

Long-Term Perspective

July 28, 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 oil sector had a sterling week. The portfolio was up 5.1%. There are 15 of the 20 stocks that are now in positive territory. Overall, the portfolio is up 3.9% since inception. The price of crude oil is up 8.0% in the same period. Bonavista Energy takes over the top spot as the best-performing stock in the portfolio. Imperial Oil is now the worse-performing. The rankings are shown on Page 4.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 28-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	\$17.41	\$18.75	\$20.30	\$21.85	7.7%	16.6%	25.5%
2	Baytex Energy Corp.	BTE	\$3.15	\$3.53	\$3.50	\$3.90	\$4.30	-0.8%	10.5%	21.8%
3	Birchcliff Energy	BIR	\$6.11	\$6.37	\$7.00	\$7.80	\$8.60	9.9%	22.4%	35.0%
4	Bonavista Energy	BNP	\$2.71	\$3.24	\$3.13	\$3.52	\$3.90	-3.4%	8.6%	20.4%
5	Bonterra Energy	BNE	\$16.74	\$17.04	\$18.75	\$21.88	\$25.00	10.0%	28.4%	46.7%
6	Canadian Natural Resources	CNQ	\$37.42	\$38.49	\$39.00	\$40.63	\$42.20	1.3%	5.6%	9.6%
7	Cenovus Energy	CVE	\$9.56	\$10.57	\$11.00	\$12.50	\$14.00	4.1%	18.3%	32.5%
8	Crescent Point Energy	CPG	\$9.92	\$9.90	\$11.00	\$12.50	\$14.00	11.1%	26.3%	41.4%
9	Encana Corp.	ECA	\$11.41	\$12.64	\$12.50	\$14.00	\$15.63	-1.1%	10.8%	23.7%
10	Freehold Royalties	FRU	\$13.05	\$14.28	\$13.67	\$14.05	\$14.45	-4.3%	-1.6%	1.2%
11	Husky Energy	HSE	\$14.72	\$14.58	\$15.25	\$15.63	\$16.00	4.6%	7.2%	9.7%
12	Imperial Oil	IMO	\$37.80	\$36.08	\$39.00	\$40.63	\$42.20	8.1%	12.6%	17.0%
13	Peyto Exploration	PEY	\$23.52	\$22.76	\$25.00	\$26.55	\$28.13	9.8%	16.7%	23.6%
14	PrairieSky Royalties	PSK	\$29.53	\$30.92	\$30.50	\$31.25	\$32.00	-1.4%	1.1%	3.5%
15	Raging River Exploration	RRX	\$8.09	\$8.12	\$8.60	\$9.00	\$9.40	5.9%	10.8%	15.8%
16	Seven Generations Energy	VII	\$22.21	\$22.21	\$23.45	\$25.00	\$26.55	5.6%	12.6%	19.5%
17	Suncor Energy	SU	\$37.89	\$40.36	\$39.00	\$39.85	\$40.63	-3.4%	-1.3%	0.7%
18	Tourmaline Oil	TOU	\$27.88	\$28.10	\$29.70	\$31.25	\$32.80	5.7%	11.2%	16.7%
19	Vermilion Energy	VET	\$41.14	\$41.79	\$43.75	\$46.88	\$50.00	4.7%	12.2%	19.6%
20	Whitecap Resources	WCP	\$9.26	\$9.15	\$9.75	\$10.15	\$10.55	6.6%	10.9%	15.3%

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: 28-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	\$17.41	\$25,000	\$25,663	\$663	2.7%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.53	\$25,000	\$28,016	\$3,016	12.1%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.37	\$25,000	\$26,064	\$1,064	4.3%
4 Bonavista Energy	BNP	9,225	\$2.71	\$3.24	\$25,000	\$29,889	\$4,889	19.6%
5 Bonterra Energy	BNE	1,493	\$16.74	\$17.04	\$25,000	\$25,448	\$448	1.8%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.49	\$25,000	\$25,715	\$715	2.9%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.57	\$25,000	\$27,641	\$2,641	10.6%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.90	\$25,000	\$24,950	-\$50	-0.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.64	\$25,000	\$27,695	\$2,695	10.8%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.28	\$25,000	\$27,356	\$2,356	9.4%
11 Husky Energy	HSE	1,698	\$14.72	\$14.58	\$25,000	\$24,762	-\$238	-1.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.08	\$25,000	\$23,862	-\$1,138	-4.6%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.76	\$25,000	\$24,192	-\$808	-3.2%
14 PrairieSky Royalties	PSK	847	\$29.53	\$30.92	\$25,000	\$26,177	\$1,177	4.7%
15 Raging River Exploration	RRX	3,090	\$8.09	\$8.12	\$25,000	\$25,093	\$93	0.4%
16 Seven Generations Energy	VII	1,126	\$22.21	\$22.21	\$25,000	\$25,000	\$0	0.0%
17 Suncor Energy	SU	660	\$37.89	\$40.36	\$25,000	\$26,630	\$1,630	6.5%
18 Tourmaline Oil	TOU	897	\$27.88	\$28.10	\$25,000	\$25,197	\$197	0.8%
19 Vermilion Energy	VET	608	\$41.14	\$41.79	\$25,000	\$25,395	\$395	1.6%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.15	\$25,000	\$24,703	-\$297	-1.2%

Stock Totals

\$500,000 \$519,449 \$19,449 3.9%
 Stock Annualized Return: 41.3%

Cash \$0
 Dividends \$0
 Net Trading Profits \$0

Portfolio Totals

\$500,000 \$519,449 3.9%
 Portfolio Annualized Return: 41.3%

S&P/TSX COMPOSITE INDEX 15,182.19 15,128.65 -53.54 -0.4%
 S&P/TSX Annualized Return: -3.7%

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$46.04	\$49.73	\$3.69	8.0%
Canadian Crude Oil Index (CCX-bc)	\$8.18	\$9.10	\$0.92	11.2%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.49	\$6.25	\$0.76	13.8%
Energy Index (SPTTEN-ut)	172.10	178.87	6.77	3.9%
Energy Index ETF (XEG-bc)	\$10.94	\$11.37	\$0.43	3.9%
Energy Bull 2X ETF (HEU-bc)	\$7.90	\$8.49	\$0.59	7.5%
U.S. Oil Fund ETF (USO-bc)	\$9.50	\$10.17	\$0.67	7.1%

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

MODEL OIL PORTFOLIO S and % Change

As at: 28-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Bonavista Energy	\$4,889	19.6%
2 Baytex Energy Corp.	\$3,016	12.1%
3 Encana Corp.	\$2,695	10.8%
4 Cenovus Energy	\$2,641	10.6%
5 Freehold Royalties	\$2,356	9.4%
6 Suncor Energy	\$1,630	6.5%
7 PrairieSky Royalties	\$1,177	4.7%
8 Birchcliff Energy	\$1,064	4.3%
9 Canadian Natural Resources	\$715	2.9%
10 ARC Resources	\$663	2.7%
11 Bonterra Energy	\$448	1.8%
12 Vermilion Energy	\$395	1.6%
13 Tourmaline Oil	\$197	0.8%
14 Raging River Exploration	\$93	0.4%
15 Seven Generations Energy	\$0	0.0%
16 Crescent Point Energy	-\$50	-0.2%
17 Husky Energy	-\$238	-1.0%
18 Whitecap Resources	-\$297	-1.2%
19 Peyto Exploration	-\$808	-3.2%
20 Imperial Oil	-\$1,138	-4.6%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 28-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	\$17.41	\$0.60	\$884	3.5%	3.4%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.53	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.37	\$0.10	\$409	1.6%	1.6%
4 Bonavista Energy	BNP	9,225	\$2.71	\$3.24	\$0.04	\$369	1.5%	1.2%
5 Bonterra Energy	BNE	1,493	\$16.74	\$17.04	\$1.20	\$1,792	7.2%	7.0%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.49	\$1.10	\$735	2.9%	2.9%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.57	\$0.20	\$523	2.1%	1.9%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.90	\$0.36	\$907	3.6%	3.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.64	\$0.07	\$164	0.7%	0.6%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.28	\$0.60	\$1,149	4.6%	4.2%
11 Husky Energy	HSE	1,698	\$14.72	\$14.58	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.08	\$0.64	\$423	1.7%	1.8%
13 Peyto Exploration	PEY	1,063	\$23.52	\$22.76	\$1.32	\$1,403	5.6%	5.8%
14 PrairieSky Royalties	PSK	847	\$29.53	\$30.92	\$0.76	\$640	2.6%	2.4%
15 Raging River Exploration	RRX	3,090	\$8.09	\$8.12	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$22.21	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$40.36	\$1.28	\$845	3.4%	3.2%
18 Tourmaline Oil	TOU	897	\$27.88	\$28.10	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$41.79	\$2.58	\$1,568	6.3%	6.2%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.15	\$0.28	\$745	3.0%	3.0%
Portfolio Totals						\$12,557	2.5%	2.4%

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