

Long-Term Perspective

August 4, 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: *It was another volatile week for the oil sector. The portfolio crashed again, but is still up overall, 0.5% since inception. Throw in the dividends received and the portfolio has returned 0.7% since July 1. The S&P/TSX Energy Index is up 3.9%. The price of crude oil is up 7.7%. Baytex Energy has taken over the top spot for best performer. Seven Generations Energy had a catastrophic week and is down 22.6%. The full 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: 4-Aug 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	\$16.87	\$18.75	\$20.30	\$21.85	11.1%	20.3%	29.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.62	\$3.50	\$3.90	\$4.30	-3.3%	7.7%	18.8%
3 Birchcliff Energy	BIR	\$6.11	\$5.57	\$7.00	\$7.80	\$8.60	25.7%	40.0%	54.4%
4 Bonavista Energy	BNP	\$2.71	\$2.93	\$3.13	\$3.52	\$3.90	6.8%	20.1%	33.1%
5 Bonterra Energy	BNE	\$16.74	\$16.60	\$18.75	\$21.88	\$25.00	13.0%	31.8%	50.6%
6 Canadian Natural Resources	CNQ	\$37.42	\$40.64	\$39.00	\$40.63	\$42.20	-4.0%	0.0%	3.8%
7 Cenovus Energy	CVE	\$9.56	\$10.53	\$11.00	\$12.50	\$14.00	4.5%	18.7%	33.0%
8 Crescent Point Energy	CPG	\$9.92	\$9.49	\$11.00	\$12.50	\$14.00	15.9%	31.7%	47.5%
9 Encana Corp.	ECA	\$11.41	\$12.30	\$12.50	\$14.00	\$15.63	1.6%	13.8%	27.1%
10 Freehold Royalties	FRU	\$13.05	\$14.10	\$13.67	\$14.05	\$14.45	-3.0%	-0.4%	2.5%
11 Husky Energy	HSE	\$14.72	\$14.60	\$15.25	\$15.63	\$16.00	4.5%	7.1%	9.6%
12 Imperial Oil	IMO	\$37.80	\$37.00	\$39.00	\$40.63	\$42.20	5.4%	9.8%	14.1%
13 Peyto Exploration	PEY	\$23.52	\$20.89	\$25.00	\$26.55	\$28.13	19.7%	27.1%	34.7%
14 PrairieSky Royalties	PSK	\$29.53	\$30.79	\$30.50	\$31.25	\$32.00	-0.9%	1.5%	3.9%
15 Raging River Exploration	RRX	\$8.09	\$7.54	\$8.60	\$9.00	\$9.40	14.1%	19.4%	24.7%
16 Seven Generations Energy	VII	\$22.21	\$17.18	\$23.45	\$25.00	\$26.55	36.5%	45.5%	54.5%
17 Suncor Energy	SU	\$37.89	\$41.73	\$39.00	\$39.85	\$40.63	-6.5%	-4.5%	-2.6%
18 Tourmaline Oil	TOU	\$27.88	\$26.22	\$29.70	\$31.25	\$32.80	13.3%	19.2%	25.1%
19 Vermilion Energy	VET	\$41.14	\$40.71	\$43.75	\$46.88	\$50.00	7.5%	15.2%	22.8%
20 Whitecap Resources	WCP	\$9.26	\$9.60	\$9.75	\$10.15	\$10.55	1.6%	5.7%	9.9%

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.

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MODEL OIL PORTFOLIO Portfolio Performance As at: 4-Aug 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	\$16.87	\$25,000	\$24,867	-\$133	-0.5%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.62	\$25,000	\$28,730	\$3,730	14.9%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.57	\$25,000	\$22,791	-\$2,209	-8.8%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.93	\$25,000	\$27,030	\$2,030	8.1%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.60	\$25,000	\$24,791	-\$209	-0.8%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$40.64	\$25,000	\$27,151	\$2,151	8.6%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.53	\$25,000	\$27,537	\$2,537	10.1%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.49	\$25,000	\$23,916	-\$1,084	-4.3%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.30	\$25,000	\$26,950	\$1,950	7.8%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.10	\$25,000	\$27,011	\$2,011	8.0%
11 Husky Energy	HSE	1,698	\$14.72	\$14.60	\$25,000	\$24,796	-\$204	-0.8%
12 Imperial Oil	IMO	661	\$37.80	\$37.00	\$25,000	\$24,471	-\$529	-2.1%
13 Peyto Exploration	PEY	1,063	\$23.52	\$20.89	\$25,000	\$22,205	-\$2,795	-11.2%
14 PrairieSky Royalties	PSK	847	\$29.53	\$30.79	\$25,000	\$26,067	\$1,067	4.3%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.54	\$25,000	\$23,300	-\$1,700	-6.8%
16 Seven Generations Energy	VII	1,126	\$22.21	\$17.18	\$25,000	\$19,338	-\$5,662	-22.6%
17 Suncor Energy	SU	660	\$37.89	\$41.73	\$25,000	\$27,534	\$2,534	10.1%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.22	\$25,000	\$23,511	-\$1,489	-6.0%
19 Vermilion Energy	VET	608	\$41.14	\$40.71	\$25,000	\$24,739	-\$261	-1.0%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.60	\$25,000	\$25,918	\$918	3.7%
Stock Totals					\$500,000	\$502,653	\$2,653	0.5%
					Stock Annualized Return:			4.7%
Cash					\$0			
Dividends					\$757			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$503,410		0.7%
					Portfolio Annualized Return:			6.0%
S&P/TSX ENERGY INDEX					172.10	178.87	6.77	3.9%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return:			34.6%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$49.58	\$3.54	7.7%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.10	\$0.92	11.2%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$6.18	\$0.69	12.6%
Energy Index ETF (XEG-bc)					\$10.94	\$11.36	\$0.42	3.8%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$8.49	\$0.59	7.5%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$10.13	\$0.63	6.6%
S&P/TSX Composite Index					15,182.19	15,257.97	75.78	0.5%

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

MODEL OIL PORTFOLIO S and % Change
As at: 4-Aug

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Baytex Energy Corp.	\$3,730	14.9%
2 Cenovus Energy	\$2,537	10.1%
3 Suncor Energy	\$2,534	10.1%
4 Canadian Natural Resources	\$2,151	8.6%
5 Bonavista Energy	\$2,030	8.1%
6 Freehold Royalties	\$2,011	8.0%
7 Encana Corp.	\$1,950	7.8%
8 PrairieSky Royalties	\$1,067	4.3%
9 Whitecap Resources	\$918	3.7%
10 ARC Resources	-\$133	-0.5%
11 Husky Energy	-\$204	-0.8%
12 Bonterra Energy	-\$209	-0.8%
13 Vermilion Energy	-\$261	-1.0%
14 Imperial Oil	-\$529	-2.1%
15 Crescent Point Energy	-\$1,084	-4.3%
16 Tourmaline Oil	-\$1,489	-6.0%
17 Raging River Exploration	-\$1,700	-6.8%
18 Birchcliff Energy	-\$2,209	-8.8%
19 Peyto Exploration	-\$2,795	-11.2%
20 Seven Generations Energy	-\$5,662	-22.6%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 4-Aug Initiation: July 1, 2017

<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	\$16.87	\$0.60	\$884	3.5%	3.6%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.62	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.57	\$0.10	\$409	1.6%	1.8%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.93	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.60	\$1.20	\$1,792	7.2%	7.2%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$40.64	\$1.10	\$735	2.9%	2.7%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.53	\$0.20	\$523	2.1%	1.9%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.49	\$0.36	\$907	3.6%	3.8%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.30	\$0.08	\$166	0.7%	0.6%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.10	\$0.60	\$1,149	4.6%	4.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.60	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$37.00	\$0.64	\$423	1.7%	1.7%
13 Peyto Exploration	PEY	1,063	\$23.52	\$20.89	\$1.32	\$1,403	5.6%	6.3%
14 PrairieSky Royalties	PSK	847	\$29.53	\$30.79	\$0.76	\$640	2.6%	2.5%
15 Raging River Exploration	RRX	3,090	\$8.09	\$7.54	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$17.18	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$41.73	\$1.28	\$845	3.4%	3.1%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.22	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$40.71	\$2.58	\$1,568	6.3%	6.3%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.60	\$0.28	\$745	3.0%	2.9%
Portfolio Totals						\$12,559	2.5%	2.5%

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