

# the Break Out Report

Volume # 4, Issue # 16

June 18, 2006

## Investment Strategy

### Down Market a Good Time to Look for Income

To say the market's been creamed in the last two months is an understatement. The TSX peaked on April 19<sup>th</sup>, closing at 12,487.32. It bottomed (we hope) on Tuesday, June 13<sup>th</sup>, closing at 10,904.34, a drop of 12.68%. And it's not just the TSX. Markets around the world have been hit hard. In fact, the TSX managed to hold together better than most.

In the June 14<sup>th</sup> *Financial Post* section of the *National Post*, there's a scary looking table of how markets have fared since the US Federal Reserve raised interest rates on May 10<sup>th</sup>. 15 markets, all down. The table below gives the details. I've added the Dow.

<b>S&amp;P 500 (US)</b>	<b>Dow Jones (US)</b>	<b>FTSE 100 (UK)</b>	<b>S&amp;P/TSX (Canada)</b>	<b>S&amp;P/ASX (Australia)</b>	<b>DAX (Germany)</b>	<b>Hang Seng (China)</b>	<b>Nikkei 225 (Japan)</b>
<b>-6.5%</b>	<b>-8.0%</b>	<b>-10.1%</b>	<b>-11.6%</b>	<b>-12.3%</b>	<b>-14.2%</b>	<b>-18.2%</b>	<b>-19.4%</b>
<b>WSE WIG (Poland)</b>	<b>Bolsa (Mexico)</b>	<b>Budapest (Hungary)</b>	<b>SENSEX 30 (India)</b>	<b>RTS (Russia)</b>	<b>Bovespa (Brazil)</b>	<b>ISE 100 (Turkey)</b>	<b>IGBC (Colombia)</b>
<b>-25.9%</b>	<b>-26.8%</b>	<b>-28.4%</b>	<b>-28.6%</b>	<b>-29.2%</b>	<b>-29.4%</b>	<b>-38.2%</b>	<b>-47.0%</b>

So Canadians and Americans need not fret too much. We should be thankful we're not invested in eastern Europe, Asia, or South America! Look at Colombia – a 47% drop....that's gotta hurt!

But being the sort of guy who likes to look at the bright side of things, the decline in North America can be looked at as a correction and maybe even a buying opportunity. Many good solid stocks are now available at a discount.

In particular, it's worth taking a look at good quality income and royalty trusts that have sold off. People buy income trusts for income – duh! And the annual distributions divided by the current price give us the yield. Income seekers have flocked to income trusts over the last few years as interest rates have been very low. They want a better yield on their investment. And if they can get a little growth to boot, so much the better.

Income trusts can even be used to self-finance savings. Suppose you're a young whipper snapper who's managed to save \$25,000 (or maybe Mom and Dad gave you some money as a graduation gift, a wedding present or an inheritance.) You know from the literature (such books as *The Wealthy Barber*, *The Automatic Millionaire*, Lesley Scorgie's *Rich by Thirty Newsletter*, etc.), that you can retire a millionaire by investing \$200 a month starting on your 20<sup>th</sup> birthday at 8% return a year. Well, if you have that lump sum of \$25,000 and invest it in an income trust generating 9.6% return, you'll have your \$200 a month without ever contributing another dime. In other words, you

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In This Issue: Power Performers Mutual Funds! (See Page 10)

### Down Market a Good Time to Look for Income *(from page 1)*

can retire a millionaire if you have a lump sum of \$25,000 at age 20 by simply investing it in an income trust generating 9.6% a year and re-investing the proceeds each month.

Which brings us to the subject of this article. The downturn in the market reduced the prices on many excellent income trusts. Reducing the price, if distributions remain steady, increases the yield. That makes it just that much easier to find an income trust generating 9.6% a year.

In fact, as of Friday when the TSX had recovered 300 points from its low, there were 155 income trusts generating 9.6% or better returns. That's over a third of all Canadian income trusts. They're not all good, of course. Some are dreck. So let's look at the factors you should look for to find a good income trust with a respectable yield.

Besides a good yield, you want your income trust to have the potential for growth. The same factors apply that apply when picking growth stocks – strong annual earnings growth for the last three years, strong earnings growth in the most recent quarter and growing revenues.

With an income trust, there is a further factor to look for. You want the distributions to be affordable to the company. You don't want them giving away more than they are taking in. That is a recipe for ultimate disaster.

Take the example of Spinrite Income Fund (SNF.UN), in the news this week. The company makes yarn for crafts. In 2005 it had earnings per share of \$0.60 and gave away \$1.06 in distributions. How long do you think a company can keep that up before going bankrupt? Spinrite's price plunged from \$13 in September 2005 to just over a dollar today. It dropped 60 cents from \$1.70 to \$1.10 on Thursday when it announced it was suspending distributions.

To check out income funds and their returns, go to [globeinvestor.com](http://globeinvestor.com), and click on Filters. On the page that appears, select Income Trusts from the Security drop down menu and click the Get Results button. This brings up a small new window that shows how many securities were found. Click on View Report and the main page comes up with the report. In the menu above the report, click on % Change. This brings up a different set of data that includes yield. Click on Div Yield at the top of the Div Yield column and it reorders them from high to low. Now you're ready to do some analysis.

If you look just at yield, the top yielding fund is the AGF Master LP (AFP.UN) with a yield of 55.20%. This and similar funds have a self-imposed expiry date at which time the partnership will cease operations and be dissolved. Some of the distribution is a return of capital. On January 1, 2001, the share price was \$5.10. It climbed to \$6.00 in July that year but has since dropped steadily to today's \$1.25. On December 31, 2005, the fund closed at \$1.51. Over the five years, it had distributed \$6.21 of which \$3.59 was reflected in the sliding price.

The fund generates its income from redemption fees and deferred sales charges on a stable of AGF's mutual funds. Each year some expire and generate no further revenue. So the distributions have been shrinking every year. If you add the distributions of \$6.21 and the Dec. 31<sup>st</sup> value of \$1.51 for a total of \$7.72, you get a return over five years of 51.37%. Annualized that's 8.87% a year. A far cry from the 55.20% indicated. So sometimes the yields are misleading, particularly the higher yields.

What you want to look for is a combination of positive percentage change in share price and solid yield. Click on 1 Year at the top of the % Change section and the funds re-order by one year return.

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### The Break Out Report

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**Down Market a Good Time to Look for Income** (from page 2)

Now we'll go down the list looking for funds that have a yield greater than five percent. These are good candidates to check out further. Next we checked out for earnings growth by clicking on the name of each trust respectively. We want three years of consecutive earnings growth. We also want the distributions to be less than the earnings per share. Below is a list of possible candidates.

Company	Symbol	Last Price	Div Yield	Month	YTD	1 Year
Wajax Income Fund	WJX.UN	40.35	7.90	-12.76	31.39	108.85
Cathedral Energy Services	CET.UN	11.64	6.21	-0.34	-2.18	101.04
GMP Capital Trust	GMP.UN	22.50	6.45	-9.46	25.56	87.89
Total Energy Services	TOT.UN	15.96	7.26	-11.33	-5.95	66.25
Phoenix Technology Income	PHX.UN	9.32	8.43	-6.80	-2.00	54.56
Vicwest Income Fund	VIC.UN	15.98	9.79	-6.00	25.93	52.19
Foremost Income Fund	FMO.UN	17.15	5.85	-12.50	17.06	48.06
Mullen Group Income Fund ***	MTL.UN	28.70	6.51	-12.07	-12.21	40.57
Strongco Income Fund	SQP.UN	20.75	10.00	-1.61	27.61	40.20
Newalta Income Fund ***	NAL.UN	31.06	7.25	-2.33	6.44	39.28
General Donlee Income Fund ***	GDI.UN	4.78	13.75	0.84	2.80	38.55
Penn West Energy Trust ***	PWT.UN	39.94	10.12	-7.37	5.13	37.96
Sleep Country Canada	Z.UN	25.80	5.41	-2.24	21.41	36.15
Vermilion Energy Trust	VET.UN	31.29	6.58	-5.18	5.21	34.70
Petrofund Energy Trust ***	PTF.UN	25.20	9.41	-7.11	22.99	33.55
ARC Energy Trust ***	AET.UN	26.04	9.32	-0.99	-1.70	31.18
Bonterra Energy Income Trust ***	BNE.UN	29.26	9.39	1.95	23.98	29.81
CCS Income Trust	CCR.UN	36.31	5.41	-1.41	-1.86	25.21
Zargon Energy Trust ***	ZAR.UN	30.20	7.19	-6.65	-4.88	25.00
Armtec Infra. Income Fund ***	ARF.UN	18.10	8.67	-5.73	5.54	24.57
XS Cargo Income Fund ***	XSC.UN	13.40	9.36	-9.46	-3.94	22.94
Eveready Income Fund ***	EIS.UN	6.51	9.16	-15.12	-2.84	22.83
Trinidad Energy Services ***	TDG.UN	16.05	8.61	-10.58	1.45	21.59
ACTIVEnergy Income Fund	AEU.UN	12.45	10.60	-5.68	-2.73	20.87

There were a number of trusts that were close, maybe their distributions were slightly more than their EPS or they had earnings growth in only two years, not three. These are indicated by \*\*\* beside the name in the table above. The others all exhibited the following characteristics:

- EPS growing every year for the last three
- Earnings are greater than the distributions
- One year return greater than 20% (share price growth)

Of those twelve, four show strong growth for the year to date with a sharp correction in the last month. One of them is Wajax Income Fund which we already have in our Watched List. The other three are added to our Model Portfolio and Watched List this issue.

We're straying slightly from our usual methodology which is to look for stocks hitting new highs. This is because of our focus on income and improved yield in this issue.

Of the three new additions, one is a stock brokerage company, one sells metal building supplies, and the third manufactures specialty all-terrain vehicles and other assorted equipment for industry including the oil and gas industry.

Wajax Income Fund, which was in our portfolio already, unfortunately hit our stop loss point this week and was sold off. Our portfolio, in fact, suffered six stop losses and we have a few gaps to fill. Our three new income trusts will be added and we will add three from our Watched List as well. Complete details will be found in the Subscribers Area of our website under Model Portfolio. And, of course, on our update on page 13. We are not featuring Venture picks this issue.

**Income Trust Pick**

**GMP Capital Trust (GMP.UN – TSX)**  
**website: [www.gmpcapitaltrust.com](http://www.gmpcapitaltrust.com)**

GMP Capital Trust is the parent company for GMP Securities LP and GMP Private Client LP. The name is short for Griffiths McBurney & Partners. Founded in 1995, this aggressive independent investment dealer finished sixth in market share on the Toronto Stock Exchange on its very first day of operations.

In December 2003 the company went public and in March of 2005 it started Private Client operations.

The two divisions of the company have different focuses. GMP Securities activities include Institutional Equity Trading. GMP has maintained a position as a dominant block trader and the only independent consistently in the top ten block traders in Canada. The Securities division also does investment banking and underwriting, equity research and is one of the top advisory services on mergers and acquisitions.

Its research team covers 230 companies. An interesting side note here is that GMP has just hired Lesley Scorgie of *Rich by Thirty*, as a research associate. She will be covering 20 junior oil and gas companies in Alberta. Congratulations Lesley!

The investment banking and underwriting arm, of course, handles IPOs, private placements, bought deals, restructuring and so on.

GMP Private Client LP is focused on the affluent client and aims to be “the premiere investment firm in Canada.” Some advisors are licensed portfolio managers, allowing clients to defer investing decisions to the advisor following a “strictly defined investment policy statement.” All services are tailored to the individual client’s needs.

GMP Private Client has offices in Toronto and Calgary and opened an office in Vancouver in April. GMP Securities has offices in Toronto, Montreal and Calgary and also maintains an office in Geneva, Switzerland . It owns a US subsidiary, Griffiths McBurney Corporation.

Since going public in 2003, the company has doubled its revenues, undergone a stock split and increased its share value from a split adjusted \$6.76 to \$22.50 today. It hit a closing high of \$28 on May 10<sup>th</sup> before the recent correction. It converted to an income trust in December. With a yield at the current price of 6.45% and strong growth prospects, this may be an opportune time to buy.

**Quarterly Earnings per Share**

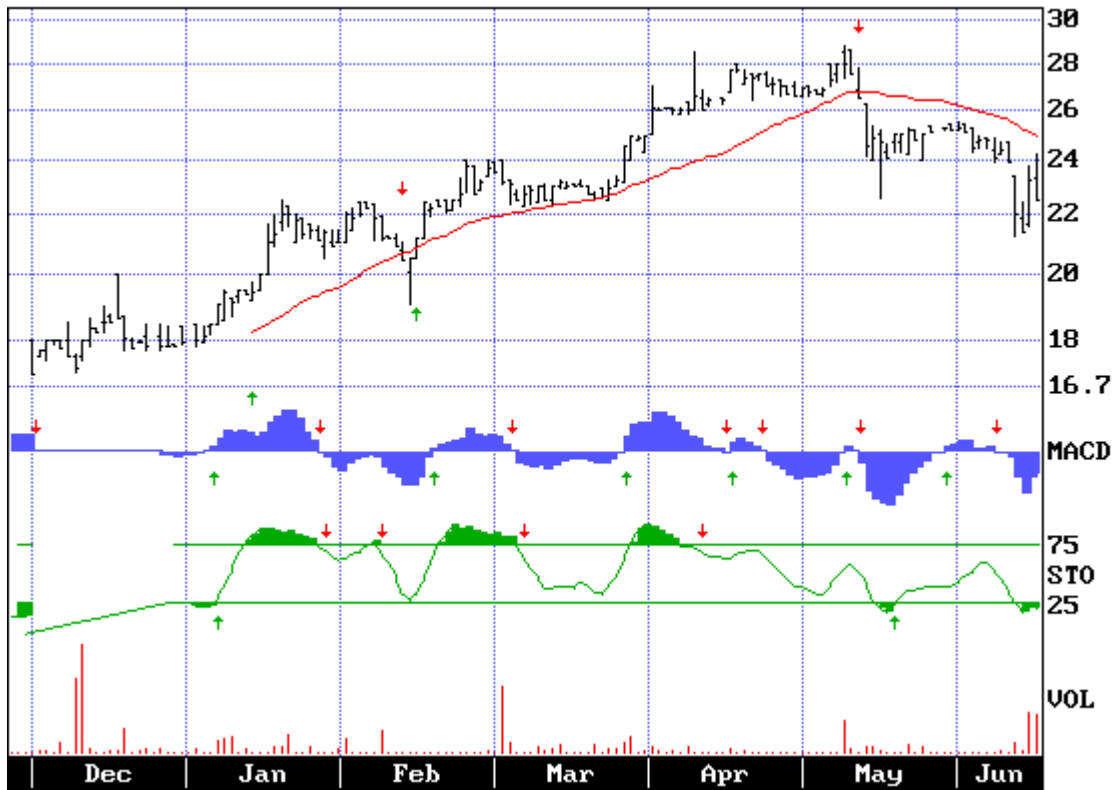
To March 31 <sup>st</sup>	2005	2006	% Change
<b>EPS</b>	\$0.54	\$0.67	+24.07%
<b>Revenues (000s)</b>	\$73,407	\$96,869	+31.96%

**Annual Earnings per Share**

To Jan. 31 <sup>st</sup>	2004	2005	% Change	Dec. 31, 2005	% Change
<b>EPS</b>	\$0.15	\$0.88	+486.67%	\$1.20	+36.36%
<b>Revenues (000s)</b>	\$135,539	\$187,403	+38.27%	\$255,672	+36.43%

*(continued on page 7)*

**GMP Capital Trust** (from page 4)



**Chart Analysis:** The chart above only shows the stock since conversion to an income trust in December. However, the long term chart at Big Charts shows the stock rising strongly since August 2004 with a sharp correction from mid-September to the end of October 2005 and the current correction. GMP touched a closing high of \$28 on May 10<sup>th</sup> and has since settled back. But after bottoming at \$21.40 on Wednesday, the stock has rebounded strongly on good volume. Unless the overall market correction continues (in other words, the rally on Wednesday, Thursday and Friday was a fakeout), GMP should be poised for further gains ahead.

Stats as of 6/16/06	Phase 2 Analysis
<ul style="list-style-type: none"> <li>▪ Hi/Lo Ratio: 2.50</li> <li>▪ RS: 92.93</li> <li>▪ Shares: 37,745,288</li> <li>▪ P/E: 17.90</li> <li>▪ Price: \$22.50</li> </ul>	<ul style="list-style-type: none"> <li>▪ Price Pattern: A-</li> <li>▪ Volatility: B</li> <li>▪ Estimates: n/a</li> <li>▪ Snapshot: A+</li> <li>▪ News: A+</li> </ul>

**Phase 2:** We give GMP an A- for price pattern as it looks good long term but the current correction has been sharp, around 20%. Which gives it a volatility rating of B. There are no estimates listed. Snapshot is superb with rising revenues and earnings and growing distributions as well. Return on equity is a stunning 45.30%. An A+. News is also excellent with a pending acquisition, record earnings and a conversion to an income trust in December. Also an A+.

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



**Income Trust Pick****Vicwest Income Fund (VIC.UN – TSX)****(website: vicwest.com - note: do not use www in front of the url)**

Who hasn't driven down a country farm road and seen rows of corrugated metal grain bins along the way? You may have noticed the name of the manufacturer, Westeel. Westeel is, in fact, Canada's leading manufacturer of storage containers for grain, fertilizer and petroleum products.

Last year Westeel celebrated 100 years in business. It began as a small metal shop known as Winnipeg Ceiling and Roofing Company. It merged with a number of other companies and reorganized as Western Steel Products in 1926. The Westeel trademark was launched in 1930 and the company had plants across Canada.

During World War II the company supplied manufactured equipment to the Royal Canadian Navy and the Royal Canadian Air Force. It reconverted to peacetime product lines after the war.

The company continued to grow acquiring Columbia Metal Rolling Mills in 1960 and merging with Rosco Metal Products to form Westeel Rosco in 1965.

More acquisitions followed. The acquisition of Anthes Western from Molson's in 1973 brought it into the pressure vessel and atmospheric tank/petroleum storage industry. In 1978 Jannock Limited became the major shareholder and in 1983 the name was changed to Westeel – a Division of Jannock.

The building products, farm roofing and siding businesses amalgamated with Vic Metal Inc. in 1986 to form VicWest Steel Inc.

2000 brought further changes as Jannock was bought by Magnatrx Corporation of Alabama which is owned by Toronto conglomerate Onex Corporation.

In 2003 Westeel became a wholly owned subsidiary of Vicwest Corporation. And in 2005 it was converted to an income trust.

The company almost didn't make its 100 year anniversary. In 2003 it was insolvent and filed a Plan of Reorganization and Compromise under the Companies' Creditors Arrangement Act. The arrangement converted a lot of debt to equity, old shares were cancelled and new ones issued. The new stock started trading in the summer of 2004 at around \$2. But like many companies that fall on hard times and then recover, Vicwest stormed out of the gate like a bat out of hell. It's up 8 fold now.

**Westeel Grain Bins****Quarterly Earnings per Share**

To March 31 <sup>st</sup>	2005	2006	% Change
<b>EPS</b>	\$0.13	\$0.27	+107.69%
<b>Revenues (000s)</b>	\$61,356	\$63,167	+2.96%

**Annual Earnings per Share**

To Dec. 31 <sup>st</sup>	2003	2004	% Change	2005	% Change
<b>EPS</b>	\$0.08	\$1.01	+1162.50%	\$1.74	+72.28%
<b>Revenues (000s)</b>	\$91,674	\$299,151	+226.32%	\$307,403	+2.76%

*(continued on page 7)*

Vicwest Income Fund (from page 6)



**Chart Analysis:** One year charts only tell part of the story so we always look at the longer term charts as well (though for space we don't publish them here). In the summer of 2004 it could be had for just \$2 a share. It was coming out of bankruptcy so it was a brave soul who bought it then. Today it is at \$16. In the last year, as we can see by the chart above, the stock has climbed strongly from \$10 to \$18 in March. It suffered a severe setback from mid-September to the end of October and then took off again. The current correction hasn't been quite as severe but the fund is currently off 6.00% in the last month and 12.63% since its peak in early March. There is strong support at \$15.30 and the stock should continue to gain from here.

Stats as of 6/16/06	Phase 2 Analysis
<ul style="list-style-type: none"> <li>▪ Hi/Lo Ratio: 1.82</li> <li>▪ RS: 87.68</li> <li>▪ Shares: 19,555,935</li> <li>▪ P/E: 7.83</li> <li>▪ Price: \$15.98</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 Vicwest an A- for price pattern, based to some extent on its long term chart. Volatility is a B because of the nasty dip in September and October. Estimates give it a 2.8 or Hold rating so we give it a B. Snapshot is good with strongly growing earnings but only moderate growth in revenues. Return on equity is better than 40%. We give it an A-. News is very strong with two new acquisitions, record earnings and conversion to an income trust. An A.

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

**Income Trust Pick****Foremost Income Fund (FMO.UN – TSX)****(website: [www.foremost.ca](http://www.foremost.ca))**

Founded in 1965, Foremost is well known and regarded for its innovative off-road tracked and wheeled vehicles. Its focus is on manufacturing vehicles to cope with tough terrain. These are vehicles designed to transport payloads from 10 to 40 tons over swamp, muskeg and deep snow, even mud and desert.

Typical uses for Foremost's transporters include geophysical exploration, oil field transportation and logistics, oil pipeline construction and repair, utility construction, personnel transport and tourism. That's right! They make those big wheeled buses that cart tourists over the Columbia Icefields!

Their industrial vehicles can be equipped with excavators, aerial lift buckets, welders, seismic recorder shacks, personnel carriers, water and fuel tanks and drills.



**I don't know what this gizmo does  
but wouldn't you just love to drive one?**



**Foremost's Terra Bus on the Columbia Icefields**

The company's vehicles have built a reputation for durability and reliability in even the most extreme operating conditions. Today there are over 2000 of them in 40 countries worldwide.

Revenues have tripled in the last three years and earnings per share have done even better rising to \$1.49 in 2005 from \$0.39 in 2003. The most recent quarter saw revenues increase by 50% with earnings up over 134%. But distributions in 2005 were just over a third of that, leaving plenty for research and development and growing the business.

**Quarterly Earnings per Share**

To Mar. 31 <sup>st</sup>	2005	2006	% Change
EPS	\$0.23	\$0.54	134.78%
Revenues (000s)	\$41,959	\$63,257	+50.76%

**Annual Earnings per Share**

To Dec. 31 <sup>st</sup>	2003	2004	% Change	2005	% Change
EPS	\$0.39	\$1.09	+179.49%	\$1.49	+36.70%
Revenues (000s)	\$70,679	\$160,752	+127.44%	\$207,555	+29.12%

*(continued on page 9)*



**Foremost Income Fund** (from page 8)



**Chart Analysis:** This is another one where the five year chart makes you want to sigh...if only I had known! The stock could be had for \$1.03 in 2002. It peaked over \$20 in May and dropped back to \$15.75 intraday on Tuesday, a plunge of 22.82% based on closing prices. It has since bounced back strongly with good volume. If the market bottom has indeed been reached, we could see further growth ahead.

Stats as of 06/16/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.89	▪ Price Pattern: A-
▪ RS: 86.77	▪ Volatility: B
▪ Shares: 19,287,438	▪ Estimates: B+
▪ P/E: 14.10	▪ Snapshot: A+
▪ Price: \$17.15	▪ News: A

**Phase 2:** We give Foremost an A- for price pattern and a B for volatility as long term growth is solid but there are some fluctuations along the way. Estimates are up with a 2.0 or buy rating. We give it a B+. Snapshot is very strong with solid revenue and earnings growth and a return on equity of 46.93%. An A+ in our books. And news is also good with record earnings, an acquisition and a re-organization of the company's shares to enhance liquidity. 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 May 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.

The Toronto Stock Exchange peaked on April 19<sup>th</sup>, closing at 12,487.32. By the end of April it had dropped over 400 points and in May it shed a further 450, losing 3.77% for the month. Not surprisingly then, the number of funds making our Power Performer tables has dropped significantly.

In May the number of Super Power Performers dropped to 30 from 45. The number of Power Performers fell to 34 from 37 and the number of Performers slipped to 67 from 96. The total: 131 compared to 173 in April.

By June 13<sup>th</sup>, the TSX had given up another 780 points. Unless it has now bottomed, we'll see a further decline in the number of funds

<b>Super Power Performers (30)</b>			
<b>Fund</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>
RBC Precious Metals	83.33	34.80	44.44
AGF Precious Metal	89.06	40.47	40.16
Resolute Growth	111.22	66.63	39.53
Mackenzie Universal Precious Metals (US\$)	100.35	33.07	38.26
Mackenzie Univ Cdn Res (US\$)	71.50	51.05	34.75
Friedberg Diversified (US\$)	219.57	66.50	34.16
CIBC Precious Metals	88.62	36.97	33.02
Front Street Special Opp. Cdn.	57.33	53.89	32.95
Northern Rivers Innov. Fund LP	86.81	46.11	32.76
Epic Limited Partnership	41.57	39.99	32.08
Dynamic Precious Metals	84.85	29.64	31.95
Sprott Canadian Equity	44.04	37.57	31.72
Altamira Precious & Strat Metal	60.17	29.90	31.62
Front Street Small Cap Cdn	64.07	45.96	28.57
Sprott Hedge L.P.	34.48	26.69	28.53
Sceptre Equity Growth - A	53.21	42.71	28.50
AGF Global Res. Class (US\$)	83.12	49.43	28.01
TD Precious Metals	81.32	27.36	27.65
Sentry Precious Metals Growth	112.13	35.87	27.47
Dynamic FocusPlus Resource	65.27	40.03	27.21
Mackenzie Universal World Precious Metal Cap	77.34	25.80	27.06
Norrep Fund	38.65	39.68	26.97
CI Global Energy Corporate Class (US\$)	61.51	51.78	26.76
Adaly Opportunity-A	27.13	27.45	26.42
QVGD Cdn Enterprise Sm. Cap	32.95	n/a	26.06
Mackenzie Cundiil Recovery 'C'(US\$)	45.44	35.68	26.01
London Life Cdn Resource (MF)	49.59	39.17	25.93
Mackenzie Universal Cdn Res.	51.01	40.43	25.92
BMO Resource	63.59	38.88	25.84
Northwest Specialty Equity	35.04	32.50	25.78

making our tables for June. Below are our Power Performers for May.

<b>Power Performers (34)</b>							
<b>Fund</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>	<b>Fund</b>	<b>1 year</b>	<b>3 year</b>	<b>5 year</b>
Mackenzie Univ Prec Metals	76.41	23.72	29.20	Bissett Microcap-F	28.56	28.11	24.11
London Life Prec Metals (MF)	74.70	22.53	27.04	AGF Cdn. Resources	65.33	43.34	23.83
Ethical Special Equity	32.05	29.84	24.82	GWL Cdn. Res. (A) DSC	61.33	41.22	23.06
CIBC Energy	42.08	39.62	24.56	GWL Cdn Resources (A) NL	60.98	40.92	22.80
TDK Resource Fund Inc.	62.65	40.61	24.55	Trimark Cdn. Resources	39.07	32.38	22.75
iShares Canadian Energy Sector Index	48.13	39.29	24.54	Bissett Microcap-A	26.82	26.41	22.64
Clarington Cdn. Small Cap	32.41	29.19	24.38	CI Signature Cdn. Resource	63.05	41.14	22.59

*(continued on page 11)*

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

Power Performers (34)								
Fund	1 year	3 year	5 year	Fund	1 year	3 year	5 year	
BMO Precious Metals	76.93	20.24	22.55	Clarica SF CI Sig Cdn Res	61.55	39.26	20.85	
Mawer New Canada	23.44	26.76	22.48	Sentry Cdn Resource Class	63.74	39.48	20.73	
RBC Energy	40.34	37.74	22.30	TD Resource	50.82	34.78	20.62	
Altamira Resource	47.96	39.63	22.17	Acuity All Cap 30 Cdn Eqty	30.51	30.83	20.58	
TD Energy	47.71	38.96	21.97	Maritime Life Cdn Growth II-R	30.47	30.51	20.45	
Fidelity Latin America-B (US\$)	59.12	47.81	21.56	iShares CDN Gold Sector Index	67.47	22.69	20.37	
Fidelity Latin America-A (US\$)	58.91	47.69	21.51	Dominion Equity Resource	27.86	31.36	20.35	
TD Latin American Growth (US\$)	53.86	46.38	21.42	EnerVest Nat. Res. Fund Ltd	26.87	32.34	20.32	
Clarica SF CI Sig Cdn Resource A	61.53	39.25	20.88	Maritime Life Cdn Growth-R	30.18	30.21	20.19	
Sentry Canadian Energy Growth	38.28	30.16	20.87	Desjardins Financial Pool Bissett SmallCap	30.23	29.98	20.09	

(continued on page 12)

**The Venture Portfolio as of June 16, 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	\$0.86	\$1017.00	\$2580.00	+153.7%
Twoco Petroleums Ltd.	TWO	Aug. 22, 2005	185	\$5.35	\$6.45	\$1016.75	\$1193.25	+17.4%
Andean American Mining	AAG	Sept. 19, 2005	725	\$1.32	\$0.91	\$1020.25	\$659.75	-35.3%
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	\$6.98	\$1080.00	\$1884.60	+74.5%
CV Technologies	CVQ	Nov. 21, 2005	215	\$4.59	\$3.66	\$1013.85	\$786.90	-22.4%
Zapata Energy	ZCO	Nov. 21, 2005	76	\$13.05	\$14.50	\$1018.80	\$1102.00	+8.2%
Solium Capital	SUM	Dec. 18, 2005	900	\$1.10	\$1.19	\$1017.00	\$1071.00	+5.3%
Grand Petroleum	GPP	Dec. 18, 2005	200	\$5.01	\$4.40	\$1029.00	\$880.00	-10.2%
Wrangler West Energy	WX	Jan. 16, 2006	125	\$7.96	\$8.00	\$1015.00	\$1000.00	-1.5%
Choice Resources	CZE	Feb. 20, 2006	1000	\$0.94	\$0.82	\$960.00	\$820.00	-14.6%
Taseko Mines	TKO	Feb. 20, 2006	450	\$2.20	\$2.40	\$1010.00	\$1080.00	+6.9%
Divestco	DVT	Mar. 20, 2006	200	\$5.10	\$4.88	\$1040.00	\$976.00	-6.2%
Humboldt Capital	HMB	Mar. 20, 2006	200	\$4.80	\$4.40	\$980.00	\$880.00	-10.2%
Uruguay Mineral Exploration	UME	April 17, 2006	200	\$5.40	\$4.20	\$1100.00	\$840.00	-23.6%
<b>Totals</b>						<b>\$15,388.65</b>	<b>\$16,455.50</b>	<b>+6.9%</b>

Our Venture Portfolio continues to remain in positive territory, up 6.9% since we launched it on August 22, 2005. However, the portfolio has lost ground with the recent downturn.

If you'll recall, our goal was to find solid Venture Exchange stocks that had a chance to move to the TSX. The rationale was that a move to the TSX would add liquidity and demand and help raise prices further. So far three of our stocks have moved to the TSX – Commercial Solutions, CV Technologies and Taseko Mines. Two are in positive territory with Commercial Solutions up 74.5%.

So far only six of our 15 stocks are up. Nevertheless, the gains by these stocks are strong enough to keep us in positive territory. Once the current correction is over, we expect our portfolio to once again post double digit gains.

## Marco's Power Performers (from page 12)

Performers (67)								
Fund	1 year	3 year	5 year	Fund	1 year	3 year	5 year	
Excel India	17.39	41.06	22.33	IA Group Dividends	29.32	24.41	16.92	
Montrusco Bolton Cdn Small Cap 'B'	31.92	30.79	19.99	Investors Cdn Nat Res-C	46.70	30.10	16.90	
GGOF Monthly High Income Classic	23.69	25.28	19.97	Middlefield Enhanced Yield	19.82	21.89	16.71	
AGF Global Resources Class	61.28	38.90	19.65	Trans IMS Cdn Small Cap	43.09	40.80	16.64	
AIC Canadian Focused Corporate Class (US\$)	46.48	29.38	19.59	Lutheran Life Canadian Small Cap	26.47	26.20	16.62	
Fidelity Emerging Markets-B (US\$)	51.64	38.21	19.52	Millennia III B Small Cap 3	26.55	26.38	16.62	
Fidelity Emerging Markets-A (US\$)	51.14	38.06	19.44	Canada Life Sm Cap Eq (BT) Gens	26.39	26.11	16.56	
GGOF Monthly High Income Mutual	22.89	24.67	19.29	Acuity High Income	18.03	20.49	16.55	
Vertex Fund - A	26.17	29.56	19.29	ABC Fundamental Value	21.43	26.26	16.52	
Acuity Pooled High Income	20.61	22.88	19.23	Millennia III B Small Cap 4	26.42	26.25	16.48	
Renaissance Cdn. Income Trust	22.32	23.30	18.65	DMP Resource Class	76.58	42.38	16.33	
Mackenzie Universal World Resource Cap CI	40.03	34.50	18.62	Dynamic FocusPlus Real Estate	16.88	22.02	16.30	
Renaissance Canadian Small-Cap	45.13	31.88	18.62	Montrusco Bolton Canadian Equity Plus	18.99	24.32	16.29	
RBC Global Resources Sector	55.88	38.26	18.61	Concordia Special Growth	26.36	26.65	16.25	
CI Global Energy Corporate Class	41.72	41.21	18.58	CI Can-Am Small Cap Corporate Class	32.61	34.03	16.15	
Bissett Small Cap-F	28.73	28.45	18.53	Saxon Small Cap Fund	25.07	26.27	16.11	
CIBC Canadian Resource	46.43	37.15	18.49	BluMont Hirsch Perform.	19.58	21.33	16.10	
R Canadian Smaller Companies	27.21	26.47	18.41	AGF European Equity Class (US\$)	34.33	28.11	15.94	
AGF Emerging Markets Value (US\$)	52.50	39.85	18.39	Montrusco Bolton TSX 100 Momentum	39.15	40.33	15.91	
Hillsdale Cdn Performance Equity A	22.45	27.82	18.17	KEYSTONE Saxon Smaller Companies	23.55	25.36	15.86	
Elliott & Page Growth Opportunities	26.32	25.99	18.16	Mavrix Strat. Small Cap	88.57	54.02	15.81	
Montrusco Bolton Enterprise	32.09	30.44	18.08	SEI Canadian Small Company Equity-O	33.60	29.41	15.80	
CI Harbour Corporate Class (US\$)	40.46	28.82	18.02	Dynamic Cdn Value Class	38.57	36.13	15.79	
Acuity Pooled Conser Asset Alloc	18.82	22.95	17.91	Trimark Europlus (US\$)	25.57	32.98	15.66	
Mackenzie Cundill Recovery 'C'	28.06	26.14	17.76	Synergy Extreme Global Equity (US\$)	27.79	24.04	15.65	
Tmpltn Emerging Markets (US\$)	32.18	31.90	17.68	Empire Small Cap Equity	24.71	25.14	15.62	
AGF Global Real Est. Equity (US\$)	24.40	24.04	17.67	AGF Canada Class (US\$)	34.12	27.16	15.56	
Bissett Income-F	15.45	20.82	17.64	Acuity Pooled Cdn Equity	23.58	27.87	15.55	
Bissett Small Cap-A	27.36	27.14	17.37	AGF Global Financial Services (US\$)	28.36	26.67	15.54	
Talvest Millennium High Income	26.31	19.21	17.14	Thornmark Enhanced Equity	44.82	31.06	15.42	
Assumption/MB Cdn. Small Cap	28.78	27.68	17.13	Hillsdale Canadian Aggressive Hedged A	18.59	23.74	15.38	
Legg Mason Canadian Small Cap	44.48	33.30	17.09	Dynamic Power Sm. Cap	38.39	35.59	15.22	
National Bank Natural Resources	45.57	32.89	17.07	All-Cdn Resources Corp.	35.06	18.88	15.10	
United-Canadian Equity Value Pool	24.83	23.87	16.98	<b>Power Performers © Marco den Ouden</b>				

Data source: Globefund.com



## Our Model Portfolio

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

**Current Position: \$154,565.15 (Up 209.13%) Down 1.45% YTD**

Since our last issue, seven stocks hit their stop loss points. One was replaced with Stantec Inc. The other six are being replaced Monday with our three new stock picks from this issue and three old favorites, Canada Bread, BMTC Group and La Senza. Details of the transactions can be found online in our Subscribers Area. Of course, if the shares cannot be obtained at Friday's closing prices on Monday, we will adjust our portfolio accordingly. Our cash position is a tiny \$26.25.

<b>BMTC Group (GBT.A)</b>	<b>Canada Bread (CBY)</b>
<b># of Shares:</b> 790	<b># of Shares:</b> 236
<b>Bought:</b> June 19/06	<b>Bought:</b> June 19/06
<b>Price Then:</b> \$18.57	<b>Price Then:</b> \$62.01
<b>Price Now:</b> \$18.57	<b>Price Now:</b> \$62.01
<b>Gain:</b> 0.00%	<b>Gain:</b> 0.00%
<b>Stop:</b> \$15.84	<b>Stop:</b> \$54.40
<b>Notes:</b> BMTC Group is a leading furniture dealer in Quebec. The stock has been a relatively consistent performer.	<b>Notes:</b> Canada Bread is one of Canada's largest bakeries and includes such brand names as Dempster's.
<b>FirstService Corporation (FSV.SV – TSX)</b>	<b>Foremost Income Fund (FMO.UN)</b>
<b># of Shares:</b> 585	<b># of Shares:</b> 855
<b>Bought:</b> Feb. 20/06	<b>Bought:</b> June 19/06
<b>Price Then:</b> \$29.23	<b>Price Then:</b> \$17.15
<b>Price Now:</b> \$28.05	<b>Price Now:</b> \$17.15
<b>Gain:</b> -4.04%	<b>Gain:</b> 0.00%
<b>Stop:</b> \$25.87	<b>Stop:</b> \$14.58
<b>Notes:</b> FirstService is a major property management firm with offices in twenty countries around the world.	<b>Notes:</b> Foremost is a manufacturer of specialty vehicles to maneuver difficult terrain such as muskeg, swamps, deep snow, etc.
<b>Fortis Inc. (FTS – TSX)</b>	<b>GMP Capital Trust (GMP.UN)</b>
<b># of Shares:</b> 795	<b># of Shares:</b> 652
<b>Bought:</b> Oct. 24/05	<b>Bought:</b> June 19/06
<b>Price Then:</b> \$22.88	<b>Price Then:</b> \$22.50
<b>Price Now:</b> \$22.80	<b>Price Now:</b> \$22.50
<b>Gain:</b> -0.35%	<b>Gain:</b> 0.00%
<b>Stop:</b> \$20.32	<b>Stop:</b> \$19.13
<b>Notes:</b> Newfoundland based electric company Fortis Inc. has expanded into other regions of Canada including British Columbia.	<b>Notes:</b> GMP Capital is a brokerage firm that handles underwriting as well as accounts for affluent clients.
<b>La Senza (LSZ)</b>	<b>Stantec Inc. (STN)</b>
<b># of Shares:</b> 624	<b># of Shares:</b> 712
<b>Bought:</b> June 19/06	<b>Bought:</b> May 29/06
<b>Price Then:</b> \$23.50	<b>Price Then:</b> \$23.50
<b>Price Now:</b> \$23.50	<b>Price Now:</b> \$23.00
<b>Gain:</b> 0.00%	<b>Gain:</b> -2.13%
<b>Stop:</b> \$20.60	<b>Stop:</b> \$19.60
<b>Notes:</b> La Senza is Canada's leading retailer of lingerie and loungewear. It also runs La Senza Girl fashion stores for teens.	<b>Notes:</b> Stantec is a large engineering firm that does projects for both industry and government. It has gone over a year without a stop loss.
<b>Vicwest Income Fund (VIC.UN)</b>	<b>WFI Industries (WFI)</b>
<b># of Shares:</b> 917	<b># of Shares:</b> 908
<b>Bought:</b> June 19/06	<b>Bought:</b> May 23/06
<b>Price Then:</b> \$15.98	<b>Price Then:</b> \$16.80
<b>Price Now:</b> \$15.98	<b>Price Now:</b> \$17.26
<b>Gain:</b> 0.00%	<b>Gain:</b> +2.74%
<b>Stop:</b> \$13.58	<b>Stop:</b> \$14.67
<b>Notes:</b> Vicwest is Canada's leading manufacturer of metal siding and other building materials as well as Westeel grain bins.	<b>Notes:</b> WFI Industries is the leading manufacturer of heat pumps and heat exchangers.