

**November 20th, 2015**

Current Results	Gain/Loss
VE Forecast 16 LONGS	1.84
VE Forecast 16 SHORTS	13.12
Portfolio Total	14.96
S&P 500	3.09
Excess Gain/Loss	11.88

Standard Strategy	Long-Bias	(60-40)	MNS	(40-60)	Short-Bias
No Stops	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
50/50 Allocation	10.45	12.71	14.96	17.22	19.47

Modified Strategy	Long-Bias	X	(50-50)	(40-60)	Short-Bias
Stopped Out (10%/10%)	(70-30)	(60-40)	(50-50)	(40-60)	(30-70)
60/40 Allocation	11.33	13.61	15.88	18.16	20.43

**Analysis**

For October/November, the stock market continued to power up from the unpleasantness of August. But while the S&P 500 posted a decent--if modest-- gain of 3.09%, our portfolio responded by laying in a massive pick up of almost 15%. The trailing twelve month gain of our newsletter is 57.97% vs the MLSAX gain of 5.65% and the S&P 500 gain of 1.96%. Since inception, our newsletter has posted a gain of 189.52% vs the MLSAX return of 31.72% and the S&P 500 gain of 127.81%.

Volatile conditions often benefit our strategy, but this month was something special. Longs were a 50/50 proposition and rather "meh" --despite the leg up from the market. Four picks were in double-digit territory with a great gain of 37% from Banco Frances. Shorts, on the other hand, were amazing. A hit-ratio in excess of 60% along with massive double-digit gains from eight stocks. LSB led the way with 58% and Enernoc provided a gain of just under 50%. Stop losses increased performance slightly this month. But either way, we beat the S&P 500 by more than 1100 bps!

ALDW,AXL,BFR,BIP,BRSS,GFF,SPR,TSE,TSEM, and WU are retained on the long side. AIR,ENOC,FUEL,LFL,LXU,MCF,OCN,SHLD,SNAK, and XONE are kept as shorts. In addition, you may retain MIK,STRZA, and TNK as longs and TSLA as a short in lieu of new picks in those sectors -- but as always, we don't recommend chasing the losers.

Currently, the Valuation Model finds that 51.51% of the equities to which we can assign a valuation are overvalued--with 17.48% coming in overvalued at 20% or more. Nine sectors are calculated to be overvalued--with one at double digits. According to these valuations, stocks are in "normal" range from the model's perspective. However, we are seeing fluctuations based on daily market action and as the market puts in legs up we see valuations spike further into the 50% range.

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

**October/November Portfolio**

**Results for the Past Month--Short Side**

Ticker	Company Name	Entry Price 10/22/15	Current Price	Change	%Change	Sector
ALDW	ALON USA PTNRS	23.12	24.84	1.72	7.44	OILS ENERGY
AXL	AMER AXLE & MFG	19.98	22.14	2.16	10.81	AUTO TIRES TRUCKS
BFR	BANCO FRANC-ADR	17.2	23.66	6.46	37.56	FINANCE
BIP	BROOKFIELD INFR	41.11	41.72	0.61	1.48	UTILITIES
BRSS	GLOBAL B&C HLD	23.04	22.86	-0.18	-0.79	INDUSTRIAL PRODUCTS
GFF	GRIFFON CORP	17.13	16.85	-0.28	-1.63	MULTI-SECTOR CONGLOMERATES
HELE	HELEN OF TROY	98.49	101.35	2.86	2.90	CONSUMER STAPLES
LCI	LANNETT INC	41.15	37.33	-3.82	-9.28	MEDICAL
MIK	MICHAELS COS	22.74	21.5	-1.24	-5.45	RETAIL WHOLESALE
SPR	SPIRIT AEROSYS	48.55	53.37	4.82	9.93	AEROSPACE
STRZA	STARZ-LIB CAP-A	37.94	35.1	-2.84	-7.49	CONSUMER DISCRETIONARY
TMHC	TAYLOR MORRISON	19.98	16.7	-3.28	-16.42	CONSTRUCTION
TNK	TEEKAY TANKERS	8.14	7.05	-1.09	-13.39	TRANSPORTATION
TSE	TRINSEO SA	28.98	28.19	-0.79	-2.73	BASIC MATERIALS
TSEM	TOWER SEMICON	13.63	15.88	2.25	16.51	COMPUTERS TECHNOLOGY
WU	WESTERN UNION	19.07	19.08	0.01	0.05	BUSINESS SERVICES
<b>LONG PORTFOLIO</b>						<b>1.84</b>
GSPC	<b>S&amp;P500</b>	2018.94	2081.24	<b>62.3</b>	<b>3.09</b>	

**October/November Portfolio**

**Results for the Past Month--Short Side**

Ticker	Company Name	Entry Price 10/22/15	Current Price	Change	%Change	Sector
AIR	AAR CORP	22.29	23.39	-1.1	-4.95	AEROSPACE
ARWR	ARROWHEAD RSRCH	4.9	5.41	-0.51	-10.41	MEDICAL
ATI	ALLEGHENY TECH	13.61	13.27	0.34	2.50	BASIC MATERIALS
CKEC	CARMKE CINEMA	23.74	21.96	1.78	7.50	CONSUMER DISCRETIONARY
ENOC	ENERNOC INC	8.1	4.1	4	49.38	BUSINESS SERVICES
FTR	FRONTIER COMMUN	5.29	4.96	0.33	6.24	UTILITIES
FUEL	ROCKET FUEL INC	4.59	3.18	1.41	30.72	COMPUTERS TECHNOLOGY
LFL	LATAM AIRLINES	5.47	5.7	-0.23	-4.20	TRANSPORTATION
LXU	LSB INDS INC	15.82	6.61	9.21	58.22	MULTI-SECTOR CONGLOMERATES
MCF	CONTANGO OIL&GAS	9.03	7.86	1.17	12.96	OILS ENERGY
OCN	OCWEN FINL CORP	7.59	6.61	0.98	12.91	FINANCE
PRIM	PRIMORIS SERVCS	19.4	22.84	-3.44	-17.73	CONSTRUCTION
SHLD	SEARS HLDG CP	24.02	20.44	3.58	14.90	RETAIL WHOLESALE
SNAK	INVENTURE FOODS	9.47	6.74	2.73	28.83	CONSUMER STAPLES
TSLA	TESLA MOTORS	210.09	221.8	-11.71	-5.57	AUTO TIRES TRUCKS
XONE	EXONE CO/THE	10.32	7.37	2.95	28.59	INDUSTRIAL PRODUCTS
<b>SHORT PORTFOLIO</b>						<b>13.12</b>
GSPC	<b>S&amp;P500</b>	2018.94	2081.24	<b>62.3</b>	<b>3.09</b>	

**November/December Portfolio**

**New Buys and Retained Stocks for the Next Month--Long Side**

Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector Name
ALDW	ALON USA PARTNERS	24.84	N/A	27.71%	1.64%	19.90%	8.10	Oils-Energy
AXL	AMERICAN AXLE & MFG	22.14	-5.65%	14.54%	1.39%	16.83%	7.72	Auto-Tires-Trucks
BFR	BANCO FRANCÉS Del Rio	23.66	N/A	78.97%	1.52%	18.35%	11.21	Finance
BIP	BROOKFIELD INFRASTRUCTURE	41.72	-4.25%	2.78%	0.89%	10.68%	11.62	Utilities
BRSS	GLOBAL BRASS AND COPPER	22.86	N/A	63.29%	1.50%	18.17%	10.99	Industrial Products
CALM	CAL-MAINE FOODS	55.6	-3.65%	26.67%	1.50%	18.21%	7.57	Consumer Staples
GFF	GRIFFON CORP	16.85	N/A	37.10%	0.84%	10.04%	N/A	Multi-Sector Conglomerates
HW	HEADWATERS INC	18.93	N/A	49.06%	0.96%	11.57%	16.61	Construction
HZNP	HORIZON PHARMACEUTICALS	18.82	-5.45%	45.44%	1.32%	15.96%	12.95	Medical
OUTR	OUTERWALL INC	65.9	-13.36%	4.16%	1.28%	15.48%	6.88	Consumer Discretionary
SPR	SPIRIT AEROSYSTEMS	53.37	5.24%	35.66%	1.10%	13.20%	13.78	Aerospace
TA	TRAVELCENTERS	9.89	-3.05%	2.17%	1.15%	13.89%	6.37	Retail-Wholesale
TNP	TSAKOS EGY NAVG	8.29	-17.50%	22.45%	1.66%	20.18%	5.26	Transportation
TSE	TRINSEO SA	28.19	N/A	95.09%	1.71%	20.79%	7.99	Basic Materials
TSEM	TOWER SEMICONDUCTORS	15.88	26.16%	62.04%	1.47%	17.79%	5.64	Computer and Technology
WU	WESTERN UNION	19.08	0.97%	12.50%	1.08%	12.92%	11.43	Business Services

**We are selling HELE,LCI,MIK,STRZA,TMHC, and TNK**

**We are buying CALM,HW,HZNP,OUTR,TA, and TNP**

**November/December Portfolio**

**New Buys and Retained Stocks for the Next Month--Short Side**

Ticker	Company Name	Market Price	Valuation	Last 12-M Retrn	1-M Forecast Retn	1-Yr Forecast Retn	P/E Ratio	Sector
AAVL	AVALANCHE BIOTECHNOLOGIES	8.46	N/A	-76.42%	-1.15%	-13.69%	N/A	Medical
AIR	AAR CORP	23.39	4.31%	-11.74%	-0.36%	-4.28%	44.41	Aerospace
CX	CEMEX SA ADR	6.04	-42.51%	-48.93%	-0.63%	-7.54%	N/A	Construction
CZR	CAESARS ENTERTAINMENT	7.43	-56.20%	-39.05%	-0.90%	-10.80%	N/A	Consumer Discretionary
ENOC	ENERNOC INC	4.1	-18.33%	-72.24%	-1.15%	-13.70%	N/A	Business Services
FUEL	ROCKET FUEL INC	3.18	N/A	-79.64%	-1.29%	-15.34%	N/A	Computer and Technology
LFL	LATAM AIRLINES	5.7	34.99%	-53.28%	-1.08%	-12.94%	N/A	Transportation
LXU	LSB INDS INC	6.61	-75.00%	-82.39%	-0.68%	-8.18%	1983.02	Multi-Sector Conglomerates
MCF	CONTANGO OIL&GAS	7.86	-68.91%	-78.51%	-0.49%	-5.88%	31.86	Oils-Energy
NAV	NAVISTAR INTERNATIONAL	13.3	-64.60%	-62.40%	-0.83%	-9.94%	N/A	Auto-Tires-Trucks
OCN	OCWEN FINANCIAL	6.61	N/A	-71.94%	-0.98%	-11.79%	N/A	Finance
SHLD	SEARS HLDG CP	20.44	N/A	-41.47%	-1.07%	-12.77%	N/A	Retail-Wholesale
SNAK	INVENTURE FOODS	6.74	50.12%	-49.09%	-0.89%	-10.64%	67.40	Consumer Staples
TERP	TERRAFORM POWER	8.39	N/A	-70.52%	-0.96%	-11.52%	N/A	Utilities
TROX	TRONOX LTD	5.51	-69.15%	-77.21%	-1.04%	-12.48%	N/A	Basic Materials
XONE	EXONE CO/THE	7.37	N/A	-70.00%	N/A	N/A	N/A	Industrial Products

NOTE: NEW Buys are in BOLD.

**We are covering ARWR,ATI,CKEC,FTR,PRIM, and TSLA**

**We are selling short AAVL,CX,CZR,NAV,TERP, and TROX**

**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 MNSportfolios 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 the markets and your own investment strategy. 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.

**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 models and research, go to [www.ValuEngine.com](http://www.ValuEngine.com)

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