

The Very Best We Can...

*It is easy to be brave
from a safe distance.*

Aesop

I would be less than honest if I stated that it is easy being a portfolio manager. The fact is: it is not. Portfolio managers operate in a 24-7, fast-paced, constantly changing marketplace where supposedly intelligent and lucid investment decisions in the morning can sometimes look rather featherbrained in the afternoon. Furthermore, unlike many other professions, our work is constantly scrutinized and second-guessed by armchair quarterbacks since we receive a daily report card of stock prices in the popular newspapers for all to see.

As fundamental analysts we try to thoroughly analyze common stocks. We examine pre-screened companies in great depth, establish disciplined buy/sell targets and set about a plan of action to purchase a meaningful position. Given our collective information and analysis we do the very best we can.

In theory this strategy looks quite simple: analyze, buy the most promising stocks and then sell at a huge profit. Unfortunately, investment management is never as easy as it looks. Ask the many individuals who in 1999/2000 decided that the high tech boom was a veritable horn of plenty and that great gobs of money could be made by simply buying the tech stocks and flipping the innumerable initial public offerings. It may have worked for a short period but these neophytes were soon to become very disappointed. The fact is that if it was so easy everyone would be doing this and we wouldn't need MBAs and CFAs to carry out investment research.

When we describe our disciplined and patient investment style to prospective clients we explain that we make a great effort to thoroughly analyze our common share selections. But, in some cases, the waiting period for a stock to reach our price target can be quite long and painful. A stock may languish for months until, suddenly, a catalyst such as a merger, takeover or a privatization may occur and the stock price then rockets upward. Instantly our clients think that we are geniuses without considering that we may have suffered through months of agony, criticism and client second-guessing.

To reiterate, we are doing the very best we can as we shepherd a portfolio of 30 to 40 common stocks toward first quartile investment performance. At the same time we grapple under close combat conditions in a dynamic marketplace fraught with price volatility combined with intermittent political, economic and financial shocks. But through our continuing efforts, tenacity and investment passion we steer toward our common goal of financial excellence. This enduring passion keeps us focused and constantly motivated as we carefully navigate through countless investment anomalies, as well as real and bogus opportunities.

A handwritten signature in black ink, appearing to read "Tom." with a period at the end. The signature is written in a cursive, slightly slanted style.

ECONOMIC PERSPECTIVES**Stretching Out The Economic Cycle**

Both the U.S. and Canadian economies continue to stretch out the current economic cycle. Interestingly, the U.S. economy is tenaciously shrugging off higher Federal Reserve interest rates, twin deficits, \$60 barrel oil, an overheated U.S. housing market and rising commodity prices. Although Canada, by extension, is hanging on to the U.S. economic coat-tails, Canadian GNP growth appears to be slowing toward 2½% - 3%.

The Canadian dollar, trading at the 81½¢ level, is probably boxed into a 78¢-83¢ range due to ongoing concerns with a fragile federal minority government, rising Quebec separatism and weakening foreign trade. Overall, it is our continuing view that barring any unforeseen economic or political event, positive North American economic growth should persist to at least early-mid 2006.

INVESTMENT PERSPECTIVES**Low Canadian Interest Rates: A Stock Market Driver**

With a benign Canadian yield curve of 3 month treasury bills at 2½%, 10-year Canada bonds at 3¾% and 30 year long term governments at only 4¼%, Canadian interest rates remain a significant positive driver toward higher stock prices. Clearly with a number of Canadian dividend-paying stocks and income trusts yielding considerably higher than

the 2½% 3 month treasury bill rate, we believe common shares, as an asset class, are generally attractively priced. True, individual stock selection will be quite important, however, it is our opinion that the popular benchmark stock indices should end 2005 at least moderately higher than the end of June mid-year break.

PORTFOLIO PERSPECTIVES**Summer Hunt For Bargains**

We continue to uncover three new undervalued U.S. stocks to each Canadian. We intend to build on our growing American stock positions and will increase our U.S. country-mix to 50% in our two Canadian portfolios.

It is our view that the U.S. Sarbanes-Oxley Act, passed several years ago to counteract the Enron, WorldCom, etc. fiascos is extremely onerous upon corporate America. It is our belief that numerous

small and micro cap companies will reconsider whether remaining public and complying with

increasing securities regulation is worth the cost and effort. We believe many companies, as a result, will decide to go private, reorganize or sell out to larger corporations. In consequence, in addition to searching for undervalued U.S. companies, we are, at the same time, hunting for those public entities which will benefit from this Sarbanes-Oxley effect.

ABC Funds Value Favourites**ROYAL HOST REIT**

While Royal Host REIT became a public entity in 1998, the Trust can trace its history back to 1974. During that year, the Royer family, who still lead Royal Host to this day, selected Red Deer, Alberta for their first hotel operation. Nearly 25 years after they launched their first hotel, the Royer family packaged their various business ventures – from time share operations to marinas – into what is now known as the Royal Host Real Estate Investment Trust. The issue, with a unit price of \$10, raised \$128,000,000 in equity for the Trust. Today, the Trust's hotel portfolio consists of 37 properties located across Canada with a total of 5,039 guestrooms. The REIT also has a franchise operation through Travelodge Canada.

As is evident by current unit prices, the last seven years have been anything but smooth for Royal Host. Events such as the September 11th terrorist attacks, the subsequent economic recession, and SARS, negatively impacted Canada's hospitality industry. The challenging operating environment forced the Trust to cut its monthly distribution from \$0.08 to \$0.02 a unit.

We believe that Royal Host's units are fundamentally undervalued, and several catalysts have emerged that will unlock unitholder value. The most important development has been management's clear intention to re-focus the Trust back to its core competence: hotel ownership and management. The first stage of this plan is currently being executed. Troubled properties such as the Toronto Travelodge and the Oklahoma marina have been sold. In a related announcement, the Trust signed a deal with Humphrey Hospitality to expand its hotel management business.

For Canadian REITs, the key valuation metric is net asset value (NAV). We estimate Royal Host's current NAV to be \$6.50/unit. With a renewed focus, greater margins, and capital structure changes, Royal Host's NAV could easily reach \$7.00/unit. As the turnaround progresses, the Trust could raise its annual distribution to \$0.48 per unit.

The other catalyst on the horizon for Royal Host is the presence of George Armoyan. Mr. Armoyan has a history of buying large stakes in undervalued companies – and then either taking them out entirely or convincing management of other strategic alternatives. Geosam currently owns roughly 18% of the Trust's outstanding units. During Royal Host's 2004 Annual Meeting, Mr. Armoyan's influence went beyond merely economic. By using his voting rights, Mr. Armoyan disposed of three long-standing board members and installed three of his associates. With control of the Board, the Trust's strategic repositioning will only be accelerated.

S&K FAMOUS BRANDS

S&K Famous Brands is a Richmond, Virginia-based men's apparel retailer operating 235 locations in 27 states throughout the U.S. The stores carry an assortment of suits, sportcoats, slacks, shirts, ties and shoes at prices 20% to 40% less than regular, full priced department and specialty stores.

We recently purchased shares of S&K Famous Brands as a micro-cap stock for our North American Deep Value Fund. S&K has just 2.5 million shares outstanding and with insiders owning close to 28% of the company, its public float is even smaller. Trading in the stock is therefore very illiquid and not surprisingly, not one analyst officially covers it. With no need to raise money via a stock issue and given the increased time and money needed to comply with Sarbanes-Oxley, we wondered why S&K bothered to remain a public company.

Then on March 16th, 2005, the Company announced that it was voluntarily terminating the registration of its common stock with the Securities and Exchange Commission. The main reason cited was complying with the Sarbanes-Oxley Act which management said was costing the company over \$300,000 a year. As a result, trading in the stock was moved from the NASDAQ National market to the Pink Sheets. Since de-listing from the NASDAQ, shares of S&K have continued to languish despite the fact that business has improved significantly. The Company recently announced that first quarter earnings would be in the range of \$.88 to \$.93 per share compared to earnings of \$.67 a year earlier. In May, comparable store sales at S&K rose an impressive 10.1%.

At approximately \$17, shares of S&K trade at an 18% discount to its book value of \$20.75. Management recently stated that its \$2.5 million stock repurchase program was still in effect and its shares currently "represent an attractive investment for the company". We agree. In fact, completion of the buyback program at current prices could be accretive to book value by \$1.50 per share. If you add to that over \$1.00 in earnings this year, S&K could very well end the year with a book value of over \$23.00. Given the company's recent deregistration, small public float and attractive valuation, we would not be surprised if management eventually decides to take the company private. With a potential take out price of \$23, investors purchasing shares of S&K today could be rewarded with a 50% return.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

June 30, 2005

NAVPS	10.7288
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

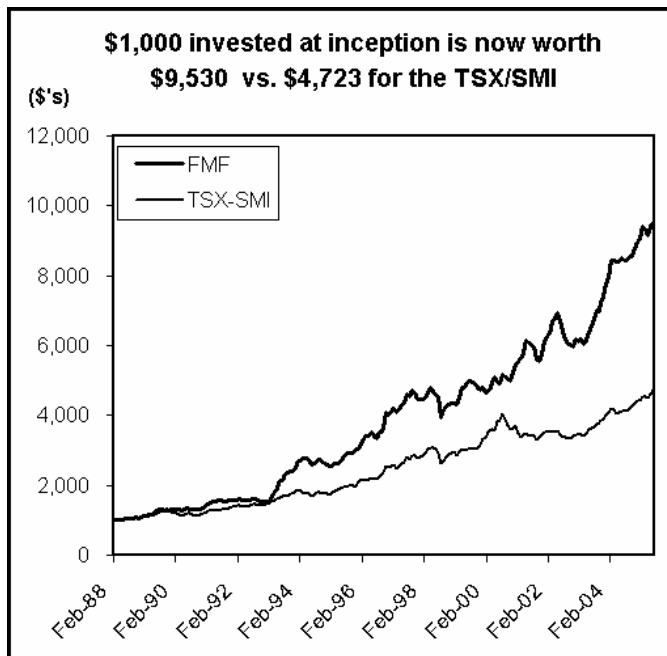
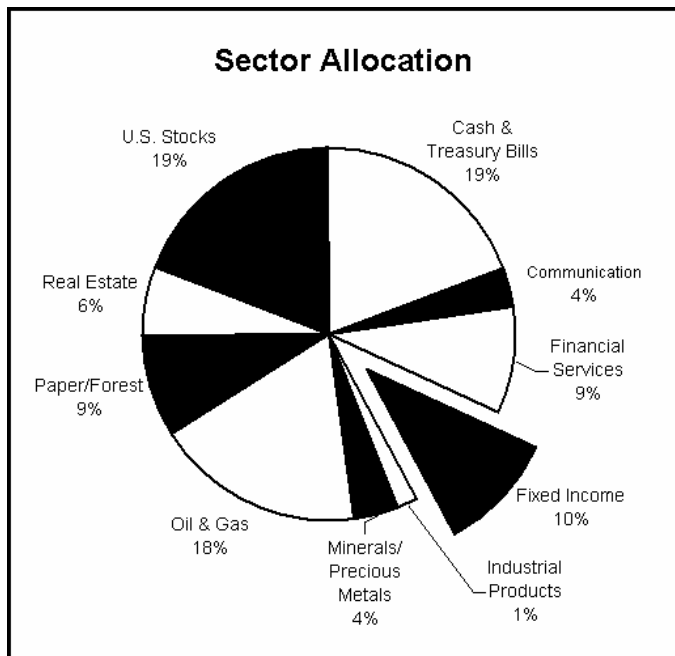
Objective

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	1.23	2.37	1989	23.68	17.20
Q2 2005	1.96	4.03	1990	2.17	-4.32
1 Year	12.06	14.89	1991	14.69	17.35
2 Year	20.49	13.68	1992	-1.48	4.75
3 Year	12.33	11.04	1993	64.35	24.36
5 Year	13.91	4.40	1994	2.82	-2.64
10 Year	13.08	9.22	1995	17.25	17.97
15 Year	13.98	9.66	1996	31.99	19.5
Since Inception*	13.89	9.34	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 FUNDS

ABC Fully-Managed Fund, Statement of Investment Portfolio

June 30th, 2005

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.2248

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 19.50%				PAPER/FOREST PRODUCTS -- 8.98%			
486,831	C\$ Cash	487	487	300,000	Canfor Corp.	3,451	4,410
66,875	U\$ Cash	82	82	250,000	Fraser Papers Inc.	3,973	2,915
262,804	RT CAP Cash In Action Fund	26,280	26,280	1,000,000	Norske Skog Canada Ltd., com	3,725	3,260
12,694	RT CAP Cash In Action Fund US \$	1,555	1,555	500,000	SFK Pulp Fund	3,512	2,495
<u>TOTAL CASH</u>		28,404	28,404	<u>TOTAL</u>		14,660	13,080
FIXED INCOME -- 10.34%				OIL & GAS -- 18.04%			
2,150,000	Aecon Grp Inc., conv. 8 1/4%, 11/02/09	2,150	2,150	350,000	Avenir Diversified Income Trust	3,815	3,910
2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,103	849,500	Caribou Resources	1,735	1,869
4,000,000	Fronterra Copper , 10%, 6/15/10	3,324	3,480	2,750,000	Endev Energy	4,067	4,263
2,500,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	2,216	2,563	1,200,000	Grey Wolf Exploration	3,351	3,768
2,500,000	Magellan Aero., conv. 8.50%, 01/31/08	2,478	2,603	150,000	Nexen Inc.	2,381	5,580
2,000,000	Nova Chemical ., 7.85%, 08/30/10	1,984	2,154	150,000	Talisman Energy Inc.	2,691	6,885
<u>TOTAL</u>		14,112	15,051	<u>TOTAL</u>		18,041	26,274
COMMON STOCKS -- 69.06%				COMMUNICATION -- 3.27%			
FINANCIAL SERVICES -- 9.47%				350,000 CanWest Global Communications			
250,000	Clearlink Capital	2,321	2,490	<u>TOTAL</u>		3,644	4,767
13,038	E-L Financial Corp.	3,469	5,220	<u>TOTAL</u>		3,644	4,767
225,000	Laurentian Bank	5,822	6,089	MINING / PRECIOUS METALS -- 3.48%			
<u>TOTAL</u>		11,612	13,799	1,000,000	Fronterra Copper Corp.	1,704	1,600
REAL ESTATE -- 6.09%				550,000	Lionore Mining Ltd.	3,274	3,460
175,000	Morguard Corp. , common shares	3,595	5,329	<u>TOTAL</u>		4,978	5,060
600,000	Royal Host Real Estate Investment Trust	3,206	3,540	U.S. STOCKS -- 19.40%			
<u>TOTAL</u>		6,800	8,869	30,000	Amer. National Ins. Co.	3,244	4,214
INDUSTRIAL PRODUCTS -- 1.43%				150,000	Bassett Furniture Industries Inc.	3,392	3,465
75,000	Wescast Industries Inc., "A"	2,741	2,076	100,000	CNA Financial Corp.	3,400	3,481
<u>TOTAL</u>		2,741	2,076	150,000	Dominion Homes Inc.	3,611	2,965
<u>TOTAL COMMON STOCK</u>		89,810	102,171	65,000	General Motors Corp.	3,702	2,707
TOTAL PORTFOLIO				6,887	Kansas City Life Insurance Co.	388	405
				200,000	Phoenix Companies Inc.	3,583	2,915
				150,000	Shopko Stores Inc.	2,867	4,466
				125,000	Superior Industries International	3,148	3,628
				<u>TOTAL</u>		27,334	28,247
				<u>TOTAL COMMON STOCK</u>		89,810	102,171
				<u>TOTAL PORTFOLIO</u>		132,326	145,626

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ABC FUNDS

ABC Fundamental-Value Fund (ABC FVF)

June 30, 2005

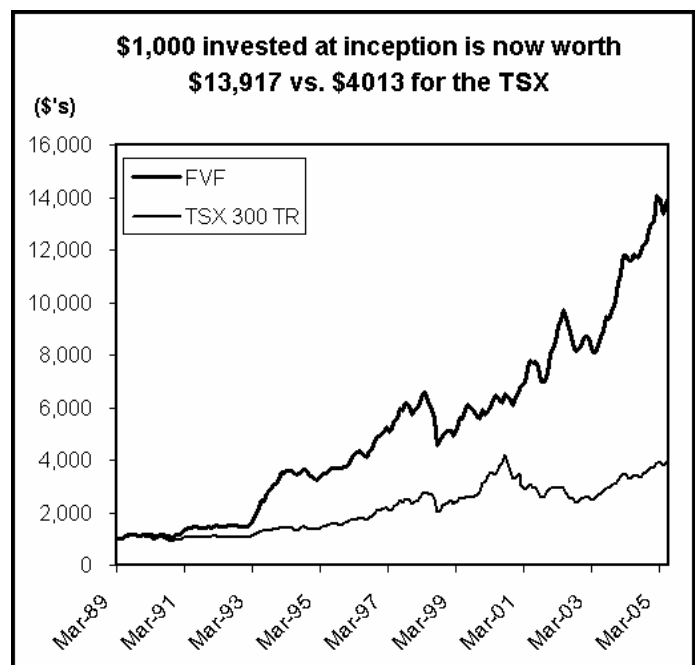
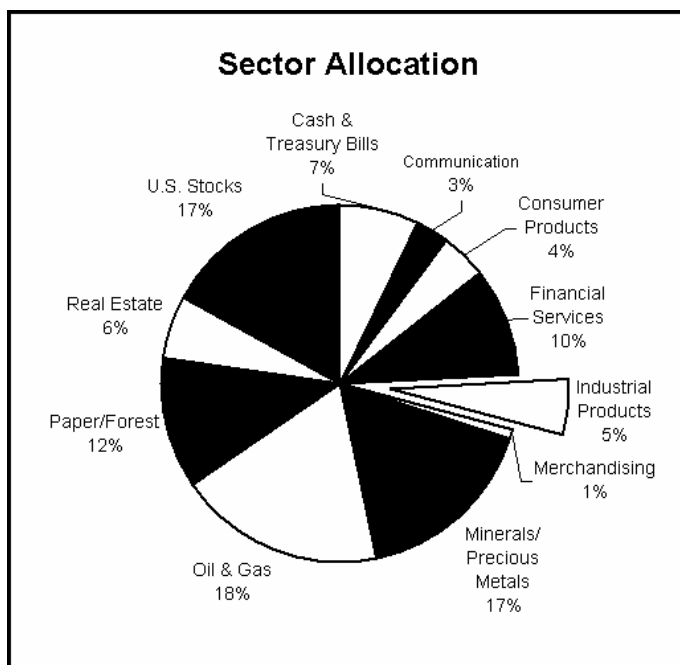
NAVPS	\$19.3478
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

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	0.75	3.33	1990	-1.98	-14.80
Q2 2005	0.43	3.58	1991	22.92	12.02
1 Year	17.54	18.04	1992	4.26	-1.43
2 Year	26.52	21.22	1993	121.75	32.80
3 Year	13.90	13.58	1994	3.03	-0.63
5 Year	17.24	1.13	1995	11.08	14.83
10 Year	14.46	10.03	1996	31.75	28.35
15 Year	17.98	9.44	1997	20.35	14.98
Since Inception*	17.59	8.93	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
June 30th, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 7.21%			
1,409,936	C\$ Cash	1,410	1,410
66,730	U\$ Cash	82	82
215,155	RT CAP Cash In Action Fund	21,515	21,515
150,982	RT CAP U\$ Cash Mgmt Fund	18,492	18,492
<u>TOTAL CASH</u>		41,499	41,499

COMMON STOCKS -- 92.79%

PAPER & FOREST PRODUCTS -- 12.00%

1,250,000	Canfor Corp., common	14,233	18,375
875,000	Cascades Inc., common	11,137	10,054
1,250,000	Fraser Papers Inc.	18,956	14,575
4,500,000	Norske Skog Canada Ltd., com	16,813	14,670
2,050,000	SFK Pulp Fund	14,656	10,230
<u>TOTAL</u>		75,795	67,903

FINANCIAL SERVICES -- 9.77%

650,000	Clearlink Capital Corp.	5,940	6,474
39,250	E-L Financial Corp.	10,590	15,661
650,000	Laurentian Bank	16,844	17,589
550,000	Northbridge Financial Corp.	10,525	16,500
<u>TOTAL</u>		43,899	56,224

INDUSTRIAL PRODUCTS -- 4.86%

1,750,000	Canam Manac Group Inc.	10,172	12,670
2,250,000	Magellan Aerospace	7,261	7,043
300,000	Wescast Industries Inc., A	10,808	8,304
<u>TOTAL</u>		28,241	28,017

COMMUNICATION -- 3.31%

1,400,000	CanWest Global Communications	14,629	19,068
<u>TOTAL</u>		14,629	19,068

MERCHANDISING -- 0.89%

500,000	Danier Leather Inc.	5,018	5,100
<u>TOTAL</u>		5,018	5,100

exchange rate used is 1.2248

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 18.43%			
1,250,000	Avenir Diversified Income Trust	13,905	13,963
2,500,000	Bow Valley Energy	3,725	8,125
2,000,000	Clear Energy	9,918	9,700
1,500,000	Devlan Exploration	4,211	5,625
250,000	Nexen Inc.	8,028	18,600
550,000	Opti Canada Inc.	12,564	14,713
3,750,000	Saxon Energy Services Inc.	14,239	14,625
450,000	Talisman Energy	8,136	20,655
<u>TOTAL</u>		74,726	106,005

CONSUMER PRODUCTS -- 4.28%

365,000	Andres Wines Ltd. "A"	4,497	10,403
400,000	Arbor Memorial Services "B"	5,339	8,140
1,300,000	Shermag Inc.	11,697	6,110
<u>TOTAL</u>		21,533	24,653

MINERALS/PRECIOUS METALS -- 16.71%

16,500,000	EuroZinc Mining Corp.	10,220	10,890
1,525,000	FNX Mining Co. Inc. - common	8,054	17,309
4,000,000	Hudbay Minerals Inc., common	11,083	10,280
7,000,000	Ivornia Inc., common	10,665	11,060
2,500,000	Lionore Mining Ltd.	15,524	15,725
1,925,000	Richmont Mines Inc.	9,433	10,241
500,000	Teck Corporation	4,441	20,670
<u>TOTAL</u>		69,420	96,175

REAL ESTATE -- 5.71%

2,000,000	Legacy Hotels REIT Trust	13,623	14,620
600,000	Morguard Corp., common	12,351	18,270
<u>TOTAL</u>		25,974	32,890

U.S. STOCKS -- 17.03%

125,000	Amer. Nat. Ins. Co.	14,058	17,559
500,000	CNA Financial Corp.	15,877	17,404
250,000	General Motors Corp.	14,238	10,411
660,700	Sea Containers Ltd., A	12,732	12,923
722,800	Shopko Stores Inc	14,356	21,521
125,000	Superior Industries International	3,148	3,628
1,000,000	The Phoenix Companies	17,608	14,575
<u>TOTAL</u>		92,017	98,022

TOTAL COMMON STOCK 451,251 534,056

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TOTAL PORTFOLIO 492,750 575,556

ABC American-Value Fund (ABC AVF)

June 30, 2005

NAVPS	\$9.0168
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

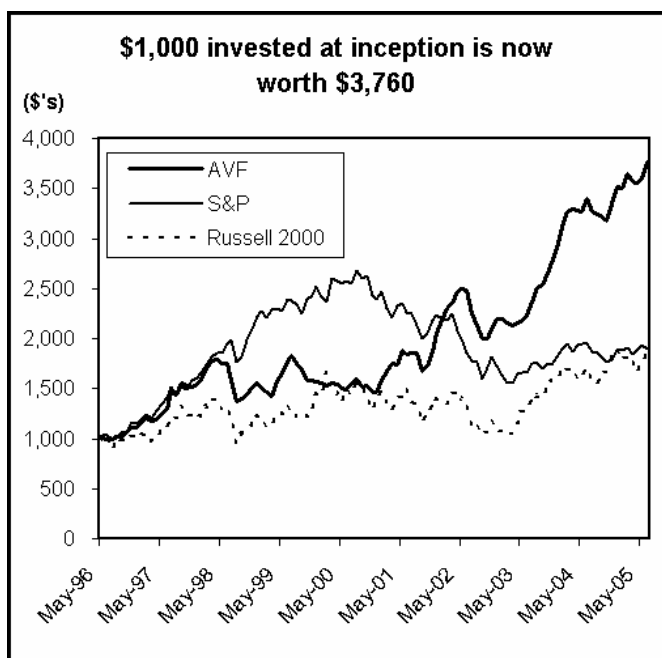
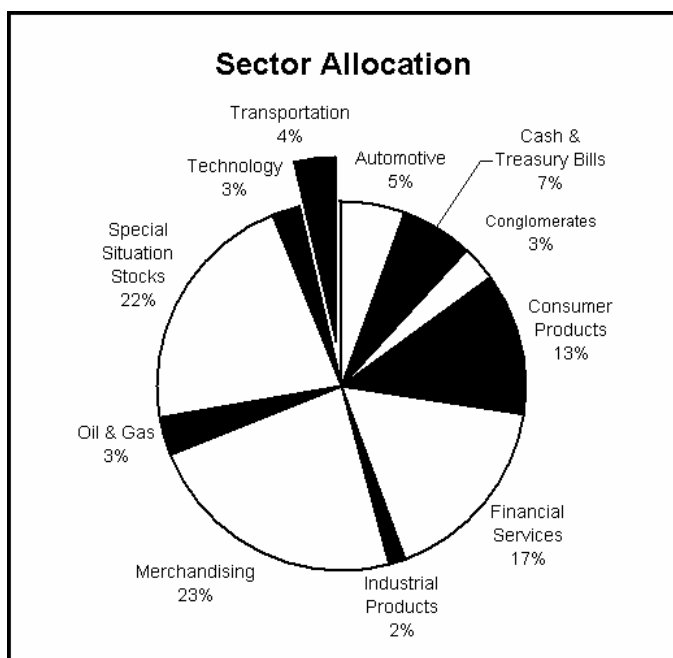
Objective

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	4.64	3.72	-1.88	1997	38.76	20.52	39.16
Q2 2005	5.19	4.00	2.71	1998	0.75	-3.45	37.69
1 Year	10.68	8.14	-2.79	1999	1.47	19.62	14.14
2 Year	29.83	19.44	7.01	2000	-6.66	-4.20	-5.52
3 Year	14.91	11.41	0.82	2001	39.52	1.03	-6.45
5 Year	20.38	4.34	-5.98	2002	6.91	-21.58	-22.74
9 Year	16.00	7.04	7.01	2003	32.74	45.37	5.29
Since Inception*	15.70	6.86	7.18	2004	20.85	17.00	3.27

*Inception date for the Fund was May 2, 1996



ABC American-Value Fund, Statement of Investment Portfolio

June 30th, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 6.57%

0	Cash	-	-
62,095	RT CAP Cash In Action Fund	6,209	6,209
331,470	Cash - US \$	406	406
0	RT CAP US\$ Cash Fund	-	-
TOTAL CASH		6,615	6,615

COMMON STOCKS -- 93.43%

INDUSTRIAL PRODUCTS -- 1.50%

300,000	Quaker Fabric Corp., common	2,621	1,503
TOTAL		2,621	1,503

FINANCIAL SERVICES -- 16.92%

20,000	Amer. Natl. Ins. Co.	2,191	2,809
77,500	CNA Financial Corp.	2,459	2,698
52,500	Kansas City Life Insurance	3,003	3,090
104,500	National Atlantic Holdings Corp.	1,337	1,481
175,000	Phoenix Companies Inc.	3,070	2,551
93,500	Piper Jaffray Companies	3,347	3,485
43,555	Presidential Life Corp.	807	913
TOTAL		16,214	17,026

OIL & GAS -- 3.33%

250,000	Harvest Natural Resources Inc	3,133	3,347
TOTAL		3,133	3,347

CONSUMER PRODUCTS -- 12.54%

225,000	CPAC Inc., common	1,743	1,350
180,000	Cruzan Intl. Inc., common	2,671	5,677
125,000	Dominion Homes	3,046	2,471
125,000	Haggar Corp.	2,395	3,116
TOTAL		9,856	12,614

AUTOMOTIVE -- 5.46%

45,000	General Motors Corp., common	2,563	1,874
125,000	Superior Industries Intl.	3,271	3,628
TOTAL		5,834	5,502

exchange rate used is 1.22480

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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MERCHANDISING -- 22.94%

100,000	Bassett Furniture Industries Inc.	2,469	2,310
125,545	Bon - Ton Stores Inc.	1,368	2,975
250,000	Buca Inc.	2,187	1,598
29,966	Duckwall-Alco Stores Inc.	692	788
225,000	Enesco Group Inc.	2,405	824
225,000	Fresh Brands Inc.	2,206	1,867
319,045	Goody's Family Clothing Inc	2,687	2,882
130,700	Shopko Stores Inc.	2,509	3,892
150,000	Tandy Brands Accessories Inc.	2,669	2,003
60,000	Village Super Markets Inc.	2,422	3,954
TOTAL		21,612	23,093

CONGLOMERATES -- 2.91%

150,000	Sea Containers Ltd., common A	3,037	2,934
TOTAL		3,037	2,934

TRANSPORTATION -- 3.51%

187,500	Covenant Transport Inc.	3,213	3,031
24,646	PAM Transportation Services	477	507
TOTAL		3,690	3,539

TECHNOLOGY -- 2.71%

270,289	GTSI Corp., common	2,677	2,731
TOTAL		2,677	2,731

SPECIAL SITUATION STOCKS -- 21.61%

250,000	CanWest Global Comm.	2,600	3,405
75,000	Clearlink Capital	698	747
3,500,000	EuroZinc Mining Corp.	2,100	2,310
1,500,000	Frontera Copper Corp.	2,922	2,400
625,000	Frontera Copper Corp., warrants	0	109
950,000	Grey Wolf Exploration	2,658	2,983
450,000	Lionore Mining Ltd.	2,631	2,831
100,000	Morguard Corp., common	2,074	3,045
750,000	Norske Skog Canada Ltd., com	2,889	2,445
500,000	Reko Int'l. Group. Inc.	1,677	1,475
TOTAL		20,248	21,750

TOTAL COMMON STOCK 88,921 94,038

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

TOTAL PORTFOLIO 95,537 100,654

ABC North American Deep-Value Fund (ABC NADVF)

NAVPS	\$11.5036
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

June 30, 2005

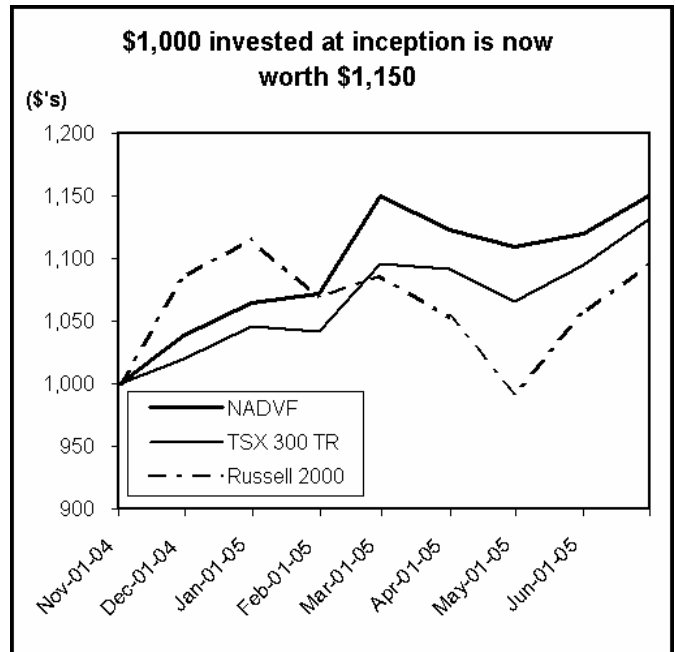
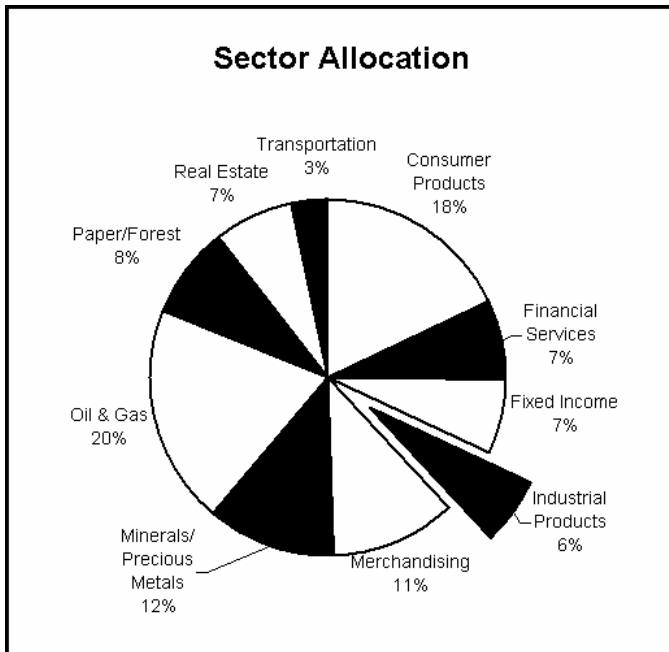
Objective

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 NADVF	Russell 2000	S&P 500 (C\$)	TSX 300
	(%)	(%)	(%)	(%)
1 Month	2.73	3.72	-1.88	3.33
Q2 2005	2.47	4.00	2.71	3.58
Year To Date	8.02	-1.83	1.00	8.10
Since Inception*	15.04	9.57	7.15	13.11

*Inception date for the Fund was November 1, 2004



ABC FUNDS

ABC North American Deep-Value Fund, Statement of Investment Portfolio June 30th, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 0.00%			
0	Cash	-	-
0	RT CAP Cash In Action Fund	-	-
0	Cash - US \$	-	-
0	RT CAP US\$ Cash Fund	-	-
TOTAL CASH		-	-

FIXED INCOME -- 6.82%

1,500,000	Aecon conv. 8 1/4%, 03/17/2010	1,500	1,500
2,500,000	First Nickel Inc. 11% , 04/27/2007	2,500	2,500
100,000	Magellan Aerospace, 8% conv. pfd.	1,000	1,042
TOTAL		5,000	5,042

COMMON STOCKS -- 93.18%

CANADIAN STOCKS -- 51.12 %

OIL & GAS -- 20.19%

250,000	Avenir Diversified Income Trust	2,250	2,793
1,250,000	Caribou Resources Corp.	2,474	2,750
2,500,000	Connacher Oil & Gas Ltd. sp. wrts	1,188	2,050
1,197,400	Drillers Technology Corp.	1,773	1,952
1,500,000	Endev Energy Inc.	2,395	2,713
850,000	Grey Wolf Exploration	2,378	2,669
TOTAL		12,457	14,926

CONSUMER PRODUCTS -- 3.33%

231,000	Atrium Biotechnologies Inc	2,734	2,460
TOTAL		2,734	2,460

PAPER & FOREST PRODUCTS -- 8.43%

175,000	Fraser Papers Inc.	2,600	2,041
750,000	Norske Skog Canada Ltd., com	2,661	2,445
350,000	SFK Pulp Fund	2,473	1,747
TOTAL		7,734	6,232

MINERALS/PRECIOUS METALS -- 11.72%

3,000,000	EuroZinc Mining Corp.	2,113	1,980
625,000	First Nickel Inc., common	350	463
1,000,000	Frontera Copper Corp.	1,922	1,600
375,000	Frontera Copper Corp.warr.	0	63
850,000	Hudbay Minerals Inc.	2,402	2,185
375,000	Lionore Mining Ltd.	2,419	2,359
TOTAL		9,205	8,648

exchange rate used is 1.22480

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 0.20%			
15,000	Pizza Pizza Royalty Trust	150	150
TOTAL		150	150

REAL ESTATE --- 7.25 %

450,000	Royal Host Investment Trust	2,284	2,655
360,200	TGS North American REIT	2,512	2,702
TOTAL		4,796	5,357

U.S. STOCKS -- 42.06%

MERCHANDISING -- 11.32%

100,000	Bassett Furniture Industries Inc.	2,317	2,310
100,000	Duckwall-Alco Stores	2,236	2,631
40,000	Foodarama Supermarkets	1,833	1,751
125,000	Tandy Brands Accessories Inc.	2,218	1,669
TOTAL		8,604	8,361

CONSUMER PRODUCTS -- 14.90%

300,000	Cobra Electronics Corp.	2,944	2,631
38,240	Cruzan International Inc.	608	1,206
100,000	Dominion Homes	2,468	1,977
50,000	Maine & Maritimes Corp.	1,551	1,500
300,000	Redhook Ale Brewery Inc.	1,291	1,187
120,000	S & K Famous Brands Inc.	2,400	2,513
TOTAL		11,262	11,014

INDUSTRIAL PRODUCTS -- 5.34%

300,000	Quaker Fabric Corp.	2,065	1,503
125,000	Sea Containers Ltd., "A"	2,383	2,445
TOTAL		4,448	3,948

FINANCIAL SERVICES -- 7.22%

78,100	Merchants Group Inc	2,326	2,325
150,000	The Phoenix Companies Inc.	2,055	2,186
154,828	United Financial Mortgage Corp.	848	823
TOTAL		5,229	5,334

TRANSPORTATION -- 3.28%

150,000	Covenant Transport Inc.	2,422	2,425
TOTAL		2,422	2,425

TOTAL COMMON STOCK 69,039 68,855

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TOTAL PORTFOLIO 74,039 73,897

Listen

*Nature has given us two ears
but only one mouth
that we may hear from others
twice as much as we speak.*

Benjamin Disraeli

One of the most important aspects in the process of researching a company is the corporate interview. It can be a one-on-one meeting with a company president or with several members of the team including the president, vp finance, etc. It can be a face-to-face meeting in an office boardroom, a telephone conference call or via a computer/internet presentation.

Well, before such an encounter we prepare a whole list of questions relating to the public company's present and future prospects, finances, competition, regulation, taxes, non-essential assets, etc. We arrive at the meeting or presentation with a pad of paper, pen and calculator as we attempt to connect the dots of the mystery of whether or not we should purchase a particular company's common shares.

Ultimately, our investment decision will rely upon a number of important factors of the interview such as a concise company plan of action which will give us a sense of comfort that the company is in good shape with a positive outlook. But more importantly, we want to acquire a confidence with management, its operational style and its ability to weather the day-to-day issues of running a public corporation.

Our principal task to this whole interview process is to listen. We must be attentive. For instance, we will ask questions, prod the executives in certain directions for us to better understand the overall business and let management offer whatever information they may wish to give us. Again, the challenge to us as analysts is to listen, not interrupt and let management speak their peace. This is all-important; however, it is not an easy task since most analysts have a natural tendency to plow ahead with a rapid fire list of questions. Often, they do not allow management the full opportunity to explain in greater detail their short and longer term corporate plan of action. More often than not, management may offer a simple piece of the investment puzzle which will be key to the decision whether or not to invest.

The research responsibility of listening, I believe, is an "art". It is an invaluable skill acquired by battle-hardened investor experience. The importance of listening to management, in my opinion, is paramount to the portfolio manager's ultimate investment decision. In short, it is a simple yet key element to investment success.

Irwin A. Michael, CFA

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