

Long-Term Perspective

July 5, 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 initial investment will be a total of \$300,000. To begin with, we have chosen and purchased twelve stocks, but with varying initial positions. If a stock is sold and replaced, the maximum position in the new holding will be governed by the amount of cash in the portfolio, to a limit of \$25,000. Any residual will be put into "Cash".

COMMENT: *The new Model Oil Portfolio launched on July 1, 2018 with \$300,000 cash. On July 5th, initial positions were taken in twelve energy companies. The maximum dollar allotment to any one company shall not exceed \$25,000. At this time, the maximum dollar position was not taken in any of the twelve companies. A slight loss occurred at the end of the first day.*

The current portfolio is presented below.

MODEL OIL PORTFOLIO Portfolio Performance As at: 5-Jul-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 Baytex Energy Corp.	BTE	1,500	\$4.33	\$4.37	\$6,495	\$6,555	\$60	0.9%
2 Birchcliff Energy	BIR	1,000	\$4.71	\$4.70	\$4,710	\$4,700	-\$10	-0.2%
3 Bonterra Energy	BNE	300	\$17.44	\$17.60	\$5,232	\$5,280	\$48	0.9%
4 Canadian Natural Resources	CNQ	200	\$46.95	\$46.57	\$9,390	\$9,314	-\$76	-0.8%
5 Cenovus Energy	CVE	1,000	\$13.75	\$13.61	\$13,750	\$13,610	-\$140	-1.0%
6 Encana Corp.	ECA	300	\$16.82	\$16.70	\$5,046	\$5,010	-\$36	-0.7%
7 Husky Energy	HSE	400	\$19.99	\$20.02	\$7,996	\$8,008	\$12	0.2%
8 Peyto Exploration	PEY	1,500	\$10.34	\$10.28	\$15,510	\$15,420	-\$90	-0.6%
9 PrairieSky Royalties	PSK	400	\$25.47	\$25.21	\$10,188	\$10,084	-\$104	-1.0%
10 Seven Generations Energy	VII	1,000	\$13.83	\$13.77	\$13,830	\$13,770	-\$60	-0.4%
11 Vermilion Energy	VET	300	\$47.28	\$46.91	\$14,184	\$14,073	-\$111	-0.8%
12 Whitecap Resources	WCP	1,800	\$8.98	\$9.03	\$16,164	\$16,254	\$90	0.6%
Stock Totals					\$122,495	\$122,078	-\$417	-0.3%
					Stock Annualized Return:			-90.6%
Cash					\$177,505	\$177,505		
Dividends						\$0		
Net Trading Profits						\$0		
Portfolio Totals					\$300,000	\$299,583	-\$417	-0.1%
					Portfolio Annualized Return:			-37.0%

COMPARISON

The return on the portfolio is compared to various energy bench-marks:

Portfolio Totals	\$300,000	<u>\$299,583</u>	-\$417	-0.1%
	Portfolio Annualized Return:			-37.0%
S&P/TSX ENERGY INDEX	206.20	204.46	-1.74	-0.8%
(.SPITEN-ut)	S&P/TSX Energy Annualized Return:			-224.5%
	Initial	Current		
	Value	Value	Change	% Change
Crude Oil (SWTIC-sc)	\$74.13	\$74.19	\$0.06	0.1%
Canadian Crude Oil Index (CCX-bc)	\$12.00	\$11.81	-\$0.19	-1.6%
Crude Oil Bull 2X ETF (HOU-bc)	\$12.31	\$11.89	-\$0.42	-3.4%
Energy Index ETF (XEG-bc)	\$13.14	\$12.99	-\$0.15	-1.1%
Energy Bull 2X ETF (HEU-bc)	\$11.00	\$10.78	-\$0.22	-2.0%
U.S. Oil Fund ETF (USO-bc)	\$14.92	\$14.78	-\$0.14	-0.9%
S&P/TSX Composite Index	16,277.73	16,266.61	-11.12	-0.1%

STOCK RANKING

The table below shows the change in the portfolio in terms of \$ and %.

MODEL OIL PORTFOLIO \$ and % Change

As at: 5-Jul-18
Since: 1-Jul-18

<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Whitecap Resources	\$90	0.6%
2 Baytex Energy Corp.	\$60	0.9%
3 Bonterra Energy	\$48	0.9%
4 Husky Energy	\$12	0.2%
5 Birchcliff Energy	-\$10	-0.2%
6 Encana Corp.	-\$36	-0.7%
7 Seven Generations Energy	-\$60	-0.4%
8 Canadian Natural Resources	-\$76	-0.8%
9 Peyto Exploration	-\$90	-0.6%
10 PrairieSky Royalties	-\$104	-1.0%
11 Vermilion Energy	-\$111	-0.8%
12 Cenovus Energy	-\$140	-1.0%

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

MODEL OIL PORTFOLIO		Annual Income/Yield			As at: 5-Jul-18		Initiation: July 1, 2018			
<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	Baytex Energy Corp.	BTE	1,500	\$4.33	\$4.37	\$0.00	\$0	0.0%	0.0%	\$0
2	Birchcliff Energy	BIR	1,000	\$4.71	\$4.70	\$0.10	\$100	2.1%	2.1%	\$0
3	Bonterra Energy	BNE	300	\$17.44	\$17.60	\$1.20	\$360	6.9%	6.8%	\$0
4	Canadian Natural Resources	CNQ	200	\$46.95	\$46.57	\$1.10	\$220	2.3%	2.4%	\$0
5	Cenovus Energy	CVE	1,000	\$13.75	\$13.61	\$0.20	\$200	1.5%	1.5%	\$0
6	Encana Corp.	ECA	300	\$16.82	\$16.70	\$0.08	\$24	0.5%	0.5%	\$0
7	Husky Energy	HSE	400	\$19.99	\$20.02	\$0.00	\$0	0.0%	0.0%	\$0
8	Peyto Exploration	PEY	1,500	\$10.34	\$10.28	\$1.32	\$1,980	12.8%	12.8%	\$0
9	PrairieSky Royalties	PSK	400	\$25.47	\$25.21	\$0.76	\$302	3.0%	3.0%	\$0
10	Seven Generations Energy	VII	1,000	\$13.83	\$13.77	\$0.00	\$0	0.0%	0.0%	\$0
11	Vermilion Energy	VET	300	\$47.28	\$46.91	\$2.58	\$774	5.5%	5.5%	\$0
12	Whitecap Resources	WCP	1,800	\$8.98	\$9.03	\$0.28	\$497	3.1%	3.1%	\$0
Portfolio Totals						\$4,457	1.5%	1.5%	\$0	
Dividends, Companies Sold									\$0	
Total Dividends Received									\$0	

DISCLAIMER

eResearch Corporation

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eResearch.ca.

eResearch Disclosure Statement

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.ca), and to the general investing public through its extensive electronic distribution network and through newswire agencies.

With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.