



# 10x45 BARGAIN HUNTER

Presented by the Research Team of

THE MANUAL OF  
**Ideas**

"The critical investment factor is determining the intrinsic value of a business and paying a fair or bargain price." —Warren Buffett • October 4, 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 October 2<sup>nd</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.

## Top Three Screen Results, by Category

Company	Ticker	Price	Market Value	Enterprise Value	
<b>"Magic Formula," based on Trailing Financials</b>					<b>Trailing EBIT / EV</b>
1	KHD Humboldt Wedag	KHD	\$9.68	\$293mn	-\$56mn infinite
2	GT Solar	SOLR	\$5.28	\$757mn	\$596mn 25%
3	ePlus	PLUS	\$15.29	\$126mn	\$98mn 25%
<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	\$50.04	\$549mn	\$557mn 13%
3	Endo Pharma	ENDP	\$22.11	\$2,591mn	\$2,505mn 12%
<b>"Magic Formula," based on Next Year's EPS Estimates</b>					<b>EPS Yield FY1</b>
1	GigaMedia	GIGM	\$4.68	\$255mn	\$172mn 13%
2	Centene	CNC	\$18.05	\$819mn	\$664mn 12%
3	Pre-Paid Legal	PPD	\$50.04	\$549mn	\$557mn 13%
<b>Contrarian: Shunned by the market, but not by insiders</b>					<b>Insider Buys</b>
1	Ideation Acquisition	IDI	\$7.86	\$98mn	n/m \$2,523mn
2	* Center Bancorp	CNBC	\$7.44	\$97mn	n/m \$2,187mn
3	Invesco Mortgage	IVR	\$21.34	\$190mn	\$190mn \$982mn
<b>Contrarian: Biggest Losers (deleveraged &amp; profitable)</b>					<b>Δ Price YTD</b>
1	Cardionet	BEAT	\$6.33	\$151mn	\$106mn -74%
2	Rostelecom	ROS	\$27.70	\$3,364mn	\$2,761mn -50%
3	Celera	CRA	\$5.97	\$489mn	\$168mn -46%
<b>Value with Catalyst: Cheap Repurchasers of Stock</b>					<b>Δ Shares Q-Q</b>
1	QLT	QLTI	\$3.85	\$210mn	\$75mn -11%
2	Makita	MKTAY	\$30.85	\$4,249mn	\$3,519mn -7%
3	Banco Macro	BMA	\$24.22	\$1,474mn	n/m -7%
<b>Profitable Dividend Payors with Decent Balance Sheets</b>					<b>Div. Yield</b>
1	Am. Capital Agency	AGNC	\$27.32	\$410mn	\$351mn 20%
2	TICC Capital	TICC	\$5.05	\$135mn	n/m 12%
3	Himax Technologies	HIMX	\$3.05	\$282mn	\$143mn 10%
<b>Deep Value: Lots of Revenue, Low Enterprise Value</b>					<b>EV/Revenue</b>
1	Ingram Micro	IM	\$16.35	\$2,666mn	\$1,684mn .06x
2	Tech Data	TECD	\$40.45	\$2,034mn	\$1,344mn .06x
3	Winn-Dixie Stores	WINN	\$12.39	\$678mn	\$531mn .07x
<b>Deep Value: Neglected Gross Profiteers</b>					<b>EV/GP</b>
1	WellCare Health	WCG	\$24.52	\$1,035mn	\$94mn .09x
2	Molina Healthcare	MOH	\$20.00	\$511mn	\$69mn .14x
3	Kindred Healthcare	KND	\$15.15	\$591mn	\$670mn .17x
<b>Activist Targets: Potential Sales, Liquidations or Recaps</b>					<b>NCAV / MV</b>
1	* Acxelis Technologies	ACLS	\$1.35	\$140mn	\$90mn 130%
2	* Myriad Pharma	MYRX	\$5.60	\$135mn	-\$34mn 122%
3	Imation	IMN	\$8.78	\$334mn	\$245mn 110%

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# Activist Targets: Potential Sales, Liquidations or Recaps

Companies that may unlock value through a corporate event

Company	Ticker	Price (\$)	Move To		MV (\$mn)	EV (\$mn)	Price to Tangible Book	Net Cash (% of MV)	Net Net ST Assets (% of MV)	EV/ Sales	Next FY P/E	Insiders		
			52-Week Low	52-Week High								% Own.	Buys/ Sells	
1	* Axcelis Technologies	ACLS	1.35	-87%	19%	140	90	.6x	36%	130%	.6x	n/m	2%	- / -
2	* Myriad Pharma	MYRX	5.60	-35%	34%	135	(34)	.7x	126%	122%	n/m	n/m	0%	- / -
3	Imation	IMN	8.78	-21%	156%	334	245	.6x	27%	110%	.1x	23x	1%	2 / -
4	QLT	QLTI	3.85	-64%	17%	210	75	.8x	64%	105%	.6x	-	1%	11 / -
5	Adaptec	ADPT	3.13	-30%	19%	376	(7)	.9x	102%	100%	n/m	-	1%	3 / -
6	Ascent Media	ASCMA	24.76	-31%	21%	349	40	.6x	89%	97%	.1x	-	6%	- / -
7	Silicon Image	SIMG	2.44	-17%	110%	183	20	.9x	89%	94%	.1x	n/m	0%	- / -
8	Hurco	HURC	15.98	-48%	70%	103	80	.9x	23%	92%	.7x	-	15%	1 / -
9	SupportSoft	SPRT	2.30	-33%	50%	107	7	1.1x	94%	90%	.2x	n/m	6%	- / -
10	Ingram Micro	IM	16.35	-47%	15%	2,666	1,684	1.0x	37%	87%	.1x	12x	6%	- / 2
11	Trident Microsystems	TRID	2.33	-48%	33%	164	(24)	.9x	115%	87%	n/m	n/m	1%	- / -
12	* Radvision	RVSN	5.85	-30%	64%	115	8	.9x	93%	86%	.1x	15x	15%	- / -
13	Tech Data	TECD	40.45	-65%	8%	2,034	1,344	1.0x	34%	84%	.1x	13x	3%	- / 30
14	Cutera	CUTR	8.73	-37%	26%	117	20	1.0x	83%	83%	.3x	n/m	5%	- / -
15	Integr. Electrical	IESC	7.42	-47%	110%	114	83	.8x	27%	80%	.1x	-	3%	- / 1
16	TomoTherapy	TOMO	4.05	-55%	23%	211	63	1.1x	70%	77%	.3x	n/m	16%	- / -
17	CDI	CDI	12.90	-50%	62%	245	171	1.0x	30%	76%	.2x	52x	10%	- / -
18	DivX	DIVX	5.31	-27%	39%	174	38	1.1x	78%	75%	.5x	48x	3%	- / 2
19	Advanced Analogic	AATI	3.35	-45%	67%	144	39	1.2x	73%	75%	.5x	84x	5%	- / 1
20	Lattice Semi	LSCC	2.18	-52%	24%	251	147	1.0x	41%	75%	.7x	>99x	0%	- / 1
21	Bel Fuse	BELFB	17.99	-51%	63%	207	92	1.0x	55%	74%	.4x	26x	10%	- / -
22	PCTEL	PCTI	6.25	-44%	47%	117	49	1.0x	58%	71%	.7x	37x	5%	- / 10
23	Benchmark Electron.	BHE	17.28	-50%	6%	1,122	730	1.1x	35%	71%	.3x	18x	1%	1 / -
24	SMART Modular	SMOD	4.23	-82%	33%	262	195	1.2x	25%	71%	.4x	11x	2%	- / 3
25	InfoSpace	INSP	7.66	-34%	40%	270	70	1.2x	74%	70%	.4x	35x	0%	- / -
26	Callaway Golf	ELY	7.32	-36%	82%	472	422	.9x	11%	69%	.4x	21x	0%	1 / -
27	Miller Industries	MLR	10.59	-60%	10%	123	96	1.0x	22%	67%	.4x	25x	5%	- / -
28	Celera	CRA	5.97	-16%	145%	489	168	1.3x	66%	67%	.9x	>99x	2%	1 / -
29	Aceto	ACET	6.50	-25%	80%	161	103	1.3x	36%	67%	.3x	10x	1%	- / 1
30	* Universal Stainless	USAP	16.16	-51%	45%	109	89	.8x	19%	67%	.5x	15x	1%	- / -
31	Exar	EXAR	7.17	-31%	11%	312	105	1.2x	66%	66%	.9x	60x	0%	7 / 1
32	Electro Scientific	ESIO	13.11	-64%	7%	358	203	1.1x	43%	65%	1.8x	n/m	0%	- / 4
33	Silicon Graphics	SGI	6.18	-45%	57%	187	58	.9x	69%	64%	.3x	n/m	1%	1 / -
34	* Progenics Pharma	PGNX	4.92	-9%	178%	155	41	1.4x	73%	64%	.8x	n/m	11%	- / 3
35	ModusLink Global	MLNK	7.25	-78%	24%	331	163	1.1x	51%	64%	.2x	15x	1%	2 / 3
36	* Infinity Pharma	INFI	5.81	-36%	55%	152	2	1.3x	98%	63%	.0x	n/m	17%	- / -
37	Vital Images	VTAL	12.51	-32%	22%	178	54	1.3x	70%	63%	.9x	n/m	2%	3 / 4
38	Ultratech	UTEK	12.97	-31%	16%	283	139	1.5x	51%	63%	1.2x	25x	5%	- / 2
39	Syneron Medical	ELOS	11.02	-59%	27%	303	117	1.4x	61%	63%	1.7x	n/m	10%	- / -
40	Mattson Technology	MTSN	2.54	-88%	95%	127	49	1.1x	61%	62%	.9x	n/m	1%	- / -
41	Oplink Comms	OPLK	14.55	-65%	3%	300	135	1.4x	55%	62%	.9x	17x	3%	- / 4
42	* Zoran	ZRAN	10.72	-75%	14%	554	204	1.2x	63%	61%	.5x	63x	0%	2 / -
43	* Rudolph Tech	RTEC	6.81	-71%	24%	211	138	1.4x	34%	61%	1.7x	n/m	8%	- / 3
44	* Sigma Designs	SIGM	13.70	-49%	29%	367	175	1.3x	52%	61%	.9x	13x	2%	- / 4
45	Nabi Biopharma	NABI	3.40	-37%	40%	173	70	1.6x	60%	61%	n/m	n/m	4%	- / 6

\* New additions are highlighted.

Screening criteria: ► Tang. book > 50% of MV ► ST assets - liabilities > 50% of MV ► Net cash ► Insiders < 20% ► MV > \$100 million  
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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