

Long-Term Perspective

September 1, 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: *More of the portfolio is now in the **Green**, but the portfolio is still down 2.7% since inception on July 1. That compares with the Energy Index being down 0.3% and the price of crude oil being up 2.7%. The sector still needs the price of crude to reach that elusive US\$50/bbl level to help the energy stocks. 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: 1-Sep 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	\$16.61	\$18.75	\$20.30	\$21.85	12.9%	22.2%	31.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.16	\$3.50	\$3.90	\$4.30	10.8%	23.4%	36.1%
3 Birchcliff Energy	BIR	\$6.11	\$5.91	\$7.00	\$7.80	\$8.60	18.4%	32.0%	45.5%
4 Bonavista Energy	BNP	\$2.71	\$2.85	\$3.13	\$3.52	\$3.90	9.8%	23.5%	36.8%
5 Bonterra Energy	BNE	\$16.74	\$16.26	\$18.75	\$21.88	\$25.00	15.3%	34.6%	53.8%
6 Canadian Natural Resources	CNQ	\$37.42	\$38.74	\$39.00	\$40.63	\$42.20	0.7%	4.9%	8.9%
7 Cenovus Energy	CVE	\$9.56	\$9.95	\$11.00	\$12.50	\$14.00	10.6%	25.6%	40.7%
8 Crescent Point Energy	CPG	\$9.92	\$8.57	\$11.00	\$12.50	\$14.00	28.4%	45.9%	63.4%
9 Encana Corp.	ECA	\$11.41	\$11.66	\$12.50	\$14.00	\$15.63	7.2%	20.1%	34.0%
10 Freehold Royalties	FRU	\$13.05	\$14.06	\$13.67	\$14.05	\$14.45	-2.8%	-0.1%	2.8%
11 Husky Energy	HSE	\$14.72	\$14.68	\$15.25	\$15.63	\$16.00	3.9%	6.5%	9.0%
12 Imperial Oil	IMO	\$37.80	\$37.34	\$39.00	\$40.63	\$42.20	4.4%	8.8%	13.0%
13 Peyto Exploration	PEY	\$23.52	\$21.16	\$25.00	\$26.55	\$28.13	18.1%	25.5%	32.9%
14 PrairieSky Royalties	PSK	\$29.53	\$29.19	\$30.50	\$31.25	\$32.00	4.5%	7.1%	9.6%
15 Raging River Exploration	RRX	\$8.09	\$6.52	\$8.60	\$9.00	\$9.40	31.9%	38.0%	44.2%
16 Seven Generations Energy	VII	\$22.21	\$19.17	\$23.45	\$25.00	\$26.55	22.3%	30.4%	38.5%
17 Suncor Energy	SU	\$37.89	\$39.51	\$39.00	\$39.85	\$40.63	-1.3%	0.9%	2.8%
18 Tourmaline Oil	TOU	\$27.88	\$24.47	\$29.70	\$31.25	\$32.80	21.4%	27.7%	34.0%
19 Vermilion Energy	VET	\$41.14	\$41.69	\$43.75	\$46.88	\$50.00	4.9%	12.4%	19.9%
20 Whitecap Resources	WCP	\$9.26	\$9.05	\$9.75	\$10.15	\$10.55	7.7%	12.2%	16.6%

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: 1-Sep 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	\$16.61	\$25,000	\$24,484	-\$516	-2.1%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.16	\$25,000	\$25,079	\$79	0.3%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.91	\$25,000	\$24,182	-\$818	-3.3%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.85	\$25,000	\$26,292	\$1,292	5.2%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.26	\$25,000	\$24,283	-\$717	-2.9%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.74	\$25,000	\$25,882	\$882	3.5%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.95	\$25,000	\$26,020	\$1,020	4.1%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.57	\$25,000	\$21,598	-\$3,402	-13.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.66	\$25,000	\$25,548	\$548	2.2%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.06	\$25,000	\$26,935	\$1,935	7.7%
11 Husky Energy	HSE	1,698	\$14.72	\$14.68	\$25,000	\$24,932	-\$68	-0.3%
12 Imperial Oil	IMO	661	\$37.80	\$37.34	\$25,000	\$24,696	-\$304	-1.2%
13 Peyto Exploration	PEY	1,063	\$23.52	\$21.16	\$25,000	\$22,491	-\$2,509	-10.0%
14 PrairieSky Royalties	PSK	847	\$29.53	\$29.19	\$25,000	\$24,712	-\$288	-1.2%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.52	\$25,000	\$20,148	-\$4,852	-19.4%
16 Seven Generations Energy	VII	1,126	\$22.21	\$19.17	\$25,000	\$21,578	-\$3,422	-13.7%
17 Suncor Energy	SU	660	\$37.89	\$39.51	\$25,000	\$26,069	\$1,069	4.3%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.47	\$25,000	\$21,942	-\$3,058	-12.2%
19 Vermilion Energy	VET	608	\$41.14	\$41.69	\$25,000	\$25,334	\$334	1.3%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.05	\$25,000	\$24,433	-\$567	-2.3%
Stock Totals					\$500,000	\$486,638	-\$13,362	-2.7%
					Stock Annualized Return:			-13.9%
Cash					\$0			
Dividends					\$1,832			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$488,470	-\$2,530	-2.3%
					Portfolio Annualized Return:			-12.0%
S&P/TSX ENERGY INDEX					172.10	171.58	-0.52	-0.3%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return:			-1.6%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$47.30	\$1.26	2.7%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.27	\$0.09	1.1%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$5.57	\$0.08	1.5%
Energy Index ETF (XEG-bc)					\$10.94	\$10.93	-\$0.01	-0.1%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$7.82	-\$0.08	-1.0%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$9.67	\$0.17	1.8%
S&P/TSX Composite Index					15,182.19	15,191.60	9.41	0.1%

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

MODEL OIL PORTFOLIO \$ and % Change
As at: 1-Sep

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Freehold Royalties	\$1,935	7.7%
2 Bonavista Energy	\$1,292	5.2%
3 Suncor Energy	\$1,069	4.3%
4 Cenovus Energy	\$1,020	4.1%
5 Canadian Natural Resources	\$882	3.5%
6 Encana Corp.	\$548	2.2%
7 Vermilion Energy	\$334	1.3%
8 Baytex Energy Corp.	\$79	0.3%
9 Husky Energy	-\$68	-0.3%
10 PrairieSky Royalties	-\$288	-1.2%
11 Imperial Oil	-\$304	-1.2%
12 ARC Resources	-\$516	-2.1%
13 Whitecap Resources	-\$567	-2.3%
14 Bonterra Energy	-\$717	-2.9%
15 Birchcliff Energy	-\$818	-3.3%
16 Peyto Exploration	-\$2,509	-10.0%
17 Tourmaline Oil	-\$3,058	-12.2%
18 Crescent Point Energy	-\$3,402	-13.6%
19 Seven Generations Energy	-\$3,422	-13.7%
20 Raging River Exploration	-\$4,852	-19.4%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 1-Sep 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>	<u>Pay-Out</u> <u>To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.61	\$0.60	\$884	3.5%	3.6%	\$147
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.16	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.91	\$0.10	\$409	1.6%	1.7%	\$0
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.85	\$0.04	\$369	1.5%	1.4%	\$0
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.26	\$1.20	\$1,792	7.2%	7.4%	\$299
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.74	\$1.10	\$735	2.9%	2.8%	\$0
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.95	\$0.20	\$523	2.1%	2.0%	\$0
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.57	\$0.36	\$907	3.6%	4.2%	\$151
9 Encana Corp.	ECA	2,191	\$11.41	\$11.66	\$0.07	\$163	0.7%	0.6%	\$0
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.06	\$0.60	\$1,149	4.6%	4.3%	\$192
11 Husky Energy	HSE	1,698	\$14.72	\$14.68	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$37.34	\$0.64	\$423	1.7%	1.7%	\$106
13 Peyto Exploration	PEY	1,063	\$23.52	\$21.16	\$1.32	\$1,403	5.6%	6.2%	\$234
14 PrairieSky Royalties	PSK	847	\$29.53	\$29.19	\$0.76	\$640	2.6%	2.6%	\$107
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.52	\$0.00	\$0	0.0%	0.0%	\$0
16 Seven Generations Energy	VII	1,126	\$22.21	\$19.17	\$0.00	\$0	0.0%	0.0%	\$0
17 Suncor Energy	SU	660	\$37.89	\$39.51	\$1.28	\$845	3.4%	3.2%	\$211
18 Tourmaline Oil	TOU	897	\$27.88	\$24.47	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$41.69	\$2.58	\$1,568	6.3%	6.2%	\$261
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.05	\$0.28	\$745	3.0%	3.0%	\$124
Portfolio Totals						\$12,556	2.5%	2.6%	\$1,832

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