

Long-Term Perspective

September 28, 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 did fairly well this past week, in line with the improvement in the price of crude oil (WTIC). The number of stocks in positive territory doubled from 3 to 6. Still not a great performance, but doing better. Some constructive industry announcements this past week are giving hope for a continuation of the positive trend.

The current portfolio is presented below.

MODEL OIL PORTFOLIO

Portfolio Performance

As at: 28-Sep-18 Initiation: 1-Jul-18

		Number	Purchase	Current	Purchase	Current	\$ Gain	% Gain	
	<u>Company</u>	<u>of Shares</u>	<u>Price</u>	<u>Price</u>	<u>Cost</u>	<u>Value</u>	<u>or (Loss)</u>	<u>or (Loss)</u>	
1	Athabasca Oil Corporation	ATH	12,000	\$1.527	\$1.59	\$18,320	\$19,080	\$760	4.1%
2	Baytex Energy Corp.	BTE	1,500	\$4.33	\$3.75	\$6,495	\$5,625	-\$870	-13.4%
3	Birchcliff Energy	BIR	1,000	\$4.71	\$5.20	\$4,710	\$5,200	\$490	10.4%
4	Bonterra Energy	BNE	406	\$17.78	\$19.20	\$7,220	\$7,795	\$576	8.0%
5	Canadian Natural Resources	CNQ	500	\$45.46	\$42.20	\$22,730	\$21,100	-\$1,630	-7.2%
6	Cenovus Energy	CVE	1,200	\$13.50	\$12.97	\$16,194	\$15,564	-\$630	-3.9%
7	Crescent Point Energy	CPG	2,500	\$8.46	\$8.22	\$21,150	\$20,550	-\$600	-2.8%
8	Encana Corp.	ECA	600	\$16.38	\$16.93	\$9,825	\$10,158	\$333	3.4%
9	Peyto Exploration	PEY	1,500	\$10.34	\$11.13	\$15,510	\$16,695	\$1,185	7.6%
10	PrairieSky Royalties	PSK	600	\$25.11	\$22.69	\$15,068	\$13,614	-\$1,454	-9.6%
11	Seven Generations Energy	VII	1,000	\$13.83	\$15.40	\$13,830	\$15,400	\$1,570	11.4%
12	Vermilion Energy	VET	500	\$44.82	\$42.56	\$22,410	\$21,280	-\$1,130	-5.0%
13	Whitecap Resources	WCP	2,500	\$8.73	\$7.84	<u>\$21,836</u>	<u>\$19,600</u>	<u>-\$2,236</u>	<u>-10.2%</u>
Stock Totals						<u>\$195,298</u>	<u>\$191,661</u>	<u>-\$3,636</u>	
					Stock Annualized Return:				-7.3%
Cash						\$104,703	\$104,703	34.9%	
Dividends							\$1,081		
Net Trading Profits							<u>\$96</u>		
						<u>Purchase</u>	<u>Current</u>	<u>\$ Gain</u>	<u>% Gain</u>
						<u>Cost</u>	<u>Value</u>	<u>or (Loss)</u>	<u>or (Loss)</u>
Portfolio Totals						<u>\$300,000</u>	<u>\$297,541</u>	<u>-\$2,459</u>	<u>-0.8%</u>
					Portfolio Annualized Return:				-3.2%

INDUSTRY COMPARISON

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

	<u>Purchase</u> <u>Cost</u>	<u>Current</u> <u>Value</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>% Gain</u> <u>or (Loss)</u>
Portfolio Totals	\$300,000	\$297,541	-\$2,459	-0.8%
Portfolio Annualized Return:				-3.2%

S&P/TSX ENERGY INDEX	206.20	193.16	-13.04	-6.3%
(SPTTEN-ut)			S&P/TSX Energy Annualized Return:	-24.7%

	<u>Initial</u> <u>Value</u>	<u>Current</u> <u>Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$74.13	\$73.19	-\$0.94	-1.3%
Canadian Crude Oil Index (CCX-bc)	\$12.00	\$9.94	-\$2.06	-17.2%
Crude Oil Bull 2X ETF (HOU-bc)	\$12.31	\$12.61	\$0.30	2.4%
Energy Index ETF (XEG-bc)	\$13.14	\$12.27	-\$0.87	-6.6%
Energy Bull 2X ETF (HEU-bc)	\$11.00	\$9.60	-\$1.40	-12.7%
U.S. Oil Fund ETF (USO-bc)	\$14.92	\$15.52	\$0.60	4.0%
S&P/TSX Composite Index	16,277.73	16,073.14	-204.59	-1.3%

STOCK RANKINGS

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

MODEL OIL PORTFOLIO

\$ Change As at: 28-Sep-18		% Change As at: 28-Sep-18	
Since: 1-Jul-18		Since: 1-Jul-18	
<u>Company</u>	<u>\$ Gain</u> <u>or (Loss)</u>	<u>Company</u>	<u>% Gain</u> <u>or (Loss)</u>
1 Seven Generations Energy	\$1,570	1 Seven Generations Energy	11.4%
2 Peyto Exploration	\$1,185	2 Birchcliff Energy	10.4%
3 Athabasca Oil Corporation	\$760	3 Bonterra Energy	8.0%
4 Bonterra Energy	\$576	4 Peyto Exploration	7.6%
5 Birchcliff Energy	\$490	5 Athabasca Oil Corporation	4.1%
6 Encana Corp.	\$333	6 Encana Corp.	3.4%
7 Crescent Point Energy	-\$600	7 Crescent Point Energy	-2.8%
8 Cenovus Energy	-\$630	8 Cenovus Energy	-3.9%
9 Baytex Energy Corp.	-\$870	9 Vermilion Energy	-5.0%
10 Vermilion Energy	-\$1,130	10 Canadian Natural Resources	-7.2%
11 PrairieSky Royalties	-\$1,454	11 PrairieSky Royalties	-9.6%
12 Canadian Natural Resources	-\$1,630	12 Whitecap Resources	-10.2%
13 Whitecap Resources	-\$2,236	13 Baytex Energy Corp.	-13.4%

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 September 28.

MODEL OIL PORTFOLIO		Annual Income/Yield		As at: 28-Sept-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	\$1.59	\$0.00	\$0	0.0%	0.0%	\$0
2 Baytex Energy Corp.	BTE	1,500	\$4.33	\$3.75	\$0.00	\$0	0.0%	0.0%	\$0
3 Birchcliff Energy	BIR	1,000	\$4.71	\$5.20	\$0.10	\$100	2.1%	1.9%	\$25
4 Bonterra Energy	BNE	406	\$17.78	\$19.20	\$1.20	\$487	6.7%	6.3%	\$111
5 Canadian Natural Resources	CNQ	500	\$45.46	\$42.20	\$1.10	\$550	2.4%	2.6%	\$138
6 Cenovus Energy	CVE	1,200	\$13.50	\$12.97	\$0.20	\$240	1.5%	1.5%	\$60
7 Crescent Point Energy	CPG	2,500	\$8.46	\$8.22	\$0.36	\$900	4.3%	4.4%	\$150
8 Encana Corp.	ECA	600	\$16.38	\$16.93	\$0.08	\$47	0.5%	0.5%	\$12
9 Peyto Exploration	PEY	1,500	\$10.34	\$11.13	\$0.72	\$1,080	7.0%	6.5%	\$180
10 PrairieSky Royalties	PSK	600	\$25.11	\$22.69	\$0.76	\$454	3.0%	3.3%	\$76
11 Seven Generations Energy	VII	1,000	\$13.83	\$15.40	\$0.00	\$0	0.0%	0.0%	\$0
12 Vermilion Energy	VET	500	\$44.82	\$42.56	\$2.58	\$1,290	5.8%	6.1%	\$215
13 Whitecap Resources	WCP	2,500	\$8.73	\$7.84	\$0.28	\$690	3.2%	3.5%	\$115
Portfolio Totals						\$5,837	1.9%	2.0%	\$1,081
Dividends, Companies Sold									\$0
Total Dividends Received									\$1,081
Dividend Yield (annualized)									2.2%

<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).

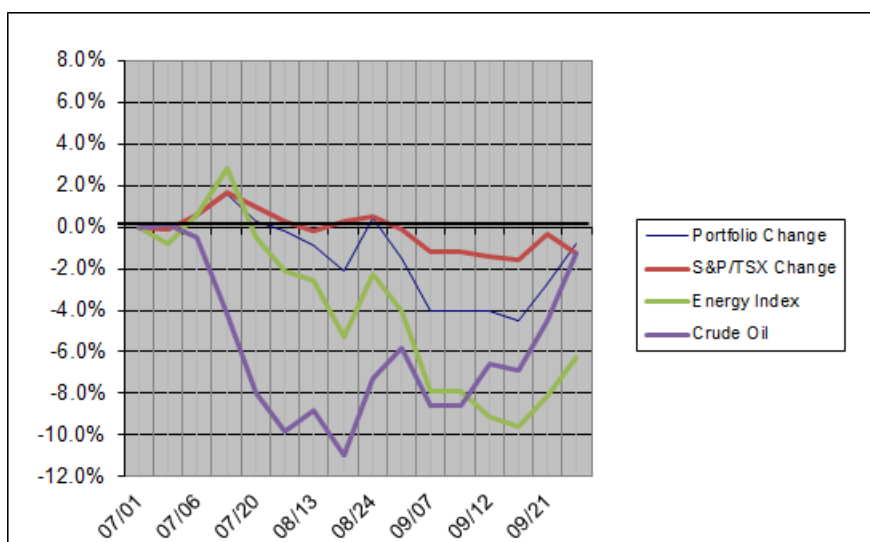
The portfolio is down slightly, and is out-performing the two industry indexes and the overall market:

Portfolio performance = -0.8% (includes dividends and trading profits)

S&P/TSX Energy Index = -6.3%

Crude Oil price (WTIS) = -1.3%

S&P/TSX Composite = -1.3%



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