

Long-Term Perspective  
, 2017

September 8

## 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:** *Down! The portfolio slipped this past week, down 1.7%. The price of crude oil was up 0.3%, but the Energy Index was down 0.7%. Since inception on July 1, the portfolio is down 4.0%, crude is up 3.0%, and the Energy Index is down 1.0%. Only six of the portfolio's holdings are in the **green**. The portfolio stock rankings are shown on Page 4.*

The current portfolio is presented on the following page.

<continued>

**MODEL OIL PORTFOLIO Share Price Information** As at: 8-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	\$16.24	\$18.75	\$20.30	\$21.85	15.5%	25.0%	34.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.12	\$3.50	\$3.90	\$4.30	12.2%	25.0%	37.8%
3 Birchcliff Energy	BIR	\$6.11	\$5.72	\$7.00	\$7.80	\$8.60	22.4%	36.4%	50.3%
4 Bonavista Energy	BNP	\$2.71	\$2.72	\$3.13	\$3.52	\$3.90	15.1%	29.4%	43.4%
5 Bonterra Energy	BNE	\$16.74	\$15.99	\$18.75	\$21.88	\$25.00	17.3%	36.8%	56.3%
6 Canadian Natural Resources	CNQ	\$37.42	\$39.18	\$39.00	\$40.63	\$42.20	-0.5%	3.7%	7.7%
7 Cenovus Energy	CVE	\$9.56	\$9.85	\$11.00	\$12.50	\$14.00	11.7%	26.9%	42.1%
8 Crescent Point Energy	CPG	\$9.92	\$8.25	\$11.00	\$12.50	\$14.00	33.3%	51.5%	69.7%
9 Encana Corp.	ECA	\$11.41	\$11.20	\$12.50	\$14.00	\$15.63	11.6%	25.0%	39.6%
10 Freehold Royalties	FRU	\$13.05	\$14.00	\$13.67	\$14.05	\$14.45	-2.4%	0.4%	3.2%
11 Husky Energy	HSE	\$14.72	\$14.35	\$15.25	\$15.63	\$16.00	6.3%	8.9%	11.5%
12 Imperial Oil	IMO	\$37.80	\$37.28	\$39.00	\$40.63	\$42.20	4.6%	9.0%	13.2%
13 Peyto Exploration	PEY	\$23.52	\$19.89	\$25.00	\$26.55	\$28.13	25.7%	33.5%	41.4%
14 PrairieSky Royalties	PSK	\$29.53	\$29.63	\$30.50	\$31.25	\$32.00	2.9%	5.5%	8.0%
15 Raging River Exploration	RRX	\$8.09	\$6.67	\$8.60	\$9.00	\$9.40	28.9%	34.9%	40.9%
16 Seven Generations Energy	VII	\$22.21	\$18.58	\$23.45	\$25.00	\$26.55	26.2%	34.6%	42.9%
17 Suncor Energy	SU	\$37.89	\$39.72	\$39.00	\$39.85	\$40.63	-1.8%	0.3%	2.3%
18 Tourmaline Oil	TOU	\$27.88	\$23.92	\$29.70	\$31.25	\$32.80	24.2%	30.6%	37.1%
19 Vermilion Energy	VET	\$41.14	\$40.62	\$43.75	\$46.88	\$50.00	7.7%	15.4%	23.1%
20 Whitecap Resources	WCP	\$9.26	\$8.86	\$9.75	\$10.15	\$10.55	10.0%	14.6%	19.1%

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: 8-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	\$16.24	\$25,000	\$23,939	-\$1,061	-4.2%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.12	\$25,000	\$24,762	-\$238	-1.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.72	\$25,000	\$23,404	-\$1,596	-6.4%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.72	\$25,000	\$25,092	\$92	0.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.99	\$25,000	\$23,880	-\$1,120	-4.5%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.18	\$25,000	\$26,176	\$1,176	4.7%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.85	\$25,000	\$25,758	\$758	3.0%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.25	\$25,000	\$20,791	-\$4,209	-16.8%
9 Encana Corp.	ECA	2,191	\$11.41	\$11.20	\$25,000	\$24,540	-\$460	-1.8%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.00	\$25,000	\$26,820	\$1,820	7.3%
11 Husky Energy	HSE	1,698	\$14.72	\$14.35	\$25,000	\$24,372	-\$628	-2.5%
12 Imperial Oil	IMO	661	\$37.80	\$37.28	\$25,000	\$24,656	-\$344	-1.4%
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.89	\$25,000	\$21,142	-\$3,858	-15.4%
14 PrairieSky Royalties	PSK	847	\$29.53	\$29.63	\$25,000	\$25,085	\$85	0.3%
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.67	\$25,000	\$20,612	-\$4,388	-17.6%
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.58	\$25,000	\$20,914	-\$4,086	-16.3%
17 Suncor Energy	SU	660	\$37.89	\$39.72	\$25,000	\$26,207	\$1,207	4.8%
18 Tourmaline Oil	TOU	897	\$27.88	\$23.92	\$25,000	\$21,449	-\$3,551	-14.2%
19 Vermilion Energy	VET	608	\$41.14	\$40.62	\$25,000	\$24,684	-\$316	-1.3%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.86	\$25,000	\$23,920	-\$1,080	-4.3%
<b>Stock Totals</b>					<b>\$500,000</b>	<b>\$478,203</b>	<b>-\$21,797</b>	<b>-4.4%</b>
							Stock Annualized Return:	<b>-20.6%</b>
Cash						\$0		
Dividends						\$1,832		
Net Trading Profits						\$0		
<b>Portfolio Totals</b>					<b>\$500,000</b>	<b>\$480,035</b>		<b>-4.0%</b>
							Portfolio Annualized Return:	<b>-18.9%</b>
<b>S&amp;P/TSX ENERGY INDEX .....</b>					172.10	170.43	-1.67	-1.0%
(SPTTEN-ut)							S&P/TSX Energy Annualized Return:	<b>-4.6%</b>
					<b>Initial Value</b>	<b>Current Value</b>	<b>Change</b>	<b>% Change</b>
<b>Crude Oil (SWTIC-sc)</b>					\$46.04	\$47.43	\$1.39	3.0%
<b>Canadian Crude Oil Index (CCX-bc)</b>					\$8.18	\$8.93	\$0.75	9.2%
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>					\$5.49	\$5.63	\$0.14	2.6%
<b>Energy Index ETF (XEG-bc)</b>					\$10.94	\$10.86	-\$0.08	-0.7%
<b>Energy Bull 2X ETF (HEU-bc)</b>					\$7.90	\$7.72	-\$0.18	-2.3%
<b>U.S. Oil Fund ETF (USO-bc)</b>					\$9.50	\$9.73	\$0.23	2.4%
<b>S&amp;P/TSX Composite Index .....</b>					15,182.19	14,985.32	-196.87	-1.3%

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

## MODEL OIL PORTFOLIO \$ and % Change

As at: 8-Sep

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Freehold Royalties	\$1,820	7.3%
2 Suncor Energy	\$1,207	4.8%
3 Canadian Natural Resources	\$1,176	4.7%
4 Cenovus Energy	\$758	3.0%
5 Bonavista Energy	\$92	0.4%
6 PrairieSky Royalties	\$85	0.3%
7 Baytex Energy Corp.	-\$238	-1.0%
8 Vermilion Energy	-\$316	-1.3%
9 Imperial Oil	-\$344	-1.4%
10 Encana Corp.	-\$460	-1.8%
11 Husky Energy	-\$628	-2.5%
12 ARC Resources	-\$1,061	-4.2%
13 Whitecap Resources	-\$1,080	-4.3%
14 Bonterra Energy	-\$1,120	-4.5%
15 Birchcliff Energy	-\$1,596	-6.4%
16 Tourmaline Oil	-\$3,551	-14.2%
17 Peyto Exploration	-\$3,858	-15.4%
18 Seven Generations Energy	-\$4,086	-16.3%
19 Crescent Point Energy	-\$4,209	-16.8%
20 Raging River Exploration	-\$4,388	-17.6%

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

## MODEL OIL PORTFOLIO Annual Income/Yield

As at: 8-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>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.24	\$0.60	\$884	3.5%	3.7%	\$147
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.12	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.72	\$0.10	\$409	1.6%	1.7%	\$0
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.72	\$0.04	\$369	1.5%	1.5%	\$0
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.99	\$1.20	\$1,792	7.2%	7.5%	\$299
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.18	\$1.10	\$735	2.9%	2.8%	\$0
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.85	\$0.20	\$523	2.1%	2.0%	\$0
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.25	\$0.36	\$907	3.6%	4.4%	\$151
9 Encana Corp.	ECA	2,191	\$11.41	\$11.20	\$0.07	\$160	0.6%	0.7%	\$0
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.00	\$0.60	\$1,149	4.6%	4.3%	\$192
11 Husky Energy	HSE	1,698	\$14.72	\$14.35	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$37.28	\$0.64	\$423	1.7%	1.7%	\$106
13 Peyto Exploration	PEY	1,063	\$23.52	\$19.89	\$1.32	\$1,403	5.6%	6.6%	\$234
14 PrairieSky Royalties	PSK	847	\$29.53	\$29.63	\$0.76	\$640	2.6%	2.6%	\$107
15 Raging River Exploration	RRX	3,090	\$8.09	\$6.67	\$0.00	\$0	0.0%	0.0%	\$0
16 Seven Generations Energy	VII	1,126	\$22.21	\$18.58	\$0.00	\$0	0.0%	0.0%	\$0
17 Suncor Energy	SU	660	\$37.89	\$39.72	\$1.28	\$845	3.4%	3.2%	\$211
18 Tourmaline Oil	TOU	897	\$27.88	\$23.92	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$40.62	\$2.58	\$1,568	6.3%	6.4%	\$261
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.86	\$0.28	\$745	3.0%	3.1%	\$124
<b>Portfolio Totals</b>						<b>\$12,553</b>	<b>2.5%</b>	<b>2.6%</b>	<b>\$1,832</b>

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