

hedge fund wisdom

a quarterly publication by **marketfolly.com**

Background:

Each quarter, hedge funds are required to disclose their portfolios to the Securities & Exchange Commission (SEC) via 13F filings.

These filings disclose long U.S. equity positions, American Depositary Receipts (ADRs), stock options (puts/calls), warrants, as well as convertible notes. They do not disclose positions in other asset classes (such as commodities, currencies, or debt). They also do not reveal foreign market holdings, short sales or cash positions.

Hedge Fund Wisdom, a quarterly publication by MarketFolly.com, aggregates, updates, and analyzes the latest portfolios of top hedge funds. This issue reveals fourth quarter holdings as of December 31st, 2014.

In This Issue:

- Consensus buy & sell lists revealing which stocks were most frequently traded by these managers
- Portfolio updates on 25 prominent hedge funds: data tables, expert commentary & historical context on each fund's moves
- Equity analysis section examining 2 stocks hedge funds were buying
- To navigate the newsletter, simply click on a page number in the Table of Contents column on the right to go to that page

Quote of the Quarter:

"We believe that the in-place U.S. equity bull market should last for quite a while longer, deliver moderate (high-single-digit) total returns rather than the strong double-digit returns of the past three years, be more volatile than in previous years, and have greater breadth."

~ Omega Advisors' Q4 Letter

table of contents

consensus buy / sell lists:
p.02 Most popular trades

hedge fund portfolios:
p.06 Baupost Group
p.08 Berkshire Hathaway
p.11 Greenlight Capital
p.14 Lone Pine Capital
p.17 Appaloosa Management
p.19 Pershing Square Capital
p.21 Maverick Capital
p.24 Third Point
p.27 Blue Ridge Capital
p.30 Paulson & Co
p.33 Tiger Management
p.36 ValueAct Capital
p.38 Bridger Capital
p.41 Omega Advisors
p.45 Coatue Management
p.48 Fairholme Capital
p.50 Tiger Global
p.53 Hound Partners
p.55 Perry Capital
p.57 Glenview Capital
p.60 Viking Global
p.63 Farallon Capital
p.67 Icahn Capital
p.69 JANA Partners
p.72 Pennant Capital

equity analysis

p.74 Colfax Corp (CFX)
p.80 American Realty Capital Properties (ARCP)



Next Page: Consensus Buy/Sell Lists

Hedge Fund Consensus Buy List

Consensus New Positions

JD.com (JD): This Chinese online direct sales company was a popular buy among hedge funds in the fourth quarter of 2014. Maverick Capital, Tiger Global, Coatue Management, and Lone Pine Capital all purchased new positions. The company went public in May of 2014 but these funds waited for shares to pull back before entering. The lowest price they could have paid for shares in Q4 was around \$22 and JD now trades just under \$28.

Baker Hughes (BHI): This oil industry company was bought by the likes of Omega Advisors, Farallon Capital, and ValueAct Capital during Q4. That last fund is the most relevant here as activist investor Jeff Ubben is pushing for the company's proposed merger with Halliburton (HAL) to go through.

Lending Club (LC): This stock graces the list mainly due to the fact that some funds participated in the company's initial public offering (IPO.) Omega Advisors, Tiger Global, Coatue Management, and Blue Ridge Capital all now show stakes in this online marketplace company that connects borrowers and individual lenders.

Note: The following stocks appear throughout the issue as 'new buys' but in reality the hedge funds in this issue weren't buying in the open market. This is simply a case of a corporate events taking place that generated new ticker symbols:

Restaurant Brands (QSR) is the new combined entity as a result of the Burger King (former ticker BKW) and Tim Hortons (former ticker THI) merger. Many funds previously held shares of BKW and those have been converted into QSR shares.

Walgreens Boots Alliance (WBA) is the new combined entity following the merger of Walgreens (former ticker WAG) and Alliance Boots. Many funds previously held shares of WAG and those have been converted into the new ticker WBA.

Consensus Increase List



Hedge Fund Consensus Increase List

Consensus Increased Positions

eBay (EBAY): This stock lands on this list for the third quarter in a row. The company announced a big catalyst and will spin-off its PayPal payments division this year. This is exactly what many investors were looking for. Hedge funds that accumulated more shares include: Farallon, Omega, Baupost, Glenview, Third Point, JANA, and Carl Icahn. This was the most popular purchase in Q4 among funds profiled in this issue.

Actavis (ACT): This is yet another stock that lands on the consensus increase list for the third quarter in a row. As detailed previously, this is a tax inversion roll-up play that has been popular among hedge funds lately (somewhat along the lines of Valeant Pharmaceuticals ~ VRX, another hedge fund darling.) ACT recently won the bidding for Allergan (AGN) and will be taking over that company as well. Funds that added to their ACT positions during Q4 include: Omega, Paulson & Co, Glenview Capital, Third Point, and Viking Global.

Cheniere Energy (LNG): This liquefied natural gas (LNG) play was a popular buy among Pennant Capital, Blue Ridge, Lone Pine, Viking, and Baupost Group. The company is involved in LNG terminals and is basically a tollbooth play on the trend of exporting cheap US natural gas to other countries with higher prices in order to capture the spread. They have first mover advantage here and even though they won't reap the financial rewards of their projects for some time, the company's bets are seen as high return on capital investments.

Alibaba Group (BABA): This Chinese e-commerce giant was a consensus buy/add for the second quarter in a row. Many hedge funds owned stakes in the company while it was still a private entity and then even more hedge funds joined the party when it went public in the third quarter of 2014. In the fourth quarter, hedge funds such as Coatue, Blue Ridge, Paulson, and Third Point added to their positions. BABA shares are currently trading around the cheapest levels where these funds would have been buying in Q4.

SunEdison (SUNE): This developer of photovoltaic energy products was bought by the likes of Omega, Glenview, Third Point, and Greenlight Capital during Q4. The company completed the IPO of its semiconductor division in the second quarter of 2014 and the IPO of its yieldco (TerraForm Power) in the third quarter. Throughout 2014, SUNE acquired several solar portfolios.

Consensus Sell List



Hedge Fund Consensus Sell List

Consensus Sold Positions

AbbVie (ABBV): This popular hedge fund trade came to an end in the fourth quarter as the company's takeover quest for Shire (SHPG) failed. JANA Partners, Lone Pine, Maverick, Paulson & Co, and Viking Global all completely exited their stakes.

21st Century Fox (FOXA): This stock was exited by hedge funds such as Maverick Capital, Viking Global, and ValueAct during Q4. That said, please note that ValueAct still retains a massive stake in Fox via the company's voting shares (FOX), which they were buying in Q4 to effectively replace the FOXA shares they discarded.

Note: The following stocks appear throughout the issue as 'sold positions' but in reality the hedge funds still own them. This is merely a case of new ticker symbols being generated due to corporate mergers closing:

Burger King (BKW): Many funds previously held shares of BKW and those have been converted into shares of Restaurant Brands (QSR) which is the new combined entity as a result of the Burger King and Tim Hortons (former ticker THI) merger. Funds that owned BKW now show positions in QSR.

Walgreens (WAG): Many funds previously owned shares of WAG and those have been converted into the new ticker WBA that represents Walgreens Boots Alliance, the new combined entity following the merger of Walgreens and Alliance Boots. Funds that owned WAG now show positions in WBA.

Consensus Decrease List



Hedge Fund Consensus Decrease List

Consensus Decreased Positions

American International Group (AIG): The majority of stocks on the consensus decrease list are most likely cases of profit taking. AIG appears on this list for the fifth straight quarter. Every few months, hedge funds sell some AIG to lock-in gains as the stock slowly appreciates and narrows its discount to book value. This has been a highly successful play for many investors post-financial crisis. Funds that trimmed their positions include: Blue Ridge, Omega, JANA, and Fairholme Capital.

HCA (HCA): This stock lands on this list for the second consecutive quarter. This time around, funds such as Omega, Maverick, Paulson & Co, Appaloosa, and Glenview all were taking some profits. This has been a very successful play for funds involved. Glenview Capital was originally the loudest advocate here, saying that Obamacare would boost profitability at for-profit hospitals and industry consolidation could spur growth. This has been a great call and one that continues to reward them.

Charter Communications (CHTR): This turnaround cable play backed by John Malone has been a very popular bet among hedge funds. However, it's now been on the consensus decrease list for two quarters in a row. As shares have appreciated somewhat, Bridger, Farallon, Hound, Tiger Global, and JANA all reduced their position sizes a bit. That said, many funds still retain this stock as a core holding.

Valeant Pharmaceuticals (VRX): This is yet another stock that graces this list for two quarters in a row. Farallon, Hound, Maverick, Lone Pine, and Viking all reduced their exposure to the name. This has largely been a successful investment for those involved. Some funds have owned VRX for much longer than others, so the rationale for reducing the position could vary. Some funds may have been locking in profits, while others could have been displeased that the company lost out to Actavis (ACT) in its bid to acquire Allergan (AGN) recently.

Transdigm Group (TDG): This also looks to be a case of profit taking as TDG's chart shows shares constantly marching up and to the right. Farallon, Maverick, Pennant, and Tiger Global all trimmed their exposure to the stock in the fourth quarter.

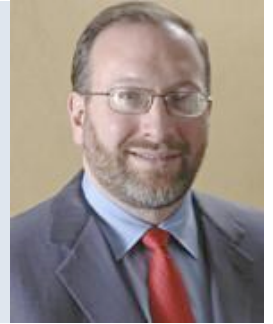
Next: Hedge Fund Portfolios (Baupost Group) 

Baupost Group

Seth Klarman

Graduated from Harvard Business School & regarded as one of the best investors of all time

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Key Takeaways

New Positions:

Forward Pharm (FWP)
Bellatrix Energy (BXE)
Paratek Pharmaceuticals (PRTK)
Atara Biotherapy (ATRA)

Sold Out:

Boyd Gaming (BYD)
RF Micro (RFMD)
Aveo Pharmaceuticals (AVEO)
TriQuint Semiconductors (TQNT)

It's rare to hear directly from Seth Klarman, so when he writes a column on what he's learned from Warren Buffett in the *Financial Times*, you should probably [read it here](#).

Turning to Baupost Group's latest activity, Seth Klarman's firm was again pretty active (by their standards anyways) in the fourth quarter. The biggest move they made was cutting 61% of their Micron Technology (MU) exposure. Even after the reduction, it's still their third largest US equity long, which tells you just how big of a position it had grown to be.

Secondly, the hedge fund firm also bought shares of eBay (EBAY) for the third consecutive quarter. As detailed in last quarter's issue, the thesis here is largely a catalyst play, as the company is set to spin-off its PayPal payments division from its core e-commerce auction/marketplace business. The thinking is that once separated, the core eBay business could focus on returning cash to shareholders while the PayPal business would be a high-growth play garnering a higher multiple.

Third, Baupost Group boosted its exposure to Antero Resources (AR) by 184% during Q4 and it's

now their fifth largest US equity long. During the quarter, shares of AR fell from \$52 down to \$40, which obviously played right into Baupost's hands, as they like to wait for lower prices that create a higher margin of safety.

It's also worth highlighting the fact that Cheniere Energy (LNG) is now their largest US equity long position as they added to their stake by around 2.6 million shares (a 23% increase in position size.) Their LNG stake was worth almost \$1 billion at the end of the year. This company is involved in the liquefied natural gas industry and a lot of the value here is via expenditures that won't necessarily yield returns for a while, but are still seen as very high return on investment projects. Cheniere has first mover advantage building terminals in the US for exportation of liquefied natural gas and the company is essentially a tollbooth on that trend. That said, it looks like Klarman has paid up for somewhat unknown future cashflow.

As oil prices have plunged, Baupost has dipped their toe into the sector via a brand new stake in Canadian oil and gas exploration company, Bellatrix Exploration (BXE). Also, longtime readers have become accustomed to the fact that Baupost typically has a decent amount of biopharma exposure. They initiated a few new positions in this sector during the fourth quarter as well via Atara Biotherapeutics (ATRA), Paratek Pharmaceuticals (PRTK), and Forward Pharma (FWP.)

Lastly, please keep in mind that the vast majority of Baupost Group's portfolio is allocated to distressed assets and a large cash position. As such, their equity portfolio is only a small slice of their overall assets under management.

View Baupost Group's Updated Portfolio on the Next Page



Baupost Group

Fourth Quarter 2014 Portfolio:

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Cheniere Energy Inc	LNG		19.09%	Added 23%	\$972,029,000	13,807,230
2	Viasat Inc.	VSAT		14.28%	Unchanged	\$726,934,000	11,533,137
3	Micron Technology, Inc.	MU		13.55%	Cut -62%	\$689,908,000	19,706,035
4	eBay Inc.	EBAY		10.27%	Added 53%	\$522,758,000	9,315,000
5	Antero Resources Corp.	AR		6.26%	Added 184%	\$318,465,000	7,847,831
6	Theravance Inc	THRX		5.51%	Unchanged	\$280,396,000	19,815,983
7	Keryx Biopharmaceuticals Inc	KERX		5.09%	Unchanged	\$258,945,000	18,300,000
8	PBF Energy Inc	PBF		4.53%	Added 21%	\$230,785,000	8,663,114
9	VERITIV CORP	VRTV		2.36%	Cut -2%	\$120,037,000	2,314,193
10	Forward Pharma	FWP		2.20%	New	\$111,801,000	5,367,300
11	Theravance Bioph	TBPH		1.78%	Unchanged	\$90,434,000	6,061,228
12	Ocwen Financial Corp	OCN		1.77%	Cut -15%	\$90,102,000	5,967,050
13	Citigroup Warrants	C/WS/A		1.75%	Cut -16%	\$89,326,000	102,673,007
14	SunEdison Semiconductor	SEMI		1.51%	Unchanged	\$76,980,000	4,145,379
15	ChipMOS Technologies	IMOS		1.50%	Unchanged	\$76,565,000	3,283,235
16	Bellatrix Exploration Ltd.	BXE		1.29%	New	\$65,898,000	18,103,713
17	Novagold Resources Inc.	NG		1.26%	Unchanged	\$63,980,000	21,688,300
18	Paratek Pharmace	PRTK		1.22%	New	\$62,100,000	1,735,218
19	Kosmos Energy, Inc.	KOS		1.19%	Added 52%	\$60,763,000	7,242,354
20	Atara Biotherapy	ATRA		1.16%	New	\$59,137,000	2,495,913
21	Theravance Inc Note	THRX		0.62%	Added 135%	\$31,420,000	40,089,000
22	Syneron Medical Ltd	ELOS		0.44%	Cut -19%	\$22,544,000	2,416,310
23	Kindred Biosciences	KIN		0.44%	Unchanged	\$22,453,000	3,013,848
24	AIG Warrants	AIG.W		0.43%	Added 13%	\$21,897,000	889,387
25	Alon USA Partners L.P.	ALDW		0.24%	Added 190%	\$12,319,000	954,188
26	Alliance One International	AOI		0.20%	Unchanged	\$10,086,000	6,383,641
27	Novacopper Inc	NCQ		0.06%	Unchanged	\$2,943,000	6,005,298
	TriQuint Semiconductor Inc.	TQNT			Sold		
	RF Micro Devices	RFMD			Sold		
	AVEO Pharmaceuticals Inc	AVEO			Sold		
	Boyd Gaming Corp.	BYD			Sold		

Next Page: Berkshire Hathaway

Berkshire Hathaway

Warren Buffett

Mentored by Benjamin Graham in the ways of value investing & one of the greatest investors of all time

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Key Takeaways

New Positions:

Restaurant Brands (QSR)
21st Century Fox (FOXA)

Sold Out:

Exxon Mobil (XOM)
Conoco Phillips (COP)
Express Scripts (ESRX)

By far the biggest news out of Warren Buffett's Berkshire Hathaway is the fact that they completely sold out of Exxon Mobil (XOM). This had been a sizable longstanding position (their seventh largest holding previously worth over \$3.8 billion.) This means they were selling XOM between \$85.55 and \$96.47, as that's the range shares traded in during the fourth quarter while oil prices fell dramatically. In fact, it looks like Berkshire was reducing oil exposure across their portfolio. They also exited their other longstanding oil play: Conoco Phillips (COP). They've slowly sold down that stake over numerous quarters and they finally finished dumping shares in the fourth quarter.

It's also important to note that Berkshire Hathaway has actually reported a large stake in Deere & Co (DE). Last quarter's issue of Hedge Fund Wisdom detailed that Berkshire Hathaway had sold out of its position in the third quarter. That's because DE was not listed anywhere on their 13F filing (which normally indicates a sold position.) A few days ago, Berkshire filed an amended 13F for the third quarter that re-lists DE as a holding. As such, please be aware that Berkshire in fact did *not* sell out of DE. In fact, they've been doing quite the

opposite. The amended 13F for Q3 and newly filed 13F for Q4 indicate that Berkshire basically doubled their DE exposure in the third quarter and then again in the fourth quarter too. The end result is that they now own a stake worth over \$1.5 billion.

Now the debate is: did Buffett initiate the position or did Todd Combs/Ted Weschler do it? Buffett is usually responsible for the big portfolio moves (usually a \$1 billion investment at least.) Their DE stake is now well over that amount, but it started as a much smaller position: only around \$340 million a few years ago, before getting ramped up in a big way late in 2014. The initial position size is indicative of a move by Combs/Weschler. However, Berkshire also requested confidential treatment from the SEC regarding their Q3 13F filing, a tactic Buffett usually employs when he's making large moves. Who knows, perhaps Combs/Weschler bought it initially and then convinced Buffett, or perhaps Combs/Weschler are now managing such large sums that they can ramp up their position sizes. Either way, the takeaway is that Berkshire bought DE in a big way in *both* Q3 and Q4.

Berkshire also disclosed some brand new positions in the fourth quarter as well. They initiated a stake in Restaurant Brands (QSR), which is the new combined entity of Burger King and Tim Hortons (Bill Ackman's Pershing Square also has a large QSR holding too.) Second, Berkshire started a new position in Rupert Murdoch's 21st Century Fox (FOXA.) This is a popular hedge fund bet as well, as Jeff Ubben's ValueAct and Chase Coleman's Tiger Global both own sizable stakes in the media giant too.

View Berkshire Hathaway's Updated Portfolio on the Next Page



Berkshire Hathaway

Fourth Quarter 2014 Portfolio:

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Wells Fargo & Co	WFC		23.23%	Unchanged	\$25,406,775,000	463,458,123
2	Coca Cola Co.	KO		15.44%	Unchanged	\$16,887,999,000	400,000,000
3	American Express	AXP		12.90%	Unchanged	\$14,105,859,000	151,610,700
4	IBM	IBM		11.29%	Added 9%	\$12,349,358,000	76,971,817
5	Wal-Mart Stores	WMT		4.74%	Unchanged	\$5,185,887,000	60,385,293
6	Procter & Gamble Co	PG		4.40%	Unchanged	\$4,808,922,000	52,793,078
7	U.S. Bancorp	USB		3.29%	Unchanged	\$3,600,249,000	80,094,497
8	DaVita HealthCare	DVA		2.67%	Added 3%	\$2,920,956,000	38,565,570
9	DIRECTV Corp.	DTV		2.49%	Added 5%	\$2,718,346,000	31,353,468
10	Goldman Sachs Group	GS		2.24%	Unchanged	\$2,448,370,000	12,631,531
11	Moodys Corp	MCO		2.16%	Unchanged	\$2,363,611,000	24,669,778
12	Deere & Co.	DE		1.38%	Added 126%	\$1,512,562,000	17,096,886
13	General Motors Co	GM		1.31%	Added 3%	\$1,431,311,000	41,000,000
14	USG Corp.	USG		1.00%	Unchanged	\$1,091,666,000	39,002,016
15	Charter Communications	CHTR		0.94%	Added 25%	\$1,032,751,000	6,198,237
16	Bank of New York Mellon	BK		0.82%	Cut -6%	\$893,050,000	22,012,603
17	VeriSign Inc.	VRSN		0.68%	Unchanged	\$740,145,000	12,985,000
18	Suncor Energy, Inc.	SU		0.65%	Added 21%	\$710,420,000	22,354,294
19	Verizon Communications	VZ		0.64%	Unchanged	\$701,743,000	15,000,928
20	Precision Castparts Corp.	PCP		0.63%	Added 37%	\$687,396,000	2,853,688
21	M&T Bank Corp.	MTB		0.62%	Unchanged	\$676,093,000	5,382,040
22	VISA Inc	V		0.60%	Added 17%	\$657,936,000	2,509,290
23	Viacom Inc	VIAB		0.59%	Added 12%	\$649,723,000	8,634,190
24	Costco Co.	COST		0.56%	Unchanged	\$614,254,000	4,333,363
25	Liberty Global Inc, Class A	LBTYA		0.50%	Added 4%	\$543,034,000	10,816,324
26	Phillips 66	PSX		0.43%	Added 6%	\$470,897,000	6,567,600
27	MasterCard Inc. Class A	MA		0.43%	Added 15%	\$465,243,000	5,399,756
28	Chicago Bridge & Iron	CBI		0.41%	Unchanged	\$449,233,000	10,701,110
29	Wabco Holdings Inc	WBC		0.39%	Unchanged	\$427,117,000	4,076,325
30	Liberty Global Inc, Series C	LBTYK		0.32%	Unchanged	\$354,932,000	7,346,968
31	National Oilwell Varco, Inc.	NOV		0.32%	Cut -18%	\$344,582,000	5,258,385
32	Torchmark Corp.	TMK		0.31%	Unchanged	\$344,181,000	6,353,727
33	Restaurant Brand	QSR		0.30%	New	\$329,428,000	8,438,225
34	Liberty Media Co	LMCK		0.26%	Unchanged	\$280,240,000	8,000,000
35	General Electric Co	GE		0.24%	Unchanged	\$267,496,000	10,585,502
36	21st Century Fox, Class A	FOXA		0.17%	New	\$182,324,000	4,747,397
37	Sanofi Oyj ADR	SNY		0.16%	Unchanged	\$178,147,000	3,905,875
38	Liberty Media Co.	LMCA		0.13%	Cut -24%	\$141,080,000	4,000,000
39	Verisk Analytics	VRSK		0.09%	Unchanged	\$100,138,000	1,563,434
40	Graham Holdings, Inc.	GHC		0.09%	Unchanged	\$92,914,000	107,575
41	Media General Inc. Class A	MEG		0.07%	Unchanged	\$77,731,000	4,646,220
42	NOW INC	DNOW		0.04%	Unchanged	\$46,972,000	1,825,569
43	Johnson & Johnson Co.	JNJ		0.03%	Unchanged	\$34,205,000	327,100
44	Mondelez International	MDLZ		0.02%	Unchanged	\$20,996,000	578,000
45	Kraft Foods Group, Inc.	KRFT		0.01%	Unchanged	\$12,072,000	192,666
46	United Parcel Service	UPS		0.01%	Unchanged	\$6,603,000	59,400
47	Lee Enterprises, Inc.	LEE		0.00%	Unchanged	\$327,000	88,863

Continued on next page...

Berkshire Hathaway

Fourth Quarter 2014 Portfolio:
... Continued

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	ConocoPhillips	COP			Sold		
	Express Scripts Inc.	ESRX			Sold		
	Exxon Mobil Corp.	XOM			Sold		

Next Page: Greenlight Capital

Greenlight Capital

David Einhorn

Has returned 19.4% annualized

Predicted & profited from the demise of Lehman Brothers

Author of [Fooling Some of the People All of the Time](#)



Key Takeaways

New Positions:

Time Warner (TWX)
Keysight Technology (KEYS)
Chicago Bridge & Iron (CBI)
Halyard Health (HYH)
Lifetime Fitness (LTM)
Yahoo (YHOO)
Covidien (COV)
Tri-Pointe Homes (TPH)

Sold Out:

Chemtura (CHMT)
Cigna (CI)
URS (URS)
Babcock & Wilcox (BWC)
BP (BP)
American Capital Agency (AGNC)
Anadarko Petroleum (APC)
National Oilwell Varco (NOV)
Einstein Noah (BAGL)

David Einhorn's Greenlight Capital finished 2014 up 8% for the year. The hedge fund firm made two large plays during the fourth quarter. First, they added sizably to their Consol Energy (CNX) stake. After increasing their position size by 171%, it's now their fourth largest US long worth over \$448 million. The thesis on this pick was outlined in the Greenlight section of last quarter's Hedge Fund Wisdom issue, so be sure to check that out since they've allocated so much capital to this play.

Secondly, Einhorn established a hefty new stake in Time Warner (TWX.) Einhorn outlined his thesis in Greenlight's Q4 letter: "Since 2009, TWX has refocused its business into a collection of high quality assets including basic cable networks (Turner and CNN), a movie studio (Warner Brothers), and the

world's most valuable premium cable network (HBO) ... In particular, we believed that TWX had an opportunity to more aggressively monetize HBO and to reduce costs across the entire company. Management subsequently announced that HBO would be offered as a stand-alone streaming product in the U.S., along with various other initiatives that have led to an increase in earnings estimates and a rally in the shares." Einhorn purchased his TWX shares around \$72 after Rupert Murdoch's 21st Century Fox (FOX) tried to takeover the company and failed.

Another new position Einhorn started in Q4 that he talked about in his letter was Keysight Technology (KEYS): "The business was spun out of Agilent (A) in November 2014. We believe Agilent treated KEYS as a cash flow source to fund other businesses. We expect that as an independent company starting with an almost unlevered balance sheet, KEYS will have the flexibility to invest in unexploited growth initiatives and make better R&D and capital allocation decisions." They purchased KEYS at around \$30 per share.

It's also worth drawing attention to the fact that Greenlight has finally exited its very longstanding position in Einstein Noah Restaurant Group (BAGL) that returned 5x (or around 18% a year for them.)

On the short side of their book, Einhorn continues to hold Japanese Yen put options as they feel that Japan's best option is a weak currency. They're also still short St. Joe (JOE ~ their longest standing position.) Lastly, keep in mind that Einhorn continues to hold a very large position in physical gold that's one of their top six holdings.

View Greenlight Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Micron Technology, Inc.	MU		14.54%	Added 3%	\$1,094,272,000	31,255,970
2	Apple Inc	AAPL		12.62%	Cut -6%	\$949,880,000	8,605,542
3	SunEdison Inc	SUNE		6.47%	Added 17%	\$486,850,000	24,953,888
4	CONSOL Energy Inc	CNX		5.96%	Added 172%	\$448,187,000	13,256,028
5	Marvell Technology	MRVL		4.77%	Cut -6%	\$358,627,000	24,732,881
6	Time Warner, Inc	TWX		4.31%	New	\$324,229,000	3,795,700
7	Citizens Financial	CFG		3.34%	Added 26%	\$251,086,000	10,100,000
8	EMC Corp.	EMC		3.17%	Added 39%	\$238,818,000	8,030,200
9	Voya Financial, Inc	VOYA		3.12%	Added 37%	\$234,843,000	5,541,368
10	Aecom Technology Corp	ACM		2.69%	Added 119%	\$202,058,000	6,653,204
11	Lam Research Corp.	LRCX		2.62%	Cut -6%	\$196,763,000	2,480,000
12	IAC/InterActiveCorp	IACI		2.42%	Unchanged	\$182,062,000	2,994,930
13	On Semiconductor Corp	ONNN		2.39%	Added 18%	\$179,808,000	17,750,000
14	Gold Miners ETF	GDX		2.08%	Added 35%	\$156,556,000	8,517,796
15	Keysight Technology	KEYS		2.00%	New	\$150,778,000	4,464,846
16	Liberty Global Inc, Series C	LBTYK		2.00%	Unchanged	\$150,199,000	3,109,080
17	Aercap Holdings N V	AER		1.93%	Added 68%	\$145,290,000	3,742,639
18	Take-Two Interactive	TTWO		1.75%	Unchanged	\$131,871,000	4,704,600
19	Green Brick Part	GRBK		1.70%	Added 995%	\$128,263,000	15,641,805
20	Chicago Bridge & Iron	CBI		1.64%	New	\$123,421,000	2,940,000
21	Aetna Inc	AET		1.59%	Cut -55%	\$119,881,000	1,349,551
22	Halyard Health	HYH		1.42%	New	\$106,999,000	2,353,181
23	Life-Time Fitness Inc	LTM		1.38%	New	\$103,936,000	1,835,685
24	Northstar Asset Mgmt	NSAM		1.36%	Unchanged	\$102,459,000	4,539,574
25	Yahoo! Inc.	YHOO		1.36%	New	\$102,282,000	2,025,000
26	TIME INC	TIME		1.28%	Cut -11%	\$96,376,000	3,916,091
27	Spirit Aerosystems	SPR		1.26%	Cut -4%	\$94,865,000	2,204,126
28	Covidien plc	COV		1.16%	New	\$87,076,000	851,341
29	Kennametal Inc.	KMT		1.05%	Added 279%	\$79,275,000	2,215,000
30	Tri-Pointe Homes, Inc.	TPH		0.89%	New	\$67,231,000	4,408,647
31	Conns Inc	CONN		0.89%	Unchanged	\$66,592,000	3,563,000
32	Nokia Corp. ADR Class A	NOK		0.82%	Unchanged	\$61,557,000	7,831,800
33	Amdocs Ltd	DOX		0.81%	Cut -43%	\$60,750,000	1,302,245
34	Liberty Global Inc, Class A	LBTYA		0.78%	Cut -6%	\$58,666,000	1,168,418
35	Civeo Corp	CVEO		0.58%	Added 73%	\$43,808,000	10,658,929
36	FCB Financial	FCB		0.44%	Unchanged	\$33,190,000	1,346,993
37	KapStone Paper	KS		0.34%	New	\$25,646,000	875,000
38	Green Dot Corp	GDOT		0.34%	New	\$25,612,000	1,250,000
39	Vodafone Group	VOD		0.29%	Cut -15%	\$21,845,000	639,294
40	Oil States International	OIS		0.17%	Cut -90%	\$12,960,000	265,028
41	California Res	CRC		0.14%	New	\$10,848,000	1,968,722
42	Fifth Street	FSAM		0.11%	New	\$8,356,000	599,000

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Synchrony Financial	SYF			Sold		
	Einstein Noah Restaurant	BAGL			Sold		
	National Oilwell Varco, Inc.	NOV			Sold		
	Talmer Bancorp	TLMR			Sold		
	URS Corp.	URS			Sold		
	Biofuel Energy	BIOFR			Sold		
	Anadarko Petroleum Corp.	APC			Sold		
	Fifth Street Finance Corp	FSC			Sold		
	Intrexon Corp	XON			Sold		
	Interpublic Group	IPG			Sold		
	American Capital Agency	AGNC			Sold		
	CIGNA Corp.	CI			Sold		
	McDermott International	MDR			Sold		
	Babcock & Wilcox Co	BWC			Sold		
	BP Plc ADR	BP			Sold		
	Chemtura Corp	CHMT			Sold		
	Colony Financial Inc	CLNY			Sold		

Next Page: Lone Pine Capital

Seeks to identify companies with good management teams that are trading below intrinsic value

Previously a consumer analyst at Julian Robertson's hedge fund Tiger Management



Key Takeaways

New Positions:

Visa (V)
HCA (HCA)
DaVita (DVA)
W.R. Grace (GRA)
Cooper Companies (COO)
Vipshop (VIPS)
Walgreen Boots Alliance (WBA)
Netflix (NFLX)
Apple (AAPL)
JD.com (JD)
CDK Global (CDK)

Sold Out:

Comcast (CMCSA)
TripAdvisor (TRIP)
Crown Castle (CCI)
The Gap (GPS)
Liberty Global (LBTYK)
Actavis (ACT)
LPL Financial (LPLA)

Lone Pine finished 2014 up 0.2% for the year in its Lone Cypress Fund, 0.9% in Lone Kauri, 2.7% in Lone Cascade, and 4.4% in Lone Tamarack. Their Cypress Fund was 114.5% long and 56% short, leaving them with 58.5 net long equity exposure at the end of the year. In his fourth quarter letter, Mandel writes that, "While pockets of opportunity do exist in today's equities markets, overall there is a great deal of valuation complacency among investors, particularly among those chasing yield (REITs, utilities) and those implicitly assuming the status quo for historically market-leading businesses currently being disintermediated by more efficient entrants enabled

by the internet (e.g., advertising, payments, retailing, travel). These areas represent good hunting grounds for shorts."

Priceline.com (PCLN) is now Lone Pine's top holding in their Cypress Fund and has been a longtime favorite of the firm. They like that the company is growing earnings around 20% a year and think that the market is not giving the company the multiple it deserves. Another company in their portfolio that fits a similar profile is Mastercard (MA), as the payment processor should benefit from increased usage of mobile payments. This has been a hedge fund favorite for quite some time.

One theme that's evident in Lone Pine's portfolio is underperforming companies with management catalysts. As improvements are put into place, their positions in Microsoft (MSFT), Tiffany (TIF), and Walgreens Boots Alliance (WBA) should theoretically benefit. Another theme the hedge fund continues to like is roll-ups. Serial acquirers such as Valeant Pharmaceuticals (VRX) and Fleetcor Technologies (FLT) benefit as they gain scale and are Lone Pine's fourth and sixth largest wagers respectively.

It's important to remember that Lone Pine's portfolio also includes some international holdings that aren't listed on the next page. These include Global Logistic Properties, Lloyds TSB Group, Ichigo Investment, and Naspers. All of these are realistically between their 13th and 20th largest holdings in their Cypress Fund. They also have some smaller positions in emerging market companies such as Axis Bank, HDFC Bank, Kotak Mahindra Bank, and Tencent.

View Lone Pine Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	MasterCard Inc. Class A	MA		7.24%	Added 33%	\$1,725,824,434	20,030,460
2	Baidu Inc	BIDU		6.72%	Cut -14%	\$1,602,761,323	7,030,580
3	Priceline Group Inc	PCLN		6.68%	Added 92%	\$1,594,279,249	1,398,233
4	Valeant Pharmaceuticals	VRX		4.95%	Cut -25%	\$1,180,784,295	8,250,886
5	Facebook Inc	FB		4.42%	Added 56%	\$1,053,474,022	13,502,615
6	FleetCor Technologies, Inc.	FLT		4.01%	Cut -2%	\$957,041,050	6,435,620
7	Dollar General Corp	DG		3.83%	Added 39%	\$913,310,518	12,918,112
8	Adobe Systems, Inc.	ADBE		3.71%	Added 6%	\$885,431,257	12,179,247
9	Equinix	EQIX		3.70%	Added 47%	\$882,090,571	3,890,489
10	Autodesk, Inc.	ADSK		3.64%	Added 229%	\$868,667,960	14,463,336
11	Michael Kors	KORS		3.49%	Cut -31%	\$831,774,181	11,075,555
12	SBA Communications	SBAC		3.39%	Cut -16%	\$807,795,054	7,293,202
13	Canadian Pacific	CP		2.90%	Added 2%	\$690,921,982	3,585,666
14	McGraw-Hill Financial	MHFI		2.75%	Cut -32%	\$655,706,255	7,369,142
15	Tiffany & Co	TIF		2.71%	Cut -12%	\$646,203,471	6,047,197
16	Cognizant Technology	CTSH		2.70%	Cut -32%	\$644,024,638	12,229,864
17	Cheniere Energy Inc	LNG		2.60%	Added 28%	\$620,852,109	8,818,922
18	Charter Communications	CHTR		2.28%	Added 5%	\$544,686,112	3,269,032
19	VISA Inc	V		1.95%	New	\$464,492,282	1,771,519
20	Realty Holdings Corp	RLGY		1.94%	Cut -24%	\$462,984,206	10,406,478
21	HCA Holdings, Inc.	HCA		1.80%	New	\$428,368,036	5,836,872
22	Ulta Salon	ULTA		1.79%	Cut -36%	\$427,623,649	3,344,991
23	Mohawk Industries Inc.	MHK		1.61%	Cut -20%	\$383,192,644	2,466,482
24	Transdigm Group Inc	TDG		1.47%	Unchanged	\$350,845,249	1,786,836
25	Jazz Pharma Plc	JAZZ		1.29%	Added 5%	\$308,410,669	1,883,654
26	DaVita HealthCare	DVA		1.25%	New	\$298,428,400	3,940,169
27	Cooper Companies	COO		1.19%	New	\$283,703,371	1,750,283
28	W.R. Grace	GRA		1.16%	New	\$276,874,912	2,902,557
29	Humana, Inc.	HUM		1.15%	Cut -12%	\$274,553,916	1,911,536
30	Vipshop Holdings, Ltd	VIPS		1.14%	New	\$272,304,106	13,935,727
31	Walgreen Co	WBA		1.14%	New	\$270,797,960	3,553,779
32	Netflix Inc	NFLX		1.12%	New	\$266,335,212	779,647
33	Microsoft Corp.	MSFT		1.06%	Cut -76%	\$253,149,899	5,449,944
34	IntercontinentalExchange	ICE		1.05%	Cut -13%	\$250,602,200	1,142,789
35	Apple Inc	AAPL		1.01%	New	\$241,083,386	2,184,122
36	JD.COM INC ADR	JD		0.86%	New	\$204,040,467	8,817,652
37	VIX Futures ETN	VXX	PUT	0.83%	Unchanged	\$198,513,000	6,300,000
38	SolarWinds, Inc.	SWI		0.50%	Cut -63%	\$118,915,707	2,386,428
39	Cdk Global Inc	CDK		0.49%	New	\$117,969,834	2,894,255
40	Under Armour Inc, Class A	UA		0.44%	Cut -65%	\$105,931,741	1,560,114
41	Intel Corp.	INTC	PUT	0.35%	Unchanged	\$84,192,800	2,320,000
42	ARISTA NETWORK	ANET		0.34%	Added 84%	\$80,546,251	1,325,646
43	Sears Holdings	SHLD	PUT	0.30%	Cut -33%	\$71,339,038	2,163,100
44	CommVault Systems Inc	CVLT		0.29%	New	\$68,297,377	1,321,288
45	IntercontinentalExchange	ICE	CALL	0.22%	Unchanged	\$52,629,600	240,000
46	Walgreen Co	WBA	CALL	0.19%	New	\$45,720,000	600,000
47	Workday Inc	WDAY		0.18%	Cut -85%	\$43,047,806	527,482
48	Wynn Resorts Ltd	WYNN		0.18%	Cut -90%	\$42,400,021	285,023

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	LPL Financial Holdings	LPLA			Sold		
	Actavis Plc	ACT			Sold		
	Liberty Global Inc, Series C	LBTYK			Sold		
	The Gap	GPS	CALL		Sold		
	Comcast Corp	CMCSA	CALL		Sold		
	Time Warner	TWX			Sold		
	Spirit Airlines, Inc.	SAVE			Sold		
	Crown Castle	CCI			Sold		
	The Gap	GPS			Sold		
	Comcast Corp	CMCSA			Sold		
	AbbVie Inc	ABBV			Sold		
	Williams-Sonoma Inc.	WSM			Sold		
	TripAdvisor Inc	TRIP			Sold		

Appaloosa Management

David Tepper

Has compounded 30% for investors over 17 years

Profiled in the book: [The Alpha Masters](#)



Key Takeaways

New Positions:

American Capital Realty (ARCP)

Sold Out:

Citigroup (C)

Powershares QQQ (QQQ)

Apple (AAPL)

Mohawk Industries (MHK)

Halliburton (HAL)

Facebook (FB)

Broadcom (BRCM)

MGM Resorts (MGM)

Ford (F)

Weatherford (WFT)

Shire (SHPG)

CBS (CBS)

Schlumberger (SLB)

David Tepper recently commented to CNBC that he thought the markets would be 'fine' this year. But consider this: during the fourth quarter, the name of the game for Appaloosa Management was reduction. The hedge fund sold out of 15 positions, trimmed 23 of their other stakes, and only bought one new stock. Tepper's firm finished the third quarter with over \$6.78 billion worth of exposure to US equities and by the end of the fourth quarter that number had shrunk to \$4 billion.

Over the past few years, Tepper has made a few rare television appearances to extoll his bullish stance on the markets and he's been right on with his calls. Investors who have been influenced by his stance should have one worry: will he make another appearance to let everyone know when he changes his outlook? Prominent investors are under no

obligation to inform others when they change their mind, so this is why it always pays to follow their actions (instead of just their words.) It's crystal clear that Tepper is locking in some profits here. The main question becomes: is this merely profit taking or the beginning of a shift in his market stance? It's definitely something worth keeping an eye on given his prescient calls over the past few years.

The most glaring omission from Tepper's portfolio this quarter by a large margin is Citigroup (C.) This stock had consistently been one of his top five holdings for the past two years. So the fact that Citigroup no longer appears in his portfolio is a big deal. While some other hedge funds have begun adding shares of C to their portfolio over the past few quarters, Appaloosa headed the opposite direction to the exit.

Appaloosa also reduced exposure to technology by exiting their exchange traded fund holding QQQ, their Apple (AAPL) stake, their Broadcom (BRCM) position, and their Facebook (FB) stake, all of which had previously been top 25 holdings.

Appaloosa continues to hold airline stocks, a trade that the newsletter has highlighted many times in the past. However, the hedge fund cut their exposure to Delta Airlines (DAL) by 56% and their exposure to American Airlines (AAL) by 40% during Q4. The only airline stake they left largely unchanged was their United Continental (UAL) position. Even after these reductions, Tepper still has over \$720 million cumulatively invested in airlines as these companies continue to benefit from a consolidated industry, falling oil prices, and planes full of passengers.

View Appaloosa Management's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	General Motors Co	GM		12.65%	Cut -1%	\$512,437,000	14,678,800
2	HCA Holdings, Inc.	HCA		9.08%	Cut -6%	\$367,727,000	5,010,582
3	Priceline Group Inc	PCLN		8.92%	Cut -14%	\$361,303,000	316,874
4	Whirlpool Corp	WHR		8.13%	Cut -15%	\$329,086,000	1,698,595
5	United Continental	UAL		8.13%	Cut -1%	\$329,036,000	4,919,067
6	Goodyear Tire and Rubber	GT		7.22%	Cut -9%	\$292,520,000	10,238,716
7	Google Inc. Class C	GOOG		6.50%	Cut -22%	\$263,141,000	499,887
8	American Airlines Group	AAL		5.77%	Cut -40%	\$233,561,000	4,355,050
9	Google Inc. Class A	GOOGL		4.84%	Cut -16%	\$196,178,000	369,687
10	NXP Semiconductors NV	NXPI		4.44%	Cut -7%	\$179,750,000	2,352,752
11	Delta Air Lines Inc	DAL		3.91%	Cut -57%	\$158,464,000	3,221,474
12	Huntsman Corp	HUN		3.44%	Cut -16%	\$139,283,000	6,114,274
13	Masco Corp.	MAS		2.86%	Cut -21%	\$115,930,000	4,600,409
14	Owens Corning Inc	OC		2.51%	Cut -14%	\$101,495,000	2,834,260
15	Lorillard Inc	LO		1.67%	Cut -24%	\$67,780,000	1,076,900
16	Chicago Bridge & Iron	CBI		1.40%	Cut -18%	\$56,572,000	1,347,598
17	Triumph Group, Inc	TGI		1.26%	Cut -18%	\$51,062,000	759,625
18	Axiall Corporation	AXLL		1.19%	Cut -20%	\$48,207,000	1,135,088
19	Terex Corp	TEX		1.14%	Added 6%	\$46,050,000	1,651,706
20	HD Supply Holdings	HDS		0.95%	Added 1%	\$38,464,000	1,304,309
21	Eastman Chemical Co.	EMN		0.89%	Cut -2%	\$36,022,000	474,852
22	KBR Inc	KBR		0.85%	Cut -22%	\$34,620,000	2,042,473
23	Ryland Group Inc.	RYL		0.85%	Cut -18%	\$34,325,000	890,159
24	American Realty Capital	ARCP		0.65%	New	\$26,495,000	2,927,632
25	Hartford Warrants	HIG-W		0.42%	Cut -31%	\$17,125,000	500,000
26	GM Warrants	GM-WTA		0.12%	Added 3%	\$4,800,000	190,011
27	S&P 500 ETF	SPY		0.12%	Cut -98%	\$4,696,000	22,854
28	GM Warrants	GM-WTB		0.08%	Added 3%	\$3,255,000	190,011
	Shire Plc ADS	SHPG			Sold		
	Facebook Inc	FB			Sold		
	Schlumberger Ltd.	SLB			Sold		
	Ford Motor Co.	F			Sold		
	Apple Inc	AAPL			Sold		
	Broadcom Corporation	BRCM			Sold		
	CBS Corp. Class B	CBS			Sold		
	Mohawk Industries Inc.	MHK			Sold		
	Alibaba Group	BABA			Sold		
	Walt Disney Co	DIS			Sold		
	Citigroup, Inc.	C			Sold		
	Wthrfrd Intl Plc	WFT			Sold		
	Halliburton Co.	HAL			Sold		
	QQQ Trust	QQQ			Sold		
	MGM Resorts	MGM			Sold		

Next Page: Pershing Square

Pershing Square Capital

Bill Ackman

Check out Ackman's [recommended reading list](#)

Has generated a compound annual gross return of 27.7% for the past 10.5 years



Key Takeaways

New Positions:

Restaurant Brands (QSR) *

Sold Out:

Burger King (BKW) *

Pershing Square returned 40.4% net of fees in 2014. That makes them the top performing hedge fund in the world last year, according to Fox Business News. Bill Ackman recently sat down for an interview with the network and said that activism is a healthy thing for corporate America. He notes that the primary difference between the 1980's and now is that back then corporate raiders would come in and shake things up and now it's about creating options for management and shareholders, as you can't really force change.

He also noted that he thinks of Pershing as an investment holding company rather than a hedge fund these days. While the firm has some hedges and typically 1 or 2 individual short positions, it's clear their primary focus is on activism and using large sums of capital to acquire sizable stakes in large cap companies. And now that Pershing Square has a publicly traded vehicle in Amsterdam, half of Ackman's capital base is permanent capital and it allows him to take a very long-term view. All of these things combined make Pershing an ideal fund to track.

As you'll see on the next page, Bill Ackman runs an extremely concentrated portfolio. He was recently profiled in Columbia Business School's newsletter *Graham & Doddsville* and in it, he talked about running a concentrated portfolio: "I'm a big believer in concentration. But it's not just analysis

that protects you, it's the nature of the things you invest in. If you invest in super high quality, durable, simple, predictable, free cash flow generating businesses, that should protect you as well. If you pay a fair to cheap price for businesses of that quality, I think it's hard to lose a lot of money. The key is you have to be a good analyst in order to determine whether it truly is a great business. You have to really understand what the moats are. You have to understand the risk of technological entrants."

Given that he runs such a concentrated book, Ackman's position sizes are obviously much larger. He addresses this in the profile as well by stating: "We size things based on how much we think we can make versus how much we think we can lose. We'll probably be willing to lose 5-6% of our capital in any one investment."

One common characteristic seen among successful investors is the fact that they always examine the downside first. Instead of looking at how much a company can earn, they first look at what risks a company faces and the probabilities of those risks occurring. Ackman says that, "one of the best ways to get confidence in an idea is to find a smart person who has the opposing view and listen to all of their arguments." That way, you'll have a thorough understanding of the potential risks.

* Pershing shows a 'new' position in Restaurant Brands (QSR) and a 'sold' position in Burger King (BKW), but realistically these positions are the same company. Burger King completed its merger with Tim Hortons to form Restaurant Brands.

View Pershing Square's Updated Portfolio on the Next Page



Pershing Square

Fourth Quarter 2014 Portfolio:

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Allergan, Inc.	AGN		35.30%	Cut -8%	\$5,662,543,000	26,635,978
2	Air Products & Chemicals	APD		18.47%	Unchanged	\$2,963,793,000	20,549,076
3	Canadian Pacific Railway	CP		16.74%	Unchanged	\$2,686,270,000	13,940,890
4	Zoetis, Inc.	ZTS		11.15%	Added 651%	\$1,788,742,000	41,569,646
5	Restaurant Brands	QSR		9.25%	New	\$1,483,676,000	38,003,984
6	Platform Specialty	PAH		6.19%	Added 28%	\$992,362,000	42,737,394
7	Howard Hughes Corp	HHC		2.90%	Unchanged	\$465,341,000	3,568,017
	Burger King Worldwide	BKW			Sold		

Next Page: Maverick Capital



Key Takeaways

New Positions:

Google (GOOG)
Corecomm (COMM)
Priceline.com (PCLN)
Halliburton (HAL)
Walgreens Boots Alliance (WBA)
Universal Health (UHS)
Avago Technologies (AVGO)
Team Health (TMH)
Zulily (ZU)
JD.com (JD)
Delphi (DLPH)

Sold Out:

AbbVie (ABBV)
iShares Russell 2000 (IWM) Puts
QQQ (QQQ) Puts
21st Century Fox (FOXA)
Ashland (ASH)
Cognizant Tech Solutions (CTSH)
Martin Marietta (MLM)

Maverick Capital made a big splash in the fourth quarter and started a brand new \$340 million stake in Google (GOOG), now their top holding. Lee Ainslie's firm was buying GOOG anywhere from as high as \$570 down to as low as \$489 as that's where shares traded during the fourth quarter (it trades around \$539 now.)

Over the past few months, some investors, analysts, and media pundits have started to question if Google has lost its mojo. Many have compared the search engine giant to Microsoft (MSFT) as they've dominated one industry and are using the cashflow to essentially invest in other big ideas. Ben Thompson of Stratechery has penned one of the most

circulated pieces on the subject entitled, '[Peak Google](#).' Basically, he argues that large tech companies are eclipsed by new ones that dominate the latest trend. For instance, IBM (IBM) dominated mainframes before mainframes became eclipsed by PCs via Microsoft's dominance. Then Google eclipsed Microsoft via the internet and its search engine prowess. The key here is that these companies still dominate the trends they pioneered (IBM still dominates mainframes, Microsoft still dominates PCs, and Google still dominates search.) So all of those companies will continue to make money via their respective specialties. But the question then becomes, what will eclipse Google? He suggests native advertising could be one possible example.

Maverick has obviously taken the other side of the bet and used the weakness in GOOG shares to establish a hefty position. While GOOG still earns the vast majority of its cash via online advertising, they certainly are trying to diversify. From their investments in YouTube (online video) to Android (smartphones) to Google Glass (wearable tech) to self-driving cars, it's clear that CEO Larry Page isn't afraid to throw cash at big ideas to see what sticks. After all, you never know what the next big thing might be. While some investors argue that it's clear Google needs to continue to adapt in the everchanging world of technology, other investors wish they would curtail their 'frivolous' spending.

The tech sector is always going to be a battle of incumbents versus disruptors. Maverick has specialized in the tech sector for some time, and as GOOG straddles the line between value and growth, one thing's clear: Maverick likes what they see.

View Maverick Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Google Inc. Class C	GOOG		5.44%	New	\$347,022,000	659,237
2	Valeant Pharmaceuticals	VRX		5.44%	Cut -4%	\$346,865,000	2,423,766
3	Dollar General Corp	DG		5.39%	Cut -9%	\$343,763,000	4,862,281
4	Liberty Global Inc, Series C	LBTYK		4.98%	Cut -3%	\$317,601,000	6,574,225
5	Santander Consumer	SC		4.44%	Added 21%	\$283,423,000	14,452,986
6	Transdigm Group Inc	TDG		4.41%	Cut -8%	\$281,248,000	1,432,382
7	McKesson	MCK		4.25%	Cut -30%	\$271,394,000	1,307,419
8	Radian Group Inc.	RDN		3.91%	Cut -10%	\$249,584,000	14,927,246
9	CBS Corp. Class B	CBS		3.82%	Cut -9%	\$244,002,000	4,409,143
10	HCA Holdings, Inc.	HCA		3.78%	Cut -21%	\$241,119,000	3,285,443
11	Adobe Systems, Inc.	ADBE		3.22%	Cut -42%	\$205,695,000	2,829,372
12	Aercap Holdings N V	AER		3.15%	Added 15%	\$201,071,000	5,179,574
13	Calpine Corp.	CPN		3.01%	Cut -10%	\$192,347,000	8,691,707
14	Qihoo 360	QIHU		2.96%	Cut -11%	\$188,987,000	3,300,510
15	Vulcan Materials Company	VMC		2.91%	Added 343%	\$185,802,000	2,826,752
16	SolarWinds, Inc.	SWI		2.90%	Cut -24%	\$185,330,000	3,719,246
17	Corecomm Ltd	COMM		2.53%	New	\$161,167,000	7,059,452
18	FleetCor Technologies, Inc.	FLT		2.13%	Cut -6%	\$136,024,000	914,693
19	Sabre	SABR		2.11%	Unchanged	\$134,372,000	6,629,096
20	Waste Connections Inc	WCN		2.02%	Added 0%	\$129,077,000	2,934,225
21	Priceline Group Inc	PCLN		1.98%	New	\$126,563,000	111,000
22	Crown Castle	CCI		1.95%	Added 41%	\$124,308,000	1,579,520
23	Allison Transmission	ALSN		1.95%	Cut -49%	\$124,169,000	3,662,788
24	Halliburton Co.	HAL		1.79%	New	\$114,091,000	2,900,873
25	Walgreen Co	WBA		1.51%	New	\$96,146,000	1,261,752
26	Universal Health Services	UHS		1.46%	New	\$92,875,000	834,757
27	Avago Technologies	AVGO		1.46%	New	\$92,870,000	923,250
28	MGIC Investment	MTG		1.44%	Cut -17%	\$91,716,000	9,840,768
29	Team Health Holdings Inc	TMH		1.42%	New	\$90,325,000	1,570,042
30	PTC Inc.	PTC		1.36%	Added 25%	\$87,009,000	2,374,064
31	Zulily Inc	ZU		1.25%	New	\$79,548,000	3,399,491
32	NorthStar Realty Finance	NRF		1.06%	Added 48%	\$67,648,000	3,848,002
33	JD.COM INC ADR	JD		0.97%	New	\$61,740,000	2,668,114
34	Qlik Technologies Inc	QLIK		0.89%	Cut -28%	\$56,955,000	1,843,788
35	Pacific Biosciences	PACB		0.79%	Unchanged	\$50,645,000	6,459,784
36	CommunityHealthSystems	CYH		0.78%	Cut -56%	\$49,988,000	927,073
37	Liberty Global Inc, Class A	LBTYA		0.76%	Cut -50%	\$48,281,000	961,668
38	Novartis AG ADS	NVS		0.75%	Added 91%	\$48,125,000	519,369
39	Delphi Automotive Plc	DLPH		0.73%	New	\$46,835,000	644,043
40	Anheuser-Busch Inbev	BUD		0.63%	Cut -62%	\$40,093,000	356,954
41	Columbia Properties, Inc.	CXP		0.60%	Cut -64%	\$38,311,000	1,511,277
42	Restaurant Brand	QSR		0.59%	New	\$37,371,000	957,261
43	IntercontinentalExchange	ICE		0.47%	Cut -12%	\$29,728,000	135,563
44	Alibaba Group	BABA		0.41%	Cut -89%	\$25,985,000	250,000
45	Castlight Health	CSLT		0.21%	Unchanged	\$13,389,000	1,144,324

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Palo Alto Networks Inc	PANW			Sold		
	Cognizant Technology	CTSH			Sold		
	Baidu Inc	BIDU			Sold		
	QQQ Trust	QQQ	PUT		Sold		
	AbbVie Inc	ABBV			Sold		
	Ashland Inc.	ASH			Sold		
	Fortinet Inc	FTNT			Sold		
	21st Century Fox, Class A	FOXA			Sold		
	Russell 2000 Index	IWM	PUT		Sold		
	Martin Marietta Materials	MLM			Sold		
	Burger King Worldwide	BKW			Sold		
	AMC Networks Inc. Class A	AMCX			Sold		
	Nokia Corp. ADR Class A	NOK			Sold		

Offshore fund has returned 18.4% annualized since inception

Focuses on event-driven and distressed plays

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Key Takeaways

New Positions:

Phillips 66 (PSX)
Citigroup (C)
EMC (EMC)
AIG (AIG)
Delta Airlines (DAL)
Hertz Global (HTZ)
S&P 500 (SPY)
Mohawk Industries (MHK)
Allergan (AGN)

Sold Out:

Coca Cola Enterprises (CCE)
Dow Chemical (DOW) Calls
Bed Bath & Beyond (BBBY)
H&R Block (HRB)
Parker Hannifin (PH)
EQT (EQT)
YPF (YPF)
FedEx (FDX)
Avago Technologies (AVGO)
Crown Holdings (CCK)

Dan Loeb's Third Point finished 2014 up 5.7% for the year. Recently, they've lowered gross and net exposures but are looking to "add exposure during market dislocations" according to their fourth quarter letter. They've been investing in large cap stocks where they can engage management and try to increase shareholder value. As evidenced by their recent stake in Amgen (AMGN ~ now their top holding worth over \$1.7 billion), it's clear that Third Point feels they can generate significant returns if they get more involved with some of the companies they invest in. And you can probably bet that any

other activist stakes Third Point initiates will probably be sizable bets as well if their past action is any indication.

Let's move on to Dan Loeb's new positions. In his year-end letter, he revealed a new stake in Fanuc (TYO:6954), an international company focused on factory automation and robotics. His letter outlines the thesis: "(The company has) a relentless focus on producing only a limited number of products that are technically superior with the lowest possible cost structure. This targeted innovation combined with a strong emphasis on reliability and service has made virtually all of Fanuc's products blockbusters. While serving completely different, cyclical markets, Fanuc reminds us of Apple in its product approach." The hedge fund loves the company's pricing power and significant market position and says shares are "cheap at 13x FY15 earnings" due to the company's "illogical capital structure" as Fanuc has \$8.5 billion of cash. Third Point wants the company to buy back stock.

Loeb's firm also clearly really likes shares of Alibaba Group (BABA). After disclosing a stake after the company's initial public offering, they ramped up their exposure by 38% during the fourth quarter. This Chinese tech giant is now their second largest holding worth over \$1 billion.

Apart from those moves, the other two notable changes Third Point made to its portfolio was over doubling its exposure to eBay (EBAY) and starting a brand new position in Phillips 66 (PSX).

View Third Point's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Amgen, Inc.	AMGN		15.34%	Added 706%	\$1,700,421,000	10,675,000
2	Alibaba Group	BABA		9.38%	Added 39%	\$1,039,400,000	10,000,000
3	Dow Chemical Co.	DOW		9.05%	Unchanged	\$1,003,420,000	22,000,000
4	Actavis Plc	ACT		8.01%	Added 20%	\$888,064,000	3,450,000
5	Ally Financial	ALLY		6.39%	Cut -28%	\$708,600,000	30,000,000
6	eBay Inc.	EBAY		5.06%	Added 122%	\$561,200,000	10,000,000
7	Phillips 66	PSX		3.23%	New	\$358,500,000	5,000,000
8	Sothebys Holdings Inc.	BID		2.59%	Unchanged	\$287,147,000	6,650,000
9	Dollar General Corp	DG		2.55%	Unchanged	\$282,800,000	4,000,000
10	Liberty Global Series C	LBTYK		2.53%	Added 9%	\$280,198,000	5,800,000
11	Citigroup, Inc.	C		2.44%	New	\$270,550,000	5,000,000
12	Anheuser-Busch Inbev	BUD		2.28%	Added 13%	\$252,720,000	2,250,000
13	Masco Corp.	MAS		2.27%	Added 23%	\$252,000,000	10,000,000
14	SunEdison Inc	SUNE		1.98%	Added 88%	\$219,488,000	11,250,000
15	Sensata Technologies	ST		1.89%	Cut -20%	\$209,640,000	4,000,000
16	EMC Corp.	EMC		1.88%	New	\$208,180,000	7,000,000
17	Roper Industries	ROP		1.83%	Unchanged	\$203,255,000	1,300,000
18	American Airlines Group	AAL		1.81%	Added 36%	\$201,112,000	3,750,000
19	Constellation Brands, Inc.	STZ		1.77%	Cut -5%	\$196,340,000	2,000,000
20	AIG	AIG		1.77%	New	\$196,035,000	3,500,000
21	Delta Air Lines Inc	DAL		1.71%	New	\$189,382,000	3,850,000
22	Williams Cos.	WMB		1.62%	Added 167%	\$179,760,000	4,000,000
23	CF Industries Holdings	CF		1.60%	Cut -14%	\$177,151,000	650,000
24	IAC/InterActiveCorp	IACI		1.30%	Added 19%	\$144,376,000	2,375,000
25	Energizer Holdings Inc.	ENR		1.16%	Unchanged	\$128,560,000	1,000,000
26	Shire Plc ADS	SHPG		0.96%	Cut -33%	\$106,270,000	500,000
27	Hertz Global Holdings Inc	HTZ		0.96%	New	\$105,995,000	4,250,000
28	S&P 500	SPY		0.93%	New	\$102,770,000	500,000
29	Mohawk Industries Inc.	MHK		0.91%	New	\$100,984,000	650,000
30	Enphase Energy Inc	ENPH		0.81%	Unchanged	\$89,298,000	6,248,987
31	Allergan, Inc.	AGN		0.77%	New	\$85,036,000	400,000
32	Anadarko Petroleum	APC		0.74%	Cut -50%	\$82,500,000	1,000,000
33	FleetCor Technologies	FLT		0.74%	Added 267%	\$81,790,000	550,000
34	Intrexon Corp	XON		0.72%	Unchanged	\$79,837,000	2,900,000
35	Green Brick Part	GRBK		0.39%	Added 403%	\$42,985,000	5,242,124
36	FCB FINANCIAL	FCB		0.22%	New	\$24,546,000	996,165
37	Cobalt International Note	CIE		0.17%	New	\$19,360,000	32,000,000
38	Citigroup Warrants	C/WS/A		0.16%	New	\$17,400,000	20,000,000
39	Moelis	MC		0.05%	Cut -50%	\$5,783,000	170,523
40	Rice Midstream	RMP		0.03%	New	\$3,350,000	200,000

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	FedEx Corporation	FDX			Sold		
	Molson Coors Brewing	TAP			Sold		
	EQT Corporation	EQT			Sold		
	Dow Chemical Co.	DOW	CALL		Sold		
	Crown Holdings Inc.	CCK			Sold		
	Coca Cola Enterprises Inc.	CCE			Sold		
	Biofuel Energy	BIOFR			Sold		
	YPF S.A. ADR	YPF			Sold		
	Parker-Hannifin Corp.	PH			Sold		
	H&R Block	HRB			Sold		
	EQT Corporation	EQT	CALL		Sold		
	Avago Technologies	AVGO			Sold		
	Bed Bath & Beyond Inc.	BBBY			Sold		
	Cheniere Energy Inc	LNG			Sold		

Classifies investments as catalyst driven or time arbitrage & previously was Julian Robertson's right-hand man

View his [recommended reading list](#)



Key Takeaways

New Positions:

Walgreens Boots Alliance (WBA) *
Facebook (FB)
Tribune Media (TRCO) *
Air Products & Chemicals (APD)
Lending Club (LC) ~ IPO
American Airlines (AAL)
Delta Airlines (DAL)
Alnylam Pharmaceuticals (ALNY)

Sold Out:

Walgreens (WAG) *
Monsanto (MON)
Avis Budget Group (CAR)
Amazon.com (AMZN)
The Gap (GPS)
Grupo Santander (BSMX)
HollyFrontier (HFC)

Blue Ridge Capital has a few 'new' positions listed on their 13F filing that bear some explanation. Their 'new' stake in Walgreens Boots Alliance (WBA) is really not new, since they previously owned Walgreens. The company completed its merger with Boots Alliance and now sports a new ticker symbol for the combined entity.

Blue Ridge's 'new' position in Tribune Media (TRCO) also has a caveat. Shares of Tribune were previously trading over the counter as ticker symbol TRBAA and in December the company received approval to list its common stock on the New York Stock Exchange (NYSE) as ticker symbol TRCO. Blue Ridge could have been holding an over the counter position (which doesn't have to be disclosed in 13F filings) or they could have scooped shares up once they started trading on the NYSE.

Regardless, the main takeaway is that they now show a position in the company. It's also worth mentioning that the hedge fund shows a very tiny position in Tribune Publishing (TPUB) as well. TPUB was spun-off from Tribune Media in August of last year. So if they weren't involved in shares before what the disclosures indicate, they were at the very least following the company.

One new buy that has no caveat is their position in Facebook (FB). This has been a hedge fund favorite pretty much ever since shares dipped right after the initial public offering (IPO) and Blue Ridge finally jumped in the pool with a stake worth over \$252 million.

Last quarter's Hedge Fund Wisdom drew attention to the fact that Blue Ridge sold more than half of its Avis Budget Group (CAR) stake. That selling continued in the fourth quarter as they've now completely exited the position for a sizable gain.

They also no longer hold shares of Monsanto (MON.) This had been a longstanding position for the hedge fund, so its absence from their portfolio now is quite notable. While Glenview Capital's Larry Robbins continues to like shares of the company, Blue Ridge has changed its mind.

Lastly, one other sale in John Griffin's portfolio is worth highlighting: Amazon.com (AMZN). This is yet another longstanding position that the firm decided to sell out of entirely during the fourth quarter. Blue Ridge could have exited at higher prices on this one, as AMZN now trades well above any point shares would have been trading at during Q4.

View Blue Ridge Capital's Updated Portfolio on the Next Page



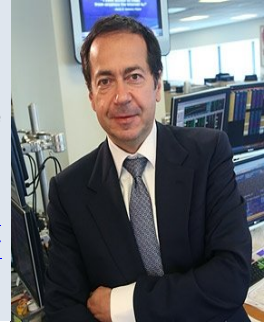
Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Charter Communications	CHTR		5.52%	Unchanged	\$454,873,000	2,730,000
2	Actavis Plc	ACT		5.07%	Cut -6%	\$418,291,000	1,625,000
3	Walgreen Co	WBA		4.23%	Cut -6%	\$348,996,000	4,580,000
4	Sensata Technologies	ST		4.19%	Unchanged	\$345,120,000	6,585,000
5	Priceline Group Inc	PCLN		4.03%	Cut -3%	\$331,801,000	291,000
6	Endo International	ENDP		3.86%	Cut -23%	\$317,977,000	4,409,000
7	W.R. Grace	GRA		3.69%	Added 6%	\$304,294,000	3,190,000
8	Marathon Petroleum	MPC		3.45%	Unchanged	\$284,770,000	3,155,000
9	Cheniere Energy Inc	LNG		3.42%	Added 76%	\$281,600,000	4,000,000
10	Thermo Fisher Scientific	TMO		3.21%	Cut -22%	\$264,988,000	2,115,000
11	Platform Specialty	PAH		3.09%	Added 22%	\$254,349,000	10,953,888
12	Facebook Inc	FB		3.07%	New	\$252,785,000	3,240,000
13	Allegion plc	ALLE		2.97%	Unchanged	\$245,133,000	4,420,000
14	Liberty Global Series C	LBTYK		2.97%	Unchanged	\$244,449,000	5,060,000
15	Ulta Salon	ULTA		2.87%	Unchanged	\$236,669,000	1,851,293
16	IHS Inc	IHS		2.79%	Unchanged	\$229,582,000	2,016,000
17	Biomarin Pharmaceutical	BMRN		2.45%	Unchanged	\$201,592,000	2,230,000
18	Colfax Corp	CFX		2.43%	Added 10%	\$200,349,000	3,885,000
19	Sirius XM Radio	SIRI		2.33%	Unchanged	\$192,133,000	54,895,000
20	E*Trade Financial Corp.	ETFC		2.30%	Cut -16%	\$189,795,000	7,825,000
21	Alibaba Group	BABA		2.23%	Added 18%	\$183,454,000	1,765,000
22	AIG	AIG		2.16%	Cut -50%	\$178,112,000	3,180,000
23	SanDisk Corp.	SNDK		2.02%	Cut -33%	\$166,566,000	1,700,000
24	Tribune Media	TRCO		2.00%	New	\$164,965,000	2,760,000
25	Yandex NV	YNDX		1.94%	Unchanged	\$159,844,000	8,900,000
26	LinkedIn Corporation	LNKD		1.91%	Unchanged	\$157,351,000	685,000
27	VISA Inc	V		1.91%	Unchanged	\$157,320,000	600,000
28	Air Products & Chemicals	APD		1.81%	New	\$149,278,000	1,035,000
29	American Homes 4 Rent	AMH		1.80%	Unchanged	\$148,161,000	8,700,000
30	MasterCard Inc. Class A	MA		1.75%	Unchanged	\$144,318,000	1,675,000
31	MGIC Investment	MTG		1.68%	Unchanged	\$138,874,000	14,900,600
32	Google Inc. Class C	GOOG		1.49%	Cut -41%	\$123,178,000	234,000
33	Workday Inc	WDAY		1.27%	Unchanged	\$104,706,000	1,283,000
34	Lending Club	LC		1.10%	New	\$91,080,000	3,600,000
35	PBF Energy Inc	PBF		1.02%	Unchanged	\$84,182,000	3,160,000
36	Kate Spade & Co.	KATE		0.96%	Unchanged	\$79,065,000	2,470,000
37	Post Holdings Inc	POST		0.87%	Unchanged	\$71,422,000	1,705,000
38	American Airlines Group	AAL		0.74%	New	\$61,406,000	1,145,000
39	Delta Air Lines Inc	DAL		0.72%	New	\$59,028,000	1,200,000
40	Endo International	ENDP	CALL	0.59%	Unchanged	\$48,796,000	676,600
41	MacroGenics Inc	MGNX		0.57%	Unchanged	\$47,345,000	1,350,000
42	Alnylam Pharmaceuticals	ALNY		0.51%	New	\$41,710,000	430,000
43	GOPRO INC A	GPRO		0.38%	New	\$31,610,000	500,000
44	AIG Warrants	AIG.W		0.34%	Unchanged	\$28,313,000	1,150,000
45	JPMorgan Warrants	JPM/WS		0.24%	Unchanged	\$19,406,000	933,000
46	Tribune Publishing	TPUB		0.03%	Unchanged	\$2,863,000	125,000
47	Mobileye	MBLY		0.01%	New	\$1,014,000	25,000
48	New Relic	NEWR		0.00%	New	\$348,000	10,000

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Santander Mexico SAB	BSMX			Sold		
	IMS Health	IMS			Sold		
	Monsanto Co	MON			Sold		
	The Gap	GPS			Sold		
	HollyFrontier Corp	HFC			Sold		
	JD.COM	JD			Sold		
	Avis Budget Group Inc	CAR			Sold		
	Walgreen Co.	WAG			Sold		
	Amazon.com Inc.	AMZN			Sold		
	Molycorp Inc	MCP			Sold		

Predicted & profited from the subprime crisis; manages ~\$20bn

Featured in the book [The Greatest Trade Ever](#)



Key Takeaways

New Positions:

Salix Pharmaceuticals (SLXP)
Talisman Energy (TLM)

Sold Out:

AbbVie (ABBV)
Dollar General (DG)
Aetna (AET)
Athlon Energy (ATHL)
Tam (TAM)
Auxilium Pharmaceuticals (AUXL)

It was a rough 2014 for John Paulson. As of the beginning of December, the firm's event-driven fund was down 27% for the year, according to Bloomberg. His recovery fund didn't fare too well either, as it was down 14% over the same timeframe.

Last quarter Paulson & Co took a beating in their Shire (SHPG) position as they had bet on the merger with AbbVie (ABBV). When that failed, shares plummeted. However, Paulson largely kept their stake untouched. They still hold over \$1.77 billion worth of SHPG and that patience and resilience paid off as SHPG has rebounded substantially. Though it hasn't quite recaptured the levels it was once trading at, it has certainly recovered. In light of the news however, John Paulson did exit his position in ABBV during the fourth quarter.

Given that John Paulson's legacy strategy is risk arbitrage, it should come as no surprise that some of the biggest moves he made in his portfolio were merger arbitrage related. Allergan (AGN) is now his second largest position worth over \$1.35

billion. He increased his position size in Q4 by 18% as the company agreed to a takeover by Actavis (ACT). It's also worth pointing out that Paulson owns shares of ACT as well and was adding to his position during Q4 too (that said, his AGN stake is three times as large.)

Second, Paulson & Co also ratcheted up their exposure to Time Warner Cable (TWC) by 18% as well. They've bet that the merger with Comcast (CMCSA) will be approved by regulators. While many industry experts last year believed the deal would be approved, some slight skepticism has surfaced as of late as various newsworthy items have come out recently, including the FCC's proposed stance [on net neutrality](#). While the majority of participants still seem to think the deal will be approved, it doesn't quite seem to be as much of a slam dunk as it was once perceived to be.

Third, it's important to point out that one of Paulson's large positions (Covidien ~ COV) has since closed its deal with Medtronic (MDT.) As such, COV shares no longer trade so keep that in mind when viewing Paulson's portfolio on the next page.

Lastly, during the fourth quarter John Paulson also initiated a stake in takeover target Salix Pharmaceuticals (SLXP). This company seemingly has many suitors as various news outlets have reported the likes of Valeant Pharmaceuticals (VRX) and Endo International (ENDP) as interested parties, with VRX likely to win the bidding according to CNBC.

View Paulson & Co's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Shire Plc ADS	SHPG		9.14%	Cut -8%	\$1,770,098,000	8,328,304
2	Allergan, Inc.	AGN		6.99%	Added 18%	\$1,354,198,000	6,370,000
3	Time Warner Cable Inc.	TWC		6.83%	Added 19%	\$1,322,314,000	8,696,000
4	SPDR Gold Trust ETF	GLD		6.00%	Unchanged	\$1,162,474,000	10,234,852
5	Covidien plc	COV		5.31%	Cut -20%	\$1,027,658,000	10,047,500
6	DIRECTV Corp.	DTV		5.10%	Added 10%	\$988,380,000	11,400,000
7	Extended Stay America	STAY		4.75%	Unchanged	\$920,345,000	47,661,591
8	Mallinckrodt PLC	MNK		4.61%	Added 0%	\$892,487,000	9,012,293
9	Mylan Inc	MYL		4.35%	Added 20%	\$842,641,000	14,948,400
10	Salix Pharmaceuticals Ltd	SLXP		3.45%	New	\$667,342,000	5,806,000
11	Houghton Mifflin Harcourt	HMHC		3.31%	Unchanged	\$640,199,000	30,912,558
12	Grifols SA	GRFS		3.12%	Cut -9%	\$604,755,000	17,792,140
13	Talisman Energy, Inc.	TLM		2.84%	New	\$549,094,000	70,000,000
14	Whiting Petroleum Corp	WLL		2.29%	Added 44%	\$443,899,000	13,451,497
15	T-Mobile USA Inc	TMUS		2.13%	Added 2%	\$413,198,000	15,337,700
16	Realogy Holdings Corp	RLGY		2.12%	Cut -23%	\$410,420,000	9,225,000
17	Equinix	EQIX		2.11%	Cut -17%	\$408,522,000	1,801,800
18	Actavis Plc	ACT		2.07%	Added 47%	\$401,714,000	1,560,601
19	Cobalt International	CIE		1.92%	Cut 0%	\$371,167,000	41,751,100
20	HCA Holdings, Inc.	HCA		1.79%	Cut -22%	\$345,806,000	4,711,900
21	Cablevision Systems	CVC		1.46%	Cut -29%	\$282,901,000	13,706,441
22	Popular Inc	BPOP		1.33%	Cut -17%	\$257,418,000	7,560,000
23	Anglogold Ashanti	AU		1.18%	Cut -1%	\$227,987,000	26,205,400
24	MGIC Investment Notes	MTG		1.13%	Unchanged	\$219,469,000	150,000,000
25	Caesars Entertainment	CZR		1.10%	Added 3%	\$213,514,000	13,608,300
26	Cobalt International Note	CIE		1.09%	Added 18%	\$210,203,000	323,000,000
27	Alibaba Group	BABA		1.02%	Added 1%	\$197,763,000	1,925,277
28	Radian Group Inc.	RDN		0.95%	Cut -3%	\$184,639,000	11,043,000
29	PetSmart, Inc.	PETM		0.84%	Cut -52%	\$162,590,000	2,000,000
30	Oasis Petroleum Inc	OAS		0.84%	Cut -1%	\$162,184,000	9,805,566
31	Bank of America Warrants	BAC/WS/A		0.82%	Cut -16%	\$159,438,000	22,647,485
32	MGM Resorts	MGM		0.77%	Cut -69%	\$149,078,000	6,972,800
33	Radian Group Inc. NOTE	RDN		0.70%	Unchanged	\$135,887,000	84,500,000
34	MGIC Investment	MTG		0.69%	Cut -13%	\$134,231,000	14,402,481
35	Caesars Acq	CACQ		0.65%	Cut 0%	\$126,508,000	12,270,455
36	Sprint Corp	S		0.65%	Cut -53%	\$124,917,000	30,100,543
37	Novagold Resources Inc.	NG		0.54%	Cut -1%	\$104,691,000	35,616,357
38	Post Holdings Inc	POST		0.42%	Unchanged	\$80,655,000	1,925,400
39	Valeant Pharmaceuticals	VRX		0.38%	Unchanged	\$74,517,000	520,700
40	TIM Participacoes S.A.	TSU		0.38%	Cut -28%	\$73,380,000	3,303,900
41	William Lyon Homes	WLH		0.35%	Unchanged	\$67,350,000	3,322,666
42	WhiteWave Foods	WWAV		0.29%	Unchanged	\$56,072,000	1,602,501
43	FelCor Lodging Trust	FCH		0.28%	Unchanged	\$54,100,000	5,000,000
44	Vanda Pharmaceuticals Inc	VNDA		0.27%	Added 12%	\$51,910,000	3,625,000
45	Randgold Resources	GOLD		0.23%	Unchanged	\$45,464,000	674,446

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Howard Hughes Corp	HHC		0.21%	Unchanged	\$41,082,000	315,000
47	Agnico-Eagle Mines	AEM		0.17%	Unchanged	\$32,870,000	1,320,600
48	Enzymotec Ltd	ENZY		0.17%	Cut -1%	\$32,380,000	4,238,275
49	Verizon Communications	VZ		0.12%	Cut -94%	\$22,454,000	480,000
50	Strategic Hotels & Resorts	BEE		0.11%	Unchanged	\$21,697,000	1,640,000
51	Dex Media	DXM		0.10%	Unchanged	\$20,013,000	2,231,132
52	Gold Fields Ltd ADR	GFI		0.09%	Cut -40%	\$17,881,000	3,947,191
53	Gulf Coast Unit	GULTU		0.08%	Cut -13%	\$15,106,000	11,894,856
54	Spansion Inc	CODE		0.08%	New	\$14,715,000	430,000
55	IAMGold Corp. ADR	IAG		0.05%	Unchanged	\$10,433,000	3,863,912
56	International Tower Hill	THM		0.05%	Added 159%	\$10,376,000	23,058,000
57	Sibanye Gold Ltd ADR	SBGL		0.04%	Cut -40%	\$7,470,000	986,853
58	Family Dollar Stores, Inc.	FDO		0.04%	Cut -98%	\$7,066,000	89,200
59	Bank of America Warrants	BAC/WS/B		0.03%	Cut -1%	\$6,686,000	9,380,200
60	Novacopper Inc	NCQ		0.02%	Cut 0%	\$4,364,000	8,727,379
61	Kamada Ltd	KMDA		0.01%	Cut -1%	\$2,810,000	739,356
62	Allied Nevada Gold Corp	ANV		0.01%	Unchanged	\$1,307,000	1,502,184
	Tam S.A.	TAM			Sold		
	Auxilium Pharma	AUXL			Sold		
	Dollar General Corp	DG			Sold		
	Move Inc.	MOVE			Sold		
	Athlon Energy, Inc.	ATHL			Sold		
	Repros Therapeutics Inc.	RPRX			Sold		
	Hartford Financial	HIG			Sold		
	AbbVie Inc	ABBV			Sold		
	Aetna Inc	AET			Sold		
	Vodafone Group	VOD			Sold		
	Delphi Automotive Plc	DLPH			Sold		
	Measurement Specialties	MEAS			Sold		
	Kodiak Oil & Gas Corp.	KOG			Sold		
	Sunstone Hotel Investors	SHO			Sold		
	Rock-Tenn	RKT			Sold		

Tiger Management

Julian Robertson

Mentored the 'Tiger Cub' hedge funds
& seeded other talented up & coming
managers

Featured in the book [A Tiger in the
Land of Bulls and Bears](#)



Key Takeaways

New Positions:

Amazon.com (AMZN) Puts
Chevron (CVX) Puts
Netflix (NFLX)
Illumina (ILMN)
Santander Consumer (SC)
Seaworld (SEAS)
MacroGenics (MGNX)

Sold Out:

MasTec (MTZ)
Endo International (ENDP)
Citrix Systems (CTXS)
Rackspace (RAX)
CommVault Systems (CVLT)

Tiger Management's Julian Robertson made another one of his rare media appearances at Fox Business and said that, "Europe is in serious trouble and not improving much. Japan has had a little bit of revival but at the cost of doing a lot of things that are questionable. And I think the US is doing better than anybody. China's got some serious problems, too." He mentioned he continues to like shares of Google (GOOGL / GOOG) and Apple (AAPL). Robertson bought AAPL shares in November and argued it was "an extremely reasonably priced stock." He also labeled Google as the "premier technology company of them all." As pointed out earlier in this issue, Robertson isn't alone in his fondness for GOOG as Maverick Capital bought a huge new position in the shares and made it their top holding during the fourth quarter.

Last quarter's issue highlighted Robertson's 'new' stake in Alibaba Group's IPO (BABA) and

wondered if Robertson had actually purchased a stake back when the company was still private like the many other hedge funds that had done so. In his interview, Robertson confirmed this and said he's owned the company for four years.

The Tiger Management founder also noted he likes airlines, specifically singling out Delta Airlines (DAL) as the class of the industry. These companies are obviously benefiting from lower oil prices, but the fact that the industry has consolidated has been a positive as well (for investors at least, not necessarily so much for passengers.) Another position he mentioned he is fond of is Netflix (NFLX.) He started a new position in the company during the fourth quarter as shares dropped from \$467 down to as low as \$315 (they currently trade back up around \$474.)

During his interview, Robertson revealed a new position that he hasn't mentioned previously: Naspers. Traded in South Africa, this company has investments in Chinese companies (such as Tencent.) Robertson argued that the company is basically trading at the value of these investments, but Naspers also has television assets and a bunch of other stakes too. Steve Mandel's Lone Pine Capital is another hedge fund in this issue that's been confirmed as an owner of Naspers shares as well.

Lastly, Robertson talked about the hedge fund industry in general and said it has expanded too rapidly, forcing a lot of competition among funds. Back when he started, there weren't that many people short selling, but now it's really prevalent. Robertson also noted the obvious: it's hard to run a hedged portfolio in a market that seemingly only wants to go up.

View Tiger Management's Updated
Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Alibaba Group	BABA		11.65%	Cut -53%	\$59,369,000	571,183
2	Gilead Sciences Inc.	GILD		9.87%	Add 20%	\$50,326,000	533,911
3	Amazon.com Inc.	AMZN	PUT	9.74%	New	\$49,656,000	160,000
4	Delta Air Lines	DAL		8.19%	Add 17%	\$41,751,000	848,775
5	Apple Inc	AAPL		6.97%	Add 1925%	\$35,531,000	321,900
6	Chevron Corp.	CVX	PUT	6.16%	New	\$31,410,000	280,000
7	Facebook Inc	FB		4.86%	Add 5%	\$24,771,000	317,500
8	Netflix Inc	NFLX		4.78%	New	\$24,391,000	71,400
9	Google Inc. Class C	GOOG		4.19%	Add 176%	\$21,370,000	40,596
10	Illumina Inc	ILMN		3.73%	New	\$19,012,000	103,000
11	IAC/InterActiveCorp	IACI		3.69%	Add 60%	\$18,821,000	309,600
12	Citigroup, Inc.	C		3.28%	Unchanged	\$16,709,000	308,800
13	Google Inc. Class A	GOOGL		2.57%	Unchanged	\$13,105,000	24,696
14	Santander Consumer	SC		2.25%	New	\$11,472,000	585,000
15	Progenics Pharma	PGNX		1.91%	Cut 0%	\$9,741,000	1,288,454
16	Seaworld Entertainment	SEAS		1.89%	New	\$9,637,000	538,382
17	Ryanair Holdings ADR	RYAAY		1.40%	Unchanged	\$7,112,000	99,792
18	MacroGenics Inc	MGNX		1.28%	New	\$6,515,000	185,775
19	Biodelivery Sciences	BDSI		1.20%	Unchanged	\$6,141,000	510,874
20	Fidelity National Financial	FNFV		0.93%	Add 76%	\$4,732,000	300,608
21	Northstar Asset Mgmt	NSAM		0.62%	Cut -42%	\$3,153,000	139,700
22	MasterCard Inc. Class A	MA		0.59%	Unchanged	\$3,018,000	35,025
23	E*Trade Financial Corp.	ETFC		0.50%	Cut -49%	\$2,525,000	104,100
24	USA Truck Inc.	USAK		0.39%	Cut -4%	\$1,970,000	69,355
25	Vectrus	VEC		0.36%	Add 139%	\$1,853,000	67,610
26	NXP Semiconductors NV	NXPI		0.35%	Add 4%	\$1,765,000	23,100
27	T2 Biosystems	TTOO		0.34%	Unchanged	\$1,749,000	90,909
28	eBay Inc.	EBAY		0.34%	Cut -94%	\$1,740,000	31,000
29	Micron Technology, Inc.	MU		0.33%	Add 17%	\$1,691,000	48,300
30	Life-Time Fitness Inc	LTM		0.33%	Cut -39%	\$1,676,000	29,600
31	QVC	QVCA		0.32%	New	\$1,636,000	55,600
32	Harman International	HAR		0.31%	Add 244%	\$1,579,000	14,800
33	Service Corp	SCI		0.31%	Cut -47%	\$1,562,000	68,800
34	Baidu Inc	BIDU		0.30%	Unchanged	\$1,550,000	6,800
35	Autodesk, Inc.	ADSK		0.30%	Add 14%	\$1,532,000	25,500
36	Tableau Software	DATA		0.30%	Cut -11%	\$1,526,000	18,000
37	CBS Corp Class B	CBS		0.30%	New	\$1,522,000	27,500
38	Royal Caribbean	RCL		0.29%	New	\$1,459,000	17,700
39	1-3 Year Treasury Bonds	SHY		0.27%	Unchanged	\$1,367,000	16,187
40	Kate Spade & Co.	KATE		0.24%	Cut -36%	\$1,242,000	38,800
41	Polycom Inc.	PLCM		0.24%	Add 162%	\$1,202,000	89,050
42	Ctrip.Com	CTRP		0.23%	Add 21%	\$1,188,000	26,100
43	Nielsen Holdings	NLSN		0.22%	Add 42%	\$1,145,000	25,600
44	Ensign Group Inc	ENSG		0.22%	Cut -66%	\$1,130,000	25,450
45	Informatica Corp.	INFA		0.21%	Cut -25%	\$1,072,000	28,100

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Costar Group Inc.	CSGP		0.21%	Added 8%	\$1,047,000	5,700
47	Demandware Inc	DWRE		0.18%	Added 3%	\$892,000	15,500
48	SunCoke Energy Inc	SXC		0.14%	Cut -67%	\$723,000	37,400
49	Tribune Media	TRCO		0.13%	New	\$663,000	11,100
50	Cirrus Logic	CRUS		0.12%	New	\$613,000	26,000
51	Nokia Corp. ADR Class A	NOK		0.11%	Cut -56%	\$575,000	73,200
52	Sealed Air Corp.	SEE		0.10%	Unchanged	\$508,000	11,963
53	Liberty Broadband	LBRDA		0.08%	New	\$396,000	7,900
54	Carnival Corp.	CCL		0.07%	Unchanged	\$333,000	7,350
55	Pandora Media Inc.	P		0.06%	Cut -69%	\$312,000	17,500
56	Applied Micro Circuits Inc.	AMCC		0.05%	Unchanged	\$270,000	41,400
	Escalade Inc	ESCA			Sold		
	Textura Corp.	TXTR	CALL		Sold		
	MasTec Inc.	MTZ			Sold		
	Citrix Systems Inc.	CTXS			Sold		
	Endo International	ENDP			Sold		
	Rackspace Hosting Inc	RAX			Sold		
	CommVault Systems Inc	CVLT			Sold		



Key Takeaways

New Positions:

Baker Hughes (BHI)
Halliburton (HAL)

Sold Out:

21st Century Fox (FOXA)

Jeff Ubben recently sat down with Northwestern's Kellogg School of Management to talk about his activist investment strategy. He said that, "You have to be willing to win the long race. I'm happy being the tortoise. In fact, I want to be the tortoise." He argued that board members are incentivized to have the company just be 'mediocre' because their salary or restricted shares don't really tie them to the company's performance or have performance hurdles. Ubben said that, "There's no equity guy in that room that says let's cut our R&D, let's bet on 5 projects instead of 15, because that's risky. You're making choices and choices is risk ... Our job is to make everybody uncomfortable and be the equity in the room."

The big news from ValueAct is that during the fourth quarter they initiated a position in Baker Hughes (BHI.) They own over 5% of the company and want the merger with Halliburton (HAL) to go through. In an interview, Ubben said that, "We love the merger with Halliburton, we want this deal to get done especially because of the oil price decline." In the proposed deal, BHI shareholders would receive 1.12 HAL shares and \$19 in cash for each BHI share owned. ValueAct also started a new stake in HAL shares as well, showing their commitment to seeing a deal through. While the deal will likely require

asset sales in order to gain antitrust approval, ValueAct sees around \$3 billion of savings in a combined entity. If the deal is approved, Ubben's firm would be one of the largest owners of the combined company.

ValueAct has also been busy winning seats on the boards of various other companies they're invested in. Partner Greg Spivy won seats on the boards of both Allison Transmission (ALSN) and Armstrong World Industries (AWI). Both of these stocks were analyzed in recent Q2 2014 issue of Hedge Fund Wisdom so be sure to login and download it. Additionally, ValueAct is seeking a board seat at MSCI Inc (MSCI) as the company hasn't engaged with shareholders.

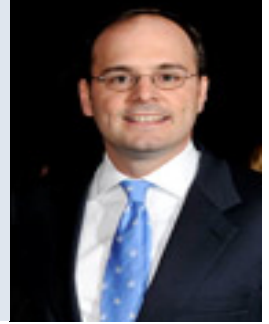
While ValueAct exited their non-voting shares of 21st Century Fox (FOXA), it's largely a non-event because if you look at their portfolio, they added to their stake in the voting share class (FOX) at the same time. So basically, they were just consolidating their position exclusively into one share class. Control at Fox isn't up for grabs as chairman and CEO Rupert Murdoch holds over 39% of voting rights. But given that ValueAct will likely want their voice to be heard in some capacity, you can understand why they would prefer the class B FOX shares over the class A non-voting shares.

The investment firm was also out trimming its stake in Motorola Solutions (MSI) during Q4. The company recently said it's exploring a sale and has hired banks. Additionally, Ubben's firm has taken some profits in their Adobe (ADBE) position as well. This one has been a big success for ValueAct as the company switched to a subscription-based model.

View ValueAct Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Microsoft Corp.	MSFT		21.61%	Added 0%	\$3,448,366,000	74,238,243
2	Valeant Pharmaceuticals	VRX		17.38%	Added 2%	\$2,774,027,000	19,383,877
3	Motorola Solutions Inc	MSI		7.39%	Cut -39%	\$1,179,842,000	17,588,576
4	Adobe Systems, Inc.	ADBE		7.29%	Cut -33%	\$1,163,691,000	16,006,753
5	21st Century Fox Class B	FOX		7.00%	Added 20%	\$1,117,767,000	30,300,000
6	CBRE Group Inc. Class A	CBG		6.72%	Cut -3%	\$1,072,786,000	31,322,230
7	Baker Hughes Inc.	BHI		5.27%	New	\$840,910,000	14,997,500
8	Willis Group Holdings plc	WSH		5.17%	Unchanged	\$825,572,000	18,423,835
9	Halliburton Co.	HAL		5.15%	New	\$821,800,000	20,895,000
10	Agrium, Inc	AGU		4.86%	Added 57%	\$776,221,000	8,194,898
11	Allison Transmission	ALSN		4.06%	Added 6%	\$648,344,000	19,125,204
12	ArmstrongWorldIndustries	AWI		2.95%	Unchanged	\$470,304,000	9,200,000
13	MSCI Inc	MSCI		2.77%	Unchanged	\$441,617,000	9,308,960
14	Rockwell Collins, Inc.	COL		2.36%	Cut -60%	\$377,203,000	4,465,000
	21st Century Fox Class A	FOXA			Sold		



Key Takeaways

New Positions:

Actavis (ACT)
Unitedhealth (UNH)
Zoetis (ZTS)
Post Holdings (POST)
Shire (SHPG)
Humana (HUM)
Halyard Health (HYH)

Sold Out:

Allergan (AGN)
Trulia (TRLA)
Team Health Holdings (TMH)
Agius Pharma (AGIO)
Albany Molecular Research (AMRI)
Zillow (Z)
Vipshop (VIPS)
Tornier (TRNX)
Mallinckrodt (MNK)
JetBlue (JBLU)

Bridger Capital's specialty is the healthcare sector and you'll see obvious evidence of this all throughout their portfolio. During the fourth quarter, they initiated a sizable new position in Actavis (ACT) and completely exited their stake in Mallinckrodt (MNK). So effectively, they replaced exposure to one roll-up story with another one. Actavis recently won the bidding for Allergan (AGN), another one of Bridger's past positions that they just sold. So despite selling AGN, Bridger will still maintain exposure to the botox maker via their ACT stake.

Another stock Roberto Mignone started a new stake in was Zoetis (ZTS). This company

already has two activists circling: Scott Ferguson's Sachem Head Capital and Bill Ackman's Pershing Square. Prior to founding Sachem, Ferguson worked at Pershing Square so there's a clear connection here.

Zoetis is the largest manufacturer of medicines for pets and livestock on the planet, earning \$4.7 billion in revenue in 2014. Around 65% of their business comes from sales relating to livestock and the other 35% or so comes from the animal companion market. The company was spun-off from Pfizer (PFE) in June of 2013 and has predictable cashflows. It's really the only true pure play on animal health that's publicly traded. And unlike healthcare for humans, governments aren't really exerting downward pressure on costs in this industry. The company is quite diversified with over 300 different medicines and isn't dependent on just a few drugs. The customer base seems to be loyal and growth in the pet and livestock market is driven by global population growth and increasing global wealth. While Ackman and Ferguson haven't really revealed too much yet, the thinking is that maybe they'll push for the company to be sold.

The only other really significant moves Bridger made during the fourth quarter were starting a new position in Unitedhealth (UNH) and increasing their stake in Teva Pharmaceuticals (TEVA) by 22%. The latter is now their second largest holding worth over \$85.4 million.

View Bridger Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	The Medicines Co	MDCO		5.45%	Added 1%	\$86,640,000	3,131,184
2	Teva Pharmaceutical	TEVA		5.38%	Added 22%	\$85,402,000	1,485,000
3	KAR Auction Services Inc	KAR		5.24%	Unchanged	\$83,160,000	2,400,000
4	Morgan Stanley	MS		4.89%	Unchanged	\$77,600,000	2,000,000
5	Assured Guaranty Ltd	AGO		3.85%	Unchanged	\$61,077,000	2,350,000
6	Envision Healthcare	EVHC		3.82%	Added 1%	\$60,622,000	1,747,533
7	Actavis Plc	ACT		3.80%	New	\$60,379,000	234,562
8	Alnylam Pharma	ALNY		3.45%	Cut -24%	\$54,751,000	564,439
9	HCA Holdings, Inc.	HCA		3.33%	Added 66%	\$52,829,000	719,834
10	Scientific Games Corp	SGMS		3.32%	Added 137%	\$52,802,000	4,147,820
11	UnitedHealth Group Inc.	UNH		3.29%	New	\$52,187,000	516,240
12	Laboratory Corp of America	LH		3.28%	Added 5%	\$52,112,000	482,965
13	Pinnacle Entertainment	PNK		3.18%	Unchanged	\$50,563,000	2,272,492
14	Cardinal Health, Inc.	CAH		3.12%	Added 93%	\$49,573,000	614,057
15	General Motors Co	GM		3.08%	Cut -17%	\$48,943,000	1,401,965
16	Zoetis, Inc.	ZTS		3.01%	New	\$47,843,000	1,111,862
17	Channeladvisor	ECOM		2.95%	Unchanged	\$46,850,000	2,170,993
18	Charter Communications	CHTR		2.94%	Cut -17%	\$46,733,000	280,474
19	Facebook Inc	FB		2.82%	Unchanged	\$44,862,000	575,000
20	Priceline Group Inc	PCLN		2.73%	Unchanged	\$43,328,000	38,000
21	Post Holdings Inc	POST		2.56%	New	\$40,668,000	970,824
22	VeriSign Inc.	VRSN		2.17%	Cut -38%	\$34,480,000	604,907
23	Pennymac Financial	PFSI		2.10%	Unchanged	\$33,303,000	1,925,000
24	Acorda Therapeutics Inc	ACOR		1.83%	Added 8%	\$29,068,000	711,232
25	Accuray, Inc.	ARAY		1.80%	Cut -11%	\$28,594,000	3,787,260
26	TG Therapeutics, Inc.	TGTX		1.78%	Cut -50%	\$28,204,000	1,780,538
27	Centene Corp	CNC		1.69%	Added 72%	\$26,884,000	258,872
28	Shire Plc ADS	SHPG		1.66%	New	\$26,408,000	124,250
29	Tenet Healthcare Corp.	THC		1.62%	Cut -37%	\$25,807,000	509,320
30	Humana, Inc.	HUM		1.58%	New	\$25,119,000	174,890
31	Wright Medical Group Inc	WMGI		1.26%	Cut -20%	\$19,999,000	744,272
32	Halyard Health	HYH		1.18%	New	\$18,809,000	413,662
33	Pandora Media Inc.	P		1.14%	Added 43%	\$18,182,000	1,019,726
34	Alerian MLP	AMPLP	CALL	1.10%	New	\$17,520,000	1,000,000
35	Arrowhead Research Corp.	ARWR		1.09%	New	\$17,379,000	2,354,878
36	Chimerix	CMRX		1.00%	New	\$15,931,000	395,712
37	TrovaGene Inc	TROV		0.58%	Unchanged	\$9,214,000	2,142,857
38	Atara Biotherapy	ATRA		0.41%	New	\$6,512,000	243,450
39	Cameco Corp.	CCJ		0.25%	Unchanged	\$3,927,000	239,306
40	Casella Waste Systems A	CWST		0.14%	Unchanged	\$2,246,000	555,933
41	Response Genetics Inc	RGDX		0.12%	Unchanged	\$1,900,000	6,000,000

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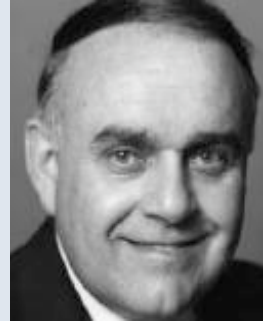
Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Allergan, Inc.	AGN			Sold		
	Vipshop Holdings, Ltd	VIPS			Sold		
	Albany Molecular	AMRI			Sold		
	Agios Pharmaceuticals	AGIO			Sold		
	SodaStream	SODA			Sold		
	Team Health Holdings Inc	TMH			Sold		
	JetBlue Airways Corp	JBLU			Sold		
	Bruker Corp	BRKR			Sold		
	Mallinckrodt PLC	MNK			Sold		
	Regeneron Pharma	REGN			Sold		
	Trulia Inc	TRLA			Sold		
	Zillow Inc	Z			Sold		
	Tornier N.V. ADR	TRNX			Sold		

Omega Advisors

Leon Cooperman

Has returned 11.1% annualized net of fees

Prior to founding Omega, he spent 25 years at Goldman Sachs and was Chief Executive Officer of Goldman's Asset Management division



Key Takeaways

New Positions:

Tribune Media (TRCO)
Time Warner (TWX)
Gilead Sciences (GILD)
New Senior Investment Group (SNR)
FCB Financial (FCB)
Laredo Petroleum (LPI)

Sold Out:

Sprint (S)
XL Group (XL)
Transocean (RIG)
Newcastle Investment (NCT)
Halliburton (HAL)
Melco Crown (MPEL)
Thermo Fisher Scientific (TMO)
Denbury Resources (DNR)
Linn Energy (LINE)
Sallie Mae (SLM)
Intercontinental Exchange (ICE)
Alibaba Group (BABA)

affected. What he's fixated on the most are signs of a potential recession (which he doesn't think will show up for another 2-3 years.)

Globally speaking, he thinks that European and Japanese markets will outperform the US in 2015. Cooperman likes Europe because of the accommodating monetary policy, the fact that corporate margins are still low and have room to expand, and the weak euro (which makes their exports competitive.) Regarding Japan, Cooperman believes a weak yen, additional Bank of Japan stimulus, and a delay in the consumption tax increase should benefit markets there.

In Q4, Omega started a new position in Gilead Sciences (GILD). Their fourth quarter letter outlined the thesis on this biotechnology company: "Gilead is well known for its leadership position in the HIV/AIDS market, where it has been the market-share leader for a decade ... Gilead added a second dominant leadership category in late 2011 through its \$11B acquisition of Pharmasset, an emerging leader in the hepatitis C (Hep C) market ... Another key investment attribute is Gilead's very attractive valuation and enormous free-cash-flow generation. At less than 10x 2015 EPS and sub-9x 2016, GILD is among the cheapest stocks in the S&P 500." Omega bought GILD when AbbVie (ABBV) saw their Hep C drug gain FDA approval and GILD shares fell. Omega likes that Gilead's pipeline has the potential for blockbusters as well (such as their NASH program to treat a debilitating liver disease.) Since the company is expected to throw off a ton of cash this year, Omega feels Gilead will buyback stock and/or make an acquisition. The hedge fund sees around 40% upside in GILD shares this year and argues the stock has a "4:1 risk/reward from current levels."

Omega Advisors ended 2014 down 2.8% after fees for the year. In the current market, Lee Cooperman's firm is focusing on investments that derive a lot of revenue domestically (since the rise of the US dollar hurts multinationals), stocks that have high earnings growth, and companies with strong capital allocators at the helm that are focusing on buybacks, dividends, and M&A.

Cooperman's investment outlook for 2015 is still bullish, though he's not expecting double-digit returns like the past few years. He feels the bull market in US equities could last a while longer. He argues that the Fed's tightening cycle will be slow and gradual and as such, markets won't be as

View Omega Advisors' Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Actavis Plc	ACT		4.05%	Added 34%	\$242,885,000	943,572
2	Citigroup, Inc.	C		3.83%	Cut -18%	\$229,716,000	4,245,350
3	AIG	AIG		3.75%	Cut -24%	\$224,725,000	4,012,226
4	Navient Corp	NAVI		3.45%	Cut -3%	\$206,986,000	9,578,247
5	Sirius XM Radio	SIRI		3.37%	Added 0%	\$201,911,000	57,688,894
6	eBay Inc.	EBAY		3.30%	Added 12%	\$198,076,000	3,529,500
7	United Continental	UAL		3.29%	Added 12%	\$197,250,000	2,948,874
8	Atlas Energy Inc	ATLS		3.03%	Added 43%	\$181,670,000	5,832,098
9	SunEdison Inc	SUNE		2.94%	Added 16%	\$176,179,000	9,030,171
10	Tribune Media	TRCO		2.86%	New	\$171,321,000	2,866,341
11	E*Trade Financial Corp.	ETFC		2.78%	Added 0%	\$166,952,000	6,883,204
12	Motorola Solutions Inc	MSI		2.77%	Cut 0%	\$166,008,000	2,474,776
13	Dish Network Corp, Class A	DISH		2.69%	Cut -25%	\$161,454,000	2,215,043
14	Chimera Investment Corp	CIM		2.64%	Cut -23%	\$158,240,000	49,760,901
15	Harbinger Group Inc.	HRG		2.55%	Cut -3%	\$153,086,000	10,811,163
16	Aercap Holdings N V	AER		2.53%	Added 5%	\$151,875,000	3,912,278
17	McKesson Corp	MCK		2.48%	Added 10%	\$148,462,000	715,203
18	Eastman Chemical Co.	EMN		2.06%	Added 2%	\$123,488,000	1,627,835
19	Caesars Entertainment	CZR		2.05%	Added 12%	\$122,633,000	7,815,990
20	KAR Auction Services Inc	KAR		1.95%	Added 14%	\$117,019,000	3,377,161
21	Ashland Inc.	ASH		1.74%	Added 142%	\$104,345,000	871,287
22	Comcast Corp.	CMCSK		1.71%	Cut -16%	\$102,407,000	1,778,972
23	Shire Plc ADS	SHPG		1.68%	New	\$100,582,000	473,237
24	Groupon Inc	GRPN		1.66%	Added 37%	\$99,293,000	12,020,975
25	Atlas Pipeline Partners LP	APL		1.53%	Added 0%	\$91,531,000	3,357,705
26	QEP Resources Inc.	QEP		1.47%	Added 12%	\$88,138,000	4,358,927
27	LyondellBasell	LYB		1.46%	Added 19%	\$87,648,000	1,104,022
28	KKR	KKR		1.40%	Cut -26%	\$83,710,000	3,606,622
29	Gaming&LeisureProperties	GLPIV		1.36%	Cut -40%	\$81,776,000	2,787,200
30	HCA Holdings, Inc.	HCA		1.33%	Cut -55%	\$79,885,000	1,088,500
31	Loral Space and Comm	LORL		1.28%	Added 3%	\$76,593,000	973,109
32	PVH Corp	PVH		1.27%	Cut -21%	\$76,292,000	595,241
33	AltisourcePortfolioSolutions	ASPS		1.27%	Added 76%	\$76,279,000	2,257,451
34	Time Warner, Inc.	TWX		1.25%	New	\$74,700,000	874,500
35	New Residential	NRZ		1.22%	Cut -51%	\$73,079,000	5,722,681
36	Atlas Resource Partners LP	ARP		1.12%	Added 17%	\$67,316,000	6,291,295
37	Realty Holdings Corp	RLGY		1.12%	Added 1%	\$67,236,000	1,511,262
38	TERRAFORM POWER	TERP		1.06%	Added 253%	\$63,792,000	2,119,134
39	NORDIC AMER OF	NAO		1.05%	Unchanged	\$62,741,000	5,109,179
40	NEW MDA INVT G	NEWM		1.02%	Cut -32%	\$61,248,000	2,591,975
41	Pennymac Mortgage	PMT		1.01%	Added 1%	\$60,788,000	2,882,301
42	Anadarko Petroleum Corp.	APC		0.99%	Added 36%	\$59,091,000	716,249
43	JPMorgan Chase & Co.	JPM		0.98%	Cut -48%	\$58,888,000	941,000
44	SandRidge Energy Inc	SD		0.98%	Cut -29%	\$58,536,000	32,162,580
45	Gilead Sciences Inc.	GILD		0.96%	New	\$57,734,000	612,500

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Pennymac Financial	PFSI		0.95%	Unchanged	\$56,945,000	3,291,600
47	Kinder Morgan Inc.	KMI		0.79%	Cut -2%	\$47,665,000	1,126,567
48	Cabot Oil & Gas Corp.	COG		0.74%	Cut -14%	\$44,251,000	1,494,462
49	New Senior Inv	SNR		0.71%	New	\$42,836,000	2,604,000
50	Apple Inc	AAPL		0.71%	Cut -68%	\$42,363,000	383,790
51	Melco Crown	MPEL		0.69%	Cut -38%	\$41,369,000	1,628,693
52	Time Warner Cable Inc.	TWC		0.67%	Cut -50%	\$40,387,000	265,600
53	FCB FINANCIAL	FCB		0.64%	New	\$38,267,000	1,553,034
54	WPX Energy Inc	WPX		0.56%	Cut -20%	\$33,452,000	2,876,361
55	Gulf Coast Units	GULTU		0.40%	Added 11%	\$23,910,000	18,826,993
56	Ellington Financial	EFC		0.38%	Added 21%	\$22,920,000	1,148,300
57	Laredo Petroleum	LPI		0.36%	New	\$21,735,000	2,100,000
58	TRANSOCEAN PAR	RIGP		0.29%	Added 24%	\$17,100,000	1,169,628
59	THL Credit Inc.	TCRD		0.18%	Cut -7%	\$10,990,000	934,551
60	ADT Corporation	ADT		0.18%	New	\$10,869,000	300,000
61	Orion Engineered	OEC		0.18%	Unchanged	\$10,784,000	634,700
62	Sanchez Energy Corp.	SN		0.10%	New	\$6,062,000	652,500
63	Weyerhaeuser Corp.	WY		0.08%	Cut 0%	\$5,003,000	139,400
64	Caesars Acq	CACQ		0.08%	Added 54%	\$4,813,000	466,792
65	Vivint Solar Inc	VSLR		0.08%	New	\$4,534,000	491,750
66	CENTURY COMMNT	CCS		0.07%	Added 71%	\$4,320,000	250,000
67	AG Mortgage Investment	MITT		0.06%	Unchanged	\$3,714,000	200,000
68	Baker Hughes Inc.	BHI		0.06%	New	\$3,673,000	65,500
69	MetLife Inc.	MET		0.06%	Added 86%	\$3,624,000	67,000
70	Ally Financial	ALLY		0.06%	New	\$3,543,000	150,000
71	Fifth Street	FSAM		0.06%	New	\$3,488,000	250,000
72	Media General	MEG		0.06%	New	\$3,453,000	206,366
73	On Deck Capital	ONDK		0.05%	New	\$2,804,000	125,000
74	Juno Therapeutics	JUNO		0.04%	New	\$2,611,000	50,000
75	Inc Research	INCR		0.04%	New	\$2,569,000	100,000
76	Bluebird Bio Inc	BLUE		0.04%	Cut -35%	\$2,293,000	25,000
77	Neff Corp	NEFF		0.04%	New	\$2,254,000	200,000
78	ECLPS RSRCS CR	ECR		0.03%	Cut -1%	\$2,082,000	296,190
79	ENERGY XXI	EXXI		0.03%	New	\$2,038,000	625,000
80	GRUBHUB INC	GRUB		0.03%	New	\$1,816,000	50,000
81	CDW Corp.	CDW		0.03%	New	\$1,759,000	50,000
82	Moelis	MC		0.03%	New	\$1,693,000	48,480
83	Parsley Energy	PE		0.03%	Added 98%	\$1,577,000	98,800
84	Rentrak Corp.	RENT		0.02%	New	\$1,456,000	20,000
85	Lending Club	LC		0.02%	New	\$1,265,000	50,000
86	Teekay Tankers Ltd	TNK		0.02%	New	\$1,265,000	250,000
87	Advanced Dra	WMS		0.02%	New	\$1,149,000	50,000
88	Two Harbors	TWO		0.02%	Unchanged	\$1,002,000	100,000
89	Teekay LNG Partners L.P.	TGP		0.01%	Unchanged	\$860,000	20,000
90	Sentra	SIEN		0.01%	New	\$421,000	25,095
91	Arbor Realty Trust, Inc.	ABR		0.00%	New	\$183,000	27,000

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Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Resource Capital Corp.	RSO			Sold		
	LIN Media LLC	LIN			Sold		
	Aspen Aerogels	ASPN			Sold		
	AvalonBay	AVB			Sold		
	dELiA*s Inc	DLIAQ			Sold		
	Transocean Ltd	RIG			Sold		
	Prothena Corp PLC	PRTA			Sold		
	UnitedHealth Group Inc.	UNH			Sold		
	Thermo Fisher Scientific	TMO			Sold		
	Newcastle Investment	NCT			Sold		
	Denbury Resources Inc.	DNR			Sold		
	INDEPEN CON DR	ICD			Sold		
	Qawi	QIWI			Sold		
	Cameron International	CAM			Sold		
	SLM Corp	SLM			Sold		
	Alibaba Group	BABA			Sold		
	Corecomm Ltd	COMM			Sold		
	Brookdale Senior Living	BKD			Sold		
	XL Group Plc	XL			Sold		
	Assured Guaranty Ltd.	AGO			Sold		
	IntercontinentalExchange	ICE			Sold		
	Linn Energy LLC, Units	LINE			Sold		
	Avanir Pharma	AVNR			Sold		
	Supervalu Inc.	SVU			Sold		
	Russell 2000 Index	IWM			Sold		
	ENLK MDSTRM PT	ENLK			Sold		
	Sprint Corp	S			Sold		
	Mobileye	MBLY			Sold		
	Halliburton Co.	HAL			Sold		

Coatue Management

Philippe Laffont

Net annualized return of 14.1% since inception in 1999

Manages a long/short fund focused on technology, media, & telecom



Key Takeaways

New Positions:

Actavis (ACT)
JD.com (JD)
Electronic Arts (EA)
Visa (V)
Mastercard (MA)
Activision (ATVI)
Fidelity National Financial (FNF)
Lending Club (LC) ~ IPO

Sold Out:

eBay (EBAY)
Level 3 (LVLT)
SolarCity (SCTY)
Vipshop (MIPS)

Philippe Laffont's hedge fund cranked up their exposure to Microsoft (MSFT) in a big way during the fourth quarter. They increased their position size by 463% and it's now their sixth largest US equity holding. As the Steve Ballmer era ended at Microsoft, more and more hedge funds have gotten involved in shares and ValueAct Capital's Mason Morfit is on the board of directors representing the equity holders.

While Coatue's new MSFT stake is large, it's almost half the size of their stake in Apple (AAPL ~ their largest holding worth over \$981 million.) The hedge fund trimmed their stake in the smartphone giant by 15% during the quarter. The company is set to release its Apple Watches in a few months and recently the *Wall Street Journal* reported that Apple has assembled a team of a few hundred employees to explore creating a car. It should be noted that Apple is always experimenting with various ideas for projects and products, many of which never see the

market or are shelved for future tinkering. That said, the rise and popularity of electric carmaker Tesla (TSLA) could certainly have something to do with Apple's interest in the project. It even looks like some of Apple's car-focused employees might have come from Tesla. So while AAPL shares currently have a buzz around them, keep in mind that the company has also been rumored to be making a television for 2 or 3 years now and there's still been nothing released. *Bloomberg* reports that Apple is seeking to produce an electric car by 2020.

As AAPL shares have slowly shifted from growth play to value play, the key question investors keep asking is: can they keep innovating? After all, the company's entire success has been predicated on one successful product after another (iPod then iPhone then iPad.) The rumors of a television and car are evidence that they're still trying to innovate by improving existing consumer products. The question then becomes: can they keep creating successful products. After all, the product that generates the majority of AAPL's revenue today didn't even exist nine years ago.

It's also worth highlighting that since the close of 2014, one of Coatue's private investments has gone public: Box.com (BOX). This cloud storage provider has been a holding of Coatue's for a while now. Coatue and private equity firm TPG invested \$150 million last summer at a \$2.4 billion valuation. Coatue also bought shares in the initial public offering (IPO). They had an option for an allotment of 10% of the deal, though it's unclear if they utilized the full allotment. Regardless, just keep this position in mind, as it won't be displayed on the next page due to the timing of the IPO. BOX will show up in Coatue's 13F filing next quarter.

View Coatue Management's
Portfolio on the Next Page



Coatue Management

Fourth Quarter 2014 Portfolio:

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Apple Inc	AAPL		9.30%	Cut -16%	\$981,642,000	8,893,291
2	Avago Technologies Limited	AVGO		8.13%	Added 7%	\$857,792,000	8,527,609
3	Linkedin Corporation	LNKD		7.43%	Cut -1%	\$783,687,000	3,411,638
4	Baidu Inc	BIDU		6.37%	Cut -20%	\$672,689,000	2,950,779
5	Netflix Inc	NFLX		5.81%	Cut -14%	\$612,767,000	1,793,766
6	Microsoft Corp.	MSFT		5.38%	Added 463%	\$568,042,000	12,229,085
7	Facebook Inc	FB		5.30%	Added 0%	\$559,842,000	7,175,621
8	Micron Technology, Inc.	MU		5.16%	Cut 0%	\$544,824,000	15,561,926
9	Charter Communications	CHTR		3.88%	Added 47%	\$409,204,000	2,455,911
10	American Tower Corp	AMT		3.85%	Added 168%	\$406,402,000	4,111,291
11	CBS Corp. Class B	CBS		2.83%	Cut -6%	\$298,522,000	5,394,314
12	Akamai Technologies Inc.	AKAM		2.81%	Added 45%	\$296,791,000	4,713,956
13	Time Warner, Inc.	TWX		2.71%	Cut -21%	\$286,398,000	3,352,820
14	Liberty Global Inc., Series C	LBTYK		2.59%	Added 35%	\$273,252,000	5,656,211
15	Hain Celestial Group	HAIN		2.59%	Cut -2%	\$273,249,000	4,687,736
16	21st Century Fox, Class A	FOXA		2.50%	Cut -9%	\$263,689,000	6,865,992
17	Actavis Plc	ACT		2.35%	New	\$248,182,000	964,155
18	Applied Materials Inc.	AMAT		2.06%	Cut -17%	\$217,347,000	8,721,797
19	Liberty Global Inc, Class A	LBTYA		2.04%	Cut -8%	\$215,333,000	4,289,075
20	JD.COM INC ADR	JD		1.88%	New	\$198,784,000	8,590,490
21	Electronic Arts, Inc.	EA		1.65%	New	\$174,369,000	3,708,790
22	Alibaba Group	BABA		1.49%	Added 5%	\$157,750,000	1,517,703
23	Priceline Group Inc	PCLN		1.41%	Unchanged	\$149,317,000	130,956
24	VISA Inc	V		0.84%	New	\$88,889,000	339,010
25	MasterCard Inc. Class A	MA		0.83%	New	\$87,358,000	1,013,903
26	Activision Blizzard Inc	ATVI		0.80%	New	\$83,959,000	4,166,653
27	Amazon.com Inc.	AMZN		0.76%	Unchanged	\$80,079,000	258,027
28	Zillow Inc	Z		0.72%	Cut -16%	\$75,520,000	713,191
29	Finisar Corp.	FNSR		0.67%	Cut 0%	\$70,909,000	3,653,252
30	YY Inc ADR	YY		0.64%	Unchanged	\$67,921,000	1,089,522
31	Adobe Systems, Inc.	ADBE		0.63%	Cut -82%	\$67,009,000	921,719
32	Fidelity National Financial	FNF		0.60%	New	\$63,217,000	1,835,033
33	Google Inc. Class A	GOOGL		0.53%	Unchanged	\$55,872,000	105,287
34	Google Inc. Class C	GOOG		0.51%	Unchanged	\$54,048,000	102,674
35	Lending Club	LC		0.45%	New	\$47,524,000	1,878,436
36	Sirius XM Radio	SIRI		0.37%	Unchanged	\$39,351,000	11,243,022
37	3D Systems Corp.	DDD		0.33%	Cut -31%	\$34,336,000	1,044,610
38	Trinity Industries	TRN		0.26%	New	\$27,340,000	976,088
39	U.S. Silica Holdings, Inc.	SLCA		0.20%	New	\$21,292,000	828,810
40	Carbo Ceramics, Inc.	CRR		0.19%	New	\$20,302,000	506,901
41	Illumina Inc	ILMN		0.19%	New	\$20,293,000	109,941
42	Joy Global Inc	JOY		0.18%	Unchanged	\$18,608,000	400,000
43	GoPro	GPRO		0.14%	Cut -1%	\$14,926,000	236,094
44	Seadrill Ltd.	SDRL		0.11%	New	\$11,617,000	972,938
45	King Digital	KING		0.11%	Added 127%	\$11,360,000	739,610

Continued on next page...

Coatue Management

Fourth Quarter 2014 Portfolio:
...Continued

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Supervalu Inc.	SVU		0.10%	Unchanged	\$10,198,000	1,051,300
47	NutriSystem Inc.	NTRI		0.09%	Cut -24%	\$9,381,000	479,848
48	Momo	MOMO		0.06%	New	\$6,660,000	555,000
49	Atmel Corp.	ATML		0.05%	Unchanged	\$5,574,000	664,000
50	Mobileye	MBLY		0.04%	New	\$4,613,000	113,747
51	Coupons.com Inc	COUP		0.04%	Unchanged	\$3,889,000	219,109
52	Keurig Green Mountain Inc.	GMCR		0.02%	New	\$2,098,000	15,850
53	Mellanox Technologies Ltd.	MLNX		0.00%	Cut -95%	\$283,000	6,628
	Nokia Corp. ADR Class A	NOK			Sold		
	Nuance Communications	NUAN			Sold		
	58.COM INC	WUBA			Sold		
	Level 3 Communications	LVLT			Sold		
	Gt Adv Tech	GTATQ			Sold		
	eBay Inc.	EBAY			Sold		
	SunEdison Inc	SUNE			Sold		
	Equinix	EQIX			Sold		
	Molycorp Inc	MCP			Sold		
	Jumbi	JMEI			Sold		
	SolarCity Corp	SCTY			Sold		
	Vipshop Holdings, Ltd	VIPS			Sold		

Next Page: Fairholme Capital



Key Takeaways

New Positions:

Sears Canada (SRSC)
Sears Warrants (SHLDW)
Canadian Natural Resources (CNO)

Sold Out:

Chesapeake Energy (CHK)
Hartford Financial (HIG)
Hartford Financial Warrants (HIG-W)
BP (BP)
KKR (KKR)
Vodafone (VOD)
New York Community Bancorp (NYCB)
Lincoln National (LNC)
Lands' End (LE)

Fairholme Capital continues to hold a gargantuan position in American International Group (AIG). Worth over \$2.87 billion at the end of the year, this position comprises over 39% of their holdings. Bruce Berkowitz sold 14% of his position in AIG in the quarter, but it's not because he doesn't like the company's prospects anymore. In fact, he's said it pains him to be selling. However, due to risk management and portfolio limitations, he keeps having to sell AIG because shares keep appreciating in value, making his position size even larger each quarter (what a problem to have.) Fairholme's second largest position continues to be Bank of America (BAC.) While this stake is nowhere near as large as their AIG position, it's certainly not small by any means. Berkowitz holds over \$1.68 billion worth of BAC shares and it makes up over 23% of his holdings.

Berkowitz's whole theme here is to invest

large sums in systemically important institutions. In his 2014 annual report to investors, Berkowitz says that both companies need to "prove that core operations are capable of earning an average of 10% return on equity and demonstrate that such profits are distributable to shareholders. We anticipate growing profits, dividends, and buybacks from both in the future, particularly when interest rates normalize."

When viewing Fairholme's portfolio on the next page, keep in mind that Fairholme holds a large position in Fannie Mae and Freddie Mac preferred securities. The SEC doesn't require disclosure of these positions on 13F filings, so they're omitted from Fairholme's holdings. However, they're very much a part of their portfolio. If you want to know which securities Berkowitz holds, he actually voluntarily disclosed them two quarters ago. Be sure to login and download the Q2 2014 issue of Hedge Fund Wisdom. But when viewing them, be aware that there's no way to know exactly which ticker symbols / CUSIPs he still holds since he's no longer disclosing them.

Berkowitz also dedicated the vast majority of his annual letter to his Fannie & Freddie investments saying that, "Today, Washington bureaucrats are unlawfully holding these profitable companies captive in perpetual conservatorship." For his full thoughts on Fannie/Freddie, you can read Berkowitz's annual letter [here](#).

Berkowitz also sold out of numerous companies listed to the left. While this is a lot of transactions for him, these positions were absolutely miniscule in size compared to what he typically runs in his portfolio.

View Fairholme Capital's Updated
Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	AIG	AIG		39.37%	Cut -15%	\$2,872,411,000	51,283,896
2	Bank of America Corp.	BAC		23.13%	Cut -3%	\$1,687,116,000	94,304,965
3	Sears Holdings Corporation	SHLD		12.00%	Cut -3%	\$875,463,000	26,545,273
4	AIG Warrants	AIG.W		8.26%	Cut 0%	\$602,495,000	24,471,763
5	St. Joe Corp	JOE		6.25%	Cut 0%	\$455,693,000	24,779,398
6	Leucadia National Corp.	LUK		4.45%	Cut -4%	\$324,658,000	14,480,743
7	Sears Canada	SRSC		1.86%	New	\$135,460,000	14,095,696
8	Sears Warrants	SHLDW		1.82%	New	\$132,442,000	6,413,656
9	Bank of America Warrants	BAC/WS/A		1.19%	Added 0%	\$87,039,000	12,363,428
10	Berkshire Hathaway	BRK.B		0.58%	Cut -1%	\$42,110,000	280,450
11	Wells Fargo Warrant	WFC-W		0.38%	Cut -4%	\$27,671,000	1,295,465
12	JPMorgan Warrants	JPM/WS		0.21%	Unchanged	\$15,669,000	753,300
13	CanadianNaturalResources	CNQ		0.21%	New	\$15,551,000	503,600
14	Lincoln National Warrants	LNC/WS		0.12%	Cut -12%	\$8,990,000	181,610
15	Wells Fargo & Co.	WFC		0.11%	Unchanged	\$8,201,000	149,600
16	Citigroup, Inc.	C		0.04%	Unchanged	\$2,952,000	54,560
17	Bank of America Warrants	BAC/WS/B		0.01%	Unchanged	\$1,038,000	1,455,701
18	Berkshire Hathaway	BRK.A		0.01%	Unchanged	\$678,000	3
	Lands End Inc	LE			Sold		
	Lincoln National Corp.	LNC			Sold		
	HartfordFinancialWarrants	HIG-W			Sold		
	KKR	KKR			Sold		
	NY Community Bancorp	NYCB			Sold		
	Hartford Financial	HIG			Sold		
	Chesapeake Energy Corp.	CHK			Sold		
	BP Plc ADR	BP			Sold		
	Vodafone Group	VOD			Sold		

Tiger Global

Chase Coleman

CAGR since inception: 22.2% net of all fees

Descendant of Peter Stuyvesant, the man who built the 'wall' in Wall St



Key Takeaways

New Positions:

Alibaba Group (BABA)
Liberty Ventures (LVNTA)
On Deck Capital (ONDK) ~ IPO
Liberty Broadband (LBRDK)
JD.com (JD)
58.com (WUBA)
Sanderson Farms (SAFM)
Restaurant Brands (QSR) *

Sold Out:

Homebuilders ETF (XHB) Puts
CBS (CBS)
21 Vianet (VNET)
Burger King (BKW) *

Tiger Global finished 2014 up 16.9% net of fees for the year. The big news from this firm is that they've launched a new Internet Opportunities Fund with around \$700 million where they'll (obviously) target long investments in the internet space.

One of the big investment themes for Tiger Global is the consumer internet and especially in China. The market there is unique in that there's been less offline infrastructure built out. As internet adoption rises, internet companies have been taking share.

Tiger's largest position in this space is Autohome (ATHM), an online auto portal in China and they outlined their thesis in their Q4 letter: "The company has a mobile app and website where consumers gather information about new and used cars, read and contribute user generated content, and scan vehicle listings. Autohome generates revenue from ad placements by manufacturers and dealers, as well as through software subscription fees paid by dealers. We believe the company is well-positioned

to benefit from the continued share shift from offline to online sourcing channels as well as from rising car penetration in China, which currently stands at roughly 10%. Autohome is already profitable and we believe earnings can compound at high rates for the foreseeable future."

Another big theme in Tiger Global's portfolio these days is broadband. They feel that as demand increases for things like video streaming, these local monopoly broadband providers will have pricing power. They've bet on this trend mainly via John Malone's vehicles. His company Liberty Global (LBTYA/K) is a broadband consolidator in Europe while he has a large vested interest in Charter Communications' (CHTR) success via his domestic vehicle Liberty Broadband (LBRDK.) Tiger Global also sees Patrick Drahi and Altice/Numericable in Europe as other big beneficiaries of this trend.

Tiger's 'new' buy of Alibaba Group (BABA) is a bit confusing. In January 2014, they bought a \$200 million stake in the company when it was still private. Tiger Global also operates venture capital funds, so it would make sense that their BABA stake was held in those private equity funds. So if the hedge fund is just now showing a stake, the timing of the disclosure would mean they simply bought shares in the open market. If they participated in the IPO, they would have disclosed that position in their third quarter 13F filing.

* One last note on one of Tiger Global's positions: it shows they 'exited' Burger King Worldwide (BKW) and started a 'new' position in Restaurant Brands (QSR), but realistically these are the same position. Burger King merged with Tim Hortons to become Restaurant Brands.

View Tiger Global's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	21st Century Fox, Class A	FOXA		7.62%	Unchanged	\$645,404,000	16,805,219
2	MasterCard Inc. Class A	MA		7.34%	Cut -5%	\$621,563,000	7,214,060
3	Alibaba Group	BABA		7.13%	New	\$604,483,000	5,815,690
4	Transdigm Group Inc	TDG		5.89%	Cut 0%	\$499,438,000	2,543,612
5	Bitauto Holdings	BITA		5.46%	Unchanged	\$462,242,000	6,565,000
6	FleetCor Technologies, Inc.	FLT		5.18%	Added 1%	\$438,781,000	2,950,583
7	Liberty Global Inc., Series C	LBTYK		5.11%	Unchanged	\$432,553,000	8,953,698
8	Hertz Global Holdings Inc	HTZ		4.20%	Cut -10%	\$355,644,000	14,260,000
9	Avis Budget Group Inc	CAR		3.99%	Added 51%	\$337,938,000	5,094,800
10	Vipshop Holdings, Ltd	VIPS		3.98%	Added 1%	\$337,065,000	17,250,000
11	Charter Communications	CHTR		3.78%	Cut -4%	\$320,591,000	1,924,086
12	Autohome	ATHM		3.75%	Added 30%	\$317,605,000	8,735,000
13	Zillow Inc	Z		3.68%	Cut -6%	\$311,961,000	2,946,081
14	Restoration Hardware	RH		3.62%	Unchanged	\$306,599,000	3,193,410
15	Colfax Corp	CFX		2.50%	Added 3%	\$212,211,000	4,115,000
16	Liberty Ventures	LVNTA		2.35%	New	\$199,539,000	5,290,000
17	Tableau Software	DATA		1.81%	Added 25%	\$152,992,000	1,805,000
18	On Deck Capital	ONDK		1.68%	New	\$142,431,000	6,350,000
19	Liberty Broadband	LBRDK		1.41%	New	\$119,538,000	2,399,400
20	JD.com	JD		1.40%	New	\$118,370,000	5,115,392
21	GoPro	GPRO		1.34%	Added 243%	\$113,543,000	1,795,992
22	58.com	WUBA		1.20%	New	\$101,798,000	2,450,000
23	Sanderson Farms, Inc.	SAFM		1.12%	New	\$94,528,000	1,125,000
24	MakeMyTrip Ltd	MMYT		1.11%	Cut -47%	\$93,764,000	3,607,688
25	Restaurant Brand	QSR		1.08%	New	\$91,549,000	2,345,012
26	King Digital	KING		0.91%	Added 5%	\$76,792,000	4,999,500
27	Gamestop Corp., Class A	GME		0.80%	New	\$67,600,000	2,000,000
28	3D Systems Corp.	DDD		0.79%	Added 8%	\$66,939,000	2,036,483
29	Trulia Inc	TRLA		0.78%	Unchanged	\$65,998,000	1,433,808
30	Pilgrims Pride Corp.	PPC		0.77%	New	\$65,580,000	2,000,000
31	Myriad Genetics Inc	MYGN		0.76%	Unchanged	\$64,714,000	1,900,000
32	Masonite International	DOOR		0.74%	Added 5%	\$62,997,000	1,025,000
33	UTi Worldwide Inc	UTIW		0.73%	Unchanged	\$61,907,000	5,129,000
34	Stratasys Ltd	SSYS		0.59%	New	\$49,866,000	600,000
35	Visa Inc	V		0.53%	Cut -39%	\$45,224,000	172,479
36	Grubhub	GRUB		0.53%	New	\$45,037,000	1,240,000
37	Netflix Inc	NFLX		0.52%	New	\$44,409,000	130,000
38	Soufun Holdings Limited	SFUN		0.49%	Cut -60%	\$41,138,000	5,566,700
39	Mobileye	MBLY		0.48%	Unchanged	\$40,560,000	1,000,000
40	51 Job Inc ADS	JOBS		0.40%	New	\$33,606,000	937,400
41	Liberty Media	LMCA		0.38%	New	\$31,984,000	32,500,000
42	Sierra Wireless Inc	SWIR		0.28%	New	\$23,695,000	500,000
43	Trina Solar Ltd	TSL		0.28%	Unchanged	\$23,613,000	2,550,000
44	Bio Reference	BRLI		0.27%	Unchanged	\$23,134,000	720,000
45	Momo	MOMO		0.25%	New	\$21,000,000	1,750,000

Continued on next page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Zhaopin	ZPIN		0.23%	Added 2%	\$19,355,000	1,275,000
47	Twitter Inc	TWTR		0.21%	Unchanged	\$17,935,000	500,000
48	Lending Club	LC		0.08%	New	\$6,958,000	275,000
49	Nimble Storage	NMBL		0.08%	Unchanged	\$6,875,000	250,000
50	FireEye Inc	FEYE		0.07%	Unchanged	\$6,316,000	200,000
51	Yodlee	YDLE		0.05%	New	\$4,270,000	350,000
52	Qunar	QUNR		0.05%	Unchanged	\$4,265,000	150,000
53	Organovo Holdings Inc	ONVO		0.04%	New	\$3,625,000	500,000
54	Horton Works	HDP		0.04%	New	\$3,510,000	130,000
55	Trulia Inc Note	TRLA		0.03%	New	\$2,885,000	2,000,000
56	Liberty Broadband	LBRKR		0.02%	New	\$2,090,000	220,001
57	Veeva Systems	VEEV		0.02%	Unchanged	\$1,981,000	75,000
58	iDreamSky	DSKY		0.02%	Unchanged	\$1,708,000	100,000
59	Castlight Health	CSLT		0.02%	Unchanged	\$1,346,000	115,000
60	Solazyme Inc	SZYM		0.02%	New	\$1,290,000	500,000
61	New Relic	NEWR		0.01%	New	\$871,000	25,000
	Priceline Group Inc	PCLN			Sold		
	Burger King Worldwide	BKW			Sold		
	Zynga, Inc.	ZNGA			Sold		
	Abiomed Inc	ABMD			Sold		
	ResMed Inc.	RMD			Sold		
	CBS Corp. Class B	CBS			Sold		
	21Vianet Group, Inc.	VNET			Sold		
	dELiA*s Inc	DLIAQ			Sold		
	Glu Mobile Inc	GLUU			Sold		
	China XD Plastics Co. Ltd.	CXDC			Sold		
	S&P Homebuilders ETF	XHB	PUT		Sold		
	Insys Therapeutics Inc	INSY			Sold		

Runs a concentrated, long-term oriented portfolio;
Generated a cumulative return (compounded geometrically)
of 426% since 2005

Originally seeded by Julian Robertson; operates a long/short
hedge fund and a recently launched long-only vehicle

Key Takeaways

New Positions:

Sensata Technologies (ST)
Informatica (INFA)
S&P 500 (SPY) Puts
iShares Russell 2000 (IWM) Puts

Sold Out:

Endo International (ENDP)

This quarter, and for all issues going forward, John Burbank's Passport Capital is replaced by Jonathan Auerbach's Hound Partners. Passport's portfolio was simply turned over too frequently and held too many positions to truly glean much insight. Due to reader request, Hound Partners is inserted in their place.

Auerbach's firm runs both a long/short equity hedge fund and a recently launched long-only product as well. Hound is truly long-term focused and runs a concentrated portfolio of positions that can typically be labeled 'compounders.' Their portfolio has low turnover as they often hold their stocks for many years, making them an ideal firm to track. Their hedge fund finished up 10.17% net of fees for 2014 and their long-only fund finished up 18.5% net.

In order to put Hound's fourth quarter portfolio in context, let's frame some of their past activity. Valeant Pharmaceuticals (VRX) has been their top holding for quite some time. However, after the company's bid for Allergan (AGN) failed, the hedge fund took some profits in the play. That said, it's still a sizable position for the firm as they believe strongly in management (Mike Pearson) and the business model of rolling up pharmaceutical plays.

Hound's largest equity position is now Spirit

Aerosystems (SPR), one that they acquired in the first quarter of 2014 and have added to each quarter thereafter. Auerbach wrote about the position in Hound's year-end letter: "When we invested in Spirit, the stock was highly depressed due to poor historical performance and the fact that the company had recently taken large accounting write-offs ... Our variant perception was that Spirit would be at least a decent business going forward and that the new CEO was an extremely talented executor ... Since then, the company has reported several clean quarters, and the stock has begun to reflect more optimism. On top of this, we estimate that there's around \$0.50 of hidden EPS, as the company is not currently earning a margin on the new line of Boeing 787 planes (a.k.a. Dreamliner), but ought to be able to once the initial block of 500 planes is delivered."

Hound's position in Colfax (CFX) has been a recent negative to performance as the company faces currency headwinds and weakened end markets. That said, Hound still likes the company as a long-term compounding play and really trusts management here. The stock has sold off steadily over the past few months, providing a potential opportunity for those looking to mimic the hedge fund's bet. Hound added to the position by 46% during Q4 and is now their seventh largest equity holding. Additionally, CFX has seen insider buying recently in the open market as Director Mitch Rales bought 500,000 shares (around \$23 million worth.) For the full thesis on Colfax, the company is featured in the equity analysis section [later in this issue](#).

View Hound Partners' Updated
Portfolio on the Next Page



Hound Partners

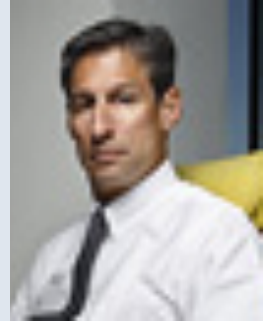
Fourth Quarter 2014 Portfolio:

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Citigroup, Inc.	C	CALL	12.35%	Unchanged	\$432,198,000	7,987,400
2	Spirit Aerosystems	SPR		11.59%	Added 13%	\$405,896,000	9,430,671
3	Carters, Inc.	CRI		9.90%	Cut -24%	\$346,627,000	3,970,073
4	Valeant Pharmaceuticals	VRX		8.80%	Cut -40%	\$307,955,000	2,151,874
5	Charter Communications	CHTR		7.74%	Cut -5%	\$271,007,000	1,626,498
6	FleetCor Technologies, Inc.	FLT		6.49%	Added 8%	\$227,293,000	1,528,430
7	Tesoro Petroleum Co	TSO		6.49%	Cut -6%	\$227,188,000	3,055,657
8	Colfax Corp	CFX		6.12%	Added 46%	\$214,103,000	4,151,689
9	Sensata Technologies	ST		5.71%	New	\$200,011,000	3,816,272
10	AIG	AIG		4.30%	Added 33%	\$150,403,000	2,685,294
11	Informatica Corp.	INFA		2.93%	New	\$102,429,000	2,685,958
12	Esterline Technologies	ESL		2.27%	Added 157%	\$79,470,000	724,558
13	W.R. Grace	GRA		2.19%	Added 2%	\$76,730,000	804,382
14	Ctrip.com	CTRP		1.99%	Added 57%	\$69,739,000	1,532,735
15	Transdigm Group Inc	TDG		1.87%	Added 2%	\$65,320,000	332,669
16	Thermo Fisher Scientific	TMO		1.74%	Added 2%	\$60,796,000	485,246
17	IntercontinentalExchange	ICE		1.51%	Cut -30%	\$52,768,000	240,631
18	Citigroup, Inc.	C		1.41%	Added 2%	\$49,527,000	915,310
19	AIG Warrants	AIG.W		1.41%	Added 3%	\$49,437,000	2,008,018
20	S&P 500 ETF	SPY	PUT	1.26%	New	\$44,191,000	215,000
21	Liberty Global Inc, Class A	LBTYA		1.21%	Added 2%	\$42,456,000	845,654
22	Russell 2000 Index	IWM	PUT	0.53%	New	\$18,541,000	155,000
23	Daily Inverse VIX	XIV		0.19%	Added 40%	\$6,788,000	217,994
	Endo International	ENDP			Sold		

Next Page: Perry Capital

Average return of over 15% since inception; only 1 losing year in 22 years (2008)

Seeks to deliver strong returns with low correlations to equity markets



Key Takeaways

New Positions:

CBS (CBS)
Cheniere Energy (LNG)

Sold Out:

Herbalife (HLF)
Shire (SHPG)
iShares Russell 2000 (IWM) Puts
Mallinckrodt (MNK)
NMI Holdings (NMIH)

Last quarter's issue of Hedge Fund Wisdom touched on Perry Capital's fondness for shares of Ally (ALLY), the automotive financial services company. It's worth talking about that again given that Perry ramped up its exposure to the stock by 45% during the fourth quarter and it's now their second largest holding worth over \$496 million. Perry's initial thesis was that the company was trading below book value and they argued it should trade at 1x at least. Additionally, they saw the government's ownership as an overhang on the stock that would eventually be removed as the government would be selling its position into the end of 2014. The latter has played out just as Perry expected, as the US sold the rest of its shares.

In December, Ally then overtook Wells Fargo (WFC) as the top US auto lender. Then in January, Ally lost their General Motors (GM) business as the company decided to use its in-house financing arm for discounted leases on new vehicles. These account for a good portion of current originations for Ally and the company is planning on courting dealers of other automobile manufacturers

to try and cushion the blow. Shares of ALLY currently trade around \$22 and recent sell-side reports have valued the company around \$28 per share.

Another pre-existing position Perry was out adding to during Q4 was Nokia (NOK). They boosted their position size by 50% and it's now their third largest US equity long.

The hedge fund also initiated two brand new stakes during the quarter: CBS (CBS) and Cheniere Energy (LNG.) Both have been hedge fund favorites, though Perry's stake in CBS is much larger than their LNG bet.

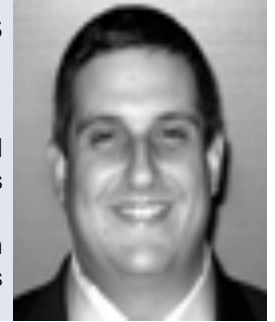
On the selling side of their portfolio, Perry cut their losses in Shire (SHPG) along with the rest of the risk arbitrage community. After trading as high as \$264, SHPG collapsed to as low as \$156 as the company's takeover by AbbVie (ABBV) failed. Given that SHPG shares then recovered to \$210 by the end of the year, it's hard to say exactly how large Perry's loss on this investment might have been.

The hedge fund also liquidated its previously large position in Herbalife (HLF). It's quite possible that they might have taken a loss on this stake as well given that they originally purchased shares in the third quarter of 2013 when HLF was trading between \$48 and \$70. During the fourth quarter of 2014 when they exited, HLF traded as high as \$56 but as low as \$32. Bill Ackman's Pershing Square remains short the stock, continuing their longstanding argument that the company is a pyramid scheme.

View Perry Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	AIG	AIG		24.19%	Added 3%	\$578,303,000	10,325,000
2	Ally Financial	ALLY		20.76%	Added 46%	\$496,235,000	21,009,083
3	Emerging Markets Index	EEM	PUT	11.84%	Cut -18%	\$282,888,000	7,200,000
4	Nokia Corp. ADR Class A	NOK		8.39%	Added 50%	\$200,498,000	25,508,674
5	Rock-Tenn Company	RKT		7.18%	Cut -21%	\$171,503,000	2,812,444
6	International Paper	IP		5.97%	Unchanged	\$142,737,000	2,664,000
7	YPF S.A. ADR	YPF		5.64%	Added 6%	\$134,786,000	5,092,045
8	KapStone Paper	KS		4.69%	Cut -2%	\$112,191,000	3,827,742
9	CBS Corp. Class B	CBS		3.94%	New	\$94,078,000	1,700,000
10	Universal American	UAM		2.99%	Unchanged	\$71,556,000	7,710,788
11	Theravance Inc	THRX		2.38%	Added 120%	\$56,978,000	4,026,736
12	Johnson & Johnson Co.	JNJ		1.37%	Cut -9%	\$32,690,000	312,610
13	Cheniere Energy Inc	LNG		0.66%	New	\$15,774,000	224,058
	NMI Holdings Inc	NMIH			Sold		
	Shire Plc ADS	SHPG			Sold		
	Russell 2000 Index	IWM	PUT		Sold		
	Herbalife Ltd	HLF			Sold		
	Theravance Bioph	TBPH			Sold		
	Mallinckrodt PLC	MNK			Sold		



Known for taking concentrated positions in large caps

Previously a trader at Leon Cooperman's Omega Advisors

Key Takeaways

New Positions:

Anthem (ANTM)
Apollo Group (APOL)
Jarden (JAH)
Allergan (AGN)
Rock-Tenn (RKT)
Packaging Corp (PKG)
American Realty Capital (ARCP)
Wyndham (WYN)
Terraform (TERP)

Sold Out:

LifePoint Hospitals (LPNT)
Centene (CNC)
Wellpoint (WLP)
Citigroup (C)
Babcock & Wilcox (BWC)

Larry Robbins recently appeared at the Harbor Investment Conference and shared some of his favorite stock picks. During his talk, he noted that Glenview likes to 'act like owners' for their investments. Additionally, he feels that stocks are still cheap compared to other options, especially if you pick the right stocks.

He mentioned he continues to like Thermo Fisher Scientific (TMO.) This has been his top holding for a while now. Previously, Life Technologies was his top holding. When the company was bought out by TMO, he decided to hold a stake in the combined entity. Robbins also noted that he likes Monsanto (MON) and this is another one of his large holdings. His argument here is that simply put, the world needs its products in order to produce enough food to feed everyone on the planet. Some other stocks Robbins mentioned

were Flextronics (FLEX), as well as Valeant Pharmaceuticals (VRX ~ this one's only a small position for him.) Lastly, and probably most significantly, Robbins said he likes McDonald's (MCD.) This is a stock he hasn't mentioned previously. And although it's only a small position for him at the moment, he feels that the company needs to work on fixing declining sales and tip-toe around ever-changing consumer tastes and habits.

Last quarter's issue of the newsletter drew attention to the fact that Robbins did an interview where he mentioned he was fond of car rental companies. And that he certainly was. According to a 13G filed with the SEC, Glenview now owns 5.2% of Avis Budget Group (CAR) with 5.44 million shares. This means they've increased their stake by over 1.49 million shares since the end of the third quarter.

The biggest move they made involving one of their pre-existing positions was almost doubling their exposure to eBay (EBAY). This stock has an impending catalyst as it's set to split up into two companies: an e-commerce/marketplace company and PayPal, an online/mobile payments company. Glenview clearly loves this split and it will be interesting to see if they prefer one company over the other after the split, or if they decide to hold onto both.

On the selling side of things, Glenview continues to selectively trim its exposure to their highly profitable trade in for-profit hospitals. While they retain their large Tenet Healthcare (THC) stake, they have reduced their HCA (HCA) position by a decent amount for the second straight quarter. Additionally, they liquidated their exposure to LifePoint Hospitals (LPNT.)

View Glenview Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Thermo Fisher Scientific	TMO		7.14%	Added 0%	\$1,426,710,000	11,387,265
2	Monsanto Co	MON		5.75%	Unchanged	\$1,149,116,000	9,618,448
3	Flextronics International	FLEX		4.20%	Added 7%	\$839,964,000	75,130,959
4	Tenet Healthcare Corp.	THC		3.50%	Unchanged	\$699,896,000	13,812,831
5	Community Health	CYH		3.26%	Unchanged	\$652,097,000	12,093,795
6	Vca Inc	WOOF		3.12%	Added 47%	\$624,274,000	12,800,370
7	PVH Corp	PVH		2.91%	Added 10%	\$581,177,000	4,534,423
8	eBay Inc.	EBAY		2.74%	Added 98%	\$546,990,000	9,746,787
9	Dollar General Corp	DG		2.48%	Cut -3%	\$495,238,000	7,004,778
10	Endo International	ENDP		2.47%	Added 21%	\$494,118,000	6,851,326
11	Actavis Plc	ACT		2.37%	Added 7%	\$474,115,000	1,841,869
12	Pentair Plc	PNR		2.34%	Unchanged	\$467,519,000	7,038,836
13	Hertz Global Holdings Inc	HTZ		2.31%	Cut -5%	\$462,256,000	18,534,743
14	HCA Holdings, Inc.	HCA		2.27%	Cut -36%	\$453,453,000	6,178,678
15	Anthem Inc	ANTM		2.26%	New	\$451,488,000	3,592,645
16	Danaher Corp.	DHR		2.15%	Unchanged	\$428,550,000	5,000,000
17	CBS Corp. Class B	CBS		2.08%	Added 77%	\$416,137,000	7,519,648
18	Fidelity National Financial	FNF		1.92%	Added 18%	\$384,385,000	11,157,763
19	Mohawk Industries Inc.	MHK		1.81%	Added 157%	\$361,678,000	2,328,002
20	Avis Budget Group Inc	CAR		1.81%	Added 38%	\$360,944,000	5,441,647
21	Aetna Inc.	AET		1.76%	Cut -10%	\$351,778,000	3,960,125
22	Time Warner Cable Inc.	TWC		1.74%	Added 24%	\$347,182,000	2,283,190
23	Cadence Design Systems	CDNS		1.68%	Added 23%	\$334,860,000	17,652,108
24	Brookdale Senior Living	BKD		1.61%	Added 38%	\$321,084,000	8,756,030
25	Humana, Inc.	HUM		1.59%	Cut -56%	\$317,113,000	2,207,844
26	AIG	AIG		1.55%	Unchanged	\$309,410,000	5,524,198
27	Fossil Inc.	FOSL		1.53%	Cut -15%	\$305,170,000	2,755,738
28	McKesson	MCK		1.41%	Cut -28%	\$280,744,000	1,352,460
29	Realty Holdings Corp	RLGY		1.39%	Added 6%	\$278,651,000	6,263,233
30	T-Mobile USA Inc	TMUS		1.33%	Added 24%	\$265,330,000	9,848,938
31	Teradyne Inc.	TER		1.23%	Added 57%	\$246,637,000	12,462,722
32	Liberty Global Inc, Class A	LBTYA		1.13%	Added 7%	\$226,499,000	4,511,474
33	21st Century Fox, Class A	FOXA		1.04%	Unchanged	\$206,898,000	5,387,267
34	Carters, Inc.	CRI		1.03%	Cut -19%	\$206,500,000	2,365,136
35	Computer Sciences Corp.	CSC		1.03%	Cut -13%	\$206,081,000	3,268,529
36	SunEdison Inc	SUNE		1.03%	Added 27%	\$205,048,000	10,509,877
37	CDW Corp	CDW		1.02%	Added 53%	\$203,757,000	5,793,500
38	General Motors	GM		0.95%	Unchanged	\$190,290,000	5,450,867
39	Apollo Group	APOL		0.92%	New	\$184,062,000	5,396,132
40	Family Dollar Stores, Inc.	FDO		0.92%	Added 1%	\$183,245,000	2,313,406
41	Liberty Global Inc, Series C	LBTYK		0.89%	Unchanged	\$178,533,000	3,695,577
42	CIGNA Corp.	CI		0.87%	Cut -25%	\$172,902,000	1,680,126
43	National Oilwell Varco	NOV		0.86%	Cut -46%	\$171,265,000	2,613,531
44	Voya Financial, Inc	VOYA		0.83%	Cut -14%	\$165,238,000	3,898,966
45	Group 1 Automotive, Inc.	GPI		0.82%	Unchanged	\$163,233,000	1,821,389

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Global Payments Inc.	GPN		0.71%	Cut -23%	\$142,770,000	1,768,493
47	Dow Chemical Co.	DOW		0.70%	Added 26%	\$139,430,000	3,057,000
48	Jarden Corp.	JAH		0.69%	New	\$138,102,000	2,884,331
49	Allergan, Inc.	AGN		0.67%	New	\$133,857,000	629,647
50	TransCanada Corp	TRP		0.66%	Unchanged	\$131,688,000	2,680,754
51	Lithia Motors Inc, Class A	LAD		0.61%	Added 20%	\$121,526,000	1,401,848
52	Applied Materials Inc.	AMAT		0.57%	Cut -55%	\$113,019,000	4,535,256
53	Asbury Automotive Group	ABG		0.55%	Unchanged	\$110,418,000	1,454,401
54	CEMEX S.A.	CX		0.50%	Unchanged	\$100,438,000	9,856,504
55	Meritor Inc	MTOR		0.49%	Unchanged	\$98,730,000	6,516,803
56	PHH Corp	PHH		0.46%	Added 35%	\$92,470,000	3,859,351
57	AutoNation, Inc.	AN		0.46%	Added 36%	\$91,284,000	1,511,076
58	Sinclair Broadcast	SBGI		0.36%	Unchanged	\$72,054,000	2,633,567
59	FDLTY NATL FNC	FNFV		0.36%	Unchanged	\$71,572,000	4,547,112
60	Crown Castle	CCI		0.34%	Cut -89%	\$67,664,000	859,771
61	Rock-Tenn	RKT		0.33%	New	\$66,645,000	1,092,900
62	Packaging Corp	PKG		0.33%	New	\$66,629,000	853,673
63	Citizens Financial	CFG		0.32%	Cut -30%	\$64,421,000	2,591,350
64	American Realty Capital	ARCP		0.27%	New	\$54,601,000	6,033,312
65	Wyndham Worldwide	WYN		0.26%	New	\$52,588,000	613,200
66	Terraform Power	TERP		0.25%	New	\$50,180,000	1,666,667
67	Universal Health Services	UHS		0.23%	Unchanged	\$45,278,000	406,960
68	Sonic Automotive Inc.	SAH		0.17%	Cut -28%	\$33,678,000	1,245,500
69	Phillips 66	PSX		0.16%	Cut -71%	\$31,670,000	441,695
70	Syngenta AG ADS	SYT		0.15%	Unchanged	\$28,995,000	451,358
71	Sprint Corp	S		0.14%	Unchanged	\$27,585,000	6,646,917
72	Scorpio Tankers Inc	STNG		0.10%	Unchanged	\$19,577,000	2,252,800
73	IMS Health	IMS		0.06%	New	\$12,820,000	500,000
74	Citigroup Warrants	C/WS/A		0.04%	Unchanged	\$7,448,000	8,561,020
	WellPoint Inc.	WLP			Sold		
	Babcock & Wilcox Co	BWC			Sold		
	DuPont	DD			Sold		
	Orbitz Worldwide Inc	OWW			Sold		
	Centene Corp	CNC			Sold		
	LifePoint Hospitals Inc.	LPNT			Sold		
	Dollar Tree Inc.	DLTR			Sold		
	J.C. Penney	JCP			Sold		
	Citigroup, Inc.	C			Sold		
	Advance Auto Parts, Inc.	AAP			Sold		

Returned an average of 13% annually over the past decade

Has been directing more capital to Viking's 'best ideas' & is taking a more concentrated portfolio approach than in the past



Key Takeaways

New Positions:

Walgreens Boots Alliance (WBA) *
NXP Semiconductor (NXPI)
Crown Castle (CCI)
Avis Budget Group (CAR)
Ambev (ABEV)
Equinix (EQIX)
Legg Mason (LM)
Hartford Financial (HIG)
Walmart (WMT)
Coca Cola Enterprises (CCE)
Sealed Air (SEE)
Anthem (ANTM)

Sold Out:

Walgreens (WAG) *
AbbVie (ABBV)
Regeneron (REGN)
Precision Castparts (PCP)
Lowe's (LOW)
Netflix (NFLX)
21st Century Fox (FOXA)
Facebook (FB)
Liberty Global (LBTYA)
Liberty Global (LBTYK)

The latest news out of Viking Global is that they've raised \$1.5 billion for a new fund that will invest in both public and private companies and former co-chief investment officer Tom Purcell has returned to the firm, according to *Institutional Investor's Alpha*.

If it wasn't already clear from the long list above, Viking has a lot of turnover in their portfolio these days. Andreas Halvorsen has been making a concerted effort to put more money into his best

ideas. And after examining the portfolio weightings of the positions at the top of his sheet, he's certainly done so. But at the same time, he's also now initiated a myriad of smaller 0.5% to 1% positions for a couple quarters in a row. Perhaps his firm is now taking toehold positions in companies they like but analyzing them further before deciding which ones to size up larger.

Based on their activity in the fourth quarter, here are a couple of stocks Viking clearly likes: Actavis (ACT), Canadian Pacific (CP), Air Products (APD), Cheniere Energy (LNG), and Baidu (BIDU.) These are all stocks they previously owned but added significantly to during Q4. Not to mention, all of these are within their top eleven holdings.

When viewing Viking's portfolio on the next page, keep in mind they also have numerous international holdings that are realistically top ten holdings, including: AstraZeneca, China Mobile, and Intesa Sanpaolo SpA.

In portfolio activity since the end of the fourth quarter, Viking Global has recently filed two 13G's with the SEC. First, they've disclosed they now own 6.5% of Cheniere Energy (LNG) with over 15.3 million shares (an increase of over 5 million shares since Q4.) Second, Halvorsen's firm has also filed a 13G on Kansas City Southern (KSU) as they disclosed a 5% ownership stake in the company. Viking now owns over 5.56 million shares of KSU, which means they've purchased over 2.3 million shares already in the first quarter.

* Lastly, Viking Global's didn't sell their Walgreens exposure. The company completed its merger with Alliance Boots and now the combined entity trades under the new ticker WBA and remains one of Viking's top holdings.

View Viking Global's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Illumina Inc	ILMN		7.03%	Cut -4%	\$1,530,797,000	8,293,405
2	Walgreen Co	WBA		6.62%	New	\$1,442,749,000	18,933,712
3	Valeant Pharmaceuticals	VRX		5.96%	Cut -9%	\$1,299,010,000	9,077,007
4	Actavis Plc	ACT		5.42%	Added 80%	\$1,180,454,000	4,585,892
5	Pioneer Natural Resources	PXD		4.50%	Cut -3%	\$980,465,000	6,586,936
6	Canadian Pacific Railway	CP		3.58%	Added 108%	\$780,440,000	4,050,237
7	Air Products & Chemicals	APD		3.55%	Added 51%	\$773,141,000	5,360,470
8	Thermo Fisher Scientific	TMO		3.33%	Cut -27%	\$724,992,000	5,786,510
9	Micron Technology, Inc.	MU		3.24%	Cut -2%	\$705,933,000	20,163,744
10	Cheniere Energy Inc	LNG		3.22%	Added 83%	\$700,743,000	9,953,733
11	Baidu Inc	BIDU		3.03%	Added 68%	\$659,251,000	2,891,831
12	Mohawk Industries Inc.	MHK		2.82%	Cut -30%	\$613,992,000	3,952,060
13	Citigroup, Inc.	C		2.79%	Cut -25%	\$607,129,000	11,220,274
14	Mondelez International	MDLZ		2.37%	Added 27%	\$517,170,000	14,237,306
15	Dollar Tree Inc.	DLTR		2.32%	Added 31%	\$506,132,000	7,191,419
16	Bank of New York Mellon	BK		2.21%	Cut -29%	\$481,406,000	11,866,061
17	Delta Air Lines Inc	DAL		1.99%	Added 350%	\$433,038,000	8,803,384
18	Hilton	HLT		1.98%	Added 70%	\$431,582,000	16,542,046
19	Allergan, Inc.	AGN		1.92%	Cut -14%	\$417,976,000	1,966,112
20	NXP Semiconductors NV	NXPI		1.90%	New	\$413,446,000	5,411,595
21	Google Inc. Class A	GOOGL		1.81%	Cut -20%	\$393,994,000	742,461
22	Kansas City Southern	KSU		1.79%	Cut -25%	\$390,223,000	3,197,766
23	Alibaba Group	BABA		1.77%	Cut -67%	\$385,481,000	3,708,686
24	MasterCard Inc. Class A	MA		1.70%	Cut -67%	\$370,846,000	4,304,154
25	Crown Castle	CCI		1.60%	New	\$348,787,000	4,431,857
26	DaVita HealthCare	DVA		1.55%	Added 12%	\$338,311,000	4,466,740
27	Avis Budget Group Inc	CAR		1.53%	New	\$333,023,000	5,020,701
28	LyondellBasell	LYB		1.48%	Cut -43%	\$321,472,000	4,049,281
29	HCA Holdings, Inc.	HCA		1.30%	Added 116%	\$284,067,000	3,870,654
30	Ambev S.A. ADR	ABEV		1.22%	New	\$266,784,000	42,891,298
31	VISA Inc	V		1.10%	Cut -70%	\$240,334,000	916,606
32	Equinix	EQIX		1.03%	New	\$224,097,000	988,389
33	Salix Pharmaceuticals Ltd	SLXP		0.92%	Cut -36%	\$199,778,000	1,738,104
34	Legg Mason Inc.	LM		0.90%	New	\$196,573,000	3,683,203
35	Hartford Financial Services	HIG		0.73%	New	\$159,369,000	3,822,711
36	Wal-Mart Stores	WMT		0.73%	New	\$158,289,000	1,843,145
37	Coca Cola Enterprises Inc.	CCE		0.66%	New	\$143,405,000	3,243,000
38	Sealed Air Corp	SEE		0.63%	New	\$137,115,000	3,231,553
39	Capital One Financial	COF		0.61%	Added 17%	\$133,188,000	1,613,425
40	Anthem Inc	ANTM		0.58%	New	\$126,168,000	1,003,959
41	Ingersoll-Rand Co. Ltd.	IR		0.57%	New	\$124,149,000	1,958,488
42	Eaton Corp.	ETN		0.56%	New	\$121,780,000	1,791,937
43	Broadcom Corporation	BRCM		0.54%	New	\$117,109,000	2,702,716
44	Shire Plc ADS	SHPG		0.52%	New	\$112,600,000	529,784
45	Potash Corp	POT		0.51%	New	\$111,169,000	3,147,470

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Humana, Inc.	HUM		0.43%	Added 33%	\$94,553,000	658,313
47	Acadia Pharmaceuticals	ACAD		0.43%	Cut -32%	\$93,861,000	2,956,266
48	Vertex Pharmaceuticals	VRTX		0.42%	New	\$90,787,000	764,200
49	Ameriprise Financial, Inc.	AMP		0.35%	New	\$77,194,000	583,700
50	Ctrip.com	CTRP		0.34%	New	\$74,926,000	1,646,725
51	Alexion Pharma	ALXN		0.33%	Cut -82%	\$72,212,000	390,271
52	Receptos	RCPT		0.29%	New	\$62,723,000	511,981
53	Universal Health Services	UHS		0.26%	New	\$57,265,000	514,699
54	Qunar	QUNR		0.19%	New	\$40,391,000	1,420,733
55	Allegion plc	ALLE		0.19%	New	\$40,346,000	727,484
56	MGM Resorts	MGM		0.14%	New	\$29,915,000	1,399,187
57	Lam Research Corp.	LRCX		0.13%	New	\$28,301,000	356,700
58	Newfield Exploration	NFX		0.10%	Cut -91%	\$20,818,000	767,638
59	SanDisk Corp.	SNDK		0.09%	Cut -91%	\$19,874,000	202,840
60	Cigna Corp.	CI		0.09%	New	\$18,808,000	182,761
61	Wayfair	W		0.05%	New	\$10,333,000	520,550
62	Transocean Ltd	RIG		0.05%	New	\$9,880,000	539,000
	State Street Corp.	STT			Sold		
	Liberty Global Inc, Series C	LBTYK			Sold		
	Petroleo Brasileiro SA	PBR			Sold		
	Monsanto Co	MON			Sold		
	Liberty Global Inc, Class A	LBTYA			Sold		
	Facebook Inc	FB			Sold		
	Medtronic Inc.	MDT			Sold		
	SBA Communications	SBAC			Sold		
	D.R. Horton, Inc.	DHI			Sold		
	Marsh & McLennan	MMC			Sold		
	Regeneron Pharma	REGN			Sold		
	Netflix Inc	NFLX			Sold		
	Golar LNG Ltd	GLNG			Sold		
	Lowe's Companies, Inc.	LOW			Sold		
	WellPoint Inc.	WLP			Sold		
	Molina Healthcare Inc	MOH			Sold		
	21st Century Fox, Class A	FOXA			Sold		
	H&R Block	HRB			Sold		
	AbbVie Inc	ABBV			Sold		
	Walgreen Co.	WAG			Sold		
	Precision Castparts Corp.	PCP			Sold		
	Colfax Corp	CFX			Sold		
	Aon Plc	AON			Sold		
	Kite Pharma	KITE			Sold		
	Bank of America Corp.	BAC			Sold		
	Ralph Lauren Corp. Class A	RL			Sold		

Next: Farallon Capital

Typically focuses on risk arbitrage strategies

Founder Tom Steyer stepped down and key-man Andrew Spokes has taken the helm



Key Takeaways

New Positions:

Cubist Pharmaceuticals (CBST)
Baker Hughes (BHI)
Rockwood (ROC)
CareFusion (CFN)
American Realty Healthcare (HCT)
Auxilium (AUXL)
B/E Aerospace (BEAV)
KLX (KLXI) ~ spin-off from BEAV
Dresser Rand (DRC)

Sold Out:

Ross Stores (ROST)
Shire (SHPG)
Oaktree Capital (OAK)
Alibaba Group (BABA)
Foster Wheeler (FWLT)
Rockwell Collins (COL)
T-Mobile (TMUS)
L Brands (LTD)
Tim Hortons ~ bought out

Farallon Capital mainly focuses on risk arbitrage and that is clearly evident in their portfolio. There is a slight downside to tracking these positions in that due to the delay in disclosures and the timing of certain deal closures, sometimes positions will appear in their portfolio for the first time after shares have already ceased trading. This is exactly the case for Farallon's new position in Cubist Pharmaceuticals (CBST.) The company received a takeover offer from Merck (MRK) for \$102 per share and CBST shares no longer trade. A second holding of Farallon's where this applies is Covidien (COV.) They disclosed a large position in the

company in the fourth quarter, but COV has closed their deal with Medtronic (MDT) and shares of COV no longer trade either.

However, many other deal spreads in Farallon's portfolio are still in play and worth paying attention to. For instance, Andrew Spokes' new position in Baker Hughes (BHI) is an active merger arbitrage play as the company is trying to merge with Halliburton (HAL.) Farallon actually has some help with this deal as well. As detailed earlier in this issue, Jeff Ubben's activist firm ValueAct Capital owns both BHI and HAL shares and is pushing for the deal to go through, saying a combined company will be synergistic.

A few more of Farallon's new buys are active merger plays as well. CareFusion (CFN) received a takeover bid from Becton Dickinson (BDX) for \$12.2 billion. Additionally, Dresser Rand (DRC) is set to be taken over by Siemens for \$7.6 billion.

Two holdings in Farallon's portfolio that aren't risk arbitrage related are B/E Aerospace (BEAV) and KLX (KLXI.) BEAV spun-off KLX in December of 2014 so it's likely that Farallon bought BEAV pre-spin in order to take advantage of the catalyst play here (though it's also certainly possible that they waited until after the spin-off to purchase stakes in both companies.)

View Farallon Capital's Updated Portfolio on the Next Page



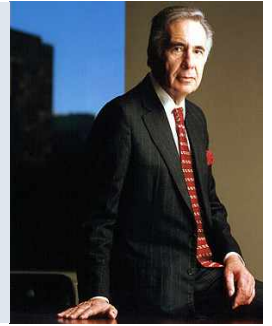
Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Allergan, Inc.	AGN		7.25%	Added 128%	\$531,050,000	2,498,000
2	Covidien plc	COV		6.28%	Added 24%	\$460,260,000	4,500,000
3	DIRECTV Corp.	DTV		5.60%	Added 30%	\$410,525,000	4,735,000
4	Safeway Inc.	SWY		4.34%	Added 27%	\$317,973,000	9,053,900
5	Hudson Pacific Properties	HPP		3.58%	Unchanged	\$262,184,000	8,722,016
6	Cubist Pharma	CBST		3.52%	New	\$258,167,000	2,565,000
7	Coca Cola Enterprises Inc.	CCE		2.86%	Cut -3%	\$209,382,000	4,735,000
8	Baker Hughes Inc.	BHI		2.72%	New	\$199,329,000	3,555,000
9	International Game Tech	IGT		2.67%	Added 39%	\$195,356,000	11,325,000
10	Rockwood Holdings Inc	ROC		2.51%	New	\$183,604,000	2,330,000
11	Microsoft Corp.	MSFT		2.50%	Added 5%	\$183,245,000	3,945,000
12	TRW Automotive	TRW		2.48%	Added 606%	\$181,475,000	1,764,458
13	American Tower Corp	AMT		2.18%	Cut -22%	\$159,643,000	1,615,000
14	Hudson City Bancorp, Inc.	HCBK		2.16%	Cut -31%	\$158,378,000	15,650,000
15	CareFusion Corp.	CFN		1.98%	New	\$144,790,000	2,440,000
16	eBay Inc.	EBAY		1.94%	Added 13%	\$142,264,000	2,535,000
17	Priceline Group Inc	PCLN		1.82%	Added 23%	\$133,519,000	117,100
18	Signet Jewelers, Inc.	SIG		1.81%	Cut -12%	\$132,886,000	1,010,000
19	Charles Schwab Corp	SCHW		1.80%	Added 6%	\$132,081,000	4,375,000
20	Dollar General Corp.	DG		1.78%	Added 289%	\$130,795,000	1,850,000
21	Time Warner, Inc.	TWX		1.75%	Cut -37%	\$128,130,000	1,500,000
22	Google Inc. Class A	GOOGL		1.68%	Added 68%	\$122,848,000	231,500
23	Google Inc. Class C	GOOG		1.66%	Added 69%	\$121,335,000	230,500
24	Auxilium Pharma Notes	AUXL		1.57%	New	\$114,968,000	77,485,000
25	Transdigm Group Inc	TDG		1.55%	Cut -14%	\$113,883,000	580,000
26	Charter Communications	CHTR		1.54%	Cut -46%	\$112,552,000	675,500
27	Owens-Illinois, Inc	OI		1.53%	Cut -27%	\$111,874,000	4,145,000
28	Tesla Motors Inc	TSLA	PUT	1.52%	Unchanged	\$111,205,000	500,000
29	21st Century Fox, Class A	FOXA		1.43%	Cut -47%	\$104,654,000	2,725,000
30	Family Dollar Stores, Inc.	FDO		1.36%	Added 908%	\$99,805,000	1,260,000
31	State Street Corp.	STT		1.31%	Cut -46%	\$95,966,000	1,222,500
32	Valeant Pharmaceuticals	VRX	CALL	1.27%	Unchanged	\$93,022,000	650,000
33	American Realty Healthcare	HCT		1.20%	New	\$88,120,000	7,405,000
34	Auxilium Pharma	AUXL		1.15%	New	\$84,415,000	2,455,000
35	KLX Inc.	KLXIV		1.11%	New	\$81,262,000	1,969,999
36	B/E Aerospace, Inc .	BEAV		1.05%	New	\$77,070,000	1,328,339
37	Lamar Advertising Co	LAMR		0.97%	Cut -13%	\$71,234,000	1,328,000
38	Dresser-Rand Group Inc	DRC		0.81%	New	\$59,699,000	729,822
39	Actavis Plc	ACT	PUT	0.76%	New	\$55,601,000	216,000
40	Actavis Plc	ACT	CALL	0.76%	New	\$55,601,000	216,000
41	Copart Inc.	CPRT		0.73%	Cut -18%	\$53,275,000	1,460,000
42	Express Scripts Inc.	ESRX		0.68%	Cut -44%	\$49,532,000	585,000
43	Cognizant Technology	CTSH		0.61%	Cut -70%	\$44,761,000	850,000
44	Anacor Pharmaceuticals Inc	ANAC		0.61%	Added 48%	\$44,666,000	1,385,000
45	Coca Cola Co.	KO	CALL	0.58%	New	\$42,220,000	1,000,000

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
46	Applied Materials Inc.	AMAT	CALL	0.57%	Unchanged	\$41,990,000	1,685,000
47	Knowles Corp.	KN		0.55%	Added 26%	\$40,129,000	1,704,000
48	Talisman Energy, Inc.	TLM		0.51%	New	\$37,193,000	4,750,000
49	Riverbed Technology Inc	RVBD		0.49%	New	\$35,615,000	1,745,000
50	Copa Holdings SA Class A	CPA		0.47%	New	\$34,470,000	332,594
51	CGI Group Inc Class A	GIB		0.43%	New	\$31,683,000	831,300
52	Spansion Inc	CODE		0.41%	New	\$30,341,000	886,659
53	Ashland Inc.	ASH		0.37%	Cut -58%	\$27,425,000	229,000
54	Starwood Property Notes	STWD		0.36%	Unchanged	\$26,417,000	24,000,000
55	Covance Inc.	CVD		0.36%	New	\$26,375,000	254,000
56	Town Sports	CLUB		0.33%	Unchanged	\$24,157,000	4,060,082
57	AMEC FOSTER WH	AMFW		0.31%	New	\$22,417,000	1,732,342
58	Axiall Corporation	AXLL		0.30%	Cut -20%	\$21,745,000	512,000
59	American Airlines Group	AAL		0.29%	Cut -57%	\$21,452,000	400,000
60	Receptos	RCPT		0.28%	Cut -53%	\$20,214,000	165,000
61	Agilent Technologies	A		0.26%	New	\$19,037,000	465,000
62	Actavis Plc	ACT		0.23%	New	\$16,827,000	65,370
63	Sigma-Aldrich Corp.	SIAL		0.21%	New	\$15,374,000	112,000
64	Radius Health	RDUS		0.21%	Cut -58%	\$15,369,000	395,000
65	Sapient Notes	SAPE		0.21%	New	\$15,301,000	615,000
66	Orexigen Therapeutics Inc	OREX		0.16%	Cut -28%	\$11,738,000	1,937,000
67	Salix Pharmaceuticals Ltd	SLXP		0.16%	Cut -17%	\$11,494,000	100,000
68	Wright Medical Group Inc	WMGI		0.16%	New	\$11,393,000	424,000
69	CBL & Associates	CBL		0.15%	Unchanged	\$10,875,000	560,000
70	KinderMorgan Warrants	KMI-W		0.15%	Added 150%	\$10,650,000	2,500,000
71	Dorian	LPG		0.14%	Unchanged	\$10,216,000	735,529
72	PetSmart, Inc.	PETM		0.14%	New	\$10,162,000	125,000
73	OmniVision Tech	OVTI		0.13%	Unchanged	\$9,750,000	375,000
74	Pendrell Corp.	PCO		0.13%	Added 18%	\$9,339,000	6,767,524
75	Perfect World Co Ltd	PWRD		0.10%	Unchanged	\$7,525,000	477,500
76	Shanda Games Ltd	GAME		0.10%	Cut -68%	\$6,984,000	1,229,493
77	Valeant Pharmaceuticals	VRX		0.09%	Cut -89%	\$6,583,000	46,000
78	Digital River Inc.	DRIV		0.07%	New	\$5,395,000	218,172
79	Celladon	CLDN		0.05%	Unchanged	\$3,906,000	200,000
80	Gulf Coast Units	GULTU		0.04%	Unchanged	\$3,038,000	2,392,134
81	Repros Therapeutics Inc.	RPRX		0.04%	Cut -57%	\$2,991,000	300,000
82	Trulia Inc	TRLA		0.03%	New	\$2,302,000	50,000
83	Zafgen	ZFGN		0.03%	Unchanged	\$1,850,000	60,000
84	Stemline Therapeutics, Inc.	STML		0.02%	Unchanged	\$1,621,000	95,000
85	Neothetics	NEOT		0.01%	New	\$935,000	125,000
86	Covisint	COVS		0.01%	New	\$816,000	307,818
87	CHC Group	HELI		0.01%	Cut -79%	\$805,000	250,000
88	Cobalt International Notes	CIE		0.01%	Unchanged	\$546,000	880,000

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	CLECO Corp.	CNL			Sold		
	Eagle Pharma	EGRX			Sold		
	Rockwell Collins, Inc.	COL			Sold		
	Ross Stores Inc.	ROST			Sold		
	Tri-Pointe Homes, Inc.	TPH			Sold		
	Dryships Inc NOTE	DRYS			Sold		
	Mallinckrodt PLC	MNK			Sold		
	Bally Technologies, Inc.	BYI			Sold		
	GW Pharma	GWPH			Sold		
	CompuWare Corp.	CPWR			Sold		
	New Oriental Education	EDU			Sold		
	Shutterfly Inc	SFLY			Sold		
	Oil States International Inc	OIS			Sold		
	Clovis Oncology Inc	CLVS			Sold		
	Fate Therapeutics, Inc.	FATE			Sold		
	Tim Hortons, Inc. ADR	THI			Sold		
	L Brands Inc	LTD			Sold		
	Methanex Corp	MEOH			Sold		
	T-Mobile USA Inc	TMUS			Sold		
	Uniqure	QURE			Sold		
	Kindred Biosciences	KIN			Sold		
	Dollar Tree Inc.	DLTR			Sold		
	Shire Plc ADS	SHPG			Sold		
	Oaktree Capital Group	OAK			Sold		
	Foster Wheeler AG	FWLT			Sold		
	Mallinckrodt PLC	MNK	PUT		Sold		
	Alibaba Group	BABA			Sold		



Key Takeaways

New Positions:

Manitowoc (MTW)

Sold Out:

CVR Refining (CVRR)

Carl Icahn started a new position in Manitowoc (MTW) during the fourth quarter. This is yet another activist stake of his where he met with management in order to suggest change. Icahn was successful in his proposal to separate Manitowoc into two separate publicly traded companies, as the company will spin-off its Foodservice segment and Icahn will gain a member on the board of each separate company.

Icahn also recently saw some development regarding his eBay (EBAY) stake. He entered into an agreement with eBay that allows one of his representatives to sit on eBay’s board of directors and then have the ability to transition to PayPal’s board after the spin-off of the company is complete. As has been detailed previously, Icahn sees great value in eBay’s PayPal asset and thinks the company will be much more valuable on a standalone basis and could even be a takeover target. Given this, it seems pretty likely that he’ll want representation on PayPal’s future board of directors.

Recently, Icahn has also released a letter regarding his stake in Apple (AAPL.) He applauds the company for implementing his suggestions of a stock buyback in an effort to enact more shareholder friendly capital allocation policies. However, Icahn still wants the company to buyback even more stock,

even after shares have risen higher. AAPL was trading just under \$67 when Icahn first engaged CEO Tim Cook about repurchasing shares and now AAPL trades around \$128. Icahn writes, “Since then, we have gained further confidence in our thesis, increasing the forecasted EPS for FY 2015 in our model from \$9.60 to \$9.70, and now believe the market should value Apple at \$216 per share. This is why we continue to own approximately 53 million shares worth \$6.5 billion, and why we have not sold a single share.”

Icahn still feels that AAPL shares are undervalued, noting that they trade at a 10x P/E ratio compared to a 17x multiple for the S&P 500. He labeled the discrepancy as ‘irrational’ and thinks Apple should trade at a 20x multiple, at least. He argues that if you add in the company’s \$22 per share in cash, this would value AAPL at around \$216 per share. Icahn feels that this multiple is even conservative if Apple were to introduce a TV in the future.

Lastly, for the second quarter in a row, Icahn was out buying shares of Hertz Global (HTZ.) He boosted his exposure by 33% during Q4 and it’s now his seventh largest position, worth over \$1.29 billion. The thesis on this stock was outlined in the equity analysis section of last quarter’s Hedge Fund Wisdom issue (Q3 2014), so be sure to login and download it if you missed it.

View Icahn Capital’s Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Icahn Enterprises LP	IEP		31.55%	Added 1%	\$10,061,739,000	108,810,845
2	Apple Inc	AAPL		18.26%	Unchanged	\$5,823,743,000	52,760,848
3	CVR Energy Inc	CVI		8.96%	Added 8%	\$2,856,902,000	77,198,718
4	eBay Inc.	EBAY		8.14%	Added 1%	\$2,596,750,000	46,271,370
5	Federalmogul	FDML		6.11%	Unchanged	\$1,948,692,000	121,111,976
6	Chesapeake Energy Corp.	CHK		4.08%	Unchanged	\$1,300,426,000	66,450,000
7	Hertz Global Holdings Inc	HTZ		4.06%	Added 34%	\$1,294,945,000	51,922,405
8	Hologic Inc.	HOLX		2.86%	Unchanged	\$913,301,000	34,154,879
9	Nuance Communications	NUAN		2.72%	Unchanged	\$867,396,000	60,784,623
10	Herbalife Ltd	HLF		2.01%	Unchanged	\$640,900,000	17,000,000
11	American Railcar	ARII		1.92%	Unchanged	\$611,370,000	11,871,268
12	Talisman Energy, Inc.	TLM		1.87%	Unchanged	\$595,550,000	76,060,078
13	Navistar International	NAV		1.71%	Added 13%	\$544,804,000	16,272,524
14	Netflix Inc	NFLX		1.51%	Unchanged	\$482,329,000	1,411,926
15	Gannett Co.	GCI		1.50%	Unchanged	\$477,908,000	14,967,373
16	Transocean Ltd	RIG		1.23%	Unchanged	\$393,690,000	21,477,900
17	Mentor Graphics Corp.	MENT		1.11%	Unchanged	\$353,356,000	16,120,289
18	Manitowoc Co. Inc.	MTW		0.31%	New	\$99,287,000	4,492,631
19	Seventy Seven Energy Inc	SSE		0.08%	Unchanged	\$25,679,000	4,746,421
20	Enzon Pharmaceuticals	ENZN		0.02%	Unchanged	\$6,436,000	5,904,863
21	Voltari Corp	VLTC		0.00%	Unchanged	\$468,000	678,203
	CVR Refining L.P.	CVRR			Sold		



Key Takeaways

New Positions:

Walgreens Boots Alliance (WBA) *
NCR (NCR)
Liberty Ventures (LVNTA)
SolarCity (CTY)
Computer Sciences (CSC)
Salix Pharmaceuticals (SLXP)
Salix Pharmaceuticals (SLXP) Calls
Golar LNG (GLNG)

Sold Out:

Walgreens (WAG) *
Dollar General (DG)
Motorola Solutions (MSI)
Motorola Solutions (MSI) Calls
Equinix (EQIX)
Cameron International (CAM)
Dollar General (DG)
QEP Resources (QEP)
URS (URS)
Amgen (AMGN)
Groupon (GRPN)

During the fourth quarter, JANA Partners reduced the number of stocks held in their portfolio in a big way. In total, they sold out of 49 positions. They hardly replaced those names either, as they only initiated 11 new stakes. It's unclear if JANA is making a market call here by bringing down their gross and/or net exposure. Perhaps they didn't have as much conviction in some of their smaller holdings or merely wanted to run a more concentrated portfolio. Whatever the reason, it's a noticeable change for sure. Barry Rosenstein's top ten holdings now account for over 65% of his portfolio. This

rapid shift is also interesting when you consider that JANA sold 91% of its massive put option hedge on the S&P 500 (SPY) during Q4 as well. This put option position previously had over \$5.8 billion in notional value so it wasn't a small hedge by any means. This time around, they've only reported \$512 million worth of notional value in SPY put options.

In portfolio activity since the end of the fourth quarter, it's worth noting that JANA has completely exited its stake in PetSmart (PETM.) They successfully pushed for the company to be sold and BC Partners will acquire the company in an \$8.7 billion deal. The stock has been effectively trading sideways as a merger arbitrage play, so it appears as though JANA didn't want to sit around and capture a tiny spread and instead wanted to raise cash levels to be able to deploy it into other potential opportunities.

* Lastly, please note that JANA maintains its exposure to Walgreens. As has been detailed throughout the issue, the company completed its merger with Alliance Boots and now trades under the new ticker. This was JANA's largest US equity long in the third quarter and that remained the case in the fourth quarter as well. Their WBA position is now worth over \$1 billion.

View JANA Partners' Updated Portfolio on the Next Page

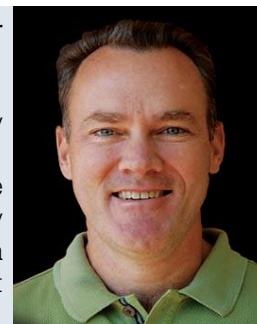


Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Walgreen Co	WBA		9.79%	Added 10%	\$1,047,750,000	13,750,000
2	Hertz Global Holdings Inc	HTZ		8.12%	Added 217%	\$868,419,000	34,820,341
3	Energy Sector ETF	XLE	PUT	7.40%	Added 28%	\$791,600,000	10,000,000
4	PetSmart, Inc.	PETM		7.36%	Unchanged	\$788,074,000	9,694,002
5	eBay Inc.	EBAY		7.05%	Added 3%	\$754,861,000	13,450,832
6	Ashland Inc.	ASH		6.55%	Cut 0%	\$701,020,000	5,853,539
7	Valeant Pharmaceuticals	VRX		5.76%	Added 235%	\$616,451,000	4,307,534
8	S&P 500 ETF	SPY	PUT	4.79%	Cut -92%	\$512,617,000	2,494,000
9	HD Supply Holdings, Inc.	HDS		4.33%	Added 30%	\$463,369,000	15,712,748
10	Actavis Plc	ACT		4.13%	Cut -32%	\$442,437,000	1,718,804
11	Aercap Holdings N V	AER		4.02%	Cut -2%	\$430,565,000	11,091,307
12	Charter Communications	CHTR		3.71%	Cut -34%	\$396,469,000	2,379,480
13	Rackspace Hosting Inc	RAX		3.50%	Added 14%	\$374,555,000	8,001,600
14	AIG	AIG		3.45%	Cut -44%	\$369,002,000	6,588,146
15	NCR Corp.	NCR		3.27%	New	\$349,872,000	12,006,600
16	Liberty Ventures	LVNTA		2.90%	New	\$310,754,000	8,238,435
17	Supervalu Inc.	SVU		2.74%	Unchanged	\$293,278,000	30,234,893
18	SolarCity Corp	SCTY		2.58%	New	\$275,858,000	5,158,150
19	Computer Sciences Corp.	CSC		1.62%	New	\$173,641,000	2,754,027
20	eBay Inc.	EBAY	CALL	1.27%	Cut -54%	\$136,170,000	2,426,400
21	Salix Pharmaceuticals Ltd	SLXP		1.20%	New	\$128,839,000	1,120,921
22	Golar LNG Ltd	GLNG		1.01%	New	\$107,600,000	2,950,377
23	Hertz Global Holdings Inc	HTZ	CALL	0.81%	Cut -70%	\$87,051,000	3,490,400
24	Salix Pharmaceuticals Ltd	SLXP	CALL	0.79%	New	\$84,826,000	738,000
25	KinderMorgan Warrants	KMIW		0.64%	Cut -27%	\$68,202,000	16,009,796
26	Gaming&LeisureProperties	GLPIV	PUT	0.57%	Cut -30%	\$61,321,000	2,090,000
27	S&P 500 ETF	SPY	CALL	0.38%	New	\$41,108,000	200,000
28	iRobot Corp.	IRBT		0.09%	Added 122%	\$9,590,000	276,222
29	Applied Materials Inc.	AMAT	CALL	0.07%	New	\$7,476,000	300,000
30	Energy Transfer Equity LP	ETE		0.05%	Cut -55%	\$5,352,000	93,280
31	Applied Materials Inc.	AMAT		0.02%	New	\$2,492,000	100,000

Continued on Next Page...

Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
	Iron Mountain, Inc.	IRM	CALL		Sold		
	Kinder Morgan Inc.	KMI			Sold		
	Civeo	CVEO			Sold		
	American Capital Ltd	ACAS			Sold		
	Apache Corp.	APA			Sold		
	SPDR Gold Trust ETF	GLD	CALL		Sold		
	Manitowoc Co. Inc.	MTW			Sold		
	Constellium	CSTM			Sold		
	McDonalds Corp.	MCD			Sold		
	Oil & Gas ETF	XOP			Sold		
	Liberty Media	LMCA			Sold		
	Advanced Micro Devices	AMD			Sold		
	Cytec Industries Inc.	CYT			Sold		
	Seadrill Partners LLC	SDLP			Sold		
	Alibaba Group	BABA			Sold		
	Gulfport Energy Corp	GPOR	CALL		Sold		
	Groupon Inc	GRPN			Sold		
	TCP Inter Hold	TCPI			Sold		
	Motorola Solutions Inc	MSI	CALL		Sold		
	QEP Resources Inc.	QEP			Sold		
	Qunar	QUNR			Sold		
	SPDR Gold Trust ETF	GLD			Sold		
	China 25 Index Fund	FXI			Sold		
	Walgreen Co.	WAG			Sold		
	Aecom Technology Corp	ACM			Sold		
	Cameron International	CAM			Sold		
	URS Corp.	URS			Sold		
	AbbVie Inc	ABBV			Sold		
	Civitas	CIVI			Sold		
	Gulfport Energy Corp	GPOR			Sold		
	Terraform Power	TERP			Sold		
	Motorola Solutions Inc	MSI			Sold		
	Oceaneering	OII			Sold		
	Equity Commonwealth	EQC			Sold		
	Dorian	LPG			Sold		
	QVC	QVCA			Sold		
	Equinix	EQIX			Sold		
	Dollar General Corp	DG			Sold		
	NRG Yield	NYLD			Sold		
	Amgen, Inc.	AMGN			Sold		
	Russell 2000 Index	IWM			Sold		
	Leucadia National Corp.	LUK			Sold		
	Voya Financial, Inc	VOYA			Sold		
	McDonalds Corp.	MCD	CALL		Sold		
	Crown Castle	CCI			Sold		
	Rockwood Holdings Inc	ROC	CALL		Sold		
	AmTrust Financial	AFSI	CALL		Sold		
	Liberty Media Co	LMCK			Sold		
	Sealed Air Corp.	SEE			Sold		

Next: Pennant Capital



Pursues a long/short equity strategy

Before founding Pennant in 2001, he was responsible for the global equity portfolio for David Tepper's Appaloosa Management

Key Takeaways

New Positions:

General Motors (GM)
Acadia Healthcare (ACHC)
United Airlines (UAL)
American Airlines (AAL)
Delta Airlines (DAL)
Impax Laboratories (IPXL)

Sold Out:

Ascena Retail Group (ASNA)
Petroleo Brasileiro (PBR.A)
EPAM Systems (EPAM)
Sensata Technologies (ST)
iShares Russell 2000 (IWM) Puts

Alan Fournier's portfolio didn't undergo any seismic changes during Q4. That said, there were still a few adjustments worth highlighting. First, he ratcheted up his exposure to Signet Jewelers (SIG) by 20% and it's now his second largest holding. Signet owns and operates some of the more recognizable mainstream jewelry stores such as Kay Jewelers and Jared The Galleria of Jewelry. While this is very much a consumer discretionary play, one aspect of the industry that investors like is the opaque pricing. Unless consumers really sit down and analyze diamond, gemstone, and precious metal prices, they never really know what they should be paying for certain pieces of jewelry.

Warren Buffett in the past has described the jewelry business (which he has been involved in via Borsheim's and Helzberg Diamonds): "All jewelers turn their inventory very slowly, and that ties up a lot of capital. A once-a-year turn is par for the course. The reason is simple: People buy jewelry

infrequently, and when they do, they are making both a major and very individual purchase. Therefore, they want to view a wide selection of pieces before zeroing on a single item." Jewelers typically have high fixed costs, average margins, and high overhead. So the lower the overhead and the higher the inventory turns, the better. Signet's brands are heavily marketed and you may have seen their ad slogans such as: "Every kiss begins with Kay" and "He went to Jared."

During the fourth quarter, Pennant Capital also ramped up its position in Cheniere Energy (LNG) by 51%. This liquefied natural gas terminal company has quickly become a hedge fund favorite. They have first mover advantage to capitalize on the trend of taking cheap US natural gas, liquefying it, and exporting it to countries where prices are higher, capturing the spread. Cheniere is essentially set up to act as a tollbooth on this trend. This is a bet on the future as the company has spent big on projects that have the potential to make big bucks in a few years. Seth Klarman's Baupost Group is also involved in LNG shares and was out buying during Q4 as well.

Lastly, the only other major takeaways from Pennant's portfolio are as follows: they disclosed a brand new equity stake in General Motors (GM) worth around \$75 million and also started a basket of airline stocks including most of the major US players: American Airlines (AAL), Delta Airlines (DAL), and United Airlines (UAL.) While each is individually a smaller position, the hedge fund has around \$76 million of cumulative exposure to the airline industry that is seeing tailwinds from falling oil prices and higher passenger loads.

View Pennant Capital's Updated Portfolio on the Next Page



Rank	Company Name	Ticker	Put/Call	% of Portfolio	Activity	Value	# of Shares
1	Transdigm Group Inc	TDG		7.00%	Cut -11%	\$372,722,000	1,898,251
2	Signet Jewelers, Inc.	SIG		5.61%	Added 21%	\$299,096,000	2,273,285
3	Constellation Brands, Inc.	STZ		5.58%	Unchanged	\$297,413,000	3,029,567
4	Carters, Inc.	CRI		5.55%	Unchanged	\$295,492,000	3,384,400
5	NVR Inc	NVR		5.26%	Cut -3%	\$280,320,000	219,802
6	Monsanto Co	MON		5.25%	Added 10%	\$279,470,000	2,339,251
7	Marathon Petroleum Corp.	MPC		5.18%	Added 10%	\$276,242,000	3,060,511
8	Wellcare Health Plans Inc.	WCG		4.79%	Added 21%	\$254,988,000	3,107,335
9	Priceline Group Inc	PCLN		4.76%	Cut -5%	\$253,399,000	222,239
10	Team Health Holdings Inc	TMH		4.26%	Cut -13%	\$227,140,000	3,948,209
11	Gilead Sciences Inc.	GILD		3.79%	Added 15%	\$201,811,000	2,141,000
12	Workday Inc	WDAY		3.76%	Unchanged	\$200,262,000	2,453,885
13	Middleby Corp	MIDD		3.68%	Unchanged	\$195,891,000	1,976,704
14	Cheniere Energy Inc	LNG		3.45%	Added 52%	\$184,016,000	2,613,857
15	DaVita HealthCare	DVA		3.19%	Cut -18%	\$170,112,000	2,245,997
16	Perrigo Cmpn Plc	PRGO		2.93%	Unchanged	\$155,870,000	932,457
17	Bright Horizons	BFAM		2.85%	Unchanged	\$152,040,000	3,234,198
18	Ocwen Financial Corp	OCN		2.53%	Cut -4%	\$134,540,000	8,909,964
19	Wabco Holdings Inc	WBC		2.38%	Added 7%	\$127,027,000	1,212,320
20	Mattress Firm Holding	MFRM		2.07%	Added 30%	\$110,185,000	1,897,121
21	WESCO International, Inc	WCC		1.91%	Cut -17%	\$101,564,000	1,332,685
22	Range Resources Corp.	RRC		1.84%	Unchanged	\$98,098,000	1,835,316
23	Terex Corp.	TEX		1.68%	Cut -27%	\$89,650,000	3,215,578
24	General Motors Co.	GM		1.41%	New	\$75,057,000	2,150,000
25	Markit	MRKT		1.25%	Unchanged	\$66,736,000	2,525,000
26	Cheniere Energy Partners	CQH		1.14%	Unchanged	\$60,612,000	2,690,300
27	Acadia Healthcare	ACHC		0.91%	New	\$48,356,000	790,000
28	Taylor Morrison	TMHC		0.89%	Unchanged	\$47,422,000	2,510,407
29	Grubhub	GRUB		0.57%	Unchanged	\$30,327,000	835,000
30	Universal Stainless	USAP		0.54%	Unchanged	\$28,747,000	1,143,021
31	United Continental	UAL		0.49%	New	\$26,087,000	390,000
32	American Airlines Group	AAL		0.48%	New	\$25,742,000	480,000
33	Delta Air Lines Inc	DAL		0.48%	New	\$25,333,000	515,000
34	CanadianNaturalResources	CNQ		0.45%	Cut -5%	\$23,932,000	775,000
35	Fluor Corp	FLR		0.40%	Cut -11%	\$21,524,000	355,000
36	Broadcom Corporation	BRCM		0.39%	Cut -20%	\$20,798,000	480,000
37	Amgen, Inc.	AMGN		0.38%	Cut -21%	\$20,230,000	127,000
38	Impax Laboratories, Inc.	IPXL		0.32%	New	\$16,889,000	533,100
39	Devon Energy Corp	DVN		0.27%	Cut -22%	\$14,140,000	231,000
40	KBR Inc	KBR		0.22%	Added 5%	\$11,696,000	690,000
41	Citrix Systems Inc.	CTXS		0.07%	Added 38%	\$3,957,000	62,016
42	McDermott International	MDR		0.05%	Cut -24%	\$2,910,000	1,000,000
	Russell 2000 Index	IWM	PUT		Sold		
	Vivus Inc.	VVUS			Sold		
	Petroleo Brasileiro SA	PBR.A			Sold		
	Ascena Retail Group Inc.	ASNA			Sold		
	Sensata Technologies	ST			Sold		
	EPAM Systems, Inc.	EPAM			Sold		

Next: Equity Analysis Section

Equity Analysis Section

Overview

These summaries examine why a hedge fund was buying a specific stock and what their potential investment thesis could be. This section focuses on stocks that saw notable hedge fund buying during the quarter.

When presenting an investment idea to a fund manager, an analyst outlines numerous aspects of a thesis. This section aims to briefly summarize the following bullet points:

- Company background
- The business model & current situation
- The bull case versus the bear case
- Market valuation
- Potential catalysts
- Hedge fund activity in the stock

Featured In This Issue

This quarter's write-ups take a look at two stocks hedge funds have been buying:

1. **Colfax Corp (CFX):** A 'younger' version of Danaher (DHR) in the making is down 40% from its 52-week high due to macro headwinds.
2. **American Realty Capital Properties (ARCP):** Activists have gotten involved with a REIT that has yet to file Q3 2014 financials after going through a transformational acquisition spree.

Next: Analysis of Colfax (CFX)



Hedge Fund Activity / Insider Buying

In the fourth quarter, Hound Partners increased its position in Colfax Corp (CFX) by almost 50% to make it 6% of its portfolio. Tiger Global added marginally to its stake and keeps it at a 2.5% position. Bares Capital added more than 1 million shares to make it a 17% position. Marble Arch Investments, founded by a Hound Partners veteran, also increased its position size up to 6%. Blue Ridge Capital maintains around a 2% position and slightly added to their holdings. Lastly, Akre Capital added as the stock price fell and maintains it at ~8% of its portfolio. Tom Gayner's respected insurance firm, Markel (MKL), also owns a stake (though their position was unchanged in Q4.)

On the other side of the table, Viking Global sold out of its remaining shares and Crestwood closed out a 3% position.

Perhaps the most notable action in the stock, though, is recent insider buying. A vehicle that's 50% owned by the Company's Chairman, Mitchell Rales, bought 500,000 shares at an average price of \$46.26 for a total purchase price of \$23.1 million, as disclosed in a February 12th filing, which sent the stock up ~8% on Friday, February 13.

Also worth highlighting is the largest institutional owner of CFX with 13.7 million shares: BDT Capital. BDT is a well-connected advisory and private equity fund founded by Byron D. Trott, an ex-Goldman Sachs investment banker who is sometimes referred to as "Warren Buffett's investment banker," managing \$6.3 billion in assets. BDT helped finance a transformational acquisition by CFX that was completed in early 2012, investing \$680 million split evenly between common and preferred stock carrying a 6% coupon.

BDT bought 14.8 million common shares at \$23 each, and 13.9 million preferred shares convertible into 12.2 million shares (with a conversion price of \$28.) At the closing of this deal, BDT effectively owned 26.9 million shares out of a total of 85 million shares and had a 28% ownership. The two founding Rales brothers themselves also bought \$50 million each in common stock at \$23.

The change in BDT's stake from 27 million shares to the current 13.7 million shares occurred as follows: In the third quarter of 2012 it sold 3.5 million shares; in the first quarter of 2013 it sold another 3.5 million shares; on May 7, 2013 it sold 3 million shares (plus the over-allotment option) at \$42.72 in conjunction with a public offering where CFX sold 7 million shares; in the first quarter of 2014 it fully converted its preferred stock into common shares; and in the third quarter of 2014 it sold 2.7 million shares. All in, total sales came to 12.7 million shares plus the overallotment option from the offering.

As of March 20, 2014 – according to the latest proxy statement – each of the two founding brothers controls 11.3 million shares or 9% of shares outstanding.



Company Background

CFX is a diversified industrial company that provides gas and fluid handling equipment and materials through Howden and Colfax Fluid Handling, and welding equipment and materials through ESAB. The strategy is to focus on branded, highly engineered industrial products.

The Company was founded in the mid-1990s by two brothers: Steven and Mitchell Rales (the latter is the current Chairman.) The two brothers co-founded Danaher (DHR) in the early 1980s and built it into a very well run and successful industrial conglomerate (the company's EPS compounded at an annual rate of around 24% for 20 years.)

The brothers' vision is to replicate their success with Danaher by building another leading industrial company through the acquisition and operational improvement of global industrial enterprises. They even adopted an operating model – the Colfax Business System – modeled after the Danaher Business System and the Toyota Production System. Danaher's system focuses on lean manufacturing (single product flow) and a strong company culture focused on constantly improving operations.

CFX sales are evenly split between its gas & fluid handling and its fabrication technology divisions. The Company develops and manufactures equipment and materials for heavy industries that need high performance and reliability (i.e. they sell critical parts.)

CFX currently has sales of \$4.6 billion balanced between its two divisions with half of its sales in high-growth emerging markets (management projects mid/high-single-digit growth over the cycle), a quarter of its sales in North America, and the remaining quarter in Western Europe (low-single-digit growth over the cycle.)



Business Segments

CFX was formed through a series of acquisitions (including IMO Industries and Allweiler AG) and divestitures to focus on the more promising, higher-growth businesses.

IMO Industries and Allweiler: These units focus on pumps and fluid handling systems. They sell to various industries including oil, marine, and power generation, among others. They benefit from the fact that their customers seem to be focused on lifetime cost and reliability versus the upfront cost when buying pumps. These units also possess a solid book of aftermarket business, servicing a large installed base.

In January 2012, CFX completed the transformational acquisition of **Charter International** and its two franchises – ESAB and Howden – for \$2.6 billion. The transaction grew revenue from less than \$700 million in 2011 to \$3.9 billion in 2012 (with the legacy business marginally down that year.)

Howden: This brand is a \$900 million leader in highly engineered fans, heat exchangers, and compressors sold in heavy-duty industries, where the performance improvement delivered by its products quickly recoups the buyer's investment. The franchise has some pricing power in that their products are relatively inexpensive in the context of a power plant in general, but are vital for efficiency. Revenues come from new construction / retrofit work and then also from aftermarket supply and servicing (which is higher margin.) This is somewhat like the razor and razorblade model. Howden has a near duopoly in many of their regions and benefits from growth trends in emerging markets as countries in Asia and Africa build coal-based power plants.

ESAB: This brand is a \$1.7 billion leader in welding and cutting technologies, equipment, and consumables. Even though some of the products appear commoditized, they're a small part of the end-user's overall project budget and reliability is crucial so it's a preferred and defensible brand name. ESAB has some pricing power due to its specialized products (some are protected by patents) as well as their leading market share in certain markets. While welding can be a highly fragmented industry (mostly local), ESAB is one of the three largest players in the space (the others being Lincoln Electric and Illinois Tool Works.) ESAB can grow via taking market share and/or doing bolt-on acquisitions as they scale and implement their forte: operating efficiency.

After the acquisition, Colfax hired Steve Simms, formerly a top executive at Danaher, to be the new CFX CEO. The plan was and still is for the two businesses to go through cost-cutting and operational improvements in order to deliver double-digit return on investment (ROI) while transforming CFX into a multi-platform, well-diversified global industrial player.

ESAB had an operating margin of 6% in 2011 and Howden was < 10%. Within 2 years, both companies are hovering around 12% margins, after consolidating 17 plants and 20 distribution centers and reducing headcount by more than 1,600.



Strategy & Situation Overview

CFX plans to deliver outsized returns through the acquisition of inefficient enterprises and the application of its efficiency-driven operational model. For example, management targets quality brands that operate with cluttered facilities that lack clear process workflows, and then goes in to implement their tested operational-improvement models. In order to execute this strategy, CFX has been hiring away leaders from DHR to replicate an already successful approach.

Situation Overview

On May 8, 2008, Colfax completed its initial public offering (IPO) with a share price of \$18, above its \$15-17 price range. In early 2009, it traded to a low of \$6 and then went on a consistent upwards trajectory until mid-2014, reaching a high of \$75. Since then, shares have been on a downward trend, hitting a low of \$45 in early 2015. It currently trades around \$52.

On October 23, 2014, CFX reported disappointing third quarter results. Adjusted EPS of \$0.57 missed consensus by \$0.04 while sales of \$1.16 billion were also below consensus of \$1.19 billion. Organic sales were down 4% due to weakness in the Company's end markets. Guidance for the year was set at \$4.675-\$4.725 billion and EPS at \$2.11-2.18. Immediately following the earnings miss, Goldman Sachs cut its price target from \$78 to \$57.

On December 16, 2014, CFX held its annual investor day, where it issued 2015 guidance below consensus, expecting EPS of \$2.20-2.40 versus consensus of \$2.58, and sales of \$4.525-4.675 billion (organic growth of flat to down 2%) versus consensus of \$4.8 billion.

In mid-January 2015, the stock hit a 52-week low of \$45, a 40% drop from its 52-week high in mid-2014. Since mid-2014, CFX has been noting

material weakness in most of its end markets, with organic sales and order declines to continue in 2015 in many of them.

On February 5, 2015, CFX stock traded down as it reported fourth quarter sales of \$1.2 billion (missed by \$60 million against consensus) and EPS of \$0.72 (beat by \$0.08). For 2014, sales were \$4.6 billion and operating earnings increased from \$2.04 per share in 2013 to \$2.20 in 2014. More importantly though, the Company lowered its previous guidance to \$4.25-4.40 billion in sales and \$2.03-2.23 EPS (\$2.13 at the mid-point versus \$2.30 previously.)

Divisional Performance

In the gas & fluid handling business, power generation sales were down 10% in the fourth quarter and bookings were off by 16% due to weakness in China and deferrals related to new environmental regulations in the US. Oil & gas / petrochemicals sales were down 14% organically but due to some big wins in the Middle East and Russia, orders were up more than 40%. Marine sales were down 7% organically with orders down 14%, where weakness in the defense segment more-than offset growth on the commercial side. Finally, mining posted a 3% organic decline in a particularly weak environment for capital expenditures.

In the fabrication technology business, organic sales were down 1% and another 9% due to foreign exchange headwinds. The operating margin of under-11% was down 50 basis points due to product and geographic mix, and softness in the mining sector. Sales declines in this segment are showing a positive trend as Latin America seems to be stabilizing and Europe was flat, offset by growth in North America.



The Bull Thesis

The thesis behind CFX is: it acquires underperforming businesses, applies its operating model, and turns them into a highly profitable engine. This is how it promises to deliver excess returns to shareholders. CFX is a 'younger' DHR in the making and the recent pull-back in the stock gives investors the potential opportunity to get in at a price 40% below its 52-week high.

The company has leading industry brands focused on end markets that, while partially weak now, have the prospect of attractive long-term growth. Colfax can consolidate fragmented industries and implement their process changes for accretive growth.

In its 2014 year-end letter to investors, Hound Partners said that, "Despite the poor performance this year, we remain confident that Colfax will compound nicely over time. We believe that the management team is truly top-notch."

Despite macro headwinds, management is delivering on its promises of operational improvements, and when the macro stabilizes it may be too late to get back in the stock.

The Bear Thesis

Based on management's guidance for an adjusted EPS of \$2.13 at the mid-point of the range, CFX currently trades at 24.4x forward earnings and 12x EV/EBITDA. Given the recent downward adjustments and cautious management commentary, CFX is facing headwinds and has a full valuation.

Some of its peers – Lincoln Electric (LECO), ITT Corp (ITT), and Flowserve (FLS) – are trading at more modest multiples of 15-16x forward EPS and 9-10x EV/EBITDA.

Bulls might be placing too much weight behind management's history (i.e. "past performance does not guarantee future results.") Future turnarounds could possibly take much longer than expected or not materialize at all. Colfax's end markets could also continue to weaken, causing further declines in guidance.

The Company's longer-term prospects may be solid, but in the short-to-medium-term there's not necessarily a reason to get too excited about the stock. Poor results/guidance have caused shares to fall 8 months in a row. Despite its experienced efficiency operators, it may be difficult to maintain margins when volumes are declining. If the turnaround story stalls, investors might lose patience and sell off the stock further.

Summary

A diversified industrial company with great pedigree and the looks of a 'younger' DHR in the making is a compelling proposition for many investors who want to bet on a 'repeat' of the DHR success. Some long-term oriented hedge funds have done just that by adding to their positions as shares sold off. It's clear they like management's track record and are willing to ride out bumps in the road. On the other hand, in the short-term, CFX faces serious headwinds and appears expensive compared to peers. Still, the 40% price drop from its 52-week high could present an interesting entry point for investors who want to look out farther into the future; patient capital might be required for a thesis that hinges on turnarounds.

Next: Analysis of American Realty Capital Properties (ARCP)



Hedge Fund Activity

In the fourth quarter, PointState Capital (founded by alums of Stanley Druckenmiller's successful but now defunct Duquesne Capital) bought 13 million shares of American Realty Capital Properties (ARCP) and built a new 2% portfolio position valued at \$117 million. Also, LiteSpeed Management opened an 8% portfolio position with 9.6 million shares, and Corvex Management also started a new position with 8 million shares and a lot more exposure through call options (position detailed below.) Lastly, Glenview Capital and Appaloosa Management started toehold positions.

The other side of the table was equally active: activist firm Marcato Capital completely exited its position of 22 million shares (position history detailed on the next page) and HG Vora also exited its previous 16% portfolio position. Eton Park Capital cut its exposure by more than half and Corsair Capital exited its almost 5% portfolio position.

Activist Involvement: Corvex Management & Marcato Capital

On December 29, 2014, Keith Meister's activist firm Corvex Management filed a 13D with the SEC, disclosing effective control of 64.7 million shares (7.1% of shares outstanding), including 56.8 million shares underlying call options that cost \$158 million, and 7.9 million shares of common stock that cost \$71 million to purchase.

The investment started on October 29, probably catalyzed by the large drop in the stock once the company announced accounting issues, financial restatements, and a delayed third quarter filing (which it still hasn't filed.) This situation is similar to the Hertz (HTZ) no-filing situation that was covered in last quarter's issue in the equity analysis section (where activist investors Carl Icahn and Barry Rosenstein got involved.)

Corvex believes that ARCP is facing some critical decisions in the near term and is ready for a new start, including the simplification of its operations, the stabilization and enhancement of the transformative Cole acquisition, and the replacement of its CEO. According to the most recently updated 13D on February 9th, 2015, Corvex exercised its call options and owns 70.6 million common shares, or 7.8% of ARCP shares outstanding, which cost \$618 million.

Corvex has requested a seat on the board of directors, but that has been rejected despite the fact that Corvex is now the second largest shareholder. As such, Corvex penned an open letter to the board of directors and potential CEO candidates (which you can read [here](#)) expressing their concerns for the company.

In short, Corvex wants ARCP's future leadership to do the following: "Assemble a senior management team of the highest caliber and integrity, regain access to the capital markets and implement a capital structure consistent with best-in-class triple net lease REITs, re-establish investment grade ratings with the key ratings agencies, re-establish a coherent long-term business plan, stabilize and determine a long term strategy for Cole that creates value for all ARCP shareholders, and establish a sustainable dividend policy."



Activist Involvement (Continued)

“Management has executed too many acquisitions too fast, confusing investors and analysts, who cannot model the Company’s pro formas or their own projections reliably.”

Mick McGuire’s activist firm Marcato Capital originally started its position in ARCP in the fourth quarter of 2013, making it 5% of its portfolio and increasing it to almost 15% in the third quarter of 2014. However, Marcato sold out completely in the fourth quarter of 2014.

The firm had been vocal about its disappointment with management and the valuation gap to comparable real estate investment trusts (REITs.) In a letter to ARCP’s management sent June 2, 2014, Marcato detailed its position:

Management had repeatedly said that it wouldn’t raise equity at \$14 or \$13, and definitely not at \$12 because it would undervalue the Company (referencing the CEO’s statements during the fourth quarter 2013 earnings conference call.) This statement was re-affirmed by the CEO on the first quarter 2014 earnings call on May 8. Regardless, ARCP went ahead and issued equity at \$12 on May 21, 2014.

Management has executed too many acquisitions too fast, confusing investors and analysts, who cannot model the Company’s pro formas or their own projections reliably. Instead, Marcato proposed that the Company pause on its acquisition spree in order to build credibility and give investors the opportunity to see the real financial performance of the Company.



Company Profile

ARCP is a Maryland-incorporated net-lease REIT that was founded in December 2010 and currently has an enterprise value of \$24 billion, about half of which is debt (primarily related to financing of real estate properties owned.) It purchases and operates / rents out commercial real estate properties, and owns a number of publicly-registered non-traded REITs. As of mid-2014, ARCP had approximately 4,500 properties in its portfolio with 99.1 million square feet (growing from <150 properties and 2.4 million square feet in 2012), with a 99.8% occupancy, an average lease duration of 12 years, and approximately half of its tenants were of investment-grade quality (another 1/3 of its tenants are unrated.)

History

ARCP went public in September 2011 by selling 5.6 million shares at \$12.50. Since then, it has announced numerous multi-billion-dollar merger and acquisition deals, the largest being the \$11.2 billion stock deal to acquire Cole in October 2013 (only 2% of Cole shareholders elected to receive cash.) This was completed in February 2014 and practically doubled the size of the Company.

With this larger scale, ARCP achieved wider institutional investor coverage, a cost of capital advantage from ARCP's investment grade credit rating, enhanced competitiveness (to compete for larger transactions) and diversification (potentially appealing to more investors over the longer term.)

Business Model

Net-lease REITs purchase real estate properties utilizing mortgages and corporate debt, and earn a spread between the lease payments from their tenants (adjusted for occupancy and operating expenses) and interest payments on borrowings. The REIT structure requires them to pay out at least 90% of their taxable income annually to shareholders through dividends, which attracts income/yield investors. These stocks experience volatility when there's a cut in the dividend due to insufficient operating cashflow, and much more so when there's a halt in dividend payments as is the case for ARCP currently.

Strategy

ARCP focuses on single-tenant free-standing commercial real estate occupied by high-grade tenants (publicly traded companies like Dollar General, Advanced Auto Parts, FedEx, and P&G) for cashflow stability and medium-duration leases for rent-growth potential in order to deliver a combination of dividend stability and growth to its investors. It targets 70% long-term and 30% medium-term leases with an average term of 10-12 years.

Competition

National Retail Properties (NNN, 20% investment grade, \$5 billion gross assets) and Realty Income (O, 45% investment grade, \$12 billion gross assets) are straightforward triple-net-lease owners/operators. Investors can easily understand and analyze their businesses in order to arrive at a fair valuation. Another comparable company is W.P. Carey (WPC, 25% investment grade, \$9 billion gross assets), but it follows a more complicated strategy by combining underwriting and investment management with its operations.



Situation Overview

Complexity

Over the past couple of years, ARCP has completed more than \$20 billion in acquisitions, increasing its enterprise value from less than \$1 billion to more than \$20 billion. The result has been a much more complex operation without comparable historical financials or adequate information for investors to reliably forecast performance.

It's especially important for dividend stocks to make their investors comfortable with their financials because their shareholder base relies on the stability of dividends. If they're difficult to forecast, the company will trade at a discount.

Following accounting irregularities, the Company became more vulnerable to investors' suggestions, especially as activists started to get involved. In fact, in early June 2014, Marcato Capital sent a letter to management expressing its frustration with the fast pace of acquisitions and lack of visibility. The result has been a valuation gap to comparable REITs and the hedge fund asked management to explore ways to close the gap.

In order to address the issue of exploding complexity and the addition of disparate offerings, the Company embarked on a few divestitures over the past half-year, divesting the broker-dealer / investment management operation to RCS Capital, and its multi-tenant portfolio to Blackstone.

Restatement

ARCP has yet to file its financial statements for the third quarter of 2014.

In the 2nd half of 2014, ARCP was trading in a range of \$12-13 per share, until late October 2014. On October 28, the stock closed at \$12.38. The next day it closed at \$10.00 and reached a low of \$7.85 on

November 3. Since then, the stock has recovered partially to around \$9.40 per share, in part driven by the involvement of activist investors.

On the evening of October 29, ARCP held an investor conference call, where it disclosed that an employee had notified the Company's audit committee of certain issues on September 7.

Management stated that figures for both the first and second quarters of 2014 would have to be restated, though it didn't expect an adjustment to any GAAP-related figures. The restatement would impact Adjusted Funds From Operations (AFFO) numbers, which are considered by investors as a more accurate depiction of a REIT's operating performance anyway. Management said that the impact of the restatement in first and second quarter results was very minor, to the tune of \$10-20 million or \$0.01-0.03 in each of the quarters.

In January 2015, the Company received a notice of default from its convertible note holders and it has 60 days to file the delayed financials. If it fails to do so, it can pay additional interest and keep the convertible note holders at bay for another 6 months. At the same time, ARCP has reached an agreement with its senior debt holders to not file a notice of default before March 3.

Leadership Transition

In relation to the restatement situation, ARCP has replaced its leadership team. In October 2014, it announced a new CFO and Chief Accounting Officer, and in December 2014, it announced a new interim CEO & Chairman of the Board. The old CEO & Chairman was Nicholas Schorsch, who had served in that position since the Company's inception in 2010 and owns 13.6 million shares or a 1.7% stake according to the latest proxy filing.



The Bull Case

ARCP trades at a significant discount to its IPO price of \$12.50 and its recent equity raise at \$12 because of a pending financial restatement and management turmoil. According to the Company, following the Cole merger it can support and grow a \$1.00 annual dividend, which means that it trades at a very rewarding 11% dividend yield.

The stock trades at a steep discount to its peers based on key valuation metrics like P/AFFO (peers trade at 15-17.5x whereas ARCP trades at <12x) and a dividend yield of >10% compared to around 6% at peers.

Short-term investors are probably counting on a resolution of the delayed filing, a 10% dividend while they wait, and upside potential of 40-70% if ARCP were to trade at a multiple similar to its peers.

The Bear Case

On the other hand, the valuation gap is justified by the fact that the Company doesn't even have reliable financials available. The dividend could be cut in the near future and there's a small risk that ARCP will receive notices of default if it doesn't manage to file its financials soon. If the accounting issues were so minor as initially management led investors to believe, the question is: why is it taking so long to rectify the situation?

What if there are bigger issues that the forensic accountants are uncovering? ARCP went through a spree of very large, transformative acquisitions, and it's not unfathomable that some accounting irregularities could have been brewing.

Summary

ARCP grew very rapidly over the past couple of years ('too fast' according to many investors.) The result of this opportunistic approach has been that investors lost confidence in management and the Company's financials, especially after repeated mis-statements that culminated with the pending restatement of Q3 2014 financials.

There are no reliable financials for investors to make a very informed decision, but ARCP's stock price seems to reward investors with a high yield and the potential for short-term appreciation via catalysts such as the naming of new permanent management and the restatement of financials.

This concludes the Q4 2014 issue

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