

Long-Term Perspective

August 18, 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 Energy Index slipped 3.2% last week; the portfolio was down 2.5%. The price of crude oil is having trouble gaining the US\$50.00/bbl level. Once it does that, sentiment is likely to shift more positively and the stocks in the portfolio would be expected to rally, some strongly. In the meantime, there is nothing to do but wait. The portfolio stock 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: 18-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	\$15.79	\$18.75	\$20.30	\$21.85	18.7%	28.6%	38.4%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.21	\$3.50	\$3.90	\$4.30	9.0%	21.5%	34.0%
3 Birchcliff Energy	BIR	\$6.11	\$5.79	\$7.00	\$7.80	\$8.60	20.9%	34.7%	48.5%
4 Bonavista Energy	BNP	\$2.71	\$2.81	\$3.13	\$3.52	\$3.90	11.4%	25.3%	38.8%
5 Bonterra Energy	BNE	\$16.74	\$14.99	\$18.75	\$21.88	\$25.00	25.1%	46.0%	66.8%
6 Canadian Natural Resources	CNQ	\$37.42	\$38.73	\$39.00	\$40.63	\$42.20	0.7%	4.9%	9.0%
7 Cenovus Energy	CVE	\$9.56	\$9.43	\$11.00	\$12.50	\$14.00	16.6%	32.6%	48.5%
8 Crescent Point Energy	CPG	\$9.92	\$8.61	\$11.00	\$12.50	\$14.00	27.8%	45.2%	62.6%
9 Encana Corp.	ECA	\$11.41	\$11.54	\$12.50	\$14.00	\$15.63	8.3%	21.3%	35.4%
10 Freehold Royalties	FRU	\$13.05	\$13.83	\$13.67	\$14.05	\$14.45	-1.2%	1.6%	4.5%
11 Husky Energy	HSE	\$14.72	\$14.37	\$15.25	\$15.63	\$16.00	6.1%	8.8%	11.3%
12 Imperial Oil	IMO	\$37.80	\$36.16	\$39.00	\$40.63	\$42.20	7.9%	12.4%	16.7%
13 Peyto Exploration	PEY	\$23.52	\$19.79	\$25.00	\$26.55	\$28.13	26.3%	34.2%	42.1%
14 PrairieSky Royalties	PSK	\$29.53	\$27.76	\$30.50	\$31.25	\$32.00	9.9%	12.6%	15.3%
15 Raging River Exploration	RRX	\$8.09	\$6.56	\$8.60	\$9.00	\$9.40	31.1%	37.2%	43.3%
16 Seven Generations Energy	VII	\$22.21	\$17.60	\$23.45	\$25.00	\$26.55	33.2%	42.0%	50.9%
17 Suncor Energy	SU	\$37.89	\$39.53	\$39.00	\$39.85	\$40.63	-1.3%	0.8%	2.8%
18 Tourmaline Oil	TOU	\$27.88	\$24.17	\$29.70	\$31.25	\$32.80	22.9%	29.3%	35.7%
19 Vermilion Energy	VET	\$41.14	\$39.38	\$43.75	\$46.88	\$50.00	11.1%	19.0%	27.0%
20 Whitecap Resources	WCP	\$9.26	\$8.99	\$9.75	\$10.15	\$10.55	8.5%	12.9%	17.4%

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: 18-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	\$15.79	\$25,000	\$23,275	-\$1,725	-6.9%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.21	\$25,000	\$25,476	\$476	1.9%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.79	\$25,000	\$23,691	-\$1,309	-5.2%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.81	\$25,000	\$25,923	\$923	3.7%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.99	\$25,000	\$22,386	-\$2,614	-10.5%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.73	\$25,000	\$25,875	\$875	3.5%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.43	\$25,000	\$24,660	-\$340	-1.4%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.61	\$25,000	\$21,699	-\$3,301	-13.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.54	\$25,000	\$25,285	\$285	1.1%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.83	\$25,000	\$26,494	\$1,494	6.0%
11 Husky Energy	HSE	1,698	\$14.72	\$14.37	\$25,000	\$24,406	-\$594	-2.4%
12 Imperial Oil	IMO	661	\$37.80	\$36.16	\$25,000	\$23,915	-\$1,085	-4.3%
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.79	\$25,000	\$21,035	-\$3,965	-15.9%
14 PrairieSky Royalties	PSK	847	\$29.53	\$27.76	\$25,000	\$23,502	-\$1,498	-6.0%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.56	\$25,000	\$20,272	-\$4,728	-18.9%
16 Seven Generations Energy	VII	1,126	\$22.21	\$17.60	\$25,000	\$19,811	-\$5,189	-20.8%
17 Suncor Energy	SU	660	\$37.89	\$39.53	\$25,000	\$26,082	\$1,082	4.3%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.17	\$25,000	\$21,673	-\$3,327	-13.3%
19 Vermilion Energy	VET	608	\$41.14	\$39.38	\$25,000	\$23,930	-\$1,070	-4.3%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.99	\$25,000	\$24,271	-\$729	-2.9%
Stock Totals					\$500,000	\$473,662	-\$26,338	-5.3%
					Stock Annualized Return:			-46.3%
Cash					\$0			
Dividends					\$757			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$474,419	-\$25,581	-5.1%
					Portfolio Annualized Return:			-45.0%
S&P/TSX ENERGY INDEX					172.10	169.35	-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	\$48.57	\$2.53	5.5%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.89	\$0.71	8.7%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.96	\$0.47	8.6%
Energy Index ETF (XEG-bc)					\$10.94	\$10.76	-\$0.18	-1.6%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.59	-\$0.31	-3.9%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.97	\$0.47	4.9%
S&P/TSX Composite Index					15,182.19	14,952.33	-229.86	-1.5%

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

MODEL OIL PORTFOLIO S and % Change

As at: 18-Aug

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Freehold Royalties	\$1,494	6.0%
2 Suncor Energy	\$1,082	4.3%
3 Bonavista Energy	\$923	3.7%
4 Canadian Natural Resources	\$875	3.5%
5 Baytex Energy Corp.	\$476	1.9%
6 Encana Corp.	\$285	1.1%
7 Cenovus Energy	-\$340	-1.4%
8 Husky Energy	-\$594	-2.4%
9 Whitecap Resources	-\$729	-2.9%
10 Vermilion Energy	-\$1,070	-4.3%
11 Imperial Oil	-\$1,085	-4.3%
12 Birchcliff Energy	-\$1,309	-5.2%
13 PrairieSky Royalties	-\$1,498	-6.0%
14 ARC Resources	-\$1,725	-6.9%
15 Bonterra Energy	-\$2,614	-10.5%
16 Crescent Point Energy	-\$3,301	-13.2%
17 Tourmaline Oil	-\$3,327	-13.3%
18 Peyto Exploration	-\$3,965	-15.9%
19 Raging River Exploration	-\$4,728	-18.9%
20 Seven Generations Energy	-\$5,189	-20.8%

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

MODEL OIL PORTFOLIO Annual Income/Yield

As at: 18-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>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>
1 ARC Resources	ARX	1,474	\$16.96	\$15.79	\$0.60	\$884	3.5%	3.8%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.21	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.79	\$0.10	\$409	1.6%	1.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.81	\$0.04	\$369	1.5%	1.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.99	\$1.20	\$1,792	7.2%	8.0%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.73	\$1.10	\$735	2.9%	2.8%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.43	\$0.20	\$523	2.1%	2.1%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.61	\$0.36	\$907	3.6%	4.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.54	\$0.08	\$165	0.7%	0.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.83	\$0.60	\$1,149	4.6%	4.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.37	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.16	\$0.64	\$423	1.7%	1.8%
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.79	\$1.32	\$1,403	5.6%	6.7%
14 PrairieSky Royalties	PSK	847	\$29.53	\$27.76	\$0.76	\$640	2.6%	2.7%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.56	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$17.60	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$39.53	\$1.28	\$845	3.4%	3.2%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.17	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$39.38	\$2.58	\$1,568	6.3%	6.6%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.99	\$0.28	\$745	3.0%	3.1%
Portfolio Totals						\$12,559	2.5%	2.6%

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