

the Break Out Report

Volume # 4, Issue # 14

May 21, 2006

Analysis

The Good, the Bad and the Ugly

Without a doubt, this was an ugly week in the markets. After riding much higher than anyone expected, the resource laden TSX finally had a correction. How bad was it? Well, after May 9th it had seven consecutive days of decline. It dropped from 12,328.21 down to 11,539.95 on Thursday before posting a modest five point gain on Friday. That's a drop of 6.39%. The TSX has been faltering since hitting an intraday high of 12,494.72 on April 19th.

What about the other markets? The Dow hit its 52 week high on May 10th, but bounced up and down a bit before settling in at 11,144.06 at Friday's close. That's a 4.42% drop from its closing high on May 10th to its closing low on May 18th. Not as bad as the TSX but a downer all the same.

The NASDAQ? It hit its 52 week high of 2375.54 on April 20th. It bounced up and down to May 8th when it closed at 2342.41. From there it declined every day through the 19th except one – it rose five points on May 16th. It closed the week at 2183.34. Heck, it did even worse than the TSX dropping 6.79% over a week and a half.

But the real slaughter was on gold and gold stocks. Gold has just been flying this year and on May 11th hit an intraday high of \$728.00, closing at \$721.50. That's up 39.04% for the year-to-date. Not surprising then that it took a sharp correction falling to 657.50 on Friday, a drop of 8.87%. Gold stocks as measured by the XAU, which are, of course, leveraged to the price of gold, fell from a closing high of 168.62 on May 10th to 140.04 on Friday, a decline of 16.95%.

Okay, that's the ugly stuff. Now the bad stuff. This little debacle has inspired me to poetry or rather, parodies of poetry.

With apologies to Coleridge:

Water, water everywhere and all the stocks did sink!

With apologies to Thayer:

**There is no joy in Investorville,
Mr. Market has struck out!**

With apologies to Shakespeare:

**Double, double toil and trouble
Stocks burn and markets crumble**

(continued on page 3)

In This Issue: Venture Portfolio Update (see page 2)

The Venture Portfolio as of May 19, 2006

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	\$0.82	\$1017.00	\$2460.00	+141.9%
Twoco Petroleums Ltd.	TWO	Aug. 22, 2005	185	\$5.35	\$6.65	\$1016.75	\$1230.25	+21.0%
Andean American Mining	AAG	Sept. 19, 2005	725	\$1.32	\$1.00	\$1020.25	\$725.00	-28.9%
Anterra Corporation	ATR	Sept. 19, 2005	1800	\$0.58	\$0.39	\$1071.00	\$702.00	-34.5%
Commercial Solutions	CSA	Oct. 14, 2005	270	\$3.75	\$7.09	\$1080.00	\$1914.30	+77.3%
CV Technologies	CVQ	Nov. 21, 2005	215	\$4.59	\$2.94	\$1013.85	\$632.10	-37.7%
Zapata Energy	ZCO	Nov. 21, 2005	76	\$13.05	\$14.76	\$1018.80	\$1121.76	+10.1%
Solium Capital	SUM	Dec. 18, 2005	900	\$1.10	\$1.12	\$1017.00	\$1008.00	-0.9%
Grand Petroleum	GPP	Dec. 18, 2005	200	\$5.01	\$4.74	\$1029.00	\$948.00	-7.9%
Wrangler West Energy	WX	Jan. 16, 2006	125	\$7.96	\$8.50	\$1015.00	\$1062.50	+4.7%
Choice Resources	CZE	Feb. 20, 2006	1000	\$0.94	\$0.89	\$960.00	\$890.00	-7.3%
Taseko Mines	TKO	Feb. 20, 2006	450	\$2.20	\$2.76	\$1010.00	\$1242.00	+23.0%
Divestco Inc.	DVT	Mar. 20, 2006	200	\$5.10	\$5.00	\$1040.00	\$1000.00	-3.8%
Humboldt Capital	HMB	Mar. 20, 2006	200	\$4.80	\$5.15	\$980.00	\$1030.00	+5.1%
Uruguay Mineral Exploration	UME	April 17, 2006	200	\$5.40	\$5.10	\$1100.00	\$1020.00	-7.3%
Totals						\$15,388.65	\$16,985.91	+10.4%

We launched the Venture Portfolio on August 21, 2005 with our first two picks, Asian Television Network and Twoco Petroleum. We launched it with the goal of selecting TSX Venture Exchange stocks that had the potential to make the move to the larger TSX Exchange where increased exposure and liquidity would help the stock to rise even more.

Since we launched it, three of our picks have, in fact, made the move. CV Technologies, Commercial Solutions and Taseko Mines are all now TSX stocks. We are keeping them in the Venture Portfolio, however, until they've been in the portfolio at least a year. Commercial Solutions has been the stellar performer and this issue we are adding it to our TSX Watched List and to our Model Portfolio.

Our best performing stock remains Asian Television Network which is up 141.9% and has gone as high as \$1.40 a share. It has slumped back to \$0.82 in the last few weeks.

The rout in the markets this week have taken their toll and our return is now only 10.4%. The Venture Exchange was hit a lot harder than the TSX, which is not surprising considering it is the more speculative exchange. But we expect things to pick up once this temporary correction is over.

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The Good, the Bad and the Ugly (from page 1)

Which brings me to the good, starting with the last piece of bad poetry:

With apologies to Kipling:

**If you can keep your value when all about you are losing theirs,
then you'll be a stock, my chum!**

Even though the markets are taking a dive, there is a silver lining in this cloud. It makes it easier to find good stocks. Think about it. If a stock hits new highs while the market is crashing, what does it say about that stock? Yes indeed. It may be a winner.

This week saw just 63 new highs on the TSX, down significantly from the 292 new highs last week or the 347 in mid-April. Of these, just twelve were worth considering. The best of the bunch was our old friend Commercial Solutions, a Venture Exchange pick of ours from October that has since moved to the TSX. It had respectable revenue growth over the last three years and outstanding earnings per share growth. In fact, EPS more than doubled in 2004 and again in 2005. So this issue, we are adding Commercial Solutions to our Watched List and to our Model Portfolio. We've done a full-up profile as well and won't offer any Venture picks in this issue. Two of the others are featured as well.

The May to October Cycle

I'm still reading Harry Dent's *The Next Great Bubble Boom* and the man is big on cycles, just like my friend Ken. Dent cites the six month cycle discovered by Yale Hirsch of the *Stock Trader's Almanac*. Ken mentioned it in an article in April 2003. Seems that most of the gains in the market have been made between November and April each year since 1950. It's not fool proof and doesn't work every year but over time it is pretty reliable.

Dent has an amazing chart on page 70 of his book that compares two \$10,000 investments in the broad market starting in 1970 (I'm assuming it's the Dow though he doesn't say). One is invested only from November through April and the other only from May through October. By the end of 2001, the May to October investor has actually lost money, his pile shrinking to \$9923. The November through April investor grew his investment to \$467,103. That's pretty darn incredible.

The reason it came to mind was because as of April 28th, my Model Portfolio was up 8.20% for the year to date. My Rich Get Richer Portfolio was up 10.71%. Now they are down to 4.47% and 7.85% respectively, handily beating the TSX's 2.43% but down from where they were. So I got to thinking....how would my Model Portfolio have done if I had bailed at the end of April every year and bought back at the beginning of November? Remember, my Model Portfolio is actively managed, not a buy and hold exercise.

We launched our portfolio on January 11, 2002. I have misplaced the month by month records for the first year or so, but have complete records from Oct. 31, 2003 on. The results are shown below.

Date	Value	Gain/Loss	% Gain/Loss
Oct. 31, 2003	\$80,924.80	n/a	n/a
Apr. 30, 2004	\$92,895.25	\$11,970.45	+14.79%
Oct. 29, 2004	\$102,753.50	\$9,858.25	+10.61%
Apr. 29, 2005	\$128,415.55	\$25,662.05	+24.97%
Oct. 28, 2005	\$136,323.99	\$7,908.44	+6.16%
Apr. 28, 2006	\$169,749.06	\$33,425.07	+24.52%

This is hardly conclusive, but it seems that my results bear out the prediction. I made substantially larger gains in the November through April periods. But while the returns for the May through October periods were less, they were gains nonetheless, so staying out of the market for the summer is not going to fly. My approach is wringing profits even out of the bad months!

Venture Upgrade

Commercial Solutions (CSA-TSX)

website: www.commercialsolutions.ca

I featured Commercial Solutions as a Venture Pick in our October 16, 2005 issue. It was then trading at \$3.50 and peaked at \$7.60 intraday on Monday May 15th, a day that saw the TSX shed over 200 points. It has since settled back to \$7.09, up 102.57% from its feature price.

As you may recall, we look for stocks on the Venture exchange that we think will make the transition to the big board, the TSX itself. Commercial Solutions made the jump on November 10th, less than a month after we featured it.

Its stellar performance and stellar numbers (see table below) made it our favoured stock to profile as a TSX pick this week. And so we are upgrading it to a TSX Watched List pick so we can add it to our Model Portfolio. We will continue to include it in our Venture Portfolio to give an accurate picture of how our Venture picks have panned out.

Commercial Solutions has been in operation for over fifty years and 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 25 service centres (up three since October) under various trade names including Commercial Bearing Service, AIM Supply, Nisku Safety Supply & Services, CFE Equipment, Cando Oilfield Supplies & Rentals and Impact Oilfield Supply.

In 2006 the company introduced its Mobile Supply Shop, an outfitted semi-rig that can be tailored to client requirements and expedited to the jobsite. It can be provided as a turnkey operation or staffed by Commercial Solutions own people. The Mobile Supply Shop was designed to minimize downtime in the field for repairs and maintenance.

Commercial Solutions was named one of the 50 Best Managed Companies in Canada in January 2005 in an annual program sponsored by Deloitte, CIBC, the National Post and Queen's School of Business.

The last quarter saw revenues up 52.59% and diluted earnings per share up 62.50%. But the truly outstanding numbers are the doubling of earnings for two years running in 2004 and 2005. The company could well do the trick again this year.

Commercial Solutions is benefiting from Alberta's booming oil patch which it serves. 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.

Two of my nephews work for Commercial Solutions in Edmonton. I hope those boys have been buying the stock as well. If they have, they have been rewarded doubly for their efforts!

Quarterly Earnings per Share

To Mar. 31st	2004	2005	% Change
EPS	\$0.08	\$0.13	+62.50%
Revenues (000s)	\$22,600	\$34,485	+52.59%

Annual Earnings per Share

To Sept. 30th	2003	2004	% Change	2005	% Change
EPS	\$0.07	\$0.16	+128.57%	\$0.33	+106.25%
Revenues (000s)	\$69,394	\$78,113	+12.56%	\$97,829	+25.24%

(continued on page 5)

Commercial Solutions (from page 4)

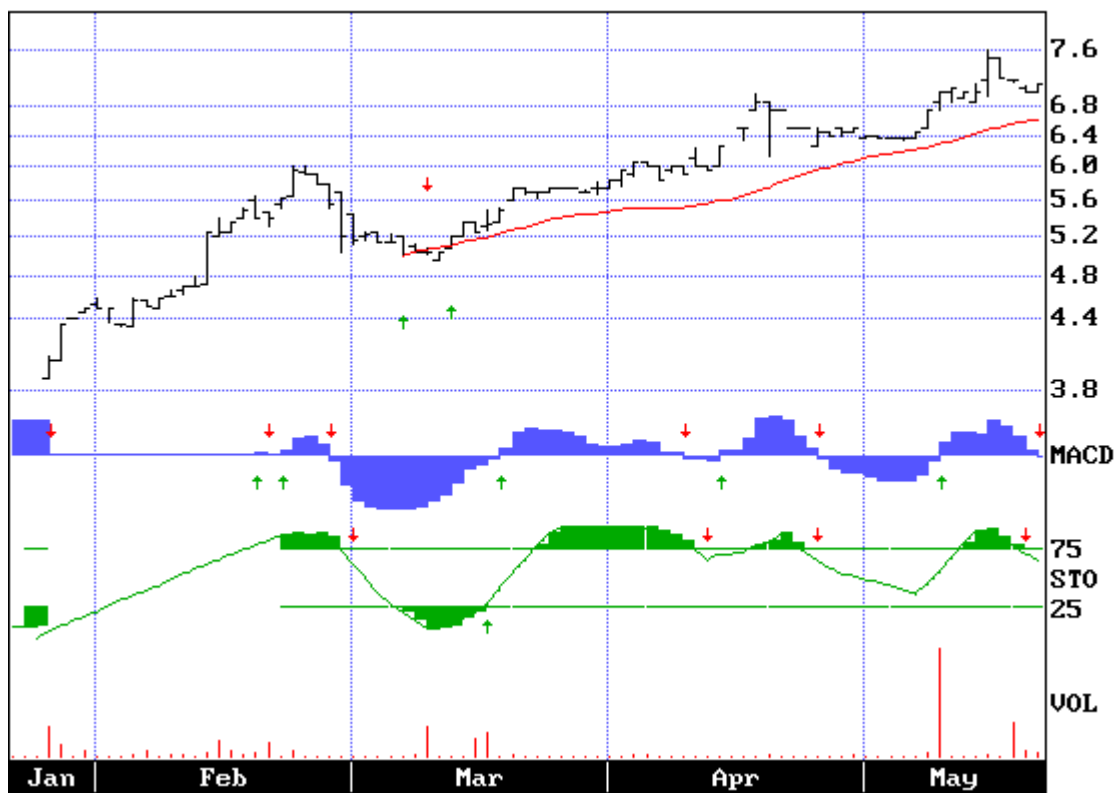


Chart Analysis: Investools does not integrate the charts of a company that has changed to a different stock exchange so the chart above only shows results from mid-January. It's still a damn fine chart! If you want to check out the earlier chart, see our October 16, 2005 edition. The stock has almost doubled on the chart above and had almost doubled up to when we profiled it back then. The chart above shows a huge surge in volume on May 9th, 646,033 shares changing hands, indicating a large institutional purchase. Until then, volume had been choppy, varying from a few hundred to 30,000 shares a day. Volume hit another spike of 213,260 shares on May 17th. The big boys are starting to take notice!

Stats as of 05/19/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 3.15	▪ Price Pattern: A
▪ RS: 95.13	▪ Volatility: A
▪ Shares: 17,819,653	▪ Estimates: A
▪ P/E: 19.20	▪ Snapshot: A+
▪ Price: \$7.09	▪ News: A+

Phase 2: We give CSA an A for price pattern and an A for volatility as the up trend is solid and corrections are minimal. Estimates are up with a 1.7 or buy rating. We give it an A. The snapshot is solid with growing revenues and earnings and a solid return on equity rising from 16.35 to 24.59 over the last three years. The last quarter was exceptional. An A+. News is excellent with a transition to the TSX, additional financing and record setting quarterly 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.

Alternative Energy Pick

WFI Industries (WFI-TSX)
(website: www.waterfurnace.com)

WFI stands for WaterFurnace International. What, you may well ask, is a water furnace? It sounds like a contradiction.

A water furnace is a geothermal heating and cooling system that uses the natural energy of the earth. It's sometimes called a heat pump or heat exchanger. It consists of two units - one in the building to be heated and the other buried underground - an earth loop. Temperatures four to six feet underground do not change with the seasons. So the underground unit picks up heat energy underground and carries it to the topside unit through tubing filled with water. There it is compressed to a higher temperature and distributed throughout the building. If there is a pond nearby, a pond loop can replace the earth loop.

The handy thing is that in the summer, it can work the other way, acting as an air conditioner by pulling heat from the building and burying it underground.

The system is ecologically friendly as well. It only uses electricity to operate the furnace's fan, compressor and pump. It does not burn any fossil fuels but simply transfers heat energy from the earth. The company claims the water furnace is four times more efficient than electrical heating and offers significant cost savings over even the most efficient gas furnaces.

Sales of heat pumps are, to a certain extent, contra-cyclical to oil and gas prices. When the cost of conventional home heating gets exorbitant, people start looking for alternatives, especially fuel efficient alternatives such as the heat exchanger.

And in today's age of environmental awareness, you may be interested in these facts. 47% of the sun's energy that reaches the earth is absorbed into it. That's 500 times more energy than the world uses in a year. It's an unlimited energy source. And replacing your conventional furnace with a WaterFurnace is the equivalent of planting 750 trees or taking two cars off the road. That's because the WaterFurnace doesn't burn fossil fuels or emit carbon dioxide. You can save on your energy bill and help the environment at the same time!

Although traded on the TSX, the company is, in fact, based in Fort Wayne, Indiana. It does not trade on any American exchanges.

We featured WFI on our website in May 2002. Unfortunately, it slumped in the six months following that and we ended up dropping it from our Watched List at the end of September that year after it fell 42.15%. That proved to be a big mistake as the stock subsequently climbed from \$3.50 to Friday's closing price of \$16.80, a whopping gain of 380%. We have loosened the criteria for dropping stocks since then so gems like WFI don't slip away from us as easily.

With oil and gas prices likely to stay high for the next few years, WFI should continue to prosper going forward.

Quarterly Earnings per Share (in US\$)

To Mar. 31st	2005	2006	% Change
EPS	\$0.03	\$0.10	+233.33%
Revenues (000s)	\$12,922	\$17,284	+33.76%

Annual Earnings per Share (in US\$)

To Dec. 31st	2003	2004	% Change	2005	% Change
EPS	\$0.33	\$0.39	18.18%	\$0.50	+28.21%
Revenues (000s)	\$51,209	\$58,773	+14.77%	\$71,602	+21.83%

(continued on page 9)

WFI Industries (from page 6)

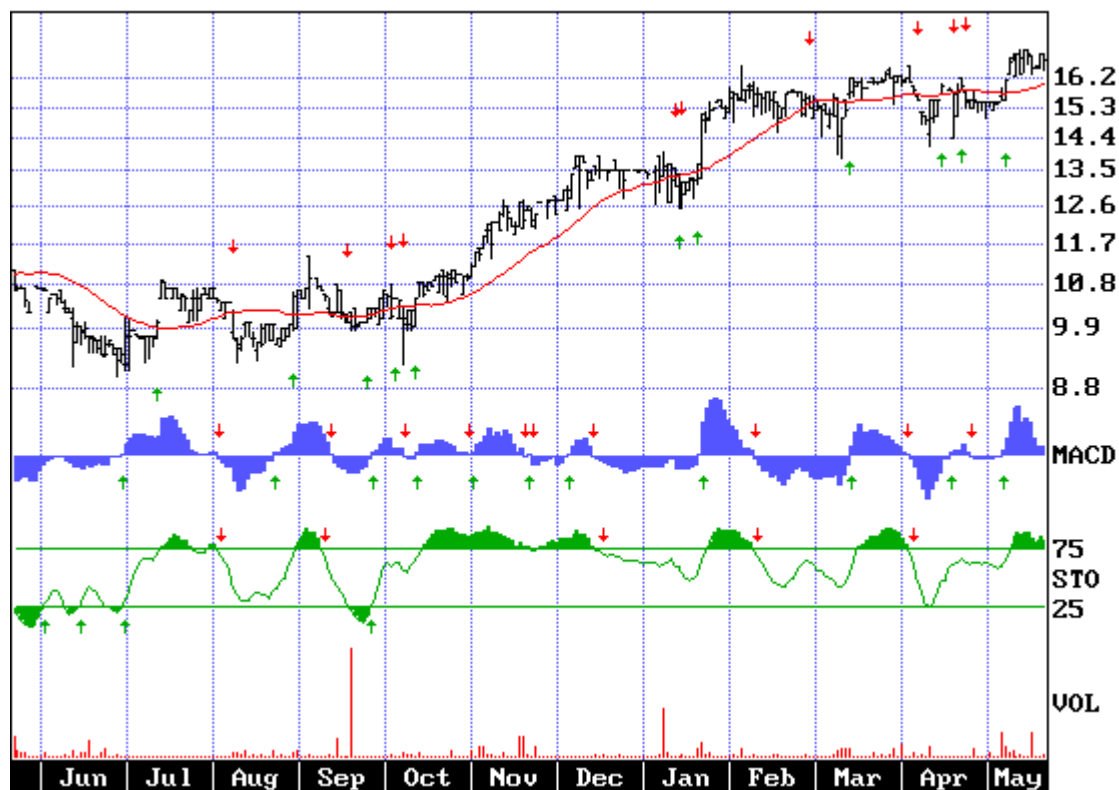


Chart Analysis: WFI Industries has been on a tear, climbing from just under \$10 in October to \$16 by March. It took a breather in April before bumping up a bit higher in May. Its strength in the last week is what caught our eye, making new highs while the market in general was falling heavily. Volume is relatively low with 5,000 - 20,000 shares changing hands most days. You may want to put in limit orders. Because of continuing high oil prices, we expect WFI to continue to do well in the next few years.

Stats as of 05/19/06	Phase 2 Analysis
<ul style="list-style-type: none"> ▪ Hi/Lo Ratio: 1.91 ▪ RS: 82.91 ▪ Shares: 12,620,432 ▪ P/E: 28.50 ▪ Price: \$16.80 	<ul style="list-style-type: none"> ▪ Price Pattern: A ▪ Volatility: A ▪ Estimates: B+ ▪ Snapshot: A+ ▪ News: A

Phase 2: We give WFI an A for price pattern and an A for volatility as the up trend is solid and corrections are minimal. Although there are no estimates, the stock is given a consensus rating of 2.0 or buy by Globeinvestor. We give it a B+. The snapshot is solid with growing revenues and earnings and a solid return on equity rising from 25.39 to 36.61 over the last three years. The last quarter was exceptional. An A+. News is minimal, primarily reporting on quarterly results which have been excellent. 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.

Industrial Sector Pick

Wajax Income Fund (WJX.UN-TSX)

(website: www.wajax.com)

Wajax is a leading player in the sales and service of heavy equipment. It operates in three core businesses: Mobile Equipment supplies such things as container handlers, cranes, excavators, forestry equipment, lift trucks, loader backhoes, mining trucks and shovels, skid steers, telescopic handlers and wheel loaders to the construction, forestry, manufacturing, utilities and oil and gas industries. It is Wajax's largest operation and employs 900 people in 30 sales and service centers across Canada.

Industrial Components operates as Kinacor Canada and distributes bearings, power transmission equipment, hydraulics, and process and automation technologies. This includes such things as heat exchangers, hoists, hoses, mixers, motors, pneumatics, pumps, seals and valves. It serves the agriculture, chemical, construction, fishing, food, forestry, mining, petrochemical, pulp, steel and transportation industries through 55 distribution, repair and service centers. It employs 800 people.

The last of Wajax's core businesses is Power Systems consisting of two operating units: Waterous Power Systems and Detroit Diesel- Allison. Together they operate 19 branches employing 681 people. The units distribute and provide parts and service for Detroit Diesel engines, Allison transmissions, Kohler generators and related product lines.

48% of Wajax's business is in the booming west with 19% in Ontario and 33% in Quebec and the Maritimes. Its largest market is Industrial/Commercial at 35% followed by Mining and Oil and Gas at 29%. Forestry is third at 17%.

Wajax is another company that I featured earlier and then dropped. I featured it on the website on March 30, 2001 when the Break Out Report was still a web only feature. The stock was then at \$5.30. I dropped it from the Watched List at the end of the year after it had fallen 12%, lost more than 5 relative strength points, and the EPS were down 47.6%. It continued to stagnate through April 2003 hitting a low of \$3.25. Then the stock took off, climbing to today's \$41.79, an increase of 1185.85% over its low.

Wajax converted to an income trust in June 2005 and made its first distribution of \$0.275 per unit in August that year (covering a month and a half) followed by a September distribution of \$0.1833. That has been increased three times to the current rate of \$0.25 a unit. A special distribution of \$0.65 was handed out at the end of December. At the current rate, the fund's yield is 7.18%.

With a strong and growing economy, especially in the resource industries which are large Wajax customers, continued growth is likely. Coupled with a good yield, Wajax is a solid investment.

Quarterly Earnings per Share

To Mar. 31st	2004	2005	% Change
EPS	\$0.32	\$1.02	+218.75%
Revenues (000s)	\$239,200	\$303,200	+26.76%

Annual Earnings per Share

To Dec. 31st	2003	2004	% Change	2005	% Change
EPS	\$0.61	\$1.17	+91.80%	\$2.04	+74.36%
Revenues (000s)	\$883,967	\$871,351	-1.43%	\$1,049,416	+20.44%

(continued on page 9)

Wajax Income Fund (from page 8)

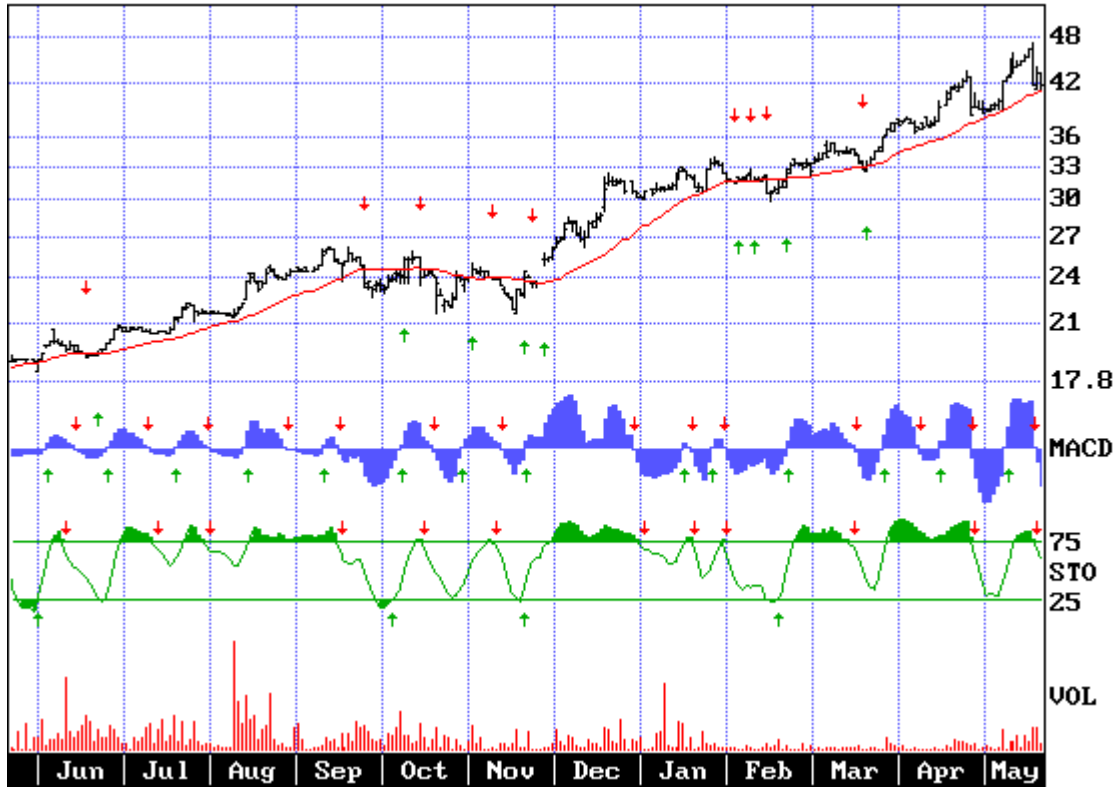


Chart Analysis: What a nice chart! Wajax has more than doubled in the last year and is up more than ten fold since April 2003. It leveled off from September through November last year before taking off on another leg up. That was followed by another flat period from mid-December through February and then another leg up. It hit new highs Tuesday and Wednesday during the strong downturn on the TSX, a solid sign of strength. It has since dropped back to support at the 30 day moving average, a good buying point.

Stats as of 05/19/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.57	▪ Price Pattern: A
▪ RS: 92.84	▪ Volatility: A
▪ Shares: 16,585,206	▪ Estimates: A-
▪ P/E: 20.70	▪ Snapshot: A-
▪ Price: \$41.79	▪ News: A+

Phase 2: We give WJX.UN an A for price pattern and an A for volatility as the up trend is solid and corrections are minimal. Estimates are up across the board with an average 2.5 or buy rating. We give it an A-. The snapshot is solid with strong earnings growth and a solid return on equity rising from 5.49 to 16.89 over the last three years. There was a slight revenue decline from 2003 to 2004 but we still give it an A- because the earnings growth was so strong. News is solid as well with an acquisition and very solid gains in the quarterly reports and rising distributions as well. An A+ in our books.

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 April 2006)

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.

Markets did well in April and the number of Super Power Performers stayed steady at 45. The number of Power Performers also stayed constant at 37. But the number of Performers dropped slightly to 96 from 98. That gives us a grand total of 173 funds making our tables.

Precious Metals and Resource Funds clearly dominated the pack, making up most of the Super Power Performers. Canadian small caps and growth stocks made up the bulk of the Power Performers and the Performers. But there is also a solid showing of emerging market funds, especially Latin America funds.

Super Power Performers (45)

Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
RBC Precious Metals	105.54	40.67	48.91	CI Global Energy Corporate Class (US\$)	73.10	60.22	28.29
AGF Precious Metal	104.56	46.03	43.43	Mackenzie Cundill Recovery 'C' (US\$)	56.00	44.71	27.99
Resolute Growth	121.22	70.14	42.70	Norrep Fund	40.11	41.95	27.98
Mackenzie Universal Precious Metals (US\$)	121.03	41.50	42.62	TDK Resource Fund Inc.	72.69	46.26	27.78
Mackenzie Universal Canadian Resource (US\$)	78.01	57.47	37.72	Northwest Specialty Equity	36.74	33.87	27.52
CIBC Precious Metals	105.48	42.02	36.76	BMO Resource	74.71	43.07	27.39
Friedberg Diversified (US\$)	185.38	71.62	36.20	London Life Canadian Resource (MF)	56.87	43.66	27.33
Dynamic Precious Metals	97.80	35.51	35.78	Excel India	45.21	54.45	27.12
Altamira Precious & Strategic Metal	74.61	36.46	35.16	iShares CDN Energy Sector Index	68.27	46.19	26.91
Sprott Canadian Equity	59.60	42.51	35.10	AGF Canadian Resources	78.81	49.88	26.72
Front Street Special Opp. Cdn.	72.86	63.75	34.31	BMO Precious Metals	94.05	26.34	26.31
Mackenzie Universal Precious Metals	96.61	30.25	33.85	Ethical Special Equity	34.26	30.99	26.31
Epic Limited Partnership	47.19	41.53	33.25	TD Latin Amer. Growth (US\$)	90.27	54.77	26.23
Mackenzie Universal World Precious Metal Cap	100.40	33.15	32.23	CIBC Energy	52.17	45.61	26.07
TD Precious Metals	100.90	33.04	31.38	Fidelity Latin America-B (US\$)	96.88	56.64	26.04
London Life Precious Metals (MF)	94.62	29.00	30.63	Adaly Opportunity-A	30.26	30.77	25.99
Sentry Precious Metals Growth	125.11	41.03	30.49	Fidelity Latin America-A (US\$)	96.63	56.52	25.98
Sprott Hedge L.P.	35.92	25.66	30.15	GWL Cdn. Resources (A) DSC	74.43	47.69	25.95
Front Street Small Cap Canadian	77.14	51.01	29.76	Clarington Canadian Small Cap	34.68	30.33	25.81
Sceptre Equity Growth - A	58.23	45.44	29.51	GWL Cdn. Resources (A) NL	74.06	47.38	25.68
AGF Global Res. Class (US\$)	92.80	57.49	29.43	Bissett Microcap-F	26.64	28.31	25.42
Mackenzie Universal Canadian Resource	58.34	44.95	29.25	Trimark Canadian Resources	48.68	35.28	25.38
Dynamic FocusPlus Resource	72.00	43.14	28.51	Marco's Power Performers © 2006			

(continued on page 9)

Marco's Power Performers (from page 10)

Below are our Power Performers.

Power Performers (37)							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
CI Signature Canadian Resource	71.74	45.70	24.59	Maritime Life Canadian Growth II-R	39.60	34.33	22.07
Acuity All Cap 30 Canadian Equity	42.24	36.00	24.24	Mackenzie Universal World Resource Cap Class	51.72	40.18	21.78
Sentry Canadian Resource Class	84.98	47.40	24.23	AGF Emerging Markets Value (US\$)	75.00	48.27	21.60
EnerVest Natural Res.Fund	42.12	39.27	24.22	AGF Global Res. Class	71.81	45.06	21.50
Mawer New Canada	24.81	28.72	24.13	Vertex Fund - A (04/28)	40.22	35.30	21.48
RBC Energy	55.21	44.00	23.91	Montrusco Bolton Canadian Small Cap 'B'	37.22	34.31	21.43
Bissett Microcap-A	24.88	26.62	23.85	Bissett Small Cap-F	38.86	31.24	20.69
TD Energy	60.75	43.50	23.75	Templeton Emerging Markets (US\$)	52.24	39.21	20.68
Altamira Resource	56.62	43.99	23.34	Hillsdale Canadian Performance Equity A	30.32	31.10	20.53
iShares CDN Gold Sector Index	84.95	28.97	23.27	CIBC Canadian Resource	62.78	42.67	20.51
Clarica SF CI Signature Canadian Resource A	70.15	43.51	23.02	GGOF Monthly High Income Classic	27.24	26.93	20.42
Sentry Canadian Energy Growth	50.65	35.50	23.01	CI Global Energy Corporate Class	53.83	47.50	20.39
Clarica SF CI Signature Cdn Res.	70.15	43.52	22.98	R Cdn Smaller Companies	35.68	29.91	20.30
Dominion Equity Resource	32.58	37.83	22.94	Acuity Pooled High Income	26.94	25.43	20.27
TD Resource	63.01	39.52	22.94	RBC Global Res. Sector	71.97	43.32	20.24
Fidelity Emerging Markets-B (US\$)	77.14	46.73	22.58	Renaissance Canadian Small-Cap	49.75	33.56	20.16
Fidelity Emerging Markets-A (US\$)	76.87	46.59	22.50	Mackenzie Cundill Recovery 'C'	38.76	33.20	20.11
Desjardins Financial Pool Bissett SmallCap	40.48	32.86	22.28	Elliott & Page Growth Opportunities	34.83	29.31	20.04
Maritime Life Cdn. Growth-R	39.30	34.02	22.26	Marco's Power Performers © 2006			

Below and on the next page are our Performers.

Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
Gladiator LP	18.65	23.06	20.02	Dynamic Cdn. Value Class	48.20	39.13	16.91
GGOF Monthly High Income Mutual	26.42	26.32	19.77	Mavrix Strategic Small Cap	102.49	56.83	16.88
AIC Cdn. Focused Corp CI (US\$)	49.76	30.87	19.71	Acuity Social Values Cdn. Eq.	35.01	28.60	16.83
Bissett Small Cap-A	37.36	29.92	19.50	CI Emerging Markets (US\$)	64.39	39.05	16.83
Acuity Pooled Cons. Asset Alloc.	22.89	25.79	19.24	AGF Global Fin. Svcs. (US\$)	35.65	32.05	16.75
Renaissance Cdn. Income Trust	25.78	24.40	19.09	Hillsdale Cdn. Aggr. Hedged A	16.72	23.63	16.75
Montrusco Bolton Enterprise	37.23	33.97	19.05	iShares CDN Fin. Sector Index	24.49	22.84	16.70
National Bank Natural Resources	54.01	36.13	18.90	Thornmark Enhanced Equity	50.33	33.20	16.66
Lutheran Life Canadian Small Cap	36.42	28.97	18.82	AGF Canada Class (US\$)	40.54	31.73	16.64
United-Canadian Equity Value Pool	32.92	27.57	18.81	Synergy Extreme Global Equity (US\$)	39.89	30.21	16.62
Millennia III B Small Cap 3	36.59	29.16	18.72	Trimark Europlus (US\$)	31.30	40.45	16.55

(continued on page 12)

Marco's Power Performers (from page 11)

Performers							
Fund name	1 yr	3 yr	5 yr	Fund name	1 yr	3 yr	5 yr
Canada Life Gens Small Cap Equity (Biss)	36.33	28.88	18.69	McElvaine Investment Trust	17.32	17.92	16.53
CI Harbour Corp. Class (US\$)	43.85	31.93	18.65	BMO Special Equity	46.49	29.22	16.48
Saxon Small Cap Fund	32.68	30.69	18.64	Assumption/MB TSX 100 Momentum	51.72	43.59	16.36
Scotia Latin American Growth	69.76	40.36	18.64	AGF European Eq Class (US\$)	37.98	32.56	16.34
Millennia III B Small Cap 4	36.45	29.03	18.62	Highstreet Canadian Equity	36.02	28.50	16.31
AGF Global Real Est. Eq. (US\$)	31.43	28.32	18.56	Genus Biosphere Plus Cdn Eq.	42.36	29.52	16.23
KEYSTONE Saxon Smaller Co.	31.26	28.85	18.55	CIBC Canadian Real Estate	20.72	21.96	16.19
Assumption/MB Cdn. Small Cap	33.97	31.12	18.54	Mackenzie Growth	22.55	21.84	16.15
TD Latin American Growth	69.82	42.53	18.54	Standard Life Canadian Small Cap-A	45.65	30.16	16.12
Legg Mason Canadian Small Cap	47.08	35.95	18.52	StandardLife Ideal Canadian Small Cap	45.54	30.01	16.00
Talvest Millennium High Income	30.88	20.68	18.34	IG Beutel Goodman Canadian Small-Cap-C	25.83	23.23	15.93
Fidelity Latin America-B	75.00	44.18	18.27	Dynamic Power Cdn. Growth	53.16	36.86	15.91
Investors Canadian Natural Resource-C	55.18	33.94	18.27	TD Emerging Markets-A	48.23	35.24	15.91
Bissett Income-F	18.22	22.05	18.22	StandardLife Ideal-NL Cdn Small Cap	45.30	29.80	15.88
BluMont Hirsch Performance	26.98	24.78	18.20	TD Emerging Markets	48.37	34.97	15.83
Fidelity Latin America-A	74.61	44.03	18.20	Dynamic Power Canadian Growth Class	49.76	35.85	15.79
SEI Emerging Market Equity-O	42.02	34.06	18.16	CIBC Latin American	55.76	35.80	15.77
IA Group Dividends	33.22	26.76	18.15	Hillsdale US Performance Equity (US\$)	52.94	32.70	15.76
Tmpltn Global Smaller Co (US\$)	25.12	29.63	18.14	Leith Wheeler Cdn. Equity B	27.29	25.49	15.67
All-Canadian Resources Corp.	46.34	23.84	18.08	IA Eclfx Dividends	30.39	24.07	15.64
Montrusco Bolton TSX 100 Mom.	54.00	45.76	18.06	IAP Dividends	30.39	24.07	15.64
Concordia Special Growth	33.88	29.66	17.98	Mackenzie Cundill Value 'C' (US\$)	29.79	31.68	15.54
ABC Fundamental Value	27.24	28.17	17.89	CI Signature High Income	17.70	19.84	15.51
Montrusco Bolton Cdn Eq. Plus	27.17	27.58	17.89	GGOF Emerg. Markets Mutual	44.41	33.07	15.45
Trans IMS Canadian Small Cap	42.56	42.17	17.70	North Growth U.S. Eq. (US\$)	21.59	23.61	15.45
Beutel Goodman Small Cap	27.30	24.85	17.69	Halcyon Hirsch Opport. Cdn	32.37	27.43	15.43
Acuity High Income	24.16	22.99	17.60	Altamira Global Discovery	45.06	33.98	15.42
Dynamic FocusPlus Real Estate	22.38	24.59	17.45	APEX Cdn. Value (Dynamic)	48.14	38.36	15.41
Dynamic Power Small Cap	44.40	41.56	17.43	United-Canadian Equity Small Cap PI	36.59	31.80	15.38
Acuity Pooled Canadian Equity	34.72	31.67	17.32	Trimark Cdn Small Companies	17.10	18.02	15.32
Empire Small Cap Equity	31.53	28.21	17.29	Assumption Canadian Equity Plus	24.49	24.88	15.30
DMP Resource Class	81.70	45.53	17.21	Middlefield Income Plus	20.19	19.69	15.28
CI Can-Am Small Cap Corp. Cl.	37.90	36.84	17.19	Trimark Global Bal. (US\$)	20.76	25.82	15.21
CI Emerg Mkts Corp Class (US\$)	66.21	39.29	17.19	RBC O'Shaughnessy Cdn Eq.	25.36	25.19	15.09
AGF Global High Yield Bond (US\$)	17.08	15.24	17.15	Fidelity Emerging Markets-B	57.35	35.08	15.05
Middlefield Enhanced Yield	23.15	22.65	17.08	Sentry Select REIT	24.39	21.34	15.03
Bissett Income-A	16.94	20.78	16.97	Dynamic Canadian Dividend	25.46	23.18	15.02

Our Model Portfolio

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

Current Position: \$163,849.42 (Up 227.70%) Up 4.47% YTD

The last two weeks have wreaked havoc on the TSX, the last week in particular. Three of our stocks hit their stop losses and we now fill them with the three featured stocks in this issue, all of which hit new highs in the last week despite the market chaos. Those three, of course, are Commercial Solutions, WFI Industries and Wajax Income Fund. Our cash position after trades is \$10.78. On Monday we will confirm that we were, in fact, able to buy the stocks at the prices indicated. If not, we will adjust our data accordingly. We always understate our results.

Commercial Solutions (CSA – TSX)		FirstService Corporation (FSV.SV – TSX)	
# of Shares: 2155	Bought: May 22/06	# of Shares: 585	Bought: Feb. 20/06
Price Then: \$7.09	Price Now: \$7.09	Price Then: \$29.28	Price Now: \$27.35
Gain: 0.00%	Stop: \$6.02	Gain: -6.61%	Stop: \$25.87
Notes: Commercial Solutions supplies bearings and other supplies and services to industry, particularly to the oil industry.		Notes: FirstService is a major property management firm with offices in twenty countries around the world.	
Fortis Inc. (FTS – TSX)		Intrawest Corp. (ITW – TSX)	
# of Shares: 795	Bought: Oct. 24/05	# of Shares: 447	Bought: Mar. 20/06
Price Then: \$22.88	Price Now: \$23.17	Price Then: \$37.58	Price Now: \$37.71
Gain: +1.28%	Stop: \$20.32	Gain: +0.35%	Stop: \$35.65
Notes: Newfoundland based electric company Fortis Inc. has expanded into other regions of Canada including British Columbia.		Notes: Intrawest is the world leading resort operator with many ski resorts and golf courses under management including Whistler.	
Kingsway Financial (KFS – TSX)		MacDonald Dettwiler (MDA-TSX)	
# of Shares: 683	Bought: May 24/04	# of Shares: 335	Bought: Apr. 17/06
Price Then: \$15.75	Price Now: \$22.25	Price Then: \$50.40	Price Now: \$46.60
Gain: +41.23%	Stop: \$19.77	Gain: -7.83%	Stop: \$43.77
Notes: Kingsway Financial is a leading supplier of alternative insurance services. The stock has been flat for a while but has not hit a stop loss.		Notes: MacDonald Dettwiler & Associates is a leading data manager and also involved in space technology. It built the Canadarm.	
Ritchie Brothers (RBA – TSX)		Stella-Jones Corporation (SJ – TSX)	
# of Shares: 282	Bought: Mar. 20/06	# of Shares: 838	Bought: Feb. 20/06
Price Then: \$59.30	Price Now: \$63.21	Price Then: \$16.06	Price Now: \$21.65
Gain: +6.59%	Stop: \$55.96	Gain: +34.81%	Stop: \$19.98
Notes: Ritchie Brothers is the world's leading auctioneer for industrial equipment. It has 110 offices in 25 countries worldwide.		Notes: Stella-Jones is a leading manufacturer of poles – yes poles. Hydro poles, railway ties, piles for wharves and so on.	
WFI Industries (WFI – TSX)		Wajax Income Fund (WJX.UN – TSX)	
# of Shares: 908	Bought: May 22/06	# of Shares: 365	Bought: May 22/06
Price Then: \$16.80	Price Now: \$16.80	Price Then: \$41.79	Price Now: \$41.79
Gain: +0.00%	Stop: \$14.28	Gain: +0.00%	Stop: \$35.62
Notes: WFI Industries makes water furnaces, also known as heat exchangers or heat pumps. Save on energy and help the environment!		Notes: Wajax is a leading sales and service company supplying heavy equipment to industry.	