

Long-Term Perspective

August 13, 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: *Henceforth, we intend to update the Portfolio using Tuesday's closing prices. Since our last publication at the end of July, the Portfolio has lost 4.0%. Only four of the ten stocks are in positive territory. One of these is the latest addition to the Portfolio, Suncor Inc. The Energy stocks rallied today (Tuesday) on the back of positive sounds coming from the USA-China trade spat. Resolution of the world's two top trading countries would probably result in a sustained rally in all commodities. Fingers crossed.*

CURRENT PORTFOLIO

The current portfolio is presented below.

MODEL OIL PORTFOLIO Share Price Information

		As at: 13-Aug-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>
1 Baytex Energy Corp.	BTE	\$2.00	\$1.87	\$2.35	\$2.55
2 Canadian Natural Resources	CNQ	\$36.47	\$31.79	\$37.50	\$39.00
3 Cenovus Energy	CVE	\$11.19	\$11.54	\$12.50	\$13.30
4 Crescent Point Energy	CPG	\$3.98	\$4.15	\$4.30	\$4.70
5 Encana Corp.	ECA	\$6.80	\$5.88	\$7.80	\$8.60
6 Seven Generations Energy	VII	\$6.92	\$7.28	\$7.80	\$8.60
7 Suncor Inc.	SU	\$37.81	\$37.94	\$40.60	\$42.20
8 Tourmaline Oil Corp.	TOU	\$16.70	\$13.60	\$17.20	\$18.00
9 Vermilion Energy	VET	\$28.58	\$20.38	\$29.70	\$31.25
10 Whitecap Resources	WCP	\$4.49	\$3.97	\$5.10	\$5.50

NB: **Green** numbers denote the stock price exceeds the Price Target.

NB: The Analyst, either **directly** or *indirectly*, currently owns shares in **BTE, CPG, CVE, and VET**.

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: 13-Aug-19			
		Initiation: 3-Jun-19			
<u>Company</u>	<u>Number of Shares</u>	<u>Purchase Cost</u>	<u>Current Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
1 Baytex Energy Corp.	9,986	\$20,000	\$18,674	-\$1,327	-6.6%
2 Canadian Natural Resources	548	\$19,986	\$17,421	-\$2,565	-12.8%
3 Cenovus Energy	894	\$10,004	\$10,317	\$313	3.1%
4 Crescent Point Energy	2,513	\$10,002	\$10,429	\$427	4.3%
5 Encana Corp.	2,943	\$20,009	\$17,305	-\$2,704	-13.5%
6 Seven Generations Energy	2,889	\$19,999	\$21,032	\$1,033	5.2%
7 Suncor Inc.	529	\$20,001	\$20,070	\$69	0.3%
8 Tourmaline Oil Corp.	1,200	\$20,040	\$16,320	-\$3,720	-18.6%
9 Vermilion Energy	700	\$20,006	\$14,266	-\$5,740	-28.7%
10 Whitecap Resources	4,456	\$19,999	\$17,690	-\$2,309	-11.5%
Stock Totals		\$180,046	\$163,524	-\$16,522	-9.2%
					Stock Annualized Return: -48.8%

Portfolio Percentages

Stock Totals		\$163,524	57.7%
Cash	\$119,954	\$119,954	42.3%
Cum. Div. Payments		\$0	0.0%
Net Trading Profits/(Losses)		\$0	0.0%
			100.0%

	<u>Purchase Cost</u>	<u>Current Value</u>	<u>\$ Gain or (Loss)</u>	<u>% Gain or (Loss)</u>
Portfolio Totals	\$300,000	\$283,478	-\$16,522	-5.5%
				Portfolio Annualized Return: -29.3%

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	\$295,574	-\$4,426	-1.5%
			Portfolio Annualized Return:	-9.3%

S&P/TSX ENERGY INDEX	143.37	\$133.72	-9.65	-6.7%
(SPTTEN-ut)			S&P/TSX Energy Annualized Return:	-42.6%

	<u>Initial Value</u>	<u>Current Value</u>	<u>Change</u>	<u>% Change</u>
Crude Oil (SWTIC-sc)	\$53.73	\$58.58	\$4.85	9.0%
Canadian Crude Oil Index (CCX-bc)	\$8.16	\$10.44	\$2.28	27.9%
Crude Oil Bull 2X ETF (HOU-bc)	\$5.80	\$6.36	\$0.56	9.7%
Energy Index ETF (XEG-bc)	\$9.20	\$8.56	-\$0.64	-7.0%
Energy Bull 2X ETF (HEU-bc)	\$5.05	\$4.41	-\$0.64	-12.7%
U.S. Oil Fund ETF (USO-bc)	\$11.30	\$12.03	\$0.73	6.5%
S&P/TSX Composite Index	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 twice monthly or when a stock is bought or sold.

MODEL OIL PORTFOLIO Annual Income/Yield As at: 13-Aug-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	9,986	\$2.00	\$1.87	\$0.00	\$0	0.0%	0.0%	\$0
2 Canadian Natural Resources	CNQ	548	\$36.47	\$31.79	\$1.50	\$822	4.1%	4.7%	\$206
3 Cenovus Energy	CVE	894	\$11.19	\$11.54	\$0.20	\$179	1.8%	1.7%	\$45
4 Crescent Point Energy	CPG	2,513	\$3.98	\$4.15	\$0.04	\$101	1.0%	1.0%	\$0
5 Encana Corp.	ECA	2,943	\$6.80	\$5.88	\$0.10	\$296	1.5%	1.7%	\$74
6 Seven Generations Energy	VII	2,889	\$6.92	\$7.28	\$0.00	\$0	0.0%	0.0%	\$0
7 Tourmaline Oil Corp.	TOU	1,200	\$16.70	\$13.60	\$0.40	\$480	2.4%	2.9%	\$120
8 Vermilion Energy	VET	700	\$28.58	\$20.38	\$2.76	\$1,932	9.7%	13.5%	\$161
9 Whitecap Resources	WCP	4,456	\$4.49	\$3.97	\$0.35	<u>\$1,551</u>	<u>7.8%</u>	<u>8.8%</u>	<u>\$129</u>
Portfolio Totals						\$5,360	1.8%	1.9%	\$734
Dividends, Companies Sold									\$0
Total Dividends Received									\$734



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