

A GROUND FLOOR PROFIT ALERT FROM



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Investigator

UNCOVERING THE SECRETS OF WALL STREET

**JUST RELEASED  
SPECIAL STOCK REPORT**

**The last “Apparel Rocket” rewarded early investors with a 3,736% gain. The next one could be sitting on the launch pad right now!**



**BY J.B. TIPTON, B.S., M.B.A, J.D.**

LuLu Lemon Athletica (LULU), the now-famous maker of exercise clothing, saw its share price soar from \$2.17 when the company was a virtually unknown to a high of \$81.09 in less than four years, handing early investors a staggering 3,736% return.

Naked Brand Group (NAKD), our Current Recommendation, has some striking similarities with the previous Apparel Rocket that bode well for ground floor investors.

**NAKED®**

*Naked® Brand Group Inc. is a global lifestyle & apparel company that is rapidly becoming one of North America's most loved innerwear brands.*

Stock Symbol: **NAKD**

# Top 8 Reasons to put NAKD on your Radar:

**Reason #1:** Part of the hot apparel sector that's seen huge share price gains. Has striking similarities to LuLu Lemon, which handed early investors a 3,736% gain, True Religion, which soared 7,654%, and LOTE which recently jumped 2,440%.

**Reason #2:** Because Wall Street has not yet recognized the company's potential, shares are trading for just above \$1.00 at the time of this writing.

**Reason #3:** Products are sold at over 157 locations in North America including Nordstrom, Holt Renfrew, Kitson-LA, Khaki's of Carmel, Pockets, and David Lawrence. Also sold online at sites like Hisroom.com and Freshpair.com.

**Reason #4:** Year-over-year sales for the fiscal year ending January 31, 2013 grew 193%.

**Reason #5:** Introducing a companion line to tap the lucrative \$60 Billion women's market.

**Reason #6:** All-star team of officers, directors, and advisors, including Daymond John, founder of \$60 Billion FUBU Clothing and star of ABC's hit TV show *Shark Tank*. Early investors include heavyweights like WestJet Airlines co-founder, Tim Morgan.

**Reason #7:** Rolling out a licensing strategy designed with the help of Daymond John to extend the Naked brand to vertical markets. Has the potential to generate significant "extra" earnings without additional risk or capital.

**Reason #8:** Could be considered as an acquisition target by one of the large brand portfolio companies at a premium to market price, opening the door to a possible windfall for ground floor investors.

LuLu Lemon Athletica (or LuLu Lemon, as it's customarily known) and Naked Brand Group both...

- sell specialized clothing that consumers are clamoring for;
- command a premium price for their products;
- follow Bill Gates' secret of success (explained below); and
- are "brandcentric" companies.

Although Naked Brand Group shares many similarities with LuLu Lemon, it has a business plan with a unique "twist" that could allow the company to generate earnings over and above what it makes

from selling its products.



I'll explain how these "extra" earnings could materialize in just a moment. But first, let me give you the background information you need to fully appreciate why my staff and I have selected Naked Brand Group as our Current Recommendation.

## Hot Fashions, Hot Stocks, Hot Profits

For starters, NAKD is the type of stock that has recently been very hot. Small specialty apparel companies are on a tear, generating some truly breathtaking gains for ground floor investors...

- **A 7,564% GAIN:** True Religion Jeans (TRLG), a microcap stock selling for 50¢ a share, skyrocketed to \$37.82 after it was "discovered." If you had purchased just 1,000 shares, a modest \$500 investment could have grown to \$37,820.



- **A 1,021% GAIN:** Under Armour (UA) shares traded for \$5.97 when the company was relatively unknown, soaring to a high of \$60.96. If you had bought just 500 shares back then, your initial investment of \$2,985 could have grown to as much as \$30,480.



- **A 1,400% GAIN:** G-III Apparel Group (GIII), which makes everything from swimwear to sportswear, saw its shares go from \$3.24 to \$45.38 in just two

years. If you had bought 500 shares, an investment of \$1,620 could have become \$22,690.



- **A 2,440% GAIN:** Lot78, Inc. (LOTE), which makes luxury street apparel, recently saw its shares go from \$0.75 to \$18.30 in under three months. If you had bought 1,000 shares, an investment of \$750 could have become \$18,300.



All of these then-unknown little companies capitalized on emerging fashion trends and innovative design to secure coveted “first mover” status, enabling them to control lucrative niche markets with high gross margins and loyal customers.

Naked Brand Group (NAKD) has taken advantage of recent changes in the men’s underwear market to become an important player in this **\$10 Billion global market** in less than three years.

## Sorry, Michael Jordan

In their heyday, Michael Jordan’s “boxers or briefs” ads were cutting edge, but now they’re old hat. That’s because the men’s underwear market has undergone a dramatic transformation in the last few years, splitting into two distinctly different segments:

**MARKET SEGMENT #1 (THE COMMODITY MARKET):** Here’s where you’ll find the familiar, lower-priced “boxers or briefs” usually sold in packages of three or more. They may carry different brand names (think Hanes, Jockey, or Fruit of the Loom), but they’re all pretty much the same, making them commodities with little pricing power.

**MARKET SEGMENT #2 (THE FASHION MARKET):** This market segment consists of upscale garments with distinctive attributes that allow their makers to charge much higher prices than their commodities counterparts. These garments come in a wide range of colors, fabrics,

A screenshot of a WWD (Women's Wear Daily) article. The article is dated October 25, 2012, and is titled "New Brands Shaking Up the Men's Underwear Market" by Karyn Monget. The text discusses a new breed of fashion brands entering the men's underwear market, which could mark a sea change in the business. It also mentions that Naked Brand Group has received favorable mentions in WWD and other prominent publications.

and fits. Calvin Klein and Armani are the big dogs in this category, but Naked Brand Group seems to be making inroads at an unprecedented rate.

## Joel Primus, CEO – Naked Brand Group

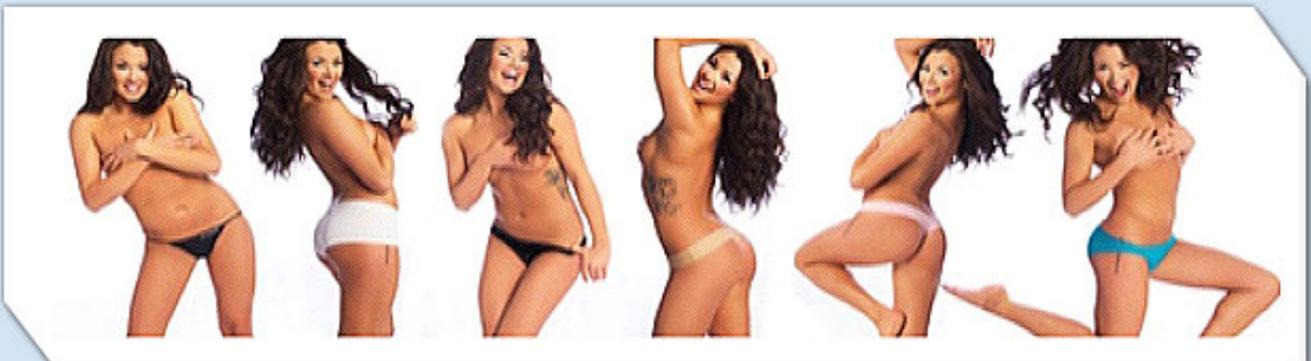
"I refuse to back down," says CEO, Joel Primus. "I have no doubt in my mind that we are going to be one of the biggest underwear lines in the world."

The ambitious leader hopes to displace Calvin Klein and become the number one brand in comfortable, luxury undergarments for the modern metropolitan male.

Source: *Vantage Wire Article: June 2013*



Men's fashion underwear from Naked Brand Group comes in a variety of styles, colors, and fabrics that make you feel as though you're wearing nothing at all. This combination of style and comfort allows the company to charge premium prices. NAKD will soon roll out a line of women's undergarments that has the potential to position the company to prosper in this \$60 Billion market.



Let's review some important numbers that demonstrate one of the important competitive advantages Naked Brand Group enjoys...

**Higher Price + Higher Margin = Higher Profit**

Products in the fashion segment of the men's underwear market where NAKD operates command premium prices. For example NAKD sells a pair of boxer briefs for \$36. Compare that to the typical \$8

price for a pair of commodity boxers sold by a company like Fruit of the Loom.

In addition to commanding a higher price, products in the fashion segment of the market tend to have a higher gross margin. A company like Jockey or Fruit of the Loom may enjoy a gross margin of 35%, whereas a company like NAKD might enjoy a gross margin of 45% for the same type of garment.

This combination of premium prices and a high gross margin allows a company to make substantial profits even if it secures only a tiny percentage of the overall market.



But the way things are going, we think there's a good chance NAKD might end up with a much larger market share than anyone could reasonably expect...

## Sales Are Skyrocketing!

It's unheard of for an upstart apparel company to get significant orders from major department stores like Nordstrom in the U.S. or Holt Renfrew in Canada. It's equally unlikely for a new company to get shelf space at trendy boutiques like Kitson in Los Angeles. But that's exactly what happened with Naked Brand Group.

*"The Naked brand has done well at Kitson. It's a great name for underwear, the quality is excellent, and the underwear business for men is blossoming."*

**kitson**  
LA

— Fraser Ross, Owner of Kitson LA

These stores were so impressed with the company's products (which we'll look at in detail momentarily), and so convinced that Naked Brand Group had what customers wanted, they jumped at the chance to do business.

NORDSTROM

HOLT RENFREW

Freshpair

For example, Nordstrom, considered by many industry insiders to be one of the best run upscale department stores in the U.S., stocked NAKD's products in 39 stores, as well as on the Nordstrom website. This is highly significant because the chain typically tests a new supplier's products in just 4 or 5 stores, or sometimes just on the website.

## Naked Brand Group Inc. Continues to Outpace Market Growth

9:35 AM ET, 05/03/2013 - GlobeNewswire

VANCOUVER, British Columbia, May 3, 2013 (GLOBE NEWSWIRE) -- Industry report by NPD Group, Inc., a global information company, confirms that Naked Brand Group Inc. (the "Company" or "Naked") (OTCQB:NAKD) is expanding into growing vertical markets. According to the report, men's underwear saw one of the biggest percentage gains, increasing by 13 percent from 2011 to 2012. Socks were a close second seeing a 12 percent gain.

Naked Brand Group Inc. outpaced the market with 193% year over year growth for the fiscal year ending January 31, 2013.

In fact, Nordstrom was so convinced NAKD's products would have overwhelming customer appeal that they featured them in a special Valentine's Day promotion. Their ability to recognize a winner was confirmed when Naked Brand Group's offerings ended up being one of the chain's top 10 sellers, handily beating more established brands.

With its products now in 157 stores throughout North America, the company's year over year sales are growing at a phenomenal 193%, and we could reasonably expect that impressive rate of growth to **accelerate dramatically** as NAKD...

- Introduces new products, including a much anticipated women's line (see below)
- Expands into Europe
- Negotiates for distribution in Asian markets
- Continues to increase distribution to 300 stores throughout North America

Naked Brand Group is experiencing such phenomenal growth because the company has tapped...

## The Power Of A Great Brand

Great companies almost always start with a great idea. With Steve Jobs of Apple fame, it was an easy-to-use personal computer. With Joel Primus, the CEO of Naked Brand Group, it was underwear that was both fashionable and comfortable.

Naked Brand Group emerged from that single great idea, and today the company produces a wide range of impeccably tailored undergarments, all made from imported high-quality fabrics that are so soft and so smooth, you feel like you're wearing nothing at all — the inspiration for the company's name.



The company’s current product lineup consists of undergarments in every popular style demanded by its target market of upscale males aged 25–49. All are crafted from Italian microfiber that seamlessly forms to the wearer’s body, ultra-soft pima cotton, or a unique micromodal fabric that’s spun on a special machine making it softer than silk.

Naked Brand Group is a “brandcentric” company, a business built around a powerful brand rather than factories, machines, or other tangible assets. And as we’ll see momentarily, if the company leverages its most important asset — the Naked brand name — it could produce that “extra” profit per share we are all looking for as investors.

But before we get to that, let’s look at some upcoming moves that have the potential to bring Naked Brand Group to Wall Street’s attention in the coming months...

## New Products, New Profits

In the months ahead we anticipate the company will receive even greater notice, thanks to new products that are about to be launched:

- a more affordable Pima cotton line for younger customers to be launched at Holt Renfrew’s new HR2 store
- new high-end sleep wear
- men’s bathing suits with the potential to revolutionize swimwear
- Continues to increase distribution to 300 stores throughout North America
- men’s sports-centric premium underwear made from a space-age fabric with anti-friction, anti-bacterial and anti-odor qualities



**Daymond John of Shark Tank fame** is an all-star advisor to Naked Brand Group. Mr. John used lucrative licensing arrangements to grow his FUBU Clothing Company from a single product line into a \$60 Billion urban clothing powerhouse. If his company, Shark Branding, is able to leverage the Naked brand name the same way he did with FUBU Clothing, Naked Brand Group could become a force to be reckoned with in the rapidly growing fashion undergarments segment. Read on for details.

## Naked Brand Group Inc. Makes a Splash With the Launch of Its New Swimwear Collection for Men

9:35 AM ET, 04/24/2013 – GlobeNewswire

VANCOUVER, British Columbia, April 24, 2013 (GLOBE NEWSWIRE) -- Naked Brand Group Inc. (the "Company" or "Naked") (OTCQB:NAKD) is set to make a splash with the launch of its innovative line of architecturally refined men's swimwear this Spring.

For decades, men have been forced to choose between the unflattering, American-style boarding short or the form-fitting, leave nothing to the imagination, European swim trunk. In an effort to address this problem, Naked has developed a new collection of men's swimwear that will provide the form and function necessary to give a body-enhancing tailored fit while keeping your private parts concealed and comfortable.

But without question, the biggest impact on the company's fortunes will come from...

### Tapping The \$60 Billion Women's Market

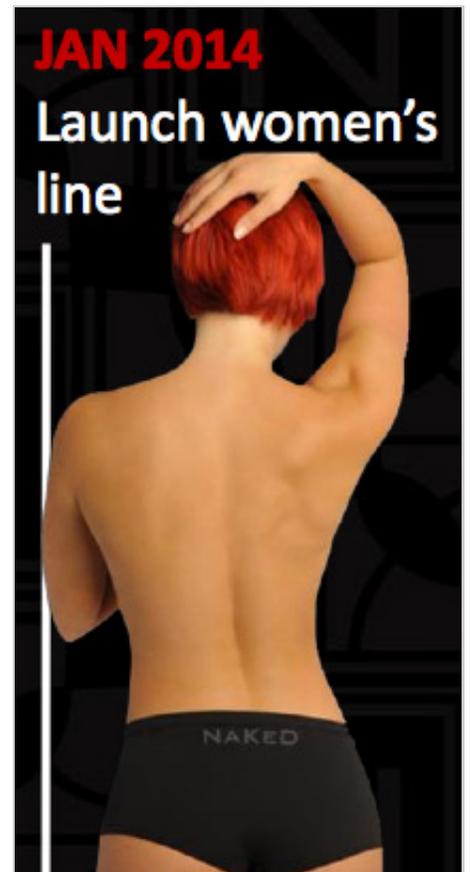
The global market for men's undergarments is approximately \$10 Billion, a significant number, but just 1/6th the size of the women's market.

In an effort to gain a share of that \$60 Billion market, Naked Brand Group is in the process of launching a line of women's undergarments based on the same philosophy of combining fashion with comfort. A female staff member assures me that with most women's undergarments now on the market, "you can have sexy or you can have comfort, but you can't have both." NAKD's products will deliver both.

Like the company's men's line, their new women's undergarments will feature:

- ✓ High quality fabrics
- ✓ Impeccable tailoring and construction
- ✓ Premium prices
- ✓ High margins

NAKD's biggest competitor in the women's market is Victoria's Secret, which has annual sales of approximately \$7 Billion, or about 12% of the \$60 Billion global market. Here at *Wall Street Investigator*, we believe Naked Brand Group will give Victoria's Secret a run for its money for two reasons:



**Reason #1:** NAKD has already proven itself with its highly successful men's undergarments. The experience and contacts it gained from the launch of that product line easily translates to the new women's line. Sales and distribution

channels are already in place.

**Reason #2:** Victoria's Secret has endangered their market-leading position and opened the door to a challenge by NAKD with what industry insiders consider a major marketing blunder. In recent years, Victoria's Secret has alienated its typical customer (average age 35) by focusing on products targeted to a much younger demographic.

We assume the savvy marketers at Naked Brand Group are hard at work devising a strategy for winning the loyalty of these women, who are deserting Victoria's Secret by the droves.

In addition to an outstanding product line, Naked Brand Group has the second essential ingredient needed for success...

## Great Products Aren't Enough

A company with great products won't succeed if it doesn't have great people behind those products. Bill Gates, the CEO of Microsoft, when asked the secret of his success is reputed to have responded, "surrounding myself with people smarter than I am."

Joel Primus, the CEO of Naked Brand Group, has taken Mr. Gates' advice to heart by lining up an all-star team of officers, directors, and advisors, the likes of which are rarely found in such a young company. For example...

- **Daymond John** is the mastermind behind FUBU Clothing, which he grew into a \$6 Billion global enterprise using a savvy branding strategy. (Remember this because, as you're about to discover, it's important.) Dubbed "The Godfather of Urban Fashion," he is the star of ABC's hit television show, *Shark Tank*.
- **Christian Wicks** has over 15 years of experience overseeing production and development of such leading brands as English Laundry, Fender Clothing, the John Lennon Collection and the Jimi Hendrix collection. He is a past president of PRVCY Apparel and Defiance USA.
- **Brian Johnson** has over 10 years experience in global distribution, brand launches and sales management. He was responsible for launching the Bjorn Borg brand in the U.S., getting that line of Swedish men's underwear into fifty stores in the first year. During his career he has managed over 100 high-profile national accounts, including Nordstrom, Urban Outfitters, Simons, and American Rag.

This lineup of experienced apparel talent bodes well for the company's future. And Daymond John's expertise has the potential to help the company generate that "extra" profit I mentioned earlier...

## Licensing Strategy Is The Key To Rapid Growth

Companies that own some of the world's most famous brands don't actually make and sell the products on which that brand name appears. Other companies actually make those products and pay

# NAKED®

Company	Naked Brand Group Inc.
Exchange	OTCQB
Stock Symbol	NAKD
52 week Hi/Lo	\$1.30 / \$0.70
Shares Outstanding	28,514,000
Fully Diluted	33,236,506 as of 1/1/13
CUSIP#	629839101
Fiscal Year End	Jan. 31
Date of Incorporation	May 21, 2009
Transfer Agent	Standard Registrar and Transfer Company Inc.
Standard & Poor's	Accepted under the Capital IQ Corporation Records Program
Website	<a href="http://thenakedshop.com">thenakedshop.com</a>

the brand owner a licensing fee for the right to use the name on their products.

The company that actually makes the products provides the capital and takes all the risk, while the brand owner simply sits back and collects a percentage of gross sales (typically from 5% to 15%). In some instances, the brand owner also collects an up-front fee, the business world's equivalent of the signing bonus professional athletes rake in.

This licensing strategy has been successfully used by other companies, most notably by Daymond John's FUBU Clothing, which used it to become a \$6 Billion company in just a few years. As we saw above, Mr. John and his company Shark Branding is helping to formulate a strategy for leveraging the Naked brand through licensing arrangements.

It's conceivable that the Naked brand could be used on a wide variety of products, but there are five markets that we think offer the greatest immediate opportunity:



These markets are so huge that Naked Brand Group could conceivably generate significant licensing fees by tapping just a tiny percentage of sales. And if it succeeds, we think it's reasonable to assume the company could become a prime acquisition target, opening the door to a much higher share price...

## Apparel Acquisitions Are On The Rise

In recent years large conglomerates have put together "brand portfolios" by acquiring companies that own quality upscale brands. For example:

- ✓ LVMH (Moët Hennessy Louis Vuitton S.A.), an \$87 Billion international powerhouse, has acquired luxury brands like Dom Perignon, Donna Karan, Christian Dior, and TAG Heuer.
- ✓ PVH Group reached a market cap of \$5.17 Billion by snapping up such well-known brands as Calvin Klein, Izod, Geoffrey Beene, DKNY, Tommy Hilfiger, Jones New York, and Kenneth Cole.
- ✓ Sequential Brands Group acquired the company that owned the rights to the Ellen Tracey and Caribbean Joe brands for \$62.3 million in cash and 2.8

million Sequential shares.

Once Naked Brand Group starts to execute the licensing strategy that Daymond John and Shark Branding is helping to formulate, the company could end up on the radar of one of the big brand portfolio companies that traditionally pay a premium for the companies they acquire.

Given the vagaries of the market, it's impossible to know how high a stock might go. Run the numbers yourself . . . we expect to see NAKD shares trading higher in the near future, but how much higher is anyone's guess.

I think when you factor in the tremendous success Naked Brand Group has already had, the potential represented by its new products (including the new women's line to tap that \$60 Billion market), and the licensing strategy Daymond John is helping devise, you'll agree this is a stock that could do as well as some of the "apparel rockets" that have generated quadruple-digit returns.



*J.B. Tipton*

J.B. Tipton, B.S., M.B.A., J.D.  
*Wall Street Investigator*

Mr. Tipton holds a B.S. in business, *magna cum laude*, from a prestigious university in New England, an M.B.A. from a highly regarded Mid-Atlantic university, and a J.D. from one of the top law schools in the New York metropolitan area, where he served as a law review editor.

### High Flying Apparel Rockets

- True Religion Jeans (TRLG) — a gain of 7,564%!
- lululemon athletica (LULU) — a 3,736% gain!
- **Naked Brand Group (NAKD) — a XXXX% gain?**
- Under Armour (UA) — a 1,021% gain!
- G-III Apparel Group (GIII) — a 1,400% gain!
- Lot78, Inc. (LOTE) — a 2,440% gain!

**P.S.** If you'd like to be among the first to learn about our future recommendations, sign up for our FREE email Stock Alert Service.

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