

Long-Term Perspective

June 22, 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: *Only one more week to go until we wind up this portfolio, exactly one year after inception. At July 1, 2018, we will begin a new portfolio that will be considerably smaller. We will also weight the stocks unequally rather than all of them have the same weighting. Currently, this portfolio is down 1.8%. Some big winners are weighed down by some significant losses.*

The current portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information As at: 22-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	\$13.28	\$15.60	\$16.40	\$17.20	17.5%	23.5%	29.5%
2 Baytex Energy Corp.	BTE	\$3.15	\$4.36	\$6.25	\$6.65	\$7.00	43.3%	52.5%	60.6%
3 Birchcliff Energy	BIR	\$6.11	\$4.59	\$5.50	\$5.90	\$6.30	19.8%	28.5%	37.3%
4 Bonavista Energy	BNP	\$2.71	\$1.43	\$1.75	\$2.00	\$2.25	22.4%	39.9%	57.3%
5 Bonterra Energy	BNE	\$16.74	\$16.39	\$18.75	\$21.88	\$25.00	14.4%	33.5%	52.5%
6 Canadian Natural Resources	CNQ	\$37.42	\$44.17	\$45.30	\$46.88	\$48.45	2.6%	6.1%	9.7%
7 Cenovus Energy	CVE	\$9.56	\$13.18	\$14.05	\$14.85	\$15.63	6.6%	12.7%	18.6%
8 Crescent Point Energy	CPG	\$9.92	\$9.60	\$11.00	\$12.50	\$14.00	14.6%	30.2%	45.8%
9 Encana Corp.	ECA	\$11.41	\$16.97	\$17.20	\$18.00	\$18.80	1.4%	6.1%	10.8%
10 Freehold Royalties	FRU	\$13.05	\$12.55	\$15.25	\$15.63	\$16.00	21.5%	24.5%	27.5%
11 Husky Energy	HSE	\$14.72	\$20.02	\$19.20	\$19.60	\$20.00	-4.1%	-2.1%	-0.1%
12 Imperial Oil	IMO	\$37.80	\$43.23	\$40.63	\$42.20	\$43.80	-6.0%	-2.4%	1.3%
13 Painted Pony Energy	PONY	\$3.17	\$2.16	\$3.35	\$3.75	\$4.15	55.1%	73.6%	92.1%
14 Peyto Exploration	PEY	\$23.52	\$10.26	\$12.50	\$14.00	\$15.50	21.8%	36.5%	51.1%
15 PrairieSky Royalties	PSK	\$29.53	\$25.93	\$32.00	\$32.80	\$33.60	23.4%	26.5%	29.6%
16 Raging River Exploration	RRX	\$8.09	\$5.57	\$8.60	\$9.00	\$9.40	54.4%	61.6%	68.8%
17 Seven Generations Energy	VII	\$22.21	\$14.04	\$23.45	\$25.00	\$26.55	67.0%	78.1%	89.1%
18 Tourmaline Oil	TOU	\$27.88	\$23.48	\$29.70	\$31.25	\$32.80	26.5%	33.1%	39.7%
19 Vermilion Energy	VET	\$41.14	\$46.45	\$46.88	\$50.00	\$53.00	0.9%	7.6%	14.1%
20 Whitecap Resources	WCP	\$9.26	\$8.74	\$9.75	\$10.15	\$10.55	11.6%	16.1%	20.7%

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: 22-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	\$13.28	\$25,000	\$19,575	-\$5,425	-21.7%
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$4.36	\$25,000	\$34,603	\$9,603	38.4%
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.59	\$25,000	\$18,781	-\$6,219	-24.9%
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.43	\$25,000	\$13,192	-\$11,808	-47.2%
5 Bonterra Energy	BNE	1,493	\$16.74	\$16.39	\$25,000	\$24,477	-\$523	-2.1%
6 Canadian Natural Resources	CNQ	668	\$37.42	\$44.17	\$25,000	\$29,510	\$4,510	18.0%
7 Cenovus Energy	CVE	2,615	\$9.56	\$13.18	\$25,000	\$34,467	\$9,467	37.9%
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.60	\$25,000	\$24,194	-\$806	-3.2%
9 Encana Corp.	ECA	2,191	\$11.41	\$16.97	\$25,000	\$37,182	\$12,182	48.7%
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.55	\$25,000	\$24,042	-\$958	-3.8%
11 Husky Energy	HSE	1,698	\$14.72	\$20.02	\$25,000	\$34,001	\$9,001	36.0%
12 Imperial Oil	IMO	661	\$37.80	\$43.23	\$25,000	\$28,591	\$3,591	14.4%
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.16	\$25,000	\$17,034	-\$7,966	-31.9%
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.26	\$25,000	\$10,906	-\$14,094	-56.4%
15 PrairieSky Royalties	PSK	847	\$29.53	\$25.93	\$25,000	\$21,952	-\$3,048	-12.2%
16 Raging River Exploration	RRX	3,090	\$8.09	\$5.57	\$25,000	\$17,213	-\$7,787	-31.1%
17 Seven Generations Energy	VII	1,126	\$22.21	\$14.04	\$25,000	\$15,804	-\$9,196	-36.8%
18 Tourmaline Oil	TOU	897	\$27.88	\$23.48	\$25,000	\$21,055	-\$3,945	-15.8%
19 Vermilion Energy	VET	608	\$41.14	\$46.45	\$25,000	\$28,227	\$3,227	12.9%
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.74	\$25,000	\$23,596	-\$1,404	-5.6%
Stock Totals					\$500,000	\$478,401	-\$21,599	-4.3%
					Stock Annualized Return:			-4.2%
Cash					\$0			
Dividends					\$10,624			
Net Trading Profits					\$2,138			
Portfolio Totals					\$500,000	\$491,163		-1.8%
					Portfolio Annualized Return:			-1.7%
S&P/TSX ENERGY INDEX					172.10	201.37	29.27	17.0%
(.SPTTEN-ut)					S&P/TSX Energy Annualized Return:			16.6%
					Initial Value	Current Value	Change	% Change
Crude Oil (SWTIC-sc)					\$46.04	\$68.59	\$22.55	49.0%
Canadian Crude Oil Index (CCX-bc)					\$8.18	\$10.55	\$2.37	29.0%
Crude Oil Bull 2X ETF (HOU-bc)					\$5.49	\$10.73	\$5.24	95.4%
Energy Index ETF (XEG-bc)					\$10.94	\$12.85	\$1.91	17.5%
Energy Bull 2X ETF (HEU-bc)					\$7.90	\$10.50	\$2.60	32.9%
U.S. Oil Fund ETF (USO-bc)					\$9.50	\$14.02	\$4.52	47.6%
S&P/TSX Composite Index					15,182.19	16,450.14	1,267.95	8.4%

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

MODEL OIL PORTFOLIO \$ and % Change
As at: 22-Jun-18
Since: 1-Jul-17

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Encana Corp.	\$12,182	48.7%
2 Baytex Energy Corp.	\$9,603	38.4%
3 Cenovus Energy	\$9,467	37.9%
4 Husky Energy	\$9,001	36.0%
5 Canadian Natural Resources	\$4,510	18.0%
6 Imperial Oil	\$3,591	14.4%
7 Vermilion Energy	\$3,227	12.9%
8 Bonterra Energy	-\$523	-2.1%
9 Crescent Point Energy	-\$806	-3.2%
10 Freehold Royalties	-\$958	-3.8%
11 Whitecap Resources	-\$1,404	-5.6%
12 PrairieSky Royalties	-\$3,048	-12.2%
13 Tourmaline Oil	-\$3,945	-15.8%
14 ARC Resources	-\$5,425	-21.7%
15 Birchcliff Energy	-\$6,219	-24.9%
16 Raging River Exploration	-\$7,787	-31.1%
17 Painted Pony Energy	-\$7,966	-31.9%
18 Seven Generations Energy	-\$9,196	-36.8%
19 Bonavista Energy	-\$11,808	-47.2%
20 Peyto Exploration	-\$14,094	-56.4%

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

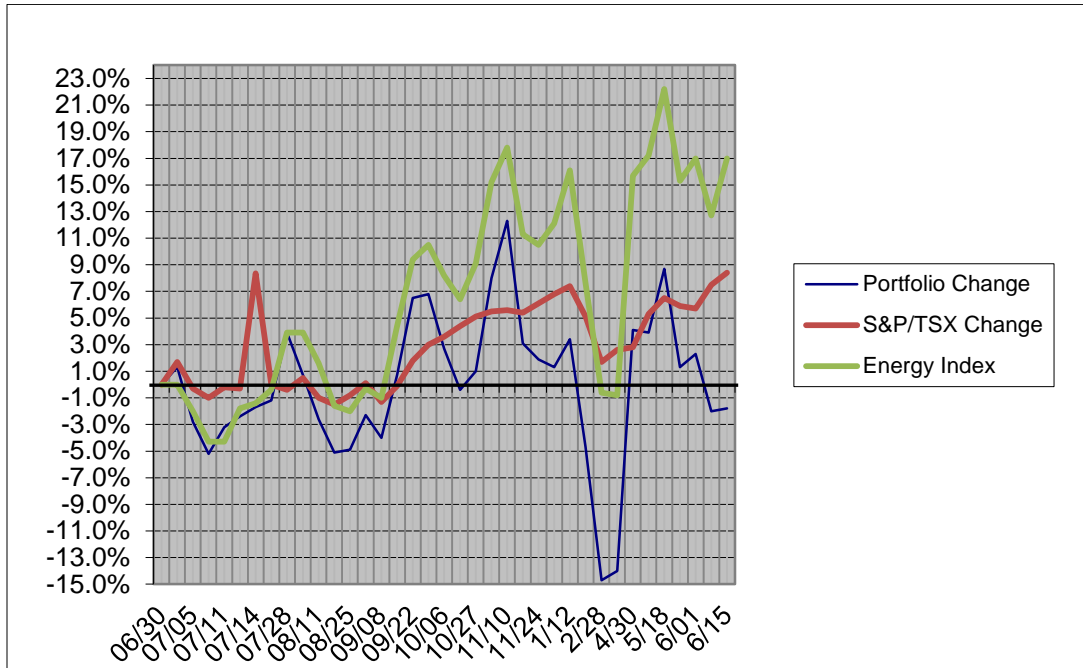
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$13.13	\$0.60	\$884	3.5%	4.6%	\$811
2 Baytex Energy Corp.	BTE	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 22 → Portfolio = -4.3% (stocks); and -1.8% after dividends and trading profits;
S&P/TSX Energy Index = +17.5%
S&P/TSX Composite = +8.4%



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