

Below is an abbreviated Summary of the INK Research September Top 40 stock report. Razor Energy is the top ranked stock based on our INK Edge criteria of value, insider commitment and price momentum for the second month in a row.



INK Edge September Top 40: A contrarian shopping list full of energy

As of: Tuesday, September 4, 2018

September 5, 2018 - From NAFTA uncertainty to a stalled Trans Mountain pipeline to global growth concerns on the back of America's global trade war, there is no shortage of risk confronting Canadian stock market investors. Despite these factors, insiders remain generally optimistic and continue to point to opportunity. Nowhere is this more on display than in the Energy sector. Our Energy Indicator ticked up last week to approach the 300% mark, at which point there would be three stocks with key insider buying for every one with selling. The sector has also put in a strong showing in this month's Top 40 with 15 names making the list. That works out to a 37.5% allocation based on names, up from 25% or 10 names last month.

As we wrote in our Tuesday market update, the sector is best viewed as a contrarian insider opportunity, best suited for investors who do not mind investing in assets which investors fled in the face of fear. Insiders can be helpful in such situations as their commitment can validate that selling in a particular stock has been overdone and represents a buying opportunity.

Technically, stocks in the sector continue to exhibit long-term price strength with the S&P/TSX Capped Energy Index still trading above its 200-day moving average.

S&P/TSX Capped Energy



Of course, the sector could easily slip below its 200-day moving average at any time. While the sector index has managed to hang in there, a break below the 200-day moving average would probably mean that a durable recovery is going to take some time. At this point, while investors watch to see how this technical story plays out, it is probably a good time for value-oriented contrarian investors to at least compile a shopping list of names.

The same can generally probably be said for the entire Canadian market. At the time of writing this report, NAFTA talks appear to have some momentum. Should a deal be cut, it will lift a big cloud off the mid-cap stocks and the Canadian dollar. Number two ranked Titanium Transportation Group (TTR) has recently come off its 52-week highs, likely due in part to concerns about cross-border trade. For contrarian-oriented growth and value investors, this pullback may represent a buying opportunity as we would expect the stock move back into high gear if a NAFTA deal is struck.

A stronger loonie would be particularly helpful to junior mining companies with operations outside of Canada as it means any money raised in Canada can buy more shovels in the ground internationally. At this point, however, insiders are remaining relatively cautious on mining, likely waiting to see how the Donald Trump global trade war plays out.

The Top 40 stock list generated based on INK Edge V.I.P. outlook rankings as of September 4th, 2018.

Overview, Symbols and Abbreviations


This publication applies a rules-based methodology to generate our list of "best ideas" as to which Canadian growth and value stocks insiders are preferring. The list identifies the highest ranking companies using the INK Edge outlook process which ranks a stock based on our composite V.I.P. criteria of Valuations, Insider commitment and Price momentum. For a stock to be considered, it must have a minimum market cap of \$25 million and have a minimum average daily dollar trading volume of \$25,000 on a Canadian exchange. Since this approach captures a broad range of opportunities, investors need to consider the liquidity, risk and suitability of each stock in relation to their own risk tolerance and return requirements.

Stocks are assigned one of 5 INK Edge outlook composite rankings:

-  Sunny (most favourable, ranking in top 10%)
-  Mostly Sunny (ranks in next 20%)
-  Mixed (middle 40%)
-  Cloudy (next 70-90%)
-  Rainy (least favourable, bottom 10%)

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September 04, 2018 Top 40 List

 All stocks in this list are in the sunny category.

Rank	Stock Name (Symbol)	Market		Sector: Industry
		Price (\$)	Cap (\$M)	
1	Razor Energy Corp. (RZE)	3.30	52.03	EN: Oil & Gas Exploration and Production

Company Overview

1. Razor Energy Corp.

Primary Ticker: RZE

Exchange: TSX Venture

TRBC Sector: Energy

Industry: Oil & Gas Exploration and Production

NAIC Industry: Other

Company Contact: 500 5 Ave SW Suite 800

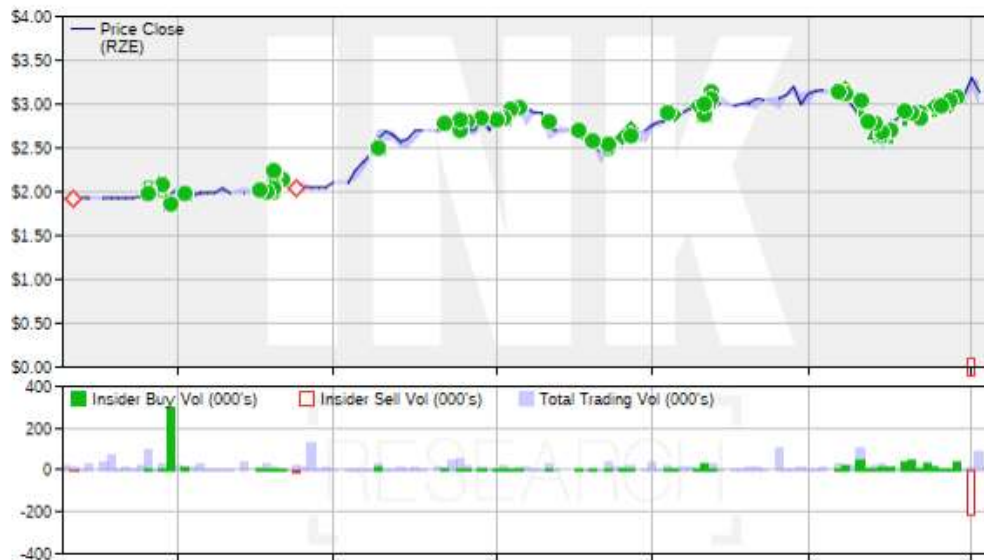
CALGARY AB T2P 3L5

Website: N/A

Business Overview:

Razor Energy Corp, formerly Vector Resources Inc, is a Canada-based junior natural resource oil and gas development and production company. The Company is engaged in the exploration, development and production, as well as the acquisition of oil and natural gas properties mainly in Alberta, Canada. Razor Energy Corp's operations are focused on approximately 400 sections of land with majority-owned infrastructure plus approximately 5,000 barrels of oil equivalent per day (boepd) at almost 100% light oil and natural gas liquids with stable approximately 10% base decline. The Company's production and development is focused on light oil in Swan Hills Beaverhill Lake (BHL) and Kaybob Triassic (Montney) formations.

RZE Equity Filing Overview Chart



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