2nd Quarter Commentary

July 2016

Part I: What We Did Early in the Year

Part I: Our increasing divergence away from the index vortex, and some modest use of 'strategic' cash in the 1st quarter.

Part II: Why idiosyncratic holdings matter, and how some of these existing holdings did in a flat market.

Part III: The margin of safety in orphan securities. A free technique to find your own, and two new such purchases.

Part IV: Yes, we'll talk about income, again. It is there, if you want it.

Last quarter's letter reviewed our portfolios' increasing divergence away from 'the market' and generic robo-advisor asset allocations:

- the cash reserves that were raised over the prior six months (that is, "active", strategic cash);
- *our* index exclusion rule: of large-cap, 'blue-chip' stocks at the center of the indexation vortex;
- the initiation of new idiosyncratic (true diversifier) securities less likely to behave like the broad equity market, including positions in:
  - a collapsed industry sector that investors had recently fled (AP Moller-Maersk, the world's largest publicly traded container shipping company);
  - an equity asset class that, while it does exist in index form, is excluded from the index flows because it is too illiquid for the needs of industrial scale investing (ergo the 17% NAV discount for the well-regarded Royce Micro-Cap Trust);

One can't know what the balance of the year will bring. We do know that if the flow of funds into equity ETFs ceases – it has already slowed dramatically versus last year at this time[3] – the unsupportable valuations of the largest index-associated companies will begin to impact returns. Why? The marginal buyer of stocks and bonds in the last several years has been the index funds. When the net inflow stops, the marginal buyer (and seller) will, by default, be the active, not the passive, manager. And active managers, who do get to consider valuation in their decisions, do *not* hold mature businesses with deteriorating balance sheets at 24x earnings – like McDonald's.

The valuations of companies perceived to be safe yield vehicles simply because they've had no downside volatility since their recovery from 2008 lows – traditional blue-chips like Procter & Gamble and ExxonMobil (roughly 3% yields) or traditional yield-based sectors like utilities or REITs (3% and 4%) – are as high as they have ever been relative to revenue and earnings growth (which is nearly nil). That is unsupportable in the long term, which we hope to explain further in a bit.

Since last quarter's letter, some of our more idiosyncratic investments have added meaningfully to returns and we've added more positions that exist entirely outside the operating radius of indexation and institutional analysis. We'll review some of those and also walk you through one method to locate such securities on your own.

[3] Net ETF cash inflows during the first 6 months of 2015 were $72.7 billion; this year, to June 29th, the net inflows were $3.5 billion. This is probably not unrelated to the collapsing management fees in the most popular ETFs: fees pay for promotion and a place in an asset allocation recommendation.

Part II: Some Existing Idiosyncratic Portfolio Holdings

If it has ever been advisable to own idiosyncratic securities – which will rise or fall based on factors specific to each company's circumstances – as opposed to widely-held stocks that will be priced primarily relative to systematic risks, now is the time. So-called blue-chips like the 'dividend aristocrats' and yield stocks like REITs and utilities are trading on their dividend yields, which are exceedingly low. Which is to say that they are trading at exceedingly high valuations.

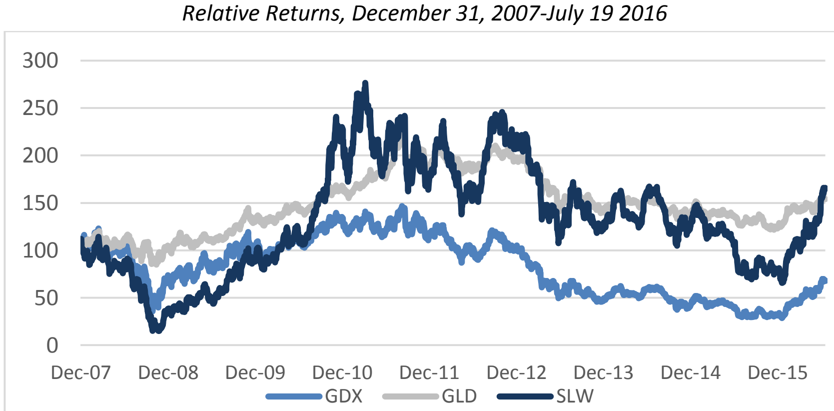
To be objective, it is possible to consider them fairly valued, if you're an algorithm or academic using the framework of a dividend discount model – meaning that low interest rates justify high stock valuations. At these interest rate extremes, though, that means these companies' shares have been stripped of most of their individual valuation characteristics and trade as bond substitutes. Therefore, if rates rise by any appreciable degree, the presumed diversification of a bond/stock allocation plan won't work: they will all fall together. Own a 10-year Treasury or its index fund equivalent, with a 1.35% yield to maturity? It would fall about 18% if interest rates rise to merely 3.5%.

Here's a better one. The iShares International Treasury Bond ETF (IGOV) has only a 0.26% yield to maturity. That's exceeded by its 0.35% expense ratio. Its weighted average time to maturity is 9.9 years. Unfortunately, at ultra-low interest rates, bonds possess incredible convexity characteristics. The fund's performance this year through July 7th is 12.0%. Imagine: It is up 12% with only a 26 basis point yield to maturity. That is incredible. Think of that degree of price volatility in the reverse. If rates were to suddenly be 3.5%, this fund could lose over a quarter of its value. What would the reaction be in the utility and REIT yield equities?

As recently as May, George Soros and Stanley Druckenmiller, two of the more notable public-market-investing billionaires, had either sharply reduced or entirely sold their equity holdings, while making significant investments in gold. They did that through bullion, gold miner shares, or options. Jeff Gundlach, the famed bond fund manager, recently called the term "low-volatility equities" an oxymoron, and likened trying to invest that way to a game called "Dynamite Shack." He now owns gold miner stocks. For most investors, though, the allure of gold as a hedge against inflation or financial market panics has failed them over time.

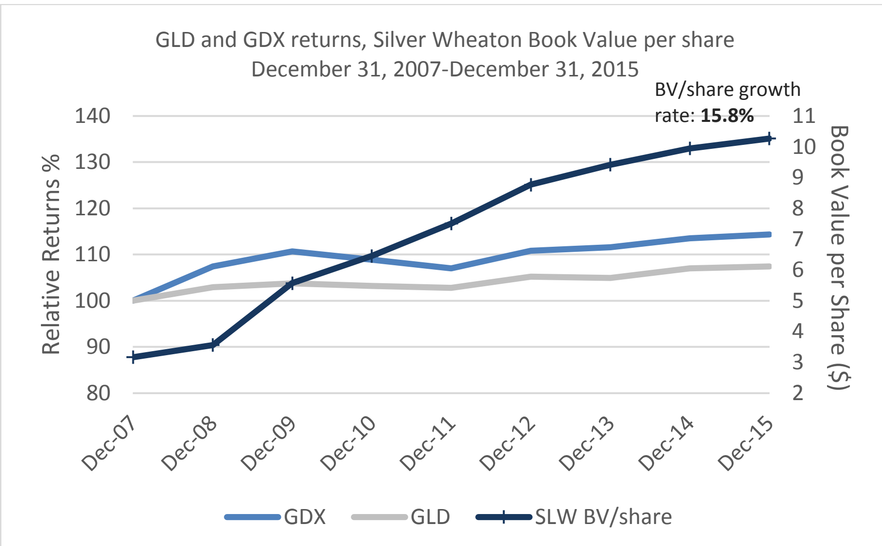
SPDR Gold Shares ETF (GLD), VanEck Vectors Gold Miners ETF (GDX), and Silver Wheaton Corp. (SLW)

Relative Returns, December 31, 2007-July 19 2016



Source: Bloomberg

And time *is* one of the problems, since owning the metal directly entails opportunity cost – the years that can pass while the capital invested in the metal earns nothing. The business risks of mining companies are another problem. Review the data, and it turns out that gold mining stocks are a pretty poor inflation hedge: the increased demand for gold, when inflation rises, also increases competition and prices for workers and equipment; capital expenditures rise dramatically – those added expenses negate much of the expected profit. Then there is the problem of the supply surge of the metal once operations expand, which can depress the metal price.

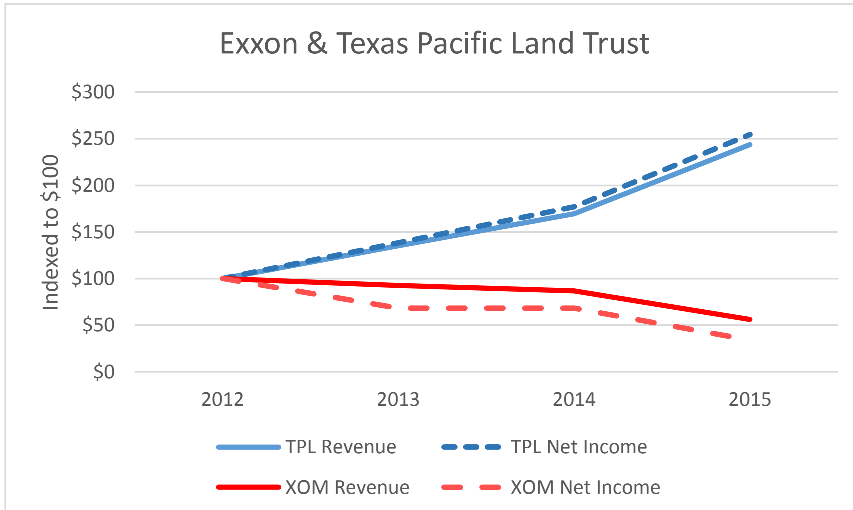


Source: Bloomberg, Company reports

We bought exposure to precious metals some time ago, but bypassed these problems via the precious metals royalty companies, like **Silver Wheaton**, **Royal Gold** and **Sandstorm Gold**. Since they merely buy royalties or future production, at deeply discounted prices (allowing miners to expand without resorting to debt or dilutive share issuance), they have very little in the way of operating costs. Silver Wheaton, for example, needing no equipment, workers or property, and despite its $10 billion stock market value, has all of 35 employees, 12 in the Cayman Islands (where the natural resources are listed as fish and beaches for tourism, not gold). When precious metals prices rise, the royalty companies obviously earn more revenues on their contracts, but without an increase in operating costs. More importantly, when prices fall, they might earn less, but the key fact is that they continue to earn money, unlike bullion or miners, and at very high returns on capital. In the past three months, largely on concern about Britain's withdrawal from the EU, the shares of these companies rose quite sharply.

DreamWorks Animation, which has been held for years, rose about 60% in late April, when it announced its sale to Comcast. Having long been miscast as a higher-P/E stock, it always traded on the success or disappointment of its most recent film. Largely ignored was the value of the constantly expanding DreamWorks library. That library, which can reissue content at minimal cost for generations, was at times worth nearly the entire market value of the company, separate from the earnings of its current film releases. With a market capitalization of only about $2 billion before the announcement, and significant inside ownership, the company was not a candidate for a meaningful position in the industrial-scale ETF space. Although some new holdings in the Core Value portfolio were purchased this past quarter, the DreamWorks sale proceeds will more than replace that cash.

Texas Pacific Land Trust, held in a variety of smaller equity strategies[4], also rose sharply this past quarter. The reason, oddly, was because of the company's association with oil production, despite the fact that oil prices have declined so dramatically and created so much havoc among oil producers. The Trust, like Silver Wheaton, participates through royalties on production conducted by other companies. These shares are a marvelous illustration of the benefit of idiosyncratic investments. The Trust's acreage is in west Texas, specifically the Midland and Delaware Basins, which are within the prolific Permian Basin. The Permian Basin is in the only major region[5] in the U.S. in which total oil production is currently near peak historical levels, despite far lower rigs counts nationwide. Furthermore, oil production in the Permian Basin currently accounts for over 50% of onshore U.S. oil production amongst major regions. The driving factor is that the Permian Basin currently has the lowest extraction costs in the country and many wells continue to operate profitably even at depressed oil prices – in some cases wells are breaking even at $30 spot oil prices. The reason for the production growth and low extractions costs is that oil companies have begun to exploit, with the benefit of improved technology (horizontal drilling, etc.), what is said to be the largest deposit in the country and the second largest in the world, and which is in just that region of west Texas. The Trust's royalty revenues have climbed dramatically. And it has no expenditures.



Source: Bloomberg, Company reports.

With a market cap somewhat above $1 billion, the Trust has only eight employees, so it beats Silver Wheaton, at least on this measure. Most funds and investment firms will not purchase a company with trading volume of only 9,000 shares per day. Nevertheless, Texas Pacific Land Trust is held in 1 ETF. There are 1,218[6] equity ETFs in the U.S. Strangely, though, it is in the $7 billion Vanguard Financials ETF (VFH), where it is a 4/100ths of 1% position. Strange, because Texas Pacific Land Trust is not a financial services company, nor does it employ any debt. Nor is it a REIT, and it barely has a yield (0.18%). In fact, of the $52 million of total assets listed on the balance sheet, $46 million is cash. Nevertheless, Texas Pacific Land Trust is determined by at least one index/ETF manager to be a financial services firm.

[4] Texas Pacific Land Trust is not held in Core Value
[5] "Major" is defined as the top seven U.S. oil producing regions as of quarter end
[6] As of December 31, 2015. Source: ICI

Part III: How to 'Screen' For Your Own Orphan Security

We recently participated in a panel discussion at the Annual Benjamin Graham Conference in New York. One of the questions was "What are the various sources of downside protection in an investment? ...Please give an example." We're speaking about margin of safety. Ultimately, a low price or valuation is the best. Since one wants to one day sell whatever it is one has bought, at a higher price, how can it be otherwise? Unless one disagrees with that statement, supply and demand should never be ignored – it's a marketplace, and that's how prices are established, by the last buyer and seller.

But here's something interesting and very unusual. Today, the market will guarantee you a margin of safety. All you have to do is accept a certain degree of illiquidity risk. Not in the balance sheet or credit sense of the term, just limited share trading volume. Shares like this – like Texas Pacific Land Trust – draw no demand from institutional investors. And the best place to look for a security with insufficient demand is outside the indexation vortex. Here's a methodological example. And we'll give it away for free. You'll see why we're willing to do that.

You might look in sectors that have less index representation. For example, the MSCI All Country World Index currently has a 21 basis point weighting in Norway[7], despite Norway being home to considerable business interests in energy and shipping. It has a 5 basis point weighting in the shipping sector. For a sense of scale in dollars, if you were indexing a $1,000,000 portfolio, 5 basis points would be a $500 investment, and that must be spread among however many companies are in that sector, in this case four. So how much more invisible to the institutional flow of funds can a sector get? Remember that as an exceedingly low-fee business, indexation requires a large quantity of AUM to be profitable – it cannot make use of securities lacking sufficient trading liquidity.

Returning to Norway, it is home to 15 publicly traded marine shipping companies. The average market capitalization is less than $500 million. Almost all of them trade below book value. One of the larger ones, with a $2.4 billion market capitalization, is Subsea 7, which was a 2nd Quarter addition to the Core Value strategy. Based in London, but listed in Oslo, Subsea 7 is one of the world's leading engineering contractors focused primarily on the seabed-to-surface segment of the offshore oil industry. The company installs, inspects and maintains the infrastructure that connects wellheads on the seabed to surface facilities, such as platforms and floating drilling vessels. It employs, among other resources, highly sophisticated technology in the form of remote controlled submarines. Clients comprise supermajor oil companies, national oil companies and large, multinational oil companies, all of which are believed to be viable in the current environment.

As to the balance sheet, as of March 2016, which was the data available at the time, Subsea 7 had net current assets of $297 million, including cash of $1,085 million. This may be compared with long term debt of $452 million. That's a pretty good balance sheet. The tangible shareholders' equity was $4.7 billion. So the shares traded at 0.52x book value. So what's wrong with the company? Well, revenue was down 31% in 2015, and will be lower

[7] As of May 31, 2006, using the iShares MSCI ACWI ETF as a proxy for the index.

this year. But free cash flow after taxes, after capital expenditures, was $470 million. This profitable and underleveraged company traded at 5x trailing free cash flow. What was the P/E of McDonald's? Based on P/E comparison alone, I could buy five Subsea 7 shares for every McDonald's share. Does Subsea 7 face some obvious market and cyclical challenges? Does McDonald's, with essentially no earnings growth for seven years? That illustrates the valuation divide created —or provided if that is the better term —by industrial scale index investing.

An Orphan Bond

In the last quarter, we established one or more positions in a completely non-indexed asset class with a paradoxically high margin of safety relative to how it would be perceived by the standards of conventional equity or debt funds. While it is certainly possible that this asset class will, contrary to our expectations, perform poorly, it will not be because of one of the single greatest risks that investors face today: rising interest rates. If it underperforms, it will be for reasons related specifically to this sector and security type, which together make it a true diversifier. This is distressed debt in the offshore oil drilling industry, which, as alluded to earlier, investors have fled.

At this point, I'm going to ask for your forbearance. Because the very whiff of the D-word or the B-word fills many with anxiety, because so many misunderstand what this is about, perceiving distressed debt as higher risk. If you share that misconception, it's important to learn what private investors like Carl Icahn and Wilbur Ross and Howard Marks of Oaktree Capital know about it – that sometimes distressed debt is the best game in town that never reaches the newspapers. They have made simply enormous sums of money in such instruments, but that action takes place away from the exchanges, and therefore, you never hear about it. So this security review, abridged though it is, will still be a touch longer than is typical, because it is a bit of a tutorial in the different shapes that a really attractive risk/reward package can take.

Shares of oil sector and shipping companies have collapsed for reasons unrelated to the general market. Some, like Subsea 7 – at least as we judge it – are of such high quality that they retain excellent balance sheets, remain profitable despite severe sales declines and, importantly, are deeply discounted.

Other companies, though, might have less secure balance sheets or less predictable profitability. So while the potential return may be alluring, perhaps even superior to the stronger companies, the risk/return profile is not. The goal is to secure a good return *without* undue risk. Some of these companies' *bonds*, on the other hand, when considered in an all-in risk/return context, *are* superior. When a bond trades at a 30% or 50% discount to face value, it can have some very rewarding properties, including a margin of safety that is unavailable from other bonds and even from a common stock. Please note that the average bond price in today's typical high-yield bond fund is 100 or greater. One bond that we purchased is the Atwood Oceanics 6.5% Senior Notes due February 2020, and that was at prices of about 56% of face value.

The Business

Atwood Oceanics is one of only several global-scope companies that provide ultra-deep-water and harsh environment offshore drilling services, typical customers being Chevron and Shell. It owns the highly specialized vessels without which such production cannot take place. Of the various vessel types, their drillship rigs can operate in waters 2 miles deep.

Despite the very challenging business environment for its customers, Atwood Oceanics' 2015 revenues and earnings were higher than the year before, due to the term structure of its contracts. However, contracts are subject to renegotiation and expiration. In the March 2016 quarter, contract drilling revenues were down 16.5%, yet operating income was down less than 2% compared to the previous year (roughly flat net income). Reflecting that, the shares traded at less than 2.0x the annualized 1st quarter earnings. It would be a mistake to try to annualize these quarterly earnings, since there can be such variability in expenses and other measures; nevertheless, the valuation relative to calendar 2015 *free cash flow* was less than 3x. The share price would need to rise over 6-fold in order to return to its 2013 high. However, most of the company's contracts will expire in the coming two years. If they are not renewed or replaced, the company will lose most of its revenues. Realistically, these deep-water oil reserves are not going to be abandoned by the exploration/production companies. Nevertheless, we're uninterested in the common shares.

Risk Profile

The balance sheet is of critical interest. The Atwood Oceanics stock market value was about $590 million when we purchased the bonds (it's about $780 million now). Yet its current assets (cash, receivables, and so forth) exceeded current liabilities by $500 million at March 31st. Likewise, although it has long-term debt of $1.595 billion, this is well exceeded by its shareholders' equity of $3.105 billion and net property and equipment of $4.21 billion. Moreover, its most valuable vessels, its drillships, are unencumbered, so there is, in principle, an additional source of liquidity aside from its revolving credit facility. In order for the company to experience true financial stress, which would require a failure of its customers to renew substantially all of their contracts, one must presume that oil prices, which in turn drive drilling activity, remain this low for the next two years.

Nevertheless, one can conduct a simplistic liquidation exercise. This is not the anticipated scenario, but is being used as a harsh form of failure scenario. Given the $1.61 billion of debt, the company's world-class, high-technology equipment would have to be sold for less than 40% of its current $4.21 billion book value before the debt would be worth less than face value. Does one have that margin of safety in a common stock, which can drop precipitously – and perhaps permanently – simply because of disappointing earnings?

However, the margin of safety in the Atwood Oceanics bond is even deeper than just described, because it was acquired at roughly a 44% discount to face value. Taking that into account, as well as taking account of the company's bank debt, which has a senior claim to repayment, it would seem that the company's operating assets would have to be worth less than 10% of their current book value before a bond purchased at 56 would incur a loss for its buyer. This particular scenario excludes the receipt of 6.5% points of annual interest income that a bondholder would receive during the next few years. That's a rough picture of the risk side of the equation.

Atwood Oceanics - March 31, 2016	
Cash	$227
Accounts Receivable	241
Inventories	110
Other	27
Total Current Assets	$605
PP&E	$4,210
Other	21
Total Assets	$4,836
Total Current Liabilities	$96
Revolving Credit Facility	$960
Senior Notes	635
Other	39
Total Long-term Liabilities	$1,634

Total Current Assets	$605
Total Current Liabilities	(96)
Net Working Capital	**$509**
PP&E	$4,210
50% Assumed Write Down	(2,105)
Revolver Balance	(960)
Adjusted "Net" PP&E	**$1,145**
Versus Senior Notes (Face Value)	$635
Asset Coverage (at Par)	**1.80x**
(Adjusted Net PP&E) / Senior Notes)	
Vs. Senior Nts. at 56% of face value	$356
Asset Coverage (at Purchase)	**3.21x**
(with Notes purchased at 56% of par)	

Source: Company reports, Horizon Kinetics Research.

Return Profile

As to the expected return, there are three elements. First, if the coupon of the Atwood Oceanics bond is 6.5%, the upfront yield, at a purchase price of 56, is 11.6%. That alone exceeds the historical expected return from stocks. If the company merely remains solvent through the maturity date in 2020, then appreciation to face value is nearly double, or about 16.7% per year. Combined, the expected total return is over 28% per year. And unlike a common stock, the company doesn't have to thrive for this success scenario to play out; it just has to survive.

There is a better scenario, though. What if, say, 2 years from now, oil demand and supply come into better balance and the energy related companies are no longer considered to be at financial risk? Well, the bonds would rapidly approach or exceed face value, but in two years instead of four, and the annualized total return would be 45%.

The essential difference between a bond and a stock is that a bond has powerful legal claims on a company's earnings and assets that supersede a shareholders' rights. Equity analysts' constant references to EBITDA are relevant to shareholders only after bondholders have been satisfied in full. The essential difference between standard high yield bonds and distressed bonds is that high yield bond prices, despite being called a different asset class, are mediated by interest rates and are therefore vulnerable to the same systemic risk that equities and yield-oriented stocks like REITs and utilities are. Distressed bonds are priced relative to fundamental values like cash flow and asset coverage; they will tend to be idiosyncratic in their return pattern and are true diversifiers.

Part IV: Income

Obviously, this type of investment is not for everyone, but it does reveal the knowledge that there are alternatives to the 1%, 2% or 3% yields that so many investors feel forced into. And knowledge is power. And just as one could use the trading liquidity limitations of industrial scale indexation to locate un-indexed undervalued stocks in general, if Subsea 7 may be considered an example, the same technique can be employed to locate income-oriented securities that are not distressed. In any period, it is important to build a sufficient stream of investment income, and in today's near-zero, zero and negative interest rate world, that is terribly important. This is an area we have been focusing on for a while, and the good news is that one can, with patience, incorporate such idiosyncratic income securities into a portfolio. For instance, one might find:

- A REIT that is focused on non-traditional real estate (that is, not office buildings or malls or apartment buildings). A REIT that occupies a small niche, without much competition, is growing and owner-operator controlled. It will have a reasonable yield, say 5%.
- Or a convertible preferred stock of a well-established, blue-chip but mature company, that trades below face value, has a reasonable yield, say 5% and, through the conversion feature, a reasonable expectation of substantial appreciation in the right environment.
- Or a real-estate related company that doesn't own real estate or lend against it, but collects a form of royalty or franchise fee on activity, and with a yield well in excess of 5%, and expands modestly over time.

In all of these cases, these investments are discounted not because of balance sheet, competitive or management issues, but because they are insufficiently liquid for multi-billion dollar funds. Each of them has exhibited modest (or even rapid) growth over time, such that the underlying value or dividend should increase and thereby provide a degree of purchasing power protection. One might reasonably anticipate a long-term return that approaches or exceeds 10%. They will not be subject with the same sensitivity, to the systemic factors, that will further inflate or deflate a commoditized income-oriented fund.

10-Year Treasury Rate, January 1946 – July 2016

In the 35 years leading up to 1981, an entire generation of financial professionals was trained that knew no reality other than rising interest rates and increasing inflation. They were unprepared for the reversal that eventually occurred.
We are now in the opposite circumstance: the current generation of financial professionals has lived 35 years of, essentially, only falling interest rates. If their first Wall Street job was at 22, they are now approaching 60. They, too, have known no other reality, but the consequences of being unprepared are much more grave.
Data source: Federal Reserve Bank of St. Louis,

The point is that we are all now deep in the midst of a true yield-crisis – the inability to achieve an acceptable income on our capital. If you refuse to consume any of your capital, you can starve on a $1 million portfolio invested at 1% or 2%. It is in crisis that one must sometimes consider non-orthodoxy as the most secure course of action.

This is important enough that today we inaugurate a dedicated section of our website to income investing. It lays out the essential difference between income as a passive asset allocation decision – which also means accepting the current yield and interest rate risk, whatever that might be at any time – and the methods of active income investing – in instruments and at times when one can capture a satisfactory absolute return on one's capital. Let's consider it the Beta – or perhaps I should avoid that term – the working draft version of our discussion about income investing, so we would particularly welcome your comments and thoughts.

Finally

We do like, once in a while, just as a reminder that it does not represent any form of actionable reality, to revisit the utter noise and confusion that the financial news media wreak upon us all.

Here is a screenshot of a finance website page that appeared before me some time ago while I was checking the price of Silver Wheaton. Note the earliest headline, dated Thursday, April 14th, describing how the shares were being weighed down by the declining price for silver.

Silver Wheaton Corp. (SLW) - NYSE ★ **Watchlist**

18.35 ↑ 1.42(8.39%) 1:15PM EDT - Nasdaq Real Time Price

Prev Close:	16.93	Day's Range:	17.77 - 18.47
Open:	17.78	52wk Range:	10.04 - 21.12
Bid:	18.30 x 2400	Volume:	8,292,423
Ask:	18.31 x 2400	Avg Vol (3m):	5,879,750
1y Target Est:	21.16	Market Cap:	7.41B
Beta:	0.500786	P/E (ttm):	119.19
Next Earnings Date:	N/A	EPS (ttm):	0.15
		Div & Yield:	0.20 (1.17%)

Quotes delayed, except where indicated otherwise. Currency in USD.

Headlines

- Silver Wheaton (SLW) Stock Spikes on Rallying Silver Prices at TheStreet (Tue 12:17PM EDT)
- Why Analysts Expect Coeur Mining's 1Q16 Revenues to Fall Market Realist (Tue 12:05PM EDT)
- Canadian Stocks Extend Five-Month High as Silver, Oil Rally at Bloomberg (Tue 10:32AM EDT)
- Panoro Minerals Announces Receipt of First Early Deposit Payment from Silver Wheaton for the Cotabambas Project, Peru GlobeNewswire (Mon, Apr 18)
- Silver Wheaton (SLW) Stock Retreats on Barclays Downgrade, Lower Silver Prices at TheStreet (Mon, Apr 18)
- Royalty and Streaming Stocks: What Are the Wall Street Favorites? Market Realist (Mon, Apr 18)
- Silver Wheaton downgraded by JP Morgan and Barclays Briefing.com (Mon, Apr 18)
- How one bull is mining Silver Wheaton optionMONSTER (Fri, Apr 15)
- Silver Wheaton (SLW) Stock Weighed Down by Declining Silver at TheStreet (Thu, Apr 14)

Then, first thing Monday, we're alerted that JP Morgan and Barclays have downgraded the stock. Uh-oh.

By 1:49 pm, we're timely notified that, yes, the Silver Wheaton shares are retreating, based both on the Barclays downgrade and lower silver prices. Excellent, plenty of time to sell my shares before they collapse. Thank goodness, they're right on top of events.

But then, at 10:32 on Tuesday morning, Bloomberg tells us that Canadian stocks are extending a 5-month high as silver and oil rally. Who knew there was a rally in Canadian silver stocks? I was just told the American silver stocks were tanking. Uh-oh.

And, yes, there it is, 12:17 pm, confirmation: Silver Wheaton shares spike on rallying silver prices. Oh, well.

DISCLOSURES:

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