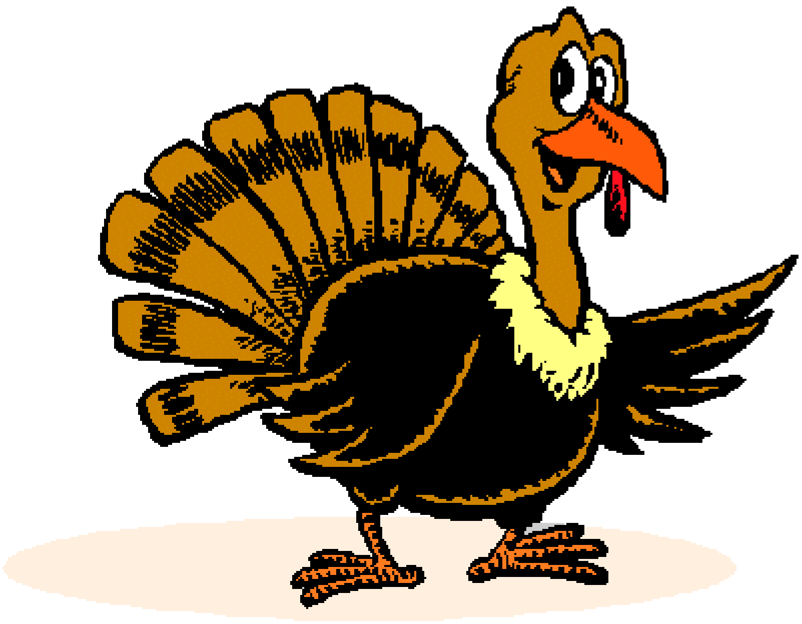
November 23, 2016

6th Annual Treats & Turkeys



Buys and Sells for Your Portfolio

Introduction

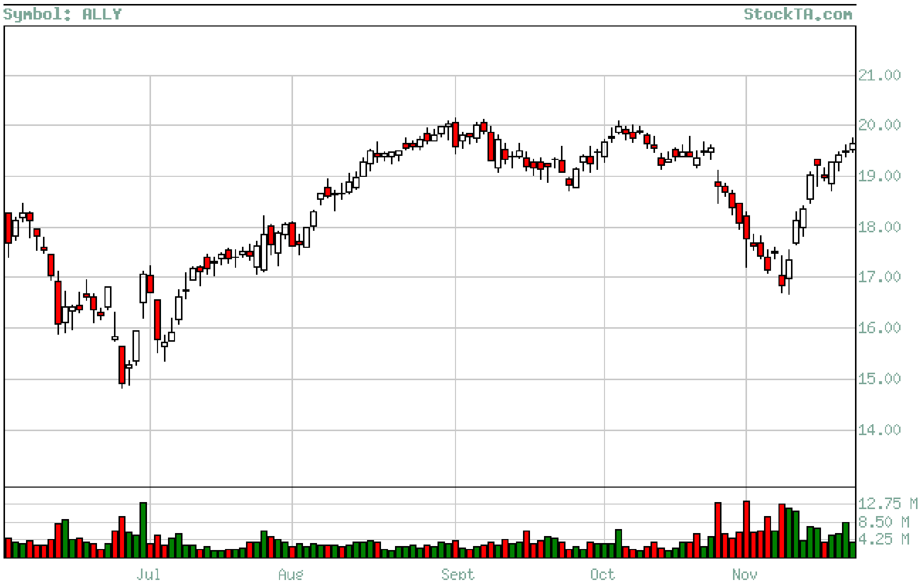
Welcome to Goldman Small Cap Research's *6th Annual Thanksgiving Treats & Turkeys Report*. Before we start cooking for the holiday, we give you 3 stocks to buy and 3 stocks to sell for the coming months. Historically, these selections have performed remarkably well. Interestingly, this past year's picks took the word performance to a whole new level. After all, we nailed it on the buy and sell side. Check this out.

Buys	Sells
CAB rose 31.8%	**GME dropped 36.1%**
QUAD leaped 169.6%	**MANH fell 22.8%**
SLGD declined by 7.7%	**PEP rose 1.6%**

It is going to be very difficult to repeat this kind of performance. Still, we maintain that a lot of upside exists in this year's issue. Once again, this edition's picks come in all shapes and sizes and all charts are courtesy of www.Stockta.com. Have a Happy Thanksgiving and profitable trading!

THE BUYS

Ally Financial Inc. (NYSE - ALLY - $19.65, Range: $20.34 - $14.55)



The Skinny: Ally is a leading digital financial services company and a top 25 U.S. financial holding company offering financial products for consumers, businesses, automotive dealers and corporate clients. Ally's legacy dates back to 1919, and the company was redesigned in 2009 with a distinctive brand, innovative approach and relentless focus on its customers. Ally has an award-winning online bank (Ally Bank Member FDIC), one of the largest full service auto finance operations in the country, a complementary auto-focused insurance business, a growing digital wealth management and online brokerage platform, and a trusted corporate finance business offering capital for equity sponsors and middle-market companies. The company had approximately $157.4 billion in assets as of Sept. 30, 2016.

Key Fact: The Company completed a mortgage securities probe settlement with the DOJ that puts a key black mark behind it. Conversely, Moody's upgraded the rating assigned to a number of Ally's debt securities which is a harbinger of reasonable financing costs going forward. Meanwhile, Ally's ubiquitous marketing is driving brand awareness and business in the commercial and retail arenas.

Stats to Know: Based upon Wall Street consensus EPS estimates, ALLY is projected to enjoy 15% growth in 2017 as compared with 2016. EPS is slated to jump from $2.18 to $2.52. Yet, the stock trades below 8x 2017E EPS, even though financial stocks could benefit from the upcoming Trump Administration! On the negative side, there was a pretty significant decrease (10%) in institutional ownership in the previous quarter but we believe that was a function of the slight EPS miss. The stock is up sharply from its decline in Q3 but appears primed to rise to the mid-$20's as forecasts are met.

Target: $25 (10x 2017E EPS; Similar to industry comparable valuations)

Chipotle Mexican Grill Inc. (NYSE – CMG - $405.99, Range: $589.15 - $352.96)

The Skinny: Chipotle Mexican Grill, Inc., together with its subsidiaries, develops and operates fast-casual fresh Mexican food restaurants. As of October 25, 2016, the company operated approximately 2,100 restaurants, including 27 Chipotle restaurants outside the United States; and 15 ShopHouse Southeast Asian Kitchen restaurants, as well as owned and operated 7 Pizzeria Locale restaurants that are fast casual pizza concept restaurants. The company was founded in 1993 and is based in Denver, Colorado.

Key Fact: This stock has been under fire for what seems to be a couple of years following a series of scandals, health safety issues, questionable diversification, etc. The stock is down 45% from its 2015 high and while trying to predict what happens here and if customers return in strong numbers is challenging. Nonetheless, CMG could end up being a solid bounce-back candidate next year. CMG has enough bulls in its corner that even a modicum of recorded successes could drive the shares higher. Plus, we think risk may be limited, with seemingly all the bad news finally in the stock.

Stats to Know: In 2015, EPS was over $15.00 per share. For 2016, that number will be around 10% of that figure. Next year's forecasted EPS range is big, with projections ranging from $10.94 all the way down to $7.76, with an average of $9.43. Regardless of the year-end figure, CMG is not cheap by an rational measure. Still, with an improving RSI and so much negativity around the stock, we believe it is more likely that CMG will rise than fall.

Target: $530 (Current 200 DMA, last achieved in March 2016)

Magal Security Systems Ltd. (NASDAQ – MAGS - $5.51, Range: $6.25 - $3.93)

The Skinny: Magal S3 (as it is currently known in some circles) is a leading international provider of solutions and products for physical and cyber security, as well as safety and site management. Over the past 45 years, Magal S3 has delivered tailor-made security solutions and turnkey projects to hundreds of satisfied customers in over 80 countries - under some of the most challenging conditions. Magal S3 offers comprehensive integrated solutions for critical sites, managed by Fortis4G – a 4th generation, cutting-edge PSIM+SIEM platform. The solutions leverage the Company's broad portfolio of homegrown Perimeter Intrusion Detection Systems (PIDS), advanced outdoors CCTV/IVA technology and Cyber Security solutions.

Key Fact: Most investors are unaware of this but Magal is the company that built the fence in Israel that for the most part, has kept terrorist attacks from the West Bank and Gaza Strip virtually nonexistent in recent years. If the Trump Administration actually implements new border fences on the Southwestern United States, it is possible that Magal could play a role here as well as in Europe and other nations as governments seek to secure borders and maintain temporary refugee outposts.

Stats to Know: The stock recently ran on light volume on the "key fact" noted above, and is now comfortably off the year high. Still, management took advantage of the rise and raised money for working capital, likely in anticipation of new business. Revenue is likely to exceed $50M this year aided by a strong backlog and Magal should enjoy reasonable top-line growth in 2017 with the aid of a recent acquisition. Operating profit should return next year as well. The stock trades roughly 1.5x sales and carries a 61 RSI.

Target: $7.00 (2.0x 2017E Revenue)

THE SELLS

HCA Holdings, Inc. (NYSE –HCA - $70.09, Range: $83.69 - $60.07)

The Skinny: HCA Holdings, Inc. provides health care services in the U.S. It operates general, acute care hospitals that offer medical and surgical services, including inpatient care, intensive care, cardiac care, diagnostic, and emergency services; and outpatient services, such as outpatient surgery, laboratory, radiology, respiratory therapy, cardiology, and physical therapy services. The company also operates psychiatric hospitals and operates outpatient health care facilities consisting of freestanding ambulatory surgery centers, freestanding emergency care facilities, urgent care facilities, walk-in clinics, diagnostic and imaging centers, rehabilitation and physical therapy centers, radiation and oncology therapy centers, physician practices, and various other facilities. As of December 31, 2015, the company operated 164 general, acute care hospitals with 43,275 licensed beds; 3 psychiatric hospitals with 396 licensed beds; and 1 rehabilitation, hospital as well as 116 freestanding surgery centers.

Key Fact: There are “pro-Trump stocks” and there are pro-Clinton stocks, and investors should consider HCA as a pro-Clinton, anti-Trump stock, given that Americans are waiting for 2017 changes to the ACA. Perhaps to buttress prospective share price losses, right after the Presidential election, HCA announced a $2 billion stock buyback program.

Stats to Know: On the surface the stock appears cheap, with a 2017E P/E of around 10x. However, these shares have been on a steady decline (12%) after nearing its peak just before the election. The key DMAs reflect this trend, along with a RSI of 39. With sales projected to grow by only 4% per year, it may be difficult to achieve the projected 6% EPS growth rate. While meaningful institutional and insider sales occurred last quarter, the institutional ownership is likely to reflect an even greater drop based on the huge volume recorded in the days immediately following Election Day. While downside may be muted somewhat in the near term, at best, these shares are out of favor.

Target: $55 (just above its low achieved in late 2015)

Renewable Energy Group Inc. (NASDAQ – REGI - $9.60, Range: $10.43 - $6.02)

The Skinny: Renewable Energy Group, Inc. produces and sells biofuels and renewable chemicals in the United States. It operates through Biomass-Based Diesel, Services, Renewable Chemicals, and Corporate and other segments. The Biomass-Based Diesel segment acquires feedstock; manages, constructs, and operates biomass-based diesel production facilities; and markets, sells, and distributes biomass-based diesel and its co-products. This segment produces biomass-based diesel from a range of feedstocks, including inedible corn oil, used cooking oil, soybean oil, canola oil, and inedible animal fat. It is also involved in purchase and resale of biomass-based diesel, petroleum-based diesel, renewable identification numbers, and raw material feedstocks acquired from third parties; and sale of glycerin, free fatty acids, naphtha, and other co-products of the biomass-based diesel production process. The Services segment provides facility management and operational services to biomass-based diesel production facilities, as well as to other clean-tech companies.

Key Fact: Much like HCA, REGI is undoubtedly an anti-Trump stock as funding and support in the renewable energy space is not likely to be too robust, with the renewed government focus on traditional energy. Of course there has been a business problem here for a while given the recently reduced EPS expectations for 2017. In fact, EPS is forecasted to drop by a third, from $1.17 to $0.79 next year, along with a drop in sales.

Stats to Know: Interestingly, despite the downright rotten projected sales and EPS estimates for next year, the stock is just 8% below the year high and a whopping 60% above its 52-week low. The DMAs are positive and RSI is getting frothy. Thus, we look for the bottom to fall out here next year.

Target: $6 (52-week low)

Wells Fargo, Inc. (NYSE – WFC – $52.22, Range: $56.24- $43.55)

The Skinny: Wells Fargo & Company provides retail, commercial, and corporate banking services to individuals, businesses, and institutions. Its Community Banking segment offers checking, savings, and lines of credit, equity lines and loans, equipment and transportation loans, education and residential mortgage loans, and debit and credit cards. This segment also provides equipment leases, real estate and other commercial financing, small business administration Its Wholesale Banking segment offers commercial loans and lines of credit, letters of credit, asset-based lending, equipment leasing, international trade facilities, investment management, institutional fixed-income sales, and investment banking services, as well as online/electronic products. This segment also provides construction, and land acquisition and development loans; secured and unsecured lines of credit; interim financing arrangements and real estate and mortgage brokerage services. The Company's Wealth, Brokerage and Retirement segment offers financial advisory, wealth management, brokerage, retirement, trust, and other services. As of February 25, 2015, it operated through approximately 8,700 locations and 12,500 ATMs & offices in 36 countries. Wells Fargo & Company was founded in 1852.

Key Fact: The recent sales quota/unauthorized account opening scandal fallout is just beginning. In addition to more handcuffs being placed on the bank by regulators and a recent fine, there are a ton of class action suits WFC will have to contend with.

Stats to Know: One theme with all 3 "sells"? There are either just below their 52-week highs or comfortably above their 52-week lows, despite their respective weaknesses. WFC is no different as the stock is a mere 4% below the 52-week high. However, the current price may prove to be a sleight of hand as it is up 15% since Election Day, in conjunction with other money center banks. WFC is clearly overbought with its 70 RSI and valuation, as EPS is projected to be flattish next year in comparison with 2016. This may even prove to be optimistic at the end of the day. WFC actually trades above its closing price prior to the scandal coming to light.

Target: $40 (10x 2017E EPS consensus forecast)

Senior Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009 and has over 25 years of investment and company research experience as a senior research analyst and as a portfolio and mutual fund manager. Rob also concurrently serves as Director of Research for Marble Arch Research, Inc. 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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