Brief Notes

Winds of Change
Buffett California

The big news in politics last week was the announcement that Warren Buffett, the wizard of Omaha and head of Berkshire Hathaway and also the second richest man in the US after Bill Gates, has thrown his support behind Arnold Schwarzenegger in his wild card bid to unseat Governor Gray Davis in a recall campaign.

Davis ran the state into the ground during his tenure, leaving it with the highest borrowing costs and the lowest credit rating of any state in the union. He also bungled energy privatization.

If California were a business, it could be compared to Enron in its mismanagement. The addition of Buffett to his team gives Arnold an even higher profile and solid credibility. Buffett runs a tight ship, and as Arnold's senior economic and financial advisor, should help get California managed responsibly again.

Ah! If California were only a publicly traded company, I'd be tempted to buy stock in it!

Meanwhile, did Atlas Shrug? The power blackout that left 50 million in the dark in the east reminds one of the dramatic scene near the end of the Ayn Rand novel when the lights of New York go out as the heroes fly away, symbolizing the death throes of the nanny state.

Because of a long feature article and space limitations, we're keeping this tight and moved my Power Performers Mutual Fund Report to page 2. Trend Watch is on the website!

Options Strategy

Writing the XAU Spread

Back in February I wrote about two guys from Kelowna who have developed a successful strategy for selling call and put spreads on the OEX and the XAU (See Writing for a Living in Issue #8). So successful is the strategy that they became the top volume options traders in Canada. Now I'll elaborate a bit on the XAU strategy since I opened an account for my wife with them in April and now have four months of seeing the strategy in action.

The XAU strategy, like the OEX strategy described in February, is designed to be market neutral. It doesn't matter whether the market goes up or down, the strategy should work either way. Robert Holmes, the TD Waterhouse representative who handles the XAU trades, avers that the XAU will be volatile in the short term but should remain range bound between 60 and 90 for 2003. The point is that whatever the XAU does, it is unlikely to run off in one direction without making substantial retracements along the way.

And, in fact, as I showed in our April 20th Trend Watch, the XAU has a three year history of fluctuations within a clearly defined trend channel. At the time the XAU was bouncing off the lower end of the channel and I argued that it would likely move from its then level of 67 to around 86 within the next few months. The XAU blew past 86 this past week. In fact, I forgot to extrapolate the chart and the upper range of the

(continued on page 3)

In This Issue: Global Success Story! (Page 6)

Mutual Funds

Marco's Power Performers

(for July 2003)

After a drought of several months, we finally have mutual funds qualifying as performers again. And not just Performers, but even Power Performers and Super Power Performers! Our table tells the story.

Super Power Performers (+25% in each time frame)			
Fund name	**1 yr %**	**3 yr %**	**5 yr %**
Mackenzie Universal Precious Metals (US$)	46.94	47.33	25.14
Power Performers (+20% in each time frame)			
Dominion Equity Resource	22.94	25.68	24.79
Mackenzie Universal Precious Metals	30.53	44.64	23.37
Norrep Fund	28.01	23.47	22.75
RBC Precious Metals	48.59	48.33	22.43
Performers (+15% in each time frame)			
Resolute Growth	15.34	24.06	28.56
AGF Precious Metal	42.24	37.27	17.99
Dynamic Global Precious Metals	39.23	36.85	17.96
Front Street Small Cap Canadian-B	35.52	16.68	17.52
TD Precious Metals	24.81	29.51	16.92
Dynamic Canadian Precious Metals	31.98	37.51	16.72
Mackenzie Universal Canadian Resources (US$)	33.90	21.95	15.64
North Growth U.S. Equity (US$)	40.12	15.02	15.17

As you can see, nearly all of the funds are in the precious metals sector. Of the rest, the Norrep Fund is a small cap fund which has four of our Watched List stocks in its top ten – Home Capital, Tusk Energy, Forzani Group and Cott Corp. Its top holding is Cinram (CRW) which is one of our featured stocks in this issue. (See page 8) Other holdings are CP Ships and four in the energy/mining sector.

Front Street Small Cap is also a small cap heavily into energy stocks and North Growth is a US equity fund limited to investors with a minimum of $250,000. Eight of its top holdings are in technology and health care.

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Writing the XAU Spread *(from page 1)*

trend channel is actually closer to 92 as shown in the chart below. And as you can see, there was some fluctuation as the XAU moved along. Where will it go from here? Well, it could blow right through the upper range of the trend channel as it did in June last year, but it's not likely to go much higher than 100 before heading back down again.

But back to the game plan: Holmes writes that their strategy is "to sell uncovered puts below the current market and uncovered calls above the current market. We know for certain that one side will expire worthless."

For example, suppose the index is at 74. He would sell the 80 calls and the 70 puts collecting two premiums. If the index closes between those two strikes, both premiums are pure profit. But if it closes higher or lower, leaving one side under water so to speak, he would roll the losing side forward a month for a credit. Because premiums increase the further out from the expiry date, rolling out the losing side nets enough to cover the cost of buying back the losing option and still leave an additional profit buffer to boot. The winning side can be strategically sold at whatever is an appropriate strike.

In a handout Robert sent me, he tracks one client's trades from April 2002 to January 2003. Because these figures are unaudited, I can't present them to you here, but suffice to say that the average profit for the nine months was $1373.11. Because of its volatility, the premiums on the XAU are as high as those on the OEX even though it is less than 20% of the price. But because it is so low priced, the required margin deposit is only $25,000 instead of the $100,000 required for the OEX strategy. The return on investment is correspondingly larger as well. The $1373 a month average is in US dollars and works out to $1922 a month Canadian. The return on investment over a year from

(continued on page 4)

Writing the XAU Spread *(from page 3)*

Robert's example is an amazing 92.3%. But is it realistic? Are those numbers truly representative?

While I can't show you the example portfolio that Robert sent me, I can show you the actual trades that I made in my wife's account, and I have a log of the trades made by another of Robert's clients which I can also show you. (The client, who I'll call the Mystery Client, asked to remain anonymous.) This client started an account with Robert in late December and the first trade was entered on January 2nd.

Robert makes the monthly trades (and any interim trades) in consultation with the client. The Mystery Client was clear about wanting to learn and understand the strategy and undertook to follow Robert's advice. As for me, well, I was a smarty pants who was bullish on gold, and this ended up biting me one month as we'll see. Instead of rolling a losing trade out and across, I had Robert roll it out and up because I was so bullish. I lost sight of the fact that the strategy is market neutral and I hadn't fully grasped the roll out and across strategy. There is absolutely no need to take a loss any month at all. It cost me but it was a good learning experience!

Space prohibits me showing all the trades involved, so they will be posted at the website if you're interested. But here's a few with explanatory comments:

A Tale of Two Accounts

The Mystery Client jumped right in on January 2nd and based on Robert's suggestions made the following trades:

Date	Index	Trade	Contracts	Expiry/Strike	Premium	Gross	Commission	Net
01/02/03	77.2	Sell	5 Calls	Jan@80	$2.00	$1,000.00	$90.00	$910.00
01/02/03		Sell	3 Puts	Jan@75	$2.50	$750.00	$75.00	$675.00
01/02/03		Buy	3 Calls	Feb@85	$2.70	-$540.00	$54.00	-$594.00

Because the trend was up and the Mystery Client was cautious, 3 protective calls were bought two months out at an $85 strike price. Net after transactions was $991. The next trades were near the January expiry date as follows.

Date	Index	Trade	Contracts	Expiry/Strike	Premium	Gross	Commission	Net
01/17/03	75.3	Sell	7 Calls	Feb@85	$1.50	$1,050.00	$90.00	$960.00
01/17/03		Sell	5 Puts	Feb@70	$1.90	$950.00	$90.00	$860.00
01/17/03		Buy	2 Calls	Mar@90	$2.05	-$410.00	$41.00	-$451.00

Mystery Client sold 4 calls plus the protective calls bought earlier for 7 in all. Client also bought 2 protective calls two months out. Previous calls and puts sold expired worthless so client did not have to buy any back. Net after transactions was $1369. The next trades were near the February expiry as follows:

Date	Index	Trade	Contracts	Expiry/Strike	Premium	Gross	Commission	Net
02/21/03	72.5	Sell	2 Calls	Mar@90	$0.50	$100.00	$25.50	$74.50
02/21/03		Sell	3 Calls	Mar@80	$2.10	$630.00	$90.00	$540.00
02/21/03		Sell	1 Call	Mar@80	$2.25	$225.00	$0.00	$225.00
02/21/03		Sell	4 Puts	Mar@70	$2.10	$840.00	$90.00	$750.00

Mystery Client sold the two protective calls bought earlier and sold four more at an 80 strike. The trade was split and one of the contracts was sold at a higher premium. Only one commission was charged though. This time no protective calls were bought. Net after transactions was $1589.50

Date	Index	Trade	Contracts	Expiry/Strike	Premium	Gross	Commission	Net
03/21/03	63.5	Buy	4 Puts	Mar@70	$6.70	-$2,680.00	$90.00	-$2,770.00
03/21/03		Sell	5 Puts	Apr@70	$7.30	$3,650.00	$90.00	$3,560.00
03/21/03		Sell	5 Calls	Apr@70	$0.80	$400.00	$45.00	$355.00

The Index drifted lower than expected and the Mystery Client was hugely underwater on the March 70 puts. The puts were bought back and rolled out and across. Although the premium was sufficient to cover the buyback, client opted to move up to five contracts now that a greater confidence level

(continued on page 5)

Writing the XAU Spread *(from page 4)*

had been reached. Net after transactions was $1145.

You get the idea. After less than three months this client was up $5094.50 US! Currently this Mystery Client is up $10,426.50. At an exchange rate of $1.40, that's a return of 58.4% on the original $25,000 investment, not counting the interest this margin deposit is collecting as well. If things continue, this client could well make a 100% return on investment in the first year.

My wife's account is also up a solid amount, but the transactions are somewhat different because, as I noted earlier, I'm a smarty pants and that leads to errors. We started in April with $25,000 borrowed against our house. The four months to date are shown below:

Date	Index	Trade	Contracts	Strike/Expiry	Premium	Gross	Commission	Net
04/17/03	67.01	Sell	5 Calls	May@70	$1.75	$875.00	$90.00	$785.00
04/17/03		Sell	5 Puts	May@70	$3.80	$1900.00	$90.00	$1810.00

We got off to a very nice start with $2685 in the bank. Because I was bullish on gold, I played it as a straddle going for May 70s for both the calls and the puts. I also went immediately to five contracts rather than easing my way in with four. So far so good. Below are the next month's trades:

Date	Index	Trade	Contracts	Strike/Expiry	Premium	Gross	Commission	Net
05/15/03	72.23	Buy	5 Calls	May@70	$2.50	-$1250.00	$90.00	-$1340.00
05/15/03		Sell	5 Calls	June@75	$1.60	$800.00	$80.00	720.00
05/15/03		Sell	3 Puts	June@75	$4.20	$1260.00	$90.00	1170.00
05/15/03		Sell	2 Puts	June@70	$1.60	$320.00	$32.00	288.00

I was right in my bullish prediction and the XAU ended up at 72.23 at expiry. We had to buy back the May 70 calls. But remaining bullish, I was reluctant to roll them across. So I moved them up and sold June 75 calls for a loss on the call side of the transaction of $620. If I had rolled across instead, it would have been positive. But I followed Robert's advice on the puts and split them between 3 June 75s and 2 June 70s. Net after all transactions was $838. Robert suggested that I could roll the 70 puts up if the XAU moved up and I was concerned. That is what I did as shown below:

Date	Index	Trade	Contracts	Strike/Expiry	Premium	Gross	Commission	Net
05/20/03	74.28	Buy	2 Puts	June@70	1.00	-$200.00	$25.50	-$225.50
05/20/03		Sell	2 Puts	June@80	6.70	1340.00	$90.00	1250.00

Five days after the last trade, the XAU had moved up to 74.28 and I was getting worried about gold running away. Been reading too much bullish stuff from the gold bugs and believing it instead of taking a market neutral stance. But it added cash to the coffers. Net after transaction was $1024.50. Just over a month after my first trade we were up $4547.50 and feeling good. Then came June!

Date	Index	Trade	Contracts	Strike/Expiry	Premium	Gross	Commission	Net
06/17/03	82.24	Buy	5 Calls	June@75	$7.40	-$3700.00	$90.00	-$3790.00
06/17/03		Sell	5 Calls	July@85	$1.90	$950.00	$90.00	$860.00
06/17/03		Sell	5 Puts	July@85	$4.60	$2300.00	$90.00	$2210.00

Here's where I made my big mistake. The XAU had soared to 82.24 by expiry. I was right in my predictions. But I should have rolled across the underwater calls. Instead I rolled them up. So we ended up with a loss after the transactions of $720 as I played an $85 straddle. Our final transaction below is interesting.

Date	Index	Trade	Contracts	Strike/Expiry	Premium	Gross	Commission	Net
07/18/03	74.88	Buy	5 Puts	July@85	$10.40	-$5200.00	$90.00	-$5290.00
07/18/03		Sell	5 Calls	Sept@85	$0.90	$450.00	$45.00	$405.00
07/18/03		Sell	5 Puts	Sept@85	$11.60	$5800.00	$90.00	$5710.00

I had fully expected gold to continue soaring and was stunned when the XAU nosedived to 74.88 at expiry. If I had rolled our calls across for a profit instead of up in June, we would have been sitting pretty. A $75 July straddle play instead of my $85 straddle would have left us with around $1100 profit instead of a $720 loss and the close near 75 would have made it practically all to the good. Instead we were $10.40 underwater on the puts. The August 85 put would have been profitable

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Technology Pick

Stratos Global Corporation (SGB –TSX)

(website: www.stratosglobal.com)

It is said that we live in the age of communications, that such modern tools as the Internet, fiber optics and satellite communications are shrinking the world and bringing everyone closer together. These advances are creating a new global economy. Not surprisingly then, companies that provide these services are in high demand and growing.

Stratos Global Corporation is one of these companies, a global satellite communications company serving a particular niche market – serving customers beyond the reach of conventional terrestrial infrastructure. It is, according to its website, "a vertically integrated satellite and microwave global service provider that owns and operates its own telecommunications facilities, shares infrastructure with other carriers, or distributes the services of other network operators."

The company's target customers include the oil and gas industry, government and the military, shipping, commercial fishing, the broadcasting industry, cruise ships, yachting, resource exploration and rural communications. It serves these markets through its Inmarsat satellite network as well as its Iridium telephone and paging services. The latter consists of lightweight handheld phones that provide global coverage through 66 low-earth-orbiting satellites. You can use these phones virtually anywhere in the world including ship-to-shore and air-to-ground.

Other services include its Motient MarineSat/LandSat services for remote and mobile connectivity including coastal shipping. It also provides VSAT (very small aperture terminal) services, a satellite solution for data transfer and communications that is more reliable and less expensive than landlines or microwave in remote locations. These are popular in the resource industries.

Additionally, the company provides conventional telecom services in the Gulf of Mexico markets of Houston, New Orleans and Lafayette, and it is a primary provider of mobile satellite services to international telephony carriers in North America as well as serving markets in Europe, Asia, Africa, Latin America and the Pacific Rim.

Among other things, Stratos Global was called on by US law enforcement agencies in the wake of the 9/11 attack on the World Trade Center in New York. Communications in the city were severely hampered in the aftermath and two days later, a federal agency contacted Stratos to provide a communications solution that didn't require land-based facilities. Within hours Stratos had a shipment of Iridium phones at Ground Zero and a crew to install terminals on a nearby roof and in a mobile command post. Other clients have included the BBC, the US Navy, and the Sealord Group, New Zealand's largest fishing company.

After two years of losses, the company turned the profit corner in 2002.

Quarterly Earnings per Share

To June 30th	2002	2003	% Change
EPS	$0.06	$0.16	+166.7%
Revenues (000s)	$82,811	$108,153	+30.6%

Annual Earnings per Share

To Dec. 31st	2000	2001	% Change	2002	% Change
EPS	-$0.43	-$0.58	-34.88%	$0.30	turnaround
Revenues (000s)	$117,812	$289,085	+145.4%	$326,817	+13.1%

(Continued on page 7)

Stratos Global *(from page 6)*

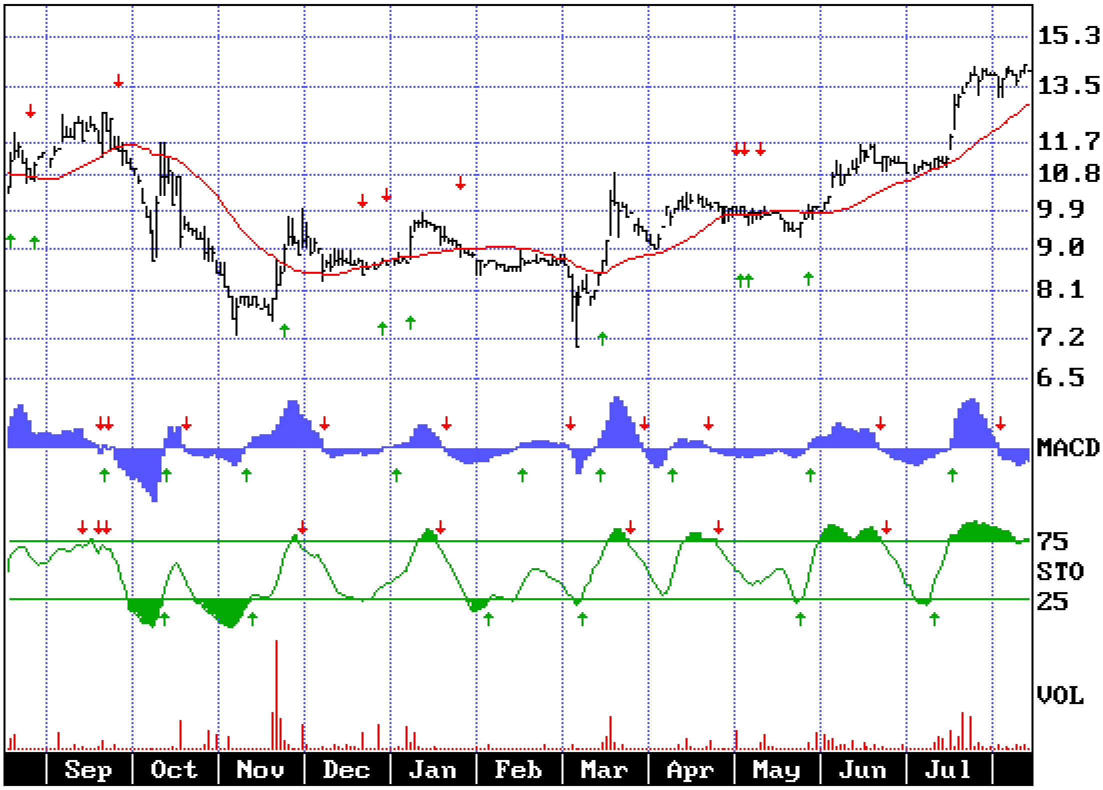


Chart Analysis: A hot company during the technology boom, Stratos Global soared from $4 in January 2000 to $32 in late September that year. It then plummeted all the way back to the $7 level a year later. It shot up to $17 by the end of April 2002 and then drifted back to $8 in November 2002. As our chart shows, it climbed to $9, meandered sideways and dropped to $7 again in March 2003. Since then it has been in a steady, albeit sometimes volatile uptrend. It hit new 52 week highs in July and is currently consolidating at the $14 level. With its growing revenues and earnings, it should continue its uptrend soon. Stratos bounced strongly off its moving average to the upside in July. It has support at the $13 level and next resistance is at $16.

Stats as of 08/15/03	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.02	▪ Price Pattern: A
▪ RS: 82.54	▪ Volatility: B
▪ Shares: 49,118,703	▪ Estimates: B
▪ P/E: 19.2	▪ Snapshot: B+
▪ Price: $14.00	▪ News: A

Phase 2: We give SGB an A for price pattern and a B for volatility as it seems to be growing in a staircase pattern. There are no analysts reporting but Globeinvestor gives it a 2.0 rating or B. The snapshot shows strong revenue growth and a turnaround to profitability in 2002. Its Return on Equity is low at 8.35 but growing. We give it a B+. Remember, this is a turnaround play. News is very strong with a record quarter, the launch of its Swift64 Avionics Communications system and Fleet F55 marine communications system and a major contract with an oil company. An A.

All charts courtesy of Investools. Visit their website at http://me.investortoolbox.com for more information on their courses and online tools.

Technology Pick

Cinram (CRW –TSX)

(website: www.cinram.com)

If you follow the business pages, you know that Cinram splashed into the news a month ago in a big way. On July 18th it announced a definitive agreement to buy the DVD and CD manufacturing and distribution businesses of AOL Time Warner for US $1.05 billion in cash. Tied in to the deal is an exclusive long term agreement to manufacture, print, package and distribute the DVDs and CDs for Warner Home Video, Warner Music Group and New Line Cinema. The acquisition includes plants in Pennsylvania, California and Germany. The deal is being financed by bank loans and is expected to generate revenues of US$1.1 billion a year and gross earnings of US$230 million a year.

Cinram was founded in 1969 by a man with the wonderful name of Isidore Philosophe and his partner Samuel Sokoloff to manufacture 8-tracks and audio cassettes. (You remember what 8-tracks are, right?) This business grew steadily with the increasing popularity of the cassette format and in 1979 the company moved from Montreal to Toronto where its major clients were. The company expanded into vinyl records. (You remember vinyl, right?)

As the company grew in the 80s, it acquired the manufacturing facilities of Quality Records. But the company noticed the increasing popularity of the CD market and in 1986 went public to get the funds to expand into the CD manufacturing business. The timing was perfect. In 1989 the product mix shifted significantly with vinyl dropping off to insignificance and CDs surging in popularity over the next two years. In 1989 the company also established subsidiary Nobler Technologies in Boston to design and build fully-automated and integrated manufacturing systems for optical discs. And in 1990 the company acquired the assets of PRC Tape Company in Richmond, Indiana, one of the largest independent audio cassette manufacturers in the United States. Renamed as Cinram, this deal established the company's presence in the U.S. market.

1991 saw the end of vinyl and the beginning of the company's move into video as it began manufacturing VHS tapes in its Ontario and Indiana plants. Taking advantage of the North American Free Trade Agreement (NAFTA), the company built a state-of-the-art optical disc manufacturing plant in Mexico City in partnership with Mexico's Auriga-Aurex in 1994.

The rest of the 90s saw further expansion with the acquisition of major CD-ROM manufacturing assets and client base from DMI, a joint venture with Santa Monica's Digital Studio Pacific Ocean Post for DVD authoring, a deal with major European music label Polygram, an asset acquisition from Sony Music in the UK including contracts to manufacture products under the Sony Music and Columbia Tristar labels, and a CD plant in France tied to a deal with Universal Music.

By mid-2001, Cinram had deals to manufacture Warner Home Video products in Canada, France and the Benelux countries and last month's acquisition caps this long chain of growth and expansion. From small manufacturer of 8-tracks, Cinram has grown to become an international giant in the pre-recorded music and video field with a capacity to manufacture a billion discs a year.

Quarterly Earnings per Share

To June 30th	2002	2003	% Change
EPS	$0.14	$0.21	+50.0%
Revenues (000s)	$171,600	$192,200	+12.0%

Annual Earnings per Share

To Dec. 31st	2000	2001	% Change	2002	% Change
EPS	-$0.51	$0.43	turnaround	$0.99	130.2%
Revenues (000s)	$668,952	$835,127	+24.8%	$883,864	+5.8%

(Continued on page 9)

Cinram *(from page 8)*

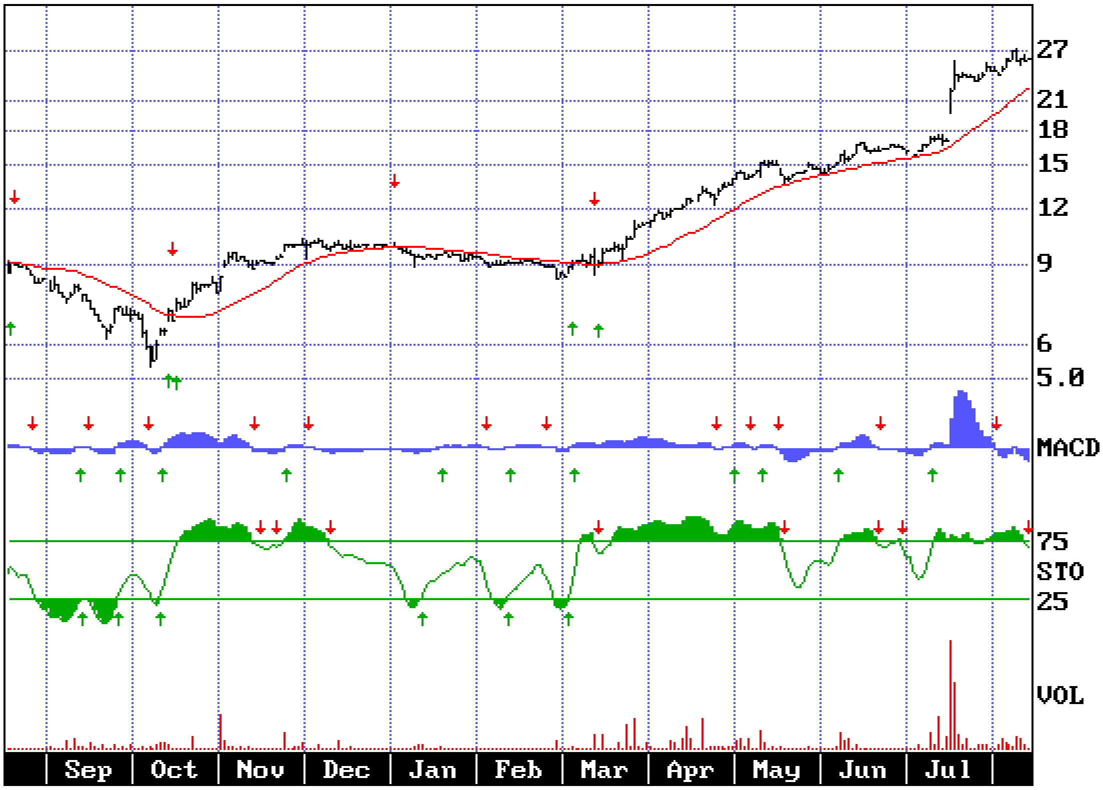


Chart Analysis: Cinram soared in the 90s, rising from $4 in 1994 to $26 at its peak in 1997. Then it slid all the way down to $2 in 2001, starting to slide well ahead of the rest of the tech crash. But with its growth and acquisitions and surging CD and DVD business, the stock rose to $5 by the end of 2001 and almost $10 by the end of 2002. Since the beginning of March it has been on a steady climb and exploded upwards on tremendous volume with the announcement of the AOL Time Warner deal in July. Instead of retracing, it has continued to climb in the last month and looks poised for continued growth as it breaks through its all-time high.

Stats as of 08/15/03	Phase 2 Analysis
▪ Hi/Lo Ratio: 5.13	▪ Price Pattern: A
▪ RS: 96.50	▪ Volatility: A
▪ Shares: 55,835,625	▪ Estimates: A
▪ P/E: 21.90	▪ Snapshot: A
▪ Price: $25.83	▪ News: A+

Phase 2: Price pattern is positive and stable for an A on both price pattern and volatility. Estimates are growing with 2004 estimates up a whopping 54.81%. It's rated a 2.0 or buy but we suspect estimates did not factor in the AOL deal so we give it an A. The snapshot shows growing revenues which should more than double with the AOL deal as well as strongly growing earnings. Return on equity is lower than we like at 12.69 but growing. We give it an A as well. As for news, well! The AOL deal, record earnings, and growing demand for DVDs. A rare A+ here!

All charts courtesy of Investools. Visit their website at http://me.investortoolbox.com for more information on their courses and online tools.

Writing the XAU Spread *(from page 5)*

but small so Robert suggested rolling out and across two months for a net of $825.

For the four months we've been in it, we're up $4562.50 US, that in spite of one losing month. If I'd played market neutral, we'd be up at least $1700 more. All the same, at an exchange rate of $1.40, we're up $6387.50 for a return of 25.6%. I can see netting between 75 and 100% after a year.

One thing I didn't do but wish I had for my wife's account was to buy 5 protective Dec. 75 calls when we first started. That required an extra $3000 which I didn't have so I said to heck with it. Those calls would today be worth around $7250 for an additional $4250 in the bank if sold. Damn!

An Added Boost

Peter Hostinsky, a member of our investment club, has added a new wrinkle to this strategy that can boost profits even more. Peter is working the TKB (The Kelowna Boys) method , as he calls it, on his own. Peter noticed that the delta is lower on options the farther out they are. That means that with fluctuations in the index, options near expiry move much more quickly in price than options farther out. He notes that "current month options have a much smaller premium, and therefore they are moving almost dollar for dollar with the index."

That led to Peter's strategy if you're in a situation where you have to roll out and across. He says that "as we want the spread of these two options to be as high as possible, because the higher the spread the more money you bring to your account, we should do the particular roll-up on a day that the market moves significantly. When the market is down, do the roll-up of calls, when the market is up, do the roll-up of puts."

He gives an example from his own experience. "A few days before the expiration, the OEX index was trading around 504. I had 3 calls short for July 505 in my account. It was too close for comfort to let them expire. The spread of July-August for the 505 strike price was $3.50. To roll up 3 calls would have generated about $1,000. I was hoping for a down day, and it happened the next day. The Dow was going down rather heavily (it lost 120 points that day). So, one hour before the market closed, I put the order in, asking for at least $4 credit on my spread. Because the market was going hastily down my total credit was actually $5 (I was credited US$1,444 - $56 was the commission). The following day, the market started to move up again and the same spread was down to $3.50). "

He suggests that if you're underwater going into the last week, you act quickly on a day the market moves significantly. Chances are it will correct rather than follow through. I'll have to talk to Robert about this one, but it sounds good to me. But then, I *am* a smarty pants!

<u>Toolbox Tip</u>

Historical Quotes

One excellent feature of the Online Investor Toolbox is its historical quotes function. When you've called up a stock, find Historical Quotes in the Company Reports section in the left hand menu (about level with the bottom of the chart). Click on it and it brings up a menu that lets you fill in the parameters and time frames you want. You can enter any starting date and any end date as well as select daily, weekly, monthly, quarterly, yearly or intraday as your report frequency.

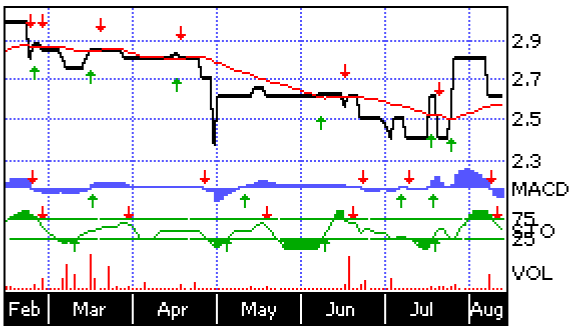
Now click on the Get Quotes button and it brings up a table with the Date, Open, High, Low, Close and Volume for each time period. The Intraday selection gives you the time, price and volume of every trade during the day, a superb tool for volume analysis or gauging institutional interest.

I know of only one other website where you can get daily historical price information – namely BigCharts. And they don't provide the data in one neat table covering a large period nor do they have the intraday capability. The Toolbox Historical Quotes function is by far the most comprehensive one I've seen anywhere.

Watched List Update

Reversals of Fortune

The four stocks below are all in the process of changing direction, three moving up again after heading down and one possibly heading down after being in an uptrend. The first three offer an opportunity and the last should be watched carefully as it exhibited brief weakness. It's a still a buy, but could change quickly.

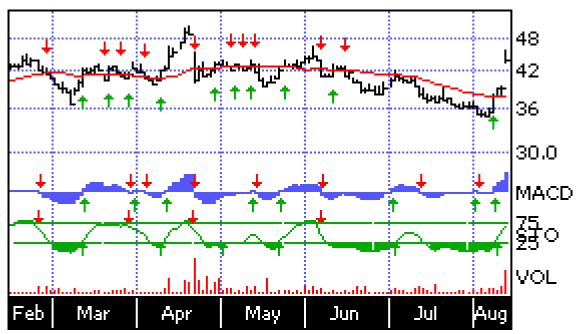


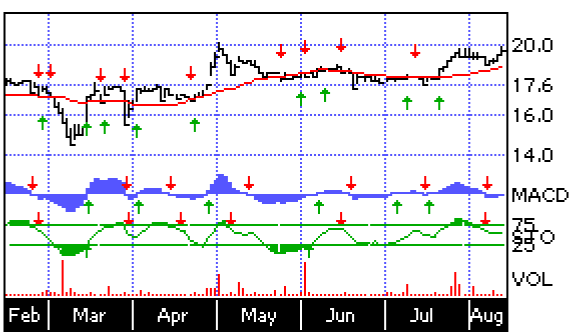
Macyro Group (MYO)	Profiled: Jan. 8/01
Price then: $1.05	Price Now: $2.60

⇦ This Quebec-based general contractor and manufacturer of household fixtures has done extremely well for us, up 147.6% since we profiled it in January 2001. The last six months have seen it retrace from its high of $3 to $2.40. We're waiting for confirmation of a new uptrend. This is a thin trader – use limit orders.

Open Text (OTC)	Profiled: Apr. 20/03
Price then: $45.50	Price Now: $43.94

Open Text has disappointed us since we ⇨ profiled it in April, drifting down from $45.50 to $34.75 just a week ago. But a solid quarterly report from the software maker on the 14th revealed record revenues and profits. And Friday it jumped $4.93 or 12.64%. Wait for a confirming bounce off the moving average.



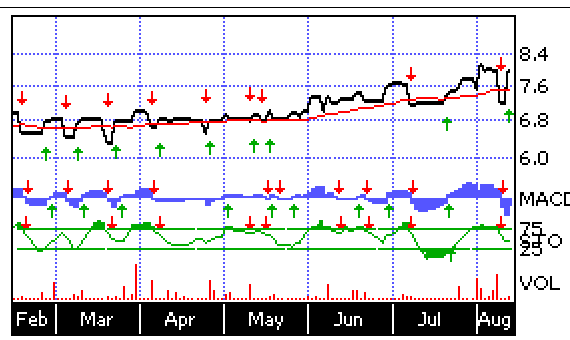


Stantec (STN)	Profiled: Apr. 20/01
Price then: $8.25	Price Now: $19.60

⇦ After a very brief correction, engineering firm Stantec has bounced upwards after an attempted test of the moving average, confirming a solid new uptrend. The company has done well by us, up 137.6% since profiled in April 2001. We expect continued good things ahead from this solid company. It's now a buy.

Taiga Forest Products	Profiled: July 20/01
Price then: $5.17	Price Now: $7.95

This forest products giant has been a ⇨ steady though not spectacular performer for us, up 53.8% since profiled. A poor quarterly report saw earnings drop and the stock took a very brief dip. But then it bounced back strongly on Friday. We're keeping it as a buy, but it could change.



Our Model Portfolio

Initial Position: $50,000 (Jan. 11, 2002)
Current Position: $66,836.15 (+33.67%) Up 7.12% YTD

Niko Resources triggered our stop loss since the last issue and we replaced it immediately with Glendale International, a solid performer since we profiled it. The swap was reported in our Portfolio Update online at http://subscribers.breakoutreport.com/portfolio/modelportfolio080103.htm. Niko was sold for a modest loss of 1.38%. We also added $163.85 in distributions bringing cash to $172.15.

Bennett Environmental (BEV – TSX)

# of Shares: 315	**Bought on:** May 5th
Price Then: $14.49	**Price Now:** $16.20
Gain: 11.80%	**Stop:** $15.01

Notes: Bennett has been a stellar performer in the past and we're looking for more of the same.

Calian Technology (CTY – TSX)

# of Shares: 700	**Bought on:** June 2nd
Price Then: $7.01	**Price Now:** $8.75
Gain: 24.82%	**Stop:** $8.51

Notes: Calian Technology is one of the year's hottest performers. It's a player in the satellite communications field.

CCS Income Fund (CCR.UN – TSX)

# of Shares: 240	**Bought on:** May 19th
Price Then: $20.29	**Price Now:** $24.35
Gain: 20.01%	**Stop:** $21.52

Notes: Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.

CoolBrands International (COB.A – TSX)

# of Shares: 375	**Bought on:** July 21st
Price Then: $15.95	**Price Now:** $17.82
Gain: 11.72%	**Stop:** $16.06

Notes: CoolBrands makes Eskimo Pie among other things. A hot stock in a cool business, it's a leader in frozen desserts.

Hip Interactive (HP – TSX)

# of Shares: 3600	**Bought on:** July 21st
Price Then: $1.65	**Price Now:** $2.23
Gain: 35.15%	**Stop:** $1.96

Notes: Hip is a leader in interactive gaming in Canada, supplying major name brand products to small retailers.

Home Capital Group (HCG.B – TSX)

# of Shares: 370	**Bought on:** Oct. 16th
Price Then: $13.25	**Price Now:** $22.75
Gain: 71.70%	**Stop:** $19.34

Notes: Niche markets in finance seem to be very successful as evidenced by Home Capital's success.

Kingsway Financial (KFS – TSX)

# of Shares: 320	**Bought on:** July 21st
Price Then: $18.60	**Price Now:** $17.35
Gain: -6.72%	**Stop:** $16.74

Notes: Kingsway provides insurance for drivers other companies won't deal with as well as specialized markets like taxicabs.

Glendale International (GIN – TSX)

# of Shares: 725	**Bought on:** Aug. 4th
Price Then: $6.90	**Price Now:** $7.00
Gain: 1.45%	**Stop:** $6.35

Notes: Glendale is a major player in the recreational vehicle market. It has profited from an aging population that likes to motorhome.

Parkland Income Fund (PKI.UN – TSX)

# of Shares: 310	**Bought on:** May 19th
Price Then: $15.62	**Price Now:** $17.25
Gain: 10.44%	**Stop:** $15.35

Notes: Parkland operates a chain of gas stations and convenience stores across Alberta and BC.

Peyto Energy Trust (PEY.UN – TSX)

# of Shares: 555	**Bought on:** July 14th
Price Then: $17.05	**Price Now:** $18.90
Gain: 10.85%	**Stop:** $16.82

Notes: Peyto recently converted to an income trust. The stock did well before and should continue to do well going forward.