

Long-Term Perspective

September 7, 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 Oil patch performed poorly last week, with only a small recovery on Friday giving hope to the bulls. The Portfolio is down 4.0%, with only three stocks in positive territory.*

The current portfolio is presented below.

| MODEL OIL PORTFOLIO          |               | Portfolio Performance   |                       |                      | As at: 7-Sep-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>Purchase Cost</u>         | <u>Current Value</u> | <u>\$ Gain or (Loss)</u> | <u>% Gain or (Loss)</u> |
| 1 Athabasca Oil Corporation  | ATH           | 12,000                  | \$1.527               | \$1.37               | \$18,320                     | \$16,440             | -\$1,880                 | -10.3%                  |
| 2 Baytex Energy Corp.        | BTE           | 1,500                   | \$4.33                | \$3.53               | \$6,495                      | \$5,295              | -\$1,200                 | -18.5%                  |
| 3 Birchcliff Energy          | BIR           | 1,000                   | \$4.71                | \$4.51               | \$4,710                      | \$4,510              | -\$200                   | -4.2%                   |
| 4 Bonterra Energy            | BNE           | 406                     | \$17.78               | \$18.04              | \$7,220                      | \$7,324              | \$105                    | 1.5%                    |
| 5 Canadian Natural Resources | CNQ           | 400                     | \$46.36               | \$42.76              | \$18,542                     | \$17,104             | -\$1,438                 | -7.8%                   |
| 6 Cenovus Energy             | CVE           | 1,200                   | \$13.50               | \$11.71              | \$16,194                     | \$14,052             | -\$2,142                 | -13.2%                  |
| 7 Crescent Point Energy      | CPG           | 2,500                   | \$8.46                | \$7.17               | \$21,150                     | \$17,925             | -\$3,225                 | -15.2%                  |
| 8 Encana Corp.               | ECA           | 300                     | \$16.82               | \$16.14              | \$5,046                      | \$4,842              | -\$204                   | -4.0%                   |
| 9 Peyto Exploration          | PEY           | 1,500                   | \$10.34               | \$10.50              | \$15,510                     | \$15,750             | \$240                    | 1.5%                    |
| 10 PrairieSky Royalties      | PSK           | 600                     | \$25.11               | \$24.69              | \$15,068                     | \$14,814             | -\$254                   | -1.7%                   |
| 11 Seven Generations Energy  | VII           | 1,000                   | \$13.83               | \$14.59              | \$13,830                     | \$14,590             | \$760                    | 5.5%                    |
| 12 Vermilion Energy          | VET           | 500                     | \$44.82               | \$41.25              | \$22,410                     | \$20,625             | -\$1,785                 | -8.0%                   |
| 13 Whitecap Resources        | WCP           | 2,000                   | \$8.95                | \$8.02               | \$17,896                     | \$16,040             | -\$1,856                 | -10.4%                  |
| <b>Stock Totals</b>          |               |                         |                       |                      | <b>\$182,391</b>             | <b>\$169,311</b>     | <b>-\$13,079</b>         | <b>-7.2%</b>            |
|                              |               |                         |                       |                      | Stock Annualized Return:     |                      |                          | <b>-36.0%</b>           |
| Cash                         |               |                         |                       |                      | \$117,610                    | \$117,610            | 39.2%                    |                         |
| Dividends                    |               |                         |                       |                      |                              | \$909                |                          |                         |
| Net Trading Profits          |               |                         |                       |                      |                              | \$96                 |                          |                         |
| <b>Portfolio Totals</b>      |               |                         |                       |                      | <b>Purchase Cost</b>         | <b>Current Value</b> | <b>\$ Gain or (Loss)</b> | <b>% Gain or (Loss)</b> |
|                              |               |                         |                       |                      | <b>\$300,000</b>             | <b>\$287,926</b>     | <b>-\$12,074</b>         | <b>-4.0%</b>            |
|                              |               |                         |                       |                      | Portfolio Annualized Return: |                      |                          | <b>-20.2%</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>\$287,926</b>     | <b>-\$12,074</b>             | <b>-4.0%</b>            |
|                         |                      |                      | Portfolio Annualized Return: | <b>-20.2%</b>           |

|                                       |        |        |                                   |               |
|---------------------------------------|--------|--------|-----------------------------------|---------------|
| <b>S&amp;P/TSX ENERGY INDEX .....</b> | 206.20 | 190.00 | <b>-16.20</b>                     | <b>-7.9%</b>  |
| (.SPTTEN-ut)                          |        |        | S&P/TSX Energy Annualized Return: | <b>-39.4%</b> |

|  | <u>Initial Value</u> | <u>Current Value</u> | <u>Change</u>  | <u>% Change</u> |
|--|----------------------|----------------------|----------------|-----------------|
| <b>Crude Oil (SWTIC-sc)</b>              | \$74.13              | \$67.76              | <b>-\$6.37</b> | <b>-8.6%</b>    |
| <b>Canadian Crude Oil Index (CCX-bc)</b> | \$12.00              | \$10.34              | <b>-\$1.66</b> | <b>-13.8%</b>   |
| <b>Crude Oil Bull 2X ETF (HOU-bc)</b>    | \$12.31              | \$10.75              | <b>-\$1.56</b> | <b>-12.7%</b>   |
| <b>Energy Index ETF (XEG-bc)</b>         | \$13.14              | \$12.10              | <b>-\$1.04</b> | <b>-7.9%</b>    |
| <b>Energy Bull 2X ETF (HEU-bc)</b>       | \$11.00              | \$9.25               | <b>-\$1.75</b> | <b>-15.9%</b>   |
| <b>U.S. Oil Fund ETF (USO-bc)</b>        | \$14.92              | \$14.34              | <b>-\$0.58</b> | <b>-3.9%</b>    |
| <b>S&amp;P/TSX Composite Index .....</b> | 16,277.73            | 16,090.27            | <b>-187.46</b> | <b>-1.2%</b>    |

## STOCK RANKINGS

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

### MODEL OIL PORTFOLIO

|                                  |                                 |
|----------------------------------|---------------------------------|
| <b>\$ Change As at:</b> 7-Sep-18 | <b>% Change As at:</b> 7-Sep-18 |
| <b>Since:</b> 1-Jul-18           | <b>Since:</b> 1-Jul-18          |

| <u>Company</u>               | <u>\$ Gain or (Loss)</u> | <u>% Gain or (Loss)</u> |
|------------------------------|--------------------------|-------------------------|
| 1 Seven Generations Energy   | <b>\$760</b>             | <b>5.5%</b>             |
| 2 Peyto Exploration          | <b>\$240</b>             | <b>1.5%</b>             |
| 3 Bonterra Energy            | <b>\$105</b>             | <b>1.5%</b>             |
| 4 Birchcliff Energy          | <b>-\$200</b>            | <b>-1.7%</b>            |
| 5 Encana Corp.               | <b>-\$204</b>            | <b>-4.0%</b>            |
| 6 PrairieSky Royalties       | <b>-\$254</b>            | <b>-4.2%</b>            |
| 7 Baytex Energy Corp.        | <b>-\$1,200</b>          | <b>-7.8%</b>            |
| 8 Canadian Natural Resources | <b>-\$1,438</b>          | <b>-8.0%</b>            |
| 9 Vermilion Energy           | <b>-\$1,785</b>          | <b>-10.3%</b>           |
| 10 Whitecap Resources        | <b>-\$1,856</b>          | <b>-10.4%</b>           |
| 11 Athabasca Oil Corporation | <b>-\$1,880</b>          | <b>-13.2%</b>           |
| 12 Cenovus Energy            | <b>-\$2,142</b>          | <b>-15.2%</b>           |
| 13 Crescent Point Energy     | <b>-\$3,225</b>          | <b>-18.5%</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>            |       |

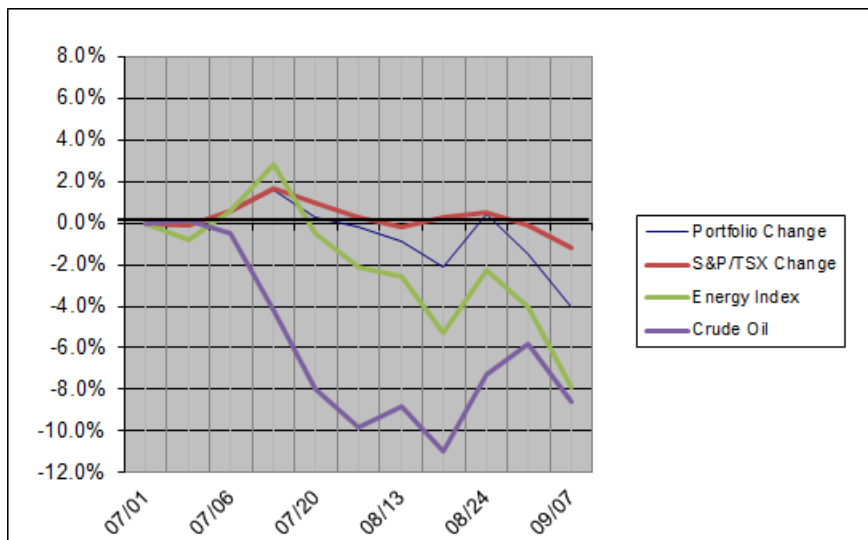
<continued>

## 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 = -4.0% (includes dividends and trading profits)  
S&P/TSX Energy Index = -7.9%  
Crude Oil price (WTIS) = -8.6%  
S&P/TSX Composite = -1.2%



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

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