

January 21, 2015



Current Results	Gain/Loss
VE Forecast 16 LONGS	11.44
VE Forecast 16 SHORTS	1.09
Portfolio Total	12.54
S&P 500	2.52
Excess Gain/Loss	10.01

Standard Strategy	Long-Bias		MNS		Short-Bias
No Stops	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
50/50 Allocation	16.68	14.61	12.54	10.47	8.40

Modified Strategy		X			Short-Bias
Stopped Out (15%/15%)	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
50/50 Allocation	16.42	14.26	12.10	9.94	7.78

Analysis

Our portfolio posted a massive gain of 12.54% this month. We beat the benchmark MLSAX's* pick up of 5.09% by 745 bps. The modified stop-loss strategy with a suggested 60-40 allocation gained 14.26%. **The trailing 12 month percentage return is -10.92% for the newsletter and 5.99% for the MLSAX Long-Short Fund. Since inception, our portfolio has returned 86.49% vs the MLSAX return of 29.54%.**

**NOTE: We have begun to use the MLSAX Long-Short Fund as a benchmark. This compares the performance of our strategy to other similar strategies.*

Record levels for indices create problems for a strategy with a long AND short side, and we certainly saw that for much of 2014. But recent volatility and market change allowed our MNS to shine. Longs were incredible this month with thirteen winners—six double-digit with Sibanye posting a mammoth 59% gain. Shorts included a 59% pick up of their own thanks to Ehealth, and featured three other double-digit gainers. Let's hope this trend continues so we can return to our winning ways.

We turnover six positions for our long side and ten of our shorts. To save on transaction costs, you may retain SAFM and FSS on the long side and FSYS, MIC, SKYW, XOOM, CLDX, AMZN, and TDS for shorts—but as always, we don't recommend chasing the big losers.

Due to the ongoing market turmoil and volatility—and the big decline in Energy stocks, undervalued stocks outnumber overvalued according to our valuation model. 57.21% of the stocks we can assign a valuation are calculated to be undervalued— with 23.71% of them calculated to be undervalued by 20% or more. We remain bullish on US equities, but the unsettled energy market and Euro-zone uncertainties are having a negative effect on stocks despite the more positive recent economic data within the US.

Those with a greater appetite for risk may wish to allocate with a long-bias (60/40)

Questions and Comments may be sent to SHach@ValuEngine.com

December Results



Ticker	Company Name	Entry Price 12/17/14	Current Price	Change	%Change	Sector
ATK	ALLIANT TECHSYS	101.76	124.52	22.76	22.37	AEROSPACE
TOWR	TOWER INTL INC	22.67	22.48	-0.19	-0.84	AUTO TIRES TRUCKS
SBGL	SIBANYE GLD-ADR	6.9	11	4.10	59.42	BASIC MATERIALS
BBSI	BARRETT BUS SVS	25.77	32.28	6.51	25.26	BUSINESS SERVICES
ARRS	ARRIS GROUP INC	27.4	27.86	0.46	1.68	COMPUTERS TECHNOLOGY
LEN	LENNAR CORP -A	41.32	42.33	1.01	2.44	CONSTRUCTION
PRSC	PROVIDENCE SVC	36.05	37.03	0.98	2.72	CONSUMER DISCRETIONARY
SAFM	SANDERSON FARMS	86.49	82.42	-4.07	-4.71	CONSUMER STAPLES
CYS	CYS INVESTMENTS	8.79	8.89	0.10	1.14	FINANCE
UEPS	NET 1 UEPS TECH	10.52	11.97	1.45	13.78	INDUSTRIAL PRODUCTS
LCI	LANNETT INC	42.7	46.37	3.67	8.59	MEDICAL
FSS	FED SIGNAL CP	14.52	15.33	0.81	5.58	MULTI-SECTOR CONGLOMERATES
EMES	EMERGE ENRG SVC	45.21	59.42	14.21	31.43	OILS ENERGY
FLWS	1800FLOWERS.COM	7.37	7.44	0.07	0.95	RETAIL WHOLESALE
GBX	GREENBRIER COS	42.93	49.97	7.04	16.40	TRANSPORTATION
TEF	TELEFONICA S.A.	14.77	14.31	-0.46	-3.11	UTILITIES
	LONG PORTFOLIO				11.44	
GSPC	S&P500	1972.74	2022.55	49.81	2.52	



Ticker	Company Name	Entry Price 12/17/14	Current Price	Change	%Change	Sector
KTOS	KRATOS DEFENSE	4.28	4.87	-0.59	-13.79	AEROSPACE
FSYS	FUEL SYSTEM SOL	10.19	10.89	-0.70	-6.87	AUTO TIRES TRUCKS
SCHN	SCHNITZER STEEL	22.04	16.94	5.10	23.14	BASIC MATERIALS
XOOM	XOOM CORP	14.45	15.6	-1.15	-7.96	BUSINESS SERVICES
RST	ROSETTA STONE	10.24	9.17	1.07	10.45	COMPUTERS TECHNOLOGY
FIX	COMFORT SYSTEMS	15.76	15.87	-0.11	-0.70	CONSTRUCTION
LF	LEAPFROG ENTRPS	4.62	3.95	0.67	14.50	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	17.95	17.72	0.23	1.28	CONSUMER STAPLES
EHTH	EHEALTH INC	26.3	10.7	15.60	59.32	FINANCE
MYE	MYERS INDS	15.91	16.47	-0.56	-3.52	INDUSTRIAL PRODUCTS
CLDX	CELLDEX THERAPT	16.84	21.69	-4.85	-28.80	MEDICAL
MIC	MACQUARIE INFRA	64.45	70.5	-6.05	-9.39	MULTI-SECTOR CONGLOMERATES
POWR	POWERSECURE INT	10.27	10.25	0.02	0.19	OILS ENERGY
AMZN	AMAZON.COM INC	295.06	289.44	5.62	1.90	RETAIL WHOLESALE
SKYW	SKYWEST INC	10.77	12.79	-2.02	-18.76	TRANSPORTATION
TDS	TELEPHONE &DATA	23.15	23.97	-0.82	-3.54	UTILITIES
	SHORT PORTFOLIO				1.09	
GSPC	S&P500	1972.74	2022.55	49.81	2.52	

January Portfolios



VE Datapoints

Ticker	Company Name	Mkt Price	Valuation (%)	Forecast 1-Mon Retn(%)	Forecast 1-Yr Retn(%)	Last 12-Mon Retn (%)	P/E Ratio	Sector
ATK	ALLIANT TECHSYS	124.52	-9.89	0.73	8.71	-4.34	10.98	AEROSPACE
MGA	MAGNA INTL CL A	94.04	-12.63	1.14	13.73	7.05	10.61	AUTO TIRES TRUCKS
SBGL	SIBANYE GLD-ADR	11	N/A	1.45	17.45	104.08	10.12	BASIC MATERIALS
BBSI	BARRETT BUS SVS	32.28	-41.18	0.4	4.77	-67.12	11.29	BUSINESS SERVICES
MU	MICRON TECH	29.67	-13.17	1.59	19.03	32.57	8.68	COMPUTERS TECHNOLOGY
LEN	LENNAR CORP -A	42.33	-15.79	1.01	12.11	12.94	14.89	CONSTRUCTION
STRZA	STARZ-LIB CAP-A	28.6	-55.27	1.16	13.9	-2.72	12.83	CONSUMER DISCRETIONARY
TSN	TYSON FOODS A	40.31	-3.35	0.81	9.76	15.04	13.66	CONSUMER STAPLES
CYS	CYS INVESTMENTS	8.89	-18.25	1.58	19	16.97	7.17	FINANCE
UEPS	NET 1 UEPS TECH	11.97	-20.74	1.85	22.23	38.54	5.03	INDUSTRIAL PRODUCTS
LCI	LANNETT INC	46.37	-25.77	1.35	16.19	28.98	14.86	MEDICAL
LDL	LYDALL INC	29.37	N/A	0.59	7.08	65.84	N/A	MULTI-SECTOR CONGLOMERATES
EMES	EMERGE ENRG SVC	59.42	N/A	1.25	15.05	34.19	15.6	OILS ENERGY
FLWS	1800FLOWERS.COM	7.44	-33.65	1.9	22.77	45.6	9.42	RETAIL WHOLESALE
GBX	GREENBRIER COS	49.97	-23.36	1.53	18.37	38.15	13.09	TRANSPORTATION
BIP	BROOKFIELD INFR	42.07	-9.14	1.05	12.59	11.33	12.02	UTILITIES

NOTE: NEW Buys are in BOLD.

Business Descriptions

Ticker	Company Name	Description	Sector
ATK	ALLIANT TECHSYS	ATK is an aerospace and defense company with leading market positions in munitions, smart weapons and precision capabilities, propulsion, and composite structures. They have three business segments: Conventional Munitions, Aerospace, and Defense Systems	AEROSPACE
MGA	MAGNA INTL CL A	Magna International, Inc. is an independent supplier of original equipment components, assemblies, modules and systems and related tooling for cars and light trucks. The Company designs, develops and manufactures a diversified range of these products, primarily for North American and European original equipment manufacturers.	AUTO TIRES TRUCKS
SBGL	SIBANYE GLD-ADR	Sibanye Gold Limited is a gold mining company. It operates two gold mines: the Kloof Driefontein Complex (KDC) and the Beatrix gold mines. Sibanye Gold Limited is based in Houghton, South Africa.	BASIC MATERIALS
BBSI	BARRETT BUS SVS	BARRETT BUSINESS SERVICES INC. provides light industrial, clerical and technical employees to a wide range of businesses through staff leasing, contract staffing, site management and temporary staffing arrangements.	BUSINESS SERVICES
MU	MICRON TECH	Micron Technology, Inc. has established itself as one of the leading worldwide providers of semiconductor memory solutions. The company's quality memory solutions serve customers in a variety of industries including computer and computer-peripheral manufacturing, consumer electronics, CAD/CAM, telecommunications, office automation, network and data processing, and graphics display.	COMPUTERS TECHNOLOGY
LEN	LENNAR CORP -A	Lennar Corp is one of the nation's leading builders of quality homes for all generations, building affordable, move-up and retirement homes.	CONSTRUCTION
STRZA	STARZ-LIB CAP-A	Starz - Liberty Capital is a global media and entertainment company. Its operating units consist of Starz Channels, Starz Distribution and Starz Animation. Starz Channels is a provider of premium subscription video programming through the flagship STARZ(R) and ENCORE(R) pay TV networks.	CONSUMER DISCRETIONARY
TSN	TYSON FOODS A	Tyson Foods, Inc. is the world's largest fully-integrated producer, processor and marketer of chicken and poultry-based food products.	CONSUMER STAPLES
CYS	CYS INVESTMENTS	CYS Investments, Inc. is a specialty finance company that invests on a leveraged basis in residential mortgage pass-through securities for which the principal and interest payments are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.	FINANCE
UEPS	NET 1 UEPS TECH	Net 1 U.E.P.S. Technologies provides its universal electronic payment system as an alternative payment system for the unbanked and under-banked populations of developing economies.	INDUSTRIAL PRODUCTS
LCI	LANNETT INC	Lannett, Inc. manufactures and distributes pharmaceutical products sold under generic names and historically has manufactured and distributed pharmaceutical products sold under its trade or brand names. In addition, the Company contract manufactures and private labels pharmaceutical products for other companies.	MEDICAL
LDL	LYDALL INC	Lydall, Inc. and its subsidiaries are manufacturers of engineered products for demanding specialty applications.	MULTI-SECTOR CONGLOMERATES
EMES	EMERGE ENRG SVC	Emerge Energy Services LP is engaged in owning, operation, acquisition and development of energy service assets primarily in the United States.	OILS ENERGY
FLWS	1800FLOWERS.COM	1-800-FLOWERS.COM, Inc. is a leading e-commerce provider of floral products and gifts, in terms of number of customers and revenue.	RETAIL WHOLESALE
GBX	GREENBRIER COS	Greenbrier Companies Inc. is a leading supplier of transportation equipment and services to the railroad and related industries.	TRANSPORTATION
BIP	BROOKFIELD INFR	BROOKFIELD INFRASTRUCTURE PARTNERS L.P. was established by Brookfield Asset Management as its primary vehicle to own and operate certain infrastructure assets on a global basis.	UTILITIES

NOTE: New Buys in BOLD



VE Datapoints

Ticker	Company Name	Mkt Price	Valuation (%)	Forecast 1-Mon Retn(%)	Forecast 1-Yr Retn(%)	Last 12-Mon Retn (%)	P/E Ratio	Sector
AVAV	AEROVIRONMENT	25.46	-9.49	-0.4	-4.85	-14.88	186.29	AEROSPACE
NAV	NAVISTAR INTL	31.77	-18.92	-0.55	-6.61	-17.2	N/A	AUTO TIRES TRUCKS
SCHN	SCHNITZER STEEL	16.94	-12.16	-0.32	-3.84	-43.23	23.97	BASIC MATERIALS
MRIN	MARIN SOFTWARE	7.06	N/A	-1.08	-12.95	-30.31	N/A	BUSINESS SERVICES
RST	ROSETTA STONE	9.17	187.34	-1.58	-18.98	-20.12	N/A	COMPUTERS TECHNOLOGY
LPX	LOUISIANA PAC	15.74	12.13	-0.95	-11.43	-8.96	N/A	CONSTRUCTION
LF	LEAPFROG ENTRPS	3.95	-22.97	-0.7	-8.4	-48.77	N/A	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	17.72	-0.02	-1.17	-14.05	-36.62	N/A	CONSUMER STAPLES
FBC	FLAGSTAR BANCP	16.15	300	-1.43	-17.11	-18.72	N/A	FINANCE
MYE	MYERS INDS	16.47	25.61	-0.81	-9.7	-17.57	25.73	INDUSTRIAL PRODUCTS
INSM	INSMED INC	14.84	45.74	-1.57	-18.79	-30.03	N/A	MEDICAL
CODI	COMPASS DIVERSF	16.32	8.76	-0.88	-10.55	-17.12	102	MULTI-SECTOR CONGLOMERATES
POWR	POWERSECURE INT	10.25	37.54	-1.53	-18.3	-48.34	N/A	OILS ENERGY
HGG	HHGREGG INC	5.29	128.34	-1.76	-21.07	-50.84	N/A	RETAIL WHOLESALE
UTIW	UTI WORLDWIDE	11.36	1.92	-1.09	-13.08	-33.95	N/A	TRANSPORTATION
PEGI	PATTERN ENERGY	27.63	N/A	-0.6	-7.16	-4.99	345.38	UTILITIES

NOTE: NEW Buys are in BOLD.

Business Descriptions

Ticker	Company Name	Description	Sector
AVAV	AEROVIRONMENT	Building on a history of technological innovation, AEROVIRONMENT INC., designs, develops, produces, and supports an advanced portfolio of Unmanned Aircraft Systems and efficient electric energy systems.	AEROSPACE
NAV	NAVISTAR INTL	Navistar International is a holding company and its principal operating subsidiary is Navistar Int'l Transportation Corp. Navistar operates in three industry segments: truck; engine; and financial services.	AUTO TIRES TRUCKS
SCHN	SCHNITZER STEEL	Schnitzer Steel Industries, Inc. collects, processes and recycles metals by operating one of the largest metals recycling businesses in the United States.	BASIC MATERIALS
MRIN	MARIN SOFTWARE	Marin Software, Inc. offers online advertising management services. Its Revenue Acquisition Management platform offers digital advertising management solutions for search, display, social media and mobile advertising.	BUSINESS SERVICES
RST	ROSETTA STONE	Rosetta Stone Inc., based in Arlington, Va, is a leading provider of technology-based language learning solutions consisting of software, online services and audio practice tools, primarily under the Rosetta Stone brand.	COMPUTERS TECHNOLOGY
LPX	LOUISIANA PAC	Louisiana-Pacific Corporation manufactures building materials and engineered wood products in the United States, Canada, Chile and Brazil.	CONSTRUCTION
LF	LEAPFROG ENTRPS	Leapfrog Enterprises is a leading designer, developer and marketer of innovative, technology-based educational products and related proprietary content, dedicated to making learning effective and engaging.	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	Elizabeth Arden is a leading global marketer and manufacturer of prestige beauty products.	CONSUMER STAPLES
FBC	FLAGSTAR BANC	Flagstar Bancorp, Inc. is the holding company for Flagstar Bank, FSB, a federally chartered stock savings bank. Through its retail banking centers and e-commerce distribution channels, Flagstar attracts deposits from the general public.	FINANCE
MYE	MYERS INDS	Myers Industries, Inc. is an international manufacturer of polymer products for industrial, agricultural, automotive, commercial, and consumer markets.	INDUSTRIAL PRODUCTS
INSM	INSMED INC	Insmmed Pharmaceuticals is a development stage pharmaceutical company that is developing drugs to treat metabolic and endocrine diseases associated with insulin resistance.	MEDICAL
CODI	COMPASS DIVERSF	COMPASS DIVERSIFIED was formed to acquire and manage a group of middle market businesses that are headquartered in North America.	MULTI-SECTOR CONGLOMERATES
POWR	POWERSECURE INT	PowerSecure International, Inc. is a provider of products and services to electric utilities and to their commercial, institutional and industrial customers.	OILS ENERGY
HGG	HHGREGG INC	COMPASS DIVERSIFIED was formed to acquire and manage a group of middle market businesses that are headquartered in North America.	RETAIL WHOLESALE
UTIW	UTI WORLDWIDE	UTI Worldwide Inc. is a global, non-asset based supply chain management business providing supply chain logistics services and planning and optimization solutions.	TRANSPORTATION
PEGI	PATTERN ENERGY	Pattern Energy Group Inc. is a premium power company. It engages in developing, constructing, owning and operating wind power. The company's project situated primarily in the United States, Canada and parts of Latin America.	UTILITIES

NOTE: NEW Buys are in BOLD.

Alternates

 **Long Picks**

Ticker	Company Name	Mkt Price	Valuation (%)	Forecast 1-Mon Retn(%)	Forecast 1-Yr Retn(%)	Last 12-Mon Retn (%)	P/E Ratio	Sector
SPR	SPIRIT AEROSYS	41.89	-4.86	1.09	13.12	20.37	12	AEROSPACE
LEA	LEAR CORPORATN	96.56	-8.51	1.17	14.07	20.67	12.15	AUTO TIRES TRUCKS
GPRE	GREEN PLAINS	21.72	-39.71	1.55	18.54	2.65	5.63	BASIC MATERIALS
WU	WESTERN UNION	17.01	-7.58	0.88	10.51	3.4	11.26	BUSINESS SERVICES
AVID	AVID TECH INC	14.26	-6.37	1.41	16.89	84.24	11.23	COMPUTERS TECHNOLOGY
URI	UTD RENTALS INC	84.47	-24.23	1.16	13.95	4.17	12.4	CONSTRUCTION
STRA	STRAYER EDUC	68.57	-3.81	0.97	11.6	78.2	15.98	CONSUMER DISCRETIONARY
SAFM	SANDERSON FARMS	82.42	-13.56	1.45	17.41	13.35	7.23	CONSUMER STAPLES
BFR	BANCO FRANC-ADR	14.84	N/A	1.75	20.98	123.49	7.13	FINANCE
CENX	CENTURY ALUM CO	22.39	-21.05	1.12	13.4	101.35	19.64	INDUSTRIAL PRODUCTS
GILD	GILEAD SCIENCES	103.78	-16.78	1.4	16.81	32.37	13.12	MEDICAL
CR	CRANE CO	54.49	-19	0.54	6.49	-20.46	12.24	MULTI-SECTOR CONGLOMERATES
PEIX	PAC ETHANOL INC	8.25	N/A	1.65	19.81	13.32	3.01	OILS ENERGY
IM	INGRAM MICRO	25.45	-18.58	1.19	14.23	0.75	9.79	RETAIL WHOLESALE
TNK	TEEKAY TANKERS	5.8	-42.3	1.38	16.6	47.21	17.06	TRANSPORTATION
BT	BT GRP PLC-ADR	62.94	-21.62	1.02	12.25	0.1	12.64	UTILITIES

NOTE: Current Holdings are in BOLD.

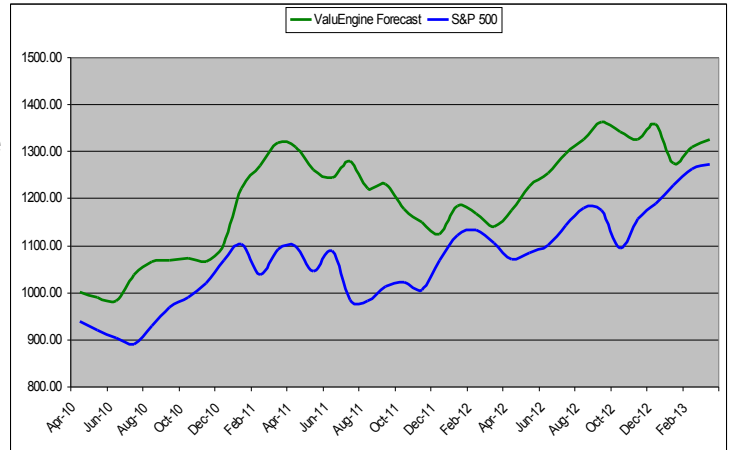


Ticker	Company Name	Mkt Price	Valuation (%)	Forecast 1-Mon Retn(%)	Forecast 1-Yr Retn(%)	Last 12-Mon Retn (%)	P/E Ratio	Sector
HEI	HEICO CORP	58.24	9.06	-0.39	-4.64	-0.77	32.78	AEROSPACE
FSYS	FUEL SYSTEM SOL	10.89	-1.5	-0.86	-10.33	-16.74	N/A	AUTO TIRES TRUCKS
WPP	WAUSAU PAPER CP	10.24	1.9	-0.89	-10.67	-21.83	N/A	BASIC MATERIALS
YUME	YUME INC	5.27	N/A	-1.01	-12.15	-37.04	N/A	BUSINESS SERVICES
SGMS	SCIENTIFIC GAME	11.8	33.97	-1.54	-18.45	-26.2	N/A	COMPUTERS TECHNOLOGY
RYN	RAYONIER INC	28.31	8.19	-0.9	-10.77	-32.45	35.84	CONSTRUCTION
CZR	CAESARS ENTERTN	11.43	10.04	-1.61	-19.33	-49.36	N/A	CONSUMER DISCRETIONARY
HAIN	HAIN CELESTIAL	54.27	101.64	-1.24	-14.88	-44.38	30.84	CONSUMER STAPLES
NMIH	NMI HOLDINGS-A	7.75	N/A	-1.18	-14.11	-36.99	N/A	FINANCE
NPO	ENPRO INDUS INC	62.17	23.52	-0.86	-10.27	-19.1	27.75	INDUSTRIAL PRODUCTS
RPTP	RAPTOR PHARMACT	9.95	44.27	-1.53	-18.38	-35.93	N/A	MEDICAL
MIC	MACQUARIE INFRA	70.5	44.49	-0.41	-4.9	34.08	195.83	MULTI-SECTOR CONGLOMERATES
WTI	W&T OFFSHORE	5.71	33.39	-1.49	-17.89	-60.07	N/A	OILS ENERGY
IRG	IGNITE RESTRNT	7.03	N/A	-1.28	-15.39	-47.14	N/A	RETAIL WHOLESALE
SKYW	SKYWEST INC	12.79	28.34	-1.15	-13.76	-11.85	N/A	TRANSPORTATION
TAC	TRANSALTA CORP	9.02	-9.08	-0.48	-5.72	-30.29	53.06	UTILITIES

NOTE: Current Holdings are in BOLD.

Why Market Neutral?

Market neutral investing allows lower volatility—at the cost of absolute returns—and will provide steadier, more consistent returns over time. In essence, when you run a market neutral portfolio you are operating your own hedge fund minus the hefty fees for management and performance—not to mention the restrictive and onerous “qualified investor” requirements. In addition, the use of the short-side stocks to pay for the longs provides leverage in the ratio of 1:1 and over time allows for great advantages in terms of total return.



The attached performance chart illustrates the wealth accumulation profiles of the VE Forecast 16 MNS portfolio versus the S&P 500.

As you can see, the VE Forecast 16 MNS portfolio—green line-- has provided slow and steady returns over the past three years despite the roiled markets.

How to Use this Portfolio

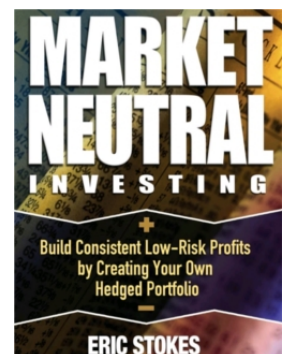
You should always carefully research the stock picks provided in this newsletter for information on dividend payment schedules, mergers, stock splits, corporate actions, SEC activities, “acts of God,” etc. ValuEngine's proprietary models cannot always calculate the impact of such events on portfolio picks and all investment targets should be subjected to an additional human “sanity check.”

Our research and development program has extensively tested the VE Forecast Model MNS portfolios in a variety of sizes and configurations. Typically, we run them as an equally allocated portfolio—all stocks garnering equal investment capital—and we re-balance monthly. However, this portfolio can be used in long, short, or MNS configurations. Flexibility can be achieved by varying the portfolio allocation according to your view of market conditions. If the markets are strong and you are a more aggressive investor, increase the ratio between the long and short side—and vice versa. Experienced investors may want to run just one side of the portfolio under certain conditions. Prudent stop losses may help boost performance—especially on the short side.

If you are seeking to save on transaction costs, then remember to retain picks that appear on the alternate list or as recommended for that month rather than closing the position. Stocks identified for retention are in the top-three of that particular sector for the month and may drift in and out of portfolio inclusion.

Additional Information on MNS

Longtime ValuEngine View Portfolio Manager Eric Stokes' book “Market Neutral Investing” provides both a theoretical and practical guide to the market neutral approach and is a valuable guide for investors seeking to hedge their portfolios. It is available [here](#).



VALUENGINE'S METHODOLOGY

ValuEngine's research combines the most advanced academic concepts with real world Wall Street practice. The result is state-of-the-art fair market valuation and price forecasting technologies.

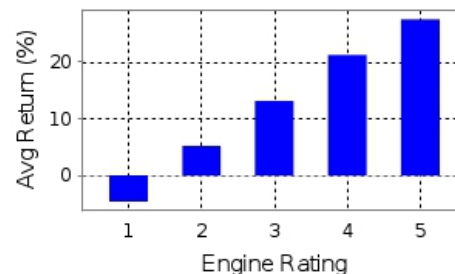
ValuEngine's stock valuation employs a sophisticated, three-factor approach. Fundamental variables, such as a company's trailing 12-month Earnings-Per-Share (EPS), the analyst consensus estimate of the company's future 12-month EPS, and the 30-year Treasury yield, are all used to create a more accurate reflection of a company's fair value. Together with eleven additional variables, ValuEngine paints a detailed picture of a company's fair value, represented by the model price.

ValuEngine's stock forecasts examine, among other things, short-term price reversals, intermediate-term momentum continuation, and long-term price reversals over six time horizons for every industry to ensure forecasts are established relative to a stock's proper peer groups. Advanced statistical/econometric techniques are used to run thousands of simulations estimating the probability of a double in stock price, as well as the probability of meeting and exceeding any given portfolio or stock investment target.

The stock's engine rating is an assessment of its overall attractiveness. It combines valuation, risk-return trade-off, momentum, market capitalization and forecasted future returns. Only two percent of the stock universe receives the highest 5-engine rating. The lowest rating is a single engine.

For more information on ValuEngine, its models and performance, go to www.ValuEngine.com

Engine Rating and Average Annual Return
(Jan 1990 - Jul 2008)



DISCLOSURES

ValuEngine offers equity recommendations and related return estimates to investors and their advisors. It uses a three-class Buy-Hold-Sell rating system. This is a consolidated version of the firm's five class rating system: most favorable and favorable ratings are buys; neutral ratings are holds and the categories unfavorable and most unfavorable are sells.

STOCK RATINGS: The terms below are used to rate a stock's 12-month performance:

1. Buy: Expected to outperform the SP500 producing above average returns.
2. Hold: Expected to perform in line with the SP500 with average returns.
3. Sell: Expected to underperform the SP500 producing below-average returns.

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