

# the Break Out Report

Volume # 3, Issue # 22

September 18, 2005

## Sectors

### Gold Hits 17 Year High

Gold has been in a bull market for almost five years now, albeit with its ups and downs along the way. It bottomed just above \$250 in 1999 and found support at that level again in early 2001. Since then it has taken off with a vengeance, almost doubling.

A huge psychological barrier was broken when gold moved above \$400 an ounce in 2003. The next big barrier was at \$450 which was reached briefly in December 2004. As you can see from the chart on the next page, the price of gold has met with considerable resistance as it was unable to hold in the \$440-\$450 range on four occasions since December.

But since the end of May the fluctuations in the gold price have been characterized by higher lows and higher highs and this week the price broke above the high set last December. In fact, it broke to levels not seen in 17 years.

Looking at the 20 year chart for gold, \$450 was minor resistance. The next significant barrier is \$500, a level reached in 1983 and again in 1987. After that, the next significant resistance is at \$540, followed by \$590, \$640 and \$690. (See sidebar on resistance at right.)

But it is not just a breach of the \$450 resistance that spells a continuation of the bull market in gold. Inflation fears are on the rise because of rising oil prices. Dupont, America's third largest chemical company and

*(continued on page 2)*

## Concepts

### Resistance

Everyone has an intuitive idea of what resistance means. It means an opposing force that hinders or prevents the accomplishment of some outcome. In war, resistance movements hinder the enemy in taking over a country. In electricity, resistance impedes the flow of electrons and is, in fact, called impedance.

In investing, resistance refers to a psychological barrier to further growth in a stock or other investment vehicle. On the downside, the counterpart is support.

Simply put, a stock that encounters resistance at a certain price level needs huge demand to overcome that resistance and push it to new highs.

What causes resistance? In stocks and other investments, it is previous history. A stock has its ups and downs. A stock that has suffered a setback that is more than a temporary correction will face resistance at its former high. Why? Because there are people, perhaps a great many of them, who bought into the stock on its way up, some of them at the former top. These people will have been cursing their bad luck at having bought high and hung on as the stock fell. When the stock starts recovering, these same people look for an opportunity to get out of what they now see as a bad investment. So when they reach their break even point, they bail out.

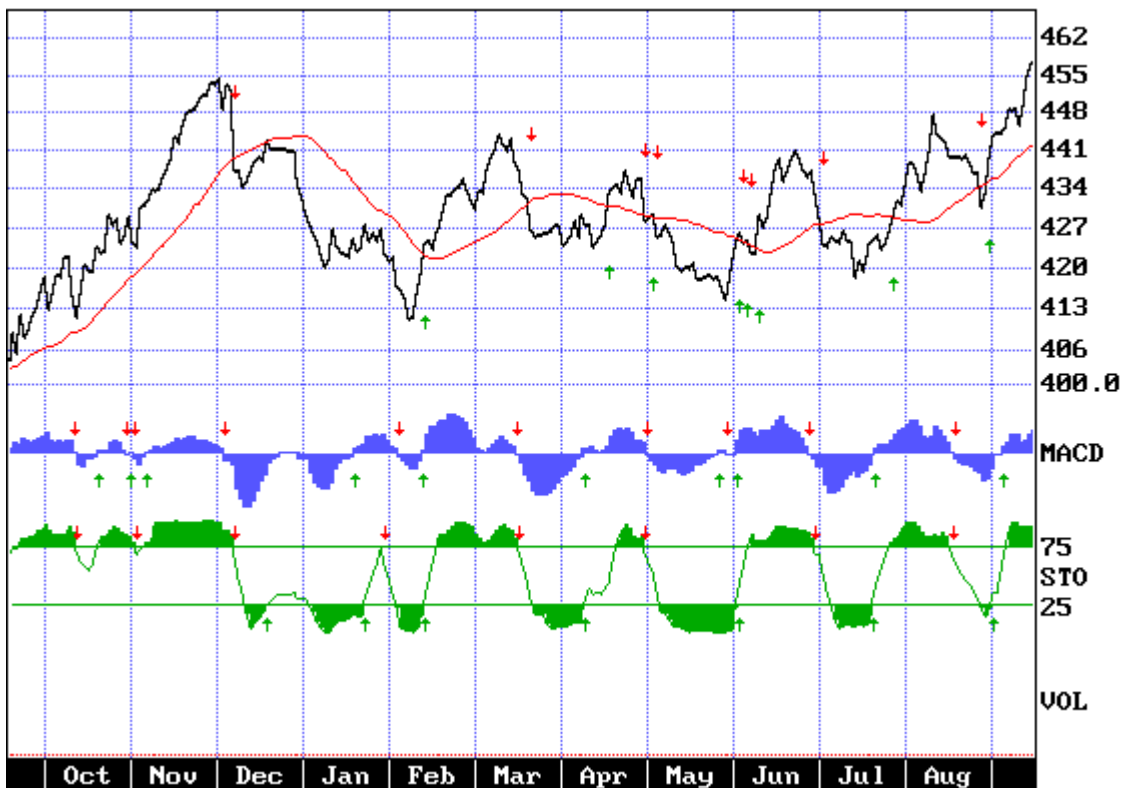
Once this selling pressure or resistance is broken, further upside is made easier.

In This Issue: Fit for a King! (See Page 8)

### Gold Hits 17 Year High (from page 2)

manufacturer of thousands of consumer products, said on Sept. 12<sup>th</sup> that it would raise prices on 35,000 products. The Philadelphia Federal Reserve Bank's manufacturers report showed the prices paid index for September surging to its highest level since January. Argentina's central bank said on Sept. 14<sup>th</sup> it may increase its gold reserves as a hedge against inflation. And according to the U.S. Commodity Futures Trading Commission, hedge fund managers and other large speculators increased their net-long position in New York gold futures for the week ended Sept. 13<sup>th</sup>.

On top of that, it is now expected that the United States will report the largest deficit in its history as a result of the double whammy of the Iraqi misadventure and the devastation wrought by Hurricane Katrina. This will add to inflationary pressures.



Since August 29<sup>th</sup> when Katrina slammed New Orleans, gold has outperformed the world's eight major currencies. We're still a long way from the late seventies when people lined up around the block at gold dealers like the Scotia Bank to buy gold bars and coins because of inflation fears. But the rising deficits and inflationary practices of the US government could well push us to that point again in the not too distant future as confidence in the dollar continues to erode.

## The Break Out Report

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**TSX Venture Pick**

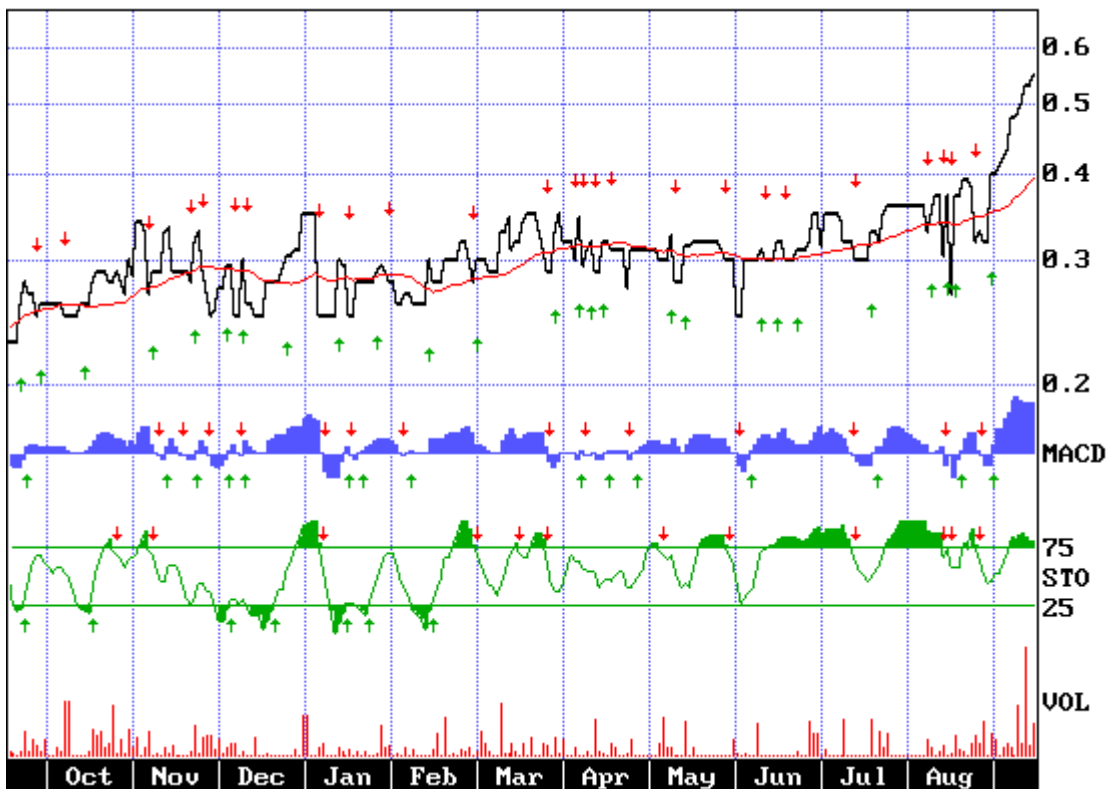
**Anterra Corporation (ATR-V) \$0.55**  
**website: www.anterra.org**

Anterra Corporation is a junior oil and gas exploration and development company that operates in two divisions. Anterra Midstream acquires and develops oil industry support services that currently include an oilfield truck terminal, emulsion treating, and a produced water disposal facility. The latter has a capacity of 20,000 cubic meters of oilfield fluids a month and is connected to the Pembina Pipeline system. Anterra Midstream is continuing work on developing new projects in oil treatment, water disposal, salt caverns and distribution systems.

The other division, Anterra Resources, is a pure play junior oil and gas development and production company. It currently has producing properties in the Pembina field as well as at Scotts Lake and Suffield in southeast Alberta.

The last quarter saw revenues up by 68.90% and earnings per share double. Production was up 48.46% from 130 boe/d to 193 boe/d. The big news for the quarter was the discovery of gas in the upper Belly River sands at Breton. Sometimes gas in the belly is a very good thing indeed!

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	\$253	\$1,917	+657.71%	\$3,148	+64.21%	Q Rev.	\$643	\$1,086	+68.90%
EPS	-\$0.04	\$0.00	n/a	\$0.02	turnaround	Q EPS	\$0.002	\$0.004	+100.00%
<b>Relative Strength</b>			86.20	<b>P/E Ratio</b>			18.30	<b>P/S Ratio</b>	2.79



This is still a penny stock under a dollar but it has risen over the past year from around 25 cents to half a dollar. At these prices, a small change of just pennies can mean a large change percentage-wise so there is some volatility to the stock. But, despite having doubled in the last year, the chart shows it is just starting to take off. While it would probably generate too many stop loss sales by the rules for our Model Portfolio, it fills the bill nicely as a buy and hold candidate in our Venture Portfolio.

**TSX Venture Pick****Andean American Mining (AAG-V) - \$1.31**

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

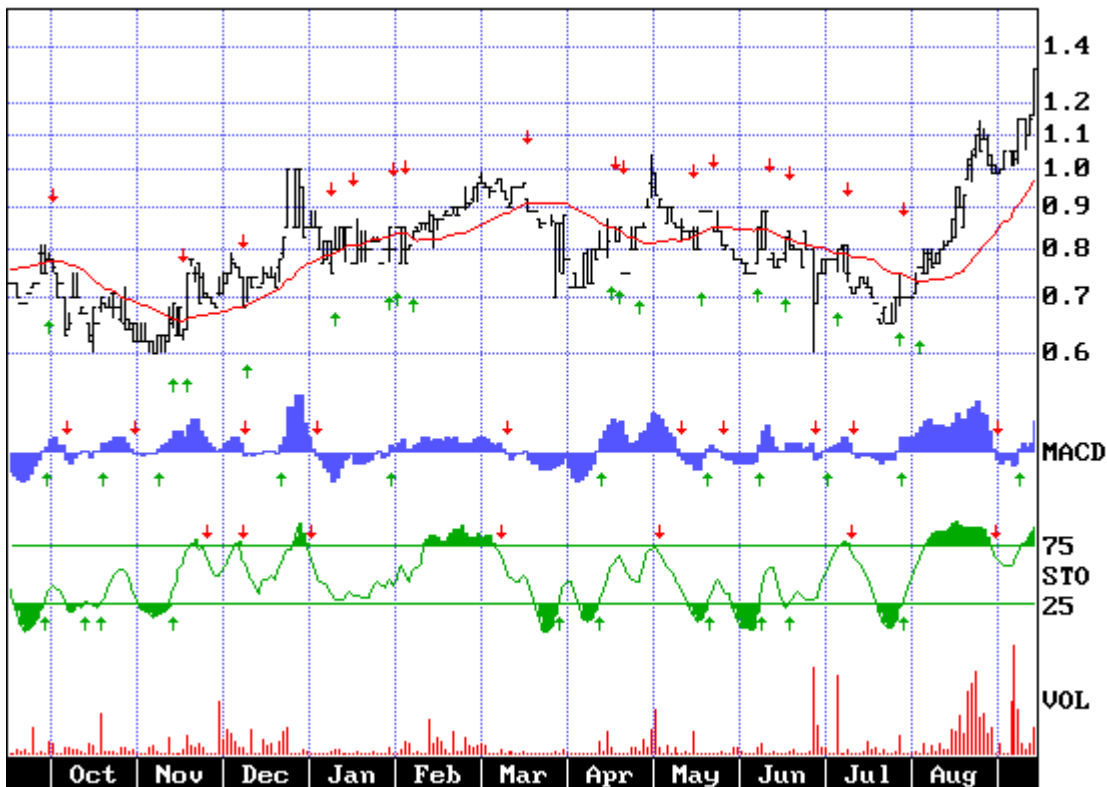
Andean American Mining is a junior gold exploration and production company focused on Peru. It has mines in production and turned the corner to profitability in the last fiscal year.

The company owns 100% of two primary properties. One, the partially developed 24,000 hectare Santa Rosa property, began commercial production in March 2002. It produces both gold and silver. The 1300 hectare Sinchao property in Northern Peru remains to be developed.

The company expects that profits from the Santa Rosa Mine will fund future development of its other properties. There are 21 exploration targets surrounding the Santa Rosa Mine.

If there is a downside to Andean American, it is the company's significant debt load. The company even warns in its last quarterly report that it has a working capital deficiency of \$2,953,306 and is "continuing its efforts to generate sufficient cash from its operations or raise funds to meet its ongoing obligations as they fall due." A \$4.05 million private placement in mid-September alleviates some of this worry.

Year	2003	2004	Change	2005	Change	Quarter	2004	2005	Change
Rev.	\$4,134	\$4,238	+2.52%	\$9,464	+123.31%	Q Rev.	\$1,614	\$3,031	+87.79%
EPS	-\$0.06	-\$0.06	n/a	\$0.04	turnaround	Q EPS	-\$0.09	\$0.02	turnaround
Relative Strength			81.73	P/E Ratio			26.20	P/S Ratio	5.32

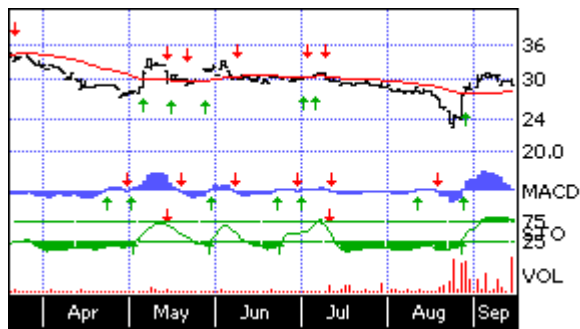


The chart shows the stock has been up and down and only recently has begun to take off with significant volume to boot. The stock hit a high of around \$2.00 in 2003 and has been up and down since then, but with the company now profitable, the current growth phase may be sustainable, especially if gold prices hold or increase.

**Watched List Update**

**Back on track!!!**

These stocks had come off the track recently but are now poised to advance again. Visit the Members Area of the website, click on Our Model Portfolio and then on Trading Rules for a detailed explanation of the factors affecting how I rate a stock on our Watched List.

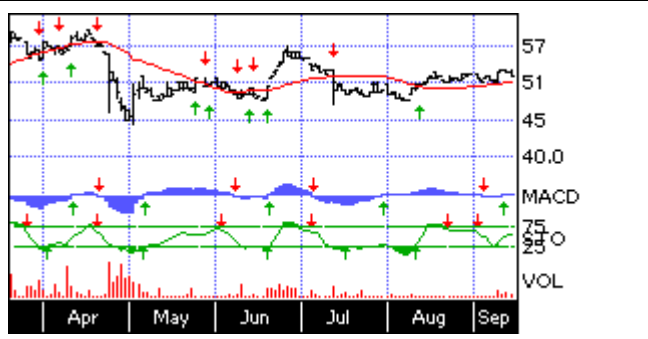
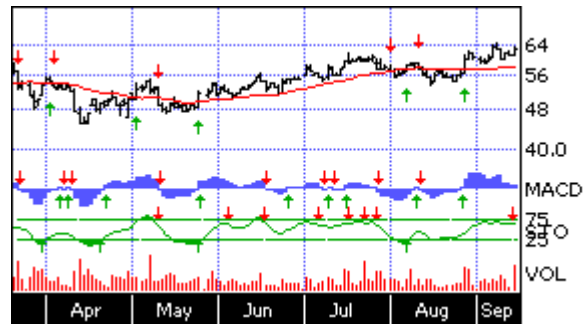


<b>Ainsworth Lumber (ANS)</b>	<b>Profiled: 08/15/04</b>
<b>Price then: \$30.40</b>	<b>Now: \$29.00</b>

⇐ We've had Ainsworth Lumber in the Watched List for over a year and it hasn't done much, down 4.6%. Recently it took a severe dip but soared on strong volume after Katrina devastated New Orleans. This lumber producer and others in the industry should gain as they scramble to meet the demand to rebuild the Big Easy.

<b>Cameco Corp. (CCO)</b>	<b>Profiled: 11/19/04</b>
<b>Price then: \$36.87</b>	<b>Price Now: \$62.81</b>

The world's leading uranium producer, ↗ Saskatchewan's Cameco Corporation is up 70.36% since profiled in November 2004. Since February the stock has been dipsy doodling and is now breaking out of a six month cup and handle formation. Demand should continue strong as oil prices soar.

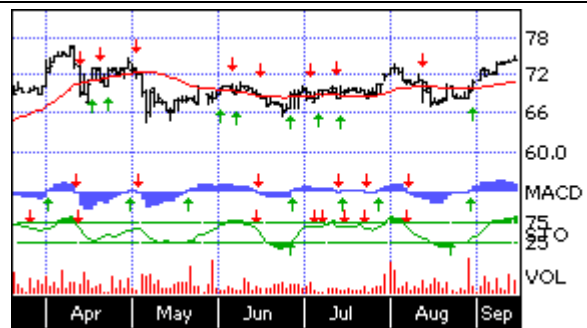


<b>Canada Bread (CBY)</b>	<b>Profiled: 05/18/01</b>
<b>Price then: \$13.00</b>	<b>Price Now: \$52.00</b>

⇐ They make bread and we hope you've made some investing in them as well. It's up 300.0% since we featured it just over four years ago. The stock took a dive in April after soaring to over \$60. It now looks back on track for further gains. Earnings per share were up 35.48% in the last quarter so things are looking up.

<b>SNC Lavalin (SNC)</b>	<b>Profiled: 03/23/01</b>
<b>Price then: \$16.25</b>	<b>Price Now: \$74.30</b>

This major contractor has gone over four ↗ years without generating a sell signal with our new stop loss rules. It's up 357.23% since featured. In April SNC also faltered but not enough to trigger a stop loss. Now it looks poised to resume its winning ways. Go SNC!!!



**Clothing Industry Pick**

**Gildan Activewear (GIL – TSX, GIL – NYSE))**  
**(website: [www.gildan.com](http://www.gildan.com))**

Montreal based Gildan Activewear is a leading manufacturer and marketer of premium quality T-shirts, sports shirts and sweatshirts for the North American, Asian and European markets. Its goal, in fact, is to be “the global low-cost manufacturer of quality basic knit apparel for North American and international markets.”

The company is vertically integrated and includes yarn-spinning, knitting, cutting, dying and sewing centers in its operations as well as an extensive distribution network. Manufacturing facilities are located around the world including Canada, the United States, Central America, the Caribbean, Mexico, and India with distribution centers in Canada, the U.S., Britain, Belgium and Australia. At the end of November 2004, the company had established a network of 36 distributors in 20 countries in Europe.

The company primarily manufactures what are called “blanks”, that is, T-shirts and active wear with no design or embroidery. These are supplied wholesale to designer label manufacturers who silk-screen the shirts with designs or embroider them (perhaps with a little alligator or something!)

While Gildan is the leading wholesaler of T-shirts in North America, its next step will be to enter the retail market over the next few years. They are also looking at establishing a manufacturing base in China with the aim of marketing to the huge and increasingly affluent Chinese population.

I had featured the stock on my website on Feb.9, 2001 at a split-adjusted price of \$16.50. (It split 2 for 1 a few weeks later and again in June this year). By the end of that year the stock had dropped 30% to \$11.40 and earnings were faltering so I dropped it from my Watched List. That may or may not have been a mistake because the stock subsequently climbed to \$18.50 a year later. But it then languished in a narrow trading range for the next two years closing as low as \$17 as recently as September 2004, a mere fifty cents ahead of where I first featured it. But since then Gildan has come on like gangbusters, soaring as high as \$44.30 recently. The chart on the next page tells the story.

With expansion into Europe, Asia and the retail market proceeding apace, further growth is a strong possibility. The company, in fact, has a target goal of 15% annual EPS growth over the next five years.

**Quarterly Earnings per Share (in US\$)**

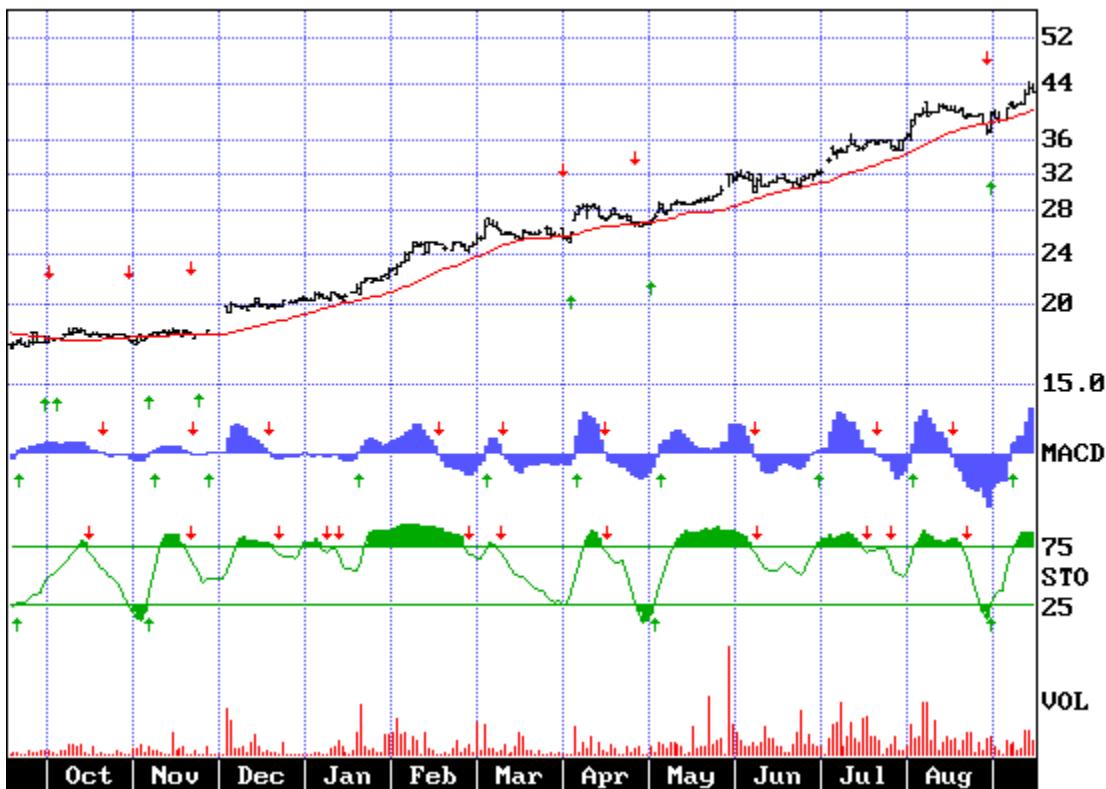
To July 3rd	2004	2005	% Change
EPS	\$0.44	\$0.57	+29.55%
Revenues (000s)	\$168,429	\$198,901	+18.09%

**Annual Earnings per Share (in US\$)**

To Oct. 3rd	2002	2003	% Change	2004	% Change
EPS	\$1.45	\$1.79	+23.45%	\$2.02	+12.85%
Revenues (000s)	\$382,312	\$431,195	+12.79%	\$533,368	+23.70%

*(continued on page 7)*

Gildan Activewear (from page 6)



**Chart Analysis:** Now here's a stock that sports my favorite chart pattern, the inclined plane. After trading in a narrow range for two years, the stock began to take off in November 2004. The stock is consistently bouncing off the 30 day moving average and looks strong going forward.

Stats as of 09/18/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.59	▪ Price Pattern: A+
▪ RS: 96.10	▪ Volatility: A+
▪ Shares: 59,953,768	▪ Estimates: B
▪ P/E: 17.80	▪ Snapshot: A
▪ Price: \$42.01	▪ News: A

**Phase 2:** We give Gildan an A+ for price pattern and an A+ for volatility as growth seems solid with little downside. Estimates are up for 2005 but down for 2006 with a 2.0 or Buy rating so we give it a B. The snapshot is excellent with strong return on equity and we give it an A. News has been solid with record sales and earnings, a stock split, new management additions, and most importantly, an upward revision of its guidance for the next year. We give it an A as well.

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

**Resource Sector Pick**

## Royal Gold (RGL - TSX, NASDAQ - RGLD)

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

Royal Gold holds a unique place in the precious metals pantheon. It is not a mining exploration company. Nor does it operate producing mines. Rather it is a precious metals royalty company. It owns and manages royalties on precious metals mines.

What this means is that the company acquires interests in properties with the potential to be developed by mining companies and farms out the actual development without itself incurring any of the ongoing capital or operating costs. It's sort of like the case of an Alberta farmer who owns the mineral rights to his farm and gets paid royalties by an oil company that drills and establishes a productive well on the property. The farmer incurs no risk. He just owns the property and goes on farming. And if the oil company is successful, he collects royalties. And if it's not, well, it's no skin off his nose.

The company was founded in 1981 as Royal Resources Corporation, then an oil and gas exploration and production company. When oil prices collapsed, the company shifted its focus from oil and gas to gold. By 1987 the company was actively acquiring gold producers and prospective exploration properties. When the market crashed in 1987, the company refocused and shifted from being a gold producer to looking for partners for its properties. It became "a minority owner of interests in significant gold properties operated by major mining firms."

Eventually the company acquired a "marquee royalty" known as the Pipeline Mining Complex. Today the company is the world's leading precious metals royalty company owning royalties on the three largest gold mines in North America.

The Pipeline Mining Complex in Nevada includes joint ventures with Placer Dome and Rio Tinto. The Leeville Project in Nevada's rich Carlin area is operated by Newmont Mining. Another Nevada project is operated by Barrick Gold. The company also has royalty interests in silver mines in Montana and Argentina.

Additionally the company holds royalty interests in properties yet to be developed in Argentina, Russia, Nevada and California and a 50% interest in a company with interests in Bulgaria.

Royal Gold is positioned to leverage increasing gold prices while maintaining floors on its sliding-scale royalties to protect on the downside should gold prices falter.

Because it is a royalty company and not a miner, it runs a lean ship and employs just fourteen people. The company has \$49 million in cash and no debt.

It is the only precious metals royalty company listed on a US exchange.

### Quarterly Earnings per Share (in US\$)

To June 30th	2004	2005	% Change
<b>EPS</b>	\$0.11	\$0.17	+54.55%
<b>Revenues (000s)</b>	\$6,100	\$7,500	+22.95%

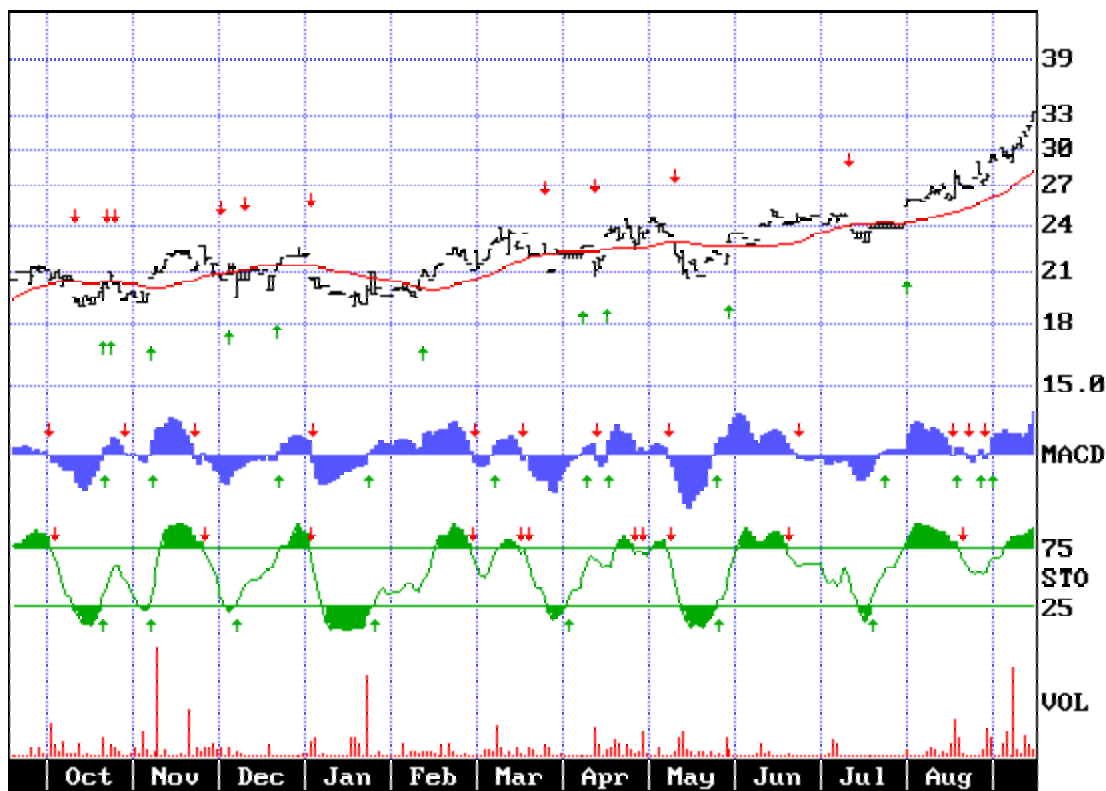
### Annual Earnings per Share (in US\$)

To June 30th	2003	2004	% Change	2005	% Change
<b>EPS</b>	\$0.33	\$0.42	+27.27%	\$0.54	+28.57%
<b>Revenues (000s)</b>	\$15,780	\$21,350	+35.30%	\$25,300	+18.50%

*(Continued on page 9)*



Royal Gold (from page 8)



**Chart Analysis:** A five year chart shows Royal Gold soaring from under five dollars in 2001 to over \$35 in 2003 and then fading back to \$15 in the spring of 2004. In the last year it fluctuated through a narrow range between \$19 and \$23 from September to the end of February. The trading range then shifted up a notch to between \$21 and \$24 to the end of July. August saw it break out of this range and a huge volume spike in early September marks what Jesse Livermore called a continuation point – a confirmation of a strong uptrend. With gold hitting 17 year highs, the metal and this company may both soar. It would have been nice if the newsletter came out a week earlier as RGL has risen 11.36% this week alone. It could pull back a bit before advancing some more.

Stats as of 09/16/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.77	▪ Price Pattern: A
▪ RS: 87.86	▪ Volatility: A
▪ Shares: 18,503,099	▪ Estimates: B
▪ P/E: 49.30	▪ Snapshot: B+
▪ Price: \$33.50	▪ News: B+

**Phase 2:** We give Royal Gold a A for price pattern and an A for volatility as the trend is clearly up though there has been some sideways movement with minor corrections. Estimates show an increase for 2006 but a decrease for 2007 with a rating of 2.5 or buy. We give it a B. The snapshot shows a steady increase in revenues and earnings year over year with a return on equity around 13 and rising. We give it a B+. News is solid with record results and a dividend declaration. 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 August 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 was an exceptional month with 16 Super Power Performers but it proved unsustainable as the number shrank to 12 in August, still an outstanding number of funds rivaling the performance of Warren Buffett.

The number of Power Performers remained the same at 26. And the number of Performers dropped to 39 from 53. That gives us a grand total of 77, down from 95 in July.

Super Power Performers			
Fund name	1 yr	3 yr	5 yr
Resolute Growth	139.38	55.64	41.43
Dominion Equity Resource	72.45	38.67	32.24
Mackenzie Universal Cdn. Resource (US\$)	43.17	41.82	30.45
Front Street Special Opportunities Canadian	58.23	53.68	29.66
CI Global Energy Corp Class (US\$)	105.70	50.44	27.99
Northwest Specialty Equity	37.06	33.62	27.98
Norrep Fund	60.43	36.03	27.48
Front Street Small Cap Canadian	58.38	44.76	26.97
RBC Energy	88.07	37.01	26.65
CIBC Energy	87.32	46.73	26.10
Sentry Canadian Energy Growth	71.55	32.89	25.82
TD Energy	82.01	37.48	25.47

Power Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
Sprott Canadian Equity	26.53	21.79	28.09	GGOF Monthly High Inc Classic	38.43	25.14	21.72
Mackenzie Universal Canadian Resource	29.27	29.57	24.99	BMO Resource	40.96	22.93	21.59
London Life Cdn. Resource (MF)	28.22	28.44	24.31	AGF Canadian Resources	54.67	32.45	21.39
Friedberg Diversified (US\$)	272.57	26.27	24.28	GWL Canadian Resources (A) DSC	52.61	31.17	21.39
Dynamic FocusPlus Resource	30.68	26.76	24.17	GWL Canadian Resources (A) NL	52.29	30.89	21.12
Trimark Canadian Resources	29.38	26.04	23.97	GGOF Monthly High Income Mutual	38.19	24.53	21.10
Sentry Canadian Resource	61.50	34.59	23.81	Renaissance Canadian Income Trust	37.96	22.16	20.66
Mawer New Canada	28.18	23.45	23.00	Bissett Microcap-F	46.53	23.25	20.64
CI Global Energy Corporate Class	85.96	37.38	22.61	AGF Global Resources Class (US\$)	49.86	37.19	20.44
CI Signature Canadian Resource	49.34	28.06	22.60	Bissett Income-F	28.19	21.90	20.44
Dynamic Global Resource	43.90	36.10	22.36	United-Canadian Equity Value Pool	36.56	21.77	20.34
Ethical Special Equity	30.54	23.75	22.36	TD Resource	47.47	25.92	20.33
Clarington Canadian Small Cap	30.54	22.79	21.92	Mackenzie Cundill Recovery 'C'(US\$)	32.63	32.25	20.26

*(continued on page 11)*

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

Below are this month's Performers.

Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
Acuity Pooled High Income	30.65	23.34	19.55	Saxon High Income	20.90	16.66	16.48
Altamira Resource	52.06	35.08	19.19	CIBC Canadian Resource	61.16	27.13	16.33
Clarica SF CI Signature Cdn. Res. A	47.58	25.98	18.80	National Bank Natural Resources	40.37	22.97	16.32
Clarica SF CI Signature Cdn. Res.	47.58	25.97	18.74	CI Signature High Income	25.33	18.79	16.14
Desjardins Financial Pool Bissett SmallCap	46.50	24.44	18.30	North Growth U.S. Equity (US\$)	29.46	25.21	16.14
McElvaine Investment Trust	15.99	15.26	18.26	R Canadian Smaller Companies	27.67	21.09	15.93
Vertex Fund - A	37.79	29.05	17.71	Hillsdale Canadian Performance Equity A	32.19	25.48	15.89
Elliott & Page Monthly High Income	22.66	17.13	17.66	Elliott & Page Growth Opp.	26.64	20.67	15.76
Maritime Life Canadian Growth-R	27.07	25.32	17.44	Acuity Pooled Conservative Asset Allocation	33.42	25.00	15.46
Mavrix Dividend & Income	21.75	20.47	17.43	AGF China Focus Class (US\$)	21.55	27.86	15.40
IA Group Dividends	31.42	21.26	17.36	AGF Global Resources Class	35.37	25.35	15.38
ABC Fundamental Value	21.49	19.47	17.22	CIBC Canadian Real Estate	23.64	16.09	15.32
Montrusco Bolton Canadian Small Cap 'B'	40.16	26.42	17.22	Hillsdale Canadian Aggressive Hedged A	35.63	19.54	15.31
Talvest Millennium High Income	29.13	18.45	17.13	Mackenzie Cundill Recovery 'C'	19.76	20.83	15.23
Goodwood Fund-A	52.46	21.70	17.09	AGF Global Real Estate Equity (US\$)	26.64	22.67	15.22
Middlefield Enhanced Yield	33.70	20.92	16.81	KEYSTONE Saxon Smaller Companies	23.88	18.90	15.19
Acuity High Income	28.20	20.81	16.78	Saxon Small Cap Fund	18.55	19.36	15.18
Bissett Small Cap-F	44.89	22.71	16.65	Canada Life Flex Enhanced Div(Lake)	21.11	16.26	15.02
Sceptre Equity Growth	38.44	31.39	16.60	Canada Life Gens Enhanced Div(Lake)	21.11	16.26	15.01
Middlefield Growth	50.42	26.02	16.53	<b>Power Performers © 2005 Marco den Ouden</b>			

**The Venture Portfolio**

Stock	Symbol	Date	Shares	Price Then	Now	Change
Asian Television	SAT	Aug. 22/05	3000	\$0.33	\$0.30	-9.09%
Twoco Petroleum	TWO	Aug. 22/05	185	\$5.35	\$6.75	+26.17%

Invested: \$2033.75 Current Value: \$2133.75 Gain/Loss: +4.92%

**New Buys This Issue**

Stock	Symbol	Date	Price	Shares	Cost	Fees	Total Cost
Anterra Energy	ATR	Sept. 19/05	\$0.55	1800	\$990.00	\$27.00	\$1017.00
Andean American	AAG	Sept. 19/05	\$1.31	760	\$995.60	\$27.00	\$1022.60

## Our Model Portfolio

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

**Current Position: \$150,296.39 (Up 200.59%) Up 22.83% YTD**

We seem to be taking two steps forward and one step back every month as we surge in the first two weeks after a newsletter comes out, only to fade a bit by the next newsletter. But we still manage to come out ahead month over month. In fact, if you look at our archive summaries on the website, you'll see that our Model Portfolio has gained every month in the last year except April when it took a tumble. Our Model Portfolio is now triple its Jan. 11, 2002 launch value.

There have been a few trades in the last month and the two new stocks featured in this issue are will be added Monday. Our current cash position is \$275.59.

<b>CCS Income Fund (CCR.UN – TSX)</b>		<b>Gildan Activewear (GIL – TSX)</b>	
<b># of Shares:</b> 480	<b>Bought:</b> May 19/03	<b># of Shares:</b> 295	<b>Bought:</b> Sept. 19/05
<b>Price Then:</b> \$10.15	<b>Price Now:</b> \$34.00	<b>Price Then:</b> \$42.01	<b>Price Now:</b> \$42.01
<b>Gain:</b> +235.14%	<b>Stop:</b> \$28.36	<b>Gain:</b> +0.00%	<b>Stop:</b> \$35.71
<b>Notes:</b> Formerly Canadian Crude Separators, CCS works on environmental solutions for the oil industry.		<b>Notes:</b> Gildan is a leading manufacturer and marketer of T-shirts, golf shirts and sweatshirts. Featured in this newsletter – see page 6.	
<b>Goldcorp Inc. (G – TSX)</b>		<b>GSW Inc. (GSW.B – TSX)</b>	
<b># of Shares:</b> 500	<b>Bought:</b> Aug. 15/22	<b># of Shares:</b> 275	<b>Bought:</b> May 17/04
<b>Price Then:</b> \$21.67	<b>Price Now:</b> \$24.02	<b>Price Then:</b> \$34.73	<b>Price Now:</b> \$87.25
<b>Gain:</b> 10.84%	<b>Stop:</b> \$20.42	<b>Gain:</b> +151.22%	<b>Stop:</b> \$78.40
<b>Notes:</b> Goldcorp is one of Canada's leading gold mining companies and recently acquired Wheaton River Mining.		<b>Notes:</b> GSW Inc. is a leading manufacturer of water heaters for the commercial and residential markets.	
<b>Home Capital Group (HCG – TSX)</b>		<b>Kingsway Financial (KFS – TSX)</b>	
<b># of Shares:</b> 450	<b>Bought:</b> Aug. 9/04	<b># of Shares:</b> 625	<b>Bought:</b> May 24/04
<b>Price Then:</b> \$21.49	<b>Price Now:</b> \$39.19	<b>Price Then:</b> \$15.00	<b>Price Now:</b> \$20.32
<b>Gain:</b> +82.36%	<b>Stop:</b> \$32.95	<b>Gain:</b> +35.47%	<b>Stop:</b> \$18.19
<b>Notes:</b> Home Capital Group is a fast growing alternative mortgage provider. One of our best picks ever.		<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>Peyto Energy Trust (PEY.UN – TSX)</b>		<b>Richelieu Hardware (RCH – TSX)</b>	
<b># of Shares:</b> 300	<b>Bought:</b> Mar. 29/04	<b># of Shares:</b> 410	<b>Bought:</b> May 2/05
<b>Price Then:</b> \$15.15	<b>Price Now:</b> \$32.24	<b>Price Then:</b> \$24.92	<b>Price Now:</b> \$24.00
<b>Gain:</b> +112.81%	<b>Stop:</b> \$27.12	<b>Gain:</b> -3.69%	<b>Stop:</b> \$21.18
<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> Richelieu Hardware has been a solid stock since first profiled. Too bad we didn't add it to the portfolio sooner!	
<b>RONA Inc. (RON – TSX)</b>		<b>Royal Gold (RGL – TSX)</b>	
<b># of Shares:</b> 560	<b>Bought:</b> Sept. 27/04	<b># of Shares:</b> 370	<b>Bought:</b> Sept. 19/05
<b>Price Then:</b> \$16.05	<b>Price Now:</b> \$23.91	<b>Price Then:</b> \$33.50	<b>Price Now:</b> \$33.50
<b>Gain:</b> +48.97%	<b>Stop:</b> \$21.50	<b>Gain:</b> +0.00%	<b>Stop:</b> \$28.48
<b>Notes:</b> RONA is Canada's largest home improvement company – yes – even larger than Home Depot.		<b>Notes:</b> Royal Gold is a gold royalty company that acquires strategic assets and then farms out the actual mining to others.	