

# Mossberg's Investor Digest

December 2014

Issue #78

## From the Editor...

### After Xmas Sale on Small Stocks

As we come to the close of 2014, exceeding record levels for the S&P and Dow Industrials, I'm wondering why my personal portfolio has significantly underperformed. Clearly the reason is that this has been a very tough year for small and micro-cap stocks, which make up the overwhelming majority of my portfolio. As of the end of November, the Russell Microcap index is down (1.4%), as compared to an increase of 12.6% for the Russell 3000. While this year has been disappointing, I take solace in the fact that I am an investor and not a trader. As an investor in small cap stocks, I am less concerned about quarterly and even annual performance. The investment time horizon is often three to five years for small and microcap companies. So as long as the underlying fundamentals remain strong, I should be less concerned about what happens to the stock price over shorter periods of time. In fact, the significant under performance tells me that I can pick up many of these stocks at a bargain price. As long as the fundamentals of my investments are strong, the stock prices will eventually reflect that and valuations are most likely revert to the mean. For example, if you look at the track record of the Russell Microcap index over the last 3 and 5 years, the performance is 20.4% and 16.8%, nearly identical with the larger Russell 3000 index.

As an investor in public stocks, our partners are other shareholders, who are often irrational and are currently willing to sell us their shares in the company as bargain prices.

Thank you for your interest in Mossberg's Investor Digest,

Dave Mossberg

## December 2014 Issue

**PGT, Inc. (NASDAQ:PGTI) - \$9.01, December 12, 2014, Page 3 -:** PGT, Inc. manufactures and supplies products to the residential impact-resistant windows and doors market, as well as non-impact resistant products in aluminum and vinyl frames. This Florida-based company is an excellent way to play the recovery in housing starts and repairs. Its focus and dominance in impact-resistant products should provide investors with a direct window into construction improvements.

**Unilife Corporation (NASDAQ:UNIS) - \$2.76, December 15, 2014, Page 4 -:** Unilife designs, develops, and manufactures injectable drug delivery systems. It supplies these to pharmaceutical and biotechnology companies to enhance delivery of their drug therapies. It's important to point out that each of the company's supply agreements could alone sustain Unilife. Patient investors will benefit from not getting caught up in the lumpy nature of revenues during 2015.

**The Dixie Group, Inc. (NASDAQ:DXYN) - \$8.74, December 19, 2014, Page 5 -:** Begun in 1920, The Dixie Group transitioned from textiles to floorcoverings in the 1990s. Its focus now is on carpet and rug brands in the upper-end market, including both commercial and residential floorcoverings. The stock is selling fairly near its low for the year. Fourth quarter will be another tough comparison because of the extraordinary sales in the second half of 2013. That provides investors an opportunity to step in and participate in the benefits that the restructuring and improving market conditions will provide.

**Points International Ltd. (NASDAQ:PCOM) - \$12.86, December 20, 2014, Page 6 -:** Points International Ltd. is a loyalty currency management company with solutions that enhance the management of loyalty programs ranging from frequent flyer miles and hotel points, to retailer and credit card rewards. Management has addressed the possibility of employing a share repurchase plan. It is trading near its low for the year. Points remains debt free and well equipped to execute its multi-pronged growth strategy: additional platform and product enhancements, partner developments, strategic investments or acquisitions.

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# Mossberg's Investor Digest

## Mossberg's Investor Digest Idea Performance

The table below shows selected ideas published from November 2013 until November 2014. The overall performance number includes all ideas published since July 2008, including those not shown. **Performance data quoted represents past performance and does not guarantee future results.** Current performance of ideas may be lower or higher than the performance quoted.

Company	Pub. Date	Original Price	Recent Price	Change	Russell 3000 Change Since Pub. Date	Relative Perf. vs. Russell 3000
Winmark Corporation (NASDAQ:WINA)	10-Nov-13	\$73.84	\$85.84	16.3%	17.3%	-0.1%
Regional Management Corp. (NYSE:RM)	18-Nov-13	\$32.54	\$15.58	-52.1%	16.0%	-67.1%
USA Technologies (NASDAQ:USAT)	26-Nov-13	\$1.75	\$1.65	-6.0%	15.1%	-20.2%
American Electric Technologies (NASDAQ:AETI)	29-Nov-13	\$9.46	\$5.94	-37.2%	14.8%	-51.2%
Power REIT (NYSE:PW)	7-Dec-13	\$8.31	\$8.50	2.3%	14.9%	-12.0%
Aggreko plc (OTC:ARGKF)	7-Dec-13	\$27.79	\$23.05	-17.1%	14.9%	-31.3%
Osage Exploration and Development, Inc. (OTCBB:OEDV)	9-Dec-13	\$1.07	\$0.30	-72.0%	14.8%	-86.1%
Capstone Turbine Corp. (NASDAQ:CPST)	26-Dec-13	\$1.22	\$0.74	-39.6%	12.5%	-51.2%
Spark Networks, Inc. (NYSE MKT:LOV)	15-Jan-14	\$6.18	\$3.69	-40.3%	11.9%	-51.6%
News Corporation (NASDAQ:NWSA)	21-Jan-14	\$16.76	\$15.74	-6.1%	12.1%	-17.7%
Emmis Communications Corp. (NASDAQ:EMMS)	27-Jan-14	\$2.98	\$1.89	-36.6%	16.1%	-52.1%
Brunswick Corporation (NYSE:BC)	30-Jan-14	\$42.51	\$51.89	22.1%	15.1%	7.1%
A.H. Belo Corporation (NYSE:AHC)	5-Feb-14	\$7.82	\$10.80	38.1%	18.1%	20.2%
O2Micro International (NASDAQ:OIIM)	12-Feb-14	\$3.36	\$2.36	-29.8%	13.7%	-43.4%
DEQ Systems Corp. (TSX:DEQ.V)	25-Feb-14	\$0.23	\$0.24	2.2%	11.7%	-9.8%
Dresser-Rand (NYSE:DRC)	28-Feb-14	\$54.33	\$81.52	50.0%	10.8%	39.0%
Arcos Dorados (NYSE:ARCO)	7-Mar-14	\$9.38	\$5.47	-41.7%	9.7%	-51.7%
Cimatron Ltd.(NASDAQ:CIMT)	21-Mar-14	\$7.85	\$8.81	12.2%	9.7%	1.6%
Unisys (NYSE:UIS)	26-Mar-14	\$29.63	\$29.48	-0.5%	11.7%	-12.1%
Mueller Industries (NYSE:MLI)	28-Mar-14	\$29.34	\$34.03	16.0%	11.5%	4.7%
WidePoint Corp. (NYSE MKT:WYY)	4-Apr-14	\$1.51	\$1.33	-11.9%	11.0%	-22.7%
Allied Motion Tech. Inc. (NASDAQ:AMOT)	10-Apr-14	\$12.00	\$23.98	99.8%	13.1%	87.1%
Ascent Capital Group Inc. (NASDAQ:ASCMA)	28-Apr-14	\$68.34	\$53.73	-21.4%	11.3%	-32.1%
SWK Holdings Corporation (OTCQB:SWKH)	29-Apr-14	\$1.05	\$1.33	26.7%	10.8%	16.5%
Monitise PLC (OTCPK:MONIF)	12-May-14	\$1.08	\$0.40	-63.2%	9.6%	-72.3%
Darling Ingredients Inc. (NYSE: DAR)	27-May-14	\$19.67	\$18.22	-7.4%	8.8%	-15.9%
Radiant Logistics, Inc. (NYSE MKT: RLGT)	29-May-14	\$3.09	\$4.03	30.4%	8.4%	22.2%
Willdan Group, Inc. (NASDAQ:WLDN)	31-May-14	\$6.25	\$13.46	115.4%	8.3%	107.3%
MOCON, Inc. (NASDAQ:MOCO)	9-Jun-14	\$15.25	\$17.23	13.0%	6.5%	6.5%
Global Power Equipment Inc. (NASDAQ:GLPW)	26-Jun-14	\$16.52	\$14.01	-15.2%	6.1%	-21.7%
Primo Water Corporation (NASDAQ:PRMW)	30-Jun-14	\$4.77	\$4.30	-9.9%	5.8%	-16.2%
Spectra7 Microsystems Inc. (TSX.V:SEV)	30-Jun-14	\$0.44	\$0.71	61.4%	5.8%	55.0%
Maxwell Technologies, Inc. (NASDAQ:MXWL)	20-Jul-14	\$12.77	\$8.99	-29.6%	5.5%	-35.0%
Tower Semiconductor Ltd. (NASDAQ:TSEM)	23-Jul-14	\$10.90	\$13.45	23.4%	5.0%	18.3%
Schnitzer Steel Industries, Inc. (NASDAQ:SCHN)	25-Jul-14	\$27.42	\$22.98	-16.2%	5.5%	-21.8%
Vertex Energy, Inc. (NASDAQ:VTNR)	31-Jul-14	\$8.22	\$4.22	-48.7%	8.0%	-56.9%
Bolt Technology Corp. (NASDAQ:BOLT)	5-Aug-14	\$17.43	\$22.00	26.2%	8.5%	17.4%
Tribune Publishing Corp. (NYSE:TPUB)	20-Aug-14	\$19.55	\$22.93	17.3%	4.9%	12.0%
Interphase Corp. (NASDAQ:INPH)	29-Aug-14	\$3.27	\$2.15	-34.3%	3.9%	-38.6%
Richardson Electronics Ltd. (NASDAQ:RELL)	31-Aug-14	\$10.19	\$10.08	-1.1%	3.9%	-5.5%
Helen of Troy (NASDAQ:HELE)	15-Sep-14	\$54.62	\$65.46	19.8%	5.1%	14.6%
SMTP, Inc. (NASDAQ:SMTP)	16-Sep-14	\$6.26	\$6.04	-3.5%	4.4%	-8.1%
Mandalay Digital Group, Inc. (NASDAQ:MNDL)	24-Sep-14	\$4.92	\$3.30	-32.9%	4.8%	-37.5%
L.B. Foster Company (NASDAQ:FSTR)	30-Sep-14	\$45.94	\$49.07	6.8%	6.3%	1.0%
Chart Industries, Inc. (NASDAQ:GTLS)	13-Oct-14	\$42.06	\$35.15	-16.4%	12.1%	-27.6%
MRI Interventions, Inc. (OTC BB: MRIC)	16-Oct-14	\$1.08	\$0.82	-24.4%	12.1%	-36.2%
Franklin Electric Co., Inc. (NASDAQ:FELE)	23-Oct-14	\$36.99	\$37.57	1.6%	7.2%	-5.7%
Avigilon Corporation (TSX:AVO.TO)	29-Oct-14	\$15.30	\$18.37	20.1%	5.4%	14.5%
Chemtura Corporation (NYSE:CHMT)	6-Nov-14	\$23.38	\$24.86	6.3%	3.0%	3.6%
Hilltop Holdings Inc. (NYSE:HTH)	11-Nov-14	\$21.14	\$20.08	-5.0%	2.5%	-7.3%
Bravo Brio Restaurant Group, Inc. (NASDAQqs:BBRG)	24-Nov-14	\$13.15	\$13.54	3.0%	1.1%	2.0%
Alamo Group (NYSE: ALG)	26-Nov-14	\$48.97	\$49.48	1.0%	0.9%	0.2%
<b>Overall Performance since July 2008</b>				<b>69.3%</b>	<b>58.5%</b>	<b>10.8%</b>

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