



# 10x45 BARGAIN HUNTER

Presented by the Research Team of

THE MANUAL OF  
**Ideas**

"Confronted with the challenge to distill the secret of sound investment into three words, we venture the motto: Margin of Safety." —Ben Graham • August 23, 2009



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Research Team**

## Dear Fellow Idea Seekers,

We are pleased to bring you this latest issue of *10x45 Bargain Hunter*, our bi-weekly stock screening report. This report is based on market prices as of August 21<sup>st</sup>.

Sincerely,  
Your Manual of Ideas Team

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## About This Publication

*10x45 Bargain Hunter* is a bi-weekly screening service for investors looking to uncover hidden value in the stock market. *Bargain Hunter* is brought to you by the acclaimed Manual of Ideas research team.

Inspired by the Zeiss 10x45 Victory Rangefinding Binocular ("essential equipment for long range hunting and a reliable shot"), the *10x45 Bargain Hunter* is designed as an essential tool for every value investor's arsenal. Whether you run your own screens or not, we hope you'll find *10x45 Bargain Hunter* a valuable ally as you seek out undervalued companies trading in U.S. markets.

## Latest Top Three Screen Results, by Category

Company	Ticker	Price	Market Value	Enterprise Value		
<b>"Magic Formula," based on Trailing Financials</b>					<b>LTM EBIT / EV</b>	
1	KHD Humboldt Wedag	KHD	\$9.53	\$291mn	-\$67mn	infinite
2	GT Solar	SOLR	\$5.38	\$772mn	\$610mn	25%
3	PRG-Schultz	PRGX	\$5.14	\$119mn	\$108mn	23%
<b>"Magic Formula," based on This Year's EPS Estimates</b>					<b>EPS Yield FY0</b>	
1	EarthLink	ELNK	\$8.47	\$899mn	\$525mn	13%
2	Pre-Paid Legal	PPD	\$48.28	\$529mn	\$538mn	13%
3	Endo Pharma	ENDP	\$21.86	\$2,562mn	\$2,476mn	12%
<b>"Magic Formula," based on Next Year's EPS Estimates</b>					<b>EPS Yield FY1</b>	
1	PRG-Schultz	PRGX	\$5.14	\$119mn	\$108mn	13%
2	GigaMedia	GIGM	\$4.70	\$256mn	\$174mn	13%
3	China-Biotics	CHBT	\$14.57	\$249mn	\$191mn	17%
<b>Contrarian: Shunned by the market, but not by insiders</b>					<b>Insider Buys</b>	
1	GHL Acquisition	GHQ	\$9.95	\$483mn	n/m	\$2,746mn
2	Ideation Acquisition	IDI	\$7.82	\$98mn	n/m	\$2,510mn
3	* Quixote	QUIX	\$1.98	\$18mn	\$18mn	\$1,808mn
<b>Contrarian: Biggest Losers (deleveraged &amp; profitable)</b>					<b>Δ Price YTD</b>	
1	Cardionet	BEAT	\$6.89	\$164mn	\$119mn	-72%
2	Energy Conversion	ENER	\$12.36	\$565mn	\$565mn	-51%
3	Medicines Company	MDCO	\$7.91	\$417mn	\$232mn	-46%
<b>Value with Catalyst: Cheap Repurchasers of Stock</b>					<b>Δ Shares Q-Q</b>	
1	QLT	QLTI	\$4.06	\$222mn	\$87mn	-11%
2	Makita	MKTAY	\$28.55	\$3,934mn	\$3,251mn	-7%
3	China Nepstar	NPD	\$6.89	\$718mn	\$442mn	-7%
<b>Profitable Dividend Payors with Decent Balance Sheets</b>					<b>Div. Yield</b>	
1	* Am. Capital Agency	AGNC	\$24.79	\$372mn	\$313mn	24%
2	TICC Capital	TICC	\$5.26	\$140mn	n/m	11%
3	Pioneer Southwest	PSE	\$19.62	\$589mn	\$526mn	10%
<b>Deep Value: Lots of Revenue, Low Enterprise Value</b>					<b>EV/Revenue</b>	
1	Tech Data	TECD	\$36.83	\$1,850mn	\$1,160mn	.05x
2	Ingram Micro	IM	\$16.72	\$2,726mn	\$1,745mn	.06x
3	World Fuel Services	INT	\$45.80	\$1,357mn	\$1,054mn	.08x
<b>Deep Value: Neglected Gross Profiteers</b>					<b>EV/GP</b>	
1	Molina Healthcare	MOH	\$19.86	\$507mn	\$65mn	.13x
2	WellCare Health	WCG	\$25.77	\$1,088mn	\$147mn	.15x
3	Kindred Healthcare	KND	\$14.64	\$571mn	\$650mn	.17x
<b>Activist Targets: Potential Sales, Liquidations or Recaps</b>					<b>NCAV / MV</b>	
1	Trident Microsystems	TRID	\$1.84	\$116mn	-\$72mn	124%
2	Silicon Graphics	SGI	\$5.75	\$172mn	-\$2mn	116%
3	Adaptec	ADPT	\$3.01	\$361mn	-\$21mn	104%

10x45 BARGAIN HUNTER is published bi-weekly by BeyondProxy LLC, P.O. Box 1375, New York, NY 10150. Website: [www.manualofideas.com](http://www.manualofideas.com). Email: [support@manualofideas.com](mailto:support@manualofideas.com). Please email or call if you have any subscription questions. Managing Editor: John Mihaljevic. Subscription \$99 per year. © Copyright 2009 by BeyondProxy LLC. All rights reserved. Photocopying, reproduction, quotation, or redistribution of any kind is strictly prohibited without written permission from the publisher. This newsletter bases screening results on techniques and sources believed to be reliable in the past and cannot guarantee future accuracy and results. The stocks listed in this newsletter should not be construed as investment recommendations. BeyondProxy's officers, directors, employees and/or principals (collectively "Related Persons") may have positions in and may, from time to time, make purchases or sales of the securities or other investments listed or discussed in this newsletter. John Mihaljevic, Chairman of BeyondProxy, is also a principal of Mihaljevic Capital Management LLC ("MCM"), which serves as the general partner of a private investment partnership. MCM may purchase or sell securities and financial instruments discussed in this newsletter at any time on behalf of the investment partnership or other accounts it manages. Use of this newsletter and its content is governed by the Terms of Use described in detail at [www.manualofideas.com/terms.html](http://www.manualofideas.com/terms.html). Pictured in the top left corner is the Zeiss 10x45 Victory Binocular with built-in laser rangefinder.

# "Magic Formula," based on This Year's EPS Estimates

Companies with high returns on capital employed, trading at high earnings yields (based on this FY EPS estimates)

	Company	Ticker	Price (\$)	Move To		MV (\$mn)	EV (\$mn)	EV/Sales	This FY EPS Yield	EBIT/ Capital Employed	Tax Rate	Price to Tangible Book
				Low	High							
1	EarthLink	ELNK	8.47	-35%	12%	899	525	.6x	13%	417%	n/m	2.2x
2	Pre-Paid Legal	PPD	48.28	-45%	9%	529	538	1.2x	13%	227%	38%	10.3x
3	Endo Pharma	ENDP	21.86	-37%	20%	2,562	2,476	1.8x	12%	247%	39%	10.5x
4	PRG-Schultz	PRGX	5.14	-52%	139%	119	108	.6x	11%	6971%	17%	14.3x
5	Centene	CNC	18.61	-19%	33%	844	689	.2x	10%	infinite	38%	2.8x
6	China Sky One	CSKI	15.11	-58%	26%	252	203	1.8x	14%	114%	21%	2.6x
7	China-Biotics	CHBT	14.57	-63%	12%	249	191	3.3x	11%	203%	20%	3.5x
8	Safe Bulkers	SB	7.86	-66%	143%	428	780	3.9x	26%	95%	n/m	23.4x
9	Sepracor	SEPR	18.35	-46%	7%	2,037	1,819	1.4x	16%	103%	19%	3.0x
10	Mirant	MIR	17.28	-47%	75%	2,507	2,944	.6x	18%	93%	n/m	.6x
11	Foster Wheeler	FWLT	30.33	-58%	71%	3,835	3,197	.5x	9%	infinite	12%	7.6x
12	H&R Block	HRB	17.61	-22%	59%	5,884	5,370	1.3x	9%	infinite	39%	34.7x
13	* GT Solar	SOLR	5.38	-84%	202%	772	610	1.1x	9%	infinite	38%	16.6x
14	Am. Electric Power	AEP	31.49	-24%	32%	15,014	31,686	2.2x	9%	infinite	32%	1.2x
15	* Cytokinetics	CYTK	2.94	-53%	87%	179	60	.7x	12%	111%	n/m	1.5x
16	Cornerstone	CRTX	6.81	-82%	80%	169	156	1.6x	9%	infinite	26%	19.4x
17	Edison International	EIX	34.00	-32%	38%	11,078	21,510	1.6x	9%	infinite	n/m	1.2x
18	GigaMedia	GIGM	4.70	-44%	159%	256	174	.9x	9%	infinite	3%	2.2x
19	Southern Union	SUG	20.85	-49%	26%	2,587	6,389	2.5x	9%	infinite	25%	1.2x
20	* Chemspec	CPC	7.27	-8%	44%	15,846	15,773	107.8x	13%	90%	n/m	100.0x
21	USA Mobility	USMO	13.01	-39%	8%	294	215	.7x	10%	151%	n/m	1.9x
22	Sempra Energy	SRE	51.50	-33%	15%	12,635	19,634	2.2x	9%	infinite	22%	1.6x
23	GameStop	GME	23.13	-27%	100%	3,809	4,107	.5x	12%	97%	37%	6.1x
24	Innophos	IPHS	18.69	-59%	104%	398	550	.6x	16%	74%	23%	2.1x
25	CF Industries	CF	81.79	-54%	88%	3,963	3,046	.8x	10%	118%	38%	2.5x
26	APAC Customer	APAC	5.64	-83%	13%	292	283	1.1x	11%	89%	1%	7.2x
27	DPL	DPL	24.99	-26%	10%	2,898	4,382	2.8x	9%	328%	30%	2.9x
28	Public Service	PEG	32.87	-33%	27%	16,632	25,456	1.9x	9%	146%	41%	2.0x
29	* Questcor Pharma	QCOR	5.88	-47%	67%	377	307	3.1x	9%	151%	30%	5.2x
30	CenterPoint Energy	CNP	12.80	-34%	26%	4,677	14,603	1.5x	8%	327%	38%	8.6x
31	FirstEnergy	FE	45.38	-22%	64%	13,833	27,713	2.0x	8%	324%	36%	4.3x
32	Synopsys	SNPS	21.24	-34%	5%	3,065	1,982	1.4x	8%	335%	24%	4.2x
33	Energen	EGN	43.48	-47%	34%	3,118	3,750	2.5x	8%	infinite	37%	1.6x
34	Buckle	BKE	27.06	-50%	65%	1,248	1,085	1.3x	10%	100%	37%	3.3x
35	EMCOR Group	EME	24.90	-55%	45%	1,641	1,316	.2x	9%	158%	39%	6.3x
36	VSE Corp.	VSEC	33.79	-42%	43%	173	176	.2x	13%	63%	39%	3.0x
37	LHC Group	LHCG	24.91	-34%	48%	460	463	1.0x	9%	129%	31%	11.7x
38	* j2 Global Comms	JCOM	23.24	-44%	16%	1,047	855	3.5x	8%	1673%	31%	6.1x
39	* MIPS Technologies	MIPS	3.55	-72%	15%	160	128	1.8x	8%	infinite	41%	6.1x
40	* America's Car-Mart	CRMT	20.07	-66%	15%	235	265	.9x	8%	173%	36%	1.5x
41	* American Oriental	AOB	5.27	-38%	61%	413	438	1.5x	13%	57%	21%	2.4x
42	Lorillard	LO	74.87	-30%	3%	12,365	11,557	2.5x	8%	5072%	38%	18.8x
43	UniSource Energy	UNS	29.59	-29%	13%	1,058	2,934	2.2x	9%	104%	43%	1.5x
44	PG&E Corp.	PCG	40.66	-34%	6%	15,072	27,323	2.0x	8%	infinite	24%	1.5x
45	* Hewlett-Packard	HPQ	44.78	-43%	10%	106,857	110,450	.9x	9%	139%	19%	78.8x

Screening criteria: ► Market value > \$100 million ► ADRs and banks excluded

New additions are highlighted. MV = market value. EV = enterprise value. Number of insider transactions relates to most recent six-month period.