

Long-Term Perspective

June 14, 2019

Model Oil Portfolio

We have created a 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 just seven stocks, with each having an initial position of approximately \$10,000. As this Portfolio is created, the Energy sector looks particularly weak. The respective stock charts are not pretty. Cash comprises 77% at the outset.

COMMENT: *Woeful! The stock portion of the Portfolio is down 7.5% since inception just two weeks ago. Overall, the Portfolio is off 1.7%, which is the same decline as experienced by the price of crude oil. The S&P/TSX Energy Index, meanwhile, is down 3.6% since the beginning of June. Other industry benchmarks are also in negative territory. Since the sector's decline has been relentless, there should be a bounce-back occurring sometime soon.*

The current portfolio is presented below. It currently comprises seven stocks.

MODEL OIL PORTFOLIO Share Price Information

As at: 14-Jun-19

Portfolio initiated: 3-Jun-19

<u>Company</u>	<u>Symbol</u>	<u>Purchase Price</u>	<u>Current Price</u>	<u>First Target</u>	<u>Second Target</u>	<u>First Sell (First 50%)</u>	<u>Second Sell (Second 50%)</u>
1 Baytex Energy Corp.	BTE	\$2.13	\$1.95	\$2.35	\$2.55	\$1.96	\$1.87
2 Canadian Natural Resources	CNQ	\$36.85	\$35.57	\$37.50	\$39.00	\$34.64	\$33.17
3 Cenovus Energy	CVE	\$11.19	\$11.36	\$14.05	\$14.85	\$10.52	\$10.07
4 Encana Corp.	ECA	\$7.15	\$6.25	\$17.20	\$18.00	\$6.72	\$6.44
5 Seven Generations Energy	VII	\$7.29	\$6.34	\$15.65	\$16.40	\$6.85	\$6.56
6 Vermilion Energy	VET	\$28.68	\$26.78	\$46.88	\$50.00	\$26.96	\$25.81
7 Whitecap Resources	WCP	\$4.58	\$4.14	\$9.75	\$10.15	\$4.31	\$4.12

NB: Sell Price for stocks under \$10 is -8% and -12%; between \$10 and \$50, it is -6% and -10%; over \$50, it is -4% and -8%.

NB: **Red** numbers denote the stock price is below the Sell Price; **Green** numbers denote the stock price exceeds the Price Target.

NB: The Analyst, either **directly** or **indirectly**, currently owns shares in **Cenovus Energy**.

<continued>

PORTFOLIO PERFORMANCE

We established the Model Oil Portfolio at the beginning of June 2019 at a time when the Energy sector was under duress. It still is. Each of the seven stocks in the Portfolio has a market weighting of only \$10,000 to reflect the difficult Energy sector scenario. Once the sector's outlook improves, we will increase the amount invested in each holding as well as add other stocks to the group.

In the meantime, the Portfolio performance sucks. Only one stock is above "water":

MODEL OIL PORTFOLIO		Portfolio Performance			As at: 14-Jun-19		Initiation: 3-Jun-19	
<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	4,695	\$2.13	\$1.95	\$10,000	\$9,155	-\$845	-8.5%
2 Canadian Natural Resources	CNQ	271	\$36.85	\$35.57	\$9,986	\$9,639	-\$347	-3.5%
3 Cenovus Energy	CVE	894	\$11.19	\$11.36	\$10,004	\$10,156	\$152	1.5%
4 Encana Corp.	ECA	1,400	\$7.15	\$6.25	\$10,010	\$8,750	-\$1,260	-12.6%
5 Seven Generations Energy	VII	1,372	\$7.29	\$6.34	\$10,002	\$8,698	-\$1,303	-13.0%
6 Vermilion Energy	VET	349	\$28.68	\$26.78	\$10,009	\$9,346	-\$663	-6.6%
7 Whitecap Resources	WCP	2,183	\$4.58	\$4.14	\$9,998	\$9,038	-\$961	-9.6%
Stock Totals					\$70,010	\$64,783	-\$5,227	-7.5%
					Stock Annualized Return:			-198.6%
Stock Totals						\$64,783		22.0%
Cash					\$229,990	\$229,990		78.0%
Cumulative Dividend payments						\$0		
Net Trading Profits/(Losses)						\$0		
Portfolio Totals					\$300,000	\$294,773	-\$5,227	-1.7%
					Portfolio Annualized Return:			-46.3%

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	\$294,773	-\$5,227	-1.7%
	Portfolio Annualized Return:			-46.3%
S&P/TSX ENERGY INDEX (.SPTTEN-ut)	143.37	\$138.19	-5.18	-3.6%
	S&P/TSX Energy Annualized Return:			-96.1%
	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$53.42	\$52.49	-\$0.93	-1.7%
Canadian Crude Oil Index (CCX-bc)	\$8.16	\$8.02	-\$0.14	-1.7%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.80	\$5.38	-\$0.42	-7.2%
Energy Index ETF (XEG-bc)	\$9.20	\$8.91	-\$0.29	-3.2%
Energy Bull 2X ETF (HEU-bc)	\$5.05	\$4.78	-\$0.27	-5.3%
U.S. Oil Fund ETF (USO-bc)	\$11.30	\$10.94	-\$0.36	-3.2%
S&P/TSX Composite Index	16,053.47	16,301.91	248.44	1.5%

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.

MODEL OIL PORTFOLIO		Annual Income/Yield			As at: 14-Jun-19		Initiation: 3-Jun-19		
<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	4,695	\$2.13	\$1.95	\$0.00	\$0	0.0%	0.0%	\$0
2 Canadian Natural Resources	CNQ	271	\$36.85	\$35.57	\$1.50	\$407	4.1%	4.2%	\$0
3 Cenovus Energy	CVE	894	\$11.19	\$11.36	\$0.20	\$179	1.8%	1.8%	\$0
4 Encana Corp.	ECA	1,400	\$7.15	\$6.25	\$0.10	\$143	1.4%	1.6%	\$0
5 Seven Generations Energy	VII	1,372	\$7.29	\$6.34	\$0.00	\$0	0.0%	0.0%	\$0
6 Vermilion Energy	VET	349	\$28.68	\$26.78	\$2.76	\$963	9.6%	10.3%	\$0
7 Whitecap Resources	WCP	2,183	\$4.58	\$4.14	\$0.35	\$760	7.6%	8.4%	\$0
Portfolio Totals						\$2,451	0.8%	0.8%	\$0
Dividends, Companies Sold									\$0
Total Dividends Received									\$0

NOTE: See eResearch Disclaimer below.

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