

Long-Term Perspective

August 25, 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 rose 0.2% last week while the Energy Index slipped 0.4%. The price of crude oil retreated, falling 1.5%. It is still unable to make any ground on the US\$50.00/bbl level. Only 5 of our 20 oil stocks are in positive territory, and the portfolio is off 4.9% overall. The sector needs the price of crude to reach that elusive US\$50/bbl level to spur interest. 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: 25-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	\$3.07	\$3.50	\$3.90	\$4.30	14.0%	27.0%	40.1%
3 Birchcliff Energy	BIR	\$6.11	\$5.89	\$7.00	\$7.80	\$8.60	18.8%	32.4%	46.0%
4 Bonavista Energy	BNP	\$2.71	\$2.75	\$3.13	\$3.52	\$3.90	13.8%	28.0%	41.8%
5 Bonterra Energy	BNE	\$16.74	\$15.80	\$18.75	\$21.88	\$25.00	18.7%	38.5%	58.2%
6 Canadian Natural Resources	CNQ	\$37.42	\$38.64	\$39.00	\$40.63	\$42.20	0.9%	5.2%	9.2%
7 Cenovus Energy	CVE	\$9.56	\$9.28	\$11.00	\$12.50	\$14.00	18.5%	34.7%	50.9%
8 Crescent Point Energy	CPG	\$9.92	\$8.42	\$11.00	\$12.50	\$14.00	30.6%	48.5%	66.3%
9 Encana Corp.	ECA	\$11.41	\$11.44	\$12.50	\$14.00	\$15.63	9.3%	22.4%	36.6%
10 Freehold Royalties	FRU	\$13.05	\$13.99	\$13.67	\$14.05	\$14.45	-2.3%	0.4%	3.3%
11 Husky Energy	HSE	\$14.72	\$14.46	\$15.25	\$15.63	\$16.00	5.5%	8.1%	10.7%
12 Imperial Oil	IMO	\$37.80	\$36.51	\$39.00	\$40.63	\$42.20	6.8%	11.3%	15.6%
13 Peyto Exploration	PEY	\$23.52	\$19.81	\$25.00	\$26.55	\$28.13	26.2%	34.0%	42.0%
14 PrairieSky Royalties	PSK	\$29.53	\$28.86	\$30.50	\$31.25	\$32.00	5.7%	8.3%	10.9%
15 Raging River Exploration	RRX	\$8.09	\$6.48	\$8.60	\$9.00	\$9.40	32.7%	38.9%	45.1%
16 Seven Generations Energy	VII	\$22.21	\$18.02	\$23.45	\$25.00	\$26.55	30.1%	38.7%	47.3%
17 Suncor Energy	SU	\$37.89	\$39.18	\$39.00	\$39.85	\$40.63	-0.5%	1.7%	3.7%
18 Tourmaline Oil	TOU	\$27.88	\$24.05	\$29.70	\$31.25	\$32.80	23.5%	29.9%	36.4%
19 Vermilion Energy	VET	\$41.14	\$39.83	\$43.75	\$46.88	\$50.00	9.8%	17.7%	25.5%
20 Whitecap Resources	WCP	\$9.26	\$8.94	\$9.75	\$10.15	\$10.55	9.1%	13.5%	18.0%

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: 25-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	\$3.07	\$25,000	\$24,365	-\$635	-2.5%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.89	\$25,000	\$24,100	-\$900	-3.6%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.75	\$25,000	\$25,369	\$369	1.5%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.80	\$25,000	\$23,596	-\$1,404	-5.6%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.64	\$25,000	\$25,815	\$815	3.3%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.28	\$25,000	\$24,268	-\$732	-2.9%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.42	\$25,000	\$21,220	-\$3,780	-15.1%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.44	\$25,000	\$25,066	\$66	0.3%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.99	\$25,000	\$26,801	\$1,801	7.2%
11 Husky Energy	HSE	1,698	\$14.72	\$14.46	\$25,000	\$24,558	-\$442	-1.8%
12 Imperial Oil	IMO	661	\$37.80	\$36.51	\$25,000	\$24,147	-\$853	-3.4%
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.81	\$25,000	\$21,057	-\$3,943	-15.8%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.86	\$25,000	\$24,433	-\$567	-2.3%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.48	\$25,000	\$20,025	-\$4,975	-19.9%
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.02	\$25,000	\$20,284	-\$4,716	-18.9%
17 Suncor Energy	SU	660	\$37.89	\$39.18	\$25,000	\$25,851	\$851	3.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.05	\$25,000	\$21,566	-\$3,434	-13.7%
19 Vermilion Energy	VET	608	\$41.14	\$39.83	\$25,000	\$24,204	-\$796	-3.2%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.94	\$25,000	\$24,136	-\$864	-3.5%
Stock Totals					\$500,000	\$474,547	-\$25,453	-5.1%
					Stock Annualized Return:			-44.8%
Cash					\$0			
Dividends					\$757			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$475,304		-4.9%
					Portfolio Annualized Return:			-43.4%
S&P/TSX ENERGY INDEX					172.10	168.68	-3.42	-2.0%
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			-17.5%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$47.87	\$1.83	4.0%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.96	\$0.78	9.5%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.70	\$0.21	3.8%
Energy Index ETF (XEG-bc)					\$10.94	\$10.73	-\$0.21	-1.9%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.53	-\$0.37	-4.7%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.75	\$0.25	2.6%
S&P/TSX Composite Index					15,182.19	15,055.99	-126.20	-0.8%

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

MODEL OIL PORTFOLIO \$ and % Change
As at: 25-Aug

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Freehold Royalties	\$1,801	7.2%
2 Suncor Energy	\$851	3.4%
3 Canadian Natural Resources	\$815	3.3%
4 Bonavista Energy	\$369	1.5%
5 Encana Corp.	\$66	0.3%
6 Husky Energy	-\$442	-1.8%
7 PrairieSky Royalties	-\$567	-2.3%
8 Baytex Energy Corp.	-\$635	-2.5%
9 Cenovus Energy	-\$732	-2.9%
10 Vermilion Energy	-\$796	-3.2%
11 Imperial Oil	-\$853	-3.4%
12 Whitecap Resources	-\$864	-3.5%
13 Birchcliff Energy	-\$900	-3.6%
14 ARC Resources	-\$1,312	-5.2%
15 Bonterra Energy	-\$1,404	-5.6%
16 Tourmaline Oil	-\$3,434	-13.7%
17 Crescent Point Energy	-\$3,780	-15.1%
18 Peyto Exploration	-\$3,943	-15.8%
19 Seven Generations Energy	-\$4,716	-18.9%
20 Raging River Exploration	-\$4,975	-19.9%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 25-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	\$3.07	\$0.00	\$0	0.0%	0.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.89	\$0.10	\$409	1.6%	1.7%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.75	\$0.04	\$369	1.5%	1.5%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.80	\$1.20	\$1,792	7.2%	7.6%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.64	\$1.10	\$735	2.9%	2.8%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.28	\$0.20	\$523	2.1%	2.2%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.42	\$0.36	\$907	3.6%	4.3%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.44	\$0.07	\$164	0.7%	0.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.99	\$0.60	\$1,149	4.6%	4.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.46	\$0.00	\$0	0.0%	0.0%
12 Imperial Oil	IMO	661	\$37.80	\$36.51	\$0.64	\$423	1.7%	1.8%
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.81	\$1.32	\$1,403	5.6%	6.7%
14 PrairieSky Royalties	PSK	847	\$29.53	\$28.86	\$0.76	\$640	2.6%	2.6%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.48	\$0.00	\$0	0.0%	0.0%
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.02	\$0.00	\$0	0.0%	0.0%
17 Suncor Energy	SU	660	\$37.89	\$39.18	\$1.28	\$845	3.4%	3.3%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.05	\$0.00	\$0	0.0%	0.0%
19 Vermilion Energy	VET	608	\$41.14	\$39.83	\$2.58	\$1,568	6.3%	6.5%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.94	\$0.28	\$745	3.0%	3.1%
Portfolio Totals						\$12,557	2.5%	2.6%

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