

## INSIDE THIS ISSUE:

What Stocks Are Working p.2

Where to Put Your Money p.3

## KEY TAKEAWAYS

- ⇒ *Europe is miserable and could effect blue chips for some time*
- ⇒ *Small stocks is the place to be*
- ⇒ *Biotech and Leisure are great seasonal industry plays*
- ⇒ *June has been a terrible month for stocks since 2000*
- ⇒ *Medical marijuana and biotech stocks should have huge week*
- ⇒ *Here are some stocks that benefit from Barron's marijuana article and the ASCO meeting*

## KEY STATISTICS

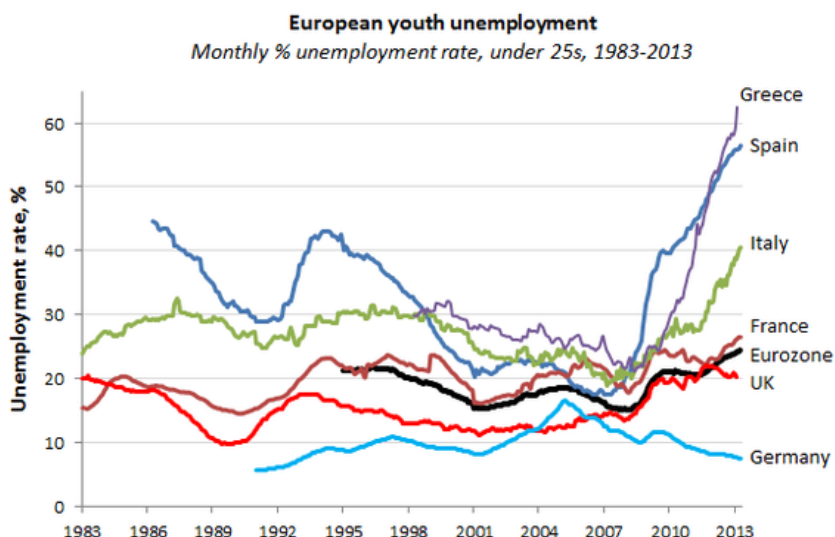
Index	Close	2013
DJIA	15116	15.4%
S&P 500	1631	14.4%
NASDAQ	3456	14.4%
Russell 2K	984	15.9%

(figures are rounded)

## Are We Headed For The Same Train Wreck?

Ladies and gentlemen, welcome to the month of June. We have been cautious in these pages the past 2 weeks, and for good reason. If we had to place a wager, we would predict that the market will decline this month but that does not mean there aren't pockets of buying opportunities among the sectors to avoid. What are they? Glad you asked. One place it is not is Europe. At all. Period. No ifs ands or buts. Add in slowing growth in China and additional craziness in Japan and it is not a pretty picture.

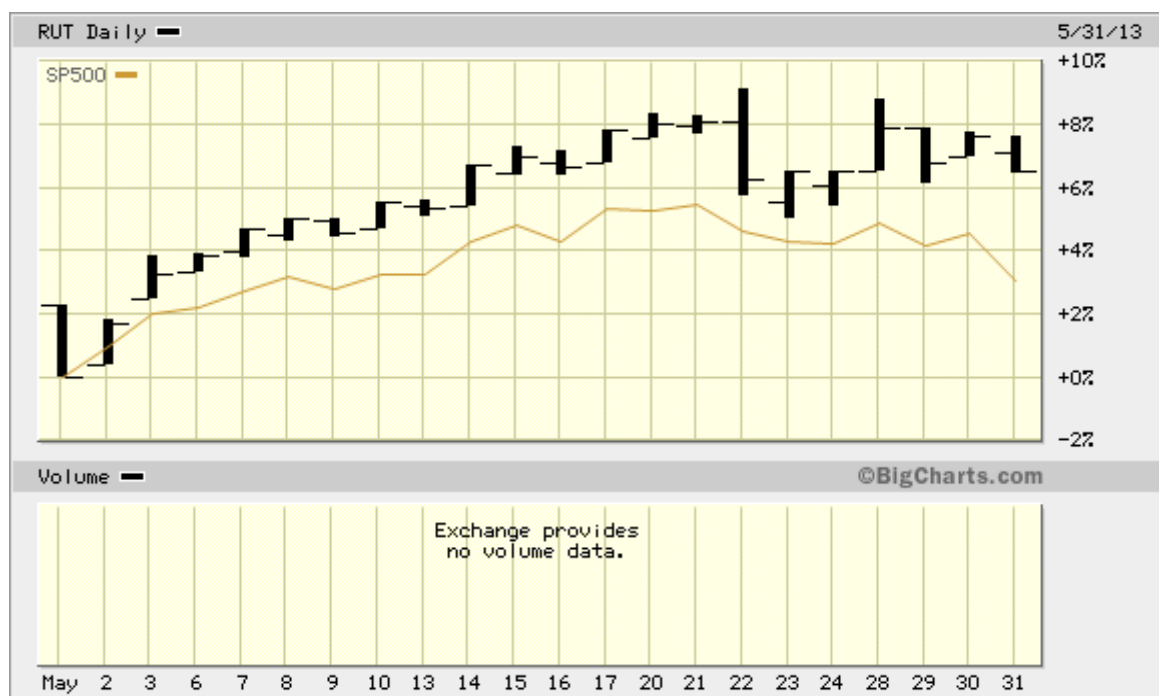
Let me explain. While the month started off with a bang it ended with a great deal of conflict, trepidation and fear. The bigger stocks were hurt more due to macro economic concerns and that was never more evident than late Friday when the big caps tanked. We expect continued pressure on blue chips and those stocks with meaningful exposure to Europe. After all, the unemployment rate in Europe hit a record 12.2%. If you think that is bad, the youth unemployment rate in 3 countries is over 40%. Check out the chart below from a recent edition of *The Atlantic*. It is scary. If anyone suggests we model ourselves after these nations, they should be drawn and quartered.



## What Stocks<sup>2</sup> Are Working

We have long maintained that the market will continue to rise as long as there is no alternative vehicle in which to put one's investment capital, and as long as financials hold up. This is why "small" is the place to be. Check out the May performance of the Russell 2000 Index versus the S&P 500 Index, courtesy of BigCharts.com. Both indices rose, but the decline is much steeper for the big stock index, due to the reasons outlined above.

Interestingly, on a year-to-date basis there are two notable segments that have some of the best returns as a whole. These include the stocks represented in the Dow Jones Biotechnology Index as well as the Dow Jones Travel and Tourism Index.



The stocks in these indices have increased by 32-36% since the beginning of the year and we believe they both will continue to enjoy additional accumulation and higher prices. Coincidentally, (or perhaps not) two of the sectors in which we have been highest on during the past 60

days include leisure and biotech due in part to valuation, seasonality, and favorable news.

One of the key seasonal drivers for the biotechnology industry is the American Society of Clinical Oncology (ASCO) annual June meeting. Oncology stocks tend to rise ahead of the annual meeting where a number of firms release key, new data, and are likely one of the reasons why the space has done well of late. The leisure segment, which tends to have a jump in conjunction with the start of spring and summer, has also enjoyed a rise in anticipation of a solid travel and recreation season.



# *The Goldman Guide*

VOLUME 4 | ISSUE 5 | JUNE 2, 2013

## ***Where to Put Your Money***

Before we tell you where to consider putting your money, a word regarding June as a whole. From 2000-2012, June has been the 2nd worst performing month for the S&P 500 Index, dropping an average of 1.47%. Moreover, it has only 5 up years out of the past 13 and in one of those years, the S&P 500 was up only 0.1%. So, be wary of big stocks, wary of holding onto stocks for too long and do not be alarmed if performance as a whole is poor. The market is conflicted and fatigued and needs rest anyway.

Okay, now for what you have all been waiting for. Here is what you need to be doing. Stay small, stay away from Europe and find themes and segments that are working. Or, you can just follow our lead.

For example, two segments that should have a good week are the biotech space and medical marijuana group of stocks. In “biotech land”, the aforementioned ASCO meeting has just kicked off and we would closely monitor the site for news and press releases as well as following small cap and microcap oncology stocks that will likely move in sympathy/concert with others presenting at ASCO.

We should note that the weekend edition (is there any other?) of *Barron's* has an absolutely amazing cover story on why marijuana should be legalized (perhaps even) on a federal level in the U.S. We strongly recommend reading it.

([http://online.barrons.com/article/SB50001424052748704509304578511261557343002.html?mod=BOL\\_hpp\\_highlight\\_top#articleTabs\\_article%3D1](http://online.barrons.com/article/SB50001424052748704509304578511261557343002.html?mod=BOL_hpp_highlight_top#articleTabs_article%3D1))

Frankly, it is a landmark story, especially for a financial publication that historically has a modest, right-leaning bent. It also touches upon medical marijuana, for obvious reasons. We think medical marijuana stocks will rally in light of this feature and it could have some real legs. At the least, the stocks should be good for a trade. If you are unsure as to what stocks to buy in this sector, check out this link: <http://marijuanastocks.com/>

I know you are going to think I am a broken record, but there is one stock that benefits from the ASCO meeting because of its oncology treatment under development, and its exposure to the medical marijuana business. So, in essence, you can buy this stock and get a 2 for the price of 1 hit on the two sectors. I won't tell you the stock but the symbol begin with an “N” and ends with an “X”. Timing is everything and timing looks good right now.

Finally, one of our low-priced, low-valuation travel/leisure stocks, TravelCenters of America (NYSE—TA—\$11.13), is up 16% in the past 60 days. Financials have been improving, business trends ever-favorable, and it still trades only 11x FY13 EPS and 7x FY14E EPS. We think it can go to \$15 by the end of the summer.

Until next week...

**Goldman Small Cap Research**

**The Goldman Guide**

**[www.goldmanresearch.com](http://www.goldmanresearch.com)**

COPYRIGHT ©Goldman Small Cap Research, 2013



# The Goldman Guide

VOLUME 4 | ISSUE 5 | JUNE 2, 2013

1498 Reisterstown Road, Suite 286  
Baltimore Maryland 21208  
Phone: 410.609.7100  
info@goldmanresearch.com  
www.goldmanresearch.com

## Analyst: Robert Goldman

Rob Goldman founded Goldman Small Cap Research in 2009. Rob 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 Jaffrey'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*. 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 The Stock Junction ([www.TheStockJunction.com](http://www.TheStockJunction.com).)

## Analyst Certification

I, Robert Goldman, hereby certify that the view expressed in this newsletter 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 publication.

## Disclaimer

This newsletter 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*, which typically highlights small cap and mid cap companies, and *Goldman Opportunity Research*, which includes micro cap companies. The *Select* product reflects the Firm's internally generated stock ideas while the *Opportunity* product reflects sponsored research reports. GSCR has recently been compensated by NuVilex, Inc. in the amount of \$4,000 for a research subscription service and since April 2013, by a third party for article production at the rate of \$500 per story.

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. Please view the company's individual disclosures for each engagement, which can be found in each company-specific report. All information contained in this newsletter and in our reports were provided by the Companies or generated from our own due diligence. 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 Firm has not been compensated nor does it expect to be compensated for the any research services for any of the other companies mentioned in this newsletter. Please read the disclaimers found on the initiation reports and updates for compensation disclosure and research subscription terms.

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, note, or newsletter is not intended as an offering, recommendation, or a solicitation of an offer to buy or sell the securities mentioned or discussed. This report or newsletter does not take into account the investment objectives, financial situation, or particular needs of any particular person. This report or newsletter 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 the FINRA or with any state securities regulatory authority.

ALL INFORMATION IN THIS REPORT OR NEWSLETTER 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.