

Long-Term Perspective

August 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.

COMMENT: *The portfolio declined significantly this past week. Still, we are keeping all stocks as is. 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: 11-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	\$16.07	\$18.75	\$20.30	\$21.85	16.7%	26.3%	36.0%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.31	\$3.50	\$3.90	\$4.30	5.7%	17.8%	29.9%
3 Birchcliff Energy	BIR	\$6.11	\$5.87	\$7.00	\$7.80	\$8.60	19.3%	32.9%	46.5%
4 Bonavista Energy	BNP	\$2.71	\$2.78	\$3.13	\$3.52	\$3.90	12.6%	26.6%	40.3%
5 Bonterra Energy	BNE	\$16.74	\$14.87	\$18.75	\$21.88	\$25.00	26.1%	47.1%	68.1%
6 Canadian Natural Resources	CNQ	\$37.42	\$39.53	\$39.00	\$40.63	\$42.20	-1.3%	2.8%	6.8%
7 Cenovus Energy	CVE	\$9.56	\$10.15	\$11.00	\$12.50	\$14.00	8.4%	23.2%	37.9%
8 Crescent Point Energy	CPG	\$9.92	\$8.87	\$11.00	\$12.50	\$14.00	24.0%	40.9%	57.8%
9 Encana Corp.	ECA	\$11.41	\$12.31	\$12.50	\$14.00	\$15.63	1.5%	13.7%	27.0%
10 Freehold Royalties	FRU	\$13.05	\$14.04	\$13.67	\$14.05	\$14.45	-2.6%	0.1%	2.9%
11 Husky Energy	HSE	\$14.72	\$14.61	\$15.25	\$15.63	\$16.00	4.4%	7.0%	9.5%
12 Imperial Oil	IMO	\$37.80	\$36.52	\$39.00	\$40.63	\$42.20	6.8%	11.3%	15.6%
13 Peyto Exploration	PEY	\$23.52	\$20.14	\$25.00	\$26.55	\$28.13	24.1%	31.8%	39.7%
14 PrairieSky Royalties	PSK	\$29.53	\$28.96	\$30.50	\$31.25	\$32.00	5.3%	7.9%	10.5%
15 Raging River Exploration	RRX	\$8.09	\$6.86	\$8.60	\$9.00	\$9.40	25.4%	31.2%	37.0%
16 Seven Generations Energy	VII	\$22.21	\$18.07	\$23.45	\$25.00	\$26.55	29.8%	38.4%	46.9%
17 Suncor Energy	SU	\$37.89	\$41.11	\$39.00	\$39.85	\$40.63	-5.1%	-3.1%	-1.2%
18 Tourmaline Oil	TOU	\$27.88	\$25.29	\$29.70	\$31.25	\$32.80	17.4%	23.6%	29.7%
19 Vermilion Energy	VET	\$41.14	\$39.47	\$43.75	\$46.88	\$50.00	10.8%	18.8%	26.7%
20 Whitecap Resources	WCP	\$9.26	\$9.26	\$9.75	\$10.15	\$10.55	5.3%	9.6%	13.9%

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: 11-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	\$16.07	\$25,000	\$23,688	-\$1,312	-5.2%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.31	\$25,000	\$26,270	\$1,270	5.1%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.87	\$25,000	\$24,018	-\$982	-3.9%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.78	\$25,000	\$25,646	\$646	2.6%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.87	\$25,000	\$22,207	-\$2,793	-11.2%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.53	\$25,000	\$26,410	\$1,410	5.6%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.15	\$25,000	\$26,543	\$1,543	6.2%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.87	\$25,000	\$22,354	-\$2,646	-10.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.31	\$25,000	\$26,972	\$1,972	7.9%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.04	\$25,000	\$26,897	\$1,897	7.6%
11 Husky Energy	HSE	1,698	\$14.72	\$14.61	\$25,000	\$24,813	-\$187	-0.7%
12 Imperial Oil	IMO	661	\$37.80	\$36.52	\$25,000	\$24,153	-\$847	-3.4%
13 Peyto Exploration	PEY	1,063	\$23.52	\$20.14	\$25,000	\$21,407	-\$3,593	-14.4%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.96	\$25,000	\$24,517	-\$483	-1.9%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.86	\$25,000	\$21,199	-\$3,801	-15.2%
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.07	\$25,000	\$20,340	-\$4,660	-18.6%
17 Suncor Energy	SU	660	\$37.89	\$41.11	\$25,000	\$27,125	\$2,125	8.5%
18 Tourmaline Oil	TOU	897	\$27.88	\$25.29	\$25,000	\$22,678	-\$2,322	-9.3%
19 Vermilion Energy	VET	608	\$41.14	\$39.47	\$25,000	\$23,985	-\$1,015	-4.1%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.26	\$25,000	\$25,000	\$0	0.0%
Stock Totals					\$500,000	\$486,221	-\$13,779	-2.8%
					Stock Annualized Return:			-24.2%
Cash					\$0			
Dividends					\$757			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$486,979		-2.6%
					Portfolio Annualized Return:			-22.9%
S&P/TSX ENERGY INDEX					172.10	174.85	2.75	1.6%
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			14.1%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$48.81	\$2.77	6.0%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.15	\$0.97	11.9%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$6.00	\$0.51	9.3%
Energy Index ETF (XEG-bc)					\$10.94	\$11.11	\$0.17	1.6%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$8.13	\$0.23	2.9%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.99	\$0.49	5.2%
S&P/TSX Composite Index					15,182.19	15,033.38	-148.81	-1.0%

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-Aug

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Suncor Energy	\$2,125	8.5%
2 Encana Corp.	\$1,972	7.9%
3 Freehold Royalties	\$1,897	7.6%
4 Cenovus Energy	\$1,543	6.2%
5 Canadian Natural Resources	\$1,410	5.6%
6 Baytex Energy Corp.	\$1,270	5.1%
7 Bonavista Energy	\$646	2.6%
8 Whitecap Resources	\$0	0.0%
9 Husky Energy	-\$187	-0.7%
10 PrairieSky Royalties	-\$483	-1.9%
11 Imperial Oil	-\$847	-3.4%
12 Birchcliff Energy	-\$982	-3.9%
13 Vermilion Energy	-\$1,015	-4.1%
14 ARC Resources	-\$1,312	-5.2%
15 Tourmaline Oil	-\$2,322	-9.3%
16 Crescent Point Energy	-\$2,646	-10.6%
17 Bonterra Energy	-\$2,793	-11.2%
18 Peyto Exploration	-\$3,593	-14.4%
19 Raging River Exploration	-\$3,801	-15.2%
20 Seven Generations Energy	-\$4,660	-18.6%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 11-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	\$16.07	\$0.60	\$884	3.5%	3.7%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.31	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.87	\$0.10	\$409	1.6%	1.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.78	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.87	\$1.20	\$1,792	7.2%	8.1%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.53	\$1.10	\$735	2.9%	2.8%
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.15	\$0.20	\$523	2.1%	2.0%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.87	\$0.36	\$907	3.6%	4.1%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.31	\$0.08	\$167	0.7%	0.6%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.04	\$0.60	\$1,149	4.6%	4.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.61	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.52	\$0.64	\$423	1.7%	1.8%
13 Peyto Exploration	PEY	1,063	\$23.52	\$20.14	\$1.32	\$1,403	5.6%	6.6%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.96	\$0.76	\$640	2.6%	2.6%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.86	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.07	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$41.11	\$1.28	\$845	3.4%	3.1%
18 Tourmaline Oil	TOU	897	\$27.88	\$25.29	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$39.47	\$2.58	\$1,568	6.3%	6.5%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.26	\$0.28	\$745	3.0%	3.0%
Portfolio Totals						\$12,560	2.5%	2.6%

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