



## Our Calls to Action

- October 29, 2015 – **IQNT** - [Maintaining](#) our long position that we disclosed on Sept. 3 at \$19.20 based on a contract win with T-Mobile and a large valuation gap with its competitors, GTT and CCOI. IQNT [reported](#) Q3 results of sales \$63.7 million vs. \$54 million in the prior year and ahead of analyst estimates of \$59.1 million. IQNT got as high as \$22.54. EPS was \$0.24 vs. \$0.29 in the prior year and slightly ahead of analyst estimates of \$0.23. It might take a few more quarters before the revenues generated from the T-Mobile contract start to impact the bottom line but we believe it will be well worth the wait for longer term investors.
- October 21, 2015 – **TEDU** – Disclosed short position and published [report](#) on TEDU, a leading provider of professional education services in China. The company's reliance on shadow banking to finance the tuition of over 50% of its students and an alarming increase in the aging of accounts receivable spell trouble ahead.
- October 8 and 26, 2015 – **CDZI** - Initiated short position (\$4.10) and published a short [report](#) and [follow up](#) on Cadiz, Inc. CDZI has been working on the same water project that is focused on relocating water from the Mojave Desert for years with no tangible progress. The company has posted operating losses for 42 straight quarters. Stock is at levels around \$3.50 and was as low as \$2.87 after our report.



## GeoBargain Updates

*Additions & Subtractions of GeoInvesting's Best Picks*

- October 13, 2015 - **MHGU** - GeoBargain MHGU announced strong Q3 2015 [results](#). Sales for fiscal Q3 were \$53.3 million vs. \$40.7 million in the prior year and net income \$1.5 million vs. \$800,000. Q3 EPS was \$0.20 vs. \$0.11. The company increased full year EBITDA guidance growth to 85% to 90% from prior guidance of 55% to 65% and net income to 110% to 115% from 100%. Management noted, "During the third quarter and nine months we experienced significant earnings growth which is running ahead of our net earnings and EBITDA guidance for the year." MHGU recently traded at \$10.00. We initiated our position June 1 at \$7.90, up 26.5% since our initial buy.
- October 22, 2015 – **SGC** – GeoBargain SGC [reported](#) solid Q3 results with revenues in line with our expectations at \$56.7 million and EPS of \$.28 vs. \$52.3 million and \$0.24 in the prior year. Management reports they are meeting growth milestones and customer response to their product offerings remain strong in all areas of their business. The stock pulled back as we believe the market is waiting for an acquisition.
- October 26, 2015 – **SMID** – Initiated a position in SMID at \$2.95 based on information arbitrage, including uncharacteristic visibility into future operations denoted in the 10-Q, but not in the press release.



## Information Arbitrage News

- October 27, 2015 – **SFUN** – We uncovered information regarding SFUN that had been released in China but apparently not in the U.S. Soufun Holdings Limited America (NYSE:SFUN), is a real estate holding company headquartered in Beijing, China. SFUN trades on the NYSE at a price of around \$7.00, a \$2.9 billion market cap. Widespread layoffs at Soufun being reported in China are alleged to be the result of "faked contracts" created by employees who were under pressure to produce results. On 10/27/2015, we published an [article](#) detailing our findings
- October 6 and October 28, 2015 – **MHH** – Started to [build](#) position in GeoBargain MHH. The market's failure to factor in the immediately accretive [acquisition](#) of Hudson IT created an information arbitrage opportunity. Our analysis indicated Hudson could add \$7.5 million revenues and \$0.07 in non-GAAP EPS per quarter, setting the stage for MHH to report at least 4 strong quarters of sales and earnings growth. The company [reported](#) solid Q3 [results](#) on 10/28/15. Hudson IT's accretive impact was not disclosed but management's comments on the conference call suggest its operating results were in line with expectations.



## Top Performing Picks - October 2015

- October 8, 2015 – **EDUC** – [Added](#) to our long position after EDUC [reported](#) a record fiscal Q2, 2016 (ended August 31), operating results including sales of \$12.6 million and EPS of \$0.16 in the period vs. \$6.8 million sales and EPS of \$0.00 in the prior year. Q3 (ending November 30) is seasonally the strongest quarter and the company has already recorded record sales for September so momentum appears to be accelerating. We released our reasons for optimism on 8/26/15 when EDUC was trading at \$4.94 and established our long position on 8/28/15 when it was trading around \$5.25. The stock recently traded at \$12.20.
- October 1, 2015 – **LAKE** – [Closed](#) our long position in LAKE (\$13.89). We added to our position on 9/14/15 (\$9.50) based on an information arbitrage opportunity presented when the company filed a NT 10-Q that stated it expected to report a significant increase in revenues and income from operations for Q2 2016, compared to Q2 2015. The company reported strong Q2 results on 9/17/15 and the shares rallied reaching a recent high of \$15.78 on September 24, 2015.

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