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5 Reasons to Buy RMCF

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KEY TAKEAWAYS

- ⇒ *The Super Bowl Indicator will have some investors spooked*
- ⇒ *If you lift up the hood, the Indicator could be giving us a positive signal or 2*
- ⇒ *With the advent of The Marijuana Bowl in 2 weeks, medical marijuana stocks are only going to stay high*
- ⇒ *President Obama may have given marijuana an unintentional endorsement*
- ⇒ *NASDAQ-listed RMCF is a combination earnings, marijuana, dividend and Valentines'*

KEY STATISTICS

<u>Index</u>	<u>Close</u>	<u>2014</u>
DJIA	16458	-0.7%
S&P 500	1839	-0.4%
NASDAQ	4198	0.5%
Russell 2000	1165	0.3%

(figures are rounded)

THE MARIJUANA BOWL

I confess that there are times when I really do not want to write *The Goldman Guide*. This week, I could not get started fast enough. The NFL Playoffs ended 10 minutes ago and its effect on investors and specific stocks could be profound.

This week, we break down the market's direction, and which sectors and stocks will be winners and losers. Plus, we are introducing a new and unnamed mystery contributor. I suspect his missives will become very popular going forward.

Anyway, now that the NFL Playoff are complete, the upcoming Super Bowl pits the Denver Broncos against the Seattle Seahawks. For followers of the popular Super Bowl Indicator, the last minute loss by the San Francisco 49ers to Seattle was likely met with serious concern by those that only tacitly follow the popular tool known as the Super Bowl Indicator. Lucky for us, we have followed this indicator very closely for years, and our research tells us not to worry.

The Super Bowl Indicator is a prediction tool that purports to accurately forecast whether or not the market will rise or fall, based upon the winner of the current year's Super Bowl. If the winner of the Super Bowl traces its roots to the old National Football League (pre-NFL-AFL merger), it is a sign that the market will rise. If the winner traces its roots to the AFL, it is a sign that the market will likely decline. There have been 47 Super Bowls since 1967 and teams that trace their roots to the old NFL have won 34 times. The market has risen in 29 of those 33 years. On the other hand, teams that trace their roots to the old AFL have won 12 times, with the market rising only 6 out of those 12 times. (We exclude the Tampa Bay Super Bowl win as it joined the league post the merger.)

(cont'd)

The Marijuana Bowl (cont'd)

In years when the NFL-related team wins, the market has risen an average of 12% in 29 of those 34 years, for an 85% accuracy rate. This is why investors always hope that an old line team wins the Super Bowl. This year, the Broncos are an AFL team and the Seahawks are an expansion team, so followers of this indicator are not exactly thrilled about the outcome, since only half of the AFL teams win and their performance isn't exactly favorable as noted below.

Super Bowl Indicator Results (1967 - 2013)	
Category	S&P 500 Change
AFL Team Win: Avg Mkt Return	-3.6%
NFL Team Win: Avg Mkt Return	12.0%
Avg Mkt Increase in AFL Wins	9.9%
Avg Mkt Decrease in AFL Wins	-15.7%

Before you throw in the proverbial towel, there is light at the end of the tunnel. On the 2 occasions when the Broncos won the Super Bowl in 1998 and 1999, the market was up an average of 23% (the bubble years.) Plus, when the expansion team Buccaneers won in 2003, the market was up 26%. So, maybe it won't be so bad...all is not lost after all.

On a related note, I think we are the first to dub this pending event *The Marijuana Bowl*, which is sure to get some play, based on with the background story. Colorado and Washington (home of the Broncos and Seahawks) were the first states to forge ahead on medical marijuana and both states have now also made it legal for recreational use. Marijuana supporters will no doubt be waving the flag on this topic as much as possible in an effort during the next 2 weeks in order to get similar laws passed around the U.S.

5 Reasons to Buy RMCF

Some stocks have 1 good thing going for it. You could make the argument that Rocky Mountain Chocolate Factory (NASDAQ—RMCF—\$11.65—NR) has several huge things going for it which should drive it big time over the near term.

Rocky Mountain Chocolate Factory, Inc. operates as a confectionery franchisor, manufacturer, and retail operator in the United States and internationally. It produces approximately 300 premium chocolate candies and other confectionery products, including clusters, caramels, creams, mints, and truffles. Rocky Mountain Chocolate Factory stores offer products manufactured at the company's factory, and products made in individual stores using company recipes and ingredients, as well as products, such as ice cream, coffee, and other sundries, purchased from approved suppliers. It has 6 company-owned, 59 licensee-owned, and 294 franchised Rocky Mountain Chocolate Factory stores operating in 41 states, Canada, Japan, and the United Arab Emirates. The Company also owns a majority stake in publicly traded U-Swirl (OTCQB - SWRL).

The stock may be primed for a quick trade based on the following factors:

1. RMCF is due to release its 4Q13 results on Tuesday January 21st with conference call scheduled after the close and we believe that the numbers and future guidance could be solid, driving the stock higher.
2. Valentine's Day, one of the most important seasons of the year for RMCF, is around the corner and RMCF management may give guidance on prospective business related to this holiday. Thus, it is also a seasonal play.
3. With President Obama stating that marijuana is less dangerous than alcohol, and the marijuana (and related food business) booming in Colorado, it is possible that RMCF is a sweet food destination spot for the state's marijuana consumers.
4. The company's U-Swirl subsidiary is growing like a weed and has recently acquired nearly 200 frozen yogurt cafes as part of its consolidation plans.
5. The stock is cheap, trading 15x EPS for the 2015 fiscal year ending in February 2015. RMCF has paid its dividend (currently a 3.8% annual yield) for 41 consecutive quarters. We believe that a quick 20% rise is in the offing in the coming weeks.

The Uncensored Sensibility

This year Groundhog Day, (February 2nd), falls on Super Bowl Sunday or as those in the food industry can tell you, the day Americans eat more than three times the amount of chicken wings they eat any other day of the year. However, in honor of the Super Bowl, the citizens of Punxsutawney, Pennsylvania have decided to give the groundhog the day off, and replace him with a football. If the football sees its shadow, there will be six more weeks of touchdowns. The timing could not have been better for the festivities' organizing committee because animal rights activists had planned on taking them to court for abusing the groundhog by not paying him time and a half for working on a Sunday.

The rotation of networks broadcasting the Super Bowl lands with Fox this time. Not one for wasting time, leftist groups have already slammed Fox's coverage of the Super Bowl for being biased even though the game has yet to be played. These groups determined that the Super Bowl would be covered in a more fair and balanced way by ABC, CBS, NBC, CNN and especially MSNBC and PBS.

Coincidentally, Denver and Seattle are the host cities for the conference championship games which decide which teams play in the Super Bowl. I say coincidentally, because the states of Washington and Colorado are the two states which legalized marijuana. The two fan bases are notorious for their rabid support of their football teams, but this year the fans are expected to be very sedate and mellow toward their teams' outcomes. This was not the case earlier this week in Denver and Seattle when a near panic was averted when trucks finally arrived at the two cities' convenience stores with emergency supplies of potato chips, corn chips, and cheese dip.

Finally, a note regarding Groundhog Day---the movie. Has there ever been a better match of character to a character's name in a movie then that of the insurance salesman Ned Ryerson? No one who watched that movie even just once can forget the character and his name. Am I right or Am I Right or Am I Right?

Have a great week!



The Goldman Guide

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