

Long-Term Perspective

June 15, 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: *As previously mentioned, we are going to wind up this portfolio at the end of June, which will mark one year, and begin a new one. The new portfolio will be considerably smaller. We will also weight the stocks unequally rather than all of them have the same weighting. This past week was not good. Both the Portfolio and the Energy Index fell 4.3%. Cumulatively, the Portfolio is down 2.0% over the almost year of difficult performance. We have to do better in the next twelve months.*

The current portfolio is presented on the following page.

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MODEL OIL PORTFOLIO Share Price Information As at: 15-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	\$13.42	\$15.60	\$16.40	\$17.20	16.2%	22.2%	28.2%
2 Baytex Energy Corp.	BTE	\$3.15	\$5.10	\$6.25	\$6.65	\$7.00	22.5%	30.4%	37.3%
3 Birchcliff Energy	BIR	\$6.11	\$4.58	\$5.50	\$5.90	\$6.30	20.1%	28.8%	37.6%
4 Bonavista Energy	BNP	\$2.71	\$1.45	\$1.75	\$2.00	\$2.25	20.7%	37.9%	55.2%
5 Bonterra Energy	BNE	\$16.74	\$15.98	\$18.75	\$21.88	\$25.00	17.3%	36.9%	56.4%
6 Canadian Natural Resources	CNQ	\$37.42	\$41.13	\$45.30	\$46.88	\$48.45	10.1%	14.0%	17.8%
7 Cenovus Energy	CVE	\$9.56	\$12.14	\$14.05	\$14.85	\$15.63	15.7%	22.3%	28.7%
8 Crescent Point Energy	CPG	\$9.92	\$9.52	\$11.00	\$12.50	\$14.00	15.5%	31.3%	47.1%
9 Encana Corp.	ECA	\$11.41	\$16.05	\$17.20	\$18.00	\$18.80	7.2%	12.1%	17.1%
10 Freehold Royalties	FRU	\$13.05	\$12.11	\$15.25	\$15.63	\$16.00	25.9%	29.1%	32.1%
11 Husky Energy	HSE	\$14.72	\$19.94	\$19.20	\$19.60	\$20.00	-3.7%	-1.7%	0.3%
12 Imperial Oil	IMO	\$37.80	\$43.19	\$40.63	\$42.20	\$43.80	-5.9%	-2.3%	1.4%
13 Painted Pony Energy	PONY	\$3.17	\$2.15	\$3.35	\$3.75	\$4.15	55.8%	74.4%	93.0%
14 Peyto Exploration	PEY	\$23.52	\$10.46	\$12.50	\$14.00	\$15.50	19.5%	33.8%	48.2%
15 PrairieSky Royalties	PSK	\$29.53	\$26.30	\$32.00	\$32.80	\$33.60	21.7%	24.7%	27.8%
16 Raging River Exploration	RRX	\$8.09	\$6.28	\$8.60	\$9.00	\$9.40	36.9%	43.3%	49.7%
17 Seven Generations Energy	VII	\$22.21	\$14.57	\$23.45	\$25.00	\$26.55	60.9%	71.6%	82.2%
18 Tourmaline Oil	TOU	\$27.88	\$23.92	\$29.70	\$31.25	\$32.80	24.2%	30.6%	37.1%
19 Vermilion Energy	VET	\$41.14	\$44.52	\$46.88	\$50.00	\$53.00	5.3%	12.3%	19.0%
20 Whitecap Resources	WCP	\$9.26	\$8.31	\$9.75	\$10.15	\$10.55	17.3%	22.1%	27.0%

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: 15-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	\$13.42	\$25,000	\$19,782	-\$5,218	-20.9%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$5.10	\$25,000	\$40,476	\$15,476	61.9%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.58	\$25,000	\$18,740	-\$6,260	-25.0%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.45	\$25,000	\$13,376	-\$11,624	-46.5%
5 Bonterra Energy	BNE	1,493	\$16.74	\$15.98	\$25,000	\$23,865	-\$1,135	-4.5%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$41.13	\$25,000	\$27,479	\$2,479	9.9%
7 Cenovus Energy	CVE	2,615	\$9.56	\$12.14	\$25,000	\$31,747	\$6,747	27.0%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.52	\$25,000	\$23,992	-\$1,008	-4.0%
9 Encana Corp.	ECA	2,191	\$11.41	\$16.05	\$25,000	\$35,167	\$10,167	40.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.11	\$25,000	\$23,199	-\$1,801	-7.2%
11 Husky Energy	HSE	1,698	\$14.72	\$19.94	\$25,000	\$33,865	\$8,865	35.5%
12 Imperial Oil	IMO	661	\$37.80	\$43.19	\$25,000	\$28,565	\$3,565	14.3%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.15	\$25,000	\$16,955	-\$8,045	-32.2%
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.46	\$25,000	\$11,118	-\$13,882	-55.5%
15 PrairieSky Royalties	PSK	847	\$29.53	\$26.30	\$25,000	\$22,265	-\$2,735	-10.9%
16 Raging River Exploration	RRX	3,090	\$8.09	\$6.28	\$25,000	\$19,407	-\$5,593	-22.4%
17 Seven Generations Energy	VII	1,126	\$22.21	\$14.57	\$25,000	\$16,400	-\$8,600	-34.4%
18 Tourmaline Oil	TOU	897	\$27.88	\$23.92	\$25,000	\$21,449	-\$3,551	-14.2%
19 Vermilion Energy	VET	608	\$41.14	\$44.52	\$25,000	\$27,054	\$2,054	8.2%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.31	\$25,000	\$22,435	-\$2,565	-10.3%
Stock Totals					\$500,000	\$477,336	-\$22,663	-4.5%
					Stock Annualized Return:			-4.5%
Cash					\$0			
Dividends					\$10,624			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$490,098	-\$9,902	-2.0%
					Portfolio Annualized Return:			-2.0%
S&P/TSX ENERGY INDEX					172.10	194.01	21.91	12.7%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return: 12.7%			
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-bc)					\$46.04	\$65.00	\$18.96	41.2%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$9.76	\$1.58	19.3%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$9.36	\$3.87	70.5%
Energy Index ETF (XEG-bc)					\$10.94	\$12.39	\$1.45	13.3%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$9.76	\$1.86	23.5%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$13.05	\$3.55	37.4%
S&P/TSX Composite Index					15,182.19	16,314.42	1,132.23	7.5%

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

MODEL OIL PORTFOLIO **\$ and % Change**
As at: 15-Jun-18
Since: 1-Jul-17

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Baytex Energy Corp.	\$15,476	61.9%
2 Encana Corp.	\$10,167	40.7%
3 Husky Energy	\$8,865	35.5%
4 Cenovus Energy	\$6,747	27.0%
5 Imperial Oil	\$3,565	14.3%
6 Canadian Natural Resources	\$2,479	9.9%
7 Vermilion Energy	\$2,054	8.2%
8 Crescent Point Energy	-\$1,008	-4.0%
9 Bonterra Energy	-\$1,135	-4.5%
10 Freehold Royalties	-\$1,801	-7.2%
11 Whitecap Resources	-\$2,565	-10.3%
12 PrairieSky Royalties	-\$2,735	-10.9%
13 Tourmaline Oil	-\$3,551	-14.2%
14 ARC Resources	-\$5,218	-20.9%
15 Raging River Exploration	-\$5,593	-22.4%
16 Birchcliff Energy	-\$6,260	-25.0%
17 Painted Pony Energy	-\$8,045	-32.2%
18 Seven Generations Energy	-\$8,600	-34.4%
19 Bonavista Energy	-\$11,624	-46.5%
20 Peyto Exploration	-\$13,882	-55.5%

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**

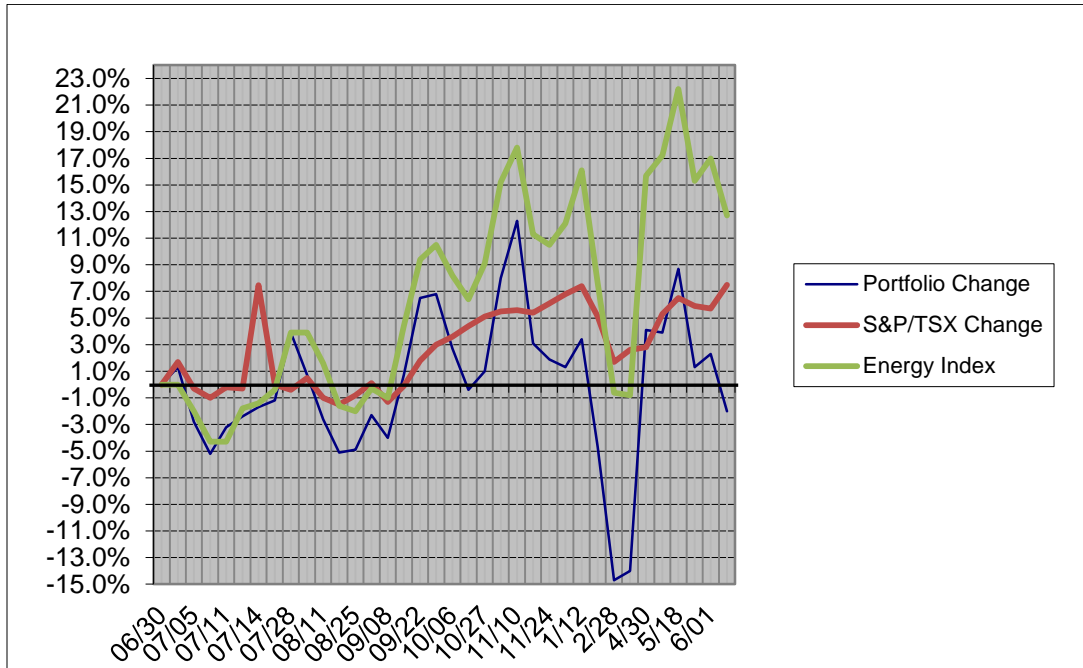
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$13.13	\$0.60	\$884	3.5%	4.6%	\$811
2 Baytex Energy Corp.	BTE	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
Portfolio Totals						\$11,719	2.3%	2.3%	\$10,537
Dividends, Companies Sold									\$211
Total Dividends Received									\$10,748

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: June 15 → Portfolio = -4.5% (stocks); and -2.0% after dividends and trading profits;
 S&P/TSX Energy Index = +12.7%
 S&P/TSX Composite = +7.5%



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