

the Break Out Report

Volume # 5, Issue # 6

January 21, 2007

Model Portfolio

Adding a Mutual Fund Position

As noted in our Supplementary issue of Dec. 31st and online, I folded the Rich Get Richer Portfolio into the Model Portfolio, increasing it by 50% and allocating the balance of funds to Power Performer mutual funds and to new stock picks. The RGR stocks were incorporated at the beginning of the year. With this issue we are adding the mutual funds.

Up to Friday, our portfolio consisted of an RGR portion of \$88,124.18, stocks held over from last year totaling \$31,007.58 and a cash balance of \$41,863.95 for a total of \$160,995.71. We are selling off the remaining shares held over from last year which will give us a cash balance of \$72,851.53 after transaction costs. Of that, \$50,000 will go into mutual funds and the balance split over the five stocks we will feature between now and the end of March.

But which mutual funds to add? Check out our Power Performer tables on pages 9-11 for the eligible funds. We are going to divvy the \$50,000 up into three funds - \$30,000 into a Canadian equity fund, \$10,000 into an emerging markets fund and \$10,000 into a resource fund.

To make our selection we look at the annual returns for the eligible funds. Because there were 64 Power Performers and Super Power Performers, we started our search by narrowing it down to funds with better than 20% return for the five year period. Next we looked at the annual returns for the last seven years (2000-2006). This included the bear market years of 2000-2002. We next narrowed the list down by eliminating funds that had a loss during any year in the last five. A great many precious metals funds lost money in 2004 so that eliminated quite a few. Finally we eliminated any that did not qualify as Performers, Power Performers or Super Power Performers because they didn't meet our overall criteria. This left a list of 44 funds as shown in the table on the next page.

Although our preference would be for funds with seven unbroken years of gains, we cannot overlook the top performing Super Power Performer, TDK Resource Fund. It only has a five year track record, all of them superb. 2004, its poorest year, produced a return of 22.36%. So we are making it our resource fund - \$10,000 worth. Nearly all the emerging markets funds had four superb years and lost money in 2002. The only fund that had all positive returns over the last five years was Excel India which we are adding as our emerging markets fund. It also has the distinction of being the best performing of these funds for the year-to-date, which so far has not been stellar for the TSX.

Next to add is the big daddy, the \$30,000 fund. To decide, I sorted the funds by year-to-date performance. Only seven of the 44 funds have a positive return for the year-to-date.

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Model Portfolio (from page 1)

Of these, only the Sceptre Equity Growth Funds, both the “O” and the “A” fund are Super Power Performers. The “O” fund requires a \$250,000 minimum investment. The “A” only needs a \$5000 investment, so it’s the “A” fund for us.

There are many other funds in the list below worth considering, but for now, these three seem to be the best bet for sustained and reliable growth without too much volatility. Our Portfolio summary is on page 13.

Fund Name	YTD %	2006	2005	2004	2003	2002	2001	2000
TDK Resource Fund Inc.	-4.95	49.50	51.59	22.36	44.50	37.68		
Front Street Special Opport. Cdn.	-5.24	22.50	46.82	19.32	121.21	14.46	3.39	17.00
Northern Rivers Innovation Fund LP	n/a	92.50	24.76	7.95	75.21	12.03		
Mackenzie Universal Cdn Res (US\$)	-3.26	18.30	39.93	30.02	75.71	28.07	15.65	2.81
Dynamic FocusPlus Resource	-4.9	58.68	34.91	19.42	42.56	25.26	12.14	4.67
Front Street Small Cap Canadian	-3.96	20.69	47.36	24.28	62.45	24.25	9.25	35.08
CI Signature Cdn Res Corp CI (US\$)	-3.81	27.70	53.08	27.80	57.58	12.04		
AGF Global Resources Class (US\$)	-3.59	31.01	41.11	31.35	62.50	10.42	-11.72	
DMP Resource Class	-5.86	44.29	40.42	7.49	50.38	25.41	-13.84	
Excel India	3.83	30.32	24.14	30.90	82.90	5.89	-33.74	-47.05
Sceptre Equity Growth - O	0.47	40.48	21.32	27.00	67.98	10.90		
Sprott Canadian Equity	-3.97	39.57	13.19	37.85	30.04	39.30	43.71	44.03
Altamira Resource	-3.72	30.27	32.82	21.92	50.25	24.44	-8.38	2.23
Sceptre Equity Growth - A	0.39	38.66	19.91	25.62	66.68	9.57	7.28	1.77
AGF Canadian Resources	-4.77	29.75	44.05	19.51	43.26	18.01	2.61	15.96
Arrow Epic Capital	1.06	28.51	26.58	16.74	65.16	19.77		
Epic Limited Partnership	n/a	24.84	21.97	19.28	66.34	22.70	31.85	
GWL Canadian Resources (A) DSC	-6.01	28.64	41.61	19.27	40.77	19.26	2.90	16.08
Norrep II Class-A	-0.31	18.57	33.93	23.49	45.76	27.23		
Norrep Fund	-0.37	25.69	32.37	25.03	43.86	20.71	23.53	44.67
GWL Canadian Resources (A) NL	-6.02	28.37	41.31	19.02	40.47	19.01	2.68	15.79
Mackenzie Cundill Recov. 'C' (US\$)	-0.76	23.20	24.17	19.53	89.55	2.51	0.43	2.66
Mackenzie Universal Cdn Resource	-2.77	18.34	35.55	21.08	43.76	27.02	22.78	6.86
Scotia Resource	-4.28	25.41	40.34	17.31	42.26	18.33		
CI Signature Canadian Resource	-3.43	28.15	49.83	19.33	34.82	10.99	12.49	32.38
BMO Resource	-3.81	32.71	47.75	10.01	26.65	25.24	13.96	6.42
London Life Cdn Resource (MF)	-4.12	17.25	34.37	20.01	42.44	26.14	10.65	16.77
Clarica SF CI Sig Cdn Res - DSC	-3.49	27.02	48.50	17.29	31.20	15.91	3.68	
Clarica SF CI Signature Cdn Res	-3.5	27.01	48.47	17.31	31.21	15.77	3.56	16.26
CI Signature Cdn Resource Corp CI	-3.33	28.09	48.09	18.40	29.95	10.77		
AGF Global Resources Class	-3.03	30.98	36.64	22.22	33.18	9.49	-6.29	
RBC Global Resources	-1.65	48.11	36.74	17.21	26.90	2.57	0.73	
First Asset Energy & Resource	-4.37	28.84	36.59	10.76	35.45	16.75	-17.96	3.50
TD Resource	-3.76	19.88	40.46	9.62	34.92	22.05	6.39	19.97
Bissett Microcap-F	-2.92	21.83	24.47	25.07	17.25	36.24	22.11	6.82
First Asset Energy & Res Inc & Gwth	-4.14	25.48	35.10	12.33	44.98	7.15		
Trimark Canadian Resources	-0.18	24.94	25.65	16.08	38.56	15.77	30.40	6.70
Bissett Microcap-A	-2.97	20.19	22.82	23.46	15.86	34.80	20.95	
AGF Global Real Estate Equity(US\$)	0.72	42.91	11.62	28.36	30.90	6.15	0.00	12.28
Acuity All Cap 30 Canadian Equity	-1.08	26.18	10.09	21.30	67.25	0.57	4.84	
Mawer New Canada	1.07	15.32	18.04	29.53	26.06	23.49	29.19	8.13
Mackenzie Univ Wld Resource Class	-2.27	23.57	27.28	22.81	30.29	6.39	21.98	
Montrusco Bolton Cdn Small Cap 'B'	0.03	15.19	24.10	27.32	34.38	8.37	8.76	10.00
Mackenzie Cundill Recovery 'C'	-0.26	23.25	20.28	11.32	55.09	1.68	6.62	6.70

Quarterly Review**Year End Quarterly Review of Our Watched List**

As we do every quarter, we are reviewing our Watched List stocks to see if we want to discontinue carrying some on the list. We're dropping the stocks from our Watched List that meet *both* of the following criteria:

- It is in a sustained downtrend (anywhere from 4 weeks to 3 months)
- It has a loss in the most recently reported quarter, its earnings per share have dropped 50% or more, or it has had two consecutive quarters of declining earnings.

We're also axing any that have been on our list for over a year and grown less than 25% or over two years and grown less than 50% unless they are in an up trend or growing earnings.

The complete details follow but first let's look at the ten best and ten worst performing stocks for the first quarter of 2006. First the gainers:

Top Ten for Q4 2006							
Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change 2006	Change Since Profiled
Sino-Forest Corporation	TRE	Dec. 18/05	\$4.40	\$7.83	83.37%	58.50%	77.95%
ZCL Composites	ZCL	June 20/04	\$2.05	\$10.35	77.53%	173.09%	404.88%
Stella-Jones Inc.	SJ	Feb. 19/06	\$15.75	\$34.50	64.29%	119.05%	119.05%
La Senza	LSZ	April 17/05	\$14.65	\$47.99	50.58%	152.58%	227.58%
Potash Corporation	POT	June 19/05	\$119.85	\$167.00	43.94%	79.38%	39.34%
Le Chateau	CTU.SV.A	June 19/05	\$39.06	\$60.00	40.35%	25.05%	53.61%
Aur Resources	AUR	Oct. 16/05	\$8.57	\$24.26	34.78%	105.94%	183.08%
Research In Motion	RIM	Sept. 19/04	\$94.82	\$149.00	30.03%	94.14%	57.14%
Parkland Income Fund	PKI.UN	Sept. 18/06	\$31.94	\$38.49	28.17%	20.51%	20.51%
Finning International	FTT	May 11/01	\$16.40	\$47.79	27.75%	28.68%	191.40%

Five of the top ten are repeats from last quarter, ZCL Composites, Stella Jones, La Senza, Potash Corporation and Research in Motion. Five of the top ten are up over 100% since we first profiled them. Note also that four were up 100% or more for 2006 with another three topping 50% for the year.

Overall the quarter was a strong one with 37 of our 58 stocks gaining for the quarter and with an

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The Break Out Report

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Quarterly Review (from page 3)

average gain of 9.90%.

And, as usual, we also take a look at the worst performers for the quarter. We should not discount these stocks as losers, however. They did poorly for the quarter but may rebound. Consider our top performing stock for the quarter, Sino-Forest. It was our worst performing stock in the third quarter. And so far in 2007, it has continued to gain. In fact, seven of the ten worst performers in the third quarter made gains in the fourth quarter with an average gain of 25.73%.

Strategically, I do not believe in bottom feeding but I may have to go back and see how our bottom feeders have done in subsequent quarters, discounting the ones dropped from our Watched List. Especially considering that four of the stocks on the bottom ten this quarter have gains since profiled of over 100%. Their poor showing in Q4 could be a correction or a temporary setback. Note that seven of them are income trusts that were adversely affected by a change in tax law.

Bottom Ten for Q4 2006

Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change YTD	Change Since Profiled
Vicwest Income Fund	VIC.UN	June 16/06	\$15.98	\$10.18	-43.44%	-36.30%	-36.30%
Big Rock Brewery Income Trust	BR.UN	Oct. 15/04	\$16.05	\$13.60	-29.72%	-29.50%	-15.26%
Zargon Oil & Gas	ZAR.UN	Jan. 29/01	\$4.70	\$24.79	-23.01%	-21.92%	427.45%
Foremost Income Fund	FMO.UN	June 16/06	\$17.15	\$15.65	-19.33%	-8.75%	-8.75%
TransForce Income Fund	TIF.UN	Jan. 18/02	\$3.02	\$13.49	-18.83%	-20.93%	346.69%
Pason Systems	PSI	May 16/04	\$7.50	\$13.26	-15.97%	-8.24%	76.80%
Contrans Income Fund	CSS.UN	Oct. 12/01	\$3.63	\$12.02	-15.35%	-14.51%	231.13%
Carfinco Income Fund	CFN.UN	Aug. 21/06	\$3.88	\$3.60	-13.25%	-7.22%	-7.22%
CML Healthcare Income Fund	CLC.UN	Apr. 12/02	\$5.85	\$13.95	-13.19%	-3.13%	138.46%
McCoy Brothers	MCB	May 15/05	\$4.65	\$6.10	-12.86%	-3.17%	31.18%

And now on to our Quarterly Review. We follow the maxim that the trend is your friend. For the quarterly review we use the most recent sustained trend. This could be anywhere from four weeks to the full three months. Note that 29 of our 68 stocks, have doubled or more since profiled.

Our Quarterly Review

Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change YTD	Change Since Profiled	Recent Trend	QEPS Change	Status
Melcor Developments	MRD	Mar. 2/01	\$2.03	\$18.34	-4.48%	54.77%	803.45%	↓	-52.46%	Drop
Alimentation Couche-Tard	ATD.B	Dec. 4/00	\$2.88	\$25.35	6.24%	8.33%	781.74%	↓	+33.33%	Keep
Stantec Inc.	STN	Apr. 20/01	\$4.13	\$25.25	23.47%	27.04%	512.12%	↑	+12.5%	Keep
SNC-Lavalin Group	SNC	Mar. 23/01	\$5.42	\$31.47	9.42%	23.75%	480.63%	→	+55.56%	Keep
Zargon Oil & Gas	ZAR.UN	Jan. 29/01	\$4.70	\$24.79	-23.01%	-21.92%	427.45%	↓	+87.18%	Keep
ZCL Composites	ZCL	June 20/04	\$2.05	\$10.35	77.53%	173.09%	404.88%	↑	+75.00%	Keep

(continued on page 5)

Quarterly Review (from page 4)

Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change YTD	Change Since Profiled	Recent Trend	QEPS Change	Status
TransForce Income Fund	TIF.UN	Jan. 18/02	\$3.02	\$13.49	-18.83%	-20.93%	346.69%	→	-48.89%	Drop
Goldcorp Inc.	G	May 25/01	\$7.83	\$33.11	25.61%	27.84%	322.86%	↓	-6.67%	Keep
Canada Bread	CBY	May 18/01	\$13.00	\$54.10	-8.85%	-8.31%	316.15%	→	L	Drop
Niko Resources	NKO	Nov. 17/02	\$22.20	\$83.35	25.34%	50.94%	275.45%	↑	L	Keep
CCS Inc. Fund	CCR.UN	May 18/03	\$10.15	\$37.75	3.57%	2.03%	272.10%	↑	+68.75%	Keep
Richelieu Hardware	RCH	Dec. 4/00	\$7.00	\$24.24	15.37%	2.28%	246.29%	→	+22.58%	Keep
Trican Well Svc	TCW	Apr. 18/04	\$6.08	\$20.32	7.91%	-27.43%	234.21%	↓	+48.39%	Keep
Contrans Income Fund	CSS.UN	Oct. 12/01	\$3.63	\$12.02	-15.35%	-14.51%	231.13%	→	+16.67%	Keep
La Senza	LSZ	April 17/05	\$14.65	\$47.99	50.58%	152.58%	227.58%	↑	221.05%	Drop
Fortis Inc.	FTS	Mar. 16/01	\$9.50	\$29.77	21.81%	22.66%	213.37%	↑	+8.33%	Keep
Finning Intl.	FTT	May 11/01	\$16.40	\$47.79	27.75%	28.68%	191.40%	↑	-16.00%	Keep
Aur Resources	AUR	Oct. 16/05	\$8.57	\$24.26	34.78%	105.94%	183.08%	↓	+163.64%	Keep
AlarmForce	AF	Sept. 21/03	\$1.92	\$5.10	9.68%	29.11%	165.63%	↑	+100.0%	Keep
Cameco Corp.	CCO	Nov. 19/04	\$18.44	\$47.20	15.89%	27.93%	156.03%	↑	-9.52%	Keep
BMTC Group	GBT.SV.A	Aug. 20/02	\$6.98	\$17.61	-2.71%	10.06%	152.47%	↓	+2.17%	Keep
Steepleback Industrial Group	SID	Jan. 18/04	\$2.95	\$7.25	20.83%	2.11%	145.76%	↑	T	Keep
CML Healthcare Income Fund	CLC.UN	Apr. 12/02	\$5.85	\$13.95	-13.19%	-3.13%	138.46%	↑	+12.00%	Keep
Stella-Jones Inc.	SJ	Feb. 19/06	\$15.75	\$34.50	64.29%	119.05%	119.05%	↑	+81.25%	Keep
TSX Group	X	Jan. 18/04	\$22.50	\$46.61	-4.92%	-0.47%	107.16%	→	+14.29%	Keep
Garda World Security	GW	Aug. 21/05	\$12.15	\$21.84	-3.15%	44.44%	79.75%	↑	+53.85%	Keep
Sino-Forest Corporation	TRE	Dec. 18/05	\$4.40	\$7.83	83.37%	58.50%	77.95%	↑	+33.33%	Keep
Pason Systems	PSI	May 16/04	\$7.50	\$13.26	-15.97%	-8.24%	76.80%	↓	+22.22%	Keep

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Quarterly Review (from page 5)

Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change YTD	Change Since Profiled	Recent Trend	QEPS Change	Status
Research In Motion	RIM	Sept. 19/04	\$94.82	\$149.00	30.03%	94.14%	57.14%	→	+52.46%	Keep
WFI Inc.	WFI	May 19/06	\$16.80	\$26.00	3.59%	54.76%	54.76%	→	+78.57%	Keep
Le Chateau	CTU.A	June 19/05	\$39.06	\$60.00	40.35%	25.05%	53.61%	→	+36.36%	Keep
Teck Cominco	TCK.B	Dec. 18/05	\$57.75	\$87.90	25.57%	41.66%	52.21%	→	+17.00%	Keep
Potash Corp.	POT	June 19/05	\$119.85	\$167.00	43.94%	79.38%	39.34%	↑	+17.09%	Keep
McCoy Brothers	MCB	May 15/05	\$4.65	\$6.10	-12.86%	-3.17%	31.18%	↓	-33.33%	Drop
Gildan Activewear	GIL	Sept. 18/05	\$42.01	\$54.49	0.28%	8.98%	29.71%	↓	+27.08%	Keep
Inmet Mining	IMN	Oct. 16/06	\$50.85	\$62.41	22.73%	22.73%	22.73%	→	+188.75%	Keep
Parkland Inc. Fd.	PKI.UN	Sept. 18/06	\$31.94	\$38.49	28.17%	20.51%	20.51%	↑	+71.79%	Keep
Silver Wheaton	SLW	July 17/06	\$10.40	\$12.22	16.49%	17.50%	17.50%	↓	+150.00%	Keep
COM DEV Intl.	CDV	Sept. 18/06	\$5.73	\$6.46	4.36%	12.74%	12.74%	→	+166.67%	Keep
Commercial Solutions	CSA	May 21/06	\$7.09	\$7.85	15.44%	10.72%	10.72%	↑	+55.56%	Keep
Pareto Corp.	PTO	Aug. 21/05	\$1.13	\$1.20	9.09%	-12.41%	6.19%	→	+0.00%	Drop
Ritchie Brothers	RBA	Mar. 19/06	\$59.30	\$62.49	4.48%	5.38%	5.38%	↑	+115.38%	Keep
Logibec Groupe Informatique	LGI	Nov. 20/06	\$16.25	\$16.55	1.85%	1.85%	1.85%	↑	+200.00%	Keep
RDM Corporation	RC	Dec. 20/06	\$4.20	\$4.14	-1.43%	-1.43%	-1.43%	↑	+166.67%	Keep
GMP Capital Trust	GMP.UN	June 16/06	\$22.50	\$21.80	2.59%	-3.11%	-3.11%	↑	+33.33%	Keep
Dynatec	DY	Dec. 20/06	\$2.21	\$2.13	-3.62%	-3.62%	-3.62%	→	+110.00%	Keep
March Networks	MN	Nov. 20/05	\$22.50	\$21.35	13.44%	-33.96%	-5.11%	↓	-71.88%	Drop
Carfinco Income Fund	CFN.UN	Aug. 21/06	\$3.88	\$3.60	-13.25%	-7.22%	-7.22%	↑	+28.57%	Keep
Paladin Labs	PLB	Nov. 20/06	\$11.52	\$10.60	-7.99%	-7.99%	-7.99%	↓	+160.00%	Keep
Aber Diamonds	ABZ	Jan. 15/06	\$46.77	\$43.00	20.96%	-8.06%	-8.06%	→	-44.83%	Keep
FirstService Corporation	FSV	Feb. 19/06	\$29.50	\$27.00	1.50%	-8.47%	-8.47%	↓	-13.67%	Keep

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Quarterly Review (from page 6)

Name	Symbol	Date Featured	Price Then	Price End Q4	Change Q4	Change YTD	Change Since Profiled	Recent Trend	QEPS Change	Status
Ensign Energy Services	ESI	Nov. 20/05	\$20.12	\$18.39	-0.86%	-21.61%	-8.60%	↓	+247.37%	Keep
Foremost Income Fund	FMO.UN	June 16/06	\$17.15	\$15.65	-19.33%	-8.75%	-8.75%	↓	+82.86%	Keep
Pacific & Western Credit	PWC	Aug. 21/06	\$12.95	\$11.50	-2.13%	-11.20%	-11.20%	↓	-23.08%	Keep
MacDonald Dettwiler	MDA	April 16/06	\$50.40	\$42.80	13.53%	-15.08%	-15.08%	→	+19.51%	Keep
Big Rock Brewery Income Trust	BR.UN	Oct. 15/04	\$16.05	\$13.60	-29.72%	-29.50%	-15.26%	↓	+21.62%	Drop
Wajax Inc. Fund	WJX.UN	May 19/06	\$41.79	\$34.25	-2.70%	-18.04%	-18.04%	↑	+94.64%	Keep
Vicwest Inc. Fund	VIC.UN	June 16/06	\$15.98	\$10.18	-43.44%	-36.30%	-36.30%	↑	-39.89%	Keep
Total Gain					574.05%	1031.70%	7496.98%			
Average Gain					9.90%	17.79%	137.02%			

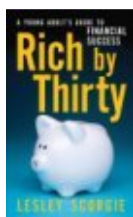
Dropped (with YTD and Total Gain in brackets) are Melcor Developments (54.77%, 803.45%), Transforce Income Fund (-20.93%, 346.69%), Canada Bread (-8.31%, 316.15%), La Senza (152.58%, 227.58%), McCoy (-3.17%, 31.18%), Pareto Corporation (--12.41%, 6.19%), March Networks (-33.96%, -5.11%), Big Rock Brewery Income Fund (-29.50%, -15.26%)

La Senza is being dropped as it has been taken over by the Victoria's Secret folks. Also dropped are Melcor Developments, a stellar performer which seems to have stalled, Transforce Income Fund, also a good performer which lost over 20% during the year, Canada Bread, also a good performer but which has slowed down and suffered a loss in the last quarter, McCoy which is going nowhere, Pareto, also a non-starter, March Networks which recently lost a major customer and crashed mightily and finally Big Rock Brewery Income Fund which has been sluggish.

The quarter was a good one for the TSX and the resource sector with the index rising 9.75%. Our Watched List on average rose 9.90%. For the year the TSX rose 14.51%. The stocks on our Watched List rose an average of 17.79%. The average gain for all the stocks on our current Watched List since they were featured is 137.02%.

Looking at the EPS change for the various stocks, please note that 12 of our stocks had EPS growth of 100% or more for the most recently reported quarter. Another 12 had EPS growth over 50%.

With the dropped stocks and the new one featured today, our Watched List now numbers 51, a nice manageable number.



Lesley Scorgie's new book, Rich by Thirty is here!
Find it at your favorite book store or
get it online at <http://richbythirty.com>

Industrial Sector Pick

Hammond Power Solutions (HPS.A-TSX)

(website: www.hammondpowersolutions.com)

Hammond Power Solutions was formed in January 2001 as a spinoff of Hammond Manufacturing, a manufacturer of electrical products.

The parent company was founded in 1917 to build tools for the foundry industry. In 1919 they moved into making radios, making tube sets, battery chargers and other broadcast radio related products. In 1927, the focus changed and the company started making transformers and filter chokes for broadcast transmitters and radio sets.

The war years saw Hammond building specialized transformers for military communication and radar. And the post-war years saw an explosion in demand for electrical products. The company now had two distinct lines of products – transformers and electrical enclosures. The company built two new plants and acquired two transformer companies in Wisconsin and California.

The two product lines were split into two companies in 2001 with Hammond Power focusing on dry-type electrical transformers.



**Hammond Sub-Station
ready for shipping**

Hammond Power operates five plants in Canada, the United States and Mexico. Products include control transformers, reactor products, dry-type distribution transformers, motor starting auto-transformers and voltage regulators. The company is a leading maker of custom and specialty transformers as well.

Hammond's customers include those involved in electrical utilities, heavy industry, the military, agriculture, aviation, recreational facilities, mining, telecommunications, steel, pulp and paper, transportation and offshore drilling.

One of the company's sidelines is the Hammond Museum of Radio in its home town of Guelph, Ontario (www.hammondmuseumofradio.org). It is considered one of North America's premiere wireless museums.

2003 saw the company run a loss of 8 cents a share. That turned around in 2004 and EPS grew 161% in 2006. Revenues have also grown. The company currently seems to be in a solid growth phase.

Quarterly Earnings per Share

To Sept. 30th	2005	2006	% Change
EPS (continuing operations)	\$0.08	\$0.16	+100.00%
Revenues (000s)	\$24,678	\$33,397	+35.33%%

Annual Earnings per Share

To Dec. 31st	2003	2004	% Change	2005	% Change
EPS	-\$0.08	\$0.13	turnaround	\$0.34	+161.54%
Revenues (000s)	\$73,227	\$81,002	+10.62%	\$99,288	+22.57%

(continued on page 9)

Hammond Power Solutions (from page 8)



Chart Analysis: After spinning off from its parent company in 2001 and going public, Hammond rose briefly to around \$1.70 then fell steadily to around 75 cents in the fall of 2003. Since then the stock has risen steadily to its current \$7.49. It has tripled in the last year. It experienced a Darvas box breakout just above \$3.50 in mid-July 2006 and again at \$4.25 in mid-October. Volume has been increasing steadily through December and January. It has just broken out of a box again and should see further growth ahead.

Stats as of 01/19/07	Phase 2 Analysis
▪ Hi/Lo Ratio: 3.26	▪ Price Pattern: A+
▪ RS: 98.48	▪ Volatility: A+
▪ Shares: 8,657,000	▪ Estimates: n/a
▪ P/E: 14.69	▪ Snapshot: A
▪ Price: \$11.52	▪ News: A

Phase 2: We give Hammond an A+ for price pattern and an A+ for volatility as the up trend is solid and corrections have been minor. There are no estimates. The snapshot is solid with a growing revenues, a turnaround to profitability in 2004 and growing earnings since. Return on equity is solid at 25.83. We give it an A. Not a lot of news except quarterly reports which have been very positive. We give it an A again.

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

Mutual Funds

Marco's Power Performers (for December 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 TSX continued its winning ways in December though the pace slowed somewhat. The index advanced 156.01 points to close the month at 12,908.39, up 1.22%. But the number of mutual funds making our Power Performer lists fell.

The number of Super Power Performers dropped to 30 from 38. The number of Power Performers stayed even at 34. And the number of Performers dropped to 97 from 103. Total: 161 compared to 175 in November.

The powerhouses in the Super Power Performers once again were resource funds which made up 18 of the 30 funds. Small caps and emerging markets also showed strength with five of the former and six of the latter. The rest were specialty and miscellaneous.

With the Power Performers, it was emerging markets that came

Super Power Performers (30)			
Fund	1 yr	3 yr	5 yr
TDK Resource Fund Inc.	49.50	40.49	40.71
Northern Rivers Innovation Fund LP	92.50	37.38	38.46
Dynamic FocusPlus Resource	58.68	36.74	35.49
CI Signature Cdn Resource Corp Class (US\$)	27.70	35.69	34.55
AGF Global Resources Class (US\$)	31.01	34.41	34.22
DMP Resource Class	44.29	29.62	32.65
Excel India	30.32	28.42	32.61
Sceptre Equity Growth - O	40.48	29.36	32.16
Sprott Canadian Equity	39.57	29.62	31.59
Altamira Resource	30.27	28.25	31.58
TD Latin American Growth (US\$)	47.92	46.71	31.38
Fidelity Latin America-B (US\$)	43.74	45.36	30.72
Sceptre Equity Growth - A	38.66	27.83	30.71
Fidelity Latin America-A (US\$)	43.31	45.13	30.59
AGF Canadian Resources	29.75	30.72	30.44
Sentry Select Precious Metals Growth	74.04	27.80	30.27
GWL Canadian Resources (A) DSC	28.64	29.52	29.54
Norrep Fund	25.69	27.65	29.29
GWL Canadian Resources (A) NL	28.37	29.24	29.26
Scotia Resource	25.41	27.33	28.29
Mavrix Strategic Small Cap	61.41	42.46	28.11
CI Signature Canadian Resource	28.15	31.83	27.94
BMO Resource	32.71	29.21	27.89
Clarica SF CI Signature Cdn Resource - DSC	27.02	30.30	27.46
Clarica SF CI Signature Cdn Resource	27.01	30.30	27.43
CI Signature Cdn Resource Corporate Class	28.09	30.96	26.45
AGF Global Resources Class	30.98	29.81	26.11
AGF Emerging Markets Value (US\$)	40.48	34.96	25.95
RBC Global Resources	48.11	33.40	25.31
Fidelity Emerging Markets-B (US\$)	31.67	31.69	25.08

out on top. 12 out of 34 funds were emerging markets with a solid showing from Latin America funds. Four were resource funds and five were small caps with a smattering of others including European, financial services, and specialty funds.

The Performers, with 97 funds, included 20 emerging markets funds, 13 resource funds, and solid representation from small caps, value funds, real estate funds and financial services funds.

January so far has seen some hesitation in the markets and a retreat in the resource sectors. We expect that emerging markets will continue to show strength.

(continued on page 11)

Marco's Power Performers (from page 10)

Below are our Power Performers.

Power Performers							
Fund	1 yr	3 yr	5 yr	Fund	1 yr	3 yr	5 yr
AGF Precious Metal	63.91	21.67	43.28	Bissett Microcap-A	20.19	22.15	23.27
Front Street Special Opport. Cdn	22.50	28.99	40.29	AGF Global Real Est. Equity (US\$)	42.91	26.98	23.26
Front Street Small Cap Canadian	20.69	30.26	34.86	Fidelity Latin America-B	44.16	40.29	22.81
Arrow Epic Capital	28.51	23.83	30.30	Fidelity Latin America-A	43.77	40.06	22.69
Epic Limited Partnership	24.84	22.01	29.96	Scotia Latin American Growth	43.82	37.41	22.05
Mackenzie Cundill Recovery 'C' (US\$)	23.20	22.29	28.86	Mackenzie Universal World Resource Class	23.57	24.54	21.77
AGF China Focus Class (US\$)	67.71	22.33	26.80	AGF European Equity Class (US\$)	41.01	24.61	21.74
First Asset Energy & Resource	28.84	24.91	25.25	Canadian General Investments Ltd	24.96	25.77	21.25
Fidelity Emerging Markets-A (US\$)	31.40	31.50	24.97	CIBC Latin American	44.10	32.32	21.17
Bissett Microcap-F	21.83	23.78	24.82	Trimark Europlus (US\$)	35.67	24.16	20.99
Third Canadian General Investment Trust	21.57	31.12	24.51	CI Emerging Markets Corporate Class (US\$)	33.61	25.35	20.77
Templeton Emerging Markets CC (US\$)	24.79	25.11	24.32	CI Signature Select Canadian Corporate Class (US\$)	20.37	22.63	20.64
First Asset Energy & Resource Income & Growth	25.48	23.95	24.23	Dynamic Power Small Cap	22.08	20.10	20.59
Templeton Emerging Mkts (US\$)	24.63	25.11	24.09	CI Emerging Markets (US\$)	33.66	25.51	20.45
Trimark Canadian Resources	24.94	22.14	23.93	AGF Global Financial Svcs (US\$)	28.84	21.61	20.41
Sprott Hedge L.P.	25.51	20.80	23.64	SEI Emerging Market Equity-O	29.27	25.79	20.31
TD Latin American Growth	47.32	41.69	23.30	Montrusco Bolton TSX 100 Momentum	22.77	30.35	20.18

Below and on the next page are our Performers.

Performers							
RBC Global Precious Metals	52.40	16.45	45.85	Acuity All Cap 30 Canadian Equity	26.18	19.00	23.16
Mackenzie Universal Precious Metals (US\$)	49.12	18.57	38.49	CIBC Canadian Resource	16.39	26.33	22.96
Mackenzie Universal Canadian Resource (US\$)	18.30	29.11	37.10	AllBanc Split Corp.	16.00	16.47	22.65
CIBC Precious Metals	58.16	18.68	34.55	Mawer New Canada	15.32	20.81	22.38
Dynamic Precious Metals	62.67	15.78	33.85	Montrusco Bolton Cdn Small Cap B	15.19	22.09	21.52
TD Precious Metals	49.39	17.18	29.67	Mackenzie Cundill Recovery 'C'	23.25	18.17	21.08
Norrep II Class-A	18.57	25.17	29.46	Montrusco Bolton Enterprise	15.51	21.97	20.91
Mackenzie Universal Canadian Resource	18.34	24.77	28.81	iShares CDN Gold Sector Index	40.75	15.99	20.45
Mackenzie Universal World Precious Metal Class	53.82	17.29	28.35	National Bank Natural Resources	21.96	22.94	19.84
London Life Cdn Resource (MF)	17.25	23.66	27.71	Dynamic Canadian Value Class	29.32	26.78	19.57
TD Resource	19.88	22.67	24.90	Acuity Pooled Canadian Equity	19.90	18.15	19.42

(continued on page 12)

Marco's Power Performers (from page 10)

Fund	1 yr	3 yr	5 yr	Fund	1 yr	3 yr	5 yr
TD Emerging Markets-A	37.29	27.16	19.24	Assumption/MB TSX 100 Momentum-C	19.36	26.71	16.78
Trans IMS Canadian Small Cap	23.00	27.41	19.20	Templeton Emerging Markets CC	25.06	20.86	16.73
TD Emerging Markets	37.60	27.01	19.15	United-Real Estate Invest Pool	38.16	24.76	16.71
AGF China Focus Class	67.62	18.18	19.13	Arrow WF Asia	18.60	16.12	16.68
Dynamic Power Canadian Growth	25.63	23.46	19.06	National Bank Emerging Mkts	37.22	23.96	16.67
GGOF Emerging Markets Mutual	29.20	25.92	18.88	Assumption/MB TSX 100 Momentum-B	19.11	26.44	16.54
Concordia Special Growth	25.46	19.35	18.76	Dynamic Value Fund of Canada	26.47	25.12	16.53
Altamira Global Discovery	36.75	24.33	18.71	Templeton Emerging Markets	24.96	20.86	16.50
Mackenzie Univ. World Real Est Cl.	44.58	23.41	18.62	Genus Biosphere Plus Cdn Equity	16.87	21.24	16.46
Assumption/MB TSX 100 Momentum	20.96	28.41	18.46	Mackenzie Universal European Opportunities (US\$)	29.08	22.09	16.34
Investors Euro Mid-Cap Equity-C	48.54	25.27	18.46	Sceptre Canadian Equity Pooled	21.36	21.65	16.31
Renaissance Canadian Small-Cap	18.82	23.01	18.39	Sentry Select REIT	22.01	20.19	16.29
APEX Canadian Value (Dynamic)	30.82	27.35	18.33	Acuity Canadian Equity	16.74	15.10	16.26
IA Ecoflex Canadian Equity (Dynam)	30.82	27.35	18.33	Thornmark Enhanced Equity	22.29	25.01	16.23
IA Group Dividends	19.69	21.73	18.33	Dynamic Global Value Fund(US\$)	22.83	22.20	16.15
IAP Canadian Equity (Dynamic)	30.82	27.35	18.33	Leith Wheeler Cdn Equity B	17.55	18.81	16.09
Trimark Global Endeavour (US\$)	29.04	22.17	18.32	CI European Corp. Class (US\$)	34.26	21.08	15.96
AGF Emerging Markets	40.41	30.37	18.26	Fidelity Focus Fin. Svcs-B (US\$)	26.67	23.23	15.95
SEI Cdn Small Company Equity-O	17.72	18.49	18.17	BMO Special Equity	20.46	21.44	15.90
CIBC Emerging Markets Index	31.82	25.39	18.11	CI European (US\$)	35.14	21.58	15.87
AIM Intl Growth Class(US\$)	31.59	23.09	18.08	Genus Dividend Equity	16.84	18.70	15.87
Dynamic Power Cdn Growth Class	22.80	22.21	18.08	Fidelity Focus Fin. Svcs-A(US\$)	26.42	23.06	15.85
Empire Small Cap Equity - Class A	23.45	17.82	17.99	AGF Global Real Estate Equity	42.79	22.63	15.82
Dynamic FocusPlus Real Estate	26.19	21.61	17.84	IA Ecoflex Dividends	17.16	19.15	15.82
AGF Canada Class (US\$)	17.11	20.94	17.69	IAP Dividends	17.16	19.15	15.82
ABC Fundamental Value	19.13	19.04	17.54	Sun Life Sunfund (Fund A)	22.21	20.04	15.82
Fidelity Emerging Markets-B	32.06	27.08	17.52	CDA Emerging Markets (Brandes)	28.32	19.68	15.75
Montrusco Bolton Cdn Equity Plus	16.11	18.57	17.50	BMO Emerging Markets	26.94	22.42	15.63
CIBC Canadian Real Estate	29.61	22.38	17.47	IA Ecoflex Emerging Markets	27.09	19.73	15.49
Fidelity Emerging Markets-A	31.76	26.90	17.42	IAP Ecoflex Emerging Markets	27.09	19.73	15.49
Fidelity Far East-B (US\$)	39.43	27.07	17.30	Altafund Investment Corp.	15.11	21.88	15.40
Saxon Small Cap	16.30	15.20	17.24	Trans IMS Can-Emerge	24.41	22.00	15.25
Dynamic FocusPlus Small Business	17.93	22.29	17.16	Renaissance Developing Capital Markets	24.48	22.66	15.21
Fidelity Far East-A (US\$)	38.99	26.78	17.14	TD Dividend Growth	15.87	18.76	15.19
iShares CDN Financial Sector Index	21.25	21.18	17.03	Bona Vista Canadian Equity	18.95	20.63	15.16
Highstreet Canadian Equity	16.58	20.37	16.96	Guardian Vector Canadian Equity	20.72	19.07	15.10
Tera Capital Global Innovation(US\$)	47.15	58.96	16.95	Hillsdale US Perf. Equity A (US\$)	15.21	18.77	15.05
AGF Intl. Stock Class (US\$)	33.13	22.05	16.82	Power Performers © Marco den Ouden			

Our Model Portfolio

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

Current Position: \$160,965.71 (Up 221.93%) Down 1.40% YTD

As discussed in our lead article, we are adding three mutual funds to our mix and have incorporated our Rich Get Richer Portfolio and expanded it. Now there are four components: 1. RGR Component; 2. Mutual Fund Component; 3. Newly featured stocks component and 4. Cash. Currently they make up the portfolio as follows:

Name	Symbol	Date Bought	# of Shares	Price Then	Price Now	Amount Invested	Current Value	Change	% of Portfolio
Aur Resources	AUR	Jan. 2, 2007	271	\$24.26	\$22.70	\$6,574.46	\$6,151.70	-6.43%	3.82%
Dynatec	DY	Jan. 2, 2007	3087	\$2.13	\$2.11	\$6,575.31	\$6,513.57	-0.94%	4.05%
Inmet Mining	IMN	Jan. 2, 2007	105	\$62.41	\$56.37	\$6,553.05	\$5,918.85	-9.68%	3.68%
Le Chateau	CTU.A	Jan. 2, 2007	110	\$60.00	\$60.25	\$6,600.00	\$6,627.50	0.42%	4.12%
Potash Corporation	POT	Oct. 2, 2006	63	\$116.02	\$167.96	\$7,309.26	\$10,581.48	44.77%	6.57%
RDM Corporation	RC	Jan. 2, 2007	1588	\$4.14	\$5.05	\$6,574.32	\$8,019.40	21.98%	4.98%
Research in Motion	RIM	Oct. 2, 2006	63	\$114.59	\$145.77	\$7,219.17	\$9,183.51	27.21%	5.71%
Sino-Forest Corporation	TRE	Jan. 2, 2007	840	\$7.83	\$9.16	\$6,577.20	\$7,694.40	16.99%	4.78%
Stella Jones	SJ	Oct. 2, 2006	351	\$21.00	\$33.15	\$7,371.00	\$11,635.65	57.86%	7.23%
ZCL Composites	ZCL	03/07/2006	1482	\$5.00	\$10.66	\$7,410.00	\$15,798.12	113.20%	9.81%
Total RGR Portion							\$88,124.18		54.75%
Hammond Power Solutions	HPS.A	Jan. 22/07	610	\$7.49	\$7.49	\$4,568.90	\$4,568.90	0.00%	2.84%
Total New Stocks							\$4,568.90		2.84%
Sceptre Equity Growth A		Jan. 22/07				\$30,000.00	\$30,000.00		18.64%
Excel India		Jan. 22/07				\$10,000.00	\$10,000.00		6.21%
TDK Resource Fd		Jan. 22/07				\$10,000.00	\$10,000.00		6.21%
Total Mutual Funds							\$50,000.00		31.06%
Cash							\$18,272.63		11.35%
Portfolio Value							\$160,965.71		100.00%

As you can see, the RGR component makes up 54.75% of the portfolio. New stocks currently make up 2.84%. Mutual funds make up 31.06% and cash makes up the remaining 11.35%.

The number of shares and the buy price of the mutual funds will be determined on Monday. It will be the Monday closing prices.

Watch for our weekly updates in the Members Area of our website!