

Long-Term Perspective

September 22, 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: 22-Sep Portfolio initiated: July 1, 2017

		Purchase	Current	First	Second	Third	% Inc. to	% Inc. to	% Inc. to	
	<u>Company</u>	<u>Symbol</u>	<u>Price</u>	<u>Price</u>	<u>Target</u>	<u>Target</u>	<u>Target</u>	<u>1st Target</u>	<u>2nd Target</u>	<u>3rd Target</u>
1	ARC Resources	ARX	\$16.96	\$17.93	\$18.75	\$20.30	\$21.85	4.6%	13.2%	21.9%
2	Baytex Energy Corp.	BTE	\$3.15	\$3.59	\$3.50	\$3.90	\$4.30	-2.5%	8.6%	19.8%
3	Birchcliff Energy	BIR	\$6.11	\$6.02	\$7.00	\$7.80	\$8.60	16.3%	29.6%	42.9%
4	Bonavista Energy	BNP	\$2.71	\$3.08	\$3.13	\$3.52	\$3.90	1.6%	14.3%	26.6%
5	Bonterra Energy	BNE	\$16.74	\$16.12	\$18.75	\$21.88	\$25.00	16.3%	35.7%	55.1%
6	Canadian Natural Resources	CNQ	\$37.42	\$42.09	\$39.00	\$40.63	\$42.20	-7.3%	-3.5%	0.3%
7	Cenovus Energy	CVE	\$9.56	\$12.69	\$11.00	\$12.50	\$14.00	-13.3%	-1.5%	10.3%
8	Crescent Point Energy	CPG	\$9.92	\$9.76	\$11.00	\$12.50	\$14.00	12.7%	28.1%	43.4%
9	Encana Corp.	ECA	\$11.41	\$13.89	\$12.50	\$14.00	\$15.63	-10.0%	0.8%	12.5%
10	Freehold Royalties	FRU	\$13.05	\$14.81	\$13.67	\$14.05	\$14.45	-7.7%	-5.1%	-2.4%
11	Husky Energy	HSE	\$14.72	\$15.26	\$15.25	\$15.63	\$16.00	-0.1%	2.4%	4.8%
12	Imperial Oil	IMO	\$37.80	\$39.10	\$39.00	\$40.63	\$42.20	-0.3%	3.9%	7.9%
13	Painted Pony Energy	PONY	\$3.17	\$3.41	\$3.52	\$3.90	\$4.30	3.2%	14.4%	26.1%
14	Peyto Exploration	PEY	\$23.52	\$22.18	\$25.00	\$26.55	\$28.13	12.7%	19.7%	26.8%
15	PrairieSky Royalties	PSK	\$29.53	\$32.40	\$30.50	\$31.25	\$32.00	-5.9%	-3.5%	-1.2%
16	Raging River Exploration	RRX	\$8.09	\$7.66	\$8.60	\$9.00	\$9.40	12.3%	17.5%	22.7%
17	Seven Generations Energy	VII	\$22.21	\$18.75	\$23.45	\$25.00	\$26.55	25.1%	33.3%	41.6%
18	Tourmaline Oil	TOU	\$27.88	\$26.18	\$29.70	\$31.25	\$32.80	13.4%	19.4%	25.3%
19	Vermilion Energy	VET	\$41.14	\$45.72	\$43.75	\$46.88	\$50.00	-4.3%	2.5%	9.4%
20	Whitecap Resources	WCP	\$9.26	\$9.65	\$9.75	\$10.15	\$10.55	1.0%	5.2%	9.3%

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: 22-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	\$17.93	\$25,000	\$26,430	\$1,430	5.7%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.59	\$25,000	\$28,492	\$3,492	14.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.02	\$25,000	\$24,632	-\$368	-1.5%
4 Bonavista Energy	BNP	9,225	\$2.71	\$3.08	\$25,000	\$28,413	\$3,413	13.7%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.12	\$25,000	\$24,074	-\$926	-3.7%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$42.09	\$25,000	\$28,120	\$3,120	12.5%
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.69	\$25,000	\$33,185	\$8,185	32.7%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.76	\$25,000	\$24,597	-\$403	-1.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$13.89	\$25,000	\$30,434	\$5,434	21.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.81	\$25,000	\$28,372	\$3,372	13.5%
11 Husky Energy	HSE	1,698	\$14.72	\$15.26	\$25,000	\$25,917	\$917	3.7%
12 Imperial Oil	IMO	661	\$37.80	\$39.10	\$25,000	\$25,860	\$860	3.4%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.41	\$25,000	\$26,891	\$1,892	7.6%
14 Peyto Exploration	PEY	1,063	\$23.52	\$22.18	\$25,000	\$23,576	-\$1,424	-5.7%
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.40	\$25,000	\$27,430	\$2,430	9.7%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.66	\$25,000	\$23,671	-\$1,329	-5.3%
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.75	\$25,000	\$21,105	-\$3,895	-15.6%
18 Tourmaline Oil	TOU	897	\$27.88	\$26.18	\$25,000	\$23,476	-\$1,524	-6.1%
19 Vermilion Energy	VET	608	\$41.14	\$45.72	\$25,000	\$27,783	\$2,783	11.1%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.65	\$25,000	\$26,053	\$1,053	4.2%
<b>Stock Totals</b>					<b>\$500,000</b>	<b>\$528,510</b>	<b>\$28,511</b>	<b>5.7%</b>
					Stock Annualized Return:			22.7%
Cash					\$0			
Dividends					\$1,832			
Net Trading Profits					\$2,138			
<b>Portfolio Totals</b>					<b>\$500,000</b>	<b>\$532,481</b>		<b>6.5%</b>
					Portfolio Annualized Return:			25.9%
<b>S&amp;P/TSX ENERGY INDEX .....</b>					172.10	188.22	16.12	<b>9.4%</b>
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			37.3%
					<b>Initial Value</b>	<b>Current Value</b>	<b>Change</b>	<b>% Change</b>
Crude Oil (SWTIC-sc)					\$46.04	\$50.68	\$4.64	10.1%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.21	\$1.03	12.6%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$6.21	\$0.72	13.1%
Energy Index ETF (XEG-bc)					\$10.94	\$12.01	\$1.07	9.8%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$9.42	\$1.52	19.2%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$10.24	\$0.74	7.8%
S&P/TSX Composite Index .....					15,182.19	15,454.23	272.04	1.8%

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

## MODEL OIL PORTFOLIO S and % Change

As at: 22-Sep

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Cenovus Energy	\$8,185	32.7%
2 Encana Corp.	\$5,434	21.7%
3 Baytex Energy Corp.	\$3,492	14.0%
4 Bonavista Energy	\$3,413	13.7%
5 Freehold Royalties	\$3,372	13.5%
6 Canadian Natural Resources	\$3,120	12.5%
7 Vermilion Energy	\$2,783	11.1%
8 PrairieSky Royalties	\$2,430	9.7%
9 Painted Pony Energy	\$1,892	7.6%
10 ARC Resources	\$1,430	5.7%
11 Whitecap Resources	\$1,053	4.2%
12 Husky Energy	\$917	3.7%
13 Imperial Oil	\$860	3.4%
14 Birchcliff Energy	-\$368	-1.5%
15 Crescent Point Energy	-\$403	-1.6%
16 Bonterra Energy	-\$926	-3.7%
17 Raging River Exploration	-\$1,329	-5.3%
18 Peyto Exploration	-\$1,424	-5.7%
19 Tourmaline Oil	-\$1,524	-6.1%
20 Seven Generations Energy	-\$3,895	-15.6%

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

## MODEL OIL PORTFOLIO Annual Income/Yield

As at: 22-Sep

Initiation: July 1, 2017

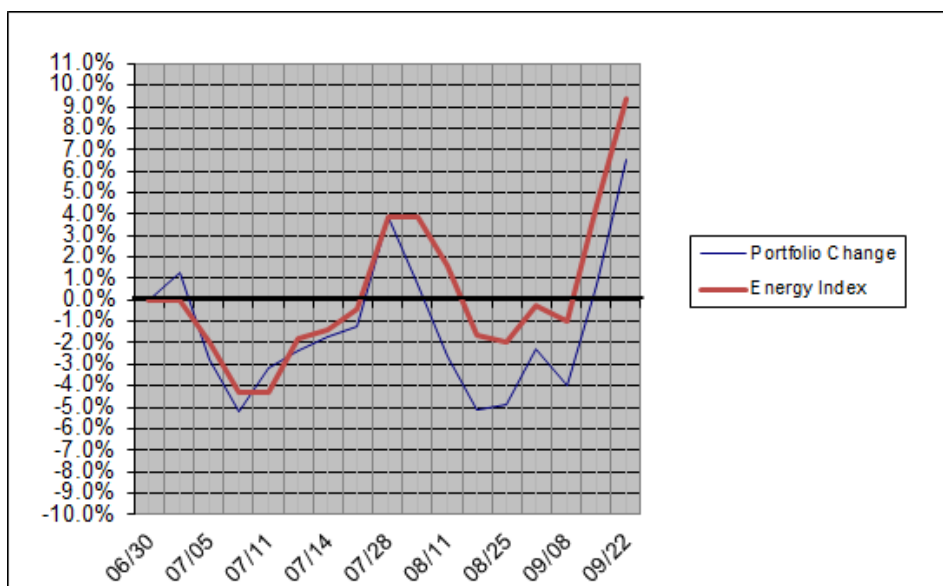
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$17.93	\$0.60	\$884	3.5%	3.3%	\$147
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.59	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$6.02	\$0.10	\$409	1.6%	1.7%	\$0
4 Bonavista Energy	BNP	9,225	\$2.71	\$3.08	\$0.04	\$369	1.5%	1.3%	\$0
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.12	\$1.20	\$1,792	7.2%	7.4%	\$299
6 Canadian Natural Resources	CNQ	668	\$37.42	\$42.09	\$1.10	\$735	2.9%	2.6%	\$0
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.69	\$0.20	\$523	2.1%	1.6%	\$0
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.76	\$0.36	\$907	3.6%	3.7%	\$151
9 Encana Corp.	ECA	2,191	\$11.41	\$13.89	\$0.07	\$162	0.6%	0.5%	\$0
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.81	\$0.60	\$1,149	4.6%	4.1%	\$192
11 Husky Energy	HSE	1,698	\$14.72	\$15.26	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$39.10	\$0.64	\$423	1.7%	1.6%	\$106
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.41	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$22.18	\$1.32	\$1,403	5.6%	6.0%	\$234
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.40	\$0.76	\$640	2.6%	2.3%	\$107
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.66	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.75	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$26.18	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$45.72	\$2.58	\$1,568	6.3%	5.6%	\$261
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.65	\$0.28	\$745	3.0%	2.9%	\$124
<b>Portfolio Totals</b>						<b>\$11,711</b>	<b>2.3%</b>	<b>2.2%</b>	<b>\$1,621</b>

## 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

As at; Sept. 22 → Portfolio = 6.5%; S&P/TSX Energy Index = 9.4%



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