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Invest in Your Future

LOTM YTD Performance – 9/10/09

Symbol	Last	Position	Bought	Value	Net	%Change	%Total
GAXC*	0.96	10000	2/9/2009	9,600.00	8,100.00	540.00%	11.94
TRIB	4.50	1064	12/29/2008	4,788.00	3,287.76	219.14%	5.95
ORCH	1.71	2542	1/20/2009	4,346.81	2,847.04	189.83%	5.41
HUGH	26.51	163	2/19/2009	4,321.12	2,821.52	188.15%	5.37
VRNT	14.15	259	12/29/2008	3,664.85	2,162.64	143.96%	4.56
HIMX	3.43	1035	12/29/2008	3,550.05	2,049.30	136.55%	4.41
SMSI	12.17	277	12/29/2008	3,371.09	1,872.52	124.95%	4.19
ARTG	3.98	794	12/29/2008	3,160.12	1,659.46	110.58%	3.93
LQDT	10.97	253	2/9/2009	2,775.40	1,277.64	85.30%	3.45
EPAY	12.15	228	12/29/2008	2,770.19	1,269.95	84.65%	3.44
TTPA	2.19	1250	12/29/2008	2,737.50	1,237.50	82.50%	3.40
MBND*	1.84	1429	12/29/2008	2,629.36	1,128.91	75.23%	3.27
PRGX	5.68	455	4/28/2009	2,584.39	1,082.89	72.12%	3.21
SILC	8.45	268	1/23/2009	2,264.60	763.80	50.89%	2.81
AMSWA	6.23	344	12/29/2008	2,143.12	643.28	42.88%	2.66
PTEC*	3.86	495	12/29/2008	1,910.69	410.84	27.39%	2.37
MGIC	1.72	1085	6/26/2009	1,866.19	368.89	24.63%	2.32
QADI	4.15	450	7/10/2009	1,867.50	360.00	23.88%	2.32
ORCC	5.55	330	12/29/2008	1,831.50	329.99	21.97%	2.27
ALVR	3.96	455	12/29/2008	1,801.80	300.30	20.00%	2.24
HLIT	6.71	261	12/29/2008	1,751.31	250.56	16.69%	2.17
TSYS	7.96	215	5/15/2009	1,711.40	206.40	13.71%	2.13
DTLK	3.57	469	1/2/2008	1,674.32	173.52	11.56%	2.08
BBSI	10.31	150	2/5/2009	1,546.50	112.49	7.84%	1.92
ERES	6.16	240	12/29/2008	1,478.40	-24.00	-1.59%	1.84
FRM	4.18	351	1/27/2009	1,467.18	-31.58	-2.10%	1.82
PMD	6.58	195	6/29/2009	1,283.09	-33.15	-2.51%	1.59
IXYS	7.27	198	12/29/2008	1,439.45	-61.38	-4.08%	1.79
SONE	6.53	208	12/29/2008	1,358.23	-141.44	-9.43%	1.69
NTE	5.45	248	12/29/2008	1,351.59	-146.32	-9.76%	1.68
VDSI	8.45	153	12/29/2008	1,292.84	-211.14	-14.03%	1.60
			Total	80,338.72	34,068.28	73.62%	

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Sold positions in 2009:

Descr of Property	Buy Date	Sell Date	Sell Price	Buy Price	Gain/Loss
150 shrs CMN	Oct 21 2008	Jan 20 2009	2,206.50	1,510.50	696.00
222 shrs ALDN	Dec 29 2008	Mar 25 2009	2,553.00	1,505.16	1,047.84
166 shrs TCB	Mar 6 2009	Apr 29 2009	2,357.20	1,494.00	863.20
176 shrs BCSI	Dec 29 2008	Jun 1 2009	2,710.40	1,496.00	1,214.40
600 shrs SUMT	Dec 29 2008	Jun 10 2009	2,862.00	1,500.00	1,362.00
178 shrs WIND	Dec 29 2008	Jun 23 2009	2,032.76	1,496.98	535.78
300 shrs ARAY	Dec 29 2008	Jul 10 2009	1,800.00	1,488.00	312.00
219 shrs ARBA	Dec 29 2008	Jul 16 2009	2,010.42	1,500.15	510.27
Totals:			18,532.28	11,990.79	6,541.49

Performance comments –

Verint (VRNT) is climbing up the performance ladder with strong consistency. The difficult part of investing in VRNT is that they have not posted any numbers to measure the company by for about three years. Only if you knew the company prior to the options back dating scandal they are working through (not their issue – their parent company's issue – Comverse – CMVT.pk) would you have the reference point to recognize the value in VRNT when the stock was down. The point I am sharing is the better you know the underlying "company" you are following the better able you are to take advantage of inappropriate pricing in the "stock" – both *Too Cheap* and *Too Expensive*. In my uninformed opinion VRNT still has upside potential but I would not buy at the current price because not the risk of uncertainty is greater than when the stock was under $10.00. There is expectation that VRNT and CMSV the parent company will be in compliance with SEC reporting in the next six months. It is also rumored (mentioned before in LOTM) that CMSV could sell VRNT as part of a liquidation of CMSV. We don't trade on rumors but it is useful to know there are rumors.

Multiband (MBND) is too cheap in my opinion having dropped below $2.00 again. Nothing has changed in the company story that I am aware of. LOTM continues to believe the current fair pricing of MBND stock is between $4.00 and $6.00.

Global Axcess (GAXC.ob) still has in our personal opinion upside potential of 50% to 100%. I think one could still buy GAXC below $1.00 per share and have a nice percentage return in the next twelve to eighteen months. Earnings per share in our opinion could be in the $0.12 (no growth) to $0.18 (modest growth) range. A 10 to 14 times earnings multiple for 2009-2010 would be all that is required (assuming our earnings number is on target) to hit into that price range.

Two companies, **PTEC $3.86** and **PRGX $5.68** look like they are moving to the next higher level of stock trading range. Looking at where the stock price fell from suggests that with the companies returning to former levels of performance plus improvements made in the last twelve month the shares still have potential to double to triple in value in the coming twelve to eighteen months. **PTEC** traded in the $10.00 to $12.00 range in the first half of 2008 while **PRGX** traded also traded between $$9.00 and $12.00 in the first two third of 2008. There is plenty of room for recovery to "normal" valuations.

Datalink (DTLK) $3.57 is probably our "cheapest" company based on price to sale ratio of 0.25 and an Enterprise Value to Revenue ratio of 0.11 to sales. Forward 2010 earnings are projected at a P/E ratio of 12.75. The shares trade thinly so DTLK is only for longer term "owners" of companies.

With oil at $70.00 plus per barrel and the global economy in what appears to be recovery mode LOTM thinks **Furmanite (FRM) $4.18** is too cheap. FRM is a service company with long term contracts to heavy industry such as oil and gas refineries. Check out their website at http://www.furmanite.com/ prior to the 2008 market drop FRM traded in the $8.00 to $12.00 price range.

*An account related to LOTM has a position in this security.

LOTM's primary strategy is to "own companies" that are "niche leaders" and not yet well known by Wall Street. We then trade around price movement in these "niches leaders", attempting to create trading profits as well as long term wealth through ownership of these "core" positions

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