

2ND ANNUAL THANKSGIVING TREATS AND TURKEYS

Rob Goldman
rob@goldmanresearch.com

November 21, 2012

Aaron Schweitzer
aaron@goldmanresearch.com

REPORT OVERVIEW

Since 1942, the DJIA has risen 40 times during the week of Thanksgiving, or 58% of the time. It has averaged a gain of 1.75% during the years it rose and a loss of 1.10% during the down years. Overall, the week of Thanksgiving has, on average, produced a gain of 0.6%. For the first 2 days of the week, the Dow is already up 1.6%, while NASDAQ is up 2.2%. Even the Russell 2000 has had a great start, as it has jumped 2.3%.

When the market is already up year-to-date, returns tend to be even greater. According to a study released by J.P. Morgan, when the Dow is positive for the year up to Thanksgiving, it returns 3.4% on average with positive returns 82% of the time.

Typically, when there is October and November pain, it bodes well for a December gain, which is the prelude to the January Effect, which occurs earlier and earlier and is a driver of small cap stocks. Since 1991, the S&P 500 Index has actually risen by nearly 7% in January alone, and when the prior December is added to the return it nears 10%. Plus, small stocks tend to perform even better.

Investors should view this time as an opportunity to eke out quick gains, despite the fiscal cliff and other concerns. One of our picks last year was acquired at a huge premium and one of our pans dropped 50% very quickly. We hope to have similar results again.

Enjoy the report and from all of us at Goldman Small Cap Research, have a happy Thanksgiving.

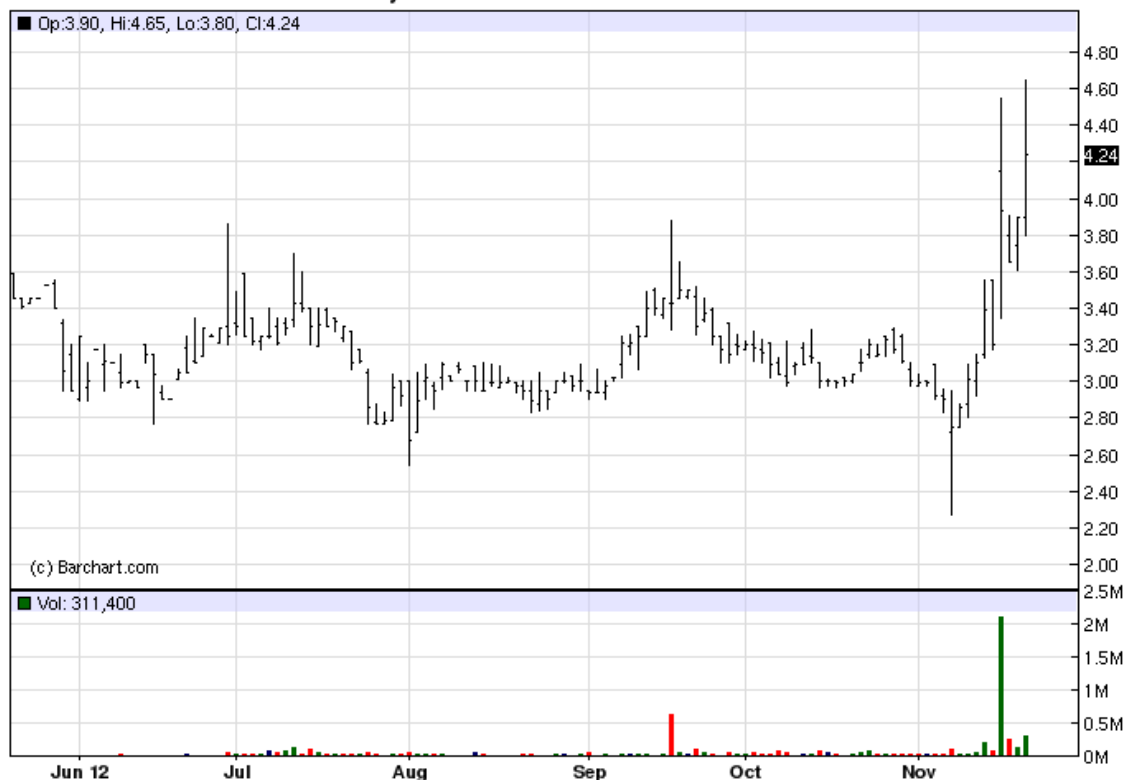
TREATS

AcelRX Pharmaceuticals, Inc. (NASDAQ – ACRX - \$4.24)

ACRX is a specialty pharmaceutical company focused on the development and commercialization of innovative therapies for the treatment of acute pain. AcelRx's lead product is currently in Phase 3 clinical development, and is designed to solve the problems associated with post-operative intravenous patient-controlled analgesia which has been shown to cause harm to patients following surgery because of the side effects of morphine, the invasive IV route of delivery and the inherent potential for programming and delivery errors associated with the complexity of infusion pumps.

The Company just released top-line results for the Phase 3 trial with very positive results, as the trial demonstrated that ACRX met its primary endpoint for the non-invasive, handheld system that allows post-operative patients to self-dose with sublingual *Sufentanil NanoTabs* to manage their post-operative pain. ACRX has other products that have already completed Phase 2. The stock has hit a new 52-week high and still appears to be very attractive on a valuation basis, given its deep and late-stage pipeline. It is clearly under accumulation.

ACRX - Acelrx Pharmaceuticals - Daily OHLC Chart



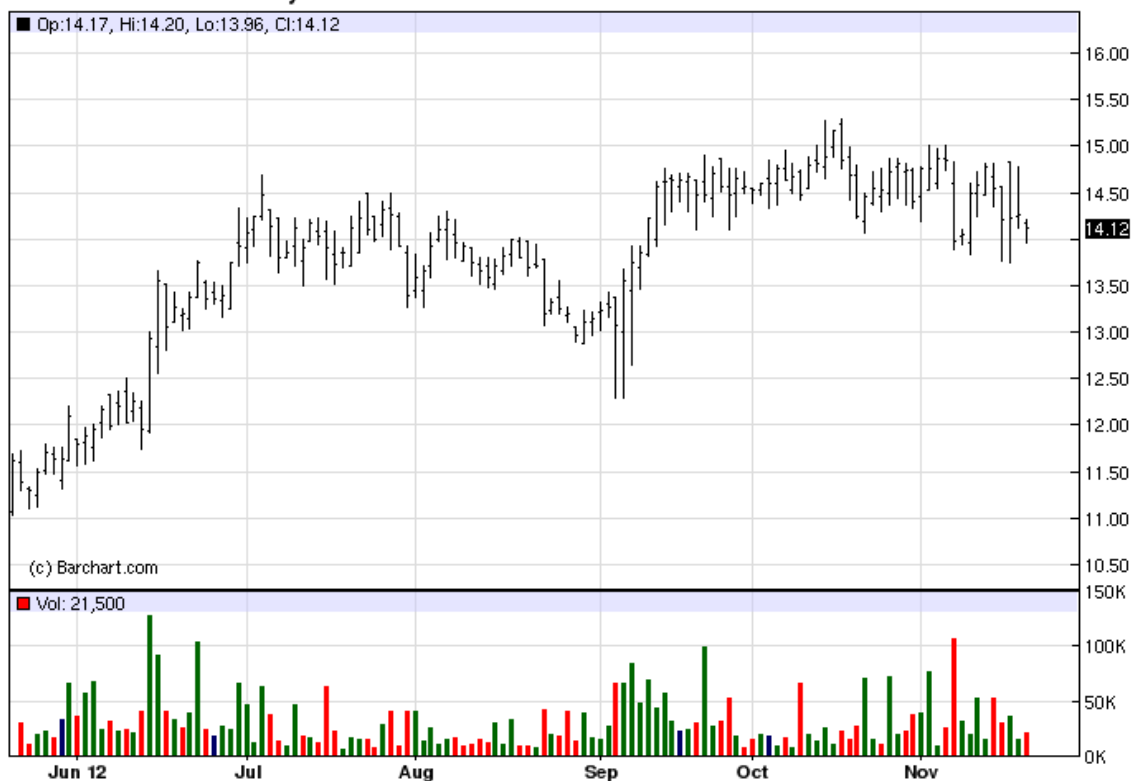
Source: BarChart.com

Cherokee Corporation (NASDAQ – CHKE- \$14.12)

Last week we discussed Target (NYSE – TGT) and Walmart (NYSE - WMT) in our daily blogs. Walmart missed earnings and Target hit. Cherokee Corporation is a small-cap play supplier of Target and other retailers with its own line of brands and licenses in apparel, footwear, home, and accessories. The Company has increased its revenue stream with the acquisition of Liz Lange, a popular brand in maternity, and Completely Me, a sportswear line, earlier this year. Additionally, the Company is paying its first dividend of \$0.10 in December.

CHKE is a great inexpensive way to play Target as it often acts as a proxy for the stock. We expect a holiday bounce here and that the stock will bust through its 52-week high of \$15.29.

CHKE - Cherokee Inc. - Daily OHLC Chart



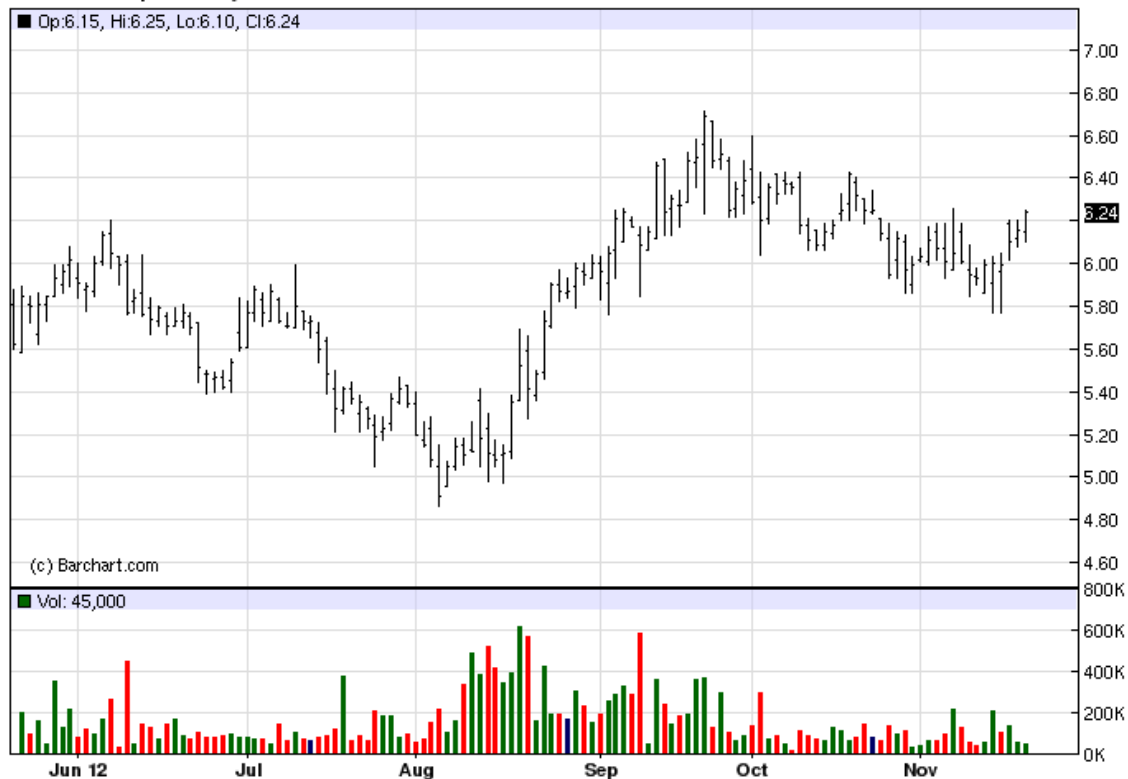
Source: BarChart.com

SunOpta Incorporated (NASDAQ – STKL - \$6.24)

SunOpta is a strong play in the natural and organic food industry. The Company beat revenue forecasts and hit earnings estimates for the just-announced 3Q12. In fact, STKL has met or exceeded quarterly earnings per share estimates for four straight quarters, and has had consistent sales growth of just under 13% for the past 5 years, despite the tough economy.

As with CHKE, we expect to see a nice ‘holiday bump’ in the stock after hitting a 52 week high of \$6.71 in September, driven by “organic growth” and acquisitions.

STKL - Sunopta - Daily OHLC Chart



Source: BarChart.com

Timmins Gold Corporation (NYSE – TGD - \$3.28)

This stock is literally a gold mine! The Company is primarily engaged in gold mining in its properties in Mexico, although it owns other properties with other mineral resources. TGD reported third quarter profit from operations of \$18.3 million with record production of 25,153 ounces of gold and 13,857 ounces of silver.

Timmins is on track to produce over 100,000 ounces of gold from its *San Francisco* mine in Sonora, Mexico this year. Not only is this a great profit and production story, but the Company is on a momentum ride and broke through the \$3.00 ceiling earlier this month. We think a ride up to the \$4.25 range is not out of the realm of possibility.

TGD - Timmins Gold Corp - Daily OHLC Chart



Source: BarChart.com

TURKEYS

COSI, Inc. (NASDAQ – COSI - \$0.58)

COSI is below its feature price a year ago when we had it as our top turkey last year. While management did change its fortunes for a short time, it has come crashing back to earth in recent months. With poor same-store sales, declining margins, and a tough, competitive space that has seen the leaders take it on the chin, we would avoid COSI. The Street is expecting COSI to return to profitability next year, but we believe that is a tall order.

COSI - Cosi - Daily OHLC Chart



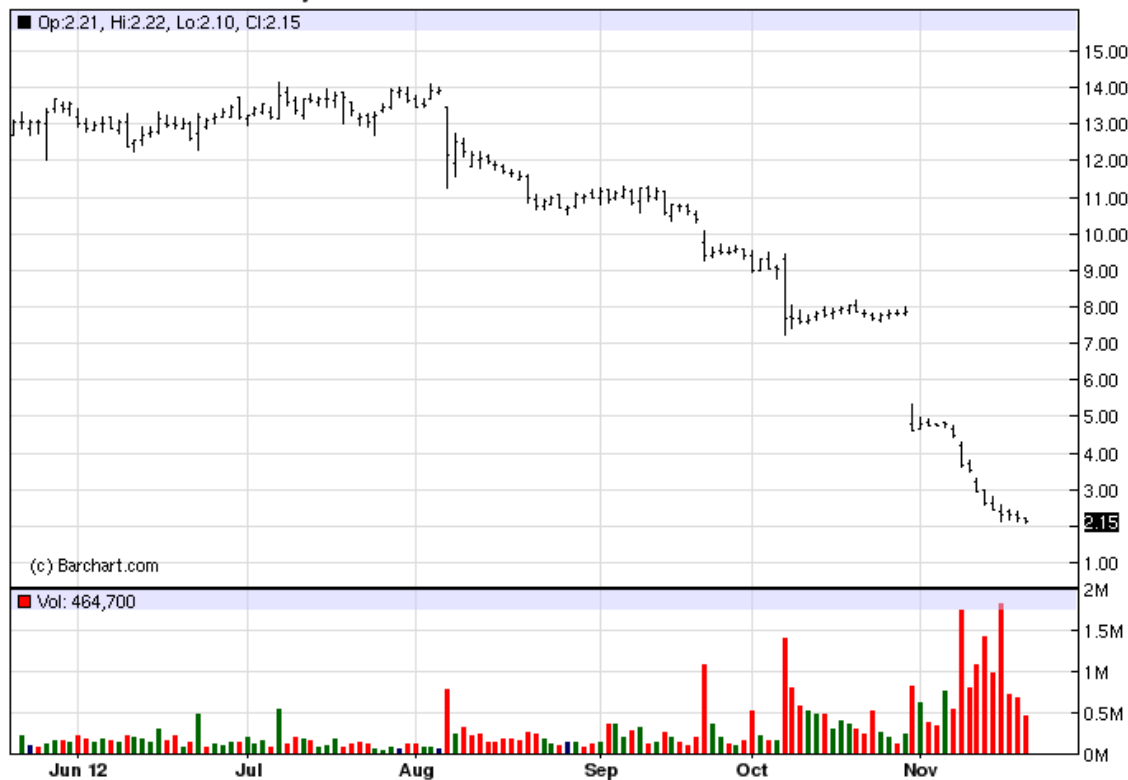
Source: BarChart.com

Neutral Tandem, Inc. (NASDAQ – IQNT - \$2.15)

IQNT provides intelligent networking to solve challenging interconnection and interoperability issues on a global scale to major telecom carriers. With an advanced MPLS network that is highly interconnected to carriers around the world, the Company provides voice, IP Transit and Ethernet services to major carriers, service providers, and content management firms based in over 80 countries and six continents. With over 130 Ethernet sites worldwide, the company is the largest global Ethernet interconnection provider, and a top-five global IP transit provider.

Sounds good, right? Unfortunately, IQNT is trying to settle a dispute with a major customer, pricing is becoming an issue, and a remake of the business model (to a degree) is in order. Major downgrades by Street analysts have occurred earlier this month and we believe the problems will continue to linger and plague the stock in the near term, after declining by 50% since early November.

IQNT - Neutral Tandem - Daily OHLC Chart



Source: BarChart.com

Cache, Inc. (NASDAQ – CACH - \$2.30)

Not all retail stocks are created equal, and CACH is struggling to tread water. With 263 stores, Cache operates as a mall and Web based specialty retailer of women's lifestyle sportswear and dresses in the United States. Unfortunately, it not only needs a new strategy after customers did not take to its new fashion offerings, but it needs a new President to run the Company and infuse a new strategy and game plan. Enough said.



Source: BarChart.com

**Senior 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 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.

Disclaimer

This Select Research report was prepared for informational purposes only. *Goldman Small Cap Research*, (a division of Two Triangle Consulting Group, LLC) produces research via two formats: *Goldman Select Research* and *Goldman Opportunity Research*. The *Select* product reflects the Firm's internally generated stock ideas while the *Opportunity* product reflects sponsored research reports. It is important to note that while we may track performance separately, we utilize the same coverage criteria in determining coverage of all stocks in both research formats. While stocks in the *Opportunity* format may have a higher risk profile, they typically offer greater upside as well. *Goldman Small Cap Research* was not compensated by any parties or the companies listed in this report, nor does the Firm anticipate any compensation in the future. The Firm does not accept any equity compensation. All information contained in this report was provided by the Company. Our analysts are responsible only to the public, and are paid in advance to eliminate pecuniary interests, retain editorial control, and ensure independence. Analysts are compensated on a per report basis and not on the basis of his/her recommendations.

The information used and statements of fact made have been obtained from sources considered reliable but we neither guarantee nor represent the completeness or accuracy. *Goldman Small Cap Research* did not make an independent investigation or inquiry as to the accuracy of any information provided by the Company, or other firms. *Goldman Small Cap Research* relied solely upon information provided by the Company through its filings, press releases, presentations, and through its own internal due diligence for accuracy and completeness. Such information and the opinions expressed are subject to change without notice. A *Goldman Small Cap Research* report or note is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed.

This report does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report does not provide all information material to an investor's decision about whether or not to make any investment. Any discussion of risks in this presentation is not a disclosure of all risks or a complete discussion of the risks mentioned. Neither *Goldman Small Cap Research*, nor its parent, is registered as a securities broker-dealer or an investment adviser with FINRA, the U.S. Securities and Exchange Commission or with any state securities regulatory authority.



ALL INFORMATION IN THIS REPORT IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESSED OR IMPLIED, OR REPRESENTATIONS OF ANY KIND. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE FOR THE QUALITY, ACCURACY, COMPLETENESS, RELIABILITY OR TIMELINESS OF THIS INFORMATION, OR FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT MAY ARISE OUT OF THE USE OF THIS INFORMATION BY YOU OR ANYONE ELSE (INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, LOSS OF OPPORTUNITIES, TRADING LOSSES, AND DAMAGES THAT MAY RESULT FROM ANY INACCURACY OR INCOMPLETENESS OF THIS INFORMATION). TO THE FULLEST EXTENT PERMITTED BY LAW, *TWO TRIANGLE CONSULTING GROUP, LLC* WILL NOT BE LIABLE TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO THIS PRESENTATION OF INFORMATION.

For more information, visit our Disclaimer: www.goldmanresearch.com