

Mossberg's Investor Digest

September 2013

Issue #63

From the Editor...

A look back at ABB (NYSE: ABB)...

We first profiled shares of Switzerland-based ABB in July of 2009 at \$16.30. Currently trading at 23.81, the stock has provided annualized returns of 16.5% (including dividends).

Based in Switzerland, ABB provides power and automation technology solutions for utility and industrial customers. The company has operations in 100 countries and a workforce of approximately 120,000 employees.

ABB is well position to be a major participant in deployment of the "Smart Grid". According to the CEO of GE, the Smart Grid will be one of the biggest investments in the first half of the 21st century. Emerging economies have to build electric grids in order to establish and grow their economies. Developed countries have to re-develop their aging infrastructure that is using technology that hasn't changed much since the days of Edison. The Smart Grid will add intelligence to the simple network that currently operates with a few lines of power headed in one direction. According to the American Society of Civil Engineers, \$2 trillion will need to be investing in the U.S. infrastructure by 2030. In addition to increasing the reliability and efficiency of the grid, these investments will need to be made in order to integrate electricity generated from renewable energy sources, smart meters, and even charging electric vehicles.

Shares are currently trade at an attractive 14.7x the forward consensus estimate and pay a 3% dividend yield. This stock is worth a second look.

Thank you for your interest in Mossberg's Investor Digest. I welcome your feedback.

Dave Mossberg

September 2013 Issue

Famous Dave's (NASDAQ:DAVE) \$16.00, *September 19, 2013, Page 3* – Famous Dave's of America Inc. has 53 company-owned restaurants and 136 franchise-operated restaurants. The chain offers primarily hickory-smoked meats and chicken. Despite a well deserved run-up in stock price following the knock-out second quarter, the stock still has considerable upside based on the huge ongoing improvements in all major areas of the business.

Alteva, Inc. (NYSE:ALTV) - \$7.20, *September 23, 2013, Page 4* – Alteva provides cloud-based communications solutions for small, medium and enterprise businesses. This includes voice-over IP, unified communications and Microsoft communication services. Prospects for increasing revenues and margins are strong. Add to that the value of the O-P put option and the stock's reaction to the dividend elimination announcement for an attractive risk/reward investment.

Roundy's, Inc. (NYSE:RNDY) - \$9.19, *September 24, 2013, Page 5* – Roundy's is a leading grocer in the Upper Midwest, including Minnesota, Wisconsin and Illinois, with 160 stores and 100 pharmacies. Roundy's is a leading grocer in the Upper Midwest, including Minnesota, Wisconsin and Illinois, with 160 stores and 100 pharmacies, averaging 61,000 square feet.

SMTC Corporation (NASDAQ:SMTX) - \$1.97, *September 26, 2013, Page 6* – SMTC Corporation provides electronics manufacturing services to original equipment manufacturers and emerging technology companies in the fields of industrial, medical, computing, communications, medical and renewable energy. The stock took a significant hit, on relatively high volume, following its first quarter earnings announcement, and is currently off almost 18% since the beginning of the year. The stock appears to be more stable recently with new management showing an ability to address working capital needs.

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

www.mossbergid.com

Mossberg's Investor Digest

Mossberg's Investor Digest Idea Performance

The table below shows the relative change in the value of the ideas published since September 2012 and the Russell 3000. **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
Zale Corporation (ZLC)	17-Sep-12	\$5.87	\$14.91	154.0%	17.9%	138.6%
Air Transport Services Group, Inc. (ATSG)	24-Sep-12	\$4.67	\$7.48	60.2%	18.4%	44.5%
Northern Technologies International Corp. (NTIC)	27-Sep-12	\$10.95	\$17.00	55.3%	19.3%	38.8%
KEMET Corp. (KEM)	28-Sep-12	\$4.40	\$4.08	-7.3%	19.8%	-24.2%
GameStop Corp. (NYSE: GME)	4-Oct-12	\$21.92	\$50.30	129.5%	18.1%	114.0%
Sycamore Networks, Inc. (NASDAQ:SCMR)	11-Oct-12	\$0.51	\$0.49	-3.9%	20.4%	-21.6%
RPX Corp. (NASDAQ:RPXC)	25-Oct-12	\$9.69	\$17.63	81.9%	22.0%	62.5%
Prospect Global Resources, Inc. (NASDAQ:PGRX)	31-Oct-12	\$2.76	\$3.16	14.5%	22.0%	-5.0%
Gaiam Inc. (GAIA)	7-Nov-12	\$2.94	\$5.08	72.8%	23.4%	51.9%
Green Dot Corporation (NASDAQ:GDOT)	26-Nov-12	\$11.71	\$26.30	124.6%	22.4%	104.4%
JTH Holdings, Inc. (NASDAQ:TAX)	27-Nov-12	\$13.92	\$18.85	35.4%	23.0%	14.6%
Elephant Talk Communications, Corp. (NASDAQ:ETAK)	28-Nov-12	\$1.06	\$0.69	-35.0%	22.1%	-54.9%
Sealed Air Corporation (NYSE:SEE)	16-Dec-12	\$16.03	\$27.46	71.3%	21.6%	52.1%
Westmoreland Coal Co. (NASDAQ:WLB)	17-Dec-12	\$10.02	\$13.12	30.9%	20.2%	13.0%
Regional Management Corp. (NYSE:RM)	18-Dec-12	\$16.55	\$32.27	95.0%	18.7%	78.3%
Michael Baker Corporation (NYSE:BKR)	30-Dec-12	\$24.30	\$40.47	66.5%	22.3%	46.3%
DHX Media Ltd. (TSX:DHX.TO)	12-Jan-13	\$1.86	\$3.37	81.2%	16.3%	66.4%
Mood Media Corporation (TSX:MM.TO)	20-Jan-13	\$1.93	\$0.59	-69.4%	15.1%	-83.0%
MoneyGram International Inc. (NYSE:MGI)	30-Jan-13	\$13.93	\$19.77	41.9%	13.9%	29.8%
GenMark Diagnostics, Inc. (NASDAQ:GNMK)	30-Jan-13	\$11.11	\$11.66	5.0%	13.9%	-7.1%
MVC Capital, Inc. (NYSE:MVC)	12-Feb-13	\$12.11	\$13.00	7.3%	12.4%	-3.5%
eGain Corporation (Nasdaq:EGAN)	15-Feb-13	\$7.50	\$14.85	97.9%	12.3%	87.0%
DSP Group (NASDAQ:DSPG)	26-Feb-13	\$7.41	\$6.95	-6.2%	14.2%	-18.5%
Unitech Corporate Parks (LSE:UCP.L)	28-Feb-13	\$35.25	\$34.50	-2.1%	12.8%	-13.2%
Palomar Medical Technologies, Inc. (NASDAQ:PMTI)	6-Mar-13	\$11.91	\$13.65	14.6%	10.8%	5.5%
Global Power Equipment Group Inc. (NASDAQ:GLPW)	7-Mar-13	\$16.84	\$20.05	19.1%	10.6%	10.2%
NetSol Technologies, Inc. (NASDAQ:NTWK)	16-Mar-13	\$10.84	\$10.15	-6.4%	9.3%	-14.0%
Kofax, plc (OTC:KFAXF)	22-Mar-13	\$4.47	\$6.09	36.2%	9.6%	28.4%
Tutor Perini (NYSE: TPC)	16-Apr-13	\$16.76	\$21.46	28.0%	8.9%	21.5%
Carbonite (Nasdaq: CARB)	17-Apr-13	\$10.00	\$14.85	48.5%	10.5%	40.5%
GenCorp Inc. (NYSE:GY)	26-Apr-13	\$13.06	\$16.30	24.8%	8.2%	18.5%
Steinway Musical Instruments (NYSE:LVB)	26-Apr-13	\$24.67	\$40.00	62.1%	8.2%	55.8%
Axesstel (Nasdaq:AXST)	12-May-13	\$1.30	\$0.36	-72.3%	4.7%	-75.4%
Keweenaw Land Association (OTC: KEWL)	21-May-13	\$76.28	\$93.00	21.9%	2.5%	20.9%
Guidance Software, Inc. (NASDAQ:GUID)	24-May-13	\$9.23	\$9.04	-2.1%	3.8%	-4.1%
Micron Technology, Inc. (NASDAQ:MU)	29-May-13	\$11.83	\$17.92	51.5%	3.9%	49.4%
CafePress Inc.	4-Jun-13	\$6.81	\$6.10	-10.4%	5.0%	-13.5%
Carrols Restaurant Group, Inc.	11-Jun-13	\$5.83	\$6.14	5.3%	5.3%	1.9%
Rackspace Hosting, Inc.	30-Jun-13	\$37.89	\$53.12	40.2%	6.4%	35.5%
Ducommon Inc.	30-Jun-13	\$21.26	\$27.19	27.9%	6.4%	23.2%
Syneron Medical Ltd. (NASDAQ:ELOS)	17-Jul-13	\$8.60	\$8.68	0.9%	1.5%	0.7%
BGC Parnters, Inc. (NASDAQ:BGCP)	22-Jul-13	\$6.44	\$5.72	-11.3%	0.6%	-10.8%
Calamos Asset Management Inc. (NASDAQ:CLMS)	28-Jul-13	\$10.75	\$9.97	-7.3%	0.8%	-6.9%
Sunshine Heart, Inc. (NASDAQ:SSH)	29-Jul-13	7.37	\$11.69	58.6%	1.2%	58.7%
FelCor Lodging Trust (NYSE:FCH)	8-Aug-13	\$5.95	\$6.10	2.5%	0.3%	3.0%
Hydrogenics Corp. (NASDAQ:HYGS)	13-Aug-13	\$11.14	\$13.00	16.7%	0.5%	17.0%
BIO-key International, Inc. (OTCQB: BKYI)	29-Aug-13	\$0.33	\$0.28	-15.2%	3.6%	-18.4%
LRAD Corporation (NASDAQ:LRAD)	30-Aug-13	\$1.52	\$1.43	-5.9%	4.1%	-9.5%
				29.8%	11.9%	19.8%

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

Mossberg's Investor Digest

Best Idea Profile:

DESCRIPTION:

Famous Dave's of America Inc. has 53 company-owned restaurants and 136 franchise-operated restaurants, in 34 states, Puerto Rico and Canada. It offers primarily hickory-smoked meats and chicken, primarily prepared with proprietary seasonings and sauces. Famous Dave's restaurants also offer salads, side items and desserts. The company opened its first Famous Dave's restaurant in Minneapolis in June 1995. It is based in Minnetonka, Minnesota.

KEY INVESTMENT CONSIDERATIONS:

Energized Management – The management team and the board was reconstituted in recent years, with a new chief executive arriving a year ago. They have been charged with increasing shareholder value by taking quick action to reverse sales declines, improve unit level economics, and bring general and administrative expenses in line with the size of Famous Dave's business. General and administrative expenses are declining rapidly and should continue to benefit from smart spending and a growing top line. Management is targeting a level of 10% for G&A expenses within a year or two. With the emphasis on quick, the most recent quarter demonstrated the success of these initiatives. The improvements are somewhat hidden by a bonus recapture in 2012 and by severance costs associated with the recent reduction in force.

Improving Unit Economics – Same-store comparisons are improving despite the industry's well documented revenue challenges. Same-store sales for company restaurants grew 3.8% versus last year, which is above the company's aggressive targets for the year. Franchise sales have improved as well but are still down. Operating margins increased 360 basis points at the restaurant level in second quarter comparisons. Dine-in per person ticket average for the second quarter of fiscal 2013 was \$16.69, compared with \$15.79 in the second quarter of 2012. And industry analyses indicate Famous Dave's is gaining share in the markets in which it operates. Management is committed to carefully growing its stores; it expects to add two new company stores and nine franchise stores in 2013.

Reduced Discounting and Improved Menu – There is obviously a lot of experience and analysis going into product and marketing decisions. Famous Dave's rolled out a new menu beginning in April with new products and a simpler menu design, but with fewer overall items. It also analyzed pricing and demand to optimize

Famous Dave's of America Inc. (NASDAQ:DAVE)

the pricing of its items. Also in its analysis it determined to discontinue much of its discounting practices, and instead implemented a loyalty program that appears to be working extremely well. Discounting has gone from 5.5% last year to 4.6% this year; a huge contribution to the bottom line. The new advertising campaign is generating strong traffic as well.

Innovative Ideas Are Working – DAVE tested a call center for catering last year and is now rolling it out to more stores based on its success: it frees in-store employee resources and utilizes specialists that are better equipped to optimize the catering business. Management is also targeting a more local feel for full-service restaurants by offering craft beers from local microbreweries. The company is now using more environmentally friendly and cost-effective packaging that will further reduce costs in its take-out business, which represents 25% of sales.

VALUATION:

Despite a well deserved run-up in stock price following the knock-out second quarter, the stock still has considerable upside based on the huge ongoing improvements in all major areas of the business. Revenues, margins, expenses, and marketing all seem to be running on all cylinders. Additionally, the company continues to carry out a share repurchase program.

Famous Dave's (NASDAQ:DAVE)

Investment Data (as of 9/19/13)

Recent Price	\$16.00
52-Week Range	\$7.75 - \$17.23
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	7.6 M
Average Trading Volume (3 mos)	20k
Market Capitalization	\$123 M
Cash	\$3 M
Long-term Debt	\$16 M
Enterprise Value (EV)	\$135 M
Book Value	\$4.79
TTM Revenue	\$156 M
P/ Revenue	0.8x
TTM EPS	\$0.49
P/ EPS	33x
TTM EBITDA	\$11 M
EV/ EBITDA	12x

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

Mossberg's Investor Digest

Best Idea Profile:

Alteva, Inc. (NYSE:ALTV)

DESCRIPTION:

Alteva began as a local telephone switchboard operator and has been evolving for the last 100 years. Earlier this year, Alteva began trading on the NYSE and changed its name from WVT Communications Group to Alteva. It provides cloud-based communications solutions for small, medium and enterprise businesses. This includes voice-over IP, unified communications and Microsoft communication services. Unified communications and collaboration integrates telephony (IP voice) with real-time communication applications such as instant messaging, video conferencing, and data sharing. Alteva is based in Philadelphia.

KEY INVESTMENT CONSIDERATIONS:

Growing Industry – The unified communications industry is predicted to grow at an annual rate of 25% through 2016, which puts it well over \$7 billion. Alteva's revenues from unified communications increased 62% in 2012 compared with 2011, and currently represent 53% of consolidated revenues.

Solid Quarter of Growth – The year 2012 represented the highest consolidated revenue level in nine years. And in the second quarter of 2013, the company returned to profitability for the first time since it began its transformation two years ago. Consolidated revenue was up 8% and UC revenue was up 21% year over year. UC revenue is now 53% of consolidated revenue and increasing as it significantly outpaces Alteva's telephone business. Gross profit was up 23% in the same period, which was double the increase seen in the first quarter. Second quarter performance shows the leverage that exists in the UC infrastructure.

Verizon Partnership Not Reflected in Value – Entry into wireless business was too capital intensive to do alone, so Alteva invested alongside Verizon Wireless and others to form the Orange County-Poughkeepsie Limited Partnership in 1987. Its share of the earnings of the O-P was \$1.8 million for the second quarter but it received a cash distribution of \$3.25 million because of a guarantee in the partnership agreement. That guarantee is in place for each of the remaining two quarters of 2013. However, in April 2014 Alteva can choose to exercise its impressive put option to sell its stake in the partnership for a minimum \$50 million payment. Or, based on expectations of the O-P performance going forward, it can let the option expire and continue to receive distributions based on actual performance. The put option gives management the ability to decide

whether the prospect of improvement in the partnership warrants forgoing the sale. Therefore, at this time, there is a total guaranteed O-P value, excluding the rest of 2013's distribution, of \$50 million, versus Alteva's market capitalization of \$41 million.

Dividend Elimination a Positive – The stock took a predictable but undeserved hit following the recent announcement that Alteva would terminate its long history of dividends. Management's reasons are sound: there is a greater use in allocating capital to improve the balance sheet and to capitalize on additional growth opportunities.

Balance Sheet will Improve – The dividend cut gives management the ability to improve the balance sheet. Additionally, the O-P partnership will generate \$6.5 million in cash to the company. There was significant investment in infrastructure, personnel and IT in 2012 and these expenses will decrease in 2013 as the current SG&A can support upwards of double the current revenue. Management targets a \$2 million reduction in expenses going forward and is on track for 2013.

VALUATION:

Prospects for increasing revenues and margins are strong. Add to that the value of the O-P put option and the stock's reaction to the dividend elimination announcement for an attractive risk/reward investment.

Alteva, Inc. (NYSE:ALTV)	
Investment Data (as of 9/23/13)	
Recent Price	\$7.20
52-Week Range	\$5.76 - \$13.50
Fiscal Year End	Dec
Dividend (just eliminated)	NA
Yield	NA
Shares Outstanding	5.7 M
Average Trading Volume (3 mos)	36k
Market Capitalization	\$41 M
Cash	\$1 M
Long-term Debt	\$15 M
Enterprise Value (EV)	\$56 M
Book Value	\$1.86
TTM Revenue	\$29 M
P/ Revenue	1.4x
TTM EPS	\$(1.54)
P/ EPS	NA
TTM EBITDA	\$(10)M
EV/ EBITDA	(5.7)x

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

Mossberg's Investor Digest

Best Idea Profile:

Roundy's, Inc. (NYSE:RNDY)

DESCRIPTION:

Roundy's is a leading grocer in the Upper Midwest, including Minnesota, Wisconsin and Illinois, with 160 stores and 100 pharmacies, averaging 61,000 square feet. It holds a first or second place share in its primary markets. Its core store banners include Pick 'n Save, Cops, and Rainbow, and its growth store banners are Metro Market and Mariano's. Pick 'n Save has the most stores at 93. Roundy's was founded in Milwaukee in 1872 and remains headquartered there.

KEY INVESTMENT CONSIDERATIONS:

Growing Through Economic Adversity – Roundy's has proven its ability to grow during financial crisis and through recovery. Sales in 2008 and 2009 were relatively flat and have been growing since. Net sales reached \$3.9 billion in fiscal 2012. Second quarter 2013 results were disappointing in core markets because of a "perfect storm" of events related to timing of holidays, weather, competitive store openings, and regional lag in economic recovery. Management has plenty of experience to manage profitably through these factors. Roundy's is on target with the renewal project of 69 Pick 'n Save stores in Milwaukee. This started in late 2012 with a test group that proved the repositioning at the higher end will increase sales and EBITDA in 2014. The transition of the remaining stores will be complete in the third quarter.

Advantages of Local Market Leadership – Roundy's enjoys strong customer recognition, traffic and loyalty giving it increased flexibility to respond to competitive activity. It uses merchandising, pricing and advertising strategies that are customized to the local demographics and customer preferences. Distribution, logistics and purchasing also benefit from regional emphasis.

Track Record with Big Boxes – During the past decade, Roundy's market share has expanded even in markets where Wal-Mart has shown considerable growth. It is the smaller independent operators that are ceding market share to the rivals. In each of Roundy's primary Wisconsin markets, Roundy's share has grown from 34% to 39%, despite Wal-Mart more than doubling their share to 16%.

Growth in Chicago Exceeding Expectations – Roundy's opened its first Chicago location in 2010 under the Mariano's banner and currently has ten stores operating. The Chicago market, the third-largest metropolitan area in the U.S., has above-average

demographics to support greater spending on higher margin quality which is the target of this higher end brand. Mariano's sales volumes are two times the average store with highly compelling store profitability and return on investment. Roundy's is targeting five new stores per year and has so far exceeded its goals related to timing and store economics.

Strong Cash Flow – Roundy's cash flow is capable of funding innovative store growth and a continued dividend yielding approximately 5.5% annually. It has an interest coverage ratio of more than four times.

Emphasis on Margins – Initiatives in place to increase margins include focus on higher margin items such as Roundy's own brand items, and perishable products and specialty prepared foods. Since 2005, company-branded SKUs have grown from 1,600 to 6,100. Perishables are a key differentiator for Roundy's and are in growing demand based on healthier eating habits. On the other side of the equation, the company is also implementing labor productivity measures, distribution improvements, and strategic remodels and relocations.

VALUATION:

The current stock price allows investors to basically buy the core business and get the exploding Mariano's opportunity as a bonus.

Roundy's, Inc. (NYSE:RNDY)

Investment Data (as of 9/24/13)

Recent Price	\$9.19
52-Week Range	\$3.69 - \$9.87
Fiscal Year End	Dec 29
Dividend	\$0.48
Yield	5.4%
Shares Outstanding	45 M
Average Trading Volume (3 mos)	460k
Market Capitalization	\$414 M
Cash	\$76 M
Long-term Debt	\$690 M
Enterprise Value (EV)	\$1 B
Book Value	\$4.59
TTM Revenue	\$3.9 B
P/ Revenue	0.1x
TTM EPS	\$(1.53)
P/ EPS	NA
TTM EBITDA	\$180 M
EV/ EBITDA	5.6x

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

Mossberg's Investor Digest

Best Idea Profile:

SMTC Corporation (NASDAQ:SMTX)

DESCRIPTION:

SMTC Corporation provides electronics manufacturing services to original equipment manufacturers and emerging technology companies in the fields of industrial, medical, computing, communications, medical and renewable energy. Industrial and Communications segments each represent well over a third of SMTC's revenues. These services include product design, prototype manufacturing, "low volume-high mix" and "high volume-low mix" manufacturing and system-level assemblies. Corporate headquarters are in Toronto, with the U.S. head office in San Jose, California. It has manufacturing capabilities in California, Mexico, and China. Its facility in Mexico is SMTC's largest assembly operation with 215,000 square feet. SMTC has more than 2,200 full-time employees and was founded in 1985.

KEY INVESTMENT CONSIDERATIONS:

Industry Growth – Original equipment manufacturers are increasingly using contract electronics manufacturing such as SMTC because of the benefits they enjoy through outsourcing: cost reduction, improved cash cycles and flexibility. The electronic manufacturing services industry is estimated to have grown at a compound annual growth rate of 5.3% through 2013, and represents a \$127 billion market.

Aggressive Management – SMTC has cleaned house relative to its management. As of May 2013, there is an interim president and chief executive, as well as new executives in operations, engineering and quality. They have extensive experience in electronic manufacturing and are committed to aggressively addressing working capital issues at the company, while working to install productivity and quality initiatives. Executives have visited all the facilities, met with key customers, vendors and bankers in an effort to significantly improve SMTC's outlook. The new executive chairman is charged with the search for a permanent CEO.

Second Quarter House Cleaning – Working capital has become an issue with the company's lenders. However, in the second quarter, SMTC reduced receivables by \$8 million, inventories by \$10 million and working capital by \$6 million, compared with the first quarter. Debt, net of cash, was reduced almost \$9 million. This effort will continue as the company is still in violation of its debt covenants, but had them adjusted and waived in the second quarter. Management expects

profitability will improve in the third and fourth quarters but has suspended guidance.

Impact of Unusual Charges – Management detailed \$6.7 million of expenses which it considered unusual in the second quarter, making this a complicated quarter to evaluate. Of that, \$1.2 million came from executive severances, and there may be some more in the next quarter. Also, \$4.6 million was in non-recurring expenses: \$2.1 million in unrealized foreign exchange loss on derivatives, \$1.3 million from closing its Canadian manufacturing facility, and \$1.2 million in other non-recurring costs. The facility closing is a positive for the company in that it will reduce ongoing expenses without displacement of these customers as they were in large part transitioned to other facilities.

VALUATION:

The stock took a significant hit, on relatively high volume, following its first quarter earnings announcement, and is currently off almost 18% since the beginning of the year. The stock appears to be more stable recently with new management showing an ability to address working capital needs.

SMTC Corporation (NASDAQ:SMTX)

Investment Data (as of 9/26/13)

Recent Price	\$1.97
52-Week Range	\$1.60 - \$3.15
Fiscal Year End	Dec
Dividend	NA
Yield	NA
Shares Outstanding	16 M
Average Trading Volume (3 mos)	27k
Market Capitalization	\$32 M
Cash	\$3 M
Long-term Debt	\$25 M
Enterprise Value (EV)	\$55 M
Book Value	\$2.33
TTM Revenue	\$279 M
P/ Revenue	0.1x
TTM EPS	\$(0.16)
P/ EPS	NA
TTM EBITDA	\$5.7 M
EV/ EBITDA	9.7x

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

Mossberg's Investor Digest

Subscription Information

Subscribe to Mossberg's Investor Digest at www.mossbergid.com/subscribe.html

Immediate Access Annual Subscription: \$245/ year

12 Monthly Compilation Issues – At the end of each month, Mossberg's Investor Digest compiles all Best Idea Profiles generated that month into a single compilation issue.

Access to Past Compilation Issues – Password protected access to all previous compilation issues.

Immediate Access to Best Idea Profiles - Approximately two to three times per month, Immediate Access Annual Subscribers receive Best Idea Profiles as soon as they are published.

Annual Subscription: \$195/ year

12 Monthly Compilation Issues

Access to Past Compilation Issues

About Mossberg's Investor Digest

The value proposition of the digest is essentially an "Idea Generator". During the course of my 17-year career in capital markets, I've had the chance to meet and work closely with some very smart professional investors who have consistent track records of outperforming the market indexes. Some of these investors, which include mutual fund managers, hedge fund managers, and other professional investors, are kind enough to share their best ideas with me. I conduct my own analysis of their ideas and publish summaries of those ideas I think represent timely investment opportunities. Over time, I trust the majority of these ideas will pan out and help subscribers generate index-beating returns.

The goal of the Best Idea Profiles in this newsletter is to describe all of relevant investment merits and risks of a company in one page. It is not intended to be an exhaustive report including every detail of a company. With limited space available, I am forced to include only those data points that I feel are most important for subscribers to know before they begin their own due diligence. Thank you for your interest in Mossberg's Investor Digest.

Disclosures

Not Investment Advice: Investors should consult a financial advisor before investing in any securities highlighted in the Digest or subscribing to any newsletter service. We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea Profiles highlighted in Mossberg's Investor Digest are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Mossberg's Investor Digest is not suitable for people seeking low to moderate risk investments.

It is the policy of the publisher to follow the CFA Institute's "Standards of Practice" regarding disclosure of potential conflicts of interest. The publisher's policy is to avoid conflicts of interest when possible. However, when potential conflicts are unavoidable, the publisher's policy is to disclose material business relationships between it and issuers of securities highlighted in the letter. In addition, the publisher's ownership in securities highlighted in the letter is disclosed. By disclosing potential conflicts of interest, subscribers and prospective subscribers will have additional information to evaluate the objectivity of ideas highlighted in the newsletter.

*There are no material business relationships between the publisher and the securities highlighted in this issue.

*As of September 2013, the publisher owns shares in AZZ.AX, DSNY, DSPG, MFI, PSTX, and TXCC.

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.

www.mossbergid.com