

Starboard Weekly Report Ending April 17, 2015
Chart of the Week



The above Enbridge Energy Partners (EEP) chart from StockCharts.com is being highlighted as an attractive purchase.

TECHNICAL

As we saw in last week's report, the commodity OIL is showing strong signs of bottoming. This week I'm presenting an attractive way to participate in the oil turnaround. EEP has a very attractive technical analysis picture that is emphasized by the comments on this week's chart and supporting analytical images. Our fundamental view below will give you a clearer representation of why the stock held up so well and this is despite the big selloff of most other oil investments.

FUNDAMENTAL

EEP as a limited partnership (LP) pipeline pays an attractive 6.20% dividend. Pipelines get paid regardless of the price of oil. That payment system, plus the dividend, has kept the stock from plummeting like most other oil equities. They have 1,666 miles of oil pipelines in the Great Lakes and Midwest regions, along with natural gas pipelines and gathering capabilities for gas and liquid gas. The General Partner, Enbridge Energy Company, has continually spun off assets to the LP. It is expected that they will continue this policy, which adds to an already attractive asset base. Their sources for oil transport are the Bakken trend and Canadian tar sands. Both of these areas are expected to continue to produce oil for a long period. A unique aspect of this limited partnership is that they have a sub partnership that receives payment from EPP. But the sub makes its payments in additional shares, which eliminates the need of filing a K1. The EPP clone is called Enbridge Energy Management (EEQ). The shares are listed separately on the NYSE and the sub EEQ trades in line with EEP. My intention is to purchase EEQ for taxable accounts and purchase EEP for tax-deferred retirement accounts.

ASIDE:

"We aren't addicted to oil, but our cars are". James Woolsey

Now that oil is on sale, EEP and EEQ are a good way to participate in our American oil addiction while getting paid 6.20% to wait for appreciation.

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Please note: It is the client's responsibility to notify us of any changes that would influence their financial needs.