

**INSIDE THIS ISSUE:**

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**KEY TAKEAWAYS**

- ⇒ *CNTY is projected to exhibit huge EPS growth next year making the stock very attractive*
- ⇒ *HIMX is a monster winner but with a nearly 100% increase in EPS for next year, HIMX has room to move higher*
- ⇒ *RAD performing well and institutions like the story and profitability*
- ⇒ *PSUN is up for all the wrong reason and could collapse*
- ⇒ *Check out our new team members as we offer even better products*

**KEY STATISTICS**

Index	Close	2013
DJIA	16020	22.0%
S&P 500	1805	26.4%
NASDAQ	4063	34.5%
Russell 2000	1131	33.2%

(figures are rounded)

## TOP 3 DECEMBER BUYS

**W**ith only 4 weeks or 15 1/2 trading days left in the year, now is an opportune time to profile and highlight four listed stock plays that appear primed to outperform over the next few weeks and beyond. All of these stocks have at least one thing in common. They are former “30-30” stocks from earlier this year that have demonstrated great performance yet still have room to move much higher. As many 30-30 subscribers are aware, 30-30 stocks tend to make huge strides even after reaching the 30-30 mark. Charts are courtesy of [www.StockTA.com](http://www.StockTA.com).

**Century Casinos, Inc. (NASDAQ—CNTY—\$5.05—NR)**

We originally recommended CNTY at a price of \$4.74 in our August/September 2013 edition. It quickly reached the 30% mark, hitting a high of \$6.30, before pulling back. CNTY is an international casino entertainment company that owns and operates casinos in Colorado and in Alberta, Canada. The Company also operates casinos aboard twelve luxury cruise vessels. Through its Austrian subsidiary, CNTY holds a 66.6% ownership interest in Casinos Poland Ltd, the owner and operator of nine casinos in Poland. Century also manages the operations of the casino at the Radisson Aruba Resort in Aruba.



**Our take:** We are going against the technical grain here in favor of fundamentals. CNTY is expected to earn \$0.29 in EPS this year versus \$0.19 last year and should generate \$0.40 in EPS in 2014, giving the stock a 12x multiple on next year's EPS. The stock may have gotten ahead of itself as a proxy for Europe but meeting expectations will reward investors.

## Top 3 December Buys (cont'd)

### Himax Technologies, Inc. (NASDAQ—HIMX—\$10.65—NR)

We profiled HIMX in the January /February 2013 edition of The 30-30 Report at a price of \$3.21, so the stock has been a big winner for us. Still, we believe HIMX could soon reach \$15.00. Headquartered in Taiwan, Himax is a fabless semiconductor solution provider dedicated to display imaging processing technologies. Himax is a worldwide market leader in display driver ICs and timing controllers used in TVs, laptops, monitors, mobile phones, tablets, digital cameras, car navigation, and many other consumer electronics devices. Additionally, Himax designs and provides controllers for touch sensor displays, LCOS micro-displays used in palm-size projectors and head-mounted displays, LED driver ICs, power management ICs, scaler products for monitors and projectors, tailor-made video processing IC solutions and silicon IPs. HIMX has 2,099 patents granted and 1,093 patents pending approval worldwide.



**Our take:** HIMX is only about 8% below its year-high and the chart looks great. More important, HIMX's business is reaching a key inflection point which should result in monstrous increase in EPS from \$0.35 this year to \$0.60 in 2014 on about a 27% jump in revenue. In our view, this growth should support a top-end P/E multiple of 25x, or \$15.

## Top 3 December Buys (cont'd)

### Rite Aid Corp. (NYSE—RAD—\$5.75—NR)

We profiled RAD in the April/May 2013 edition of The 30-30 Report at a price of \$2.25 and it has been as high as \$6.15. The stock has sold off a tad but with promising same-store sales growth expected, along with greater profitability, RAD could approach the \$7.00 area. With 4,600 stores in its network, RAD is one of the nations largest retail drugstore chains and the company reported November same store sales of 2.8% year-over-year.

**Our take:** The stock had a huge run this year but it is also now firmly on major investors' radar



screens again. EPS is projected to jump from \$0.24 in fiscal Feb 2014 to \$0.34 in fiscal Feb 2015, even with only incremental sales growth. At \$6.80, the stock's multiple would be around 20x, which is the high end of the industry range.

### What Are Investors Thinking?

Since we are on the topic of 30-30 picks, we are not opposed to going negative as well as remaining positive. For example, Pacific Sunwear (NASDAQ—PSUN—\$3.28—NR) was up 18% on Friday and even though the stock had a nice run from our May profile, we think the rise is totally unfounded. For some reason, investors and analysts latched onto the fact that PSUN had a huge increase in revenue and EPS was in-line with forecasts. However, the numbers were not entirely unexpected. Moreover, management guided 4Q13 lower than current consensus! From our perspective, this could be a case of an oops moment for the bulls because if numbers are going down, so will the stock.

Don't believe the hype!



# The Goldman Guide

## New Changes at Goldman Small Cap Research

We are always trying to improve our product offering in the form of a user-friendly website, producing varied, valuable, and timely, free and premium content, along with visually appealing reports, blogs, and articles. I confess that as we celebrate our four year anniversary tomorrow, December 9th, we have been running a lean and tight ship since inception, which has prompted me to burn the candles at both ends for too long. As a result, even with help from our great team, some things have fallen through the cracks such as delays in new premium offering introductions and other behind the scenes and front-end website improvements.

Now that we have been operating for the past four years and substantially expanded our subscriber base, reach and content library, it is time for us to take things to the next level. Some of you may have noticed that some of our reports look better than ever and we even have had some new and insightful blog topics that are a departure from the norm. These changes are a direct result of the hiring of three senior people to our team and I am very excited about what the future holds for us as we grow together.

Bios of the new team members are posted on our website but here is a brief synopsis for your convenience.

**Steve Hercenberg**, CFA, MBA joins us as a Contributing Editor where he has already authored great new blogs for GSCR. (See the blog on the economy from late last week as an example) and will assist us with editing along with producing blogs and contributing to our reports. Steve has been a CFA since 1986 and has many years of experience in the investment research and investment management fields, including stints in investment research compliance for Alex Brown and Sons and Charles Schwab & Co.

**Sharon di Stefano** joins GSCR as a Contributing Analyst and will be engaged in company research due diligence and will contribute to our report production. Sharon has over 20 years' of experience as a sell-side healthcare analyst with a stellar track record in performance. Ms. di Stefano's stock recommendations in the medical technology sector earned her recognition as a *Wall Street Journal* All Star analyst on multiple occasions. Sharon was instrumental in launching a new research department for a start-up investment bank/broker dealer. Her efforts resulted in a top ranking for stock performance out of 116 US-based brokerage firms, according to *Investors* in 2005.

**Steve Dembo** recently re-joined GSCR as head of the Graphic Design efforts for all publications, after a hiatus. Steve brings his many years of experience in business and finance along with his uncanny abilities in graphic design and photography. Steve has won numerous awards, has taught classes in the field and operates his own highly regarded gallery.

We hope you enjoy our improvements!

Until next week....



# The Goldman Guide

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## **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 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*. 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**

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