

Greed, Taking Profits and Paying Taxes

I really don't mind paying capital gains taxes since this event implies that I'm making money in the stock market. Besides, as the old saying goes, the only two things in life which are a certainty are death and taxes. We can escape neither.

Over the years we have had disgruntled clients complain to us about our realized capital gains and the fact that they had to pay taxes. We explain that our job is to pick undervalued stocks and when a particular stock becomes very expensive, it is our duty to sell it, regardless of the capital gains implication. But taking profits, to many investors, is an extremely difficult discipline. For instance, if a stock becomes fundamentally overvalued and a mini-mania of price momentum has powered the stock to unprecedented levels, the average investor will usually want to hang on for a greater gain. This is where greed sets in. On the other hand, when a stock collapses, the average investor wants yesterday's price. Unfortunately, there does not exist a "money-back guarantee" or a return policy for common stocks. The stock market, after all, does not follow the Canadian retail industry practice of no questions / merchandise returns.

An important impediment confronting the average investor contemplating taking a capital gain is the phobia of paying taxes. Investors just don't like paying capital gains taxes when they consider that they have taken all the risk. Often this hesitation can lead to disastrous results. For example, over the past six months, we have met numerous prospective ABC Fund investors. Many are refugees from the high technology sector and of this group the vast majority have been longtime holders of Nortel shares. During the course of explaining our ABC Funds' investment style, the conversation inevitably shifts to the prospective client's investment experience. Invariably, many confess that they owned and held onto their Nortel shares throughout its incredible price rise to a

\$124½ peak and never bothered to take any profits. They rode the stock all the way up and have since experienced a tumultuous price decline to Nortel's present level of \$2.25.

It is an interesting thought that from its peak price to its recent trough, we estimate that over \$360 billion of value has been vapourized from Nortel shareholders' net worth. We attribute much of this to greed. In fact, when queried further, the Nortel holders would often explain: "Yes, I knew that Nortel wasn't cheap, however, I didn't want to take a capital gain. I wanted to postpone paying taxes." This point leads to an interesting quandary: the dilemma of when to take a profit in an overvalued investment versus one's natural propensity to postpone paying the inevitable capital gains tax. There is no argument that this is a very tough decision; it is often a question of how piggish an investor wishes to be.

Ultimately, we believe that investors must separate the determination of selling an overheated common stock as opposed to one's phobia of paying taxes. Both are completely separate decisions. Overall, it is our view that, as investors, we must push aside the greed aspect, stick to our investment knitting and adhere to strict buy/sell disciplines, regardless of the tax consequences.

ECONOMIC PERSPECTIVES**The Economy: Moving Along**

Since September 11 there has been significant stimulation of the North American economies through monetary reflation and a policy of Central Bank ease. As a result, the overall economy has performed surprisingly well as we dodged a much-anticipated business downturn. Moreover, in spite of incessant concerns about a serious economic recession and curtailment of consumer spending certain industries such as housing, consumer goods and services, oil and gas and gold mining, for example, have exhibited unusual strength.

We are not concerned about a recession.

We do, in fact, believe that the U.S. Federal Reserve and, to a lesser extent, the Bank of Canada will continue with their policy of monetary ease. As a result we expect the economy will move along a firm, positive growth pattern. While the full fallout from the Enron/Arthur Andersen/WorldCom mess has yet to fully manifest itself, we remain optimistic that the positive economic trends will carry on without any serious detours. Overall, we expect a resurgent economy will lead to an improving corporate profit outlook and significantly higher common share prices over the next 6 to 12 months.

INVESTMENT PERSPECTIVES**Sluicing for Opportunities**

With the present environment of considerable investor anxiety we believe selective investment opportunities will present themselves over the balance of 2002. However, due to a challenging business and political scenario, significant investor patience and discipline will be necessary to attain superior rates of return.

Unfortunately, the continuing process of uncovering “diamond in the rough” investment

gems is becoming even more tedious and frustrating as accounting problems, financial accidents and investment scandals have unexpectedly popped up. But as contrarians, we see opportunity in these calamities. Nonetheless, we remain optimistic and contend that the investment glass is half full rather than half empty. As a result, we remain on guard and will pounce on any sudden investment opportunity whenever they might present themselves.

PORTFOLIO PERSPECTIVES**Staying the Course**

In spite of the ongoing stock market volatility and continued investor concerns vis-à-vis Enron, Arthur Andersen, WorldCom, etc we remain quite optimistic over the next 6 to 12 month time horizon. Although we expect to experience periods of severe price volatility, we regard the occasional weakness quite favourably; this will enable us to rebuild our portfolios advantageously with new securities. We are, in short, staying the course with our investment plan of action.

Over the past three months we have purchased new holdings such as Aecon Group, E-L Financial, Hudson Bay Company and Transat AT Inc. and have added to previous holdings such as Bow Valley Energy, Canfor Corp. and Real Resources. We remain alert to new opportunities.

Sticking It Out

Many unseasoned investors, I believe, have a misconception about profitable investing. These individuals who entered the marketplace over the past five years witnessed both the best and the worst of times of our industry.

For instance with the onset of the late 1990's high technology craze rookie investors erroneously assumed that it was a no lose proposition to earn money in the stock market. Just pick any high technology stock or initial public offering, buy it and watch it double or triple in price. Illogical as it may now be, for a while, this naïve course of investing worked. There was no need to look at balance sheets, income statements, debt/equity ratios, cash flow or earnings per share statistics.

From late 1998 to the high tech peak in March 2000, significant amounts of money were made playing the high techs. Little investigative or maintenance research was necessary. It was a game of high risk with many technology stocks trading at infinitely high multiples. However, it was only a matter of time before this mania came to an end. And it did, quite abruptly, from the spring of 2000 to the present period. Nonetheless, in spite of their severe price decline, we still have very little comfort for the high technology sector. We believe that

their valuations are still stretched and their economic prospects remain quite uncertain.

As per our investment management style, we strongly believe in serious fundamental analysis. While undervalued common stocks are relatively more difficult to uncover today, we feel the outlook for value stocks is still favourable. Although we find we are digging deeper and deeper and analyzing more securities to select the precious few, we are "sticking it out". Understandably, this process is time-consuming and at times rather frustrating. However, it is well worth the effort. Moreover, we believe it is even more important, presently, to apply all the rudimentary analytical skills which in the past have served us so well. The fact is there are no shortcuts to tiptop investment returns.

Regardless of periodic investment fads with accompanying short-lived bloated returns, we will continue to abide by our investment disciplines, focus and our ABC Ten Commandments of Value Investing. In the long run, by sticking it out, we believe we can continue to attain superior investment performance and self-satisfying professional success.

Irwin A. Michael, CFA

Fixed On The Fundamentals

We've written on this topic many times. Serious fundamental analysis and strict investment discipline have been the key to whatever success the ABC Funds have attained over the past ten years. Given the present uncertainty and volatility in the markets, it is now even more important to remain fixed on the fundamentals.

Not surprisingly, we are guided by our ABC Funds' Ten Commandments of Value Investing. These commandments are the cornerstone of our philosophy and success. They are also significant in that they serve as an important reminder of our investment management style to both the present and prospective ABC client. Value investing is what we have promised our clients in our offering memorandum and we fully intend to carry out our mandate regardless of how confusing the present marketplace may appear. Keep in mind, that as contrarians we prefer to make our purchases when the market is under duress as opposed to competing with the investment hordes during a bullish feeding frenzy. While the present investment scene appears rather murky and fraught with risk, we remain relatively optimistic and will continue to make opportunistic purchases of undervalued securities.

While we are digging deeper and longer in our laborious search for overlooked and mispriced equities, we have uncovered a few stocks, which we have recently purchased for the ABC Funds. They include Aecon Group, Canfor Corporation, E-L Financial, Hudson's Bay Company and Transat AT. Each of these investments is fundamentally attractive for one reason or another, as we will discuss.

Aecon Group Incorporated

Aecon Group is a Toronto-based construction and development services company that operates worldwide. The Company's extensive operations include construction, design and engineering services, project financing procurement and operations management. Aecon has worked on such projects as the CN Tower, the 407 Highway, the Toronto Eaton's Centre and the Pearson International Airport.

Currently trading slightly above book value, at under ten times earnings and only three and one half times cash flow, Aecon, we believe, is a classic operating margin story. With sales of approximately \$1.3 billion and only about 25 million shares outstanding, if Aecon can increase its margins by even 0.1 or 0.2 of a percent, the company will significantly improve its bottom line. While generally unknown by institutional investors and brokerage analysts we expect Aecon to gradually gain recognition over the next several quarters.

Canfor Corporation

Canfor Corporation, based in Vancouver, is an integrated forest products company. Canfor primarily produces and supplies lumber and bleached kraft pulp from woodlands and facilities located in British Columbia and Alberta. The Company also produces semi-bleached and unbleached kraft pulp, bleached and unbleached kraft paper, plywood, remanufactured lumber products, hardboard paneling and a range of specialized wood products. Canfor distributes its products in Canada, the United States, the Far East and Europe from marketing offices worldwide.

As with most of our investments, Canfor is currently trading very close to book value and is yielding 2.3%. Although the Company's profitability is constrained by countervailing and anti-dumping duties imposed by the United States, strengthening pulp markets will help preserve profitability in the near-term. However, a resolution of the softwood lumber disagreement is needed before Canfor can return to historic levels of profitability. In the meantime, we believe that management made the correct decision to cut costs, improve efficiencies and curtail production. Once a stable trading arrangement with the United States is reached, Canfor has the capacity to ramp up production and generate solid earnings growth to the next peak of the cycle.

E-L Financial Corporation Limited

E-L Financial Corporation Limited is a holding company controlled by the Honourable Henry (Hal) Jackman, former Lieutenant Governor of Ontario. The main holdings of E-L Financial include a 100% interest in the Dominion of Canada General Insurance Company, a property and casualty underwriter, and an 80% interest in the Empire Life Insurance Company, a life and health underwriter. The Company also owns an investment portfolio that holds positions in publicly traded debt and equity securities and positions in closed-end investment funds. We believe that upon closer inspection, the market currently undervalues the sum of these parts.

Fundamentally, the most appropriate way to value E-L Financial should be based on the Company's book value or net asset value. Current book value is approximately \$325 per share and contains almost no goodwill. However, if Dominion and Empire are valued using multiples consistent with other publicly traded insurance companies and the investment portfolio is valued at current market prices, E-L Financial has a net asset value upwards of \$400 per share. Based on the 12% discount to book value and the significant discount to NAV, we believe that E-L Financial is undervalued both on an absolute and a relative basis.

Hudson's Bay Company

Founded in 1670, the Hudson's Bay Company is Canada's largest department store chain. Its two main businesses are the Bay department stores and the lower-priced Zellers stores. While the Company is attempting to cut costs and streamline operations, management is still struggling with the heavy competition from Wal-Mart Canada, Canadian Tire and Sears.

Reflective of these difficulties, Hudson's Bay is trading significantly below its book value of \$30. However, its valuation is supported by a dividend yield of approximately 2.5% and an improving balance sheet. With the help of strong

cash flows, debt has declined from \$1.4 billion in fiscal 1999 to \$457 million in fiscal 2001. As the Canadian retail environment brightens, Hudson's Bay's strong fundamentals should lead to a solid rebound in the share price.

Transat AT Incorporated

Transat is a fully integrated charter airline and international tour operator based in Montreal. With two recent financings, Transat has bolstered its balance sheet and we suspect will be able to take advantage of the disappearance of Canada 3000, Royal Airlines, Canadian Airlines and a slimmed down Air Canada. Clearly with fewer passenger seats available and stable or improving Canadian demand for air travel, we expect Transat, over the next few quarters, to obtain economies of scale and a better load factor. In combination with lower fuel prices and a stronger Canadian dollar, Transat will ultimately improve profitability and achieve earnings per share growth.

Trading at relatively low price to cash flow and earnings per share multiples, we believe Transat is relatively attractive compared to European tour companies. Further, Transat's two main operating businesses, the airline and the tour operations provide the company with a significant net asset value. Some analysts have speculated that the tour operations alone, Transat's hidden gem, are worth more than the Company's total market capitalization.

Although we cannot pinpoint the exact timing of the recovery or the potential return for these five common stocks, we are heartened by the fact that they are generally overlooked by the mainstream of investment analysts and portfolio managers. All five holdings are fundamentally solid, which provides us with great comfort in a difficult market. Any bit of positive news, including evidence of improving operational or financial results, could result in significant price appreciation.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

NAVPS	8.6307
Inc. Dist.	0.0000

June 30, 2002

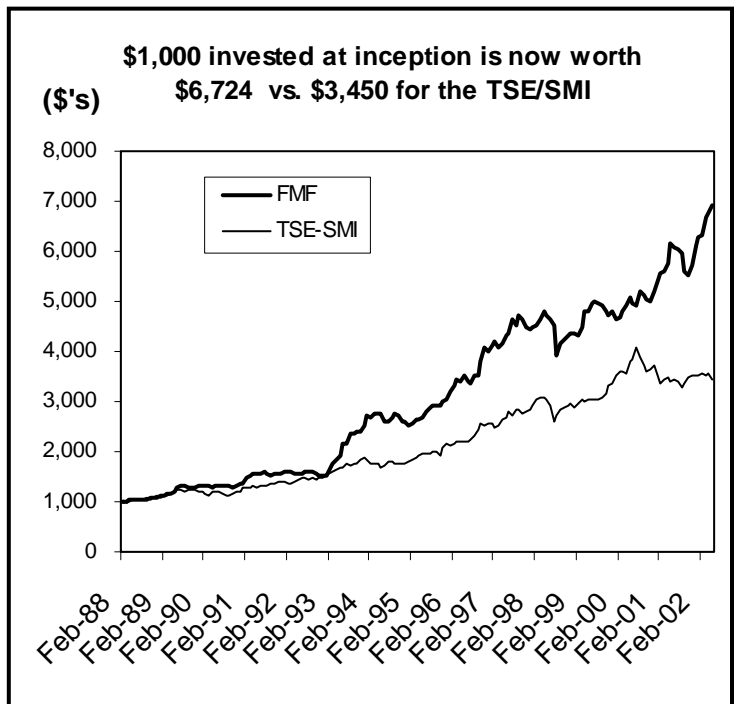
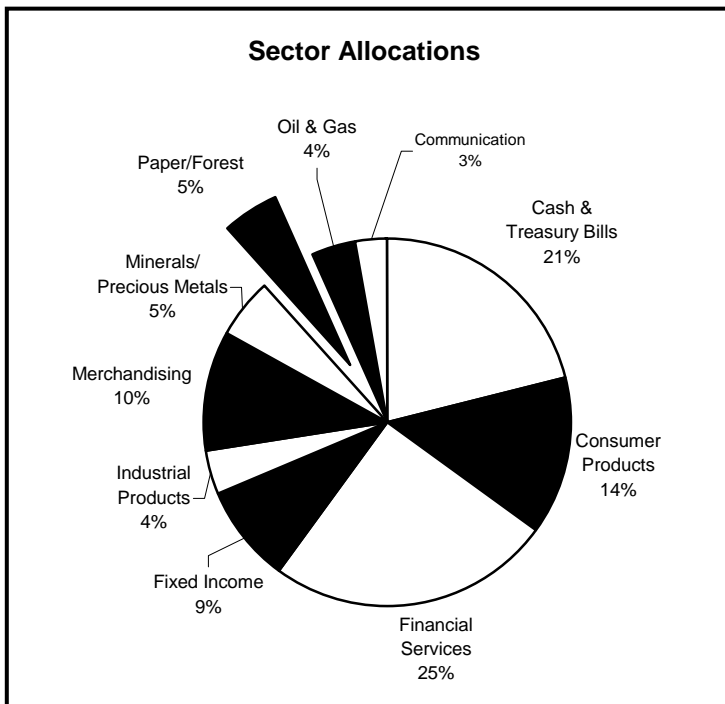
Objective

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	-3.06	-2.78	1989	23.68	17.20
Q2 2002	0.54	-2.65	1990	2.17	-4.32
1 Year	10.85	1.50	1991	14.69	17.35
2 Year	16.33	-4.83	1992	-1.48	4.75
3 Year	10.78	4.32	1993	64.35	24.36
5 Year	9.12	5.28	1994	2.82	-2.64
10 Year	15.75	9.23	1995	17.25	17.97
Since Inception*	14.22	9.02	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

June 30th, 2002

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.52089

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 21.15%			
96,512	C\$ Cash	97	97
435	U\$ Cash	1	1
132,837	RT CAP Cash In Action Fund	13,284	13,284
0	RT CAP Cash In Action Fund US \$	0	0
TOTAL CASH		13,381	13,381

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MINERALS/PRECIOUS METALS-- 5.43%			
250,000	Teck Corporation	2,024	3,438
TOTAL		2,024	3,438

FIXED INCOME -- 8.65%

2,000,000	Nexen - 6.85% 11/15/06	1,960	2,074
2,000,000	Co-Steel Conv. Deb. - 6.50% 4/30/07	1,780	1,468
2,000,000	Nova Chemical ., 7.85%, 08/30/10	1,984	1,929
TOTAL		5,725	5,471

COMMUNICATION -- 2.69%

200,000	Persona Inc.	2,106	1,700
TOTAL		2,106	1,700

COMMON STOCKS -- 70.20%

FINANCIAL SERVICES -- 25.04%

10,000	E-L Financial Corp.,	2,625	2,750
100,000	Laurentian Bank	2,554	3,080
250,000	MFP Financial	2,321	1,800
150,000	National Bank	2,322	4,545
175,000	Surrey Metro Savings Credit	2,253	3,666
TOTAL		12,075	15,841

OIL & GAS -- 4.07%

50,000	Canadian Natural Resources	2,441	2,576
TOTAL		2,441	2,576

CONSUMER PRODUCTS -- 13.88%

250,000	Canada Bread Company	2,510	5,723
150,000	Lassonde Industries	2,609	3,060
TOTAL		5,119	8,783

MERCHANDISING -- 10.42%

200,000	Hudson Bay Company	2,608	2,714
250,000	La Senza Corp.	2,381	3,875
TOTAL		4,989	6,589

PAPER/FOREST PRODUCTS -- 4.85%

275,000	Canfor Corp.	2,765	3,066
TOTAL		2,765	3,066

INDUSTRIAL PRODUCTS -- 3.83%

275,000	Agricore - United	2,305	2,420
TOTAL		2,305	2,420

TOTAL COMMON STOCK 33,825 44,413

TOTAL PORTFOLIO 52,930 63,264

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	15.8297
Inc. Dist.	

June 30, 2002

Objective

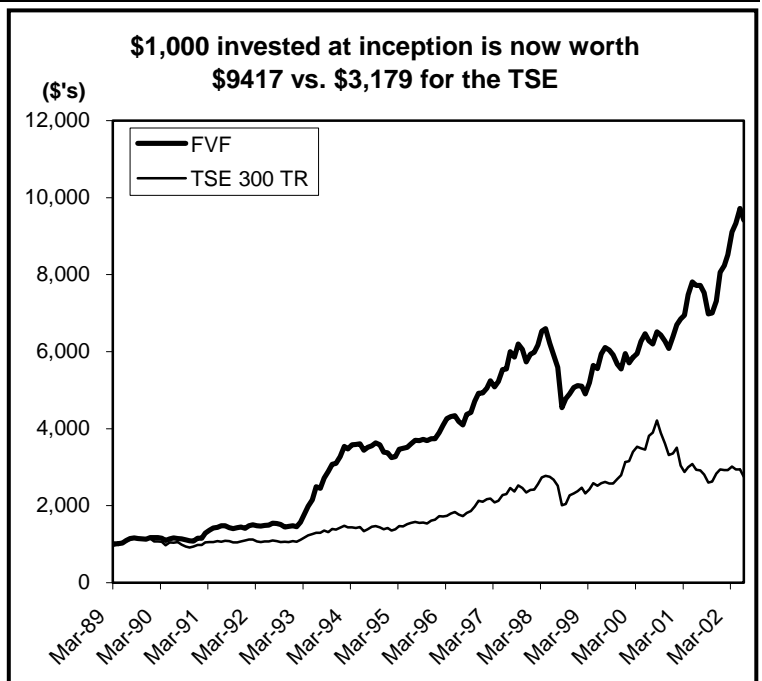
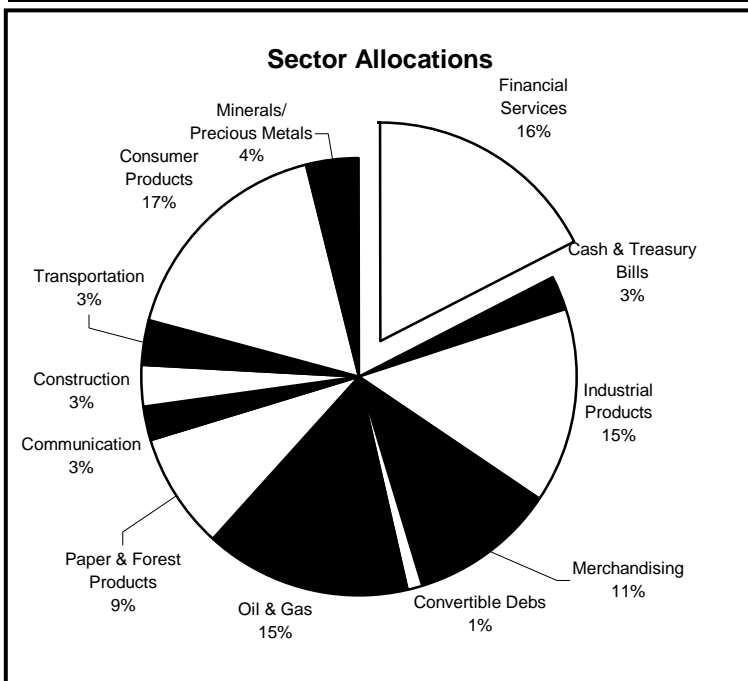
ABC Fundamental-Value Fund seeks out fundamentally undervalued Canadian equities. Our extensive "value research" style attempts to ferret out overlooked and out of favour Canadian equities. With these discerning selections we cobble a diversified portfolio of small, medium and large capitalization Canadian 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	-3.04	-6.46	1990	-1.98	-14.80
Q2 2002	3.43	-8.60	1991	22.92	12.02
1 Year	22.00	-6.11	1992	4.26	-1.43
2 Year	22.42	-15.03	1993	121.75	32.80
3 Year	16.57	2.10	1994	3.03	-0.63
5 Year	11.16	3.65	1995	11.08	14.83
10 Year	20.20	9.87	1996	31.75	28.35
Since Inception*	18.44	7.90	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
June 30th, 2002

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.52089

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 2.50%			
833,895	C\$ Cash	834	834
4,780	U\$ Cash	8	8
48,409	RT CAP Cash In Action Fund	4,841	4,841
0	RT CAP U\$ Cash Mgmt Fund	-	-
<u>TOTAL CASH</u>		5,682	5,682

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 10.76%			
650,000	Hudson Bay Company	8,686	8,821
525,000	La Senza Corp.	4,970	8,138
375,000	North West Co. Inc.	3,890	7,440
<u>TOTAL</u>		17,546	24,398

CONVERTIBLE DEBENTURES -- 1.00%

3,078,000	Co-Steel Inc. 6.50%, 04/30/07	2,662	2,259
<u>TOTAL CONVERTIBLE</u>		2,662	2,259

OIL & GAS -- 15.42%

900,000	Baytex Energy	4,338	6,480
2,100,000	Bow Valley Energy	3,145	3,255
125,000	Canadian Natural Resources	6,100	6,440
800,000	Devlan Exploration	2,493	1,520
1,350,000	Energy North	1,013	358
768,700	Gauntlet Energy	3,690	6,688
1,100,000	Ketch Energy Ltd.	4,219	5,709
1,175,300	Real Resources	4,732	4,525
<u>TOTAL</u>		29,729	34,974

COMMON STOCKS -- 96.50%

PAPER & FOREST PRODUCTS -- 8.50%

815,300	Canfor Corp., common	8,114	9,091
500,000	Riverside Forest Products	4,547	6,200
318,600	Taiga Forest Corp.	2,974	3,990
<u>TOTAL</u>		15,636	19,281

CONSUMER PRODUCTS -- 16.81%

365,000	Andres Wines Ltd. "A"	4,497	6,424
327,500	Arbor Memorial Services "B"	4,367	4,667
500,000	Canada Bread Company	5,005	11,445
850,000	FPI Limited	5,055	7,013
625,000	Shermag Inc.	4,124	8,594
<u>TOTAL</u>		23,047	38,142

FINANCIAL SERVICES -- 17.45%

30,000	E-L Financial Corp.	8,091	8,250
200,000	Laurentian Bank	5,199	6,160
650,000	MFP Financial	5,940	4,680
400,000	National Bank	5,795	12,120
400,000	Surrey Metro Savings Credit	5,267	8,380
<u>TOTAL</u>		30,292	39,590

COMMUNICATION -- 2.62%

700,000	Persona Inc	7,666	5,950
<u>TOTAL</u>		7,666	5,950

INDUSTRIAL PRODUCTS -- 14.60%

600,000	Agricore - United	5,020	5,280
500,000	Groupe Laperriere & Verrault	3,793	6,275
1,000,000	Magellan Aerospace	4,007	6,040
550,000	Masonite International Inc.	7,955	15,510
<u>TOTAL</u>		20,775	33,105

MINERALS/PRECIOUS METALS -- 3.94%

650,000	Teck Corporation	5,465	8,938
<u>TOTAL</u>		5,465	8,938

TRANSPORTATION -- 3.36%

1,000,000	AT Transat AT Inc., common	7,181	7,620
<u>TOTAL</u>		7,181	7,620

CONSTRUCTION -- 3.04%

1,150,000	Aecon Group Inc.	6,174	6,900
<u>TOTAL</u>		6,174	6,900

TOTAL COMMON STOCK 163,512 218,898

TOTAL PORTFOLIO 171,857 226,839

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ABC American-Value Fund (ABC AVF)

NAVPS	7.3685
Inc. Dist.	

June 30, 2002

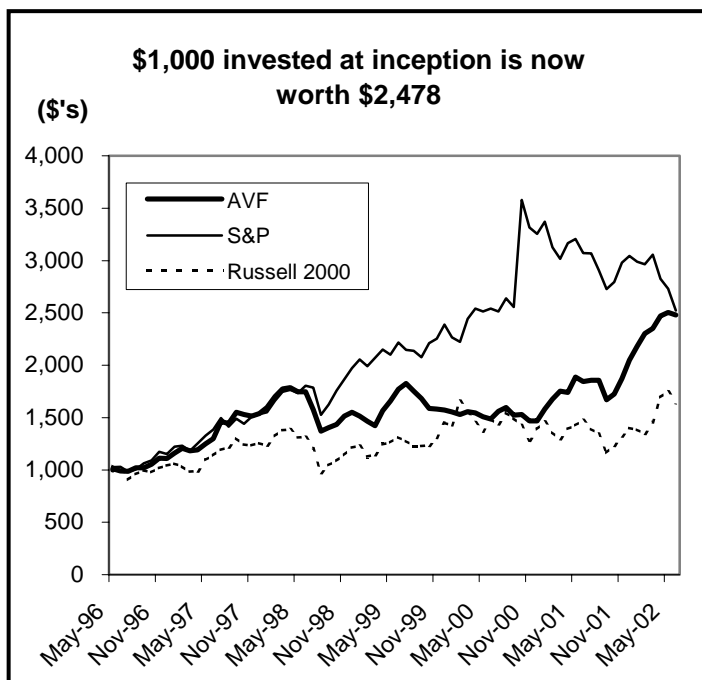
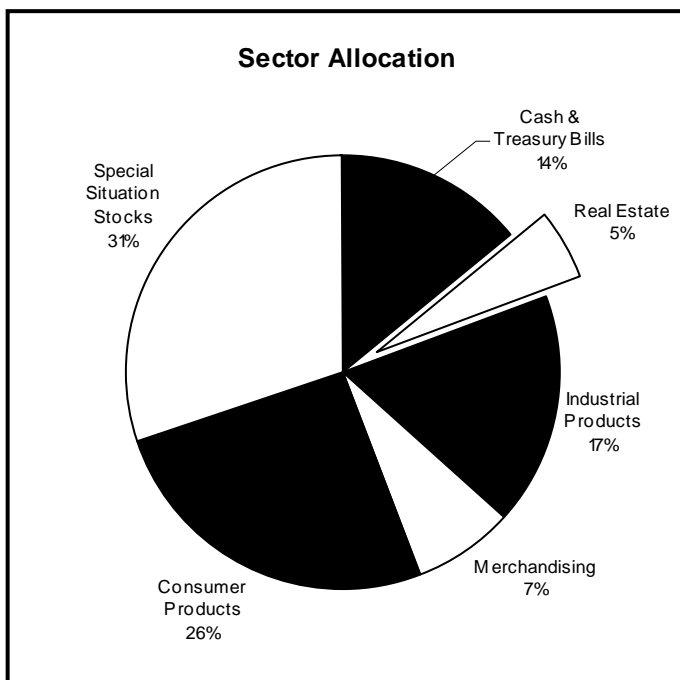
Objective

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	-1.01	-5.10	-7.66	1997	38.76	20.52	39.16
Q2 2002	5.34	-8.65	-17.47	1998	0.75	-3.45	37.69
1 Year	34.35	-9.87	-17.94	1999	1.47	19.62	14.14
2 Year	29.09	-5.43	-15.32	2000	-6.66	-4.20	-5.52
3 Year	11.87	0.36	-8.23	2001	39.52	1.03	-6.45
5 Year	13.79	3.14	5.65				
Since Inception*	16.09	4.71	10.41				

*Inception date for the Fund was May 2, 1996





ABC American-Value Fund, Statement of Investment Portfolio

June 30th, 2002

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 15.86%			
180,464	Cash	180	180
32,169	RT CAP Cash In Action Fund	3,217	3,217
	US \$ Cash	1,592	1,592
222	RT CAP US\$ Cash Fund	34	34
	<u>TOTAL CASH</u>	5,024	5,024

COMMON STOCKS -- 84.14%

INDUSTRIAL PRODUCTS -- 16.86%

65,000	Ampco-Pittsburgh Corp.	1,147	1,186
50,000	Building Material Holding Corp	894	1,093
25,000	Dura Automotive Systems Inc.	1,051	789
82,500	Griffon Corp.	821	2,271
	<u>TOTAL</u>	3,912	5,339

OIL & GAS-- 2.79%

75,000	Tesoro Petroleum	1,274	884
	<u>TOTAL</u>	1,274	884

CONSUMER PRODUCTS -- 14.69%

60,000	Haggar Corp.	1,145	1,465
62,500	Handleman Company , common	1,070	1,378
75,000	TBC Corp.	793	1,811
	<u>TOTAL</u>	3,008	4,654

exchange rate used is 1.5209

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 11.36%			
200,000	Bombay Company Inc.	850	1,338
27,800	Bon - Ton Stores Inc.	126	199
32,500	Dillard's Inc.	1,164	1,299
75,000	Syms Corp.	1,364	762
	<u>TOTAL</u>	3,505	3,599

REAL ESTATE -- 3.98%

100,000	Amrep Corp.	1,334	1,262
	<u>TOTAL</u>	1,334	1,262

TRANSPORTATION -- 0.29%

4,000	Old Dominion Freightline Inc.	58	92
	<u>TOTAL</u>	58	92

SPECIAL SITUATION STOCKS -- 34.17%

250,000	Aecon Group Inc.	1,313	1,500
130,000	Canfor Corp. Inc.	1,288	1,450
5,000	E-L Financial Corp. Ltd.	1,361	1,375
75,000	Lassonde Industries Inc. "A"	1,345	1,530
75,000	MFP Financial	698	540
100,000	Persona Inc.	1,043	850
100,000	Riverside Forest Products	929	1,240
100,000	Shermag Inc.	685	1,375
70,000	Teck Corporation	812	963
	<u>TOTAL</u>	9,472	10,822

TOTAL COMMON STOCK 22,563 26,652

TOTAL PORTFOLIO 27,587 31,675

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Aesop's Fables

One of my favourite series of childhood bedtime stories were Aesop's Fables. The stories were very allegorical and anecdotal and served to describe human strengths and failings.

But who was Aesop? Aesop, a Greek slave, lived about 600 B.C. and was a remarkable narrator who utilized animal fables to spin a common sense vignette to illustrate a moral point. The stories centered on animals who would act and speak like people relating a truism of profound wisdom. Ultimately we were left with an unforgettable lesson. Moreover, given that animals acted out our human failings and offered indelible teachings through these fables, they have become endeared and etched in our memories forever. These stories have withstood the test of time because they were wonderfully simplistic yet insightful tales.

For over two and a half thousand years millions of people worldwide have relished such stories about the hare and the tortoise race, the lion and the mouse, the fox who couldn't reach the grapes, the goose who laid the golden egg and the lazy grasshopper and the prudent ant. Quite frankly, I cannot point out my favourite story since I have enjoyed them all. However, from my vantage point I believe Aesop's Fables bear incredible insight and relevance to our investment industry.

The basic human failing of greed, the primary downfall of many past and present day stock market investors, is well portrayed and

immortalized in many of Aesop's Fables. The profound common sense and logic of these stories over 2500 years old still bear remarkable relevance today in our frenetic investment world of 2002. In addition, many of the morals or conclusions such as the race between the hare and the tortoise deeply illustrate the keys to investment success such as patience, perseverance and discipline.

In the fable, the overconfident and undisciplined hare continuously exhibits many of the attributes of today's unsuccessful investor. The plodding tortoise, on the other hand, features the primary necessities toward investment mastery. He is singularly focused (on successfully completing the race), extremely disciplined (he is not distracted by any outside influences or diversions) and possesses a well-grounded confidence and optimism (he was neither intimidated nor resigned to defeat by the hare's overwhelming advantages of speed, agility, etc.)

Overall, it is true that serious investors can glean a lot of market information from well-known investment and economic publications and the numerable investment dealer reports. It is my sense, however, that a pleasant afternoon's worth of reading through Aesop's Fables can offer many useful investment insights toward attaining superior rates of returns and monetary success.

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