The Oxford Club's

"Jewels of Italy" Financial Discovery Tour

September 14 – September 23, 2012

Dumpster-Diving in 2012:
Opportunities for Double-Digit Gains from the Eurozone Crisis

The Oxford Club

Thank you for signing up for this special event.

You are part of an elite group set to embark on a five-star, members-only discovery tour of three of the most stunning cities found anywhere on earth: Venice, Florence and Rome.

Italy's rich ancient past and lush culture will be laid at your feet on this first *Oxford Club* "Jewels of Italy" Discovery Tour. Every detail is being attended to and every preparation made to ensure that you have a remarkable and memorable time with us.

This will be our first *Oxford Club* trip back to Italy in over 10 years… and we can't wait to get started.

We hope you are as excited as we are.

Italy's finest gems await us. After more than a hundred decades, Italy is still one of the most romantic, alluring, culturally rich places on earth.

As many of you already know; Italy is a feast for the senses and impossible to forget. Glorious history and scenery, spectacular art and architecture, and let us not forget sumptuous food and wine, beckon us for this extraordinary trip of a lifetime.

Of course, you're not traveling to Italy just to tempt your senses. (Though who could blame you if you did?) Along with a small group of your fellow *Oxford Club* members, you will be privy to financial jewels, as well.

New Places… Top Experts… Unique Insights

You may have visited Italy before, but this time you will be with new friends – and accompanied by top financial analysts from the U.S. and Europe, including private art experts and history scholars – to give you an unprecedented glimpse into this cultural wonderland.

In addition, you'll get a firsthand account of how the "locals" view the current condition of Europe's financial crisis. Plus, you'll hear directly from our *Club* experts on what to expect from the outcome of the turbulent U.S. elections.

Hosting you on this financial tour will be:

Julia Guth

Executive Director and Publisher, Oxford Financial Publishing

Julia Guth has been the Executive Director and Publisher for *The Oxford Club* for more than 20 years. She is also the founder of *Investment U*, the educational arm of *The Oxford Club*. Julia helped create – and continues to consult with – other financial publishing teams, such as *Wall Street Daily* and *The Money Map Press*. She's also the Founder and Executive Director of the non-profit Roberto Clemente-Santana Ana Health Clinic in Nicaragua.

Julia credits her success to the *Club's* global perspective, and the talented advisory and member service teams she put together on behalf of its members. Julia graduated from CU, Boulder with a BA in Latin American Studies, and holds an MBA from Thunderbird, the American Graduate School of International Management, in Phoenix, Arizona.

Alexander Green

Investment Director, *The Oxford Club*

Alexander Green has been the Investment Director of *The Oxford Club* for the past eleven years. Alex has built an impressive long-term track record envied by many of his peers in the financial newsletter industry. A Wall Street veteran, he has over 25 years of experience as a research analyst, investment advisor, portfolio manager and financial writer. Under his direction, *The Oxford Club's* portfolios have beaten the Wilshire 5000 Index by a margin of more than 3-to-1. *The Oxford Club Communiqué*, whose portfolio he directs, is ranked in the top five in the nation for risk-adjusted returns over the past 10 years by the independent *Hulbert Financial Digest*.

Mr. Green has been featured on Oprah & Friends, Fox News, The O'Reilly Factor, CNBC, MSNBC and C-SPAN, and has been profiled by

The Wall Street Journal, *BusinessWeek* and *Forbes* among many others. He is the Chief Investment Strategist for *Investment U*, an internet-based research service with over 600,000 readers. He currently writes and directs the twice-weekly Oxford Portfolio Update and three short-term trading services: *The Momentum Alert*, *The Insider Alert* and *The New Frontier Trader.* Mr. Green is also the author of three national bestsellers: *The Gone Fishin' Portfolio, The Secret of Shelter Island* and *Beyond Wealth.*

Keith Fitz-Gerald

Chief Investment Strategist, *Money Map Press*
Chairman, the Fitz-Gerald Group

A bestselling financial author, futurist and recognized global investing expert, Keith's investment perspective is a daily feature for more than 400,000 Money Morning subscribers in 35 countries. He connects with millions more during regular appearances on Fox Business, Bloomberg, CNBC Asia, CNBC World, BNN and other networks.

One of the few analysts to foresee both the dot.com crash and the financial crisis in advance, Keith speaks around the world and was lauded as a "business visionary" by Forbes.com. His engaging style and remarkable predictive record resonates with his audiences in North America, Europe and Asia: investors and business leaders eager for Keith's insights into how colossal global economic, social and political trends are disrupting the paradigms of the last 50 years to create the most extraordinary investment opportunities of our lifetimes.

The investment community praised Keith's recent book, *Fiscal Hangover* (Wiley, 2009), as "Essential reading for every serious investor" and "a brilliant, spirited explanation of the origins of the current mess and more importantly how you can cleverly turn the chaos to your advantage." His upcoming book, *Tomorrow* (Sutton Hart 2012), offers a roadmap for business leaders and investors to profitably navigate the turbulent waters of unprecedented global change.

Michael Checkan

President, Asset Strategies International, Inc.

Michael is co-Founder and President of Asset Strategies International, Inc. (ASI), located in the suburbs of Washington, DC. In 1982, Michael and Glen O. Kirsch founded International Financial Consultants, Inc. – now known as ASI – a Rockville, Maryland corporation specializing in precious metals, foreign currencies and offshore asset protection.

ASI buys and sells precious metal (gold, silver, platinum and palladium) in coins, bars and certificates, plus numismatics for delivery in various parts of the world. It also buys and sells foreign currencies from more than 100 different countries. What makes ASI different from other companies is that it helps North Americans to diversify assets internationally using the precious metals and foreign currency markets.

Michael's views about his areas of expertise are oftentimes quoted by the financial press. In particular, his opinions on how best to diversify assets globally are widely sought after. He travels extensively, speaking at domestic and international investment conferences.

Julia, Alex, Keith, and Michael will act as your hosts during the entire journey and will be joined by an assortment of local experts along the way. Also presenting to the group will be top European global money managers **Robert Vrijoff** and **Thomas Fischer**; plus **Geoff Anandappa** and **Philip Hoffman**, two of the top European experts in art and collectibles investing. And this is just to name a few of the many experts who will be joining us along the way.

Your Financial Roadmap to European Profits Starts in Italy

While all of Europe is struggling to deal with its current financial crisis – we know that every monetary crisis provides opportunity for those who are able to keep a clear head. And that is primarily why we are conducting this financial discovery tour… to get to the heart of the matter and find the best investments, currencies, collectibles and diversification strategies to keep your money safe and growing.

Although the front-page headlines have diminished, there's still a troublesome outlook for the Eurozone. Which countries are the strongest and which are the weakest? What markets and sectors are most likely to correct, maybe even crash? Where are the new opportunities?

Where do the world's wealthiest put their money these days for ultimate diversification and privacy?

What about European banks? Is Austria still a premier banking haven for privacy? Or is it losing its luster? What is the future of the ultimate safe money currency, the Swiss franc?

A wide variety of economic, cultural and investing experts will talk with us about how the market is shifting as a result of the Arab spring, China's aggressive market strategies and Russia's business dealings, and more. And in every case, we'll be giving you specific advice on the best opportunities we see?

In all, we'll be hosting three financial sessions:

Session #1: Venice

Your Financial Discovery Tour begins in Venice, as we hear from some of Europe's greatest financial experts… one problem they'll be addressing is that wealthy European investors in Italy, Greece and Portugal are sending their money outside the Eurozone, putting downward pressure on the Euro, local real estate and equities.

They are buying up Swiss francs, purchasing property in England and setting up offshore trusts in the Caribbean. According to a recent report in *The Wall Street Journal*, nearly $60 billion euros have fled Greece since late 2009. Our experts will update us on this capital flight and what the continued impact will be to the EU on global markets. And of course… how you can take best advantage of it.

Session #2: Florence

In Florence you'll be joined by some of our top global commodity experts. We will take a special look at the metals: gold, silver and platinum. Gold and silver are universal monies and have no borders. In the United States, gold is bought in coins, in Europe in bars or wafers, and in Asia in taels. It is bought and sold 24 hours a day and can be sold throughout the world.

The reality is that we think gold has not appreciated over the past 10 years… instead the fiat currencies have depreciated. Long term, we expect gold to be the measuring stick for wealth, as it was thousands of years ago. But for the short term, we're getting mixed signals: Our experts will bring the precious metals market and other global commodities markets into clear focus and give you a pointed diversification strategy for after the elections.

Session #3: Rome

Is it time to go "dumpster-diving in Europe?" Our global equity experts think so.

A short excursion from Rome will take you to a location very rarely seen by tourists. The former private residence of J. Paul Getty, La Posta Vecchia, is an opulent country estate on the coast of the Tyrrhenian Sea, just 40 minutes from central Rome. It's here that you will spend the morning focused on the emerging opportunities in the global markets, particularly from the sell-off in Europe.

Instead of begrudging Europe's lack of progress in solving its sovereign debt crisis, we will embrace the opportunity. Our experts think many blue-chip European companies – with rock-solid fundamentals – are getting unfairly punished. And there's a few in particular that represent compelling buys right now (see below for the details on some of these).

Getting a Jump on the Competition

Many of our experts believe the sell-off in many European stocks since the Euro Crisis began is flat out unjustified... and frankly, may not last much longer.

That's why we've sent all "Jewels of Italy" attendees this special exclusive report on some featured Eurozone opportunities currently being recommended by our contributing speakers. You may want to invest now and then get the full details from our investment experts during the tour.

Our experts will be updating you on the progress of these recommendations at the seminar, and provide additional opportunities based on the latest developments.

Even if the thought of buying any European stocks right now might be downright distasteful, our experts will show you how to "hold your nose" and not let this rare opportunity for double-digit gains (and yields) pass you by.

Here's a sampling of what our experts are recommending:

From Alexander Green

Investment Director, *The Oxford Club*

The Eurozone's Dangerous "One-Size-Fits-All" Policy

Over the past twelve months, the euro has plunged 13% against the dollar. And it will almost certainly fall further.

Fortunately, there is plenty you can do to protect yourself – and profit.

Anyone taking even a sidelong glance at the news knows that huge budget problems – most recently in Spain – are once again undermining the euro. The euro is heading lower against the dollar on increasing recognition that Europe's debt problems are bigger than expected, more expensive than expected and, apparently, very contagious.

Don't get me wrong. The euro isn't going to collapse like the British pound did in 1992 when George Soros booked a $1 billion profit in one day by shorting the pound.

The euro is an extremely deep market, with over $1.2 trillion in daily trading volume, dwarfing the British pound's daily volume in 1992.

But the euro has a major structural problem – one that investors were much more wary about when the currency made its debut 13 years ago. You have widely disparate European economies all tied to the same central bank policies. And now the cracks are beginning to show…

As I write this, a bailout for Spain is in the works, making Spain the largest country to ask Europe to rescue its failing banks. The fear of course is that the debt crisis that has already required bailouts for Greece, Ireland, Portugal, Spain and most recently Cyprus (becoming the fifth country to request help)... is still spreading.

So what should you do?

As I've said for the past few months, there are moves you can make to combat a weak euro scenario…

First of all, if you haven't done so already, pare back on holdings of euro, pound and yen-denominated bank accounts and bonds. A stronger dollar will hurt these the most.

Second, maintain some exposure to European and other foreign equities as part of your portfolio asset allocation. Most European

markets peaked about a year ago in May 2011 and are down substantially since then. So now's not the time to sell… instead, on the contrary, add to this sector when you next re-allocate. European stocks are approaching, or exceeding, the lows of 2009. By reallocating resources into this group, you'll be buying shares on the cheap.

However, although European stocks are incredibly cheap… most are still in a downtrend. That makes me reluctant to give you specific recommendations right now. (Though I do have one.)

Nonetheless, I see many good-quality companies that are on the bargain-basement "for sale" rack, trading at attractive prices and paying high dividends. I expect to recommend several Eurozone stocks when I see you in a few months' time. I'm especially focusing on exporters, where capital appreciation can outstrip a negative move in the local currency.

But I can't emphasize enough that owning the right stocks will be critical to your success.

In the meantime, don't let the doomsayers get you down. There are always opportunities out there, even during the most difficult economic periods.

I'll go into detail about several of my favorite "dumpster diving" stocks when we get together in person. I'm still completing my research on some appropriate candidates.

But there is one Italian conglomerate I feel confident in recommending right now...

Despite all the turmoil, this company's stock is up over the last twelve months and their world-wide distribution network is cushioning them against the slowdown in Europe. Please take a look at my report below and I think you will 'see' what I'm talking about.

I'm looking forward to our trip together, where I'll be discussing additional high-quality, high-reward opportunities with you.

The Italian King of Eyewear

Founded in 1961 and located in Milan, Italy, **Luxottica Group** (NYSE: LUX) is a leader in luxury, sports and fashion eyewear.

Luxottica designs, manufactures, markets and provides wholesale and retail distribution of designer and house brand lines of sunglasses and prescription frames.

The company is a global player, with around 7,100 optical and sunglass retail stores located in Europe, North America, South Africa, Latin America, Asia-Pacific and China.

I'm sure you'll recognize many of its brand names. It operates popular optical retail stores such as Pearle Vision, LensCrafters, Sears Optical, Laubman & Pank, Budget Eyewear and Target Optical.

And the same goes for its luxury retail stores, which include Oliver Peoples, Bright Eyes, David Clulow, Oakley O'Stores and Vaults, and the Sunglass Hut.

A Balanced and Strong Brand Portfolio

When specializing in just one product, like eyewear, it is important to offer diversity, and Luxoticca does that in spades. Let me explain…

The company's eyewear is divided into two different segments: house brands and licensed brands.

Currently its house brands account for over 60% of all eyewear it sells.

Again, you're probably familiar with some of its most popular house brands, such as Oakley, Ray-Ban, ESS, K&L, Mosley Tribe, Vogue, Revo, Luxottica, Oliver Peoples, Sferoflex and Persol.

Luxoticca did not create all the strong house brands listed above on their own. Nor did it build all the retail operations it has today. Instead it

did what any competitive and smart business does if it can; it bought out the competition.

Acquisitions started with the Italian brand Vouge in 1990, then LensCrafters and Persol in 1995, Ray-Ban in 1999 and the Sunglass Hut in 2001. And the list continues to grow.

In 2007, the company acquired Oakley, the undisputed leader in the sunglass performance category. Athletes who have to perform in the sun tend to favor the Oakley brand. Oakley's have a snug fit and can take a beating.

Right after acquiring Oakley, Caboto Equity Research's Gianluca Pacini stated "Nobody can touch Luxottica now… It's the industry's number one player, with the sports brands, luxury brands and optical retailers."

And Luxoticca has every right to consider itself a leader in eyewear. Its Ray-Ban house brand alone is the world's bestselling line of sun and prescription glasses.

Put on Some Sunglasses; This Company's Future Is Bright

When it comes to luxury, you have to look at Luxoticca's license brands to truly see its grip on prestige eyewear.

The company created its first high-fashion partnership with Giorgio Armani 24 years ago and has been striking licensing deals ever since.

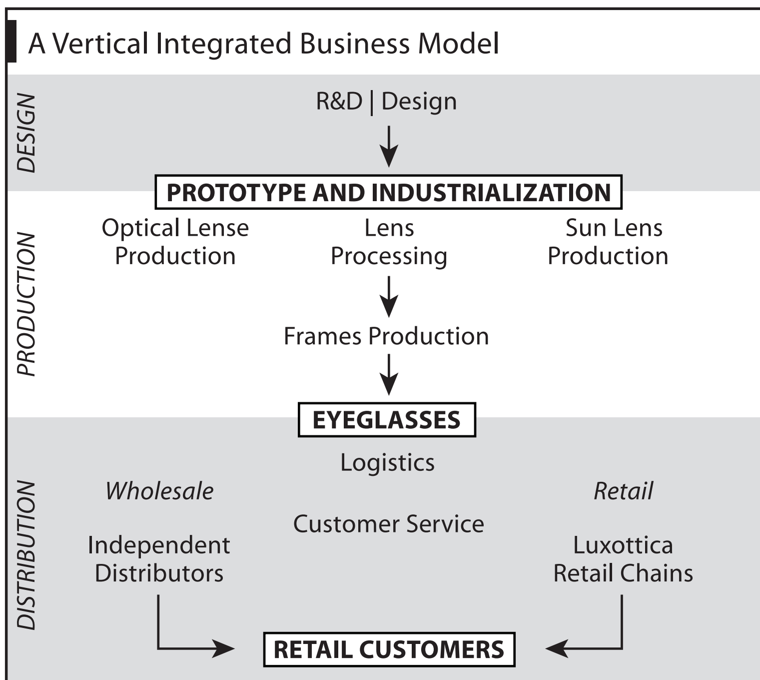
Based in Milan, which is regarded as one of the fashion capitals of the world, Luxoticca has developed license brands with top names in the global fashion industry.

It has over twenty licensed brands; names include Chanel, Burberry, Ralph Lauren, DKNY, Anne Klein, Brooks Brothers, Dolce & Gabbana, Prada, Donna Karan, Tiffany & Co., Tory Burch, Bvlgari, Coach and Versace.

And because it has built such a good reputation, brand-name designers now come to Luxoticca to form partnerships. It's a partnership that permits fashion elites to take their brands and easily transfer their style into top-quality eyewear collections.

Designers don't need to invest large amounts of capital to build their own eyewear division on a hunch. Instead they can work a license deal with Luxoticca, an established giant with a successful track record of designer eyewear launches.

The vertical integration chart below illustrates how Luxoticca's business model brings capability and efficiency to its luxury and fashion brand partners.



Other than the final sale to customers through independent distributors, Luxoticca controls every step, from R&D/design to production to final distribution. This model has made it the most desirable partner within the industry.

No Eye Chart Needed… This Stock's Headed Higher

Luxoticca has world-class management and is in good financial shape, with strong customer loyalty to its brand names and a stock price I expect will soon be heading higher regardless of what happens in Europe.

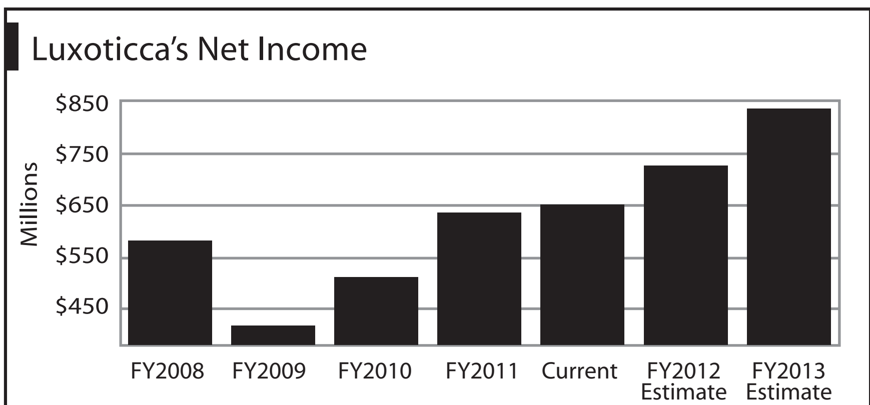
As I mentioned above, Luxoticca has been gradually acquiring competitors and adding top-name brands to its arsenal. And all these developments are finally working their way to the bottom line.

Although many European consumers are still smarting from the economic downturn and are spending their money cautiously, they're still buying quality; they're just insisting on value. And that's driving them right through the doors of Luxoticca's retail outlets.

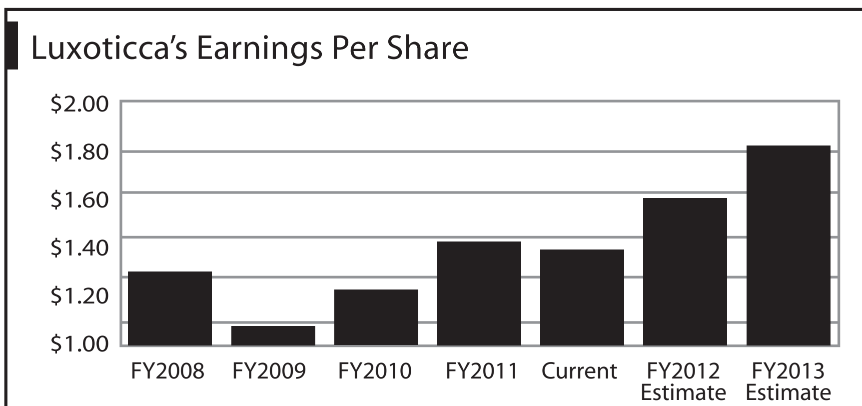
Recent quarterly revenue grew 14.90% to $2.35 billion compared to the same period last year.

And the company currently sports healthy profit margins of 7.26% and operating margins of 13.51%.

Net income has increased dramatically over the past three years. And estimates for 2012 and 2013 have Luxoticca crushing its net income record of $695 million, which it set back in 2007, right before the recent financial collapse hit.



As you've heard me say many times before, I think earning per share (EPS) is one of the most important metrics investors should consider before investing. Share prices follow earnings. And when you look at Luxoticca's adjusted EPS growth and estimates, picking up some shares becomes a no-brainer.



In the last quarter alone, earnings grew 14% compared to the same period last year. And as you can see in the chart above, analysts are projecting improving earnings this year and next.

As some icing on the cake, the company also pays a 1.5% dividend yield. Not a huge yield, but Luxoticca has some room to grow its dividend with a low payout ratio of only 36% currently.

The Right Look for Your Portfolio

The company's business model is straightforward. Luxoticca's specialty is top-quality, name-brand eyewear provided by reputable optical retail stores.

Aggressive growth and acquisitions has been the narrative of the company's past, and I expect it to be a torch they carry into the future.

Luxoticca's industry-leading house brands paired with the variety and prestige of its licensed brands gives it an eyewear portfolio that is

unmatched globally.

In this economy, millions of consumers are putting off spending on non-essential items. Eyewear doesn't fall into that category. Not even luxury eyewear. And it shows in recent results.

Sales hit $6.2 billion in 2011 and are estimated to top $7 billion this year. Earnings per share are projected to grow 18%. The company enjoys double-digit operating margins, with more than $1.6 billion in cash and operating cash flow in excess of $1.1 billion.

Despite what's happening in Europe, expect more good results from Luxottica in the months ahead. Solid performance in the U.S. and in Emerging Markets, plus a favorable contribution from exchange rates will assure that Luxoticca's shareholders are seeing profits in the months and years ahead.

Action to Take: *Buy **Luxottica Group** (NYSE: LUX) at market. And use our customary 25% trailing stop to protect your principal and profits.*

From Keith Fitz-Gerald

Chief Investment Strategist, *The Money Map Report*

My 3 Favorite European "Dumpster Diving" Opportunities

I cannot remember a time when the markets have been more unsettled or more fluid than they are now. Nor can I recall a time when there are greater opportunities in so many places, especially when it comes to Europe.

No doubt the volatility is scary, but try your best to put that aside.

"Dumpster Diving" in Europe may be one of the single greatest profit opportunities we see in our lifetimes. I don't make that statement lightly.

Europe will emerge from this mess stronger than it's ever been.

It may look radically different, and the money may flow in ways that we cannot yet anticipate. But using history as our guide, we will see a framework for recovery in place within the next 24 months at the very latest. Probably a whole lot sooner, in fact.

Investors who head for the hills or their favorite bottle of Chianti may feel good for having done so, but they risk being left far behind. And I don't say that lightly either.

No matter what the headlines and no matter who makes them, it pays to stay the course.

In a study of 7.1 million retirement accounts, Fidelity discovered that of those who sold their stock mutual funds between October 2008 and March 2009 (the period of greatest volatility we've seen yet), more than 50% had not reinvested as of June 30, 2011.

Those who stayed in the markets and in stocks specifically saw the value of their accounts rise 50% on average. Those who had not gotten back in saw an average increase in their accounts of... wait for it... 2%.

History may not repeat, but it sure does rhyme.

Consider:

- Germany's markets gained approximately 1,233% from November 1922 to November 1923 after the Wiemar Republic debacle.
- China's markets tacked on 1,597% from January 1991 to June 2001 following the backlash to the Tiananmen Square Massacre.
- Thailand's markets gained 86.11% from 1997 to 2004 following the Asian currency crisis.
- Argentina's markets rose 4,905% following the Argentinian debt crisis of 1999-2002.
- Most recently, the S&P 500 jumped 109.75% from March 2009 to April 2012.

So what's a savvy investor to do?

In short, hunt down the best companies we can find with the highest probability of success and ongoing growth that's diversified around the world.

Even if Europe comes unglued, the Euro collapses and the markets take it on the chin, the global economy will continue on.

Perhaps progress will be slow at first, but eventually it will work its way through the currently challenging headwinds into a prolonged period of renewed growth that equates to a new, golden age of investing.

Again, I understand this is hard to imagine.

We have a complete lack of adult supervision in Washington, which isn't helping in Europe where leaders cannot do anything other than talk… so far.

We've had countless headlines about "meaningful discussions" and "substantive" agreements between sovereign countries that cannot agree on the one thing they need most – a sovereign banking agreement that includes an EU wide banking union.

You could argue, as many people do, that this signals imminent failure. But I would encourage you not to do so.

Every bickering press conference and backstabbing recapitalization attempt actually brings a solution closer to fruition, just as it has throughout history.

European politicians, for all their incompetence, are not stupid.

They actually understand that negotiation is a part of mutual survival. Therefore they will not – scratch that – cannot announce failure no matter how bad things get. But they will wait until the very last minute to buttress their cause.

In as much as this is giving investors fits, procrastination is a part

of the game. By delaying the inevitable, the politicians are giving the markets time to bleed out excess. At the same time, they are establishing a firmer footing going forward.

Whether or not we agree with their actions is a different matter entirely. Personally I don't. I believe their actions are reckless and endanger the entire financial system as we know it. I think the responsible thing would be to show some backbone and kick Greece out for violating the rules.

You may share similar thoughts. Or not.

Here's the thing, though… regardless of the course taken in the next few months, the road ahead has been set in stone since 1999 when the Euro was launched as a common currency.

The very notion of a common currency implies further integration in terms of fiscal policies, but also by *political union*. And it has since day one.

Most investors cannot wrap their heads around this yet, if only because they want to project their own experience onto that of the Europeans.

Here in the United States, for example, we hear calls for a TARP-style bailout and expressions of the need for a common treasury, while forgetting that Europe hasn't fallen under common rule since the Romans. Never mind that the Roman Empire ultimately did itself in when its treasury became a proxy for handouts like ours is today.

In Asia, the Chinese have voiced strong expressions of support but refrained from telling the Europeans how to act. That's a very different view point and one that is based on centuries of tradition, too. The Chinese have never insisted that political and moral projection accompany economic trade.

What's interesting to me – having spent lots of time in both places – is that despite differences, both opinions are actually expressions for the hope of success rather than the fear of failure.

In that sense, Europe is a conflict of faiths. Either you believe it's going to muddle its way through or you don't. And you invest accordingly.

I believe that Europe will get through this. And I think that success, while seemingly elusive now, is closer than we've seen since the beginning of the financial crisis.

Bear tracks, as I am so fond of saying, nearly always precede a running of the bulls.

As I write this, iShares MSCI Italy Index Fund (NYSEArca: EWI) and iShares MSCI Spain Index Fund (NYSEArca: EWP) have dropped -47.99% and -47.95%, respectively, since April 29, 2011.

That means we're getting pretty close to the equivalent losses experienced by the S&P 500 just before it delivered its most recent triple-digit gains on bailouts in the U.S. and stimulus from China.

Now it's simply Europe's turn.

Dumpster Diving Opportunity #1

If you really want to swing for the fences, consider looking at European banks, specifically the ugliest Spanish bank (with the brightest future) we can find.

Founded in 1857 and based in Madrid, Spain, **Banco Santandar** (NYSE: SAN) manages €1.383 billion in funds for more than 102 million clients through a network of 15,000 offices.

Most people know that it's one of the largest financial institutions in Spain and a key player in U.S, U.K. and German markets. What they miss is that it's also a leading player in Latin America.

This gives the bank valuable exposure to some of the world's most dynamic emerging economies, where growth rates average 5% or more versus the 1% we expect in developed economies.

The company finished Q1/2012 with 56% of its profits coming from high-growth emerging markets including Brazil, Mexico and Chile; and 31% from mature markets such as the United States, United Kingdom and Germany. Just 12% of revenues come from Spain, which means that further Spanish slowdowns may simply put this company on sale without meaningfully changing its underlying revenue composition.

Revenue growth rates reflect this emphasis, too. For example, the company experienced year-over-year (YOY) basic revenue growth of 15%, and 18% in its Brazilian and Latin American (excluding Brazil) operations respectively in Q1/2012.

Looking ahead, Banco Santander expects net profits to increase at a 15%-20% compound annual growth rate from 2011 – 2015.

Many people have a hard time imagining this, but again I think that's their mistake. I wouldn't be surprised if the company finished at the higher end of its expectations (20% CAGR) when it fully leverages Latin American markets.

Any perceived resolution to Europe's fiscal calamity could send shares soaring. In fact, in 2009, the stock gained over 267% in nine months as world markets rebounded following the financial collapse of 2008.

Based on its valuation, the stock is cheap and has been thrashed along with the rest of the European financial sector. The stock is trading at just 6.7x earnings and sports a price/book value of 0.58.

Based on the trailing 12 months of dividend payments, the company is delivering a 13.47% yield. Even if the company slashes its dividend in half, it would still represent a yield that is more than 3x what U.S. 10-year treasuries are offering.

You don't see these kinds of valuations associated with this kind of upside potential very often.

Action to Take: *Buy **Banco Santandar** (NYSE: SAN) at market and use a 25% trailing stop. Sell half of your position if the stock trades up*

100% over your purchase price. This will essentially create a free trade by taking your initial capital off the table.

Dumpster Diving Opportunity #2

While global stock markets focus their collective attention on Europe's banking mess, a much larger problem is literally looming right under our noses.

The next time you take a drink of water, take a moment to ask yourself "where" your clean water is coming from; "who" is responsible for making sure it's safe to drink; and "how much more" water is going to be required to serve a global population that is expected to increase more than 30%, to over 9 billion by 2050.

That may seem like a long time from now – and it is – but the world is already facing a critical shortage of potable water right now. Less than 1% is ready for immediate human consumption.

The increasing global shortage of potable water will most likely be the cause of resource wars in the coming decades, as countries with exploding populations and developing economies put extreme strain on the global water supply.

This problem is made even worse when you consider that many countries and regions where population and economic growth is expected to explode over the next 25 years have antiquated, inefficient or, in some cases, non-existent water infrastructure.

Companies who can develop and market solutions to meet the world's need for sustainable water solutions have the wind of a multi-decade storm filing their sails – so let's go after a company that has a chance to do its part to meet that demand.

Based in Barcelona, Spain, and listed on the badly trashed Madrid stock market, **Fluidra SA** (FDR: SM) is a multinational group that develops sustainable water solutions such as water treatment, fluid handling, irrigation and swimming pool equipment.

The company has a presence in 34 countries and has distribution to more than 170 countries, so its reach stretches far beyond Spain's borders – and that's good for the revenue diversification it presents, if only because it helps insulate Fluidra from a broader failure in Europe if things really go to hell.

The company operates at all levels of the chain including R&D, production, logistics and, of course, distribution.

The company recently reported that Q1/2012 revenue grew 4.2% YOY to €144.4 million, operating income increased 37.5% YOY to €5.6 million, and net profits increased 40% YOY to €1.3 million.

Fluidra derived 68.9% of its Q1/2012 sales from it Pools/Wellness unit, with the remaining 16.9%, 8.4% and 5.5% coming from its water treatment, fluids handling and irrigation units.

What I like the most about this blend – pardon the pun – is that the majority growth potential comes from units focused on meeting global demand.

Like other Spanish stocks, Fluidra's share price has been punished in the wake of the European financial crisis – but that just makes it all the more attractive in my mind, because it means we can pick up shares of a potentially explosive company for 35% less than it was trading at 12 months ago.

Here's something else interesting that I like a lot... As I write this, Fluidra has a market cap of only €219.63 million, which puts it right smack in the middle of current merger and acquisition targets. In an era of cheap capital, that's a plus.

By the numbers, the company is cheap on both a relative and valuation basis. The stock is priced at €1.95, with a PE of 10.83 (based on expected December 2012 earnings) and it sports a PEG of only 0.35. It also has a price/book ratio of just 0.72 and a price/sales ratio of only 0.16.

If legendary value investor Benjamin Graham were still alive, this company would almost surely be on his short list.

You'll notice that this company only trades on the Madrid exchange. That may seem like a barrier to entry for some – but I think it offers investors who make the effort a double-whammy profit potential.

Let me explain…

Shares of Fluidra are denominated in euros, so not only do U.S.-based investors have a chance to profit from the appreciation of shares but they also have the chance to profit if the euro gains against the USD.

The latter may seem like a stretch, but if you believe that Europe will eventually get its house in order like I do, then it's very likely the euro will gain against the USD as this crisis resolves itself, giving you a foreign currency kicker on top of great growth prospects.

Action to Take: *Buy **Fluidra SA** (FDR:SM) at market and use a 25% trailing stop. Sell half of your position if the stock trades up 100%.*

Dumpster Diving Opportunity #3

Now it's time to dig a little deeper in the trash heap – this time in the forex market. (The foreign exchange market, or forex, is the largest, most liquid financial market in the world.)

With all eyes focused on Europe, people seem to have forgotten about Japan. I think that's a mistake.

Why?

Simple really… as big as Europe's crisis is, it actually pales in comparison to what Japan is facing in the next few years – the complete collapse of its currency, the yen.

It's totally unfathomable yet I believe absolutely possible. Particularly if the crisis in Europe is resolved and the yen loses its safe harbor status.

Japan's population is literally dying off. As I noted in a Money Morning article earlier this year, Japan's population is projected to shrink 30% by

2060. That means the total population will go from 128 million people today to only 87 million people in less than 50 years. You can build neither a strong currency nor markets without people.

We are already seeing the impact of this at our home in Kyoto, as neighborhood schools are closing and houses fall vacant because there are no family members to fill them.

At the same time, the working population is dropping precipitously. This is already slowing growth and increasing the government's share of domestic spending. There is no practical immigration policy, so don't count on "undocumented" workers to make up the gap.

Most Westerners don't understand that Japan's economy is very deliberately engineered to be export only. Yet last year, exports accounted for only 15% of the economy. This means that chronic capital imports only increase the speed of the death spiral because interest costs rise while receipts drop. The result is a negative trade balance and a contracting economy.

Japan has no energy supplies. With only 1 out of 54 nuclear reactors operating at the present time, the world's third largest economy is almost completely dependent on natural gas, oil and coal imports for the time being to offset the drop in power production. This costs Japanese companies an estimated extra 10%-15% more a year, which comes directly off the bottom line at a time when they can least afford it.

Japanese debt is approaching a *quadrillion* yen (approx. $12.57 trillion USD). On average, Japanese debt has a maturity just less than 7 months. But here's the kicker… 17% of that comes due this year, 52% within the next 5 years and 76% within the next 10.

Right now, 95% of Japanese debt is purchased by already-indebted-up-to-their-eyeballs Japanese banks and a diminishing base of retirees at 0.85%-1.25%. The remainder is traded by those fleeing the EU.

Eventually, Japan is going to have to turn to external markets just

as Ireland, Greece, Spain, Italy and Portugal have. When that happens, rates will zoom and the Japanese government will find itself unable to be financed except under extreme circumstances.

But back to the *quadrillion* thing… that's a show stopper.

Given the scale, it's only logical that the yen falls off a cliff against other major currencies – including the much beleaguered Euro – when the artificial support it presently enjoys disappears into the ether.

Action to Take: *Buy to open a EUR/JPY position and use a 25% trailing stop. If you are not familiar with or are unwilling to create a separate account just to trade currencies, consider averaging into the* ***ProShares UltraShort Yen*** *(NYSE: YCS), an ETF that trades on the New York Stock Exchange.*

From Louis Basenese

Chief Investment Strategist, *Wall Street Daily Insider*

We were hoping that Lou would be able to join us, but unfortunately he has a conflict and can't make it. However, he requested that we pass along his top European recommendation to members attending this tour.

Dialing Up Double-Digit Gains and Yields in Spain

Despite the bad news coming out of Spain right now regarding the bailout of its banking system, it's the location of my favorite beaten-down European stock.

Based in Madrid, **Telefonica** (NYSE: TEF), the biggest telephone company in Spain is a world telecom leader, offering landlines, cell phones and services, network leasing, cable and satellite television and broadband services.

With Spain's unemployment rate at 23% and the country's bond market and banking sector under pressure right now, you might

wonder why anyone would invest there now. But this is how contrarian opportunities are born. Let me explain …

Telefonica isn't just a Spanish phone company. It has more than 280 million customers in 25 countries, with a particular emphasis on Latin America. Unlike the U.S., Europe and Japan, GDP growth in most Latin American countries is perking up nicely. And TEF is also expanding rapidly in Asia in a partnership with China Unicom.

Despite the well-publicized structural problems in the Eurozone, Telefonica is financially strong. Operating margins are nearly 18%. Management is earning a respectable 17% return on equity. Cash and liquid assets equal $10.2 billion. And operating cash flow approaches $21 billion.

Is it Déjà Vu All Over Again

What intrigues me is that I feel like we have already seen how this stock reacts when an extreme bargain price is reached. Here's what I mean… Take a look at the graph below.

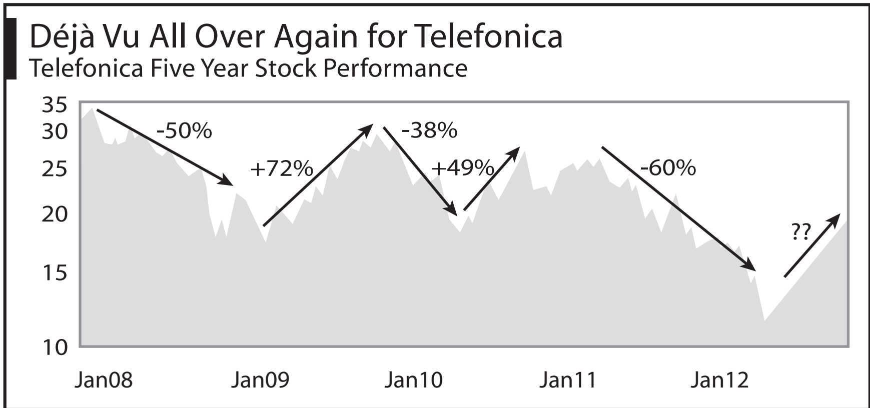
During the last 12-months, the stock's off about 45% and down nearly 60% from its most recent high back in April, 2011.

From October 2007 to October 2008 the stock fell nearly 50% before snapping back 72% by November 2009. From there, the stock fell 38%, reaching a low in May 2010, at which point the stock rose 49% by October, 2010.

In its latest fall from grace, the stock has dropped nearly 60% from April 2011 to its recent low in May 2012 at $10.90 (a price level not seen since early 2003).

I'm not a big follower of technical analysis, but I can tell you one thing… Telefonica's business is leaps and bounds stronger than it was in 2003.

I'm convinced that the stage is set for exactly the same type of rebound. And if you're not interested in earning a potential 49% or 72% profit – in a short period of time – you need to get your pulse checked.



A Rare Recession (and Euro Crisis) Resistant Dividend Stock

In addition to being Spain's dominant phone company, Telefonica is also the largest wireless provider in Britain. It's a major player in Latin America, too, particularly in Brazil.

And no matter what's going on in the world or currency markets, people aren't going to suddenly give up their telephones, mobile phones or broadband internet connections.

They didn't in the throes of the 2008 global downturn. They didn't last summer. And they won't do it this go-round, either.

At worst, the company might suffer a 1% to 3% drop in sales. But that's hardly enough to justify the current selloff in shares.

If you need more tangible proof, take a look at Telefonica's track record.

The company has increased its sales by an average of about 10% per year since 2002. Pulling off such a feat doesn't happen unless you operate a business with steady, undeterred and growing demand. (Admittedly, that might be tough to pull off in 2012 with demand in Europe sagging.)

But demand aside, the real reason the latest euro crisis won't torpedo Telefonica's business is simply because a large majority of the company's sales – around 49% – don't even come from the eurozone. They come from Latin American markets, which boast some of the strongest growth potential in the world.

The euro, of course, has been under pressure and could weaken further. But if anything, Telefonica is actually shielded from the collapsing value of the euro. (Remember, a weaker euro leads to a fatter bottom line, as the company enjoys gains on overseas profits thanks to currency translation.)

Plus it's important to understand that the negatives that currently exist in Europe are already discounted. As the old Wall Street saying reminds us: if it's in the papers, it's in the price.

Clueless investors are, of course, overlooking this reality. But let's not be so myopic or foolish.

In the end, Telefonica represents one of the bluest-of-blue-chip stocks in the market. It operates a simple business with ever-steady demand. And it spins off gobs of cash – almost $21 billion in the last 12 months – part of which management kindly returns to shareholders via dividends.

The fact that the stock's trading on the super cheap, too, only makes the opportunity more irresistible.

At current prices, Telefonica trades at a price-to-earnings (P/E) ratio of just 9.7, which is about 50% cheaper than the average stock in the S&P 500 and well below the industry average of 21.14.

The thought of buying any European stock right now might be downright repulsive. But the 60% selloff in shares of Telefonica during the last year is flat out unjustified. So hold your nose and don't let this rare opportunity for double-digit gains (and yields) pass you by.

Bottom line: this is a solid company... Better still, the stock is currently yielding a whopping 11.2%. Could the dividend be cut? It's

possible. But it certainly isn't likely to be eliminated. I estimate that Telefonica will earn $1.80 a share this year and about $2.25 in the year ahead.

With its steady cash flow, attractive dividend and compelling valuation at less than seven times prospective earnings, Telefonica is a risk worth taking.

Action to Take: *Buy **Telefonica** (NYSE: TEF) at market and use a 25% trailing stop.* 𝔒ℭ

In closing, I hope you've enjoyed this brief special report on Eurozone "Dumpster Diving." Chances are good that we'll have several more additional opportunities to discuss when we see each other in Italy.

Here's to great profits and even greater friendships!

With best regards,
Julia C. Guth
Executive Director and Publisher, *Oxford Financial Publishing*

P.S. Great News! Daniel Weiss, expert art historian and President of Lafayette College in PA, will be joining us as a speaker in Venice. Mr. Weiss is a former Dean of Arts & Sciences from Johns Hopkins University, and is a leading authority on the art of medieval Europe in the Age of the Crusades. Mr. Weiss earned an M.A. (1982) and Ph.D. (1992) in art history at Johns Hopkins and joined the faculty there in 1993. He also holds an M.B.A. (1985) from the Yale School of Management and was a consultant with Booz, Allen & Hamilton, Inc. from 1985 to 1989. He received his B.A. from The George Washington University in 1979, with a double major in art history and psychology.

P.S.S. If you have any questions regarding the trip please contact Karoline Bowman at AESU; Email: Karoline@aesu.com; Tel: 410.366.5494, ext. 113; Toll-Free: 800.638.7640, ext. 113.

From time to time, *Oxford Club* will recommend stock investments that will not be included in the VIP Trading Circle or in the *Communiqué's* Portfolios. There are certain situations where we feel a company may be an extraordinary value but may not necessarily fit within the selection guidelines of these existing portfolios. In these cases, the recommendations are to be considered as speculative and should not be considered as part of the *Club's* more conservative *Communiqué* portfolio.

Also, by the time you receive this report, there is a chance that we may have exited a recommendation previously included in a VIP or *Communiqué* portfolio. Occasionally, this happens because we use a disciplined "trailing stop" philosophy with our investments, meaning that any time a company's share price falls 25% from its high, we sell the stock.

NOTE: *The Oxford Club* is not a broker, dealer or licensed investment advisor. No person listed here should be considered as permitted to engage in rendering personalized investment, legal or other professional advice as an agent of *The Oxford Club*. *The Oxford Club* does not receive any compensation for these services. Additionally, any individual services rendered to *Oxford Club* members by those mentioned are considered completely separate from and outside the scope of services offered by *The Oxford Club*. Therefore if you choose to contact anyone listed here, such contact, as well as, any resulting relationship, is strictly between you and the Pillar One service.

If you have any questions about your *Oxford Club* subscription, or, would like to change your email settings, please contact us at 800.992.0205 Monday – Friday between 9:00 AM and 5:00 PM Eastern Time. Or if calling internationally please call 410.223.2643.

Copyright – 2012-present *Oxford Financial Publishing*, LLC All Rights Reserved
The Oxford Club | 105 West Monument Street | Baltimore, MD 21201
North America: 800.992.0205; Fax: 1 410.223.2650
International: 410.223.2643; Fax: 1 410.223.2650
Email: customerservice@oxfordclubinfo.com

Oxford Financial Publishing is a financial publisher that does not act as a personal investment advisor for any specific individual. Nor do we advocate the purchase or sale of any security or investment for any specific individual. *Club* Members should be aware that although our track record is highly rated by an independent analysis, and has been legally reviewed, investment markets have inherent risks and there can be no guarantee of future profits. Likewise, our past performance does not assure the same future results. All of the recommendations communicated to members during the life of this service may not be reflected here. The stated returns may also include option trades. We will send all our members regular communications with specific, timely strategies and updated recommendations; however, you should not consider any of the communications by our company and employees to you as personalized investment advice. Note that the proprietary recommendations and analysis we present to members is for the exclusive use of our membership.

We expressly forbid our writers from having a financial interest in any security recommended to our readers. All of our employees and agents must wait 24 hours after on-line publication or 72 hours after the mailing of printed-only publication prior to following an initial recommendation. Any investments recommended in this letter should be made only after consulting with your investment advisor and only after reviewing the prospectus or financial statements of the company.

Protected by copyright laws of the United States and international treaties. This Newsletter may only be used pursuant to the subscription agreement and any reproduction, copying, or redistribution (electronic or otherwise, including on the worldwide web), in whole or in part, is strictly prohibited without the express written permission of *Oxford Financial Publishing*, LLC. 105 W. Monument Street, Baltimore MD 21201.