

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, with discretion.

TODAY'S COMMENT: *Canada Goose is flying high. Our second-best performer. AltaGas ran up on Wednesday and continues to be the top performer. Parex Resources regained some glamour, too. Fairfax has not. And Vermilion Energy is suffering. NFI and Norbord also are struggling. It might be time for some changes in the Portfolio. Since July 19, the date of our last report, the Portfolio has gained 0.6% while the S&P/TSX Composite Index has lost 0.6%.*

The portfolio is presented below.

| TOP TEN | Share Price Information | | As at: 31-Jul-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 | \$20.21 | \$19.50 | \$20.30 | \$19.40 | \$18.59 |
| 2 | Baytex Energy Corp. | BTE | \$2.22 | \$2.01 | \$2.75 | \$3.13 | \$2.11 | \$2.00 |
| 3 | Canada Goose Holdings Inc. | GOOS | \$45.54 | \$61.81 | \$50.00 | \$56.25 | \$59.34 | \$56.87 |
| 4 | Fairfax Financial Holdings Ltd. | FFH | \$600.98 | \$611.45 | \$625.00 | \$687.50 | \$593.11 | \$568.65 |
| 5 | NFI Group Inc. | NFI | \$32.11 | \$29.10 | \$37.50 | \$39.05 | \$27.94 | \$26.77 |
| 6 | Norbord Inc. | OSB | \$28.98 | \$30.59 | \$29.70 | \$31.25 | \$27.82 | \$26.66 |
| 7 | Parex Resources Inc. | PXT | \$17.66 | \$22.56 | \$23.45 | \$25.00 | \$21.66 | \$20.76 |
| 8 | Vermilion Energy Inc. | VET | \$28.76 | \$23.65 | \$31.25 | \$34.38 | \$27.61 | \$26.46 |
| 9 | Whitecap Resources Inc. | WCP | \$4.55 | \$4.24 | \$5.50 | \$6.25 | \$4.32 | \$4.09 |

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: **Red** numbers denote the stock price is below the Sell Price; **Green** numbers denote the stock price exceeds the Price Target.

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

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

TOP TEN

Portfolio Performance

As at: 31-Jul-19

Initiation: 01-Jan-19

| <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 AltaGas Ltd. | ALA | 02-Jan-19 | 3,597 | \$13.90 | \$20.21 | \$49,998 | \$72,695 | \$22,697 | 45.4% |
| 2 Baytex Energy Corp. | BTE | 02-Jan-19 | 22,000 | \$2.22 | \$2.01 | \$48,820 | \$44,220 | -\$4,600 | -9.4% |
| 3 Canada Goose Holdings Inc. | GOOS | 30-May-19 | 1,098 | \$45.54 | \$61.81 | \$50,003 | \$67,867 | \$17,864 | 35.7% |
| 4 Fairfax Financial Holdings Ltd. | FFH | 02-Jan-19 | 83 | \$600.98 | \$611.45 | \$49,944 | \$50,815 | \$870 | 1.7% |
| 5 NFI Group Inc. | NFI | 26-Mar-19 | 1,557 | \$32.11 | \$29.10 | \$49,995 | \$45,309 | -\$4,687 | -9.4% |
| 6 Norbord Inc. | OSB | 13-Jun-19 | 1,725 | \$28.98 | \$30.59 | \$49,991 | \$52,768 | \$2,777 | 5.6% |
| 7 Parex Resources Inc. | PXT | 09-Jan-19 | 2,063 | \$17.66 | \$22.56 | \$36,424 | \$46,530 | \$10,106 | 27.7% |
| 8 Vermilion Energy Inc. | VET | 02-Jan-19 | 1,738 | \$28.76 | \$23.65 | \$49,985 | \$41,104 | -\$8,881 | -17.8% |
| 9 Whitecap Resources Inc. | WCP | 02-Jan-19 | 11,241 | \$4.55 | \$4.24 | \$51,100 | \$47,662 | -\$3,438 | -6.7% |
| Stock Totals | | | | | | \$436,260 | \$468,969 | \$32,710 | 7.5% |
| | | | | | | Stock Annualized Return: | | 13.0% | |

Portfolio Percentages

| | | <u>%</u> |
|------------------------------|-----------|----------|
| Stock Totals | \$468,969 | 77% |
| Cash | \$97,903 | 16% |
| Cumulative Dividend Payments | \$9,929 | 2% |
| Net Trading Profits/(Losses) | \$34,163 | 6% |
| Portfolios Totals | | 100% |

Portfolio Totals

| | | | |
|------------------------------|------------------|------------------|--------------|
| \$500,000 | \$610,963 | \$110,964 | 22.2% |
| Portfolio Annualized Return: | | | 38.5% |

Portfolio Totals (ex Trading Profits)

| | | | |
|-----------|-----------|----------|-------|
| \$500,000 | \$576,800 | \$76,801 | 15.4% |
| | | | 26.6% |

S&P/TSX Composite Index

| | | | |
|-------------------------------|-----------|----------|-------|
| 14,322.86 | 16,406.56 | 2,083.70 | 14.5% |
| S&P/TSX Comp. Return + Divs | | | 16.4% |
| Annualized Return, incl. Divs | | | 28.4% |

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> |
|-------------------------------------|----------------------|---------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------|-------------------------|-------------------------|----------------------------|
| 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 |
| Shopify Inc. | 02-Jan-19 | 05-Feb-19 | \$188.79 | \$229.42 | \$12,271 | \$14,912 | \$2,641 | 21.5% | 65 | -\$9,071 |
| Shopify Inc. | 02-Jan-19 | 19-Feb-19 | \$188.79 | \$242.20 | \$18,879 | \$24,220 | \$5,341 | 28.3% | 100 | -\$3,730 |
| Toromont Industries Ltd. | 02-Jan-19 | 19-Feb-19 | \$54.26 | \$69.20 | \$50,028 | \$63,802 | \$13,775 | 27.5% | 922 | \$10,044 |
| Shopify Inc. | 02-Jan-19 | 05-Mar-19 | \$188.79 | \$252.20 | \$18,879 | \$25,220 | \$6,341 | 33.6% | 100 | \$16,385 |
| Parkland Fuel Corporation | 02-Jan-19 | 07-Mar-19 | \$35.34 | \$37.89 | \$50,006 | \$53,614 | \$3,608 | 7.2% | 1,415 | \$19,994 |
| Surge Energy Inc. | 25-Jan-19 | 07-Mar-19 | \$1.34 | \$1.39 | \$50,001 | \$51,866 | \$1,866 | 3.7% | 37,314 | \$21,859 |
| Sprott Physical Gold & Silver Trust | 11-Mar-19 | 01-Apr-19 | \$16.99 | \$16.76 | \$50,002 | \$49,325 | -\$677 | -1.4% | 2,943 | \$21,182 |
| Whitecap Resources Inc. | 02-Jan-19 | 15-Apr-19 | \$4.35 | \$5.76 | \$23,899 | \$31,645 | \$7,747 | 32.4% | 5,494 | \$28,929 |
| Baytex Energy Corp. | 02-Jan-19 | 15-Apr-19 | \$2.41 | \$2.90 | \$25,900 | \$31,166 | \$5,266 | 20.3% | 10,747 | \$34,195 |
| Cascades Inc. | 08-Apr-19 | 26-Apr-19 | \$8.48 | \$7.84 | \$49,998 | \$46,225 | -\$3,773 | -7.5% | 5,896 | \$30,421 |
| Methanex Corporation | 16-May-19 | 31-May-19 | \$64.73 | \$56.26 | \$49,972 | \$43,433 | -\$6,539 | -13.1% | 772 | \$23,883 |
| Canadian Gold Miners Bull ETF | 13-Jun-19 | 24-Jun-19 | \$11.77 | \$14.19 | \$49,999 | \$60,279 | \$10,280 | 20.6% | 4,248 | \$34,163 |

There has been no change in Stocks Sold since June 24.

<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 July 31, 2019:

TOP TEN

Annual Income/Yield

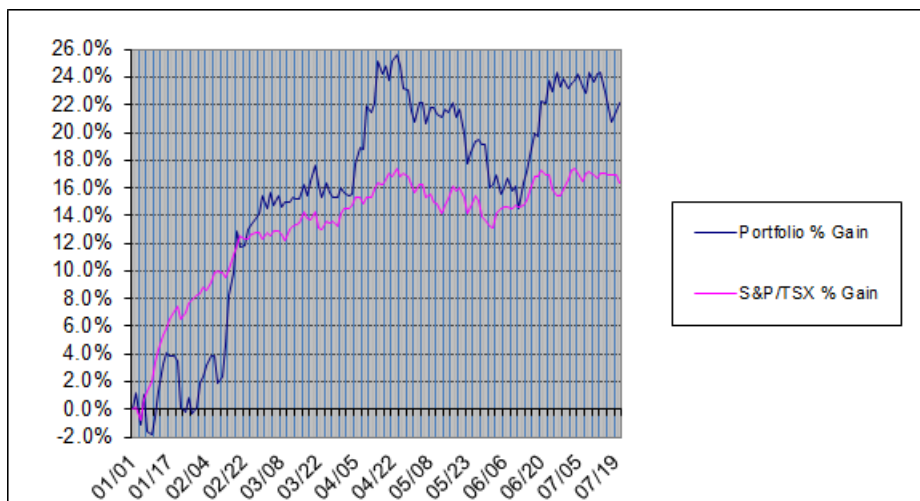
As at: 31-Jul-19

| Company | 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 | \$20.21 | \$0.96 | \$3,453 | 6.9% | 4.8% | M | 15th | \$0.08 | \$288 |
| 2 Baytex Energy Corp. | \$2.22 | \$2.01 | \$0.00 | \$0 | 0.0% | 0.0% | -- | --- | \$0.00 | \$0 |
| 3 Canada Goose Holdings Inc. | \$45.54 | \$61.81 | \$0.00 | \$0 | 0.0% | 0.0% | -- | --- | \$0.00 | \$0 |
| 4 Fairfax Financial Holdings Ltd. | \$600.98 | \$611.45 | \$10.00 | \$831 | 1.7% | 1.6% | A | Jan | \$10.00 | \$831 |
| 5 NFI Group Inc. | \$32.11 | \$29.10 | \$1.70 | \$2,647 | 5.3% | 5.8% | Q | MJSD | \$0.425 | \$662 |
| 6 Norbord Inc. | \$28.98 | \$30.59 | \$1.60 | \$2,760 | 5.5% | 5.2% | Q | FMAN | \$0.40 | \$690 |
| 7 Parex Resources Inc. | \$17.66 | \$22.56 | \$0.00 | \$0 | 0.0% | 0.0% | -- | --- | \$0.00 | \$0 |
| 8 Vermilion Energy Inc. | \$28.76 | \$23.65 | \$2.76 | \$4,797 | 9.6% | 11.7% | M | 15th | \$0.23 | \$400 |
| 9 Whitecap Resources Inc. | \$4.55 | \$4.24 | \$0.32 | \$3,642 | 7.1% | 7.6% | M | 15th | \$0.027 | \$304 |
| Portfolio Totals | | | | \$18,130 | 4.2% | 3.9% | | | | \$8,101 |
| Dividends, Companies Sold | | | | | | | | | | \$1,828 |
| Total Dividends Received | | | | | | | | | | \$9,929 |

Comparison

For comparative purposes, the following graph depicts the performance, since initiation, of the eResearch portfolio (BLUE line) against the S&P/TSX Composite Index (PINK line). Both indexes include reinvested dividends, and the portfolio includes trading profits/losses.

The portfolio is still performing better than that of the broad market index:
 Portfolio performance = +22.2% (includes dividends and trading profits)
 S&P/TSX Composite = +16.4% (includes dividends)



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Contributing Analyst/Portfolio Manager: Bob Weir, CFA



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