

# THE National Investor



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*Special Report...Spring, 2017*

## Enterprise Group, Inc.

### BIG Rebound Potential in a deeply-discounted

### Energy and Infrastructure company!

(RECENT CHART OF ENTERPRISE GROUP)



#### HIGHLIGHTS:

- \* Having survived the nasty bear market for energy -- one which claimed a great many of its competitors -- Enterprise Group has seen a substantial increase in its business; *yet one not yet reflected in its share price.*
- \* Despite a recent 50% move higher from its all-time low share price, *Enterprise STILL sells for roughly one-third of its book value!*
- \* Enterprise management has **DRAMATICALLY** increased its own stake in the company's beaten-up shares, as a "Perfect Storm" sets up that seems poised to benefit BOTH its Infrastructure and Energy-related divisions.

## About the Editor -- Chris Temple



First, I would like to thank you, on my behalf as well as on behalf of the management of Enterprise Group, for your interest in this Special Issue of *The National Investor*.

Before I explain for you my reasons for having Enterprise as a recommended opportunity for my Members, I want to tell you a little about myself...what makes me "tick"...and what else you can expect from our web site and service.

By the time I was a mere 20 years old, I was establishing myself as a financial planner, having already started working with a local firm in my home town of Binghamton, New York. Among other things, I became licensed as a General Securities Principal of our firm's brokerage arm, supervising operational activities.

**Already becoming successful as both a manager and financial advisor, I was nevertheless quite unprepared for some of the massive market shifts of the early 1980's.**

Successful strategies that had helped our clients reap huge rewards during the inflationary times of the late 1970's

particularly were turned upside down as interest rates skyrocketed and many previously-hot assets CRASHED.

What STUNNED me was the fact that -- though we can look back now at that change in Federal Reserve policy under then-Chairman Paul Volcker as one of the most abrupt in the central bank's century in existence -- NOBODY saw fit to do anything but continue to sell the same investment products. *As with virtually everyone in the financial industry, you see, I had been trained in selling financial products and generating commissions; not on truly understanding the economy and markets.*

**This experience first taught me that I needed to understand what I have since come to call "The Game" of our system and how it and related factors create *often-foreseeable* swings in markets and asset classes.** And it is this knowledge, together with specific, actionable strategies and investment recommendations, that I make available to my Members on an ongoing basis. (NOTE: An archived version of my signature essay on all this, entitled *Understanding the Game*, can be accessed on my web site, at <http://nationalinvestor.com/>)

With this foundation, I am happy to tell you that *The National Investor* has become recognized as a leading source of credible, understandable information, commentary and investment strategies for individual investors. Often times, our performance has had us at the very top of the rankings put out by the well-known *Hulbert Financial Digest*, which has covered us since 2000, among numerous other well-known advisories.

Further, our careful research on individual companies such as Enterprise Group -- many "off the radar" of Wall Street -- has resulted in a great many winners for our Members as well, and earned *The National Investor* accolades as one of the best "stock picking" services in existence !

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\* On Twitter, at <https://twitter.com/NatInvestor>

\* On Facebook at <https://www.facebook.com/TheNationalInvestor>

# Enterprise Group, Inc.

Listed on the Toronto Stock Exchange with the symbol *E*  
Listed in the U.S. via the OTC Market with the symbol *ETOLF*

Recent price -- C\$0.32 per share (U.S. -- \$0.24 per share)

## OVERVIEW

Yours truly first became familiar with Saint Albert, Alberta-based Enterprise Group a few years back, in part because a couple of my colleagues were singing the praises of this company that was at the time enjoying explosive growth. From the outset, Enterprise's seasoned management had as its goal the growth of the company into THE go-to service company in western Canada serving the energy industry as well as provincial and local governments in their respective infrastructure and utility projects.

One by one Enterprise added "best of class" businesses to its portfolio, this growing "consolidator" of a company thus involved in everything from the growth plans of multi-billion dollar LNG (Liquefied Natural Gas) projects at many steps along the way of their growth to working with government to build the greater infrastructure needed as many areas of western Canada experienced rapid population growth, chiefly from the boom in commodities generally--and energy specifically--from 2009-2013.

**But Enterprise was dealt a *double* blow when this commodities boom imploded; among other things, crashing the oil price at one point to below \$30/barrel from its peak at over \$100/barrel.** The larger development and exploration companies in the energy realm that Enterprise provides equipment and more to were forced to retrench and sit on their wallets. Spending for the kinds of basic services the company provides withered. Making matters worse, western Canadian *governments*

were faced with budget shortfalls due to those same plunging commodity prices. Thus, they also curtailed spending for a while.

Enterprise, as was the case with many serving the energy industry especially, was forced to hunker down and find a way to *merely stay alive* in yet another gut-wrenching bust for the industry. To keep clients, it lowered prices and otherwise worked with them to make sure relationships were preserved.

Elsewhere, Enterprise decided to trim where it needed to; most notably, selling its T.C. Backhoe



Flanked by other company officials, Enterprise President/C.E.O. Len Jaroszuk and Senior V.P. Des O'Kell (left and right, holding ceremonial gavel) bring in the open at the Toronto Stock Exchange.

Division last June. **That one move, as Senior Vice President Desmond ("Des") O'Kell explained to me at the time, did more than anything to help the company cut costs and get better prepared to be able to participate in what is now a palpable rebound.** That division was sold for a nice profit (about C\$20 million, compared to the purchase price of C\$12 million for T.C. back in 2007) but only after generating C\$150 million-plus in revenue during that time. Additionally, T.C. cost Enterprise more in labor and other overhead than did its other divisions; so selling the company removed that expense load.

Enabled by that sale to significantly reduce its debt, Enterprise is **also now enjoying a fresh turn in its operating fortunes**, as both the energy industry and government get back to spending money. The company by no means claims it is back yet to the boom-type environment prior to 2013-2015; however, it DOES see a mood in the market place that the downturn is over. And that bodes well for Enterprise going forward, given that it has already managed to swing back to bottom-line profitability (in the third quarter of last year) even before things really get cranked up again!

Together with a company in far better operational shape, **we still nevertheless have one that is selling as I write this for scarcely more than a third of its book value.** Based on the fair market value of its equipment and various divisions (reduced in the recent past due to the downturn) and subtracting its modest debt, Enterprise is worth about C80 cents a share. (NOTE: During more normal times, such a company will usually sell for two-three times MORE than its book value.)

TSX:E

## VETERAN LEADERSHIP

EXECUTIVE TEAM	<b>LEONARD D. JAROSZUK – PRESIDENT, CHAIRMAN, AND CEO</b> <i>Nearly three decades of experience managing public companies engaged in real estate, construction, natural resources, and exploration.</i> Serves as Director for several companies in both the manufacturing and oil and gas industries.
	<b>DESMOND O'KELL – DIRECTOR, SENIOR VP, AND CORPORATE SECRETARY</b> <i>Over 28 years of business build-out, finance and executive operations experience.</i> Integral member of the Enterprise team since its inception.
	<b>WARREN CABRAL – CHIEF FINANCIAL OFFICER</b> <i>Over 20 years of financial experience.</i> Former CFO for AIMCO, managing global investments for pensions, endowments, and government funds in Alberta.
	<b>RICHARD HOFFART – CHIEF OPERATING OFFICER</b> <i>Nearly 25 years of experience in the construction and manufacturing sectors.</i> Led the sales team at Wajax Industries, one of Canada's largest heavy equipment dealers, for the past 10 years. Possesses extensive sales, distribution, and construction knowledge with specific applications in Western Canada's civil, pipeline, and oil and gas industries.
DIRECTORS	<b>JOHN CAMPBELL – LEAD DIRECTOR</b> Possesses more than 30 years of experience in the investment management industry. Currently serves as Chairman of the Board and Chair of the Investment Review Committee of TriView Capital, a Canadian investment firm specializing in private investments.
	<b>JOHN PINSENT (FCPA – FCA – ICD.D)</b> Founding partner with St. Arnaud Pinsent Steman Chartered Accountants. In 2013, Mr. Pinsent was awarded the I.C.A.A. Fellowship status joining a select group of FCAs and he has also earned an ICD.D designation.
	<b>NEIL DARLING</b> President and founder of Ramdar Resource Management, a wellsite management service company, since 1994.

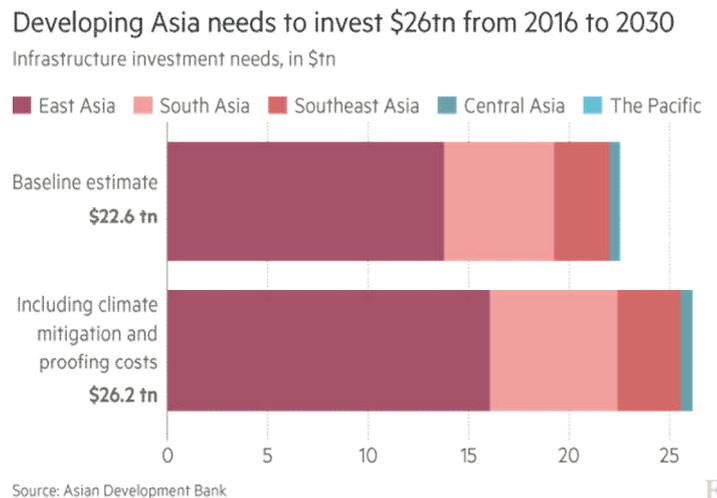
Finally, on top of a turn in its financial picture and the better mood for the two key sectors it serves, **Enterprise's story is most compelling when you see that management (above) has put its own money where its mouth is.** Going into the down turn, Enterprise's management group owned 6.7% of the company's outstanding shares. But as President and C.E.O. Len Jaroszuk proudly reported in a February Letter to Shareholders, *management now owns 10.3 million shares of the company, or 18.4%.*

So as I recently told my Members here at *The National Investor* in reinforcing my "BUY" recommendation on Enterprise, the company's management has a LOT riding on its success...and ours!

## A "MACRO" OVERVIEW

Over the years, a part of my methodology of finding and then recommending "story stocks" of various kinds is--first, usually--**to identify trends or "themes."** Years ago it was the revolutionary changes in communications, anchored by the Internet. At various times it has been resource stocks at their occasional bottoms; especially in the 2002-2003 time frame, when a combination of Federal Reserve (primarily) monetary goosing and breakneck growth in China led to about a five-year resource bull market for the ages.

**No matter where you look these days, one big theme at the forefront of investors' minds is INFRASTRUCTURE.** There are numerous reasons for this; not the least of which is that much of the rest of the world outside of North America continues to build up first-world infrastructure it does not yet have. As the nearby graphic from a recent piece in the *Financial Times* illustrates, developing Asia is set to spend a LOT of money over the next 15 years!



FT

Now, a company such as an Enterprise Group won't be building any of this infrastructure itself. **However, there's one key ingredient that Asia needs ever more of in order to build its societies' economies and infrastructure that Enterprise will help it get: energy.** Canada is putting itself in an even bigger position to be able to export more of its abundant energy resources to Asia. And from providing equipment and services to companies such as Suncor and Husky Energy as they produce oil and (especially) natural gas to other services as pipelines are built, etc. (ultimately and most notably, for major LNG exports to come) Enterprise will be a key part of this food chain.

Closer to home--and while new U.S. President Donald Trump has garnered most of the attention, promising massive new infrastructure spending in the U.S.A.--almost lost was **the news back in November from Canada's Prime Minister Justin Trudeau of the formation of a new Canada Infrastructure Bank.** Much as Trump has promised his plans would boost jobs and spending "bigly" in the U.S.A. by bringing in *private capital* to augment public money so, too, did Trudeau's team roll out such a public-private arrangement; for some of the details, a *Financial Post* report on the announcement is at <http://business.financialpost.com/entrepreneur/fp-startups/trudeau-woos-investors-with-35-billion-infrastructure-bank> (from last November 1.)

Together with the stabilization in energy prices helping out the energy industry, the better environment is giving an early boost to federal *and provincial* spending on infrastructure. An almost-surprised (but pleasantly so!) O'Kell recently told me, in fact, that the January-February time frame this year has seen Enterprise's infrastructure folks booked to near-full capacity. "Significant dollars are being allocated," he said, by government for needed and/or overdue work of various kinds (benefitting divisions such as Calgary Tunneling.) *Just below I'll give you a run-down of all the company's divisions.*

## WHY INFRASTRUCTURE SPENDING, ETC.?

On my web site--<http://nationalinvestor.com/>--you can find an archived version of my "Signature" presentation entitled *Understanding the Game*. Among other things you will learn why it is CRITICAL and desirable anew for governments everywhere to rededicate efforts toward arranging and funding infrastructure spending of pretty much every kind. And it's NOT just because roads and bridges are crumbling, and new generations of communications- oriented infrastructure and the rest are needed *by people*.

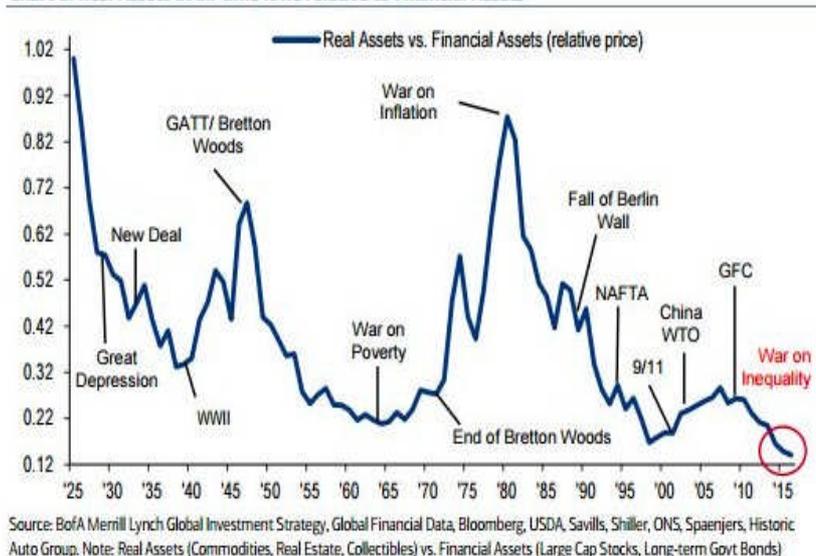
**Simply put, governments are under both political and economic pressure to "create" economic activity.** The political pressure is easy to see; people who have lost higher-paying jobs in the past and want a shot at earning a better income once again. That pressure has become all the more acute in the recent past, given that all the *monetary* stimulus of the last several years has done precious little to help people on Main Street, but has instead goosed financial markets ever higher.

The *financial/economic element* of this is less understood by Joe Sixpack; but it's very much on the minds of policy makers! And it boils down to this: with little success in getting the organic economy sufficiently healthy again to generate the incomes, tax revenues and the rest to service MASSIVE and ever-growing debt loads everywhere, about all that's left is fiscal stimulus to (hopefully) achieve that. Such measures are not new; dams, highways, bridges, public buildings and more have in times past employed people otherwise out of work; most of all during the "make work" programs launched during the Great Depression.

That Canada. . .the U.S.A. . .Asia. . .much of Latin America. . .and elsewhere are embarking on major spending is thus not all that strange. The broader question is to what extent 1. economic growth and middle class lots in life will truly be improved and 2. How (or even IF) all of this good stuff will happen without causing a major debt crisis. *That's a discussion for another time.*

## ENERGY AND OTHER BASIC MATERIALS TO BEGIN OUTPERFORMING

Chart 2: Real Assets at all-time lows relative to Financial Assets



For present purposes--and especially as it will benefit companies such as Enterprise Group--what is clear about this bigger emphasis globally (not just in Canada) on fiscal stimulus measures is **the coming impact on the valuations of real assets, including energy.**

We've recently seen the valuations of real assets such as energy, basic materials and agricultural commodities at their lowest levels ever relative to financial assets (stocks generally, fixed income, bonds, etc.) Much of this is a consequence of the above-referenced monetary policy

tinkering of the post-financial crisis era, which has resulted in new bubbles being blown in financial markets while (more indicative of less healthy *real economies*) commodity valuations still suffered.

**But already we're seeing a turn.** Contrary to even some of my own recent fears, the crude oil rally of recent months has held after all, with oil's price holding above the \$50/barrel threshold. While a warmer winter short-circuited what *had been* a pretty bullish environment some weeks back for natural gas, most analysts believe that we'll end up stabilizing well above the sub-\$2.00/mcf levels of not long ago (indeed, I have written extensively about how burgeoning demand for exported natural gas from *both* Canada and the U.S. will continue to help firm up longer-term expectations.) Elsewhere, base metals have had a nice rally as well from their cyclical bear market lows.

**Already, Enterprise is seeing a much different attitude among both existing and prospective customers.** "We're feeling good about the way the oil market is behaving itself," C.E.O. Jaroszuk commented to me recently when we spent some time catching up. With the mood increasingly that the strong rally of the past year that has seen the oil price basically *double* is the real deal, business is improving, *together with more opportunities for organic company growth.*

Making things still better for Canadian energy is that **the ever-insatiable U.S.A.--which has but 5% of the planet's population but accounts for almost 25% of global oil demand--wants even more Canadian energy.** President Trump is seeking to resurrect the previously-mothballed plans for new pipelines. Aside from that, other existing means will keep energy flowing south.



It takes ever-more energy to drive all these infrastructure plans; let alone to merely maintain things for ravenous consumers, especially to Canada's south. Thus, while there's *always* a chance of some financial "Black Swan" or some other accident knocking oil back down anew, **the appearance now seems that we are seeing the emergence of what I have dubbed a "Stagflation Lite" environment emerging that will greatly benefit the valuations of real assets once more; much as what we saw in the late 1970's and early 1980's** (I recently compiled a Special Issue of *The National Investor* explaining a lot of these "macro" factors I'm watching together with how "Trumponomics" will--and won't--change things. For a FREE copy, just write to me at [chris@nationalinvestor.com](mailto:chris@nationalinvestor.com).)



Finally, I'm encouraged that one key piece of the global oil price "puzzle" will stay bullish if not become more so: **the coming I.P.O. next year for Saudi Aramco.** One of the big reasons why the Saudis had to cry "Uncle" and call off their market share war to support the oil price is because they intend to sell of a chunk of their HUGE state oil company to the public in what is expected to be the biggest initial public offering in the history of Planet Earth, **an offering expected to raise between \$1 - \$1.5 trillion.** A weak oil price will hurt that cause; and the Saudis will do all in their considerable power to prevent that!

# ENTERPRISE'S COMPONENTS

## CALGARY TUNNELLING AND HORIZONTAL AUGERING

- For over 30 years, has served customers ranging from Canada's largest railroads to leading infrastructure, pipeline, and utility companies.
- Highly specialized in underground infrastructure.
- Services the energy, utility, and infrastructure segments from Western to Central Canada.
- Utilizes a number of tunnelling disciplines including laser guided boring and augering, pipe ramming and jacking, and tunnel boring.

ACQUIRED JUNE 2013



By now you already have a "big picture" view of how the evolving landscape of greater fiscal spending by the Canadian government and a firmer environment for the energy sector should be supportive of a continued turnaround for Enterprise Group.

Now let me give you just a "snap shot" of the company's existing divisions, before moving on to a preview of *some possible coming attractions*. (NOTE: As part of your own due diligence on Enterprise, I urge you to spend some time at <http://enterprisegrp.ca/> to learn more, see recent company news, etc.

**Enterprise's key infrastructure-oriented division is Calgary Tunneling.** It began as a small augering company, incorporated in 1984, which supplied services to a specialized local small market. As Calgary and other areas of the western prairies of Canada saw an explosion in population, this company--acquired by Enterprise five years ago--expanded as well to become a bigger *regional* player. Its customers include key rail roads, electric utilities, telecom companies, general contractors and government bodies.



*Above left* a tunnel boring machine excavates a tunnel. The equipment is able to work through a variety of different geologies; able to bore safely through hard rock, sand and anything in between. A Tunnel Boring Machine has the advantage of not disturbing surrounding soil and earth; this negates the risk of soil settlement, and makes it suitable to use in well-populated areas.

*Above at right*, the company is at work digging and placing culverts during an expansion at Calgary International Airport.

# A LEANER COMPANY ENJOYS THE FIRSTFRUITS OF AN ENERGY REBOUND

Hearkening back to C.E.O. Jaroszuk's Letter to Shareholders, the company has commenced 2017 with more optimism than it has had in some time. Among the things he pointed out in his letter:

\* Incoming business inquiries have and continue to increase steadily over the past several months,

\* Billions of dollars in Western Pipeline, LNG projects—most undertaken by previous and current clients—are beginning to crystallize. (Exported gas to Asia could supplant exports of oil and gas both to the U.S. as Canada's biggest energy export component.)

\* Exploration and production companies are spending money again; Resource development budgets are up for 2017, in some individual cases more than double 2016's levels.

As activity ramps back up at both oil and gas-oriented projects in western Canada, Enterprise division **Hart Oilfield Rentals** is seeing demand for its services ramp back up as well.

Hart bills itself as "...the recognized leader and 'go to' provider for well-site infrastructure and services in the geographic areas in which we operate by focusing on our customers, safety, employees, growth, innovations and efficiency."

For any of you who have ever been to an active drilling area, you know that a virtual community is set up, complete with all the infrastructure (and then some!) you'd have in both homes and offices for

## WESTAR OILFIELD RENTALS

- Highly-regarded full-service oilfield site infrastructure company that fulfills multiple equipment rental needs for a variety of oil and gas customers
  - Owner has signed a five-year management agreement
- Fleet size of more than 450 pieces
- Established Enterprise within Fort St. John, a critical area in the development of Western Canada's LNG industry and Site C Hydro Electric Dam project
- Multiple anticipated synergies with Enterprise's existing operations

## HART OILFIELD RENTALS

- Hart is a full service 'one-stop' oilfield site infrastructure provider to Tier One E&P clients.
- Conventional and modular/combo rental equipment fleet consists of ~2,500 pieces of equipment designed to provide on-site infrastructure in support of horizontal drilling and completion operations.
- Hart designs, manufactures, and assembles its own modular and combo equipment, providing a unique competitive advantage.
  - 15 design patents.
- Consistently high utilization of assets – to meet Hart's continued customer demand Enterprise allocated over \$13 million in cap-ex in fiscal 2014.
- Six strategically located centres in the Western Canadian Sedimentary Basin, with two additional locations identified for expansion.

ACQUIRED JANUARY 2014



TSX:E

sometimes hundreds of people. Beyond what such sites require in the form of equipment to actually drill for oil and gas, Hart provides pretty much every other component of buildings, water and sewage treatment, portable offices and more (check out all Hart does at its own web site, [http://www.hartoil.com/.](http://www.hartoil.com/))

**Westar Oilfield Rentals** provides much the same in the form of equipment, portable buildings, services, waste management and other oil and gas field infrastructure. *In its case, however, Westar is more geographically focused to the key area in and around Fort St. John in northeast British Columbia.*

ACQUIRED OCTOBER 2014



**A typical Westar set-up including rest rooms, fuel, portable offices, etc.**



**Ultimately, it's expected that a significant part of western Canada's natural gas production will be sent from Fort St. John to Prince Rupert on the Pacific Coast, where a planned C\$30 billion-plus facility will produce LNG for export**

This area is hoped to be the focal gathering place for gas production that will be sent via a new Coastal Link Pipeline to its ultimate destination near Price Rupert, B.C. I have followed the saga of this project for some time now; and while nothing is yet set in concrete, it's generally believed that--after the remaining criteria are met for such an undertaking--that the Prince Rupert LNG Project will proceed to construction before too much longer. (An artists' rendering of what the huge new LNG facility would look like is *at left*.)



Even apart from this major project, though, Westar is a key infrastructure and service provider for numerous companies that have been increasing oil and gas production from a slew of new fields throughout western Canada. To learn more, visit <http://www.westaroilfieldrentals.com/>.

And for more about this transformative LNG project, go to <http://www.princerupertlng.ca/>.

## ARTIC THERM

- A pipeline thermal expansion pioneer.
- Uses portable equipment and proprietary technology to provide efficient 'Flameless Heat' and 'Green Air' in remote locations that present extreme climate challenges.
  - Outputs of 500,000 to 3.3 million BTUs.
  - Blower technology provides up to 15,000 CFM.
- Versatility facilitates numerous applications, including de-humidifying, confined space entry, plant and facility shut downs and vessel coating curing.
- Current fleet of over 180 units.

ACQUIRED SEPTEMBER 2012



The third of Enterprise's key divisions is **Artic Therm**, which especially provides a critical service as the region grows its energy production and pipeline network.

Typically, things such as pipeline construction--not to mention drilling for both energy and core at a mineral target--are done **during the winter months; and often in remote areas without grid power.** This is necessary primarily due to ground conditions being firm; spring thaw often brings with it a veritable "soup" as snow melt, frost leaving the ground and boggy conditions can turn some areas into the northern Canadian equivalent of a Louisiana bayou!

This means that everything from freshly-laid pipelines (VERY cold in those conditions) to portable offices, living quarters, equipment and more need the kind of "flameless heat" generated by Artic Therm's fleet of trucks and compressors utilizing the company's patented heat/airflow technology (such as in the example you see at right, where an Artic Therm unit is providing heat.)

Even outside of winter time conditions, though, there is application for Artic Therm's services; from providing fresh/filtered air in confined spaces to--just recently announced--units to accelerate the drying of grain in silos and other closed spaces.

To learn more about this unique and critically-important division of the company visit <https://artictherm.com/about/>



## CONCLUSION

One reason I will stick with a good *company* even through bad times for its share price is when 1. I know the *whole* story of what's going on, 2. have confidence in the "macro" picture and 3. *know that I can trust the company's management to tell me the truth.*

Over more than three decades I have engaged with company management from a myriad of industries. Many a time I have recommended a company because I have found the management to have

## SERVICE FOOTPRINT



### LOCATIONS BY DIVISION

-  Calgary  
West Edmonton
-  Morinville  
Lloydminster  
Gran de Prairie
-  Rocky Mountain House  
Hinton  
Drayton Valley  
Valley View  
Gran de Prairie  
Pouce Coupe
-  Fort St. John

TSX:E impeccable credentials and talent; but most of all, because they will never sugar coat things. Other times, I have dealt with company C.E.O.'s and the like who remind me of a carnival barker along the Midway.

I have long been comfortable with Enterprise management, which is decidedly in the former category. In my regular visits with Senior V.P. O'Kell along the way of the cyclical bear market in energy, he was always candid about Enterprise's struggles to stay in tact while many other companies bit the dust. *And that's all the*

*more reason why I can now take his greater level of optimism very seriously.* And that's not because he is table-pounding bullish quite yet; but as always, I have found his more positive assessment of the industry generally and Enterprise's fortunes specifically understandable, compelling and believable.

**I can say in having watched the decline and--now--the early signs of recovery, I am more excited than ever about Enterprise Group's prospects.** We have a company here that has proven itself as a *key* and indispensable service provider for the energy industry throughout western Canada. The company, as you can further see at the right, serves a "Who's who" of many of Canada's most prominent companies in energy, utilities and infrastructure. And with things looking up across the board for its sectors, I expect the nascent recovery we've seen in Enterprise's finances and its share price continue.

**It's my view that a leaner, financially stronger and well-connected Enterprise is in a great position to grow anew as well.** While nothing is as of yet signed, sealed and delivered, the company is on the lookout for smaller companies and service providers it can bring into its fold as it re-bolsters its reputation as a "one-stop" provider for its larger client companies. As Jaroszuk put it in his Letter to Shareholders, "Enterprise is in

## A CLIENT LIST OF INDUSTRY LEADERS

**Enterprise serves a diverse group of customers across multiple industries**

Integrated Oil and Gas

Multi-National Mid-Stream

Cross Country Pipeline Constr

Telecommunications

Cable Television

Electricity and Natural Gas Services

North American Rail Companies

 FORTIS INC.

 cenovus ENERGY

 Husky Energy

 WorleyParsons resources & energy

 LEDCOR GROUP

 TELUS

 Shaw)

 SUNCOR ENERGY

 ENMAX

 CN

 encana®

 Canadian Oil Sands

an excellent position to vet and realistically pick and choose those assets and/or companies of interest that will add the most value and consistent shareholder value. We are aggressively looking for businesses that fit our mix and will be immediately accretive. There is a myriad of great fits out there, both incremental and some companies much larger than Enterprise."

**Fortunately for those of you reading this, the rallies in many parts of the energy universe of recent months haven't caught up yet to smaller, lesser-known companies like Enterprise quite yet.** This is typical in the early stages of a recovery from cyclical resource bear markets: the bigger names get picked at first and--once investors become more convinced that the move is sustainable and not a "dead cat bounce," they look for the smaller/deep value plays. *And Enterprise Group--trading at much less than half its book value--is among my selected recommendations of growth-oriented companies because of my view that it represents one of the most incredible bargains you can find.*

So I encourage you as part of your own due diligence to read and really digest this report, and the character of this solid company, together with its prospects and the industries it serves. From <http://enterprisegrp.ca/>, Enterprise's web site, you'll find a wealth of information, company financials and links to each division's own web site, among other things.

Keep in touch with Yours truly as well and my own occasional updates and news on Enterprise. And if you have any questions or comments, don't hesitate to write me at [chris@nationalinvestor.com](mailto:chris@nationalinvestor.com).

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## **HOW TO PURCHASE SHARES OF ENTERPRISE GROUP, INC. IF YOU ARE A U.S. INVESTOR USING A U.S.-BASED BROKERAGE ACCOUNT**

For those of you who are not already used to buying shares of companies such as Enterprise that are listed *primarily* in Canada, I want to give you a quick and easy "tutorial." It's MUCH easier than you think, if you have never done so, to buy such companies in any U.S. brokerage account. *Indeed, as I have explained in one of my investor tutorials, it's just as easy and inexpensive to buy shares in an Enterprise Group as it is to buy Apple!*

Many larger Canadian and other foreign companies have primary listings on more than one major exchange. For those listed on the New York Stock Exchange or the Nasdaq as well as Toronto, you need only buy/sell using the U.S. market. Generally, there would be no reason to check prices and such on the Toronto Exchange first.

More often than not, smaller companies--for both cost and logistical reasons--do not *list* their shares on a major U.S. exchange. *But they are still tradable in the U.S. via the Nasdaq's OTC Market.* All you need to know is the company's symbol; unlike most U.S.-listed companies, it will always be a *five-letter* symbol ending with an "F."

In Enterprise Group's case, its ticker symbol in the U.S. is **ETOLF**, while on Toronto it is **E**.

**The main consideration in buying shares of Canadian stocks via the OTC market is that *sometimes--if you look at the OTC quote first--you are not getting as fresh and accurate a price as you would if you went to the Toronto Exchange.*** This is because with most, the majority of their activity is on the Toronto market where it is listed; sometimes hours or even a few days can go by

between trades on the OTC, if the company you're looking to buy isn't actively traded at the time. Thus, you simply need to insure, via a simple process, that you are neither overpaying for a stock when you buy it, nor getting less than you should when you sell. That is easy to accomplish.

The most reliable and current quotes for shares of companies such as Enterprise are to be found *first* on Toronto's Exchange where they are primarily listed. Prices and volume activity are updated all through the trading day on the Toronto Exchange, just as they are on the N.Y.S.E. or Nasdaq, and are generally fresh/instantaneous.

*I will use the following example to show the simple process that will normally take you LESS THAN TWO MINUTES to enter a trade to buy Enterprise Group's stock via the OTC market in the U.S. in your U.S.-domiciled brokerage account\*:*

**1.** First check the Canadian quote for the company, via its ticker symbol in Toronto, **E**. You'll find this at the Toronto Exchange's web site, at [www.tmx.com](http://www.tmx.com). Plug in "E." We'll say for purposes of this lesson that the current asked price for Enterprise Group's shares is C\$0.32, or 32 cents per share in Canadian currency.

**2.** Next determine what that price is **in U.S. currency**. If you don't follow exchange rates on a daily basis, you can get a fresh picture by going to Kitco's web site, at [www.kitco.com](http://www.kitco.com) (or your own favorite one that lists currency differentials; there are many.) Near the bottom of Kitco's front page, you will find a table of various currency exchange rates. At this writing the Canadian dollar, rounded off, is worth 75 cents in U.S. currency.

**3.** Do the math as to what Enterprise Group's *U.S. asked (selling) price* on the OTC market should be:

C 32 cents per share X .75 = **US 24 cents per share.**

**4.** Finally, enter a LIMIT ORDER to buy the number of shares of Enterprise you want in your U.S. brokerage account at *or very near* that price. **I would first start with that 24 cents per share.** If the order doesn't fill right away, bump it up by a tenth of a cent once or twice until it does (these days, most online brokers will allow you to use tenths of a cent in pricing.) You would use Enterprise Group's 5-letter symbol, which is **ETOLF**.

It's that simple! And, of course, you would do much the same thing when it was time to *sell* some of your holdings. But in the case of a sale, you would focus on *the bid price* listed on the Toronto Exchange's site for the company in question.

\* Generally speaking, U.S. online/discount brokerages do not allow their typical clients to buy Canadian stocks in any way other than described above. However, one that I know of *does*: Interactive Brokers (find them on line at <https://www.interactivebrokers.com/en/home.php>.) In their case, they allow you to convert a part of your US. dollar-based account into Canadian currency, after which you can buy a company such as Enterprise directly off the Toronto Exchange; the advantage here *at times* is it is usually more liquid, as that is where most of the trading volume occurs.

In the end, though, as long as you remember to ALWAYS use a limit order as described above there is essentially no difference in buying an Enterprise or any other Canadian company via the OTC market except for the couple of short added mathematical calculations!

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