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The Goldman Guide

Inside this issue:

Stock Market Highlights

- We are getting closer to zero gains in the Dow YTD
- Facebook mgmt. is all about control
- Dell and HP are in trouble
- NOK is in worse shape
- Is May over yet?

A Third Year

We are proud to announce that this edition of *The Goldman Guide* marks the start of our third year publishing this weekly rag. Some of you probably never imagined we would reach this point. Others probably wish we would take the advice of the Halloween Indicator by selling in May and going away…

Instead we have elected to be around for the long haul. A number of changes have already occurred at Goldman Small Cap Research behind the scenes and we have nearly completed much of our website redesign, which coincides with the launching of new free and premium products this week.

Our goal is to become the leading source of free and premium Wall-Street quality research to the retail investor masses, with an emphasis on small cap stocks and penny stocks.

Today, many of you know us for what we call our Opportunity Research. Through this vehicle we publish reports and updates on micro caps and penny stocks on a sponsored basis. Through our idea-generated Select Research offering, we produce this weekly publication which provides an overview of the market and insights and profiles of stocks in the small cap and penny stock worlds.

Today, we are launching our daily blogs, which we call the Market Monitor. The objective of the Market Monitor is to highlight key trading events in the market, alerts, break-out situations, and stock ideas, as part of our Select Research.

We are also introducing our first premium product, known as *The 30-30 Report*, which introduces and highlights stocks we think will jump 30% in 30 days. We have a tremendous track record here, from the time I was ranked the 4th best small cap manager in the country and this newsletter is a must-have for all traders and investors. (cont'd)

A Third Year (cont'd)

Amazing how Facebook and its underwriters just bombed….

In the past 90 days, we have had no fewer than 15 stocks make this "30-30" jump. We are offering this newsletter at a low introductory rate. Frankly, it is such a ridiculously low price for the first year I am actually embarrassed. But I appreciate your loyalty and this is my way of giving back.

Plus, all subscribers to the newsletter will have an opportunity to participate in an exclusive monthly feature known as The Analyst Call, where will we interview analysts, money managers, and investment pros who will give their thoughts on the market and individual stocks. Typically, these people are featured just on CNBC and Bloomberg but due to our relationships, we want to give our premium subscribers an extra edge.

Finally, I have been working on a book which will be ground-breaking in style, substance, and content. The book, which is the first part in a series, is known is called The Analyst's Guide to Investing. It will be made free to all of our subscribers for a limited time. We expect that the book will be out during mid-summer.

As if that isn't enough, we will be launching new premium offerings under the Goldman Small Cap Research brand, along with other key players in the industry. Some of these offerings are exclusively content-based newsletters, reports, blogs, and books. Wed will also be leading webinars on investing, trading, personal finance, and other topics. We will provide you with high value, low-cost tools and tricks of the trade that will enable you to earn more money.

Your return on investment by signing up for our exclusive, premium offerings will be enormous!

Folks, the bottom line is that we have been working very hard behind the scenes to build the premier site for stock market, micro cap and penny stock knowledge, trading, insights, ideas, and tools. You will see that as we modify our report and newsletter templates as well.

We welcome any comments or suggestions that you may have to improve our offerings.

Our many thanks...

Key Statistics

Index	Close	YTD
DJIA	12,496	2.3%
S&P 500	1319	4.8%
NASDAQ	2850	9.4%
Russell 2K	765	3.3%

(figures are rounded)

Was it an IPO or Amateur Hour?

As an analyst on Wall Street (pre-ridiculous rule changes) I was the lead analyst on a number of deals for IPOS and secondary offerings. The way IPOS work is a complicated yet cookie-cutter process. Before a filing is even made, analysts perform due diligence and work out a framework of a pro forma projected income statement, which is then fine-tuned prior to the marketing via roadshows, begins.

The key during the roadshow and marketing is that the firms take Indications of Interest (IOIs) from prospective investors to gauge interest. A rule of thumb we used to determine where a stock would be priced with respect to the stated range and the number of shares offered was the number 7. We knew we could raise the price range and the shares offered if we achieved that number. It would still mean a nice pop in the stock. Most deals are 3-5x oversubscribed. Moreover it was always imperative to line up buyers to buy from the usual IPO flippers. This was always a hard number to gauge but an extremely important part of the process.

So, if you could get a reasonable number of oversubscriptions relative to the number of shares offered, lined up buyers, and had strong analyst support, you had a good deal for the Company and investors.

In Facebook's (NASDAQ – FB) case, there was only one winner: Facebook. They started off with the wrong structure whereby the key holders owned a higher class of stock, thus limiting voting and real ownership power by outside investors, a la Google (NASDAQ – GOOG). Investors didn't like it, but they dealt with it. Facebook wielded its power from start to finish. The underwriters then, in our view, clearly acquiesced to management when it not only raised the stated range, but increased the shares offered by 25%. These moves made it hard to provide investors with the pop they wanted. Facebook was looking to maximize its dollars and was successful.

People are up in arms now because during the roadshow the analysts reduced forecasts, and reported it to only a select group of institutions. To reduce numbers during a roadshow never happens. These change a million times at the 11th hour BEFORE, but not during the roadshow. To increase the size and pricing of the deal despite are bad moves and shows how much power Facebook wielded. To keep this information secret is worse as the underwriters get the blame, not Facebook management.

The NASDAQ trading screw-ups last week? All for the best for investors, clearly. However, all the way around, this ended up being a story of greed, control, a high and mighty attitude, acquiescence, and in the end, amateur hour.

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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.)

Analyst Certification

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