

Long-Term Perspective

July 31, 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:** *We decided to update the Portfolio at month-end rather than at the end of the week. Since our last report on July 19, the Portfolio gained 1.1%. There are now six stocks in positive territory and three still "under water". Despite twice as many positive stocks, the losing stocks are still creating an overall negative Portfolio performance. We are still cautious as evidenced by the percentage of the Portfolio held in stocks being just over 52%. We will deploy cash when opportunities are identified.*

### CURRENT PORTFOLIO

The current portfolio is presented below.

#### MODEL OIL PORTFOLIO

#### Share Price Information

As at: 31-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	\$2.00	\$2.01	\$2.35	\$2.55	\$1.84	\$1.76
2 Canadian Natural Resources	CNQ	\$36.47	\$33.43	\$37.50	\$39.00	\$34.28	\$32.82
3 Cenovus Energy	CVE	\$11.19	\$12.27	\$12.50	\$13.30	\$10.52	\$10.07
4 Crescent Point Energy	CPG	\$3.98	\$4.38	\$4.30	\$4.70	\$3.66	\$3.50
5 Encana Corp.	ECA	\$6.80	\$6.03	\$7.80	\$8.60	\$6.39	\$6.12
6 Seven Generations Energy	VII	\$6.92	\$7.33	\$7.80	\$8.60	\$6.51	\$6.23
7 Tourmaline Oil Corp.	TOU	\$16.70	\$17.40	\$17.20	\$18.00	\$15.70	\$15.03
8 Vermilion Energy	VET	\$28.58	\$23.65	\$29.70	\$31.25	\$26.86	\$25.72
9 Whitecap Resources	WCP	\$4.49	\$4.24	\$5.10	\$5.50	\$4.22	\$4.04

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 now just three stocks in negative territory. Encana continues to sell below both Sell prices. All stocks have risen recently.*

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.

<b>MODEL OIL PORTFOLIO</b>		<b>Portfolio Performance</b>			<b>As at: 31-Jul-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	9,986	\$2.00	\$2.01	\$20,000	\$20,072	\$72	0.4%
2 Canadian Natural Resources	CNQ	548	\$36.47	\$33.43	\$19,986	\$18,320	-\$1,666	-8.3%
3 Cenovus Energy	CVE	894	\$11.19	\$12.27	\$10,004	\$10,969	\$966	9.7%
4 Crescent Point Energy	CPG	2,513	\$3.98	\$4.38	\$10,002	\$11,007	\$1,005	10.1%
5 Encana Corp.	ECA	2,943	\$6.80	\$6.03	\$20,009	\$17,746	-\$2,262	-11.3%
6 Seven Generations Energy	VII	2,889	\$6.92	\$7.33	\$19,999	\$21,176	\$1,177	5.9%
7 Tourmaline Oil Corp.	TOU	1,200	\$16.70	\$17.40	\$20,040	\$20,880	\$840	4.2%
8 Vermilion Energy	VET	700	\$28.58	\$23.65	\$20,006	\$16,555	-\$3,451	-17.2%
9 Whitecap Resources	WCP	4,456	\$4.49	\$4.24	\$19,999	\$18,893	-\$1,106	-5.5%
<b>Stock Totals</b>					<b>\$160,045</b>	<b>\$155,619</b>	<b>-\$4,426</b>	<b>-2.8%</b>
					Stock Annualized Return:			<b>-17.5%</b>
<b>Portfolio Percentages</b>								
Stock Totals						\$155,619		52.6%
Cash					\$139,955	\$139,955		47.4%
Cumulative Dividend payments						\$0		0.0%
Net Trading Profits/(Losses)						\$0		0.0%
								100.0%
					<b>Purchase Cost</b>	<b>Current Value</b>	<b>\$ Gain or (Loss)</b>	<b>% Gain or (Loss)</b>
<b>Portfolio Totals</b>					<b>\$300,000</b>	<b>\$295,574</b>	<b>-\$4,426</b>	<b>-1.5%</b>
					Portfolio Annualized Return:			<b>-9.3%</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>\$295,574</b>	<b>-\$4,426</b>	<b>-1.5%</b>
	Portfolio Annualized Return:			<b>-9.3%</b>
<b>S&amp;P/TSX ENERGY INDEX .....</b> (SPTTEN-ut)	143.37	\$133.72	-9.65	-6.7%
	S&P/TSX Energy Annualized Return:			<b>-42.6%</b>
	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
<b>Crude Oil (SWTIC-sc)</b>	\$53.73	\$58.58	\$4.85	9.0%
<b>Canadian Crude Oil Index (CCX-bc)</b>	\$8.16	\$10.44	\$2.28	27.9%
<b>Crude Oil Bull 2X ETF (HOU-bc)</b>	\$5.80	\$6.36	\$0.56	9.7%
<b>Energy Index ETF (XEG-bc)</b>	\$9.20	\$8.56	-\$0.64	-7.0%
<b>Energy Bull 2X ETF (HEU-bc)</b>	\$5.05	\$4.41	-\$0.64	-12.7%
<b>U.S. Oil Fund ETF (USO-bc)</b>	\$11.30	\$12.03	\$0.73	6.5%
<b>S&amp;P/TSX Composite Index .....</b>	16,053.47	16,406.56	353.09	2.2%

## 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:</b>	<b>31-Jul-19</b>	<b>Initiation:</b>	<b>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	9,986	\$2.00	\$2.01	\$0.00	\$0	0.0%	0.0%	\$0
2	Canadian Natural Resources	CNQ	548	\$36.47	\$33.43	\$1.50	\$822	4.1%	4.5%	\$206
3	Cenovus Energy	CVE	894	\$11.19	\$12.27	\$0.20	\$179	1.8%	1.6%	\$45
4	Crescent Point Energy	CPG	2,513	\$3.98	\$4.38	\$0.04	\$101	1.0%	0.9%	\$0
5	Encana Corp.	ECA	2,943	\$6.80	\$6.03	\$0.10	\$295	1.5%	1.7%	\$74
6	Seven Generations Energy	VII	2,889	\$6.92	\$7.33	\$0.00	\$0	0.0%	0.0%	\$0
7	Tourmaline Oil Corp.	TOU	1,200	\$16.70	\$17.40	\$0.40	\$480	2.4%	2.3%	\$120
8	Vermilion Energy	VET	700	\$28.58	\$23.65	\$2.76	\$1,932	9.7%	11.7%	\$161
9	Whitecap Resources	WCP	4,456	\$4.49	\$4.24	\$0.35	<u>\$1,551</u>	<u>7.8%</u>	<u>8.2%</u>	<u>\$129</u>
<b>Portfolio Totals</b>						<b>\$5,359</b>	<b>1.8%</b>	<b>1.8%</b>	<b>\$734</b>	
<b>Dividends, Companies Sold</b>									<b>\$0</b>	
<b>Total Dividends Received</b>									<b>\$734</b>	

## DISCLAIMER

### eResearch Corporation

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: [www.eResearch.com](http://www.eResearch.com).

### eResearch Disclosure Statement

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website ([www.eresearch.com](http://www.eresearch.com)), and to the general investing public through its extensive electronic distribution network and through newswire agencies.

With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.