

# Frazier's Strategic Allocator

*Avoid the big downturns and profit from the upturns*



## Trade Alert

January 6, 2014

### SPECULATIVE PORTFOLIO

**Action:** Add to Brightcove

Ticker Symbol: BCOV

Sell Price: At the Market

Allocation: 5% of the amount of your financial market assets that you plan to use for speculation purposes.

Note: After this trade, BCOV should account for approximately 10% of your financial market assets that you plan to use for speculation purposes.

### SHORT-TERM TRADING PORTFOLIO

**Action:** Add to Brightcove or Buy it Back if You Sold it Earlier Today

Ticker Symbol: BCOV

Sell Price: At the Market

Allocation: 10% of the amount of your financial market assets that you plan to use for short-term trading purposes.

Note: After this trade, BCOV should account for approximately 20% of your financial market assets that you plan to use for short-term trading purposes.

**Action:** Sell Yandex

Ticker Symbol: YNDX

Sell Price: At the Market

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**Dear Member,**

**Brightcove (BCOV)** took a big hit today after the company announced that it has entered into a definitive agreement to acquire substantially all of the assets of Unicorn Media, a provider of cloud-based video-advertisement insertion technology. At one point early in the day, BCOV was down a whopping 21.4% from last Friday's close, as short-term traders reacted in the way that they do normally when a company announces that it's decided to acquire another company – they decided to sell the acquiring company immediately without doing any significant research.

In regard to today's announcement, Brightcove has agreed to pay Unicorn Media approximately 2.9 million unregistered shares of its common stock and approximately \$9.0 million of cash for those assets. (After

Brightcove's acquisition of Unicorn Media, the company's cash and short-term investments alone would have covered 65% of the company's total financial obligations as of September 3, 2013).

Unicorn Media's products enable companies to maximize their profits from the production of Internet-based videos. Specifically, the company's patented technology, Unicorn Once™, enables businesses to insert targeted advertisements into their videos and to deliver those videos immediately to every Internet-connected device via a single web site.

The company's products also enable businesses to analyze the results of their video advertisements – in real-time – on any platform. As a result of that real-time feature, businesses can make “on-the-fly” changes to their videos in an effort to maximize the profitability of their video ads.

With my research indicating that Brightcove's acquisition of Unicorn Media will add substantially to the company's revenues and earnings over the next few years, I would argue that persons who sold BCOV this morning made a mistake in reacting too quickly to today's announcement from Brightcove.

If you also sold BCOV this morning in an effort to protect the value of your portfolio, I advise you to buy back BCOV in accordance with the trade instructions outlined above.

If you did not sell BCOV, I advise you to add to your positions in the stock in accordance with those trade instructions.

Separately, I advise those of you who follow our Short-term Trading Portfolio to sell **Yandex (YNDX)** in accordance with the trade instructions outlined above.

Although I continue to like what I see in Yandex, price-momentum statistics indicate that the company's stock is overbought, on a short-term basis, and that it will pull back a bit over the next few days.

In light of the fact that YNDX closed today up approximately 8.9% from the time that I recommended it for purchase on December 18, 2013, I would argue that a wise course of action for short-term traders would be to capture that relatively big gain in a matter of only 11 trading days.

**Note:** I'm assuming that you did not sell BCOV today. Therefore, in the portfolio tables that I update weekly, you'll see that BCOV will now account for approximately 10% of our Speculative Portfolio and approximately 20% of our Short-term Trading Portfolio.



**David N. Frazier**

President and Chief Market Strategist  
Frazier & Mayer Research, LLC  
dba TheMarketMonk.com

A handwritten signature in dark ink, reading "David N. Frazier". The signature is written in a cursive, flowing style.

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