Group. Rob has also served as Chief Investment Officer of two boutique investment management firms, where he managed Small Cap Growth and Balanced portfolios and *The Blue and White Fund*. As an investment manager, Rob's model portfolio was once ranked the 4th best small cap growth performer in the U.S. by *Money Manager Review*. In addition to his work at GSCR, Rob is the editor of Penny Stock Junction ([www.pennystockjunction.com](http://www.pennystockjunction.com)).

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