

Long-Term Perspective

July 12, 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 gained 0.8% last week, as the Energy sector perked up a little, with the stress being on "little". We added to three existing positions: Seven Generations, Tourmaline Oil Corp., and Vermilion Energy. Still watching for an opportunity to add one or two more holdings. The sector is still not exactly buoyant.*

CURRENT PORTFOLIO

The current portfolio is presented below.

MODEL OIL PORTFOLIO

Share Price Information

As at: 12-Jul-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	\$1.90	\$2.35	\$2.55	\$1.96	\$1.87
2 Canadian Natural Resources	CNQ	\$36.85	\$36.12	\$37.50	\$39.00	\$34.64	\$33.17
3 Cenovus Energy	CVE	\$11.19	\$12.46	\$12.50	\$13.30	\$10.52	\$10.07
4 Encana Corp.	ECA	\$7.15	\$6.52	\$7.80	\$8.60	\$6.72	\$6.44
5 Seven Generations Energy	VII	\$6.92	\$6.77	\$7.80	\$8.60	\$6.51	\$6.23
6 Tourmaline Oil Corp.	TOU	\$16.70	\$16.91	\$17.20	\$18.00	\$15.70	\$15.03
7 Vermilion Energy	VET	\$28.58	\$28.53	\$29.70	\$31.25	\$26.86	\$25.72
8 Whitecap Resources	WCP	\$4.58	\$4.44	\$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: *There are just two stocks in positive territory. And two stocks sit below the First Sell price, and are being closely monitored.*

The Portfolio's performance is shown on the next page.

PORTFOLIO PERFORMANCE

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

MODEL OIL PORTFOLIO		Portfolio Performance			As at: 12-Jul-19		Initation: 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	\$1.90	\$10,000	\$8,921	-\$1,080	-10.8%
2 Canadian Natural Resources	CNQ	271	\$36.85	\$36.12	\$9,986	\$9,789	-\$198	-2.0%
3 Cenovus Energy	CVE	894	\$11.19	\$12.46	\$10,004	\$11,139	\$1,135	11.3%
4 Encana Corp.	ECA	1,400	\$7.15	\$6.52	\$10,010	\$9,128	-\$882	-8.8%
5 Seven Generations Energy	VII	2,889	\$6.92	\$6.77	\$19,999	\$19,559	-\$440	-2.2%
6 Tourmaline Oil Corp.	TOU	1,200	\$16.70	\$16.91	\$20,040	\$20,292	\$252	1.3%
7 Vermilion Energy	VET	700	\$28.58	\$28.53	\$20,006	\$19,971	-\$35	-0.2%
8 Whitecap Resources	WCP	2,183	\$4.58	\$4.44	\$9,998	\$9,693	-\$306	-3.1%
Stock Totals					\$110,043	\$108,490	-\$1,553	-1.4%
					Stock Annualized Return:			-12.9%
Portfolio Percentages								
Stock Totals						\$108,490	36.3%	
Cash					\$189,956	\$189,956	63.6%	
Cumulative Dividend payments						\$301	0.1%	
Net Trading Profits/(Losses)						\$0	0.0%	
							100.0%	
Portfolio Totals					\$300,000	\$298,748	-\$1,252	-0.4%
					Portfolio Annualized Return:			-3.8%

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>
Portfolio Totals	\$300,000	\$298,748	-\$1,252	-0.4%
	Portfolio Annualized Return:			-3.8%
S&P/TSX ENERGY INDEX	143.37	\$142.43	-0.94	-0.7%
(.SPITEN-ut)	S&P/TSX Energy Annualized Return:			-6.0%
	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$53.73	\$60.40	\$6.67	12.4%
Canadian Crude Oil Index (CCX-bc)	\$8.16	\$10.08	\$1.92	23.5%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.80	\$6.92	\$1.12	19.3%
Energy Index ETF (XEG-bc)	\$9.20	\$9.12	-\$0.08	-0.9%
Energy Bull 2X ETF (HEU-bc)	\$5.05	\$4.99	-\$0.06	-1.2%
U.S. Oil Fund ETF (USO-bc)	\$11.30	\$12.52	\$1.22	10.8%
S&P/TSX Composite Index	16,053.47	16,488.12	434.65	2.7%

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: 28-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	\$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
Portfolio Totals						\$2,688	0.9%	0.9%	\$241
Dividends, Companies Sold									\$0
Total Dividends Received									\$241

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