

Stock Pick of the Week #70 Dec 30/2010 AD

The Stock Pick for this week is **CMP Gold Trust**.

The trust trades on the TSX under CMP/UN.TO and has two pink sheet listings: CMPZF and CPGSF.

The company website is:

<http://www.cmpfunds.ca/CMPFunds/index.asp>

Since 1984, the CMP Resource Limited Partnership has offered investors nationwide the opportunity to benefit from Canada's compelling tax incentives aimed at supporting our national resource industry. CMP Limited Partnerships are designed to transfer the tax benefits enjoyed by resource companies to individual investors through a diversified, professionally managed portfolio of flow-through shares.

CMP began as a vehicle to transfer the tax benefits enjoyed by resource companies to the larger investment community. In 1983, the Federal government offered particular tax advantages to resource companies under the Canadian Exploration Expenditure (CEE) program. This allowed resource companies that incur certain exploration expenditures in Canada to completely deduct these costs from their income for tax purposes. This tax assistance was designed to encourage exploration and development within the oil and gas, mining and base metals sectors.

In the same year that the CEE was introduced, Ned Goodman and Richard J. Renaud recognized how the tax assistance could benefit investors and successfully canvassed the Canadian Federal government for a flow-through investment vehicle. By creating flow-through shares, an issuance of special shares allows companies in the target resource sectors to pass on the special write-offs to investors. The exploration expenditures were then flowed through to CMP holders using shares, or what is now called a "flow-through share".

CMP pioneered the creation of flow-through limited partnerships in the 1980s, and between 1984 and 1990, fifteen CMP limited partnerships raised more than \$1.1 billion which was invested in the Canadian resource industry. CMP was reintroduced with a small pilot program in 1999, followed by several national issues from 2000 to 2005. All told, CMP has raised more than \$1.9 billion dollars through its partnerships and has negotiated more private placements than any other flow-through partnership in Canada.

INVESTMENT OBJECTIVE:

The Trust's investment objective is to provide unit holders with inflation protection, capital preservation and long-term capital appreciation through investment in the Portfolio consisting of precious metals and the securities of precious metals issuers, minerals issuers and minerals related issuers.

RATIONALE FOR THE TRUST:

The Manager believes that the Trust offers an attractive investment opportunity based on its expectations that:

- **Gold (and other precious metals) will appreciate for an extended period of time;**
- **The Portfolio will benefit from appreciating prices of both bullion and precious metals issuers;**
- **Investment in issuers engaged in exploration and development activities will enhance Portfolio returns as new discoveries and the commercialization of new mining projects offer long-term investors opportunities for capital appreciation;**

- The rigorous due diligence process of the Manager will reduce the risk associated with investments in issuers engaged in early-stage exploration and development activities;
- The non-redeemable nature of the Trust Units will enable the Trust to remain fully invested and also allow the Manager to make investments in illiquid securities and capitalize on merchant banking opportunities; and
- The inclusion of minerals issuers in the Portfolio will enhance diversification and provide access to additional investment opportunities.

INVESTMENT HIGHLIGHTS & STRATEGY:

- The Trust's investment objective is to provide unit holders with inflation protection, capital preservation and potential for long-term capital appreciation
- At least 75% (based on cost) of the Trust's total assets (other than cash and cash equivalents) will initially be invested in precious metals and securities of precious metals issuers (with a focus on gold)
- Actively managed investment strategies intended to enhance returns, reduce risks and allow the Manager to take advantage of investments in illiquid securities and merchant banking opportunities
- Diversify Portfolio among precious metals, and securities of precious metals issuers minerals issuers and minerals related issuers
- Diversify Portfolio amongst junior, intermediate and senior issuers engaged in varying stages of exploration, development and production; different countries; securities of public and private issuers, including flow-through shares and illiquid securities; and merchant banking opportunities
- Make investments in flow-through shares to reduce taxation to unitholders
- Ability to borrow (leverage) up to 25% of the Trust's NAV
- Ability to take short sale positions in respect of securities listed on a recognized stock exchange provided the aggregate value (determined at cost) of all such securities does not exceed 50% of NAV

Summary of Investment Portfolio

As at September 30, 2010

The Summary of Investment Portfolio may change due to ongoing portfolio transactions.

Updates are available quarterly on our website at www.cmpfunds.ca 60 days after quarter end, except for December 31, which is the fiscal year end, when they are available after 90 days.

The total net asset value of the Fund as at September 30, 2010 was \$96,570,000

By Country/Region(1) Percentage of Total Net Asset Value†

Canada	84.0
Australia	14.8
Cash and Cash Equivalents (Bank Overdraft)	4.8
United Kingdom	4.6

By Asset Type(1) Percentage of Total Net Asset Value†

Equities	103.4
Cash and Cash Equivalents (Bank Overdraft)	4.8

By Industry(1)(2) Percentage of Total Net Asset Value†

Gold & Precious Metals	82.8
Metals & Minerals	20.6
Cash and Cash Equivalents (Bank Overdraft)	4.8

Top 25 Holdings

Percentage of Total Net Asset Value†

Sabina Gold & Silver Corp.	14.7	Tahoe Resources Inc.
9.5 ATAC Resources Ltd. Inc.	6.5	Queenston Mining Inc.
6.3 Osisko Mining Corporation Limited	5.9	Cash and Cash Equivalents (Bank Overdraft)
4.8 African Minerals Limited Limited	4.5	Rubicon Minerals Corporation
4.4 Intrepid Mines Limited Inc., Restricted	3.8	Primero Mining Corp.
2.8 Avala Resources Ltd.	2.1	Magellan Minerals Ltd.
2.0 Centurion Minerals Ltd., Restricted	1.7	Unigold Inc.
1.6 Helio Resource Corp. Inc., Restricted	1.4	Typhoon Exploration
Mar.30 11 1.3 Yorbeau Resources Inc., Class "A"	1.3	Continental Gold Limited, Restricted, Warrants,
1.2 Lithium Americas Corp.	1.2	Magellan Minerals Ltd., Restricted
0.9	1.0	Riverstone Resources Inc.

(1) Excludes other net assets (liabilities) and derivatives.

(2) Excludes bonds and debentures and preferred equities.

† This refers to transactional net asset value.

Weekly Valuation as of Dec 24, 2010

Net Asset Value:	\$27.11
Diluted Net Asset Value:	\$19.78
Market Price:	\$13.90
<hr/>	
Premium/(Discount) to NAV:	-48.73%
Premium/(Discount) to Diluted NAV:	-29.73%

The trust is currently trading at a discount (due to low liquidity, according to their spokesperson). Anyone who can accept low liquidity (investors who do not expect to sell their stocks the next day), will realize this to be an opportunity.

Recent News

CMP Gold Trust Announces Special Distributions

FOR IMMEDIATE RELEASE

Toronto, December 21, 2010 – Goodman & Company, Investment Counsel Ltd. (“Goodman & Company”), manager of CMP Gold Trust (TSX: CMP.UN) (the “Trust”), which is sub-advised by Ned Goodman Investment Counsel Limited (“NGIC”), announces on behalf of the Trust that it

estimates that a special non-cash distribution of \$0.58 per unit (referred to herein as a "Trust Unit") will be payable on January 17, 2011 to unitholders of record on December 31, 2010. This distribution will be made in the form of additional Trust Units. The value of the additional Trust Units will generally be required to be included in the unitholders' taxable income for the 2010 calendar year.

The exact value and number of Trust Units to be distributed pursuant to this special non-cash distribution will be based upon the net income and net realized taxable capital gains earned by the Trust for its tax year ending December 15, 2010. Following this special non-cash distribution, the Trust does not expect to pay income tax on its current year's earnings.

Immediately after this special non-cash distribution, the number of outstanding Trust Units will be consolidated such that each registered unitholder will hold, following the consolidation, the same number of Trust Units as such unitholder held before this special non-cash distribution, except in the case of non-resident registered unitholders. The number of Trust Units held by non-resident registered unitholders will be reduced by the number of Trust Units having a value equal to the withholding tax that is required to be withheld by the Trust and such withheld Trust Units may be sold by the Trust to satisfy such obligations.

In addition to the special non-cash distribution, Goodman & Company, on behalf of the Trust, also announces a separate special cash distribution of \$1.00 per Trust Unit to unitholders of record on January 31, 2011. This special cash distribution will be made payable on February 14, 2011.

The special cash distribution will also be made payable to holders of Series A warrants who exercise those warrants on or prior to January 25, 2011 (the expiry date of the Series A warrants), and who are holders of Trust Units on January 31, 2011. Each Series A warrant entitles the holder thereof to acquire, at an exercise price of \$12.00, one Trust Unit and one-half of one Series B warrant. For those who exercise their Series A warrants, each whole Series B warrant received will entitle the holder thereof to acquire one Trust Unit at an exercise price of \$15.00 per Unit. Series B warrants expire on January 23/2013.



Featured is the daily bar chart for CMP Gold Trust. The blue channel shows a slowly rising trend. The green channel shows price picking up speed. A breakout at the blue arrow will cause the speed to increase even more. The RSI and MACD indicators are at support levels. This tells us that the pullback that began in December has most likely run its course.

Here is a review of Picks #1 to #69

#1 CPQ.V (CPQRF) at 2.01; Bought 08/13/09 sold 11/19/09 at 3.45, profit = 110%

#2 CGC.TO (CGLD.BB), Bought 08/20/09 at 0.60; sold 11/4/09 at 0.94, profit = 36%

#3 SVM.TO (SVM) Bought 08/27/09 at 3.74, sold 10/20/09 at 5.98, profit = 60%.

#4 SCP.TO (SCPZF) at 3.10; Bought 09/03/09, sold 02/02/10 at 4.48, profit 1.38 = 44%.

#5 FCG, bought 09/10/09 at 14.88; sold 10/20/09 at 18.69, profit = 25%.

#6 MAG.TO (MVG) bought 09/17/09 at 5.55, sold 12/02/09 at 7.48, profit = 35%

#7 ARZ.TO (AZK) bought 09/22/09 at 4.58, sold 08/12/10 at 5.94, profit = 30%

#8 IPT.V (ISVLF), bought 09/29/09 at 0.88, sold at 1.60 11/10/10, profit = 82%

#9 RUN.V (RFXRF) bought 10/07 at 0.22, last traded at 0.12

#10 KCL.TO (KCLOF) bought 10/14 at 2.74, sold Aug 31 at 3.29, profit = 20%

#11 GPD.TO (GPRXF) bought 10/21/09 at 0.59, sold 10/25¹⁰ at 0.75, profit = 27%

#12 GBG.TO (GBG) bought 10/28/2009 at 1.71, sold 08/19/10 at 2.19, profit = 28%

#13 PGF/UN.TO (PGH) 11/05/09 at 10.26, last traded at 12.90 (pays a dividend)

#14 CHE/UN.TO (CGIFF) bought 11/12/09 at 9.12, sold 01/11/10 at 12.48; Pr = 36%

#15 GAS.TO (CYMF) at 4.97, last traded at 2.71

#16 GOZ.TO (GREXF) at 0.50c, sold Sept 10th at 0.69, Profit = 38%

#17 AOG/UN.TO (BAOGF) at 4.60, Sold 10/15/10 at 5.29, Profit = 15%.

#18 GDJ at 26.14; bought 12/11/2009, sold 05/12/10 at 30.89, Profit = 18%.

#19 SBT/UN.TO (SVRZF) at 12.92; sold 09/15 at 13.29, Profit = 3%

#20 MAG.TO (MVG), at 6.58, sold at 7.24, 03/08/10. Profit = 10%

#21 SVM.TO (SVM), bought 01/15/10 at 7.09; sold 10/04/10 at 11.88 pr = 67%

#22 R.V (RTRAF) at 1.51; sold Sept 8th at 2.30, profit = 52%

#23 CGC.TO (CGC) at 3.20, sold Sept 27th at 4.48, profit = 40%.

#24 SGR.TO (SGRCF) bought Feb 4/2010 at 3.27, sold May 12 at 4.89, profit = 49%.

#25 RES.V at 3.45, (RRLMF), sold Aug 26 at 3.99, profit = 24%

#26 VGQ.TO (VGMNF), bought Feb 18 at 5.45, sold March 19 at 5.98, profit = 10%

#27 BGM.V at 0.92c (BGMZF), sold 11/10/10 at 1.48, profit = 61%

#28 FR.TO at 3.41 (FRMSF), bought Mar 2nd, sold June 17 at 4.48, profit = 31%.

#29 TXG.TO at 0.95 (TORXF), last traded at 1.58

#30 GWY.V at 1.16 (GWYRF), last traded at 1.11

#31 SPM.TO bought 03/25/10 at 0.67 (SMNPF), sold 10/04/10 at 0.98, profit = 46%

#32 NGX.TO at 3.11 (NXG), last traded at 3.19

#33 EDV.TO 04/15/10 at 2.30 (EDVMF), sold 09/10/10 at 2.75, profit = 20%

#34 CZN.TO at 0.44 (CZICF), sold Oct 05 at 0.78, profit = 77%

#35 ECU.TO at 0.70c (ECUXF), sold at 0.99, 11/09/10, profit = 41%

#36 CFO.V at 5.04 (CFMSF), last traded at 5.22

#37 CET.TO at 5.24 (CETEF), sold at 8.98 12/21/10, profit = 71%.

#38 FVI.TO at 2.10 (FVITF), bought May 20, sold Sept 23 at 3.44, profit = 64%

#39 MAO.V at 3.50 (MAOMF), last traded at 6.00

#40 USA.V at 0.205 (USSIF), last traded at 0.235, sold Sept 2nd at 0.28. Profit = 36%

#41 VGQ.TO at 7.19 June 10/2010, (VGMNF), sold 12/08/2010 at 8.92, profit = 24%.

#42 RUU.V at 0.25 (STZYF), sold Sept 28 at 0.59. Profit = 136%

#43 PMT.TO at 5.12 (PMGYF), last traded at 3.90 (Pays a dividend)

#44 HBU.TO, at 28.02, sold Sep. 29th at 29.97, Profit = 7%

#45 PHYS at 11.57, last traded at 12.25

#46 AGQ.V at 0.12, (ASLRF) sold 09/17 at 0.205, profit = 70%

#47 GIX.TO at 0.23 (GXEXF), sold at 0.59, profit = 156%

#48 RIC.TO at 4.38 (RIC), last traded at 5.09

#49 NGD.TO at 5.59 (NGD), sold Sept 7th at 6.79, profit = 21%

#50 III.TO at 16.19 (IPMLF), last traded at 26.14

#51 OGC.TO at 3.08 (Trades also on the Australian and New Zealand exchanges as OGC).

The stock last traded at 3.71

#52 SGR.TO at 3.97 (SGRCF), last traded at 4.01

#53 WPT.TO at 18.15 (WPRT – NASDAQ), last traded at 19.01

#54 FNV.TO at 31.13 (FNNVF), last traded at 33.31

#55 SLX.TO at 0.45 (SLVXF) , last traded at 0.98

#56 IMG.TO at 18.05 (IAG), last traded at 17.72

#57 GAM.TO at 7.17 (GRS), last traded at 7.96

#58 AAA.V at 0.39 Oct 7th (No pink #). Sold Nov. 25th at 0.54, profit = 38%

#59 ADM.V at 1.61 (ADMNF), last traded at 1.57

#60 PNP.TO 10/21/10 at 1.84 (PNPFF), sold at 2.58 11/10/10, profit = 40%.

#61 UXG.TO 10/28/10 at 5.37 (UXG), sold 12/03/2010 at 7.12, profit = 32%

#62 SCP.TO 11/04/10 at 4.50, (SCPZF) , last traded at 4.46

#63 CRK.TO 11/11/10 at 1.46 (CROCF), last traded at 1.48

#64 GPD.TO at 0.63, (GPRXF), last traded at 0.70

#65 CZN.TO at 0.68, (CZICF), last traded at 0.65

#66 AUN.V at 0.52, (AUNFF), last traded at 0.74

#67 ARZ.TO at 7.57 (AZK), last traded at 7.28

#68 USA.V at 0.58 (USSIF), last traded at 0.67

#69 VGQ.TO at 7.88 (VGMNF) last traded at 8.00

41 Picks have been sold at profits ranging between 3% and 156%, usually within 6 months of purchase. 19 picks are currently trading above the introductory price and 9 are available at or below the starting price. There are some truly great bargains among these 9.

To make a profit and 'sell high' we must first 'buy low'.

The success ratio (winners versus 'waiting to be winners'), is 60 to 9.

→ What makes this success ratio all the more impressive is the fact that new picks are added week after week, regardless of whether the resource sector is rising or falling.

→ Subscribers to Daily Service are notified as soon as we take a profit, and **subscribers to Daily Service receive a one day 'heads up'** whenever a stock is added to this listing. This bonus pays for a subscription after the first trade you complete.

We encourage investors not to 'chase' these picks, but to try to buy them at or below the price at which they were introduced. **As long as a 'pick' remains on this list, it is an indication that we still like it, even if it slips below the price at which the stock was first listed.**

Whenever you buy a stock at its pink listing (the five letter symbol), always be 'price-specific' with your order to avoid ending up with a 'bad fill'. The recommended procedure for buying or selling 'pink sheet stocks' is explained at the bottom of an article on the website titled: "The making of a successful investor."

→ A better method than using pink sheets is to open an online trading account at TD Ameritrade or Interactive Brokers or Penntrade.

→ To be notified when we take profits, all you need to do is become a subscriber to our Daily Service. (The cost is less than \$2 per week). For details, click on 'how to subscribe.'

DISCLAIMER:

Please do your own due diligence. Investing involves taking risks. I am NOT responsible for your trading decisions.

Happy trading!

Peter Degraaf

<""><