

Long-Term Perspective

March 9, 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: *Since we started this Portfolio on July 1, 2017, some of the comparative indexes have done not too badly. The same cannot be said for stocks. Our Portfolio is down 14.0%. The gassy stocks, in particular, have done poorly. There is just too much gas in the system. Methinks that I will prune the Portfolio down to 12 stocks by the time I report next week.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information

As at: 9-Mar-18

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	\$12.78	\$18.75	\$20.30	\$21.85	46.7%	58.8%	71.0%
2	Baytex Energy Corp.	BTE	\$3.15	\$3.73	\$3.90	\$4.10	\$4.30	4.6%	9.9%	15.3%
3	Birchcliff Energy	BIR	\$6.11	\$3.01	\$7.00	\$7.80	\$8.60	132.6%	159.1%	185.7%
4	Bonavista Energy	BNP	\$2.71	\$1.22	\$3.13	\$3.52	\$3.90	156.6%	188.5%	219.7%
5	Bonterra Energy	BNE	\$16.74	\$13.34	\$18.75	\$21.88	\$25.00	40.6%	64.0%	87.4%
6	Canadian Natural Resources	CNQ	\$37.42	\$38.90	\$45.30	\$46.88	\$48.45	16.5%	20.5%	24.6%
7	Cenovus Energy	CVE	\$9.56	\$10.46	\$12.50	\$13.30	\$14.00	19.5%	27.2%	33.8%
8	Crescent Point Energy	CPG	\$9.92	\$8.74	\$11.00	\$12.50	\$14.00	25.9%	43.0%	60.2%
9	Encana Corp.	ECA	\$11.41	\$14.05	\$17.20	\$18.00	\$18.80	22.4%	28.1%	33.8%
10	Freehold Royalties	FRU	\$13.05	\$12.33	\$15.25	\$15.63	\$16.00	23.7%	26.8%	29.8%
11	Husky Energy	HSE	\$14.72	\$16.92	\$18.00	\$18.40	\$18.80	6.4%	8.7%	11.1%
12	Imperial Oil	IMO	\$37.80	\$35.09	\$40.63	\$42.20	\$43.80	15.8%	20.3%	24.8%
13	Painted Pony Energy	PONY	\$3.17	\$1.96	\$3.52	\$3.90	\$4.30	79.6%	99.0%	119.4%
14	Peyto Exploration	PEY	\$23.52	\$10.35	\$25.00	\$26.55	\$28.13	141.5%	156.5%	171.8%
15	PrairieSky Royalties	PSK	\$29.53	\$27.88	\$32.00	\$32.80	\$33.60	14.8%	17.6%	20.5%
16	Raging River Exploration	RRX	\$8.09	\$5.60	\$8.60	\$9.00	\$9.40	53.6%	60.7%	67.9%
17	Seven Generations Energy	VII	\$22.21	\$14.03	\$23.45	\$25.00	\$26.55	67.1%	78.2%	89.2%
18	Tourmaline Oil	TOU	\$27.88	\$19.77	\$29.70	\$31.25	\$32.80	50.2%	58.1%	65.9%
19	Vermilion Energy	VET	\$41.14	\$40.56	\$43.75	\$46.88	\$50.00	7.9%	15.6%	23.3%
20	Whitecap Resources	WCP	\$9.26	\$7.75	\$9.75	\$10.15	\$10.55	25.8%	31.0%	36.1%

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: 9-Mar-18

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	\$12.78	\$25,000	\$18,838	-\$6,162	-24.6%
2	Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.73	\$25,000	\$29,603	\$4,603	18.4%
3	Birchcliff Energy	BIR	4,092	\$6.11	\$3.01	\$25,000	\$12,316	-\$12,684	-50.7%
4	Bonavista Energy	BNP	9,225	\$2.71	\$1.22	\$25,000	\$11,255	-\$13,745	-55.0%
5	Bonterra Energy	BNE	1,493	\$16.74	\$13.34	\$25,000	\$19,922	-\$5,078	-20.3%
6	Canadian Natural Resources	CNQ	668	\$37.42	\$38.90	\$25,000	\$25,989	\$989	4.0%
7	Cenovus Energy	CVE	2,615	\$9.56	\$10.46	\$25,000	\$27,354	\$2,354	9.4%
8	Crescent Point Energy	CPG	2,520	\$9.92	\$8.74	\$25,000	\$22,026	-\$2,974	-11.9%
9	Encana Corp.	ECA	2,191	\$11.41	\$14.05	\$25,000	\$30,784	\$5,784	23.1%
10	Freehold Royalties	FRU	1,916	\$13.05	\$12.33	\$25,000	\$23,621	-\$1,379	-5.5%
11	Husky Energy	HSE	1,698	\$14.72	\$16.92	\$25,000	\$28,736	\$3,736	14.9%
12	Imperial Oil	IMO	661	\$37.80	\$35.09	\$25,000	\$23,208	-\$1,792	-7.2%
13	Painted Pony Energy	PONY	7,886	\$3.17	\$1.96	\$25,000	\$15,457	-\$9,543	-38.2%
14	Peyto Exploration	PEY	1,063	\$23.52	\$10.35	\$25,000	\$11,001	-\$13,999	-56.0%
15	PrairieSky Royalties	PSK	847	\$29.53	\$27.88	\$25,000	\$23,603	-\$1,397	-5.6%
16	Raging River Exploration	RRX	3,090	\$8.09	\$5.60	\$25,000	\$17,305	-\$7,695	-30.8%
17	Seven Generations Energy	VII	1,126	\$22.21	\$14.03	\$25,000	\$15,792	-\$9,208	-36.8%
18	Tourmaline Oil	TOU	897	\$27.88	\$19.77	\$25,000	\$17,728	-\$7,272	-29.1%
19	Vermilion Energy	VET	608	\$41.14	\$40.56	\$25,000	\$24,648	-\$352	-1.4%
20	Whitecap Resources	WCP	2,700	\$9.26	\$7.75	\$25,000	\$20,923	-\$4,077	-16.3%
Stock Totals						\$500,000	\$420,109	-\$79,890	-16.0%
Stock Annualized Return:									-23.3%

Cash	\$0
Dividends	\$7,690
Net Trading Profits	<u>\$2,138</u>

Portfolio Totals	\$500,000	\$429,938	-14.0%
Portfolio Annualized Return:			-20.4%

S&P/TSX ENERGY INDEX	172.10	170.78	-1.32	-0.8%
(.SPTTEN-ut)	S&P/TSX Energy Annualized Return:			-1.1%

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$46.04	\$62.05	\$16.01	34.8%
Canadian Crude Oil Index (CCX-bc)	\$8.18	\$8.91	\$0.73	8.9%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.49	\$8.82	\$3.33	60.7%
Energy Index ETF (XEG-bc)	\$10.94	\$10.89	-\$0.05	-0.5%
Energy Bull 2X ETF (HEU-bc)	\$7.90	\$7.63	-\$0.27	-3.4%
U.S. Oil Fund ETF (USO-bc)	\$9.50	\$12.47	\$2.97	31.3%
S&P/TSX Composite Index	15,182.19	15,577.81	395.62	2.6%

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

MODEL OIL PORTFOLIO **\$ and % Change**
As at: 9-Mar-18
Since: 1-Jul-17

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Encana Corp.	\$5,784	23.1%
2 Baytex Energy Corp.	\$4,603	18.4%
3 Husky Energy	\$3,736	14.9%
4 Cenovus Energy	\$2,354	9.4%
5 Canadian Natural Resources	\$989	4.0%
6 Vermilion Energy	-\$352	-1.4%
7 Freehold Royalties	-\$1,379	-5.5%
8 PrairieSky Royalties	-\$1,397	-5.6%
9 Imperial Oil	-\$1,792	-7.2%
10 Crescent Point Energy	-\$2,974	-11.9%
11 Whitecap Resources	-\$4,077	-16.3%
12 Bonterra Energy	-\$5,078	-20.3%
13 ARC Resources	-\$6,162	-24.6%
14 Tourmaline Oil	-\$7,272	-29.1%
15 Raging River Exploration	-\$7,695	-30.8%
16 Seven Generations Energy	-\$9,208	-36.8%
17 Painted Pony Energy	-\$9,543	-38.2%
18 Birchcliff Energy	-\$12,684	-50.7%
19 Bonavista Energy	-\$13,745	-55.0%
20 Peyto Exploration	-\$13,999	-56.0%

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

MODEL OIL PORTFOLIO **Annual Income/Yield** **As at: 9-Mar-18** **Initiation: July 1, 2017**

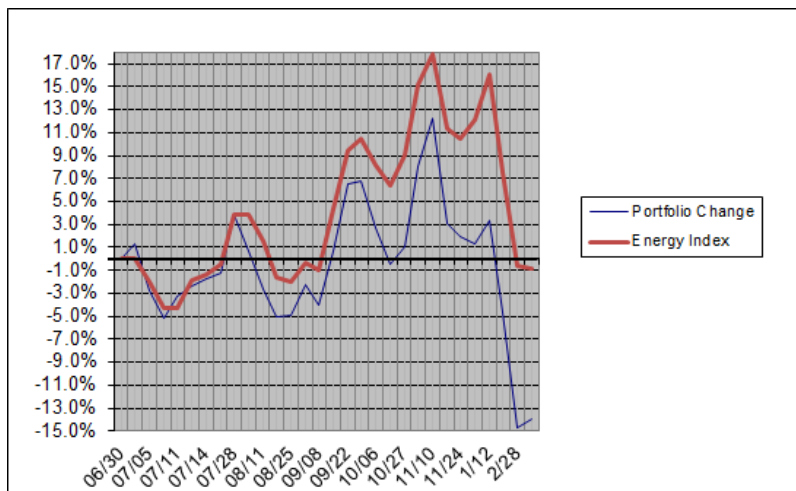
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$12.78	\$0.60	\$884	3.5%	4.7%	\$590
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$3.73	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$3.01	\$0.10	\$409	1.6%	3.3%	\$205
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.22	\$0.04	\$369	1.5%	3.3%	\$185
5 Bonterra Energy	BNE	1,493	\$16.74	\$13.34	\$1.20	\$1,792	7.2%	9.0%	\$1,195
6 Canadian Natural Resources	CNQ	668	\$37.42	\$38.90	\$1.10	\$735	2.9%	2.8%	\$367
7 Cenovus Energy	CVE	2,615	\$9.56	\$10.46	\$0.20	\$523	2.1%	1.9%	\$262
8 Crescent Point Energy	CPG	2,520	\$9.92	\$8.74	\$0.36	\$907	3.6%	4.1%	\$605
9 Encana Corp.	ECA	2,191	\$11.41	\$14.05	\$0.08	\$168	0.7%	0.5%	\$84
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.33	\$0.60	\$1,149	4.6%	4.9%	\$766
11 Husky Energy	HSE	1,698	\$14.72	\$16.92	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$35.09	\$0.64	\$423	1.7%	1.8%	\$317
13 Painted Pony Energy	PONY	7,886	\$3.17	\$1.96	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.35	\$1.32	\$1,403	5.6%	12.8%	\$935
15 PrairieSky Royalties	PSK	847	\$29.53	\$27.88	\$0.76	\$640	2.6%	2.7%	\$427
16 Raging River Exploration	RRX	3,090	\$8.09	\$5.60	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$14.03	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$19.77	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$40.56	\$2.58	\$1,568	6.3%	6.4%	\$1,045
20 Whitecap Resources	WCP	2,700	\$9.26	\$7.75	\$0.28	\$745	3.0%	3.6%	\$497
Portfolio Totals						\$11,717	2.3%	2.7%	\$7,479
Dividends, Companies Sold									\$211
Total Dividends Received									\$7,690

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: Mar. 9 → Portfolio = -16.0% (stocks); and -14.0% after dividends and trading profits;
S&P/TSX Energy Index = -0.8%



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