

Long-Term Perspective

June 29, 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: *This is the final edition of this Oil Portfolio. We are starting a new one as of July 3rd. It will be more pro-active. This portfolio began exactly one year ago, a turbulent time for the energy sector. Many stock performed admirably; others faltered badly. Having 20 stocks in the portfolio thus got its share of good-performers as well as bad-performers. The final score, including dividends and trading profits, was that the portfolio was up 0.6%.*

The closing portfolio is presented on the following page.

<continued>

MODEL OIL PORTFOLIO Share Price Information

As at: 29-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	\$13.58	\$15.60	\$16.40	\$17.20	14.9%	20.8%	26.7%
2	Baytex Energy Corp.	BTE	\$3.15	\$4.37	\$6.25	\$6.65	\$7.00	43.0%	52.2%	60.2%
3	Birchcliff Energy	BIR	\$6.11	\$4.82	\$5.50	\$5.90	\$6.30	14.1%	22.4%	30.7%
4	Bonavista Energy	BNP	\$2.71	\$1.49	\$1.75	\$2.00	\$2.25	17.4%	34.2%	51.0%
5	Bonterra Energy	BNE	\$16.74	\$17.08	\$18.75	\$21.88	\$25.00	9.8%	28.1%	46.4%
6	Canadian Natural Resources	CNQ	\$37.42	\$47.45	\$45.30	\$46.88	\$48.45	-4.5%	-1.2%	2.1%
7	Cenovus Energy	CVE	\$9.56	\$13.65	\$14.05	\$14.85	\$15.63	2.9%	8.8%	14.5%
8	Crescent Point Energy	CPG	\$9.92	\$9.66	\$11.00	\$12.50	\$14.00	13.9%	29.4%	44.9%
9	Encana Corp.	ECA	\$11.41	\$17.17	\$17.20	\$18.00	\$18.80	0.2%	4.8%	9.5%
10	Freehold Royalties	FRU	\$13.05	\$12.40	\$15.25	\$15.63	\$16.00	23.0%	26.0%	29.0%
11	Husky Energy	HSE	\$14.72	\$20.49	\$19.20	\$19.60	\$20.00	-6.3%	-4.3%	-2.4%
12	Imperial Oil	IMO	\$37.80	\$43.70	\$40.63	\$42.20	\$43.80	-7.0%	-3.4%	0.2%
13	Painted Pony Energy	PONY	\$3.17	\$2.28	\$3.35	\$3.75	\$4.15	46.9%	64.5%	82.0%
14	Peyto Exploration	PEY	\$23.52	\$10.12	\$12.50	\$14.00	\$15.50	23.5%	38.3%	53.2%
15	PrairieSky Royalties	PSK	\$29.53	\$25.95	\$32.00	\$32.80	\$33.60	23.3%	26.4%	29.5%
16	Raging River Exploration	RRX	\$8.09	\$5.70	\$8.60	\$9.00	\$9.40	50.9%	57.9%	64.9%
17	Seven Generations Energy	VII	\$22.21	\$14.49	\$23.45	\$25.00	\$26.55	61.8%	72.5%	83.2%
18	Tourmaline Oil	TOU	\$27.88	\$23.49	\$29.70	\$31.25	\$32.80	26.4%	33.0%	39.6%
19	Vermilion Energy	VET	\$41.14	\$47.41	\$46.88	\$50.00	\$53.00	-1.1%	5.5%	11.8%
20	Whitecap Resources	WCP	\$9.26	\$8.91	\$9.75	\$10.15	\$10.55	9.4%	13.9%	18.4%

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.

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MODEL OIL PORTFOLIO Portfolio Performance

As at: 29-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	\$13.58	\$25,000	\$20,018	-\$4,982	-19.9%	
2	Baytex Energy Corp.	BTE	7,937	\$3.15	\$4.37	\$25,000	\$34,683	\$9,683	38.7%	
3	Birchcliff Energy	BIR	4,092	\$6.11	\$4.82	\$25,000	\$19,722	-\$5,278	-21.1%	
4	Bonavista Energy	BNP	9,225	\$2.71	\$1.49	\$25,000	\$13,745	-\$11,255	-45.0%	
5	Bonterra Energy	BNE	1,493	\$16.74	\$17.08	\$25,000	\$25,508	\$508	2.0%	
6	Canadian Natural Resources	CNQ	668	\$37.42	\$47.45	\$25,000	\$31,701	\$6,701	26.8%	
7	Cenovus Energy	CVE	2,615	\$9.56	\$13.65	\$25,000	\$35,696	\$10,696	42.8%	
8	Crescent Point Energy	CPG	2,520	\$9.92	\$9.66	\$25,000	\$24,345	-\$655	-2.6%	
9	Encana Corp.	ECA	2,191	\$11.41	\$17.17	\$25,000	\$37,621	\$12,621	50.5%	
10	Freehold Royalties	FRU	1,916	\$13.05	\$12.40	\$25,000	\$23,755	-\$1,245	-5.0%	
11	Husky Energy	HSE	1,698	\$14.72	\$20.49	\$25,000	\$34,800	\$9,800	39.2%	
12	Imperial Oil	IMO	661	\$37.80	\$43.70	\$25,000	\$28,902	\$3,902	15.6%	
13	Painted Pony Energy	PONY	7,886	\$3.17	\$2.28	\$25,000	\$17,980	-\$7,020	-28.1%	
14	Peyto Exploration	PEY	1,063	\$23.52	\$10.12	\$25,000	\$10,757	-\$14,243	-57.0%	
15	PrairieSky Royalties	PSK	847	\$29.53	\$25.95	\$25,000	\$21,969	-\$3,031	-12.1%	
16	Raging River Exploration	RRX	3,090	\$8.09	\$5.70	\$25,000	\$17,614	-\$7,386	-29.5%	
17	Seven Generations Energy	VII	1,126	\$22.21	\$14.49	\$25,000	\$16,310	-\$8,690	-34.8%	
18	Tourmaline Oil	TOU	897	\$27.88	\$23.49	\$25,000	\$21,063	-\$3,937	-15.7%	
19	Vermilion Energy	VET	608	\$41.14	\$47.41	\$25,000	\$28,810	\$3,810	15.2%	
20	Whitecap Resources	WCP	2,700	\$9.26	\$8.91	<u>\$25,000</u>	<u>\$24,055</u>	<u>-\$945</u>	<u>-3.8%</u>	
Stock Totals						\$500,000	\$489,053	-\$10,947	-2.2%	
						Stock Annualized Return:				-2.2%
Cash						\$0				
Dividends						\$11,933				
Net Trading Profits						<u>\$2,138</u>				
Portfolio Totals						\$500,000	<u>\$503,124</u>		0.6%	
						Portfolio Annualized Return:				0.6%
S&P/TSX ENERGY INDEX						172.10	206.20	34.10	19.8%	
(.SPTTEN-ut)						S&P/TSX Energy Annualized Return:				19.8%
						Initial Value	Current Value	Change	% Change	
Crude Oil (SWTIC-sc)						\$46.04	\$74.13	\$28.09	61.0%	
Canadian Crude Oil Index (CCX-bc)						\$8.18	\$12.00	\$3.82	46.7%	
Crude Oil Bull 2X ETF (HOU-bc)						\$5.49	\$12.31	\$6.82	124.2%	
Energy Index ETF (XEG-bc)						\$10.94	\$13.11	\$2.17	19.8%	
Energy Bull 2X ETF (HEU-bc)						\$7.90	\$10.97	\$3.07	38.9%	
U.S. Oil Fund ETF (USO-bc)						\$9.50	\$14.96	\$5.46	57.5%	
S&P/TSX Composite Index						15,182.19	16,277.73	1,095.54	7.2%	

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

MODEL OIL PORTFOLIO **\$ and % Change**
As at: 29-Jun-18
Since: 1-Jul-17

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Encana Corp.	\$12,621	50.5%
2 Cenovus Energy	\$10,696	42.8%
3 Husky Energy	\$9,800	39.2%
4 Baytex Energy Corp.	\$9,683	38.7%
5 Canadian Natural Resources	\$6,701	26.8%
6 Imperial Oil	\$3,902	15.6%
7 Vermilion Energy	\$3,810	15.2%
8 Bonterra Energy	\$508	2.0%
9 Crescent Point Energy	-\$655	-2.6%
10 Whitecap Resources	-\$945	-3.8%
11 Freehold Royalties	-\$1,245	-5.0%
12 PrairieSky Royalties	-\$3,031	-12.1%
13 Tourmaline Oil	-\$3,937	-15.7%
14 ARC Resources	-\$4,982	-19.9%
15 Birchcliff Energy	-\$5,278	-21.1%
16 Painted Pony Energy	-\$7,020	-28.1%
17 Raging River Exploration	-\$7,386	-29.5%
18 Seven Generations Energy	-\$8,690	-34.8%
19 Bonavista Energy	-\$11,255	-45.0%
20 Peyto Exploration	-\$14,243	-57.0%

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

MODEL OIL PORTFOLIO **Annual Income/Yield** **As at: 29-Jun-18** **Initiation: July 1, 2017**

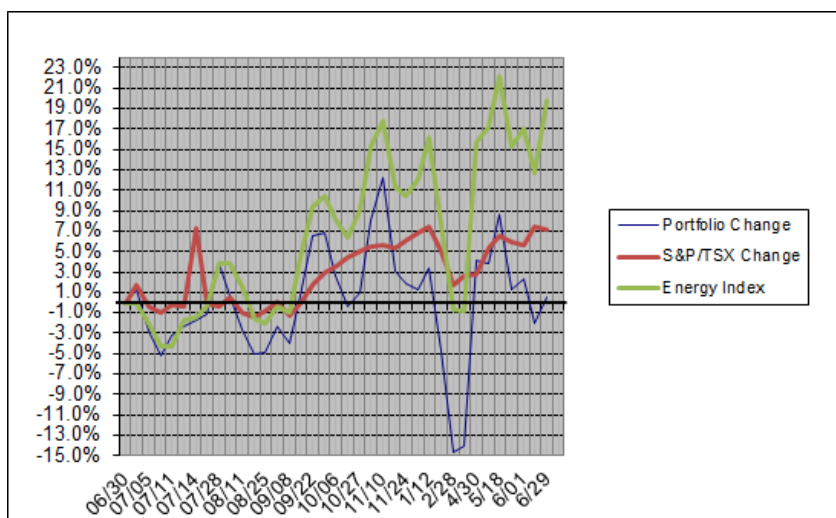
<u>Company</u>	<u>Symbol</u>	<u>Number of Shares</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>Annual Dividend</u>	<u>Annual Income</u>	<u>Purchase Yield</u>	<u>Current Yield</u>	<u>Pay-Out To Date</u>
1 ARC Resources	ARX	1,474	\$16.96	\$13.58	\$0.60	\$884	3.5%	4.4%	\$884
2 Baytex Energy Corp.	BTE	7,937	\$3.15	\$4.37	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	4,092	\$6.11	\$4.82	\$0.10	\$409	1.6%	2.1%	\$409
4 Bonavista Energy	BNP	9,225	\$2.71	\$1.49	\$0.04	\$369	1.5%	2.7%	\$369
5 Bonterra Energy	BNE	1,493	\$16.74	\$17.08	\$1.20	\$1,792	7.2%	7.0%	\$1,792
6 Canadian Natural Resources	CNQ	668	\$37.42	\$47.45	\$1.10	\$735	2.9%	2.3%	\$735
7 Cenovus Energy	CVE	2,615	\$9.56	\$13.65	\$0.20	\$523	2.1%	1.5%	\$523
8 Crescent Point Energy	CPG	2,520	\$9.92	\$9.66	\$0.36	\$907	3.6%	3.7%	\$907
9 Encana Corp.	ECA	2,191	\$11.41	\$17.17	\$0.08	\$173	0.7%	0.5%	\$173
10 Freehold Royalties	FRU	1,916	\$13.05	\$12.40	\$0.60	\$1,149	4.6%	4.8%	\$1,149
11 Husky Energy	HSE	1,698	\$14.72	\$20.49	\$0.00	\$0	0.0%	0.0%	\$255
12 Imperial Oil	IMO	661	\$37.80	\$43.70	\$0.64	\$423	1.7%	1.5%	\$423
13 Painted Pony Energy	PONY	7,886	\$3.17	\$2.28	\$0.00	\$0	0.0%	0.0%	\$0
14 Peyto Exploration	PEY	1,063	\$23.52	\$10.12	\$1.32	\$1,403	5.6%	13.0%	\$1,403
15 PrairieSky Royalties	PSK	847	\$29.53	\$25.95	\$0.76	\$640	2.6%	2.9%	\$640
16 Raging River Exploration	RRX	3,090	\$8.09	\$5.70	\$0.00	\$0	0.0%	0.0%	\$0
17 Seven Generations Energy	VII	1,126	\$22.21	\$14.49	\$0.00	\$0	0.0%	0.0%	\$0
18 Tourmaline Oil	TOU	897	\$27.88	\$23.49	\$0.00	\$0	0.0%	0.0%	\$0
19 Vermilion Energy	VET	608	\$41.14	\$47.41	\$2.58	\$1,568	6.3%	5.4%	\$1,568
20 Whitecap Resources	WCP	2,700	\$9.26	\$8.91	\$0.28	\$745	3.0%	3.1%	\$745
Portfolio Totals						\$11,721	2.3%	2.3%	\$11,976
Dividends, Companies Sold									\$211
Total Dividends Received									\$12,187

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 29 → Portfolio = -2.2% (stocks); and +0.6% after dividends and trading profits;
 S&P/TSX Energy Index = +19.8%
 S&P/TSX Composite = +7.2%



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