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CAPITAL & CRISIS

Snoopy Goes to Hollywood

Own royalties from the first *Peanuts* movie in 35 years

INSIDE THIS ISSUE

"The bottom line is that to be a good investor, you need to not only buy when it is emotionally the hardest, and sell when emotionally it is the hardest, but also do nothing while waiting for market extremes to offer better opportunities."

— Steve Leonard, Pacifica Capital

Chris Mayer
Editor

Next year is the 65th anniversary of the *Peanuts* comic strip. And Charlie Brown, Snoopy, Lucy and the rest of the gang will appear in their first full-length feature film in 35 years.

One small company has the license to the *Peanuts* brand. The cash flow due to this company could be enormous. In late October, the company will release a preliminary estimate of what it expects from the film.

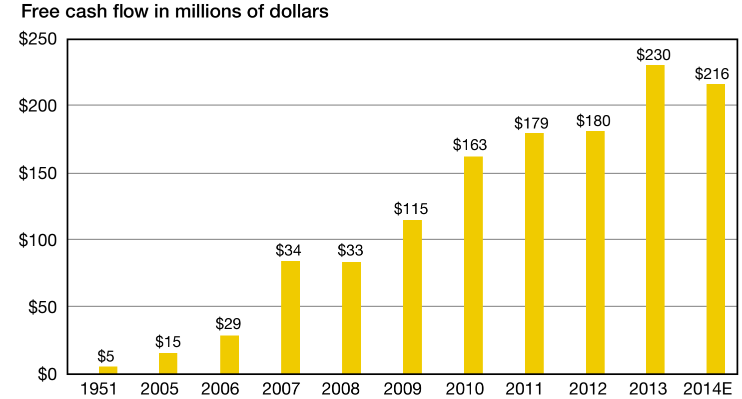
I'd buy the stock before then.

Lucky for us, the stock is cheap. The market has nothing baked into the stock price as far as the film goes.

Meanwhile, you'll own a fantastic business — a collector of royalties on a portfolio of 35 brands. These generate over $700 million in sales. And over 60% of its sales are contractually guaranteed!

The company takes no operational risk. It doesn't run retail stores. It doesn't manufacture anything. It doesn't carry inventory. It doesn't need to reinvest a lot of cash to keep going. It's like an investment fund, except instead of owning a portfolio of stocks, it owns a portfolio of brands.

An Unstoppable Cash Machine
Free cash flow in millions of dollars



This is an extremely resilient business, too. Take a look at the chart above, which shows you free cash flow since 2004. You'd be hard-pressed to identify the 2008 financial crisis. It was barely a blip. This sucker just plowed through it.

And remember, free cash flow is real cash — not earnings, which are an accounting estimate. Free cash flow is cash the business could use to pay dividends, buy back stock, pay down debt or just let pile up in a bank account. What our business has done recently is buy back stock — lots and lots of stock.

In fact, since it started buying back stock in October 2011, this company has retired 37% of its shares outstanding at an average price of $25.52. That is huge. And the stock is up 135% since — with a lot of room to go. In February, it announced a new $500 million buyback.

Buybacks are like an accelerant when done well. At just 11 times free cash flow, buying back stock is a great use of cash. It means that every single share you own represents a larger piece of a growing pie.

But this business has more than one excellent use for its free cash flow. It's one of the reasons I like it so much. Well, I think it's time to reveal the new member of our portfolio…

Iconix Brand Group (ICON:nasdaq) is the name of this wonderful business. It owns a diversified portfolio of 35 brands. These include London Fog, Joe Boxer and Candie's. They include men's and women's fashions, sportswear and entertainment brands. The customer list spans retailers from the high-end (Neiman Marcus) to the discounters (Wal-Mart). For retailers, they get a national brand, and Iconix manages the marketing and sourcing of the products.

About 40% of the business is international. This is a great part of the story. Five years ago, international sales were practically nothing — just $10 million. Last year, sales from outside the U.S. were $130 million! This year, they will be even higher. The opportunity overseas is many times greater than its current U.S. business. I expect more joint ventures overseas, and these royalties should continue to grow as a percentage of the total.

Iconix a fascinating business, and I'd like to credit my friend Alex Rubalcava for nudging me to look at the idea when we chatted at the Value Investing Congress in the spring. Alex is a money manager and owns the stock. It took me a while to appreciate and understand the power of this business model. Alex was helpful in that process and generously shared his research.

I have to admit, when I first heard of Iconix, I was not excited about it. I'm not a retail brand guy. I have no fashion sense. I couldn't care less about brands. Besides, I tend to think of this kind of stuff as being very fickle. Consumer tastes change. And what's popular today is on the remainder rack tomorrow.

But I was struck by a couple of things. First, the resilience of the business is remarkable, as shown in the chart before. The free cash flow here is almost guaranteed. Second, I was impressed by how old some of the brands are. Danskin goes back to 1882; London Fog, 1923. Here's a look at some others:

Brand	*Brand Inception*
Candie's	1981
Bongo	1982
Badgley Mischka	1988
Joe Boxer	1985
Rampage	1982
Mudd	1995
Mossimo	1986
Ocean Pacific	1972
Rocawear	1999
Pillowtex	1883
Starter	1971
Waverly	1923

The point is these are brands that consumers have valued for generations. As a group, they are not going away.

Of course, there are always risks. Here the risk is that Iconix makes a bad deal. Just as any investor will lose money on a stock from time to time, you can't expect Iconix won't sometimes lose money on a brand. Sharper Image, for example, was a loser. Iconix paid $65 million for the brand and wound up selling it for $12 million.

The good news is that Iconix has 35 brands. The largest acquisition in its history was $235 million, for which it got numerous brands. Most acquisitions are less than $100 million. The company today is worth over $3 billion, including debt. So mistakes shouldn't be too costly. Besides, it can also hit home runs. It acquired the Danskin brand in 2007 for $193 million. It earned back its purchase price in just seven years. And then there is the *Peanuts* brand, which could pay off big time.

Another thing I'll keep an eye on is customer concentration. Iconix's top five made up 34% of 2013's sales. The largest customer was Wal-Mart, with 13% of 2013 sales. However, as Iconix grows, this concentration risk recedes.

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For example, Wal-Mart was 23% of sales in 2009. And the top five were 60% of sales. Also, Sears is a top five customer at 5% of last year's sales, which is a concern, as Sears could go kaput. Again, something to watch.

An important guy in managing these things is our CEO, Neil Cole. He is, by the way, the brother of the designer Kenneth Cole. Neil is our owner-operator here, and he's been a good steward in recent years. Alex Rubalcava makes the case that Iconix has gone through three phases. The analysis shows a clear maturity and improvement in how Cole manages the cash flow and finances of the business as it moves through the phases. The third phase, which started around 2011, is marked by those massive buybacks.

In sum, Iconix generates tons of cash. And it has lots of good things to do with that cash. It can buy back stock, as it has done and will continue to do. It can acquire new brands, which grow free cash flow over time. It can expand overseas. It can pay back debt. All good.

And if we have an economic hiccup of some sort, it would be good news for Iconix in one way. A distressed environment is likely to shake loose some valuable brands at good prices. With its fire hose of nearly guaranteed free cash flow, Iconix has lots of flexibility to adapt to different economic environments.

Let's see how Iconix stacks up to CODE.

Cheap? Iconix says it will generate at least $215 million in free cash flow this year. On a fully diluted basis, that's $3.70 per share. The stock trades for just 11 times free cash flow — a really low figure for a business of this quality.

It is otherwise hard to value Iconix, because there is no business at its level. There are a couple of others looking to duplicate the Iconix model (Cherokee and Sequential). But they are less mature businesses. If you compare Iconix to royalty firms such as Royal Gold, you find Iconix trades for less than half on a variety of multiples. And I'd argue Iconix is a better business.

On an absolute basis, I think paying no more than 12 times free cash flow leaves us a good margin of safety. We'll own a great business with lots of upside from growth, share buybacks and possibly a better multiple.

Owner-operator? Neil Cole is the CEO here, and he owns nearly 6% of the company, a stake worth over $120 million. All officers and directors together (including Cole) own about 7.2%. This is a lower figure than I like to see, but relative to their pay, it's good enough. Cole's stake, for instance, is almost 30 times larger than his salary and bonus. Actions also speak loudly here. Cole's stewardship has been exceptionally shareholder-friendly in recent years. I think he's a good capital allocator who gets it. So I'm comfortable that Iconix meets the owner-operator test.

Disclosures? Iconix is a simple business to understand. I think the disclosures are good.

Excellent financial condition? Iconix carries some debt, about $1.4 billion. Around $600 million of this is cheap convertible debt on which Iconix pays rates of 1.5% and 2.5%. And when compared against its secure and gushing free cash flow, I believe the debt level is perfectly safe. Iconix passes muster here.

I think Iconix will be an excellent long-term investment for us. Based on the power of its model, it's one we could sit on for a long time and watch as our money doubles, triples and quadruples. I recommend you buy the shares up to $45 per share.

Recommendation: Buy Iconix (ICON:nasdaq) up to $45 per share.

Steve Leonard and the Power of Focus Investing

If you're like most people, you probably own way too many stocks.

How many is too many?

I'll start with Joel Greenblatt, the famous hedge fund manager, who wrote this:

> After purchasing six or eight stocks in different industries, the benefit of adding even more stocks to your portfolio in an effort to decrease risk is small.

Most people own lots of stocks, thinking they are lowering their risk. But this just isn't so. After as few as six names, you could be fully diversified. Risk, however, is only part of the eternal equation. What about the reward?

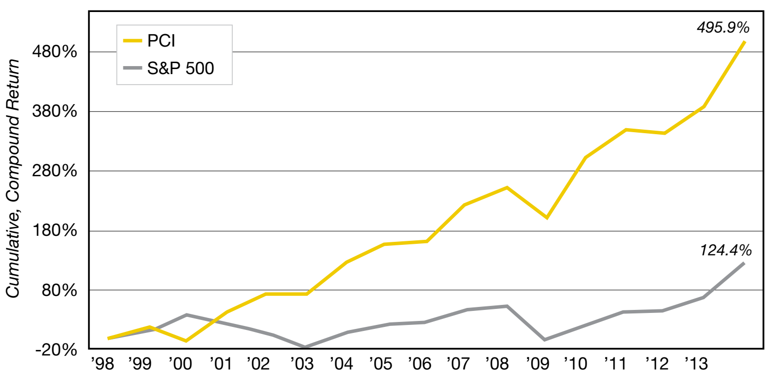
Well, there isn't a magic number for top results. But I've always made the case that it is better to focus on your best ideas. Maybe six–eight stocks are too few. More than 30 stocks are probably too many. I have to wonder about the value of anybody's 31st and 32nd best ideas. (This is why I regularly rank my portfolio and simply lop off the lower reaches in an effort to keep the portfolio small and focused on favorites.)

It makes intuitive sense. A smaller portfolio of your favorites should to do better than a long list of 30 or 50 stocks you like. In addition, in my 20-odd years of studying outstanding investors, I've been struck by how most of them run concentrated portfolios.

Steve Leonard at Pacifica Capital Investments is one of those. His portfolio has only about dozen names currently. He frequently owns fewer than ten. And his track record is outstanding.

He started managing money professionally in 1998. Since then, he's delivered 11.8% annualized, versus just 5.2% for the S&P 500. Over the years, that means you'd be up almost 500% with Steve, versus 124% for the market. (See the chart below.) If you'd put $1 million with Steve in 1998, you'd have had almost $6 million by the end of 2013, versus less than $1.7 million with the S&P.

Pacifica Beats the Market



I want to introduce you to Steve. You know how I love to talk to other investors. I just love to talk about ideas and experiences. Steve has a good story to tell, and I want to share it with you.

Steve started his career investing in commercial real estate in Los Angeles in the early 1980s. Prices were hit hard after a recession there. When market values recovered, Pacifica stopped buying. Later, it pared back its holdings as prices climbed further.

He repeated his act in Denver — a market that had crashed as part of the S&L crisis. "There was nothing wrong with Denver and plenty right about it," he said. "The city was just extremely overbuilt, and the bargain prices reflected the complete lack of investor confidence." At one point, Pacifica had the largest private commercial real estate portfolio in Colorado. It averaged more than 35% in annual returns. And consistent with Pacifica's philosophy, he sold it all in 1998 when market prices recovered.

You can see the pattern. Buy when things get cheap. Sell when they are no longer. It is a time-tested recipe, but hard to follow.

Steve then decided to focus on the stock market, where he had generated returns well above the major indexes with his family accounts. "Even in college, I invested a little in the stock market," Steve told me. "It always fascinated me." Raising money for his stock market venture wasn't as easy as he thought it would be. Probably because people wondered if real estate success would translate into stock market success.

At first, the skeptics had the better of the argument. When Pacifica started investing in stocks in 1998, the market was strong. Steve's performance initially lagged the market as Pacifica held increasingly large cash balances as stock prices reached levels Steve knew were unsustainable. While it meant he lagged at first, his strategy soon paid off, as that performance chart shows.

As Steve says, investing in the market and investing in real estate are not that much different. The principles are the same. You have to understand what you own. You have to know what it's worth, what will protect your value and how it will grow.

"There is one big difference," Steve said. "In real estate, we were the managers. We controlled our fate more than you do when investing in a public company. We made the decisions about deploying capital. We decided whether to put a new roof on a warehouse or retail building or return cash to our investors."

Of course, with a public company, you don't get to decide how to invest the capital of the business. Management does. And this is why they are so important. "When you invest in a public company, you have to like the management," Steve advises. "If you don't, you shouldn't own it."

There is another difference. Commercial real estate returns depend heavily on the economic cycle. "In real estate," Steve said, "it's very hard to have a brand and achieve returns significantly different than the performance of the broader market. But if you are American Express or Coca-Cola, your returns are not as affected by the cycles. And so you can be a long-term owner, which is our preference."

In essence, Steve's approach is simple — but hard to execute. Focus on a small number of businesses. Know the companies better than anyone. And buy them below intrinsic value. Sell when prices are full.

So what does Steve think about the market now?

"It's been a broadly strong market," he says. "We think it's very hard to find value now."

Though he is not a market timer, he's been paying attention to various warning signs. For example, individual investors are trading more. In March, TD Ameritrade reported an all-time high in number of trades. E-Trade reported a 32%

increase. "History shows over and over again that individual investors usually become most active near market peaks," Steve says. Not only are they trading more, but also, they are borrowing more on margin to buy stocks.

Still, Steve has managed to find a couple of bargains. One of them is Staples (SPLS), which he bought recently. It is in a sector that is out of favor for "a couple of good reasons." Technology has hurt demand for the products. We use less paper, files and folders than we used to. And secondly, there's been a tremendous increase in capacity from the big boys, smaller retailers and Amazon.

"So when you have decreasing demand and expanding volume, it's a problem," Steve said. But Steve believes this is a cyclical downturn in the sector that will correct itself. The industry will adapt to the change in technology. Meanwhile, the stores remain popular. "When I talk to people who own businesses and have their own home offices, they almost all go to Staples or Office Depot."

He thinks that as Staples shrinks its retail footprint, profit margins will return to more historical levels. When that happens, people won't be so negative on the stock and it will recover. Even though profit margins are down, Staples has good cash flow. It pays a 4.5% dividend yield.

He would not make Staples a big position, because it's just not that strong of a brand. "It's not Starbucks," he says. But it is a cyclical opportunity. In this market, if you care about getting a good price, that's about as good as you can do.

Steve ends his first-quarter letter with some good, hard-earned wisdom:

> The bottom line is that to be a good investor, you need to not only buy when it is emotionally the hardest, and sell when emotionally it is the hardest, but also do nothing while waiting for market extremes to offer better opportunities. Sounds so easy, but it is so hard. You often don't know you have been right until months or even years later… As we continue to preach tirelessly, successful investing is not about beating the market every time, it's about beating the market over time.

Good advice and a wise approach — though tough for most to stick to. Steve has proven he can navigate tough markets. (His clients were down just 13.7% in 2008, when the market fell 37%.) And his clients have certainly beaten the market over time. If you want to learn more about Pacifica Capital Investments, LLC and how to invest with Steve Leonard, check out the firm's website here: www.pacificacapital.net

Lastly, remember to keep that portfolio of yours trim. More stocks does not mean lower risk. And some of the best investors — like Steve — often own fewer than a dozen names.

Dundee Corp., Part II

In *The Rush*, Edward Dolnick tells the story of the California Gold Rush of 1849. James Marshall discovered gold at Sutter's Mill near present-day Sacramento. President James Polk confirmed the rumor in his State of the Union address. Then the stampede began: 90,000 people packed up and headed west. The 49ers.

It was a daunting trip. And timing was critical. If going overland, the preferred route, you had to leave Missouri no later than May to be sure you could clear the Sierra Nevada before the first snows in November made the mountains impassable.

Dolnick's book tells the stories people who went to great lengths in search of gold. Some things never change. Today, though, the quest for gold is more likely to take you to some faraway lands, such as Bulgaria.

The Chelopech mine produces gold, silver and copper. It is located east of Sofia, Bulgaria. Dundee Precious Metals (DPM) owns Chelopech. And **Dundee Corp. (DDEJF: otcbb)** owns 25% of DPM.

What follows is a review of two of Dundee Corp.'s largest publicly traded holdings. The point of this exercise is to show you some of the value embedded in Dundee Corp. As you know, we bought Dundee at just 65% of its net asset value. That value is further understated, as many of Dundee's holdings are cheap and/or have big upside.

Let's start with the aforementioned gold miner, DPM. Not only does it own the Chelopech mine, but it also has a gold deposit, Krumovgrad, in development also in Bulgaria. It owns the Kapan mine in Armenia. And it owns the Tsumeb smelter in Namibia.

The smelter in Namibia is an interesting asset. According to CIBC:

> The smelter is one of only a few in the world able to treat high volumes (without blending) of complex copper concentrates that contain arsenic and lead. It is extremely difficult and time-consuming to obtain the permitting needed to construct such a smelter. Not many countries in the developed world would even consider such applications.

It would cost at least $500 million to build such a smelter. And DPM's total market value is barely $900 million.

Bulgaria, though, is the most important region here, as it makes up about 75% of DPM's net asset value. DPM shares are slung low because of past operational issues. But with a recently completed expansion now behind it, 2014 ought to be a good year, even with the price of gold where it is. The mine could generate $100 million in free cash flow annually at steady-state production.

Besides, there is big upside in Krumovgrad. This deposit could produce gold at cash costs of just $389 per ounce — compared with a gold price of around $1,200 today.

DPM itself is undervalued compared with peers. And gold stocks generally are cheap. If it traded just where its peers do, it would be an $8 stock. DPM trades for $5.50 as I write. At $5.50, it represents about $2 per share of Dundee's $28 net asset value.

A bigger holding is Dream, which trades in Toronto under the ticker DRM. This holding represent about $6 of net asset value. Dundee spun out Dream last year and retained a 30% interest. As part of Dundee, it delivered a 48% annualized return to its investors over 10 years. As CEO Michael Cooper put it: "Dream has a long history of profitability, and the way we view our underlying business has not changed despite the fact that we are now publicly traded."

And like DPM, Dream trades below its net asset value. The stock goes for $13 and change. Yet net asset value is closer to $18 per share.

In essence, Dream is a pile of real estate mostly in western Canada. But more than that, it has a somewhat hidden asset management business. This business generates sticky and highly profitable fees on assets Dream manages under long-term contracts.

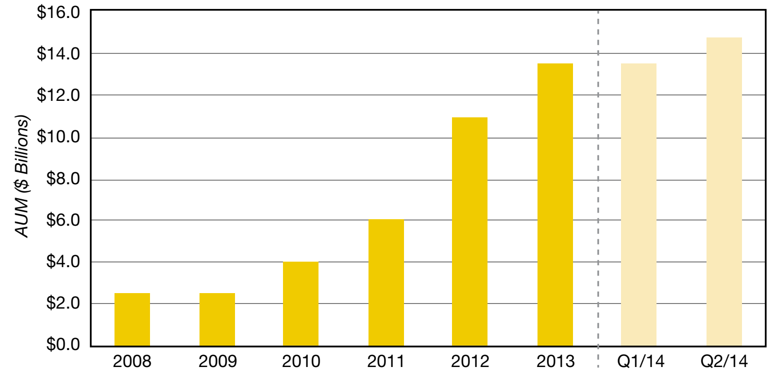
Dream manages three real estate investment trusts, or REITs. It also manages other real estate assets, but most of the fees come from the three listed REITs. These fees are highly lucrative, with a profit margin of 50%-plus. As assets under management climb, Dream's fees go up, too.

Most of Dream's land and housing assets are in four of Canada's fastest-growing cities: Saskatoon, Regina, Calgary and Edmonton. All told, Dream owns over 9,000 acres of land in western Canada. About 5,000 acres are in six large master planned communities at various stages of approval.

Management believes these assets will generate over $4 billion in earnings over the next 20 years. That's a big number, and if it is anywhere close to real, then Dream will prove very cheap, as the market values the entire firm at just $1 billion.

DPM and Dream are just two of many assets under Dundee's charge. They are both attractive as stand-alone buys. They show you how Dundee's stated net asset value of $28 per share may be understated. In addition, Dundee has many ways to grow NAV over time.

Dream's Assets Under Management



I would also point out that we have a strong owner-operator at the helm in Ned Goodman, whom I wrote about in my last letter to you.

He and is crew have steered Dundee to an 18% compound annual return for 20 years. I cannot overstate the importance of investing with proven winners.

Dundee is a buy.

How to Invest in a Strong Dollar World

"We continue to believe that we are moving into a 'strong U.S. dollar world,'" Louis-Vincent Gave, the investment strategist, wrote in a recent note to his investors. "This makes for a very different set of winners and losers, and very different portfolios, than what most investors have been used to over the past decade or so."

I think there is a good case for a strong U.S. dollar for the rest of this year and into next. We'll look into the argument here and what its chief effect is likely to be.

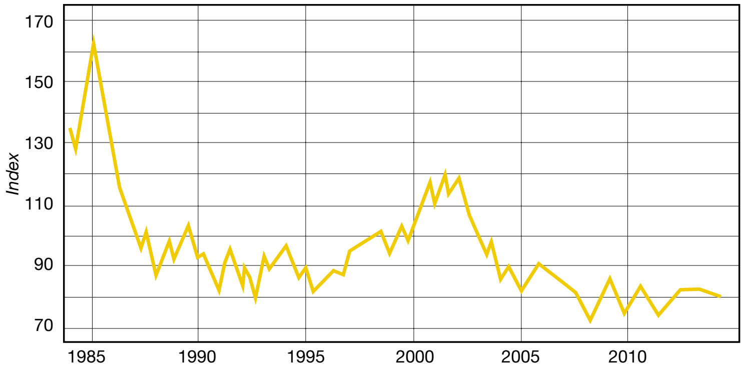
Gave's comments inspired me to set down my own. In his note, Gave shared the chart on the following page. It shows the dollar index since circa 1985. The dollar index measures the value of the dollar against a basket of foreign currencies. The euro makes up more than half the index (and European currencies did before the creation of the euro). The yen, pound and Canadian dollar fill out the bulk of the rest of the basket.

I share the chart because I think the pattern shown might surprise you. After all, didn't the U.S. government run widening deficits after the crisis? Didn't the central bank engage in "money printing"? And wouldn't you expect these would drive the dollar lower?

You might've. Plenty of people did. And they were (and are still) wrong. "As things stand," Gave wrote, "we are basically trading roughly at the same levels that have prevailed for most of the post-2008 crisis period."

U.S. Dollar Index Near Lows

Source: Gavekal Data/Macrobond



In fact, the U.S. dollar index recently put in an 11-month high. There are a few reasons I'd point to for that strength against foreign currencies to continue.

First, the U.S. trade deficit continues to shrink. According to the latest readings in June, the deficit shrank by 7%. When the trade deficit shrinks, that means fewer net dollars flow overseas. Hold that thought.

Second, the federal deficit is also shrinking. For the fiscal year ending September 2014, the deficit will be around $500 billion. That's less than one-third of what it was in 2009 — the recent peak. Lower deficits means fewer dollars injected into the system.

Now put the two together. You know basic economics. What happens when the supply of something gets tighter? Its value rises, assuming demand stays the same.

Aye, what about dollar demand? There is steady demand for U.S. dollars from abroad, because it is the world's reserve currency. Meaning just about everyone uses it to settle up international trade.

As Gave writes in his book, *Too Different for Comfort*, it's not easy to unseat a reserve currency. After running through some history, Gave concludes:

> A reserve currency is thus a bit like a computer operating system — it pays to use the one that everyone else is using, and the more people use one system, the less incentive there is to switch. Once a reserve currency gets entrenched, therefore, it is exceedingly difficult to dislodge, because the benefits of the new currency have to outweigh those of the old one, not by a little, but by a lot.

Of course, the dollar's standing won't last forever. But I think we can safely say the U.S. will remain the standard for years yet. There is simply no competitor on the near horizon. Not even one that's close. True, a variety of emerging markets and other countries have learned to use other currencies to settle transactions. That's just good sense. They've been caught short of dollars before and had to endure a crisis of some sort as a result. But these transactions are small in the scheme of things.

Meanwhile, those foreign markets are growing and the demand for dollars ought to remain at least stable. Thus, the dollar index is putting in that 11-month high.

Part of the U.S. dollar strength also comes from the fact that there are lots of attractive assets in the U.S. that foreigners like to buy and own. They have to pay for them in dollars. Gave makes this point in his book, too. When the U.S. dollar gets cheap, Brazilians rush in to buy condos in Miami. Canadians pick up second properties in Arizona. Russians buy New York condos. Foreign pension funds buy up U.S. debt, stocks and real estate.

And whenever there is a crisis, what do people do? They go to cash, and that means U.S. dollars. They buy U.S. T-bills. When the you-know-what hits the fan, it is still the dollar they retreat to. They're not buying Chinese yuan. Gold is another asset seen as a safe haven, but the gold market is tiny and off the radar of the big pools of money out there. When a big fund wants safety, it turns to cash — U.S. dollars.

So let's say the dollar stays strong. What effect could it have?

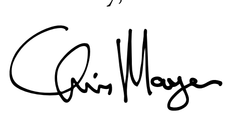
It could drive U.S. interest rates even lower. If you look at the 10-year securities of the big EU countries, Japan, Canada and other developed nations, you find that interest rates are all lower than in the U.S. But as Gave asks, "Why own 10-year bunds yielding 1%, or Japanese government bonds yielding 0.5% in falling currencies, when you can own 10-year U.S. Treasuries denominated in a rising dollar yielding 2.5%?"

This is the question the market will be asking itself soon, especially as/if that dollar index continues to make highs. Then you can expect to see U.S. Treasury yields falling to levels where these other developed markets already sit.

All is to say that if you are looking to get out of the U.S. dollar, cool your jets. As long as the trends above are in place, the dollar index might be on the verge of a bigger rally.

Thanks for reading.

Sincerely,



Chris Mayer

Capital & Crisis Portfolio

Prices as of 09/04/14

COMPANY/SYMBOL	DATE REC.	REC. PRICE	CURRENT PRICE	COMMENTS	RECOMMENDATION
Howard Hughes Corp. (HHC:nyse)	10/11	$40.07	$155.43	A revived American original	Buy up to $120
Kennedy Wilson (KW:nyse)	1/12	$11.22	$25.71	McMorrow's asset manager	Buy up to $23
Retail Opportunity Inv. (ROIC:nasdaq)	3/12	$11.69	$15.98	The next Pan Pacific	Buy up to $13
First Citizens Bancshares (FCNCA:nasdaq)	11/12	$161.00	$225.25	Family controlled bank	Buy up to $219
Greenlight Re (GLRE:nasdaq)	1/13	$23.70	$35.00	Einhorn's reinsurance company	Buy up to $33
National Western Life Ins. (NWLI:nasdaq)	5/13	$195.00	$255.16	Moody family's insurance co.	Buy up to $244
Third Point Re (TPRE:nasdaq)	8/13	$13.05	$15.35	Loeb's reinsurance company	Buy up to $15
Capital Senior Living (CSU:nyse)	11/13	$22.99	$22.38	Consolidator of senior housing	Buy up to $25
Starz (STRZA:nasdaq)	1/14	$30.00	$31.36	Malone's cash machine	Buy up to $30
Kennedy Wilson Europe (KWE:lon)*	4/14	1,040p	1,116p	Focused on European real estate	Buy up to 1,100p
Ladder Capital (LADR:nyse)	5/14	$18.55	$18.35	Flexible CMBS platform	Buy up to $19
Dundee Corp. (DDEJF:otc)	8/14	$16.57	$17.21	Goodman's investment holding co.	Buy up to $18
Iconix Brand Group (ICON:nasdaq)	**9/14**	**NEW**	**$41.49**	**Royalties on brands**	**Buy up to $45**

* You can also buy this stock under the ticker KWERF in the U.S. To find the equivalent U.S. dollar price, take the London price, divide by 100 and then multiply by the pound-to-dollar exchange rate. The current buy up to price of 1,100p is equal to 11 pounds. And 11 pounds times 1.63 (the current exchange rate) equals $17.96 per share for KWERF.

Note: All stocks have been carefully selected to meet CODE. The acronym sums up C&C's investment standards. C is for cheap, as compared with replacement cost or private market value. O is for owner-operators; we want to invest with people who have skin in the game. D is for disclosures; we want transparent businesses we can understand. E is for excellent financial condition. The recommended price is the closing price on the day the recommendation is available via email.