

Long-Term Perspective

November 3, 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: *Quite a turnaround in the Portfolio this week, and it is now ahead by 6.7%, and 8.0% including dividends and trading profits. We will have to adjust the Target Prices for Canadian Natural Resources and PrairieSky Royalties as all three of those targets have been surpassed. A further four companies have exceeded their Second Target Price and one stock is ahead of its First Target Price. Eleven is now seven of the twenty stocks that are "under water". The portfolio stock rankings are shown on Page 4. Cenovus, Encana, and Baytex lead the pack. Seven Generations, Tourmaline, and Peyto are still the worst laggards.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 3-Nov 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	\$3.90	\$3.90	\$4.10	\$4.30	0.0%	5.1%	10.3%
3 Birchcliff Energy	BIR	\$6.11	\$5.45	\$7.00	\$7.80	\$8.60	28.4%	43.1%	57.8%
4 Bonavista Energy	BNP	\$2.71	\$2.82	\$3.13	\$3.52	\$3.90	11.0%	24.8%	38.3%
5 Bonterra Energy	BNE	\$16.74	\$15.88	\$18.75	\$21.88	\$25.00	18.1%	37.8%	57.4%
6 Canadian Natural Resources	CNQ	\$37.42	\$46.01	\$42.20	\$43.75	\$45.30	-8.3%	-4.9%	-1.5%
7 Cenovus Energy	CVE	\$9.56	\$13.57	\$12.50	\$13.30	\$14.00	-7.9%	-2.0%	3.2%
8 Crescent Point Energy	CPG	\$9.92	\$10.48	\$11.00	\$12.50	\$14.00	5.0%	19.3%	33.6%
9 Encana Corp.	ECA	\$11.41	\$15.75	\$14.85	\$15.63	\$16.40	-5.7%	-0.8%	4.1%
10 Freehold Royalties	FRU	\$13.05	\$15.77	\$15.25	\$15.63	\$16.00	-3.3%	-0.9%	1.5%
11 Husky Energy	HSE	\$14.72	\$16.70	\$16.00	\$16.40	\$16.80	-4.2%	-1.8%	0.6%
12 Imperial Oil	IMO	\$37.80	\$39.82	\$40.63	\$42.20	\$43.80	2.0%	6.0%	10.0%
13 Painted Pony Energy	PONY	\$3.17	\$2.92	\$3.52	\$3.90	\$4.30	20.5%	33.6%	47.3%
14 Peyto Exploration	PEY	\$23.52	\$18.35	\$25.00	\$26.55	\$28.13	36.2%	44.7%	53.3%
15 PrairieSky Royalties	PSK	\$29.53	\$34.79	\$32.00	\$32.80	\$33.60	-8.0%	-5.7%	-3.4%
16 Raging River Exploration	RRX	\$8.09	\$8.15	\$8.60	\$9.00	\$9.40	5.5%	10.4%	15.3%
17 Seven Generations Energy	VII	\$22.21	\$19.78	\$23.45	\$25.00	\$26.55	18.6%	26.4%	34.2%
18 Tourmaline Oil	TOU	\$27.88	\$23.65	\$29.70	\$31.25	\$32.80	25.6%	32.1%	38.7%
19 Vermilion Energy	VET	\$41.14	\$45.76	\$43.75	\$46.88	\$50.00	-4.4%	2.4%	9.3%
20 Whitecap Resources	WCP	\$9.26	\$9.54	\$9.75	\$10.15	\$10.55	2.2%	6.4%	10.6%

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**, **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: 3-Nov 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	\$3.90	\$25,000	\$30,952	\$5,952	23.8%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.45	\$25,000	\$22,300	-\$2,700	-10.8%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.82	\$25,000	\$26,015	\$1,015	4.1%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.88	\$25,000	\$23,716	-\$1,284	-5.1%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$46.01	\$25,000	\$30,739	\$5,739	23.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$13.57	\$25,000	\$35,486	\$10,486	41.9%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$10.48	\$25,000	\$26,411	\$1,411	5.6%
9 Encana Corp.	ECA	2,191	\$11.41	\$15.75	\$25,000	\$34,509	\$9,509	38.0%
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.77	\$25,000	\$30,211	\$5,211	20.8%
11 Husky Energy	HSE	1,698	\$14.72	\$16.70	\$25,000	\$28,363	\$3,363	13.5%
12 Imperial Oil	IMO	661	\$37.80	\$39.82	\$25,000	\$26,336	\$1,336	5.3%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.92	\$25,000	\$23,027	-\$1,973	-7.9%
14 Peyto Exploration	PEY	1,063	\$23.52	\$18.35	\$25,000	\$19,505	-\$5,495	-22.0%
15 PrairieSky Royalties	PSK	847	\$29.53	\$34.79	\$25,000	\$29,453	\$4,453	17.8%
16 Raging River Exploration	RRX	3,090	\$8.09	\$8.15	\$25,000	\$25,185	\$185	0.7%
17 Seven Generations Energy	VII	1,126	\$22.21	\$19.78	\$25,000	\$22,265	-\$2,735	-10.9%
18 Tourmaline Oil	TOU	897	\$27.88	\$23.65	\$25,000	\$21,207	-\$3,793	-15.2%
19 Vermilion Energy	VET	608	\$41.14	\$45.76	\$25,000	\$27,807	\$2,807	11.2%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.54	\$25,000	\$25,756	\$756	3.0%
Stock Totals					\$500,000	\$533,727	\$33,727	6.7%
					Stock Annualized Return:			18.3%
Cash					\$0			
Dividends					\$3,898			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$539,763		8.0%
					Portfolio Annualized Return:			21.6%
S&P/TSX ENERGY INDEX					172.10	198.31	26.21	15.2%
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			41.3%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$55.66	\$9.62	20.9%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.77	\$1.59	19.4%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$7.33	\$1.84	33.5%
Energy Index ETF (XEG-bc)					\$10.94	\$12.57	\$1.63	14.9%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$10.40	\$2.50	31.6%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$11.18	\$1.68	17.7%
S&P/TSX Composite Index					15,182.19	16,020.16	837.97	5.5%

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

MODEL OIL PORTFOLIO \$ and % Change

As at: 3-Nov

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Cenovus Energy	\$10,486	41.9%
2 Encana Corp.	\$9,509	38.0%
3 Baytex Energy Corp.	\$5,952	23.8%
4 Canadian Natural Resources	\$5,739	23.0%
5 Freehold Royalties	\$5,211	20.8%
6 PrairieSky Royalties	\$4,453	17.8%
7 Husky Energy	\$3,363	13.5%
8 Vermilion Energy	\$2,807	11.2%
9 Crescent Point Energy	\$1,411	5.6%
10 Imperial Oil	\$1,336	5.3%
11 Bonavista Energy	\$1,015	4.1%
12 Whitecap Resources	\$756	3.0%
13 Raging River Exploration	\$185	0.7%
14 ARC Resources	-\$516	-2.1%
15 Bonterra Energy	-\$1,284	-5.1%
16 Painted Pony Energy	-\$1,973	-7.9%
17 Birchcliff Energy	-\$2,700	-10.8%
18 Seven Generations Energy	-\$2,735	-10.9%
19 Tourmaline Oil	-\$3,793	-15.2%
20 Peyto Exploration	-\$5,495	-22.0%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 3-Nov Initiation: July 1, 2017

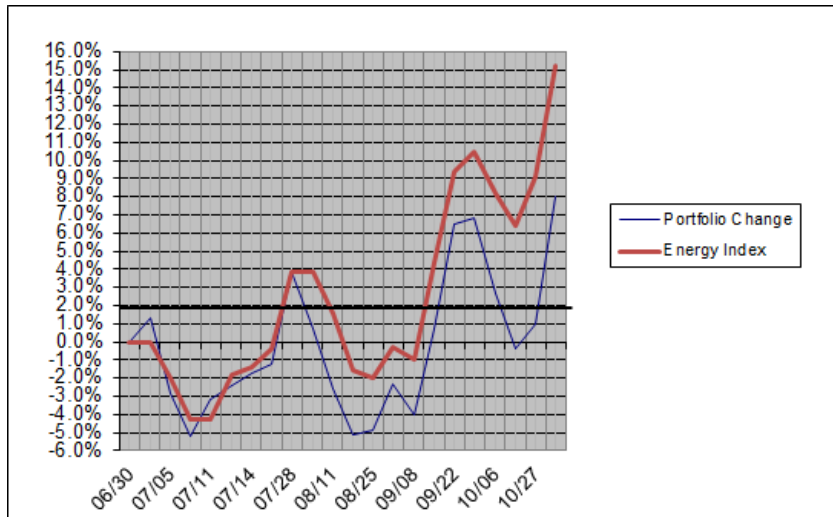
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.61	\$0.60	\$884	3.5%	3.6%	\$295
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.90	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.45	\$0.10	\$409	1.6%	1.8%	\$102
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.82	\$0.04	\$369	1.5%	1.4%	\$92
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.88	\$1.20	\$1,792	7.2%	7.6%	\$597
6 Canadian Natural Resources	CNQ	668	\$37.42	\$46.01	\$1.10	\$735	2.9%	2.4%	\$184
7 Cenovus Energy	CVE	2,615	\$9.56	\$13.57	\$0.20	\$523	2.1%	1.5%	\$131
8 Crescent Point Energy	CPG	2,520	\$9.92	\$10.48	\$0.36	\$907	3.6%	3.4%	\$302
9 Encana Corp.	ECA	2,191	\$11.41	\$15.75	\$0.08	\$168	0.7%	0.5%	\$42
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.77	\$0.60	\$1,149	4.6%	3.8%	\$383
11 Husky Energy	HSE	1,698	\$14.72	\$16.70	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$39.82	\$0.64	\$423	1.7%	1.6%	\$106
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.92	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$18.35	\$1.32	\$1,403	5.6%	7.2%	\$468
15 PrairieSky Royalties	PSK	847	\$29.53	\$34.79	\$0.76	\$640	2.6%	2.2%	\$213
16 Raging River Exploration	RRX	3,090	\$8.09	\$8.15	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$19.78	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$23.65	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$45.76	\$2.58	\$1,568	6.3%	5.6%	\$523
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.54	\$0.28	\$745	3.0%	2.9%	\$248
Portfolio Totals						\$11,716	2.3%	2.2%	\$3,687
Dividends, Companies Sold									\$211
Total Dividends Received									\$3,898

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: November 3 → Portfolio = +6.7% (+8.0% after dividends and trading profits);
S&P/TSX Energy Index = +15.2%



DISCLAIMER

eResearch Corporation

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

eResearch Disclosure Statement

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.ca), and to the general investing public through its extensive electronic distribution network and through newswire agencies.

With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.