



Company	Ticker	Price	Mkt. Cap To (M)	Rating From	Price To	Target From	ThinkAction
Initiations							
Intuitive Surgical, Inc.	ISRG	\$328.00	\$13,284.0H		\$330.00		ISRG: Initiate Coverage With A Hold Rating And \$330 Price
Changes in Estimates							
The Active Network, Inc.	ACTV	\$13.31	\$764.0	B	\$23.00		ACTV: Solid 2Q Driven by Marketing Services; Maintain Buy and \$23 PT
Company Update							
CEVA, Inc.	CEVA	\$25.43	\$569.6	B	\$35.00		CEVA: Continued Design Activity and Handset Growth; Maintain Buy Rating
QuinStreet, Inc.	QNST	\$11.02	\$546.6	B	\$19.00		QNST: In-Line Quarter, Fundamentals Stabilizing; Reiterate Buy
Velti plc	VELT	\$10.00	\$631.0	B	\$22.00		VELT: Analyzing The Dip, We Disagree With The Market; Buy
Industry Update							
Gaming							Social Gaming: An Interview With The CEO Of 6waves And The CEO Of Lolapps

Initiations

Intuitive Surgical, Inc. (ISRG, \$328.00, Hold)

ISRG: Initiate Coverage With A Hold Rating And \$330 Price

Changes	To (Current)	From (Previous)
Rating	Hold	
Price Target	\$330.00	
FY11 EPS	\$11.45E	
FY12 EPS	\$13.19E	
FY11 REV (M)	\$1698.2E	
FY12 REV (M)	\$1951.5E	

We initiate coverage on Intuitive Surgical (ISRG) with a Hold rating and \$330 price target. Our price target is based upon 25x our 2012E EPS of \$13.19. ISRG shares trade at 25x our 2012E EPS and at 6.6x our 2012E revenue of \$1.95B. This compares to the medtech companies' share averages of 18x consensus 2012E EPS and 3.2x consensus 2012E revenues. Despite ISRG's strong recent financial performance, we remain cautious regarding potential upside to procedure volumes and system placements in the near- to mid-term due to slowing growth for new U.S. systems and limited potential upside to Prostatectomy volumes.

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Changes in Estimates

The Active Network, Inc. (ACTV, \$13.31, Buy)

ACTV: Solid 2Q Driven by Marketing Services; Maintain Buy and \$23 PT

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$23.00	
FY11 EPS	(\$0.07)E	(\$0.11)E
FY12 EPS	\$0.17E	\$0.16E
FY11 REV (M)	\$330.1E	\$324.1E
FY12 REV (M)	\$377.3E	\$373.6E

ACTV reported solid 2Q11 results, its first as a public company. Over the quarter, registration revenue grew 15% Y/Y, driven by 8% growth of revenue per registration and 7% growth of registrations. Marketing services were also solid, helping deliver a solid top-line beat. Revenue upside, favorable mix shift and leverage drove a solid bottom-line outperformance - EBITDA and non-GAAP were 16% and \$0.06 ahead of our estimates. We reiterate our Buy rating and maintain our \$23 price target.

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Company Update



CEVA, Inc. (CEVA, \$25.43, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$35.00	
FY11 EPS	\$0.85E	--
FY12 EPS	\$0.87E	--
FY11 REV (M)	\$58.0E	--
FY12 REV (M)	\$62.1E	--

CEVA: Continued Design Activity and Handset Growth; Maintain Buy Rating

We hosted a series of management meetings with CEVA, and came away comfortable with continued license and royalty opportunity for the company, despite broader market concerns. We believe the company is tracking to our near-term expectations, and is poised to benefit from share gains across low-end and high-end handsets. Our price target of \$35 represents a 40x target multiple on our CY12 EPS estimate of \$0.87, which we believe is justifiable given the company's market position and share momentum.

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QuinStreet, Inc. (QNST, \$11.02, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$19.00	
FY11 EPS	\$1.03A	\$0.99E
FY12 EPS	\$1.01E	--
FY11 REV (M)	\$403.0A	\$404.6E
FY12 REV (M)	\$462.8E	--

QNST: In-Line Quarter, Fundamentals Stabilizing; Reiterate Buy

QNST reported F4Q11 results roughly in line with our revenue forecast and higher than our EBITDA/PF EPS estimates, and reiterated the company's outlook for FY12. Financial services revenue was higher than expected as QNST was able to make progress on differentiating its insurance offering versus lower-quality competitors and thus stabilize pricing, while education was slightly below our expectation as the uncertain regulatory environment had some impact on client budget deployment. We continue to view QNST's business/opportunity as fundamentally intact and believe that the company will overcome market/regulatory headwinds over the next year. We reiterate our Buy rating and \$19 PT.

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Velti plc (VELT, \$10.00, Buy)

Changes	To (Current)	From (Previous)
Rating	Buy	
Price Target	\$22.00	
FY11 EPS	\$0.37E	--
FY12 EPS	\$0.74E	--
FY11 REV (M)	\$176.8E	--
FY12 REV (M)	\$253.8E	--

VELT: Analyzing The Dip, We Disagree With The Market; Buy

VELT shares finished down 17% yesterday (versus the NASDAQ down 4%) and VELT now has an enterprise value of approximately \$500M, representing 9.2x/5.7x FY11E/12E EBITDA, "traditional media" multiples for the leading SaaS tools/solutions provider serving the next emerging major media market. We believe yesterday's sell-off may have been triggered by 1) concerns over increasing OpEx 2) lack of incremental transparency into business model drivers and/or 3) erroneous (in our view) analogies between VELT and Motricity. In our view, such concerns are misplaced and VELT shares should be acquired aggressively at current levels. We reiterate our Buy rating and \$22 PT.

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Industry Update



Gaming

Social Gaming: An Interview With The CEO Of 6waves And The CEO Of Lolapps

We had a chance to interview Rex Ng, CEO of 6waves and Arjun Sethi, CEO of Lolapps. 6waves and Lolapps recently combined to make one of the largest social game developers/publishers on Facebook. The combined company also received investment from Nexon and could likely partner with Nexon for publishing and social commerce. The company is seeing strong growth in social games driven largely by improving conversion rates. The company expects continued momentum in social games driven by improving conversion and growing usage from platforms such as Facebook Connect, Google Plus, Tencent, Mixi and mobile.

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			Count	Percent
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HOLD [H]	77	35.30	6	7.79
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