

Top-Ten Portfolio

We have created a 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. We also utilize "trigger" sell prices as a systematic discipline.

THIS WEEK'S COMMENT: I missed last week. In the interim, the Portfolio overall has made some gains and is now at an all-time high. With regards to Baytex Energy, I resisted the urge to follow our stated guidelines of selling the stock at pre-determined decline levels. Fortunately, it staged a meaningful recovery after falling below the \$2.00 level. However, it is one of two stocks still in the **Red**. Baytex Energy is very volatile and is vulnerable to wide swings in either direction. It will remain in the Portfolio for now. Toromont jumped on Friday and we may take partial profits next week after I consult the "tea leaves". In any event, I will have to raise its Target Prices. Fairfax was also volatile on Thursday (down 2.7%) and Friday (up 4.5%). Shopify continues to shine: maybe more profit-taking ahead.

The portfolio is presented below.

TOP TEN		Share Price Information		As at: 15-Feb-19		Inception: 01-Jan-19 (Dec 31/18 closing prices)	
Company	Symbol	Purchase Price	Current Price	First Target	Second Target	First Sell (First 50%)	Second Sell (Second 50%)
1 AltaGas Ltd.	ALA	\$13.90	\$15.76	\$15.63	\$18.75	\$13.34	\$12.79
2 Baytex Energy Corp.	BTE	\$2.41	\$2.29	\$2.75	\$3.13	\$2.29	\$2.17
3 Fairfax Financial Holdings Ltd.	FFH	\$600.98	\$651.14	\$625.00	\$687.50	\$582.95	\$558.91
4 Parex Resources Inc.	PXT	\$17.66	\$20.20	\$20.30	\$21.90	\$16.95	\$16.25
5 Parkland Fuel Corporation	PKI	\$35.34	\$38.39	\$37.50	\$40.63	\$33.93	\$32.51
6 Shopify Inc.	SHOP	\$188.79	\$236.05	\$225.00	\$230.00	\$183.13	\$175.57
7 Surge Energy Inc.	SGY	\$1.34	\$1.33	\$1.55	\$1.95	\$1.27	\$1.21
8 Toromont Industries Ltd.	TIH	\$54.26	\$65.53	\$56.25	\$59.40	\$52.63	\$50.46
9 Vermilion Energy Inc.	VET	\$28.76	\$32.58	\$31.25	\$34.38	\$27.61	\$26.46
10 Whitecap Resources Inc.	WCP	\$4.35	\$4.75	\$5.50	\$6.25	\$4.13	\$3.92

NB: Sell Price for stocks under \$10 is -5% and -10%; between \$10 and \$50, it is -4% and -8%; over \$50, it is -3% and -7%.

NB: If a stock reaches its First Sell but not its Second Sell, the holding is repurchased if it recovers to the original Purchase Price.

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

NB: The Analyst, either **directly** or **indirectly**, currently owns shares in **AltaGas** and **Vermilion Energy**.



The performance of these stocks is provided in the table on the next page.

TOP TEN		Portfolio Performance				As at: 15-Feb-19		Initiation: 01-Jan-19		
Company	Symbol	Purchase Date	Number of Shares	Purchase Price	Current Price	Purchase Cost	Current Value	\$ Gain or (Loss)	% Gain	
1 AltaGas Ltd.	ALA	02-Jan-19	3,597	\$13.90	\$15.76	\$49,998	\$56,689	\$6,690	13.4%	
2 Baytex Energy Corp.	BTE	02-Jan-19	20,747	\$2.41	\$2.29	\$50,000	\$47,511	-\$2,490	-5.0%	
3 Fairfax Financial Holdings Ltd.	FFH	02-Jan-19	83	\$600.98	\$651.14	\$49,944	\$54,113	\$4,169	8.3%	
4 Parex Resources Inc.	PXT	09-Jan-19	2,063	\$17.66	\$20.20	\$36,424	\$41,663	\$5,239	14.4%	
5 Parkland Fuel Corporation	PKI	02-Jan-19	1,415	\$35.34	\$38.39	\$50,006	\$54,322	\$4,316	8.6%	
6 Shopify Inc.	SHOP	02-Jan-19	200	\$188.79	\$236.05	\$37,758	\$47,210	\$9,452	25.0%	
7 Surge Energy Inc.	SGY	25-Jan-19	37,314	\$1.34	\$1.33	\$50,001	\$49,628	-\$373	-0.7%	
8 Toromont Industries Ltd.	TIH	02-Jan-19	922	\$54.26	\$65.53	\$50,028	\$60,419	\$10,391	20.8%	
9 Vermilion Energy Inc.	VET	02-Jan-19	1,738	\$28.76	\$32.58	\$49,985	\$56,624	\$6,639	13.3%	
10 Whitecap Resources Inc.	WCP	02-Jan-19	11,494	\$4.35	\$4.75	\$49,999	\$54,597	\$4,598	9.2%	
Stock Totals						\$474,143	\$522,774	\$48,630	10.3%	
						Stock Annualized Return:			79.3%	
Cash						\$16,785	\$16,785			
Cumulative Dividend Payments							\$2,140			
Net Trading Profits							\$0			
Net Trading Losses							-\$9,071			
Portfolio Totals						\$500,000	\$541,698	\$41,699	8.3%	
						Portfolio Annualized Return:			64.4%	
Portfolio Totals (ex Trading Profits)						\$500,000	\$541,698	\$41,699	8.3%	
									64.4%	
S&P/TSX COMPOSITE INDEX						14,322.86	15,838.24	1,515.38	10.6%	
						S&P/TSX Comp. Annualized Return:			81.8%	

Stocks Sold

Company	Purchase Date	Selling Date	Purchase Price	Selling Price	Purchase Cost	Selling Value	\$ Gain or (Loss)	% Gain or (Loss)	Number of Shares	Cum. Gain or (Loss)
Maxar Technologies Ltd.	02-Jan-19	07-Jan-19	\$16.31	\$14.11	\$25,003	\$21,631	-\$3,373	-13.5%	1,533	-\$3,373
Maxar Technologies Ltd.	02-Jan-19	08-Jan-19	\$16.31	\$9.65	\$25,003	\$14,793	-\$10,210	-40.8%	1,533	-\$13,582
Goldcorp Inc.	02-Jan-19	14-Jan-19	\$13.37	\$13.87	\$50,004	\$51,874	\$1,870	3.7%	3,740	-\$11,712

<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 every two weeks, unless there is a change in the portfolio. These totals are as at February 15, 2019:

TOP TEN		Annual Income/Yield					As at: 15-Feb-19				
		Purchase	Current	Annual	Annual	Purchase	Current	Payment	Dividend	Period	Pay-Out
		Price	Price	Dividend	Income	Yield	Yield	Fr	Months	Payout	To Date
1	AltaGas Ltd.	\$13.90	\$15.76	\$0.96	\$3,453	6.9%	6.1%	M	15th	\$0.08	\$288
2	Baytex Energy Corp.	\$2.41	\$2.29	\$0.00	\$0	0.0%	0.0%	--	---	\$0.00	\$0
3	Fairfax Financial Holdings Ltd.	\$600.98	\$651.14	\$10.00	\$831	1.7%	1.5%	A	Jan	\$10.00	\$831
4	Parex Resources Inc.	\$17.66	\$20.20	\$0.00	\$0	0.0%	0.0%	--	---	\$0.00	\$0
5	Parkland Fuel Corporation	\$35.34	\$38.39	\$1.17	\$1,661	3.3%	3.1%	M	15th	\$0.0978	\$138
6	Shopify Inc.	\$188.79	\$236.05	\$0.00	\$0	0.0%	0.0%	--	---	\$0.00	\$0
7	Surge Energy Inc.	\$1.34	\$1.33	\$0.10	\$3,731	7.5%	7.5%	M	15th	\$0.0083	\$311
8	Toromont Industries Ltd.	\$54.26	\$65.53	\$0.92	\$848	1.7%	1.4%	Q	MJSD	\$0.23	\$212
9	Vermilion Energy Inc.	\$28.76	\$32.58	\$2.76	\$4,797	9.6%	8.5%	M	15th	\$0.23	\$400
10	Whitecap Resources Inc.	\$4.35	\$4.75	\$0.32	\$3,724	7.4%	6.8%	M	15th	\$0.03	\$310
Portfolio Totals					\$19,045	3.8%	3.5%				\$2,140
Dividends, Companies Sold											\$0
Total Dividends Received											\$2,140
Dividend Yield (annualized)											4.7%

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Contributing Analyst/Portfolio Manager: Bob Weir, CFA

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