

Long-Term Perspective

July 21, 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.

COMMENT: *The portfolio is still "under water", but slowly improving. We still have five positive stocks. First day, there were none! Encana Corporation has jumped into the lead as the best-performing stock. Crescent Energy remains the bad boy! The rankings are shown on Page 4. The portfolio currently is down 1.2%. The price of crude oil (WTIC) is down 0.6%.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 21-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	\$17.28	\$18.75	\$20.30	\$21.85	8.5%	17.5%	26.4%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.08	\$3.50	\$3.90	\$4.30	13.6%	26.6%	39.6%
3 Birchcliff Energy	BIR	\$6.11	\$6.10	\$7.00	\$7.80	\$8.60	14.8%	27.9%	41.0%
4 Bonavista Energy	BNP	\$2.71	\$2.91	\$3.13	\$3.52	\$3.90	7.6%	21.0%	34.0%
5 Bonterra Energy	BNE	\$16.74	\$16.20	\$18.75	\$21.88	\$25.00	15.7%	35.1%	54.3%
6 Canadian Natural Resources	CNQ	\$37.42	\$37.25	\$39.00	\$40.63	\$42.20	4.7%	9.1%	13.3%
7 Cenovus Energy	CVE	\$9.56	\$9.34	\$11.00	\$12.50	\$14.00	17.8%	33.8%	49.9%
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	\$12.34	\$12.50	\$14.00	\$15.63	1.3%	13.5%	26.7%
10 Freehold Royalties	FRU	\$13.05	\$13.88	\$13.67	\$14.05	\$14.45	-1.5%	1.2%	4.1%
11 Husky Energy	HSE	\$14.72	\$14.21	\$15.25	\$15.63	\$16.00	7.3%	10.0%	12.6%
12 Imperial Oil	IMO	\$37.80	\$36.76	\$39.00	\$40.63	\$42.20	6.1%	10.5%	14.8%
13 Peyto Exploration	PEY	\$23.52	\$22.44	\$25.00	\$26.55	\$28.13	11.4%	18.3%	25.4%
14 PrairieSky Royalties	PSK	\$29.53	\$28.76	\$30.50	\$31.25	\$32.00	6.1%	8.7%	11.3%
15 Raging River Exploration	RRX	\$8.09	\$7.83	\$8.60	\$9.00	\$9.40	9.8%	14.9%	20.1%
16 Seven Generations Energy	VII	\$22.21	\$21.24	\$23.45	\$25.00	\$26.55	10.4%	17.7%	25.0%
17 Suncor Energy	SU	\$37.89	\$38.42	\$39.00	\$39.85	\$40.63	1.5%	3.7%	5.8%
18 Tourmaline Oil	TOU	\$27.88	\$26.88	\$29.70	\$31.25	\$32.80	10.5%	16.3%	22.0%
19 Vermilion Energy	VET	\$41.14	\$39.45	\$43.75	\$46.88	\$50.00	10.9%	18.8%	26.7%
20 Whitecap Resources	WCP	\$9.26	\$8.87	\$9.75	\$10.15	\$10.55	9.9%	14.4%	18.9%

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.

<continued>

MODEL OIL PORTFOLIO Portfolio Performance As at: 21-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	\$17.28	\$25,000	\$25,472	\$472	1.9%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.08	\$25,000	\$24,444	-\$556	-2.2%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.10	\$25,000	\$24,959	-\$41	-0.2%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.91	\$25,000	\$26,845	\$1,845	7.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.20	\$25,000	\$24,194	-\$806	-3.2%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.25	\$25,000	\$24,886	-\$114	-0.5%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.34	\$25,000	\$24,425	-\$575	-2.3%
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	\$12.34	\$25,000	\$27,038	\$2,038	8.2%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.88	\$25,000	\$26,590	\$1,590	6.4%
11 Husky Energy	HSE	1,698	\$14.72	\$14.21	\$25,000	\$24,134	-\$866	-3.5%
12 Imperial Oil	IMO	661	\$37.80	\$36.76	\$25,000	\$24,312	-\$688	-2.8%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.44	\$25,000	\$23,852	-\$1,148	-4.6%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.76	\$25,000	\$24,348	-\$652	-2.6%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.83	\$25,000	\$24,197	-\$803	-3.2%
16 Seven Generations Energy	VII	1,126	\$22.21	\$21.24	\$25,000	\$23,908	-\$1,092	-4.4%
17 Suncor Energy	SU	660	\$37.89	\$38.42	\$25,000	\$25,350	\$350	1.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.88	\$25,000	\$24,103	-\$897	-3.6%
19 Vermilion Energy	VET	608	\$41.14	\$39.45	\$25,000	\$23,973	-\$1,027	-4.1%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.87	\$25,000	\$23,947	-\$1,053	-4.2%
Stock Totals					\$500,000	\$494,187	-\$5,813	-1.2%
					Stock Annualized Return:			-15.6%
Cash					\$0			
Dividends					\$0			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$494,187	-\$5,813	-1.2%
					Portfolio Annualized Return:			-15.6%
S&P/TSX COMPOSITE INDEX					15,182.19	15,183.13	0.94	0.0%
					S&P/TSX Annualized Return:			0.1%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$45.76	-\$0.28	-0.6%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.30	\$0.12	1.5%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.29	-\$0.20	-3.6%
Energy Index (SPTTEN-ut)					172.10	171.49	-0.61	-0.4%
Energy Index ETF (XEG-bc)					\$10.94	\$10.90	-\$0.04	-0.4%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.83	-\$0.07	-0.9%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.43	-\$0.07	-0.7%

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

MODEL OIL PORTFOLIO S and % Change
As at: 21-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Encana Corp.	\$2,038	8.2%
2 Bonavista Energy	\$1,845	7.4%
3 Freehold Royalties	\$1,590	6.4%
4 ARC Resources	\$472	1.9%
5 Suncor Energy	\$350	1.4%
6 Birchcliff Energy	-\$41	-0.2%
7 Canadian Natural Resources	-\$114	-0.5%
8 Baytex Energy Corp.	-\$556	-2.2%
9 Cenovus Energy	-\$575	-2.3%
10 PrairieSky Royalties	-\$652	-2.6%
11 Imperial Oil	-\$688	-2.8%
12 Raging River Exploration	-\$803	-3.2%
13 Bonterra Energy	-\$806	-3.2%
14 Husky Energy	-\$866	-3.5%
15 Tourmaline Oil	-\$897	-3.6%
16 Vermilion Energy	-\$1,027	-4.1%
17 Whitecap Resources	-\$1,053	-4.2%
18 Seven Generations Energy	-\$1,092	-4.4%
19 Peyto Exploration	-\$1,148	-4.6%
20 Crescent Point Energy	-\$1,789	-7.2%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 21-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	\$17.28	\$0.60	\$884	3.5%	3.5%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.08	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.10	\$0.10	\$409	1.6%	1.6%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.91	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.20	\$1.20	\$1,792	7.2%	7.4%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$37.25	\$1.10	\$735	2.9%	3.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.34	\$0.20	\$523	2.1%	2.1%
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	\$12.34	\$0.08	\$165	0.7%	0.6%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.88	\$0.60	\$1,149	4.6%	4.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.21	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.76	\$0.64	\$423	1.7%	1.7%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.44	\$1.32	\$1,403	5.6%	5.9%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.76	\$0.76	\$640	2.6%	2.6%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.83	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$21.24	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$38.42	\$1.28	\$845	3.4%	3.3%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.88	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$39.45	\$2.58	\$1,568	6.3%	6.5%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.87	\$0.28	\$745	3.0%	3.1%
Portfolio Totals						\$12,558	2.5%	2.5%

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