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BUSINESS

STOCKS PAGE - C9

C10

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 DOLLAR 86.75¢ US - 0.30	 GOLD \$548.40 US - \$5.50	 EURO \$1.3740 CDN + 0.64	 TSX 11,738.55 - 61.65	 TSX VE 2,518.80 - 8.46	 TSX 60 662.12 - 3.58	 DOW 11,069.22 - 67.95	 S&P 500 1,287.79 - 4.88	 NASDAQ 2,279.32 - 3.85
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Energy firms post strong profits

TSX closes in the red for third-straight session; Wall Street also ends negatively

TORONTO

The Toronto stock market closed in the red for the third-straight session yesterday, as falling crude oil prices tamed investor enthusiasm over strong profits from oilpatch companies.

Wall Street indexes also ended negative after U.S. jobless claims dropped by a larger-than-expected amount and investors digested disappointing earnings from Viacom.

Toronto's S&P/TSX composite index lost 61.65 points to 11,738.55, on declines in gold, energy, metals and min-

ing stocks.

The gold sector lost more than three per cent after the price of bullion fell in New York, with the Nymex's April contract erasing \$5.70 to \$550.90 US an ounce.

Shares in Canada's biggest gold producer lost \$2.05 to \$31.60 Cdn. Barrick Gold's fourth-quarter profit rose to \$175 million US from \$156 million in the same period a year earlier and annual profit swelled 62 per cent to \$401 million.

Crystallex's shares earned 17 cents to \$3.46 Cdn after it obtained explo-

ration permits for a Venezuelan gold mine.

Pan American Silver's shares skidded by \$1.02 to \$26.44 after the miner blamed the writedown of a Mexican mine for causing a \$29.5-million-US fourth-quarter net loss.

The TSX Venture Exchange dropped 8.46 points to 2,518.80.

The Canadian dollar closed trading at 86.75 cents US, down 0.3 of a cent.

John Johnston, chief strategist at The Harbour Group of RBC Dominion Securities, pointed to a "general weakness" in equity markets caused by lower oil prices.

"I think the markets are going into a corrective phase," Johnston said. "We've had a great run and risks are getting a little higher. The Fed has been

raising rates, the Bank of Canada has been raising rates, the ECB (European Central Bank) is going to raise rates in the next week or so... and that's an environment with less plentiful liquidity."

Wall Street's Dow Jones industrial average fell 67.95 points to 11,069.22. The Nasdaq ticked 3.85 points lower at 2,279.32 and the S&P 500 was down 4.88 points at 1,287.79.

Viacom Inc. said its fourth-quarter profits fell due to poor performance at its Paramount movie studio arm as well as one-time charges related to the company's reorganization. It shares fell 96 cents to \$41 US.

The U.S. Labour Department reported that 278,000 laid-off workers applied for jobless benefits last week, a

decline of 20,000 from the previous week.

While a strong labour market is generally good news, Wall Street remains concerned that the additional buying power that comes with steady employment could push prices higher and spark inflation, prompting the U.S. Federal Reserve to keep hiking interest rates.

Crude-oil prices slipped after a U.S. energy report showed higher domestic inventories for the second consecutive week. Light sweet crude for April delivery fell 47 cents to \$60.54 US a barrel on the Nymex.

On the TSX, declines beat advances 799 to 718 with 217 unchanged.

• Canada Press



DAVID BEBEE, RECORD STAFF
Dana Shortt and her husband David DiGiuseppe chat with Todd Letts, President of the Greater Kitchener Waterloo Chamber of Commerce at Bingemans conference centre. Shortt was named Young Entrepreneur of the Year for her Dana Shortt Gourmet, in Waterloo. The Chamber is also celebrating its 120th anniversary.

Dana Shortt named Young Entrepreneur

Chamber of Commerce marks 120 years; hands out business excellence awards

RECORD STAFF

KITCHENER

The Greater Kitchener Waterloo Chamber of Commerce had a double reason for celebrating last night.

The organization marked its 120th anniversary and handed out its annual business excellence awards at a gala dinner at Bingemans conference centre in Kitchener.

More than 100 nominees in nine cat-

egories were honoured.

The winners were:

- Business Leader of the Year (over 20 employees): Heffner Lexus Toyota, Kitchener.

- Business Leader of the Year (under 20 employees): Spanner Ltd., Kitchener.

- Young Entrepreneur of the Year: Dana Shortt of Dana Shortt Gourmet, Waterloo.

- New Member of the Year: Dianne McDonald of A Touch of Class Gift &

Events, Waterloo.

- Volunteer of the Year: Melanie Roberts of Synergistics Group, Waterloo.

- Michael R. Follett Community Leader: John Spearn of the Kitchener Waterloo Symphony Orchestra.

- Environment Award: Challenger Motor Freight Inc., Kitchener.

- Innovation Award: Excalibur Crossbow Inc., Kitchener.

- Workplace Training: Home Hardware Ltd. of St. Jacobs.

The Greater Kitchener Waterloo Chamber of Commerce's roots go back to 1886 when 21 local merchants and manufacturers met in the American House hotel in what was then called Berlin and later renamed Kitchener.

The group of business leaders laid the groundwork for the community's first board of trade.

The organization has gone through numerous changes since then, including a merger of the Kitchener and Waterloo chambers of commerce in 1992 and a similar union with the Elmira-Woolwich chamber in 2001.

Today, the Greater Kitchener Waterloo Chamber of Commerce has more than 1,600 members.

It offers members numerous services. It also plays a key role in many community initiatives, from the local Prosperity Council of Waterloo Region to the recruitment of physicians to this area.

Ahead of sked

Cash flow achieves record highs for oilsands megaproject

CALGARY

Annual profits at Canadian Natural Resources Ltd. (TSX:CNQ) dropped by 25 per cent to \$1.05 billion in 2005, but construction of the energy company's oilsands megaproject is ahead of schedule and cash flow hit record highs.

Calgary-based Canadian Natural said 2005 cash flow increased 33 per cent to \$5 billion, while fourth-quarter earnings almost doubled to \$1.1 billion.

The company spent \$1.5 billion in 2005 after giving the go-ahead to its \$10.8-billion Horizon oilsands project, but still managed to drop its debt load by five per cent during the year.

"We are executing our defined plan," vice-chair John Langille told analysts, adding that the company also achieved record quarterly production of 577,500 barrels of oil equivalent per day.

"These are excellent results in a business environment which included challenges of coping with unusual weather patterns and inflationary cost trends," said Langille.

Conventional crude-oil production increased 11 per cent in 2005 while natural gas volumes in North America grew six per cent.

While the company has growing production from its international properties in the North Sea and offshore West Africa, all eyes are on its Horizon project in northern Alberta, which will be Canada's fourth major open-pit oilsands mine behind those of Syncrude, Suncor Energy (TSX:SU) and Shell Canada (TSX:SHC).

Energy analyst Amir Arif with Friedman Billings Ramsey in Arlington, Va., said higher-than-expected depreciation led to "lighter-than-expected" earnings for Canadian Natural despite its strong cash flow.

Arif said the company remained on track to lead the senior Canadian oilpatch sector.

• Canadian Press

Funds versus company stocks, it's a matter of risk

BY GARY NORRIS

The virtues of mutual funds are well known and, especially at this time of year, heavily promoted.

Not so well known is the likelihood that a long-term investor could do better by buying stock in mutual fund companies than by investing in the funds they sell.

To put it another way, as the man in a Wall Street Journal cartoon tells Jack-in-the-Beanstalk: "This is better than magic beans, Jack. It's stock in the company that makes the magic beans."

Consider Canada's largest fund operator, IGM Financial Inc. (TSX:IGM).

Its share price has more than quintupled during the past decade, producing compound annual growth of 18 per cent, not counting dividends.

Compare this with Investors Group's best-performing fund with a 10-year record, Investors Summa C, which has a 10.8 per cent annualized return according to fund rater Morningstar Research.

Of the 28 other Investors Group funds in operation for a decade or more, only one has an annualized return over 10 per cent, and 20 are below seven per

MONEY MONITOR

cent including three under zero.

Or look at CI Financial Inc. (TSX:CIX), a stock-market star with a 10-year annualized share-price gain of no less than 32 per cent.

That's almost double the 16.9 per cent annualized return from its best-performing product over that period, the CI Global Opportunities Fund, which requires a minimum investment of \$150,000. Just two other CI funds are in double digits over 10 years, according to Morningstar data.

Over the past five years, CI stock has risen an average of 12.8 per cent annually while IGM has advanced at a 15.8 per cent annual pace. Their three-year annualized gains are 38 per cent for CI and 24 per cent for IGM.

And these share-price increases don't count dividends.

Fund managers charge fees to manage your money, but their corporate parents pay you to invest in their stock.

Current annual dividend yields are about 3.2 per cent at IGM and 2.7 per cent from CI.

"I'd rather be the owner of the fund," asserts Fred Ketchen, director of equity trading at Scotia Capital, who has been working on Bay Street since the mid-1950s.

"I'm much happier watching the profits accrue to the mutual fund company shares, and participating that way."

But the decision isn't a no-brainer — and not just because of the convenience of investing in mutual funds and their provision of advice.

"When you buy an individual stock, anything can happen," says Bill Holland, chief executive of CI Financial Inc.

Within its long-term uptrend, he says, "CI stock has dropped 50 per cent three times in the past decade and 60 per cent once."

At AGF Management Ltd. (TSX:AGF.NV), the stock has a 22 per cent annualized return over 10 years while the best-performing AGF fund produced 12.7 per cent. However, that fund, AGF Canadian Resources, has

gained 28.9 per cent annually in the past five years, while AGF stock is 16 1/2 per cent below its level of February 2001 amid a run of redemptions.

Of course, mutual funds can also lose money, and as Ketchen observes: "While your shares may go down, you don't have to pay them 2 1/2 per cent or whatever their MER (fund management expense ratio) is to watch them go down."

He adds that "you've got to do some homework" in any investment, including fund company shares.

"You've got to look back and see what their record has been, what their record of growth has been, take a look at the purchases-and-redemption ratios and so on, and all of that material is very vital, it seems to me, in determining which mutual fund company shares you want to buy."

And past performance is no guarantee of future success.

The fund industry has enjoyed a terrific recent decade thanks to declining interest rates, generally solid financial markets and an aging population eager to invest, comments Rudy Luukko, investment funds editor at Morningstar

Canada.

"It's great for the investors that have held (fund company stocks) over this bullish period of the industry, but one can't assume that over the future 10 years it's going to be as rewarding a type of security to hold," Luukko says.

Any individual company is hostage to ordinary business risks, regulatory action or the possibility of boneheaded executive decisions, and Luukko notes that over any period, volatility is far more extreme for fund company stocks than for diversified mutual funds.

"They're not really comparable investments in terms of their risk-return profile, especially on the risk side."

Tracking funds against fund company shares is "not really a relevant comparison — it doesn't matter," contends CI's Holland.

"Those that are investing in mutual funds don't want the risk of a single security — and rest assured, the risk of a single security is many, many, many times the risk of owning a basket of common stock."

• Canadian Press