

Long-Term Perspective

May 18, 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 have decided to keep the 20-stock oil portfolio as is until the end of June, which would mark one year. At that time, we will close this portfolio and initiate a new one with far fewer stocks included in it. Interestingly, the end of June marks the end of the positive seasonality traits for the sector, so we will need to choose the next portfolio judiciously. The portfolio gained 4.8% last week, and it is now up 8.7% including dividends and trading profits. With sizable gains in many stocks, we changed the Target Prices accordingly.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 18-May-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	\$14.25	\$15.60	\$16.40	\$17.20	9.5%	15.1%	20.7%
2 Baytex Energy Corp.	BTE	\$3.15	\$5.93	\$6.25	\$6.65	\$7.00	5.4%	12.1%	18.0%
3 Birchcliff Energy	BIR	\$6.11	\$4.83	\$5.50	\$5.90	\$6.30	13.9%	22.2%	30.4%
4 Bonavista Energy	BNP	\$2.71	\$1.69	\$1.75	\$2.00	\$2.25	3.6%	18.3%	33.1%
5 Bonterra Energy	BNE	\$16.74	\$17.07	\$18.75	\$21.88	\$25.00	9.8%	28.2%	46.5%
6 Canadian Natural Resources	CNQ	\$37.42	\$48.16	\$45.30	\$46.88	\$48.45	-5.9%	-2.7%	0.6%
7 Cenovus Energy	CVE	\$9.56	\$14.21	\$14.05	\$14.85	\$15.63	-1.1%	4.5%	10.0%
8 Crescent Point Energy	CPG	\$9.92	\$10.93	\$11.00	\$12.50	\$14.00	0.6%	14.4%	28.1%
9 Encana Corp.	ECA	\$11.41	\$17.31	\$17.20	\$18.00	\$18.80	-0.6%	4.0%	8.6%
10 Freehold Royalties	FRU	\$13.05	\$13.81	\$15.25	\$15.63	\$16.00	10.4%	13.2%	15.9%
11 Husky Energy	HSE	\$14.72	\$19.46	\$19.20	\$19.60	\$20.00	-1.3%	0.7%	2.8%
12 Imperial Oil	IMO	\$37.80	\$42.12	\$40.63	\$42.20	\$43.80	-3.5%	0.2%	4.0%
13 Painted Pony Energy	PONY	\$3.17	\$2.77	\$3.35	\$3.75	\$4.15	20.9%	35.4%	49.8%
14 Peyto Exploration	PEY	\$23.52	\$11.27	\$12.50	\$14.00	\$15.50	10.9%	24.2%	37.5%
15 PrairieSky Royalties	PSK	\$29.53	\$28.40	\$32.00	\$32.80	\$33.60	12.7%	15.5%	18.3%
16 Raging River Exploration	RRX	\$8.09	\$7.69	\$8.60	\$9.00	\$9.40	11.8%	17.0%	22.2%
17 Seven Generations Energy	VII	\$22.21	\$18.10	\$23.45	\$25.00	\$26.55	29.6%	38.1%	46.7%
18 Tourmaline Oil	TOU	\$27.88	\$25.71	\$29.70	\$31.25	\$32.80	15.5%	21.5%	27.6%
19 Vermilion Energy	VET	\$41.14	\$47.11	\$46.88	\$50.00	\$53.00	-0.5%	6.1%	12.5%
20 Whitecap Resources	WCP	\$9.26	\$9.89	\$9.75	\$10.15	\$10.55	-1.4%	2.6%	6.7%

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.

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→ **MODEL OIL PORTFOLIO Portfolio Performance** As at: 18-May-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	\$14.25	\$25,000	\$21,005	-\$3,995	-16.0%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$5.93	\$25,000	\$47,063	\$22,063	88.3%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.83	\$25,000	\$19,763	-\$5,237	-20.9%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.69	\$25,000	\$15,590	-\$9,410	-37.6%
5 Bonterra Energy	BNE	1,493	\$16.74	\$17.07	\$25,000	\$25,493	\$493	2.0%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$48.16	\$25,000	\$32,175	\$7,175	28.7%
7 Cenovus Energy	CVE	2,615	\$9.56	\$14.21	\$25,000	\$37,160	\$12,160	48.6%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$10.93	\$25,000	\$27,545	\$2,545	10.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$17.31	\$25,000	\$37,927	\$12,927	51.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.81	\$25,000	\$26,456	\$1,456	5.8%
11 Husky Energy	HSE	1,698	\$14.72	\$19.46	\$25,000	\$33,050	\$8,050	32.2%
12 Imperial Oil	IMO	661	\$37.80	\$42.12	\$25,000	\$27,857	\$2,857	11.4%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.77	\$25,000	\$21,844	-\$3,155	-12.6%
14 Peyto Exploration	PEY	1,063	\$23.52	\$11.27	\$25,000	\$11,979	-\$13,021	-52.1%
15 PrairieSky Royalties	PSK	847	\$29.53	\$28.40	\$25,000	\$24,043	-\$957	-3.8%
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.69	\$25,000	\$23,764	-\$1,236	-4.9%
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.10	\$25,000	\$20,374	-\$4,626	-18.5%
18 Tourmaline Oil	TOU	897	\$27.88	\$25.71	\$25,000	\$23,054	-\$1,946	-7.8%
19 Vermilion Energy	VET	608	\$41.14	\$47.11	\$25,000	\$28,628	\$3,628	14.5%
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.89	\$25,000	\$26,701	\$1,701	6.8%

Stock Totals **\$500,000** **\$531,473** **\$31,474** **6.3%**
 Stock Annualized Return: 6.8%

Cash \$0
 Dividends \$9,757
 Net Trading Profits \$2,138

Portfolio Totals **\$500,000** **\$543,369** **8.7%**
 Portfolio Annualized Return: 9.4%

S&P/TSX ENERGY INDEX 172.10 210.38 38.28 **22.2%**
 (.SPITEN-ut) S&P/TSX Energy Annualized Return: 24.0%

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$46.04	\$71.24	\$25.20	54.7%
Canadian Crude Oil Index (CCX-bc)	\$8.18	\$12.24	\$4.06	49.6%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.49	\$11.55	\$6.06	110.4%
Energy Index ETF (XEG-bc)	\$10.94	\$13.38	\$2.44	22.3%
Energy Bull 2X ETF (HEU-bc)	\$7.90	\$11.46	\$3.56	45.1%
U.S. Oil Fund ETF (USO-bc)	\$9.50	\$14.43	\$4.93	51.9%
S&P/TSX Composite Index	15,182.19	16,162.31	980.12	6.5%

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

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

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Baytex Energy Corp.	\$22,063	88.3%
2 Encana Corp.	\$12,927	51.7%
3 Cenovus Energy	\$12,160	48.6%
4 Husky Energy	\$8,050	32.2%
5 Canadian Natural Resources	\$7,175	28.7%
6 Vermilion Energy	\$3,628	14.5%
7 Imperial Oil	\$2,857	11.4%
8 Crescent Point Energy	\$2,545	10.2%
9 Whitecap Resources	\$1,701	6.8%
10 Freehold Royalties	\$1,456	5.8%
11 Bonterra Energy	\$493	2.0%
12 PrairieSky Royalties	-\$957	-3.8%
13 Raging River Exploration	-\$1,236	-4.9%
14 Tourmaline Oil	-\$1,946	-7.8%
15 Painted Pony Energy	-\$3,155	-12.6%
16 ARC Resources	-\$3,995	-16.0%
17 Seven Generations Energy	-\$4,626	-18.5%
18 Birchcliff Energy	-\$5,237	-20.9%
19 Bonavista Energy	-\$9,410	-37.6%
20 Peyto Exploration	-\$13,021	-52.1%

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

MODEL OIL PORTFOLIO Annual Income/Yield **As at: 30-Apr-18** **Initiation: July 1, 2017**

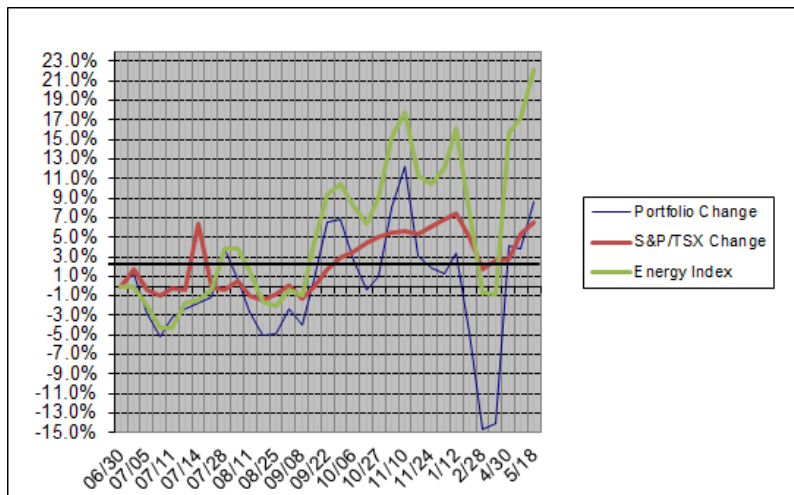
<u>Company</u>	<u>Symbol</u>	<u>Number</u> <u>of Shares</u>	<u>Purchase</u> <u>Price</u>	<u>Current</u> <u>Price</u>	<u>Annual</u> <u>Dividend</u>	<u>Annual</u> <u>Income</u>	<u>Purchase</u> <u>Yield</u>	<u>Current</u> <u>Yield</u>	<u>Pay-Out</u> <u>To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$14.32	\$0.60	\$884	3.5%	4.2%	\$737
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$5.75	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.65	\$0.10	\$409	1.6%	2.2%	\$307
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.58	\$0.04	\$369	1.5%	2.5%	\$277
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.80	\$1.20	\$1,792	7.2%	7.6%	\$1,493
6 Canadian Natural Resources	CNQ	668	\$37.42	\$46.32	\$1.10	\$735	2.9%	2.4%	\$551
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.86	\$0.20	\$523	2.1%	1.6%	\$392
8 Crescent Point Energy	CPG	2,520	\$9.92	\$11.25	\$0.36	\$907	3.6%	3.2%	\$756
9 Encana Corp.	ECA	2,191	\$11.41	\$15.99	\$0.08	\$169	0.7%	0.5%	\$127
10 Freehold Royalties	FRU	1,916	\$13.05	\$13.01	\$0.60	\$1,149	4.6%	4.6%	\$958
11 Husky Energy	HSE	1,698	\$14.72	\$17.96	\$0.00	\$0	0.0%	0.0%	\$0
12 Imperial Oil	IMO	661	\$37.80	\$39.93	\$0.64	\$423	1.7%	1.6%	\$317
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.81	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$12.14	\$1.32	\$1,403	5.6%	10.9%	\$1,169
15 PrairieSky Royalties	PSK	847	\$29.53	\$28.47	\$0.76	\$640	2.6%	2.7%	\$533
16 Raging River Exploration	RRX	3,090	\$8.09	\$7.14	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$18.32	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$24.15	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$43.40	\$2.58	\$1,568	6.3%	5.9%	\$1,307
20 Whitecap Resources	WCP	2,700	\$9.26	\$9.30	\$0.28	\$745	3.0%	3.0%	\$621
Portfolio Totals						\$11,718	2.3%	2.3%	\$9,546
Dividends, Companies Sold									\$211
Total Dividends Received									\$9,757

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: May 18 → Portfolio = +6.3% (stocks); and +8.7% after dividends and trading profits;
 S&P/TSX Energy Index = +22.3%
 S&P/TSX Composite = +6.5%



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