

# the Break Out Report

Volume # 3, Issue # 24

October 16, 2005

## Anniversary

### Three Years and Still Going Strong

We launched this newsletter as a subscription publication three years ago after a couple of years as a free online service. I'd like to take this opportunity to thank our loyal readers and my partner Ken Ballard for helping make it a success.

Over the next year you will see a few changes. I have been slowly shifting my portfolio management preferences away from active trading to buy and hold. I still have to do some back studies on this but will feature some in future issues.

One of my concerns is stop losses. A spate of them have hit our Really Big Portfolio in the last month. We are now over 40% in cash as a result. But often these stops were hit intra-day with the stocks closing above the stop by day's end. One reader stopped out of one of our picks this way asked whether a closing price stop might not be better. And indeed, that was one of the features we had before I decided to simplify the stop loss. The jury's still out on this one.

Of course, if the market crashes as it did in 1987, the current stop loss practice will be vindicated and leave us with the cash to capture some bargains.

But lately I have been rereading Peter Lynch's One Up on Wall Street. I just finished the chapter called "Is This a Good Market? Please Don't Ask". Lynch is not keen on trying to predict the market believing it is a fool's game. "If you must forecast," he quotes one forecaster, "forecast often." That way you'll be right some of the time, and maybe often enough to look like you know what you're doing. (Am I sounding a bit cynical of the forecasting game here? Maybe I am!)

Lynch is even more sarcastic. "There are 60,000 economists in the U.S., many of them employed full-time trying to forecast recessions and interest rates," he says, "and if they could do it successfully twice in a row, they'd all be millionaires by now."

Indeed, if all the newsletter writers who claim to be able to generate triple digit returns year after year could, in fact, do so, they would be ranked up there with Warren Buffett and Bill Gates among the richest people in the world. Somehow, not a single financial newsletter writer has shown up in the Forbes list of the world's richest people. There are 691 billionaires on the list and aside from Buffett and his partner Charlie Munger, none of them made their billions exclusively from investments.

I have long believed that the secret to success in the stock market is to focus on the company and not on the stock market. If the company is good, the profits will take care of themselves. To a large extent that has been the focus of my writing. In the future, that will be even more so. And maybe I'll finally give up doing a weekly trend watch since I'm starting to think it's a waste of time. Your thoughts? Email me at [marco@breakoutreport.com](mailto:marco@breakoutreport.com)

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

## Quarterly Review

### Trick or Treat

The trick is to invest in winning stocks and avoid losers. If you're successful, you end up with a nice treat, a fat portfolio. Every quarter we review our Watched List to see if any of the stocks in it are trickier than we like and not treating us right. If we find some, we shout "Boo!" and drop them from the Watched List.

We're dropping the stocks from our Watched List that meet all three of the following criteria:

- It did not make the Top 500 in September or dropped 5 or more RS points
- It is in a sustained 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.

We are making exceptions for AlarmForce, Ainsworth Lumber and Big Rock Brewery.

The complete details follow but first let's look at the ten best and ten worst performing stocks for the third quarter of 2005. First the gainers:

Top Ten for Q3 2005					
Name	Symbol	Date Featured	Change Q3	Change YTD	Change Since Profiled
Western Lakota Energy Services	WLE	July 17/05	48.15%	48.15%	48.15%
Falconbridge Ltd.	FAL.LV	Mar. 14/04	47.39%	76.84%	58.28%
Melcor Developments	MRD	Mar. 2/01	43.66%	100.00%	402.46%
Xceed Mortgage Corp.	XMC	Jan. 16/05	43.08%	47.33%	47.33%
Savannah Energy Services	SVY	Feb. 20/05	41.96%	41.96%	41.96%
Trican Well Service	TCW	Apr. 18/04	40.47%	90.87%	247.85%
Zargon Oil & Gas	ZAR.UN	Jan. 29/01	38.67%	45.70%	639.36%
Pason Systems	PSI	May 16/04	27.61%	46.92%	81.20%
Calfrac Well Services	CFW	Mar. 20/05	27.58%	7.62%	7.62%
Fortis Inc.	FTS	Mar. 16/01	24.04%	38.73%	153.74%

Two of our Top Ten for the quarter are repeats from Q2. Those are Trican Well Service and Pason Systems. The top performer for the quarter, Western Lakota, was only featured in our July issue and so its return is for less than a full three months. Please note that Melcor Developments has doubled for the year already with Trican not far behind. Also note that four of these stocks have more than doubled since we profiled them. Another four were only profiled within the last year.

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## The Break Out Report

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**Quarterly Review** (from page 2)

And, as usual, we also take a look at the worst performers for the quarter.

<b>Bottom Ten for Q3 2005</b>					
<b>Name</b>	<b>Symbol</b>	<b>Date Featured</b>	<b>Change Q3</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>
Chartwell Technology	CWH	Dec. 17/04	-46.13%	-35.67%	-23.04%
Cryptologic	CRY	May 15/05	-44.81%	-51.61%	-51.61%
Mad Catz Interactive	MCZ	Feb. 20/05	-41.61%	-53.49%	-53.49%
Royal Gold	RGL	Sept. 18/05	-13.43%	-13.43%	-13.43%
AlarmForce	AF	Sept. 21/03	-12.90%	14.08%	110.94%
Research In Motion	RIM	Sept. 19/04	-12.06%	-19.72%	-16.37%
Draxis Health	DAX	Feb. 15/04	-11.66%	-9.73%	-11.07%
Niko Resources	NKO	Nov. 17/02	-11.60%	1.05%	129.73%
Great Canadian Gaming	GCD	Mar. 20/05	-9.44%	-8.13%	-8.13%
Canada Bread Co.	CBY	May 18/01	-8.18%	7.43%	288.38%

Two of them are repeaters. Cryptologic and Mad Catz Interactive continued to fall for a second quarter. We have decided to drop two of these bottom ten stocks from our Watched List as well as two others.

And now on to our Quarterly Review. In our Weekly Trend Watch Updates we use a leading edge trend indicator. For the quarterly review we use the most recent sustained trend. This could be anywhere from four weeks to the full three months.

**Our Quarterly Review**

<b>Name</b>	<b>Symbol</b>	<b>Date Featured</b>	<b>Price Then</b>	<b>Change Q3</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>	<b>Sept. RS Change</b>	<b>Recent Trend</b>	<b>QEPS Change</b>	<b>Status</b>
Home Capital Grp.	HCG	11/20/00	\$3.00	2.71%	20.00%	1150.00%	-2.55	→	+36.67%	Keep
Peyto Energy Trust	PEY.UN	02/22/02	\$2.58	4.10%	27.33%	1082.52%	-4.62	→	-18.18%	Keep
Zargon Oil & Gas	ZAR.UN	01/29/01	\$4.70	38.67%	45.70%	639.36%	-4.06	↑	+90.00%	Keep
Alimentation Couche-Tard	ATD.SV.B	12/04/00	\$2.88	10.10%	16.06%	616.52%	-1.91	↑	+41.38%	Keep
Reitmans (Canada)	RET.NV.A	07/06/01	\$2.53	-2.76%	18.11%	567.26%	-2.62	↓	+20.59%	Keep
TransForce Inc. Fd.	TIF.UN	01/18/02	\$3.11	-2.16%	7.16%	424.76%	-2.11	↓	+34.48%	Keep
Melcor Developments	MRD	03/02/01	\$20.30	43.66%	100.00%	402.46%	+3.48	↑	+88.04%	Keep
SNC-Lavalin Group	SNC	03/23/01	\$16.25	9.49%	29.50%	362.22%	+4.34	↑	+36.0%	Keep
Stantec Inc.	STN	04/20/01	\$8.25	20.60%	35.95%	336.36%	+0.28	↑	+97.14%	Keep
Canada Bread Co.	CBY	05/18/01	\$13.00	-8.18%	7.43%	288.38%	+0.85	→	+36.07%	Keep

(continued on page 4)

## Quarterly Review (from page 3)

Name	Symbol	Date Featured	Price Then	Change Q3	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
Contrans Inc. Fd.	CSS.UN	10/12/01	\$3.63	-2.59%	-0.78%	283.47%	off list	↓	+10.00%	Keep
Trican Well Svc.	TCW	04/18/04	\$12.16	40.47%	90.87%	247.85%	+0.24	↑	+250.0%	Keep
Richelieu Hardware	RCH	12/04/00	\$7.00	-2.27%	0.14%	214.29%	off list	↓	0.00%	Keep
CCS Income Fund	CCR.UN	05/18/03	\$10.15	6.83%	41.04%	205.37%	-4.68	→	+36.36%	Keep
Goldcorp Inc.	G	05/25/01	\$7.83	19.55%	29.01%	197.57%	new	↑	+460.00%	Keep
Fortis Inc.	FTS	03/16/01	\$38.00	24.04%	38.73%	153.74%	+5.95	↑	+18.26%	Keep
CML Healthcare Income Fund	CLC.UN	04/12/02	\$5.85	7.00%	11.01%	153.33%	-3.70	→	+33.33%	Keep
GSW Inc.	GSW.SV.B	05/16/04	\$34.73	8.97%	88.89%	144.75%	+0.13	→	+136.09%	Keep
Finning Intl.	FTT	05/11/01	\$16.40	10.76%	14.43%	144.15%	new	↑	+45.71%	Keep
Niko Resources	NKO	11/17/02	\$22.20	-11.60%	1.05%	129.73%	-8.99	↓	-26.67%	Keep
Steepleback Industrial Group	SID	01/18/04	\$2.95	10.74%	67.92%	127.12%	-3.60	↑	-95.24%	Keep
AlarmForce	AF	0/ 21/03	\$1.92	-12.90%	14.08%	110.94%	off list	↓	-8.00%	Keep
BMTC Group	GBT.SV.A	08/20/02	\$6.98	3.78%	10.24%	100.72%	new	↑	+2.44%	Keep
Pason Systems	PSI	05/16/04	\$15.00	27.61%	46.92%	81.20%	+3.16	↑	+22.73%	Keep
RONA Inc.	RON	11/16/03	\$12.78	-6.97%	12.55%	79.73%	-5.63	↓	+32.61%	Keep
TSX Group	X	01/18/04	\$22.50	10.41%	50.16%	79.16%	+3.35	↑	+36.11%	Keep
Cameco Corp.	CCO	11/19/04	\$36.87	13.49%	47.84%	68.21%	-2.03	↑	-78.31%	Keep
Falconbridge Ltd.	FAL.LV	03/14/04	\$19.63	47.39%	76.84%	58.28%	+6.04	↑	+74.29%	Keep
Western Lakota Energy Services	WLE	07/17/05	\$9.45	48.15%	48.15%	48.15%	-0.01	↑	+133.33%	Keep
Xceed Mortgage	XMC	01/16/05	\$5.05	43.08%	47.33%	47.33%	-2.03	↑	+81.25%	Keep
ZCL Composites	ZCL	06/20/04	\$2.05	-7.69%	-12.28%	46.34%	-9.87	↓	+238.89%	Keep
Savannah Energy Services	SVY	02/20/05	\$19.35	41.96%	41.96%	41.96%	+1.89	↑	0.00%	Keep

(continued on page 5)

## Quarterly Review (from page 4)

Name	Symbol	Date Featured	Price Then	Change Q3	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
La Senza	LSZ.SV	04/17/05	\$14.65	9.92%	36.18%	36.18%	-3.65	↑	T	Keep
McCoy Brothers	MCB	05/15/05	\$4.65	11.61%	34.41%	34.41%	+0.17	↑	+350.00%	Keep
Sherritt Intl.	S	11/19/04	\$8.66	17.62%	10.16%	26.44%	-3.00	↑	-19.23%	Keep
easyhome	EH	12/17/04	\$12.93	12.41%	28.69%	26.03%	-1.88	↑	+50.00%	Keep
Le Chateau	CTU.SV.A	06/19/05	\$39.06	13.72%	25.17%	25.17%	-0.38	↑	+48.53%	Keep
BlackRock Ventures	BVI	01/16/05	\$8.92	4.97%	16.03%	16.03%	+0.08	↑	+100.00%	Keep
Killam Properties	KMP	01/18/04	\$2.36	-0.74%	31.71%	14.41%	+2.38	→	+150.00%	Keep
Kingsway Financial Services	KFS	07/20/03	\$18.60	0.24%	9.74%	12.10%	off list	↓	+10.17%	Keep
Pareto Corp.	PTO	08/21/05	\$1.13	10.62%	10.62%	10.62%	-4.88	↑	+100.00%	Keep
CIBC	CM	02/15/04	\$66.15	-4.21%	0.51%	9.75%	off list	↓	L	Drop
Big Rock Brewery Income Trust	BR.UN	10/15/04	\$16.05	-6.95%	-4.00%	7.66%	off list	↓	-26.32%	Keep
Calfrac Well Services	CFW	03/20/05	\$36.75	27.58%	7.62%	7.62%	+0.07	↑	L	Keep
Gildan Activewear	GIL	09/18/05	\$42.01	5.47%	5.47%	5.47%	+1.59	↑	+29.55%	Keep
Ainsworth Lumber	ANS	08/15/04	\$30.40	0.81%	20.97%	-1.32%	off list	→	-56.06%	Keep
Garda World Security	GW	08/21/05	\$12.15	-7.90%	-7.90%	-7.90%	-0.15	↑	+50.00%	Keep
Great Canadian Gaming	GCD	03/20/05	\$19.32	-9.44%	-8.13%	-8.13%	-1.50	↓	+75.00%	Keep
Centurion Energy	CUX	01/16/05	\$14.45	-2.24%	-9.27%	-9.27%	-4.18	↓	+25.00%	Keep
Potash Corp.	POT	06/19/05	\$119.85	-7.36%	-9.60%	-9.60%	-11.19	↓	+117.91%	Keep
Draxis Health	DAX	02/15/04	\$6.05	-11.66%	-9.73%	-11.07%	off list	↓	0.00%	Drop
Royal Gold	RGL	09/18/05	\$33.50	-13.43%	-13.43%	-13.43%	+3.43	↑	+54.55%	Keep
Research In Motion	RIM	09/19/04	\$94.82	-12.06%	-19.72%	-16.37%	off list	↓	+55.56%	Keep

(continued on page 6)

**Quarterly Review (from page 5)**

Name	Symbol	Date Featured	Price Then	Change Q3	Change YTD	Change Since Profiled	Sept. RS Change	Recent Trend	QEPS Change	Status
Chartwell Technology	CWH	12/17/04	\$5.60	-46.13%	-35.67%	-23.04%	off list	↓	-42.86%	Drop
Cryptologic	CRY	05/15/05	\$42.05	-44.81%	-51.61%	-51.61%	off list	↓	+43.48%	Keep
Mad Catz Interactive	MCZ	02/20/05	\$1.72	-41.61%	-53.49%	-53.49%	-7.92	↓	L	Drop
<b>Total Gains</b>				<b>342.91%</b>	<b>1088.05%</b>	<b>8659.89%</b>				
<b>Average Gain</b>				<b>6.12%</b>	<b>19.43%</b>	<b>154.64%</b>				

Dropped (with YTD and Total Gain in brackets) are CIBC (0.51%, 9.75%), Draxis Healthcare (-9.73%, -11.07%), Chartwell Technology (-35.67%, -23.04%), Mad Catz Interactive (-53.49%, -53.49%)

CIBC was originally added in an article on LEAPs in February 2004. The stock is up 9.75% since then. The stock was \$66.45 at the time and was \$72.60 at the end of September. The stock has drifted down into a loss position in the last two weeks. As a LEAPs candidate, we recommended the \$70 2006 at \$5.15 at the time we featured it. The stock reached \$80 at the end of July at which point the \$70 2006 LEAPs would have doubled. But the stock dropped off sharply after that. CIBC would have been a better candidate to sell covered calls on though the premium isn't great.

Draxis was featured the same issue as CIBC (not one of my better months!). The stock was at \$6.05 at the time, had good fundamentals and a nice chart. But since then it plunged to below \$2, climbed back to \$7.70 and has been flat for almost two years. Numbers have deteriorated and we are throwing in the towel on it.

Chartwell was a top performer in the first quarter with a 30.60% gain, but it started falling sharply in May and hasn't stopped. It's also reported two quarters of declining earnings, partially as a result of foreign exchange losses. So it's gone.

Mad Catz Interactive was profiled this past February and did nicely for the first quarter but then crashed and burned. Sales and earnings both declined and the stock was off more than 50% since we first profiled it. So we're dropping it.

For the year-to-date our Watched List is up 19.43%, 6.12% for the third quarter. All the stocks on our Watched List are up an average of 154.64% since profiled with two posting gains over 1000% and 24 up over 100%. That's out of a Watched List of 56 stocks. Eleven are in negative territory but several have been on our Watched List only a short while and have not had time to prove their mettle yet. Some of our picks are a little slower out of the gate than others so we continue to cut them some slack.

All in all, we're quite pleased with our Watched List's performance.

**The Venture Portfolio**

Stock	Symbol	Date	Shares	Price Then	Now	Change
Asian Television	SAT	Aug. 22/05	3000	\$0.33	\$0.32	-5.6%
Twoco Petroleum	TWO	Aug. 22/05	185	\$5.35	\$7.50	+36.5%
Anterra Energy	ATR	Sept. 19/05	1800	\$0.58	\$0.50	-16.0%
Andean American	AAG	Sept. 19/05	725	\$1.37	\$1.34	-4.8%

**Invested: \$4125.00 Current Value: \$4219.00 Gain/Loss: +2.3%**



**TSX Venture Pick**

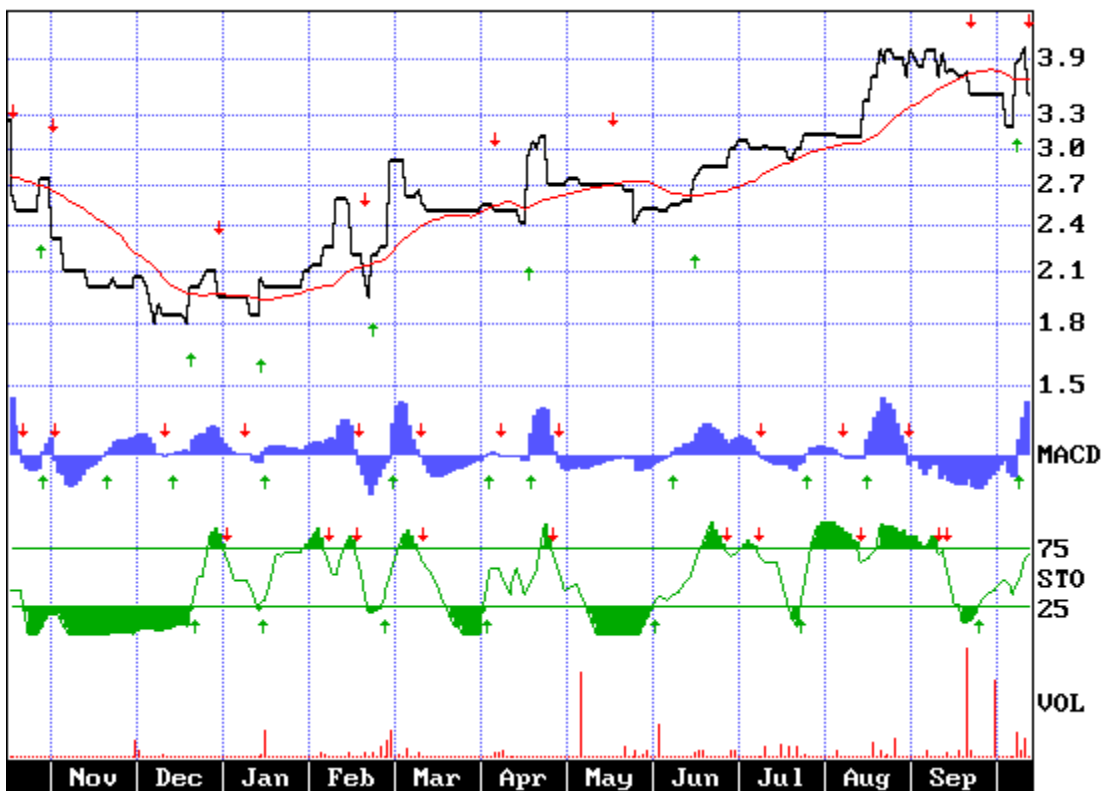
**Commercial Solutions (CSA-V) \$3.50**

**website: [www.commercialsolutions.ca](http://www.commercialsolutions.ca)**

In operation for over fifty years, Commercial Solutions specializes in the distribution and sales of bearings as well as products and services for power transmission, industry, forestry, mining and resource management. It operates 22 service centres under various trade names including Commercial Bearing Service, AIM Supply, Nisku Safety Supply & Services, CFE Equipment, Cando Oilfield Supplies & Rentals and Impact Oilfield Supply.

The last quarter saw revenues up 29.8% and diluted earnings per share up 75.0%. Commercial Solutions was named one of the 50 Best Managed Companies in Canada in January in an annual program sponsored by Deloitte, CIBC, the National Post and Queen’s School of Business.

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change	
Rev.	\$52,594	\$69,394	+31.9%	\$78,113	+12.6%	Q Rev.	\$19.6m	\$25.4m	+29.8%	
EPS	\$0.09	\$0.07	-22.2%	\$0.16	150.0%	Q EPS	\$0.04	\$0.07	+75.0%	
<b>Relative Strength</b>			71.84	<b>P/E Ratio</b>			16.70	<b>P/S Ratio</b>		0.64



This company is benefiting from Alberta’s booming oil patch which it serves. The chart shows the stock has almost doubled since December though a five year chart shows it can drop quickly as well, plummeting from \$2.70 to \$1.80 in the last quarter of 2004. The last two weeks of volatility in energy and related stocks has taken a bit off of this one which makes this a good entry point. The stock should continue to gain as long as the oil boom in Alberta continues. And that will be until North America is self-sufficient in oil which is a long way away yet.

The stock is a bit of sleeper with low volume and has not yet been discovered by the big boys. A move to the TSX could change that. We’re adding 285 shares to our Venture Portfolio.

**Resources Sector Pick**

## Aur Resources (AUR-TSX)

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

The Latin name for gold is aurum and the chemical symbol is AU, so at first blush you might think Aur Resources is a gold miner. It is not. It is a copper miner. Since gold and zinc are often located together with copper, the company produces gold and zinc as by-products.

Founded in 1981, Aur Resources today operates three principle mines that generate 95% of its revenues. One, the Louvicourt Mine, is in Quebec. The other two, the Quebrada Blanca Mine and the Andacollo Mine, are in Chile.

2004 was the last full year of production for the Louvicourt Mine which is winding up operations this year, but the company is now actively developing the 100% owned Duck Pond copper-zinc deposit in central Newfoundland. It expects to start production in late 2006.

The company has extensive untapped reserves at the Quebrada Blanca and Andacollo deposits. The Andacollo deposit has the largest untapped reserve which lies directly beneath the current mining operation. Feasibility studies are being conducted and production could begin in 2008.

The company also retains royalty rights in a number of properties in Quebec and Manitoba that have been optioned to junior exploration companies.

Record copper prices in 2004 generated a huge cash surplus and the company ended the year debt free. This strong financial position along with the company's technical expertise will further its expansion efforts through development and acquisition.

Exploration in 2004 led to the acquisition of three potential copper properties in Chile, one in Mexico, and one potential gold property in Argentina.

Copper is a strategic metal and demand has outstripped supply since 2002. Copper inventories have plummeted while prices have soared. The price of copper dipped below 60 cents a pound in late 2001 and has since soared to over \$1.40. Because of surging demand in China and the rest of Asia, prices are expected to stay high for several years to come.

With efficient management that keeps costs down, a solid balance sheet, technical expertise and strong copper prices, the prospects for Aur continue to look good going forward.

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

To June 30th	2004	2005	% Change
EPS (continuing operations)	\$0.17	\$0.38	+123.53%
Revenues (000s)	\$70,031	\$109,636	+56.55%

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

To Dec. 31st	2002	2003	% Change	2004	% Change
EPS	\$0.10	\$0.11	+10.00%	\$1.03	+836.36%
Revenues (000s)	\$197,747	\$217,202	+9.84%	\$339,887	+56.48%

*(continued on page 9)*



**Aur Resources** (from page 8)



**Chart Analysis:** Aur Resources has been on a solid up trend since bottoming below \$2 in the Spring of 2000. Since then it has quintupled in price yet remains at an incredibly low 5.2 P/E ratio. Growth over the last five years has been volatile marked by large swings in price. But since mid-2004, the volatility has tapered off and growth has been solid and measured. The last two weeks have devastated resource stocks which has brought Aur down to the moving average and a good entry point. We expect it to bounce to the upside soon.

Stats as of 10/14/05	Phase 2 Analysis
<ul style="list-style-type: none"> <li>▪ Hi/Lo Ratio: 1.76</li> <li>▪ RS: 86.04</li> <li>▪ Shares: 95,531,440</li> <li>▪ P/E: 5.235</li> <li>▪ Price: \$8.57</li> </ul>	<ul style="list-style-type: none"> <li>▪ Price Pattern: A</li> <li>▪ Volatility: B</li> <li>▪ Estimates: B-</li> <li>▪ Snapshot: A+</li> <li>▪ News: A+</li> </ul>

**Phase 2:** We give AUR an A for price pattern and a B for volatility as it is growing strongly but with some swings along the way. Estimates are down but it still has a 2.2 or buy rating. We give it a B-. Snapshot is very strong with galloping revenues and earnings up over 800% in 2004. Return on equity in 2004 is huge at 36.43. An A+. And news is solid with a record quarter, discovery of significant copper deposits at its Mexican property, increased reserves in Chile and the declaration of a dividend. 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 September 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.

September was an amazing month for mutual funds as the number of Super Power Performers, that is funds generating better than 25% return in each of the one, three and five year time periods, soared to twenty. It was 12 in August.

Meanwhile, the number of Power Performers, those with better than 20% returns in each of our time periods, dropped to 20 from 26. That six moved up to Super Power status, no doubt.

And the number of our still excellent 15% Performers came in at 56, a huge increase from the 39 in August. Grand total – 96 funds.

<b>Super Power Performers</b>							
Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Resolute Growth	123.19	57.90	44.83	Mackenzie Univ. Cdn. Res.	30.11	34.54	26.76
Mackenzie Universal Canadian Resource (US\$)	41.63	49.27	33.55	Dynamic FocusPlus Resource	34.73	29.66	26.64
Dominion Equity Resource	66.58	42.19	33.08	CIBC Energy	78.19	49.24	26.51
Front Street Special Opp. Canadian	58.53	60.01	32.33	Sentry Cdn. Energy Growth	67.65	36.27	26.45
CI Global Engy. Corp Class US\$	94.18	59.39	29.70	TD Energy	77.84	40.35	26.17
Norrep Fund	55.91	38.62	28.89	London Life Cdn. Res. (MF)	29.04	33.36	26.01
Sprott Canadian Equity	26.01	26.27	28.75	Trimark Canadian Resources	27.44	30.37	25.41
Front Street Small Cap Canadian	49.64	45.99	28.28	Adaly Opportunity-A	32.01	30.68	25.27
Northwest Specialty Equity	33.40	36.47	28.13	Sentry Canadian Resource	57.69	39.13	25.17
RBC Energy	76.40	39.60	26.84	Dynamic Global Resource	42.99	42.36	25.04
<b>Power Performers</b>							
Friedberg Diversified (US\$)	212.93	24.37	29.38	GWL Cdn. Resources (A) NL	47.70	35.50	22.53
CI Signature Canadian Resource	46.61	33.17	24.09	GGOF Monthly High Inc. Classic	35.11	25.26	22.50
AGF Global Res. Class (US\$)	46.59	45.78	23.46	TD Resource	44.92	29.12	22.14
BMO Resource	40.36	26.08	23.41	GGOF Monthly High Inc. Mutual	34.87	24.67	21.87
CI Global Energy Corp. Class	78.89	43.69	23.19	Mackenzie Cundill Recovery 'C'US\$	36.62	40.49	21.31
Mawer New Canada	22.98	24.43	23.18	Bissett Microcap-F	45.04	25.18	21.23
AGF Canadian Resources	50.43	37.47	23.14	Renaissance Cdn. Income Trust	32.68	21.93	21.17
Ethical Special Equity	28.02	25.17	23.02	Bissett Income-F	24.92	21.13	20.82
GWL Cdn. Resources (A) DSC	48.01	35.79	22.79	Altamira Resource	47.95	40.07	20.80
Clarington Canadian Small Cap	28.04	24.22	22.67	United-Canadian Equity Value Pool	37.16	25.17	20.69

*(continued on page 9)*

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

Below are our Performers for August.

Performers							
Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Clarica SF CI Sig. Cdn. Res. A	44.92	30.22	19.85	Middlefield Growth	47.10	27.99	16.58
Clarica SF CI Sig. Cdn. Resource	44.90	30.25	19.79	CI Signature High Income	23.36	18.84	16.54
ABC American-Value	16.38	23.16	19.73	Saxon High Income	20.55	16.23	16.40
Acuity Pooled High Income	28.18	24.26	19.66	Mackenzie Cundill Value 'C' (US\$)	27.93	29.36	16.33
Maritime Life Canadian Growth-R	30.35	31.11	19.30	Goodwood Fund-A	52.33	22.92	16.28
Desjardins Financial Pool Bissett SmallCap	46.72	26.66	18.82	BluMont Hirsch Performance	23.86	21.49	16.17
AGF China Focus Class (US\$)	20.12	31.67	18.66	Middlefield Income Plus	25.78	18.49	16.11
Sceptre Equity Growth	33.58	34.80	18.61	Acuity Pooled Cons. Asset Alloc.	30.65	26.35	16.06
Talvest Millennium High Income	30.83	19.06	18.55	Acuity All Cap 30 Canadian Equity	15.98	31.61	15.89
Montrusco Bolton Cdn. Small Cap 'B'	38.61	29.91	18.07	AGF Global Real Est. Equity US\$	27.23	25.18	15.82
CIBC Canadian Resource	59.30	31.91	18.02	CI Harbour Corporate Class (US\$)	36.52	28.37	15.79
ABC Fundamental Value	20.47	21.65	17.97	North Growth U.S. Equity (US\$)	25.13	27.96	15.50
National Bank Natural Resources	37.76	27.48	17.84	Templeton Global Smaller Companies (US\$)	18.09	27.46	15.40
McElvaine Investment Trust	17.01	16.74	17.83	CIBC Canadian Real Estate	26.09	17.34	15.39
Vertex Fund - A	30.79	30.34	17.70	Canada Life Gens Small Cap Equity (Biss)	42.47	22.79	15.31
Elliott & Page Monthly High Income	21.12	16.86	17.59	Assumption/MB Canadian Small Cap	35.31	26.80	15.26
IA Group Dividends	31.39	23.66	17.53	Fidelity Latin America-B (US\$)	74.10	56.36	15.25
Middlefield Enhanced Yield	30.62	21.06	17.46	Millennia III B Small Cap 3	42.81	22.96	15.25
Mavrix Dividend & Income	19.29	21.29	17.39	Fidelity Latin America-A (US\$)	73.90	56.30	15.22
Chou RRSP	20.64	16.77	17.38	Mackenzie Cundill Recovery 'C'	25.50	26.63	15.15
AGF Global Resources Class	34.88	31.42	17.21	Saxon Small Cap Fund	15.13	22.05	15.14
Bissett Small Cap-F	45.11	24.94	17.18	Hillery & Associates L.P.	21.17	16.37	15.13
TD Latin American Growth (US\$)	72.77	55.66	17.02	Millennia III B Small Cap 4	42.66	22.83	15.13
Acuity High Income	25.76	21.73	16.90	Canada Life Flex Enhanced Div(Lake)	21.16	18.27	15.06
R Canadian Smaller Companies	27.95	24.16	16.89	Canada Life Gens Enhanced Div(Lake)	21.16	18.27	15.05
Investors Cdn. Nat. Resource-C	48.96	27.05	16.87	IA Ecflx Dividends	28.59	21.03	15.03
Elliott & Page Growth Opp.	27.01	23.62	16.72	IAP Dividends	28.59	21.03	15.03
Hillsdale Cdn. Perf. Equity A	26.44	28.69	16.62	CI Signature High Income GIF-A	21.49	17.03	15.01

## Our Model Portfolio

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

**Current Position: \$137,306.78 (Up 174.61%) Up 12.21% YTD**

One bad month can really play havoc with your portfolio and such was the case since our last issue of Sept. 18<sup>th</sup>. Then it was up to \$150,296.39, up 22.38% for the year and over 200% since we launched it in January of 2002. The last month saw resource stocks hit hard and related stocks as well. Stalwarts of our portfolio hit stop losses including CCS Income Fund which had been in the portfolio without hitting a stop since May 19, 2003. In fact, four of the stocks in our portfolio last issue are now out and four new ones have been added, two of which are slated for purchase on Monday. The details are below. Our cash position is just \$3.68.

<b>Aur Resources (AUR – TSX)</b>		<b>Gildan Activewear (GIL – TSX)</b>	
<b># of Shares:</b> 1450	<b>Bought:</b> Oct. 17/05	<b># of Shares:</b> 295	<b>Bought:</b> Sept. 19/05
<b>Price Then:</b> \$8.57	<b>Price Now:</b> \$8.57	<b>Price Then:</b> \$42.01	<b>Price Now:</b> \$42.40
<b>Gain:</b> 0.00%	<b>Stop:</b> \$7.28	<b>Gain:</b> +0.93%	<b>Stop:</b> \$39.37
<b>Notes:</b> Aur Resources is a major copper producer with mines in Canada and Chile and promising properties in Peru and Mexico.		<b>Notes:</b> Gildan Activewear is one of the world's largest manufacturers of T-shirts, golf shirts and sweatshirts.	
<b>Goldcorp (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> \$22.26	<b>Price Then:</b> \$34.73	<b>Price Now:</b> \$85.00
<b>Gain:</b> +2.72%	<b>Stop:</b> \$20.42	<b>Gain:</b> +144.75%	<b>Stop:</b> \$78.40
<b>Notes:</b> Goldcorp is Canada's leading low cost gold mining company. It recently merged with Wheaton River.		<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> \$37.15	<b>Price Then:</b> \$15.00	<b>Price Now:</b> \$19.29
<b>Gain:</b> +72.87%	<b>Stop:</b> \$32.95	<b>Gain:</b> +28.60%	<b>Stop:</b> \$18.19
<b>Notes:</b> Home Capital Group has been a stellar performer as a provider of alternative financing in mortgages and other loans.		<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>Richelieu Hardware (RCH – TSX)</b>		<b>SNC Lavalin (SNC – TSX)</b>	
<b># of Shares:</b> 410	<b>Bought:</b> May 2/05	<b># of Shares:</b> 170	<b>Bought:</b> Oct. 17/05
<b>Price Then:</b> \$24.92	<b>Price Now:</b> \$22.05	<b>Price Then:</b> \$73.48	<b>Price Now:</b> \$73.48
<b>Gain:</b> -11.52%	<b>Stop:</b> \$20.80	<b>Gain:</b> 0.00%	<b>Stop:</b> \$63.02
<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> SNC Lavalin is one of Canada's largest engineering contractors and also does a lot of business outside of the country.	
<b>Trican Well Service (TCW – TSX)</b>		<b>Western Lakota Well Services (WLE – TSX)</b>	
<b># of Shares:</b> 335	<b>Bought:</b> Oct. 10/05	<b># of Shares:</b> 1100	<b>Bought:</b> Oct. 10/05
<b>Price Then:</b> \$41.35	<b>Price Now:</b> \$41.25	<b>Price Then:</b> \$12.60	<b>Price Now:</b> \$12.49
<b>Gain:</b> -0.36%	<b>Stop:</b> \$35.21	<b>Gain:</b> -3.18%	<b>Stop:</b> \$11.67
<b>Notes:</b> Trican Well Service provides a variety of services to the oil patch including coiled tubing, fracturing, etc.		<b>Notes:</b> This well servicing company was our top performer for the third quarter of 2005 and has strong ties to the native community.	