

the Break Out Report

Volume # 4, Issue # 20

August 20, 2006

The Markets

Beware the Ides of October!

One of my friends, Tom, recently said he was getting increasingly bearish and believed this fall we would see a one day market drop to rival Black Thursday in 1929 or Black Monday in 1987. Both of those, ominously enough, occurred in October. This fits with the cyclical theory that says the best time to be in the market is from November through April.

Tom and other gold bugs have said that the bear market that ran from 2000-2002 is not over yet. Such analysts talk about "secular" bear markets. Ordinarily a bear market is defined as an extended market decline of greater than 20% lasting at least two months. But a secular bear market is a long term trend. Some argue that alternating secular bull and bear markets run for an average of 17 years (inflation adjusted).

A prime example of the difference between, say, a bear market and a secular bear market would be that Black Monday crash of 1987. On Oct. 19th the Dow dropped 507.99 points or 22.61%. By year end the Dow had recovered half of that and a year later had recovered the full amount and by August of 1989, the market had surpassed its previous high. Even though it took two years for the Dow to pass its previous high, that crash was a cyclical bear market within a secular bull market. In other words, a correction within a long term trend.

By contrast, the Dow today still has not surpassed its high of 11,908.50 set on January 14, 2000. That's six and a half years without hitting new all time highs. If you add in inflation, the Dow has dropped even more in real terms. And if you compare it in other currencies, say the Canadian dollar, the Dow has lost ground big time.

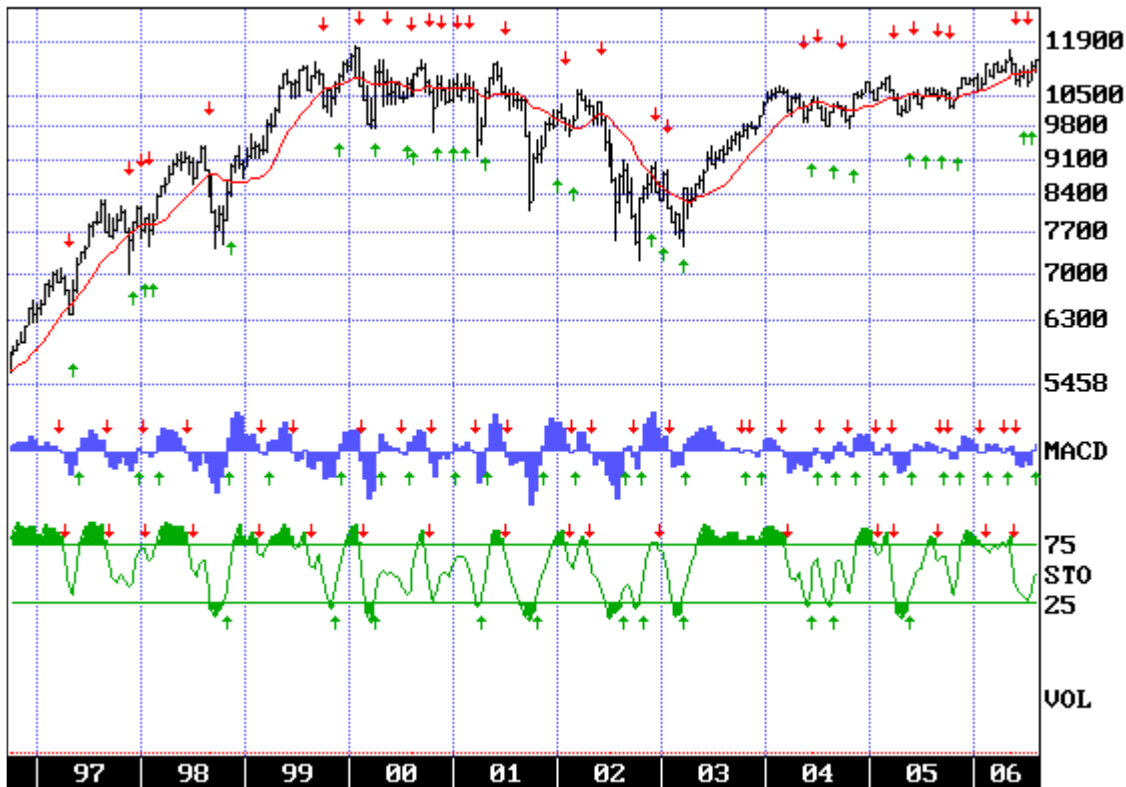
So the bearish pundits may be right. We could well be in a secular bear market. Perennial bulls like Harry Dent, of course, argue the opposite. Dent says the crash of 2000-2002 was a correction within a secular bull market that will end around 2010. The evidence favours the bears.

In an article in Fortune Magazine in 1996, Susan Kuhn used a looser definition of a bear market – a decline of 15% rather than 20%. She wrote that there had been 14 such bear markets since the fifties with an average decline of 24% over eight months. That was just peak to trough. Recovery time to regain old highs was an average of thirteen months. On average someone holding a portfolio mirroring the Dow from the start of a bear market to its eventual recovery would have had a 21 month spell of no growth whatsoever.

That's just the average. The devastating bear market of 1973-1974 took 7 years, 1 month and 13 days to recover lost ground. And the crash of 1929 took 25 years for the Dow to hit new highs again.

(continued on page 2)

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

Beware the Ides of October (from page 1)**Dow Ten Year Chart – Old Highs Not Yet Surpassed**

And if the Dow currently looks weak, what about the NASDAQ? It peaked over 5000 in 2000 and today sits around 2150, down 60%. The argument for a secular bear market in the NASDAQ is even stronger than that for the Dow.

So bear markets, cyclical or secular, can be painful. But can they be avoided?

The very real problem is that safety comes at a price. Mark Hulbert of the Hulbert Financial Digest has argued that newsletter writers with the best track record for safety (lowest drawdowns) have poor over-all track records because they are not only out of the market when it is going down, they are also often out of the market when it is going up. So what they avoid in losses, they fail to make up in gains.

Even very smart guys like James Dale Davidson and William Rees-Mogg predicted in their classic 1993 book *The Great Reckoning* that the 1990s would be wracked by a great depression. Investors who sold their stocks and moved to cash would have missed out on one of the greatest stock market booms in history. The book was prescient in many ways, but the timing was out by around seven

(continued on page 3)

The Break Out Report

is published twice a month by Break Out Publishing.

The report and its writers are not registered investment advisors and the contents of the Break Out Report are not to be construed as investment advice. It is for information only. The material in these pages is derived from sources believed to be reliable but accuracy and completeness are not guaranteed. Readers are advised that past performance of companies featured in these pages is no guarantee of future performance. The Break Out Report and its writers accept no liability for losses incurred as a result of acting on this information.

Copyright © 2006 Break Out Publishing.

Stock charts copyright © Investools and used by permission.

Editors: Marco den Ouden & Ken Ballard **Email us:** marco@breakoutreport.com

Website: http://breakoutreport.com **Email us:** ken@breakoutreport.com

Articles this issue by Marco den Ouden unless otherwise indicated.

Subscription: US \$14.95 a month

Beware the Ides of October (*from page 2*)

years.

Most experts agree that it is next to impossible to predict what the market will do, at least in the short term. Over the long haul, markets will rise. And they will rise faster than the rate of inflation and faster than prevailing fixed income returns.

In fact, every bear market throughout history has been followed by a bull market that has taken equity values to new heights. That doesn't help, though, if we suffer a 1929 style crash and bear market. Baby boomers like myself, who are within 25 years of retirement, cannot afford to wait 25 years to see our investments recover lost ground! So we need to be prepared, to adopt a strategy to cope with the bear markets. Here are a few ways.

Diversification

This is probably the easiest and most widely used method to prepare for a bear market. It is sometimes called asset allocation. Basically it means following the old adage "Don't put all your eggs in one basket." How you diversify should be determined by your own unique circumstances, your risk tolerance, your age and so on. It may be wise to do this in consultation with a financial advisor if you are not sure what is best for you.

Susan Kuhn noted that some unusual investments often outperform stocks during severe bear phases. From 1968 to 1979 stocks returned an average of only 3.1% a year. Gold, Chinese ceramics and stamps, on the other hand, returned a handsome 19% a year. During any particular period of time, some investments will outperform others. Certainly gold has been a dynamite investment since the crash began in 2000, as has been the energy sector.

Bear Funds

There are a number of hedge funds and contrarian funds available. These include some of our Power Performer mutual funds – Friedberg Diversified, Sprott Hedge Limited Partnership, Epic Limited Partnership and Northern Rivers Innovation Fund. Most are considered high risk though and often require a hefty minimum investment. You can buy as little as \$2000 of the Friedberg fund but must have a net worth excluding house and cars of \$75,000. A small investment there may be a good hedge against really bad times.

American readers can check out David Tice and the Prudent Bear website where he promotes the Prudent Bear Fund. Tice advises you to "never buy what a stockbroker tells (you) without doing some independent research".

Value Investing

You may have read that Warren Buffett, the world's greatest investor, pays absolutely no attention to the stock market. He looks for solid companies with a proven track record and a potential for continued growth that are currently undervalued by the market. When the stock market crashed in 2000, Buffett's company Berkshire Hathaway soared. It has done very well in the last six years, more than doubling since the spring of 2000.

Conclusion

Even if we are in a long term secular bear market, you can make money. David Simons, writing in Forbes, noted that the long running Japanese bear market has been punctuated by six rallies of 20% to 60%. Currently the Japanese market is in another even stronger rally. This has been echoed in the American markets where we saw significant gains in 2003.

As for this October, don't sweat it worrying about something that probably won't happen. Focus on your stock picks, diversify and have your stops in place and you should be okay.

Financial Sector Pick**Pacific & Western Credit Corp. (PWC – TSX)****website: www.pwccorp.com**

Alternative niche banking companies often do well. Consider Home Capital Group which we featured on our website in November 2000. As of the end of the last quarter it was up 986.67% and was the top performing stock on our Watched List.

And consider Pacific & Western Credit, which owns and operates Pacific & Western Bank, a Canadian Schedule 1 Chartered Bank. They are a branchless bank focused on niche markets so, chances are, you have not heard of them. But despite the low profile, they are, in fact, Canada's ninth largest chartered bank with over a billion dollars in assets.

Founded in 1980 as Pacific & Western Trust, the company became a chartered bank in 2002. Like all banks, they take in deposits and make loans. But as a branchless operation, their deposit network consists of independent deposit brokers and financial advisors offering GICs, RRSPs and Savings Accounts. Because of their lower operating costs they are able to offer premium interest rates.

On the loan end of things, they focus on public sector financing, real estate financing and corporate and commercial financing. And again, because of their low cost model, they are able to offer very competitive low rate loans.

The company, in fact, maintains just two offices – one at their headquarters in London, Ontario to handle their lending operations and one in Saskatoon to coordinate the deposit end. Their non-interest expenses as a percentage of assets is just one-third of the average of the big banks making them a highly efficient operation. Their asset to employee ratio is about four times better than the big banks, making them more productive.

In July the company announced an upgrade to its 2006 year end earnings targets. The Earnings per share forecast was increased to \$1.32 from \$0.55, more than double. Return on equity is forecast to rise to 29.97% from 13.79%, also more than double. This increase is partially due to a successful public offering of shares in Discovery Air which the company has a 55% interest in. This infusion of cash as well as the increase in the bank's assets to over \$1.2 billion have "boosted sustainable long-term earnings to a much higher level" according to the bank.

The price to earnings ratio of the company based on EPS of \$0.52 is 24.90. On its projected earnings of \$1.32, its p/e is a low 9.81. Despite a recent jump in share value, there is likely room for further growth ahead.

Quarterly Earnings per Share

To April 30 th	2005	2006	% Change
EPS	\$0.12	\$0.14	+16.67%
Revenues (000s)	\$3,632	\$4,544	+25.11%

Annual Earnings per Share

To Oct. 30 th	2003	2004	% Change	2005	% Change
EPS	\$0.10	\$0.38	+280.00%	\$0.51	+34.21%
Revenues (000s)	\$47,696	\$53,069	+11.27%	\$62,821	+18.38%

(continued on page 7)

Pacific & Western Credit (from page 4)

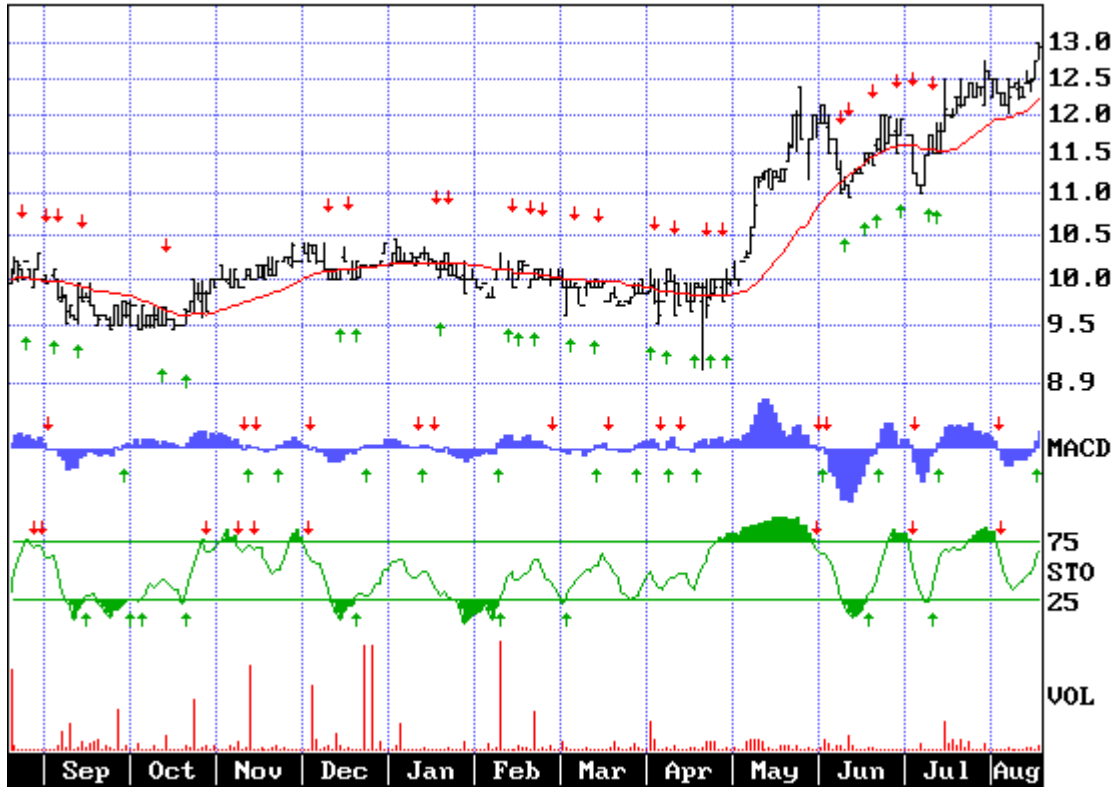


Chart Analysis: Trading for around \$4 at the beginning of 2003, Pacific & Western has tripled in value since, soaring to \$9 by mid-2004 before trading in a range from \$7.50 to \$10.50 to April this year. As you can see from the chart, PWC began to break out of this trading range in May with a vengeance. It corrected back to the moving average in June, faltered momentarily in July and has since taken off again recently breaking out to new highs. Watch for more of the same over the next year.

Stats as of 8/20/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.44	▪ Price Pattern: A
▪ RS: 82.48	▪ Volatility: A-
▪ Shares: 13,348,695	▪ Estimates: B
▪ P/E: 24.52	▪ Snapshot: A
▪ Price: \$12.95	▪ News: A+

Phase 2: We give PWC an A for price pattern as it is now on the move but does exhibit some volatility, which we rate an A-. Estimates are up sharply for this year though down a bit for 2007 with a rating of 2.0 or buy. But with just one analyst following it, that is pretty slim to go on so we give it a B. The snapshot is nice with revenues and earnings rising and return on equity growing steadily from 3.48 in 2003 to 12.48 in 2004 and 14.79 in 2005. Projections are for 29.97 in 2006. So we give it an A. News is solid with record quarterlies, a successful IPO of an investment and increased guidance for 2006 for 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 Fund Pick

Carfinco Income Fund (CFN.UN – TSX)
(website: www.carfinco.com)

What do you do if you've been down on your luck, your credit rating is shot to hell and now that you're back on your feet again, no one will lend you the money to buy a car? Enter Carfinco Income Fund, a finance company focused on "providing consumer car loans to borrowers unable to obtain financing through traditional lending sources".

The company partners with select car dealerships to offer Carfinco's financing to customers. Although it provides loans to consumers with a troubled credit history, applicants must go through stringent qualifications which include ability to repay the loan, recent credit history (customers must be debt free) and employment and residency stability. Its objective is to provide loans to people who want to re-establish their credit worthiness including people emerging from bankruptcy. The company reports to credit bureaus thus allowing clients to earn back their credit rating.

Carfinco only finances used cars less than ten years old and requires a minimum 10% down payment. Cars must have collision insurance coverage.

The Edmonton based company was incorporated in December 1996 as Carfinco Inc. and was the 100% owner of Canadian Automotive Finance Corporation. It completed an IPO in 1997 and was listed on the Canadian Dealing Network which later became the Canadian Venture Exchange. In late 2002 it became an income fund and started trading on the TSX.

In July Carfinco signed a deal to make its services available through DealerAccess, an online lending portal. And Saskatchewan became the ninth province in which Carfinco operates.

Carfinco has raised its distributions twice this year and it is currently \$0.026 per unit distributed monthly. That works out to \$0.312 a year for a yield of 8.04% based on Friday's closing price of \$3.88.

Revenues have doubled in the last two years to December 31, 2005. Its earnings per share quadrupled. Its return on equity is an amazing 55.32%. The most recent quarter was the company's eleventh consecutive quarter of increased total earnings and earnings per unit.

Look for continued growth ahead.

Quarterly Earnings per Share

To June 30 th	2005	2006	% Change
EPS	\$0.06	\$0.084	+40.00%
Revenues (000s)	\$4,000	\$5,300	+32.50%

Annual Earnings per Share

To Dec. 31 st	2003	2004	% Change	2005	% Change
EPS	\$0.06	\$0.15	+150.00%	\$0.25	+66.67%
Revenues (000s)	\$8,223	\$10,734	+30.54%	\$16,406	+52.84%

(continued on page 7)

Carfinco Income Fund (from page 6)

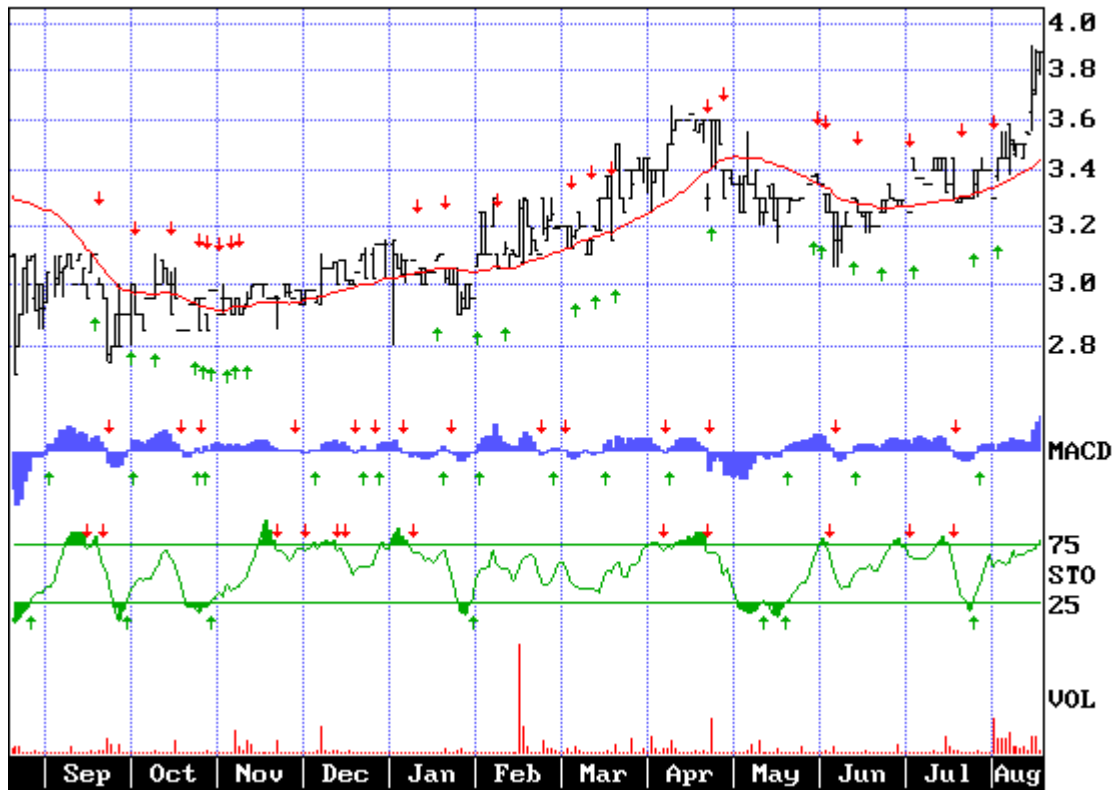


Chart Analysis: As recently as January 2004, Carfinco’s shares were trading at just 40 cents a share. By February 2005 the stock had undergone a meteoric rise to \$3.20, an increase of 700%. It eluded our radar back then (Rats!) but it is not too late. The stock has been relatively flat since that surge but the stock started to climb again on strong volume at the beginning of August. It jumped from \$3.40 to \$3.88, a gain of 14.11% hitting new all time highs. This break out was particularly strong and we may see the stock consolidate its gains before advancing further. There is strong support at \$3.60.

Stats as of 8/20/06	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.44	▪ Price Pattern: A-
▪ RS: 80.58	▪ Volatility: B+
▪ Shares: 18,567,752	▪ Estimates: B+
▪ P/E: 12.93	▪ Snapshot: A+
▪ Price: \$3.88	▪ News: A

Phase 2: We give Carfinco an A- for price pattern as it is just breaking out to new highs and has been rising since last September. We give it a B+ for volatility as there are some fluctuations along the way. The stock is rated 2.0 or buy so we give it a B+ for estimates. The snapshot is superb with rising revenues and earnings an outstanding return of equity over 55% for the last two years. We give it an A+. News is solid with increased distributions, new dealer contracts and a new credit financing arrangement with the Bank of Scotland (US). 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.

Venture Portfolio

One Year of the Venture Portfolio

It was August 22, 2005 that we started our Venture Portfolio. The premise was that stocks that were likely to transition from the Venture to the TSX would do well. We also applied our usual criteria to our selections. Over the year we have featured 16 such stocks. Four of them did, in fact make the move up to the larger exchange. But overall, the portfolio has been a disappointment.

The table below shows the stocks, our cost and the current value. We bought around \$1000 of each and because Venture stocks are fairly volatile, we decided to hold them through thick and thin for at least a year. The portfolio now is up 3.2% although most of the stocks have been held for less than a year.

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	\$0.72	\$1017.00	\$2160.00	+112.4%
Twoco Petroleums Ltd.	TWO	Aug. 22, 2005	185	\$5.35	\$6.30	\$1016.75	\$1165.50	+14.6%
Andean American Mining	AAG	Sept. 19, 2005	725	\$1.32	\$0.85	\$1020.25	\$630.00	-39.6%
Anterra Corporation	ATR	Sept. 19, 2005	1800	\$0.58	\$0.35	\$1071.00	\$630.00	-41.2%
Commercial Solutions	CSA	Oct. 14, 2005	270	\$3.75	\$7.78	\$1080.00	\$2100.60	+94.5%
CV Technologies	CVQ	Nov. 21, 2005	215	\$4.59	\$3.43	\$1013.85	\$737.45	-27.3%
Zapata Energy	ZCO	Nov. 21, 2005	152	\$6.525	\$7.16	\$1018.80	\$1088.32	+6.8%
Solium Capital	SUM	Dec. 18, 2005	900	\$1.10	\$1.00	\$1017.00	\$900.00	-11.5%
Grand Petroleum	GPP	Dec. 18, 2005	200	\$5.01	\$4.68	\$1029.00	\$936.00	-9.0%
Wrangler West Energy	WX	Jan. 16, 2006	125	\$7.96	\$8.10	\$1015.00	\$1012.50	-0.2%
Choice Resources	CZE	Feb. 20, 2006	1000	\$0.94	\$0.83	\$960.00	\$830.00	-13.5%
Taseko Mines	TKO	Feb. 20, 2006	450	\$2.20	\$2.71	\$1010.00	\$1219.50	+20.7%
Divestco	DVT	Mar. 20, 2006	200	\$5.10	\$4.70	\$1040.00	\$940.00	-9.6%
Humboldt Capital	HMB	Mar. 20, 2006	200	\$4.80	\$4.55	\$980.00	\$910.00	-7.1%
Uruguay Mineral Exploration	UME	April 17, 2006	200	\$5.40	\$4.15	\$1100.00	\$830.00	-24.5%
Skor Foods	SKF	July 17, 2006	730	\$1.35	\$1.15	\$1005.50	\$839.50	-16.5%
Totals						\$16,394.15	\$16,915.62	+3.2%

Three of our stocks were up 100% or more at one point. One remains a double and one close to it with a gain of 94.5%. Those stocks are Asian Television Network, an inspired pick that is now at \$0.72, up 112.4% from its pick price of \$0.33; Commercial Solutions which is now \$7.78 compared to its pick price of \$3.75, up 94.5%; and Taseko Mines, now at \$2.71 compared to its pick price of \$2.20, up 20.7%.

But Asian Television peaked at \$1.40 for a 324.24% gain and is down 50% from its peak. Commercial Solutions peaked at \$8.99 for a 139.73% gain. And Taseko Mines peaked at \$4.66 for a gain of 111.82%.

The latter two were among the stocks that did make the transition to the big exchange. And Commercial Solutions was so impressive that we made it a TSX pick and added it to our Watched List. It remains in a solid long term up trend despite the recent setback. We think it will continue to rise over the long haul.

Taseko Mines had a much sharper correction but it also experienced an interim blow-off top, rising very steeply to \$4.66 before correcting to its trend line. Such sharp rises are usually

(continued on page 9)

Venture Portfolio (from page 8)

unsustainable in the short term. But the long term trend for Taseko remains up. Production was down in the most recent quarter but this was due to short term mine shut down due to equipment failure. With repairs effected, production should rise again. We remain long term bullish on Taseko.

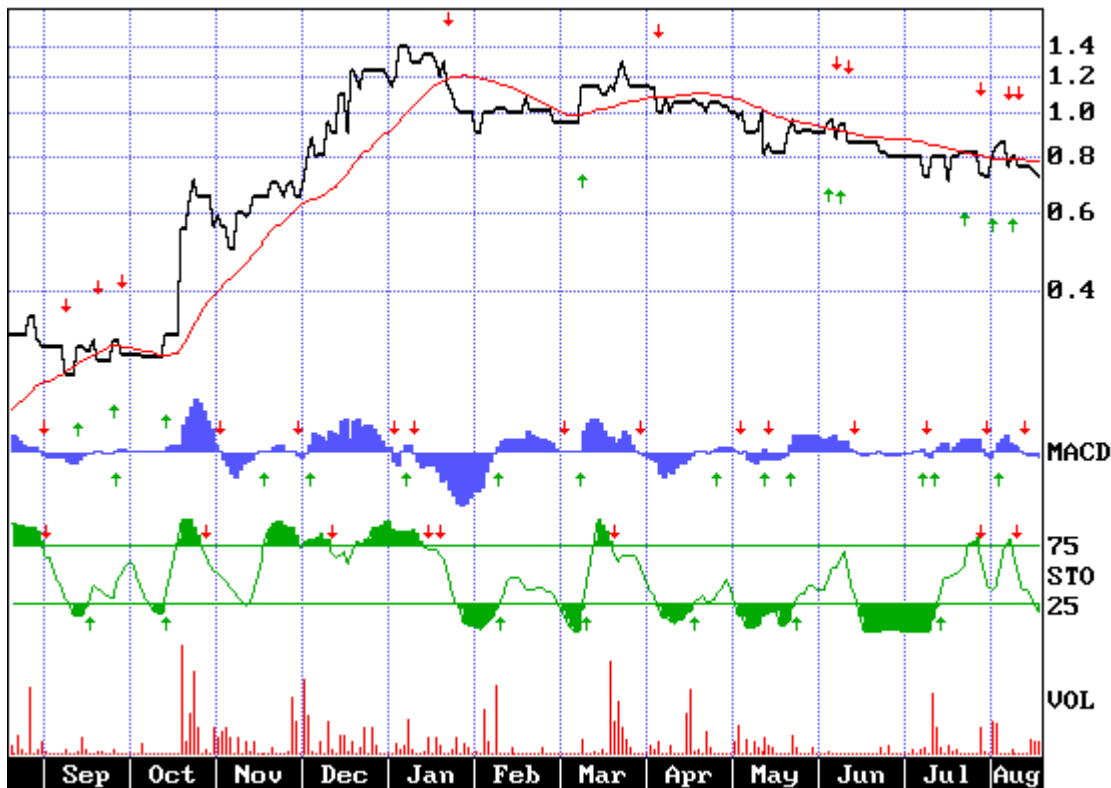
Now let's look at our first two picks – Asian Television Network and Twoco Petroleums.

Asian Television Network (SAT – V)

The year over year numbers for Asian Television improved as revenues for 2005 came in at \$7,269,000 compared to \$4,813,000 for 2004. Earnings per share increased to 17 cents a share from 2 cents a share.

On August 8th the company released its report on the second quarter of fiscal 2006. Revenues rose to \$2,386,588 for the quarter from \$1,757,302 for the same quarter in 2005. That's an increase of 35.81%. Earnings per share remained even at 2 cents a share as increased expenses and taxes ate away at the increased revenue. The company was also granted three new sports channel licenses this year.

Asian Television also rose very quickly so a correction was not surprising. If the company can get expenses under control and continue to increase revenues, it remains a solid prospect for further gains in the future. We're calling it a hold for now but set a stop at 66 cents for an exact double. Or you could sell half and just hold the rest.



Twoco Petroleums (TWO-V)

The stock soared to \$8.00 shortly after we recommended it for a gain of 49.53%. That was in October. Since then the stock has been in a desultory down trend. But if you look at the five year

(continued on page 11)

Mutual Funds

Marco's Power Performers (for July 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.

Since our last issue the TSX has climbed almost 400 points closing over 12,000 on three occasions including Wednesday and Thursday. It's been all up for the TSX since it bottomed at 10,900 in mid-June.

Nevertheless, the number of funds making our Power Performer tables continued to fall. The number of Super Power Performers did climb, now up to 31 from 29 in June. But the number of Power Performers dropped to 24 from 28. And the number of Performers clocked in at 64, down from 67 in June. Total: 119 compared to 124. There were 131 in May and 173 in April.

But if the TSX continues to climb, the number of funds on our list should increase over the next few months.

Super Power Performers (31)

Fund Name	1 yr	3 yr	5 yr
RBC Global Precious Metals	78.59	32.25	46.15
AGF Precious Metal	78.87	34.48	42.59
Mackenzie Univ. Prec. Metals (US\$)	83.70	29.32	39.12
Front Street Special Opportunities Cdn.	42.44	51.32	38.22
Mackenzie Univ. Cdn. Resources (US\$)	49.76	47.03	36.55
CIBC Precious Metals	73.60	29.25	33.56
Front Street Small Cap Canadian	44.31	44.06	33.35
Altamira Precious & Strategic Metal	49.60	25.25	32.62
Northern Rivers Innovation Fund LP	65.01	37.20	31.97
Friedberg Diversified (US\$)	116.33	98.04	31.63
Sceptre Equity Growth - O	41.30	36.99	31.60
AGF Global Resources Class (US\$)	56.80	49.24	31.08
Sceptre Equity Growth - A	39.63	35.47	30.20
TDK Resource Fund Inc.	31.41	39.63	29.91
Sprott Canadian Equity	33.32	34.48	29.85
Sentry Precious Metals Growth	99.13	33.42	29.47
CI Global Energy Corp. Class (US\$)	30.03	52.03	29.37
Dynamic FocusPlus Resource	49.68	37.32	29.17
BMO Resource	46.26	36.63	28.72
London Life Canadian Resource	36.95	35.51	28.71
Mackenzie Universal Cdn. Resource	38.25	36.73	28.56
AGF Canadian Resources	41.23	40.63	27.76
iShares Canadian Energy Sector Index	25.22	39.97	27.41
Altamira Resource	34.19	38.01	27.04
GWL Canadian Resources (A) DSC	38.69	38.70	27.00
GWL Canadian Resources (A) NL	38.39	38.41	26.72
CI Signature Canadian Resource	43.44	38.60	26.04
Sentry Canadian Resource Class	37.65	37.48	25.16
Clarica SF CI Signature Canadian Resource - DSC	42.15	37.00	25.06
Fidelity Latin America-B (US\$)	52.36	47.98	25.05
Clarica SF CI Signature Canadian Resource	42.14	37.01	25.02

Power Performers (24)

Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Dynamic Precious Metals	73.21	23.10	31.79	Mavrix Strategic Small Cap	51.01	46.34	24.44
Mackenzie Univ. Prec. Metals	69.59	20.26	30.98	AGF Global Resources Class	44.62	38.79	23.45
Mackenzie Universal World Precious Metal Cap	72.98	22.23	29.61	TD Resource	28.80	31.35	23.13
TD Precious Metals	68.61	24.12	29.24	Mackenzie Universal World Resource Cap Class	30.44	32.50	22.44
Norrep Fund	23.15	34.68	28.38	DMP Resource Class	54.91	37.80	22.12
TD Energy	23.05	38.30	25.22	AGF Emerging Markets Value (US\$)	37.64	37.49	22.01

(continued on page 11)

Marco's Power Performers (from page 10)

Power Performers (continued)							
Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
QVGD Cdn. Enterprise Sm. Cap	20.37	n/a	24.98	CI Global Energy Corp.Class	20.19	41.48	21.77
Fidelity Latin America-A (US\$)	52.04	47.79	24.96	Fidelity Emerging Mkts-B (US\$)	36.76	33.76	21.68
TD Latin Amer. Growth (US\$)	49.76	47.15	24.91	Fidelity Emerging Mkts-A (US\$)	36.41	33.60	21.60
Sprott Hedge L.P.	33.74	26.62	24.72	CIBC Canadian Resource	25.41	33.34	21.05
Mackenzie Cundill Recovery 'C' (US\$)	29.95	29.77	24.61	RBC Global Resources	38.23	36.56	20.41
Trimark Canadian Resources	28.89	30.15	24.61	Acuity All Cap 30 Cdn. Equity	21.57	27.17	20.36

(continued on page 12)

Venture Portfolio (from page 9)

chart, the stock has corrected down to its long term trend line after over-extending so it could be poised for a further rise from here.



The revenues and earnings growth year over year continued for Twoco as revenues for 2005 came in at \$13,661,000, up 130.80% from \$5,919,000 in 2004. EPS for the year jumped to 23 cents from 8 cents, a gain of 187.50%.

Looking at the most recently reported quarter, revenues rose 78% to \$3,792,840. Cash flow improved by 88%. The company did not release earnings in their press release.

But the company has been issuing new shares and diluting the stock. The p/e is now at 57.30. That may be too high for the market and so it is giving it short shrift. As a result we look at Twoco as a hold. We'll take a closer look at the rest of the stocks as their one year anniversaries occur.

Marco's Power Performers (from page 12)

Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Epic Limited Partnership	18.21	32.19	29.84	AGF Euro. Equity Class (US\$)	30.45	25.40	17.33
London Life Precious Metals	67.79	19.09	28.43	Mackenzie Cundill Recovery 'C'	19.97	20.68	17.31
CIBC Energy	19.79	38.29	27.92	IA Group Dividends	18.90	22.91	17.11
Northwest Specialty Equity	15.11	26.32	26.19	AGF China Focus Class (US\$)	23.12	24.60	16.93
RBC Global Energy	17.65	39.08	25.65	Talvest Millennium High Income	16.16	18.37	16.90
Bissett Microcap-F	16.31	24.87	23.99	Scotia Latin American Growth	34.55	32.32	16.87
Ethical Special Equity	19.69	26.05	23.77	ABC Fundamental Value	16.06	23.50	16.84
Clarington Canadian Small Cap	19.68	25.70	23.25	Assumption/MB Cdn. Small Cap	16.05	22.73	16.84
BMO Precious Metals	73.80	18.36	22.73	Dynamic Canadian Value Class	30.54	31.65	16.70
Maritime Life Cdn. Growth II-R	19.09	23.86	21.07	Acuity Pooled Canadian Equity	15.81	24.64	16.50
Maritime Life Canadian Growth-R	18.84	23.57	20.81	SEI Cdn Small Company Equity-O	20.41	24.39	16.50
iShares CDN Gold Sector Index	57.57	19.56	20.33	CI Emerging Markets Corporate Class (US\$)	30.07	27.88	16.40
Templeton Emerging Markets CC (US\$)	21.69	29.17	19.97	Concordia Special Growth	17.00	23.74	16.34
Monrusco Bolton Canadian Small Cap 'B'	18.89	25.72	19.70	Dynamic FocusPlus Real Estate	16.43	21.38	16.26
National Bank Natural Resources	29.45	30.72	19.68	Highstreet Canadian Equity	19.38	23.70	16.14
Tmpltn Emerging Markets (US\$)	21.99	29.19	19.67	Trans IMS Canadian Resources	22.67	25.27	16.14
Monrusco Bolton TSX 100 Momentum	17.21	31.91	19.35	Trimark Europlus (US\$)	17.19	29.31	16.04
Investors Canadian Natural Resource-C	25.38	28.73	19.15	CI Emerging Markets (US\$)	28.68	28.31	16.03
Legg Mason Canadian Small Cap	28.11	28.44	19.07	Saxon Small Cap	15.10	19.64	16.02
Renaissance Canadian Small-Cap	29.46	28.07	18.96	Empire Small Cap Equity-A	16.42	22.40	16.01
AIC Canadian Focused Corporate Class (US\$)	22.91	27.88	18.87	Dynamic FocusPlus Small Business	24.57	25.93	15.97
AGF Global Real Estate Equity (US\$)	24.14	25.51	18.70	AGF Global Financial Services (US\$)	23.53	24.39	15.89
R Canadian Smaller Companies	17.77	22.90	18.68	APEX Canadian Value (Dynamic)	31.14	32.44	15.89
CI Can-Am Small Cap Corp Class	20.02	29.72	18.61	TD Emerging Markets-A	22.66	24.25	15.72
Monrusco Bolton Enterprise	18.72	25.39	18.48	TD Emerging Markets	22.67	23.98	15.64
Elliott & Page Growth Opport.	17.61	22.38	18.40	CIBC Latin American	28.74	30.24	15.62
Trans IMS Canadian Small Cap	26.85	33.52	18.36	CI Synergy Focus Global Equity (US\$)	15.19	20.40	15.52
CI Harbour Corporate Class (US\$)	25.79	27.59	18.17	United-Cdn. Equity Small Cap PI	21.06	24.90	15.47
Fidelity Latin America-B	40.82	37.69	17.68	Dynamic Power Canadian Growth	15.54	29.57	15.43
Assumption/MB TSX 100 Momentum	15.46	29.95	17.64	AGF Canada Class (US\$)	21.23	25.87	15.22
Fidelity Latin America-A	40.52	37.51	17.58	Genus Biosphere Plus Cdn Equity	19.76	23.73	15.18
TD Latin American Growth	38.00	36.74	17.56	GGOF Emerging Markets Mutual	16.63	24.07	15.09

Data source: Globefund.com

Our Model Portfolio

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

Current Position: \$166,074.89 (Up 232.15%) Up 5.88% YTD

We've had no trades since our last issue so for this issue we are selling off the two poorest performers for the month to make room for our new picks. Sold are GMP Capital Trust and La Senza. Monday we buy this issue's featured stocks, Carfinco Income Fund and Pacific & Western Credit. Our cash position after the trades is a miniscule \$2.67. If we can't get the stocks Monday at the price noted below, we will adjust accordingly in our weekly updates online.

BMTC Group (GBT.A)		Canada Bread (CBY)	
# of Shares: 790	Bought: June 19/06	# of Shares: 236	Bought: June 19/06
Price Then: \$18.57	Price Now: \$18.39	Price Then: \$62.11	Price Now: \$61.00
Gain: -0.97%	Stop: \$15.84	Gain: -1.79%	Stop: \$56.19
Notes: BMTC Group is a leading furniture dealer in Quebec. The stock has been a relatively consistent performer.		Notes: Canada Bread is one of Canada's largest bakeries and includes such brand names as Dempster's.	
Carfinco Income Fund (CFN.UN – TSX)		FirstService Corporation (FSV.SV – TSX)	
# of Shares: 3863	Bought: Aug. 21/06	# of Shares: 585	Bought: Feb. 20/06
Price Then: \$3.88	Price Now: \$3.88	Price Then: \$29.23	Price Now: \$27.75
Gain: 0.00%	Stop: \$3.30	Gain: -5.24%	Stop: \$25.87
Notes: Carfinco finances second hand automobile purchases for people who have trouble getting conventional financing.		Notes: FirstService is a major property management firm with offices in twenty countries around the world.	
Foremost Income Fund (FMO.UN)		Fortis Inc. (FTS – TSX)	
# of Shares: 855	Bought: June 19/06	# of Shares: 795	Bought: Oct. 24/05
Price Then: \$17.15	Price Now: \$20.60	Price Then: \$22.88	Price Now: \$23.67
Gain: 20.12%	Stop: \$17.98	Gain: 3.46%	Stop: \$20.32
Notes: Foremost is a manufacturer of specialty vehicles to maneuver difficult terrain such as muskeg, swamps, deep snow, etc.		Notes: Newfoundland based electric company Fortis Inc. has expanded into other regions of Canada including British Columbia.	
Pacific & Western Credit (PWC)		Silver Wheaton (SLW)	
# of Shares: 1156	Bought: Aug. 21/06	# of Shares: 712	Bought: July 17/06
Price Then: \$12.95	Price Now: \$12.95	Price Then: \$10.40	Price Now: \$10.84
Gain: 0.00%	Stop: \$11.01	Gain: 4.23%	Stop: \$10.06
Notes: Pacific @ Western Credit owns and operates Pacific & Western Bank, a branchless Schedule 1 Chartered Bank.		Notes: Silver Wheaton is the only resource company to derive 100% of its revenues from silver.	
Vicwest Income Fund (VIC.UN)		WFI Industries (WFI)	
# of Shares: 917	Bought: June 19/06	# of Shares: 908	Bought: May 23/06
Price Then: \$15.98	Price Now: \$18.64	Price Then: \$16.80	Price Now: \$24.75
Gain: 16.65%	Stop: \$15.94	Gain: +47.32%	Stop: \$21.04
Notes: Vicwest is Canada's leading manufacturer of metal siding and other building materials as well as Westeel grain bins.		Notes: WFI Industries is the leading manufacturer of heat pumps and heat exchangers.	