



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 • September 19, 2009



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Manual of Ideas
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 September 18th.

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.

Top Three Screen Results, by Category

Company	Ticker	Price	Market Value	Enterprise Value		
"Magic Formula," based on Trailing Financials					Trailing EBIT / EV	
1	KHD Humboldt Wedag	KHD	\$12.15	\$368mn	\$18mn	101%
2	ePlus	PLUS	\$15.23	\$125mn	\$97mn	25%
3	GT Solar	SOLR	\$5.86	\$840mn	\$679mn	22%
"Magic Formula," based on This Year's EPS Estimates					EPS Yield FY0	
1	EarthLink	ELNK	\$8.69	\$923mn	\$548mn	12%
2	Pre-Paid Legal	PPD	\$50.53	\$554mn	\$563mn	13%
3	Endo Pharma	ENDP	\$22.49	\$2,635mn	\$2,550mn	12%
"Magic Formula," based on Next Year's EPS Estimates					EPS Yield FY1	
1	PRG-Schultz	PRGX	\$5.35	\$124mn	\$112mn	13%
2	GigaMedia	GIGM	\$5.38	\$293mn	\$211mn	12%
3	MIPS Technologies	MIPS	\$3.72	\$168mn	\$136mn	12%
Contrarian: Shunned by the market, but not by insiders					Insider Buys	
1	GHL Acquisition	GHQ	\$10.01	\$486mn	n/m	\$5,255mn
2	Ideation Acquisition	IDI	\$7.83	\$98mn	n/m	\$2,513mn
3	CoBiz Financial	COBZ	\$4.50	\$163mn	n/m	\$1,085mn
Contrarian: Biggest Losers (deleveraged & profitable)					Δ Price YTD	
1	Cardionet	BEAT	\$7.52	\$179mn	\$134mn	-69%
2	Rostelecom	ROS	\$29.20	\$3,547mn	\$3,058mn	-47%
3	Celera	CRA	\$6.18	\$506mn	\$186mn	-44%
Value with Catalyst: Cheap Repurchasers of Stock					Δ Shares Q-Q	
1	QLT	QLTI	\$4.30	\$235mn	\$100mn	-11%
2	Makita	MKTAY	\$33.18	\$4,571mn	\$3,856mn	-7%
3	Banco Macro	BMA	\$22.94	\$1,396mn	n/m	-7%
Profitable Dividend Payors with Decent Balance Sheets					Div. Yield	
1	Am. Capital Agency	AGNC	\$28.46	\$427mn	\$368mn	21%
2	TICC Capital	TICC	\$5.12	\$137mn	n/m	12%
3	Pioneer Southwest	PSE	\$20.01	\$601mn	\$537mn	10%
Deep Value: Lots of Revenue, Low Enterprise Value					EV/Revenue	
1	Ingram Micro	IM	\$17.17	\$2,799mn	\$1,818mn	.06x
2	Tech Data	TECD	\$42.34	\$2,129mn	\$1,439mn	.07x
3	Winn-Dixie Stores	WINN	\$14.49	\$793mn	\$645mn	.09x
Deep Value: Neglected Gross Profiteers					EV/GP	
1	WellCare Health	WCG	\$26.61	\$1,123mn	\$183mn	.18x
2	Kindred Healthcare	KND	\$16.84	\$657mn	\$736mn	.19x
3	Molina Healthcare	MOH	\$21.10	\$539mn	\$97mn	.19x
Activist Targets: Potential Sales, Liquidations or Recaps					NCAV / MV	
1	Insmid	INSM	\$0.86	\$111mn	-\$11mn	107%
2	Imation	IMN	\$9.27	\$353mn	\$264mn	104%
3	Ascent Media	ASCMA	\$25.50	\$359mn	\$50mn	94%

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"Magic Formula," based on Trailing Financials

Companies with high returns on capital employed, trading at high trailing EBIT-to-enterprise value yield

Click on company name, ticker or stock price for more information!

Company	Ticker	Price (\$)	Move To		MV (\$mn)	EV (\$mn)	EV/Sales	Trailing EBIT/EV	EBIT/Capital Employed	Tax Rate	Price/Tangible Book	Insiders		
			52-Week Low	52-Week High								% Own.	Buys/Sells	
1	KHD Humboldt Wedag	KHD	12.15	-47%	93%	368	18	.0x	101%	infinite	n/m	1.4x	22%	- / -
2	ePlus	PLUS	15.23	-48%	11%	125	97	.1x	25%	infinite	42%	.8x	44%	- / 25
3	GT Solar	SOLR	5.86	-85%	177%	840	679	1.2x	22%	infinite	38%	>9.9x	78%	- / 12
4	PRG-Schultz	PRGX	5.35	-54%	113%	124	112	.6x	22%	6971%	17%	>9.9x	20%	3 / -
5	PDL BioPharma	PDLI	8.42	-38%	11%	1,006	1,269	3.9x	23%	768%	22%	n/m	1%	2 / -
6	Cass Information	CASS	30.66	-24%	28%	283	204	4.7x	19%	infinite	27%	2.6x	7%	- / 6
7	EarthLink	ELNK	8.69	-36%	1%	923	548	.7x	27%	417%	n/m	2.2x	9%	- / 12
8	Centene	CNC	19.11	-22%	29%	867	712	.2x	18%	infinite	38%	2.8x	2%	- / -
9	Chicago Bridge	CBI	17.98	-74%	44%	1,755	1,799	.3x	17%	infinite	45%	n/m	2%	- / -
10	Argan	AGX	12.80	-35%	25%	174	125	.6x	16%	infinite	39%	2.7x	29%	2 / 42
11	Maxygen	MAXY	6.68	-56%	42%	256	54	.5x	116%	162%	n/m	1.3x	21%	- / 1
12	GigaMedia	GIGM	5.38	-51%	67%	293	211	1.1x	15%	infinite	3%	2.5x	21%	- / 4
13	MIPS Technologies	MIPS	3.72	-73%	10%	168	136	1.9x	15%	infinite	41%	6.5x	1%	- / 1
14	USA Mobility	USMO	12.20	-35%	16%	276	196	.6x	32%	151%	n/m	1.8x	1%	- / 12
15	Primoris Services	PRIM	7.08	-55%	14%	230	188	.3x	20%	195%	29%	3.5x	66%	9 / -
16	Pre-Paid Legal	PPD	50.53	-48%	4%	554	563	1.2x	18%	227%	38%	>9.9x	33%	- / -
17	Virgin Mobile USA	VM	5.11	-88%	4%	344	574	.4x	14%	infinite	4%	n/m	4%	- / 3
18	H&R Block	HRB	17.58	-22%	59%	5,895	6,027	1.5x	14%	infinite	39%	n/m	4%	1 / -
19	Gentiva Health	GTIV	26.54	-51%	13%	773	906	.7x	24%	156%	17%	n/m	10%	- / 11
20	* Accenture	ACN	35.84	-31%	20%	25,582	21,571	.9x	14%	infinite	29%	>9.9x	2%	- / -
21	EMCOR Group	EME	26.04	-57%	15%	1,716	1,391	.2x	23%	158%	39%	6.6x	2%	1 / 3
22	Terra Nitrogen	TNH	109.00	-40%	34%	2,037	1,958	2.5x	16%	283%	n/m	>9.9x	73%	- / -
23	* Lihua International	LIWA	6.92	-34%	8%	165	154	1.3x	18%	205%	15%	3.8x	90%	- / -
24	KBR	KBR	23.07	-58%	7%	3,701	2,624	.2x	22%	158%	38%	2.6x	1%	- / 3
25	Georgia Power	GPW	25.06	-28%	2%	232	8,564	1.1x	18%	198%	35%	.0x	2%	- / -
26	UGI Corp.	UGI	25.78	-28%	6%	2,795	4,863	.8x	15%	331%	30%	n/m	1%	1 / 12
27	Hawaiian Holdings	HA	8.43	-74%	23%	435	418	.3x	32%	134%	47%	n/m	5%	3 / 1
28	Metropolitan Health	MDF	2.31	-57%	8%	105	76	.2x	30%	134%	39%	2.5x	13%	- / 25
29	* McGraw-Hill	MHP	26.81	-36%	60%	8,440	9,171	1.5x	14%	555%	37%	n/m	2%	- / -
30	AmSurg	AMSG	22.42	-45%	29%	687	919	1.4x	24%	130%	23%	n/m	2%	- / 5
31	ICO Global Comms	ICOG	0.75	-84%	399%	156	163	n/m	137%	113%	2%	n/m	45%	- / -
32	Energen	EGN	44.85	-49%	16%	3,216	3,848	2.6x	13%	infinite	37%	1.6x	1%	- / 8
33	i2 Technologies	ITWO	16.13	-66%	5%	362	295	1.2x	13%	infinite	16%	>9.9x	26%	- / 2
34	Foster Wheeler	FWLT	34.26	-63%	40%	4,332	3,693	.6x	13%	infinite	12%	8.6x	0%	1 / 1
35	Lorillard	LO	75.22	-30%	4%	12,423	11,615	2.5x	13%	5072%	38%	>9.9x	1%	- / 2
36	CF Industries	CF	90.19	-58%	40%	4,370	3,453	.9x	28%	118%	38%	2.7x	1%	- / -
37	Wright Express	WXS	30.67	-73%	6%	1,170	1,348	4.0x	21%	133%	36%	>9.9x	1%	- / 14
38	China Sky One	CSKI	14.04	-55%	36%	234	186	1.6x	23%	114%	21%	2.4x	37%	- / -
39	Lockheed Martin	LMT	80.08	-28%	47%	30,779	31,912	.7x	15%	200%	31%	n/m	0%	- / -
40	* Endo Pharma	ENDP	22.49	-38%	16%	2,635	2,550	1.9x	14%	247%	39%	>9.9x	2%	1 / -
41	Questcor Pharma	QCOR	6.71	-54%	46%	430	361	3.6x	16%	151%	30%	6.0x	7%	- / 4
42	Mirant	MIR	16.53	-45%	63%	2,399	3,121	.7x	92%	93%	n/m	.6x	0%	- / -
43	* Weight Watchers	WTW	25.88	-37%	60%	1,993	3,524	2.4x	12%	infinite	39%	n/m	57%	- / 1
44	Net1 UEPS	UEPS	22.15	-63%	24%	1,003	787	3.2x	12%	8895%	33%	5.5x	16%	- / 10
45	* Sabine Royalty Trust	SBR	40.85	-34%	53%	596	591	8.4x	12%	infinite	n/m	>9.9x	1%	- / -

* New additions are highlighted.

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.

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