

Noise

*Noise proves nothing.
Often a hen who has merely
laid an egg cackles as if
she has laid an asteroid*

Mark Twain

There is a lot of misinformation, irrelevant data or useless noise in the market place. Thanks to the popular media such as CNN, newspapers, radio, T.V., Internet, etc., investors are constantly bombarded by an incessant stream of clatter, much of which is not germane to effectual investment. Analogously speaking, this is similar to the proverbial red herring which is laid out to set the bloodhounds or in this particular case, investors, on a wild goose chase.

The challenge to market participants, I believe, is to block out all the non-essential information and to focus on the relevant facts. Unfortunately, this task is easier said than done since purveyors of information, whether they be stockbrokers, T.V. or radio newsreaders, presume that all knowledge is important. In reality, it is not so.

As an investment manager I can attest to the point of unnecessary noise. Like many portfolio managers, I am constantly peppered with telephone callers who claim to have some extraordinary spin or edge on a particular investment; in the majority of cases they do not. My incoming emails include at least 500-600 entries a day and my inbox contains innumerable faxes and investment analyst reports. But limited time and reducing the risk of wandering

on an irrelevant investment tangent force me to diligently skim through this investment flow to separate the inconsequential noise from that which is meaningful. One must, however, be careful. In one's haste to delete unimportant emails or to toss out a pile of worthless faxes, one may inadvertently throw out that one genuine piece of information that may lead to a "diamond in the rough."

In a nutshell, the task of screening and sorting out the good from the bad noise is quite challenging and all-important. It requires focus, perseverance and, at times, brutal frankness to those who deliver the noise. However, in the end, I believe the final result leads to effective, concentrated analysis and superior, long term investment returns.



ECONOMIC PERSPECTIVES

Solid Economic Base

The North American economies, building on central bank monetary accommodation to produce generational lows in interest rates have provided a solid economic base for growth. Despite a volatile and weak US dollar, rising oil and basic commodity prices and the problematic US twin deficits, the U.S. economy, appears to be on track for at least another 12 months of 3.5 – 4.5% economic growth.

The Canadian economy, on the other hand, with a firming 82-83¢ Canadian dollar which is crimping the competitiveness of manufacturing and exports, is being contained at a 2.5-3.5% growth rate. Nonetheless, barring any unforeseen economic or political event, North American economic growth should continue unimpeded to at least early 2006.

INVESTMENT PERSPECTIVES

Short Term Pains; Long Term Gains

We like the longer term outlook of the U.S. and Canadian equity markets. However, in the short term, we expect common share prices to be extremely volatile and to test our patience. Nonetheless, we are prepared to suffer through this transitory pain to achieve longer term investment gains.

At this time, despite difficult market conditions, we are now uncovering an increasing number of undervalued American and Canadian common stocks. These selections, we believe, will provide our portfolios with longer term investment out-performance. It is our intention to deploy our cash reserves whenever these opportunities become available.

PORTFOLIO PERSPECTIVES

Focused on U.S. Investing

In spite of the recent stock market weakness and price volatility, we remain optimistic and are attempting to invest our substantial cash reserves. Moreover, with the federal government's recent proposed elimination of the 30% foreign content restriction for RRSPs, pensions, etc. we intend to focus more on U.S. investing.

In fact, once this legislation is passed, it is our longer term intention to raise our country mix to

50-50 Canadian/American common stocks in our two Canadian funds. This strategy could work out quite well given that we are now uncovering three undervalued U.S. stocks to each Canadian. Overall, we believe, the elimination of this foreign investment restriction will provide increasing investment opportunities and greater management capacity for our four ABC Funds.

ABC Funds Value Favourites**DOMINION HOMES INCORPORATED**

Dominion Homes is the largest public homebuilding company in both central Ohio and Louisville, Kentucky. The company has been building homes in Ohio for over fifty years and has been a public company since 1994. Dominion markets to first time and move-up homebuyers. These homes range in price from \$100,000 to \$350,000 and in size from 1,000 to 3,500 square feet. The company traces its roots to 1952 when Douglas Borror built his first home in Columbus, Ohio. Mr. Borror remains the single largest shareholder of Dominion owning 3.9 million shares or 47.5% of the company.

Shares of Dominion Homes reached an all time high of \$40.28 in March 2004 and have since declined to the \$16-\$17 range. Higher mortgage rates in 2004 and 2005 are undoubtedly having a cooling effect on housing demand while higher real estate and raw material costs have begun to impact the Company's margins. However, given that shares of Dominion Homes currently trade at a 27% discount to its book value of \$22.96, we feel the share price is already discounting the cyclical nature of the business and is now fundamentally inexpensive.

On February 10th 2005 Dominion Homes reported fourth quarter and year-end financial results. Sales were \$542 million on the delivery of 2,837 homes while net income was \$20.2 million, or \$2.47 per share. This implies a price to earnings ratio for Dominion of less than seven times 2004 earnings. While earnings, admittedly, will be lower in 2005, free cash flow for the year could be substantial. As orders decline, so should its working capital requirements as the company reduces its land purchases while simultaneously drawing down its inventory of completed homes. Management can use the funds to initiate a dividend, repurchase shares, or even fund a going private transaction.

Lastly, we believe that consolidation among the homebuilders is likely to continue. The industry remains relatively fragmented with the top ten home manufacturers accounting for only 21% of sales in the U.S. Company balance sheets will soon be awash with cash and as a result, we could begin to see an increase in merger and acquisition activity. If this were to occur, we feel Dominion Homes could be a prime takeover candidate given its small size, large real estate holdings and attractive share price.

NORSKE SKOG CANADA LIMITED

Norske Skog Canada Limited, known as NorskeCanada, produces groundwood specialty papers, including newsprint, containerboard and pulp. Originally known as Fletcher Challenge Canada, the predecessor company was acquired in July 2000 by Norske Skogindustrier of Norway who then renamed the subsidiary Norske Skog Canada. In August 2001, NorskeCanada acquired Pacifica Papers and created the corporate entity that we see today.

NorskeCanada is a deep cyclical stock that is sensitive to demand from printers and publishers. Over the past few years, a slowdown in advertising spending created excess capacity across the industry, depressed prices and forced the Company to take downtime. Despite the difficult environment, earnings have shown an improving trend over the past three years. In 2002, the Company reported a loss of \$0.64 per share, in 2003 a loss of \$0.41 per share and in 2004 a loss of \$0.13 per share. In the fourth quarter of 2004, NorskeCanada reported a loss of only \$0.06 per share, in line with expectations.

Rather than focus on the losses per share, we prefer to track NorskeCanada's cash flow situation. The Company is generating positive cash flow, due to a low cost fibre base and several profitability and efficiency improvement initiatives. For 2004, the Company generated \$88.9 million of cash from operations, or \$64.5 million of cash after changes in non-cash working capital. In the fourth quarter of 2004, the Company generated \$34.5 million of cash from operations, or \$49.6 million after changes in non-cash working capital. With capital expenditures of \$20 million, free cash flow was \$14.5 million. We believe the positive cash flow indicates that a return to profitability is finally imminent.

NorskeCanada is currently trading at only 0.8 times its book value of \$4.86. Liquidity and financial flexibility is adequate, with a net debt to net capitalization of 43%, which is much better than the Company's peers. Further, NorskeCanada has a \$350 million revolving operating facility that is undrawn. We believe that cash from operations and the revolving operating facility are sufficient to meet the Company's capital expenditure needs and debt obligations comfortably. Putting the pieces together, NorskeCanada likely bottomed at the \$3.50 level over the past few months. We look for pulp and paper prices to strengthen throughout the spring and summer months and the shares of NorskeCanada should follow.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

March 31, 2005

NAVPS	10.5226
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

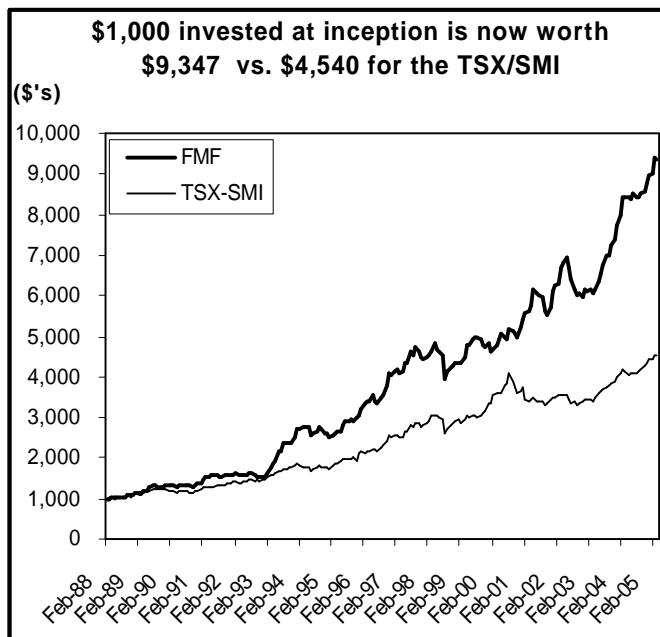
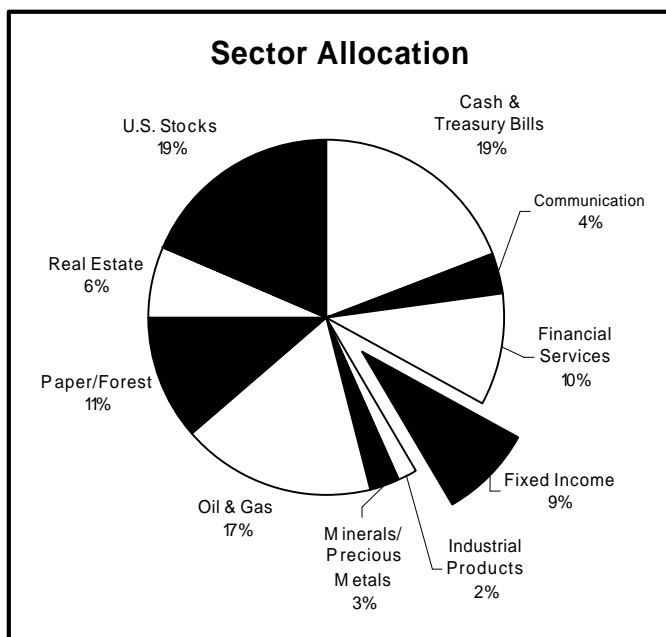
Objective

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	-0.86	-0.09	1989	23.68	17.20
Q1 2005	4.14	2.84	1990	2.17	-4.32
1 Year	10.66	9.25	1991	14.69	17.35
2 Year	24.28	15.51	1992	-1.48	4.75
3 Year	11.81	8.61	1993	64.35	24.36
5 Year	14.34	4.65	1994	2.82	-2.64
10 Year	13.53	9.36	1995	17.25	17.97
15 Year	13.95	9.47	1996	31.99	19.5
Since Inception*	13.98	9.47	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

March 31st, 2005

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.20985

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 19.00%				PAPER/FOREST PRODUCTS -- 11.30%			
198,893	C\$ Cash	199	199	300,000	Canfor Corp.	3,451	4,872
75,804	U\$ Cash	92	92	250,000	Fraser Papers Inc.	3,973	3,003
238,824	RT CAP Cash In Action Fund	23,832	23,832	1,000,000	Norske Skog Canada Ltd., com	3,725	3,850
10,634	RT CAP Cash In Action Fund US \$	1,287	1,287	500,000	SFK Pulp Fund	3,512	3,380
<u>TOTAL CASH</u>		25,410	25,410	<u>TOTAL</u>		14,660	15,105
FIXED INCOME -- 8.69%				OIL & GAS -- 17.61%			
2,150,000	Aecon Group Inc., 8 1/4%, Nov.2nd, 2009	2,150	2,150	350,000	Avenir Diversified Income Trust	3,815	3,745
2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,108	2,000,000	Endev Energy	2,980	3,080
2,500,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	2,216	2,497	1,200,000	Grey Wolf Exploration	3,351	3,072
2,500,000	Magellan Aero., conv. 8.50%, 01/31/08	2,478	2,614	1,750,000	High Point Resources Inc.	2,877	2,485
2,000,000	Nova Chemical ., 7.85%, 08/30/10	1,984	2,257	75,000	Nexen Inc.	2,381	4,965
<u>TOTAL</u>		10,788	11,625	<u>TOTAL</u>		18,097	23,556
COMMON STOCKS -- 72.31%				COMMUNICATION -- 3.85%			
FINANCIAL SERVICES -- 10.04%				MINING / PRECIOUS METALS -- 2.80%			
250,000	Clearlink Capital	2,321	2,475	350,000	CanWest Global Communications	3,644	5,145
13,038	E-L Financial Corp.	3,469	5,043	<u>TOTAL</u>			
225,000	Laurentian Bank	5,822	5,918	<u>TOTAL</u>		3,644	5,145
<u>TOTAL</u>		11,612	13,436	U.S. STOCKS -- 18.64%			
REAL ESTATE -- 6.41%				30,000	Amer. National Ins. Co.	3,244	3,844
175,000	Morguard Corp. , common shares	3,595	5,338	150,000	Bassett Furniture Industries Inc.	3,387	3,575
600,000	Royal Host Real Estate Investment Trust	3,206	3,240	16,500	CNA Financial Corp.	530	560
<u>TOTAL</u>		6,800	8,578	150,000	Dominion Homes Inc.	3,611	3,072
INDUSTRIAL PRODUCTS -- 1.65%				65,000	General Motors Corp.	3,702	2,311
75,000	Wescast Industries Inc., "A"	2,741	2,212	50,000	Loews Corp.	2,803	4,448
<u>TOTAL</u>		2,741	2,212	200,000	Phoenix Companies Inc.	3,583	3,092
<u>TOTAL</u>		2,741	2,212	150,000	Shopko Stores Inc.	2,867	4,032
<u>TOTAL</u>		2,741	2,212	<u>TOTAL</u>		23,727	24,935
<u>TOTAL COMMON STOCK</u>						84,554	96,706
<u>TOTAL PORTFOLIO</u>						120,752	133,741

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)

March 31, 2005

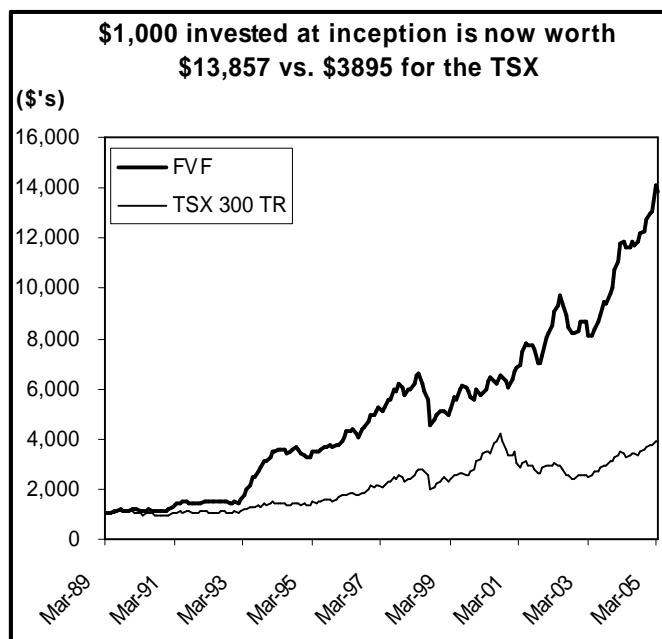
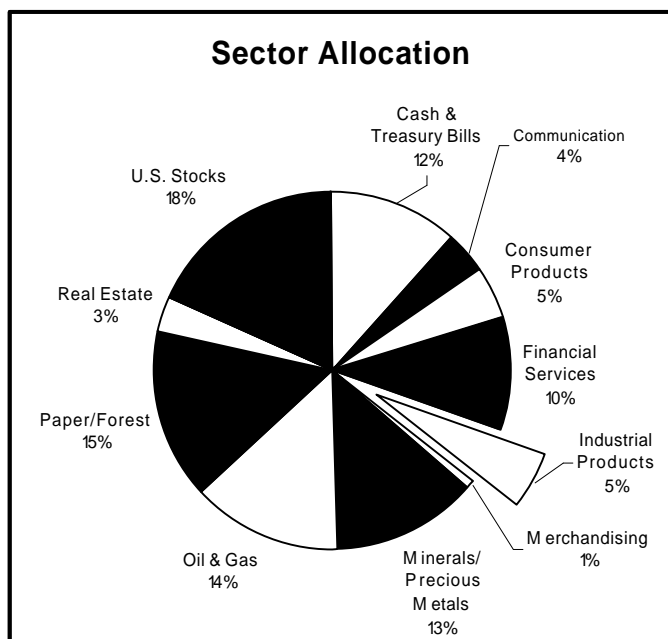
NAVPS	\$19.2654
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

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	-1.51	-0.38	1990	-1.98
Q1 2005	6.48	4.36	1991	22.92
1 Year	17.21	13.93	1992	4.26
2 Year	30.90	25.27	1993	121.75
3 Year	15.03	8.94	1994	3.03
5 Year	18.42	1.99	1995	11.08
10 Year	14.86	10.21	1996	31.75
15 Year	18.04	9.06	1997	20.35
Since Inception*	17.86	8.83	1998	-13.81
			1999	16.25
			2000	7.51
			2001	26.06
			2002	7.62
			2003	23.55
			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
March 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 11.65%			
0	C\$ Cash	-	-
25,698	U\$ Cash	31	31
466,344	RT CAP Cash In Action Fund	46,634	46,634
123,909	RT CAP U\$ Cash Mgmt Fund	15,529	14,991
<u>TOTAL CASH</u>		62,194	61,657

COMMON STOCKS -- 93.35%

PAPER & FOREST PRODUCTS -- 15.18%

1,250,000	Canfor Corp., common	14,233	20,300
155,700	Cascades Inc., common	1,968	2,016
1,000,000	Fraser Papers Inc.	16,059	12,010
636,600	Norbord Inc.	4,040	7,843
4,500,000	Norske Skog Canada Ltd., com	16,813	17,325
1,750,000	SFK Pulp Fund	12,917	11,830
451,300	Timberwest Forest Corp., Units	5,614	6,670
<u>TOTAL</u>		71,643	77,994

FINANCIAL SERVICES -- 10.38%

650,000	Clearlink Capital Corp.	5,940	6,435
39,250	E-L Financial Corp.	10,590	15,131
650,000	Laurentian Bank	16,844	17,095
550,200	Northbridge Financial Corp.	9,390	16,231
<u>TOTAL</u>		42,764	54,892

INDUSTRIAL PRODUCTS --4.89%

1,710,100	Canam Manac Group Inc.	9,892	10,346
2,250,000	Magellan Aerospace	7,261	6,683
300,000	Wescast Industries Inc., A	10,808	8,847
<u>TOTAL</u>		27,961	25,876

COMMUNICATION -- 3.89%

1,400,000	CanWest Global Communications	14,629	20,580
<u>TOTAL</u>		14,629	20,580

MERCHANDISING -- 0.97%

500,000	Danier Leather Inc.	5,018	5,148
<u>TOTAL</u>		5,018	5,148

exchange rate used is 1.20985

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 13.74%			
1,000,000	Avenir Diversified Income Trust	11,195	10,700
2,500,000	Bow Valley Energy	3,725	5,700
1,500,000	Devlan Exploration	4,211	6,705
250,000	Nexen Inc.	8,028	16,550
550,000	Opti Canada Inc.	12,564	14,410
450,000	Talisman Energy	8,136	18,626
<u>TOTAL</u>		47,859	72,691

CONSUMER PRODUCTS -- 4.88%

365,000	Andres Wines Ltd. "A"	4,497	9,859
400,000	Arbor Memorial Services "B"	5,339	7,324
1,300,000	Shermag Inc.	11,697	8,697
<u>TOTAL</u>		21,533	25,880

MINERALS/PRECIOUS METALS -- 13.00%

15,000,000	EuroZinc Mining Corp.	9,263	13,500
2,250,000	FNX Mining Co. Inc. - common	11,270	17,550
2,250,000	Lionore Mining Ltd.	14,004	15,300
500,000	Teck Corporation	4,441	22,425
<u>TOTAL</u>		38,978	68,775

REAL ESTATE -- 3.46%

600,000	Morguard Corp., common	12,351	18,300
<u>TOTAL</u>		12,351	18,300

U.S. STOCKS -- 18.40%

100,000	Amer. Nat. Ins. Co.	10,941	12,813
500,000	CNA Financial Corp.	15,877	16,974
250,000	General Motors Corp.	14,238	8,889
150,000	Loews Corp., common	8,545	13,344
650,000	Sea Containers Ltd., A	12,567	14,360
722,800	Shopko Stores Inc	14,356	19,431
750,000	The Phoenix Companies	13,745	11,596
<u>TOTAL</u>		90,270	97,408

TOTAL COMMON STOCK 373,005 467,542

TOTAL PORTFOLIO 435,199 529,199

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ABC FUNDS

ABC American-Value Fund (ABC AVF)

March 31, 2005

NAVPS	\$8.5717
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

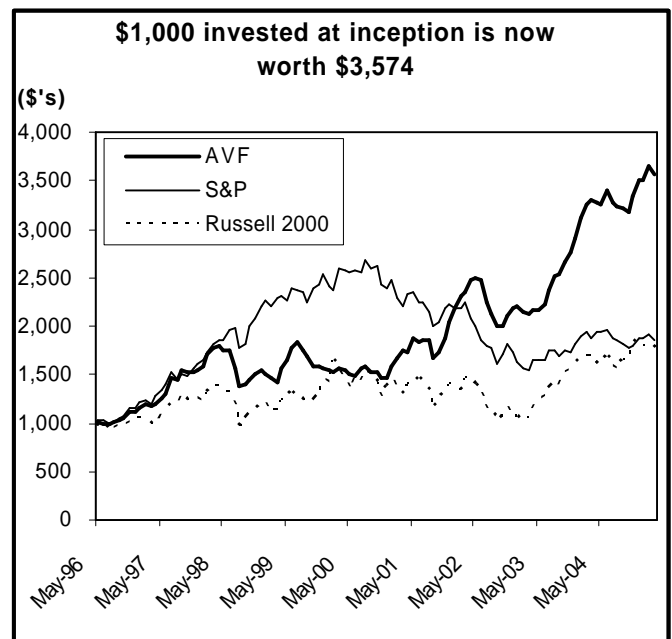
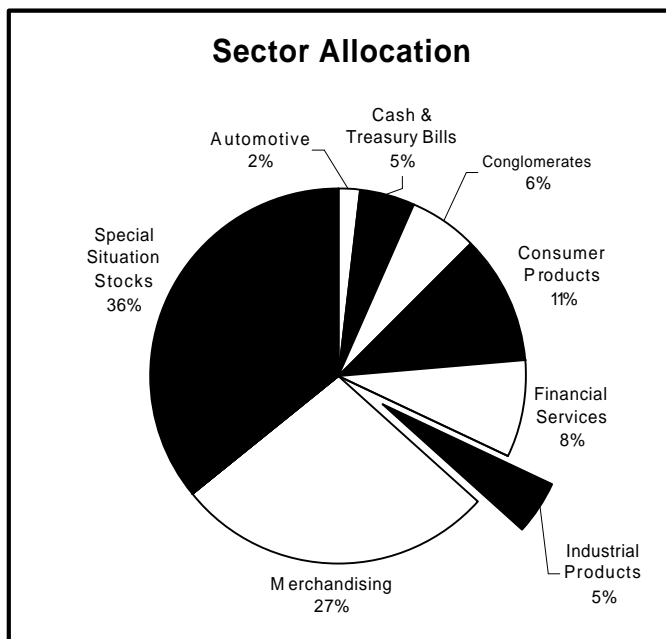
Objective

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\$) (%)	Year	ABC AVF (%)	Russell 2000 (%)	S&P 500 (%)
1 Month	-1.97	-2.99	-3.51	1997	38.76	20.52	39.16
Q1 2005	1.73	-5.60	-1.66	1998	0.75	-3.45	37.69
1 Year	8.41	4.19	-1.51	1999	1.47	19.62	14.14
2 Year	29.60	29.89	8.94	2000	-6.66	-4.20	-5.52
3 Year	14.96	6.69	-6.28	2001	39.52	1.03	-6.45
5 Year	18.06	2.67	-6.65	2002	6.91	-21.58	-22.74
8 Year	14.84	7.59	5.53	2003	32.74	45.37	5.29
Since Inception*	15.51	6.59	7.06	2004	20.85	17.00	3.27

*Inception date for the Fund was May 2, 1996



ABC American-Value Fund, Statement of Investment Portfolio

March 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 4.75%

173,074	Cash	173	173
29,070	RT CAP Cash In Action Fund	2,907	2,907
797,405	Cash - US \$	965	965
42	RT CAP US\$ Cash Fund	5	5
<u>TOTAL CASH</u>		4,050	4,050

COMMON STOCKS -- 95.25%

INDUSTRIAL PRODUCTS -- 4.74%

50,000	Noland Company, common	2,684	2,866
300,000	Quaker Fabric Corp., common	2,621	1,180
<u>TOTAL</u>		5,305	4,046

FINANCIAL SERVICES -- 8.37%

20,000	Amer. Natl. Ins. Co.	2,191	2,562
77,500	CNA Financial Corp.	2,459	2,631
125,000	Phoenix Companies Inc.	2,296	1,933
<u>TOTAL</u>		6,946	7,126

CONSUMER PRODUCTS -- 11.07%

225,000	CPAC Inc., common	1,743	1,456
125,000	Dominion Homes	3,046	2,560
125,000	Haggar Corp.	2,395	3,053
150,000	Todhunter International Inc.	2,254	2,368
<u>TOTAL</u>		9,439	9,438

AUTOMOTIVE -- 1.88%

45,000	General Motors Corp., common	2,563	1,600
<u>TOTAL</u>		2,563	1,600

exchange rate used is 1.20985

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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MERCHANDISING -- 27.41%

100,000	Bassett Furniture Industries Inc.	2,469	2,383
200,000	Bon - Ton Stores Inc.	2,179	4,377
250,000	Buca Inc.	2,187	1,899
225,000	Enesco Group Inc.	2,405	1,810
225,000	Fresh Brands Inc.	2,206	1,987
78,405	Shoe Carnival Inc.	1,208	1,660
130,700	Shopko Stores Inc.	2,509	3,514
150,000	Tandy Brands Accessories Inc.	2,669	2,717
60,000	Village Super Markets Inc.	2,422	3,005
<u>TOTAL</u>		20,252	23,352

CONGLOMERATES -- 5.85%

25,000	Loews Corp.	1,425	2,224
125,000	Sea Containers Ltd., common A	2,586	2,761
<u>TOTAL</u>		4,012	4,985

SPECIAL SITUATION STOCKS -- 35.94%

175,000	Canfor Corp. Inc.	2,544	2,842
250,000	CanWest Global Comm.	2,600	3,675
75,000	Clearlink Capital	698	743
3,500,000	EuroZinc Mining Corp.	2,100	3,150
1,350,000	Frontera Copper Corp.	2,666	2,552
625,000	Frontera Copper Corp., warrants	0	169
950,000	Grey Wolf Exploration	2,658	2,432
1,500,000	High Point Resources Inc.	2,466	2,130
100,000	Laurentian Bank	2,398	2,630
450,000	Lionore Mining Ltd.	2,631	3,060
100,000	Morguard Corp., common	2,074	3,050
750,000	Norske Skog Canada Ltd., com	2,889	2,888
500,000	Reko Int'l. Group. Inc.	1,677	1,300
<u>TOTAL</u>		27,400	30,619

<u>TOTAL COMMON STOCK</u>		75,917	81,167
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<u>TOTAL PORTFOLIO</u>		79,966	85,217
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ABC North American Deep-Value Fund (ABC NADV)

NAVPS	\$11.2268
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

March 31, 2005

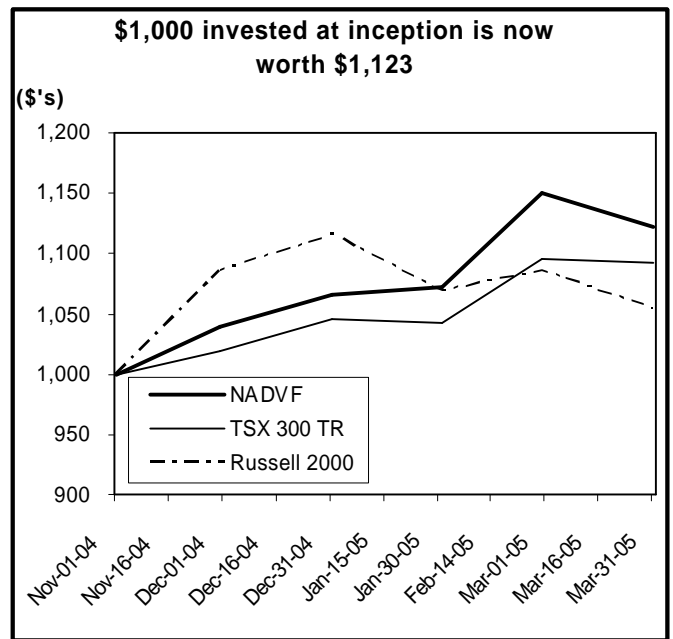
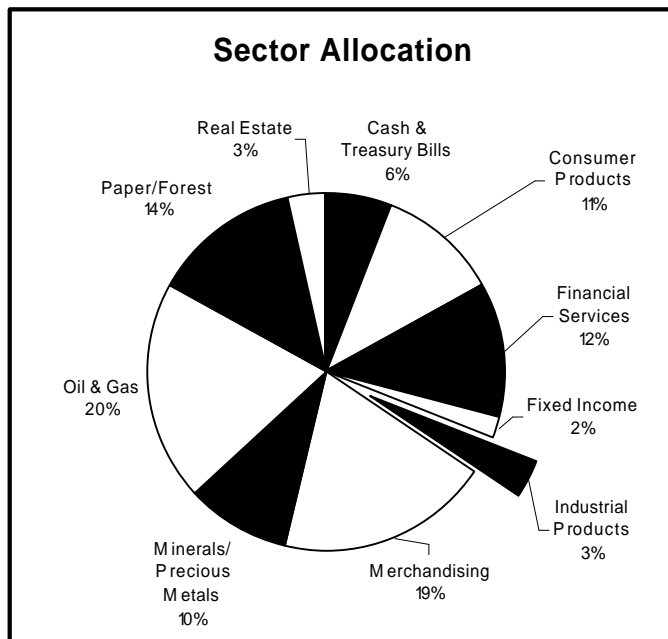
Objective

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 have no set limits. The portfolio ordinarily will have a mix of 25 to 35 holdings. This fund closed to new money on January 31, 2005.

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

Rates of Return				
	ABC NADV	Russell 2000	S&P 500 (C\$)	TSX 300
	(%)	(%)	(%)	(%)
1 Month	-2.38	-2.99	-3.51	-0.38
2 Month	4.75	-1.43	-2.00	4.78
3 Month	5.42	-5.60	-1.66	4.36
4 Month	8.11	-2.95	2.82	7.12
Since Inception*	12.27	5.36	4.32	9.20

*Inception date for the Fund was November 1, 2004



ABC FUNDS

ABC North American Deep-Value Fund, Statement of Investment Portfolio March 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 6.20%			
381,732	Cash	382	382
40,000	RT CAP Cash In Action Fund	4,000	4,000
107,937	Cash - US \$	131	131
0	RT CAP US\$ Cash Fund	-	-
TOTAL CASH		4,512	4,512

FIXED INCOME -- 2.06%

1,500,000	Aecon conv. 8 1/4%, 03/17/2010	1,500	1,500
TOTAL		1,500	1,500

COMMON STOCKS -- 91.74%

CANADIAN STOCKS -- 54.31 %

OIL & GAS -- 19.99%

337,500	Avenir Diversified Income Trust	3,038	3,611
850,000	Caribou Resources Corp.	1,688	1,700
2,500,000	Connacher Oil & Gas Ltd. sp. wrts	1,188	2,325
1,500,000	Endev Energy Inc.	2,017	2,310
850,000	Grey Wolf Exploration	2,378	2,176
1,500,000	High Point Resources Inc., com	2,369	2,130
15,000	Highpine Oil & Gas	270	270
TOTAL		12,948	14,522

FINANCIAL SERVICES -- 5.43%

150,000	Laurentian Bank	3,756	3,954
TOTAL		3,756	3,954

PAPER & FOREST PRODUCTS -- 13.59%

175,000	Canfor Corp., common	2,501	2,842
150,000	Fraser Papers Inc.	2,312	1,802
750,000	Norske Skog Canada Ltd., com	2,661	2,888
350,000	SFK Pulp Fund	2,473	2,366
TOTAL		9,946	9,897

MINERALS/PRECIOUS METALS -- 9.56%

3,000,000	EuroZinc Mining Corp.	2,113	2,700
850,000	Frontera Copper Corp.	1,666	1,607
375,000	Frontera Copper Corp.warr.	0	101
375,000	Lionore Mining Ltd.	2,419	2,550
TOTAL		6,197	6,958

exchange rate used is 1.20985

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 2.40%			
1,750,000	West 49th Inc.	1,138	1,750
TOTAL		1,138	1,750

REAL ESTATE --- 3.34 %

450,000	Royal Host Investment Trust	2,284	2,430
TOTAL		2,284	2,430

U.S. STOCKS -- 37.49

MERCHANDISING -- 16.81%

100,000	Bassett Furniture Industries Inc.	2,317	2,383
100,000	Duckwall-Alco Stores	2,236	2,196
40,000	Foodarama Supermarkets	1,833	1,688
21,664	Haggar Corp., common	444	529
150,000	Shoe Carnival Inc.	2,287	3,176
125,000	Tandy Brands Accessories Inc.	2,218	2,264
TOTAL		11,335	12,237

CONSUMER PRODUCTS -- 10.70%

42,458	Champion Industries Inc.	191	211
225,000	Cobra Electronics Corp.	2,209	2,055
100,000	Dominion Homes	2,468	2,048
28,600	Maine & Maritimes Corp.	876	874
224,833	Redhook Ale Brewery Inc.	963	952
60,556	S & K Famous Brands Inc.	1,195	1,191
29,300	Todhunter International Inc.,	453	463
TOTAL		8,356	7,793

INDUSTRIAL PRODUCTS -- 3.18%

5,795	Noland Company	299	332
300,000	Quaker Fabric Corp.	2,065	1,180
36,100	Sea Containers Ltd., "A"	673	798
TOTAL		3,037	2,309

FINANCIAL SERVICES -- 6.80%

77,500	CNA Financial Corp.	2,482	2,631
150,000	The Phoenix Companies Inc.	2,055	2,319
TOTAL		4,537	4,950

TOTAL COMMON STOCK 63,534 66,801

TOTAL PORTFOLIO 69,546 72,813

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

Stop, Look and Listen

*A wise old owl sat on an oak,
The more he sat the less he spoke;
The less he spoke the more he learned;
Why aren't we like that wise old bird?*

E.H. Richards

I remember many years ago in primary school when it was drummed into our heads by our teachers to “stop, look and listen”. Although these words pertained to safe-proofing young children when crossing a street, I believe this term bears particular relevance to the stock market today.

Firstly, it seems to me that investors must look to the markets and individual stocks to ascertain what they may be telling us. You see, the stock market, I contend, speaks its own language with price volatility, chart patterns, trading volumes, etc. The market also tells us stories with dividend cuts or increases, stock splits, new financings and corporate executive/director appointments or resignations. Clearly it is up to us as investors to stop, look and listen to this information. Analyzing these announcements, I believe will enable us to make better-informed investment decisions.

As fundamental analysts we try to grab all tidbits of information in order to cobble together a portfolio of fundamentally undervalued stock picks. But this is easier said than done. It is, after all, a

tedious task. Much of this valuable information must be gleaned from annual reports and financial statements, industry publications or brokerage reports. Next, it must be thoroughly analyzed such that we analysts can arrive at some financial conclusion. But, quite often, for whatever reason, we skip over a lot of the data/analysis in our haste to make a decision. This haste, however, can be quite costly with important investment decisions made on incomplete or spurious information.

The fact is: successful investing is a serious 24-7 analytical/investment management task. We must fully carry it out without cutting corners. The end result, in my opinion, leads to successful investment outperformance, significant personal accomplishment and constant peace of mind.

Irwin A. Michael, CFA

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