

Long-Term Perspective

January 31, 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: *The price of oil has risen but the value of the portfolio and many of the oil industry benchmark indexes have declined.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 31-Jan 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	\$13.53	\$18.75	\$20.30	\$21.85	38.6%	50.0%	61.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.75	\$3.90	\$4.10	\$4.30	4.0%	9.3%	14.7%
3 Birchcliff Energy	BIR	\$6.11	\$3.41	\$7.00	\$7.80	\$8.60	105.3%	128.7%	152.2%
4 Bonavista Energy	BNP	\$2.71	\$1.72	\$3.13	\$3.52	\$3.90	82.0%	104.7%	126.7%
5 Bonterra Energy	BNE	\$16.74	\$13.82	\$18.75	\$21.88	\$25.00	35.7%	58.3%	80.9%
6 Canadian Natural Resources	CNQ	\$37.42	\$41.99	\$45.30	\$46.88	\$48.45	7.9%	11.6%	15.4%
7 Cenovus Energy	CVE	\$9.56	\$11.73	\$12.50	\$13.30	\$14.00	6.6%	13.4%	19.4%
8 Crescent Point Energy	CPG	\$9.92	\$9.70	\$11.00	\$12.50	\$14.00	13.4%	28.9%	44.3%
9 Encana Corp.	ECA	\$11.41	\$15.21	\$17.20	\$18.00	\$18.80	13.1%	18.3%	23.6%
10 Freehold Royalties	FRU	\$13.05	\$13.44	\$15.25	\$15.63	\$16.00	13.5%	16.3%	19.0%
11 Husky Energy	HSE	\$14.72	\$18.03	\$18.00	\$18.40	\$18.80	-0.2%	2.1%	4.3%
12 Imperial Oil	IMO	\$37.80	\$38.67	\$40.63	\$42.20	\$43.80	5.1%	9.1%	13.3%
13 Painted Pony Energy	PONY	\$3.17	\$2.34	\$3.52	\$3.90	\$4.30	50.4%	66.7%	83.8%
14 Peyto Exploration	PEY	\$23.52	\$11.22	\$25.00	\$26.55	\$28.13	122.8%	136.6%	150.7%
15 PrairieSky Royalties	PSK	\$29.53	\$30.46	\$32.00	\$32.80	\$33.60	5.1%	7.7%	10.3%
16 Raging River Exploration	RRX	\$8.09	\$7.45	\$8.60	\$9.00	\$9.40	15.4%	20.8%	26.2%
17 Seven Generations Energy	VII	\$22.21	\$17.15	\$23.45	\$25.00	\$26.55	36.7%	45.8%	54.8%
18 Tourmaline Oil	TOU	\$27.88	\$19.87	\$29.70	\$31.25	\$32.80	49.5%	57.3%	65.1%
19 Vermilion Energy	VET	\$41.14	\$46.50	\$43.75	\$46.88	\$50.00	-5.9%	0.8%	7.5%
20 Whitecap Resources	WCP	\$9.26	\$8.99	\$9.75	\$10.15	\$10.55	8.5%	12.9%	17.4%

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: 31-Jan 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	\$13.53	\$25,000	\$19,944	-\$5,056	-20.2%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.75	\$25,000	\$29,762	\$4,762	19.0%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.41	\$25,000	\$13,953	-\$11,047	-44.2%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.72	\$25,000	\$15,867	-\$9,133	-36.5%
5 Bonterra Energy	BNE	1,493	\$16.74	\$13.82	\$25,000	\$20,639	-\$4,361	-17.4%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$41.99	\$25,000	\$28,053	\$3,053	12.2%
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.73	\$25,000	\$30,675	\$5,675	22.7%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.70	\$25,000	\$24,446	-\$554	-2.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$15.21	\$25,000	\$33,326	\$8,326	33.3%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.44	\$25,000	\$25,747	\$747	3.0%
11 Husky Energy	HSE	1,698	\$14.72	\$18.03	\$25,000	\$30,622	\$5,622	22.5%
12 Imperial Oil	IMO	661	\$37.80	\$38.67	\$25,000	\$25,575	\$575	2.3%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.34	\$25,000	\$18,453	-\$6,546	-26.2%
14 Peyto Exploration	PEY	1,063	\$23.52	\$11.22	\$25,000	\$11,926	-\$13,074	-52.3%
15 PrairieSky Royalties	PSK	847	\$29.53	\$30.46	\$25,000	\$25,787	\$787	3.1%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.45	\$25,000	\$23,022	-\$1,978	-7.9%
17 Seven Generations Energy	VII	1,126	\$22.21	\$17.15	\$25,000	\$19,304	-\$5,696	-22.8%
18 Tourmaline Oil	TOU	897	\$27.88	\$19.87	\$25,000	\$17,817	-\$7,183	-28.7%
19 Vermilion Energy	VET	608	\$41.14	\$46.50	\$25,000	\$28,257	\$3,257	13.0%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.99	\$25,000	\$24,271	-\$729	-2.9%
Stock Totals					\$500,000	\$467,447	-\$32,552	-6.5%
					Stock Annualized Return:			-10.7%
Cash					\$0			
Dividends					\$6,824			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$476,410		-4.7%
					Portfolio Annualized Return:			-7.8%
S&P/TSX ENERGY INDEX					172.10	185.12	13.02	7.6%
(SPTTEN-ut)					S&P/TSX Energy Annualized Return:			12.4%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$64.69	\$18.65	40.5%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$8.10	-\$0.08	-1.0%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$9.69	\$4.20	76.5%
Energy Index ETF (XEG-bc)					\$10.94	\$11.76	\$0.82	7.5%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$9.06	\$1.16	14.7%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$13.08	\$3.58	37.7%
S&P/TSX Composite Index					15,182.19	15,951.67	769.48	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: 31-Jan

Since: 1-Jul

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Encana Corp.	\$8,326	33.3%
2 Cenovus Energy	\$5,675	22.7%
3 Husky Energy	\$5,622	22.5%
4 Baytex Energy Corp.	\$4,762	19.0%
5 Vermilion Energy	\$3,257	13.0%
6 Canadian Natural Resources	\$3,053	12.2%
7 PrairieSky Royalties	\$787	3.1%
8 Freehold Royalties	\$747	3.0%
9 Imperial Oil	\$575	2.3%
10 Crescent Point Energy	-\$554	-2.2%
11 Whitecap Resources	-\$729	-2.9%
12 Raging River Exploration	-\$1,978	-7.9%
13 Bonterra Energy	-\$4,361	-17.4%
14 ARC Resources	-\$5,056	-20.2%
15 Seven Generations Energy	-\$5,696	-22.8%
16 Painted Pony Energy	-\$6,546	-26.2%
17 Tourmaline Oil	-\$7,183	-28.7%
18 Bonavista Energy	-\$9,133	-36.5%
19 Birchcliff Energy	-\$11,047	-44.2%
20 Peyto Exploration	-\$13,074	-52.3%

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

MODEL OIL PORTFOLIO Annual Income/Yield

As at: 31-Jan

Initiation: July 1, 2017

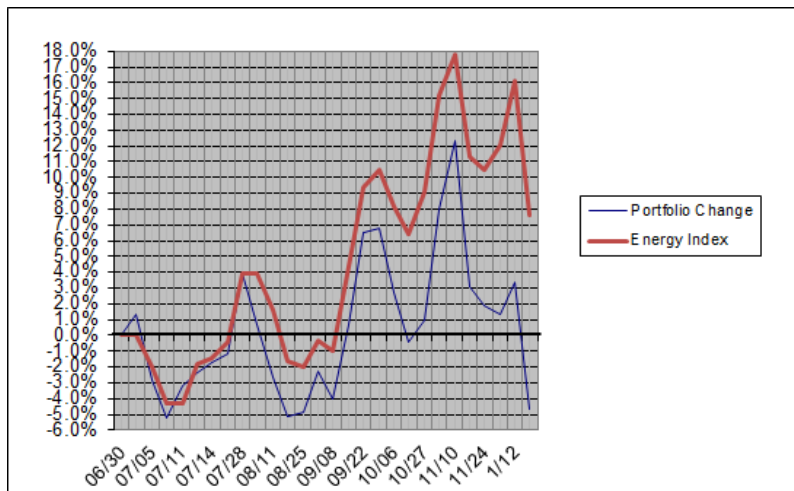
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$13.53	\$0.60	\$884	3.5%	4.4%	\$516
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.75	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.41	\$0.10	\$409	1.6%	2.9%	\$205
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.72	\$0.04	\$369	1.5%	2.3%	\$185
5 Bonterra Energy	BNE	1,493	\$16.74	\$13.82	\$1.20	\$1,792	7.2%	8.7%	\$1,045
6 Canadian Natural Resources	CNQ	668	\$37.42	\$41.99	\$1.10	\$735	2.9%	2.6%	\$367
7 Cenovus Energy	CVE	2,615	\$9.56	\$11.73	\$0.20	\$523	2.1%	1.7%	\$262
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.70	\$0.36	\$907	3.6%	3.7%	\$529
9 Encana Corp.	ECA	2,191	\$11.41	\$15.21	\$0.07	\$162	0.6%	0.5%	\$81
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.44	\$0.60	\$1,149	4.6%	4.5%	\$670
11 Husky Energy	HSE	1,698	\$14.72	\$18.03	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$38.67	\$0.64	\$423	1.7%	1.7%	\$212
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.34	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$11.22	\$1.32	\$1,403	5.6%	11.8%	\$818
15 PrairieSky Royalties	PSK	847	\$29.53	\$30.46	\$0.76	\$640	2.6%	2.5%	\$373
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.45	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$17.15	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$19.87	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$46.50	\$2.58	\$1,568	6.3%	5.5%	\$915
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.99	\$0.28	\$745	3.0%	3.1%	\$435
Portfolio Totals						\$11,711	2.3%	2.5%	\$6,613
Dividends, Companies Sold									\$211
Total Dividends Received									\$6,824

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: Jan. 31 → Portfolio = -6.5% (stocks); and -4.7% after dividends and trading profits;
S&P/TSX Energy Index = +7.6%



DISCLAIMER

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