

Long-Term Perspective

August 31, 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 back to being negative as the tail-end of last week was tough on the oil stocks. Only 5 of the 13 stocks in the Portfolio are in positive territory. Oil ends its long period of historically positive strength on or about September 22. With all of the supply disruptions currently playing out in the market, the usual seasonality trends may not work out this year.

The current portfolio is presented below.

MODEL OIL PORTFOLIO		Portfolio Performance			As at: 31-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	\$1.50	\$18,320	\$18,000	-\$320	-1.7%
2 Baytex Energy Corp.	BTE	1,500	\$4.33	\$3.91	\$6,495	\$5,865	-\$630	-9.7%
3 Birchcliff Energy	BIR	1,000	\$4.71	\$4.75	\$4,710	\$4,750	\$40	0.8%
4 Bonterra Energy	BNE	406	\$17.78	\$19.28	\$7,220	\$7,828	\$608	8.4%
5 Canadian Natural Resources	CNQ	400	\$46.36	\$44.56	\$18,542	\$17,824	-\$718	-3.9%
6 Cenovus Energy	CVE	1,200	\$13.50	\$12.10	\$16,194	\$14,520	-\$1,674	-10.3%
7 Crescent Point Energy	CPG	2,500	\$8.46	\$8.01	\$21,150	\$20,025	-\$1,125	-5.3%
8 Encana Corp.	ECA	300	\$16.82	\$17.28	\$5,046	\$5,184	\$138	2.7%
9 Peyto Exploration	PEY	1,500	\$10.34	\$10.82	\$15,510	\$16,230	\$720	4.6%
10 PrairieSky Royalties	PSK	600	\$25.11	\$24.00	\$15,068	\$14,400	-\$668	-4.4%
11 Seven Generations Energy	VII	1,000	\$13.83	\$15.36	\$13,830	\$15,360	\$1,530	11.1%
12 Vermilion Energy	VET	500	\$44.82	\$41.44	\$22,410	\$20,720	-\$1,690	-7.5%
13 Whitecap Resources	WCP	2,000	\$8.95	\$8.07	\$17,896	\$16,140	-\$1,756	-9.8%
<b>Stock Totals</b>					<b>\$182,391</b>	<b>\$176,846</b>	<b>-\$5,545</b>	<b>-3.0%</b>
					Stock Annualized Return: <b>-16.8%</b>			
Cash					\$117,610	\$117,610	39.2%	
Dividends							\$909	
Net Trading Profits							\$96	
					<b>Purchase Cost</b>	<b>Current Value</b>	<b>\$ Gain or (Loss)</b>	<b>% Gain or (Loss)</b>
<b>Portfolio Totals</b>					<b>\$300,000</b>	<b>\$295,460</b>	<b>-\$4,540</b>	<b>-1.5%</b>
					Portfolio Annualized Return: <b>-8.4%</b>			

## 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>
<b>Portfolio Totals</b>	<b>\$300,000</b>	<b>\$295,460</b>	<b>-\$4,540</b>	<b>-1.5%</b>
			Portfolio Annualized Return:	<b>-8.4%</b>

<b>S&amp;P/TSX ENERGY INDEX .....</b>	206.20	198.03	<b>-8.17</b>	<b>-4.0%</b>
(SPTTEN-ut)			S&P/TSX Energy Annualized Return:	<b>-22.0%</b>

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
<b>Crude Oil (SWTIC-sc)</b>	\$74.13	\$69.85	<b>-\$4.28</b>	<b>-5.8%</b>
<b>Canadian Crude Oil Index (CCX-bc)</b>	\$12.00	\$11.61	<b>-\$0.39</b>	<b>-3.3%</b>
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>	\$12.31	\$11.42	<b>-\$0.89</b>	<b>-7.2%</b>
<b>Energy Index ETF (XEG-bc)</b>	\$13.14	\$12.63	<b>-\$0.51</b>	<b>-3.9%</b>
<b>Energy Bull 2X ETF (HEU-bc)</b>	\$11.00	\$10.10	<b>-\$0.90</b>	<b>-8.2%</b>
<b>U.S. Oil Fund ETF (USO-bc)</b>	\$14.92	\$14.71	<b>-\$0.21</b>	<b>-1.4%</b>
<b>S&amp;P/TSX Composite Index .....</b>	16,277.73	16,262.88	<b>-14.85</b>	<b>-0.1%</b>

## STOCK RANKINGS

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

### MODEL OIL PORTFOLIO

	<b>\$ Change As at: 31-Aug-18 Since: 1-Jul-18</b>	<b>% Change As at: 31-Aug-18 Since: 1-Jul-18</b>
<u>Company</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Seven Generations Energy	<b>\$1,530</b>	<b>11.1%</b>
2 Peyto Exploration	<b>\$720</b>	<b>8.4%</b>
3 Bonterra Energy	<b>\$608</b>	<b>4.6%</b>
4 Encana Corp.	<b>\$138</b>	<b>2.7%</b>
5 Birchcliff Energy	<b>\$40</b>	<b>0.8%</b>
6 Athabasca Oil Corporation	<b>-\$320</b>	<b>-1.7%</b>
7 Baytex Energy Corp.	<b>-\$630</b>	<b>-3.9%</b>
8 PrairieSky Royalties	<b>-\$668</b>	<b>-4.4%</b>
9 Canadian Natural Resources	<b>-\$718</b>	<b>-5.3%</b>
10 Crescent Point Energy	<b>-\$1,125</b>	<b>-7.5%</b>
11 Cenovus Energy	<b>-\$1,674</b>	<b>-9.7%</b>
12 Vermilion Energy	<b>-\$1,690</b>	<b>-9.8%</b>
13 Whitecap Resources	<b>-\$1,756</b>	<b>-10.3%</b>

## 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 31.

<b>MODEL OIL PORTFOLIO</b>		<b>Annual Income/Yield</b>			<b>As at: 31-Aug-18</b>		<b>Initiation: 1-Jul-18</b>			
<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	\$1.50	\$0.00	\$0	0.0%	0.0%	\$0
2	Baytex Energy Corp.	BTE	1,500	\$4.33	\$3.91	\$0.00	\$0	0.0%	0.0%	\$0
3	Birchcliff Energy	BIR	1,000	\$4.71	\$4.75	\$0.10	\$100	2.1%	2.1%	\$25
4	Bonterra Energy	BNE	406	\$17.78	\$19.28	\$1.20	\$487	6.7%	6.2%	\$71
5	Canadian Natural Resources	CNQ	400	\$46.36	\$44.56	\$1.10	\$440	2.4%	2.5%	\$110
6	Cenovus Energy	CVE	1,200	\$13.50	\$12.10	\$0.20	\$240	1.5%	1.7%	\$60
7	Crescent Point Energy	CPG	2,500	\$8.46	\$8.01	\$0.36	\$900	4.3%	4.5%	\$75
8	Encana Corp.	ECA	300	\$16.82	\$17.28	\$0.08	\$23	0.5%	0.5%	\$6
9	Peyto Exploration	PEY	1,500	\$10.34	\$10.82	\$0.72	\$1,080	7.0%	6.7%	\$180
10	PrairieSky Royalties	PSK	600	\$25.11	\$24.00	\$0.76	\$454	3.0%	3.2%	\$76
11	Seven Generations Energy	VII	1,000	\$13.83	\$15.36	\$0.00	\$0	0.0%	0.0%	\$0
12	Vermilion Energy	VET	500	\$44.82	\$41.44	\$2.58	\$1,290	5.8%	6.2%	\$215
13	Whitecap Resources	WCP	2,000	\$8.95	\$8.07	\$0.28	\$552	3.1%	3.4%	\$92
<b>Portfolio Totals</b>						<b>\$5,566</b>	<b>1.9%</b>	<b>1.9%</b>	<b>\$909</b>	
<b>Dividends, Companies Sold</b>									<b>\$0</b>	
<b>Total Dividends Received</b>									<b>\$909</b>	
								<b>Dividend Yield (annualized)</b>	<b>1.8%</b>	

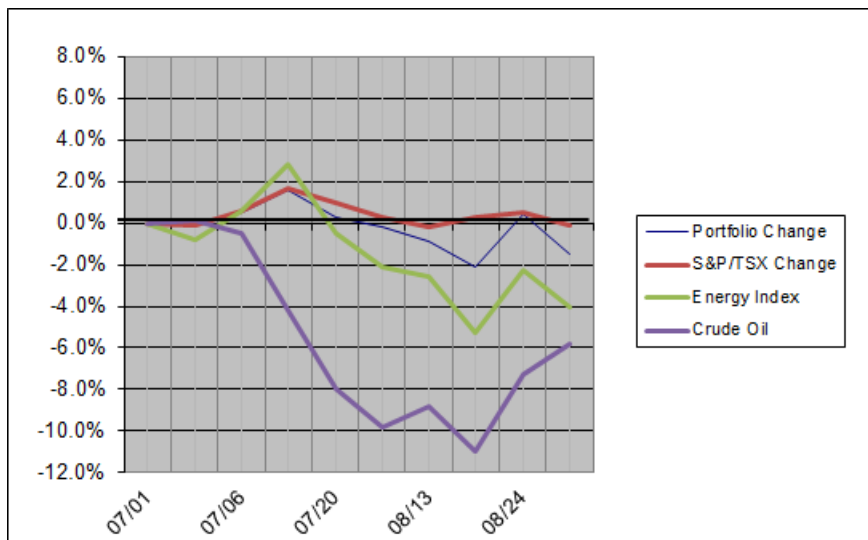
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## GRAPHIC COMPARISON

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 = -1.5% (includes dividends and trading profits)  
S&P/TSX Energy Index = -4.0%  
Crude Oil price (WTIS) = -5.8%  
S&P/TSX Composite = -0.1%



**NOTE:** See eResearch Disclaimer on the following page.

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