

Long-Term Perspective

November 17, 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 oil market, and certainly our portfolio, faltered last week. From only 4 stocks being in the "red", now there are ten, half of the portfolio. We considered pruning the portfolio to 12-13 stocks but the significant losses that would have been incurred mitigated that consideration. We will, however, perform this decision once the oil equities recover. The market is extremely volatile and the portfolio can be expected to gyrate up and down with large moves.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 17-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	\$16.08	\$18.75	\$20.30	\$21.85	16.6%	26.2%	35.9%
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	\$5.07	\$7.00	\$7.80	\$8.60	38.1%	53.8%	69.6%
4 Bonavista Energy	BNP	\$2.71	\$2.40	\$3.13	\$3.52	\$3.90	30.4%	46.7%	62.5%
5 Bonterra Energy	BNE	\$16.74	\$14.35	\$18.75	\$21.88	\$25.00	30.7%	52.5%	74.2%
6 Canadian Natural Resources	CNQ	\$37.42	\$44.53	\$42.20	\$43.75	\$45.30	-5.2%	-1.8%	1.7%
7 Cenovus Energy	CVE	\$9.56	\$12.98	\$12.50	\$13.30	\$14.00	-3.7%	2.5%	7.9%
8 Crescent Point Energy	CPG	\$9.92	\$9.57	\$11.00	\$12.50	\$14.00	14.9%	30.6%	46.3%
9 Encana Corp.	ECA	\$11.41	\$15.12	\$14.85	\$15.63	\$16.40	-1.8%	3.4%	8.5%
10 Freehold Royalties	FRU	\$13.05	\$15.12	\$15.25	\$15.63	\$16.00	0.9%	3.4%	5.8%
11 Husky Energy	HSE	\$14.72	\$15.78	\$16.00	\$16.40	\$16.80	1.4%	3.9%	6.5%
12 Imperial Oil	IMO	\$37.80	\$39.83	\$40.63	\$42.20	\$43.80	2.0%	6.0%	10.0%
13 Painted Pony Energy	PONY	\$3.17	\$3.20	\$3.52	\$3.90	\$4.30	10.0%	21.9%	34.4%
14 Peyto Exploration	PEY	\$23.52	\$16.27	\$25.00	\$26.55	\$28.13	53.7%	63.2%	72.9%
15 PrairieSky Royalties	PSK	\$29.53	\$32.80	\$32.00	\$32.80	\$33.60	-2.4%	0.0%	2.4%
16 Raging River Exploration	RRX	\$8.09	\$7.82	\$8.60	\$9.00	\$9.40	10.0%	15.1%	20.2%
17 Seven Generations Energy	VII	\$22.21	\$16.89	\$23.45	\$25.00	\$26.55	38.8%	48.0%	57.2%
18 Tourmaline Oil	TOU	\$27.88	\$24.00	\$29.70	\$31.25	\$32.80	23.8%	30.2%	36.7%
19 Vermilion Energy	VET	\$41.14	\$45.81	\$43.75	\$46.88	\$50.00	-4.5%	2.3%	9.1%
20 Whitecap Resources	WCP	\$9.26	\$9.11	\$9.75	\$10.15	\$10.55	7.0%	11.4%	15.8%

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.

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MODEL OIL PORTFOLIO Portfolio Performance As at: 17-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	\$16.08	\$25,000	\$23,703	-\$1,297	-5.2%
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	\$5.07	\$25,000	\$20,745	-\$4,255	-17.0%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.40	\$25,000	\$22,140	-\$2,860	-11.4%
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.35	\$25,000	\$21,431	-\$3,569	-14.3%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$44.53	\$25,000	\$29,750	\$4,750	19.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.98	\$25,000	\$33,944	\$8,944	35.8%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.57	\$25,000	\$24,118	-\$882	-3.5%
9 Encana Corp.	ECA	2,191	\$11.41	\$15.12	\$25,000	\$33,129	\$8,129	32.5%
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.12	\$25,000	\$28,966	\$3,966	15.9%
11 Husky Energy	HSE	1,698	\$14.72	\$15.78	\$25,000	\$26,800	\$1,800	7.2%
12 Imperial Oil	IMO	661	\$37.80	\$39.83	\$25,000	\$26,343	\$1,343	5.4%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.20	\$25,000	\$25,235	\$236	0.9%
14 Peyto Exploration	PEY	1,063	\$23.52	\$16.27	\$25,000	\$17,294	-\$7,706	-30.8%
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.80	\$25,000	\$27,768	\$2,768	11.1%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.82	\$25,000	\$24,166	-\$834	-3.3%
17 Seven Generations Energy	VII	1,126	\$22.21	\$16.89	\$25,000	\$19,012	-\$5,988	-24.0%
18 Tourmaline Oil	TOU	897	\$27.88	\$24.00	\$25,000	\$21,521	-\$3,479	-13.9%
19 Vermilion Energy	VET	608	\$41.14	\$45.81	\$25,000	\$27,838	\$2,838	11.4%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.11	\$25,000	\$24,595	-\$405	-1.6%
Stock Totals					\$500,000	\$509,448	\$9,448	1.9%
					Stock Annualized Return:			4.6%
Cash					\$0			
Dividends					\$3,898			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$515,484		3.1%
					Portfolio Annualized Return:			7.6%
S&P/TSX ENERGY INDEX					172.10	191.59	19.49	11.3%
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			27.8%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$56.57	\$10.53	22.9%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$10.00	\$1.82	22.2%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$7.53	\$2.04	37.2%
Energy Index ETF (XEG-bc)					\$10.94	\$12.15	\$1.21	11.1%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$9.67	\$1.77	22.4%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$11.35	\$1.85	19.5%
S&P/TSX Composite Index					15,182.19	15,998.57	816.38	5.4%

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

MODEL OIL PORTFOLIO \$ and % Change

As at: 17-Nov

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Cenovus Energy	\$8,944	35.8%
2 Encana Corp.	\$8,129	32.5%
3 Baytex Energy Corp.	\$5,952	23.8%
4 Canadian Natural Resources	\$4,750	19.0%
5 Freehold Royalties	\$3,966	15.9%
6 Vermilion Energy	\$2,838	11.4%
7 PrairieSky Royalties	\$2,768	11.1%
8 Husky Energy	\$1,800	7.2%
9 Imperial Oil	\$1,343	5.4%
10 Painted Pony Energy	\$236	0.9%
11 Whitecap Resources	-\$405	-1.6%
12 Raging River Exploration	-\$834	-3.3%
13 Crescent Point Energy	-\$882	-3.5%
14 ARC Resources	-\$1,297	-5.2%
15 Bonavista Energy	-\$2,860	-11.4%
16 Tourmaline Oil	-\$3,479	-13.9%
17 Bonterra Energy	-\$3,569	-14.3%
18 Birchcliff Energy	-\$4,255	-17.0%
19 Seven Generations Energy	-\$5,988	-24.0%
20 Peyto Exploration	-\$7,706	-30.8%

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

MODEL OIL PORTFOLIO Annual Income/Yield As at: 17-Nov Initiation: July 1, 2017

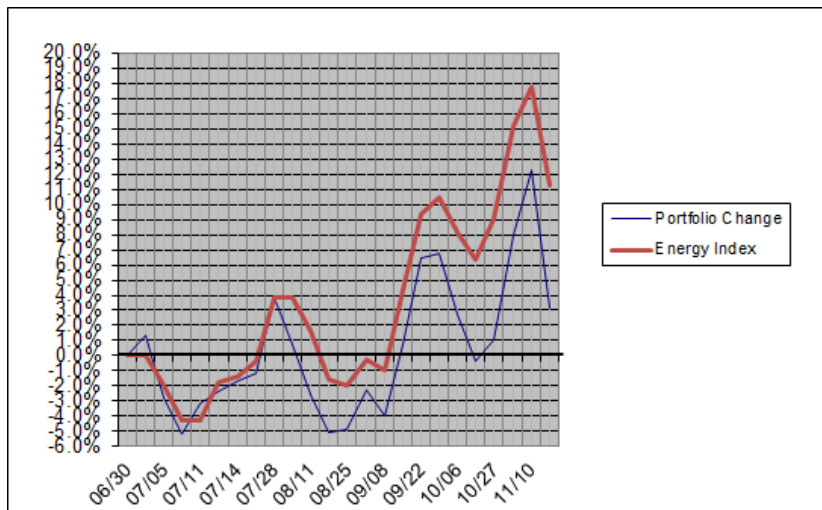
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$16.08	\$0.60	\$884	3.5%	3.7%	\$295
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.90	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$5.07	\$0.10	\$409	1.6%	2.0%	\$102
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.40	\$0.04	\$369	1.5%	1.7%	\$92
5 Bonterra Energy	BNE	1,493	\$16.74	\$14.35	\$1.20	\$1,792	7.2%	8.4%	\$597
6 Canadian Natural Resources	CNQ	668	\$37.42	\$44.53	\$1.10	\$735	2.9%	2.5%	\$184
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.98	\$0.20	\$523	2.1%	1.5%	\$131
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.57	\$0.36	\$907	3.6%	3.8%	\$302
9 Encana Corp.	ECA	2,191	\$11.41	\$15.12	\$0.08	\$168	0.7%	0.5%	\$42
10 Freehold Royalties	FRU	1,916	\$13.05	\$15.12	\$0.60	\$1,149	4.6%	4.0%	\$383
11 Husky Energy	HSE	1,698	\$14.72	\$15.78	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$39.83	\$0.64	\$423	1.7%	1.6%	\$106
13 Painted Pony Energy	PONY	7,886	\$3.17	\$3.20	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$16.27	\$1.32	\$1,403	5.6%	8.1%	\$468
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.80	\$0.76	\$640	2.6%	2.3%	\$213
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.82	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$16.89	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$24.00	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$45.81	\$2.58	\$1,568	6.3%	5.6%	\$523
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.11	\$0.28	\$745	3.0%	3.0%	\$248
Portfolio Totals						\$11,716	2.3%	2.3%	\$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: Nov. 17 → Portfolio = +1.9% (stocks); and +3.1% after dividends and trading profits;
S&P/TSX Energy Index = +11.3%



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