

Long-Term Perspective

July 11, 2017

Model Oil Portfolio

We have created a high-quality portfolio of oil stocks with a focus on recovery and growth.

NOTE: *The Model Oil Portfolio has a longer-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.*

The initial investment will be a total of \$500,000. To begin with, each of the twenty stocks has an equal weighting, meaning the dollar amount of each holding will be approximately \$25,000. If a stock is sold, the replacement stock will begin with the amount of the closing proceeds of the stock sold. Any residual will be put into "Cash".

We will conduct a portfolio assessment at the end of each month when we will decide whether changes should be made.

INITIAL COMMENT: *We have four positive stocks! Enough to update the portfolio.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 11-Jul Portfolio initiated: July 1, 2017

<u>Company</u>	<u>Symbol</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>First Target</u>	<u>Second Target</u>	<u>Third Target</u>	<u>% Inc. to 1st Target</u>	<u>% Inc. to 2nd Target</u>	<u>% Inc. to 3rd Target</u>
1 ARC Resources	ARX	\$16.96	\$16.84	\$18.75	\$20.30	\$21.85	11.3%	20.5%	29.8%
2 Baytex Energy Corp.	BTE	\$3.15	\$2.89	\$3.50	\$3.90	\$4.30	21.1%	34.9%	48.8%
3 Birchcliff Energy	BIR	\$6.11	\$5.76	\$7.00	\$7.80	\$8.60	21.5%	35.4%	49.3%
4 Bonavista Energy	BNP	\$2.71	\$2.83	\$3.13	\$3.52	\$3.90	10.6%	24.4%	37.8%
5 Bonterra Energy	BNE	\$16.74	\$16.24	\$18.75	\$21.88	\$25.00	15.5%	34.7%	53.9%
6 Canadian Natural Resources	CNQ	\$37.42	\$37.50	\$39.00	\$40.63	\$42.20	4.0%	8.3%	12.5%
7 Cenovus Energy	CVE	\$9.56	\$9.24	\$11.00	\$12.50	\$14.00	19.0%	35.3%	51.5%
8 Crescent Point Energy	CPG	\$9.92	\$9.21	\$11.00	\$12.50	\$14.00	19.4%	35.7%	52.0%
9 Encana Corp.	ECA	\$11.41	\$11.48	\$12.50	\$14.00	\$15.63	8.9%	22.0%	36.1%
10 Freehold Royalties	FRU	\$13.05	\$13.08	\$13.67	\$14.05	\$14.45	4.5%	7.4%	10.5%
11 Husky Energy	HSE	\$14.72	\$13.87	\$15.25	\$15.63	\$16.00	9.9%	12.7%	15.4%
12 Imperial Oil	IMO	\$37.80	\$36.98	\$39.00	\$40.63	\$42.20	5.5%	9.9%	14.1%
13 Peyto Exploration	PEY	\$23.52	\$22.84	\$25.00	\$26.55	\$28.13	9.5%	16.2%	23.2%
14 PrairieSky Royalties	PSK	\$29.53	\$28.09	\$30.50	\$31.25	\$32.00	8.6%	11.2%	13.9%
15 Raging River Exploration	RRX	\$8.09	\$7.68	\$8.60	\$9.00	\$9.40	12.0%	17.2%	22.4%
16 Seven Generations Energy	VII	\$22.21	\$20.82	\$23.45	\$25.00	\$26.55	12.6%	20.1%	27.5%
17 Suncor Energy	SU	\$37.89	\$37.26	\$39.00	\$39.85	\$40.63	4.7%	7.0%	9.0%
18 Tourmaline Oil	TOU	\$27.88	\$26.26	\$29.70	\$31.25	\$32.80	13.1%	19.0%	24.9%
19 Vermilion Energy	VET	\$41.14	\$38.74	\$43.75	\$46.88	\$50.00	12.9%	21.0%	29.1%
20 Whitecap Resources	WCP	\$9.26	\$9.16	\$9.75	\$10.15	\$10.55	6.4%	10.8%	15.2%

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

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

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

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MODEL OIL PORTFOLIO Portfolio Performance As at: 11-Jul Initiation: July 1, 2017

<u>Company</u>	<u>Symbol</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 ARC Resources	ARX	1,474	\$16.96	\$16.84	\$25,000	\$24,823	-\$177	-0.7%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$2.89	\$25,000	\$22,937	-\$2,063	-8.3%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.76	\$25,000	\$23,568	-\$1,432	-5.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.83	\$25,000	\$26,107	\$1,107	4.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.24	\$25,000	\$24,253	-\$747	-3.0%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.50	\$25,000	\$25,053	\$53	0.2%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.24	\$25,000	\$24,163	-\$837	-3.3%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.21	\$25,000	\$23,211	-\$1,789	-7.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.48	\$25,000	\$25,153	\$153	0.6%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.08	\$25,000	\$25,057	\$57	0.2%
11 Husky Energy	HSE	1,698	\$14.72	\$13.87	\$25,000	\$23,556	-\$1,444	-5.8%
12 Imperial Oil	IMO	661	\$37.80	\$36.98	\$25,000	\$24,458	-\$542	-2.2%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.84	\$25,000	\$24,277	-\$723	-2.9%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.09	\$25,000	\$23,781	-\$1,219	-4.9%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.68	\$25,000	\$23,733	-\$1,267	-5.1%
16 Seven Generations Energy	VII	1,126	\$22.21	\$20.82	\$25,000	\$23,435	-\$1,565	-6.3%
17 Suncor Energy	SU	660	\$37.89	\$37.26	\$25,000	\$24,584	-\$416	-1.7%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.26	\$25,000	\$23,547	-\$1,453	-5.8%
19 Vermilion Energy	VET	608	\$41.14	\$38.74	\$25,000	\$23,542	-\$1,458	-5.8%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.16	\$25,000	\$24,730	-\$270	-1.1%
Stock Totals					\$500,000	\$483,970	-\$16,030	-3.2%
					Stock Annualized Return:			-74.3%
Cash					\$0			
Dividends					\$0			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$483,970	-3.2%	
					Portfolio Annualized Return:			-74.3%
S&P/TSX COMPOSITE INDEX					15,182.19	15,149.14	-33.05	-0.2%
					S&P/TSX Annualized Return:			-5.0%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$44.41	-\$1.63	-3.5%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.01	-\$0.17	-2.1%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.22	-\$0.27	-4.9%
Energy Index (SPTTEN-ut)					172.10	168.41	-3.69	-2.1%
Energy Index ETF (XEG-bc)					\$10.94	\$10.71	-\$0.23	-2.1%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.54	-\$0.36	-4.6%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.27	-\$0.23	-2.4%

The table on the next page shows the change in the portfolio in terms of \$ and %.

MODEL OIL PORTFOLIO S and % Change
As at: 11-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Bonavista Energy	\$1,107	4.4%
2 Encana Corp.	\$153	0.6%
3 Freehold Royalties	\$57	0.2%
4 Canadian Natural Resources	\$53	0.2%
5 ARC Resources	-\$177	-0.7%
6 Whitecap Resources	-\$270	-1.1%
7 Suncor Energy	-\$416	-1.7%
8 Imperial Oil	-\$542	-2.2%
9 Peyto Exploration	-\$723	-2.9%
10 Bonterra Energy	-\$747	-3.0%
11 Cenovus Energy	-\$837	-3.3%
12 PrairieSky Royalties	-\$1,219	-4.9%
13 Raging River Exploration	-\$1,267	-5.1%
14 Birchcliff Energy	-\$1,432	-5.7%
15 Husky Energy	-\$1,444	-5.8%
16 Tourmaline Oil	-\$1,453	-5.8%
17 Vermilion Energy	-\$1,458	-5.8%
18 Seven Generations Energy	-\$1,565	-6.3%
19 Crescent Point Energy	-\$1,789	-7.2%
20 Baytex Energy Corp.	-\$2,063	-8.3%

The table below indicates the annual dividend and corresponding annual income and yields.

MODEL OIL PORTFOLIO Annual Income/Yield As at: 11-Jul

<u>Company</u>	<u>Symbol</u>	<u>Number</u> <u>of Shares</u>	<u>Purchase</u> <u>Price</u>	<u>Current</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Annual</u> <u>Income</u>	<u>Purchase</u> <u>Yield</u>	<u>Current</u> <u>Yield</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.84	\$0.60	\$884	3.5%	3.6%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$2.89	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.76	\$0.10	\$409	1.6%	1.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.83	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.24	\$1.20	\$1,792	7.2%	7.4%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.50	\$1.10	\$735	2.9%	2.9%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.24	\$0.20	\$523	2.1%	2.2%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.21	\$0.36	\$907	3.6%	3.9%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.48	\$0.08	\$170	0.7%	0.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.08	\$0.60	\$1,149	4.6%	4.6%
11 Husky Energy	HSE	1,698	\$14.72	\$13.87	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.98	\$0.64	\$423	1.7%	1.7%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.84	\$1.32	\$1,403	5.6%	5.8%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.09	\$0.76	\$640	2.6%	2.7%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.68	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$20.82	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$37.26	\$1.28	\$845	3.4%	3.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.26	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$38.74	\$2.58	\$1,568	6.3%	6.7%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.16	\$0.28	\$745	3.0%	3.0%
Portfolio Totals						\$12,563	2.5%	2.6%

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