



Value Line®

PRODUCT GUIDE

New Recommendations

RECENT PRICE	56.81	TRAILING P/E RATIO	NMF	RELATIVE P/E RATIO	NMF	DIV'D YLD	47.01 22.12	Nil	VALUE LINE	76.35 33.00
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RECENT EARNINGS

Portfolio Updates

THE VALUE LINE

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Special Situations Service®

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Company Updates*

Economic view

The U.S. economy continues to perform nicely even as problems persist around the globe. To wit, we recently have seen a solid pickup in retail spending, the strongest showing in industrial production in eight months, somewhat better utilization rates at U.S. factories, and further resilience in housing, where starts recently climbed to their highest level since late 2007. Meanwhile, this is taking place as growth decelerates in China; debt woes linger in Greece; and oil slumps to multi-year lows on the world stage.

FOMC meeting (in July) indicated that the conditions for the first interest rate hike in nearly a decade had not been met as yet—especially in the area of inflation, which remains negligible. In our view, there now is less than an even chance for a rate increase when the Fed meets in three weeks, but it could be a close call.

Meanwhile, there are risks to our forecast, and these are largely, but not totally, on the global side. That said, we also sense that a misstep by the Fed or a major budget impasse in

The Value Line Special Situations Service



Value Line®

The Most Trusted Name In Investment Research®

PRODUCT OVERVIEW

Published monthly, *The Value Line Special Situations Service* is designed to help investors build a portfolio that includes lesser-known stocks with high potential. Investments in these often smaller companies can offer higher growth potential, but investing in them can carry increased risk. The goal of *The Value Line Special Situations Service* is to help investors create a diversified portfolio, including both small- and mid-cap stocks. We aim to assist in striking a balance of Aggressive stocks with high growth potential and Conservative stocks which operate in relatively stable industries. Each issue of *The Value Line Special Situations Service* includes a new Aggressive recommendation as well as a new more Conservative recommendation. For Aggressive selections, the service seeks companies that typically have the potential to generate strong earnings growth over the next three to five years. Conservative selections might not have as much growth potential, but their share prices are typically less volatile, and they may pay dividends. *The Value Line Investment Survey—Small & Mid-Cap* serves as the basis for most selections. On that note, *Special Situations* subscribers are encouraged to consider also subscribing to *The Value Line Investment Survey—Small & Mid-Cap*, which provides encyclopedic information and investor tools, as well as two model portfolios that focus on smaller capitalization companies and is updated weekly. For more information, please call **1-800-VALUELINE** (1-800-825-8354).

SPECIAL SITUATIONS RANKINGS

The Value Line Special Situations Service assigns each of its stocks one of four rankings:

Especially Recommended—The service’s highest recommendation; a strong buy.

Buy — A stock may be downgraded to Buy if our view of the company changes. For stocks ranked Buy, we still think the equity will outperform the broader market, but its prospects don’t appear as great compared to those that we deem Especially Recommended. Although

stocks with this rank do not, in the service’s opinion, have the same potential as stocks ranked Especially Recommended, in general, they are expected to match or outperform the market.

Hold — A stock may be downgraded to Hold as it appreciates in value and approaches our estimated Price Target. Investors who already own the stock should maintain their positions, but additional purchases are not recommended. Occasionally, we may suggest that investors who have owned the stock since it was initially recommended, and have profited from their positions, consider selling some of their shares in order to lock in gains and use the proceeds to invest in one or more of the service’s Especially Recommended or Buy stocks.¹

Sell — A stock may be downgraded to Sell if it meets or exceeds the Price Target, a new product or service the company is developing fails to meet expectations, or because of other material changes with respect to the company or the overall market which have caused the share price to fall below our stop-loss target (discussed below). The Sell recommendation represents the final review by *The Value Line Special Situations Service*.

In addition to downgrades, stocks rated Hold may be upgraded from time to time, as circumstances warrant.

FEATURES OF THE VALUE LINE SPECIAL SITUATIONS SERVICE

Included with each new recommendation is a detailed report that provides an overview of the company, an examination of its finances, and a discussion of the stock’s potential over the next three to five years. In many cases, few if any other sources of research offer the detailed analysis that *The Special Situations Service* brings you. The most-recent stock report from *The Value Line Investment Survey—Small & Mid-Cap*, which offers a wealth of historical financial data, is also provided. Note that the ranks shown in the top-left corner of the stock report page were current as of the date shown below the business description, and may have changed.

¹Investors should of course consider their own risk preferences, taxable status, and holding period for capital gains/losses purposes, in making such decisions.

The Projected Valuation box that is provided with each new recommendation includes the service's forecast for revenues, earnings per share, and a 3- to 5-year Price Target. The three- to five-year Price Target is determined by multiplying the estimated earnings per share by the appropriate price-earnings multiple as determined by our Research Department.

Every issue includes detailed updates on five or so companies recommended previously by *Special Situations*. Companies are updated on a periodic basis, until a sale (i.e., Sell) of the stock is advised. Each update provides the current ranking of the stock, the recent share price, the estimated dividend yield over the next 12 months, the estimated share price within the next three to five years, and the date and price when the stock was recommended initially. In addition, each update contains the stock's performance record since it was initially recommended, the recommended stop-loss price, the company's website, the high and low share price for the current year and previous four years, a graph charting the share price over the past 24 months, and quarterly revenues and earnings for the past three years with projections for the current year. A detailed synopsis of recent company developments and our current opinion of the stock's potential are also provided.

Other features include a Portfolio page which lists all the stocks followed by *Special Situations*, which are broken down into Aggressive and Conservative portfolios. The portfolio tables also include the recent share price, the estimated dividend yield over the next 12 months, and the date and price when the stock was initially recommended.

The Portfolio Updates features stocks in the service that had notable developments since the previous month's issue which may have had a material effect on the share price or Performance rank.² Make sure to check this section each month, as it has ranking changes — including Sell alerts — for stocks that are not otherwise updated in the issue.

STOP LOSS

Since many small-cap stocks operate in niche industries or rely on a single product or small group of products or services, they can be highly volatile, especially during economic downturns. As such, a stop-loss price for each stock in the service is set in order to provide investors with a measure of protection for their invested capital. Stop losses may be adjusted upward as the share price increases. If a stock in the service breaches the stop loss, a Sell alert is generally placed on the security, and investors are advised to apply the remaining proceeds to one or more of the service's Especially Recommended or Buy stocks. Readers may wish to enter corresponding stop-loss orders with their brokers, for *Special Situations* stocks that they own.

HOW TO GET THE MOST OUT OF THE SPECIAL SITUATIONS SERVICE

The goal of *The Value Line Special Situations Service* is to help investors build a balanced, diversified portfolio including small- and mid-cap stocks as part of their overall investment mix. A balanced portfolio may help offset some of the risk associated with investing in small, speculative, or start-up companies.

Subscribers are advised to consider fully the information contained in the New Recommendation reports before committing capital. There is a great deal of variation in the degree of risk and the potential for gains that comes with investing in the shares of small companies. Thus, a subscriber should select — from the new recommendations made each year, as well as from the list of previously recommended equities that are currently listed as Especially Recommended or Buy — those that best meet the requirements of his or her own portfolio.

We strongly recommend that investors distribute the portion of their portfolio devoted to special situations among several securities rather than focus on a single company. Investors should keep in mind that more-

²For more information in regard to Value Line's Ranking System for Performance, please consult *The Value Line Investment Survey*® — *Small & Mid-Cap Product Guide*, available in the Investment Education section of our website, www.valueline.com.

aggressive selections are recommended for their long-term appreciation potential, rather than for short-term capital gains. Since these Aggressive selections can be highly speculative, they should represent only a limited portion of one's total portfolio. Investors must understand that although our aggressive investment ideas offer the potential for substantial capital appreciation, they carry an elevated level of risk. We strongly recommend the use of stop losses when investing in these companies, as the potential for significant, rapid losses is present, but so is the prospect of market-beating gains.

GETTING STARTED

A common question we receive from new *Special Situations* subscribers is: "how do I get started?" Typically, more than 40 stocks are held in the service's Aggressive and Conservative Portfolios at a given time, and we don't suggest there's a need to buy them all. There is no wrong answer here, but we generally recommend one of the following strategies, any of which will enable subscribers to effectively build and maintain a portfolio of smaller cap stocks. First, however, the investor needs to consider his/her own risk profile, which will dictate whether to focus on the Aggressive or Conservative stocks highlighted in the service. That said, a great percentage of subscribers typically select stocks from both lists in order to balance out the potential risk and reward.

The first method of building a portfolio from the *Special Situations Service* is to focus only on the newest recommendations. Thus, subscribers simply purchase one or more of the most recent monthly recommendations and, going forward, consider taking a position in all new highlighted stocks. Another method, which requires a more-active trading strategy, is to purchase all (or almost all) stocks

in the Aggressive and/or Conservative Portfolios that are currently assigned our Especially Recommended and, potentially, our Buy rankings. In either case, before making any trades, subscribers are strongly encouraged to read our initial reports for each recommended stock, as well as any follow-up analysis that we have published (discussed below). Subscribers also need to keep track of their holdings and, each month, review our updated rankings to ensure that we are not recommending any sells.

PRODUCT ACCESS

The Value Line Special Situations Service reports are available via print and online at our password-protected website, which can be accessed from our homepage www.value-line.com. Print customers receive the monthly reports by mail, and enjoy free online access to *Special Situations*. You should have received login credentials at the time of subscribing. If you do not have this information, or need help in any way, please call **1-800-VALUELINE** (1-800-825-8354).

The *Special Situations* website includes a number of features that will help investors get the most out of their subscriptions. Of course, the full monthly reports are posted here, including the complete historical record going back 10 years. In addition, the initial Aggressive and Conservative recommendations are posted and cataloged separately, so that subscribers can quickly and easily find these documents. Reviewing this information can be quite valuable as it provides detailed overviews of why Value Line originally recommended each particular stock. This can help users get a better understanding of a company's history, and how its operations, and its corresponding stock's fortunes, have changed over time.

Also available from Value Line

EQUITIES SERVICES:

The Value Line Investment Survey[®]

Our premium service puts Value Line analyst commentary, 18-month and three-to-five year stock price projections at your fingertips for stocks in nearly 100 industries.

The Value Line 600

A service that spotlights 600 mostly large-cap stocks that offer safety and stability.

The Value Line Investment Survey[®] — Small & Mid-Cap

This service includes proprietary Value Line Ranks to cover small and mid-cap stocks that have the potential for significant growth.

Value Line Select[®]

This service provides a detailed, monthly report by Value Line senior analysts, recommending the one stock each month that has the best upside and risk/reward ratio.

Value Line Select: Dividend Income & Growth

A monthly, in-depth service recommending one well-established, dividend-paying stock each month.

The Value Line M&A Service

This service suggests stocks that Value Line believes are excellent candidates for mergers and acquisitions.

The Value Line Climate Change Investing Service

This service is designed for the climate-conscious, profit-oriented investor, and is focused on environmental solutions and companies that are likely to thrive in a changing environment.

Value Line Special Situations Service

This service identifies mostly small-cap stocks poised for high growth.

Value Line Select ETFs

In this monthly service, subscribers received a thorough printed or digital report from Value Line senior analysts, recommending one ETF that is expected to outperform the broader market.

FUNDS AND OPTIONS:

The Value Line Fund Advisor Plus

This service offers curated monthly highlights and data on approximately 20,000 mutual funds, as well as powerful fund screening tools.

The Value Line Options Survey

This service provides information and ranks on all regularly listed options on all regularly listed options — that's more than 600,000 options on 2,000 plus stocks.

The New Value Line ETFs Service

This digital service helps investors build and manage a diversified portfolio of funds by offering a robust screener that allows investors to add their own criteria to find only those ETFs that meet their specified conditions.

For more information or to order, visit investors.valueline.com or call **1-800-VALUELINE** (1-800-825-8354) — daily 8 AM–7 PM Eastern Time.

Value Line Publishing LLC
551 Fifth Avenue
New York, NY 10176
vlcr@valueline.com



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