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## Sell ACI (Close Position) - 3rd Time

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Mon, Nov 10, 2014 at 10:06 AM

Overall, 13%-17% avg. position up, and average duration of 8.7 days.

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## Sell ACI (Close Position)

Nov. 10, 2014

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Dear GuruFundPicks' Alpha News Edge Trade Alert Customers,

Your latest Trade Alert.

**Stock:** ACI

**Action:** Sell (Close Position)

**Current Price:** \$2.76

**Thesis:** Position purchased two weeks ago on 10/23 at \$1.85, after taking a 40% profit earlier in October in three trading days!!!, as it dipped once again to the lows, while the news flow has turned more positive on the company, and to an extent even in the coal space. This time, we are exiting with an almost 50% profit in about two weeks. Be aware that this could be a longer-term play, and we are only exiting here to perhaps get in at even better prices, since the stock has really gone up huge in the last few weeks.

Buy Thesis from 10/23: ACI is engaged in the production of steam and metallurgical coal from surface and underground mines. This is a follow-up to our earlier trade when we bought and sold on 10/13 and 10/16 for a 40% profit in 3 trading days, buying and selling at \$1.55 and \$2.16 resp. (and a break-even trade earlier in July, entering and exiting at \$3.06 and \$3.04 resp). We mentioned in our sell alert that,

"While we still like the position for the reasons we mentioned in our earlier buy alert, we want to exit here, and probably get back in later if warranted"

ACI prices have now dropped back down to more favorable levels, and the risk to reward ratio appears more favorable here, after selling earlier at \$2.16, so we will get back in here. We may have to be more patient this time, though, to realize gains.

Earlier Buy Thesis from mid-Oct:

ACI is engaged in the production of steam and metallurgical coal from surface and underground mines. Today's news on the company raising guidance for next Qtr. (Sept) raises the probability that the company could be on the turn-around and that the recent fall due to coal industry conditions may be exaggerated. The position was bought and sold earlier in July & Aug at 3.06 & 3.04 resp.

Earlier Thesis from July: Coal prices and the prices of coal stocks have been in multi-year decline since peaking in 2011, with the average coal stock down well over two-thirds during that time period. While current fundamentals are still horrid, the cycle may be turning, at least for met coal, per the company, and it is taking steps to move production to more lower cost and higher margin products and facilities. The downside appears to be limited here, given the optimism in the company's statements about a possible turn in the cycle and their focus on lower costs and higher margins, while the upside is significant.

Best,

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