

OXFORD RESOURCE EXPLORER

DRILLING DEEPER TO DISCOVER PROFITS | ISSUE 55, AUGUST 2018

Nearly 700% Revenue Growth in Seven Months The Envy of the Industry Puts Its Peers to Shame

by Matthew Carr, Emerging Trends Strategist, The Oxford Club



MATTHEW CARR

Dear Member,

Cannabis and corn may have more in common than you think... or at least the industries do.

Originally, corn had a single purpose: to be eaten. Your options were limited to fresh or dried (canned and creamed varieties wouldn't come until much later).

Then, some enterprising individual – who maybe hated corn as much as I do – started feeding dried corn to their livestock. The livestock didn't die; in fact, they were healthier. So the practice quickly caught on.

Today, the No. 1 way corn is used worldwide is as livestock feed. But that's not all corn has going for it. It's remarkably versatile. It's milled to make flour, masa and meal for use in tortillas, chips and cornstarch. There are corn syrups, bourbons, biofuels (like ethanol) and even corn-based plastics.

In fact, only a fraction of the corn produced today is consumed by people.

Consider this: In 2017, 37.6% of U.S. corn produced was used for animal feed and 30% was used for ethanol. Another 13.5% was exported (to be used as animal feed elsewhere) and 8.7% went to distillers' dried grains with solubles (essentially more animal feed).

The remaining 10% was used for corn syrup, sweeteners, beverages, alcohol, cereal and starch.

That means the original motive for growing corn – as food for humans – has been supplanted by its versatility.

This is something investors need to keep in mind when they think about cannabis – especially with Canada having recently legalized recreational use nationwide.

For instance, we know there are industrial uses for hemp. We also know that people like to smoke cannabis, both for medicinal and recreational purposes. But we can already see that the days of smoking dried cannabis flower are likely numbered.

There are far more uses for the product.

As I've written about before, dried flower sales in Canada have stagnated while sales of cannabis oils have exploded...

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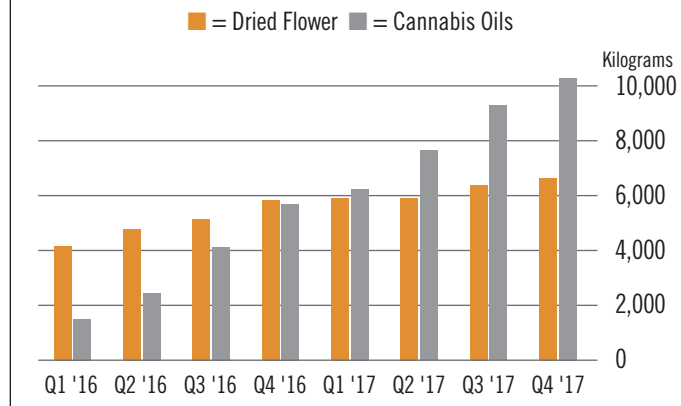
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Dried Flower vs. Cannabis Oil Sales



From the first quarter of 2016 to the fourth quarter of 2017, cannabis oil sales recorded by Health Canada increased 588%.

Meanwhile, dried flower sales didn't really move the needle.

This is the defining trend in the sector; we've seen it in every market. And with recreational sales rolling out in Canada this fall, it'll become even more pronounced.

As investors with that October 17 date circled on our calendars, we want oils... not buds.

The company I'm going to share with you today is seeing its production soar to new records as it undergoes a rapid expansion. And cannabis oils have emerged as a dominant part of its business.

Not only that, but its strategy is the envy of the industry...

Three Tiers to Success

Innovation is one of the things we focus on in these pages. We're always hunting for companies on the cutting edge. It's where we've had a great deal of success scoring gains with Fourth Industrial Revolution technology and early movers into new markets.

That's exactly what makes **OrganiGram Holdings** (TSX-V: OGI; OTC: OGRMF) one of my favorite cannabis plays. It's data driven and tracks its production with software developed in-house.

OrganiGram's facility in Moncton, New Brunswick, is all indoors, meaning the company has complete environmental control. This is vital, as it employs a unique growing method that maximizes its square footage.

OrganiGram's grow rooms use a three-tiered, vertical-stack approach. This way all plants receive uniform amounts of light, air and water. And each grow room is dedicated to a specific strain.

This is also the secret to the company's unparalleled success. In the second quarter, gross sales increased to a record CA\$3.22 million. And the company's number of registered medical patients also climbed to a record 13,000.

Intriguingly, it reported positive earnings per share, which we don't often see in the cannabis industry.

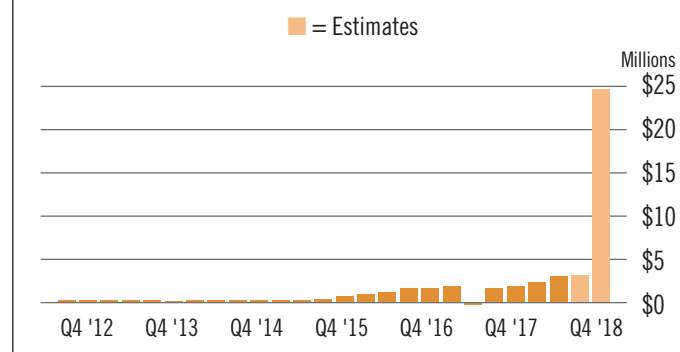
Even though OrganiGram's profit was CA\$0.008 per share with net income of CA\$1.1 million, it was a significant improvement from the loss of CA\$0.06 per share and net income loss of CA\$5.76 million reported a year earlier.

In the quarter, the company posted record cannabis oil sales. These increased 297% year over year and are up 350% for the first six months of the year... exactly what we want to see in the current environment.

For comparison, OrganiGram's dried flower sales were up just 8% in the first half of its fiscal year. This is the trend we're seeing in the industry. And it's why I've been so focused on oil sales.

Of course, as we look ahead, we can see that OrganiGram's business is poised to blossom...

OrganiGram Quarterly Revenue



Revenue is expected to *explode* to CA\$25 million in the fourth quarter once legalization kicks in. That's eight times what was reported in the second quarter.

This success ties back to its one-of-a-kind approach.

On April 20 – also called 420, pot culture's most celebrated day of the year – the company had its first harvest of its Phase 2 expansion.

At the start of June, it began its Phase 3 expansion, with the first harvest coming this month.

These expansions are adding a total of 39 three-tiered grow rooms that can hold 1,500 plants per room.

This brings OrganiGram's total production to 36,000 kilograms (kg) per year, making it a top-tier producer. OrganiGram's production is expected to increase to 65,000 kg annually in 2019 and then 113,000 kg in 2020.

Don't gloss over these numbers. They are the most amazing piece of what OrganiGram is doing.

Right now there are producers struggling to pump out 75,000 kg per year from 1 million square feet. Meanwhile, OrganiGram will soon be producing 113,000 kg from just 490,000 square feet.

This means the company can produce a higher output from a much smaller footprint. More importantly, this is helping it become one of the most efficient and profitable companies in the sector.

In the second quarter, OrganiGram reported record yields per plant. When third quarter earnings are reported, these yields are expected to be even better. Which, when added to improved efficiencies, should bring costs down even lower.

As always, there's more to the story...

A Firestorm of Expansion

OrganiGram has been following through on an ambitious acquisition and partnership plan.

In May, the company announced its first international expansion with a 25% stake in Germany's alpha-cannabis Pharma GmbH. OrganiGram will supply its German partner with dried flower, as the country's own burgeoning medical cannabis market is heating up.

Also in May, OrganiGram received a license to export to Australia. This allows it to ship dried flower to its partner in Melbourne, Cannatrek Medical PTY Ltd.

Remember, the pain management market alone in Australia is a potential \$9 billion opportunity. That's why so many Canadian companies are snagging assets there.

But OrganiGram's forays into partnerships aren't over... In June, it announced a 26% stake in Eviana Health. Over the next five years, OrganiGram will have the right to purchase up to 50% of Eviana's cannabidiol (CBD) oil

at a discount. For OrganiGram, this provides a low-cost, high-quality product that can be shipped to international markets.

And OrganiGram recently announced intentions to make a strategic investment in Hyasynth Biologicals, a biotech specializing in phytocannabinoid science. Here, an offtake agreement will give OrganiGram access to CBD and CBD products, though there aren't any specific details yet.

On the domestic side, the company has three recreational brands in the chute: The Edison Cannabis Co., offering dried cannabis, pre-rolls and oils; ANKR Organics, offering organic pre-rolls and oils, and currently awaiting organic certification; and Trailer Park Buds, offering pre-rolls and blended products in partnership with the comedy *Trailer Park Boys*.

OrganiGram also inked a supply agreement with the Alberta Gaming, Liquor & Cannabis Commission. This adds to the company's agreements with Manitoba, the Prince Edward Island Liquor Control Commission and New Brunswick.

Here's what's noteworthy about those deals. The deal with New Brunswick is for 5 million grams per year. That's worth between \$40 million and \$60 million annually. And the deal with Prince Edward Island is for another \$8 million to \$12 million per year.

Those two alone will provide a significant uptick in OrganiGram's revenue. But that's just the beginning.

Already, OrganiGram is breaking the mold. Its vertical grow rooms are unique, and it's posting profits when many in the cannabis industry aren't.

Beyond this, its shares have gained in 2018 while the marijuana indexes and its peers have struggled. To start, OrganiGram believes 50% of its medical business will be in oils. On the recreational side, that number will be lower initially. But the company knows that the trends indicate this will change... and quite rapidly.

All of this – plus Canada's recreational markets on the horizon – makes OrganiGram extremely attractive right now.

Action to Take: *Buy shares of OrganiGram Holdings (OTC: OGRMF) at market. You can also buy shares on the TSX Venture Exchange (TSX-V) using the ticker OGI. Use a 25% trailing stop to protect your principal and your profits. This is a perfect addition to our Trailblazers Portfolio. ■*

Growth and Income Play Dominates LNG's "Last Mile"

by David Fessler, Energy and Infrastructure Strategist, The Oxford Club



DAVID FESSLER

We live in a world with 7.6 billion people in it. By 2050, that number is expected to balloon to more than 9.7 billion.

It is predicted that nearly two-thirds of the population will be living in urban environments by then.

Cities are traditionally energy-intensive places to live and work, so it's important that our energy supplies be as clean as possible. The health and well-being of city dwellers depend on it.

With that in mind, this month's recommendation is cleaning up our skies.

It's a fantastic growth and income play that you'll want to hold on to for years.

We'll get to it in a moment. But first, I want to show you why its services are crucial in today's energy environment.

Growing Pains in Global Energy Demand

With an additional 2.1 billion people expected to inhabit the globe within three decades, it shouldn't come as a surprise that global energy demand is expected to grow by 30%.

It would be great if all that demand growth could come from renewable sources.

And a lot of it will. But the reality is we'll still need plenty of crude oil and natural gas, especially in some developing countries.

Up until the 1960s, most global energy trade was in the form of crude oil shipped in tankers. But natural gas producers could sell only to customers they could reach via pipelines.

Pipelines between exporters and importers outside of North America and Europe were hard to come by (this is still true today).

The global trade in natural gas was almost nonexistent. It just wasn't economical to transport natural gas in its gaseous state.

This left many overseas customers with no access to natural gas. As a result, some countries had to rely on expensive crude oil to generate power.

Natural gas, composed largely of methane, exists in a gaseous state at room temperature. So in order to transport natural gas via ships, it first has to be liquefied.

The process to create liquefied natural gas (LNG) was developed in 1964.

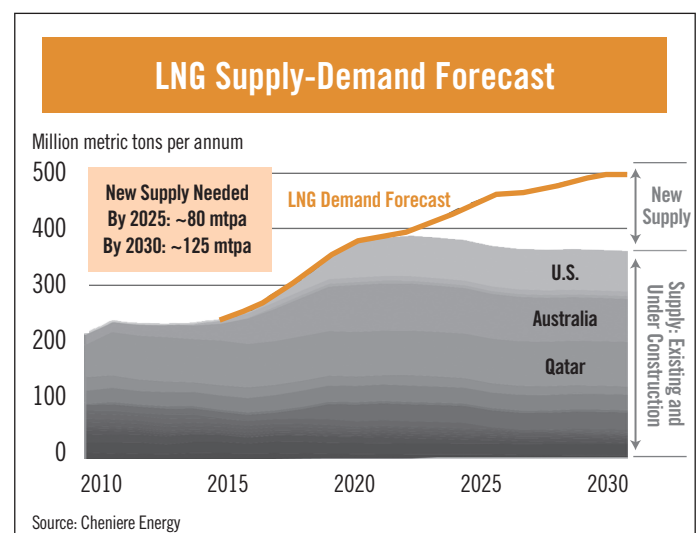
This was a major innovation. In its liquid state, natural gas takes up 1/600th the volume it does in its gaseous state.

Using this process, natural gas from remote fields can be extracted, liquefied and transported via a carrier. LNG immediately changed the natural gas market from a domestic one to an international one.

Today, the outlook for LNG couldn't be better. Its share of the world energy mix is rapidly increasing.

That's due to several factors...

- A big increase in global clean energy policies that support natural gas
- Rapid growth of LNG supply in both spot deliveries and long-term contracts
- Booming shale gas production in the U.S. and Canada.



Even with both existing and new sources of LNG under construction, a supply gap could appear as soon as 2020.

And roughly 125 million metric tons per year of new supply will be needed by 2030.

That's extremely bullish for LNG.

Today, natural gas is set to supply 40% of all future energy demand growth. Demand for natural gas is expected to grow 2% per year through 2035.

That's twice the rate of overall energy growth.

But here's the best part: The demand growth rate for LNG is expected to be double the rate for natural gas – at 4% annually through 2035.

And the last-mile sector of the LNG supply chain is set to grow even faster. Here's why...

When an LNG carrier reaches its destination, it needs to safely unload its valuable cargo.

In order to do that, it needs two things: a regasification terminal and pipelines connecting it to local transmission lines. Those facilities are referred to as LNG's "last mile."

Unfortunately, many LNG destination countries aren't equipped to handle the massive size of most LNG carriers.

There's clearly an unmet need in LNG last-mile services. And that's exactly where this month's recommendation dominates.

Servicing LNG's Last Mile

Höegh LNG Partners (NYSE: HMLP) is a shipping company that owns two massive LNG carriers.

It picks up and delivers LNG all over the world.

But, as I mentioned earlier, not every destination country has the equipment needed to unload the LNG.

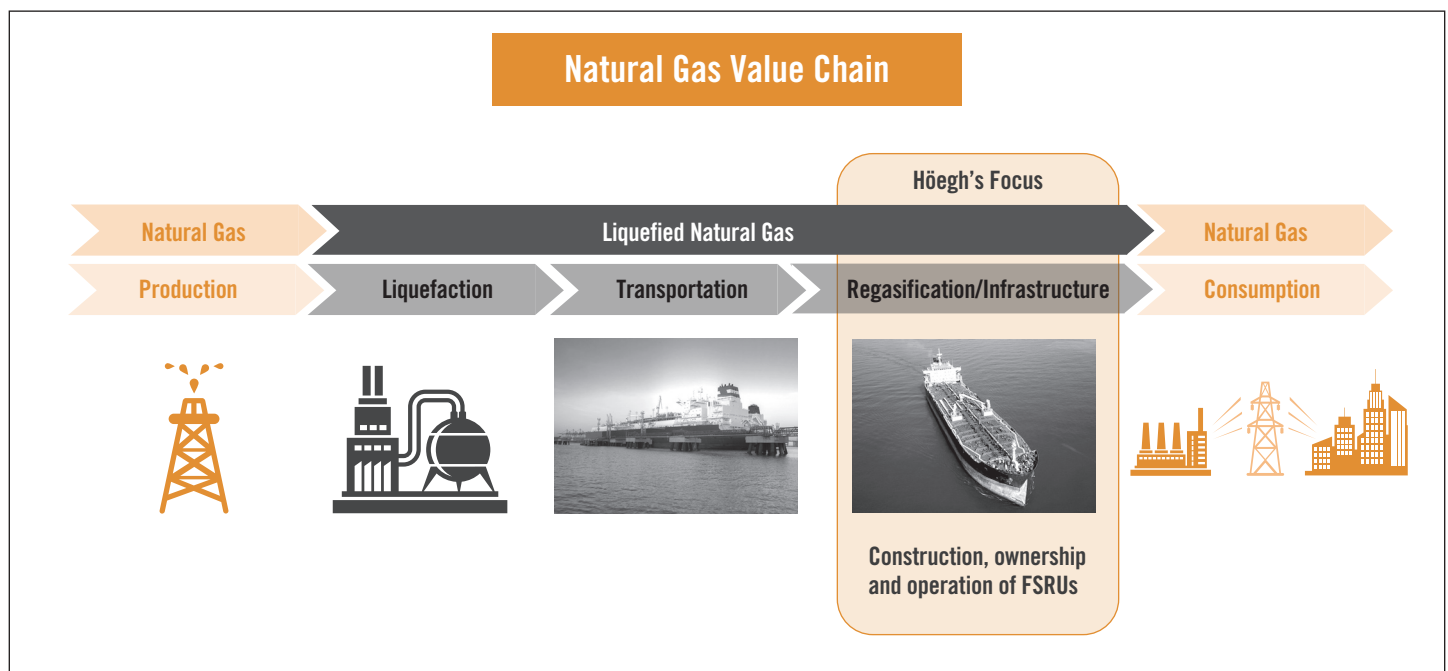
That's where the rest of Höegh's fleet comes in... It currently has eight floating storage and regasification units (FSRUs), with two more on order and under construction.

These units are necessary for countries that want to import natural gas on a temporary or permanent basis.

FSRUs have quickly become the industry standard to create global access to LNG.

They have plenty of advantages over traditional onshore regasification facilities...

- FSRUs take half the time to build and construct.
- They cost less than half what a traditional facility costs to build.
- There's almost no risk of cost overruns.
- FSRUs decrease the sector's environmental footprint.
- They can be moved to another location or even used as LNG carriers.



Here's how the last mile works with an FSRU.

Höegh determines a location that can accommodate an offshore, deepwater FSRU and LNG carrier. Once the FSRU is moved into place, outbound natural gas pipelines from the unit are connected to transmission lines onshore.

A carrier delivering LNG docks alongside – and is connected to – the FSRU.

LNG flows from the carrier to the floating unit.

There it is temporarily stored, converted to its gaseous state and pumped through to onshore transmission lines.

Moving an FSRU into place and connecting it to onshore pipelines can be done at a fraction of the cost of building a land-based LNG import terminal.

And Höegh is the world leader in FSRU ownership and operation.

Höegh has a simple business strategy. It designs and develops FSRUs to meet a customer's precise requirements. It then oversees the construction, placement and eventual operation of every floating system.

In the end, it's this simplicity that creates value for shareholders and stakeholders alike.

It also finances the design and construction of destination infrastructure.

This includes mooring systems for the FSRU and associated carriers, as well as export pipeline design and construction.

Höegh's newest FSRU designs don't require any dry dock service for 20 years or more.

That's important because most customers enter into long-term charter contracts for FSRUs.

Delivering More Than Just LNG

Not only is Höegh a growth and income play... but it's one of the best I've seen in some time.

During the first quarter of 2018, Höegh delivered a record quarter for distributable cash flow. Its distribution for common units was \$0.44, equating to a distribution coverage ratio of 1.15.

As for income, Höegh currently sports a forward dividend yield of 9.62%.

Right now, Höegh's average FSRU contract length is more than 11 years. New

contracts will likely be longer, so customers can lock in what looks to be a narrowing supply of LNG.

I believe that as Höegh books more FSRU contracts, it will continue to raise its distribution.

It has a general partner that will continue to drop down accretive assets that drive distribution growth.

Today, Höegh is the only publicly traded floating regasification unit owner and operator pure play. And it's at the top of the last-mile value chain.

Action to Take: *Buy **Höegh LNG Partners** (NYSE: HMLP) at market. Use a 25% trailing stop to protect your position and your profits. This is a perfect addition to our Trailblazers Portfolio. ■*

“Höegh is one of the best I've seen in some time.”

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Now Emerging Trends Strategist Matthew Carr has uncovered the mother of them all... “Crypto Pot.”

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Trade War Winners and Losers

For When Fear Beats Fact

by Eric Fry, Macro Strategist, The Oxford Club



ERIC FRY

Starting a trade war to protect domestic industries is like starting a campfire in your living room to roast marshmallows. No matter how commendable the stated intentions may be, the action isn't likely to end well.

Trade wars are just as likely to rage out of control as a living room campfire. In the end, we are likely to find ourselves amid the smoldering ruins of good intentions.

But that doesn't mean we can't roast some marshmallows in the meantime. Even if our new trade war ends badly, it will produce some winners along the way.

The Trump administration's new tariffs and protectionist agenda are already having a visible impact on numerous industries. Many of the industries on the list of winners and losers are obvious. Others are much less so.

So let's take a brief tour to see which industries and companies are prospering from Trump's new trade regime... and which are not.

First, let's look at the long and varied list of losers. Surprisingly, many major U.S. companies count themselves among the victims of the administration's "protective" tariffs.

Molson Coors (NYSE: TAP), for example, estimates that tariffs on imported aluminum will boost its cost of making beer cans by \$40 million a year.

Harley-Davidson (NYSE: HOG) announced the EU's retaliatory tariffs against U.S. imports would add about \$2,000 to the average cost of a Harley in Europe – an increase that would likely reduce the company's market share. So Harley announced plans to relocate some of its production outside of the U.S.

A few days after Harley's announcement, **General Motors** (NYSE: GM) dropped the bombshell that it may lay off workers and "reduce its U.S. presence" due to increased costs from auto import tariffs.

Molson, Harley and GM are just three of the many companies that could face increasingly challenging conditions as the trade war escalates.

But the direct costs these new tariffs inflict on specific companies might not be nearly as painful as the indirect costs they inflict on the financial markets.

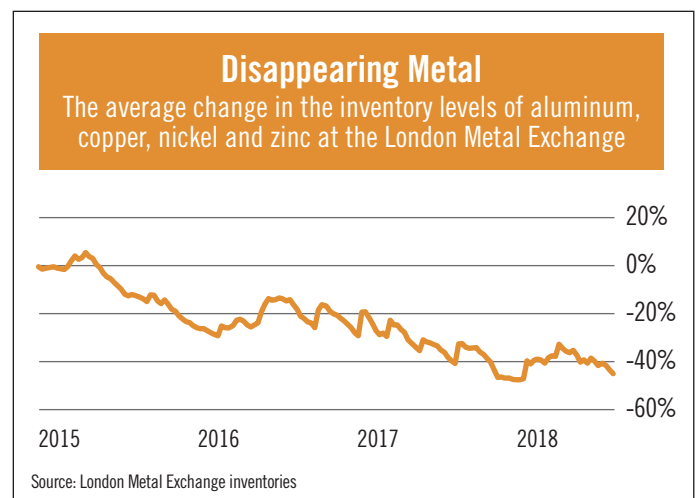
The moment President Trump launched his "winnable" trade war with China, investors began losing.

Since January 22, when the president announced the first of many tariffs and trade threats, global stock markets have dropped 8% – and lost more than \$6.5 trillion of market value.

But these large losses seem like a day at Disneyland compared with the panic-selling that's been pounding several commodity markets since early June. The major base metals have dropped an average of 15% from their June highs.

This sharp sell-off is easy to understand. A protracted trade war could severely wound the global economy and dampen demand for industrial metals.

Interestingly, these sell-offs are taking place despite no major shift in supply-demand trends. Inventories of nickel at the London Metal Exchange just hit a new four-year low, while inventories of aluminum recently kissed a 10-year low...



In other words, fear rather than fact seems to be causing the sell-offs in the base metals sector.

And even though the downturn doesn't stem from current supply-demand trends, it could gather momentum if the trade war rhetoric doesn't soften soon.

Fear-driven sell-offs often produce their own momentum.

So what about the winners from the trade war? Who are they?

Based on the evidence to date, the list of U.S.-based winners appears to be shockingly short.

Thanks to tariffs on solar panels, a few domestic solar panel manufacturers like **Sunrun** (Nasdaq: RUN) are enjoying a new lease on life. Additionally, a few small steel and aluminum producers are benefiting.

But none of the major steel or aluminum producers are popping champagne corks. That's because these companies have spent decades "internationalizing" their businesses.

For example, even though Pittsburgh-based **Alcoa** (NYSE: AA) is the largest aluminum producer in America, it manufactures more aluminum *outside* the U.S. than inside.

Similarly, if any of the major steel companies are relishing the new tariffs on imported steel, their share prices aren't showing it.

Despite all the "help" they're getting from the tariffs, shares of **U.S. Steel** (NYSE: X) and **Nucor** (NYSE: NUE) are both showing losses year to date.

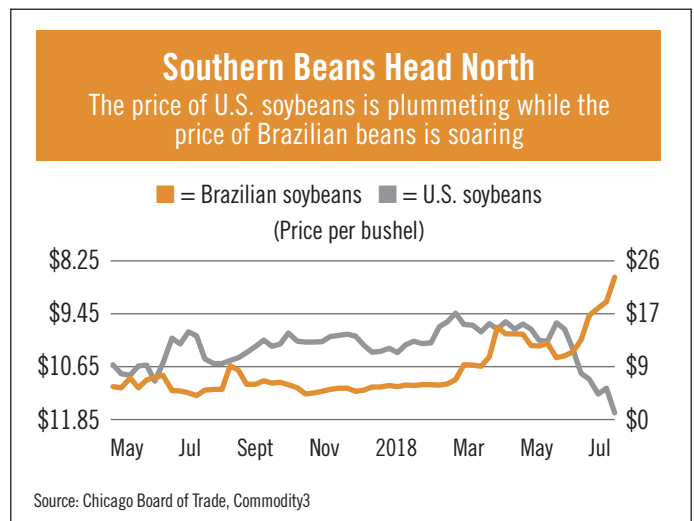
Perhaps the list of winners from our new trade war will lengthen over time. But some of the biggest winners may not be U.S. companies. Instead, *foreign* companies and *foreign* countries may be the biggest beneficiaries.

Here, the soybean market provides an illuminating case study.

Because the Chinese government slapped tariffs on imported U.S. soybeans, Chinese companies are attempting to source their beans from non-U.S. producers.

In particular, Chinese buyers are shifting away from U.S. soybeans and toward Brazilian beans.

As a result of this "soybean rush," the price of Brazilian beans has soared...



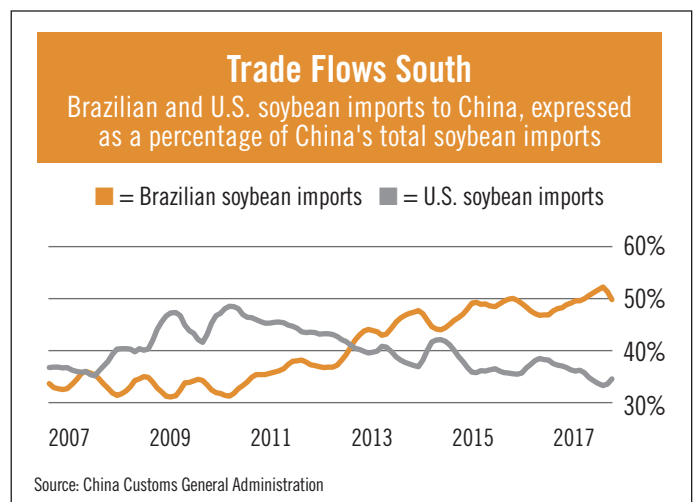
By contrast, the price of U.S. beans has plummeted. In fact, it has fallen to its lowest level in a decade. And the price may continue to tumble as China ramps up its buyers strike of U.S. beans.

A recent report from the U.S. Department of Agriculture showed that about 60,000 tons of soybeans that were originally headed for China will be diverted to Bangladesh; another 60,000 tons will go to Pakistan.

Clearly our trade war is incentivizing China's market to look elsewhere for the beans it needs. As such, the U.S. is "firing the customer" and pushing it toward competing suppliers like Brazil.

Even before the new soybean tariffs were put in place, China's bean purchases from Brazil were on the rise. The trade war has merely accelerated that trend.

The chart below shows China's soybean imports from the U.S. and Brazil. As you can see, the U.S. and Brazil have traded places...



In 2011, the U.S. supplied nearly half of China's soybean imports. Today, that number is down to about 36%. Meanwhile, Brazil's share of China's soybean imports has climbed from 33% in 2011 to about 50% today.

So it's not hard to imagine that the Chinese tariffs on U.S. beans will exacerbate both of these trends: fewer U.S. imports and more Brazilian imports.

What's true of the soybean market may become just as true for other agricultural products – or any other products that become a focal point of the tit-for-tat trade salvos between the U.S. and its trading partners.

The global pork market underscores this point.

Due to retaliatory tariffs from China and Mexico on imported U.S. pork, about 40% of total American pork exports are now under retaliatory tariffs, according to the National Pork Producers Council.

In a recent statement, one trade group stated that the tariffs are “threatening the livelihoods of thousands of U.S. pig farmers.”

Other farmers and producers have similarly claimed large financial losses due to escalating trade disputes.

International trade, like water, follows the path of least resistance.

So when governments toss tariffs into the middle of trade flows, like boulders into a stream, trade simply makes a new path.

Net-net, I expect trade and capital to flow around the U.S. as much as possible.

The effects of these changing flows will show up in one or more of the following ways...

First, select foreign currencies will strengthen relative to the dollar. In particular, I expect the “resource currencies,” like the Canadian dollar, Australian dollar and Brazilian real, to halt their long-term downtrends and begin moving higher.

And second, select foreign stock markets will begin outperforming the U.S. stock market.

In particular, I expect emerging markets to firm up and begin heading higher, at least relative to the U.S. market.

These markets have been underperforming for quite a while. But I expect this trend to reverse as these markets begin to lure capital away from the U.S. market.

These trends have not yet taken root, but they appear to be germinating.

Watch this space! ■

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Oxford Resource Explorer: **PORTFOLIO REVIEW**

by Matthew Carr

A wide range of commodities are suffering from trade conflicts. Over the past quarter, gold has fallen more than 7%, copper is down nearly 10% and platinum has dropped 10.5%. The only commodity that has performed worse than copper this year is sugar.

Despite this, we have a 20% gain on our shares of **Freeport-McMoRan** (NYSE: FCX). One of the bright spots for the company has been the unloading of its stake in a mine about to transition into an increasing expense.

As expected, the Indonesian government has finally hammered out a deal for the Grasberg copper and gold mine. After more than a year of talks, Freeport's partner in the project, Rio Tinto, agreed to sell its 9.4% stake for \$3.5 billion to the Indonesian state-owned mining company PT Indonesia Asahan Aluminum.

Freeport holds the remaining 90% of the mine. But the Indonesian government wants majority control and plans to increase its stake to 51%. That's what we want to happen.

The Grasberg mine is transitioning from an open pit to underground mine. That means it'll need another \$20 billion in investments, lower-grade ore and a lower yield. We want to avoid that.

Though copper and other metals have struggled in 2018, U.S. crude is a different story. In 2018, crude hardly fell below \$60. And it topped \$75 per barrel this past month on several catalysts.

First, OPEC agreed to increase supply much less than everyone feared.

Second – and even more important than OPEC – the Syncrude Canada oil sands facility was knocked offline, removing 360,000 barrels per day from the North American market.

Third, Norwegian oil and gas workers went on strike, forcing Royal Dutch Shell to shut down its Knarr field. Not to mention the effect Iran's new sanctions have had.

And all this is taking place at the height of the summer travel season, when gasoline demand is at a peak.

There has been one catalyst after another since mid-June for global oil markets. With crude prices on the rise, U.S. production continues to ramp higher. In fact, the Energy Information Administration expects American oil output to top 12 million bpd in late 2019. U.S. shale production has already risen more than 15% this year.

And our portfolio is profiting from these increases.

Wall Street is looking for **Pioneer Natural Resources'** (NYSE: PXD) earnings per share (EPS) to skyrocket 657% on second quarter earnings.

Our shares are down from their 52-week high, but we're still sitting on a double-digit gain from the Permian powerhouse.

With summer driving season in full swing and American cars guzzling gasoline, refiners are running at a breakneck pace... but also profiting. **Marathon Petroleum** (NYSE: MPC), the biggest and baddest U.S. refiner, is expected to report a 74.8% increase in EPS as revenue jumps 18.5% to \$21.75 billion.

But we're looking for one of the biggest turnarounds in second quarter earnings to be from **Cheniere Energy** (NYSE: LNG). Earnings are expected to go from a loss of \$1.23 per share a year ago to a gain of \$0.22 this year.

Our shares are up more than 45% since we got in. And they recently set a new 52-week high of \$69.50.

Looking to the north, we recently stopped out of **Canopy Growth Corp.** (NYSE: CGC) for a more than 12% gain. Pot stocks were being hammered across the board. And Canopy served as a proxy for shorting the entire industry.

But it was our second positive close on Canopy this year. We will definitely look to re-enter Canopy in the months ahead, as it is still my No. 1 cannabis stock to own.

Here's why...

Recreational pot sales go live nationwide in Canada on October 17. And the past few months have been dominated by big mergers and consolidation in the industry.

Canopy is right there in the mix. It continues to ex-

pand its footprint, acquiring Hiku Brands, the owner of renowned Tokyo Smoke, for \$205.3 million.

Hiku was already being courted by WeedMD, but Canopy swooped in. Tokyo Smoke has conditionally been awarded one of only four master licenses in Manitoba. So the addition of Hiku expands Canopy's portfolio, as well as strengthens its position.

Canopy is also armed with multiyear supply agree-

ments with five provinces. Those are all positives. But there's no beating around the bush... It's been a bumpy ride recently. Short sellers have surged in. The standard profit taking is underway. And there's a lot of dead air to fill until those first retail sales begin.

Though I believe that sluggishness will soon start to ebb. And we'll be ready to take advantage of that shift in momentum. ■

From the Desk of David Fessler, Energy and Infrastructure Strategist

Oil prices have been on fire, and that's been good news for resource stocks like **EOG Resources Inc.** (NYSE: EOG). Over the last year, EOG shares have rallied 40.1%, as the company is primarily focused on the Eagle Ford and Permian basins.

This year, EOG believes its average daily crude production will be between 685,500 and 728,500 barrels per day. That's substantially higher than last year's average. Add this cash-generating machine to your portfolio if you haven't already.

Aecom (NYSE: ACM), one of our infrastructure plays, is a well-diversified company that designs, builds, finances and operates infrastructure assets.

Its latest design win is the Gordie Howe International Bridge. This 2.5-kilometer cable-stay bridge will connect Windsor, Ontario, with Detroit, Michigan. Aecom will also be designing U.S. and Canadian ports of entry.

The estimated cost of the bridge is CA\$4.8 billion, but it's expected to fully recoup that cost in toll revenues in its first 30 years of operation.

CatchMark Timber Trust Inc. (NYSE: CTT) is one of the few self-managed and publicly traded real estate investment trusts that are exclusively focused on sustainably harvested timberland ownership.

It owns an interest in approximately 1.6 million acres of timberlands in eight states and recently tripled its acreage. That was an investment of \$227.5 million.

Behind all of its acquisitions is the goal of providing sustainable growth for its shareholders. By 2028, CatchMark should be able to nearly double its current

annual harvest of 2.8 million tons of timber to more than 5 million tons.

Today, CatchMark has an annual dividend yield of 4.21%. If you like safe, income-producing stocks, this one belongs in your portfolio.

Trump's trade war has sent many stocks lower. One of which is **Deere & Company** (NYSE: DE). Shares have drifted down a little more than 6% since the end of May, but this dip is a great buying opportunity.

Deere is starting to integrate artificial intelligence (AI) into its product line. In 2017, Deere plunked down \$305 million to buy Blue River Technology, which makes crop-spraying machinery that relies on AI. The idea is to ensure the right amount of spray ends up precisely where it's supposed to go – in real time.

With the purchase of Blue River, Deere is light-years ahead of the competition. It's another one of those "buy and hold forever" companies.

TransMontaigne Partners L.P. (NYSE: TLP) is an integrated company focused on the terminaling, storage and transportation of various petroleum products. In July, its board of directors received a buyout offer from ArcLight Energy Partners Fund. If approved, existing unit holders will receive \$38 per common unit.

As of this writing, units are trading at right around \$40, which suggests that shareholders believe the offer is too low. If a buyout eventually occurs, it could reach \$45 per unit.

If you own TransMontaigne units, you might consider keeping them until the sale is finalized. If you're unsure of what to do, contact your financial advisor. ■

OXFORD RESOURCE EXPLORER PORTFOLIOS

Prices as of 7/23/2018

FOUNDATION PORTFOLIO

High-yielding and stable blue chips and MLPs that get resources to consumers and refiners

	ISSUE OF REC.	REC. PRICE	CURRENT PRICE	RATING	TRAILING STOP	TOTAL GAINS	EDITOR
Marathon Petroleum (NYSE: MPC)	Jul-18	\$70.82	\$72.52	Buy	\$54.65	2.4%	Matthew Carr
Hi-Crush Partners L.P. (NYSE: HCLP)	Jul-18	\$11.75	\$10.85	Buy	\$9.45	-7.7%	David Fessler
Deere & Company (NYSE: DE)	Jun-18	\$155.01	\$137.17	Buy	\$118.99	-11.1%	David Fessler
Alcoa (NYSE: AA)	May-18	\$51.99	\$40.86*	Sell	\$40.91	-21.4%	David Fessler
Aecom (NYSE: ACM)	Mar-18	\$34.99	\$32.61	Buy	\$27.89	-6.8%	David Fessler
CatchMark Timber Trust Inc. (NYSE: CTT)	Feb-18	\$13.07	\$12.71	Buy	\$10.12	-0.7%	David Fessler
Kadant (NYSE: KAI)	Jun-17	\$76.85	\$97.90	Buy	\$84.82	28.8%	Matthew Carr
Martin Marietta Materials Inc. (NYSE: MLM)	Jan-17	\$224.15	\$224.22	Buy	\$179.32	1.2%	David Fessler
TransMontaigne Partners L.P. (NYSE: TLP)	Aug-16	\$41.04	\$39.77	Buy	\$30.89	9.5%	David Fessler
TransCanada Corporation (NYSE: TRP)	May-16	\$40.60	\$44.27	Buy	\$34.58	19.5%	David Fessler

FORTUNE HUNTERS PORTFOLIO

Midcap to large cap companies that use new technologies to get resources out of the ground

Freeport-McMoRan (NYSE: FCX)	May-18	\$14.95	\$15.75	Buy	\$13.61	5.7%	Matthew Carr
EOG Resources Inc. (NYSE: EOG)	Apr-18	\$106.45	\$122.35	Buy	\$95.45	15.3%	David Fessler
Sheritt International Corporation (TSX: S)	Dec-17	CA\$1.35	CA\$1.00	Buy	CA\$0.91	-25.9%	David Fessler
Pioneer Natural Resources (NYSE: PXD)	Aug-17	\$163.90	\$180.95	Hold	\$159.23	10.5%	Matthew Carr

TRAILBLAZERS PORTFOLIO

Small, innovative companies with high revenue growth rates

OrganiGram Holdings (OTC: OGRMF)	Aug-18	New	New	Buy	25% TS	New	Matthew Carr
Höegh LNG Partners (NYSE: HMLP)	Aug-18	New	New	Buy	25% TS	New	David Fessler
Emerald Health Therapeutics (OTC: EMHTF)	Jun-18	\$3.16	\$2.50*	Sell	\$2.56	-20.9%	Matthew Carr
Canopy Growth Corp. (NYSE: CGC)	Mar-18	\$23.35	\$26.25*	Sell	\$26.97	12.4%	Matthew Carr
Cheniere Energy (NYSE: LNG)	Sep-17	\$42.79	\$62.47	Buy	\$51.54	46.0%	Matthew Carr
ABB Ltd. (NYSE: ABB)	Jul-17	\$25.18	\$22.32	Buy	\$20.71	-8.2%	Matthew Carr
Raven Industries (Nasdaq: RAVN)	Jul-17	\$33.10	\$39.70	Buy	\$31.51	21.9%	Matthew Carr

*Current price based on official sell date



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