

Doug Fabian's
**SPECIAL
REPORTS**

*For High Monthly Income
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**The Top Five
“Canadian Cash Cows”**

\$19.95

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The Top Five “Canadian Cash Cows”

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The Top Five “Canadian Cash Cows”

What Are “Canadian Cash Cows”?

What I call “Canadian Cash Cows” are former Canadian royalty trusts (CanRoys) that converted into corporations at the start of 2011 for tax reasons. Canadian oil and gas trusts traditionally enjoyed a special tax status granted to them by the Canadian government, which allowed them to pay out a large percentage of their cash flow to shareholders (known as unitholders) in the form of monthly dividend distributions. The five Canadian oil and gas companies that I am featuring in this report converted from trusts and their ticker symbols are: **Baytex Energy Corp., (NYSE: BTE); Enerplus Corporation (NYSE: ERF); Pengrowth Energy Corporation (NYSE: PGH); Penn West Petroleum (NYSE: PWE); and Provident Energy Ltd., (NYSE: PVX).**

The main difference in organizational structure is that a trust is not the oil and gas company but it actually owns the company. A corporation receives income and pays dividends directly to shareholders. The Canadian government passed a law that removed the tax-advantaged status of CanRoys at the beginning of 2011. The new tax provision spurred each of the entities that I am recommending to become a corporation.

Which Canadian oil and gas companies should you consider owning? My team and I have made it easy for you by conducting extensive research to choose our top oil and gas picks. The following list contains the names, ticker symbols and other information about the top five Canadian oil and gas companies that you should know about today.

One important point to keep in mind is that the dividend yields of each Canadian oil and gas company change as its stock price moves up and down. A rising stock price reduces the dividend yield, while a falling stock price boosts the yield. The following equation of dividend yield is instructive:

$$\text{Dividend Yield} = \text{Annual dividends per share} / \text{Share price}$$

If the share price of a publicly traded company increases, it makes the denominator in the calculation of the dividend yield bigger and thereby causes the dividend yield itself to become smaller. However, if the share price falls, the dividend yield rises. In turn, if the annual dividends per share paid by a company are increased, the numerator becomes larger and causes the dividend yield to climb. If the annual dividends per share paid by a company are decreased, the numerator becomes smaller and causes the dividend yield to fall.

In my mind, there are three main reasons why you would want to own shares in Canadian oil and gas companies. First, these investments are dividend-paying stocks that provide you with income. Second, they offer potential capital appreciation, since rising oil prices have been lifting the price of oil and gas company stocks along with them. Third, Canadian oil and gas companies, in particular, are appealing as a hedge against a decline in the U.S. dollar, since they do business in Canadian dollars.

The Top Five Canadian Royalty Trusts

(Sector percentages reflect revenue generated as share of total revenue)

Baytex Energy (NYSE: BTE)

Price: \$56.70
 Yield: 4.70%
 Market Cap: \$6.51 billion
 P/E: 51.43
 Start Date: 6/2/1993
 Natural Gas: 8%
 Heavy Oil: 74%
 Light Oil: 18%
 Avg. (3 mo) Trade Vol: 234,166

Provident Energy Corporation (NYSE: PVX)

Price: \$12.12
 Yield: 4.50%
 Market Cap: \$3.29 billion
 P/E: N/A
 Start Date: 2/27/2002
 Natural Gas: 100%
 Avg. (3 mo) Trade Vol: 1,903,470

Enerplus Corp. (NYSE: ERF)

Price: \$23.60
 Yield: 9.10%
 Market Cap: \$4.25 billion
 P/E: 5.41
 Start Date: 11/17/2000
 Natural Gas: 33%
 NGL: 6%
 Oil: 62%
 Avg. (3 mo) Trade Vol: 1,129,290

Penn West Exploration (NYSE: PWE)

Price: \$21.08
 Yield: 4.80%
 Market Cap: \$9.97 billion
 P/E: N/A
 Start Date: 11/15/2005
 Light oil and NGL: 65%
 Natural Gas: 22%
 Heavy Oil: 13%
 Avg. (3 mo) Trade Vol: 1,982,370

Pengrowth Energy Corporation (NYSE: PGH)

Price: \$10.04
 Yield: 8.40%
 Market Cap: \$3.27 billion
 P/E: 126.92
 Start Date: 7/28/2004
 Light crude: 44%
 Natural Gas: 30%
 Natural gas liquids: 15%
 Heavy Oil: 11%
 Brokered sales/sulphur: 1%
 Avg. (3 mo) Trade Vol: 1,062,630

Source: Yahoo! Finance
 Date: 2/09/2012

Conclusion

For income-oriented investors, the “Canadian Cash Cows” are a proven way to earn dividends. Whenever oil and natural gas prices rise, the oil and gas companies also offer the potential for capital appreciation. In addition, investing in these Canadian companies provide a hedge for U.S. investors against a depreciating U.S. dollar. To stay abreast of my favorite income-producing investments, be sure to check the latest information in the *High Monthly Income* hotline and newsletter.

Sincerely,

A handwritten signature in black ink that reads "Doug Fabian". The signature is written in a cursive style with a large, looped initial "D".

Doug Fabian

Editor, *Making Money Alert*, *High Monthly Income*

A Special Invitation for *High Monthly Income* Subscribers

I'd like to introduce you to my premium trading service... one that is proving to be a huge success.

Here's how my service works...

We've taken the Fabian Plan, a timing investing system that has generated double-digit percentage annual returns since 1977, and enhanced it to bring you consistent, rapid-fire profits using today's hottest new investment vehicle — exchange-traded funds.

ETFs are the most investor-friendly trading vehicle to hit Wall Street in decades. Now you can use these low-cost securities to generate a stream of laser-focused, short-term profits in my weekly service, *ETF Trader*.

As you already know, *High Monthly Income* is for your serious money, money you can't afford to lose. We invest in the mid- to long-term time period.

However, *ETF Trader* is for your play money. We're looking to turn around a trade in a matter of weeks to achieve consistent, rapid-fire profits.

In fact, I would never recommend anyone to put any more than 20% of their money into the *ETF Trader* portfolio.

My *ETF Trader* isn't for everyone. It's for people who think a little differently, who want to profit a little quicker, and who are comfortable trading a little more often. But these quick trades could add up to some of the quickest profits you've ever made.

If you are willing — and can afford — to take more risk and want to supercharge your profits, I urge you to try *ETF Trader* risk-free for 60 days.

Become a Charter Member today and save \$255 off the regular price!



Fill out this order form and send it in today

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