

Most shorted ahead of earnings

A review of how short sellers are positioning themselves ahead of earnings announcements in the coming week.

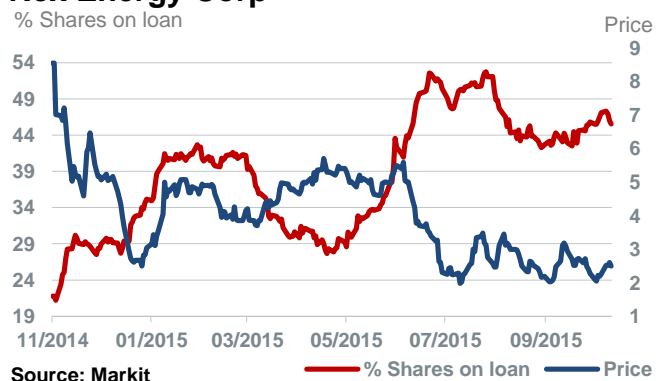
- Strong demand to short Rex Energy and OvaSciences as cost to borrow remains high
- Shorts indicate little faith in Lonmin's upcoming \$400m company saving rights issue
- Hyundai Merchant Marine joins other shorts in the shipping industry as global trade slows

North America

Name	Industry	Ticker	Value on loan (\$m)	% Shares Outstanding On Loan	1 Month % Change
Rex Energy Corp	Oil & Gas Exploration & Production	REXX	09/11/2015	45.5	11%
Ovascience Inc	Biotechnology	OVAS	10/11/2015	34.6	0%
Freshpet Inc	Packaged Foods & Meats	FRPT	11/11/2015	31.7	2%
Horsehead Holding Corp	Diversified Metals & Mining	ZINC	09/11/2015	29.4	6%
Biodelivery Sciences International Inc	Pharmaceuticals	BDSI	09/11/2015	30.0	8%
Labrador Iron Ore Royalty Corp	Steel	LIF	06/11/2015	28.5	0%
Gulfmark Offshore Inc	Oil & Gas Equipment & Services	GLF	09/11/2015	27.7	8%
Atwood Oceanics Inc	Oil & Gas Drilling	ATW	09/11/2015	26.0	5%
Merrimack Pharmaceuticals Inc	Biotechnology	MACK	09/11/2015	25.3	0%
Keyw Holding Corp	Aerospace & Defense	KEYW	09/11/2015	24.9	-2%
Wayfair Inc	Internet Retail	W	10/11/2015	12.4	-4%
Ligand Pharmaceuticals Inc	Biotechnology	LGND	09/11/2015	22.7	-8%
Adt Corp	Security & Alarm Services	ADT	11/11/2015	23.2	-4%
Synergy Pharmaceuticals Inc	Biotechnology	SGYP	10/11/2015	23.1	7%
Iconix Brand Group Inc	Apparel, Accessories & Luxury	ICON	09/11/2015	23.0	7%
PrairieSky Royalty Ltd	Oil & Gas Exploration & Production	PSK	09/11/2015	12.6	-3%
Textura Corp	Internet Software & Services	TXTR	09/11/2015	22.5	5%
Badger Daylighting Ltd	Construction & Engineering	BAD	13/11/2015	22.0	4%
Exelixis Inc	Biotechnology	EXEL	10/11/2015	21.3	-8%
Emera Inc	Electric Utilities	EMA	13/11/2015	4.7	0%

Most shorted ahead of earnings in North America is Rex Energy with 45% of shares outstanding on loan. The oil and natural gas producer is down over 50% year to date and 67% over the last 12 months. Despite the stock losing more than half its value, sustained lower WTI crude prices under \$50 a barrel sees the demand to short remaining high above 10%.

Rex Energy Corp



Also witnessing a high cost to borrow (above 10%) due to strong demand is second most shorted ahead of earnings, OvaScience. The fertility treatment firm currently has 34% of shares outstanding on loan with short sellers consistently increasing their **positions** over the last year.

Ovascience Inc



Third most shorted is **newly listed** pet food maker Freshpet. Short sellers have bulked up on positions in the stock, reaching a third of shares outstanding on loan. The stock meanwhile has dived 45% in the last three months and is down 65% from highs reached in April.

Freshpet Inc



covering was seen in recent weeks as the stock staged a rally.

Second most shorted in Europe is UK retailer Sainsbury's with 15.5% of shares outstanding on loan. Shares in the retailer surged at the end of September as management **guided** for a better than expected trading year. Since August, short sellers have trimmed positions in the retailer.

Europe

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Kuka Ag	Industrial Machinery	KU2	11/11/2015	15.4	-2%
J Sainsbury Plc	Food Retail	SBRY	12/11/2015	15.5	-4%
Lonmin Plc	Precious Metals & Minerals	LMI	09/11/2015	16.5	41%
Fisimidh & Co A/S	Construction & Engineering	FLS	12/11/2015	19.4	-11%
Bilfinger Se	Diversified Support Services	GBF	12/11/2015	15.9	-13%
Vallourec Sa	Industrial Machinery	VK	09/11/2015	14.6	-6%
Astaldi Spa	Construction & Engineering	AST	11/11/2015	13.9	21%
Opera Software Asa	Internet Software & Services	OPERA	10/11/2015	10.9	-2%
Drillisch Ag	Wireless Telecommunication Se	DRIL	12/11/2015	11.7	-7%
Leoni Ag	Auto Parts & Equipment	LEO	10/11/2015	10.4	22%
Melia Hotels International Sa	Hotels, Resorts & Cruise Lines	MEL	11/11/2015	11.6	-2%
Heidelberger Druckmaschinen Ag	Industrial Machinery	HDD	13/11/2015	10.5	28%
Ica Gruppen Ab	Food Retail	ICA	11/11/2015	10.2	7%
Telecom Italia Spa	Integrated Telecommunication	STIT	06/11/2015	8.5	-16%
Alstria Office Reit Ag	Office REITs	AOX	06/11/2015	6.7	-55%
Rizzoli Corriere Della Sera Mediagroup	Publishing	RCS	12/11/2015	8.7	13%
Trevi Finanziaria Industriale Spa	Construction & Engineering	TFI	13/11/2015	7.8	-13%
Salzgitter Ag	Steel	SZG	12/11/2015	7.9	-13%
Talktalk Telecom Group Plc	Alternative Carriers	TALK	11/11/2015	7.7	-5%
Subsea 7 Sa	Oil & Gas Equipment & Services	SUBC	11/11/2015	8.2	26%

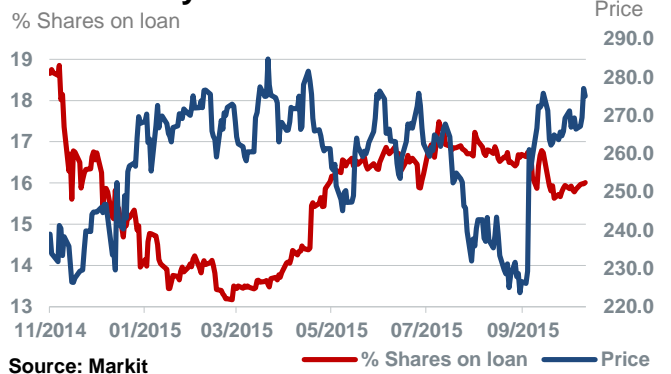
Most shorted ahead of earnings in Europe is Kuka, a German based engineering firm that supplies robotics to the industry, with 15.4% of shares outstanding on loan.

Kuka Ag



Shares in the company have been on a tear in recent years, with the stock up 44% in the last 12 months alone. This has attracted short sellers in recent months. However, some

J Sainsbury Plc



Third most shorted ahead of earnings is embattled platinum producer Lonmin with 16.5% of shares outstanding on loan currently. Short interest is rapidly approaching levels not seen since the Marikana tragedy in 2012.

Lonmin Plc (historical)



Lonmin is **preparing** for a \$400m rights issue (twice its market cap), and ahead of this, demand to borrow the stock has increased, nearing 10%.

Apac

Name	Industry	Ticker	Earnings Date	% Shares Outstanding On Loan	1 Month % Change
Pacific Metals Co Ltd	Diversified Metals & Mining	5541	11/11/2015	11.6	-10%
Crooz Inc	Internet Software & Services	2138	09/11/2015	9.7	-1%
Ezion Holdings Ltd	Oil & Gas Equipment & Services	5ME	12/11/2015	9.1	-7%
Hyundai Merchant Marine Co Ltd	Marine	011200	13/11/2015	8.7	-7%
Ibbook Co Ltd	IT Consulting & Other Services	3742	13/11/2015	8.7	0%
Klab Inc	Application Software	3656	09/11/2015	8.2	-19%
Colopl Inc	Application Software	3668	11/11/2015	8.0	4%
Pci Holdings Inc	IT Consulting & Other Services	3918	11/11/2015	7.9	55%
Ffri Inc	Systems Software	3692	12/11/2015	7.9	5%
Epistar Corp	Semiconductors	2448	12/11/2015	7.8	-10%
Fudo Tetra Corp	Construction & Engineering	1813	09/11/2015	7.6	-9%
Sumitomo Mitsui Construction Co Ltd	Construction & Engineering	1821	11/11/2015	7.3	46%
Kureha Corp	Commodity Chemicals	4023	12/11/2015	7.3	1%
Paladin Energy Ltd	Coal & Consumable Fuels	PDN	12/11/2015	6.6	-8%
Dena Co Ltd	Internet Software & Services	2432	11/11/2015	6.6	-23%
Fukuyama Transporting Co Ltd	Trucking	9075	13/11/2015	6.4	-2%
Message Co Ltd	Health Care Facilities	2400	09/11/2015	6.4	79%
Tomy Co Ltd	Leisure Products	7867	10/11/2015	6.0	-17%
Cyberdyne Inc	Health Care Equipment	7779	13/11/2015	5.8	-21%
Iseki&Co Ltd	Agricultural & Farm Machinery	6310	11/11/2015	5.7	-10%

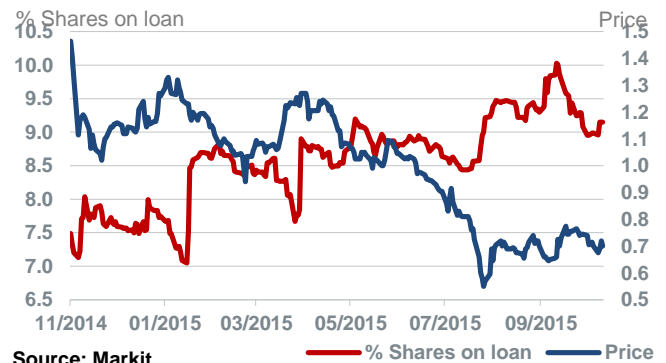
Most shorted ahead of earnings in Apac is Pacific Metals with 11.6% of shares outstanding on loan. The Japan based nickel and stainless steel producer has posted losses since 2013 and has attracted shorted sellers throughout 2015.

Pacific Metals Co Ltd



Third most shorted in Apac is Ezion, a Singapore based provider of marine logistics and support services to the oil and gas industries. Shares out on loan currently stand at 9.1%, and the stock is down 50% over the last 12 months.

Ezion Holdings Ltd



Korean based Hyundai Merchant Marine has 8.7% of shares outstanding on loan and saw a marked increase in short interest post the emerging market selloff in August. The logistics, container and bulk shipping company has come under pressure, similar to that of Korean **shipbuilders**, as reduced commodity prices and a glut in global supply puts pressure on the industry and shipping rates.

Hyundai Merchant Marine Co Ltd



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