



Position Close Update: SINA Corporation (SINA)

SINA Corporation (SINA) – Closing Short Position – down 53% vs. S&P up 72%

SINA Corporation (SINA: \$40/share) was originally featured on [10/10/13](#). At the time of the initial report, the stock received a Very Unattractive [rating](#). Our short thesis pointed out the firm's declining ROIC, negative economic earnings, and expensive valuation.

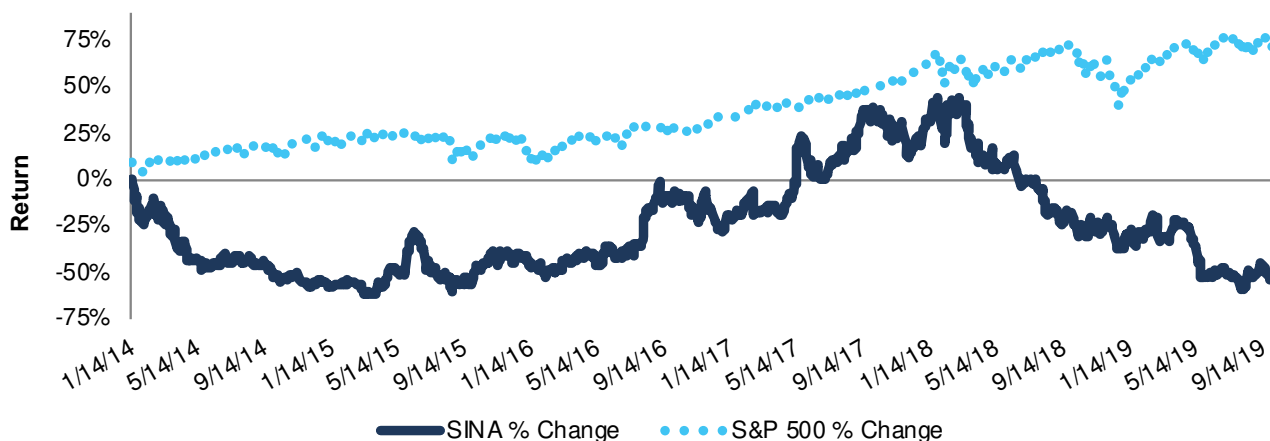
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During the nearly 6-year holding period, SINA outperformed as a short position, declining 53% compared to a 72% gain for the S&P 500.

Since our original report, SINA has bounced around, falling as low as \$32/share in early 2015 and rising as high as \$123/share in early 2018. The company's fundamentals have improved in recent years, and its return on invested capital ([ROIC](#)) has risen from 3% in 2013 to 19% TTM. SINA has earned positive economic earnings in each of the past three years and its stock now trades below its [economic book value](#). The stock no longer presents the same risk/reward given the firm's improved profitability and cheaper valuation. We believe it is time to take the gains and close this short position.

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

SINA Performance During Holding Period



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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