

The Best of Times

It was the best of times

It was the worst of times...

Charles Dickens
A Tale of Two Cities

2004 has been quite a year. The first ten months were fraught with many economic, political and investment dilemmas. As a result, investors were nervous, risk-averse and fearful of the future. For some, the investment horizon clearly looked like it was the worst of times.

What confronted investors, for instance, was a too close to call November 2nd U.S. presidential election, Middle East turmoil, Iraq, international terrorism, anemic U.S. domestic auto sales, rising interest rates, \$50 a barrel of oil, growing U.S. government budget and current account deficits and a plummeting U.S. dollar. Overall, the securities markets, at that time, appeared far too treacherous and stressful for many investors.

In spite of all these very visible negatives, we took a far different and more positive investment approach. Firstly, it was our belief that 2004-2005 North American economic activity would cluster around a 3% or better growth rate. Moreover we believed that both the Canadian and U.S. economies were building a solid economic base to elongate the business cycle to at least 2006-2008. While we fully expected to experience continued security price volatility accompanied with intermittent economic and political uncertainty we were fundamentally optimistic on the North American investment horizon over the next 12 to 18 months. Our strategy was to remain fully invested

Our optimistic outlook, today, remains unchanged. To us the glass is half full rather than half empty as we are still experiencing “the best of times” of the current economic cycle. Our 2004 investment

performance was reflective of our optimistic financial outlook, judicious stock picking and our profound investment conviction despite the all-pervasive uncertainty. In short, we stuck to our guns. However, we went one step further. Our deep-value philosophy was so strong and our optimism so assured that we decided to start our new closed-end ABC North American Deep-Value Fund.

As a measure of my own keen personal and professional commitment to this new undertaking and our bullish market outlook, my family and company, I.A. Michael Investment Counsel Limited undertook to become the new fund’s first investor. We invested over \$3 million in the start-up of the ABC North American Deep-Value Fund. With this “skin in the game” and with my family’s significant investment in all four ABC Funds my personal and professional motivation is unequivocal.

As I complete this year-end commentary I would like to thank our loyal clients and friends who have stood by us during the past 16 years. Rest assured we remain fully committed to investment excellence and superior long-term ABC Funds performance.



ECONOMIC PERSPECTIVES**Improving Economic Growth**

In spite of all the known economic and political negatives confronting North America it appears that both the American and Canadian economies are on an improving growth pattern for at least the next 12 months.

While a strengthening Canadian dollar will, no doubt, negatively impact Canada's manufacturing and export industries, we expect 2005 GNP to fall within a 2.5-3% growth range. On the other hand,

with an extraordinarily weak \$US, we would not be surprised if U.S. 2005 GNP increased at a 3.5-4.5% rate as U.S. domestic manufacturing and exports receive a shot in the arm by a low \$US / overvalued Eurodollar. Clearly, with comparatively cheaper U.S. goods and services, European and Japanese import demand should rise significantly to positively impact U.S. domestic industry, exports and ultimately the U.S. dollar.

INVESTMENT PERSPECTIVES**The Sarbanes-Oxley Catalyst**

With the 2002 passing of the U.S. Sarbanes-Oxley corporate reform legislation to counteract the serious company scandals, accounting and governance irregularities, huge monetary and disclosure requirements were placed upon U.S. corporations. In addition, with annual board of director's insurance premiums now costing \$500,000 and up, with a growing number of U.S. companies no longer followed by brokerage research analysts and with the ongoing Spitzer investigations, many companies

are questioning whether they should remain public. It is our expectation that a growing number of U.S. companies will go private.

Looking ahead, it is our view that the Sarbanes-Oxley Act will become an important privatization catalyst for 2005-2006. This eventuality will present, we believe, many productive investment opportunities for the astute investor.

PORTFOLIO PERSPECTIVES**Fully Invested, Again**

Although we expect continued security price volatility to last throughout 2005, we are relatively optimistic and expect to remain fully-invested in a mix of Canadian and U.S. securities. Once again, we continue to favour undervalued North American equities over fixed income securities and, as a result, we will continue to skew our ABC Fully-Managed Fund toward a high equity mix.

During the past three months we have taken profits in Petro-Canada, Taiga Forest, Prime Hospitality and Building Materials Holding Company. With these proceeds we have purchased a new holding of Dominion Homes Inc. and have added, on price weakness, to our existing positions of SFK Pulp, Laurentian Bank, Canfor Corp., Fraser Papers and Cobra Electronics.

ABC Funds Value Favourites**CANWEST GLOBAL COMMUNICATIONS**

CanWest Global Communications is an international media corporation, founded by I.H. Asper. CanWest's diverse holdings include Global Television, the well-known national broadcasting network and the CH network. International operations include media assets in New Zealand, which were recently spun off as CanWest MediaWorks. In Australia, CanWest owns a large stake in Network TEN, a top-ranked national television network. CanWest is also Canada's largest newspaper publisher, producing the National Post, a handful of major metro dailies and several smaller daily, weekly and community newspapers.

Our investment thesis is based on the Company's net asset value using a sum of the parts calculation. CanWest's core operations, including Canadian television and newspapers are valued using a conservative cash flow multiple. We value the publicly traded Network TEN and CanWest MediaWorks NZ at current market prices. Finally, we deduct CanWest's debt load to arrive at a net asset value. On a per share basis, we believe that CanWest's net asset value is in the \$17 to \$19 range. In fact, the value of Network TEN and CanWest MediaWorks alone is approximately \$14 per share. At our cost price, we were able to purchase CanWest Global at a price that implied a negative value for the Company's Canadian media assets. Clearly, this was an opportunity that could not be missed.

With the shares trading well below net asset value, several catalysts materialized and triggered a rebound in the stock price. CanWest refinanced \$940 million of senior secured credit facilities at lower interest rates, saving \$8 million in annual interest payments. The initial public offering of the New Zealand TV and radio operations was well received and the shares appreciated approximately 45%. The wholly owned Ulster Television subsidiary, an Irish television network, was sold for \$145 million. Finally, CanWest exchanged the onerous "PIK" notes that yielded 12 1/8% with 8% senior subordinated notes at only a 1% premium. The theme is quite apparent: surface value in hidden assets, monetize non-core assets and reduce the debt load.

We believe that CanWest Global can maintain this positive momentum into 2005 for several reasons. Canadian television and newspaper publication results are expected to improve on a year over year basis. International assets are expected to continue to generate excellent results. The financial results will also benefit from a declining debt load and lower interest payments. Finally, the possibility of creating an income trust with CanWest's newspaper assets has been discussed in investment circles. This theoretically could add \$2 to \$3 per share of value. We look for the shares to move closer to our calculated net asset value over the course of the year for all of these reasons.

SEA CONTAINERS LTD

Sea Containers Ltd (SCL) is a Bermuda based company operating in four distinct businesses. The first is leasing of cargo containers, principally through GE SeaCo SRL, a 50/50 joint venture with General Electric Capital. The second is ferry operations, which provides passenger and freight ferry services between Finland, Sweden, Estonia, Germany and Russia, in the English Channel between England and France, and in the northern Irish Sea between Scotland and Northern Ireland. The third is the operation of a high-speed passenger train service between London and Scotland known as the Great North Eastern Railway (GNER). The fourth is ownership and management of hotels, restaurants, tourist trains and river cruise ships through Orient-Express Hotels Ltd (OEH) in which SCL owns a 42% equity interest.

We purchased shares in SCL based on the Company's attractive share price relative to its net asset value. SCL's investment in OEH is alone worth over \$10 per SCL share, which implies the market is valuing the rest of SCL's businesses at less than \$8 per share. SCL shares appear undervalued based on a number of other methods. For instance, the stock currently sells at a 42% discount to its June 30th book value of \$30.82 per share and at just nine and three times this year's earnings and cash flow per share of \$1.90 and \$6.80 respectively.

We feel that SCL's large discount to book value/NAV can partially be attributed to investors concern pertaining to the GNER franchise which is set to expire in April 2005. In January 2004, the British Strategic Rail Authority announced it would invite bids from all interested persons to operate the rail service franchise for a new term of seven to ten years. Given that there is no guarantee that the contract will be awarded to GNER, investors appear to be taking a "wait and see" approach. Another cause of concern for investors has been the rising price of crude oil, a major cost for the container and ferry businesses.

As many investors focus on the fate of the GNER franchise and the price of oil, a number of positive trends are emerging. Room bookings at OEH were up 23% in 2004 as global tourism continues to improve and GE SeaCo's container business is experiencing strong demand due to an increase in world trade, particularly between China and the western world. We feel the share price could eventually move higher to reflect the underlying value of the company's rich asset base. A potential catalyst could be the sale or spin off of its investment holding in Orient Express Hotels or the sale of its channel ferry business, which has been problematic in recent years.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

December 31, 2004

NAVPS	10.1041
C.G. Dist.	\$0.558979
Inc. Dist.	\$0.000000

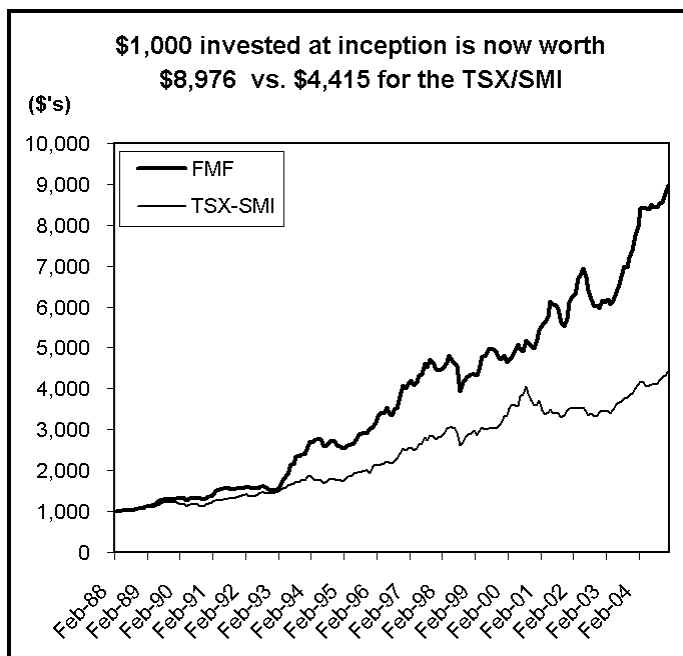
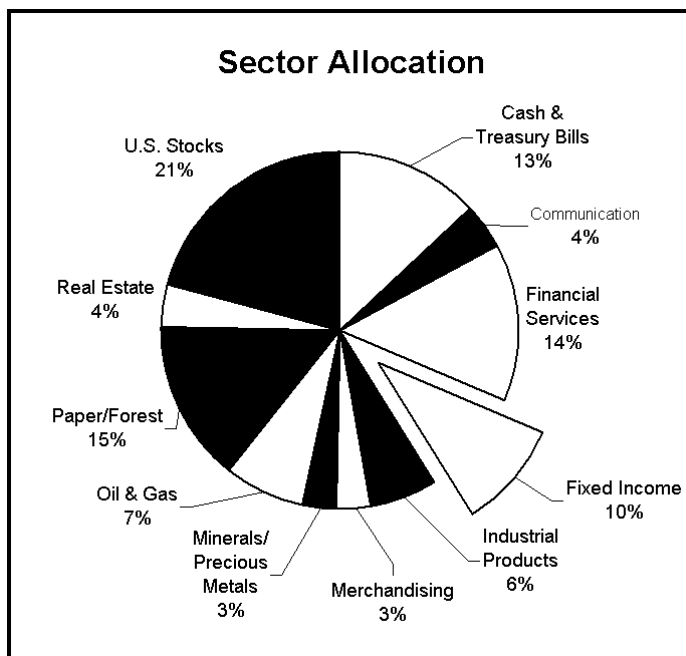
Objective

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	2.33	1.74	1989	23.68	17.20
Q4 2004	5.18	4.89	1990	2.17	-4.32
1 Year	15.89	10.42	1991	14.69	17.35
2 Year	20.61	12.82	1992	-1.48	4.75
3 Year	13.60	7.84	1993	64.35	24.36
5 Year	13.31	5.76	1994	2.82	-2.64
10 Year	13.20	9.53	1995	17.25	17.97
15 Year	13.57	8.79	1996	31.99	19.5
Since Inception*	13.92	9.22	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
			2004	15.89	10.42

*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

December 31st, 2004

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.19815

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 12.36%				PAPER/FOREST PRODUCTS -- 14.82%			
188,628	C\$ Cash	189	189	300,000	Canfor Corp.	3,451	4,695
48,695	U\$ Cash	58	58	200,000	Fraser Papers Inc.	3,234	3,112
13,049,962	RT CAP Cash In Action Fund	13,050	13,050	250,000	Norbord Inc.	1,478	3,100
10,582	RT CAP Cash In Action Fund US \$	1,268	1,268	500,000	SFK Pulp Fund	3,512	3,625
<u>TOTAL CASH</u>		14,565	14,565	300,000	Timberwest Forest Corp. - Units	3,732	4,524
				<u>TOTAL</u>		15,406	19,056
FIXED INCOME -- 9.90%				OIL & GAS -- 7.22%			
2,150,000	Aecon Group Inc., 8 1/4%, Nov.2nd, 2009	2,150	2,150	75,000	Nexen Inc.	2,381	3,653
2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,128	150,000	Talisman Energy Inc.	2,691	4,853
2,500,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	2,216	2,544	<u>TOTAL</u>			
2,500,000	Magellan Aero., conv. 8.50%, 01/31/08	2,478	2,606			5,073	8,505
2,000,000	Nova Chemical ., 7.85%, 08/30/10	1,984	2,238	COMMUNICATION -- 4.30%			
<u>TOTAL</u>		10,788	11,666	350,000	CanWest Global Communications	3,644	5,061
				<u>TOTAL</u>			
						3,644	5,061
COMMON STOCKS -- 77.74%				MINING / PRECIOUS METALS -- 3.20%			
FINANCIAL SERVICES -- 14.18%				550,000	Lionore Mining Ltd.	3,274	3,773
250,000	Clearlink Capital	2,321	2,438	<u>TOTAL</u>			
13,038	E-L Financial Corp.	3,469	4,419			3,274	3,773
200,000	Laurentian Bank	5,227	4,814	MERCHANDISING --2.88%			
172,400	Northbridge Financial Corp.	3,149	5,034	200,000	Sears Canada Inc. common	3,254	3,398
<u>TOTAL</u>		14,166	16,705	<u>TOTAL</u>			
						3,254	3,398
REAL ESTATE -- 3.88%				U.S. STOCKS -- 21.02%			
175,000	Morguard Corp. , common shares	3,595	4,576	30,000	Amer. National Ins. Co.	3,244	3,744
<u>TOTAL</u>		3,595	4,576	150,000	Bassett Furniture Industries Inc.	3,387	3,527
				125,000	Dominion Homes Inc.	2,983	3,778
INDUSTRIAL PRODUCTS -- 6.24%				65,000	General Motors Corp.	3,702	3,120
350,000	Decoma Int.'l, common A	3,602	4,928	50,000	Loews Corp.	2,803	4,211
75,000	Wescast Industries Inc., "A"	2,741	2,429	200,000	Phoenix Companies Inc.	3,583	2,995
<u>TOTAL</u>		6,343	7,357	150,000	Shopko Stores Inc.	2,867	3,357
				<u>TOTAL</u>			
						22,569	24,733
				<u>TOTAL COMMON STOCK</u>			
						77,322	93,164
				<u>TOTAL PORTFOLIO</u>			
						102,676	119,394

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

ABC FUNDS

ABC Fundamental-Value Fund (ABC FVF)

December 31, 2004

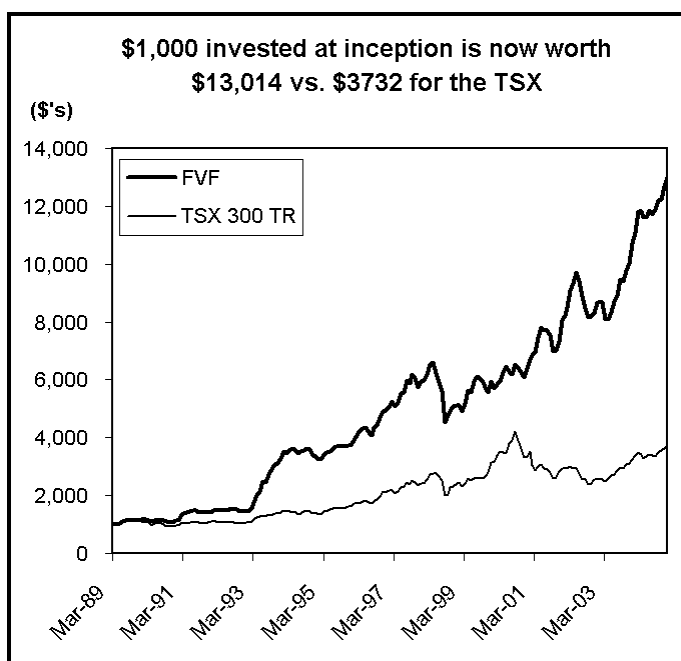
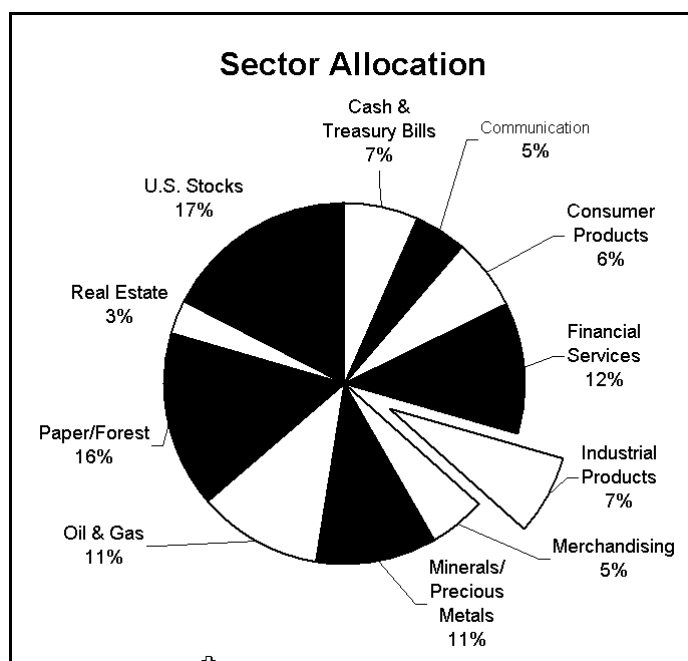
NAVPS	\$18.0925
C.G. Dist.	\$ 2.367455
Inc. Dist.	\$ 0.000000

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	2.48	2.64	1990	-1.98	-14.80
Q4 2004	6.73	7.18	1991	22.92	12.02
1 Year	21.42	14.48	1992	4.26	-1.43
2 Year	22.48	20.45	1993	121.75	32.80
3 Year	17.31	8.30	1994	3.03	-0.63
5 Year	16.95	3.59	1995	11.08	14.83
10 Year	14.47	10.11	1996	31.75	28.35
15 Year	17.39	8.18	1997	20.35	14.98
Since Inception*	17.69	8.69	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
			2004	21.42	14.48

*Inception date for the Fund was March 20, 1989
 **Benchmark consists of the TSX300 Total Return Index



ABC Fundamental-Value Fund, Statement of Investment Portfolio

December 31st, 2004

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 6.65%			
842,216	C\$ Cash	842	842
20,335	U\$ Cash	24	24
137,498	RT CAP Cash In Action Fund	13,750	13,750
123,302	RT CAP U\$ Cash Mgmt Fund	14,773	14,773
<u>TOTAL CASH</u>		29,390	29,390

COMMON STOCKS -- 93.35%

PAPER & FOREST PRODUCTS -- 15.71%

1,250,000	Canfor Corp., common	14,233	19,563
750,000	Fraser Papers Inc.	12,352	11,670
1,000,000	Norbord Inc.	6,346	12,400
1,511,900	SFK Pulp Fund	11,182	10,961
1,000,000	Timberwest Forest Corp., Units	12,440	15,080
<u>TOTAL</u>		56,552	69,674

FINANCIAL SERVICES -- 11.76%

650,000	Clearlink Capital Corp.	5,940	6,338
39,250	E-L Financial Corp.	10,590	13,257
625,000	Laurentian Bank	16,249	15,044
600,000	Northbridge Financial Corp.	9,060	17,520
<u>TOTAL</u>		41,839	52,159

INDUSTRIAL PRODUCTS --7.57%

1,250,000	Decoma Int'l., common A	12,855	17,600
2,250,000	Magellan Aerospace	7,261	6,255
300,000	Wescast Industries Inc., A	10,808	9,717
<u>TOTAL</u>		30,925	33,572

COMMUNICATION -- 4.57%

1,400,000	CanWest Global Communications	14,629	20,244
<u>TOTAL</u>		14,629	20,244

MERCHANDISING -- 4.96%

500,000	Danier Leather Inc.	5,018	6,425
914,800	Sears Canada Inc.	14,859	15,542
<u>TOTAL</u>		19,877	21,967

exchange rate used is 1.19815

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 10.88%			
2,500,000	Bow Valley Energy	3,725	4,775
1,100,000	Devlan Exploration	3,091	4,510
400,000	Devlan Exploration, warrants	1,120	1,640
250,000	Nexen Inc.	8,028	12,175
550,000	Opti Canada Inc.	12,564	10,687
450,000	Talisman Energy	8,136	14,558
<u>TOTAL</u>		36,664	48,344

CONSUMER PRODUCTS -- 6.25%

365,000	Andres Wines Ltd. "A"	4,497	10,238
400,000	Arbor Memorial Services "B"	5,339	7,600
1,200,000	Shermag Inc.	10,919	9,900
<u>TOTAL</u>		20,755	27,738

MINERALS/PRECIOUS METALS -- 10.85%

15,000,000	EuroZinc Mining Corp.	9,263	10,500
2,225,000	Lionore Mining Ltd.	14,004	15,435
600,000	Teck Corporation	5,329	22,152
<u>TOTAL</u>		28,596	48,087

REAL ESTATE -- 3.54%

600,000	Morguard Corp., common	12,351	15,690
<u>TOTAL</u>		12,351	15,690

U.S. STOCKS -- 17.26%

100,000	Amer. Nat. Ins. Co.	10,941	12,480
250,000	General Motors Corp.	14,238	11,999
150,000	Loews Corp., common	8,545	12,634
650,000	Sea Containers Ltd., A	12,567	15,335
575,000	Shopko Stores Inc	11,120	12,869
750,000	The Phoenix Companies	13,745	11,233
<u>TOTAL</u>		71,156	76,550

TOTAL COMMON STOCK 333,343 414,026

TOTAL PORTFOLIO 362,733 443,415

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ABC American-Value Fund (ABC AVF)

December 31, 2004

NAVPS	\$8.4263
C.G. Dist.	\$1.262686
Inc. Dist.	\$0.000000

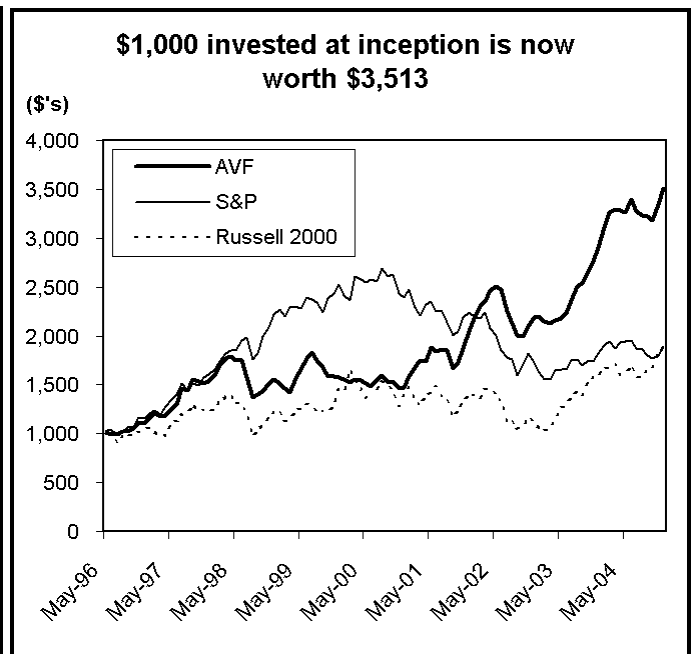
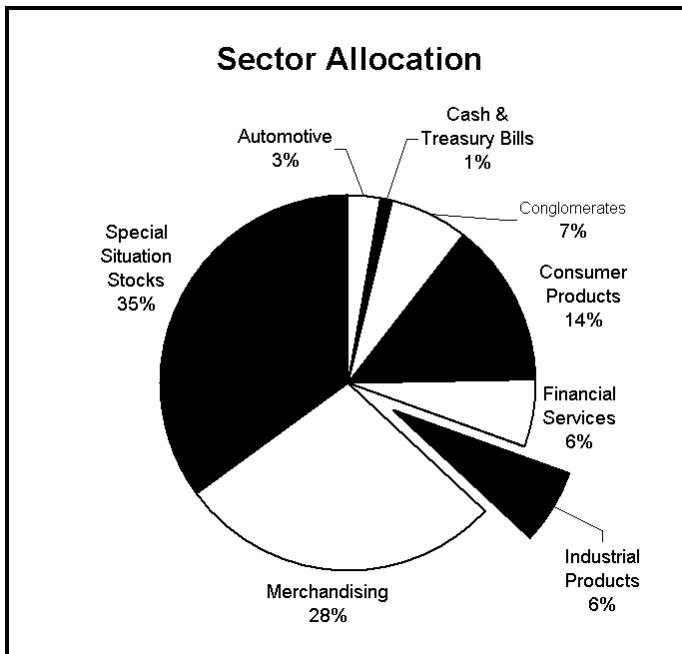
Objective

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	4.90	2.81	4.56	1997	38.76	20.52	39.16
Q4 2004	9.15	13.72	4.02	1998	0.75	-3.45	37.69
1 Year	20.85	17.00	3.27	1999	1.47	19.62	14.14
2 Year	26.65	30.42	4.28	2000	-6.66	-4.20	-5.52
3 Year	19.70	10.08	-5.64	2001	39.52	1.03	-6.45
5 Year	17.43	5.24	-5.78	2002	6.91	-21.58	-22.74
8 Year	15.50	7.60	6.25	2003	32.74	45.37	5.29
Since Inception*	15.77	7.50	7.48	2004	20.85	17.00	3.27

*Inception date for the Fund was May 2, 1996



ABC American-Value Fund, Statement of Investment Portfolio

December 31st, 2004

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 0.01%

3,282	Cash	3	3
0	RT CAP Cash In Action Fund	-	-
0	Cash - US \$	-	-
5	RT CAP US\$ Cash Fund	-	-
<u>TOTAL CASH</u>		3	3

COMMON STOCKS -- 99.99%

INDUSTRIAL PRODUCTS -- 6.41%

50,000	Noland Company, common	2,684	2,756
300,000	Quaker Fabric Corp., common	2,621	2,013
<u>TOTAL</u>		5,305	4,769

FINANCIAL SERVICES -- 5.87%

20,000	Amer. Natl. Ins. Co.	2,191	2,496
125,000	Phoenix Companies Inc.	2,296	1,872
<u>TOTAL</u>		4,487	4,368

CONSUMER PRODUCTS -- 14.40%

278,986	CPAC Inc., common	2,071	1,805
100,000	Dominion Homes	2,460	3,022
125,000	Haggar Corp.	2,395	3,516
150,000	Todhunter International Inc.	2,254	2,369
<u>TOTAL</u>		9,180	10,712

AUTOMOTIVE -- 2.90%

45,000	General Motors Corp., common	2,563	2,160
<u>TOTAL</u>		2,563	2,160

exchange rate used is 1.19815

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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MERCHANDISING -- 28.32%

100,000	Bassett Furniture Industries Inc.	2,469	2,351
225,000	Bon - Ton Stores Inc.	2,451	4,246
250,000	Buca Inc.	2,187	2,085
225,000	Enesco Group Inc.	2,405	2,178
225,000	Fresh Brands Inc.	2,206	2,089
125,000	Shopko Stores Inc.	2,389	2,798
150,000	Tandy Brands Accessories Inc.	2,669	2,663
60,000	Village Super Markets Inc.	2,224	2,662
<u>TOTAL</u>		18,999	21,073

CONGLOMERATES -- 6.79%

25,000	Loews Corp.	1,425	2,106
125,000	Sea Containers Ltd., common A	2,586	2,949
<u>TOTAL</u>		4,012	5,055

SPECIAL SITUATION STOCKS -- 35.31%

175,000	Canfor Corp. Inc.	2,544	2,739
250,000	CanWest Global Comm.	2,600	3,615
75,000	Clearlink Capital	698	731
3,500,000	EuroZinc Mining Corp.	2,100	2,450
1,250,000	Frontera Copper Corp.	2,500	2,313
625,000	Frontera Copper Corp., warrants	0	138
75,500	ING Canada Inc., common	1,963	2,213
100,000	Laurentian Bank	2,398	2,407
450,000	Lionore Mining Ltd.	2,631	3,087
100,000	Morguard Corp., common	2,074	2,615
500,000	Reko Int'l. Group. Inc.	1,677	1,325
175,000	Timberwest Forest Corp., Inc.	2,176	2,639
<u>TOTAL</u>		23,360	26,271

TOTAL COMMON STOCK 67,905 74,408

TOTAL PORTFOLIO 67,908 74,411

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ABC North American Deep-Value Fund (ABC NADVF)

NAVPS	\$10.6499
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

December 31, 2004

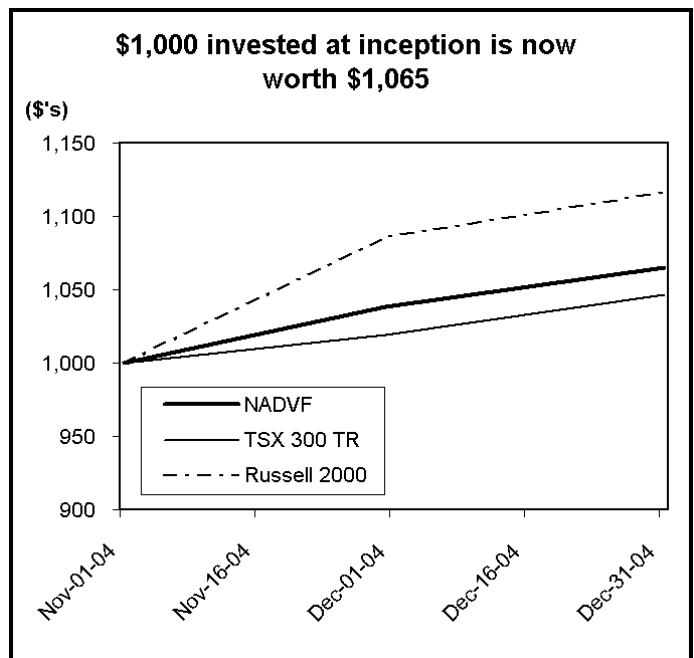
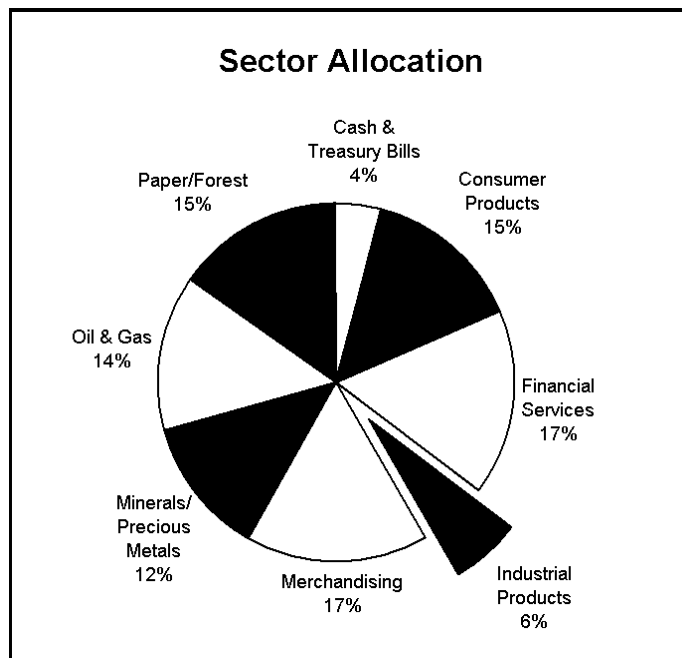
Objective

ABC North American Deep-Value Fund searches out fundamentally undervalued Canadian and American stock exchange listed common shares. This closed-end fund has maximum flexibility to invest in a diversified mix of deep value securities. The country and asset mix, as well as currency exposure, can vary and has no set limits. The portfolio ordinarily will have a mix of 25 to 35 holdings. This fund will be closed to new money after January 31, 2005.

Performance of the Fund vs. U.S. and Canadian Benchmarks

Rates of Return				
	ABC NADVF	Russell 2000	S&P 500 (C\$)	TSX 300
	(%)	(%)	(%)	(%)
December 2004	2.56	2.81	4.56	2.64
November 2004	3.84	8.56	1.46	1.94
Since Inception*	6.50	11.61	6.08	4.63

*Inception date for the Fund was November 1, 2004



ABC North American Deep-Value Fund, Statement of Investment Portfolio

December 31st, 2004

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 4.10%			
1,389,439	Cash	1,389	1,389
0	RT CAP Cash In Action Fund	-	-
533,692	Cash - US \$	639	639
0	RT CAP US\$ Cash Fund	-	-
<u>TOTAL CASH</u>		2,029	2,029

COMMON STOCKS -- 95.90%

CANADIAN STOCKS -- 63.77 %

OIL & GAS -- 14.07%

337,500	Avenir Diversified Income Trust	3,038	3,780
750,000	Caribou Resources Corp.	1,507	1,500
2,500,000	Connacher Oil & Gas Ltd. , warr	1,188	1,375
25,000	Stoneham Drilling Trust	300	300
<u>TOTAL</u>		6,032	6,955

FINANCIAL SERVICES -- 11.98%

79,000	ING Canada Inc., common	2,054	2,315
150,000	Laurentian Bank	3,756	3,611
<u>TOTAL</u>		5,810	5,926

PAPER & FOREST PRODUCTS -- 15.39%

175,000	Canfor Corp., common	2,501	2,739
150,000	Fraser Papers Inc.	2,312	2,334
350,000	SFK Pulp Fund	2,473	2,538
<u>TOTAL</u>		7,285	7,610

MINERALS/PRECIOUS METALS -- 12.43%

3,000,000	EuroZinc Mining Corp.	2,113	2,100
750,000	Frontera Copper Corp.	1,500	1,388
375,000	Frontera Copper Corp.warr.	0	83
375,000	Lionore Mining Ltd.	2,419	2,573
<u>TOTAL</u>		6,031	6,143

exchange rate used is 1.19815

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 9.89%			
200,000	Sears Canada	3,308	3,398
1,750,000	West 49th Inc.	1,138	1,488
<u>TOTAL</u>		4,446	4,886

U.S. STOCKS -- 32.12

MERCHANDISING -- 6.64%

19,332	Bassett Furniture Industries Inc.	453	455
36,600	Foodarama Supermarkets	1,266	1,743
60,949	Tandy Brands Accessories Inc.	1,062	1,082
<u>TOTAL</u>		2,781	3,280

CONSUMER PRODUCTS -- 14.58%

33,517	Champion Industries Inc.	150	147
225,000	Cobra Electronics Corp.	2,204	2,186
85,000	Dominion Homes	2,091	2,569
145,947	Redhook Ale Brewery Inc.	625	614
49,257	S & K Famous Brands Inc.	958	963
46,594	Shoe Carnival Inc.	684	726
<u>TOTAL</u>		6,712	7,204

CONSUMER PRODUCTS -- 6.36%

5,109	Noland Company	264	282
300,000	Quaker Fabric Corp.	2,065	2,013
36,100	Sea Containers Ltd., "A"	673	852
<u>TOTAL</u>		3,002	3,146

FINANCIAL SERVICES -- 4.55%

150,000	The Phoenix Companies Inc.	2,055	2,247
<u>TOTAL</u>		2,055	2,247

TOTAL COMMON STOCK 44,154 47,396

TOTAL PORTFOLIO 46,183 49,425

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

Common Sense, Irrationality and Greed

To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insight or inside information. What's needed is a sound intellectual framework for decisions and the ability to keep emotions from eroding that framework.

Warren Buffett

I have always thought that the key to successful investing entailed discipline, focus, contrary opinion, persistence, the courage of one's convictions and profound patience. While all this may be true, serious security analysis and profitable investing is often confronted by one of man's greatest failings ---- greed.

It is amazing how intelligent and normally rational people involved in important and responsible employment can become so smitten by excessive stock market euphoria. At these times they lose all sense of rationality, perspective and discipline as unbridled greed leads to featherbrained investment decisions. Unfortunately, once undertaken, these poor investment decisions cannot be taken back since there is no money-back return policy in the investment world.

It is our view that successful investing is a 24-7 analytical process. Furthermore, once fundamentally analyzed, an investment decision must be fully-thought-out as to the appropriateness of the security to a particular portfolio and a future exit strategy. Difficult bottom-line decisions must be made devoid of giddy and greedy emotions. In the heat of the battle this is often easier said than done as powerful human greed overtakes all rationality and common sense.

The best commentary on this human failing, I believe, was an April 2004 Investor's Business Daily article written by Craig Shaw entitled, "Don't let

intelligence breed dumb investing mistakes". In this piece Shaw writes:

"Sir Isaac Newton lost money in the South Sea bubble of the 18th century. Mark Twain squandered his fortune speculating on inventions and real estate. Plenty of Ph.D.'s and M.D.'s saw their nest eggs shattered in the 2000-02 bear market. The lesson? A high IQ often means little when it comes to investing.

After his experience, Newton said, "I can calculate the motions of heavenly bodies but not the madness of people." Albert Einstein once said, "Only two things are infinite, the universe and human stupidity, and I'm not sure about the former."

In summation, it is not enough to thoroughly analyze a potential investment. More importantly, as investors, we must seriously bullet-proof ourselves from ourselves. Difficult as it may be, we must adhere to our strict and time-proven investment decision-making processes and refrain from poor, momentary, lemming-like, greed-driven judgments.

Irwin A. Michael, CFA

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