

\$SPX S&P 500 Large Cap Index INDX
 27-Dec-2013
 Open 1822.92 High 1844.89 Low 1822.92 Close 1841.40 Volume 4.9B Chg +23.08 (+1.27%)

RSI(14) 72.95

\$SPX (Weekly) 1841.40
 MA(50) 1652.58
 MA(20) 1738.81
 BB(20,2,0) 1614.77 - 1738.81 - 1862.85
 EMA(13) 1777.89
 EMA(34) 1705.36
 Volume 4,857,049,088

Key Price Points:
 1356.48, 1292.66, 1267.06, 1422.38, 1474.51, 1687.18, 1841.40, 1822.92, 1777.89, 1738.81, 1705.36, 1652.58, 1614.77, 1560.33, 1343.35, 1266.74, 1230.71, 1258.07, 1101.54, 1074.77, 1158.66

MACD(12,26,9) 50.940, 47.193, 3.748

S&P 2014 Roadmap Scenario

The S&P enters 2014 at new highs and momentum tends to carry over into January, but we are running right into trend resistance and complacency is setting in ahead of earnings season, and the potential Debt Ceiling battle in February. I feel it would be healthy for the market to take a dose of medicine in early 2014, testing the 20 week EMA in February which will likely catch a minor bounce, but then see some downside follow through to 1,700 in May, where the 50 week EMA should come into play as well as the mid-point of the long channel, and this would equate to an 8% correction from the 1,850 level. An overshoot to 1,650 would mark a 10.8% correction a re-test a key line (blue font). Based on the fundamentals that are discussed below, any correction of this magnitude is a buying opportunity and sets up for a run to 2,000+ by yearend. I was extremely bullish into 2013 and throughout the year, and remain very optimistic 1-3 years forward, but this scenario of weakness to start the year is one I see as probable considering the sentiment, overbought readings, divergences that need to play out, and reward/risk ratio shift after a 30% move. As always, monitor short term moving averages and price patterns for short-term trading, but wanted to express a view of the larger picture.

\$SPX S&P 500 Index 1,841.40 -0.62 -0.03%

D: 06/30/2014

Y:1,022.0113

EMA(20)-last=1,751.6023



Market Sentiment, Macro Picture and Fundamental Analysis

Sentiment/Breadth

As we enter 2014 many of the sentiment indicators are flashing exuberance, while breadth is strong. Investors Intelligence latest reading shows bulls are at 59.6%, the highest since 62% in October of 2007, while bears are down to 14.1%, the lowest since March 1987, so clearly an extreme. The AAI Sentiment Survey showed bullish sentiment rise to 55.1%, the highest since January 2011, and bearish sentiment fell to 18.5% nearly a 2 year low. The NAAIM Survey of Managers, a group historically poor at market timing, has a NAAIM number above 90 the last 5 weeks, showing active money managers are fully invested. The CNN Fear & Greed Index, a measure of market momentum, put and call options, junk bond demand, safe haven demand, stock price breadth, and market volatility finished 12-27 near 80, "Extreme Greed." The TD Ameritrade Investor Movement Index is a 5.42 as of 12-27, the second highest reading in its 4 year history, just behind June 2011 highs (S&P fell 18.5% in following 2 months), so this indicator is showing retail is increasing equity exposure, often referred to as the "dumb money." Consumer Confidence is the US rose to a 5-month high in December to 82.5 from 75.1 in November as rising household wealth is bolstering sentiment, boosted by a rising stock market, better employment, and lower gasoline prices.

There are still some sentiment indicators showing the rally still has fuel in the tank, such as the rising short interest in the S&P and Nasdaq stocks. Also, a Reuters poll show that US fund managers raised average cash positions in December to the highest level in 6 years while cutting equity exposure. The ISI Hedge Fund Survey on 12-24 showed net equity exposure at just 51.4, rising modestly the last few weeks and well off the 2012 low near 42, but still shows hesitation, nowhere near the 60+ levels in 2004-2008. Hedge Funds have lagged the market severely in 2013 yet continue to draw record inflows.

Statistically the market has plenty of history working in its favor, as strong performance years are often built upon. The S&P after 2 consecutive years higher is up the following year 58% of the time with a 3.3% average return. 2014 is a mid-term year of the presidential cycle, an average 4.5% return and up 57% of the time.

The options market is reflecting some complacency entering 2014, and although the majority of the large institutional trades I follow daily continue to position for upside, many are turning to stock-specific event stories for February-July expirations. The CBOE Equity Put/Call Ratio closed the week at 0.54, while the Index Put/Call closed at 0.76, near an extreme low. The 3-month CBOE S&P 500 volatility index (VIX) closed Friday at 13.98, the lowest level since 13.86 in August 2013 (mini-correction followed), and this is the second-lowest reading in 2 years. The Put/Call Open Interest Ratio on the S&P 500 (SPY) for the next 3 months of options is at 2.17, the 81st percentile, so this indicator showing there is quite a bit of protection in place with protection being so cheap.

In terms of breadth the recent move to all highs was confirmed by the cumulative NYSE Advance-Decline that cleared the October high this week. The NYSE Summation Index continues to lag, but finally is breaking a downtrend, and crosses of its 5-day moving average have been very good buy/sell indicators throughout 2013. The S&P 500 stocks above the 50 day moving average closed at 387, well off the 435 high seen in October showing some lack of participation, and overall 67% of stocks are trading above the SMA50 and 69.6% above the SMA200.

The NYSE McClellan Oscillator (NYMO) remains my favorite indicator of gauging the market being overbought/oversold, and was very accurate throughout 2013 for timing. It peaked this week just below 55

and throughout the year readings of 60+ have typically seen corrections follow, also aligning with the S&P pushing into/above its daily upper Bollinger Band. Conversely, reading of -50 and lower have often marked trading bottoms, so clearly an indicator to watch weekly.



Macro-Economic

Global economies enter 2014 much stronger than they were in 2013, though the forward looking market rallied on these expectations throughout 2013. Emerging markets have disappointed, and need to be monitored for a turning point in 2014, as the group can offer outsized returns when conditions improve.

Europe has lagged the US recovery but recent data has been coming out very strong, especially in the UK where PMI rose to 58.4 in November with new orders at a 20 year high. Europe continues to move out of a recession and should be nearing an inflection point in earnings that can lead to outperformance in 2014 with ongoing liquidity support from the ECB.

In the US November PMI hit a 20-month high with a strong improvement in manufacturing and business conditions. The latest GDP report showed 4.1% growth in Q3, well above expectations, and Durable Goods Orders jumped 3.5%.

China is forecasting 7.5% GDP growth in 2014, though enters 2014 with declining economic momentum as December PMI hit a 3-month low, but economic reforms are likely to be a driver in 2014 for the economy to reaccelerate. In November China's export growth rose 12.7% Y/Y, a 7 month high, another indicator suggesting a strengthening global recovery.

The Citi Economic Surprise Index, often a great predictor of stock market returns, is climbing in a positive trend in most global economies, and are worth monitoring monthly.

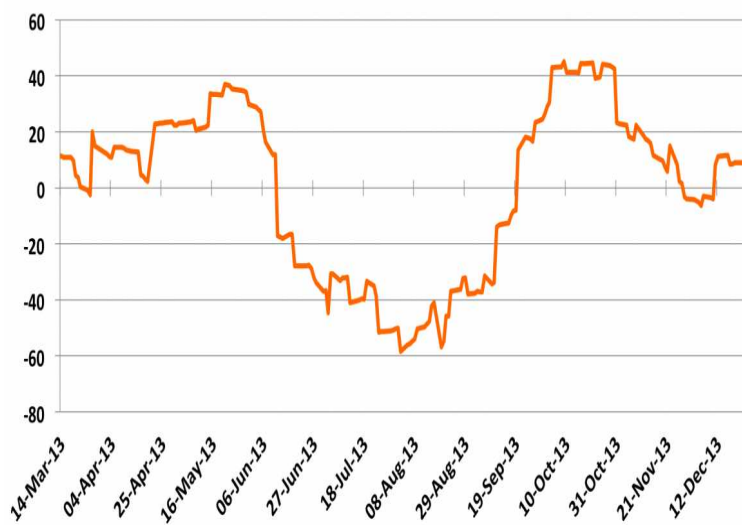
Citigroup Economic Surprise Index (United States)



Citigroup Economic Surprise Index (Euro Area)



Citigroup Economic Surprise Index (China)



Citigroup Economic Surprise Index (Japan)



Citigroup Economic Surprise Index (Emerging Markets)



Fundamental

The S&P 500 is set to climb nearly 30% in 2013, marking the best year since 1997, so clearly the market is not as great of a value on a reward/risk basis that it was entering 2013, but a combination of an improving economy, regained investor confidence, and room for earnings and margin expansion still lead me to conclude that stocks remain fairly undervalued into 2014. In this interest rate environment we are seeing multiple expansion, and earnings continue to climb despite sluggish revenue growth due to cost reductions and improving operational efficiencies. Companies are also holding record amounts of cash and were buying back stock at a record rate in 2013, so supply of stock continues to shrink and the retail investor has not even come back to the market. We also enter 2014 with the Fed's plan to taper back asset purchases monthly, or as long as the economic data supports that action, a new dynamic in play, but one that is being done at the right time for the right reasons. The US is looking at 3% economic growth in 2014, moderate, but still moving in a positive direction. Corporations remain risk-adverse which suggests we are still in the middle innings of the economic recovery, and the equity risk premium remains favorable for the market to continue its path higher. Equity allocations remain below historical levels and short interest has continued to show skepticism that has fueled this rally further, and asset flows show we are still very early in the potential for the "Great Rotation" out of Bonds and into Equities. It will be difficult for the S&P to match its 2013 performance, but barring a sharp economic shock, the S&P should fundamentally be valued in the 2,150-2,250 range by the end of 2014, implying 16%-21.5% gains, above historical averages.

	EPS	Multiple	S&P Value
Bull Case	\$122	18	2196
Base Case	\$116	16	1856
Bear Case	\$110	13	1430

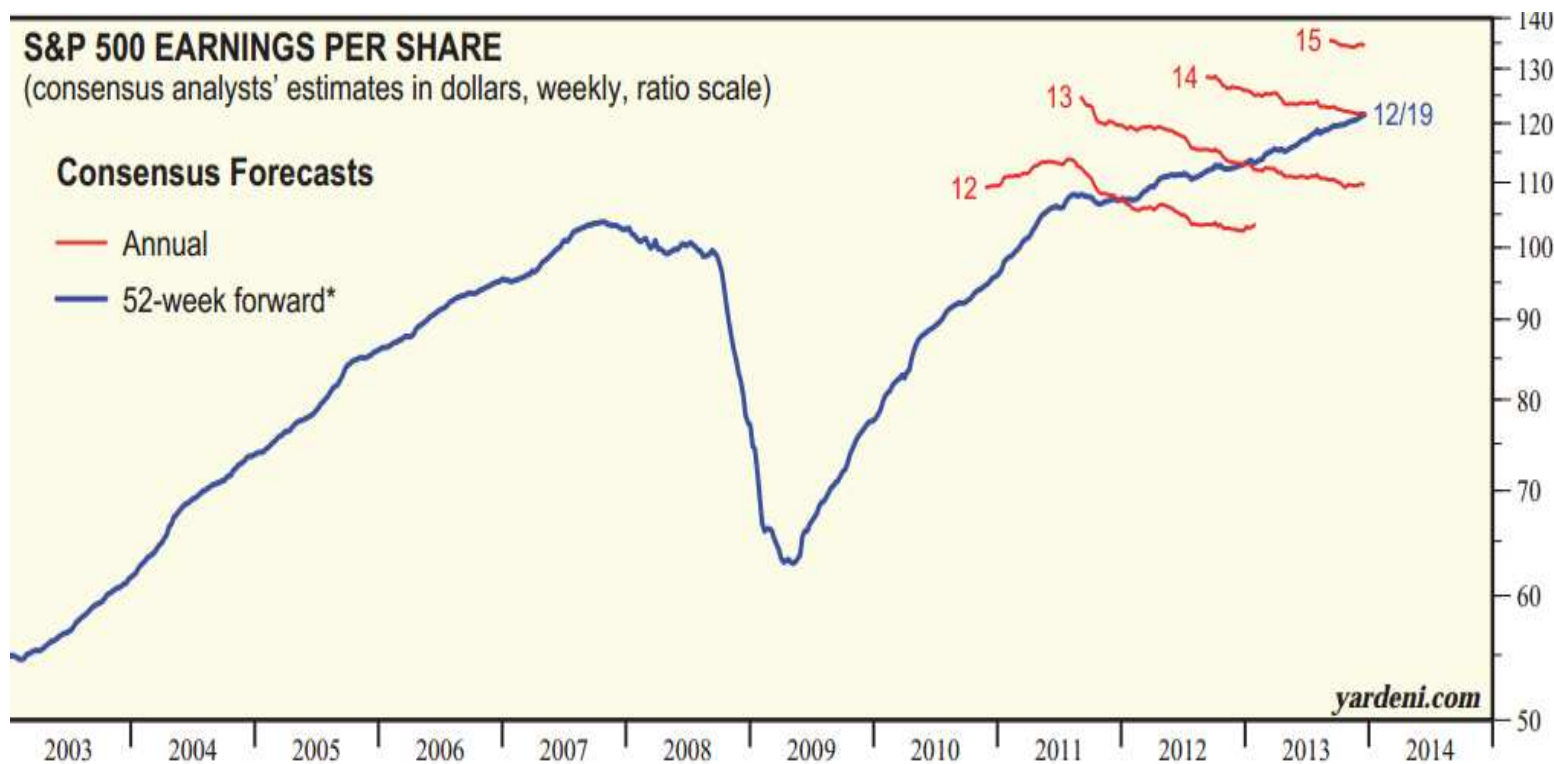
S&P and Forward P/E Ratio

S&P 500 EARNINGS PER SHARE

(consensus analysts' estimates in dollars, weekly, ratio scale)

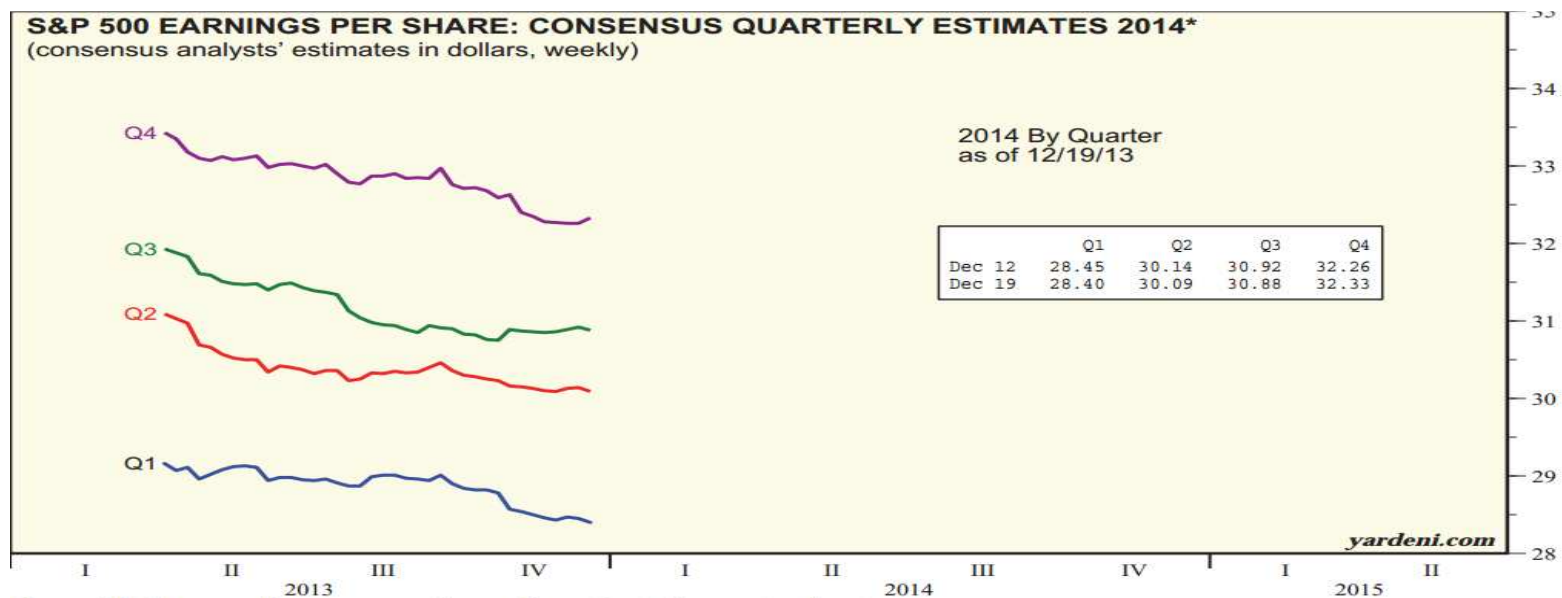
Consensus Forecasts

- Annual
- 52-week forward*



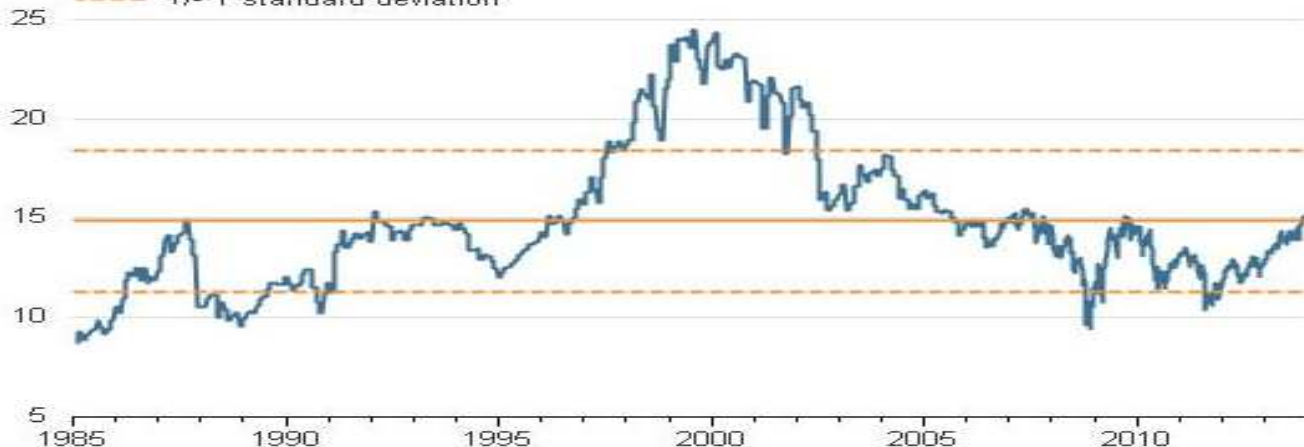
S&P 500 EARNINGS PER SHARE: CONSENSUS QUARTERLY ESTIMATES 2014*

(consensus analysts' estimates in dollars, weekly)

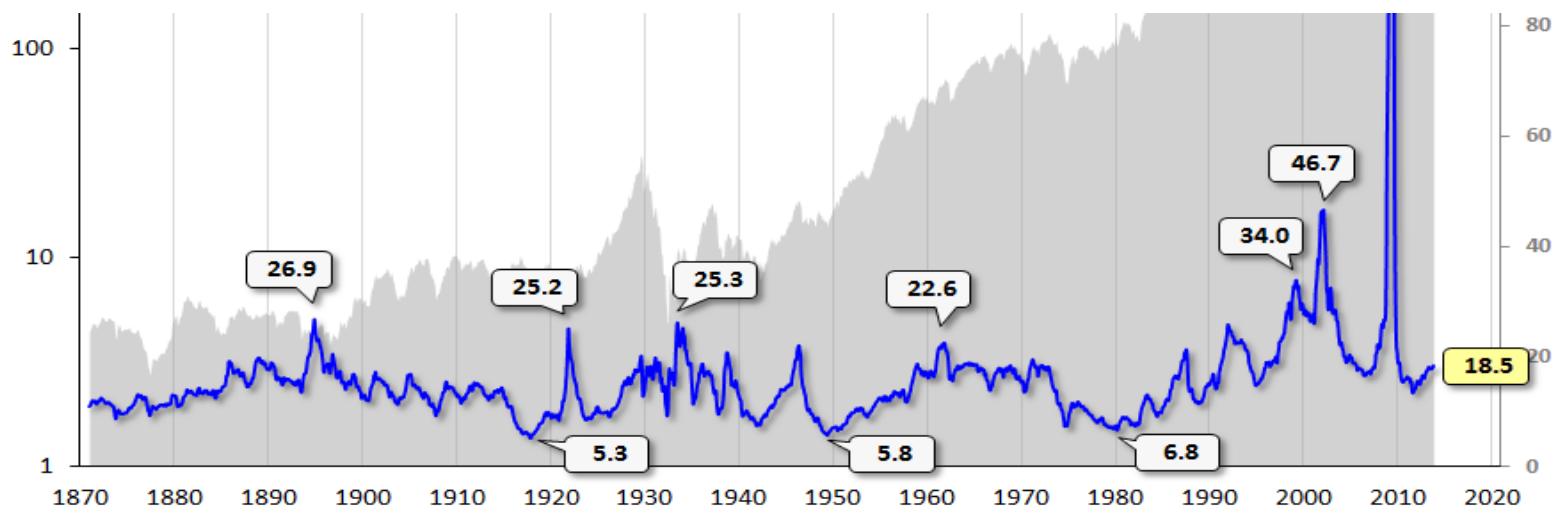


S&P 500 12m forward P/E ratio

— S&P 500 12m forward PE ratio - latest 15.05
 — 25 year average - 14.88
 - - - +/- 1 standard deviation



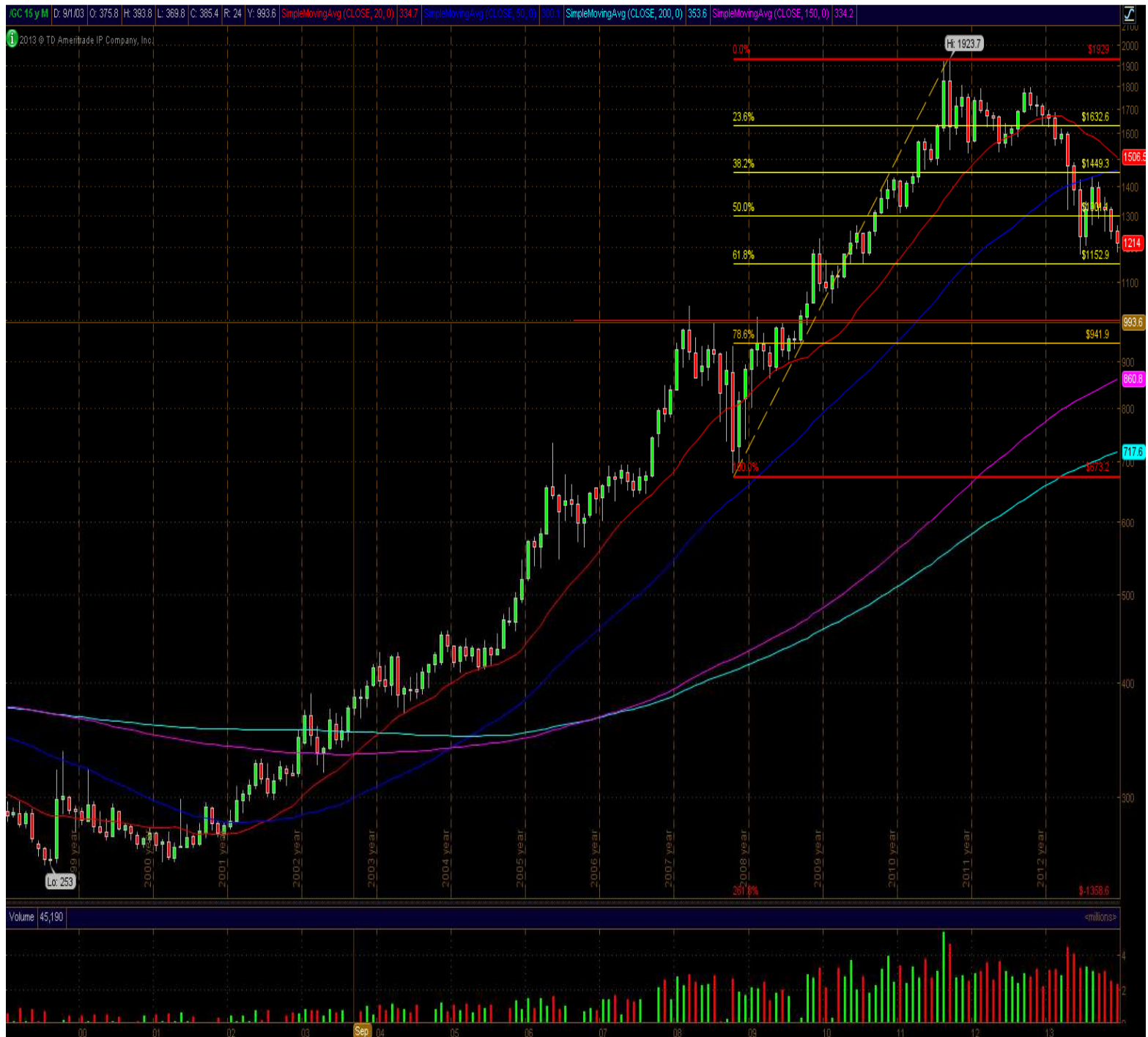
S&P and Trailing P/E Ratio



Gold Technical View and Analysis

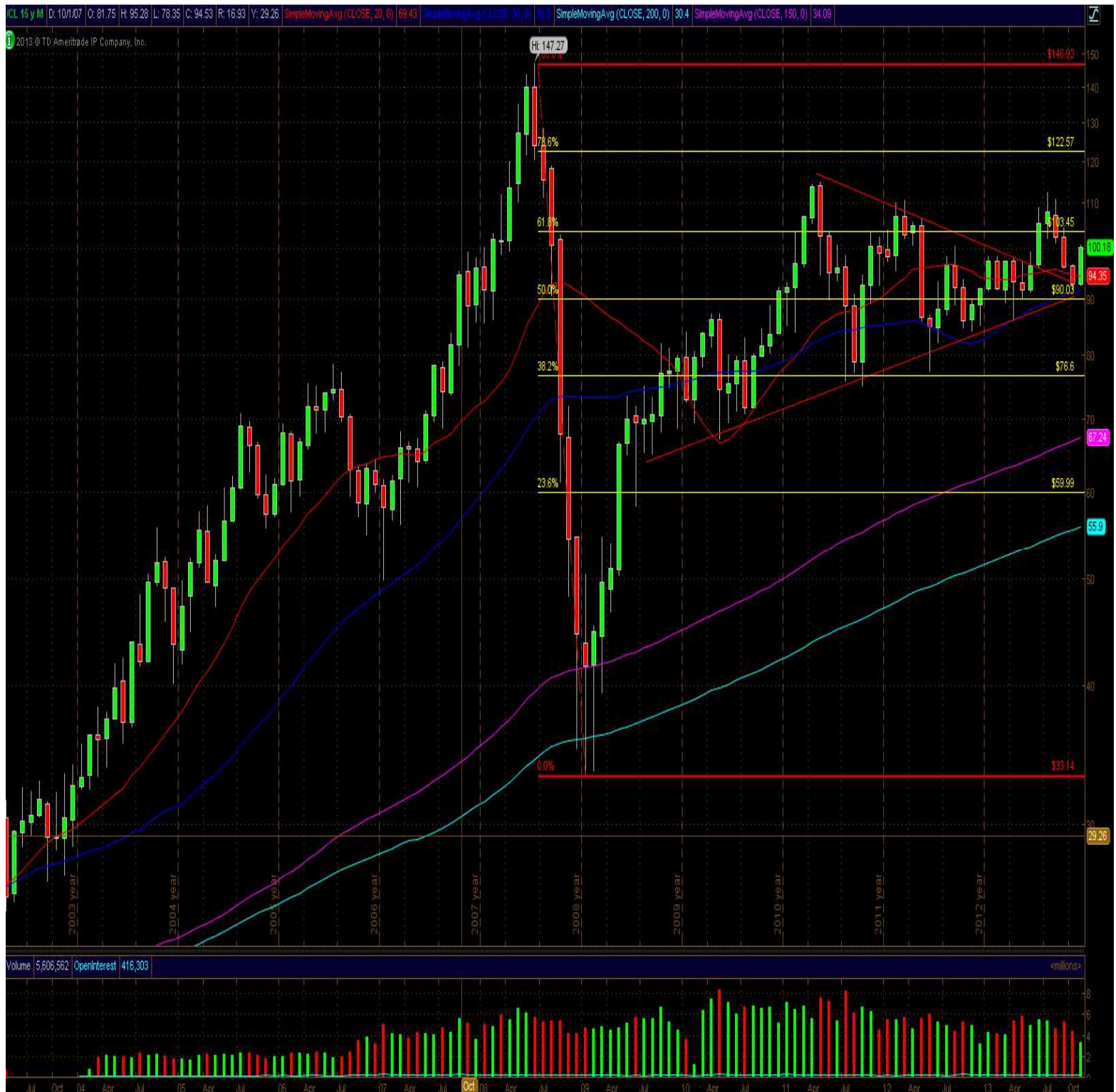
Gold enters 2014 on the verge of a major breakdown, while having the potential to put in a double bottom, and while sentiment remains extremely bearish, the fundamentals for Gold are very weak in the current global economic environment. The \$1,200 level is the current area of support, and below \$1,153 may offer support as the 61.8% Fibonacci, but in reality a sell-off to re-test the 2009 breakout at the \$1,000 level has a high probability, since Gold has put in a major topping pattern and now the 20 month EMA is nearing a bearish crossover of the 50 month EMA near the \$1,475 level. Gold has also spent the last few months in the \$1,400-\$1,200 range, so a measured move of the break also targets \$1,000, which clearly is a key psychological level as well. Conversely, if Gold can clear \$1,400 it would trigger a trend shift and would be a buy up to \$1,600.

15 Year Monthly View



Oil Technical View and Analysis

Crude Oil has a bullish chart heading into 2014 after clearing out of a downtrend with the July monthly candle and made a run up to \$110 resistance before falling back to the rising 50 month EMA at \$90, also 4 year trend support and a back-test of the trend line, before popping in December. As the US economy is strengthening more than expected, Europe rebounding, and China steadily growing, the fundamental dynamics are in place for Oil to rise in 2014. The \$110 and \$115 are clear resistance levels, followed by \$122.50, and the \$70/\$110 triangle measures to an eventual run at \$150 in 4 years. If Oil were to break below \$90 you will want to be a short with \$70 as a target move, but as of now the chart is healthy calling for a rise in Oil.



Top 10 Long Investment Ideas for 2014 in Large/Mid Cap Stocks (Growth at a Reasonable Price)

Overview: Snapshot of Top 10 with Entry Levels for 1/2 and Full Positions as Well as a Target and Stop.

Ticker	Company	Market Cap (\$M)	FY14 P/E	P/B	P/FCF	EPS Growth '13	EPS Growth '14	ROE	1/2 Entry	Full Pos.	Target	Stop
ASH	Ashland Inc.	7124	12.1	1.56	21.52	12.80%	13.78%	16.10%	\$94.5	\$90	\$125	\$85
BX	Blackstone Group	17830	10.4	3.14	10.97	217.10%	22.81%	11.90%	\$30	\$27.5	\$40	\$24
EQIX	Equinix, Inc.	9145	44.5	3.73	153.97	57.10%	137.92%	5.50%	\$170	\$160	\$225	\$150
EVHC	Envision Healthcare Holdings	5429	42	3.41	64.1	416.70%	82.44%	2.00%	\$33.5	\$31	\$45	\$28
GILD	Gilead Sciences	114387	23.4	10.52	42.48	-7.30%	59.78%	29.40%	\$74	\$70	\$100	\$61.5
LEA	Lear Corp.	6424	10.6	2.28	25.37	153.00%	26.74%	40.20%	\$79	\$75	\$110	\$68.5
LOW	Lowe's Companies	50224	18.1	3.97	19.96	18.20%	22.06%	17.10%	\$48	\$46	\$65	\$41.5
RKT	Rock-Tenn	7445	10.6	1.73	14.41	188.40%	14.31%	18.70%	\$102	\$99	\$135	\$85
SLB	Schlumberger	115370	14.9	3.05	35.35	17.00%	21.93%	21.20%	\$87	\$85.5	\$105	\$79.5
WHR	Whirlpool	12375	12.7	2.65	30.63	1.40%	21.71%	17.10%	\$155	\$142.5	\$195	\$127.5

Gilead Sciences (GILD) is my top large cap Biotech into 2014, replacing Celgene (CELG) from last year, a stock that gained 115%. Gilead has a \$114.85B market cap and trades 23X earnings, a leader in HIV drugs, and its push in the HCV market has come with a lot of success, but also an emerging oncology portfolio. GILD has the power to grow earnings at a 50% clip the next 3-5 years, unheard of for a company of this size. GILD will announce more results for its HCV drug in 2014 that can further differentiate it among all oral HCV products. As an elite growth story in Biotech I expect GILD to have another stellar year.

Schlumberger (SLB) is a \$116.75B leader in Oil & Gas services, and one that is set to benefit from the reform to the Mexico oil industry. SLB has consistently posted industry-leading results and trades 15X earnings, 2.55X sales, and 3.08X book with a 1.42% dividend yield and 18-22% forward EPS growth. SLB is the leader Internationally in the oil services group, and is subject to risks of geo-political concerns in countries it operates. SLB plans to double asset utilization and has a goal to bring operating margins back to the previous cycle high of 27% that can drive profitability and stock gains.

Lowe's (LOW) is a \$51B home improvement retailer that is benefitting from the tailwinds of the US housing recovery. Shares trade 18.4X earnings, 0.97X sales, 4X book and 20.3X FCF with a 1.48% dividend yield and 18-22% EPS growth. In Q3 LOW reported strong same store sales growth of 6.2%, well ahead of the Street estimate of 4%, and is seeing improved execution in recent quarters as it narrows the gap with Home Depot (HD). The housing market remains in the early innings of the renovation cycle which will benefit Lowe's for big ticket item sales. Looking at LOW's positive momentum across all metrics and 2015 earnings estimates, LOW shares should easily trade above \$60 in 2014.

Blackstone Group (BX) shares gained 110% in 2013 and the momentum is set to continue in 2014 as shares are now finally back above its IPO price from 2007. BX shares offer a healthy 3% dividend yield and trade 10.7X earnings, 11.25X FCF and 3.22X book with 15-20% EPS growth. BX made a lot of smart deals the last few years and it is starting to be reflected in the stock as it unloads some assets. BX is well positioned with a global footprint in an industry entering a strong cycle. A healthy outlook on fees, fundraising, and execution favor BX as a top performer again in 2014.

Whirlpool (WHR) is a \$12.5B maker of home appliances, also a beneficiary of the housing recovery and big ticket items sales. At 12.79X earnings, 0.68X sales, and 2.68X book with a 1.59% dividend yield and 20%+ EPS growth shares remain very undervalued after rising 55% in 2013. Recent data is showing acceleration in household spending on appliances and in November AHAM reported US industry sales +21.4% vs. +2.2% in November 2012. Appliances are in the early stages of a major replacement cycle and WHR offers strong growth at an attractive price, and its market share gains in Latin America are also a positive. WHR has plenty of room for penetration still in China and India.

Equinix (EQIX) is a \$9.4B provider of data centers that taps into the major secular trend of "Big Data." EQIX trades 46.8X earnings, 4.5X sales and 3.84X book with 20%+ EPS growth and is expected to receive approval for a transition into a REIT in 2014. EQIX recently announced a \$500M buyback that shows greater confidence in a REIT conversion approval, and the PLR ruling is expected by early January. If all goes to planned and EQIX initiated a dividend and converts to a REIT shares should be revalued closer to data center peers, and can be worth up to \$250. EQIX recently announced an expansion into Japan as well, and plenty of growth opportunities lie ahead.

Ashland (ASH) is a \$7.25B special chemicals Co. trading 12.4X earnings, 0.93X sales and 1.59X book with a 1.41% yield and 10-15% EPS growth. ASH shares have lagged peers and the broader markets with just a 22% return in 2013. ASH's management will likely come under pressure to make changes in 2014, and saw the start of this with the recent \$1.5B sale of its water unit. ASH has seen multiple quarters with downward revisions to earnings, so execution an issue in 2013, but expect 2014 to be a turnaround play as a restructuring story. ASH is a value unlock story for 2014 and could potentially become a takeover target as it shrinks.

Lear (LEA) shares have risen 75% in 2013 but remain one of the most undervalued and under-appreciated stocks in the entire market. The \$6.55B supplier of parts to the automotive industry trade 10.8X earnings, 0.42X sales, and 2.33X book with a 0.85% yield and greater than 15% EPS growth. Lear's customer base in automotive is very diversified, so more of a play on the overall positive trends in automotive than a specific company. LEA is growing in emerging markets with a 25% CAGR in BRIC countries and 23% CAGR in China. LEA is also expecting a nice rebound in margins for seating in 2014 that should result in higher estimates, and I can see LEA earning \$9 in 2015, so a 13X multiple puts a \$117 target on shares.

Rock-Tenn Co. (RKT) is a \$7.53B maker of consumer packing products that trades 10.85X earnings, 0.79X sales, 1.75X book and 14.55X FCF with a 1.34% yield and double digit EPS growth. RKT volumes and pricing are rebounding into yearend through mix improvement, and RKT also looking to Latin America for acquisitions to drive growth. RKT is set to earning \$9.50-\$10 in FY15, and deserves at least a market multiple that would value shares above \$140.

Envision Healthcare (EVHC) is a \$5.47B provider of healthcare related services that trades 42.4X earnings, 1.53X sales and 3.44X book with EPS set to nearly double in FY14 from FY13. EVHC is a beneficiary of the healthcare reform plan and should be a consistent earnings winner throughout 2014. EVHC has expanded beyond emergency department staffing to other specialist industries and is entering a period of accelerating revenue growth. EVHC operates in two units, EmCare as a physician outsourcing business and American Medical Response in the emergency transport market. EVHC is well positioned for the next 3 years with organic and acquisition growth, a top play on healthcare reform.

Other Favorites (Growth at a Reasonable Price): Time Warner (TWX), Comcast (CMCSA), Danaher (DHR), Blackrock (BLK), Precision Castparts (PCP), Johnson Controls (JCI), Ecolab (ECL), Cognizant Tech (CTSH), Marathon Petroleum (MPC), Melco Crown Entertainment (MPEL), Sherwin Williams (SHW), Michael Kors (KORS), Mylan (MYL), Harley Davidson (HOG), Southwest Air (LUV), Yandex (YNDX), Hertz (HTZ), Mohawk (MHK), CIT Group (CIT), FleetCor Technologies (FLT), Cheniere Energy (LNG), Chicago Bridge and Iron (CBI), Oceaneering (OII), Maxim Integrated (MXIM), Genworth Financial (GNW), Gartner (IT), Ocwen Financial (OCN), Liberty Global (LBTYA), Huntsman (HUN), Reliance Steel (RS), GNC Holdings (GNC), Reinsurance Group (RGA), Alaska Air (ALK), Signature Bank (SBNY), Madison Square Garden (MSG), Trinity Industries (TRN), ITT Corp (ITT), Eagle Materials (EXP), Tenneco (TEN), Cytec (CYT), Brinker International (EAT), Manitowoc (MTW), MAXIMUS (MMS), EMCOR Group (EME), Wesco Aircraft (WAIR)

Top 10 Short Investment Ideas for 2014

****With Each Short I Provide a "Better Option" of a Similar Market Cap Stock in a Related Industry for those Interested in a Pairs Trades (2013 Pairs Did Very Well)****

Ticker	Company	Market Cap (\$M)	FY14 P/E	P/B	P/FCF	EPS Growth '13	EPS Growth '14	ROE	1/2 Entry	Full Pos.	Target	Stop
ADTN	ADTRAN Inc.	1522	27.1	2.49	35.08	-65.10%	38.23%	5.90%	\$26.50	\$30	\$19	\$32
BKE	Buckle Inc.	2431	14.2	6.53		7.50%	4.10%	49.90%	\$51	\$53	\$44	\$56
BLKB	Blackbaud	1644	28.5	10.5	26.02	-80.00%	1.34%	14.50%	\$37	\$38.50	\$31	\$40
DNKN	Dunkin' Brands	5072	26.5	13.3	90.9	166.00%	18.85%	39.00%	\$48	\$51	\$40	\$53.5
GGG	Graco Inc.	4723	21.9	7.86	29.58	4.30%	2.75%	39.30%	\$77	\$80	\$67.5	\$84
GIMO	Gigamon	502	73.9		14.36	-63.80%	-12.67%	-9.80%	\$29.5	\$31.5	\$20	\$34
MASI	Masimo	1623	24.6	5.18		1.90%	0.69%	22.20%	\$29	\$30.50	\$24	\$33
NWSA	News Corp.	10273	42	0.8	35.3	124.20%	8.51%	5.00%	\$18	\$18.50	\$15.50	\$20
PNRA	Panera Bread	5033	23.9	6.45	45.68	29.50%	9.88%	23.00%	\$175	\$185	\$150	\$190
SJM	J. M. Smucker	10652	16.3	2.06	43.71	23.20%	8.40%	10.80%	\$105	\$107.5	\$90	\$112.5

Buckle Inc. (BKE) is a \$2.44B retailer trading 14.3X earnings, 2.12X sales and 6.55X book with < 5% EPS growth, a brand that is weakening as seen by recent same store sales trends and looks to be near peak earnings. BKE's industry-leading margins are not likely to be sustainable, and this is certain to impact future profitability as sales growth is non-existent.

Better Option: **DSW Inc (DSW)** is a \$3.82B footwear retailer trading 1.6X sales with double-digit EPS growth that is opening new stores and consistently raising its outlook.

Panera Bread (PNRA) is a \$5.07B eatery trading 24.1X earnings, 2.2X sales, 6.5X book and 46X FCF with EPS growth on the decline after over-saturating its stores. PNRA may catch some tailwinds from low wheat costs, but no longer is deserving this multiple. PNRA is seeing flat same store sales, not impressive, and its Investor Day 3-25-14 likely to be a key catalyst. PNRA is a broken trend stock with weakening fundamentals that will lead to multiple contraction.

Better Option: **Brinker International (EAT)** is a \$3B operator of Chili's and Maggiano's trading 15X earnings, 1.09X sales and 23.9X FCF with just under 15% EPS growth. EAT is seeing a move back to positive same store sales growth and new menu items expected to drive better numbers going forward.

Graco Inc. (GGG) is a \$4.73B manufacturer of pump and mixing equipment for the chemical industry with shares trading 22X earnings, 4.35X sales, and 29.6X FCF, a high multiple for an industrial with EPS growth < 5%. GGG has very little room for multiple upside and margin upside, and would expect shares to fall back to a market multiple as sales growth has slowed.

Better Option: **Hubbell (HUB.B)** is a \$6.4B maker of electrical and electronic products trading 18.2X earnings, 2X sales, 3.55X book and 33X FCF with 10% EPS growth. HUB.B recently raised its dividend while raising FY13 guidance.

Masimo (MASI) is a \$1.63B medical technology Co. for noninvasive patient monitoring products. MASI trades 24.7X earnings, 3X sales, and 5.2X book, a very high multiple despite relatively flat EPS the last 3 years. MASI has been expanding its footprint with SET and Rainbow SET pulse oximetry units, but at this valuation shares have limited upside.

Better Option: **Mine Safety Appliances (MSA)** is a \$1.87B maker of health and safety products for mining, construction and other industries. MSA shares trade 17.55X earnings, 1.6X sales and 3.75X book with 20% EPS growth, and a mining rebound in 2014 can spark shares.

ADTRAN (ADTN) is a \$1.54B maker of communications equipment trading 27.4X earnings, 2.46X sales, 2.5X book and 35.4X FCF. ADTN is set to earning \$0.97 in FY14 after earning \$2.11 in 2011, and consistently posts weak outlooks. ADTN is seeing some improvement Internationally that hit record levels recently, but the US business remains very soft and issues are Company specific.

Better Option: **JDS Uniphase (JDSU)** is a \$2.97B provider of test and measurement solutions for the Telecom industry and shares trade 15X earnings, 1.76X sales, 2.43X book and 21.22X FCF with EPS growth projected in the 15-20% range. JDSU also has \$4.50/share in cash with a healthy balance sheet. JDSU recently bought Network Instruments for \$200M and is coming off a stronger than expected quarterly report.

Blackbaud Inc (BLKB) is a \$1.67B software provider for nonprofit organizations for relationship management. BLKB shares trade at a mind-blowing 29X earnings, 3.4X sales and 26.4X FCF despite FY14 EPS estimates basically flat from FY13. In Q3 BLKB revenues only grew 4% y/y, not impressive for a stock trading at this valuation.

Better Option: **Sapient (SAPE)** is a \$2.48B provider of web services to enable clients to better market their businesses. Shares trade 26.3X earnings, 1.96X sales, 4.4X book and 23.8X FCF with EPS growth set to reaccelerate to 15%+ the next few years. SAPE's 2014 is set to for a similar performance to 2013 in terms of sales and margins, and the stock was able to gain 65% this year on those numbers.

News Corp (NWSA) now has a \$10.36B market cap after spinning off Fox, a move that left the core of the Company as the low growth play with minimal upside potential. Shares trade 43.65X forward earnings, 1.17X sales and 35.6X FCF with FY15 EPS growth of 5% compared to FY14. NWSA is coming off a poor quarter where it missed estimates in a big way and I feel it spun-off it's most valuable asset and what is left is not compelling at all.

Better Option: **CBS Corp (CBS)** has a \$37.3B market cap and has seen shares climb 60% this year as it takes positive actions to enhance shareholder values, and still has event-driven prospects into 2014 with a diverse set of growing assets. At 17.6X earnings, 2.55X sales, and 34X FCF shares are fairly rich but generating 15% EPS growth with consistently strong quarterly reports.

J.M. Smucker Co (SJM) is a \$10.6B packaged goods Co. trading at Tech-stock-like multiples of 16.2X earnings, 1.82X sales and 2.05X book with a 2.28% yield and 8.5% EPS growth that are not appealing compared to peers. SJM has limited growth prospects and is impacted by a weak consumer environment and cost deflation benefits are diminishing, and this was seen with its recent poor quarterly report.

Better Option: **ConAgra (CAG)** is a \$14B packaged goods Co. trading 12.85X earnings, 0.86X sales and 2.6X book with a 3% yield and 8-10% EPS growth, much more attractive, and coming off a quarter that beat Street estimates. CAG trades at a discount to peers and though it is highly leveraged, promotional activity looks to be driving a rebound in private label sales.

Dunkin' Brands (DNKN) trades at 26.7X earnings, 7.37X sales, and 13.4X book with 15-20% forward growth, not all too rich and room for expansion to drive upside, but already seeing execution concerns that can result in multiple contraction. DNKN is coming off a quarter that missed estimates and may already be nearing a ceiling for unit growth, and International activity does not look to be going as well as expected.

Better Option: **Starbucks (SBUX)** trades 24.6X earnings, 4X sales, and 13.3X book with 20% forward EPS growth, and is much better positioned for growth with its exposure to key International markets. SBUX's management cannot be questioned, and see it as the eventual winner between these two closely related peers.

Gigamon (GIMO) is a \$500M maker of products for network control and visibility that is trading 72X earnings and 4.75X sales, a multiple that can be acceptable for a growth stock, but the recent IPO is projected to earn \$0.40 in FY14 after earnings \$0.45 in FY13. If GIMO can not add new customers and generate 30%+ revenue growth the stock can be in for a large fall despite being positioned in what should be a large addressable market.

Better Option: **Aruba Networks (ARUN)** is a \$1.96B provider of network access solutions for mobile enterprises and trades 18.35X forward earnings, 3.17X sales and 16.65X FCF, and though down 15.8% in 2013 looks to be on the verge of a turnaround after a recent strong beat and guidance boost, and benefitting from a product-upgrade cycle and gaining market share with a new strategy.

Top Long Ideas in Small Cap Stocks for 2014

Ticker	Company	Market Cap (M)	FY14 P/E	P/B	P/FCF	EPS Growth '13	EPS Growth '14	ROE	1/2 Entry	Full Pos.	Target	Stop
BCEI	Bonanza Creek Energy	1799	13.93	2.86	8.16	128.60%	65.81%	11.30%	\$45	\$40	\$65	\$35
MLI	Mueller Industries	1713	14.21	2.59	38	2.20%	33.69%	30.00%	\$58	\$55	\$75	\$50
GIII	G-III Apparel Group	1411	16.57	2.79	36.85	13.80%	16.07%	16.30%	\$65	\$60	\$90	\$55
AZZ	AZZ Inc.	1245	14.85	3.48	18.54	47.20%	18.90%	17.40%	\$48	\$46	\$60	\$44
FC	Franklin Covey	329	18.5	3.09	24.75	86%	20.9%	17.6%	\$20	\$19	\$25	\$17
WNC	Wabash National Corp.	821	11.81	2.65	9.7	595.50%	31.44%	40.30%	\$12	\$11	\$20	\$10
HCLP	Hi-Crush Partners LP	531	13.35	3.71	44.65	135.30%	25.55%	41.40%	\$33.50	\$31	\$45	\$27
MMI	Marcus & Millichap	523	15.06	64.35		107.90%	22.88%	217.20%	\$14.50	\$13.75	\$20	\$12.50
JRN	Journal Comm.	468	12.15	2.1	7.78	55.00%	56.53%	14.00%	\$9.25	\$8.75	\$13.50	\$8
CGI	Celadon Group Inc.	445	13.38	1.9		4.50%	22.43%	11.50%	\$19	\$17.75	\$25	\$16.25

Wabash National (WNC) is an \$843M maker of customized truck trailers, intermodal equipment and other transport products. WNC shares trade 12.1X earnings, 0.53X sales and 10X FCF with 15%+ EPS growth. WNC is seeing strong demand due to aging fleets requiring replacements, and ACT forecasts strong demand for the next 5 years. WNC's Walker Group is the leading maker of liquid tank trailers and Airplane refuelers. WNC is deleveraging and seeing margins rise with operational improvements.

Journal Communications (JRN) is a \$481M media Company with media and broadcasting segments, a hot industry, and as a small player an alluring takeover target. JRN shares trade 12.45X earnings, 1.15X sales and 8X FCF. JRN has a digital media initiative to grow its brands, but really seen as a holder of strategic assets that make it valuable at these levels.

Hi-Crush Partners (HCLP) is a \$536M producer of monocrystalline sand that is used to enhance recovery rates of hydrocarbons from oil and natural gas wells. HCLP shares trade 13.46X earnings, 5X sales, and 3.74X book with a 5.57% yield and 25%+ EPS growth. HCLP has the advantage as a low-cost producer and is a play on an industry with a strong fundamental outlook. In 2012 raw frac sand usage was 23.5M tons and projected to jump to 41M by 2017. HCLP has key relationships with railroads with access to all major US oil and gas basins.

Franklin Covey (FC) is a \$334M provider of training and consulting solutions. FC shares trade 18.9X earnings, 1.75X sales, and 3.14X book with 20% EPS growth and a strong balance sheet. FC posted a very strong Q4 with 21% revenue growth y/y and a 22% profit growth. FC's expanding sales force is a key driver to its growth.

Bonanza Creek Energy (BCEI) is a \$1.78B Oil & Gas Co. trading 13.8X earnings, 4.9X Sales and 2.83X Book with 40%+ EPS growth projected. In its most recent quarter revenues, production, costs, and earnings all exceeded expectations and released positive test results from wells. BCEI's main interest lie in the North Park Basin (Niobara) and Mid-Continent (Cotton Valley). BCEI has seen 45% CAGR for proved reserves and 70% CAGR for production since 2007. It is one of the fastest growing names in Energy which makes it a potential takeover target.

Mueller Industries (MLI) is a \$1.73B manufacturer of copper, brass and plastic products for plumbing and refrigeration and uses in machinery. MLI shares trade 14.37X earnings, 0.8X Sales, and 2.62X Book with a 0.8% yield and double digit EPS growth. HVAC has been a strong area in 2013 for Industrials and MLI benefits as a supplier.

G-III Apparel Group (GIII) is a \$1.42B maker of apparel with brands like Andrew Marc, Jessica Howard, and other labels. GIII shares have doubled in 2013 and currently trade 16.7X earnings, 0.88X Sales, and 2.8X Book with 15% forward EPS growth. GIII shares have closed sharply higher the last 3 quarters consistently beating estimates and raising guidance. GIII is seeing strong comps and margin growth and expanding its scale, a quality management team that will continue to deliver strong results.

AZZ Incorporated (AZZ) is a \$1.25B maker of electric components for power generation, and also provides hot dip galvanizing for the steel fabrication market. AZZ shares trade 14.87X earnings, 1.88X Sales, and 3.48X Book with a 1.15% dividend yield and 17.5-20% EPS growth. AZZ has weathered project delays and in 2014 and 2015 key infrastructure maintenance requirements positions AZZ for strong growth.

Celadon Group (CGI) is a \$438.5M transporter for consumer goods, automotive parts, home products, and tobacco. CGI shares trade 13.17X earnings, 0.69X Sales, and 1.87X Book with 20%+ EPS growth. CGI has made 15 acquisitions over the last two years and a recent move into Canada. CGI operates with a lean cost structure and saw notable improvements in key company metrics in Q3.

Marcus & Millichap (MMI) is a \$530M brokerage service for commercial real estate. Shares trade 15.5X earnings, 1.3X Sales and with 20-25% forward EPS growth. MMI came public in October so there is very little information available, but at this valuation it is a growth play in an industry set for progress in 2014. In Q3 revenues jumped 22.7% y/y and sales volume was +19.6%. MMI is positioned for the improving fundamentals in the commercial real estate market with a focus on private clients and \$1M-\$10mM transactions.

Top International Stocks to Own In Each Sector for 2014

Ticker	Company	Mkt Cap (\$M)	FY14 P/E	PEG	P/B	EPS Growth '13	ROE	Oper. Margin	1/2 Entry	Full Pos.	Target	Stop
BAP	Credicorp	10509	11.64	1.19	2.57	11.20%	15.1%	50.8%	\$130	\$125	\$155	\$120
ENI	Enersis S.A.	14193	11.01	2.22	1.24	1%	10.9%	26.2%	\$14.75	\$14	\$19.50	\$13
ERJ	Embraer SA	5701	13.27	2.63	1.72	208%	6.3%	9.5%	\$31	\$28	\$40	\$24
HIMX	Himax Technologies	2284	22.55	1.31	5.46	400%	13.8%	9.6%	\$12	\$10.50	\$20	\$9
HMC	Honda Motor	74434	10.53	0.68	1.39	73%	7.7%	5.7%	\$40	\$38	\$50	\$35
LYB	Lyondell-Basell Industries	44251	10.98	1.39	3.73	14.8%	28.4%	11.7%	\$77	\$75	\$100	\$70
SNN	Smith & Nephew	12670	17.11	3.3	3.25	24.60%	14.3%	21.2%	\$68	\$65	\$85	\$60

Basic Materials: **Lyondell-Basell Industries (LYB)** - Netherlands - The \$44B chemicals Co. trades 10.89X earnings, 1X Sales and 3.7X Book with a 3.07% yield and 15% EPS growth, a great combination of yield, growth and value. LYB is set up for large buybacks in 2014 and has an under-leveraged balance sheet. LYB is looking at 2014 as a year of margin expansion and cost reductions, and already generating strong organic growth.

Financial: **Credicorp (BAP)** - Peru - The \$10.44B provider of financial services in Peru, Bolivia, Chile, Colombia and Panama trades 11.5X earnings and 2.55X Book with a 1.99% yield and double digit EPS growth. BAP is seeing solid loan growth and improved efficiency, but low net interest income and high provisions were disappointing in the most recent quarter, however, BAP shares are attractive at this level.

Healthcare: **Smith & Nephew (SNN)** - United Kingdom - The \$12.87B maker of medical devices trades 17X earnings, 3.08X Sales and 3.3X Book with a 1.43% yield and double digit EPS growth. SNN is seeing growth re-accelerate and strength in the emerging markets. A new capital allocation and R&D strategy is also set to benefit shares.

Industrial Goods: **Embraer SA (ERJ)** - Brazil - The \$5.76B aircraft maker trades 13.4X earnings, 1.81X Sales, and 1.74X Book. ERJ continues to see plenty of orders with the Aerospace industry in a strong cycle. ERJ is a leader in 70-110 seat aircrafts and with the business jet market set to recover shares should be a winner.

Consumer Goods/Services: **Honda Motor Co. (HMC)** - Japan - The \$75B auto manufacturer trades 10.72X earnings, 0.72X Sales, and 1.41X Book and set to have a strong year with the Japanese Yen so weak. HMC is set for a 3 year 13% CAGR, well above the 7% industry average as its growth strategy plays out along with cost savings.

Technology: **Himax Technologies (HIMX)** - Taiwan - This \$2.23B chip provider trades 21.1X earnings and 2.92X Sales and expected to be a major beneficiary of Google Glasses, for which it will be a supplier. HIMX is also being mentioned as a supplier for other state of the art products set to be released in 2014 and set to be a winner in the move to "wearable Tech."

Utility: **Enersis SA (ENI)** - Chile - This \$14.28B utility Co. providing electric in Chile, Brazil, Colombia, Peru, and Argentina trades 11.1X earnings and 1.24X Book with a 2.7% dividend yield and 5-10% EPS growth projected. ENI has strengthened its balance sheet following a capital increase and has more stable earnings than its peers.

Diversified Portfolio of 12 High Yield Stocks to Own for 2014

Ticker	Company	Sector	Mkt. Cap (\$M)	FY14 P/E	P/B	Dividend Yield	EPS Growth '13	ROA	1/2 Entry	Full Pos.	Target
NGG	National Grid	Utilities	47932	14.64	2.61	6.25%	12.60%	9.30%	\$63	\$61	\$75
OHI	Omega Healthcare	Financial	3538	19.6	2.97	6.38%	143.50%	5.30%	\$30	\$28.50	\$40
GEO	The GEO Group	Services	2306	18.37	2.23	6.79%	113.50%	5.90%	\$32	\$30	\$43
ETP	Energy Transfer Partners	Basic Materials	19647	21.71	1.64	6.89%	342.30%	2.10%	\$52.50	\$50.50	\$57.50
ARCC	Ares Capital Corp.	Financial	4719	10.6	1.07	8.64%	41.70%	7.70%	\$17.50	\$16.75	\$22
TEF	Telefonica S.A.	Technology	71838	10.59	2.84	5.94%	-25.60%	3.10%	\$15.75	\$14.50	\$20
SIX	Six Flags	Services	3409	27	8.46	5.24%	-19.00%	8.80%	\$35.50	\$33.50	\$43
T	AT&T	Technology	182304	12.83	2.13	5.25%	89.40%	2.70%	\$34	\$33	\$40
RAI	Reynolds American	Consumer Goods	26665	14.2	5.25	5.17%	-6.70%	9.60%	\$48.50	\$46	\$55
ESV	Ensco PLC	Basic Materials	12705	7.64	1.01	5.46%	69.60%	11.70%	\$55	\$53.50	\$70
WBK	Westpac Banking	Financial	87464	12.39	2.15	5.85%	-14.90%	1.80%	\$28	\$25	\$40
DRI	Darden Restaurants	Services	6651	16.04	3.21	4.31%	-12.30%	5.30%	\$50	\$48	\$60

Top 5 High Beta Stocks for 2014

Tableau Software (DATA) has reported two impressive quarters since coming public and the \$4B Co. is on the frontlines of the "Big Data" theme. DATA offers low-cost and easy to use business intelligence products and there is a major replacement cycle underway. DATA has the ability to capture a large untapped market that can drive growth for years.

Yelp (YELP) is a \$4.48B internet Co. that is posting impressive quarterly metrics boosted by its growing presence as a go-to mobile application. YELP is a major contributor to local business discovery and is building an ecosystem to holds major strategic value with a large addressable market that is only in the early innings of penetration. In Q3 YELP posted a 98% jump in unique visitors and a 129% jump in cumulative reviews Internationally.

Incyte Corp (INCY) is a \$7.95B Biotech that has seen shares jump 200% in 2013. INCY has a diverse pipeline targeting medical conditions ranging from HIV, Cancer, Diabetes, and Myelofibrosis. INCY has been presenting positive pipeline updates and showing progress in its oncology treatments. INCY's Jakafi can become a major blockbuster if it shows success in pancreatic cancer, and a potential driver for shares in 2014.

Splunk (SPLK) is a \$7.5B provider of software solutions for operational intelligence and has posted 6 consecutive impressive quarters. SPLK is seeing strong licensing growth and large deals jumped sharply last quarter with billings +58%. SPLK is a leader in the "Big Data" trend, a large available market and fits the mold that Salesforce.com (CRM) was in years ago where traditional valuation metrics are not useful and need to look at billings, licensing, and the total available market.

ServiceNow (NOW) is a \$7.6B cloud-based service provider for Enterprise-IT. In its latest quarter billings growth was +56% y/y. NOW is seeing strong renewal rates and consistently adding new customers with a scalable recurring revenue model with strong cash flow. Service relationship management products allow businesses to optimize workflow and hit peak performance.

8 Contrarian Stock Picks for 2014 (High Short Float with Strong Business Trends & Growth at a Reasonable Price)

Ticker	Company	Mkt Cap (\$M)	FY13 P/E	PEG	P/FCF	EPS Growth '14	Float Short	ROE	Op. Margin	1/2 Entry	Full Pos.	Target	Stop
ADS	Alliance Data Systems	12201	20.7	2.31	12.98	21.40%	14.86%	76.20%	25.70%	\$245	\$240	\$300	\$225
AWAY	Home Away	3424	53.4	5.94	40.28	18.48%	11.02%	4.30%	11.30%	\$40	\$36	\$50	\$32
CLR	Continental Resources	20670	15.6	0.78		27.97%	12.38%	24.40%	50.00%	\$110	\$95	\$150	\$85
FIVE	Five Below	2281	44.6	2.73	232.85	33.29%	10.52%	34.70%	9.30%	\$42.50	\$39	\$60	\$35
GTLS	Chart Industries	2757	23	1.49	101.37	33.56%	10.06%	11.50%	11.00%	\$90	\$85	\$125	\$75
IPGP	IPG Photonics	3993	21.5	0.76	184.88	18.84%	28.52%	19.20%	34.90%	\$73	\$70	\$95	\$60
KOG	Kodiak Oil & Gas	3016	11.1	0.42		48.55%	11.78%	11.80%	38.70%	\$11	\$10	\$16.50	\$9.25
MTZ	MasTec	2422	13.8	0.6	46.85	20.56%	13.46%	15.00%	6.90%	\$31	\$30	\$38	\$26

Five Below (FIVE) is a \$2.28B discount retailer that slipped on Q3 earnings despite raising the FY outlook. FIVE posted a 27.9% sales increase with comp sales rising 9%, strong numbers for a young Company with room to expand, and having recently visited a store for the first time I came away very impressed. At 44.65X earnings and 4.6X sales FIVE shares clearly trade at a premium valuation, but deservedly so with 30%+ EPS growth. FIVE is a major threat to Dollar General (DG), Dollar Tree (DLTR) and Family Dollar (FDO) and expect it to continue to gain market share.

Home Away (AWAY) is a \$3.42B internet Co. changing the way people vacation and with close peer Airbnb likely to IPO in 2014 it should drive shares higher. AWAY trades 53.15X earnings and 10.45X sales with 10% of its float short, but rapidly growing and has been making deals to expand Internationally. It is very early in this secular shift and AWAY is set for years of strong growth as visibility increases into this market. AWAY is seeing strong growth in listings and average revenues per listing.

Continental Resources (CLR) is a \$20.67B Oil & Gas Co. with 68.3% insider ownership, a name that may eventually go private, but 12.4% of its float is short. Shares trade 15.6X earnings and 5.4X book with 25-30% EPS growth. CLR is 71% focused on Oil and seeing consistent production growth and is the #1 leaseholder in the Bakken.

IPG Photonics (IPGP) is a \$4B maker of lasers used in Tech product assembly. IPGP trades 21.55X earnings, 6.37X sales and 4.56X book with a strong balance sheet and 20%+ EPS growth. IPGP is a beneficiary of the movement for fiber lasers to replace traditional lasers. IPGP is positioned as a leader in a market seeing significant market share gains, and should be able to continue to post strong growth numbers the next few years.

Chart Industries (GTLS) is a \$2.78B maker of equipment for the Energy and Chemicals industries. Shares trade 23.3X earnings, 2.36X Sales, and 3.88X Book with 20%+ EPS growth. GTLS is set to be a long term beneficiary of the move towards natural gas. GTLS generates 32% of sales from Energy & Chemical, 21% from Biomedical, and 47% from Distribution and Storage, and with only 44% of sales in the US. With a lot of new LNG plants set to start operation the next few years GTLS is a pure play on this growth market.

Alliance Data (ADS) is a \$12.46B Co. that provides marketing and loyalty solutions to private credit card labels. Shares trade 21.1X earnings, 3X Sales, and 13.3X FCF with 15-20% EPS growth. ADS operates three businesses with Loyalty-One, Epsilon, and Alliance Data, and is growing EPS and FCF with organic growth and a strong pipeline for new business.

Kodiak Oil & Gas (KOG) is a \$3B Oil & Gas exploration Co. trading 12X earnings, 3.9X Sales and 2.63X Book with 40% EPS growth. KOG has 192,000 acres in the Williston Basin and 86% of proved reserves are crude oil. KOG's Board recently approved a 2014 CAPEX budget of \$940M and set to grow production by 40%.

MasTec (MTZ) is a \$2.43B infrastructure Co. for projects in the Energy, Utility, and Communications industries. MTZ shares trade 13.89X earnings, 0.59X Sales, and 2.49X Book with 20-30% EPS growth. MTZ has diversified its businesses and no longer relies on single customers, its current largest accounts for 18% of revenues. MTZ has seen a steady growth in backlog since 2007 and has extended its contracts with AT&T and DirecTV.

10 Hidden Gems for 2014 (Value and Growth Trading < 100K Shares/Day)

Middleby Corp. (MIDD) is a \$4.5B maker of commercial foodservice equipment that trades 25.2X earnings, 3.35X Sales, and 5.76X Book with 15-20% forward EPS growth. MIDD shares have closed higher 8 of its last 10 earnings reports, a consistent performer. In early 2013 Middleby acquired Viking, a leading brand in residential cooking equipment, making MIDD a play on housing in the high-end markets. MIDD also has a strong presence in emerging markets, and 31% of revenues come from International markets.

MWI Veterinary Supply (MWIV) is a \$2.21B distributor of animal health products to veterinarians, one of the few ways to play the consistent growth seen in animal health, and recently a lot of M&A transactions in that industry. Shares trade 27.15X earnings, 0.94X Sales and 5.18X Book with 15% EPS growth. MWIV shares have closed higher 7 of its last 8 earnings reports. MWIV showed 27% E-commerce growth in 2013, and is the leader in the US and UK for animal health products.

Stepan Co (SCL) is a \$1.49B producers of chemicals in cleaning products and polymers for various industrial uses. SCL shares trade 14.7X earnings, 0.81X Sales and 2.81X Book with a 1.03% dividend yield and double-digit EPS growth. SCL has a diverse business mix and seeing stable volume growth, and after dealing with rising material costs in 2013 is positioned for a stronger year in 2014.

Tennant Co (TNC) is a \$1.22B Co. that makes cleaning solutions globally for application in floor maintenance and outdoor cleaning equipment. Shares trade 23.6X earnings, 1.64X Sales and 4.86X Book with 20% EPS growth and a 1.08% yield. TNC is seeing strength in North America and in Latin America, and new products driving revenue growth with a strong pipeline for future product releases.

Ascent Capital (ASCMA) is a \$1.21B provider of security alarm monitoring and services for businesses and residents in the US and Canada. Shares trade 2.94X Sales and 2.2X Book and moving towards profitability. ASCMA has more than 1M customers as the 2nd largest security alarm monitoring provider in the US and also real estate assets. ASCMA has also been acquiring smaller security companies adding to accounts.

John B Sanfilippo & Son (JBSS) is a \$278.5M processor and distributor of peanuts and tree nuts in the US. Shares trade 13.3X trailing earnings after 25% EPS growth in 2013, and 1.25X Book. JBSS' operating cash flow has increased nearly 400% since 2011 and EPS has grown 600%. JBSS has managed to grow margins and reduce debt the past few years and has a global presence.

MTS Systems (MTSC) is a \$1.09B supplier of test systems and position sensors mainly to the transportation industry. Shares trade 16.07X earnings, 1.92X Sales and 4.27X Book with a 1.7% yield and 20% EPS growth. MTSC only does 29% of business in the Americas, 31% in Europe and 40% in Asia. Global trends are raising demand for new products, each of which requires testing, and MTSC is a play off strong Macro trends.

Core-Mark Holding (CORE) is an \$846.5M Co. that provides supplies to convenience stores such as cigarettes, candy, snacks, and health & beauty products. Shares trade 16X earnings and 2X Book with a 1.2% dividend yield and 15% EPS growth. CORE is seeing success with its marketing of fresh products and expanding that footprint. CORE is mainly on the West Coast with plenty of room for expansion to the East Coast.

ICF International (ICFI) is a \$681M provider of advisory services to government and commercial customers. Shares trade 15.55X earnings, 0.72X Sales, 1.46X Book and 12.65X FCF with 10-12% EPS growth. ICFI's revenues are driven by Health, Social and Consumer (48%), Energy, Environment and Infrastructure (40%), and Public Safety and Defense (12%). ICFI has a diverse client base and a strong backlog and earnings visibility.

Natural Gas Services Group (NGS) is a \$360M provider of compression equipment to the natural gas industry. Shares trade 20.95X earnings, 4X sales, and 1.9X Book with 12-15% EPS growth. NGS has exposure to shale gas and growing exposure to liquids-oriented plays with 18% CAGR rental revenue the past 3 years enhancing its margins. NGS has relationships with Conoco (COP), EOG Resources (EOG), Devon (DVN), Williams (WMB), Energen (EGN) and others.

50 M&A Candidates \$1B-\$15B Market Cap

****Screen Includes Quality Growth Companies with a Strategic Fit in Various Industries****

Ticker	Company	Industry	Market Cap	Fwd. P/E	FY14 EPS Growth	YTD Return	Price
ILMN	Illumina Inc.	Biotechnology	\$13,164	50.91	16.11%	88.74%	\$104.92
CIT	CIT Group Inc.	Credit Services	\$10,189	12.53	10.90%	31.59%	\$50.74
WAT	Waters Corp.	Scientific & Technical Instruments	\$8,483	18.15	10.83%	14.30%	\$99.58
ADT	The ADT Corporation	Security & Protection Services	\$8,414	17.57	10.14%	-13.89%	\$39.69
FDO	Family Dollar Stores Inc.	Discount, Variety Stores	\$7,419	14.66	10.33%	3.37%	\$64.49
RJF	Raymond James Financial	Investment Brokerage - Regional	\$7,125	14.19	15.29%	34.88%	\$51.47
SLXP	Salix Pharmaceuticals	Drugs - Generic	\$5,411	19.85	36.95%	116.48%	\$87.61
NBR	Nabors Industries Ltd.	Oil & Gas Drilling & Exploration	\$4,798	14.57	51.42%	13.63%	\$16.26
YOKU	Youku Inc.	Internet Information Providers	\$4,779	1603.47	103.00%	58.24%	\$28.86
SPR	Spirit AeroSystems	Aerospace/Defense	\$4,751	12.63	431.14%	98.00%	\$33.60
DNB	Dun & Bradstreet Corp.	Information & Delivery Services	\$4,643	14.55	7.70%	55.89%	\$120.61
AMCX	AMC Networks Inc.	Entertainment - Diversified	\$4,626	16.5	21.26%	30.44%	\$64.57
CBOE	CBOE Holdings, Inc.	Diversified Investments	\$4,591	23.16	13.84%	79.81%	\$52.38
DRQ	Dril-Quip, Inc.	Oil & Gas Equipment & Services	\$4,526	20.46	30.73%	52.29%	\$111.25
INFA	Informatica Corporation	Business Software & Services	\$4,406	25.08	13.35%	34.17%	\$40.68
DRC	Dresser-Rand Group Inc.	Diversified Machinery	\$4,394	16.09	11.48%	2.64%	\$57.62
OAS	Oasis Petroleum Inc.	Independent Oil & Gas	\$4,347	12.64	24.71%	47.86%	\$47.02
WPX	WPX Energy, Inc.	Independent Oil & Gas	\$4,042		61.60%	35.35%	\$20.14
PTC	PTC Inc.	Business Equipment	\$4,041	14.98	11.46%	50.82%	\$33.95
FSL	Freescale Semi	Semiconductor - Broad Line	\$3,960	11.84	196.12%	39.42%	\$15.35
AZPN	Aspen Technology, Inc.	Business Software & Services	\$3,924	45.91	27.08%	51.99%	\$42.01
LYV	Live Nation Entertainment	Entertainment - Diversified	\$3,810	587.88	118.80%	108.38%	\$19.40
CDNS	Cadence Design Systems	Application Software	\$3,782	13.93	13.80%	0.33%	\$13.56
SIRO	Sirona Dental Systems	Medical Appliances & Equipment	\$3,766	16.84	11.19%	6.69%	\$68.77
UNFI	United Natural Foods	Food Wholesale	\$3,710	26.04	14.23%	40.03%	\$75.04
THRX	Theravance Inc.	Biotechnology	\$3,689		53.50%	55.13%	\$34.50
LPI	Laredo Petroleum Holdings	Independent Oil & Gas	\$3,613	32.1	46.84%	47.96%	\$26.87
CYH	Community Health Systems	Hospitals	\$3,571	9.82	34.33%	24.56%	\$38.29
CCO	Clear Channel Outdoor	Marketing Services	\$3,570		69.20%	51.44%	\$9.98
SBGI	Sinclair Broadcast Group	Broadcasting - TV	\$3,360	13.2	134.86%	174.86%	\$33.78
TYL	Tyler Technologies, Inc.	Technical & System Software	\$3,352	54.92	25.41%	115.98%	\$104.62
STE	Steris Corp.	Medical Appliances & Equipment	\$2,813	17.02	11.86%	39.81%	\$47.66
DXCM	DexCom, Inc.	Medical Instruments & Supplies	\$2,454		66.00%	152.91%	\$34.37
NICE	NICE Systems Ltd.	Computer Peripherals	\$2,444	14.32	9.66%	22.45%	\$40.47
IGTE	iGATE Corporation	Information Technology Services	\$2,308	19.08	10.69%	151.74%	\$39.70

QLIK	Qlik Technologies, Inc.	Business Software & Services	\$2,299	61.95	67.06%	20.07%	\$26.08
MSA	Mine Safety Appliances Co.	Medical Appliances & Equipment	\$1,852	17.4	26.84%	20.29%	\$50.16
GMED	Globus Medical, Inc.	Medical Appliances & Equipment	\$1,842	21	11.33%	88.75%	\$19.80
CAVM	Cavium, Inc.	Semiconductor - Broad Line	\$1,807	25.65	35.42%	11.86%	\$34.91
BIG	Big Lots Inc.	Discount, Variety Stores	\$1,798	12.22	10.39%	9.94%	\$31.29
HSTM	Health Stream Inc	Internet Information Provider	\$861.8	75.76	30.43%	30.89%	\$33.24
CACI	CACI International Inc.	Technical Services	\$1,683	12.53	-1.03%	31.18%	\$72.19
HALO	Halozyme Therapeutics	Biotechnology	\$1,675		33.80%	121.31%	\$14.85
VCLK	ValueClick, Inc.	Internet Information Providers	\$1,667	12.59	24.21%	19.84%	\$23.26
SYNA	Synaptics Inc.	Application Software	\$1,641	12.61	6.56%	66.10%	\$49.78
EPAM	EPAM Systems, Inc.	Information Technology Services	\$1,617	18.15	18.19%	93.48%	\$35.02
DF	Dean Foods Company	Dairy Products	\$1,598	14.6	31.30%	15.13%	\$16.97
MDSO	Medidata Solutions, Inc.	Healthcare Information Services	\$1,580	37.69	13.83%	213.63%	\$61.44
PLXS	Plexus Corp.	Printed Circuit Boards	\$1,534	14.03	15.69%	64.77%	\$42.51
RDWR	Radware Ltd.	Information Technology Services	\$779	21.75	21.43%	5.33%	\$17.38

Technical Momentum into 2014

Wells Fargo (WFC)



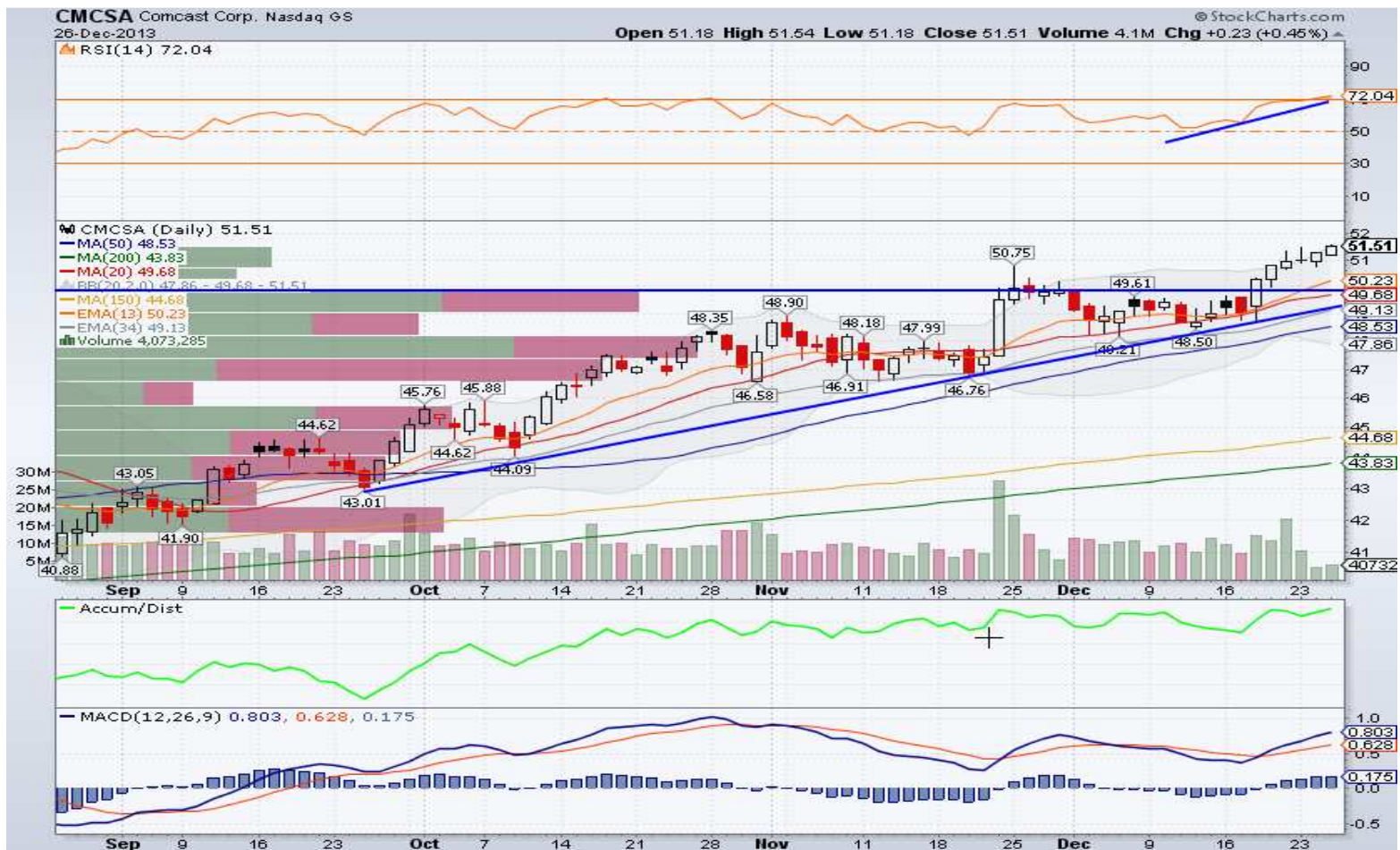
Oracle (ORCL)



Facebook (FB)



Comcast (CMCSA)



Home Depot (HD)



SAP Ag (SAP)



United Tech (UTX)

UTX United Technologies Corp. NYSE

26-Dec-2013

Open 111.42 High 112.76 Low 110.57 Close 112.69 Volume 5.2M Chg +2.03 (+1.83%) ▲

RSI(14) 66.28

UTX (Weekly) 112.69

MA(50) 98.84

MA(200) 79.92

BB(20,2.0) 100.41 - 107.15 - 113.89

MA(150) 83.77

EMA(13) 108.70

EMA(34) 103.22

Volume 5,164,806



American Express (AXP)

AXP American Express Co. NYSE

26-Dec-2013

Open 88.90 High 89.23 Low 88.76 Close 89.00 Volume 1.7M Chg +0.31 (+0.35%) ▲

RSI(14) 73.04

AXP (Daily) 89.00

MA(50) 83.41

MA(200) 75.17

BB(20,2.0) 82.41 - 85.64 - 88.87

MA(150) 77.63

EMA(13) 86.50

EMA(34) 84.49

Volume 1,745,164



Altria Group (MO)



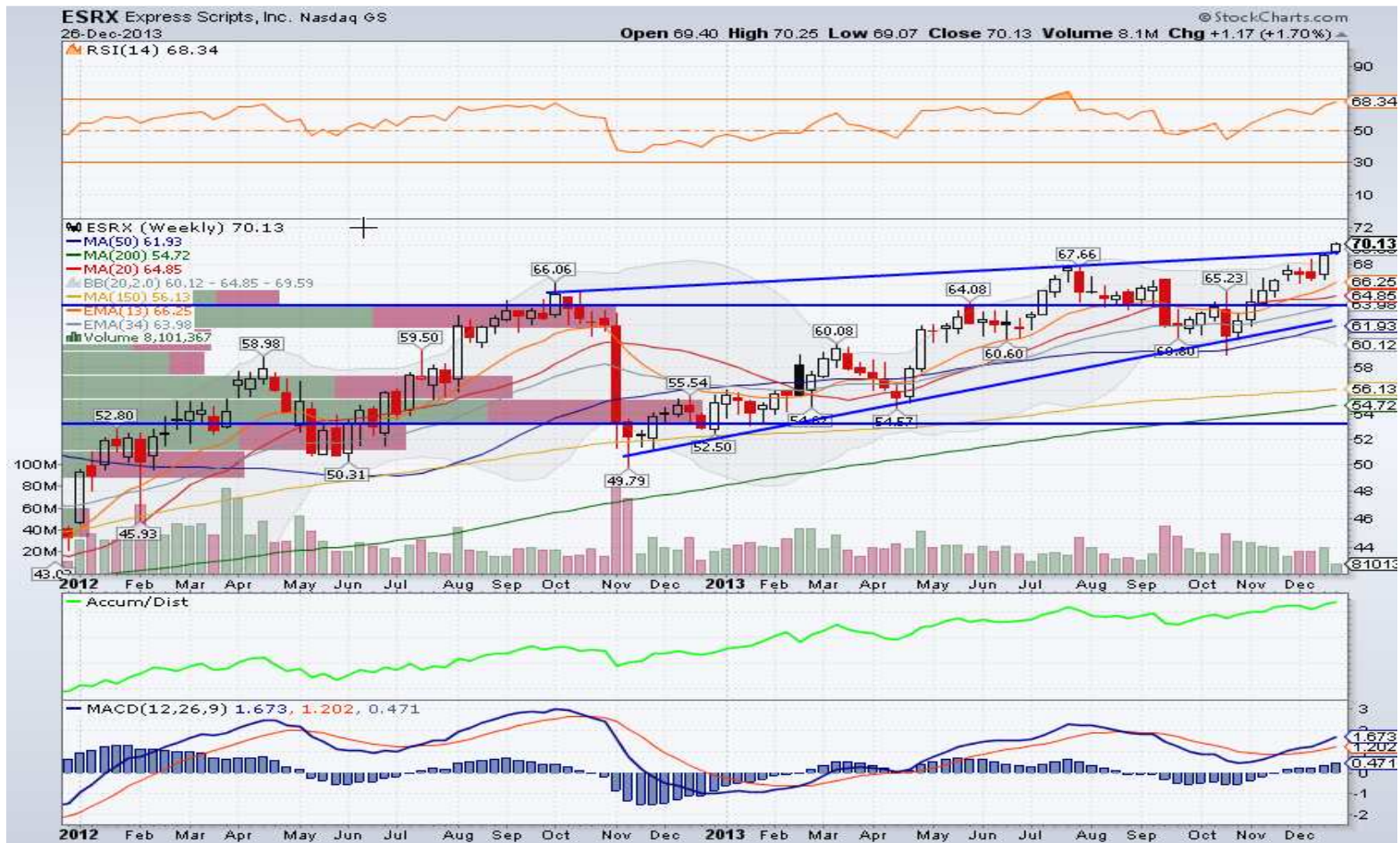
Priceline.com (PCLN)



Monsanto (MON)



Express Scripts (ESRX)



Viacom (VIAB)



DirecTV (DTV)



Cummins (CMI)



ARM Holdings (ARMH)



Micron (MU)



PACCAR (PCAR)



Bed Bath & Beyond (BBBY)



Workday (WDAY)



Range Resources (RRC)



Yandex (YNDX)



Check Point Software (CHKP)



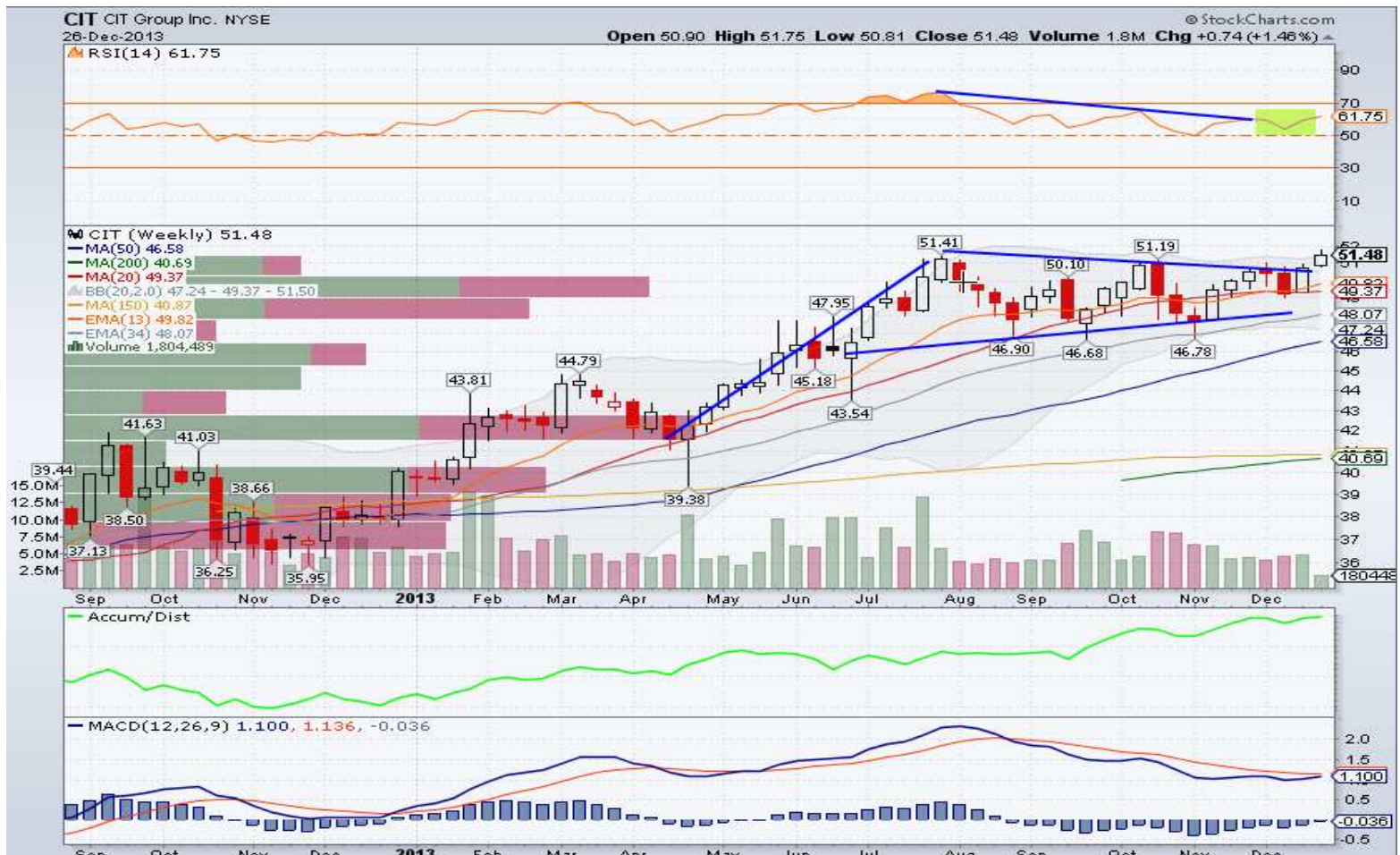
Juniper (JNPR)



Tractor Supply Co (TSCO)



CIT Group (CIT)



NetEase.com (NTES)



Wyndham (WYN)



Under Armour (UA)



Trimble Navigation (TRMB)



Computer Sciences (CSC)



Westlake Chemical (WLK)



Genworth Financial (GNW)



Fiserv (FISV)



Fortune Brands (FBHS)



Dick's Sporting Goods (DKS)



Amdocs Limited (DOX)



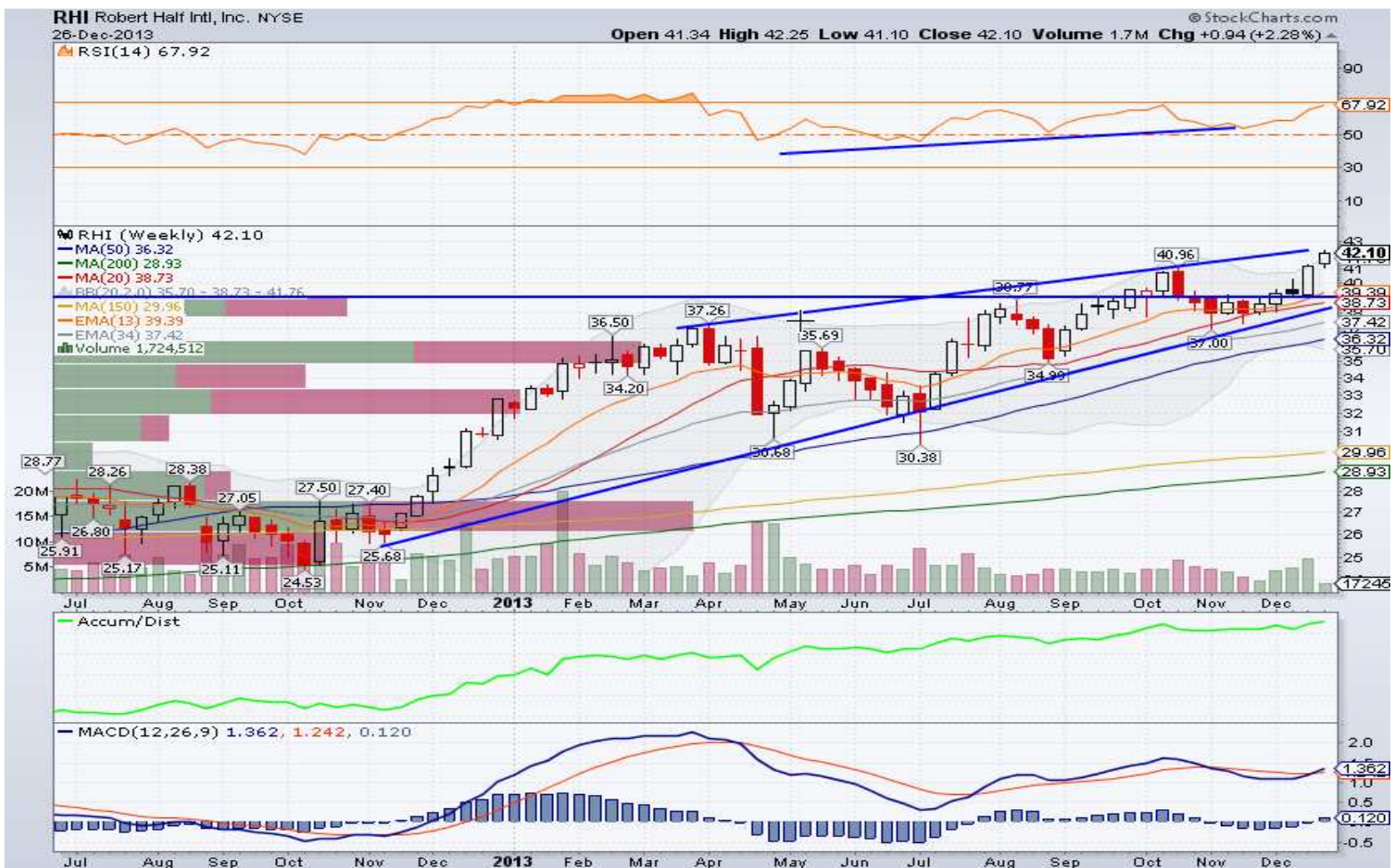
Quanta Services (PWR)



Avnet (AVT)



Robert Half (RHI)



Stratasys (SSYS)



Liberty Ventures (LVNTA)



Hexcel (HXL)



Huntington Ingalls (HII)



Hain Celestial (HAIN)



Alnylam Pharma (ALNY)



Steel Dynamics (STLD)



Winland Electronics (WEX)



Ubiquiti Networks (UBNT)



Financial Engines (FNGN)



Deckers Outdoor (DECK)



Cornerstone On-Demand (CSOD)



2014 and Beyond Investment Themes (Related Stocks with Best Plays in Bold Provided)

****Many of 2013 Themes are Carrying Over into 2014****

Housing Market Recovery: The recovery in the housing market has been a major theme since 2012 and is accelerating into year end, and we are in a multi-year bullish cycle for housing related stocks. The homebuilders are one of the most heavily shorted industries in the market, and although it has come down, it remains elevated. The Homebuilders (XHB) has a +25% YTD return, lagging the market narrowly, but positive seen in trends for Construction Starts, Existing Home Sales, and Delinquency/Foreclosure rates in the last few months as we enter a seasonally strong period for home sales. The Federal Reserve is focused on a recovering housing market with rates set to remain low through 2016. The Builder Confidence Index according to NAHB is up 11 points since December 2012 and been above 50 for seven straight months, finishing the year at 58. Home prices are slowly recovering which can cause a sense of urgency and spur demand. Inventories are down with supply of homes for sales down 43% in 2012 and simply by looking at earnings reports from Toll (TOL), Lennar (LEN) and DR Horton (DHI) you can see strength in orders and pricing. One major risk to the housing recovery in 2014 is if mortgage rates start to reach 5%, something to be aware of throughout the year, but even though off historic lows, the current rate situation remains healthy for the housing market, and with an improving economy and regained consumer confidence it can spur buying. The FHFA reported in October further climbs in house prices, 21 consecutive months of price increases for purchase-only, seasonally adjusted index. In November US housing starts jumped to the highest level in 6 years, so there is clear momentum into 2014.

Lumber (PCL, **WY**), Homebuilders (DHI, **TOL**, PHM, LEN, KBH, HOV, RYL, MTH), Home Improvement (SWK, **LOW**, HD, **MHK**, **SHW**, AWI, VAL, **CSTE**), Building Materials (EXP, **OC**, USG, VMC, MSM, **MAS**, **CX**), Building Material Retailers (GWW, FAST), Security (**ADT**), Appliances (**WHR**, IRBT), Mortgage Servicing (**OCN**, NSM, ASPS, HLSS, ELLI, PHH), Real Estate Search (Z, TRLA, MOVE, RLG, RMAX)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY14 Growth	ROA	Gross Margin
HD	The Home Depot, Inc.	114822.4	18.41	1.45	8.07	18.23%	12.60%	34.70%
LOW	Lowe's Companies Inc.	51334.41	18.48	0.97	4.06	22.15%	6.70%	34.50%
SHW	Sherwin-Williams	18366.1	20.07	1.85	10.12	20.20%	10.90%	45.10%
WY	Weyerhaeuser Co.	18260	22.06	2.21	3.01	22.84%	4.70%	21.40%
GWW	W.W. Grainger, Inc.	17741.73	19.61	1.91	5.4	12.73%	19.50%	44.10%
CX	CEMEX, S.A.B. de C.V.	13993.02	900	0.95	1.31	102.40%	-3.00%	30.30%
FAST	Fastenal Company	13990.21	26.69	4.28	8	14.68%	22.90%	52.00%
WHR	Whirlpool Corp.	12576.66	12.86	0.68	2.69	21.57%	5.00%	17.30%
SWK	Stanley Black & Decker	12564.68	14.91	1.17	1.81	9.84%	6.10%	35.80%
MHK	Mohawk Industries Inc.	10619.9	17.76	1.55	2.46	26.96%	4.20%	26.40%
ADT	The ADT Corporation	8679.28	18.12	2.62	2.01	10.08%	4.30%	58.90%
MAS	Masco Corporation	7887.4	20	0.98	16.62	42.86%	2.60%	26.80%
PHM	PulteGroup, Inc.	7675.5	17.27	1.37	1.71	-82.43%	35.30%	18.30%
VMC	Vulcan Materials	7590.6	89.37	2.81	1.97	1183.30%	0.30%	14.40%
OCN	Ocwen Financial Corp.	7579.69	10.82	4.45	4.35	144.90%	3.80%	

PCL	Plum Creek Timber Co.	7537.12	29.06	5.53	6.12	16.81%	5.70%	33.20%
LEN	Lennar Corp.	7519.78	12.02	1.27	2.02	33.09%	5.00%	
DHI	DR Horton Inc.	6919.61	11.14	1.11	1.71	22.32%	6.50%	22.50%
TOL	Toll Brothers Inc.	6179.48	16.04	2.31	1.85	41.07%	2.60%	20.30%
VAL	The Valspar Corporation	6078.78	15.02	1.48	5.41	15.83%	7.60%	33.60%
MSM	MSC Industrial Direct Co.	5097.54	17.74	2.07	3.67	15.27%	13.70%	45.50%
OC	Owens Corning	4749.5	16.11	0.92	1.31	49.76%	0.90%	17.40%
ASPS	Altisource Portfolio	3707.95	18.49	5.4	21.53	72.50%	23.20%	36.60%
EXP	Eagle Materials Inc.	3675.9	17.29	4.57	4.81	58.67%	6.40%	19.20%
AWI	Armstrong	3325.3	17.92	1.24	5.74	49.08%	3.20%	23.40%
NSM	Nationstar Mortgage	3260.89	7.42	1.97	3.44	66.16%	3.60%	
Z	Zillow, Inc.	3041.89	174.65	17.53	5.46	1183.78%	-3.80%	90.00%
USG	USG Corporation	3016.04	16.12	0.87	66.12	214.99%	1.00%	14.80%
RYL	Ryland Group Inc.	1974.9	13.32	1.05	2.36	-51.99%	15.70%	22.40%
CSTE	CaesarStone Sdot-Yam	1741.86	23.41	5.18	6.46	24.39%	16.40%	45.40%
MTH	Meritage Homes	1699	11.77	1.03	2.14	30.28%	9.90%	13.70%
HLSS	Home Loan Servicing	1644.75	11.28	8.28	1.34	7.15%	2.10%	
KBH	KB Home	1511.87	11.99	0.74	3.04	21.26%	0.20%	16.10%
PHH	PHH Corporation	1386.95	14.49	0.47	0.86	11.42%	1.60%	32.90%
TRLA	Trulia, Inc.	1198.82	46.5	10.46	2.92	19.17%	-3.90%	85.70%
IRBT	iRobot Corporation	1024.04	30.88	2.22	3.17	23.03%	5.00%	44.10%

Social Media / Collaborative Consumption: The US is seeing a surge in online start-ups and one major theme with these is a society of sharing/renting instead of owning, a cost-effective and efficient style of living. A society of collaborative consumption is just beginning and can cause major shifts in many industries. Social Media is changing the way that information is distributed and viewed and a much more efficient avenue that will cause a major shift to the advertising industry. There are sure to be more IPO's this year in the Internet space including Alibaba, Dropbox, Square, AirBNB, GrubHub, Living Social, Spotify, Pinterest, Survey Monkey, Cloudera, and SnapChat. This theme was noted in 2013 and saw a few deals in the space as larger companies see the movement and want to be a part of it, such as the Zipcar buyout.

Equipment (**URI**), Housing (AWAY), Social Media (**FB**, TWTR, ZNGA, LNKD, GRPN, **SINA**), Internet Info (ANGI, YELP, TRIP, OPEN, SALE)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY14 Growth	ROA	Gross Margin
FB	Facebook, Inc.	140283.9	51.22	20.41	10.75	35.62%	6.80%	74.10%
TWTR	Twitter, Inc.	34800.04		65.11		77.80%	-19.60%	64.30%
LNKD	LinkedIn Corporation	25123.77	99.19	18.14	9.93	38.25%	1.80%	86.90%
TRIP	TripAdvisor Inc.	11910.33	38.08	13.21	14.37	30.71%	15.80%	98.10%
GRPN	Groupon, Inc.	7990.53	48.35	3.27	9.83	169.57%	-4.80%	60.50%
URI	United Rentals, Inc.	7260.91	12.98	1.49	4.2	24.80%	2.60%	39.40%
SINA	Sina Corp.	5301.24	36.37	8.73	4.36	93.43%	0.20%	57.00%
YELP	Yelp, Inc.	4466.53	345.99	21.95	22.72	235.70%	-6.70%	92.80%
AWAY	HomeAway, Inc.	3469.35	53.85	10.58	5.76	19.87%	3.10%	83.90%
ZNGA	Zynga, Inc.	3272.81		3.25	1.75	33.30%	-2.50%	73.60%
OPEN	OpenTable, Inc.	1841.2	36.01	10.19	8.77	12.44%	11.90%	74.40%
SALE	RetailMeNot, Inc.	1166.17	30.29	6.4	3.22	12.39%	-0.80%	93.70%
ANGI	Angie's List, Inc.	818.61	89.3	3.67		133.30%	-31.30%	83.50%
FB	Facebook, Inc.	140283.9	51.22	20.41	10.75	35.62%	6.80%	74.10%

Mobile Computing/Payments: The "death of the PC" was pronounced in 2012 with old-school Tech stocks like Hewlett Packard (HPQ) and Dell (DELL) under heavy selling pressure, and shortly enough Laptops will also be a thing of the past as consumers want smaller, cheaper, and faster. Consumers can now do just about everything on a Smartphone or Tablet PC with Apple (AAPL) the clear market leader, but healthy competition in the space from Google (GOOG), Amazon (AMZN), and Samsung, as well as others. Competition creates pricing battles and effectively lower margins, and often the hardware side is not the best place to focus, made clear with large cap Tech companies all starting to transition to Software Services from Hardware. Cloud Computing has caused traditional fundamental analysts to scratch their heads on sky-high valuations, but we are still very early in a secular trend with the cloud computing market expected to reach a size of \$270B in 2020, and projected to be a \$55B market in 2014, so clearly still a lot of growth potential in that industry. According to Gartner IT Spending will surpass \$3.7 trillion in 2013 with cloud-computing, big-data projects, and use of mobile technologies the major influencers. The actual devices are set to become less important, and the focus will be on services, synchronization, and actionable analytics.

Mobile Payments (EBAY, GOOG, MA, V, AMZN), Tablets (AMZN, GOOG, MSFT, AAPL), NFC Chips (BRCM, NXPI), Mobile Databases (SAP), Cloud Computing / SaaS (**CRM**, RAX, VMW, RHT, ORCL, SWI, N, **NOW**, CNQR, CVLT, CSOD, **WDAY**, DWRE, N, BCOV), Mobile Chips (AVGO, **QCOM**, ARMH, SWKS), Storage (NMBL, FIO, EMC, NTAP, TDC), Data Centers (**EQIX**, INXN, COR, DLR), Data Analytics (CRAY, IBM, **SPLK**, **QLIK**, DATA, INFA), Network Data (BLOX, FFIV, **CUDA**, NTCT)

Ticker	Company	Market Cap	FY14 PE	PEG	P/S	FY13 Growth	FY14 Growth	ROA	Gross Margin
AAPL	Apple Inc.	509855.9	11.81	1	2.98	-10.00%	9.52%	18.60%	37.60%
GOOG	Google Inc.	372802.5	21.45	2.04	6.5	9.10%	18.00%	12.50%	57.10%
MSFT	Microsoft Corporation	312624	12.87	1.95	3.89	0.80%	9.00%		
IBM	IBM	202198.3	10.29	1.21	1.99	10.00%	6.73%	16.30%	48.70%
AMZN	Amazon.com	184806.2	151.34	40.18	2.64	106.60%	266.03%	0.40%	26.60%
ORCL	Oracle Corporation	170924.1	11.83	1.49	4.55	15.30%	9.08%	13.30%	81.60%
V	Visa, Inc.	140057.6	21.25	1.56	11.89	140.20%	16.54%	17.60%	
QCOM	QUALCOMM	124916	13.13	1.13	5.02	27.80%	10.31%	14.80%	60.80%
SAP	SAP AG	102252	16.64	1.79	4.47	-18.10%	11.50%	11.20%	69.60%
MA	Mastercard	99449.9	26.43	1.75	12.26	47.10%	17.70%	24.80%	
EBAY	eBay Inc.	70007.7	17.23	1.76	4.51	-19.10%	16.31%	7.20%	69.00%
EMC	EMC Corporation	51766.38	12.23	1.7	2.29	12.70%	13.80%	6.60%	62.60%
VMW	VMware, Inc.	38205.5	23.22	2.32	7.62	2.40%	13.87%	8.10%	87.90%
CRM	Salesforce.com	32935.61	109.7		8.76	-17.10%	47.49%	-1.90%	76.60%
ARMH	ARM Holdings plc	25559.94	44.22	3.98	22.69	40.00%	26.66%	9.80%	94.40%
BRCM	Broadcom Corp.	16661.78	11.71	3.9	2	-24.20%	-6.95%	4.50%	50.90%
WDAY	Workday, Inc.	14388.51			35.21	40.20%	-5.40%	-11.90%	61.10%

NTAP	NetApp, Inc.	13733.62	13.31	1.8	2.14	-13.30%	12.27%	5.80%	60.40%
AVGO	Avago Tech	13074.56	13.83	1.6	5.19	-2.70%	14.24%	17.60%	47.50%
NXPI	NXP Semi	11220.61	11.07	2.42	2.42	-	25.94%	2.10%	45.30%
RHT	Red Hat, Inc.	10583.84	35.14	4.14	7.41	2.70%	15.13%	5.90%	84.70%
EQIX	Equinix, Inc.	9425.97	46.89	4.92	4.5	57.10%	132.75%	1.80%	50.10%
NOW	ServiceNow, Inc.	7569.76	396.19		20.21	-	300.00%	-11.20%	62.00%
SPLK	Splunk, Inc.	7480.98	547.05		27.92	-	1400.00%	-12.90%	88.30%
N	NetSuite Inc.	7391.78	353.67		19.22	-4.20%	11.07%	-10.90%	67.50%
TDC	Teradata Corporation	7293.41	14.6	1.57	2.74	19.00%	11.76%	12.30%	54.50%
FFIV	F5 Networks, Inc.	6995.27	15.35	1.79	4.72	1.40%	14.89%	13.10%	82.90%
DLR	Digital Realty	6305.77	39.6	3.9	4.35	12.10%	-37.37%	3.00%	63.20%
CNQR	Concur Tech	5583.5	92.92		10.23	-	52.85%	-1.70%	71.20%
RAX	Rackspace	5341.88	52.83	2.87	3.61	34.50%	20.50%	7.00%	68.40%
SWKS	Skyworks Solutions	5176.37	9.97	1.34	2.89	38.10%	9.20%	12.50%	42.80%
INFA	Informatica	4487.08	25.54	4.41	4.95	-21.00%	13.35%	5.00%	80.80%
DATA	Tableau Software	4003.98			20.77	-		-4.10%	91.80%
CVLT	CommVault Systems,	3490.57	37.28	3.05	6.43	61.80%	11.76%	9.80%	87.00%
SWI	SolarWinds, Inc.	2790.23	23.9	1.56	8.95	27.40%	-0.83%	15.80%	92.20%
CSOD	Cornerstone OnDemand	2733.38			16.4	63.80%	90.50%	-12.90%	70.70%
NMBL	Nimble Storage, Inc.	2722.65	242.13		26.13	-66.70%	127.60%	-	63.50%
QLIK	Qlik Technologies, Inc.	2312.57	63.2		5.18	-63.60%	65.34%	-1.20%	87.00%
DWRE	Demandware, Inc.	1969.13			20.84	-62.50%	65.20%	-13.60%	72.10%
BLOX	Infoblox Inc.	1690.54	52.16		7.07	77.50%	20.39%	-1.50%	78.30%
INXN	Interxion Holding NV	1578.05	30.16	20.71	3.82	20.80%	590.83%	0.30%	59.70%

CUDA	Barracuda Networks,	1475.06	5898		6.77		-86.84%	-7.20%	76.90%
NTCT	NetScout Systems	1220.24	17.61	2.53	3.36	26.30%	14.03%	7.60%	78.90%
CRAY	Cray Inc.	1060.67	31.9		2.6	967.50%	37.48%	-1.00%	30.80%
FIO	Fusion-io, Inc.	878.15			2.19	566.70%	55.20%	-11.70%	58.40%
COR	CoreSite Realty	666.03	68.48	4.79	2.91	191.70%	2.19%	1.00%	72.80%
BCOV	Brightcove, Inc.	391.46	160.58		3.75	35.20%	280.00%	-14.10%	67.10%

Healthcare Information Technology: The Healthcare industry is one of the largest opportunities in the US for Technology providers with IT spending expected to grow at a CAGR of 24% from 2012 to 2014. The mandatory use of electronic health records has boosted spending, and IT hardware is the majority of the spending currently, but expect Software to see the strongest growth. The spending in IT Software will allow for better cost controls and better patient care. Mobile will also play a huge role in the Healthcare IT revolution with needs for better education, remote data collection, monitoring, tracking, and diagnostics. The World healthcare IT market is expected to grow to \$162.2B in 2015 from \$99.6B in 2010. The highest growth market is expected to be EMR (Electronic Medical Records) with point of care information systems. Health IT spending is set to top \$34.5B in 2014 according to Technology Business Research. A new study from Deltek shows federal healthcare IT spending is expected to exceed \$6.5B by 2016, a compounding 7.7% growth.

Healthcare IT (**MDSO**, CERN, CTRX, QSII, MDAS, ATHN, CPSI, **HSTM**, SLP, NRCI, **OMCL**, PINC, VEEV)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY13 Growth	FY14 Growth	ROA	Gross Margin
CERN	Cerner Corporation	19094.36	34.17	6.76	6.21	28.40%	15.53%	11.80%	81.40%
CTRX	Catamaran	9891.56	19.85	0.73	2.05	-4.10%	22.88%	3.10%	7.90%
ATHN	athenahealth, Inc.	4947.7	124.03	9.17	13.81	-5.70%	4.35%	-0.70%	59.10%
MDSO	Medidata Solutions	3138.33	74.57	12.03	14.56	-56.30%	14.25%	7.30%	74.10%
QSII	Quality Systems Inc.	1267.56	20.7	2.84	3.95	-43.80%	23.79%	7.70%	57.30%
MDAS	MedAssets, Inc.	1196.32	14.22	1.78	2.5	55.60%	8.08%	0.30%	78.00%
HSTM	Healthstream Inc.	899.22	79.05	7.3	6.28	-3.40%	30.43%	4.50%	58.90%
OMCL	Omniceil Inc.	896.59	21.85	2.46	2.51	56.70%	9.57%	4.80%	53.70%
VEEV	Veeva Systems Inc.	816.47	131.88	4.86	20.19	450.00%	8.89%	8.10%	58.60%
CPSI	Computer Programs	691.81	20.85	3.5	10.82	15.80%	3.78%	37.80%	45.30%
PINC	Premier, Inc.	211.11	26.36	0.24	2.66	96.90%	10.74%	4.20%	72.70%
SLP	Simulations Plus Inc.	83.17	20.76	8.23	5.77	0.00%	16.28%	18.20%	83.20%

Cyber-Security: With the surge in mobile computing usage and electronic payments it opens up the potential for more cyber-crime, and companies are focused on spending to protect their important data and networks. Cyber attacks are growing not only in frequency, but also in sophistication, and according to AT&T companies will double or triple spending on cyber security in the coming years. Industry analysts expect the market to grow more than 50% in the next 4 years. A combination of a growing e-commerce market, mobile payment market, and putting vulnerable data on the cloud creates a major opportunity for years to come. Two top picks from last year, SourceFire (FIRE) was acquired by Cisco (CSCO) in a \$2.7B deal and Websense (WBSN) was acquired by Vista Partners in a \$906M buyout, so I expect more deals in this industry. ABI Research estimates that global Cybersecurity spending will rise to \$46B in 2013, a \$4.25B increase from 2012. Federal spending is also set to rise steadily through 2018 and was a top priority in the recent budget deal. As the "Big Data" trend continues, the need for protection will rise alongside.

Anti-Virus (SYMC, CHKP, AVG), Network/Data Security (**PANW**, **PFPT**, SWI, FTNT, FFIV, GUID, **IMPV**, CACI, VDSI, **RDWR**, FEYE, **QLYS**)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY13 Growth	FY14 Growth	ROA	Gross Margin
SYMC	Symantec	16042.05	12.01	2.33	2.84	-31.20%	7.66%	5.90%	82.70%
CHKP	Check Point Software	12407.36	17.51	9.02	3.56	16.50%	6.66%	13.50%	88.30%
FFIV	F5 Networks, Inc.	6995.27	15.35	4.72	4.55	1.40%	14.89%	13.10%	82.90%
PANW	Palo Alto Networks	4028.47	74.83	9.19	13.91	100.00%	80.10%	-6.00%	72.80%
FTNT	Fortinet Inc.	3075.67	33.59	5.22	5.13	5.30%	21.91%	5.10%	71.40%
SWI	SolarWinds	2790.23	23.9	8.95	5.96	27.40%	-0.83%	15.80%	92.20%
CACI	CACI International	1697.26	12.63	0.47	1.36	6.50%	-1.03%	5.90%	7.40%
IMPV	Imperva Inc.	1150.27	392	9.07	13.6	76.10%	192.30%	10.70%	78.30%
PFPT	Proofpoint, Inc.	1108.79		8.82	29.24	-1.50%	28.90%	14.00%	70.50%
AVG	AVG Technologies	894.92	8.54	2.24	35.65	-50.30%	-6.30%	16.60%	83.90%
RDWR	Radware Ltd.	791.68	22.1	4.18	2.8	-63.40%	21.43%	7.40%	81.00%
VDSI	VASCO Data Security	306.22	18.96	2.03	1.84	-33.30%	30.91%	5.40%	64.00%
GUID	Guidance Software	256.55		2.16	9.9	-14.30%	97.80%	17.00%	67.50%

3D Printing and Robotics: The futuristic ideas of robots are starting to come to fruition, recently seen in 3D printing, and will be impacting a lot of industries in the near future, as well as being a constrictor to Employment Growth. 3D printing is still a niche industry and seen to enter new markets the next few years, and currently in the early-adopter mode, so growth will stay rapid for years to come before products become main-stream and then a concern with pricing similar to what occurred with the LCD-TV market comes into play. Analysts at TechNavio expect the global 3D printing market to grow at a CAGR of 17% from 2013-2015. The market size is expected to reach \$3.1B in 2016 and \$5.2B in 2020. IDC estimates that 3D printer shipments will grow 10X by 2017. The robotics market has vast potential for industrial manufacturers, government use, and personal use. There is a new, and relatively thinly traded ETF to also consider, Robo-Stox (ROBO), to ride this trend. Analysts from Research and Markets forecast global industrial robotics in heavy machinery will have a CAGR of 5.7% 2012-2016. Google's recent acquisitions of 8 robotics companies is also telling, as Google is always an early-adopter of trends.

3D Printing (SSYS, DDD, PRLB, VJET, XONE, **EFII**), Oil & Gas Drilling Robotics (**OII**, FET), Medical Procedures (VAR, ISRG, ARAY, ONVO, HNSN, MZOR), Military (AVAV, RTN, MOG.A, ESLT), Personal Use (IRBT), Manufacturers (ABB, **ADEP**, **DOV**, ROK), Ancillary Business (**FARO**, CGNX, IMMR, ATML), Software (ADSK, **PMTC**, PTC, ANSS)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY13 Growth	FY14 Growth	ROA	Gross Margin
ABB	ABB Ltd.	60365.16	16.06	1.45	3.43	-14.50%	13.45%	6.00%	28.90%
RTN	Raytheon Co.	29360.4	14.55	1.21	3.32	8.00%	7.34%	7.30%	21.80%
DOV	Dover Corp.	16392.69	16.12	1.92	3.1	10.80%	12.83%	9.30%	38.60%
ROK	Rockwell Automation	16328.47	17.15	2.57	6.32	4.50%	10.48%	13.10%	40.50%
ISRG	Intuitive Surgical, Inc.	14466.51	22.05	6.29	4.43	29.70%	4.63%	16.80%	71.10%
ADSK	Autodesk, Inc.	11018.91	33.24	4.8	5.1	-12.30%	-7.87%	5.80%	88.50%
DDD	3D Systems Corp.	9430.35	72.26	20.49	10.5	2.10%	32.29%	5.10%	52.20%
OII	Oceaneering	8480.48	19.28	2.67	4.29	23.10%	19.59%	12.50%	23.30%
VAR	Varian Medical	8224.31	15.59	2.79	4.8	5.90%	14.23%	14.00%	42.50%
SSYS	Stratasys Inc.	5470.73	55.44	13.66	2.19	-62.10%	26.67%	-1.50%	45.30%
PMTC	Parametric	3877.67		3.01	4.19				
CGNX	Cognex Corporation	3327.62	38.14	9.78	5.22	-4.90%	21.83%	10.50%	75.80%
ATML	Atmel Corporation	3289.25	14.04	2.39	3.5	-89.70%	97.48%	-3.00%	40.20%
MOG-A	Moog Inc.	3154.1	15.35	1.21	2.05	-21.00%	11.79%	3.80%	30.00%
ESLT	Elbit Systems Ltd.	2433.25	11.73	0.82	2.17	62.20%	7.19%	5.10%	28.50%
PRLB	Proto Labs, Inc.	1825.94	40.59	11.96	9.25	145.00%	22.63%	17.10%	62.30%
EFII	Electronics for Imaging	1811.09	22.53	2.57	2.62	200.00%	12.29%	8.20%	54.40%
FARO	FARO Technologies	1031.34	37.52	3.65	3.39	-3.60%	26.81%	5.90%	55.10%

IRBT	iRobot Corporation	1024.04	30.88	2.22	3.17	-57.60%	23.03%	5.00%	44.10%
XONE	The ExOne Company	822.46	140.35	19.82	5.5	-45.00%	430.80%	-3.00%	44.60%
ONVO	Organovo Holdings,	658.08		940.11	12.75	74.30%		-	
ARRAY	Accuray	640.18	142.83	2.07	6.75	-31.70%	108.50%	-25.50%	32.40%
AVAV	AeroVironment	632.8	50.46	3.01	2.03	-65.40%	106.23%	-0.70%	35.10%
VJET	Voxeljet AG	391.7	391.7	30.04	279.79		900.00%		
IMMR	Immersion Corporation	307.28	23.04	6.94	5.22	-	250.00%	109.42%	5.20%
ADEP	Adept Technology Inc.	147.07	57.43	3.14	15.46	-	147.50%	933.30%	-42.60%
HNSN	Hansen Medical, Inc.	141.36		9	6.22	-16.70%	40.30%	-58.60%	20.40%

Software as a Service (SaaS): Software as a Service (SAAS) is disrupting business models and at the front of IT spending trends looking forward. Businesses are looking for new initiatives to have faster paybacks and higher ROI and SaaS solutions are allowing for this transformation. SaaS allows for instant delivery of products through the cloud and easy upgrades. Analytics and Collaboration are key areas for growth in software and still in the early stages. These new technologies are able to deliver superior performance with more efficient cost structures, and broadening capabilities of these technologies is allowing the upgrade/replace cycle to focus on SaaS offerings. Gartner sees the SaaS market in 2015 at \$22.1B, after growing 18% in 2012 to \$14.5B.

SaaS Stocks: **CRM,WDAY**, ULTI, CNQR, **CSOD**, N, **NOW**, TRAK, ATHN, WIX, MDSO, **EIGI**, BNFT, VEEV, LPSN, ECOM, LOGM, JIVE, JCOM, TXTR, CVT, SPSC, TIBX, CALD, **DWRE**

Ticker	Company	Mkt. Cap (\$M)	FY14 P/E	P/S	FY13 EPS	FY14 EPS	EPS Next 5 Years	Sales Q/Q
CRM	Salesforce.com	32935.61	109.7	8.76	-17.10%	47.49%	26.05%	36.50%
WDAY	Workday, Inc.	14388.51		35.21	40.20%	-5.40%	42.50%	76.20%
NOW	ServiceNow, Inc.	7569.76	396.19	20.21	750.00%	300.00%	50.00%	73.10%
N	NetSuite Inc.	7391.78	353.67	19.22	-4.20%	11.07%	26.00%	34.00%
CNQR	Concur Technologies, Inc.	5583.5	92.92	10.23	-	52.85%	20.00%	33.10%
ATHN	athenahealth, Inc.	4947.7	124.03	9.17	-5.70%	4.35%	27.41%	43.10%
ULTI	The Ultimate Software Group, Inc.	4257.85	82.53	10.9	246.70%	26.26%	30.00%	24.80%
TIBX	TIBCO Software Inc.	3625.6	15.85	3.45	10.80%	15.58%	10.93%	6.20%
MDSO	Medidata Solutions, Inc.	3138.33	74.57	12.03	-56.30%	14.25%	26.83%	27.10%
CSOD	Cornerstone OnDemand, Inc.	2733.38		16.4	63.80%	90.50%	50.00%	56.80%
JCOM	j2 Global, Inc.	2237.52	16.59	4.62	7.40%	4.09%	15.00%	37.10%
TRAK	DealerTrack Holdings, Inc.	2096.95	33.96	4.59	-69.90%	8.96%	15.50%	25.70%
DWRE	Demandware, Inc.	1969.13		20.84	-62.50%	65.20%	37.50%	31.00%
EIGI	Endurance International Group	1394.51	15.91	3.09	-76.80%	39.08%		153.90%

	Holdings, Inc.							
CVT	Cvent, Inc.	1112.86	624.5	10.7		-56.52%		33.50%
SPSC	SPS Commerce, Inc.	1051	107.88	10.63	-91.70%	23.08%	22.50%	33.00%
WIX	Wix.com Ltd.	1037.61		15.08	64.80%			13.20%
ECOM	ChannelAdvisor Corporation	928.54		14.62	-22.80%	-12.40%		27.70%
VEEV	Veeva Systems Inc.	816.47	131.88	4.86	450.00%	8.89%	27.21%	68.10%
LOGM	LogMeIn, Inc.	797.55	42.71	5.04	-39.10%	42.33%	20.65%	21.50%
LPSN	LivePerson Inc.	792.85	54.54	4.57	-50.00%	28.71%	15.00%	13.90%
JIVE	Jive Software, Inc.	747.11		5.37	11.60%	14.50%	25.00%	29.40%
CALD	Callidus Software Inc.	506.29	78.44	4.71	-62.50%	145.59%	15.00%	28.50%
TXTR	Textura Corporation	395.13	193.21	10.77	44.70%	130.80%	38.33%	64.90%
BNFT	Benefitfocus, Inc.	362.13		3.74	0.00%	-12.90%		-32.00%

Wearable Technology: 2014 is likely to see a flurry into wearable Technology whether it is the Apple iWatch or Google Glasses. In 2013 the wearable Tech market surpassed \$8B in revenues and is expected to grow to \$20B by 2017. Companies are making moves into this market, recently Under Armour (UA) acquired MapMyFitness, and as a lifestyle product it is sure to drive growth for all the related makers of the products, and suppliers.

Wearable Tech Products (**GOOG**, AAPL, Samsung), Chip Suppliers (INVN, **HIMX**, BRCM, CSCO, ARMH, **FSL**, ATML, SYNA), Fitness (NKE, UA, Jawbone, Fitbit), Device Suppliers (GLW)

Ticker	Company	Mkt. Cap (\$M)	FY14 P/E	P/B	P/FCF	FY14 EPS Growth	ROE
AAPL	Apple Inc.	509855.85	11.81	4.13	14.98	9.52%	29.10%
GOOG	Google Inc.	372802.52	21.45	4.49	31.15	18.00%	16.10%
CSCO	Cisco Systems, Inc.	117240.4	10.48	1.99	13.98	5.31%	17.20%
NKE	Nike Inc.	69542.19	22.1	6.17	42.95	15.85%	25.00%
GLW	Corning Inc.	25779.42	11.68	1.19	26.41	24.63%	8.50%
ARMH	ARM Holdings plc	25559.94	44.22	11.79		26.66%	11.90%
BRCM	Broadcom Corp.	16661.78	11.71	2.1	11.01	-6.95%	6.40%
UA	Under Armour, Inc.	9124.92	48.52	9.44	509.77	23.58%	16.90%
FSL	Freescall Semi	4029.96	12.04		52.34	196.12%	2.80%
ATML	Atmel Corporation	3289.25	14.04	3.5	28.02	97.48%	-4.40%
HIMX	Himax Technologies	2299.69	21.79	5.5	49.24	74.44%	13.80%
SYNA	Synaptics Inc.	1668.99	12.86	3.2	28.29	6.46%	26.90%
INVN	InvenSense, Inc.	1529.04	25.79	5.26	45.1	37.68%	20.90%

Rising Interest Rates and a Return to Book Value (Financials): Financials (XLF) narrowly outperformed markets in 2013 with a 35% return, and often were seen as a lead indicator, a group that is coming still recovering from the Financial Crisis. Many of these stocks remain below book value and are offering cheap valuations with attractive yields as buybacks and dividend raises are expected to continue through 2014, and the expectations for interest rates to finally rise sets up positive for the group going forward. Regional Banks are more directly impacted with long term rates to generate net interest income. Life insurance stocks are also correlated with movements in interest rates, and very sensitive to moves as it invests premiums into low-risk portfolio positions. Brokers are also a major beneficiary as net interest margins rise with rates.

Brokers (**AMTD**, IBKR, SCHW, ETFC), Big Banks (**C**, GS, BAC, MS, JPM, USB, WFC), Regional Banks (STI, **CIT**, CMA, **PNC**, ZION), Property & Life Insurers (PRU, **MET**, AIG, LNC, **HIG**, GNW, ALL, ACE, TRV, CB, XL), Payment Processors (ADP, PAYX), Exchanges (**CME**, CBOE, NDAQ, ICE), Asset Managers (STT, BK, **BLK**, AMP, TROW, NTRS, AMG)

Ticker	Company	Mkt. Cap (\$M)	FY14 P/E	P/B	P/FCF	FY14 EPS Growth	ROE
ACE	ACE Limited	35005.89	12.22	1.24	11.55	-5.43%	12.70%
ADP	Automatic Data Processing	38768.08	23.06	6.26	64.45	10.58%	22.60%
AIG	American International	75227.7	11.81	0.76	16.47	-1.01%	3.20%
ALL	The Allstate Corporation	24793.35	10.28	1.23	8.79	-2.10%	9.10%
AMG	Affiliated Managers	11426.3	19.69	5.62	12.59	12.94%	16.20%
AMP	Ameriprise Financial Inc.	22909.95	14.58	2.75	18	11.88%	20.30%
AMTD	TD Ameritrade	16741.88	18.9	3.58	135.02	20.05%	18.40%
BAC	Bank of America Corporation	167751.09	11.85	0.77	3.05	48.26%	3.30%
BK	The Bank of New York	39699.9	13.87	1.12		9.39%	5.30%
BLK	BlackRock, Inc.	53557.01	17.59	2.06	33.41	11.70%	10.90%
C	Citigroup, Inc.	158845.6	9.75	0.81	2.58	15.06%	8.20%
CB	The Chubb Corporation	24529.92	12.72	1.57	19.1	-5.03%	11.90%
CBOE	CBOE Holdings, Inc.	4631.27	23.49	14.24	53.05	13.30%	72.80%
CIT	CIT Group Inc.	10337.75	12.71	1.17		10.90%	8.80%
CMA	Comerica Incorporated	8646.82	16.08	1.24	25.51	-0.64%	7.90%
CME	CME Group Inc.	26581.11	22.01	1.21	474.66	16.80%	4.40%
ETFC	E*TRADE Financial C	5587.18	24.42	1.16	17.14	17.90%	-3.20%
GNW	Genworth Financial Inc.	7691.58	10.78	0.53	4.72	32.84%	3.40%
GS	The Goldman Sachs Group	81766.93	11.46	1.16	74.47	1.93%	11.80%
HIG	Hartford Financial	16533.3	10	0.87	15.31	3.95%	-1.00%
IBKR	Interactive Brokers Group	1232.16	22.36	1.92	2.7	36.17%	6.90%
ICE	IntercontinentalExchange	16384.87	19.53	4.05	27.29	40.03%	14.70%
JPM	JPMorgan Chase & Co.	219239.4	9.69	1.12	2.09	35.96%	11.80%
LNC	Lincoln National Corp.	13691.21	9.77	1.02	13.89	8.65%	8.60%
MET	MetLife, Inc.	59686.32	9.47	0.98	7.56	2.41%	3.90%
MS	Morgan Stanley	59380.82	12.31	0.95	3.66	24.37%	5.00%
NDAQ	Nasdaq OMX Group Inc.	6880.72	13.28	1.14	17.92	16.84%	6.60%
NTRS	Northern Trust Corporation	14806.08	18	1.89	47.73	14.00%	11.50%
PAYX	Paychex, Inc.	16672.29	25.15	9.53	124.14	7.33%	33.90%
PNC	PNC Financial Services Group	40870.54	11.12	0.99	6.58	-3.69%	9.10%
PRU	Prudential Financial, Inc.	42758.12	10.04	1.24	3.21	-4.53%	-2.90%

SCHW	The Charles Schwab	33359.04	28.47	3.63	29.44	19.74%	10.10%
STI	SunTrust Banks, Inc.	19596.86	12.42	0.96	5.85	25.53%	6.10%
STT	State Street Corp.	32209.21	14.01	1.62		13.19%	10.10%
TROW	T. Rowe Price Group, Inc.	21624.73	19.58	4.76	46.66	11.09%	23.40%
TRV	Travelers	33204.69	11.07	1.34	12.63	-8.73%	11.80%
USB	U.S. Bancorp	74232.64	12.66	2.1	6.62	6.38%	15.80%
WFC	Wells Fargo & Company	241147.97	11.37	1.59	5.23	3.59%	13.80%
XL	XL Group plc	9046.96	10.46	0.91	10.51	-0.30%	8.20%
ZION	Zions Bancorp.	5493.9	16.16	1.03	7.28	-21.28%	7.60%

Rail Rally with Strengthening Economy, Favorable Backdrop: Rail stocks enter 2014 with strong earnings momentum, and face easier comps this year after many have struggled with the weakness from the coal industry impacting results. Rails have been posting strong growth in intermodal cargo, auto, industrial, and consumer, but the major expansion is with crude oil and supplies for drilling that is a result of the US energy boom. Rail intermodal traffic has posted a 4.5% Y/Y growth, and a 12-week moving average of 7.2% is near a 9-month high, closely related to the strength of the US economy.

Railroads (**UNP**, CNI, CSX, NSC, CP, KSU, GWR), Suppliers (**WAB**, TRN, ARII, GBX, RAIL, GMT, ANDE)

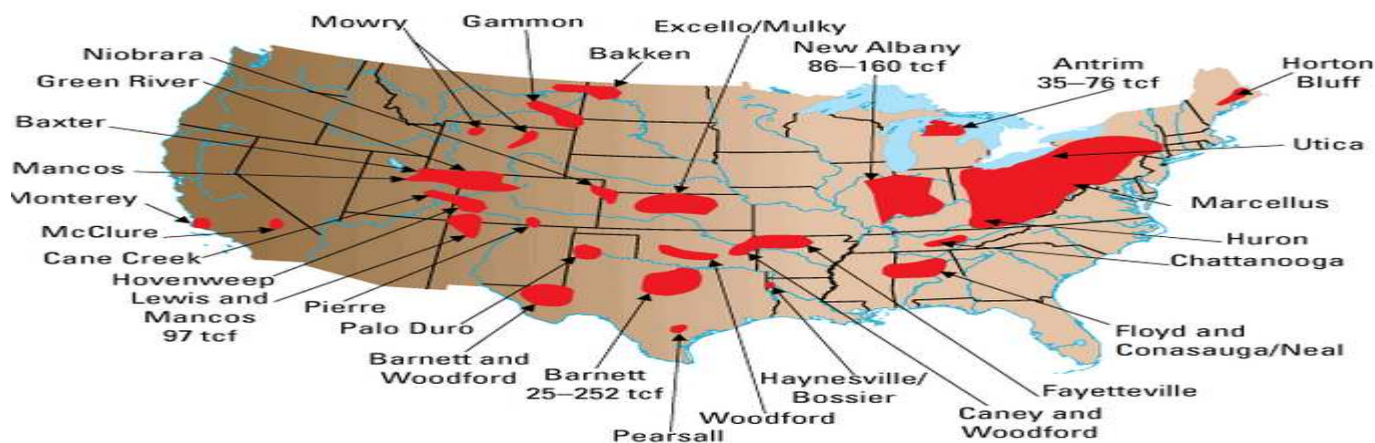
Ticker	Company	Mkt. Cap (\$M)	FY14 P/E	P/S	P/B	FY14 EPS Growth	ROA	Gross Margin
UNP	Union Pacific Corporation	76836.11	15.51	3.56	3.7	14.46%	8.80%	73.10%
CNI	Canadian National Railway	47926.71	16.18	4.92	4.41	13.50%	9.50%	51.30%
CSX	CSX Corp.	28913.31	14.47	2.43	2.94	7.08%	6.20%	67.70%
NSC	Norfolk Southern Corp.	28826.85	14.56	2.61	2.8	12.15%	5.90%	36.30%
CP	Canadian Pacific Railway	26723.76	18.13	4.71	4.72	29.50%	5.30%	58.50%
KSU	Kansas City Southern	13604.07	24.42	5.86	4.16	23.96%	5.00%	67.50%
WAB	Westinghouse Air Brake	7101.38	21.53	2.85	4.7	13.12%	13.80%	29.80%
GWR	Genesee & Wyoming Inc.	5258.84	18.64	3.74	2.5	17.97%	4.20%	72.70%
TRN	Trinity Industries Inc.	4222.03	9.45	1.02	1.86	26.46%	4.80%	23.30%
GMT	GATX Corp.	2395.47	14.43	1.85	1.83	9.34%	2.40%	52.90%
ANDE	The Andersons, Inc.	1723.89	15.94	0.3	2.65	24.13%	3.70%	6.10%
ARII	American Railcar Industries	984.97	10.87	1.29	2.38	8.04%	11.30%	23.20%
GBX	Greenbrier Companies	890.21	10.92	0.51	2.08	12.03%	0.00%	11.80%
RAIL	FreightCar America Inc.	313.06	21.57	0.96	1.53	324.10%	-2.20%	6.60%

Large Cap Biotech: The large cap Biotechs is another group with a lot of momentum into 2014, both on technicals, and fundamentals with strong earnings reports. The simple thesis behind Biotechs are that with population growth comes more needs for treatments, and with Obesity, Cancers, and other diseases seeing constant growth the Biotechs are well positioned for ongoing success, but an industry that requires a selective approach, and although the small-caps can provide homeruns, the large-caps are the safer investment for the long run, and have plenty of cash to acquire the more successful small cap companies. Medical breakthroughs, personalized medicines and new products are a few themes that keep these companies strong fundamentally. No industry is more aligned with trader sentiment than Biotechs, but the FDA is approving new medicines at a record rate which should keep sentiment high, and drug prices continue to climb adding to profitability. Healthcare spending continues to rise globally and the industry is less susceptible to macroeconomic weakness which provides steady inflows into these stocks. Onyx Pharma (ONXX), a top pick from 2013 was acquired.

AMGN, **CELG**, REGN, **GILD**, **BIIB**, ALXN, VRTX, BMRN, **JAZZ**, PCYC, FRX, AGN, UTHR

Ticker	Company	Market Cap (\$M)	FY14 PE	PEG	P/S	P/FCF	EPS Growth FY14	ROA	Gross Margin
GILD	Gilead Sciences Inc.	115214.3	23.14	1.35	10.8	42.79	62.50%	13.80%	74.90%
AMGN	Amgen Inc.	86227.44	14.07	1.94	4.77	26.61	9.10%	9.00%	82.50%
CELG	Celgene	69736.42	23.18	2.1	11.27	35.51	21.72%	12.30%	94.70%
BIIB	Biogen Idec Inc.	66697.27	24.39	2.05	10.45		30.05%	16.00%	88.50%
AGN	Allergan Inc.	32585.35	20.27	2.08	5.35	22.28	13.89%	9.20%	87.30%
REGN	Regeneron Pharma	27369.69	49.44	1.24	14.34	92	47.35%	34.00%	91.10%
ALXN	Alexion Pharma	26005.44	39.01	2.99	18.19	71.19	11.93%	12.60%	89.50%
VRTX	Vertex Pharma	17013.57			14.24		24.60%	-21.90%	87.30%
FRX	Forest Laboratories	15884.14	22.21		4.91	635.37	144.76 %	-0.20%	79.60%
BMRN	BioMarin Pharma	9817.71			18.4		0.00%	-10.40%	81.70%
PCYC	Pharmacyclics	7922.53	557.01	1250.69	40.71	162.35	-66.84%	8.40%	
JAZZ	Jazz Pharma	7312.64	15.8	1.01	8.91	24.89	24.82%	17.50%	87.50%
UTHR	United Therapeutics	5601.07	15.9	2.03	5.23	14.5	29.22%	16.40%	87.90%

US Shale Oil & Gas - Attractive Assets and Rising Production: Natural Gas is becoming the new Energy of choice due to it being cleaner and cheaper than other energy sources, and the US happens to be sitting on an abundance of Natural Gas. A few of the key US Shale-Gas locations are Marcellus, Haynesville, Barnett, Fayetteville, Bakken, Woodford, Eagle Ford, and Utica. The US is set to become a leading Energy exporter. The related companies are exposed to often volatile Natural Gas prices, but the real attraction here is that Foreign companies will be active acquirers of US Shale Assets, a trend that started to pick-up in 2012 and is set to continue. There have been many recent reports of interest for acquisitions of assets, and the price per acreage continues to rise, and the stock prices are sure to reflect the demand. Surging production is allowing the US to near Energy Independence, a popular phrase, but well within reach, and the companies producing are set to see stock prices rise with the movement, and a recent report shows US Crude Oil production hit a 25-year high. The US Energy Information Agency notes that American energy production is currently focused around 6 active onshore production regions, Bakken, Niobrara, Permian, Eagle Ford, Haynesville and Marcellus, accounting for 90% of domestic production.



Shale Oil & Gas: COG, **EOG**, EVEP, SWN, SM, ROSE, RRC, XEC, **DVN**, **PXD**, UPL, NFG, NFX, SFY, EQT, EGN, GDP, WLL, CXO, MHR, GPOR, PVA, KOG, **OAS**, CLR, WPX, **CRZO**

Ticker	Company	Market Cap \$(M)	FY14 PE	P/S	P/B	FY14 Growth	ROA	Shale Region
COG	Cabot Oil & Gas	16233.22	29.94	9.97	6.97	77.17%	5.00%	Marcellus, Eagle Ford
CXO	Concho Resources	11031.97	24.05	5.33	3.03	20.34%	2.70%	Permian, Delaware Basin
DVN	Devon Energy	24570.24	9.46	2.39	1.19	50.45%	-4.60%	Cana Woodford, Eagle Ford, Permian
EGN	Energen Corp.	4989.7	17.63	2.94	1.8	21.95%	3.80%	Permian, Midland, Delaware
EOG	EOG Resources, Inc.	45444.54	18.57	3.31	3.06	11.17%	3.90%	Bakken, Permian, Eagle Ford
EQT	EQT Corporation	13604.81	29.93	6.56	3.48	19.06%	3.60%	Marcellus, Huron
EVEP	EV Energy Partners	1426.64	25.47	4.57	1.51	466.70%	-1.70%	Utica, Barnett
GDP	Goodrich Petroleum	603.14		3	2.82	60.50%	-19.30%	Tuscaloosa, Haynesville, Eagle Ford
GPOR	Gulfport Energy	4664.87	40.59	18.56	2.88	143.75%	7.30%	Niobrara, Utica, Permian

MHR	Magnum Hunter	1218.57		4.37	6.52	-4.80%	-17.20%	Utica, Bakken, Marcellus
NFG	National Fuel Gas Co.	5957.73	20.33	3.26	2.71	7.55%	4.20%	Marcellus, California
NFX	Newfield Exploration	3273.52	11.99	1.48	1.12	7.21%	-15.70%	Eagle Ford, Williston, Uinta
PVA	Penn Virginia	644.18	45.35	1.64	0.81	151.20%	-9.40%	Eagle Ford, Haynesville, Marcellus
PXD	Pioneer Natural	25821.34	34.41	7.7	3.41	17.31%	4.70%	Permian, Eagle Ford, Spraberry/Wolfcamp
ROSE	Rosetta Resources	2913.89	13.21	3.7	2.22	-7.40%	10.00%	Permian, Eagle Ford
RRC	Range Resources	13414.59	46.98	7.67	5.61	26.53%	0.90%	Marcellus, Cana Woodford, West Texas
SFY	Swift Energy Co.	590.52	22.68	0.98	0.55	-8.81%	1.60%	Niobrara, Eagle Ford
SM	SM Energy Company	5487.99	15.16	2.61	3.46	19.78%	2.20%	Bakken, Eagle Ford, Permian
SWN	Southwestern Energy	13908.51	18.66	4.3	3.95	5.98%	2.80%	Fayetteville, Marcellus
UPL	Ultra Petroleum	3273.69	10.35	3.54		27.12%	-12.70%	Green River, Marcellus
WLL	Whiting Petroleum	7262.81	14.69	2.83	1.87	-1.12%	7.40%	Rocky Mt., Permian, Niobrara
XEC	Cimarex Energy	8748.82	16.43	4.55	2.29	12.68%	8.40%	Permian, Cana Woodford, Delaware
OAS	Oasis Petroleum	12.55	4.22	4.42	24.92%	7.20%	12.55	Bakken
KOG	Kodiak Oil & Gas	11.9	3.89	2.62	43.40%	4.40%	11.9	Bakken, Williston
CLR	Continental Resources	15.56	6.21	5.4	27.99%	8.20%	15.56	Bakken, Niobrara, Anadarko Woodford
WPX	WPX Energy		1.39	0.8	63.40%	-3.40%	1.39	Niobrara, Bakken, Marcellus, San Juan
CRZO	Carrizo Oil & Gas	16.06	3.54	2.64	14.37%	6.20%	16.06	Marcellus, Utica, Eagle Ford, Niobrara

Healthy Living: There has been a recent push into healthier living with the US with current eating and exercising habits projecting that 50% of adults will be obese by 2030. Obesity can lead to numerous health issues and States are using programs to provide better awareness, while many are taking responsibility and changing their lifestyles, which can be seen by the strong earnings being reported by the companies focusing on healthy living. The global organic food and beverage market is expected to grow to \$104.5B in 2015 from \$57.2B in 2010, a CAGR of 12.8%, and is way above the growth seen in non-organic foods. This kind of growth is also likely to spur deals in the industry as larger packaged food companies look to add growth via acquisitions. Growing consumer awareness, increased organic farming, and implementation of government regulations all contribute to this growing market, and helped by large retailers increasing interest to sell these products.

Health Foods (WFM, **TFM**, SFM, FWM, HAIN, SMLB, **UNFI**, NGVC, STKL, SNAK, BNNY, BDBD), Sporting Goods (DKS, HIBB, **BGFV**), Athletic-Apparel (UA, LULU, **NKE**, GIL), Nutritional (**GNC**, VSI, OME, VITC, HLF), Weight Control (WTW, LTM, NLS, CLUB, NTRI)

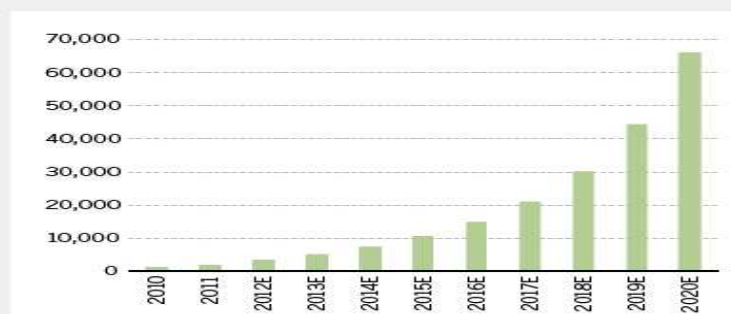
Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY14 Growth	ROE	Gross Margin
NKE	Nike Inc.	69542.19	22.1	2.69	6.17	15.85%	25.00%	43.90%
WFM	Whole Foods Market, Inc.	21462.73	29.06	1.66	5.54	17.73%	14.90%	35.80%
UA	Under Armour, Inc.	9124.92	48.52	4.23	9.44	23.58%	16.90%	48.30%
LULU	Lululemon Athletica Inc.	8663.66	25.32	5.57	8.3	20.68%	34.00%	53.70%
HLF	Herbalife Ltd.	8050.29	13.74	1.74	17.66	9.08%	128.30%	80.00%
DKS	Dick's Sporting Goods Inc.	7106.15	18.63	1.17	4.19	16.92%	20.20%	31.40%
GIL	Gildan Activewear Inc.	6490.98	15.34	2.97	3.77	13.00%	20.30%	29.00%
GNC	GNC Holdings Inc.	5547.27	16.78	2.15	6.57	20.88%	30.70%	38.00%
SFM	Sprouts Farmers Market, Inc.	4815.37	65.91	2.2	37.48	25.00%	23.60%	10.80%
HAIN	The Hain Celestial Group, Inc.	4288.77	25.85	2.32	3.35	14.82%	10.70%	26.90%
UNFI	United Natural Foods, Inc.	3745.99	26.29	0.6	3.31	14.23%	10.60%	16.90%
TFM	The Fresh Market, Inc.	1961.03	23.69	1.35	7.76	18.50%	30.40%	34.30%
LTM	Life Time Fitness Inc.	1909.21	14.72	1.6	1.67	7.53%	10.80%	42.30%
WTW	Weight Watchers	1848.46	11.49	1.05		-25.98%	-14.60%	58.90%
HIBB	Hibbett Sports, Inc.	1736.86	21.84	2.04	6.09	11.48%	37.50%	36.40%
VSI	Vitamin Shoppe, Inc.	1578.33	20.74	1.5	3.08	11.08%	13.50%	35.10%
BDBD	Boulder Brands, Inc.	951.31	34.7	2.12	2.73	49.84%	2.70%	42.30%
NGVC	Natural Grocers	940.45	51.7	2.18	11.12	32.30%	13.10%	29.20%
BNNY	Annie's, Inc.	716.9	34.98	3.86	9.53	24.79%	18.20%	24.70%
STKL	SunOpta Inc.	627.19	18.9	0.54	1.93	47.10%	-0.90%	11.30%
FWM	Fairway Group	608.04	573.55	0.88	11.04	101.30%	127.10%	32.70%

NTRI	Nutrisystem, Inc.	473.47	25.75	1.35	8.72	65.91%	1.10%	48.70%
BGFV	Big 5 Sporting Goods	410.37	12.46	0.41	2.19	14.13%	15.20%	33.00%
CLUB	Town Sports International	346.57	20.9	0.74		25.09%	-26.30%	62.50%
OME	Omega Protein Corp.	266.99	14.02	1.06	1.15	-28.84%	9.20%	27.00%
SNAK	Inventure Foods, Inc.	261.52	26.48	1.31	4.62	48.55%	13.10%	18.40%
NLS	Nautilus Inc.	254.32	22.2	1.23	3.06	-16.36%	82.60%	49.00%
VITC	Vitacost.com, Inc.	201.11		0.54	3.44	62.50%	-22.60%	22.70%

Cell-Tower Usage: The growing presence of mobile devices and higher bandwidth content available is causing a lot more network traffic, and a demand for a lot more cell-towers. The group of tower stocks has consistently outperformed the market, but there is one risk, Access Point Base Stations, but that is mainly for homes and small offices and not a major threat. Consumers want more data and want it faster, and this is only possible with a better wireless infrastructure. There does not look to be a lot more M&A opportunity available to wireless providers, so competition should stay intense, and lower pricing risk to the Tower providers. A consultant for wireless carriers recently published an industry study showing that mobile data usage nearly doubled in 2014. Also, recent statistics from popular Apps like Facebook and Twitter show the growth in mobile usage, and more content than ever is being shares across wireless networks, so infrastructure demand will remain strong. Two members from this trend last year were acquired in 2013, APKT and VLTR.

Exhibit 1: U.S. Wireless Network Usage (MB Billions)

Wireless network usage is projected to soar during the next decade.



Source: Fidelity Asset Management, as of Sept. 30, 2011. Usage reported in billions of megabytes (MB blns).

Tower Stocks (CCI, SBAC, **AMT**), Communication Equipment (MSI, ALU, JDSU, ADTN, CIEN, **FNSR**, OPLK, VSAT, ARCW, INFN), Semiconductor (CAVM, ALTR, ADI, MXIM, **BRCM**)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY14 Growth	ROA	Gross Margin
AMT	American Tower	31122.8	35.35	9.76	8.82	36.39%	3.80%	74.80%
CCI	Crown Castle.	21069.39	90.81	7.27	7.07	45.27%	0.60%	66.00%
MSI	Motorola Solutions,	17614.6	16.14	2.04	6.58	-11.39%	8.80%	49.30%
BRCM	Broadcom Corp.	16661.78	11.71	2	2.1	-6.95%	4.50%	50.90%
ADI	Analog Devices Inc.	15780.6	19.64	5.99	3.33	15.25%	11.20%	64.30%
SBAC	SBA Communications	11287.13		8.93	25.15	-7.70%	-1.70%	68.60%

ALTR	Altera Corp.	10311.92	20.98	6	2.87	13.13%	12.00%	68.80%
ALU	Alcatel-Lucent, S.A.	9857.26		0.5	4.93	94.40%	-12.50%	29.90%
MXIM	Maxim Integrated	8013.01	13.43	3.33	3.34	24.84%	10.90%	60.70%
JDSU	JDS Uniphase	3004.78	15.15	1.78	2.46	44.10%	3.60%	42.00%
VSAT	ViaSat Inc.	2879.14	41.29	2.27	3.07	153.81%	-1.00%	25.90%
CIEN	CIENA Corp.	2408.62	18.28	1.23		43.51%	-6.40%	42.00%
FNSR	Finisar Corp.	2244.06	13.15	2.16	2.53	13.17%	5.40%	32.60%
CAVM	Cavium, Inc.	1769.05	25.11	6.12	6.4	35.42%	-24.10%	61.70%
ADTN	ADTRAN Inc.	1570.36	27.97	2.52	2.56	38.23%	4.50%	48.20%
INFN	Infinera Corporation	1152.97	71.93	2.16	2.75	743.75%	-6.40%	38.60%
OPLK	Oplink Communication	352.84	17.5	1.83	1.22	61.98%	3.80%	34.90%
ARCW	ARC Wireless Solutions Inc.	154.77	18.63	2.1	5.75	16.94%	6.00%	27.60%

Aging Baby Boomers: By the year 2020 the population of Americans in the 55-64 age group will grow 73% from 2000. The aging of this large portion of the population will spur growth in various medical-related industries provided below.

Retirement Living (BKD, CSU, FVE, ESC, HCN), Dialysis (DVA, FMS, NXTM), Medical Devices (SYK, **ZMH**, HGR, MDT, EW, ABMD, ELGX, **DXCM**, COV, **TMO**, BDx, **BCR**, THOR, **STJ**, BSX, RMD), Medicare (HUM, **CI**), Assisted Living (GTIV, ENSG, ALC), Generic Drugs (**MYL**, PRGO, TEVA), Prescriptions (**ESRX**)

Ticker	Company	Market Cap (\$M)	FY14 PE	P/S	P/B	FY14 Growth	ROA	Gross Margin
MDT	Medtronic, Inc.	57406.78	14.01	3.42	3.06	7.21%	10.80%	74.70%
ESRX	Express Scripts Inc.	56819.32	14.18	0.54	2.4	14.39%	4.00%	7.90%
FMS	Fresenius Medical	42448.59	18.51	2.94	4.79	7.27%	4.60%	32.70%
TMO	Thermo Fisher	39829.52	19.15	3.09	2.42	7.39%	4.70%	42.20%
TEVA	Teva Pharmaceutical	33554.95	8.44	1.67	1.5	-5.69%	2.50%	52.60%
COV	Covidien plc	30910.42	15.17	3.02	3.34	11.48%	10.30%	59.50%
SYK	Stryker Corp.	28520.04	16.36	3.21	3.26	9.01%	6.30%	67.70%
CI	Cigna Corp.	24137.87	11.86	0.76	2.44	6.57%	2.80%	
BDX	Becton, Dickinson	21435.59	16.23	2.66	4.25	9.30%	11.00%	51.80%
STJ	St. Jude Medical Inc.	18037.75	15.8	3.31	4.23	6.32%	7.60%	72.60%

MYL	Mylan, Inc.	16362.98	12.65	2.41	5.09	18.14%	4.90%	44.30%
BSX	Boston Scientific	16311.45	23.4	2.29	2.48	16.07%	-1.00%	69.20%
HUM	Humana Inc.	16273.57	13.2	0.4	1.69	-10.33%	7.00%	
ZMH	Zimmer Holdings, Inc.	15883.1	15.09	3.48	2.59	8.52%	7.50%	72.70%
HCN	Health Care REIT, Inc.	15173.36	57.04	5.83	1.44	48.09%	1.00%	60.20%
PRGO	Perrigo Co.	14334.41	19.01	3.87	5.81	20.92%	9.10%	36.50%
DVA	DaVita, Inc.	13336.94	17	1.2	3.12	-2.05%	3.50%	30.60%
BCR	CR Bard Inc.	10498.59	17.51	3.48	6.98	32.59%	5.70%	61.30%
EW	Edwards Lifesciences	7258.29	20.94	3.59	5.05	2.46%	17.30%	74.50%
BKD	Brookdale Senior Living	3365.11	109.76	1.18	3.31	24600.00%	-0.60%	29.80%
DXCM	DexCom, Inc.	2471.87		17.46	32.97	66.00%	-34.20%	59.00%
THOR	Thoratec Corp.	2058.76	19.2	4.09	3.2	2.30%	6.30%	57.80%
HGR	Hanger Orthopedic	1369.9	15.97	1.3	2.46	17.17%	5.40%	70.20%
ELGX	Endologix Inc.	1078.96		8.55	11.62	92.90%	-11.40%	75.70%
ABMD	Abiomed Inc.	1058.06	58.97	6.26	7.02	357.00%	3.40%	79.50%
ENSG	The Ensign Group, Inc.	993.71	15.99	1.13	2.92	10.45%	1.80%	17.70%
ESC	Emeritus Corp.	987.14		0.53	6.33	40.20%	-2.80%	34.40%
CSU	Capital Senior Living	655.35	76.23	1.9	4.12	71.11%	-2.70%	
NXTM	Nxstage Medical, Inc.	601.29		2.32	3.08	18.80%	-5.10%	38.60%
GTIV	Gentiva Health Services	389.51	10.91	0.23	8.9	27.49%	-14.30%	46.50%
FVE	Five Star Quality Care	269.83	22.01	0.19	0.87	52.10%	1.40%	79.80%

15 Investment Theme Optimal Portfolio

Ticker	Company	Sector	Industry	Market Cap (\$M)	FY14 PE	FY14 Growth
NKE	Nike Inc.	Consumer Goods	Textile - Apparel Footwear & Accessories	69542.19	22.1	15.85%
BIIB	Biogen Idec Inc.	Healthcare	Biotechnology	66697.27	24.39	30.05%
CME	CME Group Inc.	Financial	Investment Brokerage - National	26581.11	22.01	16.80%
MYL	Mylan, Inc.	Healthcare	Drugs - Generic	16362.98	12.65	18.14%
MHK	Mohawk Industries	Industrial Goods	Textile Industrial	10619.9	17.76	26.96%
WAB	Westinghouse Air Brake	Services	Railroads	7101.38	21.53	13.12%
FFIV	F5 Networks	Technology	Business Software & Services	6995.27	15.35	14.89%
SINA	Sina Corp.	Technology	Internet Software & Services	5301.24	36.37	93.43%
HIMX	Himax Technologies,	Technology	Semiconductor - Specialized	2299.69	21.79	74.44%
FNSR	Finisar Corp.	Technology	Networking & Communication Devices	2244.06	13.15	13.17%
DWRE	Demandware, Inc.	Technology	Application Software	1969.13		65.20%
EFII	Electronics for Imaging	Technology	Computer Peripherals	1811.09	22.53	12.29%
CRZO	Carrizo Oil & Gas Inc.	Basic Materials	Independent Oil & Gas	1760.83	16.06	14.37%
IMPV	Imperva Inc.	Technology	Application Software	1150.27	392	192.30%
HSTM	Healthstream Inc.	Technology	Internet Information Providers	899.22	79.05	30.43%

Activist Investor Interest

Icahn Capital: CVR Energy (CVI), Federal Mogul (FDML), Apple (AAPL), Chesapeake Energy (CHK), Forest Labs (FRX), Herbalife (HLF), Nuance (NUAN), Transocean (RIG)

Pershing Square (Bill Ackman): Canadian Pacific (CP), Air Products (APD), P&G (PG), Beam Inc (BEAM), Burger King (BKW), General Growth (GGP), Howard Hughes (HHC)

Third Point (Dan Loeb): Yahoo (YHOO), Sotheby's (BID), Fed-Ex (FDX), Liberty Global (LBTYA), International Paper (IP), CF Industries (CF), Constellation Brands (STZ), Thermo Fisher (TMO)

Starboard Value: Office Depot (ODP), Compuware (CPWR), Wausau Paper (WPP), Integrated (IDTI), Calgon Carbon (CCC), Tessera Tech (TSRA), Triquint Semi (TQNT), Nvidia (NVDA), Emulex (ELX)

Jana Partners: Agrium (AGU), Ashland (ASH), Oil States (OIS), URS Corp (URS), Equinix (EQIX), Safeway (SWY), Groupon (GRPN), QEP Resources (QEP)

Elliot Associates: Hess Corp (HES), Delphi Auto (DLPH), NetApp (NTAP), 20th Century Fox (FOX), Riverbed (RVBD)

Clinton Group: Everywhere Global (EVRY), Wet Seal (WTSL), Nutrisystem (NTRI), Stillwater (SWC), Value Vision (VVTV), Vivus (VVUS)

Harbinger Capital: Spectrum Brands (SPB), North American Energy (NOA)

Engaged Capital: Abercrombie & Fitch (ANF), Volcano Corp (VOLC)

Soroban Capital: Williams Co. (WMB), UPS (UPS), Dow Chemical (DOW), Dollar General (DG), CBS Corp (CBS), Coca Cola Enterprises (CCE), Walt Disney (DIS), Vodafone (VOD), Qualcomm (QCOM)

GAMCO Investors: Viacom (VIAB), DirecTV (DTV), American Express (AXP), National Fuel (NFG)

Southeastern Management: Chesapeake (CHK), Fed-Ex (FDX), Lowe's (LOW), DirecTV (DTV), Level 3 (LVLT), Bank of NY (BK), AON PLC (AON), Mondelez (MDLZ), Travelers (TRV), Murphy Oil (MUR)

Triam Fund: Mondelez (MDLZ), Pepsi (PEP), Ingersoll Rand (IR), Wendy's (WEN), Family Dollar (FDO), Legg Mason (LM), DuPont (DD), Lazard (LAZ), Tiffany (TIF), GNC Holding (GNC)

Value Act Capital: Microsoft (MSFT), Valeant (VRX), Motorola Solutions (MSI), Adobe (ADBE), Rockwell Collins (COL), Willis Group (WSG), CBRE Group (CBG)

Taconic Capital: WPX Energy (WPX), Ashland (ASH), Noble (NE), Penn Gaming (PENN), Micron (MU), Assured Guaranty (AGO)

Sandell Asset Mgmt.: Spectra (SE), Bob Evans (BOBE), Compuware (CPWR), Visteon (VC), Timken (TKR), Phillips 66 (PSX), Oil States (OIS)

Marcato Capital: LEA, URI, NCR, BID, MTN, GY, BRP, CWH, CONE, DDC

Notable Hedge Funds Top Holdings

Top 50 Hedge Funds Top 50 Holdings (In Order of Market Value): IEP, AAPL, MSFT, GOOG, AIG, FOXA, PCLN, VRX, LYB, FB, TMO, CMCSA, EQIX, C, CP, NFLX, AMZN, MSI, QCOM, TWX, CCI, PG, CHTR, JPM, MON, MA, HES, CVI, SFM, V, DG, CBS, WFC, APD, LBTYA, GM, TWC, CHK, HCA, ADBE, APC, BIDU, PM, MU, YHOO, MET, JNJ, FDML, RLGY

Top 50 Hedge Funds Holding Changes as of Q3 Filings

Largest Increases: FB, BIDU, APD, PG, UNP, MSFT, LOW, JNJ, TWC

Largest Decreases: CTSH, BRCM, GGP, PCLN, RLGY, TWX, YHOO, V, BA, LYB

Largest New Positions: SFM, ATHL, S, NWS

The Big Ones

Berkshire Hathaway (Warren Buffett): WFC, KO, IBM, AXP, PG, WMT, XOM, USB, DTV, DVA

Greenlight Capital (David Einhorn): AAPL, GM, MRVL, CI, AET, NCR, OIS, DLPH, CSC

Soros Fund Mgmt. (George Soros): MSFT, HLF, TIBX, DRIV, CVX, HOLX, CHTR, NTAP, ROVI

BP Capital (T Boone Pickens): PXD, XOM, APC, GPOR, WFT, ATHL, GST, EOG, HAL, EQT

Renaissance Technologies (Jim Simons): MCD, NVO, IBM, CL, HSY, LLTC, LLY, TSM, WFM, PM

Omega Advisors (Leon Cooperman): SLM, AIG, SIRI, S, ATLS, MSI, SD, QCOM, CIM, C

SAC Capital (Steven Cohen): YHOO, MU, ZTS, DIS, CMCSA, EBAY, APD, GNC

Paulson & Co (John Paulson): FDO, VOD, MGM, GRFS, TMO, RLGY, FCX, AET, TMUS

Appaloosa Management (David Tepper): C, GT, UAL, DAL, HCA, MET, GM, LCC

Tudor Investment Corp (Paul Tudor Jones): LYB, LNKD, AAPL

Duquesne Capital (Stanley Druckenmiller): GOOG, SLB, DAL, AMZN, ILMN, WDAY, GILD, HAL, PXD, CBS

Tiger Management (Julian Robertson): DGI, EBAY, RCL, GOOG, ETFC, MCO, TWX, POST, SIRI, MHFI

Bridgewater Associates (Ray Dalio): VWO, MU, ORCL, IBM, SU, ACN

Fisher Asset Management (Ken Fisher): PFE, JNJ, UTX, AXP, WFC, AMZN

ESL Investment (Edward Lampert): SHLD, AN, GPS, SHOS

Citadel Investment Group (Ken Grffin): AAPL, GOOG, PCLN, EOG, IVZ, SWY, VRSN

Millennium Management (Israel Englander): PPL, BHI, AEP, CMS, SRE, NEE, NI

Oaktree Capital (Howard Marks): XCO, FBP, DOOR, DLPH, DYN, CIE, MGM, AIQ, CHTR, SLXP

Baupost Group (Seth Klarman): MU, THRX, VSAT, BP, IDIX, ROVI, ORCL, C, IMOS, NG

D.E. Shaw: AAPL, GOOG, BRK.B, PCLN, DELL, FB, AIG, FOX, PCLN

Farallon Capital (Thomas Steyer): DELL, ONXX, HPP, ELN, AMT, TDG, CHTR, EMC, ESRX, LTD

Relational Investors (Ralph Whitworth): ITW, HPQ, SPW, MDLZ, IR, BG, TKR, HES, MDY

Maverick Capital (Lee Ainslie): CHTR, HD, PCLN, QCOM, LBTYA, ESRX, SWI, TDG, CYH, DG

Viking Global (Anreas Halvorsen): COF, TWX, TMO, VRX, LOW, FOXA, DHR, KORS, LYB, CMCSA

Adage Capital (Phil Gross and Robert Atchinson): AAPL, ONXX, XOM, PM, HON, KO, MSFT, BMY, GE, GOOG

Lone Pine Capital (Stephen Mandel): DG, CTSH, PCLN, MON, GPS, QCOM, BIDU, VRX, KORS, FOXA

Two Sigma Advisors (John Overdeck and David Siegel): WYNN, HCA, JNJ, GOOG, KO, NFLX, COG, MPC, RL

Highfields Capital (Jonathon Jacobson): MSFT, CNQ, MHFI, DTV, SLM, ICE, APC, BEN, TWC

AQR Capital (Cliff Asness): XOM, YHOO, MSFT, CVX, JNJ, LYB, JPM, PG, AAPL, GOOG

Orbis Investment (William Gray): NTES, AIG, WFT, MSI, APA, MU, SOHU, GM, FB, HUM

Top 2013 Performing Funds (>30% Return YTD)

SFP Value Realization Fund, Senvest Partners, Marlin Fund LP, Pegasus Fund, BCM Weston, Dorset Energy Fund, Paulson Recovery Fund, Owl Creek Overseas Fund, Trian Partners, Kinetics Fund.

Top Performing Funds from 2012 (Updated Holdings Q3 2013)

Fortress Investment (Michael Novogratz): NSM, BKD, AIG, WD, DOLE, AMZN, XOM, ETN

Sprott Asset Mgmt. (Eric Sprott): PM, AG, KRFT, SLW

Dafna Capital (Nathan Fischel): PCYC, PLX, STXS, ATRC, NVDQ, PODD, DSCO, AMPE, NXTM

Artis Capital (Stuart Peterson): KIOR, SSNI, IMAX, BONA, CRM, LNKD, AAPL, GOOG, CHTR, TBAC

Palo Alto Investors (William Edwards): VPHM, CYBX, UTHR, AUXL, CBST, ITMN, ABMD, STAA, ONXX, BMRN

Raptor Capital (James Pallotta): VRX, HSP, APC, LINTA, LVLT, SFLY, DISH, CHTR, WAG, TWC

Newland Capital (Ken Brodkowitz and Mike Vermut): BRSS, GE, QLT, AIMC, EDG, NTWK, CSTM, MG

Bristol Investment Partners (Trey Reik): GLD, PVG, GOLD, AU, AUQ, SLW, NGD

Sun Valley Gold (Peter Franklin Palmedo): IAG, KGC, AU, EGO, PVG, GLD, AUQ

Altai Capital (Rishi Bajaj): SUNE, ELX, IL, TPX, CPWR, CLW, ADT, RLD, CONE

Hedge Fund Spotlight Trade Idea

Beam Inc. (BEAM) is the 3rd largest holding for Bill Ackman's Pershing Square and its \$10.92B market cap in an industry seeing consolidation, while lagging the market with just an 11.5% YTD return makes it his next potential activist target. BEAM has also seen January 2015 options trade with 7,000 of the \$60 puts sold to buy 7,000 of the \$72.5/\$80 call spreads. BEAM trades 23.63X earnings, 4.34X sales and 2.24X book with just under 10% EPS growth, so shares are not cheap, but there have been 40 deals in 14 years in the spirits industry and BEAM would likely see at least a 20X EBITDA multiple in a deal scenario, currently trading 17X.

Large 2014 Options Open Interest Positions of Note (February-July Expirations)

Expiration	Ticker	Contract	Size	Dates of Action
February-14				
	FAST	Feb. \$50 Calls	7,500	19-Nov
	BGC	Feb. \$30 Calls	4500	9-Dec
	CAM	Feb. \$60 Calls	10,000	16-Dec
	FB	Feb \$55 Calls	51,600	17-Dec
	HPQ	Feb. \$29 Puts	27,000	17-Dec
	MET	Feb. \$55 Calls	10,000	12-10; 12-11
	YELP	Feb. \$70 Calls	10,000	26-Nov
	ATML	Feb. \$7 Calls	10,800	30-Oct
	AMBC	Feb. \$20 Calls	9,500	9-Oct
	FCX	Feb. \$34 Calls	31,000	12-Sep
	SLB	Feb. \$90/\$100/\$110 Call Fly	10,000X20,000	5-Sep
	MHK	Feb. \$145/\$125 Bull Reversal	4,000	13-Nov
	BBY	Feb. \$44/\$48 Call Spread	10,000	19-Nov
	X	Feb. \$28 Calls	10,000	11-18; 12-3
	COH	Feb. \$55 Puts	10,000	12-11; 12-12; 12-16
	GMCR	Feb. \$85/\$70 Bull Reversal	5,000	23-Dec
	INFN	Feb. \$10 Calls	3,500	23-Dec
	NCR	Feb. \$36 Calls	10,000	23-Dec
	CSX	Feb. \$27.50 Puts	5,500	24-Dec
	MRVL	Feb. \$14 Calls	6,000	26-Dec
	MIC	Feb. \$55 Calls	3,000	26-Dec
March-14				
	VLO	March \$50 Calls	16,000	11/27, 12/5
	DAN	March \$20 Calls	17,000	11/14; 12/16
	ALTR	March \$33 Calls	7920	11/18; 11/22; 12/6
	LNG	March \$50 Calls	50000	17-Dec
	UAL	March \$39 Calls	6500	16-Dec
	NBR	March \$18 Calls	5000	12-Dec
	SINA	March \$100 Calls	10,000	11-13; 12-10
	VIAB	March \$90 Calls (Roll Up)	5,000	20-Dec
	CXO	March \$115/\$130/\$145 Call Fly	5000X10,000	26-Nov
	DISH	March \$55 Calls	19,250	11-13; 11-22
	ADM	March \$42 Calls	50,000	21-Nov
	HTZ	March \$25 Calls	13,850	11-18; 11-22
	CYH	March \$44 Calls	5,000	11-Nov
	FNF	March \$30 Calls	6,000	10-Dec
	CBS	March \$60 Calls	10,000	30-Oct
	HIMX	March \$12/\$19 Call Spread	5,000	8-Oct
	NTAP	March \$44 Calls	11,000	20-Aug
	HIG	March \$35 Calls	10,000	19-Aug
	TMO	March \$100/\$85 Bull Reversal	10,000	13-Aug

	OIS	March \$100/\$115/\$130 Call Fly	7,500X15,000	1-Aug
	TFM	March \$40 Calls	6,000	11-22;12-6;12-17
	NSC	March \$90 Calls	3,000	6-Dec
	EA	March \$25/\$29 Call Spreads	5,000	18-Dec
	COF	March \$75 Calls	4,000	20-Dec
	MGM	March \$22/\$19 Bull Risk Reversal	15,000	23-Dec
	IT	March \$70 Calls	2,000	23-Dec
	NOK	March \$9 Calls	9,000	12-24; 12-26
April-14				
	YHOO	April \$44 Calls	30,000	12-10 ; 12-11
	CSCO	April 21 Calls	12,000	17-Jan
	HAL	April \$60/\$65 Call Spreads	90,000	12-12;12-13
	NUAN	April \$15 Calls	12,800	15-Dec
	NUAN	April \$16 Calls	10,000	19-Dec
	AVP	April \$18 Calls	35,000	11-Dec
	NUE	April \$52.50 Calls	5,000	10-Dec
	QCOR	April \$60/\$40 Bull Reversal	5,000	9-Dec
	SEE	April \$35/\$28 Bull Reversal	7,300	5-Dec
	FDO	April \$77.5/\$62.5 Bull Reversal	5,500	3-Dec
	CX	April \$10 Calls	10,000	2-Dec
	AET	April \$70 Calls	15,500	27-Nov
	YUM	April \$77.50 Calls	5,000	21-Nov
	MAS	April \$20 Calls	5,000	19-Nov
	PBI	April \$24 Calls	5,000	15-Nov
	SPR	April \$35 Calls	5,000	13-Nov
	NOK	April \$9 Calls	20,000	30-Oct
	HAS	April \$52.50 Calls	13,205	21-Oct
	WAG	April \$57.50 Calls	7,500	18-Oct
	UPS	April \$100 Calls	5,000	2-Oct
	TWX	April \$70 Calls	8,380	8-21;8-22;8-27
	ZIOP	April \$4 Calls	15,000	17-Sep
	JNPR	April \$21 Calls	15,000	11-14;11-15;11-20
	LPI	April \$30 Calls	5,000	12-3;12-4
	TCS	April \$45/\$40 Bear Risk Reversal	4,000	19-Dec
	SIAL	April \$100 Calls	5,000	27-Dec
	HA	April \$9 Calls	6,000	27-Dec
	JNPR	April \$22 Calls	4,600	27-Dec
May-14				
	ESRX	May \$70 Calls	3700	4-Dec
	A	May \$57.5/\$47 Bull Reversal	10000	11-26;12-4;12-16
	ROC	May \$75/\$85 Call Ratio Spread	10,000X20,000	26-Nov
	DG	May \$75 Calls	20,000	21-Nov
	TSO	May \$60 Calls	17,500	11-15;11-21
	QLIK	May \$30/\$39 Call Spread, Short \$20 Puts	5000	15-Nov
	DYAX	May \$10 Calls	5000	25-Sep

	MHFI	May \$77.50 Calls	6,000	20-Dec
June-14				
	BRFS	June \$22.50 Calls	7,500	9-Dec
	P	June \$27/\$32 Call Spread, Short \$20 Puts	14,835	17-Dec
	NBR	June \$18 Calls	10,000	12/13/2013; 12-23
	FIO	June \$10/\$15 Call Spread	5,000	11-Dec
	AA	June \$10 and \$11 Calls	25,000 / 45,000	11-25; 12-11; 11-27
	TSL	June \$16 Calls	12,500	9-Dec
	CTRP	June \$67.5/\$75 Call Spread	5,000	4-Dec
	MTW	June \$22 Calls	7,500	4-Dec
	AAL	June \$30 Calls	16,000	3-Dec
	TEVA	June \$40/\$35 Bull Reversal	10,000	14-Nov
	VGK	June \$58 Calls	9,000	30-Oct
	UAL	June \$44 Calls	6,000	18-Dec
	MNST	June \$85/\$45 Bear Risk Reversal	10,000	19-Dec
	HIG	June \$39 Calls	5,000	20-Dec
	ZMH	June \$90 Calls	9,500	5-Nov
	JDSU	June \$14/\$16/\$17 Call Tree	15,000	31-Oct
	LULU	June \$60 Calls	3,000	27-Dec
July-14				
	XOM	July \$105 Calls	20,000	12-9; 12-10
	SUNE	July \$14/\$20 Call Spreads	7,500	4-Dec
	EBAY	July \$52.5/\$65 Call Spread, Short \$45 Puts	10,000	22-Nov
	IMGN	July \$15 Calls	3,500	20-Dec
	JNPR	July \$21 Calls	4,000	26-Dec

DISCLAIMER:

Data Accuracy: This report was prepared from 12-15-13 to 12-29-13 so some of the figures may not be exact as of the end of 2013, but due to the time-intensive nature of the project it was required. The data provided is deemed to be reliable and was collected from multiple sources. Charts are provided courtesy of StockCharts.com.

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