

Long-Term Perspective

August 24, 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 chose 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" and is available to purchase a new stock holding.

COMMENT: The Portfolio is now just slightly positive. We added positions to seven existing stocks, and brought in a new holding: Crescent Point Energy because it broke above its down-trend line. However, we wished we had added to both Baytex Energy and Bonterra Energy as they are both under-represented, as is Birchcliff Energy. We didn't add Tourmaline Oil to the Portfolio as we thought we might; instead, we are waiting for a pull-back, if it comes.

The current portfolio is presented below.

MODEL OIL PORTFOLIO		Portfolio Performance			As at: 24-Aug-18		Initiation: 1-Jul-18	
Company	Symbol	Number of Shares	Purchase Price	Current Price	Purchase Cost	Current Value	\$ Gain or (Loss)	% Gain or (Loss)
1 Athabasca Oil Corporation	ATH	12,000	\$1.527	\$1.58	\$18,320	\$18,960	\$640	3.5%
2 Baytex Energy Corp.	BTE	1,500	\$4.33	\$4.32	\$6,495	\$6,480	-\$15	-0.2%
3 Birchcliff Energy	BIR	1,000	\$4.71	\$5.08	\$4,710	\$5,080	\$370	7.9%
4 Bonterra Energy	BNE	406	\$17.78	\$20.10	\$7,220	\$8,161	\$941	13.0%
5 Canadian Natural Resources	CNQ	400	\$46.36	\$45.47	\$18,542	\$18,188	-\$354	-1.9%
6 Cenovus Energy	CVE	1,200	\$13.50	\$12.61	\$16,194	\$15,132	-\$1,062	-6.6%
7 Crescent Point Energy	CPG	2,500	\$8.46	\$8.47	\$21,150	\$21,175	\$25	0.1%
8 Encana Corp.	ECA	300	\$16.82	\$16.91	\$5,046	\$5,073	\$27	0.5%
9 Peyto Exploration	PEY	1,500	\$10.34	\$10.75	\$15,510	\$16,125	\$615	4.0%
10 PrairieSky Royalties	PSK	600	\$25.11	\$24.56	\$15,068	\$14,736	-\$332	-2.2%
11 Seven Generations Energy	VII	1,000	\$13.83	\$15.88	\$13,830	\$15,880	\$2,050	14.8%
12 Vermilion Energy	VET	500	\$44.82	\$41.82	\$22,410	\$20,910	-\$1,500	-6.7%
13 Whitecap Resources	WCP	2,000	\$8.95	\$8.69	\$17,896	\$17,380	-\$516	-2.9%
Stock Totals					\$182,391	\$183,280	\$889	0.5%
					Stock Annualized Return: 3.0%			
Cash					\$117,610	\$117,610	39.2%	
Dividends					\$311			
Net Trading Profits					\$96			
					Purchase Cost	Current Value	\$ Gain or (Loss)	% Gain or (Loss)
Portfolio Totals					\$300,000	\$301,296	\$1,296	0.4%
					Portfolio Annualized Return: 2.7%			

INDUSTRY COMPARISON

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

	<u>Purchase Cost</u>	<u>Current Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
Portfolio Totals	\$300,000	\$301,296	\$1,296	0.4%
			Portfolio Annualized Return:	2.7%

S&P/TSX ENERGY INDEX	206.20	201.49	-4.71	-2.3%
(.SPTTEN-ut)			S&P/TSX Energy Annualized Return:	-14.1%

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$74.13	\$68.72	-\$5.41	-7.3%
Canadian Crude Oil Index (CCX-bc)	\$12.00	\$11.35	-\$0.65	-5.4%
Crude Oil Bull 2X ETF (HOU-bc)	\$12.31	\$11.01	-\$1.30	-10.6%
Energy Index ETF (XEG-bc)	\$13.14	\$12.80	-\$0.34	-2.6%
Energy Bull 2X ETF (HEU-bc)	\$11.00	\$10.41	-\$0.59	-5.4%
U.S. Oil Fund ETF (USO-bc)	\$14.92	\$14.43	-\$0.49	-3.3%
S&P/TSX Composite Index	16,277.73	16,356.05	78.32	0.5%

STOCK RANKINGS

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

MODEL OIL PORTFOLIO

\$ Change As at: 24-Aug-18	% Change As at: 24-Aug-18
Since: 1-Jul-18	Since: 1-Jul-18

<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Seven Generations Energy	\$2,050	14.8%
2 Bonterra Energy	\$941	13.0%
3 Athabasca Oil Corporation	\$640	7.9%
4 Peyto Exploration	\$615	4.0%
5 Birchcliff Energy	\$370	3.5%
6 Encana Corp.	\$27	0.5%
7 Crescent Point Energy	\$25	0.1%
8 Baytex Energy Corp.	-\$15	-0.2%
9 PrairieSky Royalties	-\$332	-1.9%
10 Canadian Natural Resources	-\$354	-2.2%
11 Whitecap Resources	-\$516	-2.9%
12 Cenovus Energy	-\$1,062	-6.6%
13 Vermilion Energy	-\$1,500	-6.7%

STOCK SOLD

Here is a list of the stocks sold to date, since inception on July 1, 2018:

<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>Cum. Gain or (Loss)</u>
Husky Energy	5-Jul-18	20-Jul-18	\$19.99	\$20.23	\$7,996	\$8,092	\$96	1.2%	\$96

DIVIDENDS and YIELDS

The table below indicates the annual dividend and corresponding annual income and yields. This table is updated monthly or when a stock is bought or sold. The table below is current as of August 24.

MODEL OIL PORTFOLIO		Annual Income/Yield			As at: 24-Aug-18		Initiation: 1-Jul-18			
<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	Athabasca Oil Corporation	ATH	12,000	\$1.53	\$1.58	\$0.00	\$0	0.0%	0.0%	\$0
2	Baytex Energy Corp.	BTE	1,500	\$4.33	\$4.32	\$0.00	\$0	0.0%	0.0%	\$0
3	Birchcliff Energy	BIR	1,000	\$4.71	\$5.08	\$0.10	\$100	2.1%	2.0%	\$0
4	Bonterra Energy	BNE	406	\$17.78	\$20.10	\$1.20	\$487	6.7%	6.0%	\$30
5	Canadian Natural Resources	CNQ	400	\$46.36	\$45.47	\$1.10	\$440	2.4%	2.4%	\$0
6	Cenovus Energy	CVE	1,200	\$13.50	\$12.61	\$0.20	\$240	1.5%	1.6%	\$0
7	Crescent Point Energy	CPG	2,500	\$8.46	\$8.47	\$0.36	\$900	4.3%	4.3%	\$0
8	Encana Corp.	ECA	300	\$16.82	\$16.91	\$0.08	\$23	0.5%	0.5%	\$0
9	Peyto Exploration	PEY	1,500	\$10.34	\$10.75	\$0.72	\$1,080	7.0%	6.7%	\$90
10	PrairieSky Royalties	PSK	600	\$25.11	\$24.56	\$0.76	\$454	3.0%	3.1%	\$38
11	Seven Generations Energy	VII	1,000	\$13.83	\$15.88	\$0.00	\$0	0.0%	0.0%	\$0
12	Vermilion Energy	VET	500	\$44.82	\$41.82	\$2.58	\$1,290	5.8%	6.2%	\$108
13	Whitecap Resources	WCP	2,000	\$8.95	\$8.69	\$0.28	\$552	3.1%	3.2%	\$46
Portfolio Totals						\$5,566	1.9%	1.8%	\$311	
Dividends, Companies Sold									\$0	
Total Dividends Received									\$311	

<continued>

GRAPHIC COMPARISON

For comparative purposes, the following graph depicts the performance, since initiation, of the eResearch portfolio (thin **BLUE** line) against the S&P/TSX Energy Index (**GREEN** line), the price of Crude Oil (**PURPLE** line), and the S&P/TSX Composite Index (**RUST** line).

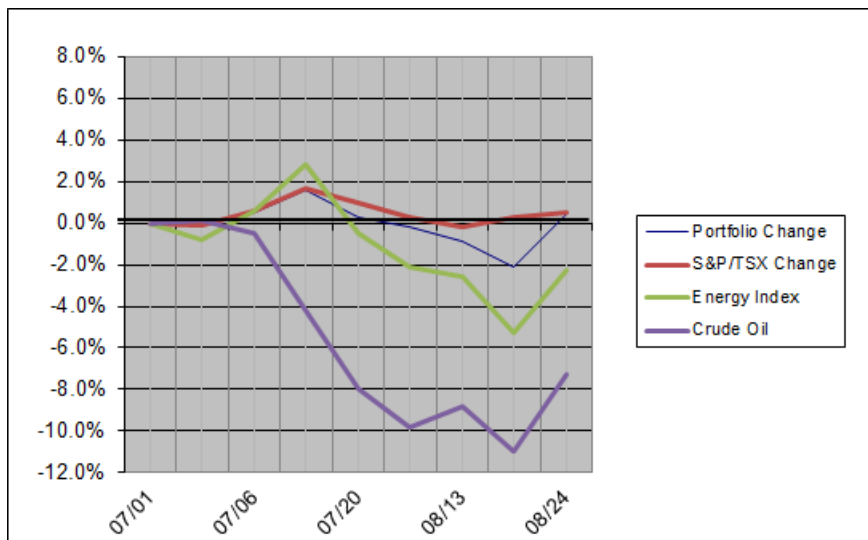
The portfolio is now up slightly, is out-performing the two industry indexes, and has almost caught up with the overall market:

Portfolio performance = +0.4% (includes dividends and trading profits)

S&P/TSX Energy Index = -2.3%

Crude Oil price (WTIS) = -5.4%

S&P/TSX Composite = +0.5%



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