

Long-Term Perspective

July 21, 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, if appropriate.*

*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 an amount close to \$50,000.*

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

**THIS WEEK'S COMMENT:** *We sold Algonquin Power & Utilities on Friday after its big up-move on Thursday. We still recorded a sizable loss on this investment. It is an excellent long-term hold, but we think that we can do better elsewhere. Friday was a down-day across the board, but our Portfolio made a modest advance with a gain of 0.4%. We are away on vacation until after the August holiday (August 6) so our next portfolio report will be with Friday, August 3, closing prices.*

The current portfolio is presented below.

TOP TEN	Share Price Information			As at: 20-Jul-18			Inception: 02-Jan-18			
	Company	Symbol	Purchase Price	Current Price	First Target	Second Target	Third Target	% Inc. to 1st Target	% Inc. to 2nd Target	% Inc. to 3rd Target
1	Enercare Inc.	ECI	\$17.21	\$18.46	\$18.00	\$18.75	\$19.50	-2.5%	1.6%	5.6%
2	HudBay Minerals Inc.	HBM	\$6.79	\$6.93	\$7.03	\$7.80	\$8.60	1.4%	12.6%	24.1%
3	Keyera Corp.	KEY	\$35.37	\$37.35	\$37.50	\$39.00	\$40.50	0.4%	4.4%	8.4%
4	Manulife Financial Corporation	MFC	\$26.19	\$23.58	\$27.35	\$28.13	\$28.90	16.0%	19.3%	22.6%
5	Shawcor Ltd.	SCL	\$27.43	\$26.67	\$28.90	\$29.70	\$30.50	8.4%	11.4%	14.4%
6	Thomson Reuters Inc.	TRI	\$52.12	\$55.58	\$56.25	\$59.38	\$62.50	1.2%	6.8%	12.5%
7	Vermilion Energy Inc.	VET	\$42.74	\$46.94	\$46.88	\$48.45	\$50.00	-0.1%	3.2%	6.5%

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 on the net page.

<continued>

**TOP TEN**
**Portfolio Performance**
**As at: 20-Jul-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 Enercare Inc.	ECI	12-Apr-18	2,905	\$17.21	\$18.46	\$49,995	\$53,626	\$3,631	7.3%
2 HudBay Minerals Inc.	HBM	16-Jul-18	7,364	\$6.79	\$6.93	\$50,002	\$51,033	\$1,031	2.1%
3 Keyera Corp.	KEY	02-Jan-18	1,414	\$35.37	\$37.35	\$50,013	\$52,813	\$2,800	5.6%
4 Manulife Financial Corporation	MFC	02-Jan-18	1,909	\$26.19	\$23.58	\$49,997	\$45,014	-\$4,982	-10.0%
5 Shawcor Ltd.	SCL	02-Jan-18	1,823	\$27.43	\$26.67	\$50,005	\$48,619	-\$1,385	-2.8%
6 Thomson Reuters Inc.	TRI	08-Jun-18	959	\$52.12	\$55.58	\$49,983	\$53,301	\$3,318	6.6%
7 Vermilion Energy Inc.	VET	17-Apr-18	1,170	\$42.74	\$46.94	<u>\$50,006</u>	<u>\$54,920</u>	<u>\$4,914</u>	<u>9.8%</u>
<b>Stock Totals</b>						<b>\$350,000</b>	<b>\$359,326</b>	<b>\$9,326</b>	<b>2.7%</b>
						Stock Annualized Return:			<b>4.8%</b>
Cash						\$150,000	\$150,000		
Cumulative Dividend Payments							\$7,538		
Net Trading Profits							<u>\$30,742</u>		
<b>Portfolio Totals</b>						<b><u>\$500,000</u></b>	<b><u>\$547,606</u></b>		<b>9.5%</b>
						Portfolio Annualized Return:			<b>17.2%</b>
<b>S&amp;P/TSX COMPOSITE INDEX .....</b>						16,209.13	16,435.46	226.33	<b>1.4%</b>
						S&P/TSX Comp. Annualized Return:			<b>2.5%</b>
<b>S&amp;P/TSX 60 INDEX .....</b>						959.70	976.45	16.75	<b>1.7%</b>
						S&P/TSX 60 Annualized Return:			<b>3.2%</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
Canadian Tire Corporation	14-May-18	18-Jun-18	\$163.15	\$176.00	\$49,924	\$53,856	\$3,932	7.9%	306	\$32,802
Enbridge Inc.	09-Feb-18	05-Jul-18	\$43.50	\$47.10	\$50,025	\$54,165	\$4,140	8.3%	1,150	\$36,942
Extendicare Inc.	07-Jun-18	16-Jul-18	\$7.61	\$7.22	\$50,043	\$47,479	-\$2,565	-5.1%	6,576	\$34,377
Algonquin Power & Utilities Corp.	02-Jan-18	20-Jul-18	\$14.03	\$13.01	\$50,003	\$46,368	-\$3,635	-7.3%	3,564	\$30,742

<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, unless there is a change in the portfolio. These totals are as at July 20, 2018:

### TOP TEN

### Annual Income/Yield

As at: 20-Jul-18

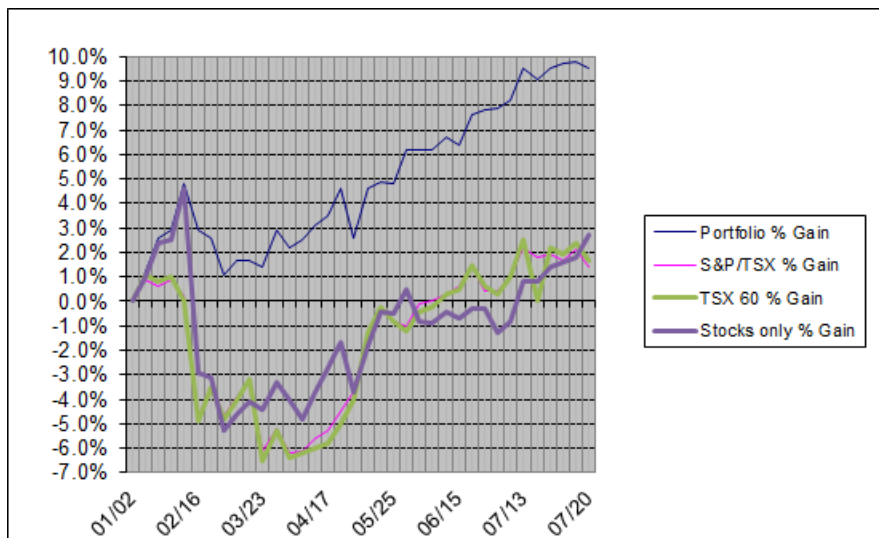
Company	Purchase	Current	Annual	Annual	Purchase	Current	Payment	Period	Pay-Out	
	Price	Price	Dividend	Income	Yield	Yield	Fr	Months	Payout	To Date
1 Enercare Inc.	\$17.21	\$18.46	\$1.00	\$2,900	5.8%	5.4%	M	15th	\$242	\$725
2 HudBay Minerals Inc.	\$6.79	\$6.93	\$0.12	\$884	1.8%	1.7%	SA	Mar/Sep	\$74	\$0
3 Keyera Corp.	\$35.37	\$37.35	\$1.68	\$2,376	4.7%	4.5%	M	22nd	\$198	\$1,188
4 Manulife Financial Corporation	\$26.19	\$23.58	\$0.88	\$1,680	3.4%	3.7%	Q	F/M/A/N	\$420	\$840
5 Shawcor Ltd.	\$27.43	\$26.67	\$0.60	\$1,094	2.2%	2.2%	Q	M/M/A/N	\$273	\$547
6 Thomson Reuters Inc.	\$52.12	\$55.58	\$1.81	\$1,740	3.5%	3.3%	Q	F/M/A/N	\$435	\$0
7 Vermilion Energy Inc.	\$42.74	\$46.94	\$2.76	<u>\$3,229</u>	<u>6.5%</u>	<u>5.9%</u>	M	28th	\$269	<u>\$807</u>
<b>Portfolio Totals</b>				<b>\$8,933</b>	<b>2.6%</b>	<b>2.5%</b>				<b>\$3,300</b>
<b>Dividends, Companies Sold</b>										<b><u>\$4,238</u></b>
<b>Total Dividends Received</b>										<b><u>\$7,538</u></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 = +9.5% (includes dividends and trading profits)  
 Stock portion only = +2.7% (current stocks in the portfolio)  
 S&P/TSX Composite = +1.4%  
 S&P/TSX 60 = +1.7%





---

## DISCLAIMER

### **eResearch Corporation**

**eResearch** was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: [www.eResearch.ca](http://www.eResearch.ca).

### **eResearch Disclosure Statement**

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website ([www.eresearch.ca](http://www.eresearch.ca)), and to the general investing public through its extensive electronic distribution network and through newswire agencies.

With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.