

# the Break Out Report

Volume # 5, Issue # 12

April 15, 2007

## Model Portfolio

### Time for Some Shuffling

At the beginning of the year we changed the makeup of our Model Portfolio, switching from ten stocks that were sold and swapped for new ones based on stop losses to a blended formula consisting of ten stocks following our Rich Get Richer three month buy and hold method, a mutual fund component, and a component made up of cash and newly featured stocks.

The reasons for the changes were several. One was to make use of our excellent Power Performers mutual funds analysis which is a powerful way of identifying mutual funds that outperform the averages. Another was to use the Rich Get Richer methodology which we tested throughout 2006 with superlative results. And the third was to get our newly featured stocks into play in our portfolio right away.

This new formula also was low maintenance. Instead of following a system of stop losses, we would give stocks that suffered a correction some time to recuperate. There's an old saying, you can't keep a good man down. Nor a good stock! Sure, there are occasional reversals that stick. But our experience has shown that most of the stocks on our Watched List will bounce back from a short term correction. This is evidenced by the fact that 22 of the 55 stocks in our Watched List are up over 100% from when first featured. That's a .400 home run average which is darn good for baseball and even better for stock picking!

\$10,000 invested in each of the five top performing stocks on our Watched List when first featured would today be worth a whopping \$343,888.

Stock	Symbol	Invested	Return	Now Worth
Alimentation Couche-Tard	ATD.B	\$10,000.00	739.65%	\$83,965.00
Stantec Inc.	STN	\$10,000.00	669.70%	\$76,970.00
ZCL Composites	ZCL	\$10,000.00	568.29%	\$66,829.00
SNC-Lavalin	SNC	\$10,000.00	509.96%	\$60,996.00
Zargon Energy Trust	ZAR.UN	\$10,000.00	451.28%	\$55,128.00
		\$50,000.00		\$343,888.00

Over-trading was turning out to be a problem with the way I managed the portfolio. I experimented with looser stops, but a three month hands off policy seemed to work better in back tests and in our field trial last year.

So now we are at the end of the first quarter and it is time to re-evaluate our portfolio and make some changes.

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In This Issue: Quarterly Review of Our Watched List (see page 3)

**Model Portfolio** (from page 1)**The RGR Component**

Below is the RGR component of the portfolio at the close of the market on April 13th. The stocks being retained in the next quarter are highlighted in yellow. This part of the portfolio was worth \$86,810.54 on Jan. 2<sup>nd</sup> and gained 16.39% for the quarter to March 30<sup>th</sup> and 22.16% to April 13th.

<b>RGR Component of Our Model Portfolio as of Apr. 13, 2007: up 22.16% for the year-to-date</b>									
Name	Sym.	Date Bought	# of Shares	Price Then	Price Apr. 13	Amount Invested	Value March 30	Change	% of Portfolio
Aur Resources	AUR	Jan. 2, 2007	271	\$24.26	\$26.00	\$6,574.46	\$7,046.00	7.17%	3.77%
Dynatec	DY	Jan. 2, 2007	3087	\$2.13	\$3.79	\$6,575.31	\$11,699.73	77.93%	6.26%
Inmet Mining	IMN	Jan. 2, 2007	105	\$62.41	\$64.60	\$6,553.05	\$6,783.00	3.51%	3.63%
Le Chateau	CTU.A	Jan. 2, 2007	110	\$60.00	\$61.30	\$6,600.00	\$6,743.00	2.17%	3.61%
Potash Corp.	POT	Oct. 2, 2006	63	\$116.02	\$208.87	\$7,309.26	\$13,158.81	80.03%	7.04%
RDM Corporation	RC	Jan. 2, 2007	1588	\$4.14	\$4.45	\$6,574.32	\$7,066.60	7.49%	3.78%
Research in Motion	RIM	Oct. 2, 2006	63	\$114.59	\$150.74	\$7,219.17	\$9,496.62	31.55%	5.08%
Sino-Forest Corp.	TRE	Jan. 2, 2007	840	\$7.83	\$13.85	\$6,577.20	\$11,634.00	76.88%	6.23%
Stella Jones	SJ	Oct. 2, 2006	351	\$21.00	\$34.30	\$7,371.00	\$12,039.30	63.33%	6.44%
ZCL Composites	ZCL	Jul. 3, 2006	1482	\$5.00	\$13.75	\$7,410.00	\$20,377.50	175.00%	10.91%
<b>Total RGR</b>						<b>\$68,763.77</b>	<b>\$106,044.56</b>	<b>54.22%</b>	<b>56.76%</b>

When we were charting the Rich Get Richer Portfolio last year, we made our trades on the first trading day of the new quarter and published a special supplementary issue for that. But now we are making the trades with the first issue of each quarter. For the purpose of determining the mix of the RGR portion of the portfolio going forward, we are using the closing results as of Apr. 13<sup>th</sup> rather than the end of the quarter. And the deciding factor for the next quarter will be the changes from April 13<sup>th</sup> to July 13<sup>th</sup>.

ZCL Composites is continuing on in the portfolio for the fourth consecutive quarter with gains to April 13<sup>th</sup> of 175.00%. Potash Corporation continues for a third consecutive quarter with returns to date of 80.03%. Also continuing are Dynatec and Sino-Forest Corporation with gains respectively of 77.93% and 76.88%, a hefty return for just one quarter in the portfolio.

The table below shows the new RGR component. Some of the stocks making the list this quarter were newly featured during the first quarter and partial positions were already held. Part of the proceeds from the sale of stocks being dropped is being used to top up these positions. New purchases are in bold and highlighted in green. Top-ups are in bold and highlighted in cyan. Proceeds from the six stocks being sold Monday will be \$49,174.52. The average allotment for each new position is \$8175 after transaction fees.

Name	Symbol	Date Featured	Change Q1 + 2 weeks	Price Now	# of Shares Before	# of Shares After	Value	% of Portfolio
Dynatec	DY	Dec. 20/06	77.93%	\$3.79	3087	3087	\$11,699.73	6.27%
Sino-Forest Corp.	TRE	Dec. 18/05	76.88%	\$13.85	840	840	\$11,634.00	6.23%
<b>Hammond Power Systems</b>	<b>HPS.A</b>	<b>Jan. 22/07</b>	<b>57.29%</b>	<b>\$10.90</b>	<b>610</b>	<b>750</b>	<b>\$8175.00</b>	<b>4.38%</b>
<b>General Donlee Inc. Fund</b>	<b>GDI.UN</b>	<b>Mar. 19/07</b>	<b>40.74%</b>	<b>\$9.57</b>	<b>479</b>	<b>854</b>	<b>\$8172.78</b>	<b>4.38%</b>
ZCL Composites	ZCL	June 20/04	32.85%	\$13.75	1482	1482	\$20,377.50	10.91%
<b>Computer Modelling Group</b>	<b>CMG</b>	<b>Feb. 19/07</b>	<b>31.65%</b>	<b>\$14.60</b>	<b>370</b>	<b>560</b>	<b>\$8176.00</b>	<b>4.38%</b>
<b>Gildan Activewear</b>	<b>GIL</b>	<b>Sept. 18/05</b>	<b>30.12%</b>	<b>\$70.90</b>	<b>0</b>	<b>115</b>	<b>\$8153.50</b>	<b>4.37%</b>
Potash Corporation	POT	June 19/05	25.07%	\$208.87	63	63	\$13,158.81	7.05%
<b>Stantec Inc.</b>	<b>STN</b>	<b>Apr. 20/01</b>	<b>24.55%</b>	<b>\$31.45</b>	<b>0</b>	<b>260</b>	<b>\$8177.00</b>	<b>4.38%</b>
<b>Trican Well Service</b>	<b>TCW</b>	<b>Apr. 18/04</b>	<b>22.39%</b>	<b>\$24.87</b>	<b>0</b>	<b>329</b>	<b>\$8182.23</b>	<b>4.38%</b>
<b>Total Value</b>							<b>\$105,906.55</b>	<b>56.73%</b>

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**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:

<b>Top Ten for Q1 2007</b>							
<b>Name</b>	<b>Symbol</b>	<b>Date Featured</b>	<b>Price Then</b>	<b>End Q1</b>	<b>Change Q1</b>	<b>Change YTD</b>	<b>Change Since Profiled</b>
Sino-Forest Corporation	TRE	Dec. 18/05	\$4.40	\$13.10	67.31%	67.31%	197.73%
Dynatec	DY	Dec. 20/06	\$2.21	\$3.34	56.81%	56.81%	51.13%
Hammond Power Systems	HPS.A	Jan. 22/07	\$7.49	\$9.95	32.84%	32.84%	32.84%
ZCL Composites	ZCL	June 20/04	\$2.05	\$13.70	32.37%	32.37%	568.29%
Stantec Inc.	STN	Apr. 20/01	\$4.13	\$31.75	25.74%	25.74%	669.70%
Gildan Activewear	GIL	Sept. 18/05	\$42.01	\$68.00	24.79%	24.79%	61.87%
Logibec Groupe Informatique	LGI	Nov. 20/06	\$16.25	\$19.75	19.34%	19.34%	21.54%
FirstService Corporation	FSV	Feb. 19/06	\$29.50	\$31.80	17.78%	17.78%	7.80%
AlarmForce	AF	Sept. 21/03	\$1.92	\$5.75	12.75%	12.75%	199.48%
Trican Well Service	TCW	Apr. 18/04	\$6.08	\$22.85	12.45%	12.45%	275.82%

Two of the Top Ten are repeats from last quarter including the top performer, Sino-Forest Corporation. The other is ZCL Composites. Five of the top ten are up over 100% since we first profiled them. Overall the quarter was a good one with 35 of our 55 stocks gaining for the quarter with an average gain for all the stocks including the 20 that declined of 4.57%.

Note that the Top Ten listed above are the Top Ten performing stocks for the quarter or partial quarter if they were featured during the quarter. In determining the stocks to be included in the Rich Get Richer section of our portfolio, we consider the full quarter for all the stocks.

*(continued on page 4)*

**The Break Out Report**

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**Quarterly Review (from page 3)**

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.

Nevertheless, it is not surprising that some met our criteria for dropping them from the Watched List and two of them in fact, are being dropped.

**Bottom Ten for Q1 2007**

Name	Symbol	Date Featured	Price Then	End Q1	Change Q1	Change YTD	Change Since Profiled	Real Q change
Commercial Solutions	CSA	May 21/06	\$7.09	\$5.99	-23.69%	-23.69%	-15.51%	-23.69%
Goldcorp Inc.	G	May 25/01	\$7.83	\$27.71	-16.31%	-16.31%	253.90%	-16.31%
WFI Inc.	WFI	May 19/06	\$16.80	\$21.99	-15.42%	-15.42%	30.89%	-15.42%
HudBay Minerals	HBM	Feb. 19/07	\$23.90	\$20.34	-14.90%	-14.90%	-14.90%	-6.87%
Contrans Income Fund	CSS.UN	Oct. 12/01	\$3.63	\$10.40	-13.48%	-13.48%	186.50%	-13.48%
Garda World Security	GW	Aug. 21/05	\$12.15	\$19.10	-12.55%	-12.55%	57.20%	-12.55%
Pacific & Western Credit	PWC	Aug. 21/06	\$12.95	\$10.10	-12.17%	-12.17%	-22.01%	-12.17%
Silver Wheaton	SLW	July 17/06	\$10.40	\$10.93	-10.56%	-10.56%	5.10%	-10.56%
COM DEV International	CDV	Sept. 18/06	\$5.73	\$5.80	-10.22%	-10.22%	1.22%	-10.22%
Parkland Income Fund	PKI.UN	Sept. 18/06	\$31.94	\$34.75	-9.72%	-9.72%	8.80%	-9.72%

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 22 of our 55 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
Alimentation Couche-Tard	ATD.B	Dec. 4/00	\$2.88	\$24.14	-4.77%	-4.77%	739.65%	↓	-18.52%	Keep
Stantec Inc.	STN	Apr. 20/01	\$4.13	\$31.75	25.74%	25.74%	669.70%	↑	+100.00%	Keep
ZCL Composites	ZCL	June 20/04	\$2.05	\$13.70	32.37%	32.37%	568.29%	→	+40.00%	Keep
SNC-Lavalin	SNC	Mar. 23/01	\$5.42	\$33.06	5.05%	5.05%	509.96%	↓	+13.79%	Keep
Zargon Energy Tr.	ZAR.UN	Jan. 29/01	\$4.70	\$25.91	4.52%	4.52%	451.28%	→	-59.43%	Drop
Niko Resources	NKO	Nov. 17/02	\$22.20	\$83.94	0.71%	0.71%	278.11%	↑	L	Keep
Trican Well Service	TCW	Apr. 18/04	\$6.08	\$22.85	12.45%	12.45%	275.82%	→	-28.57%	Keep
CCS Income Fund	CCR.UN	May 18/03	\$10.15	\$36.66	-2.89%	-2.89%	261.36%	↓	-30.43%	Keep
Goldcorp Inc.	G	May 25/01	\$7.83	\$27.71	-16.31%	-16.31%	253.90%	↓	-63.33%	Drop
Richelieu Hardware	RCH	Dec. 4/00	\$7.00	\$23.40	-3.47%	-3.47%	234.29%	→	+13.04%	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
Finning Intl.	FTT	May 11/01	\$16.40	\$53.26	11.45%	11.45%	224.76%	↑	+47.50%	Keep
AlarmForce	AF	Sept. 21/03	\$1.92	\$5.75	12.75%	12.75%	199.48%	↑	+150.00%	Keep
Sino-Forest Corp	TRE	Dec. 18/05	\$4.40	\$13.10	67.31%	67.31%	197.73%	↑	+50.00%	Keep
Fortis Inc.	FTS	Mar. 16/01	\$9.50	\$28.01	-5.91%	-5.91%	194.84%	↑	+50.00%	Keep
Contrans Income Fund	CSS.UN	Oct. 12/01	\$3.63	\$10.40	-13.48%	-13.48%	186.50%	↓	+3.03%	Keep
Aur Resources	AUR	Oct. 16/05	\$8.57	\$24.30	0.16%	0.16%	183.55%	↑	+59.09%	Keep
BMTC Group	GBT.A	Aug. 20/02	\$6.98	\$19.50	10.73%	10.73%	179.57%	→	+50.00%	Keep
Steepleback Industrial Group	SID	Jan. 18/04	\$2.95	\$8.05	11.03%	11.03%	172.88%	↑	+400.00%	Keep
Cameco Corp.	CCO	Nov. 19/04	\$18.44	\$47.30	0.21%	0.21%	156.58%	↑	-47.62%	Keep
CML Healthcare Income Fund	CLC.UN	Apr. 12/02	\$5.85	\$14.35	2.87%	2.87%	145.30%	→	+22.73%	Keep
TSX Group	X	Jan. 18/04	\$22.50	\$49.25	5.66%	5.66%	118.89%	→	+27.50%	Keep
Stella-Jones Inc.	SJ	Feb. 19/06	\$15.75	\$33.70	-2.32%	-2.32%	113.97%	→	+46.43%	Keep
Pason Systems	PSI	May 16/04	\$7.50	\$14.32	7.99%	7.99%	90.93%	→	-13.64%	Keep
Research In Motion	RIM	Sept. 19/04	\$94.82	\$157.50	5.70%	5.70%	66.10%	→	890.00%	Keep
Gildan Activewear	GIL	Sept. 18/05	\$42.01	\$68.00	24.79%	24.79%	61.87%	↑	+3.57%	Keep
Garda World Security	GW	Aug. 21/05	\$12.15	\$19.10	-12.55%	-12.55%	57.20%	→	+53.85%	Keep
Potash Corp.	POT	June 19/05	\$119.85	\$184.10	10.24%	10.24%	53.61%	→	+59.63%	Keep
Dynatec	DY	Dec. 20/06	\$2.21	\$3.34	56.81%	56.81%	51.13%	↑	-58.21%	Keep
Le Chateau	CTU.SV.A	June 19/05	\$39.06	\$56.50	-5.83%	-5.83%	44.65%	↓	+33.98%	Keep
Teck Cominco	TCK.B	Dec. 18/05	\$57.75	\$80.49	-8.43%	-8.43%	39.38%	→	+60.80%	Keep
Hammond Power Systems	HPS.A	Jan. 22/07	\$7.49	\$9.95	32.84%	32.84%	32.84%	→	+184.62%	Keep
WFI Inc.	WFI	May 19/06	\$16.80	\$21.99	-15.42%	-15.42%	30.89%	↑	-25.93%	Keep

(continued on page 6)



## 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
Inmet Mining	IMN	Oct. 16/06	\$50.85	\$63.50	1.75%	1.75%	24.88%	↑	+112.63%	Keep
Logibec Groupe Informatique	LGI	Nov. 20/06	\$16.25	\$19.75	19.34%	19.34%	21.54%	↑	+18.75%	Keep
Ritchie Brothers	RBA	Mar. 19/06	\$59.30	\$67.48	7.99%	7.99%	13.79%	↑	-31.71%	Keep
Parkland Inc. Fund	PKI.UN	Sept. 18/06	\$31.94	\$34.75	-9.72%	-9.72%	8.80%	→	+86.44%	Keep
FirstService Corp.	FSV	Feb. 19/06	\$29.50	\$31.80	17.78%	17.78%	7.80%	↑	+30.43%	Keep
Silver Wheaton	SLW	July 17/06	\$10.40	\$10.93	-10.56%	-10.56%	5.10%	→	+175.00%	Keep
Computer Modelling Group	CMG	Feb. 19/07	\$12.89	\$13.30	3.18%	3.18%	3.18%	↑	+100.00%	Keep
Golf Town Inc. Fund	GLF.UN	Mar. 19/07	\$14.02	\$14.40	2.71%	2.71%	2.71%	↑	T	Keep
COM DEV Intl.	CDV	Sept. 18/06	\$5.73	\$5.80	-10.22%	-10.22%	1.22%	↓	+14.29%	Keep
Carfinco Income Fund	CFN.UN	Aug. 21/06	\$3.88	\$3.85	6.94%	6.94%	-0.77%	→	+28.57%	Keep
RDM Corporation	RC	Dec. 20/06	\$4.20	\$4.16	0.48%	0.48%	-0.95%	→	T	Keep
Foremost Inc. Fund	FMO.UN	June 16/06	\$17.15	\$16.65	6.39%	6.39%	-2.92%	↑	+26.42%	Keep
General Donlee Income Fund	GDI.UN	Mar. 19/07	\$9.85	\$9.50	-3.55%	-3.55%	-3.55%	→	+84.78%	Keep
Ensign Energy Svcs	ESI	Nov. 20/05	\$20.12	\$19.35	5.22%	5.22%	-3.83%	→	+7.89%	Keep
GMP Capital Trust	GMP.UN	June 16/06	\$22.50	\$21.52	-1.28%	-1.28%	-4.36%	↑	+108.70%	Keep
MacDonald Dettwiler	MDA	April 16/06	\$50.40	\$47.94	12.01%	12.01%	-4.88%	→	+4.08%	Keep
Paladin Labs	PLB	Nov. 20/06	\$11.52	\$10.80	1.89%	1.89%	-6.25%	→	+11.11%	Keep
Aber Diamonds	ABZ	Jan. 15/06	\$46.77	\$43.05	0.12%	0.12%	-7.95%	↑	+80.77%	Keep
HudBay Minerals	HBM	Feb. 19/07	\$23.90	\$20.34	-14.90%	-14.90%	-14.90%	→	+174.47%	Keep
Commercial Solutions	CSA	May 21/06	\$7.09	\$5.99	-23.69%	-23.69%	-15.51%	→	-22.22%	Keep
Pacific & Western Credit	PWC	Aug. 21/06	\$12.95	\$10.10	-12.17%	-12.17%	-22.01%	↓	-41.67%	Drop
Wajax Income Fund	WJX.UN	May 19/06	\$41.79	\$32.31	-5.66%	-5.66%	-22.68%	→	+14.74%	Keep
Vicwest Income Fund	VIC.UN	June 16/06	\$15.98	\$10.95	7.56%	7.56%	-31.48%	→	-15.38%	Keep

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**Model Portfolio** (from page 2)**The Power Performer Component**

The mutual fund component of our portfolio is up 9.51% to date with strong performance from the Sceptre Equity Growth A Fund (up 15.16%), good growth from TDK Resource Fund (up 8.18%) and a poor showing from the Excel India Fund which was down 6.09%. We are not making any changes as we are committed to holding our mutual funds for at least six months before re-assessing them. The India fund is starting to come back after a major correction so we shall give it some time.

**The Newly Featured Stock and Cash Component**

Since three of the five newly featured stocks from the last quarter are being moved up to the RGR component, this leaves us three vacant spots for new stocks to be added. We won't sell off the other two until we need to make space for new stocks in future issues.

With the addition of this issue's new featured stock, that leaves us with three stocks and a cash position of \$11,627.14. The complete updated portfolio is on page 13.

**Quarterly Review** (from page 6)

Average Gain for Quarter	Average Gain Since Profiled
4.57%	123.49%

Dropped (with YTD and Total Gain in brackets) are Zargon Energy Trust (4.52%, 451.28%), Goldcorp (-16.31%, 253.90%), and Pacific & Western Credit (-12.17%, -22.01%).

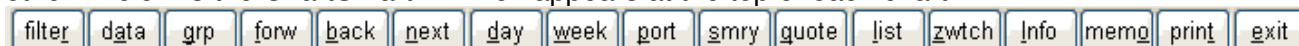
Both Zargon and Goldcorp have given us a good run but both had their profits slide by more than 50% this quarter and their trends are down. They've lost their zip and so we are dropping them. That only leaves one precious metals stock in the Watched List – Silver Wheaton. We'll keep an eye out to add another.

Pacific & Western Credit had two consecutive quarters of declining earnings and has performed poorly. We're dropping it even though we have had it in our Watched List for less than a year. Although Vicwest is in a similar position, it has bounced back this quarter and we will give it some more room to grow.

Contrans Income Fund has been declining in value for two years, earnings growth has slowed, but it has climbed over 5% since the beginning of the year so we will hang on a bit longer.

**ChartSmart™ Tip****Scrolling Through Charts**

A useful feature of ChartSmart™ is the ability to cycle through a number of charts one after the other. Below is the ChartSmart™ which appears at the top of each chart.



The buttons for cycling back and forth through a series of charts are the **forw** and **back** buttons. Whenever you do a filtered search, the returned list of stocks becomes the default list of stocks to cycle through. When you exit the filtered list and go back to charts, just click on the **forw** button and it will go to the second stock on the list. Click **back** and it will go to the first chart for the list. You can now click on the **forw** button continuously and cycle through all the charts one at a time.

If you want to cycle through the charts for a Watched List or Portfolio that you created using the Portfolio function (see the March 18, 2007 issue), click on **port** and the Portfolio Menu pops up with your most recently used Portfolio or Watched List. Select the desired list from the drop down menu if you have more than one. Now click on View Charts in Portfolio. The Last Filter List menu pops up. Click on the Start Scrolling button at the bottom. It reverts to the Chart View and the first chart of the series shows up. Then you can just cycle through all the charts using the **forw** and **back** buttons.

Remember that the **next** button does not mean next in a series of stocks in a list. It brings up the Symbol Entry pop-up menu so you can enter the symbol of any stock you want to check out. It might have been more intuitive if the good folks at ChartSmart had named it **new** instead.

**Mining Sector Pick**

**Amerigo Resources (ARG-TSX)**  
**(website: [www.amerigoresources.com](http://www.amerigoresources.com))**

Codelco, the state-owned Chilean copper mining giant is the largest copper producer in the world supplying 21% of world production. Its reserves are estimated at 90-100 years. Its El Teniente Division is the largest underground mine in the world.

With this rich a production, even the dregs of the mine, the tailings that are discarded as waste, have value. And that is where Amerigo Resources steps in. The company's Minera Valle Central (MVC) treats all the fresh tailings from El Teniente to extract copper and molybdenum passed up by the big guys. MVC also has the rights to higher grade tailings from an abandoned tailings impoundment know as Colihues. From these dregs, MVC will produce 60 million pounds of copper and one million pounds of molybdenum in 2007. Now that's recycling with a vengeance!

Since purchasing MVC in 2003, revenues from the plant have exploded from US\$9,639,000 in 2003 to US\$35,242,000 in 2004 and US\$58,328 in 2005. Fiscal 2006 saw revenues top \$84 million. While production costs have increased, the rise in the price of copper has more than offset that. Copper has gone from an average price of \$0.85 a pound in 2003 to \$3.33 in 2006. And while the copper price suffered a severe correction through mid-February, carrying it down to \$2.40, it has since climbed back to \$3.30 a pound, still shy of the all-time high of around \$3.90, but a healthy price for Amerigo all the same.

The expected production of 60 million pounds of copper in 2007 is double the production in 2006. Projected molybdenum production of one million pounds is up significantly from the 680,000 pounds produced in 2006.

Molybdenum was not originally in MVC's production schedule. But when the potential of this resource was discovered, Amerigo built a moly plant at a cost of \$4.4 million in 2005. The full cost of the plant was recovered in just three months.

The symbiotic relationship between the giant El Teniente mine and MVC benefits both parties. The tailings from initial production at El Teniente are too small a resource for the Codelco to bother with. So MVC gets this rich resource without having to go to the trouble of operating a mine. And Codelco benefits from royalties it receives from MVC. It received \$8.4 million in 2005 with no expenditure on Codelco's part. After MVC extracts extra value from the tailings, they are returned to El Teniente's normal disposal facilities.

Full production from the Colihues tailings pond is still down the road. And the company has not yet tapped into another tailings pond, the Cauquenes pond which has reserves more than double that of Colihues. The company has been aggressively increasing its processing capacity and further growth seems assured.

**Quarterly Earnings per Share**

To Dec. 30th	2005	2006	% Change
<b>EPS (continuing operations)</b>	\$0.06	\$0.15	+150.00%
<b>Revenues (000s)</b>	\$19,459	\$19,945	+2.50%

**Annual Earnings per Share**

To Dec. 31st	2004	2005	% Change	2006	% Change
<b>EPS</b>	\$0.16	\$0.23	+43.75%	\$0.42	+82.61%
<b>Revenues (000s)</b>	\$35,829	\$60,774	+69.62%	\$85,571	+40.80%

*(continued on page 9)*



**Amerigo Resources** (from page 8)



**Chart Analysis:** Looking at a long term chart we see that Amerigo Resources soared from about \$0.20 a share in the beginning of 2003 to \$2.40 a year later. Then it traded a wide range between \$1.50 and \$2.50 throughout 2004 and 2005. It topped \$3.00 briefly in February 2006 before plummeting to \$1.62 in September 2006. Since then it has clawed its way back up again leaving some Darvas boxes in its wake. The latest breakthrough early this month may be enough to propel it to progressively higher highs in the year ahead. But it may form another Darvas box at this point before moving ahead (forming the handle in a cup and handle formation).

Stats as of 04/13//07	Phase 2 Analysis
▪ Hi/Lo Ratio: 1.89	▪ Price Pattern: B
▪ RS: 79.68	▪ Volatility: B
▪ Shares: 94,490,244	▪ Estimates: A+
▪ P/E: 6.28	▪ Snapshot: A
▪ Price: \$2.99	▪ News: A

**Phase 2:** We give Amerigo a B for price pattern and a B for volatility as the up trend formed since September has been a bit choppy. The estimates are sharply higher with a 1.0 or strong buy rating. We give it an A+. The snapshot is very solid with earnings soaring and revenues growing strongly (though a bit weak in the latest quarter). We give it an A. News is good with repairs to a bridge which had disrupted production now completed. The company also announced record revenues and earnings for 2006, a 45% increase in dividends and the continuation of a share buyback program. Another A rating.

All charts courtesy of ChartSmart™. Visit their website at <http://www.chartsmart.com/> for more information as well as online videos about the software.

**Mutual Funds**

## Marco's Power Performers (for March 2007)

### 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.

Super Power Performers (11)	1 yr	3 yr	5 yr
Northern Rivers Innovation Fund LP	73.32	37.52	37.82
TDK Resource Fund Inc.	27.93	39.77	35.24
Dynamic FocusPlus Resource	40.34	35.80	33.20
Sceptre Equity Growth - O	28.14	30.20	31.60
Mavrix Strategic Small Cap	27.29	40.29	31.10
TD Latin American Growth (US\$)	32.74	44.50	30.19
Sceptre Equity Growth - A	26.43	28.65	30.11
Fidelity Latin America-B (US\$)	25.76	42.91	29.41
Fidelity Latin America-A (US\$)	25.40	42.66	29.27
AGF Emerging Mrkts Value (US\$)	25.08	34.63	26.03
RBC Global Resources	40.18	38.37	25.02

The TSX closed out the month of March at 13,165.50, 0.92% higher than its February close of 13,045.02. Not surprising then that the number of mutual funds making our Power Performer tables dropped a bit.

The number of Super Power Performers actually went up a bit from 9 to 11. But the number of Power Performers dropped more than half from 36 to 15. The lowly Performers (and lowly is a relative term – they're still out-performing the vast majority of mutual funds by a wide margin) plunged from 95 to 73. Grand total: 99 funds making the tables compared to 140 in February.

Power Performers (15)	1 yr	3 yr	5 yr		1 yr	3 yr	5 yr
AGF Precious Metal	30.28	22.79	34.14	Mackenzie Universal World Precious Metal Class	21.12	20.27	21.72
RBC Global Precious Metals	22.67	20.36	33.57	AGF Euro Equity Class (US\$)	27.63	25.84	21.41
Sentry Select Precious Metals Growth	24.01	31.05	26.30	Fidelity Latin America-B	24.34	36.97	21.30
AGF China Focus Class (US\$)	39.70	20.28	26.19	Fidelity Latin America-A	24.04	36.74	21.18
BMO Resource	23.00	29.50	24.14	Trimark Europlus (US\$)	28.28	25.42	20.75
Tera Capital Global Innovation (US\$)	44.16	60.83	23.81	Scotia Latin Amer. Growth	26.50	34.26	20.49
AGF Global Real Estate Equity (US\$)	28.33	25.33	23.32	CIBC Latin American	30.33	31.74	20.19
TD Latin American Growth	31.29	38.37	22.01				

The makeup of our Super Power Performers is 4 emerging markets funds, 3 resource funds, 3 small caps and a specialty fund. The Power Performers shows 6 emerging markets funds, 5 resource funds, 2 Euro funds, a real estate fund and a technology fund.

This is a contrast to the last few year when resource funds have clearly dominated the picture. In fact, emerging markets funds (in which I include China, India and Latin America funds) have slowly been gaining ascendancy as the most dynamic and powerful group of funds.

The Excel India Fund, which I added to our Model Portfolio at the beginning of January, suffered a major correction and did not make our tables at all for March. But it is starting to recover from that setback and should rejoin the ranks within the next two months.

Notably absent from our tables are any American equity funds. In fact, I can't recall when I last saw one making our list. The closest contender is the NewGrowth Corp. Fund with 10.64%, 18.07% and 13.94% respectively for one year, three year and five year return. Even in the US Small Cap arena, none qualify with Hillsdale US Performance Equity A coming closest at 6.49%, 19.60% and 15.71%.

*(continued on page 11)*

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

#### Below are our Power Performers.

Performers (73)	1 yr	3 yr	5 yr		1 yr	3 yr	5 yr
Arrow Epic Capital	15.79	22.77	31.74	AGF China Focus Class	37.93	15.24	18.25
CI Signature Canadian Resource Corporate Class (US\$)	19.17	36.65	31.33	AGF Emerging Markets	23.66	29.06	18.19
AGF Global Res. Class (US\$)	17.14	35.48	31.23	Trimark Global End. (US\$)	27.43	22.59	17.94
Mackenzie Univ Prec Metals(US\$)	18.34	22.71	30.26	SEI Emerging Market Equity-O	16.80	21.52	17.83
CIBC Precious Metals	18.66	20.81	28.40	Concordia Special Growth	19.24	20.27	17.72
Altamira Resource	18.27	29.39	27.84	TD Entertainment & Comm. (US\$)	21.33	20.60	17.42
Mackenzie Cundill Recovery 'C' (US\$)	15.07	21.46	27.71	Fidelity Far East-B (US\$)	27.17	24.12	17.29
Norrep Fund	18.08	31.72	26.88	Dynamic FocusPlus Real Est	19.14	18.22	17.28
Norrep II Class-A	17.57	29.28	26.66	CIBC Canadian Real Estate	24.97	20.39	17.27
Sprott Canadian Equity	18.64	28.23	25.50	Mackenzie Universal World Real Estate Class	26.62	18.58	17.19
Dynamic Precious Metals	22.87	19.13	25.11	Fidelity Far East-A (US\$)	26.73	23.80	17.11
CI Signature Canadian Resource	17.24	31.57	24.55	AGF Intl. Stock Class (US\$)	26.04	23.65	16.97
Clarica SF CI Sig Cdn Res - DSC	16.19	30.09	23.38	Empire Small Cap Equity - Class A	17.68	18.60	16.83
Clarica SF CI Signature Cdn Res	16.19	30.10	23.37	The Fairlane Growth Fund	33.93	20.82	16.81
Fidelity Emerging Markets-B (US\$)	18.86	29.16	23.18	TD Emerging Markets-A	21.67	22.69	16.71
CI Signature Canadian Resource Corporate Class	17.79	30.96	23.14	Mackenzie Universal European Opportunities (US\$)	21.95	20.52	16.67
Fidelity Emerging Markets-A (US\$)	18.62	28.96	23.06	iShares CDN Fin. Sector Index	16.83	19.33	16.64
AGF Global Resources Class	15.65	29.81	23.03	TD Emerging Markets	21.85	22.53	16.64
Mackenzie Univ Precious Metals	17.02	17.66	22.14	Altamira Global Discovery	19.87	21.26	16.60
TD Precious Metals	15.30	18.94	21.33	Dynamic Value Fund of Canada	17.24	26.73	16.59
Trimark Canadian Resources	18.80	22.90	21.29	CI European Corp Class (US\$)	25.83	22.32	16.56
London Life Precious Metals (MF)	15.79	16.50	20.97	GGOF Emerging Markets Mutual	19.09	24.38	16.50
Dynamic Canadian Value Class	18.91	28.55	20.78	SEI Emerging Market Equity-I	15.26	19.91	16.50
CI Emerg. Mkts Corp Class (US\$)	19.54	24.82	20.11	CI European (US\$)	27.08	22.83	16.43
Montrusco Bolton TSX 100 Mom.	15.30	27.48	20.06	Sentry Select REIT	18.94	19.26	16.27
CI Signature Select Canadian Corporate Class (US\$)	15.64	23.68	20.02	Tera Capital Global Innovation	42.45	54.13	16.07
Trans IMS Canadian Small Cap	20.43	26.78	19.91	BMO Precious Metals	16.23	16.32	16.04
Bissett Microcap-F	16.70	21.68	19.90	United-Real Est Invest PI CI W	23.68	21.07	15.76
CI Emerging Markets (US\$)	19.66	24.88	19.80	CIBC Emerging Markets Index	18.91	22.01	15.75
AGF Global Financial Svcs (US\$)	17.38	22.91	19.02	Fidelity Focus Fin Ser-B(US\$)	16.38	22.72	15.68
APEX Canadian Value (Dynamic)	20.13	28.48	18.99	AGF Global Real Estate Equity	26.70	20.06	15.57
IA Ecflx Cdn Equity (Dynamic)	20.13	28.48	18.99	Fidelity Focus Fin. Ser-A(US\$)	16.14	22.53	15.57
IAP Canadian Equity (Dynamic)	20.13	28.48	18.99	Fidelity Emerging Markets-B	17.53	23.79	15.48
AIM Intl. Growth Class(US\$)	24.18	23.31	18.82	Fidelity Emerging Markets-A	17.29	23.59	15.37
Bissett Microcap-A	15.18	20.08	18.40	AGF Cdn Small Cap	18.27	22.69	15.24
AGF Canada Class (US\$)	15.08	20.93	18.29	CIBC Intl. Small Companies	17.12	19.49	15.24
Investors Euro Mid-Cap Equity-C	35.69	24.19	18.29	<b>Power Performers Copyright © 1998-2007</b>			

## Our Model Portfolio

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

Current Position: \$186,694.56 (Up 273.39%) Up 14.36% YTD

As discussed in our lead article, this issue marks the end of a quarter and some wholesale swapping of stocks. The adjusted portfolio after deductions for broker fees are as follows:

Name	Symbol	Date Bought	# of Shares	Price Then	Price Now	Amount Invested	Current Value	Change	% of Portfolio
Computer Modelling Grp.	CMG	Feb. 19/Apr. 16, 2007	(370/190) 560	\$13.47	\$14.60	\$7,543.31	\$8,176.00	8.39%	4.38%
Dynatec	DY	Jan. 2, 2007	3087	\$2.13	\$3.79	\$6,575.31	\$11,699.73	77.93%	6.27%
General Donlee Income Fund	GDI.UN	Mar. 19/Apr. 16, 2007	(479/375) 854	\$9.73	\$9.57	\$8,306.86	\$8,172.78	-1.61%	4.38%
Gildan Activewear	GIL	Apr. 16, 2007	115	\$70.90	\$70.90	\$8,153.50	\$8,153.50	0.00%	4.37%
Hammond Power Sol'ns	HPS.A	Jan. 22/Apr. 16, 2007	(610/140) 750	\$8.13	\$10.90	\$6,094.88	\$8,175.00	34.13%	4.38%
Potash Corp.	POT	Oct. 2, 2006	63	\$116.02	\$208.87	\$7,309.26	\$13,158.81	80.03%	7.05%
Sino-Forest	TRE	Jan. 2, 2007	840	\$7.83	\$13.85	\$6,577.20	\$11,634.00	76.88%	6.23%
Stantec Inc.	STN	Apr. 16, 2007	260	\$31.45	\$31.45	\$8,177.00	\$8,177.00	0.00%	4.38%
Trican Well Svc	TCW	Apr. 16, 2007	329	\$24.87	\$24.87	\$8,182.23	\$8,182.23	0.00%	4.38%
ZCL Composites	ZCL	Jul. 3, 2006	1482	\$5.00	\$13.75	\$7,410.00	\$20,377.50	175.00%	10.91%
<b>Total</b>	<b>RGR</b>	<b>Portion</b>				<b>\$74,329.55</b>	<b>\$105,906.55</b>	<b>42.48%</b>	<b>56.73%</b>
HudBay Minerals	HBM	Feb. 19, 2007	198	\$23.90	\$20.55	\$4,732.20	\$4,068.90	-14.02%	2.18%
Golf Town Income Fund	GLF.UN	Mar. 19, 2007	336	\$14.02	\$15.26	\$4,710.72	\$5,127.36	8.84%	2.75%
Amerigo Resources	ARG	Apr. 16, 2007	1742	\$2.99	\$2.99	\$5,208.58	\$5,208.58	0.00%	2.79%
<b>Total</b>	<b>New</b>	<b>Stocks</b>					<b>\$14,404.84</b>		<b>7.72%</b>
Total Stocks							\$120,311.39		64.44%
Sceptre Equity Growth A		Jan. 22, 2007	270.404254	\$110.95	\$127.76	\$30,000.00	\$34,546.85	15.16%	18.50%
Excel India		Jan. 22, 2007	433.971271	\$23.04	\$21.64	\$10,000.00	\$9,391.14	-6.09%	5.03%
TDK Resource		Jan. 22, 2007	476.775976	\$20.97	\$22.69	\$10,000.00	\$10,818.05	8.18%	5.79%
<b>Total</b>	<b>Mutual</b>	<b>Funds</b>				<b>\$50,000.00</b>	<b>\$54,756.03</b>	<b>9.51%</b>	<b>29.33%</b>
<b>Cash</b>							<b>\$11,627.14</b>		<b>6.23%</b>
<b>Portfolio Value</b>							<b>\$186,694.56</b>		<b>100.00%</b>

As you can see, the RGR component makes up 56.73% of the portfolio, up from 54.75% on January 2<sup>nd</sup>. New stocks currently make up 7.72%. Mutual funds make up 29.33%, down from 31.06% on January 2<sup>nd</sup> and cash makes up the remaining 6.23%.

The number of shares and the buy price of the mutual funds will be determined on Monday. We have used Friday closing prices for our charts and will adjust the numbers if the stocks cannot be obtained at the prices noted.

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