

# The Stock Spin-off Investing Newsletter Guide

How to Get the Most out of Your Subscription



# About the Author



Rich Howe, CFA, is a full-time investor and entrepreneur.

Rich graduated from Trinity College in 2006 with a BS in Economics. Following graduation, Rich began his professional investing career at Eaton Vance. As an equity research associate, he completed the Chartered Financial Analyst program. At Eaton Vance, Rich had the opportunity to cover the healthcare, financial, software, and internet sectors.

In 2013, Rich left Eaton Vance to join Citi Private Bank as a Vice President on the private equity research team where he focused on sourcing, originating, and evaluating private equity opportunities in the Americas. In 2018, Rich left Citi to start [Stock Spin-off Investing](#), a newsletter firm focused exclusively on stock spin-offs and special situations.

Rich lives outside of Boston, MA, with his wife and two young children. When Rich isn't busy researching spin-offs or chasing around his kids, he enjoys golf, lifting weights, and skiing.

Welcome to the Stock Spin-off Investing Premium Newsletter!

I put this guide together to help you get the most out of your subscription.

First, let's talk about how to sign into the members area.

It's simple.

Go to <https://stockspinoinvesting.com/member> and enter your login credentials.


Any issues, just email me at [Rich@stockspinoinvesting.com](mailto:Rich@stockspinoinvesting.com).

Everything you will need is on this page.

At the top of the members' page, you will find the zoom link to join our monthly calls (they take place on the first Friday of every month).

**Members**

## Welcome

We host a live call on the first Friday of the month at 10am ET. You can use this link to join. 

If you have any feedback or questions, feel free to email me at [rich@stockspinoinvesting.com](mailto:rich@stockspinoinvesting.com).

I enjoy speaking with members and look forward to connecting with you!

Next you will see my "closed recommendations":

### Closed Recommendations

Ticker	Recommendation	Status	Price at Publication	Sell Price	Return	Published Articles
NVTR	Buy	Closed	\$6.86	\$13.97	103.6%	NVTR Analysis
AFI	Buy	Closed	\$15.76	\$13.33	-15.4%	AFI Analysis
APVO	Buy	Closed	\$2.79	\$4.28	53.4%	APVO Analysis
LSYN	Buy	Closed	\$0.44	\$1.57	256.7%	LSYN Analysis
RVI	Buy	Closed	\$32.38	\$28.16	-13.0%	RVI Analysis
PKD	Buy	Closed	\$15.95	\$18.23	14.3%	PKD Analysis
DHR/INVST	Buy	Closed	\$141.43	\$28.66	13.0%	DHR Analysis
XBIT	Buy	Closed	\$21.76	\$26.46	21.6%	XBIT Analysis
AFT	Short	Closed	\$18.50	\$9.13	50.6%	AFT Analysis
ARRC	Short	Closed	\$7.88	\$7.25	8.0%	ARRC Analysis
CHNG	Buy	Closed	\$12.97	\$10.49	-19.1%	CHNG Analysis
KTB	Buy	Closed	\$29.41	\$19.00	-29.7%	KTB Analysis
KLXE/QES	Buy/Short	Closed	\$1.11	\$1.30	21.3%	KLXE/QES Analysis
KTB	Short	Closed	\$14.85	\$17.70	-19.2%	KTB Analysis
ECL/ARY	Buy/Short	Closed	\$212.58	N/A	5.2%	ECL/ARY Analysis
REPH	Buy	Closed	\$15.49	\$5.09	-47.1%	REPH Analysis
ARLO	Buy	Closed	\$7.19	\$5.68	-21.0%	ARLO Analysis
IAC	Buy	Closed	\$24.54	\$129.22	58.9%	IAC Analysis
WSTL	Buy 999 shares	Closed	\$1.07	\$1.48	38.3%	WSTL Analysis
RVRA	Buy	Closed	\$21.53	\$0.29	-44.5%	RVRA Analysis
KTB	Buy	Closed	\$17.70	\$41.49	134.4%	KTB Analysis
QD/HF	Buy/Short	Closed	\$74.55	N/A	5.8%	QD/HF Analysis
VBNT/CGNT	Buy	Closed	\$74.10	\$70.90	-4.3%	VBNT/CGNT Analysis
KLXE	Buy	Closed	\$144.25	\$7.99	-94.5%	KLXE Analysis
MSG/MSGE	Buy	Closed	\$285.91	\$255.23	-10.7%	MSG Analysis

## What is a closed recommendation?

A closed recommendation is a stock that I have recommended (and owned) in the past but have subsequently sold. I list my closed recommendations so that you can see my track record of ideas and the original investment case.

Next on the members' page, you will find a list of open recommendations.

## Open Recommendations

Recommendations	Ticker	Recommendation	Status	Date of Publication	Price at Publication	Current Price	Return	Price Target
Liberated Syndication	LSYN	Buy	Open	6/10/2020	\$3.06	\$4.05	32.4%	\$6.00
New BBX Capital	BBXIA	Buy	Open	10/5/2020	\$2.73	\$10.15	271.8%	\$12.00
PROG Holdings	PRG	Buy	Open	12/1/2020	\$54.82	\$43.06	-21.5%	\$92.00
IDT Corporation	IDT	Buy	Open	2/10/2021	\$19.37	\$40.01	106.6%	\$64.00
Aptevo Therapeutics	APVO	Buy	Open	3/10/2021	\$32.01	\$6.96	-78.3%	\$25.00
Medexus Pharma	MEDXF	Buy	Open	3/23/2021	\$6.35	\$2.17	-65.8%	\$6.80
Garrett Motion Preferred Convertible	GTXAP	Buy	Open	6/17/2021	\$8.65	\$8.05	-6.9%	\$16.00
Jackson Financial	JXN	Buy	Open	9/17/2021	24.70	43.37	77.6%	\$50.00
NexPoint Diversified REIT	NXDT	Buy	Open	1/12/2022	13.97	14.13	1.1%	\$21.00

Prices updated as of 1/14/2022

35.2%

Open recommendations are stocks that I'm currently recommending and currently own.

Some subscribers buy all of my recommendations, some pick and choose which ones they like best, and some ignore my open recommendations. Only you can decide what is best for you!

Below the open recommendations table, you will find the All Recommendations table, listing both my closed and open recommendations.

## All Recommendations

Ticker	Status	Date of Publication	Return	Price Target	Published Articles
NVTR	Closed	4/11/2016	103.6%	N/A	NVTR Analysis
AFI	Closed	5/15/2016	-15.4%	N/A	AFI Analysis
APVO	Closed	9/26/2016	53.4%	N/A	APVO Analysis
LSYN	Closed	12/12/2016	256.7%	N/A	LSYN Analysis
RVI	Closed	7/2/2018	-13.0%	N/A	RVI Analysis
PKD	Closed	9/11/2019	14.3%	N/A	PKD Analysis
DHR/INVST	Closed	11/15/2019	13.0%	N/A	DHR Analysis
XBIT	Closed	2/6/2020	21.6%	N/A	DHR Analysis
APT	Closed	2/27/2020	50.6%	N/A	APT Analysis
ARNC	Closed	4/1/2020	8.0%	N/A	ARNC Analysis
CHNG	Closed	3/2/2020	-19.1%	N/A	CHNG Analysis
KTB	Closed	6/6/2019	-29.7%	N/A	CHNG Analysis
KLXE/QES	Closed	5/7/2020	21.3%	N/A	KLXE/QES Analysis
KTB	Closed	5/14/2020	-19.2%	N/A	KTB Analysis
ECLU/APY	Closed	6/1/2020	5.2%	N/A	ECLU/APY Analysis
REPH	Closed	11/25/2019	-67.1%	N/A	REPH Analysis
WSTL	Closed	9/2/2020	38.3%	N/A	WSTL Analysis
IAC	Closed	4/8/2020	58.9%	N/A	IAC Analysis
ARI O	Closed	2/11/2019	-21.0%	N/A	ARI O Analysis

You can use the All Recommendations table to quickly access all articles that I've written about each of my recommendations.

For example, if you want to understand my investment thesis for NexPoint Diversified REIT, just click the NexPoint Analysis link and it will take you to all the articles that I've written about NexPoint.

PRG	Open	12/1/2020	-27.5%	\$92.00	<a href="#">PRG Analysis</a>
IDT	Open	2/10/2021	85.7%	\$33.00	<a href="#">IDT Analysis</a>
APVO	Open	3/10/2021	-79.7%	\$50.00	<a href="#">APVO Analysis</a>
MEDXF	Open	3/23/2021	-66.3%	\$6.80	<a href="#">Medexus Analysis</a>
GTXAP	Open	6/17/2021	-6.4%	\$16.00	<a href="#">Garrett Analysis</a>
JXN	Open	9/17/2021	73.8%	\$35.00	<a href="#">Jackson Analysis</a>
NXDT	Open	11/29/2021	-2.6%	\$21.00	<a href="#">NexPoint Analysis</a>
			24.9%		

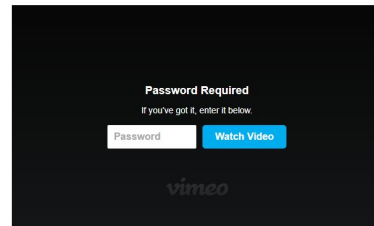
Past results are not necessarily indicative of future performance. The NVTR, AFJ, and APVO write-ups did not require a purchase while the LSYN write-up required a \$97 purchase. The NVTR, AFJ, APVO, and LSYN write-ups were all published prior to the launch of Stock Spin-off Investing's premium newsletter. The "IAC New" recommendation was to synthetically buy the stock by shorting 2.37 shares of MTCH for every share of IAC owned. Return is adjusted for MTCH shares that needed to be covered when exchange ratio changed from 2.37 to 2.14 and for MTCH interest borrow.

Below the All Recommendations table, you will find the most recent video replay. I host a live Zoom meeting on the first Friday of every month at 10am ET.

### Video Replays

Video Replay – Stock Spin-off Investing Newsletter – January 7, 2021

Password to watch: "spinoffs"



[CLICK HERE FOR ADDITIONAL VIDEOS](#)

The video requires a password ("spinoffs"). Some subscribers prefer to watch the videos on Vimeo. To do so, just click on the vimeo icon in the lower right corner of the video.



Below the Video Replay, you will find all my historical newsletters in chronological order:

## Historical Stock Spin-off Newsletters

[The Stock Spin-off Investing Newsletter – Issue #186 – January 21, 2022](#)

[The Stock Spin-off Investing Newsletter – Issue #185 – January 14, 2022](#)

[The Stock Spin-off Investing Newsletter – Issue #184 – January 7, 2022](#)

[The Stock Spin-off Investing Newsletter – Issue #183 – December 31, 2021](#)

[The Stock Spin-off Investing Newsletter – Issue #182 – December 24, 2021](#)

[The Stock Spin-off Investing Newsletter – Issue #181 – December 17, 2021](#)

[The Stock Spin-off Investing Newsletter – Issue #180 – December 10, 2021](#)

[The Stock Spin-off Investing Newsletter – Issue #179 – December 3, 2021](#)

Below the historical stock spin-off newsletters, you will find my latest articles in chronological order:

## Recent Articles

[Sell ECNCF and CNXC – January 14, 2022](#)

[Buy NexPoint Diversified REIT \(NXDT\) – January 12, 2022](#)

[ONL – Orion Office Deep Dive – December 30, 2021](#)

[ECN – Buy ECN Capital – November 29, 2021](#)

[TGA – Sell Thungela – November 1, 2021](#)

[TGA – Latest Thoughts on Thungela – October 21, 2021](#)

[SLVM – Sylvamo Spin-off Deep Dive – October 1, 2021](#)

[CHX – Sell ChampionX Lock in Gain – September 30, 2021](#)

[JXN – Buy Jackson Financial – October 4, 2021](#)

[LSYN – Thoughts on Libsyn + Notes from My Convo With President, Laurie Sims – August 31, 2021](#)

Below my latest articles, you will find a link to manage your account:

[Manage Account](#)

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Now that we have covered the Members Page, let's cover what your subscription includes:

- 1) A Weekly Newsletter
- 2) A Monthly Recommendation
- 3) A Monthly Zoom Call
- 4) A Community Chat Room

### A Weekly Newsletter

Every week, I send out a newsletter which will cover:

- 1) Recent spin-off news
- 2) Updates on all of current open recommendations
- 3) My 3 highest conviction ideas
- 4) An updated spin-off calendar

### A Monthly Recommendation

I expect - on average - to publish 1 new idea per month. If I don't find an actionable investment that I want to invest in, I won't recommend anything.

And if I happen to find 2 compelling investments in a month, I will recommend them both.

But on average, you should expect 1 new investment idea per month.

At any one time, I will have 10 open recommendations.

At one point, I had over ~14 open recommendations and it was too much. So going forward, I'm going to keep my open recommendations capped at 10, a small but diversified portfolio that I can really focus intently on.

*How should I view open recommendations?*

Open recommendations are stocks that I'm currently recommending and currently own.

Some subscribers buy all of my recommendations, some pick and choose which ones they like best, and some ignore my open recommendations. Only you can decide what is best for you!

*How should I gauge your conviction in each idea?*

On the 7th page of the newsletter, I will display the weight of each stock in my “spin-off and special situation portfolio”. Below you can see an example (from January ‘22) of what it will look like:

<u>Ticker</u>	<u>Weight in My "Spin-off and Special Sits Portfolio"</u>
1 <b>JXN</b>	23%
2 <b>BBXIA</b>	16%
3 <b>NXDT</b>	12%
3 <b>MEDXF</b>	9%
APVO	1%
APTVW	4%
4 <b>Total Aptevo</b>	5.0%
6 <b>LSYN</b>	4%
5 <b>IDT</b>	4%
GTXAP	0%
\$5 Calls	1%
\$7.50 Calls	1.7%
8 <b>Total GTX</b>	2.6%
9 <b>PRG</b>	1.4%
<b>Cash</b>	22%
<b>Total</b>	100.0%

Footnote: The “Weight in the ‘Spin-off and Special Sits Portfolio” reflects Rich Howe’s personal investment weightings for the securities mentioned in the premium newsletter and can be used as a tool to reflect his conviction. This information is for informational purposes only. Investment preferences and risk tolerance are different for everyone, and Rich Howe’s weightings should not be blindly followed. Rather, they should be used to gauge his “conviction” in each recommendation. Rich Howe is not an investment advisor. These statistics will be updated monthly.



## A Monthly Zoom Call

On the first Friday of each month, I host a Zoom call for premium subscribers.

The call is held at 10am EST. During the call, I discuss the latest spin-off news, provide updates on my open recommendations, and take questions and comments.

You can use this link to join the meeting:

### [Monthly Zoom Meeting](#)

I post a replay by the end of the day for those that can't join the meeting live.

All replays are posted here:

<https://stockspinoffinvesting.com/videos/>

## A Community Chat Room

As part of your subscription, you get access to a community chat. I use discord to host this community chat.

You can register to access the community chat with this link:

<https://stockspinoffinvesting.memberful.com/account/discord/authorize>

If you haven't used Discord before, you will have to set up an account, but it is free to use.

I'm biased, but I LOVE the community chat.

Examples of what gets posted in the community chat:

- 1) A subscriber asking me for thoughts on an upcoming spin-off
- 2) A subscriber sharing an idea that he/she thinks is compelling.
- 3) A subscriber sharing a sell side report.
- 4) Much, much more.

## Frequently Asked Questions

**Do you consider your "open investments" as active recommendations? For example, if someone were to invest in your ideas today, would you recommend investing in all ideas evenly, more on the losers, more on the winners, something else?**

*Yes, I would recommend that someone joining today invests in all of my open recommendations. Of course, it all depends on their risk tolerance and personal approach. Some subscribers buy everything and some subscribers pick and choose based on their own risk profile. But my "open recommendations" should be viewed as good investments (in my view) at today's prices.*

**At what point do you transfer an idea from the "open list" to the "closed list"? For example, based on hitting price targets or material changes in the business?**

*I take an investment from an open recommendation to a closed recommendation when I do not like the investment any more. For instance, when I most recently recommended Kontoor Brands, it was trading around \$17 and trading at ~4x normalized earnings. This seemed like a really good risk/reward. I closed the recommendation and recommended selling when the stock closed around \$41 because the stock was trading at a much more reasonable valuation.*

**Do you have any suggestions as to web services that we could use to set alerts on stocks when they hit certain price points?**

*I think the best option would be to use your brokerage firm. I use Schwab and they have free price alerts on any securities if you are a customer. I imagine most brokerage firms would have a similar service.*

*Alternatively, you could use a service like ycharts to provide price alerts on certain securities, but their cheapest option is \$50 per month which is quite expensive. I'm a subscriber because I use it for many other purposes (valuation, historic financials, etc.).*

*I was also able to find [this video](#) which walks you through how to set up price alerts using google finance which is free.*

**Do you have any book recommendations- maybe regarding how to value a company ???**

*These [notes from Joel Greenblatt's class](#) at Colombia are excellent and he discusses valuation a fair amount.*

*In terms of other books on valuation, [McKinsey's book on valuation](#) is very good, but it's pretty academic.*

*One good thing that you could do is follow [Professor Damodaran's class online](#). He posts all his material online for free and is one of the world's most renowned valuation experts. I haven't taken the course online myself, but I really should. I have no excuse!*

*In terms of other books, some recent ones that I'm enjoying now are all the [Market Wizard books](#) by Jack Schwager. He just published a new one which I enjoyed.*

*If you haven't read them, he interviews many different types of investors. Most of them are more focused on "trading" but it's really fun to hear the conversations. My biggest takeaway is there are so many different ways to make money. There is no "one right way" to invest. You just have to find an approach that works and fits your personality.*

**When I read Joel Greenblatt's "How to be a stock market genius" he mentioned that he liked to see a good incentive structure for management within the spun off corporation. He also said that sometimes management will purposefully try to keep the stock price low after the spinoff since there can be a period of time until their options in the spinoff vest.**

**Do you look at the incentive structure in spinoffs like Greenblatt talked about? And do you ever see the timeline for management's stock option award in the form 10's?**

*When I'm reading the Form 10, I always read the executive compensation section and it's important to look for how many shares are reserved for executive compensation. Oftentimes, it's disclosed but sometimes it's not (like with Concentrix).*

*With smaller spin-offs, it's typical that up to 10% of shares outstanding will be reserved for incentive compensation. I agree with Greenblatt that this is a good thing.*

*With larger spin-offs, it won't be as high a percentage, but it will be a large dollar amount (think like \$250MM worth of stock).*

*I think the spin-off world has changed a bit. Yes maybe management tries to keep the stock price low so their options can price at a lower price, but oftentimes spin-off companies have slide decks/analyst day webcasts. So I don't know if that's the case as much anymore.*

*Also, sometimes you have to read between the lines. With Liberated Syndication (LSYN), a micro-cap spin-off, there were no shares reserved for incentive compensation. At the same time, the stock was trading at a ridiculous valuation (3x earnings) and there was no investor relations outreach. In this case, I figured that management would grant themselves a bunch of stock and then start promoting the company and that's what happened.*

### **Do you mainly focus on US spin-offs or will you follow international spin-offs as well?**

Initially, our main focus will be on US spin-offs, but if we see any compelling international spin-offs, they will be included. We hope to build out our coverage of international spin-offs over time.

### **How do you track all spin-offs, especially international spin-offs?**

We have access to a Bloomberg terminal which lists all (including international) spin-offs. In addition, we use google news alerts to monitor any news related to recently announced or imminent spin-offs.

### **How much time is spent researching a stock before it is recommended? How long are write-ups ?**

We estimate that we spend ~40 hours researching and analyzing a stock before recommending it. The length of the write up will depend on the complexity of the investment. However, the length of our write-ups has historically varied from 6 to 18 pages.

### **Do you expect to focus primarily on small cap spin-offs?**

Yes, we expect to focus mainly on small and micro cap spin-offs. However, if there is a compelling mid-cap or large cap, it will be included.

### **Will any non spin-offs be included in your recommendations?**

While our primary focus will be stock spin-offs, we may include a non stock spin-off recommendation if we believe the stock represents a compelling risk/reward opportunity.

### **Once I subscribe, will I get access to previous newsletters?**

Yes. The first newsletter was issued on July 6, 2018, and all historical newsletters are posted at the bottom of the [Members page](#).

### **If I originally sign up for a monthly plan, can I change it to a yearly plan?**

Yes just email me, and I will change your plan. If you request the change, the unused portion of your monthly payment will be credited towards the cost of the annual plan.