

# the Break Out Report

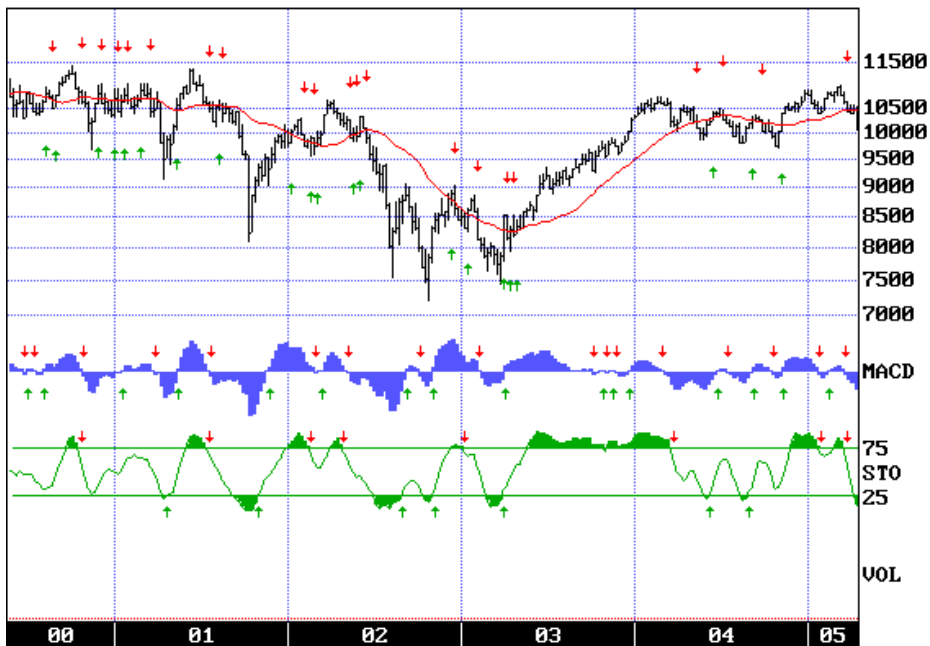
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## Trend Watch

### Do You Hear the Rumbling?

In nature, animals often sense an impending disaster before it happens. Animals headed for the hills long before the tsunamis struck in Southeast Asia. If there were a financial animal, one attuned to the markets, would it be heading for the hills right now? If we look at the charts as signals, certainly a disaster seems to be looming. Consider the chart of the Dow below.



The Dow Jones Industrial Average meandered through much of 2000 before plunging in a series of volatile drops through to the fall of 2002.

The first big drop took it from 11,310.64 on Sept. 6, 2000 to 9975.02 on Oct. 18<sup>th</sup> that year – a drop of 11.81% in 42 days. The next plunge in the spring of 2001 saw it drop even more sharply. Even though the 14.3% one week drop after 9/11 was the worst since

1933, the markets weren't through bleeding yet. After recovering to 10,500, the Dow dropped to below 7500 by the fall of 2002. It rose and fell to the spring of 2003 when it began a spectacular rise to 10,500 again.

But since the beginning of 2004, the Dow has been flat, trading a range between 9700 and 11,000. And Friday's drop of 191.24 points was the largest single day decline in almost two years. "What we're looking at," said Joseph Keating of Amsbank South and quoted in the *National Post*, "is a giving up of hope on the part of investors."

(continued on page 7)

In This Issue: Quarterly Review of Our Watched List (see page 2)

**Quarterly Review****Just a Quick Trim**

Every once in a while a trip to the barber is in order to thin and trim the old noggin. Similarly we trim our Watched List every quarter, reviewing the list to see if any of the stocks have had their growth spurt and are setting into a slow growth, no growth phase or even declining. We drop stocks from our Watched List that meet all three of the following criteria:

- It did not make the Top 500 in March 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 up trend or growing earnings.

But before we do that, let's look at the ten best and ten worst performing stocks for the first quarter of 2005. First the gainers:

Name	Symbol	Date Featured	Change Q1	Change YTD	Change Since Profiled
Falconbridge Ltd.	FL	Mar. 14/04	39.55%	39.55%	24.89%
Chartwell Technology	CWH	Dec. 17/04	30.60%	30.60%	56.25%
Westjet Airlines	WJA	Jan. 18/04	30.53%	30.53%	-25.37%
Ainsworth Lumber Co.	ANS	Aug. 15/04	30.24%	30.24%	6.25%
Killam Properties	KMP	Jan. 18/04	29.76%	29.76%	12.71%
Cameco Corp.	CCO	Nov. 19/04	27.70%	27.70%	45.29%
CCS Income Fund	CCR.UN	May 18/03	26.61%	26.61%	174.13%
Melcor Developments	MRD	Mar. 2/01	25.98%	25.98%	216.50%
AlarmForce	AF	Sept. 21/03	25.35%	25.35%	131.77%
Niko Resources	NKO	Nov. 17/02	23.72%	23.72%	181.26%

As you can see, the best performing stocks for the quarter returned anywhere from 23.72% to 39.55%. Only one, Niko Resources, is a repeat Top Ten Performer from the previous quarter. With back to back quarter returns of 26.97% and 23.72%, the stock is up 57.09% for the six months.

The Bottom Ten for the Quarter dropped anywhere from 4.54% to 22.26%. The biggest loser for the quarter was Ketch Resource Trust, not an original pick of ours but a result of a merger between our pick Bear Creek Energy and Ketch Resources. Bear Creek had been in the Top Ten for two quarters running before the set-back with Ketch. Also running hot and cold – hot one quarter and then in the bottom ten the next – were Calian Technologies and ZCL Composites.

So although there is momentum from one quarter to the next, stocks can do an abrupt about face from quarter to quarter. That's one of the reasons why we don't casually drop stocks from our Watched List unless a variety of criteria are met. The Bottom Ten table is on the next page.

*(continued on page 3)*

**The Break Out Report**

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## Quarterly Review (from page 2)

Bottom Ten for Q1 2005					
Name	Symbol	Date Featured	Change Q1	Change YTD	Change Since Profiled
Ketch Resources Trust	KER.UN	July 18/04	-22.26%	-22.26%	20.44%
QLT Inc.	QLT	Jan. 18/04	-19.45%	-19.45%	-31.34%
ZCL Composites	ZCL	June 20/04	-13.16%	-13.16%	44.88%
Axcan Pharma	AXP	June 20/04	-12.46%	-12.46%	-25.70%
Calfrac Well Services	CFW	Mar. 20/05	-11.32%	-11.32%	-11.32%
Zenon Environmental	ZEN	Mar. 14/04	-10.49%	-10.49%	-2.60%
Calian Technology	CTY	Oct. 1/02	-9.95%	-9.95%	250.39%
Research In Motion	RIM	Sept. 19/04	-6.14%	-6.14%	-2.23%
Finning International	FTT	May 11/01	-6.03%	-6.03%	100.49%
Goldcorp Inc.	G	May 25/01	-4.54%	-4.54%	120.18%

And now on to our Quarterly Review. We remind you again that for trend we are looking at the average trend for the quarter, not the leading edge trend that we use in our Weekly Trend Watch Updates.

## Our Quarterly Review

Name	Symbol	Date Featured	Price Then	Change Q1	Change Since Profiled	Mar. RS Change	Recent Trend	QEPS Change	Status
Home Capital Group	HCG	Nov. 20/00	\$3.00	7.78%	1022.67%	-3.27	↑	+40.0%	Keep
Peyto Energy Trust	PEY.UN	Feb. 22/02	\$5.15	8.09%	903.88%	-1.09	↑	L	Keep
Alimentation Couche-Tard	ATD.SV.B	Dec. 4/00	\$2.88	-1.13%	510.43%	+0.94	→	+400.0%	Keep
Reitmans (Canada)	RET.A	July 6/01	\$5.07	-3.85%	442.41%	+1.05	↓	+105.9%	Keep
TransForce Income Fund	TIF.UN	Jan. 18/02	\$3.11	6.70%	422.51%	-1.04	↑	+59.1%	Keep
Zargon Oil & Gas	ZAR.UN	Jan. 29/01	\$4.70	2.94%	422.34%	-3.06	↑	+54.5%	Keep
Contrans Income Fund	CSS.UN	Oct. 12/01	\$3.63	13.90%	340.22%	+4.03	↑	+175.0%	Keep
SNC-Lavalin Group	SNC	Mar. 23/01	\$16.25	20.50%	330.09%	+6.68	↑	+57.9%	Keep
Canada Bread	CBY	May 18/01	\$13.00	16.53%	321.31%	+0.14	↑	+63.0%	Keep

(continued on page 4)

## Quarterly Review (from page 3)

Name	Symbol	Date Featured	Price Then	Change Q1	Change Since Profiled	Mar. RS Change	Recent Trend	QEPS Change	Status
Richelieu Hardware	RCH	Dec. 4/00	\$7.00	13.79%	257.14%	new	↑	+16.7%	Keep
Stantec Inc.	STN	Apr. 20/01	\$8.25	10.27%	253.94%	off list	↑	+51.5%	Keep
Calian Technologies	CTY	Oct. 1/02	\$3.85	-9.95%	250.39%	off list	↓	-10.0%	Keep
Melcor Developments	MRD	Mar. 2/01	\$20.30	25.98%	216.50%	+3.84	↑	+60.4%	Keep
Niko Resources	NKO	Nov. 17/02	\$22.20	23.72%	181.26%	-0.55	↑	+166.7%	Keep
CCS Income Trust	CCR.UN	May 18/03	\$10.15	26.61%	174.13%	+3.39	↑	+135.0%	Keep
CML Healthcare Income Fund	CLC.UN	Apr. 12/02	\$5.85	1.87%	132.48%	off list	→	+133.3%	Keep
AlarmForce	AF	Sept. 21/03	\$1.92	25.35%	131.77%	new	↑	+9.1%	Keep
Goldcorp Inc.	G	May 25/01	\$7.83	-4.54%	120.18%	off list	↓	+8.3%	Keep
Trican Well Service	TCW	Apr. 18/04	\$36.49	17.29%	113.76%	-0.22	↑	+70.7%	Keep
BMTC Group	GBT.SV.A	Aug. 20/02	\$6.98	10.55%	101.29%	new	↑	-24.3%	Keep
Finning International	FTT	May 11/01	\$16.40	-6.03%	100.49%	off list	↓	-36.1%	Keep
Fortis Inc.	FTS	Mar. 16/01	\$38.00	2.73%	87.89%	off list	→	+2.4%	Keep
RONA Inc.	RON	Nov. 16/03	\$12.78	15.93%	85.13%	+0.99	↑	+40.5%	Keep
Chartwell Technology	CWH	Dec. 17/04	\$5.60	30.60%	56.25%	-1.09	↑	+166.7%	Keep
Cameco Corp.	CCO	Nov. 19/04	\$36.87	27.70%	45.29%	-0.58	↑	+5.0%	Keep
ZCL Composites	ZCL	June 20/04	\$2.05	-13.16%	44.88%	-0.37	↓	-16.7%	Keep
Cott Corp.	BCB	July 27/01	\$20.50	-0.98%	43.37%	off list	→	-30.4%	Drop
GSW Inc.	GSW.SV.B	May 16/04	\$34.73	8.33%	40.37%	-0.24	↑	+13.1%	Keep

(continued on page 5)

## Quarterly Review (from page 4)

Name	Symbol	Date Featured	Price Then	Change Q1	Change Since Profiled	Mar. RS Change	Recent Trend	QEPS Change	Status
TSX Group	X	Jan. 18/04	\$45.00	16.69%	39.22%	new	↑	+2.53%	Keep
Steepleback Industrial Group	SID	Jan. 18/04	\$2.95	0.25%	35.59%	off list	→	-86.7%	Keep
Pason Systems	PSI	May 16/04	\$30.00	2.30%	26.17%	-5.05	→	+41.9%	Keep
Falconbridge Ltd.	FL	Mar. 14/04	\$34.75	39.55%	24.89%	new	↑	+109.8%	Keep
Ketch Resources Trust	KER.UN	July 18/04	\$10.96	-22.26%	20.44%	off list	↓	+44.4%	Keep
BlackRock Ventures	BVI	Jan. 16/05	\$8.92	18.39%	18.39%	-0.11	↑	+100.0%	Keep
Mad Catz Interactive	MCZ	Feb. 20/05	\$1.72	15.70%	15.70%	+5.28	↑	+133.3%	Keep
Sherritt International	S	Nov. 19/04	\$8.66	-0.40%	14.32%	-0.80	→	-6.7%	Keep
Killam Properties	KMP	Jan. 18/04	\$2.36	29.76%	12.71%	+0.95	↑	T	Keep
CIBC	CM	Feb. 15/04	\$66.15	1.56%	10.90%	off list	→	+26.0%	Keep
Big Rock Brewery Income Trust	BR.UN	Oct. 15/04	\$16.05	-1.94%	9.97%	-4.01	→	+0.0%	Keep
easyhome	EH	Dec. 17/04	\$19.40	11.32%	9.02%	-2.56	↑	-16.7%	Keep
Centurion Energy	CUX	Jan. 16/05	\$14.45	6.57%	6.57%	+0.05	↑	+0.0%	Keep
Ainsworth Lumber Co.	ANS	Aug. 15/04	\$30.40	30.24%	6.25%	-9.19	↑	+29.1%	Keep
Draxis Health	DAX	Feb. 15/04	\$6.05	5.03%	3.47%	off list	↑	+31.7%	Keep
Kingsway Financial Services	KFS	July 20/03	\$18.60	-1.63%	0.48%	-3.01	→	+100.0%	Keep
Great Canadian Gaming	GCD	Mar. 20/05	\$48.30	-0.31%	-0.31%	-0.13	↑	+580.0%	Keep
Cinram	CRW	Aug. 17/03	\$25.83	16.00%	-0.62%	off list	↑	+46.3%	Keep

(continued on page 6)

**Quarterly Review (from page 5)**

Name	Symbol	Date Featured	Price Then	Change Q1	Change Since Profiled	Mar. RS Change	Recent Trend	QEPS Change	Status
Xceed Mortgage Corporation	XMC	Jan. 16/05	\$5.05	-0.99%	-0.99%	off list	→	-8.3%	Keep
Savannah Energy Services	SVY	Feb. 20/05	\$19.35	-1.71%	-1.71%	+0.26	↑	+115.4%	Keep
Research In Motion	RIM	Sept. 19/04	\$94.82	-6.14%	-2.23%	+10.90	↓	L	Keep
Zenon Environmental	ZEN	Mar. 14/04	\$21.55	-10.49%	-2.60%	off list	↓	-4.8%	Drop
Calfrac Well Services	CFW	Mar. 20/05	\$36.75	-11.32%	-11.32%	new	↑	+70.7%	Keep
CoolBrands International	COB.A	June 15/03	\$10.25	-1.86%	-12.68%	off list	→	-44.4%	Drop
Westjet Airlines	WJA	Jan. 18/04	\$20.97	30.53%	-25.37%	off list	↑	L	Keep
Axcan Pharma	AXP	June 20/04	\$27.43	-12.46%	-25.70%	off list	↓	-23.8%	Keep
QLT Inc.	QLT	Jan. 18/04	\$22.56	-19.45%	-31.34%	off list	↓	L	Drop
<b>Aggregate Change</b>				<b>410.45%</b>	<b>410.45%</b>	<b>7291.60%</b>			
<b>Average Change</b>				<b>7.46%</b>	<b>7.46%</b>	<b>132.57%</b>			

Dropped (with YTD and Total Gain in brackets) are Cott Corporation (-0.98%, +43.37%), Zenon Environmental (-10.49%, -2.60%), Coolbrands International (-1.68%, -12.68%), QLT Inc. (-19.45%, -31.34%)

Our Watched List moved up 7.46% on average. Although we are active traders and encourage using stops, our Watched List in aggregate has done quite well on just a buy and hold basis and outperformed our actively managed Model Portfolio. A continuing conundrum!



Check out *Lesley Scorgie's*

**Rich by Thirty**

*Newsletter*

<http://richbythirty.com>

### Trend Watch (from page 1)

The Dow dipped below the 200 day moving average on Thursday and continued Friday. It is now at its lowest closing point for the year-to-date.

There's plenty to discomfit the markets right now. Oil prices are high and there are fears it could rock the US economy. Earnings are coming in weaker than expected with Big Blue, IBM, the latest. It reported just US85 cents to the expected US90 cents. IBM dropped 8.3% Friday. And there's the US dollar crisis.

If the 1.86% drop in the Dow was troublesome, the 1.98% drop in the NASDAQ was worse. And the NASDAQ chart, shown below, is also worse.



The one year chart shows the NASDAQ on a downward spiral since the beginning of January. It's dropped below support at 1980 to support at 1920. If it breaches that, next support is at 1860.

But the five year chart shows that the NASDAQ, despite a nice rise late last year, has essentially been flat since the beginning of 2004. It is a market without direction.

This is also the first year of Bush's second term. Historically, if you follow the four year

presidential election cycle, the first and second years of a new administration are the worst for the stock market. In fact, from 1832 to 2000, the market gained an average of 13.6% in each of the last two years of the cycle and only 2.0% in each of the first two years.

In spite of the bad news, there has not been anything like a general capitulation that sends the market plummeting in a spectacular one day crash. But the signs are there that one could happen. Although the best known one day crashes of 1929 and 1987 both happened in October, one could happen any time.

The 1987 crash was the worst single day drop in the Dow in history. It dropped 22.6%. If it happened today, it would take the Dow down from 10,087.51 to 7807.73. A similar drop in the NASDAQ would take it from 1908.15 to 1476.91. That's scary to think about!

Factors that led to the 1987 crash included rapidly rising short and long term interest rates, weakening US dollar, deteriorating US current account deficit, escalating US government debt, high price-to-earnings ratios, low dividend yields, bullish investor sentiment and deteriorating market breadth (advance-decline line). All are graphically shown at <http://www.sniper.at/stock-market-crash-of-1987.htm>. Many of those factors, if not all of them, are in play today.

On the positive side, oil prices are moderating, easing inflation and interest fears. But they are expected to rise again later in the year. Maybe the current scenario will play out until October.

The good news is that you can play this scenario by buying option strangles on the indexes. A strangle loses only if the market stands still. Over a one year time horizon, that is not likely to happen. Or if you're invested in stocks for the long haul, you can buy insurance by buying puts on an index, whether it is the Dow, the NASDAQ or the TSX.

In any event, beware the ides of October!

**Retail Sector Pick**

**La Senza (LSZ.SV-TSX)**  
**(website: [www.lasenzacorporation.com](http://www.lasenzacorporation.com))**

When we originally featured this company as a pick on April 27, 2001 on our website, the company was known as Suzy Shier and operated 450 women's fashion stores across the country under several trade names including Suzy Shier, anne-X and La Senza. The La Senza line was by far the most popular and profitable and the company changed its name to La Senza later that year. It sold off its Suzy Shier stores in 2003.

Today, La Senza is Canada's leading retailer of women's lingerie and sleepwear. The company has over 200 outlets across Canada under the La Senza and Silk & Satin brands. It also operates 76 La Senza Girl stores aimed at the girls age 8-14 market. And it supports and services international licensing partners who operate 237 La Senza and La Senza Girl stores in 21 countries worldwide, primarily in the UK and the Middle East.

The company fared well for us climbing from our featured price of \$6.30 all the way up to \$16.00 in June 2002 for a 153.97% return. But by the end of 2002, the stock had dropped to \$10 and we also dropped it from our Watched List because it had a quarterly loss, was in a downtrend, and no longer made the TSX Top 500 list. The stock had its ups and downs in the interim but by late August 2004, it was still below \$10. Since then it has risen steadily to Friday's closing price of \$14.65.

Part of La Senza's woes emanated from a failed attempt to penetrate the US market. The American stores proved a drag on profits and the company had losses in 2003 and 2004. That turned around in fiscal 2005 (year end is January 31<sup>st</sup>) as it sold off its US stores, its interest in Wet Seal, its remaining anne-X stores and focused on its core lingerie business.

Why the stores are hot in the Middle East and cold in the United States is anyone's guess, but strong competition from Victoria's Secret probably was a factor. Other Canadian retailers have also found the US market to be a tough nut to crack, including Future Shop and Mark's Work Warehouse.

With revenues growing and an earnings turnaround, the stock is poised for continued growth. Earnings on continuing operations for the quarter ended January 31<sup>st</sup> were up a whopping 233.33%. Total earnings turned from a loss into a profit of \$0.51 a share. This compares to a profit for fiscal 2005 of just a penny. No wonder the stock is starting to move!

My wife and daughter both love to shop at La Senza. It's always been one of our favorite places to buy Christmas gifts such as robes and pajamas. And now it is an excellent place to park some investment money as well.

**Quarterly Earnings per Share**

To Jan. 31st	2004	2005	% Change
<b>EPS (continuing operations)</b>	\$0.24	\$0.80	+233.33%
<b>Revenues (000s)</b>	\$107,974	\$115,426	+6.9%

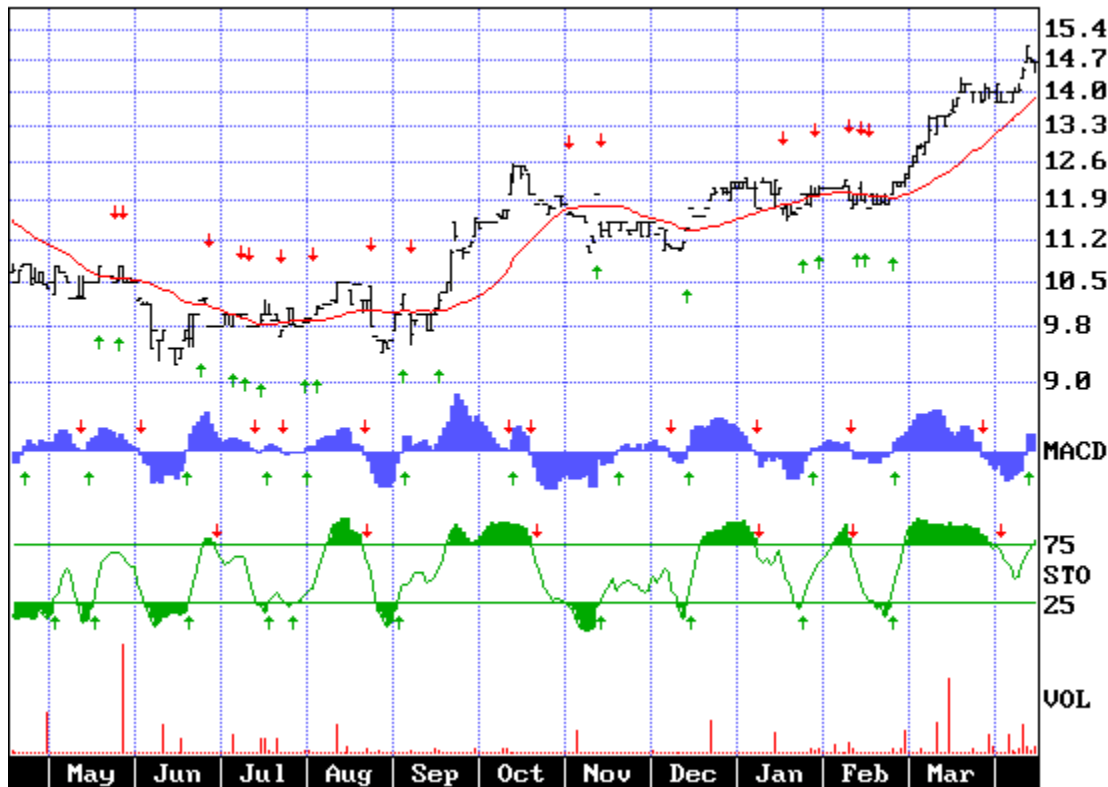
**Annual Earnings per Share**

To Jan. 31st	2003	2004	% Change	2005	% Change
<b>EPS</b>	-\$0.29	-\$0.95	n/a	\$0.01	Turnaround
<b>Revenues (000s)</b>	\$295,252	\$326,850	+4.18%	\$349,286	+6.33%

*(continued on page 9)*



La Senza (from page 8)



**Chart Analysis:** La Senza has been climbing since September albeit with a short respite from mid-October to the end of January. Since late February it has been on a tear. Strong volume gave it a kick in mid-March but even the languishing market of the last 30 days couldn't keep it from forging ahead. It hit new highs in the last week even as the broad markets crumbled.

You could buy now or wait to see how the markets play out over the next week or two. It could flatten out as the moving average catches up or it could dip to the moving average. Either way, it will likely bounce to the upside after it does.

Stats as of 04/15/05	Phase 2 Analysis
<ul style="list-style-type: none"> <li>▪ Hi/Lo Ratio: 1.62</li> <li>▪ RS: 88.81</li> <li>▪ Shares: 8,465,566</li> <li>▪ P/E: 25.70</li> <li>▪ Price: \$14.65</li> </ul>	<ul style="list-style-type: none"> <li>▪ Price Pattern: A</li> <li>▪ Volatility: A-</li> <li>▪ Estimates: A+</li> <li>▪ Snapshot: C</li> <li>▪ News: A</li> </ul>

**Phase 2:** We give LSZ an A for price pattern and an A- for volatility as it is growing nicely but since it is a bit thinly traded with a small float, it may be subject to the odd erratic swing. Estimates are strong with a strong buy rating so we give it an A+. Snapshot is weak with losses in 2003 and 2004 but a turnaround in fiscal 2005. As a result, return on equity is also weak but bound to increase substantially as profits flow. We give it a C for now. News is solid with the company divesting itself of losing divisions, refocusing and signing new deals in Australia and Turkey. We give it 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 March 2005)

### 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.

After a huge jump in the number of qualifying funds in February, March provided a reality check as the number of Super Power Performers dropped to 8 from 16. That's still double the January number.

The number of Power Performers dropped to 13 from 19 and the number of Performers dropped to 29 from 38. That's a grand total of 50, down from 73 in February.

The numbers, of course, represent a significant weakening in the market as we discuss elsewhere in this issue.

The high flying Sprott Canadian Equity Fund has faltered and dropped from Super Power Performer to

Power Performer. It's dropped 10.5% in the last 30 days. In fact, all of the Sprott funds have dropped over 10% in the last month. All are heavily invested in the resource sector which has taken a beating of late.

Continuing our monthly profiles, we take a look at the Norrep Fund.

### Fund Profile: Norrep Fund

**“Small capitalization companies are under-exposed, relative to large capitalization companies, thereby creating opportunities from timely diligence to produce.”**

**- Norrep Funds website**

A Canadian Small Cap fund, the Norrep Fund has been around since June 1997. It also has strong holdings in the resource sector, but is more diversified than the Sprott Fund. The top ten holdings are Home Capital Group which accounts for 7.00% of the fund, Prairie Schooner Petroleum, Major Drilling Group, Lionore Mining, Strongco, Geac Computer, Petrobank Energy, Kick Energy,

*(continued on page 9)*

### Super Power Performers

Fund name	1 yr	3 yr	5 yr
Resolute Growth	77.78	40.57	36.13
Norrep Fund	42.77	27.11	34.55
Dominion Equity Resource	33.89	26.63	34.32
Front Street Special Opportunities Canadian	35.11	48.22	32.07
Mackenzie Universal Canadian Resources (US\$)	32.62	35.96	31.29
Front Street Small Cap Canadian	31.69	33.26	26.95
Northwest Specialty Equity	25.51	28.60	25.43
CIBC Energy	55.28	33.36	25.11
Power Performers			
Sprott Canadian Equity	23.21	22.07	32.23
Mackenzie Univ Canadian Resource	22.41	24.02	26.55
London Life Canadian Resource (MF)	21.32	22.71	25.65
Sentry Canadian Energy Growth	36.22	21.29	25.31
CI Global Energy (US\$)	67.76	32.25	24.76
RBC Energy	49.72	23.63	24.37
TD Energy	40.11	22.23	23.49
Mawer New Canada	25.52	22.49	23.40
Sentry Canadian Resource	31.35	24.49	23.29
AGF Canadian Resources	30.04	23.63	20.83
GWL Canadian Resources (A) DSC	28.73	22.57	20.65
GWL Canadian Resources (A) NL	28.45	22.30	20.38
CI Global Energy Sector	54.65	20.64	20.32

### Marco's Power Performers (from page 10)

Le Chateau, and Global Railway. That's five of its top ten stocks not in the resource and related sectors. Norrep also fell in the last 30 days, but only a miniscule 0.95%. However, April has done some damage as it is down 3.07% for the month to date.

The top holding, Home Capital Group, is of course, a long time favorite here at the Break Out Report and in our Model Portfolio. It's an alternative finance company. Strongco sells and rents industrial equipment. Geac Computer is an enterprise software company. Le Chateau is a leading women's fashions retailer. And Global Railway is a company focused on financing and consolidation in the railway supply business with operations primarily in the United States.

The Norrep Fund is managed by Calgary, Alberta based Hesperian Capital Management. The company manages two other mutual funds and three flow-through limited partnerships.

The philosophy guiding the Norrep Fund, according to the company's website, is to search for niche small cap stocks using a triple-pronged approach. "Firstly, historic measures are used to identify undervalued sectors and sub-sectors. A second approach is to identify macro-economic trends, such as the migration from analog to digital technologies, and then search for companies able to create value within these trends. Thirdly, identification of industry bottlenecks or technical problems will lead to companies that have the capacity to provide solutions and re-energize a particular industry or sector."

The company manages risk by limiting the portfolio to 30 stocks with no stock having more than 10% weighting.

Unfortunately, the Norrep Fund requires a minimum \$20,000 initial investment. Its sister fund, Norrep II, requires just \$10,000 minimum. It has many of the same holdings but a shorter track record.

The company offers two free publications, Randy's Oily Shorts and Koenig Insights, both focused on the oil and gas sector. Visit their website at [www.norrepfunds.com](http://www.norrepfunds.com) to sign up.

Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
CI Signature Canadian Resource	27.43	18.80	23.82	Clarica SF CI Signature Canadian Resource A	25.44	17.67	17.86
Trimark Canadian Resources	16.05	17.94	23.58	Sceptre Equity Growth	19.82	28.02	17.84
GGOF Monthly High Income Classic	19.24	19.76	23.54	Clarica SF CI Signature Canadian Resource	25.46	17.64	17.80
Bissett Income-F	15.20	19.00	23.34	Dynamic Global Resource	20.07	31.29	17.80
GGOF Monthly High Income Mutual	19.03	19.18	22.92	Vertex Fund - A	18.96	20.26	17.59
Renaissance Cdn. Inc. Trust	19.41	17.64	22.88	Desjardins Fin. Pool Bissett SmallCap	24.08	18.39	17.49
BMO Resource	15.86	16.30	20.45	Montrusco Bolton Cdn. Small Cap 'B'	28.61	22.82	16.97
CI Global Energy RSP	54.14	20.24	19.83	North Growth U.S. Equity (US\$)	15.10	19.90	16.81
TD Resource	19.36	17.90	19.74	Middlefield Enhanced Yield	17.91	18.02	16.11
Altamira Resource	32.42	27.80	19.45	Middlefield Growth	21.90	16.98	15.99
Acuty Pooled High Income	17.06	20.53	19.21	Bissett Small Cap-F	22.59	16.66	15.85
CI Signature High Income	17.33	15.97	18.43	Mackenzie Cundill Value 'C' (US\$)	15.34	18.60	15.80
ABC Fundamental Value	17.21	15.03	18.42	Acuty Pooled Conservative Asset Allocation	18.00	20.44	15.65
Bissett Microcap-F	29.09	21.09	18.34	Trans IMS Canadian Resources	35.07	16.04	15.40
IA Group Dividends	19.07	15.11	17.93	<b>Power Performers © Marco den Ouden</b>			

## Our Model Portfolio

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

**Current Position: \$123,074.05 (Up 146.15%) Up 0.58% YTD**

Talk about a wipeout! In our last report our Model Portfolio was up 10.33% for the year-to-date. We had made relatively few trades. But the latter half of March and the first half of April took the portfolio back down to just over a half percent gain for the year so far. Our complete trading activity is always available and updated weekly in the Members section of our website. March 29<sup>th</sup> saw us sell off Alimentation Couche-Tard and the 30<sup>th</sup> had us out of Sherritt International as stops were hit. They were replaced by Chartwell Technologies and Mad Catz Interactive. Chartwell has done okay but Mad Catz plunged last week and is out again. Also gone is BlackRock Ventures. New buys on Monday are Great Canadian Gaming and old favorite Canada Bread. Cash is \$314.80.

<b>Canada Bread (CBY – TSX)</b>		<b>CCS Income Fund (CCR.UN – TSX)</b>	
<b># of Shares:</b> 190	<b>Bought:</b> Apr. 18/05	<b># of Shares:</b> 480	<b>Bought:</b> May 19/03
<b>Price Then:</b> \$58.25	<b>Price Now:</b> \$58.25	<b>Price Then:</b> \$10.15	<b>Price Now:</b> \$26.75
<b>Gain:</b> +0.00%	<b>Stop:</b> \$52.43	<b>Gain:</b> +163.68%	<b>Stop:</b> \$22.96
<b>Notes:</b> Canada Bread is one of Canada's leading bakeries with premium brands like Dempster's.		<b>Notes:</b> Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.	
<b>Chartwell Technologies (CWH – TSX)</b>		<b>GSW Inc. (GSW.B – TSX)</b>	
<b># of Shares:</b> 110	<b>Bought:</b> May 19/03	<b># of Shares:</b> 275	<b>Bought:</b> May 17/04
<b>Price Then:</b> \$8.90	<b>Price Now:</b> \$9.25	<b>Price Then:</b> \$34.73	<b>Price Now:</b> \$45.00
<b>Gain:</b> +3.93%	<b>Stop:</b> \$7.89	<b>Gain:</b> +29.57%	<b>Stop:</b> \$41.93
<b>Notes:</b> Chartwell Technologies is a leading developer of gambling software for the Internet. It has done well since first profiled in Dec. 2004.		<b>Notes:</b> GSW Inc. is a leading manufacturer of water heaters for the commercial and residential markets.	
<b>Great Canadian Gaming (GCD – TSX)</b>		<b>Home Capital Group (HCG – TSX)</b>	
<b># of Shares:</b> 200	<b>Bought:</b> Apr. 18/05	<b># of Shares:</b> 450	<b>Bought:</b> Aug. 9/04
<b>Price Then:</b> \$52.20	<b>Price Now:</b> \$52.20	<b>Price Then:</b> \$21.49	<b>Price Now:</b> \$32.50
<b>Gain:</b> +0.00%	<b>Stop:</b> \$46.98	<b>Gain:</b> +51.23%	<b>Stop:</b> \$31.00
<b>Notes:</b> Great Canadian Gaming owns and operates casinos in British Columbia and Washington state.		<b>Notes:</b> Home Capital Group is a fast growing alternative mortgage provider. One of our best picks ever.	
<b>Kingsway Financial (KFS – TSX)</b>		<b>Peyto Energy Trust (PEY.UN – TSX)</b>	
<b># of Shares:</b> 625	<b>Bought:</b> May 24/04	<b># of Shares:</b> 300	<b>Bought:</b> Mar. 29/04
<b>Price Then:</b> \$15.00	<b>Price Now:</b> \$19.09	<b>Price Then:</b> \$30.30	<b>Price Now:</b> \$47.55
<b>Gain:</b> +27.27%	<b>Stop:</b> \$17.67	<b>Gain:</b> +56.93%	<b>Stop:</b> \$45.30
<b>Notes:</b> Kingsway Financial is a leading supplier of alternative insurance services. After a slump in early 2004, the stock is on the move again.		<b>Notes:</b> Peyto Energy Trust has gained over 1000% in the last three years. It was my pick in the Globe's One and Only Contest for 2004.	
<b>RONA Inc. (RON – TSX)</b>		<b>Zargon Energy Trust (ZAR.UN – TSX)</b>	
<b># of Shares:</b> 560	<b>Bought:</b> Sept. 27/04	<b># of Shares:</b> 515	<b>Bought on:</b> Apr 19/04
<b>Price Then:</b> \$16.05	<b>Price Now:</b> \$23.90	<b>Price Then:</b> \$17.70	<b>Price Now:</b> \$23.10
<b>Gain:</b> +48.91%	<b>Stop:</b> \$21.67	<b>Gain:</b> +30.51%	<b>Stop:</b> \$22.87
<b>Notes:</b> RONA is Canada's largest home improvement company – yes – even larger than Home Depot. Recently split 2-1.		<b>Notes:</b> Zargon Energy Trust is an aggressive junior exploration company based in Alberta and converted to an energy trust in Aug. 2004.	