

Long-Term Perspective

December 31, 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:** *It has been over a month since our last report. In that time, our portfolio fell 1.0% while the Energy Index rose 1.6%. Nine of our stocks are trading positively. The oil market continues to be quite volatile and the portfolio can be expected to gyrate up and down with large moves. Three of our stocks have exceeded their respective target prices, so we will be updating these for our next report.*

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	\$14.75	\$18.75	\$20.30	\$21.85	27.1%	37.6%	48.1%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.77	\$3.90	\$4.10	\$4.30	3.4%	8.8%	14.1%
3 Birchcliff Energy	BIR	\$6.11	\$4.40	\$7.00	\$7.80	\$8.60	59.1%	77.3%	95.5%
4 Bonavista Energy	BNP	\$2.71	\$2.25	\$3.13	\$3.52	\$3.90	39.1%	56.4%	73.3%
5 Bonterra Energy	BNE	\$16.74	\$15.30	\$18.75	\$21.88	\$25.00	22.5%	43.0%	63.4%
6 Canadian Natural Resources	CNQ	\$37.42	\$44.92	\$42.20	\$43.75	\$45.30	-6.1%	-2.6%	0.8%
7 Cenovus Energy	CVE	\$9.56	\$11.48	\$12.50	\$13.30	\$14.00	8.9%	15.9%	22.0%
8 Crescent Point Energy	CPG	\$9.92	\$9.58	\$11.00	\$12.50	\$14.00	14.8%	30.5%	46.1%
9 Encana Corp.	ECA	\$11.41	\$16.77	\$14.85	\$15.63	\$16.40	-11.4%	-6.8%	-2.2%
10 Freehold Royalties	FRU	\$13.05	\$14.05	\$15.25	\$15.63	\$16.00	8.5%	11.2%	13.9%
11 Husky Energy	HSE	\$14.72	\$17.75	\$16.00	\$16.40	\$16.80	-9.9%	-7.6%	-5.4%
12 Imperial Oil	IMO	\$37.80	\$39.23	\$40.63	\$42.20	\$43.80	3.6%	7.6%	11.6%
13 Painted Pony Energy	PONY	\$3.17	\$2.67	\$3.52	\$3.90	\$4.30	31.8%	46.1%	61.0%
14 Peyto Exploration	PEY	\$23.52	\$15.03	\$25.00	\$26.55	\$28.13	66.3%	76.6%	87.2%
15 PrairieSky Royalties	PSK	\$29.53	\$32.06	\$32.00	\$32.80	\$33.60	-0.2%	2.3%	4.8%
16 Raging River Exploration	RRX	\$8.09	\$8.00	\$8.60	\$9.00	\$9.40	7.5%	12.5%	17.5%
17 Seven Generations Energy	VII	\$22.21	\$17.78	\$23.45	\$25.00	\$26.55	31.9%	40.6%	49.3%
18 Tourmaline Oil	TOU	\$27.88	\$22.78	\$29.70	\$31.25	\$32.80	30.4%	37.2%	44.0%
19 Vermilion Energy	VET	\$41.14	\$45.68	\$43.75	\$46.88	\$50.00	-4.2%	2.6%	9.5%
20 Whitecap Resources	WCP	\$9.26	\$8.95	\$9.75	\$10.15	\$10.55	8.9%	13.4%	17.9%

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: 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	\$14.75	\$25,000	\$21,742	-\$3,258	-13.0%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.77	\$25,000	\$29,921	\$4,921	19.7%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.40	\$25,000	\$18,003	-\$6,997	-28.0%
4 Bonavista Energy	BNP	9,225	\$2.71	\$2.25	\$25,000	\$20,756	-\$4,244	-17.0%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.30	\$25,000	\$22,849	-\$2,151	-8.6%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$44.92	\$25,000	\$30,011	\$5,011	20.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.48	\$25,000	\$30,021	\$5,021	20.1%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.58	\$25,000	\$24,143	-\$857	-3.4%
9 Encana Corp.	ECA	2,191	\$11.41	\$16.77	\$25,000	\$36,744	\$11,744	47.0%
10 Freehold Royalties	FRU	1,916	\$13.05	\$14.05	\$25,000	\$26,916	\$1,916	7.7%
11 Husky Energy	HSE	1,698	\$14.72	\$17.75	\$25,000	\$30,146	\$5,146	20.6%
12 Imperial Oil	IMO	661	\$37.80	\$39.23	\$25,000	\$25,946	\$946	3.8%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.67	\$25,000	\$21,056	-\$3,944	-15.8%
14 Peyto Exploration	PEY	1,063	\$23.52	\$15.03	\$25,000	\$15,976	-\$9,024	-36.1%
15 PrairieSky Royalties	PSK	847	\$29.53	\$32.06	\$25,000	\$27,142	\$2,142	8.6%
16 Raging River Exploration	RRX	3,090	\$8.09	\$8.00	\$25,000	\$24,722	-\$278	-1.1%
17 Seven Generations Energy	VII	1,126	\$22.21	\$17.78	\$25,000	\$20,014	-\$4,986	-19.9%
18 Tourmaline Oil	TOU	897	\$27.88	\$22.78	\$25,000	\$20,427	-\$4,573	-18.3%
19 Vermilion Energy	VET	608	\$41.14	\$45.68	\$25,000	\$27,759	\$2,759	11.0%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.95	\$25,000	\$24,163	-\$837	-3.3%
<b>Stock Totals</b>					<b>\$500,000</b>	<b>\$498,456</b>	<b>-\$1,544</b>	<b>-0.3%</b>
					Stock Annualized Return:			-0.6%
Cash								\$0
Dividends								\$6,068
Net Trading Profits								\$2,138
<b>Portfolio Totals</b>					<b>\$500,000</b>	<b>\$506,662</b>		<b>1.3%</b>
					Portfolio Annualized Return:			2.5%
<b>S&amp;P/TSX ENERGY INDEX .....</b>					172.10	192.99	20.89	<b>12.1%</b>
<b>(SPTTEN-ut)</b>					S&P/TSX Energy Annualized Return:			23.1%
					<b>Initial Value</b>	<b>Current Value</b>	<b>Change</b>	<b>% Change</b>
<b>Crude Oil (SWTIC-sc)</b>					\$46.04	\$60.36	\$14.32	31.1%
<b>Canadian Crude Oil Index (CCX-bc)</b>					\$8.18	\$8.80	\$0.62	7.6%
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>					\$5.49	\$8.36	\$2.87	52.3%
<b>Energy Index ETF (XEG-bc)</b>					\$10.94	\$12.27	\$1.33	12.2%
<b>Energy Bull 2X ETF (HEU-bc)</b>					\$7.90	\$9.83	\$1.93	24.4%
<b>U.S. Oil Fund ETF (USO-bc)</b>					\$9.50	\$12.01	\$2.51	26.4%
<b>S&amp;P/TSX Composite Index .....</b>					15,182.19	16,209.13	1,026.94	6.8%

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 or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Encana Corp.	\$11,744	47.0%
2 Husky Energy	\$5,146	20.6%
3 Cenovus Energy	\$5,021	20.1%
4 Canadian Natural Resources	\$5,011	20.0%
5 Baytex Energy Corp.	\$4,921	19.7%
6 Vermilion Energy	\$2,759	11.0%
7 PrairieSky Royalties	\$2,142	8.6%
8 Freehold Royalties	\$1,916	7.7%
9 Imperial Oil	\$946	3.8%
10 Raging River Exploration	-\$278	-1.1%
11 Whitecap Resources	-\$837	-3.3%
12 Crescent Point Energy	-\$857	-3.4%
13 Bonterra Energy	-\$2,151	-8.6%
14 ARC Resources	-\$3,258	-13.0%
15 Painted Pony Energy	-\$3,944	-15.8%
16 Bonavista Energy	-\$4,244	-17.0%
17 Tourmaline Oil	-\$4,573	-18.3%
18 Seven Generations Energy	-\$4,986	-19.9%
19 Birchcliff Energy	-\$6,997	-28.0%
20 Peyto Exploration	-\$9,024	-36.1%

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

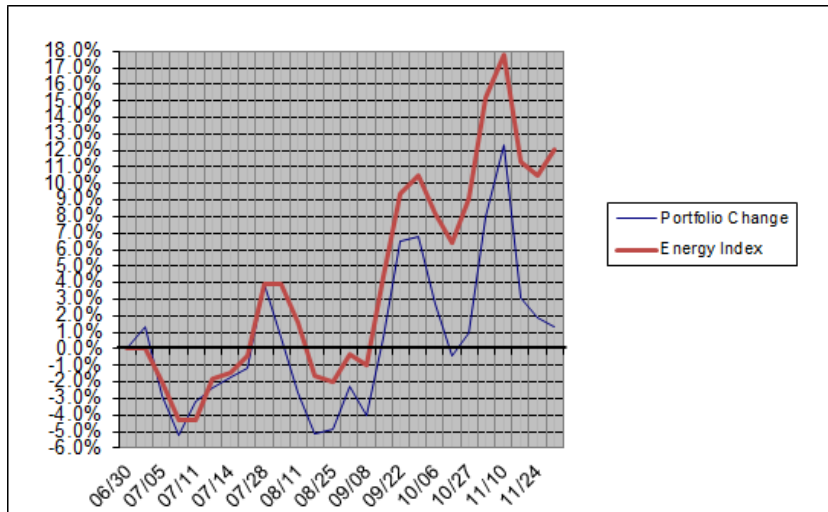
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$14.75	\$0.60	\$884	3.5%	4.1%	\$442
2 Baytex Energy Corp.	BTE	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 = -0.3% (stocks); and +1.3% after dividends and trading profits;  
S&P/TSX Energy Index = +12.1%



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