The Last Word

Breaking Poverty

Being rather opinionated, every once in a while I pen an editorial. The one below I did as a television editorial for Global National's Last Word segment on April 28th.

Whenever there's a world economic summit, they crawl out of the woodwork. Protestors against globalization. Whether it's Quebec, Seattle, or Vancouver, they're there arguing that the market economy, free trade and globalization are bad for people.

It's bad for domestic workers as it exports jobs and it's bad for foreign workers because they're paid low wages. It just makes the rich richer and the poor poorer.

So it must gall them no end that a recent World Bank report shows world poverty has been cut in half over the last two decades. The number of people living in extreme poverty - that's surviving on less than a dollar a day - fell from 40% to 21% of the world population between 1981 and 2002. Much of this progress was made in Asia where economies have been opening up after years of isolation. China used to shoot people for "profiteering". Now they've embraced the market and global trade.

Of course, to the rabble rousers who oppose globalization, such good news means nothing. They're out to fight an ideological battle. Facts? Phooey on facts! Luckily for the world's poor, the protestors are out in the streets and not inside making the decisions.

TKB Strategy

222s – Powerful Medicine

I introduced you to the Kelowna Boys, Traian Moldovan and Robert Holmes, in my article Writing for a Living in the Feb. 16, 2003 issue. They're the highest volume options traders in Canada and their basic strategy is to write strangles on indexes. This is similar to but different than Ken's strangle strategy for stocks.

Ken *buys* cheap out-of-the-money calls and puts on specific *stocks* expecting the stock to move one way or another. The Kelowna Boys *sell* out-of-the-money calls and puts on an *index* with the hope that the index stays within the spread and the options expire worthless. The profit is the premiums collected.

I elaborated on Robert's XAU strategy with real examples in the August 17, 2003 issue. At the time my wife's XAU account had been operating for four months and we were up 25.6%. After a year of trading, with some mistakes made along the way, we had a positive cash flow figure of US$13,217.50. At an exchange rate of $1.30, that's a gain of 68.73% for the year on the original CDN $25,000 investment. We did add $10,000 in December so the last four months of the trading year had additional revenues. And if we were to close the account now, we would be in a loss position because some of the options are underwater. In fact, we closed the trades for a day at year end to create a loss for tax purposes, selling the options again in the new year.

(continued on page 4)

In This Issue: How I Select My Stock Picks (See Page 2)

Investment Strategy

How I Select My Stock Picks

This may seem like an odd thing for a newsletter writer to say but…the purpose of my writing is for you to become skilled enough that you don't need to subscribe to this newsletter! At heart I am a teacher. And I want to teach my readers principles of investing that they can use to become successful investors on their own. I've even thought of using it as an advertising slogan – "Our goal is to have you cancel your subscription!" It's just off-beat enough to get prospective subscribers to check us out.

Luckily, I don't know everything about investing and am constantly learning myself. And I am always looking for ways to improve my own investing skills. And so I will always have new ideas to pass on to my readers. Ideas such as the Kelowna Boys Strategy for writing index options which I covered in Volume 1, #8 and #20 and review once more in this issue.

But for this article I want to explain how I select the stocks for coverage in this newsletter. It's a fairly simply method that any net savvy person can use and it costs next to nothing.

As you know, I'm a big fan of William O'Neill and his CANSLIM approach to investing. One of the biggest insights I got from O'Neill is his discovery that stocks hitting new highs tend to go higher and stocks hitting new lows tend to go lower. This leads to the contrarian view that instead of "buy low, sell high", an astute investor should "buy high, sell higher".

So this leads to the first step I follow in looking for a stock to invest in.

1. Look for stocks hitting new highs.

One of the special features of the Subscriber Only area of our website is my weekly New Highs Report. Every week I list the stocks that hit new 52 week highs on the TSX in the previous week, ranked by Hi/Lo Ratio. This is the ratio of its 52 week high to its 52 week low. Stocks with a Hi/Lo Ratio of between 1 and 1.5 have just begun their journey to multiple gains. Stocks with a ratio between 1.5 and 2.5 are showing solid strength with potential for further gains. Stocks with a ratio higher than 2.5 have had a spectacular run and could be a Microsoft going on to further substantial gains.

To get the New Highs list for free, go to the same source I do – Globeinvestor.com. In my opinion this is the best financial resource for Canadian investors on the Net. You'll find a link in a box labeled Market Action in the left hand menu.

Clicking here brings up a menu that lets you narrow the search to a specific exchange (they cover US as well as Canadian exchanges) and even a specific industry. The default is the Toronto Stock Exchange and all industries so I just click Go to bring up results. Then I click on Weekly Highs at the top of the chart that comes up to bring up the New Highs for the week.

(continued on page 3)

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Website: http://breakoutreport.com ken@breakoutreport.com
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How I Select My Stock Picks *(from page 2)*

The table that comes up lists stock and symbol, the date the 52 week high was attained and the high and low for the year. The stock name and symbol are linked for each. Clicking on the symbol will bring up today's statistics including open, high, low and close, EPS, P/E, Dividend Yield and more. Clicking on the company name brings up the company snapshot. This includes a brief description of the company as well as the revenue and earnings numbers for the last three years as well as return on equity, trailing twelve months data, a link to the corporate website and more.

We now proceed to the second step:

2. Check the snapshots looking for stocks with revenue and earnings growth.

I don't even consider stocks that have current losses. This narrows the field considerably. I prefer stocks that have increasing revenues and earnings for the last three years but make occasional exceptions for stocks with a drop in revenue or earnings in the second year but rebounding strongly in the third. A loss in the first year is also acceptable if earnings show up in the following years and grow in the third. Of course, the very best showing is revenue and earnings growth of more than 25% for each year.

That brings us to the third step:

3. Look for stocks with strong earnings growth in the most recent quarter.

You'll find a link for News in a menu box at the upper right of each page. Click on it and it will bring up news items gleaned from the Globe and Mail itself as well as from Canada Newswire and other news services. Scan the headlines for the most recent quarterly report. Click on that headline and look for the current earnings per share and the EPS for the same quarter the year before. I look for current earnings that have grown by 25% or more.

Now there's just one more thing I do before making a selection.

4. Check the stock's chart.

I look at the stock's chart to see if there is some consistency to the stock's up trend. I try to avoid stocks with erratic and volatile patterns. Although I use the Investor's Toolbox for charts, there are numerous free resources on the Net including BigCharts.com and Stockcharts.com. Both allow you to check indicators such as Stochastics, MACD and Moving Average. Globeinvestor's charts are rather elementary though its Globeinvestor Gold premium service has such indicators.

From the stocks that meet these criteria I select two to profile. Sometimes while researching them further for the write-up, I discover a problem and discard the stock for an alternate choice. But basically that's it!

The TSX had a sharp drop on May 7th and again on the 10th. I checked out the weekly New Highs for both those days and came up with 16 possibilities. Next I compiled the data into a spreadsheet to compare them. The stocks that came up in part 2 of my search included Advantage Energy Income Fund, Canadian Natural Resources, Enghouse Systems, GSW Inc. , Ketch Resources, Pason Systems, Penn West Petroleum, Real Resources, Resolute Energy, TUSK Energy, Viracocha Energy, Celtic Exploration, ZCL Composites and Northway Explorations. The very best numbers were for Viracocha Energy, but the news told me that it was subject to an upcoming merger and so it wouldn't be around much longer. Advantage and TUSK had losses in the most recent quarter. Canadian Natural Resources, Penn West, Real Resources, Resolute Energy and Ritchie Brothers had declining earnings in the most recent quarter. After the dust had settled I opted for one industrial pick with solid growth and one that happens to be in my book, the 50 Best Science & Technology Stocks for Canadians. You'll find them profiled on pages 6 and 8.

222s – Powerful Medicine *(from page 1)*

At a recent Break Out Investment Club meeting, one of Robert's clients posed a riddle. Our club member suggested looking at selling three straddles of 2 contracts each at $95, $100 and $105 strikes at an expiry two months out each month. There would be 12 contracts in play all the time with 6 coming up for renewal each month. Every month we would roll the underwater contracts forward two months and sell the above water ones anew two months out.

That's 2-2-2, every month. Our member said do it up on a spreadsheet and check the results. So I did. I had saved an XAU options chain table from Dec. 18th, one day before expiry in December. The XAU was at 104.14. I looked at selling the relevant straddles and then calculated the February buybacks and expected revenues from selling the same straddles anew for a variety of closing prices in multiples of $5 above and below the December closing price of the XAU. I reasoned that the prices could be extrapolated for the different closing prices from the same table. The premium for selling an April 2004 $95 call with the XAU at 89.14 in February should be approximately the same as selling a February $110 call with the XAU at 104.14 in December. Using these extrapolations I came up with the following. First, the February straddles sold in December would net the following:

XAU at 104.14	Dec 18/03				
Trade	**Premium**	**Proceeds**	**Trade**	**Premium**	**Proceeds**
Sell 2 Feb 95 Puts	$2.65	$530.00	Sell 2 Feb 95 Calls	$11.85	$2,370.00
Sell 2 Feb 100 Puts	$4.35	$870.00	Sell 2 Feb 100 Calls	$8.60	$1,720.00
Sell 2 Feb 105 Puts	$6.80	$1,360.00	Sell 2 Feb 105 Calls	$6.00	$1,200.00
Total	**Of**	**All**	**Premiums**	**=**	**$8,050.00**

At February expiry, at the varying closing prices of the XAU noted, the cost of buying back the underwater options is as follows:

XAU Closing	$89.14	$94.14	$99.14	$104.14	$109.14
Buy back 2 Feb 95 Puts	$1,172	$172	$0	$0	$0
Buy back 2 Feb 100 Puts	$2,172	$1,172	$0	$0	$0
Buy back 2 Feb 105 Puts	$3,172	$2,172	$1,172	$0	$0
Buy back 2 Feb 95 Calls	$0	$0	$828	$1,828	$2,828
Buy 2 Feb 100 Calls	$0	$0	$0	$828	$1,828
Buy 2 Feb 105 Calls	$0	$0	$0	$0	$828
Total buy back costs	**$6,516**	**$3,516**	**$2,000**	**$2,656**	**$5,484**

And the proceeds of selling the April straddles at February expiry is as follows:

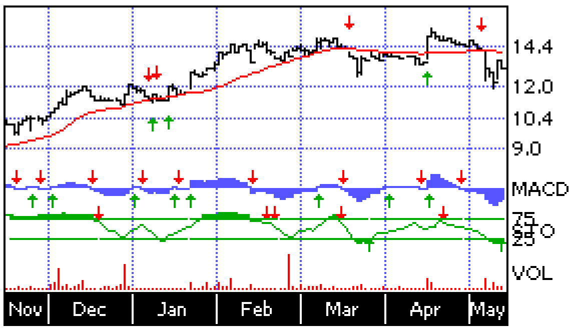
XAU at	$89.14	$94.14	$99.14	$104.14	$109.14
Sell 2 Apr 95 Puts	$9.80	$6.80	$4.35	$2.65	$1.50
Sell 2 Apr 100 Puts	$13.35	$9.80	$6.80	$4.35	$2.65
Sell 2 Apr 105 Puts	$17.35	$13.35	$9.80	$6.80	$4.35
Sell 2 Apr 95 Calls	$4.05	$6.00	$8.60	$11.85	$15.65
Sell 2 Apr 100 Calls	$2.60	$4.05	$6.00	$8.60	$11.85
Sell 2 Apr 105 Calls	$1.65	$2.60	$4.05	$6.00	$8.60
Total Premiums	$48.80	$42.60	$39.60	$40.25	$44.60
Proceeds	**$9,760.00**	**$8,520.00**	**$7,920.00**	**$8,050.00**	**$8,920.00**
Net Proceeds after buybacks	**$3,244.00**	**$5,004.00**	**$5,920.00**	**$5,394.00**	**$3,436.00**

As you can see, within a spread of about 20 points from 90 to 110 the net proceeds of following this plan varies from US$3244 and change to a whopping US$5920. The investment needed to play this? Just CDN $50,000 I'm told. But what if the XAU moves way out of those parameters? The XAU recently dipped to below 80 leaving the above puts way under water. My own underwater puts are slightly higher and I actually came very close to a margin call as a result. Is the spread of 95 to 105 an average that the XAU will revolve around? And how can we safely move the parameters if it does move? We'll look at some of these issues another time.

Watched List Update

Premature Selloffs?

The following stocks were recently sold from our Model Portfolio after hitting our stop loss limits – usually our max loss of 15% from an interim peak. But some are still looking good on the charts. Is 15% too tight a stop loss? Or is prudence better than indigestion later? Would a stop loss of 20% be better? If fundamentals are really strong, should more leeway be allowed? The issues of stop loss and how tight is something each investor must decide for himself. For now, we're sticking to our game plan and obeying our stop losses. Remember the rule – don't fall in love with your stocks!

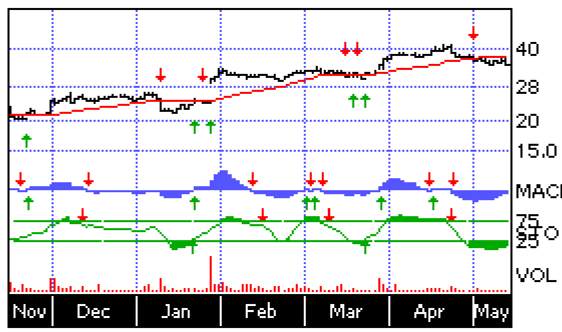


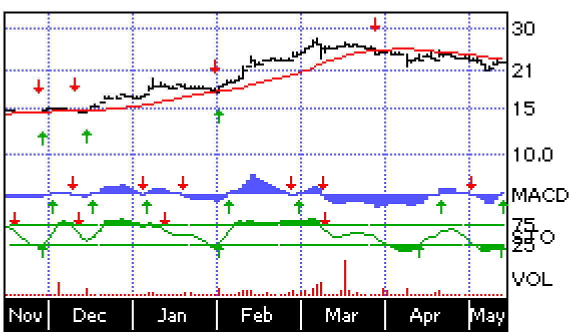
Calian Tech. (CTY)	Profiled: 10/01/02
Price then: $3.85	Price Now: $13.00

⇦ Calian Technology was added to our Model Portfolio on Dec. 15, 2003 and sold May 10th. It looks to be breaking down but there is strong support at $12. Will it bounce back and renew its long term up trend? It's too shaky for us right now but we have been in and out of Calian a few times both in our model and personal portfolios.

QLT Inc. (QLT)	Profiled: 01/18/04
Price then: $22.56	Price Now: $34.70

This stock is very dynamic, up over 40% for ⇨ this year alone. And the trend is still up, even though it hit our 15% stop loss. Was it a mistake to sell? Should we have waited for the trend to turn down? Or did we lock in good profits? The issue of stop losses is not an easy one! Bought Mar 1st…sold May 10th.



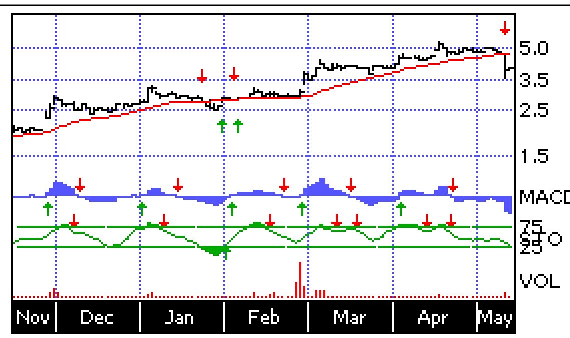


Home Capital (HCG.B)	Profiled: 11/20/00
Price then: $3.00	Price Now: $22.45

⇦ We added this stock to our portfolio on Oct. 16, 2002. We held it almost a year and a half before it hit its 15% stop loss and we sold on April12th. The gain? A whopping 251.5%! Should we have given this fantastic performer more leeway? Part of me says yes. But we have a stop loss rule for a reason, so we sold.

Steeplejack (SID)	Profiled: 01/18/04
Price then: $2.95	Price Now: $4.00

Steeplejack has performed marvelously for ⇨ us and contributed hugely to our gains for the year-to-date. But as you can see, the dip was sudden and severe. And looking at the news, we see that earnings and revenues took a dive this quarter. Sold May 13th.



Technology Pick

Pason Systems (PSI –TSX)

(website: www.pason.com)

Pason Systems is bringing the digital age to the oil patch. The company provides a variety of electronic monitoring services at the wellhead and the home office to monitor activity at drilling sites.

Pason's Penless Electronic Drilling Recorder (EDR) records, stores and reports drilling parameters and events to assist drillers in monitoring and planning their activities. Each rig is networked to share drilling data with geology and engineering personnel in real time.

The Pit Bull PVT (Pit Volume Totalizer) enhances drilling safety by giving early warning of high pressure hydrocarbon inflow “kicks”. It's considered functional, reliable and easy to use.

Pason technology also includes LPLOT, its proprietary mudlogging software. (Mud is a colloidal suspension of clay and chemical additives in water that is circulated through a wellbore during drilling.) And Pason's Internet Data Hub lets home office management monitor drilling remotely.

All this stuff used to be done with pen and paper, and oral reports by telephone. But, as Dundee Securities put it in a May 2001 research report, “Pason is quietly and quickly bringing the management of drilling rigs into the 21st century”.

Because Pason's are leased, they provide a constant revenue stream, rather than just a one-shot sale.

The above excerpt introduced Pason Systems in my book, *The 50 Best Science & Technology Stocks for Canadians*.

Pason's revenues grew steadily from just $500,000 in 1992 to $63 million in 2001. But in 2002 revenues dipped to just $55 million. We had added Pason to our Watched List in June 2001 but we dropped it at the end of the first quarter of 2003 because of its poor 2002 showing and declining earnings per share. That proved to be a mistake as the stock then proceeded to take off in a big way.

Revenues for 2003, in fact, soared to $91,801,000. It is today the world's largest supplier of rental oilfield instrumentation systems with a 93% market share of EDRs in Canada and 33% in the United States. Market share is growing in both countries. The company is now also active in the Mexican and Argentinian markets.

The company is well covered by analysts with recent reports from Dundee Securities, RBC Capital Markets, Peters & Company and FirstEnergy Capital Corporation. Ratings vary from Market Neutral to Top Pick with targets ranging from $29.50 to $35.00. With surging oil prices and increased drilling activity, some of these targets have already been beaten. We're looking to further growth in the coming year. The fourth quarter of 2003 was exceptionally strong with revenues up 77.87% and earnings up a stunning 186.67%.

Quarterly Earnings per Share

To Mar. 31st	2003	2004	% Change
EPS	$0.35	$0.56	+60.00%
Revenues (000s)	$23,538	$34,645	+47.19%

Annual Earnings per Share

To Dec. 31st	2001	2002	% Change	2003	% Change
EPS	$0.90	$0.54	-40.00%	$1.35	+150.00%
Revenues (000s)	$63,016	$55,311	-12.23%	$91,801	+65.97%

(continued on page 7)

Pason Systems *(from page 6)*

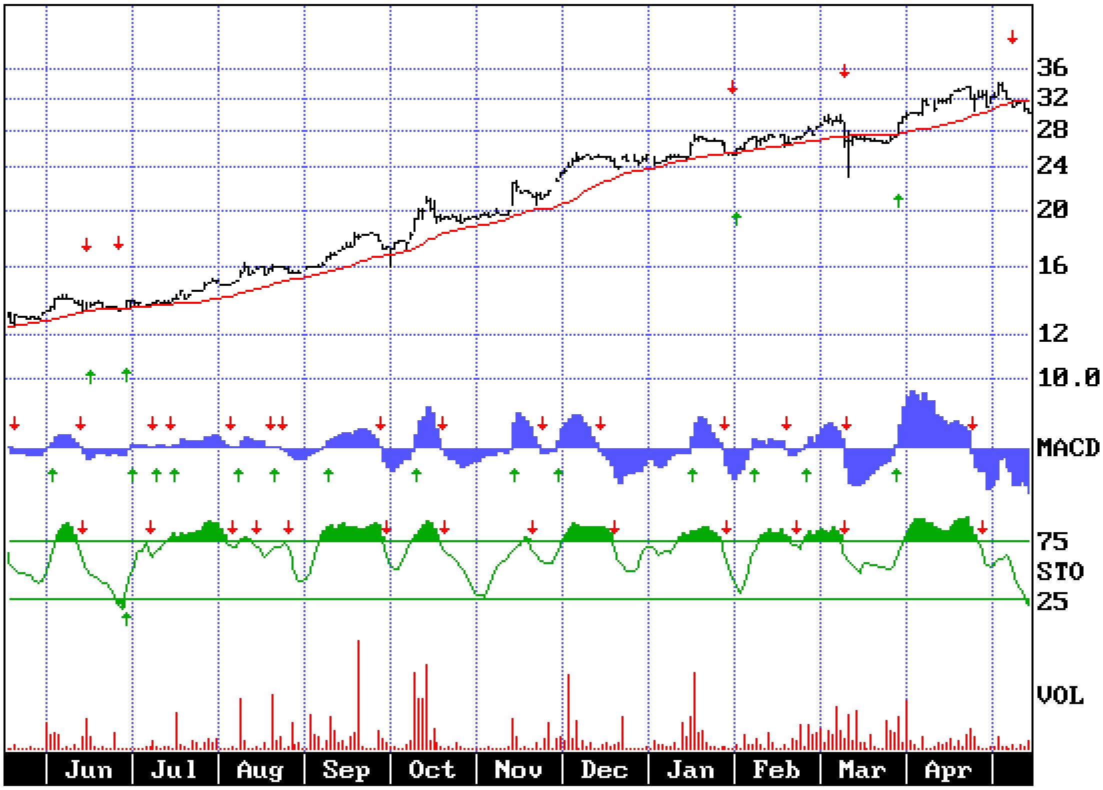


Chart Analysis: Pason Systems has been on a steady up trend since 1999 broken only by a short lived setback in the last half of 2001 and a year of trading relatively flat through most of 2002 and early 2003. But the stock has been on a steady and consistent up trend since April of 2003 soaring from $12 to $32. The stock has bounced consistently off its moving average to the upside in the last year with the exception of a brief dip in March 2004. It is currently just below the moving average. A good entry point would be when it crosses the moving average to the upside again as it prepares to continue its growth. If you're daring you could jump in as soon as the MACD and Stochastics start to turn up.

Stats as of 5/16/04	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.75	▪ Price Pattern: A
▪ RS: 93.03	▪ Volatility: A
▪ Shares: 18,563,371	▪ Estimates: A-
▪ P/E: 24.00	▪ Snapshot: A-
▪ Price: $31.49	▪ News: A

Phase 2: We give PSI an A for price pattern and an A for volatility regarding the brief March setback as an aberration. Estimates are up strongly with an average rating of 2.4 or buy. We give Pason an A- here. Despite a drop in revenues and earnings for 2002, strong growth in 2003 gives the company a solid snapshot with a strong return on equity of 32.84. We give it an A-. News has been positive with record revenues and earnings and an increase to the company's dividend. We give another A.

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

Industrial Pick

GSW Inc. (GSW.B, GSW.A –TSX)

(website: www.gswinc.com)

GSW is short for General Steel Wares, founded in 1927. In 1944 it merged with four other companies to “unite the forces of sheet metal producers in Canada”. These included a company with an even longer history: McClary Manufacturing, founded in 1847 as a manufacturer of wood-burning stoves (like the one your great grandma probably had). In 1974 the company formed its Water Heating Division which today is the company’s primary business.

1976 was a banner year which saw the company enter a joint venture with General Electric to form Camco, an appliance manufacturer. It still owns 20% of the company today which manufactures under the General Electric brand name. In 1976 it also acquired Centre Moulded Plastics which became the foundation for its building products division. Further expansion saw it acquire John Wood Manufacturing, a leading supplier of water heaters, in 1984. It also introduced robotics into its manufacturing process that year. And in 2002 it expanded south of the border with the takeover of American Water Heater, one of the largest manufacturers of water heaters in the world.

Today the company operates three divisions: GSW Water Heating, the leading Canadian manufacturer of water heaters; American Water Heaters, a leading US manufacturer of water heaters, and GSW Building Products, a leader in vinyl rainware systems including gutters and downspouts as well as a presence in vinyl railings for decks and balconies.

American Water Heater was recognized as a technical innovator by the US Consumer Products Safety Commission in 2002 and produces the most energy efficient electric water heaters on the market. It was named a Supplier of the Year by Lowe’s in 2002 and again in 2003. Brand names produced include Whirpool.

GSW Water Heating is based in Fergus, Ontario and manufactures under the GSW and John Wood brands.

Since refocusing its business on water heaters in 2002, the company has delivered eight consecutive quarters of strong earnings. The most recent quarter saw revenues increase despite the impact of a stronger Canadian dollar. Water Products sales were up 10% and would have been up 23% if not for the impact of foreign exchange. Income was up 99% in spite of that.

GSW has forward looking management with a strong focus on customer service. With the new home construction and renovation markets strong, GSW is on track for further growth ahead. A strengthening US dollar relative to the loonie should see added gains.

The company has both class A and class B shares and we recommend the B shares for their greater liquidity but the float is tiny at under 3 million shares and limit orders are recommended. Both classes of shares pay a dividend.

Quarterly Earnings per Share

To Mar. 31st	2003	2004	% Change
EPS	$0.69	$1.31	+89.86%
Revenues (000s)	$133,266	$144,900	+8.73%

Annual Earnings per Share

To Dec. 31st	2001	2002	% Change	2003	% Change
EPS	-$0.75	$1.91	Turnaround	$3.53	+84.82%
Revenues (000s)	$223,276	$414,030	+85.43%	$507,483	+22.57%

(Continued on page 9)

GSW Inc. *(from page 6)*

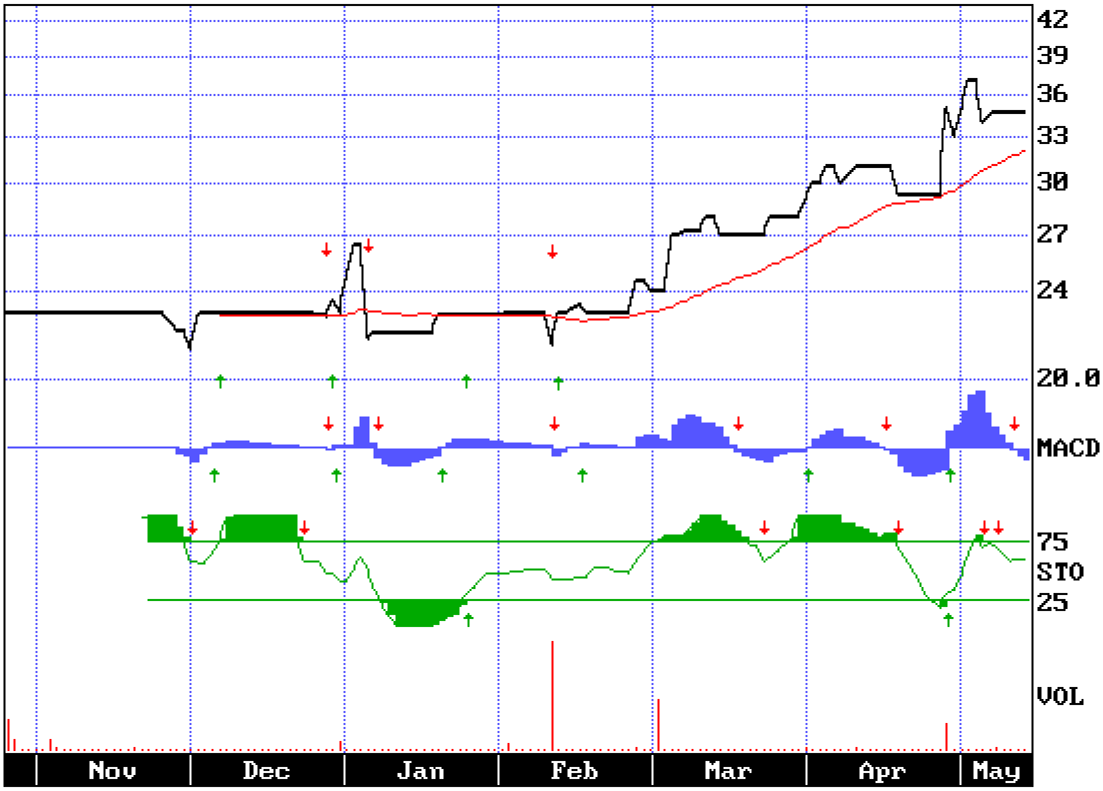


Chart Analysis: All during the bull market decade of the 90s, GSW drifted slowly downwards. But a refocus on water heaters and a niche market in plastic home building products early this decade saw the stock start to advance. It climbed from $9.50 in January 2002 to close the year at $17.45. 2003 saw it rise further to $23 by July. It stayed at that level throughout the next seven months to February this year as shown above. A strong year end report at the end of February has propelled it on an up trend since then. It bounced off its moving average to the upside near the end of April and looks now to be consolidating around $35 in preparation for its next move. In spite of its meteoric rise in the last two years, its P/E ratio remains low at 8.40.

Stats as of 5/16/04	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.92	▪ Price Pattern: A
▪ RS: 86.87	▪ Volatility: A
▪ Shares: 2,671,035	▪ Estimates: n/a
▪ P/E: 8.40	▪ Snapshot: A
▪ Price: $34.73	▪ News: A

Phase 2: We give GSW.B an A for price pattern and an A for volatility although you may want to give it a lower rating because of its small float. No one seems to be following this stock so we don't rate it for estimates. Snapshot shows growing revenues and earnings. Return on equity for 2003 is 18.96 and has been growing over the last three years. We give it an A. And news has been positive, mainly continuing growth in revenues and earnings for the last two years. Another 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 April 2004)

Definitions

Power Performers – Mutual Funds returning better than 20% in each of the one year, three year and five year time periods.
Super Power Performers – funds returning better than 25% in the three relevant time periods.
Performers – funds returning better than 15% in each of the time periods.

Super Power Performers			
Fund Name	**1 yr %**	**3 yr %**	**5 yr %**
Sprott Canadian Equity	51.30	33.01	35.61
Front Street Special Opportunities Canadian	98.90	25.57	32.58
RBC Precious Metals	45.89	56.56	27.76
Mackenzie Universal Precious Metals(US$)	31.96	40.07	26.99
Mackenzie Universal Precious Metals	26.18	34.87	25.44
Power Performers			
Norrep Fund	46.18	20.61	26.08
Bissett Microcap-F	32.45	24.85	23.04
AGF Precious Metal	61.61	46.60	22.92
Hillsdale Canadian Performance Equity	54.31	20.32	22.84
Mackenzie Universal Canadian Res. (US$)	66.49	28.31	20.79
Dynamic Global Precious Metals	53.66	40.24	20.30

The number of funds meeting our criteria dropped considerably after a weak month in the markets as well as a devastating month for gold.

The number of Super Power Performers dropped from 9 to 5 in the past month while the number of Power Performers dropped from 21 to 6. Performers slid from 41 to 35. Total – 46 funds. The top ranks continue to be dominated by small caps and precious metals in spite of the metal's plunge. Past growth has been strong enough to hold the funds in place though returns are down.

In fact, ten precious metals funds have a three month decline ranging from 10.66% for the AGF Precious Metals Fund to 18.07% for the Dynamic Global Precious Metals Fund.

The best performing funds in our list for three months are Dominion Equity Resource - up 9.80%, CIBC Energy – up 9.38%, Mawer New Canada – up 8.18% and Dynamic FocusPlus Resource – up 8.12%. All the others are up less than eight percent for the three months. All of these four funds are heavily invested in the oil industry which was the leading group for the last month in our lists.

However, the best performing funds of all for the last three months have been the Japanese funds. Of the 32 funds that generated better than 10% returns for the last three months, 23 are Japan funds. Nine of the top ten are Japan Funds with the other being the Excel India Fund. Asian stocks are on a roll, though there were no China funds in the group. None are in our Performer lists because their long term gains fail to meet our criteria.

It's important to look at all time frames though because the Japanese funds are all dropping like flies if you look at 30 day returns. There the top funds are in health sciences, pharmaceuticals and biotech which make up five of the top six 30 day performers. The other is a hedge fund. Following after that are seven Euro funds, all of them in the Mackenzie stable of funds. Again, none of these funds qualifies for our Performer tables.

So if you're about to buy a mutual fund, which do you buy? Do you buy the top ones in our Power and Super Power Performer lists? Or do you look at the red hot Japan funds? Or perhaps the currently soaring healthcare and Euro funds?

As a long term strategist, I'd go for stocks on our list that have been on the list consistently for a long time – probably in the small cap sector. If precious metal prices recover, you might want to put some money into these again, but with gold tanking, prudence says keep out for now.

How, you might ask, can one get the information in these tables and juggle them oneself? Glad you asked that!

(continued on page 11)

Power Performers Update *(from page 11)*

Searching for Performers

As with stocks, I like to use the resources of Globemedia to do research. The relevant website is Globefund which can be accessed directly from Globeinvestor. To find my Power Performers each month, I do the following:

1. Click on Fund Filter in the Tools menu on the left side of the page.
2. Change 30 Day to 5 Year in the Performance drop-down menu.
3. Enter 15% in the "Return is greater than" box.
4. Click on Go – this brings up a table of funds meeting the criteria. (68 of them for April)
5. Click on Long Term in the tab menu at the top of the table.
6. Click on 5Yr% at the top of that column to reorder the funds according to five year performance.
7. Now I copy the table to a Microsoft Front Page (can use a word processor as well) and start deleting funds that fail to have a 15% return for either the one year or three year returns.
8. Now I collect the funds in to Performer, Power Performer and Super Power Performer categories.

Of course, this is what I do to put together my tables. You can run your own searches for short term performance, really long term performance (15 years) or (here's an interesting one) Globefund's Five Star Ratings. This will tell you how the ratings for the funds have changed over the last year and over the last three months as well as each fund's performance relative to its fund category. A very handy resource indeed!

Performers							
Resolute Growth	28.05	15.44	32.09	Mavrix Dividend & Income	27.46	16.80	17.07
Dominion Equity Resource	58.07	19.24	29.62	Beutel Goodman Small Cap	45.01	18.93	16.85
Vertex Fund	48.86	16.73	25.01	Mackenzie Cundill Recovery 'C'(US$)	70.04	24.44	16.68
BluMont Hirsch Performance	39.45	18.31	23.94	Saxon Small Cap Fund	60.15	19.03	16.45
Front Street Small Cap Canadian	55.17	18.35	22.55	Dynamic FocusPlus Resource	49.72	21.39	16.43
Elliott & Page Growth Opportunities	41.14	17.65	22.12	Sceptre Equity Growth	63.59	24.67	16.34
R Small Cap Canadian Equity	41.10	17.47	21.94	GGOF Monthly High Income Classic	25.38	15.79	16.24
McElvaine Investment Trust	27.22	18.57	19.33	Bissett Income-F	21.07	15.42	16.08
Mackenzie Universal Canadian Resource	59.19	23.54	19.32	ABC American-Value	51.98	23.56	15.96
Mawer New Canada	39.34	24.41	19.00	Acuity Pooled High Income	33.13	19.29	15.95
London Life Canadian Resource (MF)	57.75	21.21	18.62	GGOF Monthly High Income Mutual	24.59	15.06	15.66
Ethical Special Equity	46.30	27.92	18.43	TD Precious Metals	22.08	26.60	15.55
Trimark Canadian Small Companies	34.51	18.62	18.22	ABC Fundamental Value	43.60	15.80	15.53
Northwest Specialty Equity	48.73	27.86	17.91	IG Beutel Goodman Canadian. Small-Cap-C	43.75	17.17	15.38
Maritime Life Canadian Growth-R	58.44	21.59	17.84	London Life Precious Metals (MF)	25.01	30.35	15.37
Clarington Canadian Small-Cap	44.14	27.07	17.81	Mackenzie Cundill Recovery 'C'	62.58	19.81	15.25
Trimark Canadian Resources	44.94	21.96	17.78	Altamira Precious & Strategic Metal	42.24	36.18	15.10
				Power Performers © 2004			

Our Model Portfolio

Initial Position: $50,000 (Jan. 11, 2002)
Current Position: $90,322.90 (+80.65%) Up 6.71% YTD

It was a tough month and we ended up selling off five of our ten stocks and buying five new ones. We sell off a stock when it hits our stop loss and buy back something new on the following Monday. This let's our readers follow our portfolio exactly if they wish. Our trades are posted every weekend in the Subscribers Area of our website. Our trades included selling off three in the last week alone and we are buying into the two featured stocks this month and one other. We also netted $139.80 in distributions but after our trades and expenses, our current cash balance is $12.90

BW Technologies (BWT – TSX)

# of Shares: 265	**Bought:** May 17/04
Price Then: $35.75	**Price Now:** $35.75
Gain: 0.00%	**Stop:** $32.18

Notes: BW has long been a favorite of ours and has recently shown renewed growth. It makes high tech gas meters for industry.

CCS Income Fund (CCR.UN – TSX)

# of Shares: 240	**Bought:** May 19th
Price Then: $20.29	**Price Now:** $30.83
Gain: 51.95%	**Stop:** $27.20

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

Cott Corporation (BCB – TSX)

# of Shares: 170	**Bought:** May 10th
Price Then: $43.35	**Price Now:** $42.75
Gain: -1.38%	**Stop:** $39.83

Notes: Cott Corporation is one of the largest manufacturers of private branded soft drinks in the world.

GSW Inc. (GSW.B – TSX)

# of Shares: 275	**Bought:** May 17/04
Price Then: $34.73	**Price Now:** $34.73
Gain: 0.00%	**Stop:** $31.26

Notes: GSW Inc. is a leading manufacturer of water heaters for the commercial and residential markets.

Peyto Energy Trust (PEY.UN – TSX)

# of Shares: 300	**Bought:** Mar. 29/04
Price Then: $30.30	**Price Now:** $31.00
Gain: 2.31%	**Stop:** $28.80

Notes: Peyto Energy Trust has gained over 1000% in the last three years. It's my featured stock in the Globe's One and Only Contest.

Pason Systems(PSI – TSX)

# of Shares: 320	**Bought:** May 17/04
Price Then: $30.00	**Price Now:** $30.00
Gain: 0.00%	**Stop:** $27.00

Notes: Pason Systems makes and leases high tech monitoring equipment for the oil patch. It had a stellar year in 2003.

Stantec Inc. (STN – TSX)

# of Shares: 325	**Bought:** Apr. 5/04
Price Then: $27.14	**Price Now:** $27.10
Gain: -0.15%	**Stop:** $26.28

Notes: Stantec is an engineering company that just large scale projects. The stock has been a steady performer.

Trican Well Service (TCW – TSX)

# of Shares: 250	**Bought on:** May 3/04
Price Then: $37.50	**Price Now:** $37.40
Gain: -0.27%	**Stop:** $34.20

Notes: Trican Well Service supplies specialized services to the oil industry including such things as cementing and fracturing.

Zargon Oil & Gas (ZAR – TSX)

# of Shares: 515	**Bought on:** Apr 19/04
Price Then: $17.70	**Price Now:** $17.99
Gain: 1.64%	**Stop:** $16.34

Notes: Zargon Oil and Gas is an aggressive junior exploration company based in Alberta.

Zenon Environmental (ZEN – TSX)

# of Shares: 435	**Bought on:** Mar. 15th
Price Then: $21.35	**Price Now:** $23.67
Gain: 10.87%	**Stop:** $21.94

Notes: Zenon Environmental is a leader in systems for treating waste water as well as drinking water.