

Saying Goodbye to Old Friends

You don't drown by falling in the water.
You drown by staying there.

- *Anonymous*

I believe one must be proactive in life and this holds true for investing as well. The fact is that one doesn't prosper in the market by standing still. One gets ahead by being focused, inquisitive and persevering. Invariably successful research, analysis and good judgment involve agility, determination and opportunism. When confronted by an unexpected opportunity often one must be forceful to make an accelerated decision without necessarily possessing all the facts. In practise one must stick to one's investment disciplines and analytical convictions. These points are particularly relevant to portfolio management and the liquidation of securities.

It is my view that there are two major investment decisions relating to portfolio management. The first is when to buy a security. This decision is relatively easy since as managers we are entrusted to stock up a portfolio with equities. Common stocks, however, tend to trade within an acceptable price range of value. At times they will under and overshoot their intrinsic worth. Theoretically when they undershoot, due to a panicky seller, we buy more stock. On the other hand when they overshoot in price due to a highly motivated buyer, we sell. It is the latter decision I would like to focus on.

The sell decision is all-encompassing involving good judgment and an iron will. Selling a stock which has done extremely well for an investment manager is akin to "saying goodbye to an old friend". In evaluating a common stock one

must distinguish between liking a company and liking its share price. There is, after all, a difference. For instance, a company with excellent management can be continuously held in high esteem. However, while the quality of management and the resultant company performance may not change over time, its common share price will tend to gyrate due to innumerable market influences. But a stock price might get seriously out of line in relation to its true value and this is where the gauntlet is thrown to us as portfolio managers. Ultimately, we must abide by our disciplines.

Recently, we were confronted with this very situation and sold two longstanding ABC Funds favourites, Canada Bread Company and FPI Limited. They were not easy decisions considering that we held these two stocks for a long period and had done exceedingly well. Nonetheless, a tough decision had to be made. In a nutshell we had to deal with a natural human tendency of complacency, review the investment merits of these two companies in relation to their price and make a serious financial decision. In the end we concluded that it was in the best interests of ABC Funds to liquidate both holdings and say goodbye to two old friends.

ECONOMIC PERSPECTIVES**Throwing Mud at a Wall**

It is no secret that the U.S. Federal Reserve and the Bush Administration are concerned about the precarious state of the U.S. economic recovery. They are throwing whatever they can to rejuvenate lethargic North American economic growth including: loose monetary policy, low \$U.S., tax cuts, reduced interest rates, increased government spending and moral suasion. The stakes are high: the risk of a Japanese-style economic malaise, a

successful second term re-election campaign of President George W. Bush, deflation, burgeoning U.S. government spending deficit etc.

Analogously speaking, the present stimulus appears as if the Fed and President Bush throw enough mud at a wall eventually some of it will stick. Although frustrating, at times, we believe these policies will eventually succeed.

INVESTMENT PERSPECTIVES**Looking Beyond the Valley**

The equity markets have been surprisingly firm over the past few months. This price strength has occurred in spite of an uncertain worldwide economic outlook, SARS, Mad Cow disease, weak \$U.S./strong \$CDN, corporate earnings warnings as well as the Mid-East/Iraq difficulties. Clearly investors are looking beyond this valley of uncertainty and are focusing on an economic recovery to occur sometime in late 2003-early 2004. Unfortunately there are risks to this scenario. If, for whatever reason, economic recovery is delayed a

quarter or two, the equity markets are vulnerable to considerable short-term price volatility.

In spite of this potential hazard we remain optimistic that a U.S. Federal Reserve/Bush Administration induced economic recovery will eventually occur. The only uncertainty is its timing. And so, while investors may be jumping the gun by looking beyond the valley, we do foresee an improving economic and investment scenario.

PORTFOLIO PERSPECTIVES**Holding Cash; Looking For Bargains**

Having recently liquidated a few fully-valued common stocks our ABC Funds cash position has climbed to 15%. While our intent is to recycle these funds and reduce our cash reserve to 5% we are, at this time, labouriously looking for bargains. Unfortunately we are not uncovering many undervalued equities and, as a result, we intend to patiently await any short-term market breaks to add to our share holdings.

We have drawn up a potential buy list of a half dozen common stocks, which we will purchase at the right opportunity. In a nutshell, we are looking to upgrade our portfolios by adding equities that are dividend-paying with solid balance sheets, good earnings and cash flow prospects.



Restocking A Portfolio

A-Pick-Me-Up

From time to time a portfolio manager must revamp a portfolio. This is accomplished by selling a few winners and losers which no longer represent value and by adding various, new undervalued holdings. Honestly, this is never an easy decision. It is, in effect, a two-stage process; once a partial liquidation is carried out a manager is confronted with the challenge of restocking a portfolio with the resulting cash.

During the course of the tedious research and analysis to restock a portfolio, a manager often looks for a pick-me-up or two. Pick-me-ups represent attractive stocks with solid potential which will drive an invigorated portfolio to superior performance. A pick-me-up portrays not only an appealing stock selection for a portfolio but it is also an important psychological booster to an investment manager who has previously made some very tough asset sales. Simply put, by recalibrating a portfolio this action will not only refresh a tired bunch of old stocks toward improved performance but also reinvigorate the manager, himself.

Over the past several months we have, in fact, liquidated a number of holdings. These include: Canada Bread, FPI Limited, Hudson Bay Company, Inco and National Bank, in addition to a few American stocks such as Ampco-Pittsburgh, Amrep, Griffon and Tesoro. This was a judgment call as we sold stocks which either had reached our sell targets or no longer fit our investment strategy. We then set about to restock our portfolios with new, enriched holdings. We subsequently added a number of fresh selections including a few potential pick-me-ups such as Danier Leather, Northbridge Financial Corp, Sherritt International, JC Penney and Kaman Corp.

While in transition, from a tired portfolio toward that of a revitalized new roster, patience is all-important since tangible, positive results can take a number of months. Moreover, while this period can be extremely frustrating, I believe the end result is well worth the wait.

Irwin A. Michael, CFA

Four Undervalued ABC Favourites

We are constantly on a diligent hunt for undervalued company shares to include in our three ABC Funds portfolios. Our research methods involve an ongoing quest incorporating extreme patience and discipline alongside our ABC Funds Ten Commandments of Value Investing. While at times this search process can be painstaking and tedious the end result is normally psychologically and monetarily rewarding. Ultimate success involves a combination of serious investigation, patience and courage of one's convictions.

Over the past several months we have uncovered four undervalued companies, which we subsequently added to our ABC Funds. A brief analysis and commentary on these four securities follows. Most interesting is the fact that three of these four securities are in the consumer retailing industry --- a sector hard hit by SARS, bad winter weather, Iraq-CNN War and uncertain consumer spending patterns.

BON-TON STORES

The Bon-Ton Stores, Inc., is a York, Pennsylvania family controlled business operating 72 quality fashion department stores in small secondary markets where retail competition is sparse. Bon-Ton is not officially followed by any Wall Street investment analysts and trading in the stock can be relatively thin.

Bon-Ton shares have performed well recently increasing 48% above its November low of \$3.37. It appears as though the investment community is beginning to take notice of this under-followed company. Even with the recent appreciation in price, we continue to believe that Bon-Ton remains one of the most undervalued companies in the retailing sector. The stock trades at only one third of its book value of \$14 and less than 7 times this year's expected earnings, which management believes will be in the range of \$0.65 to \$0.70 per share. Bon-Ton also pays a \$0.025 quarterly dividend which, currently represents a yield of about 2%.

Bon-Ton's depressed share price can be attributed to a slower growing U.S. economy, flattish top line revenue increases over the past several years and its position as a small capitalization, under-followed public department store. With its strong financial position, we believe that when the U.S. economy does recover

Bon-Ton will be well-positioned for future revenue growth and increased profitability.

DANIER LEATHER

In operation since 1972, Danier Leather is a vertically integrated company, which designs, manufactures and retails leather and suede products. The company's clothing and accessories are sold exclusively under The Danier label. Currently, Danier operates 97 shopping mall, street-front and power centre stores.

The Canadian retailing market has proven to be challenging over the past year. We have seen large department stores struggle as consumers flock to niche players and superstores. In light of this consumer trend, we feel that Danier Leather is an opportunistic value find. At its current price of \$10.00, Danier is trading at approximately its tangible book value and under 7 times 2002 earnings. Further enhancing its low valuation is a solid balance sheet with no debt.

Furthermore, over the last 5 years, Danier has consistently demonstrated positive sales growth. It is expected that further growth will be led with expansion into power centres. The company feels that there is potential for 50 more outlets in Canada. In addition, Danier will continue to slowly increase its presence in the United States.

On another note, with the recent strength of the Canadian dollar, it is also essential to evaluate Danier's exposure to the currency. A stronger Canadian dollar is actually beneficial with 70% of Danier's products purchased and manufactured overseas in US\$. Hence, its cost of goods sold will be reduced which will improve its gross margins. While a positive, management has indicated that the benefits of a stronger Canadian dollar will not be realized until sometime in the next fiscal year since the company has proactively purchased its leather ahead of time.

We feel that Danier's strong fundamentals, market niche and business model will support the company's potential growth. As this growth through expansion continues, backed by a solid, debt-free balance sheet, we feel that Danier's share price will improve over time.

JC PENNEY

The JC Penney Company, Inc. operates two distinct divisions: the department stores/catalog division and Eckerd Corporation. The department stores/catalog division comprises over 1000 moderately priced department store chains while the Eckerd drugstore chain operates close to 2700 drugstores located through the Southeast, Sunbelt, and Northeast regions of the U.S.

JC Penney shares reached a high of \$80 in June of 1998 after years of strong earnings growth. By that time, however, many of JC Penney's department store customers were starting to flock to off-the-mall retailers such as Kohl's and Target, which offered centralized checkouts, bigger aisles and better signage. At the end 2000 JC Penney shares could be purchased for less than \$10 as the once dominant retailer was clearly falling behind the times.

In September of 2000, Allen Questrom was hired as the company's new CEO. Upon arriving at the company, Questrom immediately put together a five-year plan for JC Penney that would see it transition to a centralized operating platform. This included opening 13 centralized distribution warehouses and shifting to centralized buying. The plan also aimed to implement changes in marketing and store operations. By the end of 2001, JC Penney had positive same store sales for the first time in 4 years. In 2002, JC Penney earned \$1.37 a share: the first increase in earnings since 1998.

We believe that based on JC Penney's current share price, the market is undervaluing the sum of its parts. Essentially, JC Penney's share price represents a very good deal: buy JC Penney and gets Eckerd for free. Based on comparable market multiples of publicly traded companies, we believe that the department stores alone are worth the price of the shares. In fact, the combined net asset value, or break-up value of JC Penney and Eckerd together is likely worth between \$26 and \$28 per share. At current levels, JC Penney shares sell at a 38% discount to our net asset value and a 24% discount to its book value of around \$22. Downside risk in the stock should be mitigated by its tangible book value of \$12 and its 3% dividend yield. We are optimistic that the market will eventually price JC Penney in line with its book and net asset value.

NORTHBRIDGE FINANCIAL

Northbridge Financial Corporation is one of Canada's top commercial property and casualty insurers. The Company operates through four key divisions, Lombard Canada, Markel, Federated Insurance and Commonwealth Insurance Company. Northbridge also provides home and automobile insurance to select demographics, although personal insurance accounted for only 14% of gross written premiums in 2002. Originally a wholly owned subsidiary of Fairfax Financial, 26% of the Company or 13.4 million shares were recently sold through an initial public offering. Northbridge began trading on May 23, 2003 under the symbol NB.

Northbridge's gross written premiums have grown at an annual rate of 20% over the past 4 years and reached \$1.8 billion in 2002. Over the past fifteen years, Northbridge's return on equity has averaged 11.9%, which is above the industry average. In 2002, the Company's combined ratio (claims and expenses as a percentage of net premiums earned) was 97.4%, indicating that the business was profitable at the underwriting level. Further, Northbridge's investment portfolio is managed by Hamblin Watsa and has outperformed benchmarks consistently over a ten-year timeframe. The Company has no debt on the balance sheet and claims provisions have been more than adequate to cover actual claims expenses.

At the IPO price of \$15, Northbridge Financial was priced at only 1.2 times book value of \$12.50. The Company pays a \$0.60 dividend, which yielded 4% at the issue price or approximately 3.2% at the current market price. The outlook for earnings growth is good for two main reasons. First, the property and casualty industry is experiencing "hard-markets", characterized by pricing power, underwriting profitability and a rising return on equity. The Company's focus on the commercial sector is important because the business is less susceptible to pricing regulation from the government. Second, the recent equity market rally should improve investment returns and therefore the Company's bottom line. We believe that the hard markets could persist for several years, ensuring solid earnings momentum in the near to mid-term.

ABC Fully-Managed Fund (ABC FMF)

NAVPS	8.3979
Inc. Dist.	0.0181

June 30, 2003

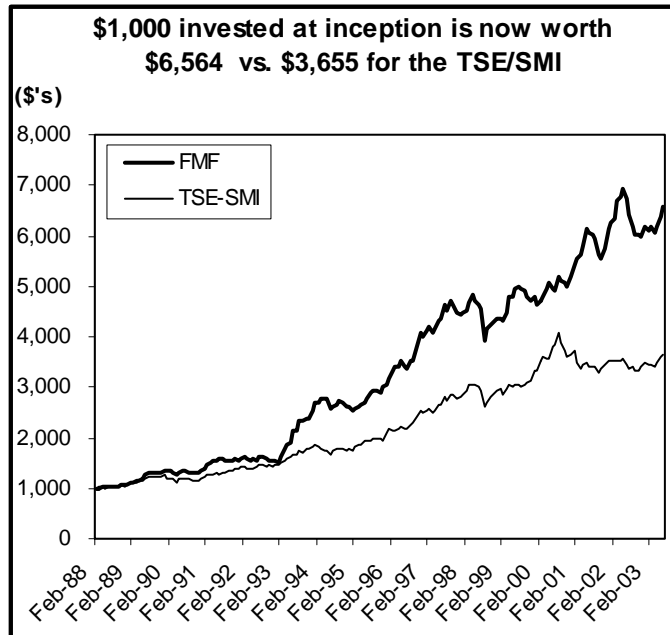
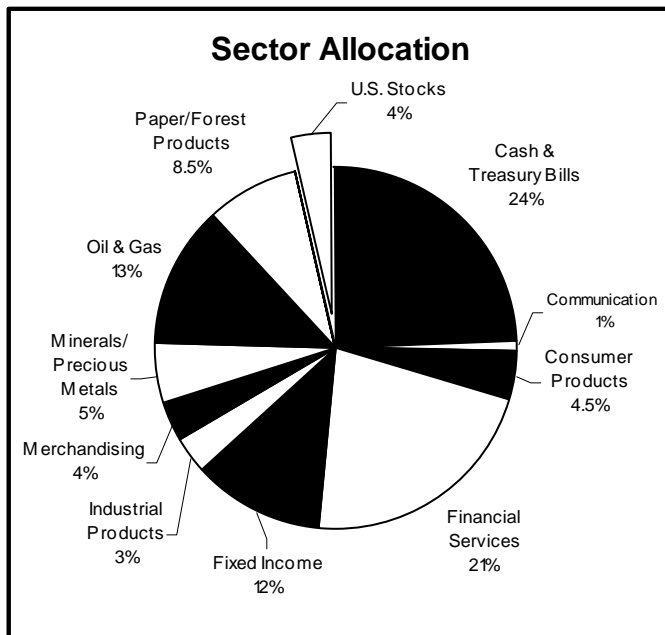
Objective

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	3.16	1.06	1989	23.68	17.20
Q2 2003	8.47	7.42	1990	2.17	-4.32
1 Year	-2.37	5.95	1991	14.69	17.35
2 Year	4.03	3.70	1992	-1.48	4.75
3 Year	9.73	-1.36	1993	64.35	24.36
5 Year	7.23	3.86	1994	2.82	-2.64
10 Year	11.80	8.20	1995	17.25	17.97
Since Inception*	13.06	8.82	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
			2002	0.77	-1.47

*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, 2003

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.358751

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 24.45%			
172,374	C\$ Cash	172	172
435	U\$ Cash	1	1
97,836	RT CAP Cash In Action Fund	9,784	9,784
0	RT CAP Cash In Action Fund US \$	0	0
3,000,000	BMO Bank Accept. 3.08%, 09/18/03	2,977	2,977
3,000,000	CIBC Bank Accept. 3.04%, 09/26/03	2,977	2,977
	<u>TOTAL CASH</u>	15,911	15,911
FIXED INCOME -- 11.73%			
2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,156
2,000,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	1,780	1,580
2,000,000	Magellan Aerospace, conv. 8.50%, 01/31/08	2,000	1,875
2,000,000	Nova Chemical, 7.85%, 08/30/10	1,984	2,020
	<u>TOTAL</u>	7,725	7,631
COMMON STOCKS -- 63.83%			
FINANCIAL SERVICES -- 21.70%			
11,500	E-L Financial Corp.	2,999	3,007
200,000	Kingsway Financial Services	2,308	3,270
100,000	Laurentian Bank	2,554	2,611
250,000	MFP Financial	2,321	1,906
175,000	Northbridge Financial Corp.	2,651	3,334
	<u>TOTAL</u>	12,833	14,128
MERCHANDISING --3.76%			
250,000	La Senza Corp.	2,381	2,450
	<u>TOTAL</u>	2,381	2,450
INDUSTRIAL PRODUCTS -- 3.11%			
275,000	Agricore - United	2,305	2,021
	<u>TOTAL</u>	2,305	2,021

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MINERALS/PRECIOUS METALS-- 5.09%			
300,000	Teck Corporation	2,571	3,315
	<u>TOTAL</u>	2,571	3,315
COMMUNICATION -- .76%			
105,800	Persona Inc.	986	497
	<u>TOTAL</u>	986	497
OIL & GAS -- 12.80%			
50,000	Canadian Natural Resources	2,441	2,688
75,000	Nexen Inc.	2,381	2,561
50,000	Talisman Energy Inc.	2,691	3,075
	<u>TOTAL</u>	7,514	8,324
CONSUMER PRODUCTS -- 4.55%			
155,000	Lassonde Industries	2,689	2,961
	<u>TOTAL</u>	2,689	2,961
PAPER/FOREST PRODUCTS -- 8.53%			
300,000	Canfor Corp.	2,965	2,643
350,000	Nexfor Inc.	2,758	2,909
	<u>TOTAL</u>	5,723	5,552
U.S. STOCKS -- 3.52%			
100,000	J.C. Penney Co. Inc.	2,461	2,289
	<u>TOTAL</u>	2,461	2,289
	<u>TOTAL COMMON STOCK</u>	39,464	41,537
	<u>TOTAL PORTFOLIO</u>	63,099	65,079

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	14.6144
Inc. Dist.	

June 30, 2003

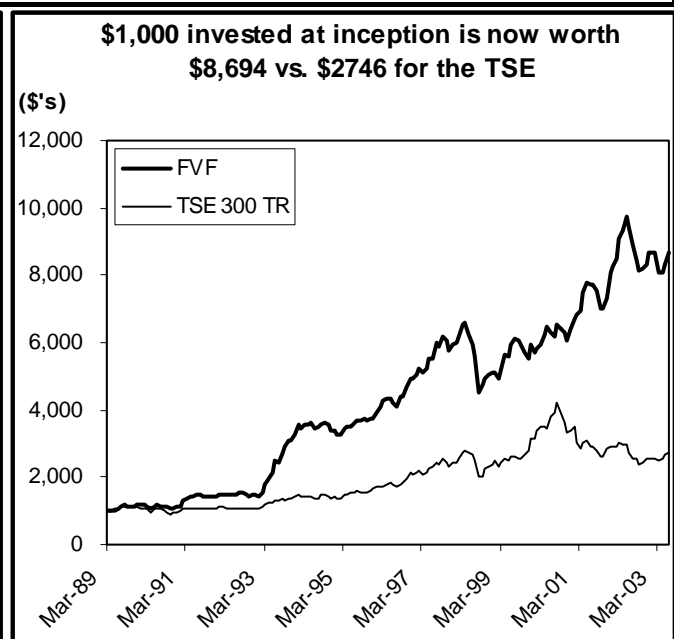
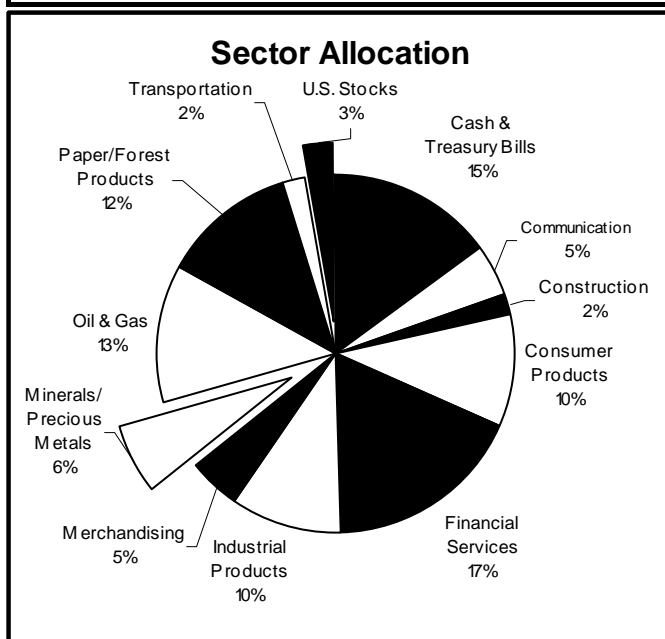
Objective

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	
	ABC FVF (%)	Benchmark**	ABC FVF (%)	Benchmark**
1 Month	4.34	2.05	1990	-1.98
Q2 2003	7.50	10.62	1991	22.92
1 Year	-7.68	-0.27	1992	4.26
2 Year	6.13	-3.24	1993	121.75
3 Year	11.43	-10.37	1994	3.03
5 Year	8.02	0.53	1995	11.08
10 Year	13.32	7.79	1996	31.75
Since Inception*	16.39	7.31	1997	20.35
			1998	-13.81
			1999	16.25
			2000	7.51
			2001	26.06
			2002	7.62
				-12.44

*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, 2003

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.358751

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 14.88%			
258,636	C\$ Cash	259	259
4,780	U\$ Cash	7	6
344,867	RT CAP Cash In Action Fund	34,487	34,487
0	RT CAP U\$ Cash Mgmt Fund	-	-
<u>TOTAL CASH</u>		34,752	34,752

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 4.70%			
550,000	Danier Leather, common	5,520	5,830
525,000	La Senza Corp.	4,970	5,145
<u>TOTAL</u>		10,490	10,975

COMMON STOCKS -- 85.13%

OIL & GAS -- 12.55%			
2,500,000	Bow Valley Energy	3,725	4,000
1,000,000	Devlan Exploration	2,839	2,150
250,000	Nexen Inc.	8,028	8,538
1,200,000	Real Resources	4,818	5,400
150,000	Talisman Energy	8,136	9,225
<u>TOTAL</u>		27,546	29,313

PAPER & FOREST PRODUCTS -- 12.42%

CONSUMER PRODUCTS -- 10.05%			
900,000	Canfor Corp., common	8,768	7,929
1,100,000	Nexfor Inc.	8,658	9,141
600,000	Riverside Forest Products	5,501	6,780
700,000	Taiga Forest Corp.	3,356	5,180
<u>TOTAL</u>		26,283	29,030

FINANCIAL SERVICES -- 17.82%

COMMUNICATION -- 4.71%			
1,000,000	CanWest Global Comm.	6,417	8,650
500,000	Persona Inc	5,451	2,350
<u>TOTAL</u>		11,868	11,000

35,600	E-L Financial Corp.	9,465	9,309
250,000	Laurentian Bank	6,457	6,528
575,000	Kingsway Financial Services	6,635	9,401
650,000	MFP Financial	5,940	4,956
600,000	Northbridge Financial Corp.	9,060	11,430
<u>TOTAL</u>		37,558	41,624

MINERALS/PRECIOUS METALS -- 6.20			
1,250,000	Sherritt International Corp.	5,000	5,663
800,000	Teck Corporation	7,106	8,840
<u>TOTAL</u>		12,106	14,503

INDUSTRIAL PRODUCTS -- 10.09%

CONSTRUCTION -- 1.97%			
600,000	Agricore - United	5,020	4,410
500,000	Groupe Laperriere & Verreault	3,793	8,375
1,000,000	Magellan Aerospace	4,007	2,400
300,000	Masonite International Inc.	3,310	8,364
<u>TOTAL</u>		16,130	23,549

U.S. STOCKS -- 2.70%			
275,000	J.C. Penney Co. Inc., common	6,671	6,296
<u>TOTAL</u>		6,671	6,296

TRANSPORTATION -- 1.90%

975,000	Transat AT Inc., common	6,714	4,446
<u>TOTAL</u>		6,714	4,446

<u>TOTAL COMMON STOCK</u>		177,530	198,811
<u>TOTAL PORTFOLIO</u>		212,283	233,562

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ABC American-Value Fund (ABC AVF)

NAVPS	6.6326
Inc. Dist.	

June 30, 2003

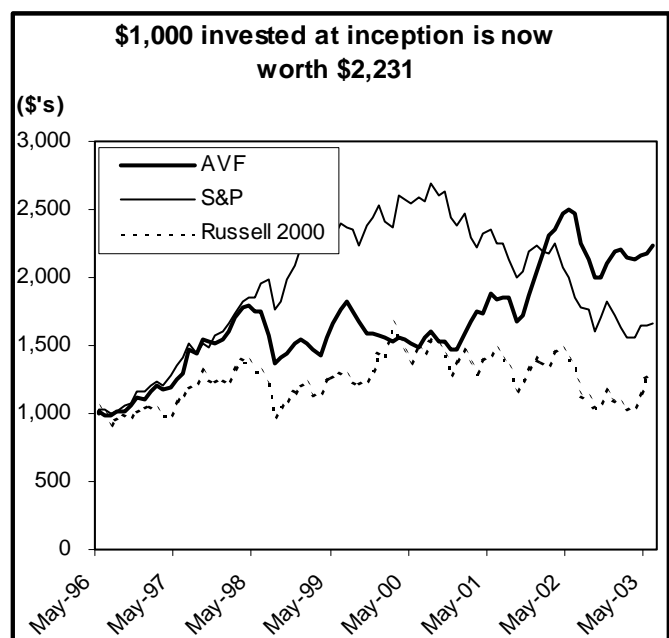
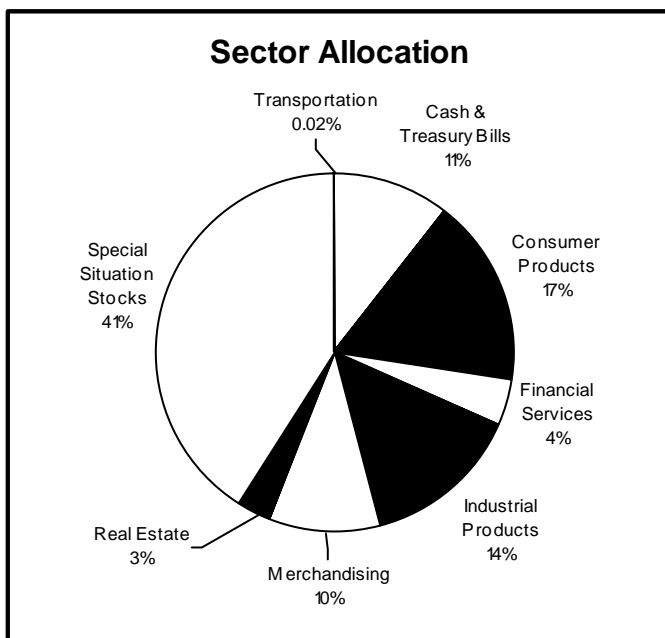
Objective

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	2.54	1.67	0.14	1997	38.76	20.52	39.16
Q2 2003	4.82	22.99	6.45	1998	0.75	-3.45	37.69
1 Year	-9.99	-3.09	-10.52	1999	1.47	19.62	14.14
2 Year	9.97	-6.54	-14.31	2000	-6.66	-4.20	-5.52
3 Year	14.47	-4.65	-13.75	2001	39.52	1.03	-6.45
5 Year	5.03	-0.40	-3.22	2002	6.91	-21.58	-22.74
Since Inception*	11.99	3.59	6.92				

*Inception date for the Fund was May 2, 1996





ABC American-Value Fund, Statement of Investment Portfolio

June 30th, 2003

exchange rate used is 1.35875

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 10.67%			
117,624	Cash	118	118
8,004	RT CAP Cash In Action Fund	800	800
198,753	US \$ Cash	281	270
15,239	RT CAP US\$ Cash Fund	2,209	2,071
<u>TOTAL CASH</u>		3,408	3,259

COMMON STOCKS -- 89.33%

INDUSTRIAL PRODUCTS -- 14.01%

30,000	Ameron Int'l Corp.	1,119	1,417
50,000	Building Material Holding Corp	893	1,006
25,000	Dura Automotive Systems Inc.	1,051	321
18,900	Gehl Company	263	262
80,000	Kaman Corp., common	1,169	1,271
<u>TOTAL</u>		4,496	4,277

TRANSPORTATION -- 0.02%

1,600	Frozen Food Express Ind.,	6	7
<u>TOTAL</u>		6	7

CONSUMER PRODUCTS -- 16.92%

50,200	Edelbrock Corp.	695	706
85,000	Garden Fresh Restaurant Corp.	1,267	1,039
61,000	Haggar Corp.	1,160	1,036
45,000	Lone Star Steakhouse & Saloon	1,298	1,331
117,700	Quaker Fabric Corp.	1,173	1,056
<u>TOTAL</u>		5,594	5,168

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 10.11%			
200,000	Bon - Ton Stores Inc.	1,371	1,345
32,500	Dillard's Inc.	1,164	595
50,000	J.C. Penney Co. Inc., common	1,216	1,145
<u>TOTAL</u>		3,751	3,085

REAL ESTATE -- 2.99%

100,000	Prime Hospitality	1,356	912
<u>TOTAL</u>		1,356	912

FINANCIAL SERVICES -- 4.12%

27,500	Prudential Financial Inc.	1,216	1,257
<u>TOTAL</u>		1,216	1,257

SPECIAL SITUATION STOCKS -- 41.16%

250,000	Aecon Group Inc.	1,313	1,000
25,000	Canadian Natural Resources	1,214	1,344
130,000	Canfor Corp. Inc.	1,288	1,145
77,000	Lassonde Industries Inc. "A"	1,377	1,471
100,000	Kingsway Financial Services	1,154	1,635
75,000	MFP Financial	698	572
150,000	Nexfor Inc.	1,206	1,247
80,000	Northbridge Financial	1,206	1,524
125,000	Riverside Forest Products	1,167	1,413
110,000	Teck Cominco "B", common	1,170	1,216
<u>TOTAL</u>		11,792	12,565

TOTAL COMMON STOCK **28,210** **27,271**

TOTAL PORTFOLIO **31,619** **30,530**

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One's Passion In Writing

Churchill wrote his own speeches. When a leader does that he becomes emotionally invested with his utterances. If Churchill had had a speech writer in 1940, Britain would be speaking German today.

- James Humes

I enjoy writing. It is a labour of love. Writing, moreover, is forever. Unlike a speech, which most people forget after ten minutes, writing, once published, is imprinted for eternity. As a result, a writer is truly accountable for whatever he puts down on paper. After all there are no lapses in memory as in a speech heard, say, 12 weeks earlier.

Writers are tied to their words and can often be subsequently called upon to explain or defend something they wrote six or twelve months before. This fact is not lost upon most writers and so it is understandable that they must take inordinate care to "think out" their viewpoints and review their potential impact and consequences.

From my experiences I have found investment writing to be particularly challenging but also emotionally and monetarily rewarding. With so much at stake, for example money, readers are extremely sensitized to what investment writers conclude. Unlike a speech where an audience will listen to the content only once, a written letter such as our ABC Perspective can be read and reread a hundred times. This ability to review a commentary many times enables the reader to have ample time to critique and second-guess a writer's previous investment conclusions. Once again most investment writers recognize this and often spend extraordinary time to perfect their message. Invariably

their labourious efforts will show. This written honing and primping of economic and investment prognostications is all-important. It leads, in the end, toward an unexplainable writer's passion. From my point of view I find that when I prepare a written investment piece I try to strongly identify with my subject or theme. In many cases my passion for investment analysis, performance and the ABC Funds will just grow in crescendo. As earlier stated, I regard these efforts as a labour of love and an intellectual challenge. Moreover, it is not even a question of making money, rather, it is the excitement and the chase of striving for written excellence. In the end I cannot and do not hide my passion for my work or writing; in short, like many writers, I find it an immensely enjoyable and personally satisfying task.

Not surprisingly, these innermost thoughts of mine are probably no different from such successful investment personalities as Sir John Templeton, Warren Buffet, Peter Lynch, et al as well as the distinguished Sir Winston Churchill. Their successes, I believe, were largely driven by their passion for their work but, more-importantly, their well-thought-out written commentaries became the conduit for their professional triumphs.

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