

# the Break Out Report

Volume # 4, Issue # 6

January 15, 2006

## Model Portfolio

### A Change in Our Buying Rules

I've been writing in the last few issues about the *Hulbert Financial Digest* and how it tracks portfolios in the newsletters it follows. One of the questions Hulbert asks is how is a subscriber supposed to interpret ambiguous information. In discussing why he re-balances ambiguous portfolios each issue, Hulbert says, "Consider a service which recommends purchasing a new stock without selling a currently held position. Where are you to get the money to buy the new stock?" How indeed! Hulbert's solution is to assume that each subscriber buys an equal amount of each stock recommended by the newsletter. And so he re-balances.

But that got me to thinking about you, dear reader. How the heck do you use the information in my newsletter? If you follow just my Model Portfolio, for example, what do you do with new stocks featured each issue that are not in the Model Portfolio? Is that information then useless to you if your strategy is to follow the Model Portfolio?

So I decided that each new stock profiled must be added to the Model Portfolio so that the information is not useless to you if that is your strategy.

But will it work? Will it bring comparable returns? I decided to back test it for 2005. The new methodology is this: if a stock in the Model Portfolio hits a stop before the end of the month of the most recent issue, I'll replace it immediately in my online weekend update. If a stock hits its stop in the following month, the position will be left in cash to be filled by one of the new stocks that will be profiled in the next issue. And if there are no stops hit or only one stop is hit and there are two stocks profiled, I'll sell off the worst performing stocks for the month and replace them with the new ones.

Back testing this resulted in some interesting differences. For example, GSW Inc. currently makes up 20.76% of the portfolio. It has been in there since May 17, 2004 without triggering a stop loss. And it has proved to be good for the portfolio as that stock is now up 258.9%. In the back test of the new methodology, GSW Inc. was sold off at \$45.50 in February when it was one of the poorer performers for the month. It did not survive to make its later gains. (It's now \$125.00).

But interestingly enough, the new stocks added each month did well enough to make up for the loss of GSW's spectacular gains. The test portfolio ended the year up 28.28% compared to the 28.18% that our actual portfolio did. Luck? Weird coincidence? Who knows? But it was successful enough to have me change the methodology. So when Home Capital hit a stop on Dec. 28th, I kept the position vacant to be filled by this week's featured stock.

As noted earlier, I will soon be publishing a Break Out Report User's Manual explaining all the portfolio management rules and how to best use the information we publish.

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

**Quarterly Review****2005 Year End Review**

As we do every quarter, we are reviewing our Watched List stocks to see if we want to discontinue carrying some on the 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 December or dropped 5 or more RS points
- It is in a sustained downtrend (anywhere from 4 weeks to 3 months)
- 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.

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

<b>Top Ten for Q4 2005</b>						
<b>Name</b>	<b>Symbol</b>	<b>Date Featured</b>	<b>Price Then</b>	<b>Change Q4</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>
March Networks	MN	Nov. 20/05	\$22.50	43.69%	43.69%	43.69%
Royal Gold	RGL	Sept. 18/05	\$33.50	39.52%	20.78%	20.78%
Aur Resources	AUR	Oct. 16/05	\$8.57	37.46%	37.46%	37.46%
Garda World Security	GW	Aug. 21/05	\$12.15	35.12%	24.44%	24.44%
Trican Well Service	TCW	Apr. 18/04	\$12.16	32.36%	152.63%	360.40%
GSW Inc.	GSW.B	May 16/04	\$34.73	30.59%	146.67%	219.61%
ZCL Composites	ZCL	June 20/04	\$2.05	26.33%	10.82%	84.88%
Western Lakota Energy Services	WLE	July 17/05	\$9.45	24.00%	83.70%	83.70%
CCS Income Fund	CCR.UN	May 18/03	\$10.15	19.43%	68.45%	264.71%
Cameco Corp.	CCO	Nov. 19/04	\$36.87	18.98%	75.90%	100.14%

Two of our Top Ten for the quarter are repeats from Q3. Those are Trican Well Service and Western Lakota Energy Services. In fact, Trican Well Service has been in the Top Ten for three consecutive quarters now and is up 152.63% in 2005. The top performer for the quarter, March Networks, was only featured in our November issue and so its return is for less than a full three months. And Aur Resources which came in third was only featured in October.

Two of the stocks in this list have more than doubled in 2005 and four have more than doubled since profiled.

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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 Q4 2005</b>					
<b>Name</b>	<b>Symbol</b>	<b>Date Featured</b>	<b>Change Q4</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>
Ainsworth Lumber Co.	ANS	Aug. 15/04	-20.17%	-3.43%	-21.22%
Peyto Energy Trust	PEY.UN	Feb. 22/02	-16.62%	6.17%	886.02%
Xceed Mortgage Corporation	XMC	Jan. 16/05	-15.32%	24.75%	24.75%
Potash Corporation	POT	June 19/05	-14.07%	-22.32%	-22.32%
Centurion Energy	CUX	Jan. 16/05	-13.88%	-21.87%	-21.87%
Zargon Oil & Gas	ZAR.UN	Jan. 29/01	-8.63%	33.12%	575.53%
Sherritt International	S	Nov. 19/04	-7.76%	1.61%	16.63%
Great Canadian Gaming	GCD	Mar. 20/05	-7.72%	-15.22%	-15.22%
Home Capital Group	HCG	Nov. 20/00	-7.33%	11.20%	1058.33%
Finning International	FTT	May 11/01	-7.24%	6.14%	126.46%

Great Canadian Gaming is in the Bottom ten for the second quarter running. Interesting to note is that the two top performing stocks on our Watched List, Home Capital Group and Peyto Energy Trust, were both among the worst performers in the last quarter. They're in positive territory for 2005 overall but with returns that lack the oomph of previous years. Zargon Energy Trust, the fifth best performing stock on our Watched List, also made the Bottom Ten list in the last quarter. Even the great stocks sometimes take a breather. Have they run out of steam altogether? We'll just have to watch and see.

And now on to our Quarterly Review. We follow the maxim that the trend is your friend. 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 Q4</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>	<b>Dec. RS Change</b>	<b>Recent Trend</b>	<b>QEPS Change</b>	<b>Status</b>
Home Capital Group	HCG	Nov. 20/00	\$3.00	-7.33%	11.20%	1058.33%	off list	↓	+36.36%	Keep
Peyto Energy Trust	PEY.UN	Feb. 22/02	\$2.58	-16.62%	6.17%	886.02%	off list	↑	+58.33%	Keep
Alimentation Couche-Tard	ATD.SV.B	Dec. 4/00	\$2.88	13.59%	31.83%	713.91%	new	↑	+42.11%	Keep
Reitmans	RET.A	July 6/01	\$2.53	1.42%	19.79%	576.74%	off list	→	+8.00%	Keep
Zargon Energy Trust	ZAR.UN	Jan. 29/01	\$4.70	-8.63%	33.12%	575.53%	-1.55	↑	+39.29%	Keep
Melcor Developments	MRD	Mar. 2/01	\$20.30	16.18%	132.35%	483.74%	-0.23	↑	+361.24%	Keep

(continued on page 4)

**Quarterly Review (from page 3)**

Name	Symbol	Date Featured	Price Then	Change Q4	Change YTD	Change Since Profiled	Dec. RS Change	Recent Trend	QEPS Change	Status
TransForce Income Fund	TIF.UN	Jan 18/02	\$3.02	4.53%	15.66%	464.90%	off list	↑	+164.71%	Keep
Stantec Inc.	STN	Apr 20/01	\$8.25	10.42%	50.11%	381.82%	-3.47	↑	+45.45%	Keep
SNC-Lavalin	SNC	Mar 23/01	\$16.25	1.58%	31.55%	369.54%	-1.71	→	-7.02%	Keep
Trican Well Service	TCW	Apr 18/04	\$12.16	32.36%	152.63%	360.40%	-0.29	↑	+342.86%	Keep
Canada Bread	CBY	May18/01	\$13.00	16.85%	25.53%	353.85%	-11.95	↑	+23.29%	Keep
Contrans Income Fund	CSS.UN	Oct 12/01	\$3.63	1.01%	0.21%	287.33%	off list	↑	+41.18%	Keep
CCS Inc. Fund	CCR.UN	May18/03	\$10.15	19.43%	68.45%	264.71%	-2.70	↑	+108.70%	Keep
Richelieu Hardware	RCH	Dec 4/00	\$7.00	7.73%	7.87%	238.57%	off list	↑	0.0%	Keep
Goldcorp Inc.	G	May25/01	\$7.83	11.16%	43.41%	230.78%	+2.66	↑	+200.0%	Keep
GSW Inc.	GSW.B	May16/04	\$34.73	30.59%	146.67%	219.61%	+0.54	↑	+165.66%	Keep
Fortis Inc.	FTS	Mar 16/01	\$9.50	0.68%	39.68%	155.47%	-5.45	→	+32.00%	Keep
Niko Resources	NKO	Nov 17/02	\$22.20	8.27%	9.41%	148.74%	off list	↑	-42.11%	Keep
CML Healthcare Income Fund	CLC.UN	Apr 12/02	\$5.85	-2.83%	7.87%	146.15%	off list	↑	0.00%	Keep
Steepleback Industrial Group	SID	Jan 18/04	\$2.95	5.97%	77.94%	140.68%	-1.92	↑	L	Keep
BMTC Group	GBT.SV.A	Aug 20/02	\$6.98	14.29%	25.98%	129.39%	-2.24	↑	+6.98%	Keep
Finning Intl.	FTT	May11/01	\$16.40	-7.24%	6.14%	126.46%	off list	↓	-10.00%	Keep
TSX Group	X	Jan 18/04	\$22.50	16.17%	74.45%	108.13%	+1.77	↑	+82.61%	Keep
AlarmForce	AF	Sept21/03	\$1.92	-2.47%	11.27%	105.73%	off list	↑	0.00%	Keep
Cameco Corp.	CCO	Nov 19/04	\$36.87	18.98%	75.90%	100.14%	-0.51	↑	+48.28%	Keep
Pason Systems	PSI	May16/04	\$15.00	6.33%	56.22%	92.67%	+1.53	↑	+80.00%	Keep
ZCL Composites	ZCL	June20/04	\$2.05	26.33%	10.82%	84.88%	off list	↑	-42.86%	Keep
Western Lakota Energy Services	WLE	July 17/05	\$9.45	24.00%	83.70%	83.70%	-0.49	↑	+85.71%	Keep

(continued on page 5)

## Quarterly Review (from page 4)

Name	Symbol	Date Featured	Price Then	Change Q4	Change YTD	Change Since Profiled	Dec. RS Change	Recent Trend	QEPS Change	Status
Falconbridge Ltd.	FAL.LV	Mar 14/04	\$19.63	11.04%	96.36%	75.75%	-2.07	↑	+47.37%	Keep
RONA Inc.	RON	Nov 16/03	\$12.78	-6.58%	5.15%	67.91%	off list	↓	+21.05%	Keep
Savannah Energy Services	SVY	Feb 20/05	\$19.35	4.11%	47.80%	47.80%	-1.58	↑	+52.94%	Keep
March Networks	MN	Nov 20/05	\$22.50	43.69%	43.69%	43.69%	n/a	↑	+114.29%	Keep
Aur Resources	AUR	Oct 16/05	\$8.57	37.46%	37.46%	37.46%	+1.18	↑	+50.0%	Keep
McCoy	MCB	May 15/05	\$4.65	0.80%	35.48%	35.48%	+0.05	→	+300.00%	Keep
La Senza	LSZ.SV	April 17/05	\$14.65	-4.76%	29.69%	29.69%	-4.54	→	T	Keep
BlackRock Ventures	BVI	Jan 16/05	\$8.92	11.11%	28.92%	28.92%	+4.54	↑	+150.00%	Keep
Kingsway Fin.	KFS	July 20/03	\$18.60	12.71%	23.68%	26.34%	-0.82	↑	+22.22%	Keep
Xceed Mortgage	XMC	Jan 16/05	\$5.05	-15.32%	24.75%	24.75%	-5.36	↓	+81.25%	Keep
Garda World Security	GW	Aug 21/05	\$12.15	35.12%	24.44%	24.44%	-2.26	↑	+44.44%	Keep
Le Chateau	CTU.SV.A	June19/05	\$39.06	-1.86%	22.84%	22.84%	-1.15	→	+12.50%	Keep
easyhome	EH	Dec 17/04	\$12.93	-3.07%	24.74%	22.17%	+0.98	→	-43.90%	Keep
Killam Properties	KMP	Jan 18/04	\$2.36	6.67%	40.49%	22.03%	-4.96	↑	+19.23%	Keep
Pareto Corp.	PTO	Aug 21/05	\$1.13	9.60%	21.24%	21.24%	off list	→	0.00%	Keep
Royal Gold	RGL	Sept 18/05	\$33.50	39.52%	20.78%	20.78%	+6.52	↑	+16.67%	Keep
Big Rock Brewery Inc Trust	BR.UN	Oct. 15/04	\$16.05	11.63%	7.17%	20.19%	off list	↑	+19.35%	Keep
Gildan Activewear	GIL	Sept 18/05	\$42.01	12.84%	19.02%	19.02%	-0.14	↑	+29.55%	Keep
Sherritt Intl.	S	Nov 19/04	\$8.66	-7.76%	1.61%	16.63%	off list	↑	-35.00%	Keep
Ensign Energy Services	ESI	Nov 20/05	\$40.24	16.60%	16.60%	16.60%	+0.45	↑	+65.22%	Keep
Sino-Forest Corporation	TRE	Dec 18/05	\$4.40	12.27%	12.27%	12.27%	+8.97	↑	+118.18%	Keep

(continued on page 6)

**Quarterly Review (from page 5)**

Name	Symbol	Date Featured	Price Then	Change Q4	Change YTD	Change Since Profiled	Dec. RS Change	Recent Trend	QEPS Change	Status
Calfrac Well Services	CFW	Mar 20/05	\$36.75	1.90%	9.66%	9.66%	-0.80	↑	+2.94%	Keep
Teck Cominco	TEK.SV.B	Dec 18/05	\$57.75	7.45%	7.45%	7.45%	+2.40	↑	+222.58%	Keep
Great Cdn. Gaming	GCD	Mar20/05	\$19.32	-7.72%	-15.22%	-15.22%	off list	↑	+22.22%	Keep
Res. In Motion	RIM	Sept19/04	\$94.82	-3.22%	-22.30%	-19.06%	off list	→	+32.61%	Keep
Ainsworth Lumber Co.	ANS	Aug 15/04	\$30.40	-20.17%	-3.43%	-21.22%	off list	↓	-34.23%	Drop
Centurion Energy	CUX	Jan 16/05	\$14.45	-13.88%	-21.87%	-21.87%	off list	↑	+13.33%	Keep
Potash Corp.	POT	June19/05	\$119.85	-14.07%	-22.32%	-22.32%	off list	→	+72.06%	Keep
Cryptologic	CRY	May 15/05	\$42.05	12.09%	-45.76%	-45.76%	off list	↑	+71.43%	Keep
<b>Average</b>	<b>Gain</b>			<b>7.56%</b>	<b>30.29%</b>	<b>164.84%</b>				

Dropped (with YTD and Total Gain in brackets) is Ainsworth Lumber (-3.43%, -21.22%)

Ainsworth has gone for two quarters with declining earnings per share and it is off our Top 500 list and is in a sustained down trend. We're dropping it.

For the year-to-date our Watched List is up 30.29%, 7.56% for the fourth quarter. All the stocks on our Watched List are up an average of 164.84% since profiled with 25 up over 100%. That's out of a Watched List of 57 stocks. Six are in negative territory but three have been on our Watched List less than a year 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 Bought	# of Shares	Price Then	Price Now	Amount Invested	Current Value	Change
Asian Television Network	SAT	Aug. 22, 2005	3000	\$0.33	\$1.35	\$1017.00	\$4050.00	+298.2%
Twoco Petroleums Ltd.	TWO	Aug. 22, 2005	185	\$5.35	\$7.00	\$1016.75	\$1295.00	+27.4%
Andean American Mining	AAG	Sept. 19, 2005	725	\$1.32	\$1.03	\$1020.25	\$746.75	-26.8%
Anterra Corporation	ATR	Sept. 19, 2005	1800	\$0.58	\$0.50	\$1071.00	\$900.00	-16.0%
Commercial Solutions	CSA	Oct. 14, 2005	270	\$3.75	\$3.89	\$1080.00	\$1050.30	-2.8%
CV Technologies	CVQ	Nov. 21, 2005	215	\$4.59	\$3.69	\$1013.85	\$793.35	-21.7%
Zapata Energy	ZCO	Nov. 21, 2005	76	\$13.05	\$15.25	\$1018.80	\$1159.00	+13.8%
Solium Capital	SUM	Dec. 18, 2005	900	\$1.10	\$1.15	\$1017.00	\$1035.00	+1.8%
Grand Petroleum	GPP	Dec. 18, 2005	200	\$5.01	\$4.82	\$1029.00	\$964.00	-6.3%
<b>Totals</b>						<b>\$9283.65</b>	<b>\$11,993.40</b>	<b>+29.2%</b>

**TSX Venture Pick**

**Wrangler West Energy (WX-V) \$7.92**

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

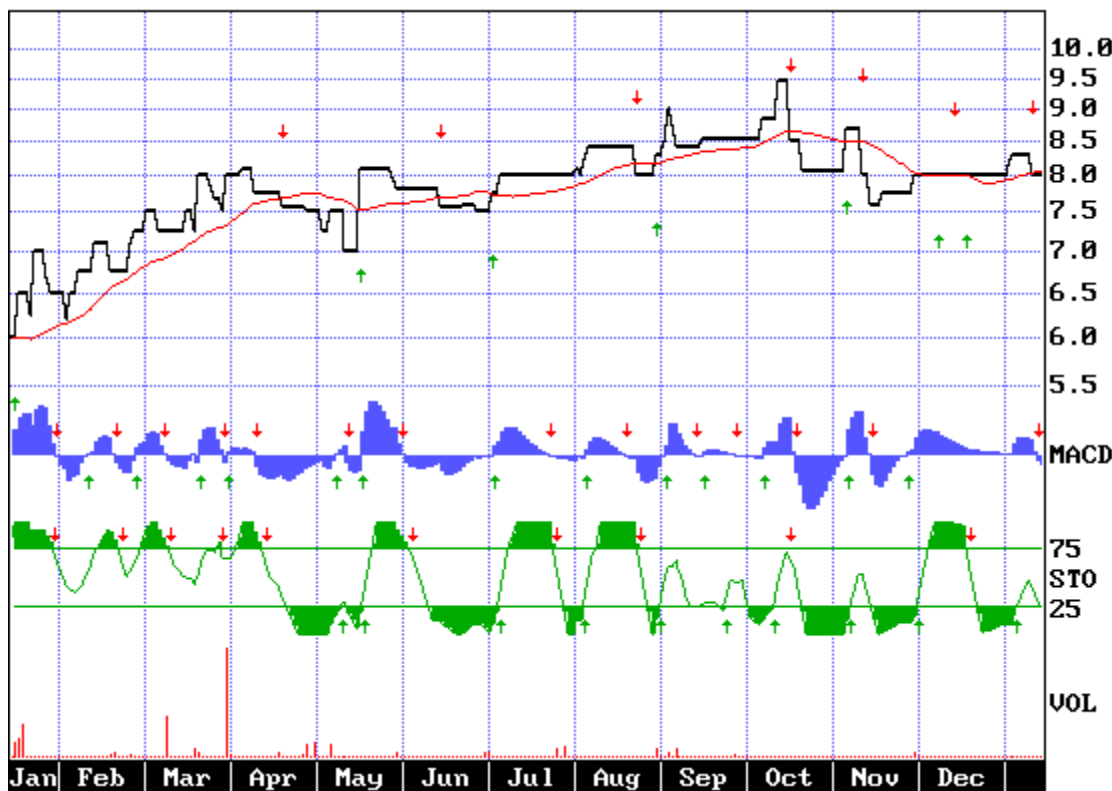
Wrangler West is a Calgary-based junior oil and gas producer. In the quarter ending Sept. 30<sup>th</sup>, the company drilled 7 wells – 1 oil, 4 gas and 2 dry. That brought exploration totals for the first nine months of 2005 to 19 gross wells – 7 oil, 9 gas and 3 dry.

The company had 7 producing oil wells and 1 producing gas well at the end of Q3 with a production of 300 barrels of oil a day and 1500 mcf of gas a day. Additionally the company had 2 oil wells that were awaiting testing and tie-in and 6 cased gas wells awaiting tie-in.

Revenues for Q3 were up 50% over the Q3 of 2004 with earnings per share up 100%. Q3 EPS of \$0.14 was equal to the entire EPS for 2004. EPS for the first nine months of 2005 was \$0.29 a share. The company's objective is to build a production base sufficient to generate sufficient cash flow to generate internal growth. 2006 could well be a break out year for Wrangler West.

Revenue figures below are in thousands.

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	\$2,937	\$4,039	+31.9%	\$11,182	+12.6%	Q Rev.	\$3,275	\$4,912	+50.0%
EPS	\$0.19	\$0.12	-36.8%	\$0.14	+16.7%	Q EPS	\$0.07	\$0.14	+100.0%
<b>Relative Strength</b>			81.78	<b>P/E Ratio</b>		44.00	<b>P/S Ratio</b>		4.51



Wrangler West has doubled since the fall of 2003. But since early April, the stock has traded in a narrow range between \$7.00 and \$9.50 averaging around \$8 where it now sits. The company had opportunities to drill wells before it could get infrastructure in place and is now sitting on cased wells awaiting tie-in to delivery channels. Once this has been achieved, revenues, earnings and the share price should once again be on the move. Wrangler West is a thin trader so use limits.

**Resources Sector Pick**

## Aber Diamonds (ABZ–TSX)

(website: [www.aber.ca](http://www.aber.ca))

Although one might, at first blush, think that Aber Diamonds is a diamond mining company. It is not. It owns a 40% interest in the Diavik Diamonds Project in Canada's Northwest Territories but does not do the actual mining. That is done by Joint Venture partner Rio Tinto PLC. Under the partnership agreement, Aber pays 40% of the Project costs and receives 40% of the diamonds. Aber's focus is solely on the marketing of its share of the diamonds.

Diamond exploration began in Canada in the 1960s but it wasn't until the 1980s that major kimberlite discoveries were made. Kimberlite is a rock formation that bears diamonds. It took a further eleven years before the first economic diamond deposit was discovered at Lac de Gras in the Northwest Territories.

The first commercial mining operation was the Ekati mine 300 kilometres northeast of Yellowknife which opened in October 1998. In a little over six months it had produced a million carats.

Diavik was the second commercial operation which began production in November 2002. It is also in the Lac de Gras area and somewhat larger than Ekati. The project consists of four diamond bearing kimberlite pipes. One of these pipes, known as A154S, is one of the richest diamond ore bodies in the world and will dominate the first ten years of production. The projected lifespan of the mine is twenty years and at its peak production will supply six to eight million carats a year or 5% of world production.

Aber received its first share of diamonds from the mine in January 2003 and made its first sale that March – 42,619 carats for US\$4,100,692.

Besides marketing rough diamonds to the jewelry industry, Aber also owns a 51% interest in Harry Winston Inc., a premier marketer of fine jewelry and watches. This controlling interest in Harry Winston was acquired in 2004 to enable Aber to participate in both the rough and finished diamond business, enhancing shareholder value. Demand for diamond jewelry is predicted to grow at 4% annually over the next decade. And Aber's ability to provide Harry Winston with a reliable supply of the highest quality and largest diamonds gives it a distinct competitive advantage in this premium market.

The numbers in the charts below, while stellar, do not tell the whole story. Trailing revenues to October 31<sup>st</sup> are a whopping \$537,955,000, up 88.80% over the year before. Trailing EPS are \$1.65, a jump of 258.70%.

Canada is now the world's third largest producer of diamonds after Botswana and Russia. With world demand still outstripping production, Aber will remain a major player in this market for decades to come. It is, in fact, now the largest publicly traded diamond specialty company in the world.

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

To Oct. 31st	2004	2005	% Change
EPS (continuing operations)	\$0.15	\$0.58	+286.67%
Revenues (000s)	\$104,100	\$153,100	+47.07%%

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

To Jan. 31st	2003	2004	% Change	2005	% Change
EPS	-\$0.07	\$0.50	Turnaround	\$0.92	+84.00%
Revenues (000s)	\$4,233	\$109,720	+2492.02%%	\$395,070	+260.07%

*(continued on page 9)*



**Aber Diamond** (from page 8)



**Chart Analysis:** Diamond exploration and development is an expensive business and it was only in 2004 that Aber turned around from losing money to profitability. From 2000 through to the end of 2003 the company's stock price soared from around \$7 to \$52.50. It then settled back as the hype of speculative venture gave way to an eye for profits. After dropping back to \$32 at the end of April, it climbed steadily to \$42 before correcting to \$36 in October along with the rest of the stock market. It is now approaching its highs of January 2004 and could break through to new all time highs in the next year.

Stats as of 01/13/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.48	▪ Price Pattern: A-
▪ RS: 69.14	▪ Volatility: B
▪ Shares: 58,107,428	▪ Estimates: B
▪ P/E: 23.26	▪ Snapshot: A+
▪ Price: \$46.51	▪ News: A+

**Phase 2:** We give ABZ an A- for price pattern and a B for volatility as it is just starting to take off with some give and take along the way. Estimates show projections for 2006 up but down for 2007. The average rating is 2.6 or hold so we give it a B. The snapshot shows a loss in 2003 but revenues and earnings growing like gangbusters since then. The return on equity in fiscal 2005 was 14.97 and is growing. We give it an A+. And news is first rate with record growth in revenues and profits, strong synergies between the rough diamond and Harry Winston divisions, a 67% increase in the dividend and ABZ's addition to the TSX Midcap Index. An A+ again.

*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 December 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.

The number of Super Power Performers stayed steady at 15 in December. But the number of Power Performers climbed to 31 from 28. The number of Performers stayed steady at 50. Total number of funds making our tables in December is up to 96 from 93 in November.

Canadian stocks did well in December and this is reflected in the gains made by our funds. Power Performers are below and Performers on the next page.

**Super Power Performers**

Fund Name	1 yr	3 yr	5 yr
Resolute Growth	100.48	52.14	43.76
Mackenzie Universal Canadian Resources (US\$)	39.93	47.31	36.48
Front Street Special Opp. Canadian	46.82	57.07	35.61
Front Street Small Cap Canadian	47.36	43.82	32.20
EnerVest Natural Resources Fund Ltd	50.22	36.23	32.08
Friedberg Diversified (US\$)	302.96	36.59	31.79
Dominion Equity Resource	36.38	33.17	30.73
Mackenzie Universal Cdn. Resource	35.55	33.13	29.77
Norrep Fund	32.37	33.53	28.84
CI Global Energy Corp Class (US\$)	66.98	55.52	28.02
CIBC Energy	54.73	42.56	27.13
Dynamic FocusPlus Resource	34.91	31.94	26.40
London Life Canadian Resource (MF)	34.37	31.94	26.24
RBC Energy	59.84	38.56	25.50
Sentry Canadian Energy Growth	55.45	34.02	25.16

**Power Performers**

Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Mackenzie Univ. Pr Metals(US\$)	30.94	21.34	35.97	Bissett Microcap-A	22.82	20.66	23.42
Epic Limited Partnership	21.97	34.26	31.39	Altamira Resource	32.82	34.50	22.64
Northwest Specialty Equity	24.43	31.13	29.05	Clarica SF CI Sig. Cdn. Res. A	48.50	31.72	22.39
Ethical Special Equity	24.80	26.20	26.03	Clarica SF CI Sig. Cdn. Res.	48.47	31.72	22.34
Clarington Cdn. Small Cap	24.69	25.28	25.64	GGOF Monthly High Inc Classic	23.70	26.49	22.08
Trimark Canadian Resources	25.65	26.43	24.99	TD Resource	40.46	27.60	21.95
Bissett Microcap-F	24.47	22.21	24.88	Desjardins Financial Pool Bissett SmallCap	34.23	29.02	21.80
Sentry Canadian Resource	45.54	35.61	24.82	CI Global Energy Corp. Class	61.56	40.66	21.69
CI Signature Cdn. Resource	49.83	34.08	24.65	Maritime Life Cdn. Growth-R	21.28	31.15	21.69
AGF Canadian Resources	44.05	35.11	24.46	Mackenzie Universal Wild Resource Cap Class	27.28	26.76	21.46
BMO Resource	47.75	27.21	24.06	GGOF Monthly High Inc. Mutual	22.84	25.87	21.42
TD Energy	55.64	37.04	24.05	TD Latin Amer. Growth (US\$)	50.17	50.09	20.82
AGF Global Res. Class (US\$)	41.11	44.41	24.03	Renaissance Cdn. Income Trust	23.53	23.84	20.58
GWL Cdn. Resources (A) DSC	41.61	33.47	23.88	Bissett Small Cap-F	32.73	27.38	20.18

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

Below are our Performers for December.

Performers							
Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
RBC Precious Metals	25.28	19.61	42.23	National Bank Natural Resources	34.68	25.10	17.81
AGF Precious Metal	19.39	21.81	35.60	Talvest Millennium High Income	24.09	19.56	17.71
CIBC Precious Metals	25.26	18.62	28.86	Acuity Pooled Conservative Asset Allocation	23.51	25.97	17.69
Mawer New Canada	18.04	24.45	25.19	Mackenzie Cundill Recovery 'C'	20.28	27.58	17.62
Adaly Opportunity-A	18.22	29.53	25.14	Investors Canadian Natural Resource-C	52.31	25.65	17.55
Sceptre Equity Growth - A	19.91	35.92	24.17	Middlefield Enhanced Yield	19.26	21.42	17.38
Bissett Income-F	16.31	22.37	20.13	Assumption/MB Canadian Small Cap	21.16	25.39	17.29
DMP Resource Class	40.42	31.42	19.65	Fidelity Emerging Markets-B (US\$)	43.08	36.75	17.20
R Canadian Smaller Companies	18.97	23.98	19.59	Fidelity Emerging Markets-A (US\$)	42.75	36.64	17.15
Fidelity Latin America-B (US\$)	53.54	50.53	19.47	AGF Emerging Markets Value (US\$)	39.64	40.23	17.06
Fidelity Latin America-A (US\$)	53.26	50.44	19.43	McElvaine Investment Trust	17.21	17.71	17.00
Elliott & Page Growth Opportunities	18.76	23.43	19.32	Montrusco Bolton Enterprise	23.55	28.18	17.00
CIBC Canadian Resource	52.54	30.42	19.04	Concordia Special Growth	16.33	23.16	16.45
Bissett Small Cap-A	31.32	26.11	18.98	CI Signature High Income	16.57	19.67	16.39
Vertex Fund - A	27.12	31.53	18.98	Acuity High Income	17.79	22.82	16.19
Hillsdale Canadian Performance Equity A	17.44	29.30	18.92	IA Group Dividends	27.88	23.78	16.18
Acuity Pooled High Income	20.29	25.32	18.91	CI Harbour Corporate Class (US\$)	25.74	28.27	16.14
Bissett Income-A	15.06	21.10	18.85	Mackenzie Cundill Value 'C' (US\$)	15.77	31.80	16.04
Renaissance Canadian Small-Cap	29.57	23.57	18.72	Middlefield Income Plus	16.32	19.02	16.03
Centaur Smaller Companies	37.95	31.98	18.40	RBC Global Resources Sector	36.74	26.70	16.01
United-Canadian Equity Value Pool	30.05	23.15	18.31	Excel India	24.14	43.78	15.83
Canada Life Gens Small Cap Equity (Biss)	30.26	25.15	18.22	Templeton Emerging Markets (US\$)	27.31	33.67	15.68
Millennia III B Small Cap 3	30.58	25.36	18.22	Dynamic FocusPlus Real Estate	16.32	21.50	15.57
Millennia III B Small Cap 4	30.45	25.23	18.09	Hillsdale Canadian Aggressive Hedged A	22.90	24.37	15.14
AGF Global Resources Class	36.64	30.53	17.94	CIBC Canadian Real Estate	17.52	19.62	15.07

*Our Power Performer tables are derived from information at Globefund.com*

## Our Model Portfolio

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

**Current Position: \$165,584.95 (Up 231.17%) Up 5.57% YTD**

In just a few days over four years, our portfolio has gained 231.17%. Wow! If we can repeat that over the next four years, the portfolio will be worth \$548,367. That would put us well on track to reach a million dollars in ten years. Most people don't realize how powerful compounding is. Albert Einstein called it the eighth wonder of the world. To turn our initial \$50,000 into a million just means generating a compound average annual return of 35%. That actually is a lot harder than it sounds, but we are on track so far! Check out our table below for our current position. It includes the addition of this issue's featured stock, Aber Diamonds. Our cash position is \$179.90.

<b>Aber Diamonds (ABZ – TSX)</b>		<b>Aur Resources (AUR – TSX)</b>	
<b># of Shares:</b> 325	<b>Bought:</b> Jan. 16/06	<b># of Shares:</b> 1450	<b>Bought:</b> Oct. 17/05
<b>Price Then:</b> \$46.51	<b>Price Now:</b> \$46.51	<b>Price Then:</b> \$8.57	<b>Price Now:</b> \$13.24
<b>Gain:</b> 0.0%	<b>Stop:</b> \$39.53	<b>Gain:</b> +54.49%	<b>Stop:</b> \$10.72
<b>Notes:</b> Aber Diamonds has a 40% interest in the Diavik Diamond Mine in the Northwest Territories and controls Harry Winston Inc.		<b>Notes:</b> Aur Resources is a major copper producer with mines in Canada and Chile and promising properties in Peru and Mexico.	
<b>Ensign Energy Services (ESI – TSX)</b>		<b>Fortis Inc. (FTS – TSX)</b>	
<b># of Shares:</b> 165	<b>Bought:</b> Nov. 28/05	<b># of Shares:</b> 535	<b>Bought:</b> Oct. 24/05
<b>Price Then:</b> \$43.18	<b>Price Now:</b> \$45.98	<b>Price Then:</b> \$23.80	<b>Price Now:</b> \$23.62
<b>Gain:</b> +6.48%	<b>Stop:</b> \$40.80	<b>Gain:</b> -0.76%	<b>Stop:</b> \$20.32
<b>Notes:</b> Ensign Energy Services is the second largest land-based drilling contractor and third largest well servicing contractor in Canada.		<b>Notes:</b> Newfoundland based electric company Fortis Inc. has expanded into other regions of Canada including British Columbia.	
<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> \$29.35	<b>Price Then:</b> \$34.73	<b>Price Now:</b> \$125.00
<b>Gain:</b> +35.44%	<b>Stop:</b> \$23.48	<b>Gain:</b> +259.92%	<b>Stop:</b> \$100.00
<b>Notes:</b> Goldcorp is Canada's leading low cost gold mining company. It recently merged with Wheaton River.		<b>Notes:</b> GSW Inc., a leading manufacturer of water heaters, is currently the subject of a takeover bid.	
<b>Kingsway Financial (KFS – TSX)</b>		<b>March Networks (MN – TSX)</b>	
<b># of Shares:</b> 625	<b>Bought:</b> May 24/04	<b># of Shares:</b> 440	<b>Bought:</b> Nov. 21/05
<b>Price Then:</b> \$15.00	<b>Price Now:</b> \$23.98	<b>Price Then:</b> \$22.50	<b>Price Now:</b> \$32.16
<b>Gain:</b> +59.87%	<b>Stop:</b> \$19.24	<b>Gain:</b> 42.36%	<b>Stop:</b> \$28.69
<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> March Networks provides networked video security services for ATMs, banks, transportation systems and more.	
<b>SNC Lavalin (SNC – TSX)</b>		<b>Trican Well Service (TCW – TSX)</b>	
<b># of Shares:</b> 170	<b>Bought:</b> Oct. 17/05	<b># of Shares:</b> 335	<b>Bought:</b> Oct. 10/05
<b>Price Then:</b> \$73.48	<b>Price Now:</b> \$79.36	<b>Price Then:</b> \$41.35	<b>Price Now:</b> \$57.76
<b>Gain:</b> +8.00%	<b>Stop:</b> \$64.06	<b>Gain:</b> +39.52%	<b>Stop:</b> \$46.52
<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>Notes:</b> Trican Well Service provides a variety of services to the oil patch including coiled tubing, fracturing, etc.	