

Long-Term Perspective

September 15, 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: *Better! This past week, the oil sector put in a good performance. The price of crude oil exceeded US\$50.00 although it could not close there. It finished the week at US\$49.89/bbl. The portfolio, for the first time, ended up in the "green". Now, 12 of the 20 stocks are "positive". Since inception on July 1, the portfolio is up 0.7%, crude is up 8.4%, and the Energy Index is up 4.4%. Quite a turn-around for all the indexes. 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: 15-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	\$17.60	\$18.75	\$20.30	\$21.85	6.5%	15.3%	24.1%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.28	\$3.50	\$3.90	\$4.30	6.7%	18.9%	31.1%
3 Birchcliff Energy	BIR	\$6.11	\$6.03	\$7.00	\$7.80	\$8.60	16.1%	29.4%	42.6%
4 Bonavista Energy	BNP	\$2.71	\$2.91	\$3.13	\$3.52	\$3.90	7.6%	21.0%	34.0%
5 Bonterra Energy	BNE	\$16.74	\$15.66	\$18.75	\$21.88	\$25.00	19.7%	39.7%	59.6%
6 Canadian Natural Resources	CNQ	\$37.42	\$40.04	\$39.00	\$40.63	\$42.20	-2.6%	1.5%	5.4%
7 Cenovus Energy	CVE	\$9.56	\$11.02	\$11.00	\$12.50	\$14.00	-0.2%	13.4%	27.0%
8 Crescent Point Energy	CPG	\$9.92	\$8.99	\$11.00	\$12.50	\$14.00	22.4%	39.0%	55.7%
9 Encana Corp.	ECA	\$11.41	\$12.71	\$12.50	\$14.00	\$15.63	-1.7%	10.1%	23.0%
10 Freehold Royalties	FRU	\$13.05	\$14.15	\$13.67	\$14.05	\$14.45	-3.4%	-0.7%	2.1%
11 Husky Energy	HSE	\$14.72	\$14.89	\$15.25	\$15.63	\$16.00	2.4%	5.0%	7.5%
12 Imperial Oil	IMO	\$37.80	\$37.89	\$39.00	\$40.63	\$42.20	2.9%	7.2%	11.4%
13 Painted Pony Energy	PONY	\$3.17	\$3.24	\$3.52	\$3.90	\$4.30	8.6%	20.4%	32.7%
14 Peyto Exploration	PEY	\$23.52	\$20.40	\$25.00	\$26.55	\$28.13	22.5%	30.1%	37.9%
15 PrairieSky Royalties	PSK	\$29.53	\$31.59	\$30.50	\$31.25	\$32.00	-3.5%	-1.1%	1.3%
16 Raging River Exploration	RRX	\$8.09	\$7.20	\$8.60	\$9.00	\$9.40	19.4%	25.0%	30.6%
17 Seven Generations Energy	VII	\$22.21	\$18.35	\$23.45	\$25.00	\$26.55	27.8%	36.2%	44.7%
18 Tourmaline Oil	TOU	\$27.88	\$25.01	\$29.70	\$31.25	\$32.80	18.8%	25.0%	31.1%
19 Vermilion Energy	VET	\$41.14	\$44.90	\$43.75	\$46.88	\$50.00	-2.6%	4.4%	11.4%
20 Whitecap Resources	WCP	\$9.26	\$9.20	\$9.75	\$10.15	\$10.55	6.0%	10.3%	14.7%

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, Cenovus Energy, and Painted Pony Energy.**

The performance of these stocks is provided in the table on the next page.

<continued>

MODEL OIL PORTFOLIO Portfolio Performance As at: 15-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	\$17.60	\$25,000	\$25,943	\$943	3.8%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.28	\$25,000	\$26,032	\$1,032	4.1%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.03	\$25,000	\$24,673	-\$327	-1.3%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.91	\$25,000	\$26,845	\$1,845	7.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.66	\$25,000	\$23,387	-\$1,613	-6.5%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$40.04	\$25,000	\$26,750	\$1,750	7.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.02	\$25,000	\$28,818	\$3,818	15.3%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.99	\$25,000	\$22,656	-\$2,344	-9.4%
9 Encana Corp.	ECA	2,191	\$11.41	\$12.71	\$25,000	\$27,848	\$2,848	11.4%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.15	\$25,000	\$27,107	\$2,107	8.4%
11 Husky Energy	HSE	1,698	\$14.72	\$14.89	\$25,000	\$25,289	\$289	1.2%
12 Imperial Oil	IMO	661	\$37.80	\$37.89	\$25,000	\$25,060	\$60	0.2%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.24	\$25,000	\$25,551	\$551	2.2%
14 Peyto Exploration	PEY	1,063	\$23.52	\$20.40	\$25,000	\$21,684	-\$3,316	-13.3%
15 PrairieSky Royalties	PSK	847	\$29.53	\$31.59	\$25,000	\$26,744	\$1,744	7.0%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.20	\$25,000	\$22,250	-\$2,750	-11.0%
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.35	\$25,000	\$20,655	-\$4,345	-17.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$25.01	\$25,000	\$22,426	-\$2,574	-10.3%
19 Vermilion Energy	VET	608	\$41.14	\$44.90	\$25,000	\$27,285	\$2,285	9.1%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.20	\$25,000	\$24,838	-\$162	-0.6%
Stock Totals					\$500,000	\$501,841	\$1,841	0.4%
					Stock Annualized Return:		1.6%	
Cash					\$0			
Dividends					\$1,832			
Net Trading Profits					\$0			
Portfolio Totals					\$500,000	\$503,673		0.7%
					Portfolio Annualized Return:		3.2%	
S&P/TSX ENERGY INDEX					172.10	179.62	7.52	4.4%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return:		18.9%	
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$49.89	\$3.85	8.4%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.90	\$0.72	8.8%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$6.17	\$0.68	12.4%
Energy Index ETF (XEG-bc)					\$10.94	\$11.47	\$0.53	4.8%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$8.57	\$0.67	8.5%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$10.20	\$0.70	7.4%
S&P/TSX Composite Index					15,182.19	15,173.03	-9.16	-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: 15-Sep

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Cenovus Energy	\$3,818	15.3%
2 Encana Corp.	\$2,848	11.4%
3 Vermilion Energy	\$2,285	9.1%
4 Freehold Royalties	\$2,107	8.4%
5 Bonavista Energy	\$1,845	7.4%
6 Canadian Natural Resources	\$1,750	7.0%
7 PrairieSky Royalties	\$1,744	7.0%
8 Baytex Energy Corp.	\$1,032	4.1%
9 ARC Resources	\$943	3.8%
10 Painted Pony Energy	\$551	2.2%
11 Husky Energy	\$289	1.2%
12 Imperial Oil	\$60	0.2%
13 Whitecap Resources	-\$162	-0.6%
14 Birchcliff Energy	-\$327	-1.3%
15 Bonterra Energy	-\$1,613	-6.5%
16 Crescent Point Energy	-\$2,344	-9.4%
17 Tourmaline Oil	-\$2,574	-10.3%
18 Raging River Exploration	-\$2,750	-11.0%
19 Peyto Exploration	-\$3,316	-13.3%
20 Seven Generations Energy	-\$4,345	-17.4%

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

MODEL OIL PORTFOLIO Annual Income/Yield

As at: 15-Sep

Initiation: July 1, 2017

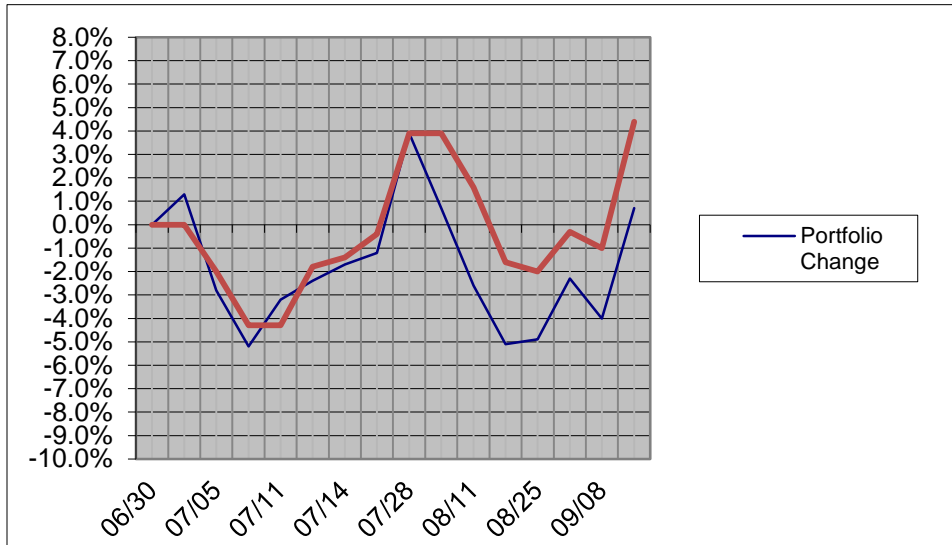
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$17.60	\$0.60	\$884	3.5%	3.4%	\$147
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.28	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.03	\$0.10	\$409	1.6%	1.7%	\$0
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.91	\$0.04	\$369	1.5%	1.4%	\$0
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.66	\$1.20	\$1,792	7.2%	7.7%	\$299
6 Canadian Natural Resources	CNQ	668	\$37.42	\$40.04	\$1.10	\$735	2.9%	2.7%	\$0
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.02	\$0.20	\$523	2.1%	1.8%	\$0
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.99	\$0.36	\$907	3.6%	4.0%	\$151
9 Encana Corp.	ECA	2,191	\$11.41	\$12.71	\$0.07	\$160	0.6%	0.6%	\$0
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.15	\$0.60	\$1,149	4.6%	4.2%	\$192
11 Husky Energy	HSE	1,698	\$14.72	\$14.89	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$37.89	\$0.64	\$423	1.7%	1.7%	\$106
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.24	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$20.40	\$1.32	\$1,403	5.6%	6.5%	\$234
15 PrairieSky Royalties	PSK	847	\$29.53	\$31.59	\$0.76	\$640	2.6%	2.4%	\$107
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.20	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.35	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$25.01	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$44.90	\$2.58	\$1,568	6.3%	5.7%	\$261
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.20	\$0.28	\$745	3.0%	3.0%	\$124
Portfolio Totals						\$11,709	2.3%	2.3%	\$1,621

STOCKS SOLD

<u>Company</u>	<u>Purchase Date</u>	<u>Selling Date</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Purchase Cost</u>	<u>Selling Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>	<u>Number of Shares</u>	<u>Cum. Gain or (Loss)</u>
Suncor Inc.	1-Jul	14-Sep	\$37.89	\$41.13	\$25,007	\$27,146	\$2,138	8.6%	660	\$2,138

GRAPHIC PERFORMANCE

Portfolio = 0.7%; S&P/TSX Energy Index = 4.4%



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