

Long-Term Perspective

June 1, 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:** *One month to go and we will wind this portfolio up and start a new one, which will have far fewer stocks in it. And, we will weight the stocks unequally rather than all of them have the same weighting. The portfolio rose 1.0% this past week, but the Energy Index was up 1.7%.*

The current portfolio is presented on the following page.

<continued>

**MODEL OIL PORTFOLIO Share Price Information** As at: 1-Jun-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               | \$13.13              | \$15.60             | \$16.40              | \$17.20             | 18.8%                       | 24.9%                       | 31.0%                       |
| 2 Baytex Energy Corp.        | BTE           | \$3.15                | \$5.35               | \$6.25              | \$6.65               | \$7.00              | 16.8%                       | 24.3%                       | 30.8%                       |
| 3 Birchcliff Energy          | BIR           | \$6.11                | \$4.43               | \$5.50              | \$5.90               | \$6.30              | 24.2%                       | 33.2%                       | 42.2%                       |
| 4 Bonavista Energy           | BNP           | \$2.71                | \$1.57               | \$1.75              | \$2.00               | \$2.25              | 11.5%                       | 27.4%                       | 43.3%                       |
| 5 Bonterra Energy            | BNE           | \$16.74               | \$16.31              | \$18.75             | \$21.88              | \$25.00             | 15.0%                       | 34.2%                       | 53.3%                       |
| 6 Canadian Natural Resources | CNQ           | \$37.42               | \$44.66              | \$45.30             | \$46.88              | \$48.45             | 1.4%                        | 5.0%                        | 8.5%                        |
| 7 Cenovus Energy             | CVE           | \$9.56                | \$13.44              | \$14.05             | \$14.85              | \$15.63             | 4.5%                        | 10.5%                       | 16.3%                       |
| 8 Crescent Point Energy      | CPG           | \$9.92                | \$10.22              | \$11.00             | \$12.50              | \$14.00             | 7.6%                        | 22.3%                       | 37.0%                       |
| 9 Encana Corp.               | ECA           | \$11.41               | \$16.03              | \$17.20             | \$18.00              | \$18.80             | 7.3%                        | 12.3%                       | 17.3%                       |
| 10 Freehold Royalties        | FRU           | \$13.05               | \$12.06              | \$15.25             | \$15.63              | \$16.00             | 26.5%                       | 29.6%                       | 32.7%                       |
| 11 Husky Energy              | HSE           | \$14.72               | \$18.77              | \$19.20             | \$19.60              | \$20.00             | 2.3%                        | 4.4%                        | 6.6%                        |
| 12 Imperial Oil              | IMO           | \$37.80               | \$42.39              | \$40.63             | \$42.20              | \$43.80             | -4.2%                       | -0.4%                       | 3.3%                        |
| 13 Painted Pony Energy       | PONY          | \$3.17                | \$2.59               | \$3.35              | \$3.75               | \$4.15              | 29.3%                       | 44.8%                       | 60.2%                       |
| 14 Peyto Exploration         | PEY           | \$23.52               | \$10.49              | \$12.50             | \$14.00              | \$15.50             | 19.2%                       | 33.5%                       | 47.8%                       |
| 15 PrairieSky Royalties      | PSK           | \$29.53               | \$26.59              | \$32.00             | \$32.80              | \$33.60             | 20.3%                       | 23.4%                       | 26.4%                       |
| 16 Raging River Exploration  | RRX           | \$8.09                | \$7.50               | \$8.60              | \$9.00               | \$9.40              | 14.7%                       | 20.0%                       | 25.3%                       |
| 17 Seven Generations Energy  | VII           | \$22.21               | \$16.43              | \$23.45             | \$25.00              | \$26.55             | 42.7%                       | 52.2%                       | 61.6%                       |
| 18 Tourmaline Oil            | TOU           | \$27.88               | \$25.18              | \$29.70             | \$31.25              | \$32.80             | 18.0%                       | 24.1%                       | 30.3%                       |
| 19 Vermilion Energy          | VET           | \$41.14               | \$46.07              | \$46.88             | \$50.00              | \$53.00             | 1.8%                        | 8.5%                        | 15.0%                       |
| 20 Whitecap Resources        | WCP           | \$9.26                | \$9.22               | \$9.75              | \$10.15              | \$10.55             | 5.7%                        | 10.1%                       | 14.4%                       |

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: 1-Jun-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               | \$13.13              | \$25,000                          | \$19,354             | -\$5,646                 | -22.6%                  |
| 2 Baytex Energy Corp.                 | BTE           | 7,937                   | \$3.15                | \$5.35               | \$25,000                          | \$42,460             | \$17,460                 | 69.8%                   |
| 3 Birchcliff Energy                   | BIR           | 4,092                   | \$6.11                | \$4.43               | \$25,000                          | \$18,126             | -\$6,874                 | -27.5%                  |
| 4 Bonavista Energy                    | BNP           | 9,225                   | \$2.71                | \$1.57               | \$25,000                          | \$14,483             | -\$10,517                | -42.1%                  |
| 5 Bonterra Energy                     | BNE           | 1,493                   | \$16.74               | \$16.31              | \$25,000                          | \$24,358             | -\$642                   | -2.6%                   |
| 6 Canadian Natural Resources          | CNQ           | 668                     | \$37.42               | \$44.66              | \$25,000                          | \$29,837             | \$4,837                  | 19.3%                   |
| 7 Cenovus Energy                      | CVE           | 2,615                   | \$9.56                | \$13.44              | \$25,000                          | \$35,146             | \$10,146                 | 40.6%                   |
| 8 Crescent Point Energy               | CPG           | 2,520                   | \$9.92                | \$10.22              | \$25,000                          | \$25,756             | \$756                    | 3.0%                    |
| 9 Encana Corp.                        | ECA           | 2,191                   | \$11.41               | \$16.03              | \$25,000                          | \$35,123             | \$10,123                 | 40.5%                   |
| 10 Freehold Royalties                 | FRU           | 1,916                   | \$13.05               | \$12.06              | \$25,000                          | \$23,103             | -\$1,897                 | -7.6%                   |
| 11 Husky Energy                       | HSE           | 1,698                   | \$14.72               | \$18.77              | \$25,000                          | \$31,878             | \$6,878                  | 27.5%                   |
| 12 Imperial Oil                       | IMO           | 661                     | \$37.80               | \$42.39              | \$25,000                          | \$28,036             | \$3,036                  | 12.1%                   |
| 13 Painted Pony Energy                | PONY          | 7,886                   | \$3.17                | \$2.59               | \$25,000                          | \$20,425             | -\$4,575                 | -18.3%                  |
| 14 Peyto Exploration                  | PEY           | 1,063                   | \$23.52               | \$10.49              | \$25,000                          | \$11,150             | -\$13,850                | -55.4%                  |
| 15 PrairieSky Royalties               | PSK           | 847                     | \$29.53               | \$26.59              | \$25,000                          | \$22,511             | -\$2,489                 | -10.0%                  |
| 16 Raging River Exploration           | RRX           | 3,090                   | \$8.09                | \$7.50               | \$25,000                          | \$23,177             | -\$1,823                 | -7.3%                   |
| 17 Seven Generations Energy           | VII           | 1,126                   | \$22.21               | \$16.43              | \$25,000                          | \$18,494             | -\$6,506                 | -26.0%                  |
| 18 Tourmaline Oil                     | TOU           | 897                     | \$27.88               | \$25.18              | \$25,000                          | \$22,579             | -\$2,421                 | -9.7%                   |
| 19 Vermilion Energy                   | VET           | 608                     | \$41.14               | \$46.07              | \$25,000                          | \$27,996             | \$2,996                  | 12.0%                   |
| 20 Whitecap Resources                 | WCP           | 2,700                   | \$9.26                | \$9.22               | \$25,000                          | \$24,892             | -\$108                   | -0.4%                   |
| <b>Stock Totals</b>                   |               |                         |                       |                      | <b>\$500,000</b>                  | <b>\$498,885</b>     | <b>-\$1,115</b>          | <b>-0.2%</b>            |
|                                       |               |                         |                       |                      | Stock Annualized Return:          |                      |                          | -0.2%                   |
| Cash                                  |               |                         |                       |                      | \$0                               |                      |                          |                         |
| Dividends                             |               |                         |                       |                      | \$10,621                          |                      |                          |                         |
| Net Trading Profits                   |               |                         |                       |                      | \$2,138                           |                      |                          |                         |
| <b>Portfolio Totals</b>               |               |                         |                       |                      | <b>\$500,000</b>                  | <b>\$511,644</b>     |                          | <b>2.3%</b>             |
|                                       |               |                         |                       |                      | Portfolio Annualized Return:      |                      |                          | 2.4%                    |
| <b>S&amp;P/TSX ENERGY INDEX .....</b> |               |                         |                       |                      | 172.10                            | 201.40               | 29.30                    | <b>17.0%</b>            |
| (.SPTTEN-ut)                          |               |                         |                       |                      | S&P/TSX Energy Annualized Return: |                      |                          | 17.6%                   |
|                                       |               |                         |                       |                      | <b>Initial Value</b>              | <b>Current Value</b> | <b>Change</b>            | <b>% Change</b>         |
| Crude Oil (SWTIC-sc)                  |               |                         |                       |                      | \$46.04                           | \$65.83              | \$19.79                  | 43.0%                   |
| Canadian Crude Oil Index (CCX-bc)     |               |                         |                       |                      | \$8.18                            | \$9.30               | \$1.12                   | 13.7%                   |
| Crude Oil Bull 2X ETF (HOU-bc)        |               |                         |                       |                      | \$5.49                            | \$9.67               | \$4.18                   | 76.1%                   |
| Energy Index ETF (XEG-bc)             |               |                         |                       |                      | \$10.94                           | \$12.84              | \$1.90                   | 17.4%                   |
| Energy Bull 2X ETF (HEU-bc)           |               |                         |                       |                      | \$7.90                            | \$10.52              | \$2.62                   | 33.2%                   |
| U.S. Oil Fund ETF (USO-bc)            |               |                         |                       |                      | \$9.50                            | \$13.25              | \$3.75                   | 39.5%                   |
| S&P/TSX Composite Index .....         |               |                         |                       |                      | 15,182.19                         | 16,043.54            | \$861.35                 | 5.7%                    |

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

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

| <u>Company</u>               | <u>\$ Gain<br/>or (Loss)</u> | <u>% Gain<br/>or (Loss)</u> |
|------------------------------|------------------------------|-----------------------------|
| 1 Baytex Energy Corp.        | \$17,460                     | 69.8%                       |
| 2 Cenovus Energy             | \$10,146                     | 40.6%                       |
| 3 Encana Corp.               | \$10,123                     | 40.5%                       |
| 4 Husky Energy               | \$6,878                      | 27.5%                       |
| 5 Canadian Natural Resources | \$4,837                      | 19.3%                       |
| 6 Imperial Oil               | \$3,036                      | 12.1%                       |
| 7 Vermilion Energy           | \$2,996                      | 12.0%                       |
| 8 Crescent Point Energy      | \$756                        | 3.0%                        |
| 9 Whitecap Resources         | -\$108                       | -0.4%                       |
| 10 Bonterra Energy           | -\$642                       | -2.6%                       |
| 11 Raging River Exploration  | -\$1,823                     | -7.3%                       |
| 12 Freehold Royalties        | -\$1,897                     | -7.6%                       |
| 13 Tourmaline Oil            | -\$2,421                     | -9.7%                       |
| 14 PrairieSky Royalties      | -\$2,489                     | -10.0%                      |
| 15 Painted Pony Energy       | -\$4,575                     | -18.3%                      |
| 16 ARC Resources             | -\$5,646                     | -22.6%                      |
| 17 Seven Generations Energy  | -\$6,506                     | -26.0%                      |
| 18 Birchcliff Energy         | -\$6,874                     | -27.5%                      |
| 19 Bonavista Energy          | -\$10,517                    | -42.1%                      |
| 20 Peyto Exploration         | -\$13,850                    | -55.4%                      |

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

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

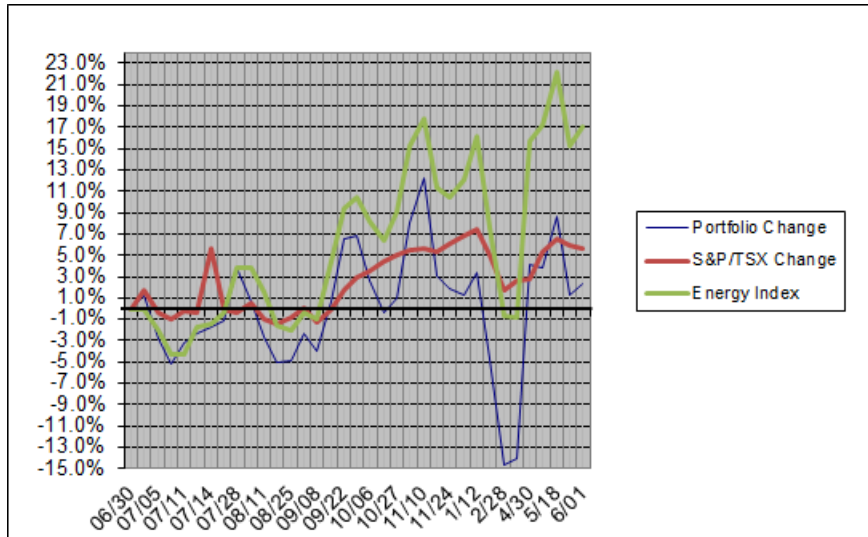
| <u>Company</u>                   | <u>Symbol</u> | <u>Number<br/>of Shares</u> | <u>Purchase<br/>Price</u> | <u>Current<br/>Price</u> | <u>Annual<br/>Dividend</u> | <u>Annual<br/>Income</u> | <u>Purchase<br/>Yield</u> | <u>Current<br/>Yield</u> | <u>Pay-Out<br/>To Date</u> |
|----------------------------------|---------------|-----------------------------|---------------------------|--------------------------|----------------------------|--------------------------|---------------------------|--------------------------|----------------------------|
| 1 ARC Resources                  | ARX           | 1,474                       | \$16.96                   | \$13.13                  | \$0.60                     | \$884                    | 3.5%                      | 4.6%                     | \$811                      |
| 2 Baytex Energy Corp.            | BTE           | 7,937                       | \$3.15                    | \$5.35                   | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$0                        |
| 3 Birchcliff Energy              | BIR           | 4,092                       | \$6.11                    | \$4.43                   | \$0.10                     | \$409                    | 1.6%                      | 2.3%                     | \$307                      |
| 4 Bonavista Energy               | BNP           | 9,225                       | \$2.71                    | \$1.57                   | \$0.04                     | \$369                    | 1.5%                      | 2.5%                     | \$277                      |
| 5 Bonterra Energy                | BNE           | 1,493                       | \$16.74                   | \$16.31                  | \$1.20                     | \$1,792                  | 7.2%                      | 7.4%                     | \$1,643                    |
| 6 Canadian Natural Resources     | CNQ           | 668                         | \$37.42                   | \$44.66                  | \$1.10                     | \$735                    | 2.9%                      | 2.5%                     | \$551                      |
| 7 Cenovus Energy                 | CVE           | 2,615                       | \$9.56                    | \$13.44                  | \$0.20                     | \$523                    | 2.1%                      | 1.5%                     | \$392                      |
| 8 Crescent Point Energy          | CPG           | 2,520                       | \$9.92                    | \$10.22                  | \$0.36                     | \$907                    | 3.6%                      | 3.5%                     | \$832                      |
| 9 Encana Corp.                   | ECA           | 2,191                       | \$11.41                   | \$16.03                  | \$0.08                     | \$170                    | 0.7%                      | 0.5%                     | \$128                      |
| 10 Freehold Royalties            | FRU           | 1,916                       | \$13.05                   | \$12.06                  | \$0.60                     | \$1,149                  | 4.6%                      | 5.0%                     | \$1,054                    |
| 11 Husky Energy                  | HSE           | 1,698                       | \$14.72                   | \$18.77                  | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$127                      |
| 12 Imperial Oil                  | IMO           | 661                         | \$37.80                   | \$42.39                  | \$0.64                     | \$423                    | 1.7%                      | 1.5%                     | \$423                      |
| 13 Painted Pony Energy           | PONY          | 7,886                       | \$3.17                    | \$2.59                   | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$0                        |
| 14 Peyto Exploration             | PEY           | 1,063                       | \$23.52                   | \$10.49                  | \$1.32                     | \$1,403                  | 5.6%                      | 12.6%                    | \$1,286                    |
| 15 PrairieSky Royalties          | PSK           | 847                         | \$29.53                   | \$26.59                  | \$0.76                     | \$640                    | 2.6%                      | 2.8%                     | \$587                      |
| 16 Raging River Exploration      | RRX           | 3,090                       | \$8.09                    | \$7.50                   | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$0                        |
| 17 Seven Generations Energy      | VII           | 1,126                       | \$22.21                   | \$16.43                  | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$0                        |
| 18 Tourmaline Oil                | TOU           | 897                         | \$27.88                   | \$25.18                  | \$0.00                     | \$0                      | 0.0%                      | 0.0%                     | \$0                        |
| 19 Vermilion Energy              | VET           | 608                         | \$41.14                   | \$46.07                  | \$2.58                     | \$1,568                  | 6.3%                      | 5.6%                     | \$1,437                    |
| 20 Whitecap Resources            | WCP           | 2,700                       | \$9.26                    | \$9.22                   | \$0.28                     | \$745                    | 3.0%                      | 3.0%                     | \$683                      |
| <b>Portfolio Totals</b>          |               |                             |                           |                          |                            | <b>\$11,719</b>          | <b>2.3%</b>               | <b>2.3%</b>              | <b>\$10,537</b>            |
| <b>Dividends, Companies Sold</b> |               |                             |                           |                          |                            |                          |                           |                          | <b>\$211</b>               |
| <b>Total Dividends Received</b>  |               |                             |                           |                          |                            |                          |                           |                          | <b>\$10,748</b>            |

**STOCKS SOLD**

| <u>Company</u> | <u>Purchase<br/>Date</u> | <u>Selling<br/>Date</u> | <u>Purchase<br/>Price</u> | <u>Selling<br/>Price</u> | <u>Purchase<br/>Cost</u> | <u>Selling<br/>Value</u> | <u>\$ Gain<br/>or (Loss)</u> | <u>% Gain<br/>or (Loss)</u> | <u>Number<br/>of Shares</u> | <u>Cum. Gain<br/>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: June 1 → Portfolio = -0.2% (stocks); and +2.3% after dividends and trading profits;  
S&P/TSX Energy Index = +17.0%  
S&P/TSX Composite = +5.7%



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