

Look Long-Term

*The test of success is not what you do when you are on top.
Success is how high you bounce when you hit bottom.*

General George S. Patton

I am very proud of our ABC Funds. I grew them from virtually nothing. I've nurtured the three funds from their start. Since inception we have experienced considerable success, however, there have been some pretty dry stretches over the past 14 years. None was more difficult than the July 1998-March 2000 period.

During this time high technology ran wild and many fundamental value investors, including myself, were left in a massive quandary. Everything I learned in six years of university including two years at the prestigious Wharton School, teachings by a Nobel prize-winning professor, Harry Markowitz, the three-year Chartered Financial Analyst program, 26 years of battle-hardened work experience and a common sense, rational approach to investments went for naught. It didn't matter.

No one cared to look at balance sheets, income statements or annual reports. And quite frankly you didn't have to. Cocktail party chatter, rumours and gossip ensured the enormous success of any high tech initial public offering. Huge sums of money were made on paper by investors who simply flipped IPOs or rode up an overly promoted tech stock. Hype was in. Gargantuan fortunes were made on paper by financially illiterate and neophyte investors. The laws of nature, Sir Isaac Newton and common sense were rejected. Investors were hallucinating. It seemed to many that trees, indeed, did grow to the sky.

Savvy value investors such as Warren Buffett were criticized as being out of touch and behind the times. In fact, we, at ABC, were severely admonished for not buying Nortel and other high technology shares. We lost numerous clients. However, we stuck to our value style and disciplines.

We believed that this was exactly what our investors expected us to do, just as we had promised them in our ABC offering memorandum.

To make a long story short, the laws of gravity have not been refuted. Starry-eyed investors have been chastised. Discipline, focus and fundamental value investing are now in favour. Reality is back. The mania is over. Investors now realize that capable investment professionals can and do provide value-added to the investment management process.

Rest assured that we will continue to abide by our style and investment discipline. We will remain focussed on our value hunt for fundamentally undervalued common shares. But more importantly, our focus is on the long-term. In fact, look at the long-term. Our ten-year performance track record of our ABC Fundamental-Value Fund is a compounded annual rate of return of almost 20%. This return incorporates both the good and bad stretches over the past decade, including that tough 1998-2000 period. Incidentally, I am told that this is the best ten-year performance record of any mutual fund in Canada.

Summing up, I believe that looking long-term is key to financial success. Manias, frivolous trends and the herd instinct go in and out of style. I honestly believe that looking long-term and focussing on solid fundamental disciplines will continue to provide for superior long-term investment performance.

ECONOMIC PERSPECTIVES**An Elevating Economy**

With substantial monetary reflation and central bank ease over the past six months we believe the North American economies are on a firm track toward a new, sustainable economic growth.

Although the first interest rate increase could appear before early fall, we believe that the central banks are sensitized to a still fragile, albeit growing, economy. As a result, we expect that the monetary authorities will hold off as long as

possible before initiating any interest rate increases. Regardless of any rate boost we believe that they will be small and infrequent.

Over the balance of 2002 we expect the North American unemployment rate to gradually subside, inflation to remain muted and corporate profits to improve meaningfully. This should all lead to a new economic growth cycle and a period of significantly higher common stock prices.

INVESTMENT PERSPECTIVES**Needles in a Haystack**

Given our optimistic outlook for common shares over the next 12-18 months, we are constantly scouring the market for common share purchase candidates. While some undiscovered “diamonds in the rough” do exist, they are now becoming more and more difficult to uncover. Yet, while this task is not impossible, it is akin to looking for “needles in a haystack”.

The key to finding overlooked cheap common stocks is investor patience. We continue to apply all of our analytical disciplines to this search. However, it is taking longer and is forcing us to dig deeper and deeper to flush out new purchase candidates. Nonetheless, we believe the rewards are there for those with patience.

PORTFOLIO PERSPECTIVES**Maintaining Our Stance**

We are quite optimistic with regard to the equity market, however, stock selection will be particularly important. We foresee higher stock prices over the next 12-18 months and, as a result, we are attempting to maintain a maximum 10% portfolio cash reserve.

While we are optimistic with respect to equity prices we expect some weakness in the

Canadian bond market. As a result, we are carrying a relatively low commitment to bonds. Instead, we have placed a greater proportion of our funds in short-term cash investments and fundamentally undervalued, dividend-paying common shares.

Terra Firma Investing

With the severe decline of the high technology sector in early 2000 investors have since shifted their purchases toward fundamentally undervalued, cyclical, commodity-based and dividend-paying stocks. Moreover, with short-term interest rates having plummeted to 2-2½%, investors have also transferred their purchases to high yielding securities such as royalty and income trusts.

Clearly it appears that investors have retreated to investment conservatism and have gone back to the basics. Also interesting is the fact that investors have rediscovered accounting. Many investors are now scrutinizing cash flow and earnings per share multiples, debt/equity ratios, goodwill and the like. Unfortunately these financial indicators were less widely followed during the heady high tech mania of 1998-2000. As a result, investors who were mesmerized by the high technology bubble sadly discovered months later that many widely-touted equities had little revenue, sparse cash flow, low shareholders' equity in relation to market capitalization and substantial cash burn rates. Needless to say, the resulting experience proved to be financially painful for numerous investors.

Today this shift back to "terra firma investing", I believe, signals a new era for fundamental value investing. Certain common shares, which were languishing 12 months ago, are suddenly being rediscovered. Cyclical, basic commodity plays and everyday suppliers

of goods and services such as bread, wine, groceries, oil and gas, etc. are now in demand. Since they are basic, everyday staples and have functional, inelastic demand, companies providing these products have surged in price. Moreover, because they supply everyday consumer needs investors feel that they are less prone to sudden negative shocks. As a result, investors feel they can sleep comfortably with these common share holdings.

Due to continued worldwide economic, financial and political uncertainty we believe that investors will remain generally risk-averse, over the next 12-18 months. We believe that terra firma investing, including the hunt for fundamentally undervalued equities should continue for the balance of 2002 and probably beyond. If correct, this notion would provide for a sustained rally in value stocks with a particular emphasis on share selectivity and hardcore fundamental research.

In summation, with historically low interest rates combined with significant investor cash reserves, we believe, the overall market outlook remains fairly positive. We expect this optimism to extend to the next 12-18 months. While share price volatility will harangue the market place for the foreseeable future, we believe a well-diversified portfolio of fundamentally undervalued equities will provide superior performance compared to treasury bills and bonds over the next year.

Irwin A. Michael, CFA

The Anatomy of ABC Stock Selection

The Canada Bread Story

We are often asked how we pick stocks to add to our ABC investment portfolios. In response, we refer to our ABC Ten Commandments of Value Investing. But some questioners want a more graphic explanation since the art of stock picking remains a very complex, black box process to them. As a more definitive response I would like to refer to our www.valueinvestigator.com website and the Canada Bread story under the "Value Favourites" section.

When we launched our Value Investigator website in May 2000, we decided to outline a number of our value favourite shareholdings for clients and prospects who did not have the opportunity for close contact with our Toronto office or our monthly investment seminars. This process of writing up stock selections and dispositions, we believe, has worked quite well. While describing our common share holdings has assisted our clients in understanding our investment style and thought processes, it has also disciplined us as analysts to write coherent and logical commentaries. Moreover, since this information is posted on our website for all to peruse we are particularly sensitized to what we write.

To better explain the anatomy of our ABC stock selection process we decided to offer our full two-year commentary on the Canada Bread Company Ltd. This chronology offers our initial description and purchase rationale of the company, then at \$10. This is followed by a series of follow-up comments plus our latest views on the stock, which just closed at \$24.40. Hopefully this exercise will provide a better understanding of our ABC selection disciplines, analytical skills and investment patience.

Canada Bread Company Ltd.

May 25, 2000

In business since 1911, Canada Bread Company is a leading manufacturer of value-added flour-based products in Canada. The Company's product line includes a variety of bakery goods such as fresh and frozen bread, bagels and dough, par-baked products and specialty pasta and sauces.

Canada Bread's products are sold and distributed through private and company brand name labels, primarily under the popular banners of Dempster, Tenderflake and Olivieri.

With over \$500 million in sales, incentives such as new contracts, innovative products and frozen exports will drive Canada Bread's growth. The company also has a 25% interest in Quebec-based Multi-Marques Bakeries. Canada Bread Company is 68%-owned by Canada's largest food processing company, Maple Leaf Foods Inc.

The buzz phrases of "old economy" and "new economy" have become the subject of a great deal of hype in the stock market over the past year. Recently, it seems that investors have begun to trek back to the "old economy" stocks and Canada Bread is a prime example. The intriguing aspect of this fundamentally strong company is its current price of \$10.00, which is a steep decline from \$30.00 at the beginning of 1998. Canada Bread is trading at 7.3% discount to its 1999 book value of \$10.79, with a 2.4% dividend yield.

Supporting its strategic initiatives, Canada Bread enjoys a healthy balance sheet with a strong cash position and very little debt. The company has a \$10.79 book value with about \$3.60 of goodwill. We feel that the goodwill is substantiated with its well-known brands such as Dempster and Tenderflake. Further enhancing Canada Bread's balance sheet is its hidden asset of a \$15.6 million pension surplus or \$0.73 per share.

Taking into account Canada Bread's aggressive strategies, new management and improving fundamentals, we believe that Canada Bread will gradually emerge from its downturn to provide excellent long-term capital gain potential.

September 15, 2000

Canada Bread's new management team and restructuring strategies have begun to positively impact the company with its fourth consecutive quarter of improved earnings. The company reported second quarter 2000 earnings of \$0.14 versus \$0.11 in the comparable quarter of 1999, representing a 35% increase. This increase was due

to the discontinuation of unprofitable product lines, operating and sales improvements, reduction of waste and better pricing. This result is a reflection of the company's ability to keep with its new, disciplined initiatives. Not only did Canada Bread's results further confirm our confidence in the company's strength but its stock price has also begun to show signs of improvement as investors have begun to take notice.

January 26, 2001

We applaud Canada Bread's latest attempt to create shareholder value. On January 20, Canada Bread announced that it reached an agreement to purchase the 75% of Multi-Marques that it did not already own. Canada Bread has nurtured a long time partnership with Multi-Marques and we feel that the two companies are an ideal strategic fit. We expect that the purchase will be mildly accretive to 2001 earnings and should improve 2002 earnings by more than \$0.05.

In the meantime, we are patiently waiting for Canada Bread's share price to reap the benefits of Roger Dickhout's adept management team. We feel that management will continue to be opportunistic and have done an excellent job in turning around the company despite fierce competition.

May 11, 2001

Canada Bread recently reported better than expected first quarter 2001 earnings per share of \$0.16 versus \$0.11 in the year earlier period. This 45% earnings increase is largely the result of a 4.8% growth in sales and a significant margin expansion of 74 basis points. This year-long trend of quarter over quarter improving results is indicative of Canada Bread's future. We are confident that management will continue to knead out margin improvements through its ongoing aggressive cost cutting strategy that was implemented over a year ago.

October 12, 2001

In the second quarter of 2001, Canada Bread improved its earnings per share by 18.9% over the comparable quarter. A 6.3% increase in revenues and an 8 basis point improvement in its operating margins to 4.6% augmented its earnings growth. We feel this will be sustained as new product lines and cost cutting measures develop. In

addition, it is expected that the proposed acquisition of the remaining 75% of Multi-Marques will close by the end of the fourth quarter.

Although Canada Bread's share price has appreciated significantly since our initial write-up we will continue to hold at these levels. It is a fundamentally strong, old economy company with a small amount of debt. We feel that its defensive nature, positive earnings momentum and potential catalytic events that may transpire with its major shareholder, Maple Leaf Foods, could drive its share price up further.

March 1, 2002

Canada Bread's recently reported fourth quarter earnings results marked its tenth consecutive quarter of year over year improvement in operating earnings. Canada Bread's earnings per share for the fourth quarter of \$0.34 were fuelled by a 71% increase in revenues over the comparable quarter and continued margin expansion. For the full year Canada Bread's earnings per share were \$0.97, an improvement of 45% over the previous year's \$0.67.

Although Canada Bread's acquisition of the remaining 75% of Multi-Marques in October 2001 contributed to the company's impressive sales growth, Canada Bread still managed to achieve an internal sales growth of 13%. As Multi-Marques is further integrated into Canada Bread, we expect an improvement of operating margins which will further enhance the bottom line.

Overall, we feel that Canada Bread is well positioned for future growth. The company remains fundamentally strong with a book value of \$11.74 and a debt to total capital ratio of only 0.15. While a little pricey on a book value and a P/E ratio basis, Canada Bread remains a core holding due to its defensive nature. Interestingly enough, its 68% shareholder, Maple Leaf Foods could grow the company by merging Maple Leaf's U.S. bakery operations and/or they might even decide to liquidate their Canada Bread interest and concentrate on pork and meat processing. In the event of this latter option, Canada Bread could be an interesting takeover target.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

NAVPS	8.5847
Inc. Dist.	0.0035

March 31, 2002

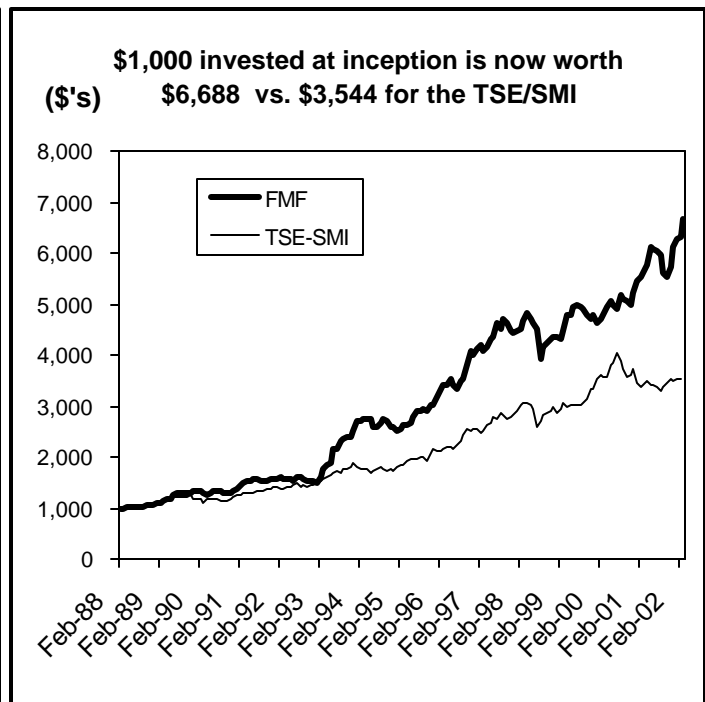
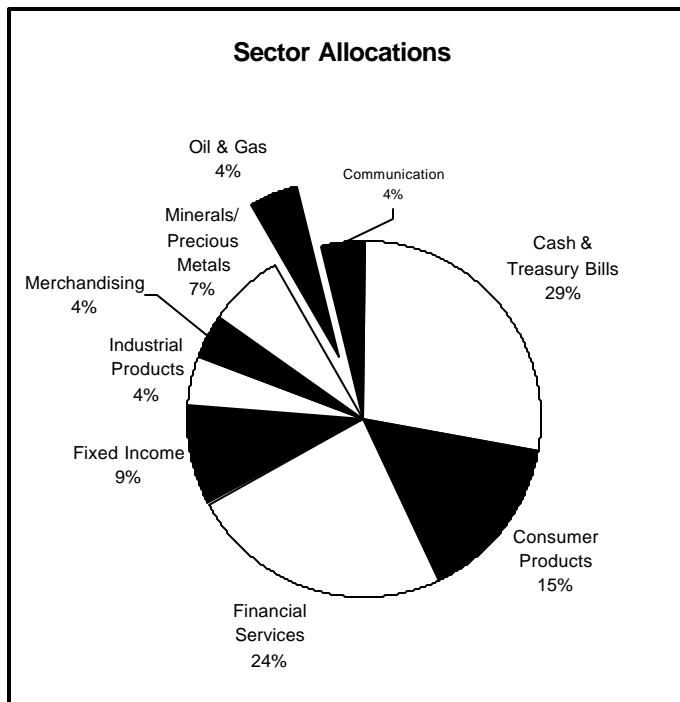
Objective

ABC Fully-Managed Fund is a diversified Canadian balanced fund. While our long-term asset mix target is 50% fixed income and 50% Canadian equities, in practice, our portfolio mix of stocks versus bonds is quite flexible to take advantage of periodic investment opportunities.

Performance of the Fund vs. the Benchmark

Annualized Compounded Rates of Return			Annual Returns		
	ABC FMF (%)	Benchmark**		ABC FMF (%)	Benchmark**
1 Month	5.84	0.47	1989	23.68	17.20
Q1 2002	9.24	0.67	1990	2.17	-4.32
1 Year	19.13	4.99	1991	14.69	17.35
2 Year	18.24	-1.02	1992	-1.48	4.75
3 Year	14.27	6.18	1993	64.35	24.36
5 Year	10.42	7.31	1994	2.82	-2.64
10 Year	15.47	9.91	1995	17.25	17.97
Since Inception*	14.45	9.40	1996	31.99	19.5
			1997	10.56	12.22
			1998	-2.02	3.84
			1999	10.37	14.29
			2000	8.31	8.71
			2001	17.62	-2.96

*Inception date for the Fund was February 22nd, 1988
 **Benchmark consists of 50% of the TSE300 Total Return Index and 50% of the Scotia Capital Markets Universal Bond Index



ABC Fully-Managed Fund, Statement of Investment Portfolio

March 31st, 2002

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.5954

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 27.84%				MINERALS/PRECIOUS METALS-- 7.00%			
164,238	C\$ Cash	164	164	1,000,000	Eastmain Resources Inc.	550	300
435	U\$ Cash	-	-	250,000	Teck Corporation	2,024	3,738
159,063	RT CAP Cash In Action Fund	15,906	15,906	<u>TOTAL</u>			
0	RT CAP Cash In Action Fund U	0	0			2,574	4,038
<u>TOTAL CASH</u>		16,071	16,071				
FIXED INCOME -- 9.26%				COMMUNICATION -- 3.78%			
2,000,000	Nexen - 6.85% 11/15/06	1,960	2,023	200,000	Persona Inc.	2,106	2,180
2,000,000	Co-Steel Conv. Deb. - 6.50% 4/	1,780	1,460	<u>TOTAL</u>			
2,000,000	Nova Chemical ., 7.85%, 08/30/	1,984	1,859			2,106	2,180
<u>TOTAL</u>		5,725	5,341				
COMMON STOCKS -- 62.90%				OIL & GAS -- 4.47%			
FINANCIAL SERVICES -- 24.15%				50,000 Canadian Natural Resources			
100,000	Laurentian Bank	2,554	3,735	<u>TOTAL</u>			
250,000	MFP Financial	2,321	1,713			2,441	2,580
150,000	National Bank	2,322	4,868	CONSUMER PRODUCTS -- 15.25%			
175,000	Surrey Metro Savings Credit	2,253	3,626	250,000	Canada Bread Company	2,510	6,100
<u>TOTAL</u>		9,450	13,941	150,000	Lassonde Industries	2,609	2,700
MERCHANDISING -- 4.02%				<u>TOTAL</u>			
250,000	La Senza Corp.	2,381	2,320			5,119	8,800
<u>TOTAL</u>		2,381	2,320				
INDUSTRIAL PRODUCTS -- 4.22%				<u>TOTAL COMMON STOCK</u>			
250,000	Agricore - United	2,054	2,438			26,125	36,296
<u>TOTAL</u>		2,054	2,438	<u>TOTAL PORTFOLIO</u>			
						47,920	57,708

ANY RATES OF RETURN PRINTED IN THIS PUBLICATION ARE FOR HISTORICAL PURPOSES ONLY AND SHOULD NOT BE CONSTRUED AS FUTURE PERFORMANCE.

ABC Fundamental-Value Fund (ABC FVF)

NAVPS	15.3053
Inc. Dist.	

March 31, 2002

Objective

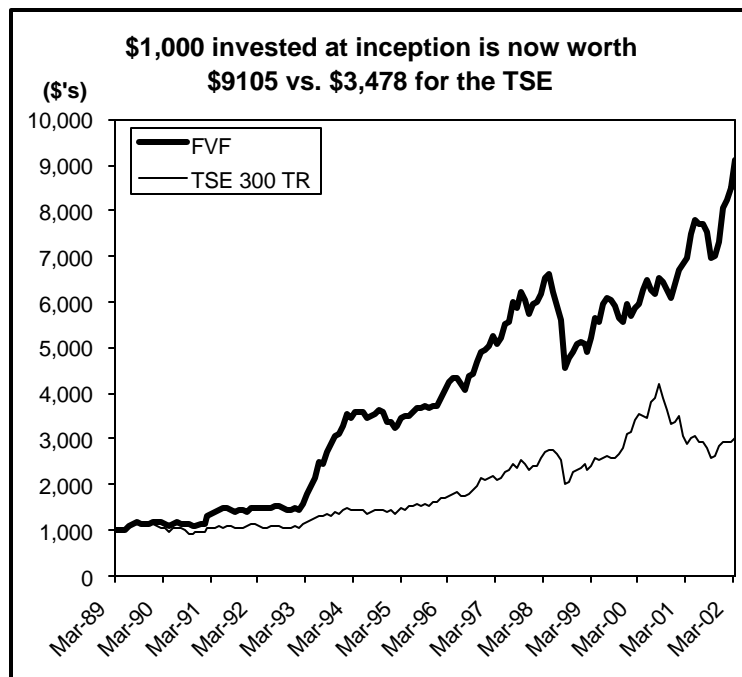
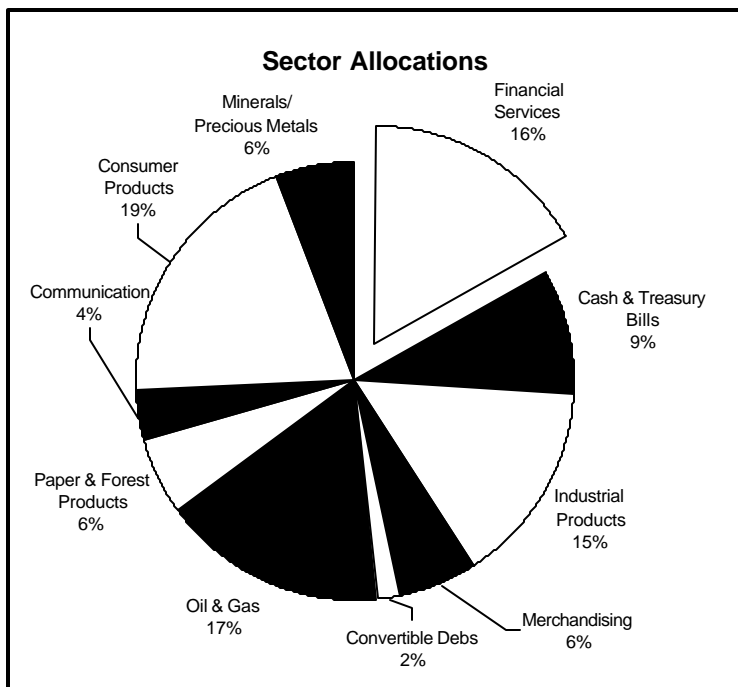
ABC Fundamental-Value Fund seeks out fundamentally undervalued Canadian equities. Our extensive “value research” style attempts to ferret out overlooked and out of favour Canadian equities. With these discerning selections we cobble a diversified portfolio of small, medium and large capitalization Canadian value stocks. When fully invested and having discovered new, fundamentally attractive securities, our sell discipline forces us to cull our portfolios to liquidate the most expensive holdings.

Performance of the Fund vs. the Benchmark

Annualized Compounded Rates of Return			Annual Returns		
	<u>ABC FVF (%)</u>	<u>Benchmark**</u>		<u>ABC FVF (%)</u>	<u>Benchmark**</u>
1 Month	6.92	3.02	1990	-1.98	-14.80
Q1 2002	12.96	2.53	1991	22.92	12.02
1 Year	31.07	4.88	1992	4.26	-1.43
2 Year	23.70	-0.61	1993	121.75	32.80
3 Year	20.59	7.49	1994	3.03	-0.63
5 Year	12.35	7.67	1995	11.08	14.83
10 Year	19.90	10.88	1996	31.75	28.35
Since Inception*	18.52	8.81	1997	20.35	14.98
			1998	-13.81	-1.58
			1999	16.25	31.71
			2000	7.51	7.41
			2001	26.06	-12.57

*Inception date for the Fund was March 20, 1989

**Benchmark consists of the TSE300 Total Return Index



ABC Fundamental-Value Fund, Statement of Investment Portfolio
March 31st, 2002

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.5954

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 9.48%

1,002	C\$ Cash	1	1
4,780	U\$ Cash	8	8
185,448	RT CAP Cash In Action Fu	18,545	18,545
0	RT CAP U\$ Cash Mgmt Fu	-	-
<u>TOTAL CASH</u>		<u>18,553</u>	<u>18,553</u>

MERCHANDISING -- 5.99%

525,000	La Senza Corp.	4,970	4,872
375,000	North West Co. Inc.	3,890	6,848
<u>TOTAL</u>		<u>8,860</u>	<u>11,720</u>

CONVERTIBLE DEBENTURES -- 1.68%

4,500,000	Co-Steel Inc. 6.50%, 04/30.	3,893	3,285
<u>TOTAL CONVERTIBLE</u>		<u>3,893</u>	<u>3,285</u>

OIL & GAS -- 16.93%

900,000	Baytex Energy	4,418	6,165
2,000,000	Bow Valley Energy	2,983	2,860
125,000	Canadian Natural Resourc	6,100	6,450
800,000	Devlan Exploration	2,493	1,840
1,350,000	Energy North	1,013	527
768,700	Gauntlet Energy	3,690	6,611
1,100,000	Ketch Energy Ltd.	4,219	5,335
875,000	Real Resources	3,602	3,343
<u>TOTAL</u>		<u>28,517</u>	<u>33,130</u>

COMMON STOCKS -- 88.75%

PAPER & FOREST PRODUCTS -- 5.85%

196,300	Canfor Corp., common	1,885	2,012
500,000	Riverside Forest Products	4,547	5,625
318,600	Taiga Forest Corp.	2,974	3,823
<u>TOTAL</u>		<u>9,406</u>	<u>11,460</u>

CONSUMER PRODUCTS -- 19.08%

365,000	Andres Wines Ltd. "A"	4,497	6,205
327,500	Arbor Memorial Services '	4,367	4,506
500,000	Canada Bread Company	5,005	12,200
850,000	FPI Limited	5,055	6,630
625,000	Shermag Inc.	4,124	7,813
<u>TOTAL</u>		<u>23,047</u>	<u>37,354</u>

FINANCIAL SERVICES -- 16.95%

200,000	Laurentian Bank	5,179	7,470
650,000	MFP Financial	5,940	4,453
400,000	National Bank	5,795	12,980
400,000	Surrey Metro Savings Cred	5,267	8,288
<u>TOTAL</u>		<u>22,182</u>	<u>33,191</u>

COMMUNICATION -- 3.90%

700,000	Persona Inc	7,666	7,630
<u>TOTAL</u>		<u>7,666</u>	<u>7,630</u>

INDUSTRIAL PRODUCTS -- 15.19%

575,000	Agricore - United	4,768	5,606
500,000	Groupe Laperriere & Verrat	3,793	5,750
1,000,000	Magellan Aerospace	4,007	5,760
550,000	Masonite International Inc.	6,068	12,623
<u>TOTAL</u>		<u>18,637</u>	<u>29,739</u>

MINERALS/PRECIOUS METALS -- 4.96%

650,000	Teck Corporation	5,465	9,718
<u>TOTAL</u>		<u>5,465</u>	<u>9,718</u>

TOTAL COMMON STOCK

		<u>123,780</u>	<u>173,940</u>
<u>TOTAL PORTFOLIO</u>		<u>146,226</u>	<u>195,779</u>

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ABC American-Value Fund (ABC AVF)

NAVPS	6.9953
Inc. Dist.	

March 31, 2002

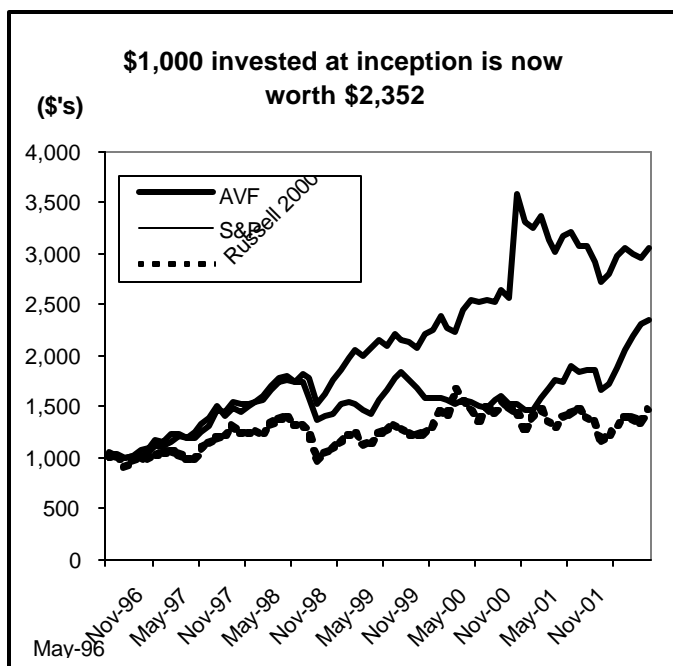
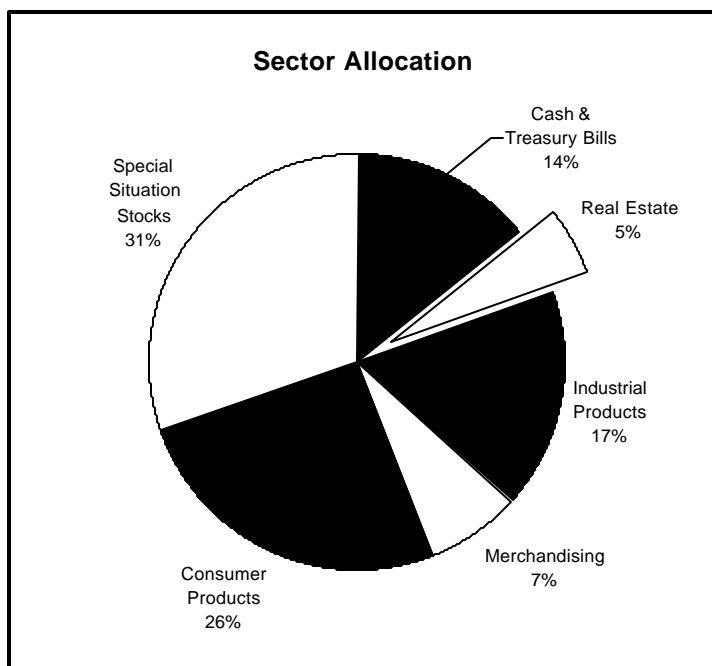
Objective

ABC American-Value Fund searches out fundamentally undervalued American, special situation and foreign U.S. stock exchange listed common shares. While using the same investment techniques as our two Canadian ABC Funds, the American market due to its sheer size provides us with extensive value opportunities.

Performance of the Fund vs. U.S. Benchmarks

	Annualized Compounded Rates of Return			Annual Returns			
	ABC AVF (%)	Russell 2000 (%)	S&P 500 (C\$) (%)	ABC AVF (%)	Russell 2000 (%)	S&P 500 (%)	
1 Month	2.13	7.91	3.05	1997	38.76	20.52	39.16
Q1 2002	14.83	3.68	0.34	1998	0.75	-3.45	37.69
1 Year	34.15	12.41	1.28	1999	1.47	19.62	14.14
2 Year	22.88	-3.07	-7.22	2000	-6.66	-4.20	-5.52
3 Year	18.25	8.40	-0.75	2001	39.52	1.03	-6.45
5 Year	14.77	8.13	13.32				
Since Inception*	15.80	6.53	20.77				

*Inception date for the Fund was May 2, 1996



ABC American-Value Fund, Statement of Investment Portfolio

March 31st, 2002

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 5.92%			
34,860	Cash	35	35
8,623	RT CAP Cash In Action F	862	862
40,648	US \$ Cash	65	65
3,206	RT CAP US\$ Cash Fund	512	512
<u>TOTAL CASH</u>		1,474	1,474

COMMON STOCKS -- 94.08%

INDUSTRIAL PRODUCTS -- 21.40%

65,000	Ampco-Pittsburgh Corp.	1,147	1,208
50,000	Building Material Holding I	560	1,149
25,000	Dura Automotive Systems	1,051	765
82,500	Griffon Corp.	821	2,205
<u>TOTAL</u>		3,578	5,326

OIL & GAS-- 4.95%

55,000	Tesoro Petroleum	628	1,233
<u>TOTAL</u>		628	1,233

CONSUMER PRODUCTS -- 21.50%

60,000	Haggar Corp.	1,145	1,177
62,500	Handleman Company , cc	1,066	1,024
42,500	Lone Star Steakhouse	817	1,416
75,000	TBC Corp.	793	1,735
<u>TOTAL</u>		3,821	5,353

exchange rate used is 1.5954

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 11.52%			
200,000	Bombay Company Inc.	850	948
32,500	Dillard's Inc.	1,164	1,237
75,000	Syms Corp.	1,364	681
<u>TOTAL</u>		3,378	2,866

REAL ESTATE -- 4.69%

100,000	Amrep Corp.	1,334	1,168
<u>TOTAL</u>		1,334	1,168

SPECIAL SITUATION STOCKS -- 30.02%

49,800	Lassonde Industries Inc. "	886	896
75,000	MFP Financial	698	514
67,500	Masonite International Inc	738	1,549
100,000	Persona Inc.	1,043	1,090
100,000	Riverside Forest Products	929	1,125
100,000	Shermag Inc.	685	1,250
70,000	Teck Corporation	812	1,047
<u>TOTAL</u>		5,791	7,471

TOTAL COMMON STOCK 18,532 23,416

TOTAL PORTFOLIO 20,005 24,890

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ZigZag

*One of a series of short
sharp turns, angles or alterations
in a course.*

The Merriam-Webster Dictionary

In my view, to succeed in the investment business an individual must possess a sense of cynicism but more importantly, a steadfast contrarian attitude.

It seems to me that the most profitable investment ideas are those that have yet to be discovered by the mainstream of investment analysts. It is, at this time, when a sagacious portfolio manager, after uncovering a diamond in the rough investment can accumulate a significant holding without moving the security's market price. In effect, the successful manager must zig while other investors are zagging to popular investment trends and vice versa.

But in the investment business to zig while others zag is an extremely difficult discipline. Investors, like wolves, generally like to travel in packs. These packs tend to hold unanimous opinions. Unanimous investment opinions, however, come with a price. That is to say with investment unanimity, prices tend to have already incorporated the bulk of a stock's projected capital appreciation. With all investors zigging, I believe there are many profitable opportunities for astute investors who may wish to zag and

move against an overly popular investment consensus.

It is interesting to note that if one studies the past winners of sporting events, business transactions or even military engagements, the victor in most instances employed "outside of the box" strategies. Success was often achieved with original thought and taking the risk of change. From my perspective, I have increasingly noted the benefits of going against the pack. In fact, employing extraordinary or unorthodox thinking can often become extremely productive in uncovering exceptional opportunities. Relating all this to investments, the successful contrarian analyst must possess steadfast disciplines, courage of his convictions and the curiosity and stamina to explore and dig where no other investor has tread.

At a time when stock selectivity is all-important to attain superior investment performance I believe that "zigging" while the majority of other investors are "zagging" can be extremely rewarding in an otherwise very difficult market environment.

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