

August 24th, 2015



Current Results	Gain/Loss
VE Forecast 16 LONGS	-8.85
VE Forecast 16 SHORTS	16.16
Portfolio Total	7.31
S&P 500	-6.13
Excess Gain/Loss	13.44

Standard Strategy	Long-Bias		MNS		Short-Bias
No Stops	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
50/50 Allocation	-2.70	2.31	7.31	12.31	17.31

Modified Strategy		X			Short-Bias
Stopped Out (15%/15%)	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
50/50 Allocation	-0.04	4.63	9.31	13.99	18.67

Analysis

July/August was a great month for our portfolio as volatility and China-driven market sell off powered-up our short side. We posted a gain of 7.31% and beat both the SP500 loss of 6.03% and the MLSAX loss of 1.17%. That's a beat of 848 bps on the MLSAX and a whopping 1344 bps to the S&P 500! The modified stop-loss strategy with a suggested 60-40 allocation trailed the standard market neutral allocation with a gain of 4.63%. **The trailing 12 month percentage return is 42.96% for the newsletter and 5.44% for the MLSAX Long-Short Fund—and -0.05% for the SP500. Since inception, our portfolio has returned 159.68% vs the MLSAX return of 30.05%.**

This month demonstrated yet again the benefit of the market neutral approach. Our shorts were amazing with massive pick ups for many selections. Ten of sixteen picks posted double-digit gains with several positions returning in excess of 40%. Longs—as is to be expected given the market action this month-- were pretty much a wash across the board with the exception of Net 1, PG&E, and Douglas Dynamic.

PLOW,CBZ,MFLX,UEPS, and PCG are retained on the long side. AVAV, NAV,MRIN,FUEL,LAYN,RDEN, GNW, CAS,CODI, SHLD, DSX, and CLNE are kept as shorts. In addition, you may retain SPR,MERC,STRZA,CALM,FSS, and TA as longs and CZR as a short in lieu of new picks in those sectors--but as always, **we don't recommend chasing the big losers.**

Valuations have declined significantly and are looking oversold. 38.55% of the stocks we can assign a valuation are calculated to be overvalued-- with 11.95% of them calculated to be overvalued by 20% or more. As we have been saying for a while now, we remain confident that the underlying US economy is strong-- and getting stronger. However, we live in an interconnected world and China has a cold. Time to tighten up those stop-losses

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



July Results

 **Long Side**

Ticker	Company Name	Entry Price 7/14/15	Current Price	Change	%Change	Sector
SPR	SPIRIT AEROSYS	55.49	51.49	-4	-7.21	AEROSPACE
PLOW	DOUGLAS DYNAMIC	21.27	22.11	0.84	3.95	AUTO TIRES TRUCKS
MERC	MERCER INTL SBI	13.2	10.68	-2.52	-19.09	BASIC MATERIALS
CBZ	CBIZ INC	9.85	9.64	-0.21	-2.13	BUSINESS SERVICES
MFLX	MULTI-FINELINE	18.72	17.81	-0.91	-4.86	COMPUTERS TECHNOLOGY
BZH	BEAZER HOMES	19.92	17.04	-2.88	-14.46	CONSTRUCTION
STRZA	STARZ-LIB CAP-A	44.86	36.86	-8	-17.83	CONSUMER DISCRETIONARY
CALM	CAL-MAINE FOODS	53.6	49.67	-3.93	-7.33	CONSUMER STAPLES
HRTG	HERITAGE INSUR	25.19	18.36	-6.83	-27.11	FINANCE
UEPS	NET 1 UEPS TECH	18.49	19.98	1.49	8.06	INDUSTRIAL PRODUCTS
NLNK	NEWLINK GENETIC	49.97	47.23	-2.74	-5.48	MEDICAL
FSS	FED SIGNAL CP	14.94	13.95	-0.99	-6.61	MULTI-SECTOR CONGLOMERATES
PZE	PETROBRAS EGY	6.33	6	-0.33	-5.20	OILS ENERGY
TA	TRAVELCENTERS	15.87	12.04	-3.83	-24.13	RETAIL WHOLESALE
CVTI	COVENANT TRANS	26.76	22.53	-4.23	-15.81	TRANSPORTATION
PCG	PG&E CORP	51.22	53.08	1.86	3.63	UTILITIES
	LONG PORTFOLIO				-8.85	
GSPC	S&P500	2099.6	1970.89	-128.71	-6.13	



Ticker	Company Name	Entry Price 7/14/15	Current Price	Change	%Change	Sector
AVAV	AEROVIRONMENT	27.75	24.38	3.37	12.14	AEROSPACE
NAV	NAVISTAR INTL	19.97	16.48	3.49	17.48	AUTO TIRES TRUCKS
MT	ARCELOR MITTAL	9.38	8.26	1.12	11.94	BASIC MATERIALS
MRIN	MARIN SOFTWARE	6.07	3.52	2.55	42.01	BUSINESS SERVICES
FUEL	ROCKET FUEL INC	7.47	5.71	1.76	23.56	COMPUTERS TECHNOLOGY
LAYN	LAYNE CHRISTENS	8.7	7.24	1.46	16.78	CONSTRUCTION
CZR	CAESARS ENTERTN	6.79	8.02	-1.23	-18.11	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	12.71	10.38	2.33	18.33	CONSUMER STAPLES
GNW	GENWORTH FINL	7.67	4.59	3.08	40.16	FINANCE
CAS	CASTLE (AM) &CO	6.01	2.99	3.02	50.25	INDUSTRIAL PRODUCTS
RPRX	REPROS THERAPEU	7.71	7.42	0.29	3.76	MEDICAL
CODI	COMPASS DIVERSF	16.46	16.3	0.16	0.99	MULTI-SECTOR CONGLOMERATES
BTU	PEABODY ENERGY	1.67	1.78	-0.11	-6.59	OILS ENERGY
SHLD	SEARS HLDG CP	23.68	22.64	1.04	4.39	RETAIL WHOLESALE
DSX	DIANA SHIPPING	7.61	7.1	0.51	6.70	TRANSPORTATION
CLNE	CLEAN EGY FUELS	6.16	4.02	2.14	34.74	UTILITIES
	SHORT PORTFOLIO				16.16	
GSPC	S&P500	2099.6	1970.89	-128.71	-6.13	

August Portfolios



VE Datapoints

Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector Name
HII	HUNTINGTON INGALLS	110.07	-11.08%	6.42%	0.81%	9.65%	14.14	AEROSPACE
PLOW	DOUGLAS DYNAMICS	22.11	-8.04%	14.32%	1.08%	12.95%	12.47	AUTO TIRES TRUCKS
UFS	DOMTAR CORP	38.77	15.23%	5.50%	0.97%	11.63%	10.79	BASIC MATERIALS
CBZ	CBIZ INC	9.64	-1.21%	12.22%	1.20%	14.42%	10.01	BUSINESS SERVICES
MFLX	MULTI-FINELINE ELECTRONIX	17.81	-24.76%	75.64%	1.52%	18.37%	11.42	COMPUTERS TECHNOLOGY
RYL	RYLAND GROUP	45.09	-3.11%	20.98%	1.06%	12.69%	13.34	CONSTRUCTION
OUTR	OUTERWALL INC	61.39	-19.72%	-0.44%	1.16%	13.95%	6.97	CONSUMER DISCRETIONARY
HELE	HELEN OF TROY	87.93	10.23%	51.00%	0.98%	11.78%	15.38	CONSUMER STAPLES
ARR	ARMOUR RESIDENTIAL REIT	21.73	-16.16%	413.71%	1.76%	21.36%	8.01	FINANCE
UEPS	NET 1 UEPS TECH	19.98	N/A	78.55%	1.59%	19.24%	9.00	INDUSTRIAL PRODUCTS
LCI	LANNETT INC	49.17	-17.62%	40.25%	1.35%	16.30%	12.38	MEDICAL
GFF	GRIFFON CORP	16.51	N/A	34.67%	0.85%	10.19%	N/A	MULTI-SECTOR CONGLOMERATES
RTK	RENTECH INC	6.34	20.15%	189.50%	1.63%	19.71%	7.04	OILS ENERGY
MIK	MICHAELS COS	23.59	-34.58%	52.19%	1.16%	13.97%	15.32	RETAIL WHOLESALE
TNK	TEEKAY TANKERS	6.08	-50.98%	43.06%	1.79%	21.73%	5.86	TRANSPORTATION
PCG	PG&E CORP	53.08	7.38%	15.77%	0.86%	10.35%	14.13	UTILITIES

NOTE: NEW Buys are in BOLD.

Business Descriptions

Ticker	Company Name	Description	Sector
HII	HUNTINGTON INGALLS	Huntington Ingalls Industries (HII) designs, builds and maintains nuclear and non-nuclear ships for the U.S. Navy and Coast Guard and provides after-market services for military ships around the globe.	AEROSPACE
PLow	DOUGLAS DYNAMICS	Douglas Dynamics, Inc. designs, manufactures and sells snow and ice control equipment for light trucks, which is comprised of snowplows and sand and salt spreaders, and related parts and accessories.	AUTO TIRES TRUCKS
UFS	DOMTAR CORP	Domtar is a major North American manufacturer of pulp and forest products, fine papers and packaging that fosters sustainable development through the rigorous application of its integrated forest management policy.	BASIC MATERIALS
CBZ	CBIZ INC	CBIZ, Inc. provides professional business services that help clients better manage their finances and employees.	BUSINESS SERVICES
MFLX	MULTI-FINELINE ELECTRONIX	Multi-Fineline Electronix is a global provider of high-quality, technologically advanced flexible printed circuit and value-added component assembly solutions to the electronics industry.	COMPUTERS TECHNOLOGY
RYL	RYLAND GROUP	The Ryland Group, Inc. is a leading national homebuilder and mortgage-related financial services firm.	CONSTRUCTION
OUTR	OUTERWALL INC	Outerwall Inc. offers automated retail solutions.	CONSUMER DISCRETIONARY
HELE	HELEN OF TROY	Helen of Troy Limited is a leading designer, producer and marketer of brand name consumer products.	CONSUMER STAPLES
ARR	ARMOUR RESIDENTIAL REIT	ARMOUR Residential REIT, Inc. invests primarily in residential mortgage-backed securities issued or guaranteed by a United States Government-chartered entity.	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.	MEDICAL
GFF	GRIFFON CORP	Griffon is a diversified manufacturing company with operations in four business segments: Garage Doors; Installation Services; Specialty Plastic Films; and Electronic Information and Communication Systems.	MULTI-SECTOR CONGLOMERATES
RTK	RENTECH INC	Rentech, Inc. has developed and own a proprietary and patented gas-to-liquids process that converts carbon bearing gases, liquids and solids into valuable liquid hydrocarbon products.	OILS ENERGY
MIK	MICHAELS COS	The Michaels Companies, Inc. is a specialty retailer of arts and crafts.	RETAIL WHOLESALE
TNK	TEEKAY TANKERS	Teekay Tankers Ltd. is a Marshall Islands corporation recently formed by Teekay Corporation to provide international marine transportation of crude oil.	TRANSPORTATION
PCG	PG&E CORP	PG&E Corporation is an energy-based holding company.	UTILITIES

NOTE: New Buys in BOLD

VE Datapoints

Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector
AVAV	AEROVIRONMENT	24.38	-9.95%	-23.24%	-0.45%	-5.40%	203.17	AEROSPACE
NAV	NAVISTAR INTERNATIONAL	16.48	-57.61%	-56.34%	-0.93%	-11.12%	N/A	AUTO TIRES TRUCKS
TROX	TRONOX LTD	7.93	-60.15%	-73.31%	-1.06%	-12.66%	N/A	BASIC MATERIALS
MRIN	MARIN SOFTWARE	3.52	N/A	-58.54%	-1.11%	-13.32%	N/A	BUSINESS SERVICES
FUEL	ROCKET FUEL INC	5.71	N/A	-60.37%	-1.15%	-13.72%	N/A	COMPUTERS TECHNOLOGY
LAYN	LAYNE CHRISTENSEN CO	7.24	-46.66%	-34.05%	-0.87%	-10.42%	N/A	CONSTRUCTION
CRCM	CARE.COM INC	5.37	N/A	-41.38%	-0.96%	-11.54%	N/A	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	10.38	37.87%	-39.86%	-1.05%	-12.55%	N/A	CONSUMER STAPLES
GNW	GENWORTH FINANCIAL	4.59	-21.35%	-67.24%	-1.04%	-12.43%	N/A	FINANCE
CAS	CASTLE (AM) &CO	2.99	-42.45%	-68.72%	-1.19%	-14.22%	N/A	INDUSTRIAL PRODUCTS
AKBA	AKEBIA THERAPEUTICS	6.65	N/A	-70.19%	-1.18%	-14.05%	N/A	MEDICAL
CODI	COMPASS DIVERSIFIED	16.3	3.64%	-9.94%	-0.32%	-3.89%	44.05	MULTI-SECTOR CONGLOMERATES
SN	SANCHEZ ENERGY	5.83	12.59%	-82.94%	-1.26%	-15.04%	N/A	OILS ENERGY
SHLD	SEARS HOLDINGS	22.64	N/A	-32.17%	-0.98%	-11.82%	N/A	RETAIL WHOLESALE
DSX	DIANA SHIPPING	7.1	-11.63%	-35.63%	-0.75%	-8.97%	N/A	TRANSPORTATION
CLNE	CLEAN ENERGY FUELS	4.02	-61.71%	-59.48%	-1.03%	-12.36%	N/A	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 INTERNATIONAL	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
TROX	TRONOX LTD	Tronox Incorporated is a producer and marketer of titanium products.	BASIC MATERIALS
MRIN	MARIN SOFTWARE	Marin Software, Inc. offers online advertising management services.	BUSINESS SERVICES
FUEL	ROCKET FUEL INC	Rocket Fuel Inc. is a leading provider of artificial intelligence advertising solutions for digital marketers.	COMPUTERS TECHNOLOGY
LAYN	LAYNE CHRISTENSEN CO	Layne Christensen Company provides drilling services and related products and services	CONSTRUCTION
CRCM	CARE.COM INC	Care.com, Inc. provides online marketplace for finding and managing family care primarily in the United States and internationally.	CONSUMER DISCRETIONARY
RDEN	ELIZABETH ARDEN	Elizabeth Arden is a leading global marketer and manufacturer of prestige beauty products.	CONSUMER STAPLES
GNW	GENWORTH FINANCIAL	Genworth Financial is a leading insurance company in the U.S., with an expanding international presence, serving the life and lifestyle protection, retirement income, investment and mortgage insurance needs of their customers.	FINANCE
CAS	CASTLE (AM) &CO	A. M. Castle & Co. is one of North America's largest, independent metals service center companies. They emphasize the more highly engineered grades and alloys of metals and have strong service commitments.	INDUSTRIAL PRODUCTS
AKBA	AKEBIA THERAPEUTICS	Akebia Therapeutics Inc. is a biopharmaceutical company.	MEDICAL
CODI	COMPASS DIVERSIFIED	COMPASS DIVERSIFIED was formed to acquire and manage a group of middle market businesses that are headquartered in North America.	MULTI-SECTOR CONGLOMERATES
SN	SANCHEZ ENERGY	Sanchez Energy Corporation is an independent oil and gas exploration and development company focused on the exploration, acquisition and development of unconventional oil and natural gas resources, primarily in the Eagle Ford Shale in South Texas.	OILS ENERGY
SHLD	SEARS HOLDINGS	Sears Holdings Corporation, the parent of Kmart and Sears, Roebuck and Co., is the leading home appliance retailer in North America and is a retail sales leader in tools, lawn and garden, home electronics, and automotive repair and maintenance.	RETAIL WHOLESALE
DSX	DIANA SHIPPING	Diana Shipping Inc. is a global provider of shipping transportation services. They specialize in transporting dry bulk cargoes	TRANSPORTATION
CLNE	CLEAN ENERGY FUELS	CLEAN ENERGY FUELS, based in Seal Beach, Calif., is the leading provider of natural gas (CNG and LNG) for transportation in North America.	UTILITIES

NOTE: NEW Buys are in BOLD.

Alternates



Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector Name
SPR	SPIRIT AEROSYS	51.49	-1.05%	39.01%	1.17%	14.08%	13.29	Aerospace
AXL	AMER AXLE & MFG	19.56	-17.24%	8.55%	1.37%	16.54%	7.24	Auto-Tires-Trucks
MERC	MERCER INTL SBI	10.68	-9.95%	3.79%	1.27%	15.35%	5.13	Basic Materials
CVG	CONVERGYS CORP	22.22	-10.64%	17.32%	1.10%	13.27%	12.72	Business Services
TSEM	TOWER SEMICOND	12.56	-1.40%	17.82%	1.49%	18.02%	4.45	Computer and Technology
TMHC	TAYLOR MORRISON	20.56	N/A	1.13%	0.97%	11.60%	10.82	Construction
STRZA	STARZ-LIB CAP-A	36.86	-39.72%	22.05%	1.13%	13.54%	13.86	Consumer Discretionary
CALM	CAL-MAINE FOODS	49.67	-16.56%	28.68%	1.39%	16.75%	11.01	Consumer Staples
BFR	BANCO FRANC-ADR	15.79	N/A	56.18%	1.68%	20.34%	8.07	Finance
BRSS	GLOBAL B&C HLD	18.16	N/A	18.77%	1.39%	16.81%	8.68	Industrial Products
SCLN	SCICLONE PHARMA	8.06	N/A	26.93%	1.31%	15.74%	11.09	Medical
FSS	FED SIGNAL CP	13.95	-18.15%	-6.81%	0.54%	6.53%	13.24	Multi-Sector Conglomerates
TSO	TESORO CORP	93.61	-4.82%	46.31%	1.55%	18.72%	8.91	Oils-Energy
TA	TRAVELCENTERS	12.04	16.21%	23.74%	1.42%	17.18%	6.11	Retail-Wholesale
SKYW	SKYWEST INC	16.48	-8.46%	64.80%	1.53%	18.48%	10.01	Transportation
FE	FIRSTENERGY CP	33.99	-10.28%	1.58%	0.89%	10.68%	12.07	Utilities

NOTE: Current Holdings are in BOLD.

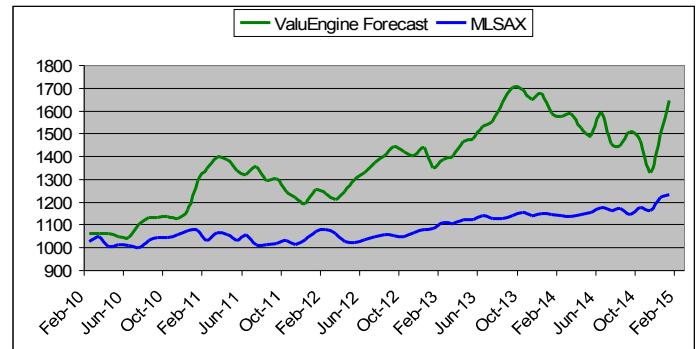
 **Short Picks**

Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector Name
AIR	AAR CORP	25	32.84%	-7.95%	-0.31%	-3.74%	38.07	Aerospace
TSLA	TESLA MOTORS	230.77	89.67%	-9.27%	-0.42%	-5.06%	N/A	Auto-Tires-Trucks
BVN	BUENAVENTUR-ADR	7.02	41.36%	-47.85%	-0.95%	-11.44%	N/A	Basic Materials
ENOC	ENERNOC INC	8.08	27.47%	-58.37%	-1.01%	-12.07%	N/A	Business Services
GEOS	GEOSPACE TEC CP	15.3	37.05%	-62.83%	-1.11%	-13.32%	N/A	Computer and Technology
CX	CEMEX SAADR	6.95	-38.42%	-43.88%	-0.70%	-8.42%	N/A	Construction
CZR	CAESARS ENTERTN	8.02	-46.82%	-40.28%	-1.02%	-12.22%	N/A	Consumer Discretionary
BDBD	BOULDER BRANDS	8.43	-3.61%	-35.99%	-0.52%	-6.28%	49.59	Consumer Staples
PHH	PHH CORP	16.08	-17.22%	-33.28%	-0.84%	-10.12%	N/A	Finance
ZINC	HORSEHEAD HLDG	7.12	-32.30%	-64.33%	-1.00%	-12.01%	N/A	Industrial Products
TBPH	THERAVANCE BIO	13.12	N/A	-52.89%	-1.13%	-13.57%	N/A	Medical
LXU	LSB INDS INC	24.13	-20.10%	-38.93%	-0.53%	-6.34%	79.55	Multi-Sector Conglomerates
MCF	CONTANGO OIL&GS	7.69	9.06%	-80.38%	-1.25%	-14.95%	N/A	Oils-Energy
LL	LUMBER LIQUIDAT	15.45	N/A	-73.04%	-0.94%	-11.26%	N/A	Retail-Wholesale
NAO	NORDIC AM OFFSH	6.22	N/A	-66.74%	-0.85%	-10.24%	N/A	Transportation
NYLDA	NRG YIELD INC-A	16.23	N/A	-69.93%	-0.73%	-8.79%	40.92	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 MLSAX Benchmark. As you can see, the VE Forecast 16 MNS portfolio—green line—has provided good returns over the past five years.

How to Use this Portfolio

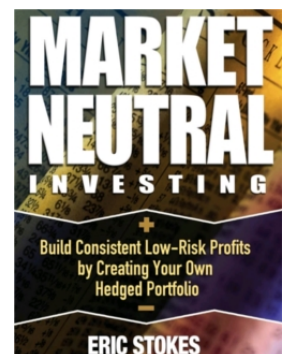
You should always carefully research the stock picks provided in this newsletter for information on dividend payment schedules, mergers, stock splits, corporate actions, SEC activities, “acts of God,” etc. ValuEngine’s proprietary models cannot always calculate the impact of such events on portfolio 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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