



Sustainable Wealth Management Ltd.

## **Sustainable Oil Sands Sector Index™ June 2006 Commentary**

All global energy markets gained in June as oil prices rebounded from its mid-May low near \$68/barrel. The Sustainable Oil Sands Sector Index was flat for the month and underperformed its peer group. The best performer was the S&P US Energy sector index which gained 2.2%, nearly erasing May's 3% decline.

<b>Security</b>	<b>Index</b>	<b>Region</b>	<b>June 2006 Return</b>
XEG on Toronto	S&P/TSX Capped Energy	Canada	1.2%*
XLE on AMEX	S&P Energy Sector	US	2.2%**
IXC on AMEX	S&P Global Energy Index	Global	1.5%**
<b>SOSI Index</b>	<b>Oil Sands Sector Index™</b>	<b>Canada</b>	<b>-0.06%*</b>

\* Return in Canadian dollar terms. \*\*Return in US dollar terms.

Crude oil was up \$2.64 or 3.7% in June and closed at \$73.93 for the month. This sets a new monthly closing price record for NYMEX traded crude oil contracts but little mention was made in the media. Despite the new closing high for crude oil, the energy stocks around the world are significantly below their mid April highs. For example, the SOSI index is about 26 points or 8% from its high level of 320.93 reached on April 19, 2006. Half way through 2006, the Oil Sands Sector Index is up 19.5% while the TSX Capped Energy Index is up 9.2%. Lastly, the US dollar gained 1.5% against the Canadian dollar, nearly erasing last month's 1.7% drop in value.

In the top and worst performers list for June you have two specific themes developing. In the worst performers list you have the more speculative companies with no current production. In the best performers list you have companies that are engaged in a hostile takeover of a northern gas company named Canadian Southern Petroleum. This company is not currently producing gas but owns significant gas reserves that can be diverted to Petro-Canada or Canadian Oil Sands Trust's Syncrude oil sands operations. Given that gas prices are hovering at around \$6/MM btus it makes sense for these companies to lock in their long term natural gas needs at these low prices. Encana benefited from an announced joint venture partnership with Marathon Oil which combines Encana's growing bitumen (raw oil sands) production with Marathon's significant upgrading and refining capacity in the US. My view is that the focus on Canada's oil sands is shifting to companies with current production and less attention is being focused on companies that are several years away from reaching peak production.



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### **Top Performing Stocks in June**

Petro Canada	3.6%
Cdn Oil Sands Trust	3.6 %
Encana	2.8%

### **Worst Performing Stocks in June**

UTS Energy	-16.1%
Petrobank Resources	-15.4%
Opti Canada	-7.3%

### **Annual Index Rebalancing – June 30, 2006**

On Friday, June 30, 2006 four new companies were added to the existing 13 companies in the Sustainable Oil Sands Sector Index.

The new additions to the list are:

<b>Company Name</b>	<b>Symbol</b>	<b>Oil Sands Project</b>
Connacher Oil & Gas	CLL on TSX	100% of Great Divide Project
Enerplus Resources Trust	ERF.un on TSX	15% of Total/Deer Creek Joslyn Project, Ownership of new startup Laricina
Paramount Resources	POU on TSX	50% Ownership of North American Oil Sands Company, 100% of Surmont Lease
Synenco Energy	SYN on TSX	60% of Northern Lights project with Sinopec of China, 100% of Lease 11

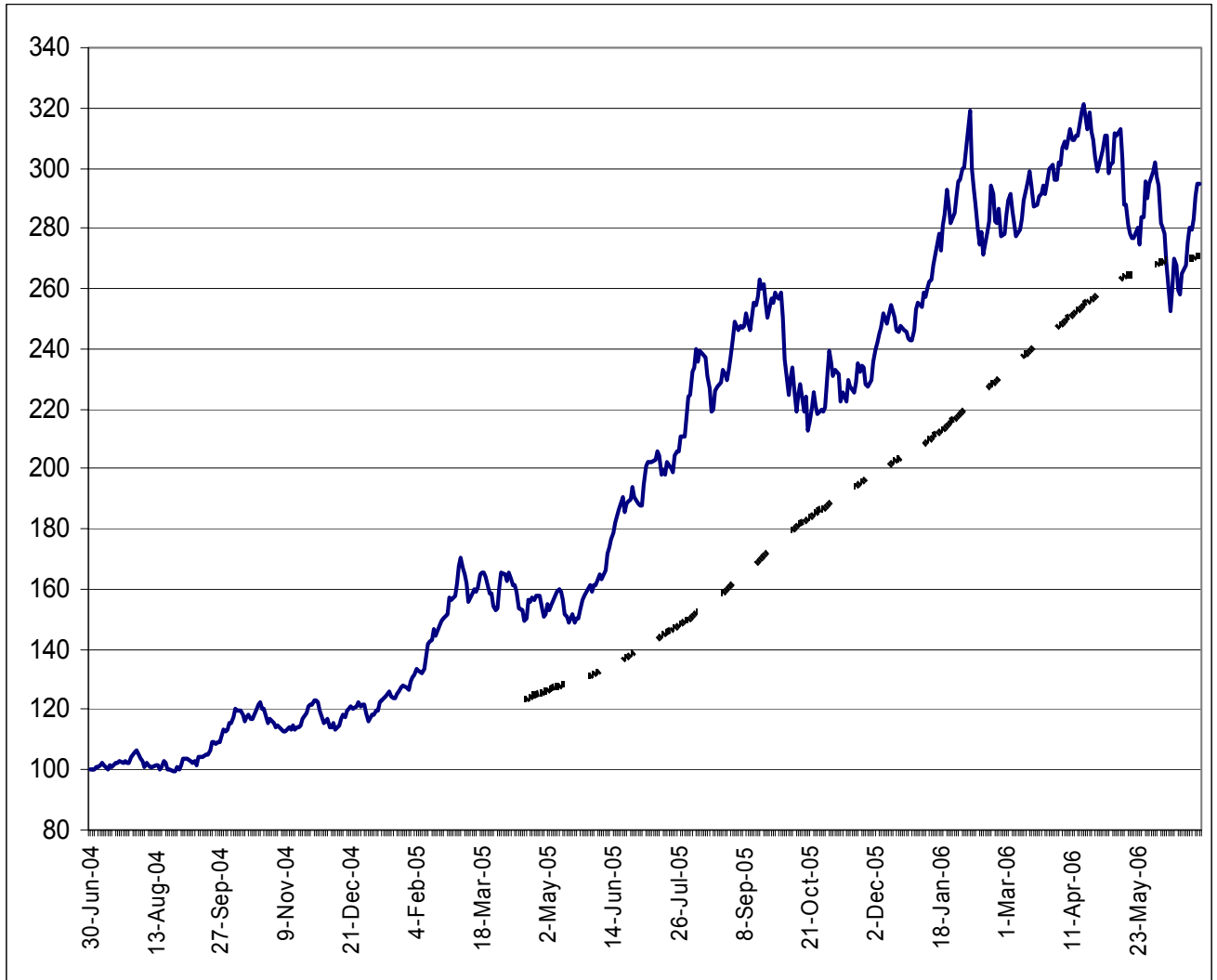
This change significantly improves the growth potential of the index and provides additional diversification through the reduction of several concentrated positions in the old portfolio.

The following chart provides investors with a complete two year history of the SOSSI index and clearly shows that the uptrend is still intact. The recent drop to the 260 support level represented a tremendous buying opportunity for investors. This was the first time that the index had traded at or near its 200 day average price since the index inception date of June 30, 2004.



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## Sustainable Oil Sands Sector Index *Since Inception June 30, 2004*



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