



Our Calls to Action

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- August 26, 2015 – **EDUC** – On Wednesday, August 26th, we started tracking EDUC while it was at \$4.94, citing the company's aggressive expansion. We began to establish our position the next day on the 27th, and we notified our premium members via our morning e-mail. It appears that the company is benefiting from an aggressive expansion of its multi-level marketing sales channel. The company [announced](#) record monthly revenues for August alongside the CEO purchasing shares in the open market.
- August 17, 2015 – **BSQR** – [Established](#) a trading position in BSQR. Valuation and technical analysis both look promising. The stock responded favorably on August 14 to strong Q2 2015 financial results surging from the previous day's close of \$6.16 to an intraday high of \$7.59 and a \$7.22 close. Extreme market turmoil since then has pulled the shares back to around \$6.10 in recent trading. We have not completed our due diligence but it appears the company's efforts to put it on the path of consistent top and bottom line growth are beginning to pay off. Assuming the company can maintain its recent positive trend and subject to further due diligence, we feel shares could reach \$10.36 to \$13.87 in the near term.



GeoBargain Updates

Additions & Subtractions of GeoInvesting's Best Picks

- August 6, 2015 – **MNTX** – [Reported](#) revenue of \$105.6 million vs. \$68.4 million in the prior year, in line with analysts' estimates. EPS of \$0.02 vs. \$0.22 in the prior year fell short of estimates of \$0.08. Rather than falling on the news, MNTX's shares rallied 15% to close at \$6.88. The market apparently agreed with our assessment; the integration of recent acquisitions is progressing, revenues are as expected, gross margins are holding up, and the company is reducing debt. The difficult business environment MNTX is operating in will improve in time and, when it does, the company is well positioned to capitalize. We are still long and maintaining MNTX as a GeoBargain.
- August 14, 2015 – **OBCI** – We notified premium members via premium [tweet](#) on August 14, 2015 that we were removing OBCI from our GeoBargain list and that we [closed](#) our long position. OBCI's management continues to over-promise and under deliver. We have placed OBCI on the "GeoBargain On the Radar" list and will continue to actively monitor the company. OBCI became a GeoBargain at \$3.88 on 10/8/2014. Shares briefly reached a high of \$6.98 on 10/10/2014 for a peak return of 80%, but could not subsequently maintain strength.
- August 18, 2015 – **CSTI** – [Removed](#) from the GeoBargain list and placed it on the "GeoBargain On the Radar" list. We stated in our May 19, 2015 email that we [lightened](#) up our position when the stock was trading at ~\$13.00. Since we coded CSTI as a [GeoBargain](#) on November 15, 2013, shares are up 104% at recent levels and were up 230% at their peak. In our August 14, 2015 email, we [stated](#) that management's past track record prompted us to keep CSTI on our radar.



Information Arbitrage News

- August 11, 2015 – **IEHC** – We [added](#) to our long position based on information included **only** in IEHC's NT 10-Q filing (extension for quarterly filing) in which the company provided strong preliminary financial results for Q1 2016. Actual results reported on August 17 were on the high end of management's guidance at \$5.2 million revenue compared to \$3.9 million in the prior year period and EPS of \$0.32 compared to \$0.17 in the prior year. We started [tracking](#) IEHC on November 19, 2013, after the company reported strong Q2 financial results when the stock was trading at \$4.30. See our full updated [research note](#) here.
- August 17, 2015 – **MGPI** – We [added](#) to our long position when our review of Form 4 filings revealed recent insider buying activity. Four separate insiders [purchased](#) 33,300 shares in the open market at an average of \$16.00 per share. We [established](#) our long position on August 6, 2015 based on strong Q2 2015 results. We believe MGPI could trade at a trailing P/E of 20 assuming the company can maintain the momentum established in Q2 2015. A trailing P/E of 20 would translate into a target price of \$20.77.



Top Performing Picks - August 2015

- August 6, 2015 – **LGIH** – [Locked](#) in gains of 30%+ in LGIH (\$23.21) as shares soared on strong Q2 2015 financial results. On April 23, 2015, we stated we were taking a closer look at two home builders: LGIH (\$18.82) and \$NWHM (\$16.84). On May 7, 2015 we [disclosed](#) our long position in LGIH at \$17.15. Shares reached a new 52 week high of \$23.48 August 5 and continued to rise reaching an intraday high of \$26.00 on August 14. We will look to reestablish a position if shares pull back.
- August 6, 2015 – **AMCN** – [Locked](#) in 20% gain from our July 8, 2015 information arbitrage call in \$AMCN (\$4.80). On 7/8/2015 we noted that a recent RMB 800 million [payment](#) that was initially only reported in China represented a substantial milestone for AMCN in its quest to go private. We believed the payment greatly increased the probability that AMCN will complete its going-private transaction. Shares were trading at ~\$3.95 at the time of our alert and recently traded as high as \$4.90.

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