

Daily Alert October 22, 2015 Dear Ron Thompson, This small bank pays a small dividend, never needed a bailout, and may be a takeover candidate. Midland Capital Holding (MCPH 14) from Hughes Investment Management This 100 + year old savings bank has four locations, in south and southwest Chicago. The bank's insiders own over half of the stock, and it pays a small cash dividend that will go up once earnings turn around. There are only 372,000 shares outstanding, so it trades only 500 shares a day, but at this price, the stock can still make you rich for the following reasons. The bank's charge offs over the past decade are around 0.25%, and it is a local bank knowing the people and values. Two brothers-both attorneys-run their practices out of the bank, are now in their 60's and have been there over 30 years. It may be time for a sale. They just don't seem to care about the bank's growth or stock value or shareholders, so that creates a great opportunity for us like we have never seen. They haven't grown loans for years, but they would be profitable if they sold and cut out the management fat. The bank never buys stock back even though it is trading at 33% of book value. I think this is the only reason the stock is not double or triple its current value. Before the crash in 2009, the stock traded at \$40 a share. This is one of those few banks that never took TARP, never had any real issues, but the stock never came back; it kind of just got forgotten. This is simply the cheapest and safest bank I have ever seen in 25 years of investing in this sector. There is really no downside risk, just time value of money on this one. Once a sale happens, the shares can go to \$36-\$46, depending on when it occurs. Right now the shares are trading at less than their revenues, and that does not make sense. The company has \$36.00 a share in cash, real book value, and perhaps another \$6.00 in value in real estate locations-an educated guess, on my part. Earnings per share could go back be \$2.50 a share, once rates go up and management leaves the bank or cuts the fat. Buy all day, from \$12 to \$16, and a lot more from \$16 to \$22, depending on your time frame. Douglas Hughes, Hughes Investment Management, [www.banknewsletter.com](http://www.banknewsletter.com), 203-942-5905, October 15, 2015 Wishing you success in investing and beyond, Nancy K. Zambell Editor, Wall Street's Best Investments [www.wallstreetsbest.com](http://www.wallstreetsbest.com) P.S. Daily Alerts are a complimentary part of your Wall Street's Best Investments subscription, but if you'd rather not receive the Daily Alert, you can opt out by clicking [here](#). What do you think of the Daily Alerts? Click [here](#) to take our survey and let us know.