

the Break Out Report

Volume # 1, Issue # 24

Oct. 19, 2003

Brief Notes

We're One Year Old!

This is our 26th bi-monthly issue marking one year as a subscription newsletter. And what a year it's been! We are grateful to you, our loyal reader, for your support, encouragement and interest. See how we can reward you at the end of this article!

Special thanks to Ken Ballard for pushing me to transform the enterprise. It was not an easy thing to do as I had and still have a very proprietary feeling for the Break Out Report. It was my baby and I was not keen on sharing it (except with readers, of course). But our partnership has been very successful. We now have an established client base, and a successful track record of stock picks and analyses.

Ken has proven to be a valuable addition with his American stock picks and options strategies. His track record has been superb. And we hope you have profited from his expertise.

My own model portfolio got off to a slow start and was in the red for the first half of 2003, but took off like a bat out of hell in the third quarter. Now we're clobbering the TSX/S+P 500 Index (see page 12 for our portfolio update). Our shift in strategy at the six month mark has paid off handsomely. We used to sell stocks off when they hit their stop loss, waiting to buy back in again. Now we move on to another stock.

(continued on page 2)

Quarterly Review

Time to Weed the Garden

The stocks in our Watched List gained an average of 6.74% for the third quarter, not as impressive as the average 10.05% gain the previous quarter but respectable all the same. Although we are not advocates of a buy-and-hold approach, we use it to see how our Watched List has done in aggregate.

The best performing stock for the quarter was Hip Interactive which we featured in our June 5th issue and which climbed 57.41%. It has climbed another 41.17% since the beginning of October. It's up an amazing 118.18% since we profiled it. Luckily, it is also in our model portfolio. I hope you have some in yours.

Other top performers were Bennett Environmental, up 53.4%; Peyto Energy Trust, up 36.28%; Iamgold, up 26.52% and Alimentation Couche-Tard, up 25.83%.

Rounding out the top ten for the quarter were BMTG Group, up 25.00%; BW Technologies, up 24.31%; Home Capital Group, up 23.90%; Open Text, up 21.33% and Coolbrands, up 18.44%.

Unfortunately, 20 of our Watched List stocks lost ground for the quarter with Kingsway Financial Services being the worst performer. It dropped 31.72%. Kingsway came under a cloud when the insurer had to reassess its reserves for unpaid claims by \$30 million.

Three others dropped more than 10% with

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In This Issue: Rolling Up an Inclined Plane (Page 11)

Brief Notes (from page 1)

As we go into our second year, we are making further changes. You'll have noticed our new website designed by Digital Matrixx. With professional styling and tools, we are now able to serve you even better. But here's the special bonus:

Make Money Promoting the Break Out Report!

We've added an Affiliate Program so you can create a recurring income stream by marketing the Break Out Report for us. Here's how it works.

- Sign up for the Affiliate Program to get your Affiliate Member number. There is no link on the website as it signs up new subscribers only. Current subscribers should go to <http://www.breakoutreport.com/affiliate/signup.php> to register.
- Log in to the Affiliate Area.
- Go to the Promote page for personalized link urls or go to the Banners page for custom banners and the relevant code.
- Place links or banners on your website or send emails with your personalized link and recommendation to friends and associates you think might benefit from our report.

For every person who subscribes at our regular price of US\$14.95 as a result of your efforts, you will receive US\$4.50. Not once. Not twice. But every single month your referred subscriber remains a customer. With ten successful referrals, you'd be receiving a cheque for US\$45 every month. With a thousand referrals, you would get US\$4500 a month and possibly take early retirement!

The Promote page includes sample ad copy and email letter copy you can use. The only request we make is that you not SPAM others. Write a personal note to people you know. Or place ads on your website, in eZines or elsewhere (even print media).

If you would like to participate but are unsure how to send an email with a link or have any other problems, we can help you. Just email us with any questions you might have.

Before we leave you, we once again want to thank you, our charter members during our first year, for taking a chance on our venture. Below are a sample of the banners available in the Affiliates area.



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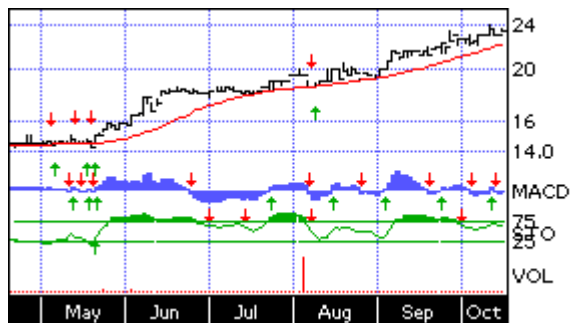
Articles this issue by Marco den Ouden unless otherwise indicated.

Subscription: US \$14.95 a month

Watched List Update

Inclined Planes We Love

The stocks below are ones on our Watched List that have an inclined plane chart as discussed in our Toolbox Tips this issue (see page 11). It's my favorite chart pattern because it is so steady and reliable and stable. The stocks only infrequently hit their stops and often pick up the trend again a short while later. There are, of course exceptions. Kingsway Financial Services had an inclined plane chart when I first recommended it and has since started declining badly. Even with inclined planes, have a stop loss point – I recommend no more than 15% off the recent peak high.

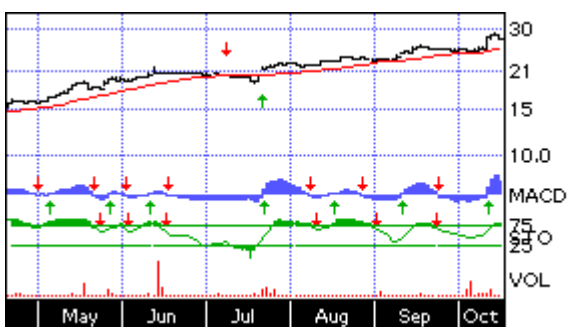
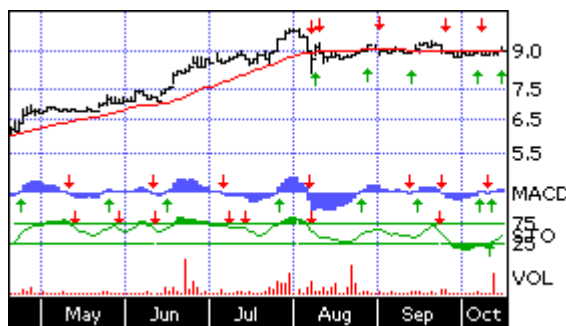


BMTC Group (GBT.A) Profiled: Aug. 20/02
Price then: \$13.95 Price Now: \$23.45

⇨ We updated BMTC Group here in our July issue and it had just started to form the current inclined plane formation. Check back and compare the chart then to the chart now. It's an interesting contrast. The current chart is much stronger and more defined as a trend. BMTC Group is up 68.1% since we first featured it.

Calian Tech. (CTY) Profiled: Oct. 1/02
Price then: \$3.85 Price Now: \$9.00

This installer of high tech communications networks is a superb example of a stalled inclined plane. The inclined plane ended in early August when the stock faltered and has gone sideways since. It hasn't faltered enough for us to sell it from our model portfolio as we wait for a new trend to emerge. Up 133.8% since profiled.



Home Capital (HCG.B) Profiled: Nov. 20/00
Price then: \$6.00 Price Now: \$27.50

⇨ One of our favorite stocks, this supplier of second mortgages has been in our model portfolio for over a year without hitting our stop loss. It's up a superb 358.3% since we profiled it three years ago. And it looks like it's going to keep on chugging along. Recent quarterly showed profits up 37.9%. Still a buy!

Hip Interactive (HP) Profiled: June 15/03
Price then: \$1.63 Price Now: \$3.60

We only featured this purveyor of video arcade games in June after it had already been in an inclined plane formation for a year and more than doubled in price. Some would have said "too late" to get in then, but the power of the inclined plane is immense. It's doubled again!



Quarterly Review (from page 1)

Ridley Inc. losing 11.54%, Nortel falling 11.06% shortly after we profiled it in mid-September and Forzani Group slipping 10.82%. The tables below show the top ten and bottom ten for the quarter.

Top Ten for Quarter

Name	Symbol	Date Featured	Change Since Profiled	Change Q3
Hip Interactive Corp.	HP	June 15/03	56.44%	57.41%
Bennett Environmental	BEV	May 25/01	551.43%	53.54%
Peyto Exploration & Devel	PEY	Feb. 22/02	307.77%	36.28%
Iamgold Corp.	IMG	Mar. 16/01	412.27%	26.52%
Alimentation Couche-Tard	ATD.B	Dec. 4/00	195.65%	25.83%
BMTC Group	GBT.A	Aug. 20/02	61.29%	25.00%
BW Technologies	BWT	Feb. 23/01	190.32%	24.31%
Home Capital Group	HCG.B	Nov. 20/00	323.33%	23.90%
Open Text	OTC	Apr. 20/03	1.65%	21.33%
CoolBrands International	COB.A	June 15/03	55.41%	18.44%

Bottom Ten for Quarter

Name	Symbol	Date Featured	Change Since Profiled	Change Q3
Kingsway Financial Services	KFS	July 20/03	-31.72	-31.72%
Ridley Inc.	RCL	Mar. 2/01	35.29%	-11.54%
Nortel Networks	NT	Sept. 21/03	-11.06%	-11.06%
Forzani Group	FGL	Apr. 12/01	256.70%	-10.82%
Stratos Global	SGB	Aug. 17/03	-9.79%	-9.79%
Brampton Brick	BBL.A	June 7/02	-17.81%	-9.31%
Patheon Inc.	PTI	Oct. 18/02	-5.84%	-8.67%
Aastra Technologies	AAH	Nov. 17/02	-22.93%	-7.06%
Dalsa Corp.	DSA	Aug. 9/02	20.97%	-6.83%
Canada Bread	CBY	May 18/01	91.15%	-6.16%

Now on to the proverbial meat axe! Time to chop some deadwood from our list. We're always looking for ways to improve our stock selection and culling criteria and you'll find a review of our previous paring jobs on the website. For this effort we followed pretty much the same rules as last quarter, namely, we dropped stocks that met all three of the conditions below:

- It did not make the Top 500 in September or dropped 5 or more RS points
- It is in a three month downtrend
- It has a loss in the most recently reported quarter, its earnings per share have dropped 50% or more, or it has had two consecutive quarters of declining earnings.

We're also axing any that have been on our list for over a year and grown less than 25% or over two years and grown less than 50% unless they are in an uptrend or growing earnings. And we've also decided to drop any stocks on our list showing losses for the year-to-date with the same exception for a current uptrend.

We dropped fourteen stocks altogether. Our summary tables follow. There is a listing of the stocks dropped after the table. You'll also find this table on our website at http://breakoutreport.com/member/nav_breakoutreview.htm

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Quarterly Review (from page 4)

Name	Symbol	Date Featured	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
Bennett Environmental	BEV	May 25/01	115.09%	551.43%	+5.37	↑	+200.0%	Keep
Iamgold Corp.	IMG	Mar. 16/01	8.58%	412.27%	-5.16	↑	+50.0%	Keep
Home Capital Group	HCG.B	Nov. 20/00	75.17%	323.33%	-1.85	↑	+37.9%	Keep
Peyto Energy Trust	PEY.UN	Feb. 22/02	88.34%	307.77%	-1.29	↑	L	Keep
Forzani Group	FGL	Apr. 12/01	-14.82%	256.70%	off list	↓	+9.1%	Drop
Alimentation Couche-Tard	ATD.B	Dec. 4/00	26.87%	195.65%	off list	↑	+21.7%	Keep
BW Technologies	BWT	Feb. 23/01	6.13%	190.32%	off list	↑	-33.3%	Keep
TransForce Income Fund	TIF.UN	Jan. 18/02	11.58%	172.67%	off list	↑	+13.3%	Keep
SNC-Lavalin Group	SNC	Mar. 23/01	27.90%	168.00%	off list	↑	+12.5%	Keep
Zargon Oil & Gas	ZAR	Jan. 29/01	35.00%	158.51%	-0.14	↑	+264.3%	Keep
Macyro Group	MYO	Jan. 8/01	-3.70%	147.62%	off list	→	-62.5%	Drop
Contrans Income Fund	CSS.UN	Oct. 12/01	1.95%	144.35%	off list	↓	+0.0%	Keep
Goldcorp Inc.	G	May 25/01	-6.03%	140.74%	off list	↑	+12.5%	Keep
Richelieu Hardware	RCH	Dec. 4/00	14.38%	138.57%	off list	↑	+13.0%	Keep
Stantec Inc.	STN	Apr. 20/01	17.37%	137.58%	-6.56	↑	+29.6%	Keep
Calian Technology	CTY	Oct. 1/02	83.85%	130.65%	-2.64	↑	+23.1%	Keep
Melcor Developments	MRD	Mar. 2/01	10.67%	104.43%	off list	↑	-32.0% (6 mo.)	Keep
Reitmans (Canada)	RET.A	July 6/01	-4.31%	97.43%	off list	↑	+26.9%	Keep
McGraw-Hill Ryerson	MHR	Oct. 12/01	14.29%	94.87%	off list	↓	L	Drop
Finning International	FTT	May 11/01	24.85%	94.51%	-3.29	↑	-6.8%	Keep
Canada Bread Co.	CBY	May 18/01	10.44%	91.15%	off list	↓	-25.5%	Keep

(continued on page 6)

Quarterly Review (from page 5)

Name	Symbol	Date Featured	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
Metro Inc.	MRU.A	Jan. 8/01	6.48%	84.39%	off list	↓	+17.8%	Keep
Groupe Laperriere & Verreault	GLV.A	July 6/01	-7.85%	76.11%	off list	↓	+10.0%	Drop
Winpak Ltd.	WPK	May 4/01	1.65%	66.22%	off list	→	-18.6%	Keep
Glendale International	GIN	Mar. 16/03	65.26%	65.26%	-3.20	↑	+78.9%	Keep
BMTC Group	GBT.A	Aug. 20/02	56.79%	61.29%	+5.16	↑	+51.7%	Keep
Hip Interactive Cp	HP	June 15/03	56.44%	56.44%	-0.44	↑	+0.0%	Keep
CoolBrands International	COB.A	June 15/03	55.41%	55.41%	-3.65	↑	+30.8%	Keep
Meridian Gold	MNG	Mar. 2/01	-42.39%	55.15%	off list	→	-33.3%	Drop
Cott Corp.	BCB	July 27/01	11.77%	53.76%	-3.06	↑	+29.6%	Keep
Fortis Inc.	FTS	Mar. 16/01	5.71%	46.05%	off list	↓	+14.3%	Keep
Taiga Forest Products	TFP	July 20/01	16.59%	44.10%	off list	→	-65.0%	Drop
Cangene Corp.	CNJ	Jan. 11/02	21.95%	38.12%	off list	↑	+287.5% (year)	Keep
Ridley Inc.	RCL	Mar. 2/01	-13.53%	35.29%	off list	↓	L	Drop
CML Healthcare Inc.	CLC	Apr. 12/02	23.36%	33.45%	off list	↑	-24.5%	Keep
Niko Resources	NKO	Nov. 17/02	10.66%	28.60%	-6.35	↑	+11.1%	Keep
TUSK Energy	TKE	Mar. 16/03	27.09%	27.09%	-1.06	↑	+600.0%	Keep
Le Chateau	CTU.A	June 21/02	-6.58%	25.64%	off list	→	+2.1%	Drop
CCS Income Trust	CCR.UN	May 18/03	23.71%	23.71%	-6.74	↑	T	Keep
George Weston Ltd.	WN	Nov. 27/00	11.91%	22.80%	off list	↓	+21.4%	Drop
Dalsa Corp.	DSA	Aug. 9/02	-17.76%	20.97%	off list	↓	-41.7%	Drop
Parkland Income Fund	PKI.UN	May 18/03	13.64%	13.64%	-4.09	↑	+45.7%	Keep

(continued on page 7)

Quarterly Review (from page 6)

Name	Symbol	Date Featured	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
AlarmForce	AF	Sept. 21/03	6.77%	6.77%	+9.62	↑	+72.7%	Keep
Open Text	OTC	Apr. 20/03	1.65%	1.65%	-3.92	↑	+32.5%	Keep
Tempest Energy Corp	TMY.A	Jan. 19/03	0.97%	0.97%	-10.52	↓	+57.1%	Keep
Cinram	CRW	Aug. 17/03	-3.41%	-3.41%	-0.96	↑	+50.0%	Keep
Patheon Inc.	PTI	Oct. 18/02	-15.43%	-5.84%	off list	↓	-1.8%	Drop
Stratos Global	SGB	Aug. 17/03	-9.79%	-9.79%	off list	↑	+114.3%	Keep
Nortel Networks	NT	Sept. 21/03	-11.06%	-11.06%	+3.11	↑	L	Keep
ACD Systems International	ASA	Feb. 16/03	-12.50%	-12.50%	-3.20	→	+0.0%	Keep
Brampton Brick	BBL.A	June 7/02	-7.72%	-17.81%	off list	↓	+5.2%	Drop
Paladin Labs Inc	PLB	Oct. 1/02	29.63%	-22.22%	off list	↓	L	Drop
Aastra Technologies	AAH	Nov. 17/02	-15.96%	-22.93%	off list	↑	-58.5%	Keep
IPL Inc.	IPI.A	Dec. 13/02	-28.72%	-27.23%	off list	↓	-70.0%	Drop
Kingsway Financial Services	KFS	July 20/03	-31.72%	-31.72%	off list	↓	+66.7%	Keep

Dropped (with YTD and Total Gain in brackets) are Forzani Group (-14.82%, +256.7%), Macyro Group (-3.70%, +147.62%), McGraw-Hill Ryerson (+14.29%, +94.87%), Groupe Laperriere & Verreault (-7.85%, +76.11%), Meridian Gold (-42.39%, +55.15%), Taiga Forest Products (16.59%, 44.10%), Ridley Inc. (-13.53%, +35.29%), Le Chateau (-6.58%, +25.64%), George Weston (+11.91%, +22.80%), Dalsa Corporation (-17.76%, +20.97%), Patheon Inc. (-15.43%, -5.84%), Brampton Brick (-7.72%, -17.81%), Paladin Labs (+29.63%, -22.22%), and IPL Inc. (-28.72%, -27.23%).

Our culling procedure follows certain criteria and they don't always work out as expected. We dropped five stocks. One, Stackpole, was the subject of a takeover. Of the others, Cara Operations was the subject of a takeover offer recently at a substantial premium. And the remaining three, Agnico-Eagle Mines, MegaBlocs and Westjet all had substantial gains for the quarter. Westjet in particular, soared over 50% since we dropped it. So the fact that we're dropping coverage of the stocks noted above does not mean they are bad stocks. Just that we're not going to follow them any more. In fact, some, such as Forzani Group, Macyro Group, McGraw-Hill Ryerson and Dalsa Corporation are among our better performers in the past but are in a current slump. Culling is, to some extent, an exercise in making our Watched List more manageable. We err on the side of caution, but sometimes throw out a few babies with the bathwater.

Oil & Gas Pick

Brooklyn Energy Corporation (BN –TSX)

(website: www.brooklynenergy.ca)

A junior oil and gas exploration and development company, Brooklyn Energy's efforts are focused on two areas west and northwest of Red Deer, Alberta known as Minnehik and Medicine Lodge. The company has 12,500 net undeveloped acres in the area with 25 wells drilled or planned in 2003.

The company was formerly a tech company, Vicom Multimedia, that reorganized as an oil and gas exploration company in 2002. Remember the heady days of the late 90s when moribund mining companies were re-inventing themselves as dot-coms? Now it's come full circle as many former techs re-invented themselves. Vicom's shareholders decided at a shareholders meeting on Dec. 28, 2001 to get into the oil and gas business, ousted the old management, appointed new management, approved the injection of new capital through a private placement, consolidated the old shares on a 1 for 5 basis, remaining Vicom staff were fired, and the office moved from Edmonton to Calgary.

The new management were no pikers, but an experienced group with an average of over twenty years experience in the oil and gas business with such companies as Maxx Petroleum, Tarragon Oil and Gas, PanCanadian Petroleum (now Encana), Norcen Energy, Triumph Energy, Avid Oil and Gas, Husky, Mobil and Calpine Canada.

By Dec. 1, 2002, the company had 8118 net acres of land with 1192 developed. It had proved and probable reserves of 70.3 thousand barrels of crude oil and natural gas liquids as well as 1.752 billion cubic feet of natural gas. It was producing 32 barrels a day of crude and 0.16 million cubic feet a day of natural gas. By April 1, 2003, the reserves had increased to 238 thousand barrels of oil and liquids and 12.059 billion cubic feet of natural gas.

Estimates for total 2003 production are 6 million cubic feet of natural gas a day, 50 barrels of natural gas liquids a day and 130 barrels of oil a day for a total of 1180 barrels of oil equivalent a day.

In two short years, the company has transformed itself from failed tech to oil and gas dynamo. The numbers below tell the story. The company changed its fiscal year to Dec. 31st so the last annual figure represents just eleven months. Revenues increased from \$85,000 to \$422,000. Earnings turned from a five cent a share loss to an eleven cent a share profit. But here's the kicker. Trailing revenues to June 30, 2003 show revenues of \$7,115,000 with earnings of \$0.20 a share. The most recent quarter tells an even better story with revenues up over a thousand percent and earnings up 150 percent.

This is an aggressive company with proven management that is moving fast. Watch for further growth ahead.

Quarterly Earnings per Share

To June 30th	2002 (2 months)	2003	% Change
EPS	\$0.02	\$0.05	+150.0%
Revenues (000s)	\$216	\$2,669	+1135.6%

Annual Earnings per Share

To Jan. 31st	2001	2002	% Change	Dec. 31, 2002	% Change
EPS	-\$0.22	-\$0.05	n/a	\$0.11	turnaround
Revenues (000s)	\$25	\$85	+240.0	\$422	+396.5%

(Continued on page 9)

Brooklyn Energy (from page 8)

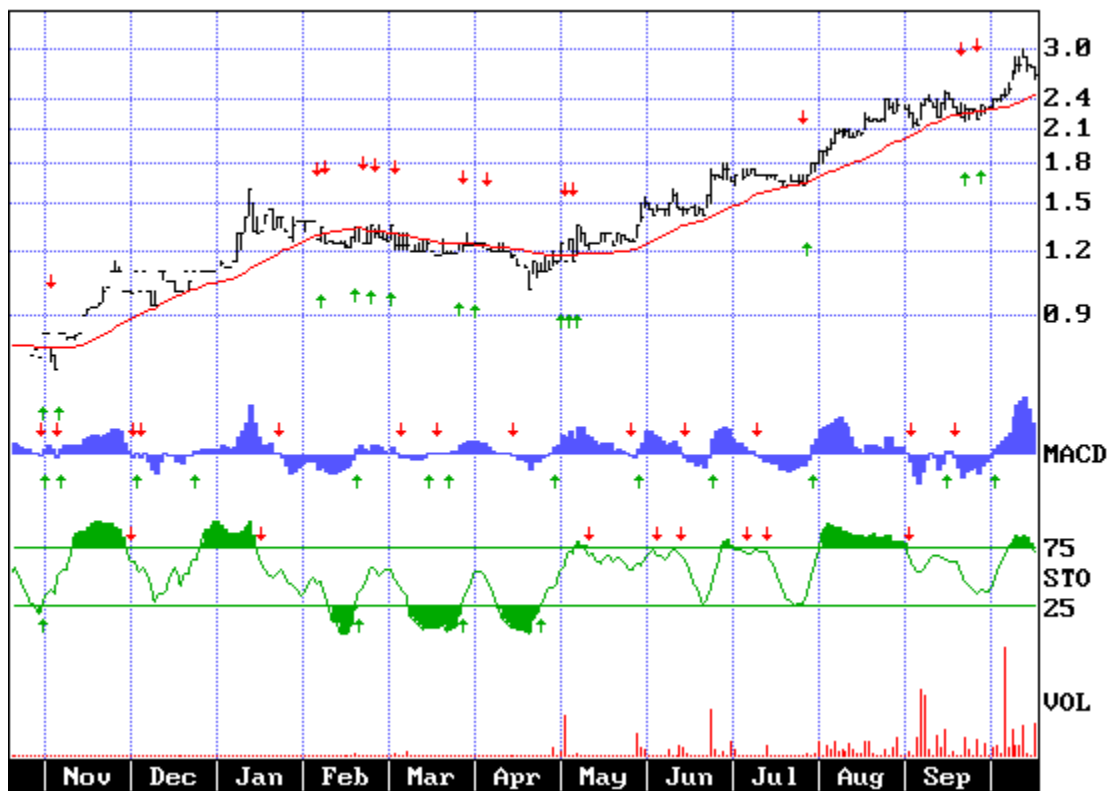


Chart Analysis: Brooklyn Energy is a young company and growing like greased lightning. The last year has seen its share price soar from \$0.75 to \$3.00. The stock has been in our favored inclined plane pattern since April. In September it bounced off the moving average generating two green arrows for MA and MACD and a phantom green for stochastics. After touching the \$3 level, it is now heading back to the moving average which affords an excellent buying opportunity.

Stats as of 10/17/03	Phase 2 Analysis
▪ Hi/Lo Ratio: 4.29	▪ Price Pattern: A+
▪ RS: 95.5	▪ Volatility: A
▪ Shares: 31,279,782	▪ Estimates: B
▪ P/E: 14.10	▪ Snapshot: A
▪ Price: \$2.68	▪ News: A

Phase 2: We love our inclined planes so we give BN an A+ for price pattern and an A for volatility. Estimates, oddly enough, have come down for fiscal 2004 though the stock is rated 2.3 out of 5 or buy. Not sure why this is, but we give it a B for estimates. The snapshot, of course, is excellent with surging revenues and solid growth in earnings. The return on equity for fiscal 2002 was just 11.46 but should increase this year. We give it an A. And news is excellent with a beefing up of staff, and record revenues and profits. This is mitigated somewhat by new equity financing which has diluted the number of shares. Overall, an A.

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

Mutual Funds

Marco's Power Performers (for September 2003)

Last month the number of Performers soared to 35 for August. September produced 31. As you'll recall, our Power Performers are mutual funds with a compounded average annual return of better than 20% for each of the one year, three year and five year periods. A Super Power Performer has better than 25% in each of those time frames, while the lowly Performers have better than 15%. We

Fact: Less than half of all Canadian mutual funds have a positive five year return!

use the term "lowly" relative to our Power and Super Power Performers. Relative to the universe of mutual funds, even the Performers are superb. When you consider that there are 3007 mutual funds listed on the Globefund website and that only 31 made our list, it is rarefied company indeed. In fact, I did a filter search and discovered that less than half of the 3007 funds listed, 1375 if you want an exact number, had a positive return for the five year period. If you invested in a mutual fund selected at random five years ago, the odds are better than 50/50 that you would have lost money. Is it any wonder that money continues to flow out of mutual funds?

Looking at our table, we discover that precious metals funds and small caps again dominate.

Our newsletter, of course, focuses primarily on stocks, but if you want to invest in a particular sector, say precious metals or high tech, without having to do a lot of research and analysis, a sector fund is an easy way to do so. I only have two mutual funds, one a precious metals fund and the other a tax-advantaged labor-sponsored fund that I'm locked into for a few years. With the precious metals fund, I can hold it for the long-term (since I expect gold to continue to rise) without having to keep tabs on when to buy and sell individual stocks.

Exchange traded funds would also do the trick. Barclays Global Investors issues the iUnits ETFs and you can find out more at their website – iunits.com

Super Power Performers			
Fund name	1 yr %	3 yr %	5 yr %
Mackenzie Univ Precious Metals(US\$)	55.65	52.26	30.65
RBC Precious Metals	63.00	59.25	27.96
Mackenzie Univ Precious Metals	32.55	46.79	27.50
Power Performers			
Resolute Growth	23.45	25.96	34.14
Dominion Equity Resource	28.20	23.01	28.57
Norrep Fund	39.63	23.09	27.74
AGF Precious Metal	53.39	45.37	23.56
Mackenzie Univ Canadian Res (US\$)	60.25	26.97	22.87
Dynamic Global Precious Metals	53.77	47.05	22.00
Front Street Small Cap Canadian	47.04	17.96	21.95
Dynamic Canadian Precious Metals	34.47	46.26	20.57
McElvaine Investment Trust	20.63	19.87	20.42
Performers			
Sprott Canadian Equity	15.68	26.68	43.60
Front Street Special Opp Canadian	68.07	18.52	28.97
Bissett Microcap-F	15.60	15.57	26.38
Mackenzie Univ Canadian Resource	36.46	22.41	19.90
Northwest Specialty Equity	44.64	25.26	18.79
TD Precious Metals	24.77	34.50	18.41
Mawer New Canada	18.64	20.43	17.95
CI Signature Canadian Resource	22.45	15.12	17.49
London Life Canadian Resource (MF)	35.24	21.90	16.79
London Life Precious Metals (MF)	31.37	38.26	16.56
Maritime Life Cdn Growth-R	46.52	16.25	16.46
Trimark Canadian Resources	26.87	21.10	16.41
AGF China Focus Class (US\$)	50.91	15.85	16.26
GGOF Monthly High Income Classic	17.27	18.07	15.97
Optima Strategy Cdn Equity Val Pool	18.28	15.59	15.87
Ethical Special Equity	21.94	20.56	15.58
GGOF Monthly High Income Mutual	16.53	17.38	15.39
Clarington Canadian Small-Cap	20.12	20.30	15.10
Chou RRSP	20.06	18.89	15.04

Toolbox Tip**Rolling Up an Inclined Plane**

What's your favorite stock chart? I'm not talking about a particular stock here, but a shape. A cup and handle? That's the shape William O'Neil favours because it means a breakout is imminent. Many Toolbox users like ones with three green arrows on lots of volume or three red arrows on lots of volume that are bouncing off their moving averages.

Me? Well, I'm a simple sort of guy. I like the inclined plane. Take a gander at the stock chart below. Isn't that a beauty! (It's for a stock called eResearch (ERES) in case you wondered.



Mike, one of the members of the Marlin Mentoring group I'm in, swears by it. He looks for charts shaped like this following the adage that the trend is your friend. If you're going to follow a trend, why not follow an almost perfect one like this? And so he developed a Toolbox search for it. Shamir, another member of our group, refined it a bit.

We tested it out the last couple of meetings with excellent results. Here's how to run the search.

- Click on Searches in the top menu
 - Click on Power ProSearch in the left hand menu
 - In the first row select the following in the three boxes displayed: Technical Indicators, Moving Average 30 Days, High as Possible
 - In the second row select: Technical Indicators, Moving Average 150 Days, High as Possible
- Add other parameters as desired. For example you can have a volume restriction or restrict the search to optionable stocks or to Canadian stocks. These can be selected by:
- In a row, select: Background, Stock Type, Optionable for optionable stocks
 - In a row, select: Background, Exchange, Toronto Stock Exchange for TSX listed stocks
 - In a row, select: Volume Indicators, 30 Day Average Volume, Between (and fill in parameters) for a volume restriction

Experiment. You'll be amazed at how many inclined planes show up!

Our Model Portfolio

Initial Position: \$50,000 (Jan. 11, 2002)

Current Position: \$80,226.20 (+60.45%) Up 28.59% YTD

We've shuffled a couple of stocks out and a couple of new ones in since the last newsletter. We bailed out of Coolbrands and Cinram after they hit our stops. We then kept those positions in cash for a week waiting for clearer direction from the market. On Oct. 6th we bought into AlarmForce and ACD Systems. We would have been even further ahead if we hadn't waited a week. We also added \$163.85 in income trust distributions to our cash position. Our portfolio has made great strides recently to where we're almost double the return of the TSX. Follow our portfolio online at http://breakoutreport.com/member/nav_modelportfolio.html to keep up with changes. We update every weekend.

<p style="text-align: center;">AlarmForce Industries (AF – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 2750</td> <td>Bought on: Oct. 6th</td> </tr> <tr> <td>Price Then: \$2.11</td> <td>Price Now: \$2.90</td> </tr> <tr> <td>Gain: 37.44%</td> <td>Stop: \$2.62</td> </tr> </table> <p>Notes: AlarmForce is a leading supplier of home security systems with a winning profit formula. Watch it grow!</p>	# of Shares: 2750	Bought on: Oct. 6th	Price Then: \$2.11	Price Now: \$2.90	Gain: 37.44%	Stop: \$2.62	<p style="text-align: center;">ACD Systems Int. (ASA – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 2000</td> <td>Bought on: Oct. 6th</td> </tr> <tr> <td>Price Then: \$2.92</td> <td>Price Now: \$3.35</td> </tr> <tr> <td>Gain: 14.73%</td> <td>Stop: \$2.99</td> </tr> </table> <p>Notes: ACD Systems is a leading maker of digital photo management software. After a recent slump, it's moving again.</p>	# of Shares: 2000	Bought on: Oct. 6th	Price Then: \$2.92	Price Now: \$3.35	Gain: 14.73%	Stop: \$2.99
# of Shares: 2750	Bought on: Oct. 6th												
Price Then: \$2.11	Price Now: \$2.90												
Gain: 37.44%	Stop: \$2.62												
# of Shares: 2000	Bought on: Oct. 6th												
Price Then: \$2.92	Price Now: \$3.35												
Gain: 14.73%	Stop: \$2.99												
<p style="text-align: center;">Bennett Environmental (BEV – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 315</td> <td>Bought on: May 5th</td> </tr> <tr> <td>Price Then: \$14.49</td> <td>Price Now: \$24.25</td> </tr> <tr> <td>Gain: 67.36%</td> <td>Stop: \$21.68</td> </tr> </table> <p>Notes: Bennett has been a stellar performer in the past and we're looking for more of the same.</p>	# of Shares: 315	Bought on: May 5th	Price Then: \$14.49	Price Now: \$24.25	Gain: 67.36%	Stop: \$21.68	<p style="text-align: center;">Calian Technology (CTY – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 700</td> <td>Bought on: June 2nd</td> </tr> <tr> <td>Price Then: \$7.01</td> <td>Price Now: \$9.00</td> </tr> <tr> <td>Gain: 28.39%</td> <td>Stop: \$8.51</td> </tr> </table> <p>Notes: Calian Technology is one of the year's hottest performers. It's a player in the satellite communications field.</p>	# of Shares: 700	Bought on: June 2nd	Price Then: \$7.01	Price Now: \$9.00	Gain: 28.39%	Stop: \$8.51
# of Shares: 315	Bought on: May 5th												
Price Then: \$14.49	Price Now: \$24.25												
Gain: 67.36%	Stop: \$21.68												
# of Shares: 700	Bought on: June 2nd												
Price Then: \$7.01	Price Now: \$9.00												
Gain: 28.39%	Stop: \$8.51												
<p style="text-align: center;">CCS Income Fund (CCR.UN – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 240</td> <td>Bought on: May 19th</td> </tr> <tr> <td>Price Then: \$20.29</td> <td>Price Now: \$24.30</td> </tr> <tr> <td>Gain: 19.76%</td> <td>Stop: \$22.48</td> </tr> </table> <p>Notes: Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.</p>	# of Shares: 240	Bought on: May 19th	Price Then: \$20.29	Price Now: \$24.30	Gain: 19.76%	Stop: \$22.48	<p style="text-align: center;">Glendale International (GIN – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 725</td> <td>Bought on: Aug. 4th</td> </tr> <tr> <td>Price Then: \$5.90</td> <td>Price Now: \$6.45</td> </tr> <tr> <td>Gain: 9.14%</td> <td>Stop: \$6.14</td> </tr> </table> <p>Notes: A leading manufacturer of mobile homes and trailers, Glendale recently paid out a \$1.00 distribution to shareowners.</p>	# of Shares: 725	Bought on: Aug. 4th	Price Then: \$5.90	Price Now: \$6.45	Gain: 9.14%	Stop: \$6.14
# of Shares: 240	Bought on: May 19th												
Price Then: \$20.29	Price Now: \$24.30												
Gain: 19.76%	Stop: \$22.48												
# of Shares: 725	Bought on: Aug. 4th												
Price Then: \$5.90	Price Now: \$6.45												
Gain: 9.14%	Stop: \$6.14												
<p style="text-align: center;">Hip Interactive (HP – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 3600</td> <td>Bought on: July 21st</td> </tr> <tr> <td>Price Then: \$1.65</td> <td>Price Now: \$3.60</td> </tr> <tr> <td>Gain: 118.18%</td> <td>Stop: \$3.06</td> </tr> </table> <p>Notes: Hip is a leader in interactive gaming in Canada, supplying major name brand products to small retailers.</p>	# of Shares: 3600	Bought on: July 21st	Price Then: \$1.65	Price Now: \$3.60	Gain: 118.18%	Stop: \$3.06	<p style="text-align: center;">Home Capital Group (HCG.B – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 370</td> <td>Bought on: Oct. 16/02</td> </tr> <tr> <td>Price Then: \$13.25</td> <td>Price Now: \$27.50</td> </tr> <tr> <td>Gain: 107.55%</td> <td>Stop: \$24.40</td> </tr> </table> <p>Notes: Niche markets in finance seem to be very successful as evidenced by Home Capital's success.</p>	# of Shares: 370	Bought on: Oct. 16/02	Price Then: \$13.25	Price Now: \$27.50	Gain: 107.55%	Stop: \$24.40
# of Shares: 3600	Bought on: July 21st												
Price Then: \$1.65	Price Now: \$3.60												
Gain: 118.18%	Stop: \$3.06												
# of Shares: 370	Bought on: Oct. 16/02												
Price Then: \$13.25	Price Now: \$27.50												
Gain: 107.55%	Stop: \$24.40												
<p style="text-align: center;">Parkland Income Fund (PKI.UN – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 310</td> <td>Bought on: May 19th</td> </tr> <tr> <td>Price Then: \$15.62</td> <td>Price Now: \$17.95</td> </tr> <tr> <td>Gain: 14.92%</td> <td>Stop: \$16.06</td> </tr> </table> <p>Notes: Parkland operates a chain of gas stations and convenience stores across Alberta and BC.</p>	# of Shares: 310	Bought on: May 19th	Price Then: \$15.62	Price Now: \$17.95	Gain: 14.92%	Stop: \$16.06	<p style="text-align: center;">Peyto Energy Trust (PEY.UN – TSX)</p> <table border="1" style="width: 100%;"> <tr> <td># of Shares: 555</td> <td>Bought on: July 14th</td> </tr> <tr> <td>Price Then: \$17.05</td> <td>Price Now: \$22.05</td> </tr> <tr> <td>Gain: 29.33%</td> <td>Stop: \$19.71</td> </tr> </table> <p>Notes: Peyto converted to an income trust. The stock did well before and has continued to do well since.</p>	# of Shares: 555	Bought on: July 14th	Price Then: \$17.05	Price Now: \$22.05	Gain: 29.33%	Stop: \$19.71
# of Shares: 310	Bought on: May 19th												
Price Then: \$15.62	Price Now: \$17.95												
Gain: 14.92%	Stop: \$16.06												
# of Shares: 555	Bought on: July 14th												
Price Then: \$17.05	Price Now: \$22.05												
Gain: 29.33%	Stop: \$19.71												