

Long-Term Perspective

June 15, 2018

## Top-Ten Portfolio

We have created a high-quality portfolio of stocks with a focus on growth and attractive yields.

**NOTE:** *The Top-Ten Portfolio has a long-term perspective. As such, we will update it once a week, using Friday's closing prices. Also, it will be essentially a Buy-and-Hold portfolio, with minimal trading involved. The portfolio will always be fully invested.*

*The initial investment will be a total of \$500,000. To begin with, each of the ten stocks has an equal weighting, meaning the dollar amount of each holding will be approximately \$50,000. If a stock is sold, the replacement stock will begin with the amount of the closing proceeds of the stock sold.*

*We will conduct a portfolio assessment on a regular basis to determine whether changes should be made.*

**THIS WEEK'S COMMENT:** *There was a slight decline in the value of the Portfolio this past week. On Monday morning, we will sell the Canadian Tire holding as the stock has reached the Third Target Price, and did so in a relatively quick time-frame. We are watching the latest acquisition, Extendicare, and are beginning to think that we may have been premature in our purchase. It closed on Friday at \$7.42 and, if it closes any lower this coming week, we will jettison it from the Portfolio. We are also not happy with the performance of Shawcor and Manulife. We are also watching Enbridge very closely and may exit that position fairly soon as well. There is always the danger of being whip-sawed by selling a stock that drops sharply, and that certainly proved to be the case with Saputo. Although we sold our position with a modest profit, nonetheless, the stock rebounded over \$2 this past week. However, our other recent acquisition, Thomson Reuters, is doing fairly well.*

The current portfolio is presented below.

TOP TEN		Share Price Information			As at: 15-Jun-18		Inception: 02-Jan-18			
		Purchase	Current	First	Second	Third	% Inc. to	% Inc. to	% Inc. to	
	<u>Company</u>	<u>Symbol</u>	<u>Price</u>	<u>Price</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>	<u>1st Target</u>	<u>2nd Target</u>	<u>3rd Target</u>
1	Algonquin Power & Utilities Corp.	AQN	\$14.03	\$12.71	\$13.70	\$14.00	\$14.30	7.8%	10.1%	12.5%
2	Canadian Tire Corporation	CTC.A	\$163.15	\$175.04	\$168.75	\$172.00	\$175.00	-3.6%	-1.7%	0.0%
3	Enbridge Inc.	ENB	\$43.50	\$42.24	\$45.30	\$46.88	\$48.45	7.2%	11.0%	14.7%
4	Energcare Inc.	ECI	\$17.21	\$18.25	\$18.00	\$18.75	\$19.50	-1.4%	2.7%	6.8%
5	Extendicare Inc.	EXE	\$7.61	\$7.42	\$8.20	\$8.60	\$9.00	10.5%	15.9%	21.3%
6	Keyera Corp.	KEY	\$35.37	\$35.58	\$37.50	\$39.00	\$40.50	5.4%	9.6%	13.8%
7	Manulife Financial Corporation	MFC	\$26.19	\$24.92	\$27.35	\$28.13	\$28.90	9.8%	12.9%	16.0%
8	Shawcor Ltd.	SCL	\$27.43	\$25.01	\$28.90	\$29.70	\$30.50	15.6%	18.8%	22.0%
9	Thomson Reuters Inc.	TRI	\$52.12	\$53.91	\$56.25	\$59.38	\$62.50	4.3%	10.1%	15.9%
10	Vermilion Energy Inc.	VET	\$42.74	\$44.52	\$46.88	\$48.45	\$50.00	5.3%	8.8%	12.3%

NB: **Green** negative percentage numbers denote a stock price that has exceeded the Price Target.

NB: The Analyst, either **directly** or **indirectly**, currently owns shares in **Keyera Corporation** and **Shawcor Ltd.**

The performance of these stocks is provided in the table below.

<continued>

TOP TEN		Portfolio Performance				As at: 15-Jun-18		Initiation: 02-Jan-18	
<u>Company</u>	<u>Symbol</u>	<u>Purchase Date</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Purchase Cost</u>	<u>Current Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Algonquin Power & Utilities Corp.	AQN	02-Jan-18	3,564	\$14.03	\$12.71	\$50,000	\$45,296	-\$4,704	-9.4%
2 Canadian Tire Corporation	CTC.A	14-May-18	306	\$163.15	\$175.04	\$49,924	\$53,562	\$3,638	7.3%
3 Enbridge Inc.	ENB	09-Feb-18	1,150	\$43.50	\$42.24	\$50,025	\$48,576	-\$1,449	-2.9%
4 Enercare Inc.	ECI	12-Apr-18	2,905	\$17.21	\$18.25	\$49,995	\$53,016	\$3,021	6.0%
5 Extencare Inc.	EXE	07-Jun-18	6,576	\$7.61	\$7.42	\$50,043	\$48,794	-\$1,249	-2.5%
6 Keyera Corp.	KEY	02-Jan-18	1,414	\$35.37	\$35.58	\$50,013	\$50,310	\$297	0.6%
7 Manulife Financial Corporation	MFC	02-Jan-18	1,909	\$26.19	\$24.92	\$49,997	\$47,572	-\$2,424	-4.8%
8 Shawcor Ltd.	SCL	02-Jan-18	1,823	\$27.43	\$25.01	\$50,005	\$45,593	-\$4,412	-8.8%
9 Thomson Reuters Inc.	TRI	08-Jun-18	959	\$52.12	\$53.91	\$49,983	\$51,700	\$1,717	3.4%
10 Vermilion Energy Inc.	VET	17-Apr-18	1,170	\$42.74	\$44.52	\$50,006	\$52,088	\$2,083	4.2%
<b>Stock Totals</b>						<b>\$499,991</b>	<b>\$496,508</b>	<b>-\$3,483</b>	<b>-0.7%</b>
						Stock Annualized Return:			<b>-1.5%</b>
Cash						\$9	\$9		
Cumulative Dividend Payments							\$6,379		
Net Trading Profits							\$28,870		
<b>Portfolio Totals</b>						<b>\$500,000</b>	<b>\$531,765</b>		<b>6.4%</b>
						Portfolio Annualized Return:			<b>13.7%</b>
<b>S&amp;P/TSX COMPOSITE INDEX .....</b>						16,209.13	16,314.42	105.29	<b>0.6%</b>
						S&P/TSX Comp. Annualized Return:			<b>1.4%</b>
<b>S&amp;P/TSX 60 INDEX .....</b>						959.70	964.45	4.75	<b>0.5%</b>
						S&P/TSX 60 Annualized Return:			<b>1.1%</b>

Here is a list of the stocks sold to date, since inception on January 2, 2018:

### Stocks Sold

<u>Company</u>	<u>Purchase Date</u>	<u>Selling Date</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Purchase Cost</u>	<u>Selling Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>	<u>Number of Shares</u>	<u>Cum. Gain or (Loss)</u>
Thomson Reuters Corporation	02-Jan-18	30-Jan-18	\$54.80	\$59.05	\$49,978	\$53,851	\$3,874	7.8%	912	\$3,874
Shopify Inc.	02-Jan-18	30-Jan-18	\$127.32	\$159.99	\$50,037	\$62,876	\$12,839	25.7%	393	\$16,713
Shopify Inc.	02-Feb-18	15-Feb-18	\$143.79	\$168.51	\$56,509	\$66,224	\$9,715	17.2%	393	\$26,428
Parkland Fuel Corporation	02-Jan-18	09-Apr-18	\$26.89	\$28.62	\$50,015	\$53,233	\$3,218	6.4%	1,860	\$29,646
Bank of Montreal	02-Jan-18	17-Apr-18	\$100.59	\$95.43	\$49,993	\$47,429	-\$2,565	-5.1%	497	\$27,081
ARC Resources Ltd.	02-Jan-18	14-May-18	\$14.96	\$13.44	\$49,996	\$44,916	-\$5,080	-10.2%	3,342	\$22,001
Goldcorp Inc.	02-Jan-18	07-Jun-18	\$16.24	\$18.40	\$50,003	\$56,654	\$6,651	13.3%	3,079	\$28,652
Saputo Inc.	02-Jan-18	08-Jun-18	\$41.35	\$41.53	\$49,992	\$50,210	\$218	0.4%	1,209	\$28,870

<continued>

Below, we provide a table that indicates the annual dividend, the corresponding annual income and equity yields, and the dividend pay-outs to date since inception. This table is updated at the end of each month. These totals are as at June 8, 2018:

## TOP TEN

## Annual Income/Yield

As at: 08-Jun-18

Company	Purchase Price	Current Price	Annual Dividend	Annual Income	Purchase Yield	Current Yield	Payment Fr	Months	Period Payout	Pay-Out To Date
1 Algonquin Power & Utilities Corp.	\$14.03	\$12.40	\$0.51	\$1,828	3.7%	4.1%	Q	M/J/S/D	\$457	\$415
2 Canadian Tire Corporation	\$163.15	\$166.28	\$3.60	\$1,102	2.2%	2.2%	Q	J/O/J/A	\$275	\$0
3 Enbridge Inc.	\$43.50	\$40.55	\$2.68	\$3,087	6.2%	6.6%	Q	F/M/A/N	\$772	\$1,543
4 Enercare Inc.	\$17.21	\$18.09	\$1.00	\$2,900	5.8%	5.5%	M	15th	\$242	\$483
5 Extencare Inc.	\$7.61	\$7.56	\$0.48	\$3,156	6.3%	6.3%	M	27th	\$263	\$0
6 Keyera Corp.	\$35.37	\$36.46	\$1.68	\$2,376	4.7%	4.6%	M	22nd	\$198	\$990
7 Manulife Financial Corporation	\$26.19	\$24.74	\$0.88	\$1,680	3.4%	3.6%	Q	F/M/A/N	\$420	\$840
8 Shawcor Ltd.	\$27.43	\$26.73	\$0.60	\$1,094	2.2%	2.2%	Q	M/M/A/N	\$273	\$547
9 Thomson Reuters Inc.	\$52.12	\$52.74	\$1.78	\$1,710	3.4%	3.4%	Q	F/M/A/N	\$428	\$0
10 Vermilion Energy Inc.	\$42.74	\$45.70	\$2.76	\$3,229	6.5%	6.0%	M	28th	\$269	\$538
<b>Portfolio Totals</b>				<b>\$17,222</b>	<b>3.4%</b>	<b>3.5%</b>				<b>\$4,819</b>
<b>Dividends, Companies Sold</b>										<b>\$1,560</b>
<b>Total Dividends Received</b>										<b>\$6,379</b>

## Comparison

For comparative purposes, the following graph depicts the performance, since initiation, of the eResearch portfolio (BLUE line) and the stock portion only (heavy PURPLE line) against the S&P/TSX Composite Index (PINK line) and the S&P/TSX 60 (GREEN line).

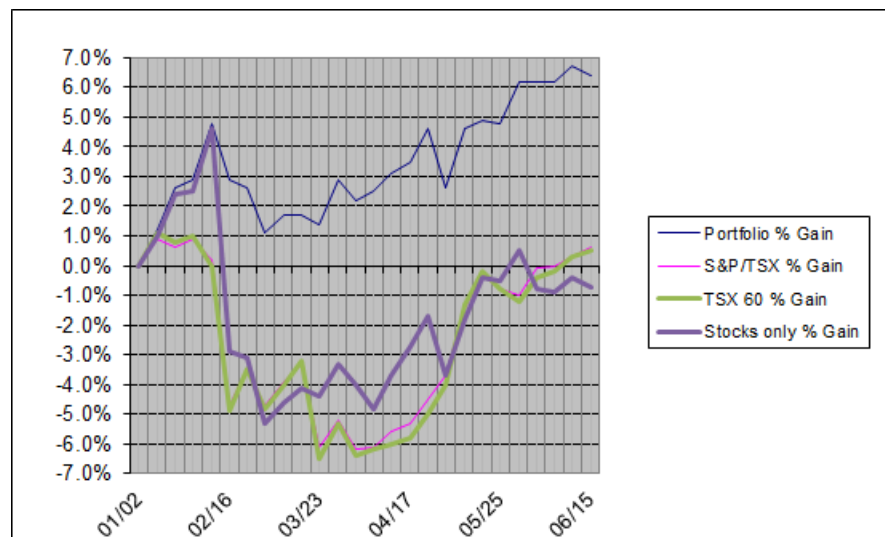
The portfolio is performing much better than either of the market indexes, (trading profits!):

Portfolio performance = +6.4% (includes dividends and trading profits)

Stock portion only = -0.7% (current stocks in the portfolio)

S&P/TSX Composite = +0.6%

S&P/TSX 60 = +0.5%



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