More on Hulbert

Eliminating Ambiguities

If you're interested in stocks and investing, you've no doubt got yourself on a number of mailing lists and probably get lots of mail and/or email touting this or that newsletter. They all seem to scream big headlines claiming huge profits in the hundreds of percents. But what can you really believe?

In many cases, the results shown are cherry picked. We recommended stock XYZ and it soared 587%. Or in 2003 our picks gained 115%. You know that if these results were true and if these analysts could repeat them over and over again consistently, they would be as rich as Warren Buffett or Bill Gates in short order. But aside from Buffett and his pal Charlie Munger, there are few if any billionaires on the Forbes list that got there by investing.

The fact of the matter is that continued sustained returns year after year seem to have a natural limit. Mark Hulbert, who puts together the Hulbert Financial Digest, has made the study of investment newsletters his life's work. He started his newsletter 25 years ago when he got similar promotional material in his mailbox and, being a skeptic, decided to take a closer look.

His conclusion after years of comparing newsletters are that long term sustained returns above 25% are rare. Buffett, regarded as the greatest investor that ever lived, managed 35% consistently for two decades.

(continued on page 2)

A Concept Revisited

A Low Maintenance Portfolio

In our April 18, 2004 issue I started exploring the idea of developing a low maintenance portfolio, one that would be reviewed quarterly rather than week to week as our Model Portfolio is (see *The Rich Get Richer* Vol. 2, # 12, page 12). The rationale for this was that our Watched List as a whole often did as well using a buy and hold strategy as our actively managed Model Portfolio. In fact, research has shown that over-trading one's account can adversely affect performance (Odean & Barber - 1999 – University of California at Davis).

In the 2004 article I compared our Model Portfolio to a hypothetical portfolio (dubbed the Rich Get Richer Portfolio) created by taking the ten best performing stocks in our Watched List for 2001, investing in them equally, and reviewing them quarterly. Stocks in the portfolio that were among the top ten performers for the quarter were carried over, the rest sold and the proceeds divided equally in new investment in the remaining top ten performers for the quarter.

My study carried over two years and three months from the beginning of 2002 to the end of Q1 of 2004. The portfolio gained in eight of the nine quarters with returns ranging from -1.35% to 45.00% with an average quarterly return of 13.28%. At the end of the 2002 our hypothetical portfolio was up 71.63% compared to the 24.78% we got with our Model

(continued on page 13)

In This Issue: Season's Greetings! (See Page 14)

Picking a Newsletter *(from page 2)*

In order to effectively compare newsletter performance, Hulbert needed to establish some rules so all the newsletters he covers (currently around 180 of them) are all on a level playing field. To do this, Hulbert took the position of the naive new subscriber. How, he asked, is the new subscriber likely to interpret the recommendations in a newsletter? And how would a new subscriber interpret ambiguous information?

Some newsletters are somewhat vague on how to use the newsletter so Hulbert assumed that the subscriber would invest in all stocks recommended by the newsletter equally. So if a newsletter profiles two new stocks and has 15 others in its list of followed stocks, Hulbert creates a mock portfolio for that newsletter consisting of 17 stocks equally weighted.

There are two controversial aspects to the way Hulbert treats newsletter recommendations. One is that if a newsletter editor recommends a stock as a hold rather than a buy, Hulbert considers it a sell. Why is that? Well, he says, if a new subscriber were to get his first newsletter and found 17 stocks listed, 15 rated as buys and 2 as holds, he would just buy the ones rated buy. Hulbert always takes the position of the new subscriber. Unless the editor clearly points out that a stock rated hold is rated as highly as one rated buy, Hulbert does not consider it a buy.

Hulbert also rebalances a newsletter's portfolio every issue unless the editor is very clear on the weighting each stock should have in the portfolio. For example, in my Model Portfolio, I specify a specific number of shares and actually put a dollar amount to the portfolio. Someone just subscribing can follow my Portfolio exactly by investing in similar proportions on her own. My stop losses are clear and so the reader knows exactly when to exit a position as well. And re-investment of the proceeds always takes place on the Monday following my online Portfolio Update.

One of the reasons I construct my portfolios as I do is because I was a Hulbert subscriber years ago and decided to make my newsletter as clear and unambiguous as possible.

Another thing Hulbert does is charge a reasonable "brokerage" fee for each transaction (except for the rebalancing for which he does not assess a fee). The reason for this, of course, is because the subscriber has to pay broker fees so if those fees are not included in the calculation of the portfolio's return, it is artificially inflated by that amount. That can add up to several percentage points each year. In my portfolios, I follow Hulbert and deduct a $27 brokerage fee for each transaction which is what I pay on my e*trade account. E*trade is lowering their fees to $19.95 in January as will I.

But there were and still are some ambiguities in this newsletter. One was that I have a Watched List of around 50 stocks, not all rated buy. And so I created my Really Big Portfolio to emulate what a subscriber might do if she wanted to invest in all of my current recommendations. After almost six months, the results are pretty awful so I may have to go back to the drawing board.

Another ambiguity is newly profiled stocks. How should they be treated? This was an area that was vague before because my Model Portfolio had just ten stocks and I did not shuffle two out each month to make room for the new recommendations. That was another reason for creating the Really Big Portfolio.

The upshot is that I will be putting together a User's Guide over the next few months to eliminate ambiguities and make clear how you, dear reader, can most effectively use this newsletter.

The Break Out Report

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Articles this issue by Marco den Ouden unless otherwise indicated.

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TSX Venture Pick

Solium Capital (SUM-V) $1.10

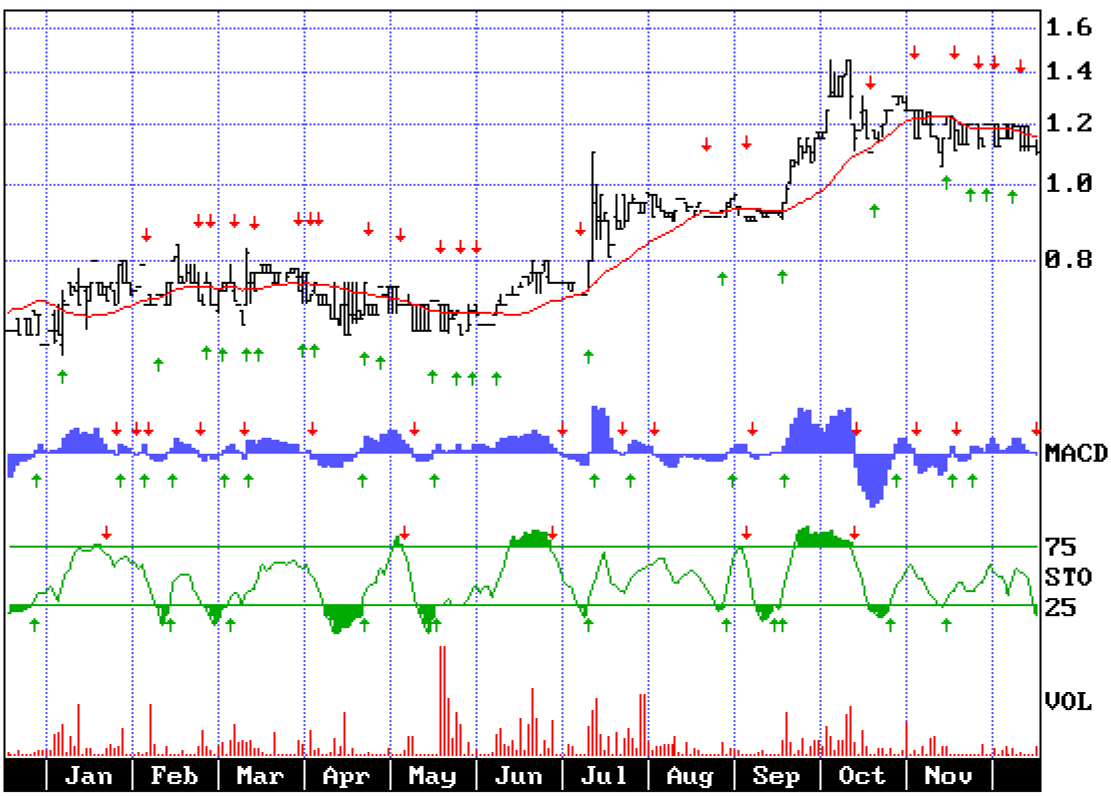
website: www.solium.com

Many companies encourage their employees through share inventive programs and savings plans. Solium Capital is a leader in the development and management of such plans with their proprietary Shareworks™ software application. Shareworks is a real-time, web-based, integrated platform that provides a single solution for the administration and execution of multiple plans. It interfaces with existing human resources and payroll environments. And it is scalable so it can grow as the client company grows. Solium's services reduce overhead for the employer and give the employee a user-friendly environment where he can view plan details and perform online transactions.

Solium has offices in Calgary, Toronto, Montreal and New York and serves 150,000 plan participants in Canada, the US and internationally.

In November the company signed its first US client, a major financial institution with global operations. Fiscal 2005 also marks the turnaround to profitability for Solium with earnings for the third quarter at a penny a share, up tenfold from the year before.

Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	$648	$1,183	+82.56%	$3,115	+163.31%	**Q Rev.**	$763	$1,609	+110.88%
EPS	-$0.12	-$0.06	n/a	-$0.01	n/a	**Q EPS**	$0.001	$0.01	+900.0%
Relative Strength			81.16	**P/E Ratio**		36.70	**P/S Ratio**		4.82



After going public in May of 2001, Solium shares sank from a dollar to as low as 8 cents in January of 2003. The stock has climbed back steadily and with the turnaround to profitability, more than doubled this year when it hit its high of $1.45 in early October. The stock has since settled back to a narrow trading range between $1.10 and $1.20. A good annual report should send this stock climbing again. We're adding 900 shares to the portfolio.

TSX Venture Pick

Grand Petroleum (GPP-V) - $4.95

website: www.grandpetroleum.ca

Grand Petroleum, a junior oil and gas exploration and production company based in Alberta, recently reported on its drilling activity for the third quarter. 15 wells were drilled which resulted in 6 producing gas wells, 7 oil wells and 2 dry wells for an 84% success rate.

A young company, Grand Petroleum emerged from the reverse takeover of a defunct company on December 31st 2003. In three short years it has gone from start-up to producer with an output of over 2000 barrels of oil equivalent a day. Production in Q3 2005 increased 61% over Q2. Production is expected to average 3500-4000 boe/d in 2006.

The company's exploration base is in East Central Alberta with its primary operation in Galahad. The company also has interests in West Central Alberta and near Hazelwood, Saskatchewan. Production is about evenly split between oil and natural gas.

Cash flow has grown from $0.01 a share in Q4 2003 to $0.42 a share in Q4 2005. Debt is low at $12 million, just 0.46 of annualized Q3 cash flow. Debt to cash flow is expected to drop to 0.3 by the end of 2005.

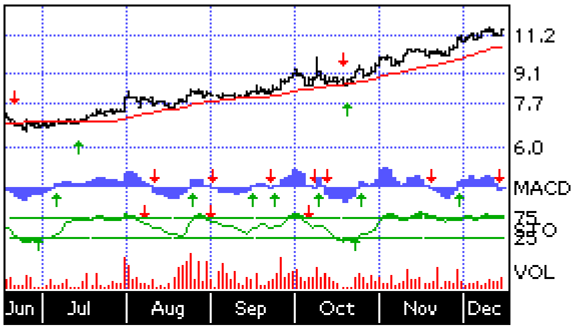
Year	2002	2003	Change	2004	Change	Quarter	2004	2005	Change
Rev.	$172	$307	+78.49%	$13,736	+4374.27%	Q Rev.	$4,087	$11,797	+188.65%
EPS	-$2.00	-$0.04	n/a	$0.20	turnaround	Q EPS	$0.02	$0.08	+300.00%
Relative Strength			87.95	P/E Ratio		19.80	P/S Ratio		2.49

Grand's stock has almost doubled in the last year and more than tripled in the last year and a half. After a correction in September and October, the stock took off on strong volume in mid-November and is currently settling back as the moving average catches up to it. We expect further strength in the new year. We're adding 200 shares to our portfolio.

Watched List Update

Stocks on the Move!!!

The stocks from our Watched List shown below are in solid up trends. The charts are inclined planes or close to. And each have made substantial gains in the last few months. As James Dines always says, a trend remains a trend until it is broken and so we expect that these stocks could very well continue to make gains. This is not an exhaustive list, of course. There are others such as last month's picks of Ensign Energy Services and March Networks, both of which have done very well, up 16.55% and 31.65% respectively. And of course, Trican Well Service. Check them all out.

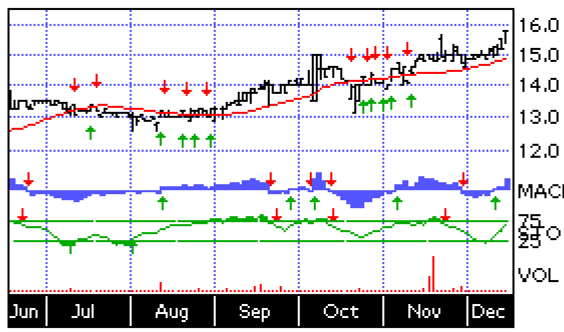


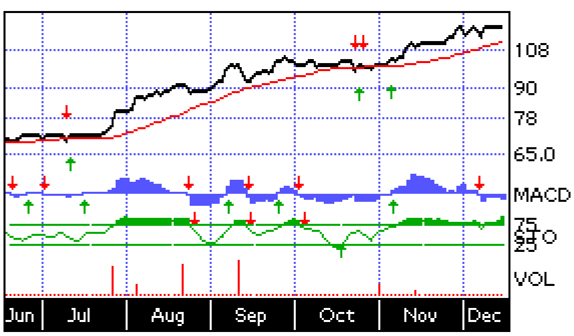
Aur Resources (AUR)	Profiled: 10/16/05
Price then: $8.57	Now: $11.50

⇦ A recent pick we only featured Aur in our Oct. 16, 2005 issue and already it is up 34.19% and looking to become one of the great stocks in our Watched List. Look at that chart, a thing of beauty. Aur is riding high on strong copper prices which have shown no sign of retreating as have oil prices recently.

BMTC Grp. (GBT.SV.A)	Profiled: 08/20/02
Price then: $6.98	Price Now: $15.85

We profiled this Quebec furniture dealer ⇨ on our website before we actually launched the Break Out Report as a subscription newsletter. Since then it is up 127.08%. It's up 20% in the last four months. The company is not a fast grower but a very steady one. We continue to like its prospects.



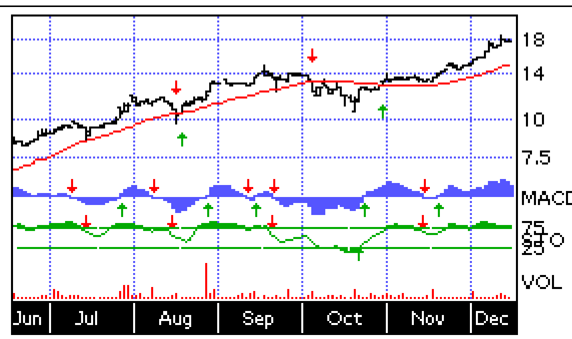


Melcor Dev. (MRD)	Profiled: 03/02/01
Price then: $20.30	Price Now: $120.00

⇦ Wow!!! Talk about a beauty of a stock. This Alberta real estate developer has been riding Alberta's booming economy and has risen over 200% over the last two years without triggering a stop loss. It's up 491.13% since we profiled it. Alberta's economy shows no signs of slowing down any time soon. Neither does Melcor!

Western Lakota (WLE)	Profiled: 07/17/05
Price then: $9.45	Price Now: $17.80

Another Alberta company, Western Lakota ⇨ Energy Services is a contract driller in the oil patch. We featured it less than six months ago and it is already up 88.36%. The oil sector is still hot despite the current correction in the price of oil. Expect further growth.



Forest Sector Pick

Sino-Forest Corporation (TRE – TSX)

(website: www.sinoforest.com)

Sino-Forest Corporation is the largest foreign-owned integrated forest products company in the People's Republic of China, one of the hottest economies on the planet right now.

Following devastating floods in 1998, the Chinese government introduced strict prohibition against logging of natural forests in critical watersheds. This reduced China's wood harvest by 20%. Sino-Forest's focus on sustainable development of forest resources through plantation operations has afforded the company excellent opportunities for growth to fill this shortage.

The company is also in the forefront of research to increase yields and "engage in whole tree utilization". The company is working on developing an advanced leadership program in a joint agreement with Nanjing Forestry University and Yale University.

With demand for forest products high in China, Sino-Forest has added manufacturing of value-added products such as plywood, particleboard and other engineered wood products to its core forestry business. The company also provides wood chips for the pulp and paper industry.

The company's operations follow a 3T paradigm of trees, technology and trading. This is manifested in its three principle operations – plantations, manufacturing and trading.

The company underwent new financing in 2004 and embarked on an acquisition program to add 200,000 hectares of mature pine to its plantations. As of the end of Q3 2005, the company's program covers 318,000 hectares of eucalyptus, aspen and pine in southern and eastern China.

Manufacturing operations include a particleboard mill in the Gaoyao Economic Development Zone in Guangdong Province. The mill sits on a 21 hectare site affording plenty of room for expansion into lamination, cabinetry and furniture manufacturing. Another manufacturing facility is the Shanghai flooring factory which produces solid wood flooring. Originally set up to serve the Japanese market, the factory now serves the domestic market as well as increasing prosperity in China has increased demand. Company plans call for a doubling of capacity in the future.

Sino-Forest has also set out to capture markets throughout Asia with its Sino-Forest Online website, a one-stop solution for international buyers interested in Chinese wood products.

In the most recent quarter, 44.0% of revenues were derived from sale of standing timber and 37.3% from wood chips and logs. Only 16.5% came from value-added wood-based products.

The company's revenues have grown steadily over the last four years with strong growth in 2004. Earnings per share have also grown steadily rising from $0.21 in 2001 to $0.43 in 2004. Not shown in the data below is the trailing 12 months revenues and earnings per share to the end of Q3 which are $460,038,000 and $0.55 respectively. That's gains of 61.89% and 48.65% over the year before. With China's booming economy, further growth seems assured.

Quarterly Earnings per Share (in US$)

To Sept. 30th	2004	2005	% Change
EPS	$0.11	$0.24	+118.18%
Revenues (000s)	$94,700	$144,400	+52.48%

Annual Earnings per Share (in US$)

To Dec. 31st	2002	2003	% Change	2004	% Change
EPS	$0.27	$0.38	+40.74%	$0.43	+13.16%
Revenues (000s)	$201,540	$265,979	+31.97%	$335,183	+26.02%

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Sino-Forest Corporation *(from page 6)*

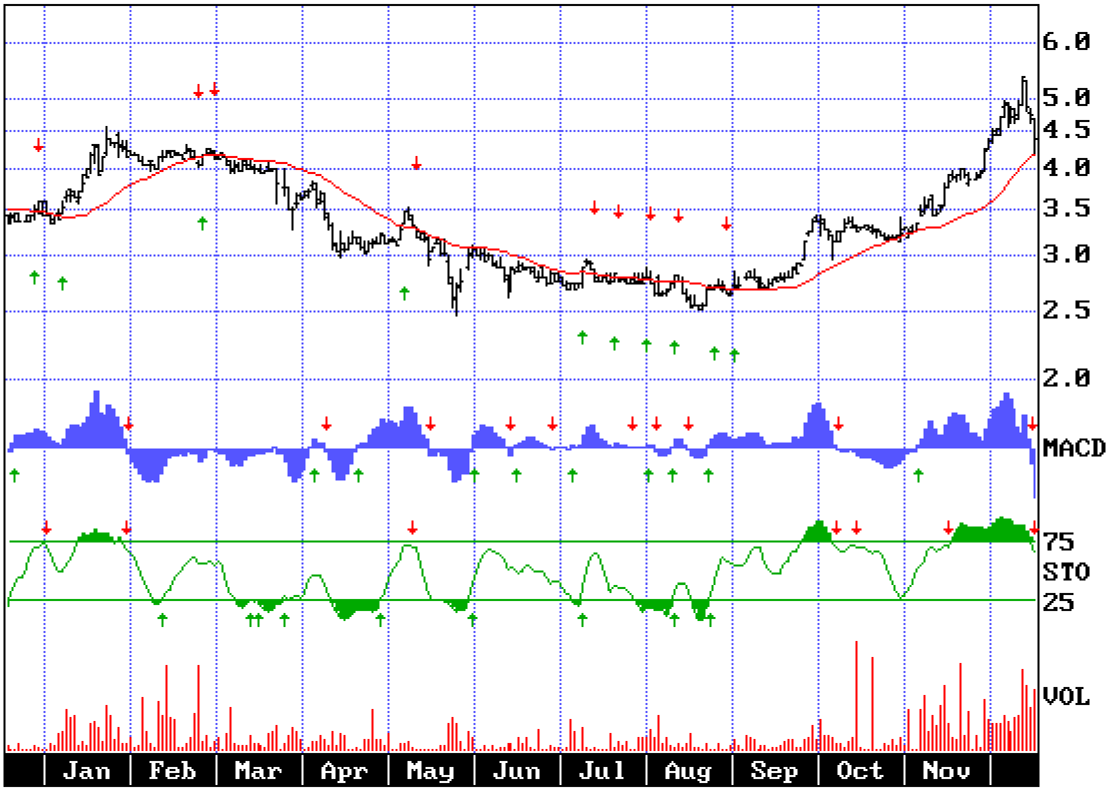

Chart Analysis: A public company since 1995, Sino-Forest has had some ups and downs as it developed. It peaked at around $4 in 1997 and started a long slide down to $0.84 in October of 2002. It then began a meteoric rise to over $7.00 on March 1st 2004, an eight fold gain in a year and a half. The stock subsequently corrected and formed a double bottom before starting its current climb in August this year. It has broken through resistance at the $4.50 mark soaring to $5.40 on the 13th and has just had a sharp correction back to the 30 day moving average. This is an over-correction in my view and the stock should start climbing again soon as it bounces off the moving average.

Stats as of 12/16/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 2.20	▪ Price Pattern: A
▪ RS: 82.52	▪ Volatility: B
▪ Shares: 118,923,948	▪ Estimates: C
▪ P/E: 6.70	▪ Snapshot: A
▪ Price: $4.40	▪ News: A

Phase 2: We give Sino-Forest an A for price pattern and a B for volatility as growth seems solid but there was that correction of a dollar over the last few days. Estimates are down for 2006 with a 3.0 or Hold rating. We give it a C. The snapshot is excellent with return on equity at 17.10 for 2004 trailing revenues and earnings to the end of Q3 up sharply so we give it an A. News has been solid with record sales and earnings, acquisition of additional plantation property and new executive appointments to enhance growth. We give it an A as well.

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

Mining Sector Pick

Teck Cominco (TEK.SV.B – TSX)

(website: www.teckcominco.com)

Teck Cominco is one of Canada's premier mining companies and a world leader in the production of metallurgical coal and zinc as well as a major producer of copper and gold. Diversification over various metals and minerals has served it well as the ups and downs in commodity prices have often gone counter to each other with coal up while base and precious metals are down.

The company has a long history, founded in 1906 as The Consolidated Mining and Smelting Company of Canada, an amalgamation of several spinoffs from the Canadian Pacific Railway. It changed its name to Cominco in 1966. Teck Corporation began as Teck-Hughes Gold Mines in 1913, operating primarily at Kirkland Lake until 1965. Teck and Cominco began a long relationship in 1986 and finally merged in 2001.

Currently the company is the managing partner with a 41% interest in the Elk Valley Coal Partnership in British Columbia. It is the second largest metallurgical coal operation in the world with six operating mines and over 30 years of reserves. The partnership also has a 46% interest in the Neptune bulk commodity port in North Vancouver, B.C..

In zinc production, the company owns and operates the Red Dog Mine in Alaska under a development agreement with the native owned NANA Regional Corporation. It is the world's largest producer of zinc concentrate. Teck Cominco is actively involved in native education and training and 50% of Red Dog employees are NANA shareholders.

Teck's second zinc operation is the Pend Oreille mine in Washington state just south of Trail B.C. where the company operates a major zinc smelter and refinery.

The company has three copper mining operations: Antamina in Peru (22.5% interest), Louvicourt in Quebec (25% interest), and Highland Valley Copper near Kamloops, B.C. (97.5% interest).

Gold operations include the Williams and David Bell Mines in the Hemlo area of Ontario. This is jointly owned and operated with Barrick Gold. Teck also is involved in developing the Pogo gold property in Alaska to earn a 40% interest. A mine and mill are currently under construction with startup slated for the first quarter of 2006.

The company also produces lead and molybdenum and owns the Waneta hydroelectric dam near Trail, B.C.. The dam provides power for the Trail smelter and surplus power is sold, some of it to the United States.

In 2004, 48.1% of revenues came from zinc mining and smelting, 32.1% from copper, 18.9% from coal and 4.1% from gold. But copper provided 55.9% of the company's profit with zinc contributing 30.1% and coal 11.1%.

If the EPS figures in the table below are impressive, the trailing 12 months to the end of Q3 2005 are even more so. Earnings per share jumped 141.92% to $5.54. Yowser!!!

Quarterly Earnings per Share

To Sept. 30th	2004	2005	% Change
EPS	$0.62	$2.00	+222.58%
Revenues (000s)	$925,000	$1,150,000	+24.32%

Annual Earnings per Share

To Dec. 30th	2002	2003	% Change	2004	% Change
EPS	$0.15	$0.71	+373.33%	$3.18	+347.89%
Revenues (000s)	$2,206,000	$2,229,000	+1.04%	$3,452,000	+54.87%

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Teck Cominco *(from page 8)*

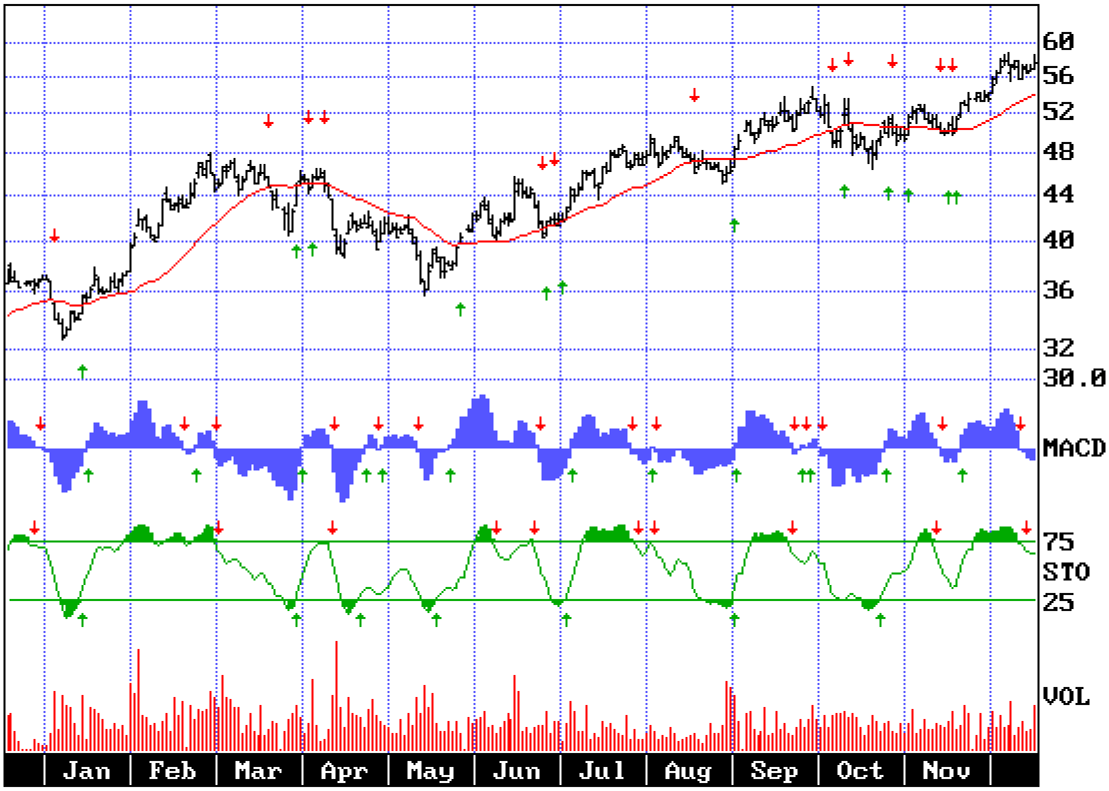

Chart Analysis: After trading in a wide range between $10 and $18 from 1998 through to mid-2003, Teck shares have taken off like a rocket shooting from $10.10 to an intraday high of $58.81 on Dec. 7th. It has been in a solid up trend since mid-May after a short lived correction from March to mid-May. Base metals prices remain strong and Teck Cominco should continue to do well going forward.

Stats as of 12/16/05	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.81	▪ Price Pattern: A
▪ RS: 89.85	▪ Volatility: A-
▪ Shares: 198,885,428	▪ Estimates: B+
▪ P/E: 10.37	▪ Snapshot: A+
▪ Price: $57.75	▪ News: A+

Phase 2: We give Teck Cominco an A for price pattern and a B for volatility as the trend is clearly up though it has had some bumps along the way. Estimates are up sharply for 2005 and moderately for 2006 with a 2.0 or Buy rating. We give it a B+. The snapshot shows a strong revenue growth and staggeringly large earnings growth over the last three years with return on equity a solid 21.85 in 2004 and growing. We give it an A+. News is excellent with strong revenue and earnings growth, new executive appointments to further growth and modernization of operations, and some acquisitions. We give it an A+.

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

Mutual Funds

Marco's Power Performers

(for November 2005)

Definitions

Power Performers – Mutual Funds returning better than 20% in each of the one year, three year and five year time periods.
Super Power Performers – funds returning better than 25% in the three relevant time periods.
Performers – funds returning better than 15% in each of the time periods.

A sure sign of the market's recovery is the increase of the number of Super Power performers to 15 from 13 in October.

The number of Power Performers climbed to 28 from 21. And the number of Performers climbed to 50 from 39. Total number of funds making our tables for November was 93, up strongly from 73 in October.

Super Power Performers

Fund Name	1 yr	3 yr	5 yr
Resolute Growth	88.39	52.77	44.32
Mackenzie Universal Cdn. Resource (US$)	26.85	47.86	37.37
Front Street Special Opportunities Cdn.	39.71	57.74	34.99
Front Street Small Cap Canadian	42.10	42.25	31.95
Dominion Equity Resource	32.64	35.71	31.55
CI Global Energy Corp Class (US$)	56.82	53.30	30.21
CIBC Energy	52.28	44.45	29.41
Norrep Fund	34.98	33.56	28.52
Dynamic FocusPlus Resource	27.17	31.09	27.35
RBC Energy	49.52	38.35	27.19
Sentry Canadian Energy Growth	43.88	34.55	26.33
TD Energy	47.60	37.53	25.79
Friedberg Diversified (US$)	166.60	31.73	25.58
Sentry Canadian Resource	34.22	34.84	25.54
AGF Canadian Resources	31.28	35.85	25.21

Power Performers

Fund Name	1 yr	3 yr	5 yr	Fund Name	1 yr	3 yr	5 yr
Mackenzie Univ. Cdn. Res.	24.40	34.08	30.04	Clarica SF CI Sig. Cdn. Res. A	35.92	31.61	23.11
London Life Cdn. Res. (MF)	23.35	32.90	27.24	Clarica SF CI Sig. Cdn. Res.	35.89	31.61	23.06
Ethical Special Equity	21.00	25.98	25.94	Sceptre Equity Growth - A	20.21	35.04	22.90
Clarington Canadian Small Cap	21.19	25.15	25.62	TD Resource	30.00	28.35	22.61
AGF Global Res. Class (US$)	24.68	42.04	25.23	GGOF Monthly High Inc Classic	24.86	26.79	22.40
GWL dn. Resources (A) DSC	29.02	33.94	24.68	Bissett Microcap-A	26.45	20.65	22.23
CI Signature Cdn. Resource	37.15	33.19	24.62	TD Latin Amer. Growth (US$)	59.87	50.34	22.02
GWL Canadian Resources (A) NL	28.74	33.65	24.41	Desjardins Financial Pool Bissett SmallCap	34.82	28.59	21.98
BMO Resource	34.19	28.16	24.27	GGOF Monthly High Inc Mutual	24.05	26.18	21.75
Mackenzie Cundill Recovery 'C'(US$)	21.96	38.39	23.74	Renaissance Canadian Income Trust	23.90	23.97	21.05
Bissett Microcap-F	28.11	22.22	23.72	Montrusco Bolton Canadian Small Cap 'B'	26.17	27.36	20.87
Altamira Resource	22.97	35.45	23.60	Fidelity Latin America-B (US$)	62.48	50.91	20.58
Mackenzie Universal World Resource Cap Class	21.85	28.15	23.51	Fidelity Latin America-A (US$)	62.20	50.83	20.54
CI Global Energy Corp. Class	54.28	38.98	23.24	Bissett Small Cap-F	33.35	26.92	20.34

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

Performers							
Fund Name	**1 yr**	**3 yr**	**5 yr**	**Fund Name**	**1 yr**	**3 yr**	**5 yr**
Northwest Specialty Equity	18.89	30.79	29.09	CI Harbour Corp. Class (US$)	24.11	26.68	17.59
Mawer New Canada	17.60	24.22	24.94	Investors Cdn. Nat. Res. - C	39.76	25.68	17.59
Trimark Canadian Resources	17.41	25.62	24.51	Chou RRSP	16.19	13.97	17.50
Adaly Opportunity - A	18.21	27.30	23.52	Montrusco Bolton Enterprise	25.34	27.05	17.37
Maritime Life Canadian Growth - R	17.67	30.75	20.82	AGF Emerging Mkts. Value US$	39.30	38.06	17.32
Bissett Income-F	15.58	22.45	20.47	Goodwood Fund-A	39.14	23.50	17.14
DMP Resource Class	25.99	34.20	19.80	Mackenzie Cundill Recovery C	19.61	25.49	17.13
CIBC Canadian Resource	42.56	30.84	19.71	Middlefield Enhanced Yield	19.18	21.61	17.12
R Canadian Smaller Companies	16.32	23.65	19.53	IA Group Dividends	27.10	22.96	17.05
United-Canadian Equity Value Pool	26.00	22.51	19.48	Concordia Special Growth	25.66	23.21	16.99
Elliott & Page Growth Opportunities	15.98	23.04	19.28	Hillsdale Cdn. Aggr. Hedged A	23.07	25.81	16.96
Acuity Pooled High Income	20.10	24.70	19.19	McElvaine Investment Trust	15.26	15.59	16.78
Bissett Small Cap-A	31.95	25.64	19.10	CI Signature High Income	17.78	19.82	16.66
Hillsdale Cdn. Performance Eq. A	15.27	28.36	19.01	Middlefield Growth	30.03	25.96	16.60
Vertex Fund - A	24.19	32.36	18.97	Acuity High Income	17.68	22.20	16.40
National Bank Natural Resources	24.45	23.79	18.76	Fidelity Emerging Mkts. B US$	41.44	31.87	15.90
AGF Global Resources Class	22.27	28.76	18.57	Templeton Emerging Mkts. US$	27.42	30.74	15.89
Talvest Millennium High Income	23.97	19.44	18.47	Middlefield Income Plus	17.38	19.26	15.87
Cda. Life Gens Sm. Cap Eq. (Biss)	30.89	24.71	18.39	Empire Small Cap Equity	16.64	22.23	15.86
Millennia III B Small Cap 3	31.22	24.90	18.35	Fidelity Emerging Mkts-A (US$)	41.22	31.80	15.86
Millennia III B Small Cap 4	31.09	24.77	18.23	CIBC Canadian Real Estate	21.34	19.10	15.59
Acuity Pooled Conservative Asset Allocation	22.97	26.17	18.02	TD Latin American Growth	57.20	36.38	15.59
Assumption/MB Cdn. Small Cap	23.17	24.24	18.00	Saxon Stock	15.72	16.30	15.10
Centaur Smaller Companies	32.98	27.69	17.88	Standard Life Cdn. Small Cap-A	27.39	21.73	15.08
Renaissance Canadian Small-Cap	22.90	21.31	17.60	CI Signature High Income GIF-A	15.99	17.98	15.07

The Venture Portfolio as of Dec. 16, 2005

Stock	Symbol	Date Bought	# of Shares	Price Then	Price Now	Amount Invested	Current Value	Change
Asian Television Network	SAT	Aug. 22, 2005	3000	$0.33	$1.10	$1017.00	$3300.00	+224.5%
Twoco Petroleums Ltd.	TWO	Aug. 22, 2005	185	$5.35	$7.15	$1016.75	$1322.75	+30.1%
Andean American Mining	AAG	Sept. 19, 2005	725	$1.32	$1.21	$1020.25	$877.25	-14.0%
Anterra Corporation	ATR	Sept. 19, 2005	1800	$0.58	$0.50	$1071.00	$900.00	-16.0%
Commercial Solutions	CSA	Oct. 14, 2005	270	$3.75	$3.90	$1080.00	$1012.50	-6.3%
CV Technologies	CVQ	Nov. 21, 2005	215	$4.59	$4.34	$1013.85	$933.10	-8.0%
Zapata Energy	ZCO	Nov. 21, 2005	76	$13.05	$13.76	$1018.80	$1045.76	+2.6%
Totals						**$7237.65**	**$9443.25**	**+29.8%**

Our Model Portfolio

Initial Position: $50,000 (Jan. 11, 2002)
Current Position: $154,020.78 (Up 208.04%) Up 25.87% YTD

Talk about a turnaround! Our portfolio positively soared in the last month, up over $11,000 or 7.9%. And the turnover of stocks has dropped off as well, only one stock was replaced during the month. Our portfolio is now at an all-time high. If the market continues strongly through the remaining two weeks of the year, we may reach a 30% return for the year. Our cash position is just $241.13.

Aur Resources (AUR – TSX)

# of Shares: 1450	**Bought:** Oct. 17/05
Price Then: $8.57	**Price Now:** $11.50
Gain: +34.19%	**Stop:** $9.78

Notes: Aur Resources is a major copper producer with mines in Canada and Chile and promising properties in Peru and Mexico.

Ensign Energy Services (ESI – TSX)

# of Shares: 165	**Bought:** Nov. 28/05
Price Then: $43.18	**Price Now:** $46.90
Gain: +8.62%	**Stop:** $40.80

Notes: Ensign Energy Services is the second largest land-based drilling contractor and third largest well servicing contractor in Canada.

Fortis Inc. (FTS – TSX)

# of Shares: 535	**Bought:** Oct. 24/05
Price Then: $23.80	**Price Now:** $23.79
Gain: -0.04%	**Stop:** $20.20

Notes: Newfoundland based electric company Fortis Inc. has expanded into other regions of Canada including British Columbia.

Goldcorp (G – TSX)

# of Shares: 500	**Bought:** Aug. 15 & 22
Price Then: $21.67	**Price Now:** $23.02
Gain: +6.23%	**Stop:** $20.54

Notes: Goldcorp is Canada's leading low cost gold mining company. It recently merged with Wheaton River.

GSW Inc. (GSW.B – TSX)

# of Shares: 275	**Bought:** May 17/04
Price Then: $34.73	**Price Now:** $113.00
Gain: +225.37%	**Stop:** $90.40

Notes: GSW Inc., a leading manufacturer of water heaters, is currently the subject of a takeover bid.

Home Capital Group (HCG – TSX)

# of Shares: 450	**Bought:** Aug. 9/04
Price Then: $21.49	**Price Now:** $35.25
Gain: +64.03%	**Stop:** $32.95

Notes: Home Capital Group has been a stellar performer as a provider of alternative financing in mortgages and other loans.

Kingsway Financial (KFS – TSX)

# of Shares: 625	**Bought:** May 24/04
Price Then: $15.00	**Price Now:** $23.45
Gain: +56.33%	**Stop:** $18.76

Notes: Kingsway Financial is a leading supplier of alternative insurance services. After a slump in early 2004, the stock is on the move again.

March Networks (MN – TSX)

# of Shares: 440	**Bought:** Nov. 21/05
Price Then: $22.50	**Price Now:** $29.74
Gain: 31.65%	**Stop:** $25.28

Notes: March Networks provides networked video security services for ATMs, banks, transportation systems and more.

SNC Lavalin (SNC – TSX)

# of Shares: 170	**Bought:** Oct. 17/05
Price Then: $73.48	**Price Now:** $72.61
Gain: -1.18%	**Stop:** $63.02

Notes: SNC Lavalin is one of Canada's largest engineering contractors and also does a lot of business outside of the country.

Trican Well Service (TCW – TSX)

# of Shares: 335	**Bought:** Oct. 10/05
Price Then: $41.35	**Price Now:** $54.49
Gain: +31.62%	**Stop:** $43.59

Notes: Trican Well Service provides a variety of services to the oil patch including coiled tubing, fracturing, etc.

A Low Maintenance Portfolio *(from page 1)*

Portfolio. By the end of 2003 we were up 155.50% compared to our Model Portfolio's 69.28%.

But our return was skewed by a hefty 45% return in the first quarter of our experiment, so I also looked at 2003 by itself and found our hypothetical portfolio was up 55.70% compared to our Model Portfolio's 35.66%.

The results were interesting, but not conclusive. Now I have gone back and looked at results for 2004 and 2005 to date. I did each year individually rather than carry 2004 forward. The table below shows the results.

Portfolio/Quarter	Q1	Q2	Q3	Q4	Year
RGR Portfolio 2004	8.40%	-2.36%	-2.22%	14.88%	18.90%
Model Portfolio 2004	8.21%	-2.11%	10.23%	23.81%	44.57%
RGR Portfolio 2005	3.09%	-2.84%	14.06%	8.45%	23.90%
Model Portfolio 2005	4.64%	9.33%	3.46%	6.34%	25.87%

Clearly the phenomenal success of our hypothetical "Rich Get Richer" portfolio in 2002 and 2003 did not carry forward into 2004 and 2005. In fact, this portfolio did less than half as well as our actively managed portfolio in 2004.

Well, that threw a monkey wrench into my plans for a low maintenance portfolio, even though the returns are respectable and, in fact, superior if they can be maintained consistently going forward.

Nevertheless, I decided to experiment a bit further. First I considered that the key to huge returns in the low maintenance portfolio was stocks remaining in the top performers over several quarters so that their gains compounded over several quarters. Peter Lynch writes that it's the big gainers that deliver the goods in overall portfolio returns. They make up for the poorer performers.

I decided that I needed to increase the odds of a stock carrying forward over several quarters in order to build up compounded gains. More stocks would do the trick. Although I like a ten stock portfolio for its ease of management (and William O'Neill writes that four to seven stocks is optimum), a case can be made for having more in a portfolio. Most mutual funds hold dozens of stocks.

So I decided to see what would have happened in 2004 and 2005 with a twenty stock portfolio. The results are shown in the table below, again compared to our Model Portfolio as well as the 10 Stock RGR Portfolio.

Portfolio/Quarter	Q1	Q2	Q3	Q4	Year
20 Stock RGR Portfolio 2004	3.43%	-2.75%	-4.20%	18.97%	14.65%
10 Stock RGR Portfolio 2004	8.40%	-2.36%	-2.22%	14.88%	18.90%
Model Portfolio 2004	8.21%	-2.11%	10.23%	23.81%	44.57%
20 Stock RGR Portfolio 2005	7.00%	-2.54%	11.51%	15.26%	34.04%
10 Stock RGR Portfolio 2005	3.09%	-2.84%	14.06%	8.45%	23.90%
Model Portfolio 2005	4.64%	9.33%	3.46%	6.34%	25.87%

Well, here we have inconsistent results. For 2004, the 20 Stock RGR Portfolio did worse than the 10 Stock RGR which hugely underperformed the Model Portfolio. However, for 2005, the 20 Stock RGR handily outperformed both.

It's interesting to note that the best quarter for the 20 Stock RGR was the fourth in both years. This is partly due to the fact that by the fourth quarter, several stocks had built up compounded gains. Because we started each year off as a fresh start, we did not have as much compounding benefit in the first three quarters.

(continued on page 14)

A Low Maintenance Portfolio *(from page 1)*

If we were to actually launch such a portfolio, it would carry over from quarter to quarter over the years and theoretically at least, a high flying stock could compound quarter after quarter after quarter, greatly improving the overall performance of the portfolio. For example, 2004 carried over from 2003 would have seen heavier weightings in 3 of the 5 best performing stocks in the first quarter of 2004 although there would have been a heavier weighting in 2 of the 5 worst performing ones as well.

All things considered, I've decided to launch a 20 Stock Rich Get Richer low maintenance portfolio on January 1st. The initial portfolio will have equal weightings of the 20 best performing stocks from our Watched List for the fourth quarter of 2005.

In doing our back checks, we noticed there were several occasions where a stock lost over 25% of its value in a quarter. The worst was the third quarter of 2004 where one stock dropped 62.69%, another fell 49.20% and a third declined 30.65%. Overall that quarter lost 4.20%. So although we would like to hold each stock throughout each quarter, we will use a 25% trailing stop based on closing prices in our Rich Get Richer Portfolio. If a stop is triggered, the stock is sold at the following day's opening price and the cash held until the end of the quarter when it will be reinvested.

Another question that may arise is what to do if some of the top 20 stocks in a quarter actually declined in the quarter. In our study that happened one quarter and we invested fully anyways. In our actual portfolio, we will invest fully if the stocks in question did not decline by more than five percent. Otherwise we will hold cash positions. We'll send out a special advisory on January 1st announcing the initial position of our Rich Get Richer Portfolio.

HAPPY HOLIDAYS!

We wish you and yours the very best in the season of joy and celebration.
And may 2006 be both prosperous and rewarding!

Marco *Ken*