Applied Investment Management (AIM) Program

AIM Class of 2017 Equity Fund Reports
Fall 2016

Date: Friday, November 11th | ***Time:*** *2:30 – 4:00* p.m. | ***Location: AIM Research Room 488***

Student Presenter	Company Name	Ticker	Sector	Page
Nick Dykema	Web.com	WEB	Technology	2
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These student presentations are an important element of the applied learning experience in the AIM program. The students conduct fundamental equity research and present their recommendations in written and oral format – with the goal of adding their stock to the AIM Equity Fund. Your comments and advice add considerably to their educational experience and is greatly appreciated. Each student will spend about 5-7 minutes presenting their formal recommendation, which is then followed by about 8-10 minutes of Q & A.

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Web.com Group, Inc. (WEB)
November 11, 2016

Nick Dykema — Domestic Technology

Web.com Group, Inc. (NASDAQ: WEB) is a leading provider of Internet services and online marketing solutions to small businesses. WEB's services and solutions include domains, website design and management, search engine optimization, online marketing campaigns, and eCommerce solutions. WEB's domain sales enable the company to offer Value-Added Services (VAS) to their customers. In terms of sales, domain registrations are a one time payment, while Web.com's VAS and specific solutions require the customer to pay monthly subscription rates. The company's revenues are broken down into three categories: VAS (53%), Domains (36%), and Do-It-Yourself (10%). Web.com services 3.4 million customers and all revenues occur within the United States. The company targets small businesses with less than 20 employees. Web.com has been trading publicly since 2005 and is headquartered in Jacksonville, FL.

Price ($):	14.15
Price Target ($):	19.71
52WK H-L ($):	12.90 - 25.00
Market Cap (mil):	719
Float (mil):	50.8
Short Interest (%):	4.1
Avg. Daily Vol (mil):	0.30
Dividend ($):	0.00
Yield (%):	0.0

Beta:	1.25
WACC	8.9%
M-Term Rev. Gr Rate Est:	11.8%
M-Term EPS Gr Rate Est:	62.6%
Debt / Equity (%):	43.4
Total Debt / EBITDA:	3.56
ROA (%):	7.51
ROE (%):	43.64
ROIC (%):	13.58

FY: Dec.	2015	2016E	2017E	2018E
Revenue (Mil)	543.5	733.7	792.4	840.0
% Growth	-1.0%	35.0%	8.0%	6.0%
Gross Margin	55.0%	59.5%	63.7%	65.5%
EBITDA Margin	21.8%	16.5%	20.2%	22.5%
EPS (Cal)	$1.72	$0.20	$0.94	$1.24
FCF / Share	$2.63	$1.65	$1.72	$2.07
P / E (Cal)	7.7	65.7	14.0	10.6
EV / EBITDA	12.0	11.4	8.6	7.3

Recommendation

The entire market of Internet, eCommerce, and advertising for small businesses is valued at $19B. A shift of small businesses to online marketing and Internet services provides several companies, including, WEB, with potential for strong growth. The Internet Services and Online Marketing Solutions industry is divided into several segments that have different barriers of entry and levels of competition. Web.com's main competitors in the industry are GoDaddy (GDDY), Endurance International Group (EIGI), and Wix.com (WIX); however, WEB has begun to differentiate itself. For example, WEB's focus on the Value Added Services will allow the company to dominate a rapidly growing segment of the industry that is far less competitive than DIY. Small business owners and support staff prefer to focus their time and efforts on running their company's daily operations. Building a web presence is an area where small businesses outsource to VAS companies like Web.com to save time and resources. Providing a flexible range of service offerings, maintaining high quality customer service, and charging affordable prices is essential for WEB to retain customers. Currently, the company reports recurring subscription revenue between 80% and 90%. The firm's future success will be impacted by their ability to retain and improve relationships with current customers, as well as attract new small businesses to their services and solutions. Web.com markets their services to current and potential customers through websites, radio advertising, search engine and other online advertising, target e-mails, and sponsorships. Each source of marketing or advertising has its advantages. Due to a positive outlook for small business growth, VAS concentration, and the company's strong branding, it is recommended that Web.com Group, Inc. be added to the AIM Equity Fund with a price target of $19.71, which represents a 39% upside.

Investment Thesis

- **Small Business Growth.** At the end of 2015, there were more than 28 million small businesses in the United States with fewer than 500 employees. According to *Business News Daily*, Intuit and Emergent Research recently conducted a study that found, "the number of small businesses are projected to increase to 42 million by 2026, up from this year's 30 million." The increasing trend of small businesses will positively impact Web.com's future sales. The article also found the average size of small businesses has been dropping. Decreasing sizes of small businesses will lead to greater demand for Web.com's Internet services and solutions, which targets small businesses with less than 20 employees.

- **VAS Concentration.** In March 2014, Web.com Group acquired Yodle, Inc. for $342 million. Yodle's VAS have higher average revenue per user than Web.com's similar services. Management has indicated it is holding back sales and marketing in VAS in order to better align Web.com and Yodle's business models to maximize customer retention. The acquisition was the beginning of WEB's new strategy of exiting DIY and placing their primary focus on the VAS market. Currently, GoDaddy, which dominates the highly competitive DIY market, is Web.com's main competitor. Unlike the DIY market, the VAS market has high barriers of entry and is far less competitive. Recently, the company's VAS segment (53% of sales) has been the fastest growing component of total revenue. By repositioning their firm as a market leader in the VAS segment, WEB will continue to thrive, while other competitors will struggle to match GDDY's success in DIY.
- **Branding.** In 2012, WEB entered into a 10-year agreement to sponsor the Web.com Tour, which is the developmental tour for aspiring PGA Tour professionals. Also, the company acts as an official marketing partner of the PGA Tour, which increases the brand's visibility. This relationship was formed to help Web.com reach their target audience of small business owners more effectively. Furthermore, WEB sponsors educational seminars at tour events designed to inform small business owners of the Internet's importance and the Web.com's services and solutions. Strong branding is important to Web.com's future as they reposition their company within the market.

Valuation

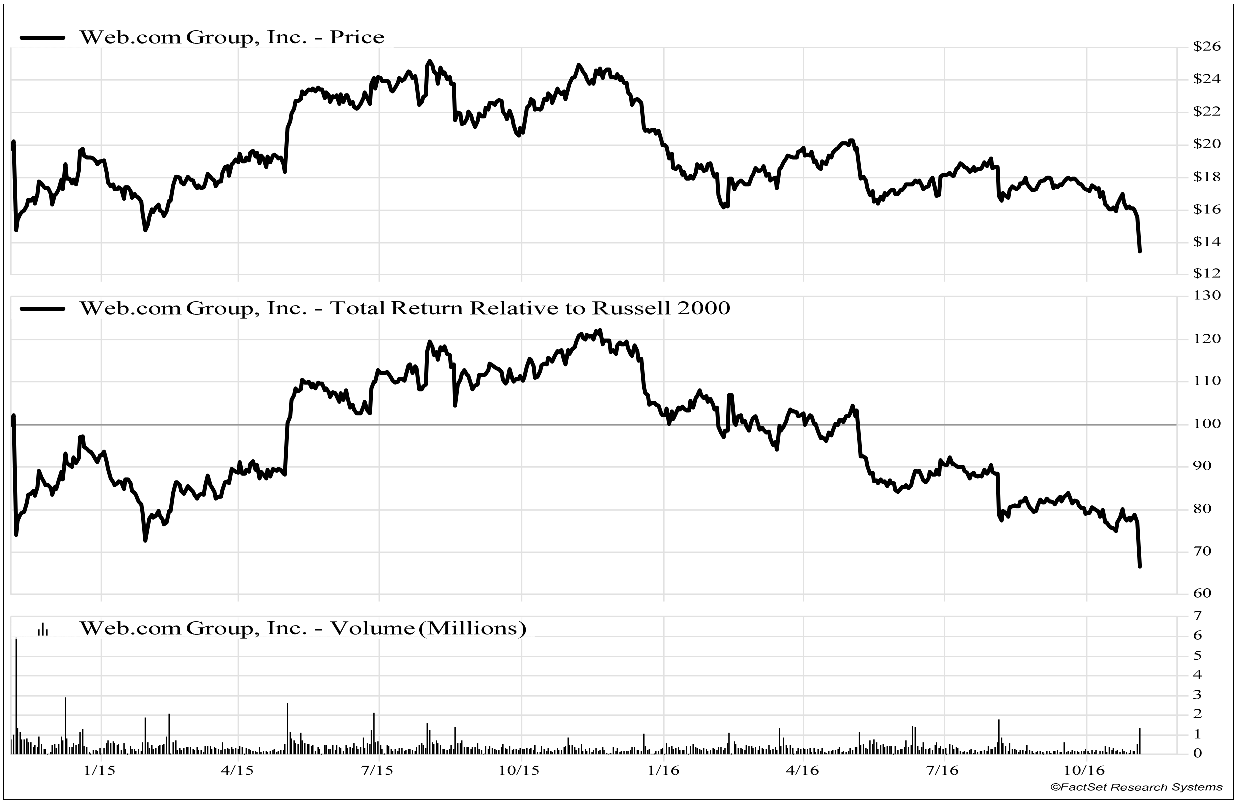
To find WEB's intrinsic value, a five year DCF model was constructed. A terminal growth rate of 2% and a WACC of 8.9% were used to find a price target of $20.02. A sensitivity analysis of the terminal growth rate and WACC ranged from $16.96 to $24.73. In addition, a price-to-earnings (P/E) multiple valuation was conducted using a peer comparable of 13.5x, to value WEB at $18.79. By weighing the DCF model 75% and the P/E multiple valuation 25%, an intrinsic value of $19.71 was reached, representing a 39.30% upside. The firm does not pay a dividend.

Risks

- **Compatibility.** There is an increased trend towards accessing the Internet through mobile devices. Creating cloud-based and mobile support products that are compatible with mobile devices will be important to WEB's future success.
- **Future Acquisitions.** Recently, WEB has expanded its business through investments and acquisitions of other companies. Management acknowledges the firm's plans for growth may include exploring acquisition opportunities, which could pose additional risks to the company.
- **High Level of Debt.** Web.com has consistently held a high level of debt during the last five years. WEB's ability to generate cash flow will dictate whether it can meet future debt service obligations.

Management

David L. Brown has served as Chairman, President, and Chief Executive Officer of Web.com for seventeen years. Mr. Brown has many years of experience working in the technology industry, which includes founding Atlantic Teleservices in 1997. He served as CEO of Atlantic until it was acquired by Web.com in August of 1999. Following the acquisition, Mr. Brown transitioned into his current role. Kevin M. Carney was appointed Web.com's Chief Financial Officer in January 2002, and has served as Executive Vice President since October 2011. Mr. Carney transitioned from Atlantic to Web.com following the 1999 acquisition.



Peer Analysis

Name	Ticker	Market Cap (mil)	Sales (mil)	EBITDA	P/E	EV / EBITDA
Web.com Group, Inc.	WEB	783	544	119	5.4	5.8
Endurance Intl Gp	EIGI	1,010	741	184	8.7	11.4
GoDaddy A	GDDY	2,857	1,607	158	-	5.4
Tucows	TCX	299	173	22	16.8	0.4
United Internet	UTDI-DE	7,606	3,716	743	15.0	2.3
Wix.com	WIX	1,656	204	(43)	-	-
Peer Averages		2,686	1,288	277	13.5	4.9

Source: FactSet

Ownership

% of Shares Held by All Insider Owners:	3.91%
% of Shares Held by Institutional & Mutual Fund Owners:	>90%

Source: FactSet

Top 5 Shareholders

Holder	Shares	% Out
Okumus Fund Management Ltd.	9,526,833 ▲	18.86
The Vanguard Group, Inc.	3,514,077 ▼	6.96
BlackRock Fund Advisors	2,881,484 ▼	5.71
Fidelity Management & Research Co.	1,935,754 ▼	3.83
Dimensional Fund Advisors LP	1,778,202 ▲	3.52

Source: FactSet

Hudbay Minerals (HBM)
November 11, 2016

Chengbin (Henry) Lu — International Material

Hudbay Minerals is a Canadian integrated mining company with operations, development properties and exploration activities across the Americas. It currently has two operations in Manitoba, Canada and Peru. It provides metal mining, processing and refining, which produces copper, zinc, gold, silver, and other precious metals. In 2015, the company sold 134,600 tons of copper (66% of the total revenue), 101,920 tons of zinc (21%), 93,779 ounces of gold (10%), 1.87 million ounces of silver (3%). The company was founded on January 1996 and is headquartered in Toronto, Canada.

Price ($): (11/11/16)	4.4	Beta:	2.34	FY: Dec	2015	2016E	2017E	2018E
Price Target ($):	6.55	WACC	10.61%	Revenue (Mil)	886.1	1,050.28	1,129.73	1,171.13
52WK H-L ($):	1.56-5.57	M-Term Rev. Gr Rate Est:	3.50%	% Growth	74.60%	29.34%	7.56%	3.66%
Market Cap (mil):	1,040.7	M-Term EPS. Gr Rate Est:	3.40%	Gross Margin	13.36%	20.00%	21.00%	21.00%
Float (mil):	236.0	Net debt/Equity:	61.3%	Operating Margin	-37.06%	15.96%	17.19%	17.24%
Short Interest (%):	0.40%	Net Debt/EBITDA (ttm):	2.29	EPS ($)	0.07*	$0.22	$0.26	$0.31
Avg. Daily Vol:	206,163	ROA:	1.17%	FCF/Share	($1.78)	$0.15	$0.53	$0.79
Dividend ($):	0.02	ROE:	2.93%	P/E (Cal)	N/A	29.77	24.77	21.32
Yield (%):	0.30%	ROIC:	1.7%	EV/EBITDA	7.67	6.39	5.77	5.56

Recommendation

Prices for nonferrous metals like copper and zinc have been declining drastically after the 2008-09 global financial crisis mainly because of the slowing down of the global economy and relatively large supply surplus. Prices for copper have dropped more than 45% since 2011. Prices for zinc have dropped more than 50% since 2007. While depressing metal prices has driven many high cost mining firms out of the business, Hudbay is able to survive by its diversified mineral portfolio and low-cost operations. In 2015, the company reported sales of $866.1 million, representing an increase of 75% versus to 2014, when the sales were $507.6 million. With higher production capacity and recovering commodity prices, company's revenue is expected to continue having a robust increase in 2016. To keep sustainable production growth and avoid high cost mines, Hudbay strategically acquired Norsemont Mining in Peru in 2011 and achieved commercial production in 2015. This acquisition provides Hudbay geographic diversification and scale of production. Additionally, due to cost reductions on sustaining capital expenditure and logistic control, Hudbay is expected to be able to increase the margin more than 600 bps in 2016. With sales expanding, geographic diversification, recovering nonferrous metals prices and cost optimization, it is recommended HBM be added to the AIM International Equity Fund with a price target of $6.55, representing a 48.8% upside.

Investment Thesis

- **Fully operated mine in Peru**. In 2011, Hudbay acquired Norsemont Mining and its wholly owned Constancia copper porphyry project located in southern Peru. After three years of reconstructing the mine, it started to operate in the second quarter of 2015. This mine primarily produces copper with an expected average annual production of 82,000 tons and 22 years mine life. For the last three quarters in 2016, this mine generated $439.5 million of revenue, which was accounted over 54% of Hudbay's total revenue. Meanwhile, the gross margin for this mine is 23%, which is significantly higher than the mine in Manitoba with a gross margin of 12%.
- **Increase in demand for copper and silver**. The global demand for copper is expected to increase in the future despite the concerns about the slowing down of the Chinese economy and stagnation of the European economy. China is currently the largest copper consumer accounting for 40% of world consumption. Its consumption is expected to increase from 8.5 million tons in

2015 to 10 million tons in 2020. Meanwhile, German copper consumption is expected to increase from 1.7 million tons to 2.2 million tons. Silver is a primary raw material for making the crystalline silicon photovoltaics cells, which are the most common solar cells used in commercially available solar panels. The demand for silver in the renewable energy industry is expected to increase dramatically in the next few years. According to the Silver Institute, close to 70 million ounces of silver are projected for use by solar energy by 2016.

- **Bullish on the prices of nonferrous metals**. In the long term, based on Wood Mackenzie estimates, 7% of copper mines worldwide so far are unable to cover their reported cash cost of production. If the recent market prices persist, higher cost operations will face severe pressure on suspending production, which would eventually depress the supply of copper. Zinc market has been in supply deficit since 2012. The inventories are expected to decline to critical levels in the end of 2016 or 2017, which will force the zinc prices higher due to insufficient metal availability. In the long term, it is expected to see more money being redeemed from the assets with the prices that have been increasing since the last financial crisis and looking for cheap assets to invest. Nonferrous metals markets like copper and zinc are ideal assets to invest in terms of risk diversification.

Valuation

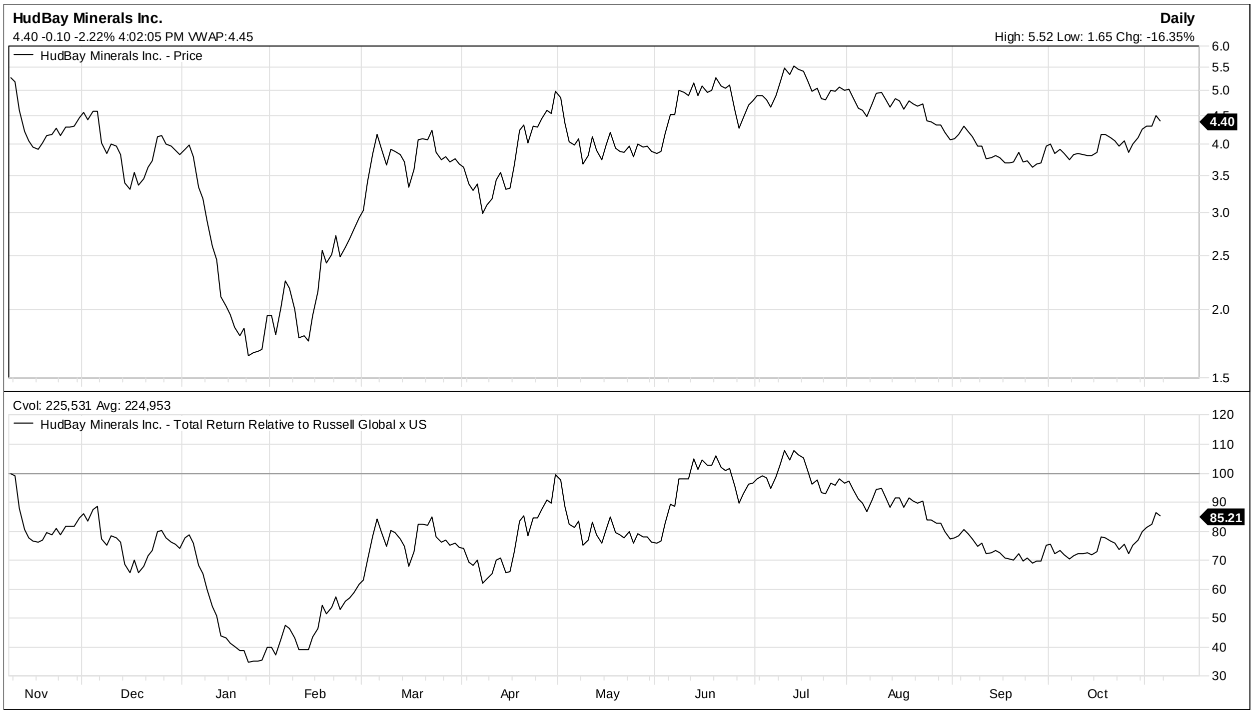
To reach an intrinsic value for HBM, a five year DCF model was constructed. Using a terminal growth rate of 2.00% and a WACC of 10.27%, an intrinsic value of $5.69 was reached. A ± .5% sensitivity on the terminal growth rate and ± 1% sensitivity on WACC ranged from $4.17-9.03. Additionally, an EV/EBITDA multiple valuation was conducted using 2016 EBITDA of $410.18 MM and peer multiple of 7.27x, resulting in a valuation of $8.57. By weighting the two valuation models 70/30, a price target of 6.55 was reached, resulting in a 48.8% upside.

Risk

- **Mining and processing risk**. Mining operations generally involve a high degree of risk and are subjected to unforeseeable conditions including hazards and periodic interruptions due to weather conditions. All these risks could incur significant cost to the firm’s operation, which would further impact the future cash generation and financial condition.
- **Commodity price fluctuation**. The prices for nonferrous metals are very volatile historically. Prices for both copper and zinc are swinging in the bottom since the financial crisis. If the prices remain in these levels or keep decreasing, it will impact Hudbay to generate positive cash flows.
- **Governmental and environmental regulation**. Mining activities are subject to regulations and laws related to mine exploration, production, safety, protection of the environment and other matters. Even though the company is currently carried out in major compliance with applicable regulations and laws, it cannot be guaranteed that new regulations will not be enacted in the future. If so, the firm’s operation and financial condition would be materially affected.

Management

Mr. Alan Hair was appointed as President and Chief Executive Officer and Director in January 2016. Previously, Alan served as the Chief Operating Office from 2012 to 2015. He has more than 30 years of experience in the mining sector and holds a degree in Mineral Engineering from the University of Leeds, England. Mr. Warren Holmes is the Chairman of Hudbay and had over 40 years of mining industry experience.



Ownership

% of Shares Held by All Insider and 5% Owners:
% of Shares Held by Institutional & Mutual Fund Owners:

Source: FactSet

Top 5 Shareholders

Holder	Shares(000)		% Out
Letko, Brosseau & Associates Inc.	25,999	▲	11.05
SaillingStone Capital Partners LLC	22,384	▼	9.52
Carmignac Gestion SA	17,462	▲	7.42
Templeton Investment Consel LLC	13,974	▼	5.94
Capital Research & Management Co. (World Investor)	12,362	▬	5.26

Source: FactSet

Peer Analysis

Name	Ticker	Market Cap (mil)	Net Income (mil)	D/E	Dividend Yield	EV/ EBITDA
Hudbay Minerals	HBM	1,040.9	12.08	68.10%	0.41%	4.44
Rio Tinto	RIO	64,389	41.00	56.90%	6.54%	7.46
Nevsun Resources Ltd.	NSU-T	822	18.10	0.00%	5.56%	7.02
Lundin Mining Corp.	LUN-T	2,765	-1,202.40	32.70%	0.00%	7.60
Capstone Mining Corp.	CS-T	266	-33.90	41.60%	0.00%	6.52
Thompson Creek Metals	TCM-T	111	-40.80	132.70%	0.00%	7.76
Peer Averages		13,671	-244	52.78%	2.42%	7.27

Source: FactSet

NETGEAR, Inc. (NTGR)

November 11, 2016

Andy Reed | Domestic Technology

NETGEAR Inc. (NASDAQ: NTGR) is a leading provider of networking equipment, such as Wi-Fi routers and extenders, designed to bring superior connectivity to internet-dependent devices. NTGR delivers innovative products and solutions to customers in three segments: Retail (47% of FY2015 revenue), Commercial (20%), and Service Provider (32%). The Retail segment consists of in-home networking equipment, video security, and cloud storage products. The Commercial segment provides small to medium size enterprises 'plug-and-play', low maintenance networking technology to give these businesses the same connectivity advantages of larger companies. Finally, the Service Provider segment caters to large network providers, such as Verizon, who in turn, sell NETGEAR's hardware to be used in conjunction with the provider's offering. The company serves markets domestically and internationally: United States (60% of revenue), United Kingdom (8%), China (6%), and several other markets generating low-single digits as a percentage of revenue. Patrick C.S. Lo and Mark Merrill founded the company in 1996. NETGEAR is headquartered in San Jose, California.

Price ($): 11/7/2016	$	50.25
Price Target ($):	$	65.37
52WK H-L ($):		61-33
Market Cap (mil):		1,608
Float (mil):		31.6
Short Interest (%):		6.7
Avg. Daily Vol (mil):		0.3
Dividend ($):		0.00
Yield (%):		0.0

Beta:	1.07
WACC	7.69%
M-Term Rev. Gr Rate Est:	5.6%
M-Term EPS Gr Rate Est:	17.1%
Debt/Equity:	0.0
Debt/EBITDA (ttm):	0.00
ROA (%):	7.29
ROE (%):	10.50
ROIC (%):	9.93

FY: Jan	2015	2016E	2017E	2018E
Revenue (Mil)	1,300.7	1,309.7	1,406.5	1,530.2
% Growth	-6.7%	0.7%	7.4%	8.8%
Gross Margin	28.3%	30.8%	30.8%	30.6%
Operating Margin	6.6%	7.7%	8.8%	9.8%
EPS (Cal)	$ 2.23	$ 2.88	$ 3.15	$ 3.59
FCF/Share	$2.93	$3.10	$3.53	$3.58
P/E	29x	22x	21x	20x
EV/EBITDA	14x	11x	10x	9x

Recommendation

The last twenty years have transcended the way we work, share, surf, and play. Every step of the way, NETGEAR has been there creating a more connected world through its advanced Wi-Fi routers and extenders. Boasting a dominant 46% market share in high end Wi-Fi routers and a growing leadership share in the connected home IoT space, NETGEAR is well positioned to usher in a new age of connected devices. According to a study conducted by the company, the average person spends 8 hours a day on the internet, and at any given time, there are 12 devices in the home connected to the internet. As the need for more intensive connectivity has emerged, NTGR has continued to innovate. Its revolutionary product portfolio, including the new Nighthawk X10 router, is set to welcome in the new age of 4K streaming and 5G power. The Nighthawk model is the fastest wireless router in the world, providing unrivaled downloading speeds with 1/10th the latency of the fastest alternative. NTGR's Arlo Pro, a recently announced breakthrough in their home security offering, hit the shelves in earnest at the end of Q3 with 30-40% higher price points than competitors. Arlo's 27% market share in the $1.2bn IP Security market is more than double Alphabet's Nest offering, NTGR's next closest competitor in the connected home space. The company currently generates EBITDA margins of ~10%, which will continue to expand as a higher mix of business shifts to Retail, moving away from the lower margin Service Provider segment. NTGR has grown revenues at a 5-year CAGR of 7.6% and generated a first-in-class FCF margin of 11% in FY2015. Because of rapidly expanding end markets, a commitment to superior technology, as well as strong price power in the markets it serves, it is recommended that NTGR be added to the AIM Small Cap fund with a price target of $65.37, representing a 30% upside to the stock's current price. The firm does not pay a dividend.

Investment Thesis

- **No Place Like Home:** As technology companies have fought to be the next "must-have" consumer product, the amount of connected devices in the home has increased precipitously over the last 3-5 years. This growth rate should continue into the near future, as price points on 4K and connected televisions have decreased 30% YoY, indicating a broadening consumer base is on the horizon. Home connectivity products represent approximately 75% of NTGR's revenue base and with the company's ASP rising faster than the industry's, NETGEAR is well positioned to capture this normalization in higher power in-home devices. Furthermore, Cisco's Visual Networking index estimates that broadband speeds will double between now and 2020, and Business Intelligence has stated that global connected-home device annual device shipments will grow at a 67% CAGR between 2014 and 2019. NETGEAR's industry leading routers and Wi-Fi extenders will be ready to support this growth.

- **Viva la (IoT) Revolution:** Much has been made about the continued progress made in the wild world of Internet of Things, or IoT. NETGEAR has strategically positioned its business for growth in the space. Rolled out in 2014, its Arlo line of security cameras, and its newest iteration of the technology, Arlo Pro, stands to revolutionize the connected home security industry. Arlo was the world's first wire-free security camera, and the Arlo Q was named "Best Security Camera Overall" by Tom's Guide. Smart internet surveillance is expected to increase tenfold between 2015 and 2020, and 3.9% of worldwide video content will be home security content, up from 1.5% today. Arlo's unique free-storage and wireless applications should make it a leader for years to come.
- **Riding the Coat Tails:** The radically changing consumer could have spelled the end of this company. However, because of management's foresight, a continued shift away from the commoditizing Service Provider line of business has led to resources that are more available for the lucrative Retail segment. Furthermore, NETGEAR sells all of its equipment at full price on Amazon's dominant ecommerce site, and Best Buy (15% of 2015 revenue) promotes NTGR's equipment as Geek Squad certified. Regardless of how the consumer changes moving forward, NETGEAR will be prepared to capture value.

Valuation

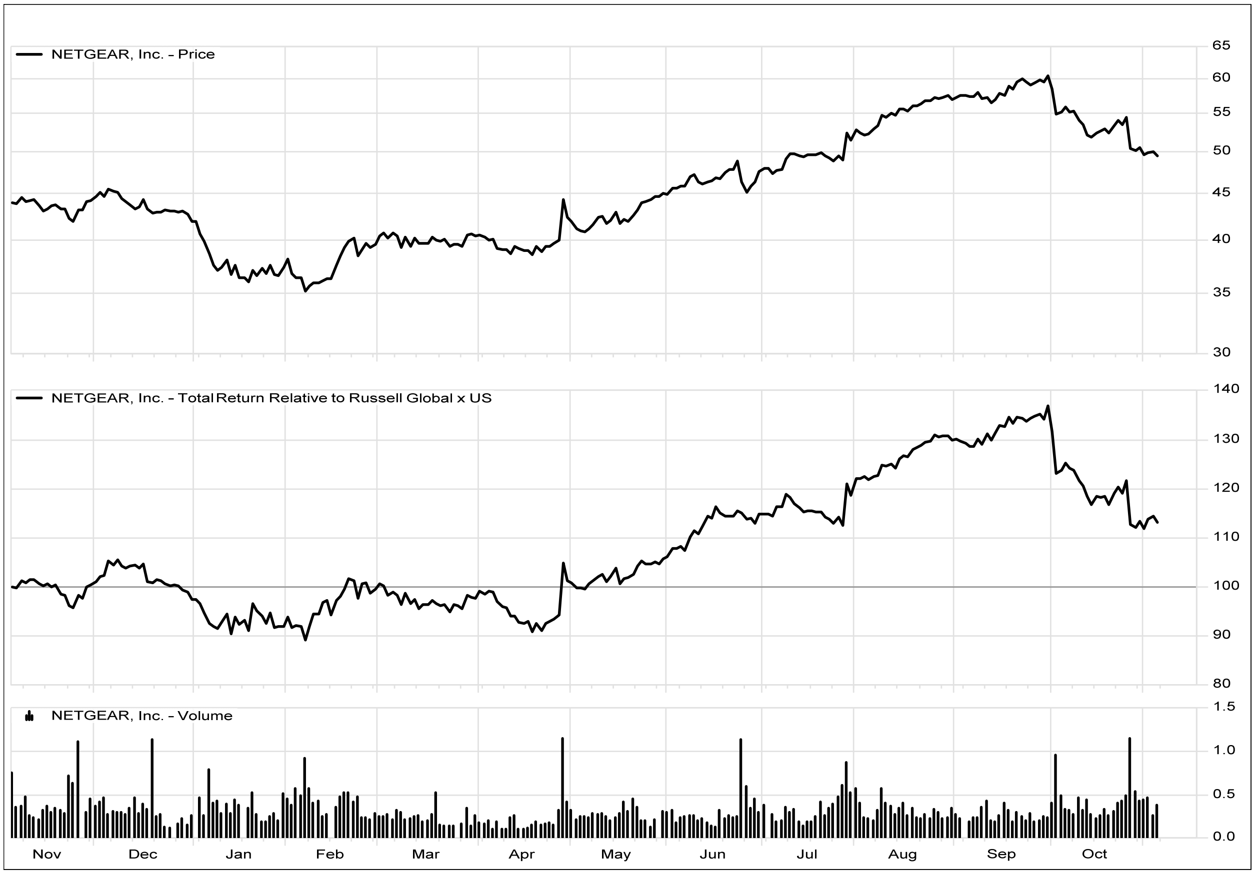
In order to find an intrinsic value for NETGEAR, a five-year DCF was constructed. Utilizing a WACC of 7.65% and a terminal growth rate of 2.25%, a value of $65.56 was reached. A ± 50bp sensitivity analysis on the WACC and terminal growth ranged from $56-79. Furthermore, a combined peer and historical EV/EBITDA multiple was applied to NTGR's 2018E EBITDA. Using a multiple of 11x EBITDA, a per-share value of $65.18 was reached. Weighting the two methods 50-50, an intrinsic value of $65.37 was reached, representing an upside of 30%. NTGR does not pay a dividend.

Risks

- **Pricing Power Deterioration:** In the past, NTGR has remained on the cutting edge in terms of product innovation and pricing power. While many other offerings have been commoditized, such as the aforementioned Service Provider offering, NTGR has remained comfortably insulated from price pressure. However, with the entrants of competitors with larger scale, NETGEAR could face margin compression in the future.
- **Discretionary Spending:** While some may dispute this point, lightning fast internet connection and smart-home surveillance is not a necessity for human life. NTGR has significant exposure to consumer spending, and a significant change in macroeconomic conditions could harm the company's near term operations.

Management

Patrick C.S. Lo is the Chairman and CEO of NETGEAR. Mr. Lo previously served in various management positions at HP before founding the company with Mark Merrill, current CTO, in 1996. Lo was named EY's Technology Entrepreneur of the Year in 2006. This summer, the company took home four outstanding innovation awards at The Consumer Electronics Show in Las Vegas.



Ownership

% of Shares Held by All Insider Owners:	3.40%
% of Shares Held by Institutional & Mutual Fund Owners:	96.60%

Source: FactSet

Top 5 Shareholders

Holder	Shares	% Out
BlackRock Fund Advisors	3,063,518	9.35
The Vanguard Group, Inc.	2,890,854	8.82
Fidelity Management & Research Co.	2,866,848	8.75
Dimensional Fund Advisors LP	2,721,426	8.31
LSV Asset Management	1,658,973	5.06

Source: FactSet

Peer Analysis

Name	Ticker	Market Cap (mil)	Sales (mil)	EBITDA	Debt/ EBITDA	EV/Sales	EV/ EBITDA
NETGEAR, Inc.	NTGR	1,638.1	1,319.3	146.3	0.0	2.2	8.8
Technicolor SA	TCH-FR	2,104.8	4,942.6	605.7	2.1	0.7	9.9
D-Link Corporation	2332-TW	6,506.9	25,017.5	-1,740.2	-1.6	0.1	-
Western Digital Corporation	WDC	15,712.7	14,348.0	2,286.0	7.4	0.2	11.8
Seagate Technology PLC	STX	9,742.8	11,032.0	1,638.0	2.5	0.3	7.5
Alphabet Inc. Class C	GOOG	493,395.2	84,854.0	27,636.0	0.2	0.1	8.8
Peer Averages		105,492.5	28,038.8	6,085.1	2.1	0.3	9.5

**Removed For Relative Valuation Analysis*

Source: FactSet

Physicians Realty Trust (DOC)
November 11, 2016

Donnie Smiley | Financial Services - REIT

Physicians Realty Trust. (NYSE: DOC) is a Real Estate Investment Trust (REIT) focused on the healthcare industry. DOC is organized to acquire, develop, own and manage high quality healthcare properties which are leased to physicians, hospitals and healthcare delivery systems. DOC has a diverse portfolio of medical properties, including medical office buildings, outpatient treatment centers and hospitals. Medical office buildings constitute about 96% of their total portfolio. As of 6/30/2016, DOC owned 222 properties across 30 states, totaling over 9,600,000 million square feet – of which 96% is leased. DOC was founded in April 2013 and is headquartered in Milwaukee, WI.

Price ($):	$18.34
Price Target ($):	**$23.62**
52WK H-L ($):	15.03-22.03
Market Cap (mil):	$2,661.00
Enterprise Value	$3,336.00
Short Interest (%):	3.30%
Avg. Daily Vol (mil)	1.11
Dividend ($):	$0.90
Yield (%):	4.60%

Beta:	0.65
WACC	5.7%
M-Term EPS Gr Rate Est:	10.0%
Financial Leverage	1.58x
ROA:	0.96%
ROE:	1.52%
Net Margin	8.9%
Price to Book	1.43x
Price to Earnings	63.4x

FY: Dec	12/31/2015	12/31/2016e	12/31/2017e	12/31/2018e
Revenue (m)	$ 129.40	$ 211.32	$ 295.85	$ 414.19
% Growth	146.00%	63.31%	40.00%	40.00%
Operating Income (m)	$ 12.51	$ 31.97	$ 44.76	$ 62.66
% Growth	347.00%	156.00%	40.00%	40.00%
EPS (Cal)	$ 0.15	$ 0.34	$ 0.49	$ 0.69
% Growth	266%	127%	44%	41%
Price/FFO	18.3x	18.8x	15.3x	14.9x
BVPS	$ 12.13	$ 13.79	$ 14.86	$ 13.87

Recommendation

DOC has been growing steadily over the last two years. Most recently, their Q3 earnings were highlighted by total revenue increasing to $70 million, up 101% YoY. EPS of $0.07 in Q3 reflected an increase of 40% YoY. DOC generated $177 million in investment activity in Q3 and has announced $1.1 billion in total investment activity YTD. Additional highlights include normalized funds from operations of $0.27 per share, net income of $10.3 million and the portfolio is 95.7% leased as of September 30, 2016 with an average lease term of approximately 8.5 years. The final two properties involved in the CHI investment will be closed by Q1 2017. The company increased their 2016 acquisition guidance from $1-1.25 billion to $1.2-1.3 billion. As the company continues to grow their portfolio across various geographies, EPS should continue to rise. Based on the solid operating results and main drivers listed below, it is recommended that DOC be added to the AIM fund with an upside of about 29%. The firm has a 4.6% dividend yield that is paid quarterly.

Investment Thesis

- **Catholic Health Investment.** On May 12, 2016, DOC announced the closing of the first tranche of 26 medical office facilities from Catholic Health Initiatives (CHI). On July 5, 2016, DOC announced the closing of the second tranche of 20 additional medical offices. The additional medical offices will be closed in 2016 or Q1 2017. CHI provides DOC with one of the nation's highest quality affiliations. In addition to these 51 facilities, there are other properties that could be acquired by DOC. These 55 properties are high quality and will provide DOC with quality cash flows as we approach 2017. Additionally, this transaction was seen a transformational as it was the largest deal between a REIT and a healthcare system in history. This has created future opportunities for additional investments in various healthcare systems.
- **Aging baby boomers.** The US population over 65 years is projected to double from 47.8 million to 98 million from the period of 2015-2060. Rising healthcare costs combined with an aging population should make way to medical service providers to offer increasingly more outpatient services. Hospital admissions are declining by 1% per year and outpatient visits have increased

by more than 2% per year, according to American Hospital Association. As hospitals become less attractive given the high costs, outpatient facilities should benefit.

- **Recent change in law.** About 30% of DOC's current net operating income is anchored by hospital outpatient departments (HOPD) and thus are grandfathered 603 assets. Until recently, Section 603 only applied to HOPD locations. In July 2016, CMS came out with proposed regulations that eliminate the grandfathering provision of HOPDs if that HOPD changes location. DOC anticipates the potential loss of the HOPD reimbursement will entice the tenants to remain in these locations and will renew their leases. This will provide a way for DOC to have a normalized cash flow and assist them with renter retention.

Valuation

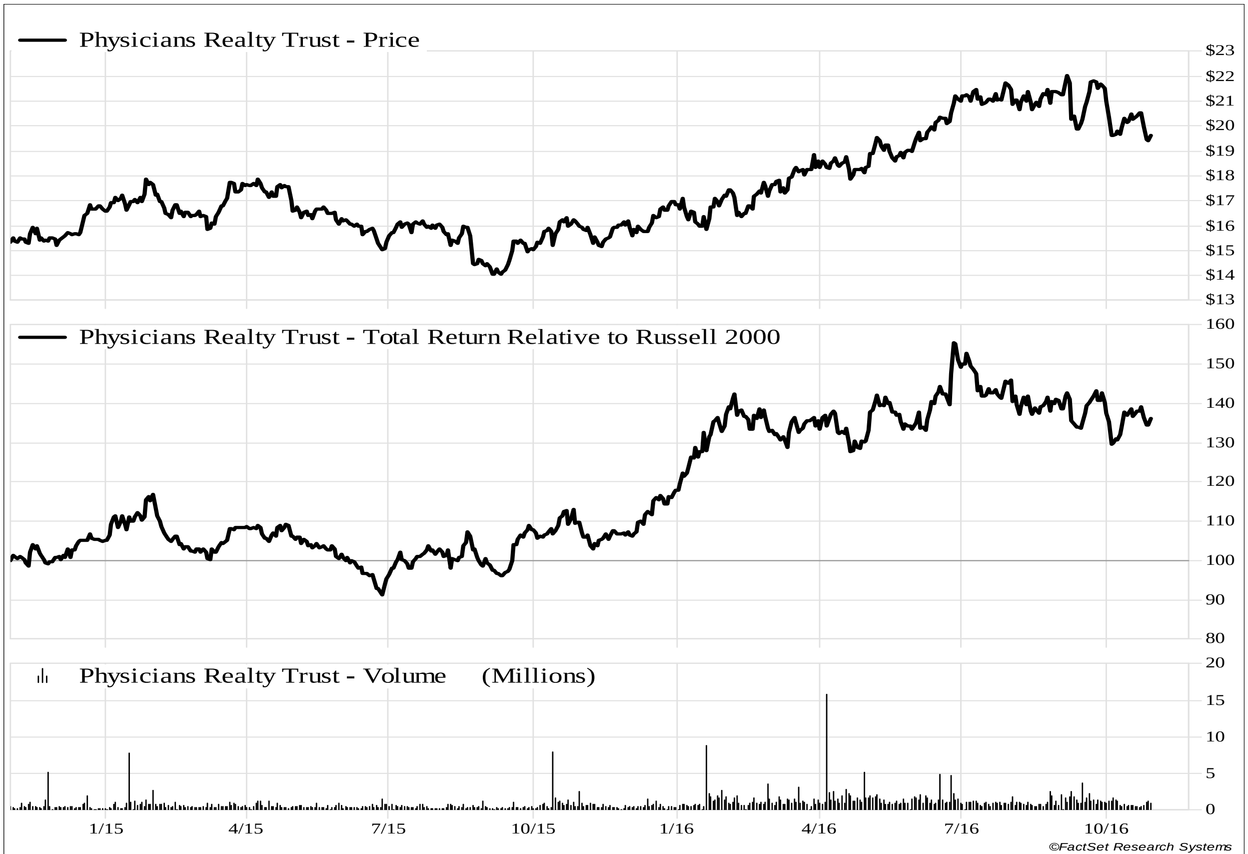
To find the intrinsic value of DOC, a DDM, a Price to Earnings, and a Price to Book analysis were conducted. The five-year DDM was constructed using a terminal growth rate of 3%, a WACC of 5.7%, and a dividend growth rate of 5% (their historical average). This came out to an intrinsic value of $23.06. Using the forward looking P/E of 69x and a peer average of 31x resulted in a a price target of $24.79, based on 2017 estimates. A NTM P/B of 1.4x and a peer average of 1.7x was used to yield a price target of $23.03. Weighing these three approaches 33% a price target of $23.62 was reached, representing a 29% upside. The firm has a dividend yield of 4.6%.

Risks

- **Adverse economic conditions.** The operating results of the company depend on their ability to maintain and increase occupancy levels and rental rates at their properties. While the company certainly has exposure to broad economic downturns, they have specific geographic concentration risk. Specifically, DOC has exposure to downturns in economies located in states such as Texas or Kentucky.
- **Unsuccessful integration of CHI operations.** As of June 30, 2016 DOC has completed the acquisition of 46 out of 51 properties. Risks associated with CHI investment include not closing the remainder of the properties, inability to efficiently manage the additional properties, and certain properties located in new markets for the company.
- **Increase in interest rates.** This risk is not unique to DOC; it is a common risk throughout the REIT sector. Since unemployment and inflation are now on track to be at the Federal Reserve's target, a rate hike is likely to come in December. This will increase the cost of borrow and will put some pressure on the dividend yield. However, DOC's dividend yield will still remain attractive given its size. It is expected that rates will be gradually climbing throughout 2017, but they will not have a material impact until 2018.

Management

Mr. John Thomas is the president and CEO and has been with the company for three years. He was previously at various healthcare REITS around the nation. Mr. Thomas graduated from Jacksonville State University and attended law school at Vanderbilt University. Mr. Jeffrey Theiler is the Chief Financial Officer and has been with the company for two years. Mr. Theiler was previously a senior analyst at Green Street and was also in real estate banking at Lehman Brothers. Mr. Theiler holds a BS in Biology from Vanderbilt University, an MS in Environmental Science from Tulane, and an MBA from UNC. The Board has 13 members and is 86% independent directors. As it relates to the companies ESG factors, their total ranking is B. The company has room for improvement on ESG factors, such as green building, human capital development and corporate governance. The corporate governance factor was flagged because of potential concerns regarding some non-executives with many other public board commitments.



Ownership	
% of Shares Held by all Insider Owners	0.48%
% of Shares Held by Institutional & Mutual Fund Owners	100.86%

Top 5 Shareholders

Holder	Shares	% out
Vanguard Group	6,040,000	14.84
Cohen & Steers	5,881,000	9.31
PGGM Vermogensbeheer	2,724,000	2.02
Principal Global Investment	2,251,000	4.83
BlackRock	2,039,000	5.82

Competitor Analysis

Name	Ticker	Market Cap	Sales (Mil)	Net Margin	P/E NTM	P/B LTM
Physcians Realty Trust	DOC	$ 2,660.00	$ 176.00	12.0%	64.6x	1.4x
Sabra	SBRA	$ 1,521.00	$ 263.00	24.7%	25.4x	1.6x
Healthcare realty trust	HR	$ 3,694.00	$ 397.00	14.5%	70.3x	2.3x
Omega	OHI	$ 6,157.00	$ 835.00	36.4%	18.0x	1.4x
National Health	NHI	$ 2,966.00	$ 284.00	58.2%	20.8x	1.6x
LTC Properties	LTC	$ 1,965.00	$ 150.00	52.5%	23.5x	1.4x

Source: Factset

GTT Communications. (GTT)
November 11, 2016

Brett Stuck — Domestic Telecommunications

GTT Communications, Inc. provides telecommunication services. It operates a global Tier 1 IP network connecting clients to locations and cloud applications globally. The company provides dependable, scalable and protected solutions, including private, public, and hybrid cloud networking, high bandwidth IP transit for content delivery and hosting applications, on-demand and high-demand network capacity to support varying needs and network-to-network carrier interconnects. GTT generates their revenues in the United States (79.5% of FY15 revenue), Italy (12.6%), the United Kingdom (6.9%), and Other (1%). The company was founded by H. Brian Thompson in 2005 and is headquartered in McLean, VA.

Price ($): (11/4/16)	21.35
Price Target ($):	30.59
52WK H-L ($):	24-12
Market Cap (mil):	792
Float (mil):	37.1
Short Interest (%):	9.10%
Avg. Daily Vol (mil):	0.14
Dividend ($):	0.00
Yield (%):	0.00%

Beta:	1.17
WACC	8.2%
M-Term Rev. Gr Rate Est:	11.1%
M-Term EPS Gr Rate Est:	12.6%
Debt/Equity:	2.18x
Debt/EBITDA (ttm):	4.33x
ROA (%):	6.0%
ROE (%):	31.4%
ROIC (%):	7.4%

FY: Dec	2014A	2015A	2016E	2017E
Revenue (Mil)	207.34	369.25	520.85	578.67
% Growth	31.76%	78.09%	41.06%	11.10%
Gross Margin	26.21%	31.98%	35.63%	36.13%
EBITDA Margin	16.23%	18.73%	20.63%	20.83%
EPS (Cal) ($)	$ (0.62)	$ (0.40)	$ 0.22	$ 0.27
FCF/Share ($)	$ (0.59)	$ 0.30	$ 1.46	$ 1.64
P/E (Cal)	N/A	N/A	97.34x	80.41x
EV/EBITDA	35.50x	17.27x	11.12x	9.91x

Recommendation

According to the Cisco Visual Networking Index: Forecast and Methodology, IP-based and cloud traffic is expected to grow rapidly. Estimates show that the number of devices connected to IP networks will be three times the size of the global population in 2020. It is also estimated that broadband speeds will approximately double from 24.7 Mbps in 2015 to 47.7 Mbps in 2020. This increase in devices and increased broadband speed results in a 22% total IP-traffic CAGR from 2015-2020. GTT is strategically positioned to take full advantage of these macro trends. Not only will GTT benefit from the need for bandwidth and networking services, but also, GTT will benefit from the increased complexity of IT and security requirements pushing demand. GTT provides a global tier 1 IP network with its top 5 internet backbone targeting multinational clients currently underserved by global incumbents. Through GTT's devotion to service revolving around simplicity, speed, and agility, the firm has experienced significant growth and defined itself as the challenger brand to the industry. GTT posted Q2 revenue of $128.9MM, a 35.6% increase over Q2'15 and 3.6% increase over Q1'16. Revenues have grown at a 43.5% 5yr CAGR. Organic growth contributed to 2% of the sequential growth, meeting management's 8-10% annual organic growth target. GTT has also been able to improve their gross margin 200bps YoY and 1,185bps since Q2'13. Despite management's dedication to increasing the size of GTT's sales force (adding 25 quota-bearing team members in the past 6 months totaling 100), GTT has been able to increase their EBIT margin by 661bps since Q2'13 and 278bps YoY. Going forward, through continued organic growth in addition to disciplined, strategic accretive acquisitions, management has set a 5yr financial objective of $1BN in revenues while continuing margin expansion. Due to GTT Communications' vigorous revenue growth, expanding margins, and significant macro trends, it is recommended that GTT be added to the AIM Fund with a target price of $30.59, representing 43.27% upside. The firm does not pay a dividend.

Investment Thesis

- **Organic Growth.** Management is adamant about maintaining significant organic growth with an annual target of 8-10%. In order to continue GTT's organic growth in the future, management has undertaken 4 major initiatives: growth of direct sales team, increased indirect channel presence, expansion of GTT's Client Account Management (CAM) program, and an increased share of the Global Network Services contract with the US government. GTT has already increased their sales team by 25 members this year equating 100 members globally in total. The firm expects to increase their sales team by 15 members in 2H16. GTT has also increased their indirect sales channel by 20 additional members and plans to continue to increase team members going forward. Emphasis on increasing channel partners and integrators has already delivered increased sales wins. GTT now has ~25 CAM's who cover over half of GTT's revenues by providing support to GTT's largest customers, focusing on re-terming out-of-term business and enabling the sales team to focus on new sales. This organic growth investment has led to approximately $5MM in incremental SG&A expenses; however, due to previous acquisitions and GTT's selective application process, the firm has been able to expand margins. Due to GTT's challenger status and growth potential, the firm is able to attract the top talent and generally brings in high performing employees from other firms within the industry. GTT only targets reps who have consistently proven to sell $10-20 thousand a month. Through this increase in sales force, GTT expects to increase their share of client total spend above their current level, ~10%. In regards to GTT's final initiative, in October, the firm announced that GTT has been awarded an Information Technology Schedule 70 contract with the Government Services Administration. IT Schedule 70 is the largest acquisition vehicle in the U.S. government giving government agencies access to products and services of over 5,000 industry partners.

- **Global Expansion.** GTT remains determined to increase their presence throughout the globe. In order to continue their sales growth, margin expansion, and increasing market share, management knows they must continue to expand and serve their main target customer, multinational clients. In order to do this, management constantly looks for acquisition targets through a disciplined approach. GTT will only consider an acquisition if the target is a strategic fit which expands GTT's global network, adds to the firm's Cloud Networking Service portfolio, and increases the number of GTT's multinational clients. Finally, GTT only looks at acquisitions that can be fully integrated within two quarters at an accretive price. GTT has been successful with their process in the past, recently acquiring RealLinx and Telnes. GTT is looking to complete one more acquisition in 2H16.
- **Superior Financial Profile.** Over 90% of GTT's total revenue derives from monthly recurring revenue. 70% of GTT's business is derived from existing clients and 30% new clients. The firm has experienced YoY expanding margins and expects this trend to continue in the future. Also, GTT employs a CapEx-light strategy where capital expenditures equate 4%-5% of annual revenue. Finally, GTT has a strong balance sheet. All of these factors contribute to GTT being able to continue their robust organic and inorganic growth.

Valuation

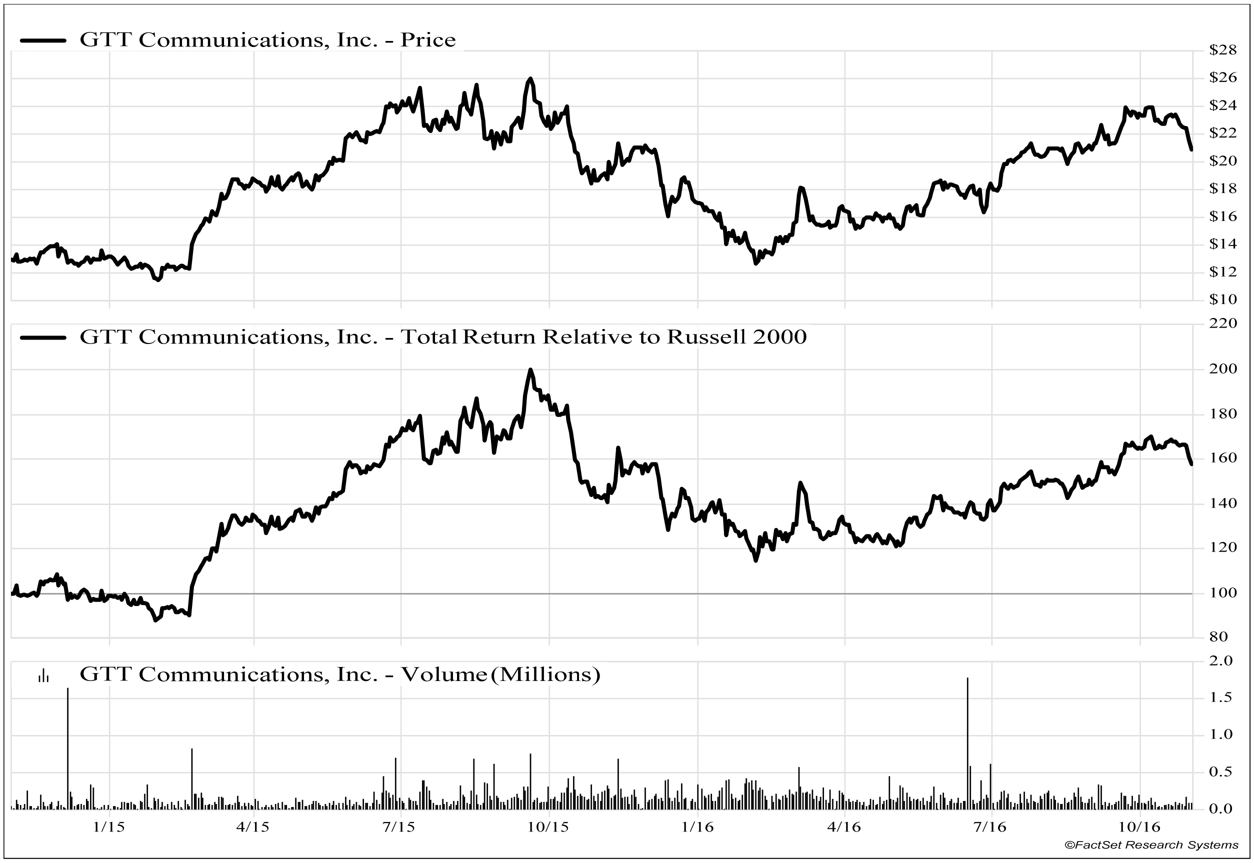
To reach an intrinsic value, a five year DCF model was constructed. Using a terminal growth rate of 2% and a WACC of 8.21%, an intrinsic value of $28.81 was reached. A sensitivity analysis on the terminal growth rate and WACC ranged from $25.16-33.85. Furthermore, an EV/EBITDA valuation generated a price target of $32.37, using a peer average multiple of 14.92x and estimated EBITDA of $107.44MM. By weighting the valuation models 50/50, a $30.59 price target was reached, yielding 43.3%.

Risks

- **Cyber-Attacks.** GTT's network, including routers, may be susceptible to illicit access, computer viruses, cyber-attacks, and other security breaches. An attack or security breach could result in disruption of services and possibly compromise customer data transmitted over GTT's network.
- **Single Vendor.** GTT purchases the majority of their routers and equipment used in their core IP network from Juniper Networks, Inc. If Juniper fails to provide equipment on a timely basis or meet performance expectations, GTT may be unable to provide services requested by customers.

Management

Rick Calder Jr. serves President, CEO, and Director of GTT. Calder has been with the firm since 2007 and brings over two decades of industry experience. He is a top 5 shareholder, owning 4.46% of the outstanding shares. H. Brian Thompson is the founder of GTT, formerly served as CEO, and currently serves as Executive Chairman.



Source: FactSet

Ownership

% of Shares Held by All Insider Owners:	29.16%
% of Shares Held by Institutional & Mutual Fund Owners:	62.14%

Source: FactSet

Top 5 Shareholders

Holder	Shares		% Out
Universal Telecommunications, Inc.	6,775,166	–	18.31
Gilder Gagon Howe & Co. LLC	1,997,318	▼	5.39
Emerald Advisers, Inc.	1,836,874	▼	4.95
Richard D. Calder Jr.	1,702,398	▼	4.46
Dimensional Fund Advisors, L.P.	1,562,617	▲	4.21

Source: Bloomberg

Peer Analysis

Name	Ticker	Market Cap (mil)	Sales (mil)	EBITDA	P/E	EV/Sales	EV/ EBITDA
GTT Communications	GTT	791.51	834.14	69.17	25.12	2.59	12.62
Bottomline Technologies	EPAY	911.56	343.27	40.51	0*	2.77	23.47
Cogent Comm Holdings	CCOI	1,656.65	426.44	126.42	121.17*	4.86	16.40
Perficient	PRFT	661.79	502.80	59.38	24.44	1.37	11.59
Inteliquent	IQNT	573.75	313.76	68.71	16.29	1.45	6.61
NIC Inc.	EGOV	1,481.16	305.41	81.88	31.62	4.43	16.52
Peer Averages		1,056.98	378.34	75.38	24.12	2.98	14.92

**Removed For Relative Valuation Analysis*

Source: FactSet

AxoGen, Inc. (AXGN)

November 11, 2016

Andrew Szyman — Domestic Healthcare

AxoGen, Inc. (NASDAQ: AXGN) is a regenerative medical technology company focused on the science, development, and commercialization of technologies for peripheral nerve solutions. AXGN's three main products include Avance Nerve Graft, AxoGuard Nerve Connector, and AxoGuard Nerve Protector. Avance serves as an off-the-shelf human nerve allograft. AxoGuard Connector serves as an ECM aid for tensionless repair of severed nerves. AxoGuard Nerve Protector is an ECM wrap that is used to protect peripheral nerves and reinforce nerve reconstruction. The company's portfolio of regenerative medicine products is available in the United States, Canada, and several other countries. AxoGen was founded in 1977 and is headquartered in Alachua, FL.

Price ($):	8.05	Beta:	1.05	FY: Dec	2016	2017E	2018E	2019E
Price Target ($):	12.09	WACC	12.25%	Revenue (Mil)	39.08	55.11	76.60	103.41
52WK H-L ($):	9.88 - 4.52	M-Term Rev. Gr Rate Est:	38.00%	% Growth	43.00%	41.00%	39.00%	35.00%
Market Cap (mil):	265	M-Term EPS Gr Rate Est:	152.05%	EBITDA Margin	-98.56%	-0.50%	9.50%	17.75%
Float (mil):	21.6	Debt/Equity:	22.72	Net Margin	-112.27%	-10.49%	2.06%	12.00%
Short Interest (%):	4.3%	Debt/EBITDA	N/A	EPS (Cal)	-$1.68	-$0.22	$0.06	$0.48
Avg. Daily Vol (000)	199.05	ROA (%):	-34.58%	FCF/Share	-$1.57	-$0.17	$0.07	$0.46
Dividend ($):	0.00	ROE (%):	-201.89%	P/S (Cal)	5.50	3.90	2.81	2.08
Yield (%):	0.0	ROIC (%):	-39.47%	EV/S	7.22	5.12	3.69	2.73

Recommendation

Despite constant advances in medicine, the transected nerve industry has seen little innovation in new products and surgical practice. The autograft—known as the traditional gold standard to nerve repair—involves multiple surgeries, loss of function/sensation, high complication rates, and limited flexibility in nerve length/diameter. The other growing low-cost option involves hollow tubes connecting a transected nerve, which provides a conduit for nerve growth. Unfortunately, these tubes are limited to small gaps and high failure rates. This fragmented market has generated a calling from surgeons for improved surgical practice. There are approximately 719K extremity nerve repair procedures a year, which represents a $1.3B market. AxoGen is poised to penetrate this market given its revamped view on peripheral nerve repair. AXGN's three novel products (Avance, AxoGuard protector, and AxoGuard connector) have shown superiority to modern treatment, which has generated strong surgeon interest in the marketplace. Additionally, AxoGen utilizes a five-pillar business strategy that focuses on building market awareness and surgeon education. This strategy has attributed to an increase in revenues; which have grown at a five-year CAGR of 41.31%. AXGN's superior products and successful business strategy have positioned the company to be a major player in the nerve repair industry. Due to the aforementioned, it is recommended that AXGN be added to the AIM Fund at a target price of $12.09, yielding an upside of 50%.

Investment Thesis

- **Proven superiority to current practice across all facets.** The safety, surgical cost, and overall efficacy of AXGN's Avance nerve graft has proven superiority to autografts and nerve conduits. Autografts require a secondary surgery where nerves are harvested from the patient and later grafted to repair injured nerves. On the other hand, Avance is an off-the-shelf graft generated from human cells that acts as the connector of a transected nerve—eliminating the need for a secondary surgery. This elimination of the nerve harvesting process has several benefits. First, it shortens overall surgery time by 30-90, minutes which can save patients $3,200-$9,500. This reduction in surgery time can increase capacity at hospitals allowing for surgeons to complete more procedures in a given year. There is also no risk of surgical infection at the harvest site, which may exceed $20,000 depending on the severity of the case. Furthermore, the success rate of complicated nerve damage procedures are dismal using modern practice. According to a 2016 study hollow tube conduits have a successful repair rate of 48% for 10-30mm nerve repair gaps. For 10-60mm gaps, autografts generate a successful repair rate of 71%. AxoGen's Avance nerve graft has an impressive 87% success rate for overall return to function. The combination of safety, cost savings, and surgical success rate gives Avance a strong competitive advantage over modern practice and has the potential to take a major share of the nerve repair market.

- **Strong surgeon reception.** In order for AxoGen's revenues and margins to expand, AxoGen needs surgeons to switch their nerve repair methods from conduits and autografts to Avance. Fortunately for AXGN, surgeons currently utilizing their products have given strong reviews and have begun advocating AxoGen's products to other surgeons. In an October medical device conference, four surgeons from Mass General and Cleveland Clinic noted that "they all had very good experiences with Avance and AxoGuard in a number of cases ranging from relatively simple to the extremely complex." They also noted that the main driver for growing surgeon use is the growing clinical evidence for the three products as AxoGen has 38 peer-reviewed papers highlighting the benefits of their products. If AXGN can continue to impress surgeons they will be able to further penetrate the market that they have only scratched the surface of.
- **High barriers to entry.** As previously mentioned, it is important for surgeons to support AxoGen's products as they are ultimately the individuals purchasing them. Moreover, this is a double edged sword of the medical device market. It is extremely difficult for competitors to enter because surgeons need to become educated and trained on the new product in order to implement a new type of surgery in their respective hospital. The cost to market, educate, and train surgeons on AXGN's products resembles nearly 50% of AxoGen's total costs in 2015. But, if AxoGen is able to further penetrate the United States market, this would be an advantageous industry trait. In other words, if AXGN can properly commercialize their product to surgeons, it would be extremely difficult for a competitor to come into the market and take away a portion of AXGN's market share.

Valuation

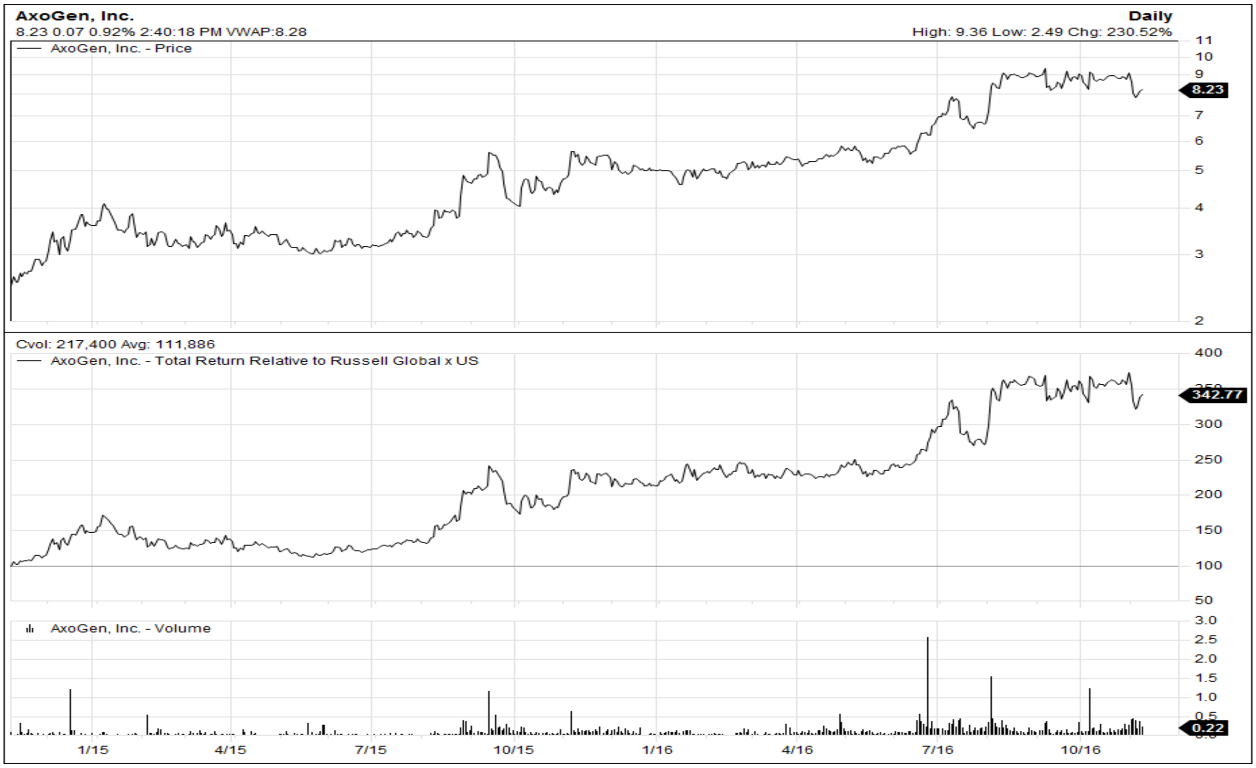
In order to reach an intrinsic value for AXGN, a five-year DCF model was constructed. Using a terminal growth rate of 4% and a WACC of 12.3%, an intrinsic value of $11.86 was reached. The DCF model projects free cash flow to become positive in 2018 as EBIT margins expand. A ± 1% sensitivity analysis on the WACC and terminal growth rate yielded a range from $8.94-$16.87. Additionally, a blended historical and peer average EV/S model was constructed. Using a 6.09x EV/S multiple on 2017E sales $58.21MM, the model yielded a share price of $12.63. Weighting the DCF and EV/S model 70-30, a price target of $12.09 was reached, representing a 50.2% upside. AXGN does not pay a dividend.

Risks

- **Cost of market penetration.** As stated earlier, there are high barriers of entry for the nerve repair industry. AXGN will have to invest large sums of capital into their sales and marketing team in order to gain market share with surgeons.
- **Shareholder dilution.** Due to recurring net operating losses, it is likely AXGN will have to issue more shares for financing in order to continue operations.
- **Cash burn.** As of 3Q16, AXGN has $16MM in cash on its balance sheet. Further, AXGN has averaged about $387K cash burn per month over the last year leaving a runway of 41 months.

Management

Karen Zaderej has served as AxoGen's President, CEO, and a director since 2011. Prior to joining the firm Zaderej worked at a medical consulting firm which assisted medical device companies in building and executing successful commercialization plans. Peter J. Mariani joined AxoGen in 2016, he brings more than 25 years of experience as a financial executive in private and public companies.



Source: FactSet

Peer Analysis

Name	Ticker	Market Cap (mil)	Sales (mil)	EBITDA	Dividend Yield	EV/S
AxoGen, Inc.	AXGN	265	27.33	9.02	0.00	5.47
Integra LifeSciences	IART	2,858	882.70	149.23	0.00	3.52
Avinger	AVGR	91	10.71	-39.39	0.00	7.33
GenMark Diagnostics	GNMK	516	39.41	-38.13	0.00	10.11
Novocure	NVCR	577	33.09	-100.81	0.00	7.64
AcelRx Pharmaceuticals	ACRX	118	19.26	-17.21	0.00	3.69
Peer Averages		832	197	-9.3	0.00	6.46

Source: FactSet

Ownership

% of Shares Held by All Insider Owners:	24.77%
% of Shares Held by Institutional & Mutual Fund Owners:	34.49%

Source: FactSet

Top 5 Shareholders

Holder	Shares	% Out
Opaleye Management, Inc.	2,120,000	7.04
Deerfield Management Company LP	1,893,030	6.28
BlackRock Fund Advisors	895,967	2.97
Cortina Asset Management LLC	835,283	2.77
The Vanguard Group, Inc.	775,448	2.57

Source: FactSet