

PRESENT

PERSPECTIVES

Churning Cream Into Butter

Two mice fell into a bucket of cream. One drowned instantly. The second swam like crazy until he churned the cream into butter and then safely walked away.

Leonardo DiCaprio

Actor in the movie
Catch Me If You Can

Ardor. Fervor. Intensity. Enthusiasm. My son calls it the “I Will Factor”. And it is no different with investing. As investors we must have the fortitude and intensity to research, analyze and then make the difficult decision whether to buy or to sell a security. In the face of the initial frustration of being temporarily wrong we must also have the stamina to hang in until our original investment decision is played out. Patience, patience, patience.

The drive to investment success, I believe, frequently necessitates a certain unusual enthusiasm and intensity. More importantly, this success often involves a particular “fire in one’s belly”. It mushrooms into an intensity to stick with a difficult yet extremely potentially-rewarding investment no matter how challenging the situation. A recent ABC Funds example was our investment in Bon-Ton Stores Inc. of York, Pennsylvania.

In mid 2002 we purchased our initial holding of Bon-Ton Stores, a family-controlled business operating 72 quality fashion department stores. Bon-Ton, located in small secondary markets, looked incredibly undervalued at 33% of book value, less than 7 times earnings and carrying a 2% dividend yield. Unfortunately, no sooner had we purchased 150,000 shares at \$4.75 when the stock plunged to \$3.75. Although we were shocked, we examined our investment premise and re-analyzed Bon-Ton in even

greater detail. We concluded that if the stock was very cheap at \$4.75 it was an incredible bargain at \$3.75. We reasoned that Bon-Ton’s depressed price could be attributed to a then slow-growing U.S. economy, flattish top line revenue growth and its position as a small capitalization, underfollowed public department store. In the end we decided to purchase an additional 50,000 shares to add to our 150,000 holding.

With Bon-Ton’s strong financials we believed that when the U.S. economy did recover Bon-Ton was well-placed for future revenue expansion and increased profitability. Months passed. What followed was Bon-Ton’s opportunistic purchase of Elder Beerman, the seventh largest department store chain in the U.S. This catalyst, improving business fundamentals and the sudden discovery by Wall Street analysts of this ambitious Nasdaq-listed department store chain has lifted the stock to its present price of over \$15. In retrospect, solid fundamental analysis, deep analytical conviction and the utmost of patience contributed to our success of churning cream into butter.

The Economy: Climbing A Wall Of Worry

International economic activity continues to move ahead in spite of business, political and terror concerns. The U.S. economy, in particular, is fraught with a multitude of problems and dilemmas such as: uncertain economic and employment outlook, increasing fears of worldwide violence, the fragile Iraq/Afghanistan/Middle East situation, SEC/Eliot Spitzer inquiries on securities irregularities and a pending November 2004 U.S. presidential election.

With interest rates at 46-year lows, the U.S. economy is benefiting from a meaningful shot in the arm. Yet interestingly, the March 2004 U.S. private sector total employment is now registering

500,000 fewer jobs than the corresponding November 2001 figure when the previous recession ended. The fact is that both the U.S. economy and securities markets, while bombarded with innumerable uncertainties, continue “to climb a wall of worry”. Moreover, the stock market, an acknowledged leading economic indicator, appears to be weathering all negatives and is diligently attempting to creep upward. Overall, it is our sense that while the present volatility and uncertainty will persist we foresee improving economic and investment prospects for at least the next 12 months.

INVESTMENT PERSPECTIVES

Looking Through The Haze

With interest rates at the lowest levels in almost a half-century, erratic monthly business and employment data and periodic corporate revenue and earnings warnings, the investment horizon is admittedly quite hazy.

In spite of conflicting economic data we are generally optimistic on the North American economies and investments, in particular. True, securities prices remain fickle, however, looking through the haze we believe that there exists selective individual stock bargains, albeit a little

more difficult to discover today than 12 months ago. Moreover with short-term interest rates currently at 1%-2% we believe that there is a “significant pool of cash just itching to be invested in attractive terra-firma investments”. In a nutshell, we believe that diligent security analysis combined with a profound investor commitment will provide for attractive portfolio returns over the balance of 2004.

PORTFOLIO PERSPECTIVES

Improving Our Portfolios

We have continued to maintain our ABC Funds cash reserves between 5%-10%. In addition we have switched overvalued holdings into new relatively undervalued stocks or cash. Our strategy has been to be on the alert for deep-value stocks and to improve our ABC portfolios through the purchase of low PE, discount to book and low cash flow multiple situations.

While generally optimistic on the market we have come across opportunities and have

advantageously shuffled our holdings. For instance over the past three months we have taken profits in Aeon Group, Agricore-United, Canwest Global Communications, Groupe Laperriere & Verreault, Kingsway Financial, and J.C. Penney. In turn we have replaced these stocks with Prime Hospitality Corp., Shopko Stores, Timberwest Forest Corp., Sears Canada, Wescast Industries, EuroZinc Mining and Todhunter International.



Canada Life – ABC Funds Alliance Universal Life Insurance Linked to the ABC Funds

It was almost five years ago when we wrote about a new Canada Life – ABC Funds Universal Life insurance product. As we explained then, Arnie Shell, a long time ABC Funds unitholder and respected veteran actuary and financial planner came to me with an idea. The concept he presented was to link a major insurance company's universal life product to the ABC Funds.

Arnie explained that universal life is a flexible, tax-sheltered insurance/investment product. The universal life policy has a face amount which is payable to the beneficiary on a tax-free basis upon the death of the insured. Funds are deposited into the policy by the insured and are invested in any of many investment options as selected by the policy owner. Unfortunately the menu of investment options offered by most insurance companies tends to be index-related. Arnie pointed out that the ABC Funds being a purist fundamental value vehicle would be ideally attractive to long-term universal life policyholders.

Arnie further explained that the timing and amount of deposits of universal life premiums is completely flexible but subject to a minimum and maximum. Any investment funds that have accumulated are paid out tax-free on the death of the insured. An interesting wrinkle, Arnie added, was as long as the investment funds do not exceed a regulated maximum amount or "exempt line", the investment earnings inside a universal life policy do not attract current taxation. That is, the funds grow on a tax-deferred basis just like the investment earnings in an RRSP. With this latter information I became very interested. I told Arnie that I would be the "guinea pig" and if the concept held up to serious financial scrutiny, my wife and I would buy the first policy linked to an ABC Funds investment.

Arnie surveyed the market and helped set up a Canada Life - ABC Funds alliance. Canada Life then added the three ABC Funds to its investment menu. Upon serious analysis of this proposed alliance I realized that it was a very fair and attractive financial investment. As ABC Funds portfolio manager it offered me new clients who would be utilizing the ABC Funds as long term insurance investments. This would make the ABC Funds easier to manage knowing that people were in the fund for the long haul. Combining this product with Canada Life, a top-notch insurance company, also was a big plus. Arnie outlined a number of different applications of this ABC investment concept for high net worth clients such as "second to die life insurance" and the creation of tax

effective alternatives to existing term insurance programs for financial planning.

The end result was that my wife and I purchased the very first policy. We chose a second to die joint insurance policy, which was completely invested in the ABC Fundamental-Value Fund. I was very proud to announce this new Canada Life - ABC Funds relationship and I believed this product would offer ABC clients an interesting investment and financial planning option.

It is now almost 5 years later and I would like to share the results of my Canada Life Universal Life – ABC Funds purchase:

\$5,000,000 Second to Die Universal Life Policy

The policy effective date was May 28, 1999

An initial deposit of \$201,546 was calculated by Canada Life to be the amount required to fully fund this policy assuming that the ABC Fundamental Value Fund earned at least 6% per annum after the Canada Life management fee. The investment earnings in this program grow on a tax-deferred basis and they will completely escape tax in the event that the fund value is ultimately paid out as a death benefit, which was our original intention.

	<u>Total Amount Deposited Since Inception</u>	<u>Estimated Fund Value</u>
May 27, 2000	\$201,546	\$207,214
May 27, 2001	\$201,546	\$226,291
May 27, 2002	\$201,546	\$261,870
May 27, 2003	\$201,546	\$206,590
March 31, 2004	\$201,546	\$282,148

The most important observation is that my original \$201,546 investment in the ABC Fundamental-Value Fund has fully funded 5 years of insurance premiums on this \$5,000,000 Universal Life policy. But more significantly, this sum has grown to a tax exempt \$282,148.

If anyone wishes to explore this product further, please contact our office. We will arrange for Arnie Shell to explain the details.

Irwin A. Michael, CFA



Four ABC Funds Favourites For Mid-2004

E-L FINANCIAL CORPORATION LIMITED

E-L Financial's stock has had a nice run over the past twelve months, increasing from a low of \$220 to reach a high of \$350 in February. The insurance industry has experienced good pricing power over the past year and this has fueled the run in both life and property and casualty insurance stocks. In 2003 the Company reported net operating income (before investment gains) of \$11.17 per share compared to \$6.08 per share in 2002. Including investment gains, ELF reported earnings of \$12.20 compared to \$12.40 the previous period. We believe that the reduced reliance on investment gains indicate that 2003 earnings are of higher quality compared to last year. Book value, after payment of the small \$0.50 per share dividend, has grown to approximately \$350 per share.

Examining segmented data, we see that the Dominion of Canada General Insurance Company's revenue increased 25% to reach \$962.9 million and the Empire Life Insurance Company's revenue increased approximately 15% to reach \$668.9 million. Net income for the general insurance segment declined 8.5% to \$20.3 million. Earnings for this division were negatively impacted when ELF realized a loss on investments of \$13.3 million for the year. Excluding this loss, general insurance earnings would have totaled \$33.6 million, implying a growth rate of 52%. This demonstrates a unique aspect of the insurance industry; investment gains and losses are part of the normal course of business but the timing decision lies with management. Net earnings in the life insurance division showed a 21.4% increase to reach \$14.1 million for the year.

Although the Company has yet to announce any major initiatives, the market has at least begun to notice this undervalued stock. Now that the discount to book value has closed, we expect that the discount to NAV will continue to narrow. We believe that ELF's net asset value could fall within a range of \$450 to \$500 per share but it is difficult to be more precise in our estimate. Should Empire Life be put up for sale, a bidding war for one of the last free-standing life insurers could result in a significant premium to book value. As long as insurance pricing remains firm and the stock market holds its gains, ELF should continue to perform well.

PRIME HOSPITALITY CORPORATION

Prime Hospitality Corp (PDQ) is an owner, manager and franchisor of hotels. It currently operates 245 hotels, containing 31,426 rooms located in 33 states. Prime controls two hotel brands, AmeriSuites, which are upscale all-suites hotels, and Wellesley Inns & Suites, which are mid-price limited service hotels. The company also operates a portfolio of upscale, full-service hotels under franchise agreements with national hotel chains. PDQ is in the midst of transforming itself from a hotel owner/operator to a franchisor and manager of hotel brands. We believe that this strategy is good for shareholders for a number of reasons. First, by selling its land and hotels, PDQ is unlocking the illiquid real estate value that is not fully reflected in its stock price. Second, the company can use the proceeds to pay down debt and repurchase shares. Finally, this strategy will allow the company to focus entirely on its key strengths: managing and growing the AmeriSuites, Wellesley, and Prime brands.

Despite a nearly two-fold increase in price in the last twelve months, shares of PDQ continue to trade below their book value, replacement cost and net asset value. On March 5th, Extended Stay America, a publicly traded operator of hotels, agreed to be purchased by buyout firm Blackstone Group for \$19.625 per share. This price, represented a 25% premium over the previous days closing price and translates to a purchase price of about \$61,000 per room. Shares of PDQ, which offers comparable, if not more upscale rooms and services, are currently trading at approximately \$45,000 per room. In fact, PDQ has recently sold hotels for between \$80-85,000 per room.

We feel this transaction not only sets a precedent for asset values in the industry, but also highlights PDQ's significant market undervaluation. This fact could become a major positive catalyst toward a meaningful appreciation of PDQ shares. Also, investors should keep in mind that PDQ, like Extended Stay America, could become a takeover target in the future. Given that PDQ CEO A.F. Petrocelli controls over 3.5 million shares of the company, we believe a large incentive exists for him to sell the company, preferably at or above its net asset value.

SEARS CANADA INCORPORATED

Sears Canada, the well-known Canadian retailer, operates 123 department stores, 47 furniture and appliance stores, 145 dealer stores, 14 outlet stores, 49 floor covering centers and 110 travel offices. The Company publishes a catalog with a circulation of 4 million households, supported by three call centers and over 2,200 pick-up locations. Sears Canada is 54% owned by Sears, Roebuck and Co. of Chicago, Illinois.

On December 11, 2003 Sears revised its earnings guidance for fiscal 2003 due to weak apparel sales. The Company reduced EPS expectations from a range of \$1.40 to \$1.60 to a range of only \$1.10 to \$1.20. The next day the stock dropped approximately 13.5% on the news. We believed that the sell-off was overdone and began to accumulate stock around the Company's third quarter book value of \$16.11. When the stock was halted on January 8, 2004 our instinct was validated when the Company stated that due to a late year sales surge they expected to exceed the lowered earnings guidance.

In addition to the better than originally anticipated Christmas season, we believe that investors have overlooked some potentially valuable assets within the Company. Sears Canada has a wholly owned subsidiary SLH Transport that offers transportation and logistics services across Canada and some parts of the United States. The Company has 625 trucks, 3,400 trailers, 1,500 full and part time employees and 380 owner-operators. SLH Transport has over 300 third party customers, in addition to Sears Canada. We believe that SLH Transport could be worth more than \$3.50 per share net of debt to Sears Canada, based on other publicly traded trucking companies.

Sears has also created shareholder value by establishing a greater presence in financial services. The Company already has 9.2 million credit cards in circulation and 4.2 million active accounts. More than 75% of households in Canada have a Sears Card, which represents the largest single card franchise in Canada. On December 15, 2003 Sears Canada received approval to commence operations as a Bank. Sears Canada will continue to offer its Sears Card and could potentially offer such services as mortgages and personal lines of credit through Sears Canada Bank. The Company plans to focus on converting inactive Sears Card holders to the Sears MasterCard. Eventually there is the possibility of selling the original Sears Card operations, just as Sears Roebuck did this past year.

Our investment thesis for Sears Canada is quite simple. The stock reached oversold levels after disappointing earnings guidance, which was subsequently revised upward. Downside protection is provided by the current book value of \$16.96 and the possibility of Sears Roebuck taking out the entire Company should the share price remain depressed. Finally, we see hidden value in the Company's trucking division, credit card operations, the recently created Sears Canada Bank and approximately \$320 million of real estate. In a nutshell, Sears Canada fit in well with our deep value philosophy.

SHERMAG INCORPORATED

Shermag, like many other Canadian manufacturers, has been hit by fears of a rising Canadian dollar. Faced with a difficult situation, management made the strategic decision to protect its hard-won share of the competitive U.S. furniture market. The Company refused to raise its prices, which led to lower Canadian dollar dominated revenues. This, in turn, compressed margins, despite a foreign currency hedging program and aggressive cost containment. As a result, Shermag was forced to revise its earnings guidance on January 26 of this year and the Company's shares subsequently declined below \$12 before stabilizing around \$13.

When Shermag released its results on February 20, we were able to get a more complete picture of the Company's financial health. For the third quarter, the Company earned \$0.26 per share compared to \$0.32 per share last year. For the first nine months, Shermag earned \$0.96 per share and seems on track to earn between \$1.20 and \$1.30 per share for the year. Shermag's operating activities have generated \$7.1 million in cash flow over the first nine months of the current fiscal year despite consuming \$400,000 in the third quarter. The balance sheet remains conservatively capitalized, with a debt to equity ratio of only 0.3 times.

We believe that the mid to long-term outlook for the Company remains strong. Record low interest rates have fuelled a housing boom that, in turn, has driven furniture sales. In fact, retail furniture sales have been increasing steadily since February of 2003, according to the U.S. Department of Commerce's Advance Monthly Sales for Retail Trade and Food Services Report. We look for this trend to continue for some time, since furniture sales generally lag new home sales by several months. We believe that if the stock continues to trade at only 10 times forward earnings, the Company will use its cash flow to buy back stock, pay a dividend or make another small but accretive acquisition.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

March 31, 2004

NAVPS	10.1247
Inc. Dist.	\$0.000000
C.G. Dist.	\$0.000000

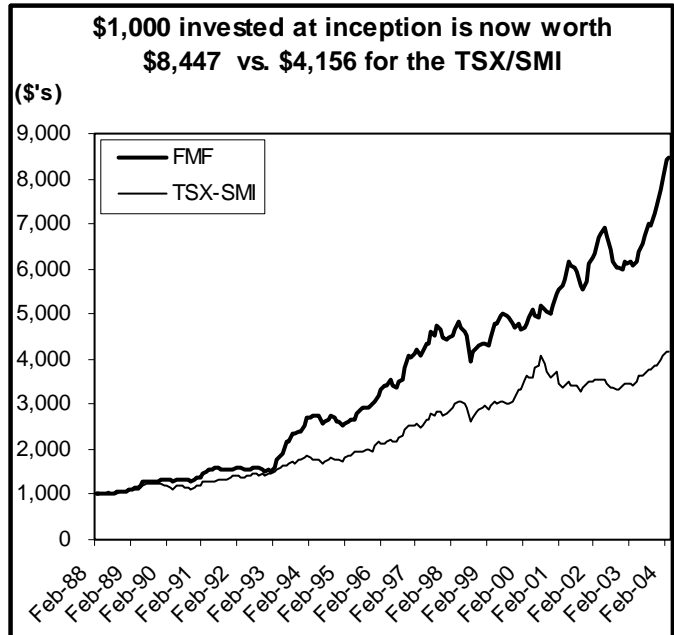
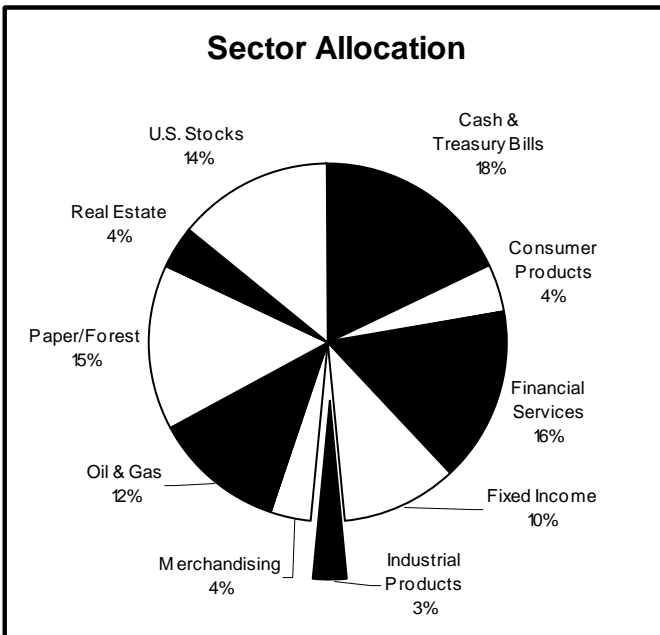
Objective

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	0.29	-0.76	1989	23.68	17.20
Q1 2004	9.07	3.95	1990	2.17	-4.32
1 Year	39.57	22.13	1991	14.69	17.35
2 Year	12.38	8.29	1992	-1.48	4.75
3 Year	14.59	7.18	1993	64.35	24.36
5 Year	13.51	7.02	1994	2.82	-2.64
10 Year	11.84	8.90	1995	17.25	17.97
15 Year	14.25	9.22	1996	31.99	19.5
Since Inception*	14.19	9.26	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
			2003	25.52	15.27

*Inception date for the Fund was February 22nd, 1989
 **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, 2004

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.31425

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 18.53%			
217,677	C\$ Cash	218	218
48,712	U\$ Cash	64	64
159,718	RT CAP Cash In Action Fund	15,918	15,918
12,000	RT CAP Cash In Action Fund US \$	1,577	1,577
	<u>TOTAL CASH</u>	<u>17,777</u>	<u>17,777</u>

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
PAPER/FOREST PRODUCTS -- 15.57%			
300,000	Canfor Corp.	2,965	4,188
250,000	Nexfor Inc.	1,970	3,653
750,000	Norske Skog Canada Ltd.	2,824	3,233
300,000	Timberwest Forest Corp. - Units	3,732	3,855
	<u>TOTAL</u>	<u>11,491</u>	<u>14,928</u>

FIXED INCOME -- 9.84%

2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,186
2,500,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	2,216	2,416
2,500,000	Magellan Aero., conv. 8.50%, 01/31/08	2,478	2,700
2,000,000	Nova Chemical., 7.85%, 08/30/10	1,984	2,140
	<u>TOTAL</u>	<u>8,638</u>	<u>9,442</u>

OIL & GAS -- 11.82%

50,000	Canadian Natural Resources	2,441	3,635
75,000	Nexen Inc.	2,381	3,833
50,000	Talisman Energy Inc.	2,691	3,862
	<u>TOTAL</u>	<u>7,514</u>	<u>11,330</u>

COMMON STOCKS -- 71.63%

FINANCIAL SERVICES -- 15.92%

12,500	E-L Financial Corp.	3,259	4,375
125,000	Laurentian Bank	3,235	3,525
250,000	MFP Financial	2,321	2,168
200,000	Northbridge Financial Corp.	3,149	5,212
	<u>TOTAL</u>	<u>11,964</u>	<u>15,280</u>

CONSUMER PRODUCTS -- 3.64%

151,800	Lassonde Industries	2,689	3,491
	<u>TOTAL</u>	<u>2,689</u>	<u>3,491</u>

MERCHANDISING -- 3.64%

200,000	Sears Canada Inc. common	3,254	3,490
	<u>TOTAL</u>	<u>3,254</u>	<u>3,490</u>

REAL ESTATE -- 3.71%

150,000	Morguard Corp., common shares	3,044	3,563
	<u>TOTAL</u>	<u>3,044</u>	<u>3,563</u>

INDUSTRIAL PRODUCTS -- 3.09%

75,000	Wescast Industries Inc., "A"	2,741	2,963
	<u>TOTAL</u>	<u>2,741</u>	<u>2,963</u>

U.S. STOCKS -- 14.24%

30,000	Amer. National Ins. Co.	3,244	3,528
50,000	Loews Corp.	2,803	3,881
225,000	Prime Hospitality	3,090	3,365
150,000	Shopko Stores Inc.	2,859	2,882
	<u>TOTAL</u>	<u>11,996</u>	<u>13,657</u>

<u>TOTAL COMMON STOCK</u>	<u>54,694</u>	<u>68,700</u>
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<u>TOTAL PORTFOLIO</u>	<u>81,109</u>	<u>95,918</u>
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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)

March 31, 2004

NAVPS	\$18.5873
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

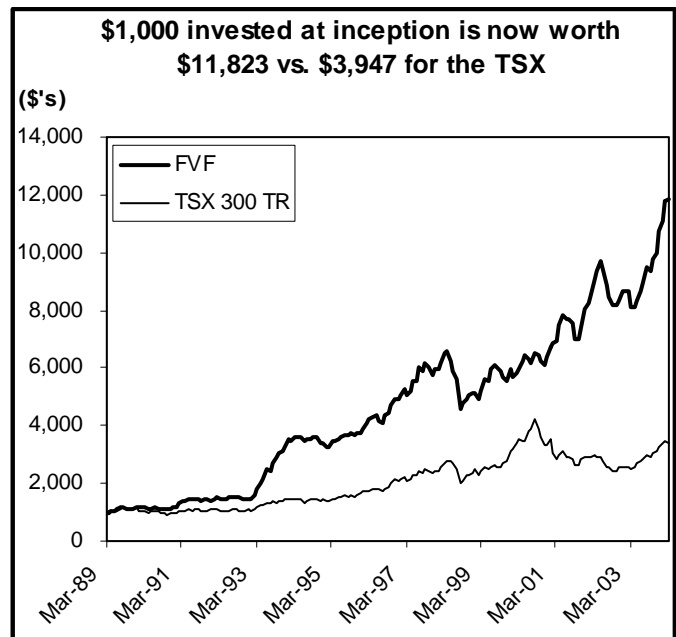
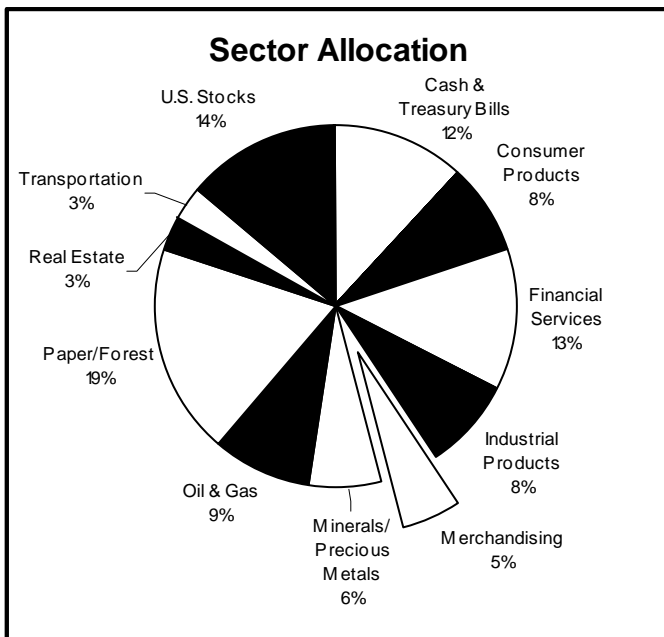
Objective

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	0.06	-2.11	1990	-1.98	-14.80
Q1 2004	10.31	4.86	1991	22.92	12.02
1 Year	46.18	37.73	1992	4.26	-1.43
2 Year	13.95	6.53	1993	121.75	32.80
3 Year	19.39	5.98	1994	3.03	-0.63
5 Year	17.89	7.10	1995	11.08	14.83
10 Year	12.68	9.06	1996	31.75	28.35
15 Year	17.88	8.49	1997	20.35	14.98
Since Inception*	17.90	8.50	1998	-13.81	-1.58
			1999	16.25	31.71
			2000	7.51	7.41
			2001	26.06	-12.57
			2002	7.62	-12.44
			2003	23.55	26.72

*Inception date for the Fund was March 20, 1990
 **Benchmark consists of the TSE300 Total Return Index



ABC Fundamental-Value Fund, Statement of Investment Portfolio
March 31st, 2004

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.31425

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 12.11%			
386,898	C\$ Cash	387	387
27,154	U\$ Cash	36	36
428,885	RT CAP Cash In Action Fund	42,888	42,888
0	RT CAP U\$ Cash Mgmt Fund	-	-
<u>TOTAL CASH</u>		43,312	43,311

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 5.41%			
550,000	Danier Leather Inc.	5,520	5,412
800,000	Sears Canada Inc.	12,960	13,960
<u>TOTAL</u>		18,480	19,372

COMMON STOCKS -- 87.89%

OIL & GAS -- 8.48%			
2,500,000	Bow Valley Energy	3,725	3,325
1,100,000	Devlan Exploration	3,091	2,640
250,000	Nexen Inc.	8,028	12,775
150,000	Talisman Energy	8,136	11,586
<u>TOTAL</u>		22,980	30,326

PAPER & FOREST PRODUCTS -- 19.11%

CONSUMER PRODUCTS -- 8.03%			
365,000	Andres Wines Ltd. "A"	4,497	8,395
400,000	Arbor Memorial Services "B"	5,339	6,500
1,050,000	Shermag Inc.	9,423	13,703
<u>TOTAL</u>		19,259	28,598

921,300	Canfor Corp., common	8,906	12,861
900,000	Nexfor Inc.	7,084	13,149
2,750,000	Norske Skog Canada Ltd.	10,802	11,853
600,000	Riverside Forest Products	5,501	11,700
700,000	Taiga Forest Corp.	3,356	5,950
1,000,000	Timberwest Forest Corp., Units	12,440	12,850
<u>TOTAL</u>		48,089	68,363

FINANCIAL SERVICES -- 12.77%

MINERALS/PRECIOUS METALS -- 6.28%			
12,500,000	EuroZinc Mining Corp.	7,500	7,750
600,000	Teck Corporation	5,329	14,682
<u>TOTAL</u>		12,829	22,432

37,500	E-L Financial Corp.	9,960	13,125
400,000	Laurentian Bank	10,415	11,280
650,000	MFP Financial	5,940	5,636
600,000	Northbridge Financial Corp.	9,060	15,636
<u>TOTAL</u>		35,376	45,677

INDUSTRIAL PRODUCTS -- 7.47%

REAL ESTATE -- 3.32%			
500,000	Morguard Corp., common	10,147	11,875
<u>TOTAL</u>		10,147	11,875

1,775,000	Magellan Aerospace	5,983	5,911
1,000,000	Russel Metals Inc., common	5,989	8,990
300,000	Wecast Industries Inc., A	10,808	11,850
<u>TOTAL</u>		22,780	26,751

TRANSPORTATION -- 3.30%

U.S. STOCKS -- 13.72%			
100,000	Amer. Nat. Ins. Co.	10,941	11,761
134,000	Dillard's Inc.	3,042	3,374
150,000	Loews Corp., common	8,545	11,643
750,000	Prime Hospitality	10,218	11,217
575,000	Shopko Stores Inc	11,120	11,048
<u>TOTAL</u>		43,866	49,044

750,000	Transat AT Inc., common	5,165	11,813
<u>TOTAL</u>		5,165	11,813

TOTAL COMMON STOCK 238,971 314,249

TOTAL PORTFOLIO 282,283 357,560

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ABC American-Value Fund (ABC AVF)

March 31, 2004

NAVPS	\$9.0920
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

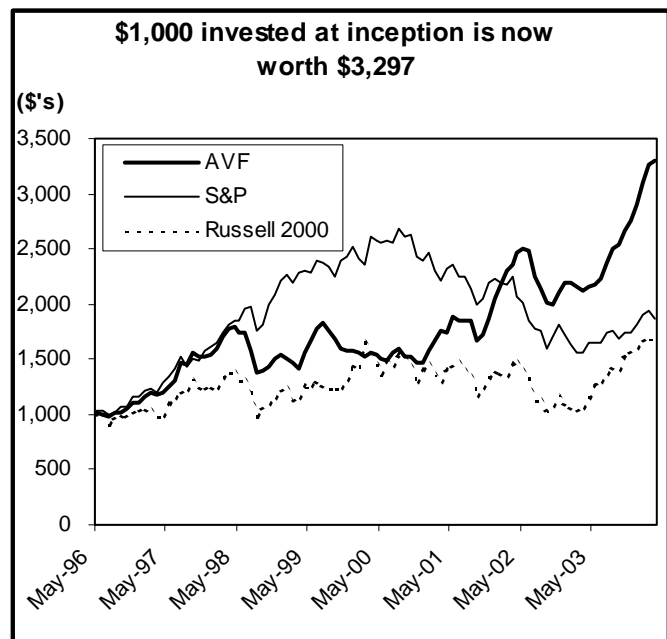
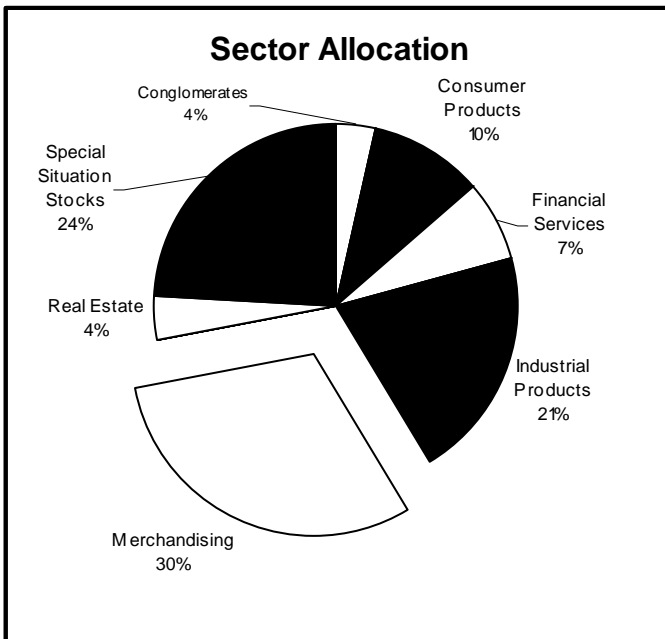
Objective

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	1.04	0.81	-3.69	1997	38.76	20.52	39.16
Q1 2004	13.4	6.00	3.12	1998	0.75	-3.45	37.69
1 Year	54.94	61.93	20.51	1999	1.47	19.62	14.14
2 Year	18.38	7.96	-8.57	2000	-6.66	-4.20	-5.52
3 Year	23.42	9.43	-5.40	2001	39.52	1.03	-6.45
5 Year	18.30	8.22	-3.95	2002	6.91	-21.58	-22.74
Since Inception*	16.45	6.89	8.20	2003	32.74	45.37	5.29

*Inception date for the Fund was May 2, 1996



ABC American-Value Fund, Statement of Investment Portfolio

March 31st, 2004

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 0%			
31,538	Cash	32	32
23	RT CAP Cash In Action Fund	2	2
0	US \$ Cash	-	-
4	RT CAP US\$ Cash Fund	-	-
<u>TOTAL CASH</u>		34	34

COMMON STOCKS -- 100%

INDUSTRIAL PRODUCTS -- 20.52%

110,000	Ampco-Pittsburgh Corp.	1,367	1,697
73,800	Building Material Holding Corp	1,348	1,702
85,513	Edelbrock Corp.	1,266	1,490
85,000	Gehl Company	1,158	1,815
50,000	Lufkin Industries	1,602	2,060
15,011	Noland Company, common	791	935
132,500	Quaker Fabric Corp., common	1,311	1,564
<u>TOTAL</u>		8,842	11,264

FINANCIAL SERVICES -- 7.21%

20,000	Amer. Natl. Ins. Co.	2,191	2,352
27,500	Prudential Financial Inc.	1,216	1,618
<u>TOTAL</u>		3,406	3,971

CONSUMER PRODUCTS -- 10.22%

225,000	CPAC Inc., common	1,784	1,656
61,000	Haggar Corp.	1,160	1,603
150,000	Todhunter International Inc.	2,258	2,366
<u>TOTAL</u>		5,202	5,625

exchange rate used is 1.31425

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 30.36%			
200,000	Bon - Ton Stores Inc.	1,772	4,053
250,000	Buca Inc.	2,187	2,054
75,000	Dillard's Inc.	2,128	1,889
200,000	Gaylan's Trading Co. Inc.	2,296	2,644
125,000	Shopko Stores Inc.	2,389	2,402
250,000	Ultimate Electronics Inc.	2,301	2,146
35,616	Village Super Markets Inc.	1,433	1,533
<u>TOTAL</u>		14,505	16,720

REAL ESTATE -- 4.07%

150,000	Prime Hospitality	2,027	2,243
<u>TOTAL</u>		2,027	2,243

CONGLOMERATES -- 3.52%

25,000	Loews Corp.	1,425	1,940
<u>TOTAL</u>		1,425	1,940

SPECIAL SITUATION STOCKS -- 24.10%

130,000	Canfor Corp. Inc.	1,288	1,815
3,500,000	EuroZinc Mining Corp.	2,100	2,170
75,000	MFP Financial	698	650
75,000	Morguard Corp., common	1,523	1,781
52,200	Northbridge Financial Corp.	1,041	1,360
500,000	Reko Int'l. Group. Inc.	1,677	1,500
100,000	Sears Canada Inc.	1,644	1,745
175,000	Timberwest Forest Corp., Inc.	2,176	2,249
<u>TOTAL</u>		12,145	13,270

TOTAL COMMON STOCK 47,553 55,034

TOTAL PORTFOLIO 47,587 55,068

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



Stick To Your Strengths

*A lion can raise a mouse.
But a mouse is still a mouse.*

Christopher Walken

Actor in the movie
Kangaroo Jack

Over the years I have met many people who insisted that they wanted to make big money in the stock market. These individuals had heard from exaggerated cocktail party chatter that huge bucks had been made in high technology, health care and initial public share offerings. They figured it was easy and they wanted their share. Smitten by an infectious greed they would ask, "how do we get started?"

Unfortunately many of these neophyte investors are ill-prepared for prosperous stock market investing. Firstly, they don't possess the necessary character attributes of discipline, intensity and patience in order to achieve monetary success. Secondly, they are so blinded by a gluttonous, money-hungry mission that they eschew all investment commonsense and instead navigate toward making that one big financial score. But success is rarely attained. In actuality, these individuals are simply not suited for stock market investing. Instead, I believe, they should entrust their hard-earned money to a capable professional money manager with solid long-term objectives.

Successful investing, I contend, cannot be taught. An investor either has the necessary investment disciplines or he does not. The reality is you cannot teach someone patience, focus or lack of greed no matter how capable the instructor may be. The fact is: a lion can raise a mouse. But a mouse is still a mouse.

Effective money management can be methodical and painstaking involving serious fundamental research and analysis. Furthermore it can stretch the limits of one's patience and severely test one's confidence and bravado. But for those few individuals who have either mastered the challenge of investing or have effectively delegated the investment management to a competent professional, the rewards can be exceptional.

Irwin A. Michael, CFA

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