November 26, 2014

FOURTH ANNUAL THANKSGIVING TREATS & TURKEYS
Buys and Sells for Your Portfolios

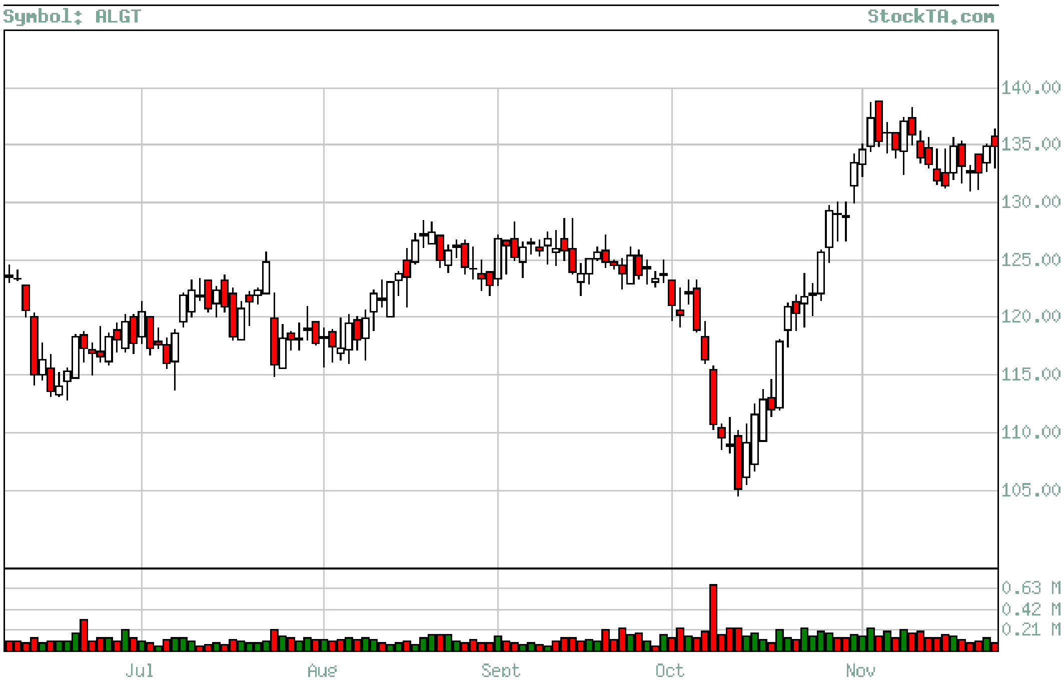
Introduction

Welcome to the 4thd Annual Goldman Small Cap Research Thanksgiving Treats & Turkeys Report. This year, even though we are on a diet, we give you 3 stocks to buy and 3 stocks to sell. And instead of just small cap stocks, this year our picks come in all shapes and sizes. With the holiday season starting later in the calendar year, retailers have stepped up their game and so we elected to highlight consumer stocks this year. Last year, our sells outperformed our buys and this year we believe both sides are primed for strong results, with the addition of a midcap stock pick by Steve Hercenberg, CFA. As usual, all charts are courtesy of www.Stockta.com. Have a Happy Thanksgiving and profitable trading!

BUYS

Allegiant Travel Company (NASDAQ – ALGT - $134.92, Range: $138.83 - $81.19)

Las Vegas-based **Allegiant Travel Company** (NASDAQ - ALGT- $134.92) focuses on linking travelers in small cities to world-class leisure destinations. It operates a low-cost, high-efficiency, all-jet passenger airline through its subsidiary, Allegiant Air. The company website not only offers online purchase of tickets, but other travel-related products like hotel rooms, rental cars, and attraction tickets. *Forbes* named ALGT one of America's 100 Best Small Companies for five consecutive years. In 2014, *AVIATION WEEK* ranked ALGT the Top-Performing Airline in North America for the third consecutive year.



Management has mastered the art of luring passengers with cheap upfront fares and gauging them with expensive fees later. Recently, ALGT has been aiming to motivate customers to utilize its mobile application, which could drive additional purchases, by charging a fee for printing boarding passes at the airport ticket counter. ALGT is the second discount airline to charge for storing overhead luggage too.

Consumer demand remains robust. ALGT's competitive advantage has been driving double-digit growth across revenue, earnings, and share appreciation since the company went public in 2006. We expect his trend to continue while ALGT adds new markets and more aircraft through 2018.

ALGT has many other strengths, including its largely solid financial position with reasonable debt levels and noteworthy return on equity. We feel these strengths outweigh the fact that the ALGT is trading at a premium valuation based on comparing its current price with trailing earnings, book value, sales, cash flow vis-à-vis its corresponding industry and five-year averages. Note: ALGT's forward valuation is still low compared with the market, (e.g., its forward price/earnings ratio is in line with the roughly 17x multiple on the S&P 500). Our target price is $165.

Peabody Energy Corporation (NYSE – BTU - $10.99, Range: $19.94 - $9.91)

We have been calling out **Peabody Energy Corporation (NYSE – BTU - $10.99)** starting a year ago at over $19, again in July at around $15, and again in August when the stock was close to $16. We were wrong on all counts on the trade front or calling a bottom. What has changed? When you look at any chart you can see a bottom of $10.29 on November 4, 2014, Election Day!

Don't look now but the stock is up 11% in just under three weeks. Most pundits believe a GOP controlled Congress will reverse the assault on coal from the Obama administration by de-funding a lot of the EPA controls the POTUS has implemented with executive orders. Additionally, there has been scuttlebutt of takeover rumors with BHP Billiton (NYSE – BHP) as the buyer. Finally, at the US-China Summit it was announced in a joint statement that the two governments have agreed to cooperate and collaborate in developing efficient coal technologies and to advance CCUS (carbon capture, utilization and storage technologies). This may be the time to get into BTU, really purely on a political play where the Company is finally allowed to prosper without an assault from its own government. BTU could see the $15 level by the middle of next year.

SkullCandy, Inc. (NASDAQ – SKUL - $9.51, Range: $11.40 - $5.34)

SkullCandy, Inc. (NASDAQ – SKUL - $9.51) was a stock so highly rated in our stock research process we strongly considered it for *The 30-30 Report*. SkullCandy designs, markets and distributes audio and gaming headphones and other accessory related products under the SkullCandy, Astro Gaming and 2XL brands, which are extremely popular brands in the space. The stock's financials look great, with over $1 per share in cash and no debt. In addition to the strong balance sheet, the Company's Q3 performance was impressive and EPS is expected to reach $0.25 per share this year, as compared with a loss last year. Plus, EPS is forecast to jump to $0.35 next year on a 10% increase in sales. At current levels, the stock trades 27x the 2015 consensus EPS projection which we believe could be a tad low. Even if we are overly optimistic, the stock could still reach the $12 mark next year.

SELLS

DSP Group, Inc. (NASDAQ – DSPG - $11.21, Range: $11.43 - $7.90)

We have been hot on the technology sector for quite some time, so this 'turkey' pick may not 'jive' so close to Thanksgiving. On the surface, considering that the stock just reached a new high, this turkey pick may be a turkey for us! Moreover, I covered this turkey as an analyst for a number of years during my time at Piper Jaffray and I always seemed to be making the wrong calls on the stock**. DSP Group, Inc. (NASDAQ – DSPG - $11.21)**, is a leading global provider of wireless chipset solutions for converged communications. Delivering semiconductor system solutions with software and hardware reference designs, DSP Group enables OEMs/ODMs, consumer electronics (CE) manufacturers and service providers to cost-effectively develop new revenue-generating products with fast time to market.

Despite its industry standing, the stock is really expensive. After all, it carries a P/E of 60x despite the expectation that EPS will be lower in 2015 as compared with 2014. We think the stock continues an overall downward trend peppered in with some big up days. For now avoid DSPG. However, if the stock gets down to the 52-week low level near $9 it may be time to jump back in.

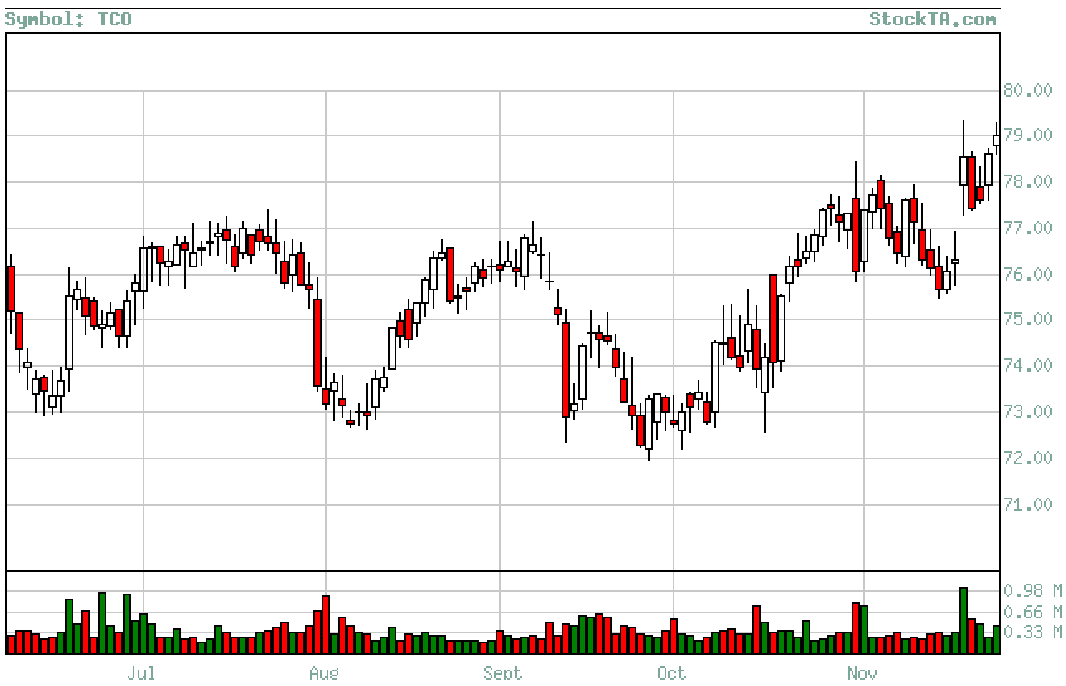
NTELOS Holdings Corp. (NASDAQ – NTLS - $8.40, Range: $21.68 - $8.31)

NTELOS Holdings Corp. (NASDAQ – NTLS - $8.40), operating through its subsidiaries as "nTelos Wireless," is headquartered in Waynesboro, VA, and provides high-speed, dependable nationwide voice and data coverage for approximately 457,200 retail subscribers based in Virginia, West Virginia and portions of Maryland, North Carolina, Pennsylvania, Ohio and Kentucky. The Company's licensed territories have a total population of approximately 8.0 million residents, of which its wireless network covers approximately 6.0 million resident s. The Company is also the exclusive wholesale provider of network services to Sprint Corporation in the western Virginia and West Virginia portions of its territories for all Sprint CDMA and LTE wireless customers.

Unlike DSPG which is near new high, NTLS has been out of favor for a long time and it may be that it recently reached new lows in response to year-end selling of losers, and thus could enjoy a near term "dead cat bounce." Still, with declining revenue and margins expected to be recorded next year, we believe that the stock is dead money at best.

Taubman Centers, Inc. (NYSE – TCO – 79.00, Range: $79.33- $61.43)

As is the case with DSPG, Taubman Centers, Inc. (NYSE – TCO - $79.00) is near a 52-week high. Of course, a $5 billion market cap and a great reputation as a retail REIT appears to be in its favor as a buy profile rather than a sell profile. This old-line REIT traces its roots to 1950 and owns interests or owns outright dozens of shopping centers and malls around the country. As a REIT, the company would not be subjected to federal income tax to the extent it distributes at least 90% of its taxable income to its shareholders. Still, with financials likely to decline next year, this 2014 darling could be a real 2015 loser and drop by 20%, if earnings decline, as the Street projects.



Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and 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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