

Long-Term Perspective

January 12, 2018

## 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:** *We missed last week. The portfolio is back in the **black**. It is up 3.4%. The Losers have really weighed on the Winners. Now, twelve of our stocks are trading positively. However, the oil price has risen 38.4% since inception. Some pundits think it has probably gone as far as it will for the near term.*

The current portfolio is presented on the following page.

<continued>

**MODEL OIL PORTFOLIO Share Price Information** As at: 29-Dec 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	\$14.16	\$18.75	\$20.30	\$21.85	32.4%	43.4%	54.3%
2 Baytex Energy Corp.	BTE	\$3.15	\$4.16	\$3.90	\$4.10	\$4.30	-6.3%	-1.4%	3.4%
3 Birchcliff Energy	BIR	\$6.11	\$3.58	\$7.00	\$7.80	\$8.60	95.5%	117.9%	140.2%
4 Bonavista Energy	BNP	\$2.71	\$1.96	\$3.13	\$3.52	\$3.90	59.7%	79.6%	99.0%
5 Bonterra Energy	BNE	\$16.74	\$15.22	\$18.75	\$21.88	\$25.00	23.2%	43.8%	64.3%
6 Canadian Natural Resources	CNQ	\$37.42	\$46.31	\$45.30	\$46.88	\$48.45	-2.2%	1.2%	4.6%
7 Cenovus Energy	CVE	\$9.56	\$13.60	\$12.50	\$13.30	\$14.00	-8.1%	-2.2%	2.9%
8 Crescent Point Energy	CPG	\$9.92	\$11.25	\$11.00	\$12.50	\$14.00	-2.2%	11.1%	24.4%
9 Encana Corp.	ECA	\$11.41	\$17.45	\$17.20	\$18.00	\$18.80	-1.4%	3.2%	7.7%
10 Freehold Royalties	FRU	\$13.05	\$14.56	\$15.25	\$15.63	\$16.00	4.7%	7.3%	9.9%
11 Husky Energy	HSE	\$14.72	\$18.66	\$18.00	\$18.40	\$18.80	-3.5%	-1.4%	0.8%
12 Imperial Oil	IMO	\$37.80	\$38.93	\$40.63	\$42.20	\$43.80	4.4%	8.4%	12.5%
13 Painted Pony Energy	PONY	\$3.17	\$2.13	\$3.52	\$3.90	\$4.30	65.3%	83.1%	101.9%
14 Peyto Exploration	PEY	\$23.52	\$13.76	\$25.00	\$26.55	\$28.13	81.7%	93.0%	104.4%
15 PrairieSky Royalties	PSK	\$29.53	\$32.46	\$32.00	\$32.80	\$33.60	-1.4%	1.0%	3.5%
16 Raging River Exploration	RRX	\$8.09	\$8.67	\$8.60	\$9.00	\$9.40	-0.8%	3.8%	8.4%
17 Seven Generations Energy	VII	\$22.21	\$17.88	\$23.45	\$25.00	\$26.55	31.2%	39.8%	48.5%
18 Tourmaline Oil	TOU	\$27.88	\$21.61	\$29.70	\$31.25	\$32.80	37.4%	44.6%	51.8%
19 Vermilion Energy	VET	\$41.14	\$48.29	\$43.75	\$46.88	\$50.00	-9.4%	-2.9%	3.5%
20 Whitecap Resources	WCP	\$9.26	\$9.79	\$9.75	\$10.15	\$10.55	-0.4%	3.7%	7.8%

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.

<continued>

**MODEL OIL PORTFOLIO Portfolio Performance** As at: 29-Dec 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	\$14.16	\$25,000	\$20,873	-\$4,127	-16.5%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$4.16	\$25,000	\$33,016	\$8,016	32.1%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.58	\$25,000	\$14,648	-\$10,352	-41.4%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.96	\$25,000	\$18,081	-\$6,919	-27.7%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.22	\$25,000	\$22,730	-\$2,270	-9.1%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$46.31	\$25,000	\$30,939	\$5,939	23.8%
7 Cenovus Energy	CVE	2,615	\$9.56	\$13.60	\$25,000	\$35,565	\$10,565	42.3%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$11.25	\$25,000	\$28,352	\$3,352	13.4%
9 Encana Corp.	ECA	2,191	\$11.41	\$17.45	\$25,000	\$38,234	\$13,234	52.9%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.56	\$25,000	\$27,893	\$2,893	11.6%
11 Husky Energy	HSE	1,698	\$14.72	\$18.66	\$25,000	\$31,692	\$6,692	26.8%
12 Imperial Oil	IMO	661	\$37.80	\$38.93	\$25,000	\$25,747	\$747	3.0%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.13	\$25,000	\$16,797	-\$8,202	-32.8%
14 Peyto Exploration	PEY	1,063	\$23.52	\$13.76	\$25,000	\$14,626	-\$10,374	-41.5%
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.46	\$25,000	\$27,481	\$2,481	9.9%
16 Raging River Exploration	RRX	3,090	\$8.09	\$8.67	\$25,000	\$26,792	\$1,792	7.2%
17 Seven Generations Energy	VII	1,126	\$22.21	\$17.88	\$25,000	\$20,126	-\$4,874	-19.5%
18 Tourmaline Oil	TOU	897	\$27.88	\$21.61	\$25,000	\$19,378	-\$5,622	-22.5%
19 Vermilion Energy	VET	608	\$41.14	\$48.29	\$25,000	\$29,345	\$4,345	17.4%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.79	\$25,000	\$26,431	\$1,431	5.7%
<b>Stock Totals</b>					<b>\$500,000</b>	<b>\$508,745</b>	<b>\$8,745</b>	<b>1.7%</b>
					Stock Annualized Return:			3.1%
Cash					\$0			
Dividends					\$6,068			
Net Trading Profits					\$2,138			
<b>Portfolio Totals</b>					<b>\$500,000</b>	<b>\$516,951</b>		<b>3.4%</b>
					Portfolio Annualized Return:			6.1%
<b>S&amp;P/TSX ENERGY INDEX .....</b>					172.10	199.73	27.63	<b>16.1%</b>
<b>(SPTTEN-ut)</b>					S&P/TSX Energy Annualized Return:			28.8%
					<b>Initial Value</b>	<b>Current Value</b>	<b>Change</b>	<b>% Change</b>
<b>Crude Oil (SWTIC-sc)</b>					\$46.04	\$63.82	\$17.78	38.6%
<b>Canadian Crude Oil Index (CCX-bc)</b>					\$8.18	\$9.51	\$1.33	16.3%
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>					\$5.49	\$9.55	\$4.06	74.0%
<b>Energy Index ETF (XEG-bc)</b>					\$10.94	\$12.73	\$1.79	16.4%
<b>Energy Bull 2X ETF (HEU-bc)</b>					\$7.90	\$10.57	\$2.67	33.8%
<b>U.S. Oil Fund ETF (USO-bc)</b>					\$9.50	\$12.87	\$3.37	35.5%
<b>S&amp;P/TSX Composite Index .....</b>					15,182.19	16,308.18	1,125.99	7.4%

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

## MODEL OIL PORTFOLIO \$ and % Change

As at: 29-Dec

Since: 1-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Encana Corp.	\$13,234	52.9%
2 Cenovus Energy	\$10,565	42.3%
3 Baytex Energy Corp.	\$8,016	32.1%
4 Husky Energy	\$6,692	26.8%
5 Canadian Natural Resources	\$5,939	23.8%
6 Vermilion Energy	\$4,345	17.4%
7 Crescent Point Energy	\$3,352	13.4%
8 Freehold Royalties	\$2,893	11.6%
9 PrairieSky Royalties	\$2,481	9.9%
10 Raging River Exploration	\$1,792	7.2%
11 Whitecap Resources	\$1,431	5.7%
12 Imperial Oil	\$747	3.0%
13 Bonterra Energy	-\$2,270	-9.1%
14 ARC Resources	-\$4,127	-16.5%
15 Seven Generations Energy	-\$4,874	-19.5%
16 Tourmaline Oil	-\$5,622	-22.5%
17 Bonavista Energy	-\$6,919	-27.7%
18 Painted Pony Energy	-\$8,202	-32.8%
19 Birchcliff Energy	-\$10,352	-41.4%
20 Peyto Exploration	-\$10,374	-41.5%

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

## MODEL OIL PORTFOLIO Annual Income/Yield As at: 29-Dec Initiation: July 1, 2017

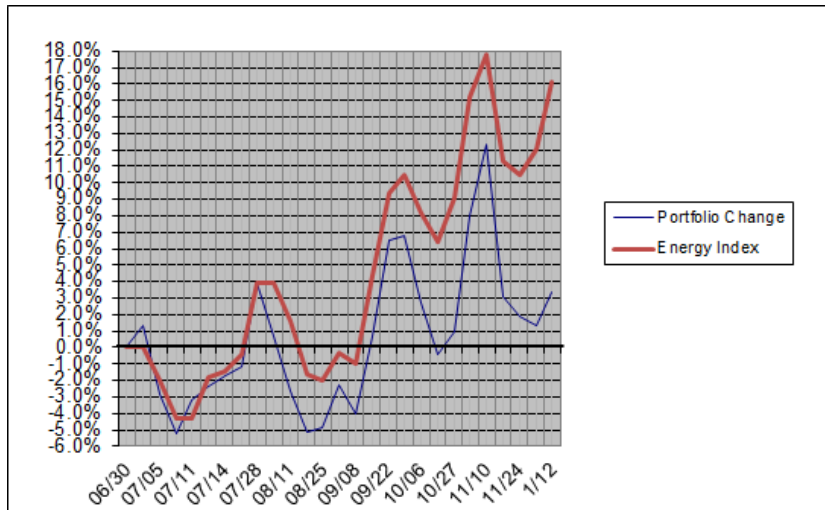
<u>Company</u>	<u>Symbol</u>	<u>Number</u> <u>of Shares</u>	<u>Purchase</u> <u>Price</u>	<u>Current</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Annual</u> <u>Income</u>	<u>Purchase</u> <u>Yield</u>	<u>Current</u> <u>Yield</u>	<u>Pay-Out</u> <u>To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$14.75	\$0.60	\$884	3.5%	4.1%	\$442
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.77	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.40	\$0.10	\$409	1.6%	2.3%	\$205
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.25	\$0.04	\$369	1.5%	1.8%	\$185
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.30	\$1.20	\$1,792	7.2%	7.8%	\$896
6 Canadian Natural Resources	CNQ	668	\$37.42	\$44.92	\$1.10	\$735	2.9%	2.4%	\$367
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.48	\$0.20	\$523	2.1%	1.7%	\$262
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.58	\$0.36	\$907	3.6%	3.8%	\$454
9 Encana Corp.	ECA	2,191	\$11.41	\$16.77	\$0.08	\$165	0.7%	0.4%	\$83
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.05	\$0.60	\$1,149	4.6%	4.3%	\$575
11 Husky Energy	HSE	1,698	\$14.72	\$17.75	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$39.23	\$0.64	\$423	1.7%	1.6%	\$212
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.67	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$15.03	\$1.32	\$1,403	5.6%	8.8%	\$702
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.06	\$0.76	\$640	2.6%	2.4%	\$320
16 Raging River Exploration	RRX	3,090	\$8.09	\$8.00	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$17.78	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$22.78	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$45.68	\$2.58	\$1,568	6.3%	5.6%	\$784
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.95	\$0.28	\$745	3.0%	3.1%	\$373
<b>Portfolio Totals</b>						<b>\$11,714</b>	<b>2.3%</b>	<b>2.3%</b>	<b>\$5,857</b>
<b>Dividends, Companies Sold</b>									<b>\$211</b>
<b>Total Dividends Received</b>									<b>\$6,068</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: Dec. 29 → Portfolio = 1.7% (stocks); and 3.4% after dividends and trading profits;  
S&P/TSX Energy Index = +16.1%



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