

Long-Term Perspective

February 28, 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:** *Tough times currently in the oil patch.*

The current portfolio is presented on the following page.

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**MODEL OIL PORTFOLIO Share Price Information** As at: 28-Feb 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	\$12.38	\$18.75	\$20.30	\$21.85	51.5%	64.0%	76.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$3.27	\$3.90	\$4.10	\$4.30	19.3%	25.4%	31.5%
3 Birchcliff Energy	BIR	\$6.11	\$3.08	\$7.00	\$7.80	\$8.60	127.3%	153.2%	179.2%
4 Bonavista Energy	BNP	\$2.71	\$1.33	\$3.13	\$3.52	\$3.90	135.3%	164.7%	193.2%
5 Bonterra Energy	BNE	\$16.74	\$13.41	\$18.75	\$21.88	\$25.00	39.8%	63.2%	86.4%
6 Canadian Natural Resources	CNQ	\$37.42	\$39.75	\$45.30	\$46.88	\$48.45	14.0%	17.9%	21.9%
7 Cenovus Energy	CVE	\$9.56	\$9.34	\$12.50	\$13.30	\$14.00	33.8%	42.4%	49.9%
8 Crescent Point Energy	CPG	\$9.92	\$9.23	\$11.00	\$12.50	\$14.00	19.2%	35.4%	51.7%
9 Encana Corp.	ECA	\$11.41	\$13.46	\$17.20	\$18.00	\$18.80	27.8%	33.7%	39.7%
10 Freehold Royalties	FRU	\$13.05	\$12.54	\$15.25	\$15.63	\$16.00	21.6%	24.6%	27.6%
11 Husky Energy	HSE	\$14.72	\$16.94	\$18.00	\$18.40	\$18.80	6.3%	8.6%	11.0%
12 Imperial Oil	IMO	\$37.80	\$34.75	\$40.63	\$42.20	\$43.80	16.9%	21.4%	26.0%
13 Painted Pony Energy	PONY	\$3.17	\$1.80	\$3.52	\$3.90	\$4.30	95.6%	116.7%	138.9%
14 Peyto Exploration	PEY	\$23.52	\$10.19	\$25.00	\$26.55	\$28.13	145.3%	160.5%	176.1%
15 PrairieSky Royalties	PSK	\$29.53	\$28.47	\$32.00	\$32.80	\$33.60	12.4%	15.2%	18.0%
16 Raging River Exploration	RRX	\$8.09	\$6.21	\$8.60	\$9.00	\$9.40	38.5%	44.9%	51.4%
17 Seven Generations Energy	VII	\$22.21	\$15.00	\$23.45	\$25.00	\$26.55	56.3%	66.7%	77.0%
18 Tourmaline Oil	TOU	\$27.88	\$18.67	\$29.70	\$31.25	\$32.80	59.1%	67.4%	75.7%
19 Vermilion Energy	VET	\$41.14	\$42.27	\$43.75	\$46.88	\$50.00	3.5%	10.9%	18.3%
20 Whitecap Resources	WCP	\$9.26	\$7.55	\$9.75	\$10.15	\$10.55	29.1%	34.4%	39.7%

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: 28-Feb 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	\$12.38	\$25,000	\$18,249	-\$6,751	-27.0%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.27	\$25,000	\$25,952	\$952	3.8%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.08	\$25,000	\$12,602	-\$12,398	-49.6%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.33	\$25,000	\$12,269	-\$12,731	-50.9%
5 Bonterra Energy	BNE	1,493	\$16.74	\$13.41	\$25,000	\$20,027	-\$4,973	-19.9%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.75	\$25,000	\$26,557	\$1,557	6.2%
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.34	\$25,000	\$24,425	-\$575	-2.3%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.23	\$25,000	\$23,261	-\$1,739	-7.0%
9 Encana Corp.	ECA	2,191	\$11.41	\$13.46	\$25,000	\$29,492	\$4,492	18.0%
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.54	\$25,000	\$24,023	-\$977	-3.9%
11 Husky Energy	HSE	1,698	\$14.72	\$16.94	\$25,000	\$28,770	\$3,770	15.1%
12 Imperial Oil	IMO	661	\$37.80	\$34.75	\$25,000	\$22,983	-\$2,017	-8.1%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$1.80	\$25,000	\$14,195	-\$10,805	-43.2%
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.19	\$25,000	\$10,831	-\$14,169	-56.7%
15 PrairieSky Royalties	PSK	847	\$29.53	\$28.47	\$25,000	\$24,103	-\$897	-3.6%
16 Raging River Exploration	RRX	3,090	\$8.09	\$6.21	\$25,000	\$19,190	-\$5,810	-23.2%
17 Seven Generations Energy	VII	1,126	\$22.21	\$15.00	\$25,000	\$16,884	-\$8,116	-32.5%
18 Tourmaline Oil	TOU	897	\$27.88	\$18.67	\$25,000	\$16,741	-\$8,259	-33.0%
19 Vermilion Energy	VET	608	\$41.14	\$42.27	\$25,000	\$25,687	\$687	2.7%
20 Whitecap Resources	WCP	2,700	\$9.26	\$7.55	\$25,000	\$20,383	-\$4,617	-18.5%
<b>Stock Totals</b>					<b>\$500,000</b>	<b>\$416,625</b>	<b>-\$83,375</b>	<b>-16.7%</b>
					Stock Annualized Return:			<b>-24.3%</b>
Cash					\$0			
Dividends					\$7,691			
Net Trading Profits					\$2,138			
<b>Portfolio Totals</b>					<b>\$500,000</b>	<b>\$426,454</b>		<b>-14.7%</b>
					Portfolio Annualized Return:			<b>-21.4%</b>
<b>S&amp;P/TSX ENERGY INDEX .....</b>					172.10	171.02	-1.08	<b>-0.6%</b>
<b>(SPTTEN-ut)</b>					S&P/TSX Energy Annualized Return:			<b>-0.9%</b>
					<b>Initial Value</b>	<b>Current Value</b>	<b>Change</b>	<b>% Change</b>
<b>Crude Oil (SWTIC-sc)</b>					\$46.04	\$61.61	\$15.57	33.8%
<b>Canadian Crude Oil Index (CCX-bc)</b>					\$8.18	\$8.82	\$0.64	7.8%
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>					\$5.49	\$8.71	\$3.22	58.7%
<b>Energy Index ETF (XEG-bc)</b>					\$10.94	\$10.92	-\$0.02	-0.2%
<b>Energy Bull 2X ETF (HEU-bc)</b>					\$7.90	\$7.69	-\$0.21	-2.7%
<b>U.S. Oil Fund ETF (USO-bc)</b>					\$9.50	\$12.32	\$2.82	29.7%
<b>S&amp;P/TSX Composite Index .....</b>					15,182.19	15,442.68	260.49	1.7%

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

## MODEL OIL PORTFOLIO S and % Change

As at: 28-Feb

Since: 1-Jul

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Encana Corp.	\$4,492	18.0%
2 Husky Energy	\$3,770	15.1%
3 Canadian Natural Resources	\$1,557	6.2%
4 Baytex Energy Corp.	\$952	3.8%
5 Vermilion Energy	\$687	2.7%
6 Cenovus Energy	-\$575	-2.3%
7 PrairieSky Royalties	-\$897	-3.6%
8 Freehold Royalties	-\$977	-3.9%
9 Crescent Point Energy	-\$1,739	-7.0%
10 Imperial Oil	-\$2,017	-8.1%
11 Whitecap Resources	-\$4,617	-18.5%
12 Bonterra Energy	-\$4,973	-19.9%
13 Raging River Exploration	-\$5,810	-23.2%
14 ARC Resources	-\$6,751	-27.0%
15 Seven Generations Energy	-\$8,116	-32.5%
16 Tourmaline Oil	-\$8,259	-33.0%
17 Painted Pony Energy	-\$10,805	-43.2%
18 Birchcliff Energy	-\$12,398	-49.6%
19 Bonavista Energy	-\$12,731	-50.9%
20 Peyto Exploration	-\$14,169	-56.7%

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

## MODEL OIL PORTFOLIO Annual Income/Yield As at: 28-Feb Initiation: July 1, 2017

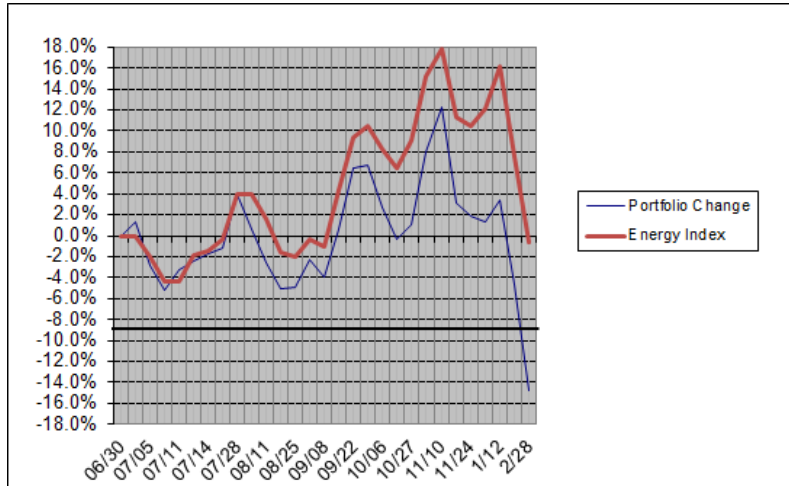
<u>Company</u>	<u>Symbol</u>	<u>Number</u> <u>of Shares</u>	<u>Purchase</u> <u>Price</u>	<u>Current</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Annual</u> <u>Income</u>	<u>Purchase</u> <u>Yield</u>	<u>Current</u> <u>Yield</u>	<u>Pay-Out</u> <u>To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$12.38	\$0.60	\$884	3.5%	4.8%	\$590
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.27	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.08	\$0.10	\$409	1.6%	3.2%	\$205
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.33	\$0.04	\$369	1.5%	3.0%	\$185
5 Bonterra Energy	BNE	1,493	\$16.74	\$13.41	\$1.20	\$1,792	7.2%	8.9%	\$1,195
6 Canadian Natural Resources	CNQ	668	\$37.42	\$39.75	\$1.10	\$735	2.9%	2.8%	\$367
7 Cenovus Energy	CVE	2,615	\$9.56	\$9.34	\$0.20	\$523	2.1%	2.1%	\$262
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.23	\$0.36	\$907	3.6%	3.9%	\$605
9 Encana Corp.	ECA	2,191	\$11.41	\$13.46	\$0.08	\$169	0.7%	0.6%	\$84
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.54	\$0.60	\$1,149	4.6%	4.8%	\$766
11 Husky Energy	HSE	1,698	\$14.72	\$16.94	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$34.75	\$0.64	\$423	1.7%	1.8%	\$317
13 Painted Pony Energy	PONY	7,886	\$3.17	\$1.80	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.19	\$1.32	\$1,403	5.6%	13.0%	\$935
15 PrairieSky Royalties	PSK	847	\$29.53	\$28.47	\$0.76	\$640	2.6%	2.7%	\$427
16 Raging River Exploration	RRX	3,090	\$8.09	\$6.21	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$15.00	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$18.67	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$42.27	\$2.58	\$1,568	6.3%	6.1%	\$1,045
20 Whitecap Resources	WCP	2,700	\$9.26	\$7.55	\$0.28	\$745	3.0%	3.7%	\$497
<b>Portfolio Totals</b>						<b>\$11,717</b>	<b>2.3%</b>	<b>2.7%</b>	<b>\$7,479</b>
<b>Dividends, Companies Sold</b>									<b>\$211</b>
<b>Total Dividends Received</b>									<b>\$7,691</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: Feb. 28 → Portfolio = -16.7% (stocks); and -14.7% after dividends and trading profits;  
S&P/TSX Energy Index = -0.6%



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