

Long-Term Perspective

October 27, 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 ended the week just below cost as there was a strong rebound in prices that occurred on Friday. We will have to adjust the Target Prices for PrairieSky Royalties as all three of those targets have been surpassed. Eleven of the twenty stocks are "under water", although a few not by much. The portfolio stock rankings are shown on Page 4. Cenovus, Encana, and Freehold Royalties continue to lead the pack. Seven Generations, Tourmaline, and Peyto are the worst laggards.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 27-Oct 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	\$15.51	\$18.75	\$20.30	\$21.85	20.9%	30.9%	40.9%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.23	\$3.90	\$4.10	\$4.30	20.7%	26.9%	33.1%
3 Birchcliff Energy	BIR	\$6.11	\$5.18	\$7.00	\$7.80	\$8.60	35.1%	50.6%	66.0%
4 Bonavista Energy	BNP	\$2.71	\$2.61	\$3.13	\$3.52	\$3.90	19.9%	34.9%	49.4%
5 Bonterra Energy	BNE	\$16.74	\$14.61	\$18.75	\$21.88	\$25.00	28.3%	49.8%	71.1%
6 Canadian Natural Resources	CNQ	\$37.42	\$43.39	\$42.20	\$43.75	\$45.30	-2.7%	0.8%	4.4%
7 Cenovus Energy	CVE	\$9.56	\$12.39	\$12.50	\$13.30	\$14.00	0.9%	7.3%	13.0%
8 Crescent Point Energy	CPG	\$9.92	\$9.47	\$11.00	\$12.50	\$14.00	16.2%	32.0%	47.8%
9 Encana Corp.	ECA	\$11.41	\$14.43	\$14.85	\$15.63	\$16.40	2.9%	8.3%	13.7%
10 Freehold Royalties	FRU	\$13.05	\$15.18	\$15.25	\$15.63	\$16.00	0.5%	3.0%	5.4%
11 Husky Energy	HSE	\$14.72	\$16.49	\$16.00	\$16.40	\$16.80	-3.0%	-0.5%	1.9%
12 Imperial Oil	IMO	\$37.80	\$41.01	\$40.63	\$42.20	\$43.80	-0.9%	2.9%	6.8%
13 Painted Pony Energy	PONY	\$3.17	\$2.80	\$3.52	\$3.90	\$4.30	25.7%	39.3%	53.6%
14 Peyto Exploration	PEY	\$23.52	\$17.26	\$25.00	\$26.55	\$28.13	44.8%	53.8%	63.0%
15 PrairieSky Royalties	PSK	\$29.53	\$33.90	\$32.00	\$32.80	\$33.60	-5.6%	-3.2%	-0.9%
16 Raging River Exploration	RRX	\$8.09	\$7.21	\$8.60	\$9.00	\$9.40	19.3%	24.8%	30.4%
17 Seven Generations Energy	VII	\$22.21	\$18.66	\$23.45	\$25.00	\$26.55	25.7%	34.0%	42.3%
18 Tourmaline Oil	TOU	\$27.88	\$22.19	\$29.70	\$31.25	\$32.80	33.8%	40.8%	47.8%
19 Vermilion Energy	VET	\$41.14	\$43.53	\$43.75	\$46.88	\$50.00	0.5%	7.7%	14.9%
20 Whitecap Resources	WCP	\$9.26	\$8.96	\$9.75	\$10.15	\$10.55	8.8%	13.3%	17.7%

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: 27-Oct 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	\$15.51	\$25,000	\$22,863	-\$2,137	-8.5%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.23	\$25,000	\$25,635	\$635	2.5%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.18	\$25,000	\$21,195	-\$3,805	-15.2%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.61	\$25,000	\$24,077	-\$923	-3.7%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.61	\$25,000	\$21,819	-\$3,181	-12.7%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$43.39	\$25,000	\$28,989	\$3,989	16.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.39	\$25,000	\$32,401	\$7,401	29.6%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.47	\$25,000	\$23,866	-\$1,134	-4.5%
9 Encana Corp.	ECA	2,191	\$11.41	\$14.43	\$25,000	\$31,617	\$6,617	26.5%
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.18	\$25,000	\$29,080	\$4,080	16.3%
11 Husky Energy	HSE	1,698	\$14.72	\$16.49	\$25,000	\$28,006	\$3,006	12.0%
12 Imperial Oil	IMO	661	\$37.80	\$41.01	\$25,000	\$27,123	\$2,123	8.5%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.80	\$25,000	\$22,081	-\$2,919	-11.7%
14 Peyto Exploration	PEY	1,063	\$23.52	\$17.26	\$25,000	\$18,346	-\$6,654	-26.6%
15 PrairieSky Royalties	PSK	847	\$29.53	\$33.90	\$25,000	\$28,700	\$3,700	14.8%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.21	\$25,000	\$22,281	-\$2,719	-10.9%
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.66	\$25,000	\$21,004	-\$3,996	-16.0%
18 Tourmaline Oil	TOU	897	\$27.88	\$22.19	\$25,000	\$19,898	-\$5,102	-20.4%
19 Vermilion Energy	VET	608	\$41.14	\$43.53	\$25,000	\$26,452	\$1,452	5.8%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.96	\$25,000	\$24,190	-\$810	-3.2%
Stock Totals					\$500,000	\$499,622	-\$378	-0.1%
					Stock Annualized Return:			-0.3%
Cash					\$0			
Dividends					\$3,140			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$504,901		1.0%
					Portfolio Annualized Return:			3.4%
S&P/TSX ENERGY INDEX					172.10	187.72	15.62	9.1%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return:			31.3%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$53.92	\$7.88	17.1%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.72	\$1.54	18.8%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$6.91	\$1.42	25.9%
Energy Index ETF (XEG-bc)					\$10.94	\$11.90	\$0.96	8.8%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$9.31	\$1.41	17.8%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$10.84	\$1.34	14.1%
S&P/TSX Composite Index					15,182.19	15,953.51	771.32	5.1%

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

MODEL OIL PORTFOLIO **\$ and % Change**
As at: 27-Oct
Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Cenovus Energy	\$7,401	29.6%
2 Encana Corp.	\$6,617	26.5%
3 Freehold Royalties	\$4,080	16.3%
4 Canadian Natural Resources	\$3,989	16.0%
5 PrairieSky Royalties	\$3,700	14.8%
6 Husky Energy	\$3,006	12.0%
7 Imperial Oil	\$2,123	8.5%
8 Vermilion Energy	\$1,452	5.8%
9 Baytex Energy Corp.	\$635	2.5%
10 Whitecap Resources	-\$810	-3.2%
11 Bonavista Energy	-\$923	-3.7%
12 Crescent Point Energy	-\$1,134	-4.5%
13 ARC Resources	-\$2,137	-8.5%
14 Raging River Exploration	-\$2,719	-10.9%
15 Painted Pony Energy	-\$2,919	-11.7%
16 Bonterra Energy	-\$3,181	-12.7%
17 Birchcliff Energy	-\$3,805	-15.2%
18 Seven Generations Energy	-\$3,996	-16.0%
19 Tourmaline Oil	-\$5,102	-20.4%
20 Peyto Exploration	-\$6,654	-26.6%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 27-Oct Initiation: July 1, 2017

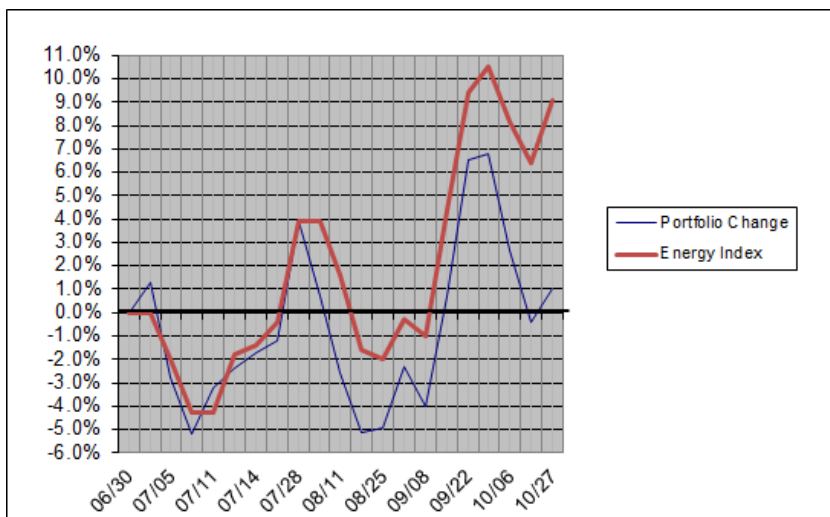
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$15.51	\$0.60	\$884	3.5%	3.9%	\$221
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.23	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.18	\$0.10	\$409	1.6%	1.9%	\$102
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.61	\$0.04	\$369	1.5%	1.5%	\$92
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.61	\$1.20	\$1,792	7.2%	8.2%	\$448
6 Canadian Natural Resources	CNQ	668	\$37.42	\$43.39	\$1.10	\$735	2.9%	2.5%	\$184
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.39	\$0.20	\$523	2.1%	1.6%	\$131
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.47	\$0.36	\$907	3.6%	3.8%	\$227
9 Encana Corp.	ECA	2,191	\$11.41	\$14.43	\$0.08	\$168	0.7%	0.5%	\$42
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.18	\$0.60	\$1,149	4.6%	4.0%	\$287
11 Husky Energy	HSE	1,698	\$14.72	\$16.49	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$41.01	\$0.64	\$423	1.7%	1.6%	\$106
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.80	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$17.26	\$1.32	\$1,403	5.6%	7.6%	\$351
15 PrairieSky Royalties	PSK	847	\$29.53	\$33.90	\$0.76	\$640	2.6%	2.2%	\$160
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.21	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.66	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$22.19	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$43.53	\$2.58	\$1,568	6.3%	5.9%	\$392
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.96	\$0.28	\$745	3.0%	3.1%	\$186
Portfolio Totals						\$11,717	2.3%	2.3%	\$2,929
Dividends, Companies Sold									\$211
Total Dividends Received									\$3,140

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: October 27 → Portfolio = -0.1% (+1.0% after dividends and trading profits);
S&P/TSX Energy Index = +9.1%



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