



Our Calls to Action

- July 28, 2015 - **RDEN** – Established a [short](#) position at around \$10.00. In late July, we released a report to our premium members detailing why we thought shares could have up to 52% downside. On the morning of our report, RDEN was down as much as 10% before recovering.
- July 16 and 20 – **CALM** – Took a [small loss](#) on our pre-earnings bet (\$54.10). On [July 16](#), we made a small pre-earnings bet on CALM, speculating the company would benefit by satisfying the supply shortfalls of competitors who were adversely impacted by the bird flu outbreak. When the company reported, the shares initially dropped as the results did not meet analysts' estimates and we closed our position. Shares fully rebounded as investor attention apparently shifted from the short term miss to strong overall results.
- July 8, 2015 - **JAKK** – A 13% drop in JAKK's share price (to \$8.77 on [July 7](#)) triggered by an analyst's downgrade created a buying opportunity and we added to our position. Shares rebounded strongly on Q2 2015 (July 22). Shares got as high as \$10.10. We questioned some of the key assumptions used to arrive at a \$10.00 price target. Our work, using the valuation metrics of JAKK's closest competitive peers, indicates the stock could reach \$20.00.



GeoBargain Updates

Additions & Subtractions of GeoInvesting's Best Picks

- July 13, 23 and 31, 2015 – **SGC** – On June 15, SGC dropped from \$18.29 at the open to an intraday low of \$15.06. We established a trading position around core when our due diligence revealed no operational cause for the decline. We locked in a 25% gain on that trade on [July 13](#). Subsequently, the shares dropped once again on [July 23](#) when the company reported what the market initially deemed to be 'disappointing' Q2 operating results. We disagreed and we capitalized on the second dip by establishing the second trading position in roughly a month. The shares quickly rebounded to over \$19.00 and we locked in a 13% gain on the trade on [July 31](#). Our bullish stance on SGC is intact and we are holding our core position.
- July 14, 2015 – **MHGU** – [Added](#) to our long position after company [reported](#) strong Q2 2015 (June 28) results; Q2 2015 sales \$51.0 million vs. \$40.5 million in prior year period, net earnings \$2.2 million vs. \$1.2 million, and EPS \$.29 vs. \$.16. MHGU followed the earnings report on July 29 with the announced acquisition of 15 Wendy's restaurants. The [acquisition](#) will be immediately accretive adding \$19 million revenue and \$1.5 million adjusted EBITDA.
- July 15 and 23, 2015 – **REPR** - [Added](#) to our long position as we felt a sharp selloff on July 14 was overdone. We [notified](#) members via premium Tweet when the shares were trading at \$0.24. The shares dipped nearly 45% to a low of \$0.20 before quickly rebounding to \$0.32. While the company recently [reported](#) less than impressive Q1 2016 (May 31) results we do not see Q1's flat sales as a trend. We believe the company will resume reporting sequential and year-over-year growth.



Information Arbitrage News

- July 16, 2015 – **XPLT** - We [added](#) to our long position in GeoBargain XPLT (\$3.30) in advance of the company reporting its Q2 2015 results in late August or early September. We believe an information arbitrage opportunity exists based on bullish comments in the company's 2015 Q 1 conference call held on June 2, 2015, that were not present in the associated press release.
- July 8, 2015 – **AMCN** – [Initiated](#) long position at \$3.95. An information arbitrage opportunity presented itself on July 8 when a RMB 800 million payment, reported only in China, was received as the first of two installments for the RMB 2.1 billion sale of the company's advertising business. When we initiated our trade, AMCN was trading at around \$4.00 per ADS, offering 50% upside potential if the go-private transaction closes. We believe the RMB 800 million payment increases the likelihood that both the sale of the advertising business and the go-private transaction will close. The shares recently traded at \$4.80.



Top Performing Picks - July 2015

- July 1, 2015 – **EFOI** – [Locked in gains](#) of nearly 70% since our 5/7/15 information arbitrage alert. EFOI offered a rare chance to take advantage of conference call subject matter (Q1 2015) that offered insight into the company's growth outlook. A poor connection during the conference call garbled key comments and the transcript of the call that was available online after the call was incomplete. We obtained a clean copy from the company's IR that revealed unnoticed bullish statements.
- July 8, 2015 – **ECSL** - [Covered](#) short position locking in 60+% gains. We [initiated](#) our short position on December 16, 2014 and [added](#) to the position on March 12, 2015. Our due diligence indicated the company could be a pump and dump. This was supported by the track record of the company's officers and founders, as well as our own interaction with the management. We also reached out to the State of Florida to get a sense of ECSL's prospects for getting its fuels to the pump and generating revenues and found the company's potential lacking. Also, on 1/13, VP of Business Development Christopher Doherty, filed a Form 144 in which he proposed to sell 570,000 shares.

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