



Position Update: Long Idea and Danger Zone Research

In addition to six successful [model portfolios](#) (performance data [here](#)), we have published 127 individual [Long Idea](#) (buy) stock research reports and 176 individual [Danger Zone](#) (sell or sell short) stock research reports since 2010. These reports represent part of our ongoing effort to educate investors on the importance of [ROIC](#), demonstrate the effectiveness of our research, and ultimately help our clients' portfolios outperform.

Long Idea & Danger Zone Stats

Figures 1 and 2 provide a synopsis on the current state of all Long Idea and Danger Zone research published to date. Remaining open positions (85) are heavily weighted towards the Danger Zone (66). A higher percentage of our Long Ideas (79%) have been systematically closed out due to valuation as the market moved higher. Conversely, a higher percentage of our Danger Zone selections (38%) remain open due to valuations becoming even more disconnected from fundamentals, which are in many cases very weak.

Long Idea selections have generally outperformed the market, with an average return of 15% for all Long Idea stocks vs. 13% for the S&P. The average return on all closed positions is 20% vs. 14% for the S&P. The 19 open Long Ideas are currently lagging the market, but many are less seasoned. Five are <90 days old.

Figure 1: Long Idea Research Overview

Long Idea Stats	Stocks Selected	% of Total
Open Positions	19	15%
Closed Positions	100	79%
Acquired Positions	8	6%
Total Positions	127	100%
Long Idea Returns	# of Stocks	% of Total
Positive Returns	90	71%
Negative Returns	37	29%
Total Position Returns	127	100%
# of S&P Outperformers	66	52%
Long Idea Returns	Avg Return	vs. S&P
Average Return (closed)	20%	6%
Average Return (ex-acquired)	16%	3%
Average Return (open)	5%	-8%
Average Return (all)	15%	1%

Sources: New Constructs, LLC and company filings

Danger Zone selections have generally outperformed the market as well, with an average return of 23% for all Danger Zone stocks vs. 22% for the S&P. While not part of the plan, Danger Zone outperformance is largely a function of being burned by [stupid money risk](#). Closed Danger Zone selections excluding acquisitions have underperformed the S&P by 2%, while our open Danger Zone selections have underperformed the S&P by 4%.

Figure 2: Danger Zone Research Overview

Danger Zone Stats	Stocks Selected	% of Total
Open Positions	66	38%
Closed Positions	86	49%
Acquired Positions	24	14%
Total Positions	176	100%
Danger Zone Returns	# of Stocks	% of Total
Positive Returns	107	60%
Negative Returns	70	40%
Total Returns	177	100%
# of S&P Underperformers	80	45%
Danger Zone Returns	Avg Return	vs. S&P
Average Return (all closed)	24%	5%
Average Return (ex-acquired)	18%	-2%
Average Return (open)	21%	-4%
Average Return (all)	23%	1%

Sources: New Constructs, LLC and company filings

Figures 3-8 on the following pages display an overview of individual Long Idea and Danger Zone selections organized by open, closed and acquired status.

Process Overview

The starting point for Long Idea/Danger Zone selections is the work of the Robo Analyst as reflected in the Overall Rating (Very Attractive to Very Dangerous) seen throughout our research. Our human analysts then add a layer of qualitative analysis to select a more limited number of stocks to highlight. Aside from a handful of higher profile companies, Long Idea and Danger Zone stocks historically have been highlighted once with minimal subsequent follow-up.

In most instances, the Robo Analyst's rating methodology had downgraded our Long Ideas or upgraded our Danger Zone picks, effectively closing out our positions automatically. In a smaller number of instances, positions have been closed by acquisitions. In an even more limited number of instances, we have closed positions 'manually' in response to big upward price moves in Long Ideas or clear signs of rising stupid money risk in Danger Zone Picks.

To date, our policy has been not to respond to all individual stock-specific events or methodology-driven rating changes with a report. Going forward, we intend to highlight methodology-driven ratings changes more frequently, either individually or as part of a quarterly Position Update. Our goal is to provide the same level of transparency on Long Idea and Danger Zone research that we provide on our model portfolios.

**Figure 3: Open Long Ideas**

Open Long Ideas							
Company	Ticker	Open Date	Today's Date	Holding Period (Days)	Current Rating	Current Return	S&P Return
Wal-Mart Stores	WMT	6/28/11	5/19/17	2,152	Attractive	50%	84%
The Travelers Companies	TRV	11/18/14	5/19/17	913	Attractive	44%	16%
Cisco Systems	CSCO	11/25/14	5/19/17	906	Very Attractive	14%	15%
Gilead Sciences	GILD	1/28/15	5/19/17	842	Very Attractive	-37%	19%
Pilgrim's Pride Corp	PPC	4/9/15	5/19/17	771	Susp. Rating	1%	14%
Target Corporation	TGT	4/28/15	5/19/17	752	Attractive	-31%	13%
Sanderson Farms	SAFM	8/12/15	5/19/17	646	Very Attractive	53%	14%
Skechers USA Inc.	SKX	4/20/16	5/19/17	394	Attractive	-22%	13%
Southwest Airlines Company	LUV	7/14/16	5/19/17	309	Attractive	34%	10%
Lear Corp	LEA	7/22/16	5/19/17	301	Very Attractive	26%	10%
Williams-Sonoma	WSM	9/14/16	5/19/17	247	Attractive	1%	12%
Amerisafe Inc.	AMSF	9/23/16	5/19/17	238	Very Attractive	-28%	10%
National Research Corp	NRCIB	10/5/16	5/19/17	226	Very Attractive	14%	11%
Gentex Corporation	GNTX	12/9/16	5/19/17	161	Very Attractive	-5%	5%
Cracker Barrel	CBRL	3/19/17	5/19/17	61	Very Attractive	-1%	1%
NVR, Inc.	NVR	4/17/17	5/19/17	32	Very Attractive	8%	2%
Knoll, Inc.	KNL	4/24/17	5/19/17	25	Attractive	-6%	0%
Tenneco Inc.	TEN	5/1/17	5/19/17	18	Very Attractive	-8%	0%
Amgen Inc.	AMGN	5/8/17	5/19/17	11	Very Attractive	-4%	-1%
Average Long Idea				474		5%	13%

Sources: New Constructs, LLC and company filings

**Figure 4: Closed Long Ideas**

Closed Long Ideas							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
The Gap, Inc.	GPS	6/4/10	8/3/12	791	Rating Chg.	57%	31%
Myriad Genetics, Inc.	MYGN	7/14/10	8/13/10	30	Rating Chg.	4%	-1%
Xilinx Inc.	XLNX	7/27/10	2/12/14	1,296	Rating Chg.	67%	63%
International Business Machines	IBM	8/17/10	12/2/15	1933	Rating Chg.	8%	90%
Medtronic Plc	MDT	8/31/10	6/27/12	666	Rating Chg.	19%	27%
Seagate Technology	STX	9/14/10	8/13/15	1794	Rating Chg.	361%	86%
Microsoft Corporation	MSFT	9/28/10	7/29/16	2,131	Rating Chg.	129%	89%
Bristol Myers Squibb	BMJ	10/26/10	2/19/13	847	Rating Chg.	37%	29%
Colgate-Palmolive	CL	11/9/10	2/24/12	472	Rating Chg.	21%	13%
The Travelers Companies	TRV	11/22/10	2/17/12	452	Rating Chg.	9%	14%
Analog Devices	ADI	12/7/10	11/27/13	1,086	Rating Chg.	29%	48%
Accenture, PLC	ACN	1/4/11	11/5/12	671	Rating Chg.	39%	12%
Kirkland's Inc.	KIRK	2/1/11	4/14/12	438	Rating Chg.	10%	5%
Discover Financial Services	DFS	2/15/11	3/21/11	34	Rating Chg.	5%	-2%
World Wrestling Entertainment	WWE	3/1/11	3/8/11	7	Rating Chg.	3%	1%
Intel Corporation	INTC	3/15/11	2/24/12	346	Rating Chg.	32%	7%
Eli Lilly & Company	LLY	4/19/11	12/3/14	1,324	Rating Chg.	99%	58%
BlackBerry Ltd	BBRY	6/14/11	7/9/13	756	Rating Chg.	-74%	28%
The Clorox Company	CLX	8/30/11	10/21/11	52	Rating Chg.	1%	2%
KLA - Tencor Corp	KLAC	12/13/11	4/30/15	1234	Rating Chg.	23%	70%
Altria Group, Inc.	MO	2/28/12	7/30/15	1,248	Rating Chg.	81%	54%
Scripps Networks Interactive	SNI	3/2/12	3/3/15	1096	Rating Chg.	50%	54%
Apple Inc.	AAPL	5/15/12	11/1/12	170	Rating Chg.	8%	7%
ConocoPhillips	COP	6/26/12	8/1/12	36	Rating Chg.	8%	4%
Weight Watchers International	WTW	8/6/12	11/12/15	1,193	Rating Chg.	-46%	47%
Exxon Mobil Corp	XOM	8/7/12	2/28/13	205	Rating Chg.	2%	8%
Cisco Systems	CSCO	8/14/12	9/11/13	393	Rating Chg.	42%	20%
Philip Morris International	PM	8/28/12	2/25/13	181	Rating Chg.	1%	6%
McDonald's Corporation	MCD	11/13/12	2/25/14	469	Rating Chg.	14%	34%
Viacom Inc.	VIAB	11/27/12	12/3/13	371	Rating Chg.	61%	28%
Western Digital Corp	WDC	12/4/12	4/7/15	854	Rating Chg.	180%	48%
Public Service Enterprise Group	PEG	12/10/12	2/27/13	79	Rating Chg.	1%	7%
Coach Inc.	COH	12/11/12	8/22/16	1,350	Rating Chg.	-30%	53%
Oracle Corporation	ORCL	4/9/13	6/27/13	79	Rating Chg.	-6%	3%
Caterpillar Inc.	CAT	4/23/13	9/20/13	150	Rating Chg.	2%	8%
Herbalife LTD.	HLF	8/6/13	12/2/15	848	Rating Chg.	-15%	23%
The Dun & Bradstreet Corp	DNB	10/10/13	2/27/15	505	Rating Chg.	32%	24%
CF Industries Holdings	CF	11/12/13	5/21/15	555	Rating Chg.	45%	21%
Amgen Inc.	AMGN	1/15/14	2/25/14	41	Rating Chg.	5%	0%
Chevron Corporation	CVX	2/4/14	2/24/14	20	Rating Chg.	2%	5%
AutoZone Inc.	AZO	2/14/14	1/16/15	336	Rating Chg.	8%	10%
Amdocs, Ltd.	DOX	2/19/14	12/13/16	1028	Rating Chg.	36%	24%
Ford Motor Company	F	3/12/14	10/16/15	583	Rating Chg.	-15%	9%
Johnson & Johnson	JNJ	4/3/14	8/14/15	498	Rating Chg.	1%	11%
The Chubb Corporation	CB	4/9/14	2/29/16	691	Rating Chg.	17%	3%
Aspen Insurance Holdings	AHL	4/15/14	8/3/15	475	Rating Chg.	10%	14%
AFLAC Inc.	AFL	4/28/14	12/26/14	242	Rating Chg.	0%	12%
Valmont Industries	VMI	5/12/14	12/3/14	205	Rating Chg.	-10%	9%
Deere & Company	DE	5/22/14	7/30/15	434	Rating Chg.	4%	11%

Sources: New Constructs, LLC and company filings

**Figure 4: Closed Long Ideas (Continued)**

Closed Long Ideas							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
Syntel Inc.	SYNT	6/16/14	11/26/14	163	Rating Chg.	9%	7%
PetSmart Inc.	PETM	6/16/14	9/18/14	94	Rating Chg.	18%	4%
Neustar Inc.	NSR	7/10/14	2/17/15	222	Rating Chg.	-3%	7%
Liberty Tax, Inc.	TAX	7/29/14	5/1/16	642	Rating Chg.	-64%	5%
NetApp Inc.	NTAP	8/11/14	8/24/16	744	Rating Chg.	-11%	12%
Stryker Corporation	SYK	9/5/14	10/6/15	396	Rating Chg.	20%	-1%
NVR Inc.	NVR	9/17/14	2/20/15	156	Rating Chg.	17%	5%
QUALCOMM Inc.	QCOM	12/18/14	11/3/16	686	Rating Chg.	-9%	1%
Strattec Security Corp	STRT	1/1/15	9/8/15	250	Rating Chg.	-22%	-4%
CIGNA Corporation	CI	1/5/15	5/15/15	130	Rating Chg.	31%	5%
Symantec Corporation	SYMC	1/8/15	12/10/15	336	Rating Chg.	-22%	0%
American Express Company	AXP	1/15/15	7/30/15	196	Rating Chg.	-11%	6%
Kimberly-Clark Corp	KMB	1/29/15	10/7/15	251	Rating Chg.	2%	-1%
Waddell & Reed Financial	WDR	2/3/15	8/3/15	181	Rating Chg.	-1%	2%
Cal-Maine Foods	CALM	2/5/15	5/18/15	102	Rating Chg.	66%	3%
Republic Services	RSG	2/12/15	2/24/15	12	Rating Chg.	-1%	1%
General Motors Co	GM	2/17/15	5/12/16	450	Rating Chg.	-20%	-2%
Goodyear Tire & Rubber Company	GT	2/26/15	8/3/15	158	Rating Chg.	10%	-1%
John B. Sanfilippo & Son	JBSS	3/3/15	4/2/15	30	Rating Chg.	22%	-2%
Chicago Bridge & Iron Co N.V.	CBI	3/10/15	8/3/15	146	Rating Chg.	13%	3%
Aetna Inc.	AET	3/12/15	5/19/15	68	Rating Chg.	12%	3%
CA Inc.	CA	3/17/15	10/9/15	206	Rating Chg.	-8%	-3%
W.R. Berkley Corp	WRB	3/19/15	7/30/15	133	Rating Chg.	10%	1%
Escalade Inc.	ESCA	3/24/15	8/3/15	132	Rating Chg.	3%	0%
Starwood Property Trust	STWD	3/26/15	8/3/15	130	Rating Chg.	-9%	2%
Fluor Corporation	FLR	3/31/15	12/2/15	246	Rating Chg.	-15%	1%
Inteliquent Inc.	IQNT	4/2/15	9/22/15	173	Rating Chg.	30%	-6%
Harley-Davidson	HOG	4/16/15	5/18/15	32	Rating Chg.	-9%	1%
Lear Corp	LEA	4/23/15	2/10/16	293	Rating Chg.	-15%	-12%
Fresh Del Monte Produce	FDP	5/5/15	5/18/15	13	Rating Chg.	6%	2%
Foot Locker	FL	5/19/15	12/8/16	569	Rating Chg.	25%	6%
Kaiser Aluminum Corp	KALU	5/27/15	7/30/15	64	Rating Chg.	5%	-1%
Allstate Corp (The)	ALL	6/4/15	8/3/15	60	Rating Chg.	3%	-1%
Check Point Software Technologies	CHKP	6/11/15	10/5/15	116	Rating Chg.	-3%	-6%
Ralph Lauren Corp	RL	6/25/15	8/12/16	414	Rating Chg.	-21%	4%
Build-A-Bear Workshop	BBW	7/1/15	8/14/15	44	Rating Chg.	30%	1%
Universal Insurance Holdings	UVE	7/16/15	8/3/15	18	Rating Chg.	5%	-1%
Verizon Communications	VZ	9/10/15	2/22/17	531	Rating Chg.	9%	21%
NVIDIA Corporation	NVDA	9/24/15	12/10/15	77	Rating Chg.	41%	6%
Wells Fargo & Company	WFC	10/22/15	11/24/15	33	Rating Chg.	2%	2%
Eaton Corporation	ETN	10/29/15	8/24/16	300	Rating Chg.	23%	4%
Brocade Communications Systems	BRCD	11/6/15	9/14/16	313	Rating Chg.	4%	1%
Allegiant Travel Company	ALGT	11/18/15	5/11/16	175	Rating Chg.	-11%	-1%
Oracle Corporation	ORCL	2/18/16	3/20/17	396	Rating Chg.	27%	28%
American Express Company	AXP	3/16/16	4/28/17	408	Rating Chg.	33%	17%
Sally Beauty Holdings	SBH	5/4/16	2/3/17	275	Rating Chg.	-30%	12%
Thor Industries	THO	6/23/16	10/3/16	102	Rating Chg.	38%	2%
Morgan Stanley	MS	7/21/16	8/11/16	21	Rating Chg.	2%	1%
Ply Gem Holdings	PGEM	9/7/16	3/20/17	194	Rating Chg.	32%	9%
The Walt Disney Company	DIS	1/11/17	5/10/17	119	Rating Chg.	3%	7%
Carter's Inc.	CRI	4/10/17	4/28/17	18	Rating Chg.	4%	1%
Average Long Idea				417		16%	14%

Sources: New Constructs, LLC and company filings

**Figure 5: Acquired Long Ideas**

Acquired Long Ideas							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
Schiff Nutrition International	SHF	10/12/10	11/22/12	772	Acquired	434%	19%
SanDisk	SNDK	4/4/11	5/12/16	1865	Acquired	86%	55%
Lorillard	LO	5/24/11	6/12/15	1,480	Acquired	30%	59%
DirecTV	DTV	9/11/13	7/24/15	681	Acquired	56%	23%
LeapFrog Enterprises	LF	12/12/13	2/5/16	785	Acquired	-88%	6%
Alliance Fiber Optic Products	AFOP	2/19/15	6/6/16	473	Acquired	7%	1%
Outerwall Inc.	OUTR	7/10/15	9/27/16	445	Acquired	-36%	4%
Post Properties	PPS	3/5/15	8/15/16	529	Acquired	28%	4%
Average Long Idea				879		65%	21%

Sources: New Constructs, LLC and company filings

Figure 6: Open Danger Zone Picks

Open Danger Zone Picks							
Company	Ticker	Open Date	Today's Date	Holding Period (Days)	Current Rating	Current Return	S&P Return
VirnetX Holding Corp	VHC	4/12/11	5/22/17	2,232	Very Dangerous	-87%	81%
Zions Bancorporation	ZION	12/6/11	5/22/17	1994	Dangerous	139%	89%
MGM Resorts International	MGM	8/27/12	5/22/17	1,729	Dangerous	209%	68%
Hologic Inc.	HOLX	9/11/12	5/22/17	1714	Rating Susp.	118%	66%
American Tower Corp	AMT	10/2/12	5/22/17	1,693	Dangerous	79%	65%
TiVo Corporation	TIVO	12/17/12	5/22/17	1617	Rating Susp.	1%	66%
Carpenter Technology Corp	CRS	1/21/13	5/22/17	1,582	Very Dangerous	-32%	61%
Williams Companies	WMB	4/8/13	5/22/17	1505	Dangerous	-18%	53%
Sears Holdings Corp	SHLD	4/22/13	5/22/17	1,491	Rating Susp.	-83%	53%
Amazon.com Inc.	AMZN	5/20/13	5/22/17	1463	Dangerous	256%	43%
Tesla Inc	TSLA	8/12/13	5/22/17	1,379	Dangerous	109%	41%
Landec Corporation	LNDC	9/11/13	5/22/17	1349	Dangerous	0%	41%
InnerWorkings Inc.	INWK	9/23/13	5/22/17	1,337	Dangerous	8%	40%
Zynga Inc.	ZNGA	9/30/13	5/22/17	1330	Dangerous	-6%	42%
SINA Corporation	SINA	10/10/13	5/22/17	1,320	Dangerous	21%	41%
Netflix Inc.	NFLX	11/19/13	5/22/17	1280	Dangerous	226%	34%
salesforce.com	CRM	12/16/13	5/22/17	1,253	Very Dangerous	71%	33%
Navistar International	NAV	1/13/14	5/22/17	1225	Dangerous	-28%	31%
Callidus Software, Inc.	CALD	2/10/14	5/22/17	1,197	Dangerous	82%	32%
Tuesday Morning Corp	TUES	3/17/14	5/22/17	1162	Dangerous	-88%	28%
Workday Inc.	WDAY	4/14/14	5/22/17	1,134	Dangerous	31%	30%
United States Cellular	USM	6/16/14	5/22/17	1071	Dangerous	-2%	23%
Newell Brands	NWL	7/14/14	5/22/17	1,043	Very Dangerous	66%	21%
ACI Worldwide	ACIW	8/11/14	5/22/17	1015	Dangerous	18%	23%
Sierra Wireless	SWIR	9/15/14	5/22/17	980	Dangerous	-10%	20%
AngioDynamics	ANGO	9/17/14	5/22/17	978	Dangerous	15%	19%
MarineMax Inc.	HZO	10/27/14	5/22/17	938	Dangerous	3%	21%
Advisory Board Company	ABCO	11/10/14	5/22/17	924	Very Dangerous	8%	17%
Verifone Systems	PAY	12/18/14	5/22/17	886	Dangerous	-53%	16%
Box, Inc.	BOX	1/27/15	5/22/17	846	Dangerous	-18%	17%

Sources: New Constructs, LLC and company filings

**Figure 6: Open Danger Zone Picks (Continued)**

Open Danger Zone Picks							
Company	Ticker	Open Date	Today's Date	Holding Period (Days)	Current Rating	Current Return	S&P Return
Wayfair, Inc.	W	3/30/15	5/22/17	784	Dangerous	85%	14%
athenahealth Inc.	ATHN	4/13/15	5/22/17	770	Dangerous	2%	14%
Newfield Exploration Company	NFX	4/20/15	5/22/17	763	Dangerous	-10%	13%
Briggs & Stratton Corp	BGG	4/27/15	5/22/17	756	Rating Susp.	18%	13%
Splunk Inc.	SPLK	7/7/15	5/22/17	685	Dangerous	-4%	14%
Speedway Motorsports	TRK	7/13/15	5/22/17	679	Rating Susp.	-26%	14%
Expedia Inc	EXPE	9/14/15	5/22/17	616	Dangerous	22%	22%
Lance Inc.	LNCE	9/21/15	5/22/17	609	Dangerous	4%	21%
KB Home	KBH	9/29/15	5/22/17	601	Dangerous	60%	26%
Proofpoint Inc.	PFPT	10/12/15	5/22/17	588	Dangerous	37%	18%
ServiceNow Inc	NOW	11/3/15	5/22/17	566	Dangerous	20%	13%
Celadon Group	CGI	11/9/15	5/22/17	560	Dangerous	-84%	15%
Square, Inc.	SQ	12/7/15	5/22/17	532	Dangerous	61%	15%
Post Holdings	POST	2/15/16	5/22/17	462	Rating Susp.	20%	26%
Zillow Group	ZG	3/7/16	5/22/17	441	Dangerous	64%	19%
Blackbaud Inc.	BLKB	4/11/16	5/22/17	406	Dangerous	30%	17%
Cornerstone OnDemand	CSOD	4/18/16	5/22/17	399	Very Dangerous	8%	14%
Perrigo Company	PRGO	5/2/16	5/22/17	385	Rating Susp.	-26%	14%
Mobile Mini	MINI	5/23/16	5/22/17	364	Very Dangerous	-12%	16%
FireEye, Inc.	FEYE	6/27/16	5/22/17	329	Dangerous	2%	19%
Acadia Healthcare Company	ACHC	7/19/16	5/22/17	307	Dangerous	-19%	10%
8x8 Inc.	EGHT	8/15/16	5/22/17	280	Dangerous	-3%	9%
Yelp Inc.	YELP	8/23/16	5/22/17	272	Dangerous	-26%	9%
SPS Commerce	SPSC	8/29/16	5/22/17	266	Dangerous	-12%	9%
Zoe's Kitchen	ZOES	9/26/16	5/22/17	238	Dangerous	-25%	11%
PROS Holdings	PRO	10/24/16	5/22/17	210	Dangerous	23%	11%
Overstock.com	OSTK	10/31/16	5/22/17	203	Dangerous	-1%	12%
Acxiom Corp	ACXM	11/21/16	5/22/17	182	Very Dangerous	-4%	8%
Tutor Perini Corp	TPC	12/12/16	5/22/17	161	Dangerous	-7%	6%
Trivago	TRVG	12/15/16	5/22/17	158	Dangerous	60%	5%
Bottomline Technologies	EPAY	1/16/17	5/22/17	126	Very Dangerous	-2%	5%
Snap Inc.	SNAP	2/6/17	5/22/17	105	Dangerous	17%	4%
SunOpta Inc.	STKL	2/22/17	5/22/17	89	Dangerous	30%	1%
Palo Alto Networks	PANW	2/27/17	5/22/17	84	Dangerous	-24%	1%
Tableau Software	DATA	3/6/17	5/22/17	77	Dangerous	18%	0%
LivePerson Inc.	LPSN	3/20/17	5/22/17	63	Dangerous	40%	0%
Average Danger Zone				815		21%	25%

Sources: New Constructs, LLC and company filings

**Figure 7: Closed Danger Zone Picks**

Closed Danger Zone Picks							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
Sirius XM Holdings	SIRI	6/1/10	4/10/12	679	Rating Chg.	118%	27%
Whole Foods Market	WFM	7/20/10	5/7/14	1387	Rating Chg.	108%	73%
Yahoo! Inc.	YHOO	8/3/10	8/5/11	367	Rating Chg.	-16%	7%
FedEx Corporation	FDX	8/24/10	7/16/15	1787	Rating Chg.	111%	102%
Capital One Financial	COF	9/7/10	3/2/11	176	Rating Chg.	19%	20%
CBS Corp	CBS	9/21/10	8/6/15	1780	Rating Chg.	231%	83%
Vulcan Materials Company	VMC	10/5/10	2/26/16	1,970	Rating Chg.	164%	68%
CBRE Group Inc	CBG	10/19/10	8/11/15	1757	Rating Chg.	106%	79%
Akamai Technologies	AKAM	11/16/10	7/28/11	254	Rating Chg.	-49%	10%
Discover Financial Services	DFS	12/14/10	1/27/11	44	Rating Chg.	10%	5%
BJ's Restaurants	BJRI	1/11/11	12/14/12	703	Rating Chg.	-3%	11%
Integrated Device Technology	IDTI	1/25/11	2/8/16	1840	Rating Chg.	177%	44%
Principal Financial Group	PFG	3/8/11	7/31/15	1,606	Rating Chg.	69%	59%
Eastman Kodak	EK	3/22/11	1/19/12	303	Rating Chg.	-100%	2%
Zumiez Inc.	ZUMZ	3/29/11	8/18/11	142	Rating Chg.	-27%	-14%
Morgan Stanley	MS	5/3/11	2/28/12	301	Rating Chg.	-28%	1%
Citigroup Inc.	C	5/17/11	2/29/16	1,749	Rating Chg.	-6%	45%
Finisar Corporation	FNSR	6/7/11	8/8/11	62	Rating Chg.	-39%	-13%
Baker Hughes	BHI	9/13/11	3/21/12	190	Rating Chg.	-22%	20%
Vmware Inc	VMW	11/29/11	10/27/15	1428	Rating Chg.	-37%	73%
Digital Realty Trust	DLR	12/6/11	8/19/15	1,352	Rating Chg.	3%	65%
Bank of America Corp	BAC	3/1/12	2/26/15	1092	Rating Chg.	68%	54%
Starbucks Corporation	SBUX	3/12/12	11/19/12	252	Rating Chg.	-3%	1%
Delta Air Lines	DAL	5/18/12	2/25/14	648	Rating Chg.	228%	42%
Goodyear Tire & Rubber Company	GT	6/12/12	10/1/12	111	Rating Chg.	17%	9%
United States Steel Corp	X	7/19/12	2/25/15	951	Rating Chg.	24%	54%
Boston Properties, Inc.	BXP	9/4/12	8/11/15	1,071	Rating Chg.	6%	48%
Consolidated Edison, Inc.	ED	9/18/12	1/1/13	105	Rating Chg.	0%	-2%
HCP Inc.	HCP	10/2/12	2/12/14	498	Rating Chg.	-16%	26%
Public Storage	PSA	10/2/12	3/6/13	155	Rating Chg.	10%	7%
Simon Property Group, Inc.	SPG	10/2/12	3/5/14	519	Rating Chg.	8%	30%
Ventas Inc.	VTR	10/2/12	2/15/17	1597	Rating Chg.	-2%	63%
White Mountains Insurance Group	WTM	10/8/12	3/4/13	147	Rating Chg.	8%	5%
General Electric Company	GE	11/26/12	2/27/13	93	Rating Chg.	11%	8%
Dean Foods Company	DF	12/3/12	8/19/13	259	Rating Chg.	-45%	17%
Cabot Oil & Gas Corp	COG	1/7/13	3/2/15	784	Rating Chg.	16%	45%
Fulton Financial Corp	FULT	1/14/13	3/6/15	781	Rating Chg.	19%	41%
Praxair Inc.	PX	3/12/13	4/15/13	34	Rating Chg.	-5%	0%
Express Scripts, Inc.	ESRX	4/1/13	2/24/15	694	Rating Chg.	52%	35%
Stanley Black & Decker	SWK	4/15/13	8/4/15	841	Rating Chg.	31%	35%
The Charles Schwab Corp	SCHW	5/6/13	11/8/16	1,282	Rating Chg.	86%	32%
Apple Inc.	AAPL	5/14/13	10/28/14	532	Rating Chg.	64%	20%
Callaway Golf Company	ELY	7/1/13	3/6/17	1,344	Rating Chg.	59%	47%
Stein Mart, Inc.	SMRT	7/15/13	9/30/14	442	Rating Chg.	-23%	17%
Rite Aid Corp	RAD	8/19/13	7/1/14	316	Rating Chg.	102%	20%
Angie's List Inc	ANGI	9/9/13	12/2/15	814	Rating Chg.	-47%	24%
Electronic Arts	EA	11/12/13	12/17/14	400	Rating Chg.	74%	14%
Ecolab Inc.	ECL	12/12/13	12/3/14	356	Rating Chg.	6%	17%
KAR Auction Services	KAR	1/15/14	12/2/15	686	Rating Chg.	30%	13%

Sources: New Constructs, LLC and company filings

**Figure 7: Closed Danger Zone Picks (Continued)**

Closed Danger Zone Picks							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
Ashland Global Holdings	ASH	1/27/14	10/5/15	616	Rating Chg.	10%	12%
Anadarko Petroleum Corp	APC	2/4/14	12/1/14	300	Rating Chg.	78%	17%
Southwest Airlines Company	LUV	2/12/14	12/3/14	294	Rating Chg.	93%	14%
Comcast Corporation	CMCSA	2/27/14	1/22/15	329	Rating Chg.	10%	11%
Royal Caribbean Cruises	RCL	3/12/14	2/24/17	1080	Rating Chg.	88%	26%
Dunkin' Brands Group	DNKN	3/25/14	7/29/14	126	Rating Chg.	-11%	6%
Flagstar Bancorp	FBC	5/5/14	8/10/15	462	Rating Chg.	17%	8%
Costamare Inc.	CMRE	5/12/14	5/8/15	361	Rating Chg.	-5%	12%
Olin Corporation	OLN	6/2/14	8/5/15	429	Rating Chg.	-17%	9%
MercadoLibre Inc.	MELI	6/9/14	10/1/14	114	Rating Chg.	27%	0%
Hawaiian Electric Co.	HE	6/30/14	10/5/15	462	Rating Chg.	25%	1%
NCR Corporation	NCR	7/7/14	3/4/15	240	Rating Chg.	-18%	6%
Glu Mobile Inc.	GLUU	8/4/14	1/5/15	154	Rating Chg.	-28%	4%
Bob Evans Farms	BOBE	9/8/14	9/1/16	724	Rating Chg.	-10%	8%
Constellation Brands	STZ	9/22/14	1/22/15	122	Rating Chg.	27%	3%
Universal Technical Institute	UTI	9/29/14	7/27/15	301	Rating Chg.	-35%	5%
Oxford Industries	OXM	10/6/14	12/10/15	430	Rating Chg.	1%	4%
Revlon Inc.	REV	11/27/14	11/20/15	358	Rating Chg.	-19%	1%
Barnes Group	B	12/17/14	2/25/16	435	Rating Chg.	-2%	-3%
Biglari Holdings	BH	1/19/15	10/6/15	260	Rating Chg.	-22%	-2%
CenturyLink Inc.	CTL	2/9/15	12/15/16	675	Rating Chg.	-9%	11%
Tailored Brands Inc.	TLRD	2/23/15	12/14/15	294	Rating Chg.	-73%	-4%
Pinnacle Foods Inc.	PF	3/16/15	3/3/16	353	Rating Chg.	12%	-4%
Mondelez International	MDLZ	3/29/16	3/3/17	339	Rating Chg.	12%	15%
El Pollo Loco Holdings	LOCO	3/23/15	10/7/15	198	Rating Chg.	-59%	-5%
Sonic Automotive	SAH	5/4/15	12/2/15	212	Rating Chg.	2%	-2%
Twitter, Inc.	TWTR	6/1/15	7/14/16	409	Rating Chg.	-51%	3%
Groupon Inc.	GRPN	6/9/15	12/14/15	188	Rating Chg.	-46%	-3%
Planet Fitness Inc.	PLNT	8/5/15	8/23/16	384	Rating Chg.	46%	4%
Textron Inc.	TXT	11/23/15	2/25/16	94	Rating Chg.	-21%	-6%
Whitewave Foods Co.	WWAV	2/1/16	7/22/16	172	Rating Chg.	64%	12%
Pure Storage	PSTG	2/8/16	6/21/16	134	Rating Chg.	-10%	13%
Valeant Pharmaceuticals International	VRX	2/29/16	4/26/16	57	Rating Chg.	-45%	8%
XPO Logistics Inc.	XPO	5/16/16	6/15/16	30	Rating Chg.	2%	0%
Imperva Inc.	IMPV	6/6/16	8/16/16	71	Rating Chg.	27%	3%
Shutterstock Inc	SSTK	8/1/16	3/10/17	221	Rating Chg.	-64%	10%
Pandora Media	P	3/13/17	5/9/17	57	Acquisition Risk	-20%	1%
Average Danger Zone				560		18%	20%

Sources: New Constructs, LLC and company filings

**Figure 8: Acquired Danger Zone Picks**

Acquired Danger Zone Picks							
Company	Ticker	Open Date	Close Date	Holding Period (Days)	Reason Closed	Return	S&P Return
NYSE Euronext	NYX	5/28/10	11/13/13	1,265	Acquired	15%	64%
Drugstore.com Inc.	DSCM	9/30/10	6/3/11	246	Acquired	91%	14%
Rackspace Hosting	RAX	11/2/10	11/2/16	2,192	Acquired	23%	76%
JDA Software Group	JDAS	11/30/10	12/21/12	752	Acquired	70%	21%
Ariba Inc.	ARBA	2/22/11	10/1/12	587	Acquired	45%	10%
Starwood Hotels & Resorts	HOT	7/12/11	9/23/16	1900	Acquired	68%	65%
Life Time Fitness	LTM	10/2/12	6/10/15	981	Acquired	60%	46%
Office Max Inc.	OMX	2/4/13	11/5/13	274	Acquired	26%	18%
Zale Corporation	ZLC	2/18/13	5/29/14	465	Acquired	329%	25%
EPIQ Systems	EPIQ	7/22/13	9/30/16	1166	Acquired	21%	28%
LinkedIn	LNKD	8/30/13	12/8/16	1,196	Acquired	-19%	38%
Move, Inc.	MOVE	12/5/13	11/14/14	344	Acquired	42%	14%
NetSuite	N	1/7/14	11/7/16	1,035	Acquired	5%	16%
AOL Inc.	AOL	3/3/14	6/23/15	477	Acquired	14%	15%
DreamWorks Animation	DWA	5/19/14	8/22/16	826	Acquired	60%	16%
Demandware	DWRE	6/23/15	7/11/16	384	Acquired	33%	1%
Exar Corporation	EXAR	7/10/14	3/29/17	993	Acquired	22%	20%
Intersil Corporation	ISIL	5/11/15	2/24/17	655	Acquired	68%	12%
SolarCity	SCTY	8/18/15	11/21/16	461	Acquired	-59%	5%
Marketo	MKTO	10/5/15	8/16/16	316	Acquired	7%	10%
Jarden Corporation	JAH	10/26/15	4/15/16	172	Acquired	34%	0%
Qlik Technologies	QLIK	12/14/15	8/22/16	252	Acquired	0%	8%
Interactive Intelligence	ININ	6/13/16	12/1/16	171	Acquired	37%	5%
Mattress Firm	MFRM	7/25/16	9/16/16	53	Acquired	115%	-1%
Average Danger Zone				715		46%	22%

Sources: New Constructs, LLC and company filings

*This article originally published on [May 22, 2017](#)**Disclosure: David Trainer, Kenneth James and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.**Follow us on [Twitter](#), [Facebook](#), [LinkedIn](#), and [StockTwits](#) for real-time alerts on all our research.*



New Constructs® - Research to Fulfill the Fiduciary Duty of Care

Ratings & screeners on 3000 stocks, 450 ETFs and 7000 mutual funds help you make prudent investment decisions.

New Constructs leverages the latest in machine learning to analyze structured and unstructured financial data with unrivaled speed and accuracy. The firm's forensic accounting experts work alongside engineers to develop proprietary NLP libraries and financial models. Our investment ratings are based on the best fundamental data in the business for stocks, ETFs and mutual funds. Clients include many of the top hedge funds, mutual funds and wealth management firms. David Trainer, the firm's CEO, is regularly featured in the media as a thought leader on the fiduciary duty of care, earnings quality, valuation and investment strategy.

To fulfill the Duty of Care, research should be:

1. **Comprehensive** - All relevant publicly-available (e.g. 10-Ks and 10-Qs) information has been diligently reviewed, including footnotes and the management discussion & analysis (MD&A).
2. **Un-conflicted** - Clients deserve unbiased research.
3. **Transparent** - Advisors should be able to show how the analysis was performed and the data behind it.
4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

Value Investing 2.0: Diligence Matters: Technology is Key to Value Investing With Scale

Accounting data is only the beginning of fundamental research. It must be translated into economic earnings to truly understand profitability and valuation. This translation requires deep analysis of footnotes and the MD&A, a process that our [robo-analyst technology](#) empowers us to perform for thousands of stocks, ETFs and mutual funds.



DISCLOSURES

New Constructs®, LLC (together with any subsidiaries and/or affiliates, "New Constructs") is an independent organization with no management ties to the companies it covers. None of the members of New Constructs' management team or the management team of any New Constructs' affiliate holds a seat on the Board of Directors of any of the companies New Constructs covers. New Constructs does not perform any investment or merchant banking functions and does not operate a trading desk.

New Constructs' Stock Ownership Policy prevents any of its employees or managers from engaging in Insider Trading and restricts any trading whereby an employee may exploit inside information regarding our stock research. In addition, employees and managers of the company are bound by a code of ethics that restricts them from purchasing or selling a security that they know or should have known was under consideration for inclusion in a New Constructs report nor may they purchase or sell a security for the first 15 days after New Constructs issues a report on that security.

New Constructs is affiliated with Novo Capital Management, LLC, the general partner of a hedge fund. At any particular time, New Constructs' research recommendations may not coincide with the hedge fund's holdings. However, in no event will the hedge fund receive any research information or recommendations in advance of the information that New Constructs provides to its other clients.

DISCLAIMERS

The information and opinions presented in this report are provided to you for information purposes only and are not to be used or considered as an offer or solicitation of an offer to buy or sell securities or other financial instruments. New Constructs has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor and nothing in this report constitutes investment, legal, accounting or tax advice. This report includes general information that does not take into account your individual circumstance, financial situation or needs, nor does it represent a personal recommendation to you. The investments or services contained or referred to in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about any such investments or investment services.

Information and opinions presented in this report have been obtained or derived from sources believed by New Constructs to be reliable, but New Constructs makes no representation as to their accuracy, authority, usefulness, reliability, timeliness or completeness. New Constructs accepts no liability for loss arising from the use of the information presented in this report, and New Constructs makes no warranty as to results that may be obtained from the information presented in this report. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information and opinions contained in this report reflect a judgment at its original date of publication by New Constructs and are subject to change without notice. New Constructs may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and New Constructs is under no obligation to insure that such other reports are brought to the attention of any recipient of this report.

New Constructs' reports are intended for distribution to its professional and institutional investor customers. Recipients who are not professionals or institutional investor customers of New Constructs should seek the advice of their independent financial advisor prior to making any investment decision or for any necessary explanation of its contents.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would be subject New Constructs to any registration or licensing requirement within such jurisdiction.

This report may provide the addresses of websites. Except to the extent to which the report refers to New Constructs own website material, New Constructs has not reviewed the linked site and takes no responsibility for the content therein. Such address or hyperlink (including addresses or hyperlinks to New Constructs own website material) is provided solely for your convenience and the information and content of the linked site do not in any way form part of this report. Accessing such websites or following such hyperlink through this report shall be at your own risk.

All material in this report is the property of, and under copyright, of New Constructs. None of the contents, nor any copy of it, may be altered in any way, copied, or distributed or transmitted to any other party without the prior express written consent of New Constructs. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of New Constructs.

Copyright New Constructs, LLC 2003 through the present date. All rights reserved.