

Long-Term Perspective

June 28, 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:** *The Portfolio fell 0.3% last week, but the S&P/TSX Energy Index declined 1.5%. Only one of our eight current stock holdings is not in the **red**. This week-end is the G-20 Meeting and there is likely to be considerable repercussions for various spheres in the investment universe, so we have to wait and see what the fall-out, if any, there will be on the Energy sector. In the meantime, enjoy Canada Day, July 1.*

### CURRENT PORTFOLIO

The current portfolio is presented below.

#### MODEL OIL PORTFOLIO

#### Share Price Information

As at: 28-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	\$2.03	\$2.35	\$2.55	\$1.96	\$1.87
2 Canadian Natural Resources	CNQ	\$36.85	\$35.31	\$37.50	\$39.00	\$34.64	\$33.17
3 Cenovus Energy	CVE	\$11.19	\$11.55	\$12.50	\$13.30	\$10.52	\$10.07
4 Encana Corp.	ECA	\$7.15	\$6.72	\$7.80	\$8.60	\$6.72	\$6.44
5 Seven Generations Energy	VII	\$7.29	\$6.42	\$7.80	\$8.60	\$6.85	\$6.56
6 Tourmaline Oil Corp.	TOU	\$16.70	\$16.68	\$17.20	\$18.00	\$15.70	\$15.03
7 Vermilion Energy	VET	\$28.68	\$28.45	\$29.70	\$31.25	\$26.96	\$25.81
8 Whitecap Resources	WCP	\$4.58	\$4.25	\$5.10	\$5.50	\$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** and **Vermilion Energy**.

**COMMENT:** *Although three stocks are trading at prices below the First Sell price, the Portfolio Manager has certain discretion on executing sell orders when the prices drop below the threshold. Energy stocks are very volatile, we all know that. The stocks can rise or fall with considerable percentage moves and there is always the danger of getting whip-sawed by selling a stock just because it hits the First Sell price. However, if there is a recognized change in the outlook for a stock that drops below the Sell threshold, of course, it will be sold.*

## PORTFOLIO PERFORMANCE

The following table shows how the Portfolio has performed since inception on June 3, 2019.

<b>MODEL OIL PORTFOLIO</b>		<b>Portfolio Performance</b>			<b>As at: 28-Jun-19</b>		<b>Initation: 3-Jun-19</b>	
<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	\$2.03	\$10,000	\$9,531	-\$470	-4.7%
2 Canadian Natural Resources	CNQ	271	\$36.85	\$35.31	\$9,986	\$9,569	-\$417	-4.2%
3 Cenovus Energy	CVE	894	\$11.19	\$11.55	\$10,004	\$10,326	\$322	3.2%
4 Encana Corp.	ECA	1,400	\$7.15	\$6.72	\$10,010	\$9,408	-\$602	-6.0%
5 Seven Generations Energy	VII	1,372	\$7.29	\$6.42	\$10,002	\$8,808	-\$1,194	-11.9%
6 Tourmaline Oil Corp.	TOU	600	\$16.70	\$16.68	\$10,020	\$10,008	-\$12	-0.1%
7 Vermilion Energy	VET	349	\$28.68	\$28.45	\$10,009	\$9,929	-\$80	-0.8%
8 Whitecap Resources	WCP	2,183	\$4.58	\$4.25	\$9,998	\$9,278	-\$720	-7.2%
<b>Stock Totals</b>					<b>\$80,030</b>	<b>\$76,857</b>	<b>-\$3,173</b>	<b>-4.0%</b>
					Stock Annualized Return:			<b>-52.7%</b>
Stock Totals						\$76,857		25.9%
Cash					\$219,970	\$219,970		74.0%
Cumulative Dividend payments						\$241		
Net Trading Profits/(Losses)						\$0		
<b>Portfolio Totals</b>					<b>\$300,000</b>	<b>\$297,068</b>	<b>-\$2,932</b>	<b>-1.0%</b>
					Portfolio Annualized Return:			<b>-13.0%</b>

## INDUSTRY COMPARISON

Next, 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>\$297,068</b>	<b>-\$2,932</b>	<b>-1.0%</b>
	Portfolio Annualized Return:			<b>-13.0%</b>
<b>S&amp;P/TSX ENERGY INDEX .....</b> (.SPTTEN-ut)	143.37	\$139.38	-3.99	-2.8%
	S&P/TSX Energy Annualized Return:			<b>-37.0%</b>
	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$53.73	\$58.52	\$4.79	8.9%
Canadian Crude Oil Index (CCX-bc)	\$8.16	\$9.68	\$1.52	18.6%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.80	\$6.44	\$0.64	11.0%
Energy Index ETF (XEG-bc)	\$9.20	\$8.92	-\$0.28	-3.0%
Energy Bull 2X ETF (HEU-bc)	\$5.05	\$4.82	-\$0.23	-4.6%
U.S. Oil Fund ETF (USO-bc)	\$11.30	\$12.08	\$0.78	6.9%
S&P/TSX Composite Index .....	16,053.47	\$16,382.20	328.73	2.0%

## 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.

<b>MODEL OIL PORTFOLIO</b>		<b>Annual Income/Yield</b>			<b>As at: 28-Jun-19</b>		<b>Initiation: 3-Jun-19</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 Baytex Energy Corp.	BTE	4,695	\$2.13	\$2.03	\$0.00	\$0	0.0%	0.0%	\$0
2 Canadian Natural Resources	CNQ	271	\$36.85	\$35.31	\$1.50	\$407	4.1%	4.2%	\$102
3 Cenovus Energy	CVE	894	\$11.19	\$11.55	\$0.20	\$179	1.8%	1.7%	\$45
4 Encana Corp.	ECA	1,400	\$7.15	\$6.72	\$0.10	\$140	1.4%	1.5%	\$35
5 Seven Generations Energy	VII	1,372	\$7.29	\$6.42	\$0.00	\$0	0.0%	0.0%	\$0
6 Tourmaline Oil Corp.	TOU	600	\$16.70	\$16.68	\$0.40	\$240	2.4%	2.4%	\$60
7 Vermilion Energy	VET	349	\$28.68	\$28.45	\$2.76	\$963	9.6%	9.7%	\$0
8 Whitecap Resources	WCP	2,183	\$4.58	\$4.25	\$0.35	\$760	7.6%	8.2%	\$0
<b>Portfolio Totals</b>						<b>\$2,688</b>	<b>0.9%</b>	<b>0.9%</b>	<b>\$241</b>
<b>Dividends, Companies Sold</b>									<b>\$0</b>
<b>Total Dividends Received</b>									<b>\$241</b>

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