

Most shorted ahead of earnings

A review of how short sellers are positioning themselves in companies due to announce results in the coming week.

- Short sellers not convinced that Zoe's Kitchen is the next Chipotle as short interest doubles
- Investors split on Morrisons as shares rally ahead of earnings and dividend cut
- Solar Panel maker CGL attracts short sellers despite posting first profits in three years

North America

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Zoe'S Kitchen Inc	Restaurants	ZOES	12/03/2015	36.4	0%
Quebecor Inc	Cable & Satellite	QBR B	12/03/2015	25.0	-5%
Allied Nevada Gold Corp	Gold	ANV	11/03/2015	22.0	0%
Freshpet Inc	Packaged Foods & Meats	FRPT	10/03/2015	18.9	-4%
Ebiz Inc	Application Software	EBIX	14/03/2015	18.5	-11%
Bon-Ton Stores Inc	Department Stores	BONT	13/03/2015	17.4	11%
Vera Bradley Inc	Apparel, Accessories & Luxury Goods	VRA	12/03/2015	17.2	0%
Hibbett Sports Inc	Specialty Stores	HIBB	14/03/2015	15.5	5%
Dynavax Technologies Corp	Biotechnology	DVAX	11/03/2015	15.8	5%
Ovascience Inc	Biotechnology	OVAS	14/03/2015	15.7	18%
Ocwen Financial Corp	Thriffs & Mortgage Finance	OCN	14/03/2015	15.5	-3%
Acelix Pharmaceuticals Inc	Pharmaceuticals	ACRX	10/03/2015	14.6	1%
Veresen Inc	Oil & Gas Storage & Transportation	VSN	13/03/2015	4.2	40%
Neonode Inc	Electronic Manufacturing Services	NEON	13/03/2015	14.5	-3%
Zogenix Inc	Pharmaceuticals	ZGNX	11/03/2015	14.6	-6%
Athabasca Oil Corp	Oil & Gas Exploration & Production	ATH	13/03/2015	14.5	-2%
Spectrum Pharmaceuticals Inc	Biotechnology	SPPI	14/03/2015	14.0	27%
Bellatrix Exploration Ltd	Oil & Gas Exploration & Production	BXE	13/03/2015	13.8	19%
Canexus Corp	Commodity Chemicals	CUS	14/03/2015	12.8	-13%
Rocky Mountain Dealerships Inc	Trading Companies & Distributors	RME	12/03/2015	13.4	28%

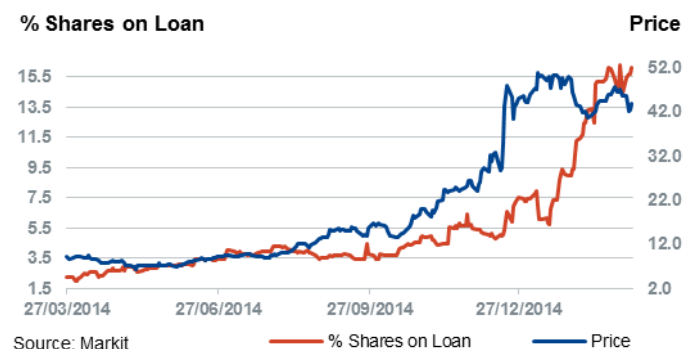
Zoe's Kitchen is the most shorted stock ahead of earnings in North America. Zoe also **featured** as a heavily shorted company back in October of last year. The stock has witnessed a consistent increase in short bets since then as shares out on loan has nearly doubled to 36%. However Zoe's shares have held up well in the face of this negative sentiment and have more than doubled from the IPO price.

Zoe'S Kitchen Inc



have seen the biggest moves in short sellers' positions ahead of earnings with 21% and 27% growth in shares out on loan reaching totals of 16% and 14% respectively. Ovascience, founded in 2011, is developing two products to improve female fertility and its share price has increased by 374% over the last 12 months. Spectrum Pharmaceuticals has five oncology/haematology products in late stage development.

Ovascience Inc



North American biotechnology stocks
Ovascience and Spectrum Pharmaceuticals

Western Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Wm Morrison Supermarkets Plc	Food Retail	MRW	13/03/2015	13.0	-1%
Hansteen Holdings Plc	Industrial REITs	HSTN	10/03/2015	10.6	2%
Serco Group Plc	Environmental & Facilities Services	SRP	11/03/2015	10.4	0%
K&S Ag	Fertilizers & Agricultural Chemicals	SDF	13/03/2015	9.6	12%
Galenica Ag	Pharmaceuticals	GALN	11/03/2015	8.8	26%
Deutsche Lufthansa Ag	Airlines	LHA	13/03/2015	8.4	55%
Astaldi Spa	Construction & Engineering	AST	11/03/2015	8.3	-10%
Draegerwerk Pfr	Health Care Equipment	DRW3	12/03/2015	7.9	7%
Gtech Spa	Casinos & Gaming	GTK	10/03/2015	7.4	15%
Arnoldo Mondadori Editore Spa	Publishing	MN	13/03/2015	6.2	32%
Duffy Ag	Specialty Stores	DUFN	13/03/2015	5.8	-25%
Tod'S Spa	Footwear	TOD	13/03/2015	5.6	-22%
Foxtons Group Plc	Real Estate Services	FOXT	12/03/2015	4.4	-30%
World Duty Free Spa	Specialty Stores	WDF	12/03/2015	4.1	-28%
Assicurazioni Generali Spa	Multi-line Insurance	G	13/03/2015	4.1	-2%
Salvatore Ferragamo Spa	Apparel, Accessories & Luxury Goods	SFER	13/03/2015	4.1	3%
Myriad Group Ag	Application Software	MYRN	12/03/2015	4.0	-23%
Banca Popolare Dell'Etruria E Del Lazio Sc	Regional Banks	PEL	14/03/2015	3.9	-24%
Schoeller Bleckmann Oilfield Equipment Ag	Oil & Gas Equipment & Services	SBO	11/03/2015	3.5	7%
Thrombogenics Nv	Biotechnology	THR	13/03/2015	3.2	-18%

Expectations are for Morrisons to increase its dividend for the current fiscal year as promised by management but after profits were guided lower by half, the market expects a drastic cut in the forward dividend. The share has increased in the last few weeks while short sellers have continued to hold onto their positions. This indicates that there may be a divergence of opinion in the market with regards to the company's future performance and perhaps dividend payments.

Wm Morrison Supermarkets Plc



Interestingly, Morrisons is the largest holding of the iShares UK Dividend UCITS ETF at 3.6% of AUM, which currently stands at £769m.

Lufthansa, which recently **scrapped** their dividend for the second time in three years, has seen a 56% increase in shares out on loan in the last month, reaching 8.4%. Despite much lower oil prices lifting the industry due to lower fuel costs, **issues**

plaguing the German carrier include competition from Middle Eastern airlines, low cost carriers and labour strikes.

Lufthansa reported a €732m net loss under local accounting standards on which the decision to cut the dividend was based. Under IFRS the company's net profits declined from €313m to €55m. The recent 56% increase in shares out on loan indicates that perhaps short sellers expect more turbulence ahead for the carrier.

Deutsche Lufthansa Ag



Asia Pacific

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Gcl-Poly Energy Holdings Ltd	Semiconductor Equipment	3800	14/03/2015	7.9	4%
Daewoo Shipbuilding & Marine Engineering Co Lt	Construction Machinery & Heavy Trucks	042660	11/03/2015	6.4	-1%
Sunny Optical Technology Group Co Ltd	Electronic Components	2382	10/03/2015	6.4	-2%
Hyundai Heavy Industries Co Ltd	Construction Machinery & Heavy Trucks	009540	14/03/2015	5.2	-2%
Sk Chemicals Co Ltd	Commodity Chemicals	006120	14/03/2015	4.9	-8%
Daelim Industrial Co Ltd	Construction & Engineering	000210	14/03/2015	4.7	203%
Regis Resources Ltd	Gold	RRL	13/03/2015	4.6	-13%
S.M. Entertainment Co	Movies & Entertainment	041510	14/03/2015	4.4	1%
Ateam Inc	Internet Software & Services	3662	14/03/2015	4.1	-6%
Adata Technology Co Ltd	Semiconductors	3260	10/03/2015	4.0	-4%
Goodbaby International Holdings Ltd	Leisure Products	1086	14/03/2015	4.0	29%
Heung-A Shipping Co Ltd	Marine	003280	11/03/2015	3.9	17%
Hanjin Heavy Industries & Construction Co Ltd	Construction Machinery & Heavy Trucks	097230	14/03/2015	3.6	3%
Tainergy Tech Co Ltd	Semiconductors	4934	12/03/2015	3.4	-2%
Kumho Electric Co Ltd	Electrical Components & Equipment	001210	14/03/2015	3.4	6%
Dasan Networks Inc	Communications Equipment	039560	12/03/2015	3.3	10%
Lynas Corp Ltd	Diversified Metals & Mining	LYC	12/03/2015	3.3	-5%
Dongluok Steel Mill Co Ltd	Steel	001230	14/03/2015	3.2	5%
St Shine Optical Co Ltd	Health Care Supplies	1565	13/03/2015	3.1	0%
Hanjin Transportation Co Ltd	Air Freight & Logistics	002320	14/03/2015	3.1	-12%

Gcl-Poly Energy Holdings Ltd



Hong Kong based GCI-Ploy Energy Holdings (GCL) is one of the largest solar photovoltaic (PV) companies in the world supplying PV materials. Even though the firm **announced** that it expects profits for the first time in three years the company is the most shorted in Apac this week ahead of earnings. The firm's share price is up by 17% year to date, but shorts have stayed the course as demand to borrow shares is up by 16% year to date to 7.9% of shares outstanding.

GCL expects industry demand to grow by 20% to 30% a year but the market is nervous as the last supply glut sent prices for

polysilicon plummeting from \$80 per kg to under \$20 per kg in 2011 which was the main factor for the company's prior year losses.

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