



Our Calls to Action

- September 4 and 11, 2015 – **IQNT** – Disclosed long position 9/4/15. We began tracking IQNT on 8/27/15 when the stock was trading at \$18.80. Our reasons for optimism, including a new contract with T-Mobile and a large valuation gap with competitors GTT and CCOI, were discussed here. On 9/11/15, IQNT presented at the Drexel Hamilton conference in New York. One of our key takeaways was the CFO's statement that the company will generate \$300 million revenue in 2016, well over analyst estimates of \$255 million. Shares rose by nearly 10% in the session. In related news, on August 20, 2015, BWS Financial raised its target price on IQNT to \$40. The shares recently traded at \$21.30, after highs of \$22.54.
- September 9 and 29, 2015 – **UTSI** - A Chinese media article published 9/28/15 on Sina Finance reports that the private sale of approximately 11 million shares of UTSI at \$6.00 or a 200% premium to the prevailing market price has been consummated in full. The transaction was first reported in a 13D/A filing and is between some of the company's major investors and strategic investor, Gu Guoping, who may become a majority shareholder or even launch a tender offer for UTSI. See the translated key points and our analysis of the Sina Finance article here and our earlier detailed report here.



GeoBargain Updates

Additions & Subtractions of GeoInvesting's Best Picks

- September 1, 2015 – **XPLT** – After a nice long ride, we closed our long position in XPLT and removed it from our GeoBargain list due to Q2 2015 conference call commentary not included in the associated press release. We initiated our long position on 1/18/13, when the stock was trading at \$0.29. We coded it as a GeoBargain on 10/3/14 at \$3.00 based on the belief the business would continue to expand. The shares reached a recent high of \$3.99 on 8/17/15 before retreating to \$2.39 in recent trading. Although Q2 sales growth was strong, EPS disappointed. Management's commentary on the conference revealed the business is facing headwinds including; the impact of the strengthening U.S. \$ vs. foreign currencies is negatively impacting net income, the distribution chain in China was reorganized reducing growth, and a weakening Canadian economy is expected to pressure sales.
- September 3, 2015 – **BIOQ** – Closed our long position and removed BIOQ (\$14.50) as a GeoBargain. We were disappointed with management's level of communications and no longer believe they are focused on an aggressive growth strategy. We first coded BIOQ as a GeoBargain on the radar on 2/6/2015 when the stock was trading at \$13.45. The integration of a key acquisition and resulting blow out Q1 2015 results piqued our interest. On 2/10/15 we coded BIOQ as a GeoBargain at \$14.50 on the heels of strong Q2 2015 results. While shares had a brief run reaching a high of \$17.00 a month after our initial alert, they have since remained in the \$14 to \$17 range. We finally lost confidence in the story when management offered no explanation for sequentially weak Q3 results which were much lower than Q2.



Information Arbitrage News

- September 11, 14 and 17, 2015 – **LAKE** – On 9/11/15, we added to our position at \$10.14 when the company filed an NT 10-Q (an extension notice for 10-Q filings). In the filing the company stated that it expected to report a significant increase in revenues and income for Q2 ended 7/31/15 as compared to Q2 2014. LAKE's shares rose 8% during the 9/11/15 trading session. LAKE reported strong results after the close on September 16, 2015. The shares recently traded at around \$15.00.
- September 3, 2015 – **MR** – On 9/2/15, uncovered information from Chinese media that brings into question MR's ability to complete a non-binding going private proposal at \$30 per ADS received from its executive chairman, CEO and other C-level officers. The article on Caixin reported management has been unable to gain interest from any banks regarding a \$2.2 billion loan necessary to complete the transaction. The article also states that lacking bank interest, management has not submitted the proposal to the company's special committee for review. MR briefly rose to \$30 on the news of the proposal but has since settled down to around \$23.50 in recent trading.



Top Performing Picks - September 2015

- September 4 and 15, 2015 – **EDUC** – We started tracking EDUC on 8/26/15, citing the company's aggressive expansion when it was trading at \$4.94. Shortly thereafter we notified premium subscribers via email that we established a long position. On 9/8/15, we released a bullish article on the company. We noted that while there is nothing sexy about the publisher of educational children's books, its multi-level marketing (MLM) business is accelerating as independent sales reps are using social media, particularly Facebook, to great effect. The MLM business accounted for 73% of net revenue in fiscal Q1 and that percentage is expected to grow going forward. On 9/16/15, the company announced the acquisition of Demibooks, a curated marketplace for children's picture book apps. EDUC recently traded at around \$7.50.
- September 15, 2015 – **ESCC** - We issued an initial special situation alert regarding ESCC on 2/28/14. Our long position was established on 2/27/14, at \$0.14. We are maintaining our position despite the stock being up 543% to \$.90 in recent trading. The shares got a boost in recent months following the recent settlement of a major pension liability. The company's fundamentals appear strong with its backlog at near record levels.

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