



Position Close Update: MarineMax Inc (HZO)

MarineMax (HZO: \$15/share) – Closing Short Position – down 16% vs. S&P up 49%

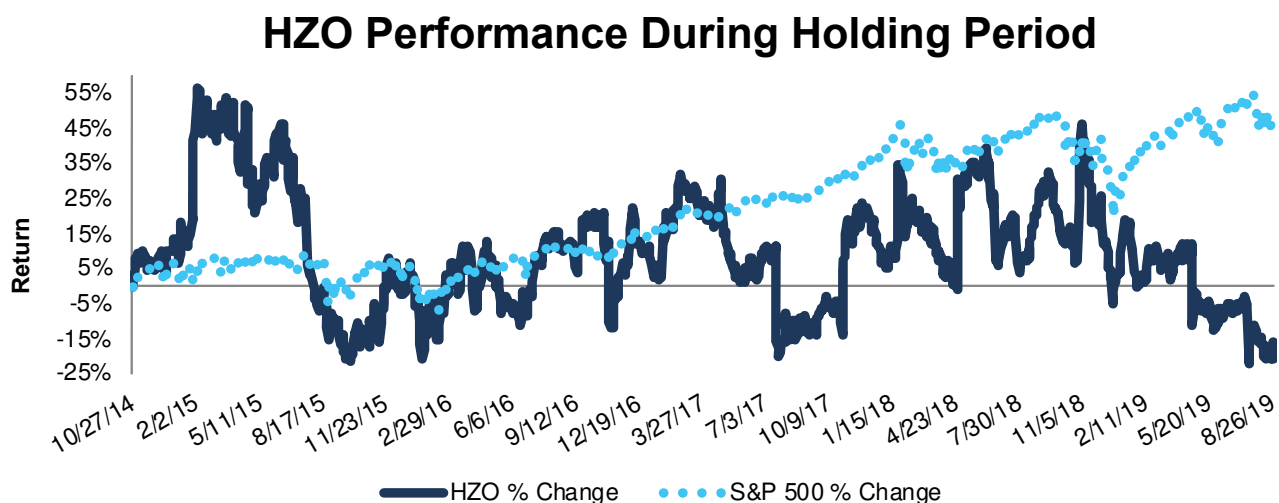
MarineMax (HZO) was originally selected as a [Danger Zone Idea on 10/27/14](#). At the time of the initial report, the stock received a Very Unattractive [rating](#). Our short thesis noted the firm's misleading reported profits, costly inventory management, and a sky-high valuation.

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During the nearly 5-year holding period, HZO outperformed as a short position, declining 16% compared to a 49% gain for the S&P 500.

Since our original report, HZO has bounced around, rising as high as \$27/share in early 2015 and falling as low as \$14/share on multiple occasions. Recently, the company's fundamentals have shown signs of improvement, and its return on invested capital ([ROIC](#)) is up from 3% in 2014 to 6% over the trailing twelve months (TTM) period. HZO's improved profitability, combined with its cheaper valuation, means the stock no longer presents the same risk/reward. We believe it is time to take the gains and close this short position.

Figure 1: HZO vs. S&P 500 – Price Return – Successful Short Call



Sources: New Constructs, LLC and company filings

Note: Gain/Dcline performance analysis excludes transaction costs and dividends.

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Disclosure: David Trainer, Kyle Guske II, and Sam McBride receive no compensation to write about any specific stock, style, or theme.

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2. **Un-conflicted** - Clients deserve unbiased research.
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4. **Relevant** - Empirical evidence must provide [tangible, quantifiable correlation](#) to stock, ETF or mutual fund performance.

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