

# the Break Out Report

Volume # 2, Issue # 4

Dec. 21, 2003

## Brief Notes

### Thanks to our Readers

As the year draws to a close, Ken and I would like to thank our readers for their encouragement and support. And we would like to take this time to wish all of you a joyous holiday season and a very prosperous new year. 2004 looks like it will be an exciting one. The bulls are calling for a boom year while the bears call this recovery a "sucker's rally". Next year will show whether the bull has legs or not.

And let's not forget the bull market in gold. Can it continue? Will it falter if interest rates climb? Gold bulls, of course, think we haven't seen anything yet. But some technical analysts like the McClellans (McClellan Market Report) think the gold rally will end for good around April. We'll have to wait and see there as well.

You'll note that our lead article this month is somewhat different. I've come to the conclusion that one of the reasons I'm having a hard time putting together a new book is that I spend so much time working on this newsletter and the website. And the solution to that problem is to pre-publish my next book as a continuing series of articles here in the Break Out Report.

I actually have several books and book ideas on the go, but the one best suited to this report is *The House Advantage: Ten Ways to Beat the Odds in the Stock Market*. It was inspired by a series of articles I wrote for the website over the last two years and builds on that base. And so we're pleased to give you Chapter 1 in this report. The article starts on page 2. Enjoy!

## Toolbox Tip

### ERG is a Unit of Energy

If you're a fan of William O'Neill's CANSLIM approach to investing, one Toolbox Search you'll find especially handy is the ERG Search.

What is ERG? The bottom three categories of the Phase 1 scores on the Toolbox are EPS Rank, Price Rank and Group Rank. These measure how the company is doing relative to the rest of the market and are ERG (EPS, pRice, GGroup).

The EPS Rank combines a company's earnings performance over the last five years into a single indicator which it compares against all other companies. It looks at both long term and quarterly growth as well as stability. Companies with high scores meet the Current Earnings and Annual Earnings categories of the CANSLIM formula.

Price Rank measure's a stock's price performance over a year using a weighted average of the stock's quarterly relative performance. Stocks with high price rank meet the Leadership criterion of CANSLIM.

Group Rank measures an industry group's strength over the last six months. Stocks ranking high meet the Market Direction criterion.

To find high ERG stocks, click on Search at the top, then Prosearch on the left, and select Ranking Criteria as the category, ERG Rank as the criteria and High as Possible as the parameter. The result should give you energized stocks to consider for your portfolio.

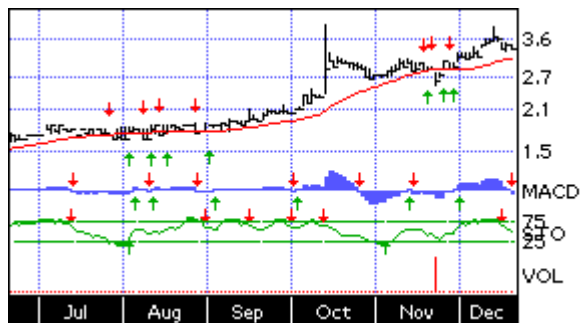
In This Issue: The House Advantage: Chapter 1 (See Page 2)



**Watched List Update**

**Reversals of Fortune**

We maintain a Watched List of the stocks we are covering and every week we update it on our website. Not all of our picks are buys at any particular moment. Sometimes they enter temporary downtrends and we recommend selling until the stock has regained its footing. The stocks below have all undergone changes in rating or are close to a change in rating. To see the weekly updates online, go to the Members area and click on Trend Watch.

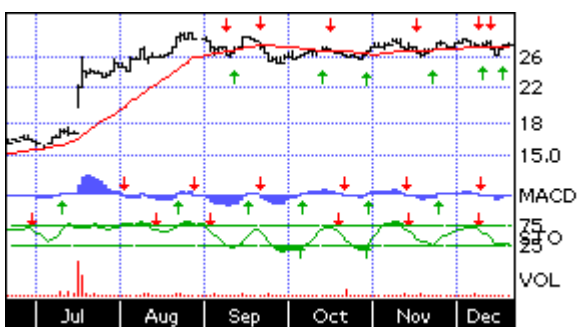
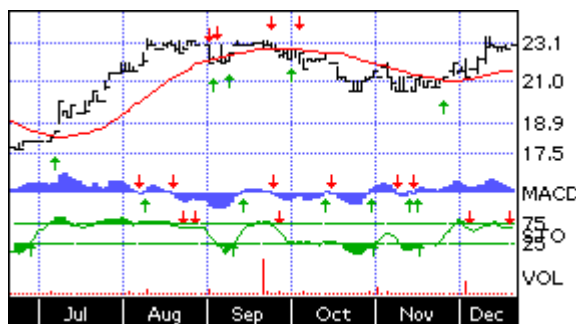


**AlarmForce (AF) Profiled: Sept. 19/03**  
**Price then: \$1.92 Price Now: \$3.36**

↔ AlarmForce had a 15% reversal from its interim high in late November which had us rate it a sell. But the long term trend was confirmed and the stock is now climbing again. The stock is up 75.00% since we first profiled it and we believe it will continue its long term ascent to the triple digits. It's now a buy again.

**BW Tech. (BWT) Profiled: Feb. 23/01**  
**Price then: \$7.75 Price Now: \$23.00**

BW Technologies was one of our early picks → after we launched the Break Out Report as an online feature at About.com and it did very well for us, soaring to the \$21 level in the next year. It's traded in a fairly tight range around that level since and now looks poised for a further up move. It's up 196.77% since profiled.

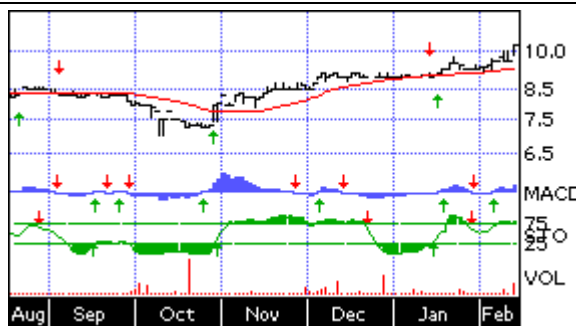


**Cinram (CRW) Profiled: Aug. 15/03**  
**Price then: \$25.83 Price Now: \$27.70**

↔ Cinram was on a roll when we featured it in our Aug. 17th issue but we seem to have caught it at the tail end of its ascent as it slumped and then settled in for three months of trading in a narrow range around the \$26 level. We recently gave it a buy rating again. Its tight Bollinger bands indicate an imminent move. Up 7.24%.

**Zargon Oil (ZAR) Profiled: Jan. 29/01**  
**Price then: \$4.70 Price Now: \$12.50**

Another early pick, Zargon has a superb → five year chart – a strong inclined plane. It's up 165.96% since first featured. But on the one year chart we can see that it has been somewhat choppy and trading in a wide range since mid-September. We now rate it a buy again.



## The House Advantage: Supply and Demand (from page 2)

### Economics 101

In a nutshell, all other things being equal, a seller will prefer to get a higher price for his product rather than a lower price. And conversely, a buyer prefers to pay less for the goods he buys rather than more.

That's it. Lesson over. Class dismissed!

What, you say? That's it? But when I took Economics 101 in university they gave us a big huge textbook, hundreds of pages of excruciating boredom!

That may well be, but the above lesson is the essence of economics. Everything else is elaboration on this theme. So let's elaborate briefly.

A key part of the lesson is "all other things being equal". There's the rub. They never are.

Let's consider the concept of supply. The law of supply says that sellers prefer higher prices. One corollary is that, if prices rise, more sellers are attracted to the market, increased supply will be available, and competition for customers will pull prices down again.

Suppose there are a certain number of people making the economist's favorite product - widgets. They're selling at a certain price, but the widget makers realize that people really like widgets and that they can raise the price of widgets and still sell them all. So they do.

What happens now is that potential widget makers who found the previous profit level of widget manufacturing to be uneconomic will now start making widgets. The supply will increase. But people don't want any more widgets than they did before, so some go unsold. In order to sell all their widgets, the manufacturers start lowering their prices.

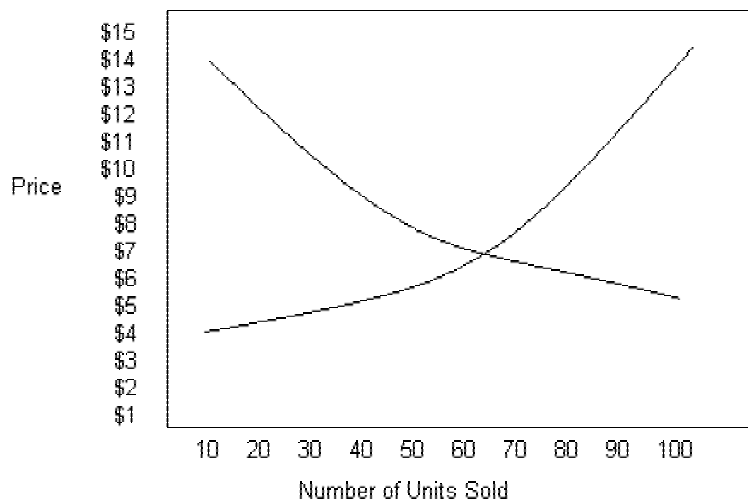
Let's look at it from the demand side. People really like widgets so the manufacturers raise prices. They still sell all of them. But they get greedy and raise the prices even more. Now some of the widget consumers say "Forget it! I'm not paying that high a price for widgets." So manufacturers are left with unsold widgets and are forced to reduce their prices to sell them all.

This interplay of buyers wanting to pay less and sellers wanting to charge more is the law of supply and demand in action.

It explains why stores put things on sale when they are not selling well. The rationale is that a lower price will induce more people to buy. It also explains why a shortage of a product, say oranges because of a bad crop due to unseasonable weather, causes the price to rise. With lots of oranges (supply) in the market, the growers must charge a certain price to sell them all. But some

of those consumers of oranges are actually willing to pay more for their oranges. Not everyone, but some. When the supply falls because of bad weather, the orange growers don't have to worry about the people who only want cheap oranges. They can charge a higher price because the number of people willing to pay the higher price will buy all of the smaller number of oranges. But they can't raise the price indiscriminately. If they raise the price too much, they'll still be stuck with unsold oranges.

This interplay of buyers and sellers is depicted graphically at right.



(continued on page 5)

**The House Advantage: Supply and Demand** (from page 4)

The line sloping from the upper left to the lower right is the demand curve. The line sloping from the lower left to the upper right is the supply curve. They show that widget manufacturers are willing to produce more widgets as the price goes up. And conversely, widget consumers want to purchase more widgets as the price goes down. Equilibrium, in this example, is 65 million widgets at \$7.

If widget manufacturers charge a higher price, they will be left with unsold widgets. If they charge a lower price, the widgets will sell out quickly and there will be a shortage. So whenever a price different than the equilibrium price is charged, someone will be unhappy. Interestingly enough, it is not the people you might expect to be unhappy. If the price is too high, producers are unhappy because they are left with unsold stock and high inventories and must cut back production. If the price is too low, consumers are unhappy because they can't get all the widgets they want.

Putting this into numbers, if the price charged is \$10, only 30 million widgets will be sold. Manufacturers produced 65 million and are stuck with 35 million left over. If the price is only \$5, widget consumers want 100 million widgets but can only get 65 million.

So how, you might ask, do prices change? Prices change when the whole supply or demand curve shifts. If a successful advertising campaign convinces consumers that they just need to have a widget and consumers are willing to pay more, then the demand curve shifts to the right. Prices go up. Conversely, if consumers want less of the product - the product was a fad such as the pet rock or the hula hoop - the demand curve shifts to the left. Prices fall. You've no doubt noticed how the prices of fad items fall as the fad fades.

On the supply side, if manufacturers can't produce at the current market price because it doesn't cover their costs, they will cut back production. The supply curve shifts to the left. Conversely, if improved technology lets producers cut costs, they will be able to cut prices while maintaining profit margins. At a lower price, customers will be willing to buy more, so the producers oblige and make more. The supply curve shifts to the right.

All of these other factors are the other things that are never equal, as I've noted. The interplay of all these factors make for shifting supply and demand curves and even changes in the shape of the curves. This dynamic flux creates the price structure of the capitalist market system.

It is a thing of beauty to contemplate because all of the myriad changes in fashions, technology, costs of production, and so on interact to produce the right price at the right time as if by an invisible hand - just as Adam Smith put it so brilliantly. We might gripe about the price of oranges going up, but if it didn't, we would soon find ourselves with a shortage.

Let's review some of the concepts and ideas we've covered about supply and demand.

**Supply**

All things equal, sellers prefer higher prices to lower prices.

All things are never equal, but in constant flux.

Some of the things that change on the supply side are

- costs of production
- weather
- transportation costs
- technology changes
- changes in wage rates
- success or failure of advertising campaigns

**Demand**

All things equal, buyers prefer lower prices to higher prices.

All things are never equal but in constant flux.

(continued on page 11)

**Technology Pick**

## Strategic Vista Corporation (SVI –TSX)

(website: [www.strategicvista.com](http://www.strategicvista.com))

Even before 9/11 the security business was gathering steam as home invasions and stories about gangs and crime kept making the news. After 9/11, concerns with security soared with the United States even creating a Department of Homeland Security. And companies in the security business have done extremely well. In September we featured AlarmForce, the voice alarm specialists. Then last month we featured Extreme CCTV, a leader in closed circuit television surveillance using infrared technology. This month we continue with Strategic Vista Corporation, a security generalist which owns such trade names as ADT<sup>®</sup>, Lorex<sup>™</sup>, Sylvania and Home Sentinel.

ADT<sup>®</sup>, of course, is a well known home and business security specialist. You'll find ADT's security cameras in banks, gas stations and anywhere else where customer traffic is regularly monitored. And you'll find the ADT sticker on many homes as they serve the mass consumer market as well.

Lorex develops and markets complete surveillance systems including infrared, weather-proof and vandal-proof equipment as well as time-lapse recording equipment and motion detectors. Sylvania supplies multi-camera security systems.

And Home Sentinel makes complete home security systems including carbon monoxide and propane detectors, smoke detectors, strobe lights, and panic buttons for home and small business.

Like Extreme CCTV, Strategic Vista also made the Fast Fifty list for 2003. It came in at number 46 with a five year revenue growth of 774.27%. While this growth pales in comparison to Extreme CCTV's, Strategic Vista has more product lines with a broader market base. Strategic Vista also has a better paced growth with steady increases every year in sales. Extreme was flat for a couple of years with stupendous growth in 2002. Extreme serves a much nichier market.

And a good part of Strategic Vista's revenues derive from home security. As we noted with our review of AlarmForce, the home security business offers superb residual income streams. Strategic Vista markets its home security systems through Home Depot, Costco, London Drugs, Canadian Tire, and Radio Shack in Canada as well as through BJ's, Lowe's, K-Mart, and Fred Meyer in the United States. Strategic Vista also serves the international market through its ProVista subsidiary.

The last quarter saw a 68.48% increase in revenues and a 150% growth in earnings per share. Annual revenues were up 47.46% with EPS up 50%.

In October the company hired former Panasonic national Sales President Steven Gold to head up its newly formed US subsidiary and drive expansion south of the border. The company is on the move!

### Quarterly Earnings per Share

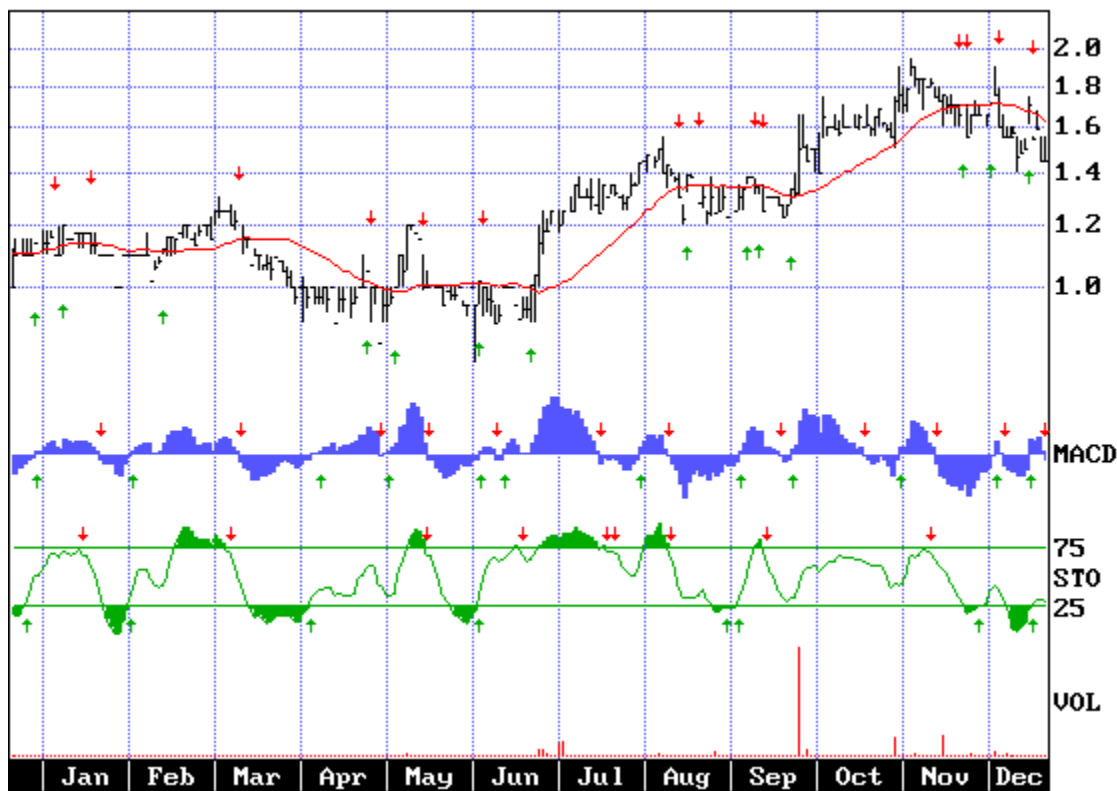
To Sept. 30th	2002	2003	% Change
EPS	\$0.02	\$0.05	+150.0%
Revenues (000s)	\$8,163	\$13,753	+68.48%

### Annual Earnings per Share

To Sept. 30th	2001	2002	% Change	2003	% Change
EPS	\$0.12	\$0.08	-33.33%	\$0.12	+50.00%
Revenues (000s)	\$15,784	\$29,831	+89.00%	\$43,988	+47.46%

*(Continued on page 7)*

**Strategic Vista** (from page 6)



**Chart Analysis:** Like Extreme CCTV, Strategic Vista is somewhat volatile with strong short term up and downswings. It has solid support at the one dollar level and further support at \$1.40 and at \$1.60. Although it recently dipped to test \$1.40 level, it is now poised to move up again. This is probably a stock where it pays to ignore the volatility and hold through its swings as long as it maintains its trend channel and keeps making higher highs and higher lows. The stock is not at an opportune buying point right now as it bounced off the moving average to the downside on an attempt to break above. If it reaches and holds steady above \$1.60, it will be a buy. Check our Watched List weekly for updates. The stock is thinly traded so limit orders are a good idea.

Stats as of 12/19/03	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.44	▪ Price Pattern: B
▪ RS: 72.10	▪ Volatility: C
▪ Shares: 24,940,793	▪ Estimates: A
▪ P/E: 21.40	▪ Snapshot: A
▪ Price: \$1.50	▪ News: A

**Phase 2:** We give SVI a B for price pattern and a C for volatility. Although only one analyst is following this, the rating is 1.0 or strong buy with EPS projection doubled for 2004. We give it an A. The snapshot is very strong with solid growth in revenues every year for the last four and earnings per share growing every year except 2002 when the new shares were issued diluting the EPS. We give it an A. News is very strong with a recent acquisition, launching of a US subsidiary, making the Fast Fifty list and a very strong quarterly and annual report. Another A.

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

**Oil & Gas Pick**

## Thunder Energy (THY –TSX)

(website: [www.thunderenergy.com](http://www.thunderenergy.com))

Thunder Energy is one of those coulda, shoulda, woulda stocks. We first featured it as a pick on our website on Feb. 3, 2001 reporting revenues and earnings growing at better than 50% a year for three years running. The price at the time was \$3.00. But this fast growing stock peaked on April 12th that year at \$5.05 and proceeded to slide for the rest of the year, closing at \$2.75 by year's end. So we dropped it from our Watched List which proved to be a big mistake. 2002 was a banner year for the stock as it "thundered" ahead to close the year at \$5.50, doubling for the year. It has continued to grow, albeit with occasional volatility recently topping \$8.00.

Thunder Energy is an Alberta-based natural gas exploration and production company with 82% of its production in natural gas. As Ken Ballard discussed in our last issue, natural gas prices are exploding and a recent report by Tobin Smith in the Changewave Research newsletter reiterates this point, citing a supply-demand imbalance in the US aggravated by the government's environmental and conservation policies. A close analysis of a recent study submitted to the US Secretary of Energy points to a severe natural gas shortage that could last ten years according to Andrew Weissman, a leading natural gas forecaster at EnergyCentral.com.

All this, of course, is a boon for Canadian natural gas producers. Thunder Energy has five production areas, four in central Alberta and one in the Peace River district. Just over a third of its land reserves have been explored and developed, leaving almost two thirds available for further expansion. It is also engaged in the development of coalbed methane with its first commercially viable operation slated for January 2004.

In the third quarter of 2003, Thunder increased its natural gas production by 28% over the year before and increased its drilling activity to 29 wells drilled from 9 the year before. 25 of those were successful. Another 23 wells should be drilled by the end of the fourth quarter. As of the third quarter 33 productive wells were waiting to come on stream. By year end, the company will have drilled and completed 110 wells for the year. Not only is the company benefiting from higher gas prices, it is also growing "by the bit", financed for the most part by additional revenues generated by the increase in the gas price. And although plans have not been finalized, the company anticipates another very aggressive year of drilling in 2004.

As at the end of the third quarter the company had increased cash flow by 86% and net income by 214%. Although the share price has already exceeded most analyst estimates, its price to earnings ratio remains low at 8.70. We think that management's aggressive drilling plans and continued strength in the natural gas price spell much stronger growth ahead.

### Quarterly Earnings per Share

To Dec. 31st	2001	2002	% Change
<b>EPS</b>	\$0.06	\$0.17	+183.33%
<b>Revenues (000s)</b>	\$14,389	\$24,114	+67.59%

### Annual Earnings per Share

To Dec. 31st	2000	2001	% Change	2002	% Change
<b>EPS</b>	\$0.39	\$0.27	-30.77%	\$0.41	+51.85%
<b>Revenues (000s)</b>	\$48,604	\$53,393	+9.85%	\$63,838	+19.56%

*(Continued on page 9)*



Thunder Energy (from page 8)



**Chart Analysis:** Since the end of July Thunder Energy’s stock has been following a bumpy inclined plane. There were some wide fluctuations in the first half of the year with the stock bouncing twice between the \$5.50 and \$7.50 level before starting its sustained growth for the latter half of the year. This reflects the fact that most of its production growth has come in the last six months. Currently the stock has just bounced off its moving average with the MACD and Stochastics starting to turn up again. This marks a perfect entry point if we are correct in our assessment of continued growth for the stock in the year ahead.

Stats as of 12/19/03	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.79	▪ Price Pattern: B
▪ RS: 79.72	▪ Volatility: B
▪ Shares: 31,540,892	▪ Estimates: B
▪ P/E: 8.90	▪ Snapshot: A
▪ Price: \$8.42	▪ News: A

**Phase 2:** We give THY a B for both price pattern and volatility based on its most recent six months performance. Estimates have risen strongly for 2003 but have declined for 2004. The overall rating is 2.4 or buy. Although we think the analysts are underestimating Thunder’s potential, we give it a B for Estimates. But revenues and earnings growth have been solid, especially in the last year, and the company’s return on equity is also strong at 18.7 for 2002 (which should strengthen once 2003 figures are finalized). We give it an A. News is solid with record revenues and earnings. Also 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 November 2003)

### 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.

The number of Performers, Power Performers and Super Power Performers increased to 53 in November and once again, precious metals funds led the way. An amazing twelve met our Super Power Performer criteria, besting a 25% annual average return for each of the one year, three year and five year periods.

Top fund for five year performance and top of our Super Power list is Sprott Canadian Equity, a powerhouse for some time now. A small cap fund, Sprott has its top ten equities fairly evenly split between the dynamic gold and energy sectors.

Other non-precious metals funds this month include two that have a number of our own picks in their top ten holdings.

One is the Norrep Fund. Its top picks include Cinram, Home Capital Group and TUSK Energy, all on our Watched List. It also has positions in Major Drilling (its top holding at 8.60%), Progress Energy, Lionore Mining, Canadian Western Bank, Piper Energy, Forzani Group and Geac Computer. Unfortunately, it requires minimum investment of \$20,000 which is a lot to commit to one fund unless one's portfolio is very large.

Another interesting fund is the Elliott & Page Growth Opportunities Fund. It has five from our Watched List in its top fifteen – Iamgold, Stratos Global, Peyto Energy Trust, Home Capital Group

*(continued on page 11)*

### Super Power Performers

Fund name	1 yr %	3 yr %	5 yr %
Sprott Canadian Equity	35.69	34.02	44.38
Mackenzie Universal Precious Metals (US\$)	102.22	66.80	37.47
RBC Precious Metals	136.80	83.02	36.51
Front Street Special Opportunities Canadian	136.46	39.26	36.50
Mackenzie Universal Precious Metals	67.59	57.68	33.12
Norrep Fund	44.84	28.71	30.83
AGF Precious Metal	112.16	65.19	30.55
Dominion Equity Resource	28.55	26.54	30.01
Dynamic Global Precious Metals	121.80	65.82	28.23
Dynamic Canadian Precious Metals	103.40	64.57	26.96
Front Street Small Cap Canadian	64.06	31.61	26.03
BluMont Hirsch Performance	38.60	21.38	25.79

### Power Performers

Resolute Growth	24.02	29.62	33.07
TD Precious Metals	70.63	47.33	24.50
Mackenzie Universal Canadian Res (US\$)	72.97	37.82	24.16
Altamira Precious & Strategic Metal	117.01	56.14	22.95
Elliott & Page Growth Opportunities	34.21	20.27	22.89
London Life Precious Metals (MF)	66.15	46.91	22.88
R Small Cap Canadian Equity	34.69	20.24	22.47
Hillsdale Canadian Performance Equity	41.37	16.85	22.35
North Growth U.S. Equity (US\$)	36.59	18.25	20.90
McElvaine Investment Trust	26.17	21.07	20.75
Mackenzie Cundill Recovery 'C'(US\$)	78.74	25.06	20.67
Sentry Canadian Energy Growth	24.22	17.95	20.51
Northwest Specialty Equity	50.86	34.21	20.32
Mackenzie Universal Canadian Resource	43.35	30.29	20.23
BMO Precious Metals	35.14	41.83	20.03

**Power Performers Update** (from page 10)

and RONA Inc. Other holdings include Extencicare, Inmet Mining, Sherritt International, IPSCO Inc., Wheaton River Minerals, Baytex Energy and Geac Computers.

Another fund invested in some of our picks is the R Small Cap Canadian Equity Fund. It has lamgold, Stratos Global and Home Capital Group in its stable. And its other picks include Extencicare, Inmet Mining, Sherritt International, Wheaton River, Baytex Energy, Toromont Industries and Eldorado Gold. Note the overlaps between all of these funds.

Our Performers are listed below. Fans of income and royalty trusts may want to take a look at some of the funds designated as "high income" in the Performers list.

Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
Bissett Microcap-F	19.13	23.67	27.20	Mackenzie Cundill Recovery 'C'	48.12	18.23	16.85
CI Signature Canadian Resource	31.79	18.80	19.96	AGF China Focus Class (US\$)	75.22	24.20	16.84
CIBC Precious Metals	91.87	52.16	19.75	Bissett Income-F	26.49	20.46	16.84
Maritime Life Cdn Growth-R	75.21	26.37	19.59	GGOF Monthly High Income Classic	28.89	20.23	16.81
Trimark Canadian Resources	35.81	27.03	18.92	GGOF Monthly High Income Mutual	28.09	19.48	16.22
TD Resource	39.59	22.29	18.66	Renaissance Canadian Income Trust	23.67	19.04	16.10
London Life Canadian Resource	42.08	26.39	18.45	IG Beutel Goodman Canadian Small-Cap-C	29.29	16.80	16.09
Mawer New Canada	26.63	26.22	18.35	Talvest Millennium High Income	17.14	17.06	15.54
CIBC Canadian Emerging Company	32.76	15.36	17.89	Mavrix Dividend & Income	24.04	17.10	15.53
Beutel Goodman Small Cap	31.19	18.60	17.38	BMO Resource	28.31	21.79	15.52
Ethical Special Equity	37.15	29.52	17.35	Elliott & Page Monthly High Income	17.63	17.16	15.52
Clarington Canadian Small-Cap	35.50	29.32	16.94	AGF Canadian Resources	49.30	22.38	15.25
Trimark Canadian Small Companies	19.12	19.97	16.92	Dynamic FocusPlus Resource	30.47	24.72	15.10

**The House Advantage: Supply and Demand** (from page 5)

Some of the things that change on the demand side are

- increased or decreased wealth of the consumer
- change in tastes, fashions and fads
- new knowledge about competing products
- decisions to substitute one product for another because of such knowledge (e.g. - substituting margarine for butter)

These lists are examples of factors affecting supply and demand and are not exhaustive.

The question now is, how does supply and demand affect the stock market? In fact, many of the ten ways we suggest for beating the market are factors that reflect the supply and demand for stocks so we can predict where prices may go in the future. We will try and explain how they do that as we proceed. But for now, here are some general principles to consider.

*In our February issue we'll publish the rest of Chapter 1, a look at how the principles of supply and demand apply to the stock market. Next issue will be our annual review of our Watched List.*

## Our Model Portfolio

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

**Current Position: \$82,076.40 (+64.15%) Up 31.55% YTD**

There were a number of trades since our last issue. We sell stocks when they hit our stop losses and buy new ones on the following Monday so we can notify our readers of our intentions on our website. Follow our portfolio online at [http://breakoutreport.com/member/nav\\_modelportfolio.html](http://breakoutreport.com/member/nav_modelportfolio.html) to keep up with changes. We update every weekend. We collected \$163.85 in distributions this week which boosts our cash position to \$250.90.

<p style="text-align: center;"><b>AlarmForce Industries (AF – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 1975</td> <td><b>Bought on:</b> Dec. 15th</td> </tr> <tr> <td><b>Price Then:</b> \$3.55</td> <td><b>Price Now:</b> \$3.36</td> </tr> <tr> <td><b>Gain:</b> -5.35%</td> <td><b>Stop:</b> \$3.29</td> </tr> </table> <p><b>Notes:</b> AlarmForce is a leading supplier of home security systems with a winning profit formula. Watch it grow!</p>	<b># of Shares:</b> 1975	<b>Bought on:</b> Dec. 15th	<b>Price Then:</b> \$3.55	<b>Price Now:</b> \$3.36	<b>Gain:</b> -5.35%	<b>Stop:</b> \$3.29	<p style="text-align: center;"><b>Alimentation Couche-Tard (ATD.B – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 270</td> <td><b>Bought on:</b> Oct. 27th</td> </tr> <tr> <td><b>Price Then:</b> \$21.60</td> <td><b>Price Now:</b> \$23.45</td> </tr> <tr> <td><b>Gain:</b> 7.57%</td> <td><b>Stop:</b> \$21.34</td> </tr> </table> <p><b>Notes:</b> Couche-Tard is now North America's second largest convenience store operator after 7-11. It's shooting for number one!</p>	<b># of Shares:</b> 270	<b>Bought on:</b> Oct. 27th	<b>Price Then:</b> \$21.60	<b>Price Now:</b> \$23.45	<b>Gain:</b> 7.57%	<b>Stop:</b> \$21.34
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<p style="text-align: center;"><b>BMTC Group (GBT.A – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 620</td> <td><b>Bought on:</b> Nov. 24th</td> </tr> <tr> <td><b>Price Then:</b> \$12.88</td> <td><b>Price Now:</b> \$12.90</td> </tr> <tr> <td><b>Gain:</b> 0.19%</td> <td><b>Stop:</b> \$11.93</td> </tr> </table> <p><b>Notes:</b> BMTC Group is a leader in the furniture retailing business in Quebec. The stock recently split 2 for 1.</p>	<b># of Shares:</b> 620	<b>Bought on:</b> Nov. 24th	<b>Price Then:</b> \$12.88	<b>Price Now:</b> \$12.90	<b>Gain:</b> 0.19%	<b>Stop:</b> \$11.93	<p style="text-align: center;"><b>Calian Technology (CTY – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 600</td> <td><b>Bought on:</b> Dec. 15th</td> </tr> <tr> <td><b>Price Then:</b> \$11.68</td> <td><b>Price Now:</b> \$11.25</td> </tr> <tr> <td><b>Gain:</b> -3.68%</td> <td><b>Stop:</b> \$10.76</td> </tr> </table> <p><b>Notes:</b> Calian Technology is active in the telecommunications infrastructure business with clients in both government and business.</p>	<b># of Shares:</b> 600	<b>Bought on:</b> Dec. 15th	<b>Price Then:</b> \$11.68	<b>Price Now:</b> \$11.25	<b>Gain:</b> -3.68%	<b>Stop:</b> \$10.76
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<p style="text-align: center;"><b>CCS Income Fund (CCR.UN – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 240</td> <td><b>Bought on:</b> May 19th</td> </tr> <tr> <td><b>Price Then:</b> \$20.29</td> <td><b>Price Now:</b> \$30.91</td> </tr> <tr> <td><b>Gain:</b> 52.34%</td> <td><b>Stop:</b> \$26.27</td> </tr> </table> <p><b>Notes:</b> Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.</p>	<b># of Shares:</b> 240	<b>Bought on:</b> May 19th	<b>Price Then:</b> \$20.29	<b>Price Now:</b> \$30.91	<b>Gain:</b> 52.34%	<b>Stop:</b> \$26.27	<p style="text-align: center;"><b>Glendale International (GIN – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 725</td> <td><b>Bought on:</b> Aug. 4th</td> </tr> <tr> <td><b>Price Then:</b> \$5.90</td> <td><b>Price Now:</b> \$6.55</td> </tr> <tr> <td><b>Gain:</b> 10.83%</td> <td><b>Stop:</b> \$6.14</td> </tr> </table> <p><b>Notes:</b> A leading manufacturer of mobile homes and trailers, Glendale recently paid out a \$1.00 distribution to shareowners.</p>	<b># of Shares:</b> 725	<b>Bought on:</b> Aug. 4th	<b>Price Then:</b> \$5.90	<b>Price Now:</b> \$6.55	<b>Gain:</b> 10.83%	<b>Stop:</b> \$6.14
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<p style="text-align: center;"><b>Home Capital Group (HCG.B – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 370</td> <td><b>Bought on:</b> Oct. 16/02</td> </tr> <tr> <td><b>Price Then:</b> \$13.25</td> <td><b>Price Now:</b> \$30.85</td> </tr> <tr> <td><b>Gain:</b> 132.83%</td> <td><b>Stop:</b> \$26.22</td> </tr> </table> <p><b>Notes:</b> Niche markets in finance seem to be very successful as evidenced by Home Capital's success.</p>	<b># of Shares:</b> 370	<b>Bought on:</b> Oct. 16/02	<b>Price Then:</b> \$13.25	<b>Price Now:</b> \$30.85	<b>Gain:</b> 132.83%	<b>Stop:</b> \$26.22	<p style="text-align: center;"><b>Parkland Income Fund (PKI.UN – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 310</td> <td><b>Bought on:</b> May 19th</td> </tr> <tr> <td><b>Price Then:</b> \$15.62</td> <td><b>Price Now:</b> \$19.00</td> </tr> <tr> <td><b>Gain:</b> 21.64%</td> <td><b>Stop:</b> \$16.81</td> </tr> </table> <p><b>Notes:</b> Parkland operates a chain of gas stations and convenience stores across Alberta and BC.</p>	<b># of Shares:</b> 310	<b>Bought on:</b> May 19th	<b>Price Then:</b> \$15.62	<b>Price Now:</b> \$19.00	<b>Gain:</b> 21.64%	<b>Stop:</b> \$16.81
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<p style="text-align: center;"><b>Peyto Energy Trust (PEY.UN – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 555</td> <td><b>Bought on:</b> July 14th</td> </tr> <tr> <td><b>Price Then:</b> \$17.05</td> <td><b>Price Now:</b> \$27.47</td> </tr> <tr> <td><b>Gain:</b> 61.11%</td> <td><b>Stop:</b> \$23.35</td> </tr> </table> <p><b>Notes:</b> Peyto converted to an income trust. The stock did well before and has continued to do well since.</p>	<b># of Shares:</b> 555	<b>Bought on:</b> July 14th	<b>Price Then:</b> \$17.05	<b>Price Now:</b> \$27.47	<b>Gain:</b> 61.11%	<b>Stop:</b> \$23.35	<p style="text-align: center;"><b>RONA Inc. (RON – TSX)</b></p> <table border="1" style="width: 100%;"> <tr> <td><b># of Shares:</b> 325</td> <td><b>Bought on:</b> Nov. 17</td> </tr> <tr> <td><b>Price Then:</b> \$25.55</td> <td><b>Price Now:</b> \$28.90</td> </tr> <tr> <td><b>Gain:</b> 13.11%</td> <td><b>Stop:</b> \$25.72</td> </tr> </table> <p><b>Notes:</b> RONA is Canada's largest retailer of hardware and home improvement supplies. It goes toe to toe with Home Depot and wins.</p>	<b># of Shares:</b> 325	<b>Bought on:</b> Nov. 17	<b>Price Then:</b> \$25.55	<b>Price Now:</b> \$28.90	<b>Gain:</b> 13.11%	<b>Stop:</b> \$25.72
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