

# the Break Out Report

Volume # 3, Issue # 20

August 21, 2005

## Investment Strategies

### Intelligent Speculation

Up to now I have been focusing exclusively on stocks listed on the TSX. It has a wide variety of stocks to choose from ranging from large caps to small caps. I had avoided the Venture Exchange because it was almost entirely small caps and many, if not most stocks listed there are speculative and unprofitable. And these small stocks are often open to manipulation.

But over the last year I have noticed an interesting phenomenon. Every month I publish my Top 500 Stocks on the TSX Report (featured in the Members Only section of our website) and every once in a while, a new stock would suddenly appear near the top of the list that had not appeared at all previously. Where did it come from? Well, it came from the Venture Exchange and had recently moved to the TSX. Let's look at the Top Ten one year performing stocks on the TSX as noted in the July Top 500 Report. They and their one year returns to the end of July are noted in the table below:

Company	Symbol	July 31/05	1 Year
Rentcash Inc.	RCS	\$23.50	1212.80%
Cline Mining Corp	CMK	\$1.10	947.60%
Eveready Income Fund	EIS.UN	\$5.55	560.70%
Virginia Gold Mines	VIA	\$7.65	559.50%
Questerre Energy	QEC	\$0.50	488.20%
UTS Energy	UTS	\$3.52	402.90%
McCoy	MCB	\$8.05	387.90%
West Energy Ltd.	WTL	\$6.19	383.60%
ID Biomedical	IDB.WT.U (US\$)	\$4.75	375.00%
Western Lakota Energy Services	WLE	\$11.10	372.30%

Even more interesting is when these stocks were listed on the TSX. The top stock there, Rentcash, moved to the TSX from the Venture Exchange in mid-March, already ahead over 970% for one year at a price of \$15. Our pick from our July issue, Western Lakota, moved to the larger exchange on May 19<sup>th</sup> after substantial gains on the Venture. Others moving to the TSX during the year were Cline Mining (July 27), and Eveready Income Fund (May 2). West Energy moved up on Oct. 2, 2004, already ahead by 273.5% over the previous year. In other words, half of the ten top performing stocks on the TSX at the end of July had only joined the TSX within the last year. Maybe  
*(continued on page 2)*

In This Issue: The Venture Portfolio (See Page 3)

### Intelligent Speculation (from page 2)

I should see if I could find these stocks before they moved to the TSX I thought.

Last weekend I decided to check the New Highs on the Venture Exchange to see if any qualified by my criteria as picks for this newsletter. I found several. Moreover, looking at the Top Stocks on the Venture, the returns are significantly higher than the TSX. Where the top 50 on the TSX right now have one year returns ranging from 185% to 1040%, the top 50 on the Venture have returns ranging from 466% to 3800%. While Venture stocks may be riskier and more speculative, the potential for huge profits seems to be greater as well.

On Monday when I was browsing through the excellent HoweStreet.com website, I found a review by Monica Day of *The Daily Reckoning* of an investment symposium sponsored by Agora Publishing. She waxed ecstatic about the stock picking prowess of Carl Waynberg, editor of *The GRIP*. One thing immediately appealed to me about Waynberg besides the quoted returns on various stock picks ranging from 450% to over 2500%. She said he recommended that the investor “stop watching stock prices on (his) computer screen and break out in a sweat when they wiggle around. To get outside and live a little. The more hands off you are as an investor, the better off you’ll be.”

As you know, over the last year I have become increasingly attracted to a buy and hold as opposed to an active trading philosophy. I explained in June’s feature, Home Made Butter, how investors often over-trade their portfolios to their detriment. In January and again in June I revisited my stop loss policy, loosening up the stops to prevent over-trading.

Anyway, I visited the promotional website for *The GRIP* and discovered even more to my liking. Waynberg looks specifically for “jumpers” as he calls them. Stocks about to transition from a small exchange to a large exchange. The picks he mentioned varied by industry and included an aerospace/defense company, a textbook publisher, a gold mining stock, a health services stock, a banking stock and a tire company. Clearly he was not partial to any particular sector.

And as I noted, Waynberg believes in buy and hold – buy potential jumpers and hold them for a year or three or longer. And then there’s his selection criteria. Waynberg looks for four things – four fingers of the Grip as he puts it. They are:

- Growth in Revenue
- Relative Price Strength
- Insider Buying
- Price-to-Sales Ratio

The promotional blurb goes on to list *The GRIP*’s track record for 2003. Of 45 stocks picked, eleven had returns over 100%. Nine lost money. And the rest were somewhere in between. The average return was 76.68% for just one year.

The first two of Waynberg’s criteria are already part of my strategy at the Break Out Report. Why not apply my criteria to the Venture Exchange, I thought, and see if I can find some jumpers. On the next page you’ll find my first foray into this wild and wooly world.

Maybe one of those potential jumpers will be the next Microsoft!!!

## The Break Out Report

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## The Venture Portfolio

I'm pleased to announce the Venture Portfolio, a buy and hold portfolio of stocks listed on the TSX Venture Exchange. We are looking for stocks that have the potential to make the transition to the major indexes. I will feature two stocks each mid-month issue and buy as close to \$1000 of each as we can. Unlike our other portfolios, we are not starting with an initial cash position. Rather we will add to our position each month with stocks we intend to hold at least a year. Summary on next page.

### TSX Venture Pick

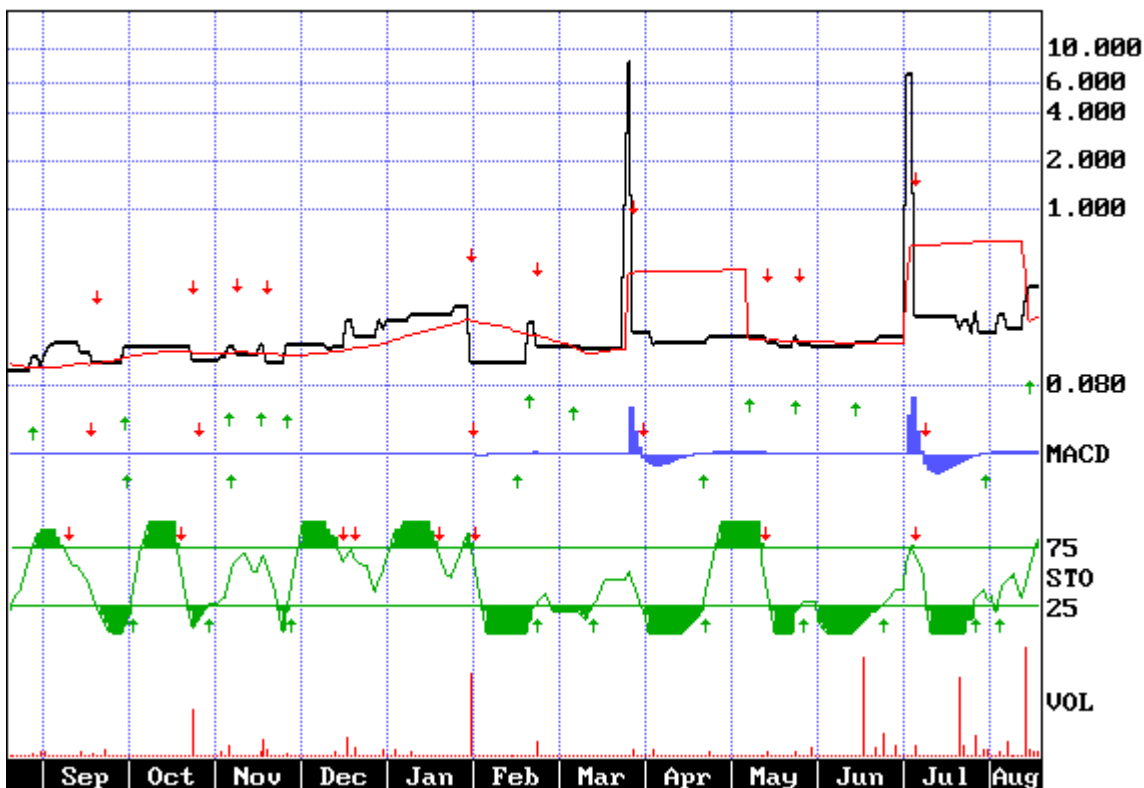
## Asian Television Network (SAT-V) \$0.33

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

Toronto based Asian Television Network holds the licenses for and operates six specialty television digital channels catering to the Asian community in Canada. The company is also a major distributor of World Class Cricket in Canada.

On August 8<sup>th</sup>, ATN announced it had received regulatory approval to add Sony Entertainment Television Asia to its stable of fare for distribution by digital satellite. Sony Entertainment Television is already viewed by over 40 million households in Asia. The addition of this powerhouse to ATN's roster will help foster growth in the years ahead. *Relative Strength is 94.49*

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	\$3,045	\$4,037	+32.58%	\$4,813	+19.22%	Q Rev.	\$592	\$1,109	+87.33%
EPS	-\$0.01	\$0.01	turnaround	\$0.02	+100.00%	Q EPS	\$0.00	\$0.02	+357.89%



This chart admittedly looks a bit wonky. This is because it recorded two huge spikes in March and July that did not happen. If I can get the folks at Investools to fix it, I'll replace this chart in archives. The true picture shows the stock rising from \$0.10 to around \$0.25 in January, then falling back hard and rising steadily from there to today's price of \$0.33.

**TSX Venture Pick****Twoco Petroleum (TWO-V) - \$5.35**

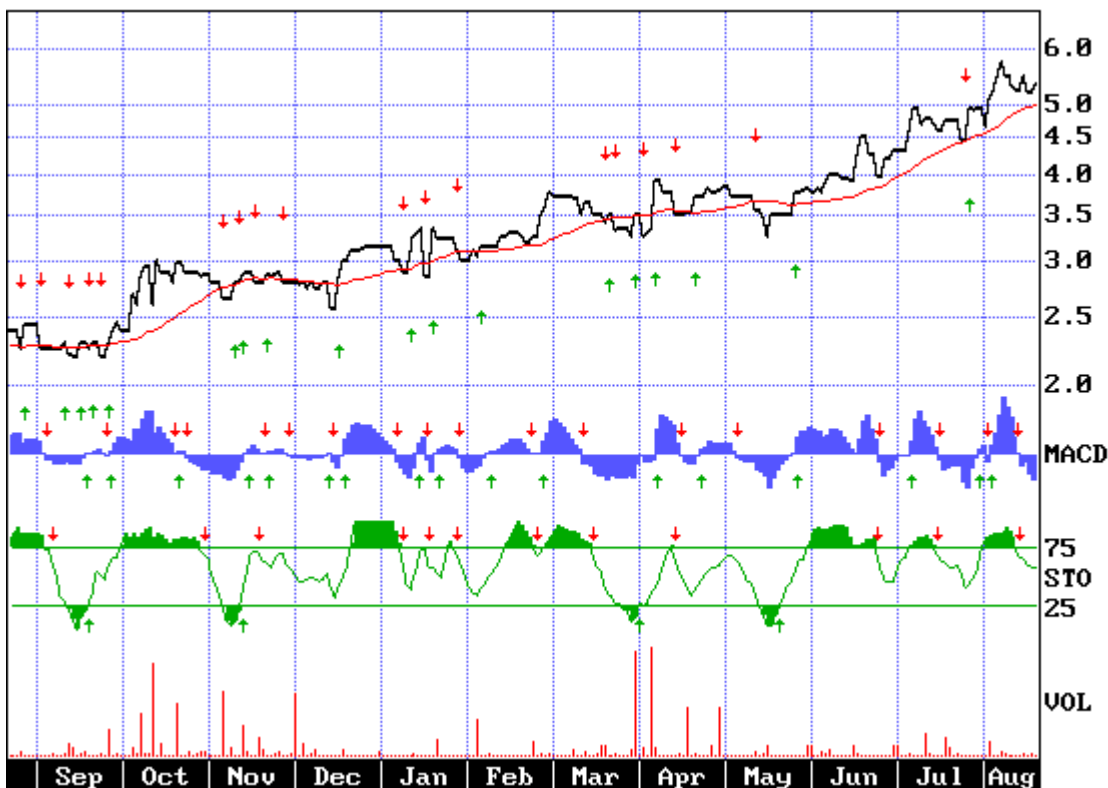
website: none

Twoco Petroleum is an Alberta-based junior oil and gas exploration and production company.

The first quarter of 2005 saw Twoco participate in the drilling of seven wells. By April, one was producing, four were completed and waiting for tie-in and two still needed completion.

As you can see from the data below, the company has grown from revenues of a mere \$6000 in 2002 to almost \$6 million in 2004. The company also became profitable in 2004. High oil prices have helped but primary growth is by the bit. *RS is 90.19*

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	\$6	\$703	+11,616.67%	\$5,919	+741.96%	Q Rev.	\$997	\$1,839	+84.45%
EPS	-\$0.04	-\$0.09	n/a	\$0.08	turnaround	Q EPS	\$0.02	\$0.03	+50.00%



As you can see from the chart, Twoco has been growing like gangbusters. And no wonder when you look at the revenue and earnings growth. This is a perfect candidate for a move up to the TSX within a year. Although there is some downside risk if oil prices drop, most of its growth is by the bit.

**The Venture Portfolio**

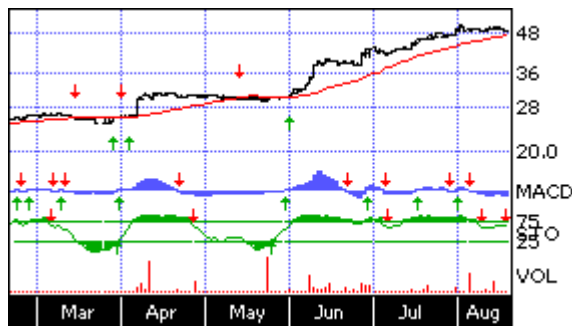
Stock	Symbol	Date	Price	Shares	Total	Fees
Asian Television	SAT	Aug. 22/05	\$0.33	3000	\$990.00	\$27.00
Twoco Petroleum	TWO	Aug. 22/05	\$5.35	185	\$989.75	\$27.00

**Invested: \$2033.75    Value: \$1979.75    Gain/Loss: -2.66%**

**Watched List Update**

**Strong Suits!!!**

The stocks below have very strong charts and should continue to climb. Each has dropped a bit recently but just to the 30 day moving average. They should bounce off to the upside in the weeks ahead.

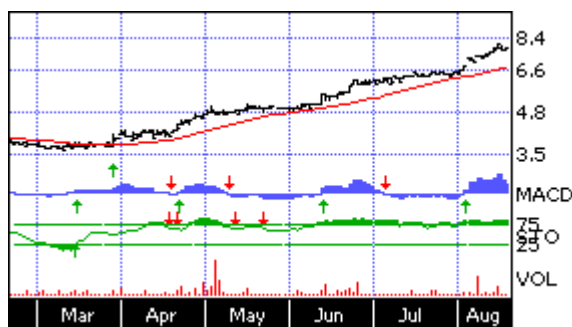
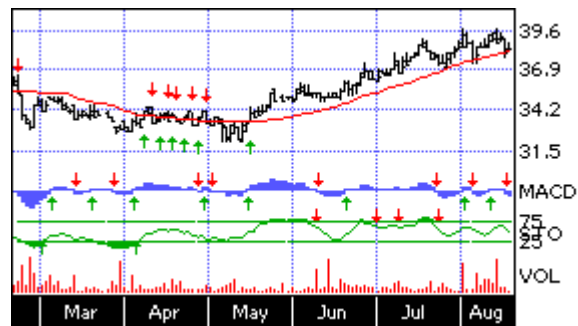


<b>Le Chateau (CTU.SV.A)</b>	<b>Profiled: 06/19/05</b>
<b>Price then: \$39.06</b>	<b>Now: \$49.00</b>

⇐ Clothing manufacturer and retailer Le Chateau is up 25.45% since we profiled it in June. As you can see from the chart, it tends to bounce off the 30 day moving average, to the upside and we expect it will do the same this time around, though it may meander sideways for a while. The most recent quarterly report saw EPS up 88.1%.

<b>Finning Int. (FTT)</b>	<b>Profiled: 05/11/01</b>
<b>Price then: \$16.40</b>	<b>Price Now: \$38.29</b>

Heavy equipment sales and leasing has the profits rolling in for Finning. It's up 133.5% since profiled four years ago. It's been in a solid up trend since May and has consistently bounced of the moving average to the upside. Earnings per share increased 47.5% in the most recent quarter to June 30, 2005.

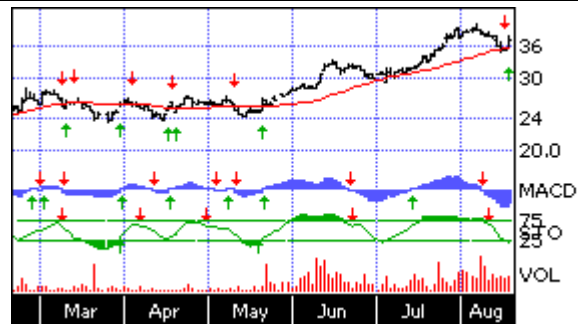


<b>Steeplejack Grp. (SID)</b>	<b>Profiled: 01/18/04</b>
<b>Price then: \$2.95</b>	<b>Price Now: \$7.80</b>

⇐ We profiled this Alberta based supplier of scaffolding for industry in January 2004 and it's up 164.4%. Another example of why more and more I'm turning to a buy and hold philosophy as this one was up and down a bit but really took off starting in March. Interestingly, this stock has made solid gains despite a recent quarterly loss.

<b>Trican Well Svc. (TCW)</b>	<b>Profiled: 04/18/04</b>
<b>Price then: \$12.16</b>	<b>Price Now: \$37.25</b>

This has been a favorite since I featured it in my book, the 50 Best Science & Technology Stocks for Canadians. Since profiling it in the newsletter last April, it's up a whopping 206.3%. The most recent quarter saw earnings per share rise 250.0%. Watch for a bounce off the MA.



**Service Sector Pick****Garda World Security (GW - TSX)**(website: [www.garda.ca](http://www.garda.ca))

Ever since the tragic events of 9/11, the demand for security services has grown tremendously.

With 8500 employees and offices across the country, Montreal based Garda World Security is Canada's leading provider of total security solutions for business. This includes armoured car services, cash and coin processing, ABM replenishment, supplying locks and safes, physical security including security officers, airport security screening services, security consulting and tactical services as well as electronic security and investigative services.

In March 2005, Garda World Security acquired Keyfacts, an information services company founded in 1922 and a leader in information retrieval for the insurance industry. This includes attending physician statements, inspection reports, and motor vehicle reports. The company also offers investigative services including surveillance, physician interviews, contestable death reports, hospital record checks, tracer services, and so on. They also do financial background checks to help insurance companies decide whether to pursue default judgments. And Keyfacts also does background checks on prospective employees in sensitive areas.

In May 2005, Garda acquired Alberta-based Signature Group which provides screening services to 18 airports in Alberta and British Columbia.

In July Garda World was awarded major security contracts for the Edmonton and Fort McMurray Airports. Garda is, in fact, the largest supplier of security services to the Canadian Air Transport Security Authority with 2000 officers working at 24 airports across Canada.

Fiscal 2005 (to January 31<sup>st</sup>) saw revenues almost double with profits soaring. The first quarter of fiscal 2006 continued this strong growth with revenues up 44.17% year over year and earnings per share tripling.

As world tensions increase, demand for security services, especially at airports and other sensitive locations, will remain strong. Continued growth for Garda seems likely.

**Quarterly Earnings per Share**

To April 30th	2004	2005	% Change
<b>EPS</b>	\$0.04	\$0.12	+200.00%
<b>Revenues (000s)</b>	\$35,969	\$51,857	+44.17%

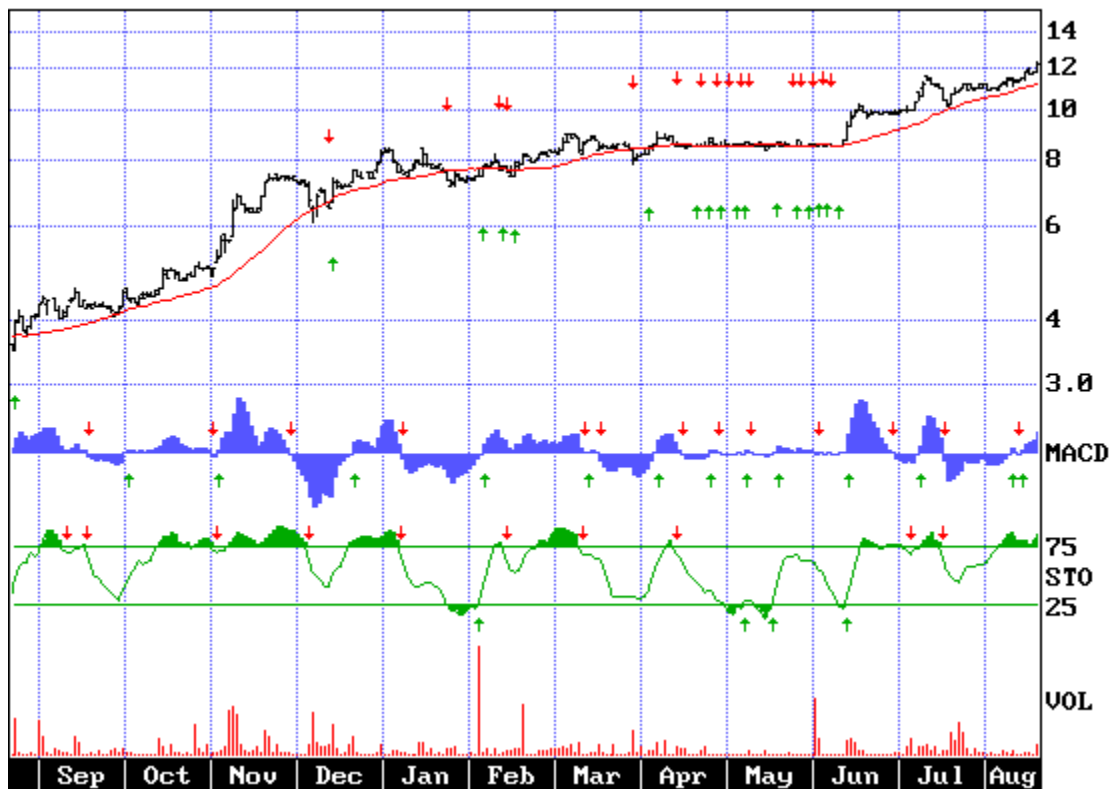
**Annual Earnings per Share**

To Jan.31st	2003	2004	% Change	2005	% Change
<b>EPS</b>	\$0.04	-\$0.03	loss	\$0.30	turnaround
<b>Revenues (000s)</b>	\$85,106	\$95,313	+11.99%	\$183,248	+92.26%

*(continued on page 7)*



**Garda World Security** (from page 6)



**Chart Analysis:** Garda World dropped below fifty cents a share in March 2003 and has soared since, topping eleven dollars for a 2100% gain. Ah, wouldn't it have been nice to have picked this baby up in 2003! But everything's easy in hindsight. Let's look forward. Garda has more than tripled in the last year and traveled in a sideways pattern for most of 2005. In mid-June it spiked up when it released its solid first quarter earnings report. That was followed by two weeks of consolidation, an up move followed by a test of the 30 day moving average and since the beginning of August, a continuation of its growth trend. We expect it could advance strongly to the end of the year and beyond.

Stats as of 08/19/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 3.47	▪ Price Pattern: A
▪ RS: 98.94	▪ Volatility: A
▪ Shares: 25,318,556	▪ Estimates: A-
▪ P/E: 31.97	▪ Snapshot: A-
▪ Price: \$12.15	▪ News: A+

**Phase 2:** We give Garda an A for price pattern and an A for volatility as growth seems solid with little downside. Estimates are up with a 2.0 or Buy rating so we give it an A-. The snapshot is excellent although we don't like the loss in 2004. Return on equity for fiscal 2005 is an astounding 73.74 so we give it an A-. News is very strong with two new acquisitions this year and a solid annual and quarterly report. 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.

**Services Sector Pick****Pareto Corp. (PTO –TSX)****(website: [www.pareto.ca](http://www.pareto.ca))**

They call themselves Canada's Marketing Execution Company. You've probably never heard of them. They're not really an advertising agency, but rather they coordinate marketing activities. That includes in-store displays and signage, event management for both customers and staff, incentive solutions including the development of customer loyalty programs and gift programs, and managed solutions.

An example of the latter was the creation and management of a vehicle preview for a major auto retailer. Pareto selected and booked venues, managed invitations, scripted and produced multi-media presentations, designed product displays, produced information kits and provided entertainment and food services.

Pareto sells itself as a complementary adjunct to a company's own marketing and sales departments. It allows companies to use Pareto's expertise and outsource significant portions of their marketing activities. Clients are mostly Canadian companies in the financial services, automotive, retail, communications, pharmaceutical, services and technology sectors. Its largest client is Shoppers Drug Mart which renewed its contract for three years in late July.

The company has grown both organically and by acquisition. In 2004 it acquired Barry Rayner and Associates along with their major client, Ford. Excluding revenues generated by Rayner, revenues grew organically by 61% for the second quarter of 2005 and 31% for the first half. Earnings per share in the most recent quarter doubled while earnings for the first half are up 50%.

Outsourcing has become a common practice in business and Pareto has moved nicely to fill a niche for outsourced marketing services. This trend is likely to continue.

The stock was traded on the Venture Exchange until moving to the TSX in June 2004. Since then, and particularly in the last few months, institutional investors have become interested pushing the stock up significantly. Nevertheless, it continues to trade at the relatively low P/E of 16.14 based on last years earnings per share.

**Quarterly Earnings per Share**

To Mar. 31st	2004	2005	% Change
<b>EPS</b>	\$0.01	\$0.02	+100.00%
<b>Revenues (000s)</b>	\$7,389	\$15,279	+106.78%

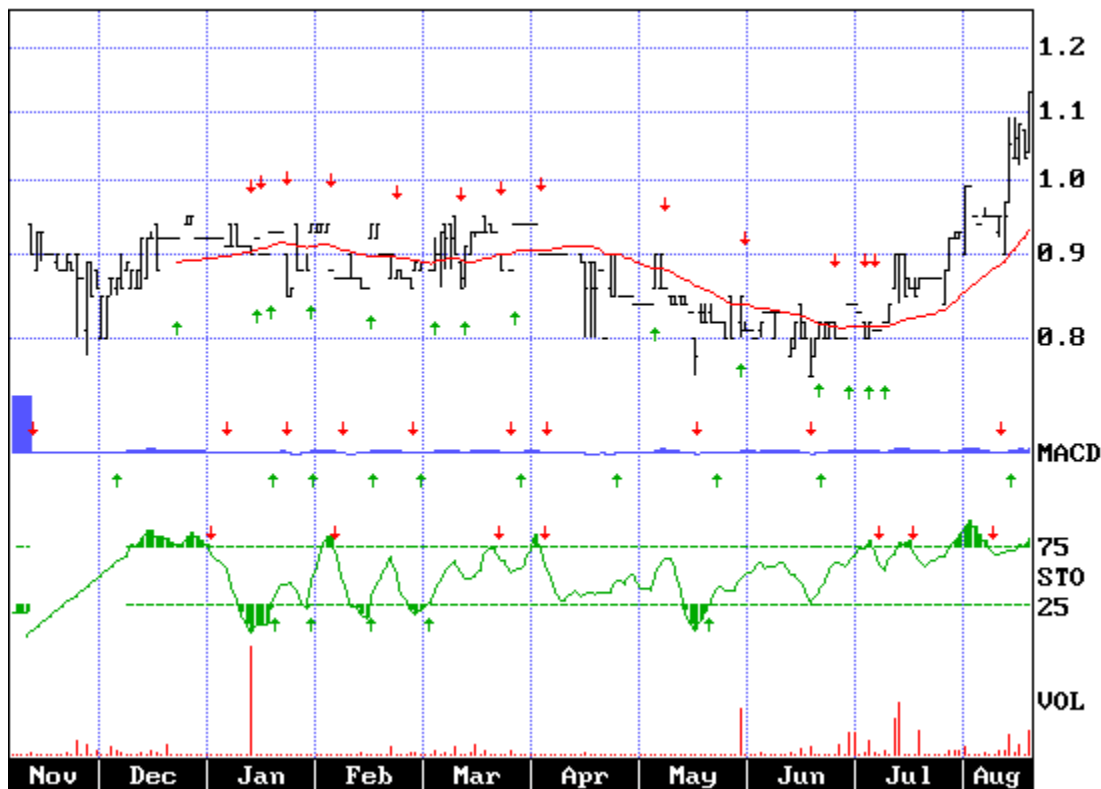
**Annual Earnings per Share**

To Dec. 31st	2002	2003	% Change	2004	% Change
<b>EPS</b>	-\$0.02	\$0.01	turnaround	\$0.07	+600.00%
<b>Revenues (000s)</b>	\$10,762	\$19,129	+77.75%	\$38,745	+102.55%

*(Continued on page 9)*



**Pareto Corporation** (from page 8)



**Chart Analysis:** A long term chart shows that Pareto traded below ten cents a share as recently as late 2003. It climbed strongly to around \$0.45 when it moved to the TSX in June 2004. It positively soared to a peak of \$1.00 by August that year before drifting down to the \$0.80 level in May. From May through mid-August it formed a cup and handle formation from which it has just broken out. Strong volume saw significant jumps in price July 13<sup>th</sup> and 14<sup>th</sup> and again on August 15<sup>th</sup> and August 19<sup>th</sup> indicating a growing institutional interest. It gained ten cents or 9.71% on Friday alone. We expect the stock to rise significantly as it becomes better known.

Stats as of 08/19/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.43	▪ Price Pattern: B+
▪ RS: 69.31	▪ Volatility: B+
▪ Shares: 36,559,626	▪ Estimates: n/a
▪ P/E: 16.14	▪ Snapshot: A
▪ Price: \$1.13	▪ News: A+

**Phase 2:** We give Pareto a B+ for price pattern and for volatility as it is only just now starting to break away from the pack. No one seems to follow this stock so we don't rate it for estimates. Snapshot is solid with strong growth in revenues and earnings. We give it an A. And news is also strong with an acquisition in 2004, a renewal of its contract with its largest customer, Shoppers Drug, and strong quarterly and annual reports. 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 July 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.

July saw a huge surge in the number of funds qualifying to make our tables. The number of Super Power Performers, and these are the funds rivaling Warren Buffett's performance with better than 25% a year compounded annually for the one, three and five year periods, grew to 16 from six. The number of Power Performers climbed to 26 from 15. And the number of Performers jumped to 53 from 43. That gives us a grand total of 95, up from 54 in June.

### Super Power Performers

Fund Name	1 yr	3 yr	5 yr
Resolute Growth	122.62	48.19	40.0
Dominion Equity Resource	54.76	36.67	32.7
Mackenzie Universal Canadian Resources (US\$)	37.82	41.65	30.9
Norrep Fund	56.28	36.43	30.1
Front Street Special Opportunities Canadian	55.45	51.40	29.8
CI Global Energy Corporate Class (US\$)	82.64	46.72	28.1
Northwest Specialty Equity	29.31	31.26	27.7
RBC Energy	65.54	34.77	27.0
Front Street Small Cap Canadian	46.87	41.07	26.9
Sentry Canadian Energy Growth	54.02	31.56	26.3
CIBC Energy	63.34	44.58	26.2
Mackenzie Universal Canadian Resource	27.11	30.04	25.9
London Life Canadian Resource (MF)	26.07	28.85	25.6
Adaly Opportunity-A	35.60	29.26	25.6
TD Energy	58.32	34.59	25.3
Dynamic FocusPlus Resource	26.34	26.01	25.1

### Power Performers

Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Sprott Canadian Equity	28.95	24.85	30.09	AGF Canadian Resources	42.97	31.86	22.07
Trimark Canadian Resources	25.27	24.67	25.39	Mackenzie Cundill Recovery 'C'(US\$)	28.88	30.92	22.03
Sentry Canadian Resource	48.04	33.73	24.50	GWL Cdn. Resources (A) DSC	41.23	30.58	22.02
Mawer New Canada	27.71	23.87	24.12	Bissett Income-F	31.69	22.56	21.84
Friedberg Diversified (US\$)	355.70	33.77	23.60	GWL Cdn. Resources (A) NL	40.93	30.30	21.75
CI Signature Cdn. Resource	40.04	26.92	23.32	Renaissance Cdn. Inc. Trust	39.51	22.37	21.72
CI Global Energy Corp. Class	68.22	34.68	23.26	AGF Global Res. Class (US\$)	38.90	36.84	21.58
Ethical Special Equity	26.99	23.77	23.14	TD Resource	38.61	25.76	21.01
Dynamic Global Resource	43.56	36.39	22.98	Bissett Microcap-F	40.42	23.27	20.99
GGOF Monthly High Inc. Classic	39.58	25.35	22.87	ABC American-Value	20.29	20.55	20.34
BMO Resource	30.62	23.33	22.85	Desjardins Financial Pool Bissett SmallCap	40.04	23.75	20.27
Clarington Canadian Small-Cap	26.97	22.50	22.69	Assante Canadian Equity Value Pool	28.43	20.60	20.23
GGOF Monthly High Inc. Mutual	39.34	24.74	22.19	Acuity Pooled High Income	29.20	23.47	20.01

*(continued on page 11)*

**Marco's Power Performers (from page 10)****Below are this month's Performers.**

<b>Performers</b>							
<b>Fund Name</b>	<b>1 yr</b>	<b>3 yr</b>	<b>5 yr</b>	<b>Fund Name</b>	<b>1 yr</b>	<b>3 yr</b>	<b>5 yr</b>
Altamira Resource	42.68	35.05	19.98	Hillery & Associates L.P.	19.61	15.21	16.79
Clarica SF CI Signature Canadian Resource A	38.52	25.59	19.61	Canada Life Gens Small Cap Equity (Bisset)	36.06	19.95	16.74
Clarica SF CI Signature Canadian Resource	38.53	25.58	19.55	CIBC Canadian Resource	47.59	26.23	16.65
Chou RRSP	17.31	15.76	19.09	Millennia III B Small Cap 3	36.34	20.11	16.56
Mavrix Dividend & Income	19.82	20.12	18.80	Millennia III B Small Cap 4	36.19	19.98	16.43
Bissett Small Cap-F	38.53	22.02	18.60	Saxon Small Cap Fund	15.35	17.96	16.33
Elliott & Page Monthly High Income	22.71	17.12	18.52	Acuity Pooled Conservative Asset Allocation	30.97	25.34	16.29
ABC Fundamental Value	23.67	17.71	18.51	Hillsdale Canadian Aggressive Hedged A	28.98	20.49	16.22
Maritime Life Canadian Growth-R	22.39	24.11	18.48	Concordia Special Growth	23.24	20.72	16.06
Montrusco Bolton Canadian Small Cap 'B'	37.18	25.82	18.12	KEYSTONE Saxon Smaller Companies	21.00	16.93	16.04
Talvest Millennium High Income	24.64	17.45	18.11	Canada Life Flex Enhanced Dividend (Lake)	20.53	15.84	15.99
Vertex Fund - A	31.76	29.03	17.98	Canada Life Gens Enhanced Dividend (Lake)	20.53	15.83	15.99
IA Group Dividends	28.24	20.92	17.89	AGF China Focus Class (US\$)	21.09	26.51	15.88
National Bank Natural Resources	33.40	21.53	17.72	CIBC Canadian Real Estate	28.76	16.76	15.87
Sceptre Equity Growth	32.23	30.83	17.67	CI Signature High Income GIF-A	23.29	17.11	15.67
North Growth U.S. Equity (US\$)	29.66	27.54	17.64	CI Signature High Income Segregated	23.17	16.95	15.58
R Small Cap Canadian Equity	24.89	20.88	17.62	CI Signature High Income Segregated II	23.11	16.93	15.50
Saxon High Income	20.14	16.94	17.50	Dynamic FocusPlus Real Estate	25.18	18.03	15.40
Elliott & Page Growth Opportunities	23.98	20.46	17.49	BluMont Hirsch Performance	19.19	20.27	15.39
Goodwood Fund-A	48.60	19.85	17.45	IA Eclfx Dividends	25.52	18.35	15.39
Mackenzie Cundill Recovery 'C'	18.86	20.19	17.40	Renaissance Canadian Small-Cap	29.38	15.90	15.38
Acuity High Income	26.80	20.93	17.26	Assumption/MB Canadian Small Cap	33.93	22.81	15.32
Hillsdale Canadian Performance Equity A	26.38	25.99	17.18	Mackenzie Growth	16.53	17.13	15.31
CI Signature High Income	25.21	18.92	17.17	ABC Fully-Managed	17.51	15.67	15.12
Middlefield Enhanced Yield	34.44	20.36	17.00	Investors Canadian Natural Resource-C	40.27	22.29	15.03
AGF Global Resources Class	28.25	25.62	16.97	Empire Small Cap Equity	20.92	20.19	15.02
Middlefield Growth	34.68	24.19	16.83	<b>Power Performers © Marco den Ouden</b>			

*Our Power Performers are researched using the online tools at [Globefund.com](http://Globefund.com)*

## Our Model Portfolio

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

**Current Position: \$148,833.20 (Up 197.67%) Up 21.63% YTD**

Our Model Portfolio managed to gain for the last month in spite of a setback over the last two weeks. We had actually peaked at over \$155,000 at one point but then a correction set in. Hopefully everything will get back on track again for the stretch to the end of the year.

We also traded off a couple of our stocks and bought a couple of new ones, including one trade that will take place Monday but which I've included here, that being Pareto Corp., one of our picks for this issue. It's a penny stock – just \$1.13 a share, but some of our biggest gainers have also come from such low prices. We'll watch with interest to see how it does.

<b>CCS Income Fund (CCR.UN – TSX)</b>		<b>GSW Inc. (GSW.B – TSX)</b>	
<b># of Shares:</b> 480	<b>Bought:</b> May 19/03	<b># of Shares:</b> 275	<b>Bought:</b> May 17/04
<b>Price Then:</b> \$10.15	<b>Price Now:</b> \$32.00	<b>Price Then:</b> \$34.73	<b>Price Now:</b> \$90.00
<b>Gain:</b> +215.43%	<b>Stop:</b> \$26.14	<b>Gain:</b> +159.14%	<b>Stop:</b> \$78.40
<b>Notes:</b> Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.		<b>Notes:</b> GSW Inc. is a leading manufacturer of water heaters for the commercial and residential markets.	
<b>Goldcorp Inc. (G – TSX)</b>		<b>Home Capital Group (HCG – TSX)</b>	
<b># of Shares:</b> 500	<b>Bought:</b> Aug. 15/22	<b># of Shares:</b> 450	<b>Bought:</b> Aug. 9/04
<b>Price Then:</b> \$21.67	<b>Price Now:</b> \$21.09	<b>Price Then:</b> \$21.49	<b>Price Now:</b> \$38.00
<b>Gain:</b> -2.68%	<b>Stop:</b> \$18.56	<b>Gain:</b> +76.83%	<b>Stop:</b> \$32.95
<b>Notes:</b> Goldcorp is one of Canada's leading gold mining companies and recently acquired Wheaton River Mining.		<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>Pareto Corp. (PTO – TSX)</b>	
<b># of Shares:</b> 625	<b>Bought:</b> May 24/04	<b># of Shares:</b> 10,000	<b>Bought:</b> Aug. 22/05
<b>Price Then:</b> \$15.00	<b>Price Now:</b> \$21.95	<b>Price Then:</b> \$1.13	<b>Price Now:</b> \$1.13
<b>Gain:</b> +46.33%	<b>Stop:</b> \$18.19	<b>Gain:</b> +0.00%	<b>Stop:</b> \$0.96
<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> Pareto Corporation is a marketing solutions specialist which companies that want to outsource their marketing can use.	
<b>Peyto Energy Trust (PEY.UN – TSX)</b>		<b>Reitmans (RET.NV.A – TSX)</b>	
<b># of Shares:</b> 300	<b>Bought:</b> Mar. 29/04	<b># of Shares:</b> 770	<b>Bought:</b> May 9/05
<b>Price Then:</b> \$15.15	<b>Price Now:</b> \$30.68	<b>Price Then:</b> \$15.05	<b>Price Now:</b> \$18.33
<b>Gain:</b> +102.51%	<b>Stop:</b> \$27.12	<b>Gain:</b> +21.79%	<b>Stop:</b> \$15.61
<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>Notes:</b> Reitmans is a leading Canadian women's fashions retailer. The stock has been a solid performer in the last year.	
<b>Richelieu Hardware (RCH – TSX)</b>		<b>RONA Inc. (RON – TSX)</b>	
<b># of Shares:</b> 410	<b>Bought:</b> May 2/05	<b># of Shares:</b> 560	<b>Bought:</b> Sept. 27/04
<b>Price Then:</b> \$24.92	<b>Price Now:</b> \$23.95	<b>Price Then:</b> \$16.05	<b>Price Now:</b> \$24.26
<b>Gain:</b> -3.89%	<b>Stop:</b> \$21.18	<b>Gain:</b> +51.15%	<b>Stop:</b> \$21.50
<b>Notes:</b> Richelieu Hardware has been a solid stock since first profiled. Too bad we didn't add it to the portfolio sooner!		<b>Notes:</b> RONA is Canada's largest home improvement company – yes – even larger than Home Depot.	