

Energy & Resources Insider

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Portfolio Update





Energy and Resources Insider Portfolio Update:

After a strong February, the markets have largely turned sideways. Against that backdrop, we are taking the chance to go back and look at our existing portfolio with an eye towards determining which positions we should open, close, or hold for now.

Our current open holdings in the portfolio are below.

<u>Company</u>	<u>Ticker</u>	<u>Date</u>	<u>Current Price</u>	<u>Price at Open</u>	<u>Change</u>	<u>Curr. Rec.</u>
Acuity Brands	AYI	30-Nov-16	\$251.69	\$204.89	-18.59%	Strong Buy
Antero Resources Corporation	AR	30-Jan-17	\$24.47	\$24.88	1.68%	Buy
Green Plains Partners	GPP	7-Oct-16	\$19.24	\$20.00	3.95%	Buy
Hi-Crush Partners LP	HCLP	1-Mar-17	\$17.45	\$18.50	6.02%	Buy
HollyFrontier Corp.	HFC	30-Jan-17	\$28.60	\$28.21	-1.36%	Buy
Magellan Petroleum	MPET	3-Jan-17	\$10.47	\$14.21	35.72%	Sell
Marathon Petroleum Corp	MPC	30-Nov-16	\$45.28	\$51.21	13.10%	Hold
Orbotech, Ltd	ORBK	7-Oct-16	\$28.91	\$28.81	-0.35%	Buy
PDC Energy	PDCE	31-Oct-16	\$60.15	\$66.19	10.04%	Buy
Tesoro Corporation	TSO	30-Jan-17	\$81.12	\$84.23	3.83%	Buy
Trinity Industries	TRN	1-Mar-17	\$27.62	\$26.85	-2.79%	Strong Buy
VanEck Vectors Oil Services ETF	OIH	3-Jan-17	\$33.71	\$31.91	-5.34%	Buy
VelocityShares Daily Inverse VIX Short-Term ETN	XIV	30-Jan-17	\$58.13	\$67.82	16.67%	Strong Buy

In general, we try and close positions where we have significant double-digit appreciation, especially if the position is a long-term holding. For those stocks where they have not performed the way we expected, we revisit our thesis, talk to the company's management team, and assess whether the position still makes sense. If it does, then we look at whether the current markets represent a good chance to add to our holdings at the firm.

Our current views on each name in the portfolio are as follows:

<u>Company</u>	<u>Recommendation</u>	<u>Rationale</u>
Acuity Brands	Strong Buy	Downturn in share price is related to a single bad quarter- we still believe in the story which is consolidation in an otherwise fragmented industry.
Antero Resources Corporation	Buy	The stock is a fine holding for now - it should benefit as oil prices begin to rise.
Green Plains Partners	Buy	The price appreciation in this stock does not reflect the full value for investors in Green Plains. GPP pays an 8.6% dividend - this is a play for income investors, not traders.
Hi-Crush Partners LP	Buy	HCLP is one of our most recent portfolio additions, and our view is unchanged on the firm at this stage.
HollyFrontier Corp.	Buy	HFC is poised to benefit from Carl Icahn's influence with the new administration - we look for RIN reform to put some juice in the name in the next few months.
Magellan Petroleum	Sell	It's time to take some profits on MPET.
Marathon Petroleum Corp	Hold	Marathon should do particularly well as the refining cycle starts to turn. We'd look at any temporary weakness as a buying opportunity.
Orbotech, Ltd	Buy	ORBK pulled back after a spike in January that saw the stock as high as \$37 a share. We think it will head back to those levels in time, and advocate patience for now.
PDC Energy	Buy	PDCE is a strong survivor coming out of the oil price crash - we think the stock is a core holding going forward.
Tesoro Corporation	Buy	Like HFC, TSO should be a beneficiary from an improving refining market later year.
Trinity Industries	Strong Buy	Trinity has been left for dead by the market - as one of our most recent recommendations our view has not changed on the firm.
VanEck Vectors Oil Services ETF	Buy	Oil services will benefit in time as energy recovers, but it will take time and patience from investors.
VelocityShares Daily Inverse VIX Short-Term ETN	Strong Buy	If an investor were going to buy just one name on this list, we'd recommend XIV. This is a solid long-term holding as long as investors accept the caveat that the security is volatile - there will be stomach churning drops in the future, but the long-term direction is higher.

Thanks for reading, and keep an eye out for our next report and recommendations towards the end of the month.