

Success

*Success is a lousy teacher.
It seduces smart people into thinking
they can't lose.*

Bill Gates

The TSX index is up more than 20 1/2% over the first 9 months of 2005. Admittedly, that's pretty good. However, with the oil and gas component "on fire", thanks to \$65 barrel oil and \$14 a BTU natural gas, it is not surprising that this sector has turbo-powered the TSX benchmark and masked the overall market mediocrity.

Comprising 27% of the TSX index, oil and gas is emitting a sense of déjà vu to numerous market observers – back to the peaky high tech mania of 1999-2000. At that time, one stock, Nortel, at its all time high price of \$124.50, comprised over 35% of the TSE 300. Furthermore, with many oil and gas companies doubling and tripling in price over the past 6-12 months, the market is providing an inflated sense of success and is instilling surging bravado in many neophyte investors. In addition, the wild success of income/royalty trusts, too, has added to investors' extreme optimism and propensity for risk. Overall, it appears too easy.

Now, this is not to say that we are negative on North American common stock prices. In fact, on the contrary, we remain quite optimistic. This is in spite of \$65 oil, \$14 natural gas, U.S. twin deficits, hurricanes, Iraq and Middle East tensions, etc. We believe that North American economic growth for the next 12-18 months should trend toward 2 1/2% - 3 1/2 %, although, inflation could increase from the recent 2% - 3% toward 4% - 5%. So, what does this all mean for common stock prices?

While we believe that common stock prices will trend higher over the next year, it is our view that prices will be fraught with extreme volatility and will test investor conviction. It is our opinion that now is the time to become more prudent, more cautious. True, oil and gas shares have done rather well and such ABC Fund holdings including Nexen and Talisman have both tripled over the past 12 months. We must not, however, be seduced into thinking that one cannot lose with oil and gas. In consequence, we have been taking profits while, at the same time have attempted to maintain equity exposure by switching to relatively cheaper stocks. In addition we have become increasingly judicious in ferreting out the dirt cheap stocks and liquidating the overpriced ones.

We believe that the key investment decision is no longer when to buy; rather, it is when to sell. In many cases we will have to grit our teeth, maintain our disciplines, focus and commitment to sell overextended and fundamentally overvalued stocks. But this is not an easy task. It combines courage of one's convictions and extreme stamina. In summation, we will gravitate toward other relatively cheap stocks or to treasury bills until we can redeploy our cash reserves into new attractively-priced securities.



ECONOMIC PERSPECTIVES**The Economy: Tenaciously Resilient**

The American and Canadian economies have faced continuous adversity over the first 9 months of 2005. This includes: the devastating effects of Hurricanes Katrina and Rita; spiked energy costs of \$60-\$70 barrel oil; rising commodity prices (e.g. \$1.80 lb copper); a revitalized Canadian dollar (albeit positive for inflation but severely impeding Canadian international manufacturing competitiveness and exportation); U.S. twin deficits; a sagging American dollar, etc.

Strangely enough the North American economy has been remarkably stable throughout this period and has demonstrated a tenacious resilience in spite of all the misfortune that has befallen this year. As a result it is our continuing belief that barring any unforeseen economic, political, or natural disaster, North American economic growth should persist at a 2.50%-3.50% baseline rate for the balance of 2005 until at least the end of 2006. On a macro basis this elongated economic growth should energize the North American stock market for, at least, another 8-12 months.

INVESTMENT PERSPECTIVES**Rummaging for Resources**

With the growing international demand for basic natural resources (e.g. oil and gas, copper, lead, zinc, etc), particularly by China and India, commodity prices have continued to saw-tooth to economic cycle highs. By extension, common share prices of oil and gas and resource companies have empowered the resource-laden TSX 300 to a year-to-date return of 20.70%.

It is our view that in expectation of extended North American economic growth we believe that a judicious selection of oil and gas and basic commodity companies should provide for excellent market returns over the next 12 months. In consequence, we are diligently rummaging through the resource sector in anticipation of selecting 4 or 5 undervalued opportunities which should be beneficiaries of the current economic environment.

PORTFOLIO PERSPECTIVES**Fully Committed**

Given our continued optimism on the North American economic outlook we have been fully committed to equities for the past 6 months and expect to maintain this investment strategy for the balance of 2005 and into 2006.

Over the past 3 months we have gradually increased the U.S. content of our Canadian portfolios toward 25% and will continue to boost this percentage as we patiently uncover relatively undervalued American

equities. At the same time, we have shuffled our portfolio holdings to accommodate new purchases. We have taken full profits in Bon-Ton Stores, Connacher Oil and Gas, Duckwall-Alco Stores, Northbridge Financial, Opti Canada and TGS North American REIT. More importantly, during the past 3 months we have had 6 takeovers including: Cruzan International, Drillers Technology, Goody's Family Clothing, Haggar Corp., Shopko Stores and United Financial Mortgage.

ABC Funds Value Favourites**LEGACY HOTELS REIT**

Legacy Hotels REIT owns 24 hotels with over 10,000 guest rooms in both Canada and the United States. The REIT owns several of Canada's landmark hotels, including the Fairmont Chateau Frontenac and Toronto's Fairmont Royal York. In addition to its luxury properties, Legacy's portfolio includes 11 Delta hotels and the Sheraton Eau Claire in Calgary, Alberta.

We believe Legacy Hotels REIT is an example of the market failing to see the forest for the trees. True, Legacy's recent operating performance has significantly lagged its Canadian peer group and its core hotel business has suffered in the wake of the 9/11 terrorist attacks, SARS, an appreciating Canadian currency and the NHL lock-out. We also acknowledge that Legacy's uninspiring results are not entirely due to factors outside the REIT's control. As other REITs have recovered from these events, Legacy's upscale properties have struggled to find their own identity and position in an increasingly crowded luxury hotel market. Clearly, investors have not been impressed with the performance of the Trust; Legacy's units are down 40% from its \$10/unit 1997 initial public offering.

Despite the Trust's near-term challenges, we believe the units are fundamentally undervalued at current prices. Legacy's most recent balance sheet lists the hotel portfolio's cost at \$1.763 billion (giving the Trust a book value of around \$7 per share). Recent market data suggests that asset values in many of Legacy's markets have appreciated significantly since its 1997 offering. Using very conservative assumptions, we derive a net asset value (NAV) of at least \$8.50 per unit on a "per key" basis.

While we believe that the Trust's current hotel properties are worth at minimum \$8.50 per unit, we see an opportunity to unlock even greater value. During the hotel industry's extended downturn, Legacy purchased three hotels and raised over \$400 million in debt and equity. Unfortunately, business has been below plan since these hotels were acquired. We believe the time has come for Legacy to focus on its current assets and examine strategic alternatives that will surface their hidden value.

One potential initiative, which has been very popular south of the border, is condo conversions. In addition, Legacy has excess lands adjacent to many of its hotels that could be developed with partners or sold outright. For example, excess land next to the Fairmont Chateau Laurier, situated next to the Rideau Canal, would be an ideal location for a condominium project. We believe that development projects and condo conversions could add between \$0.50 to \$1.50 per unit in incremental value, leaving us with a total NAV between \$9.00 and \$9.50 per unit.

HANDLEMAN COMPANY

Handleman is not well known to a lot of people however it could very well be the largest seller of music in the world. Based in Troy, Michigan, Handleman is a distributor and category manager of pre-recorded music for mass merchants in the United States, United Kingdom and Canada. Essentially, Handleman is the link in the supply chain between the record labels (i.e. Warner, Sony, Universal), and large mass retailers (Wal-Mart, K-Mart, Best Buy). Handleman works behind the scenes by managing the selection, acquisition, delivery, retail ticketing, display and return of music products for its customers.

Handleman has fallen from favour lately on Wall Street. This can be attributed to sluggish pre-recorded music sales, lower margins due to promotional pricing and a reduction in the number of Wal-Mart and K-Mart locations serviced by the company. Subsequently, shares of Handleman have fallen to under \$14, or roughly half of its peak price of \$26.60 reached in April 2004. But investment sentiment towards Handleman could be too negative. While the company did lose 25 Wal-Mart stores in August, it has been awarded the servicing contracts for 65 new Wal-Mart locations scheduled to open later in the year. In addition, Handleman is winning new customers. Last month it was awarded the category management and distribution of Latin music for Circuit City. With respect to declining industry sales of pre-recorded music, Handleman's customers have actually increased sales of pre-recorded music in each of the last five years.

At these levels, we feel shares of Handleman are oversold and in fact, represent an attractive investment opportunity. With earnings expected to reach \$1.32 this year and \$1.73 in fiscal 2007, its shares are trading at just ten and eight times this and next year's earnings respectively. This multiple is low when compared to its publicly traded peers, and is below the company's historical average of between 12 and 13. In addition, Handleman trades at a 9% discount to its book value of \$13.93. It should also be noted that Handleman has an excellent balance sheet. The company is virtually debt-free and is expected to generate close to \$1 per share in free cash flow in each of the next two years. This cash could be used to increase the dividend or to buy back the company's stock. In fact, since 1997, Handleman has reduced its shares outstanding from 32 million to fewer than 20 million today. Finally, we feel Handleman could become the object of a takeover given the company's low stock market valuation, high cash flow and solid balance sheet. It could attract the interest of a strategic buyer wanting to expand its product line or a financial player looking to take the company private via a leveraged buyout (LBO) strategy.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

September 30, 2005

NAVPS	11.2413
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

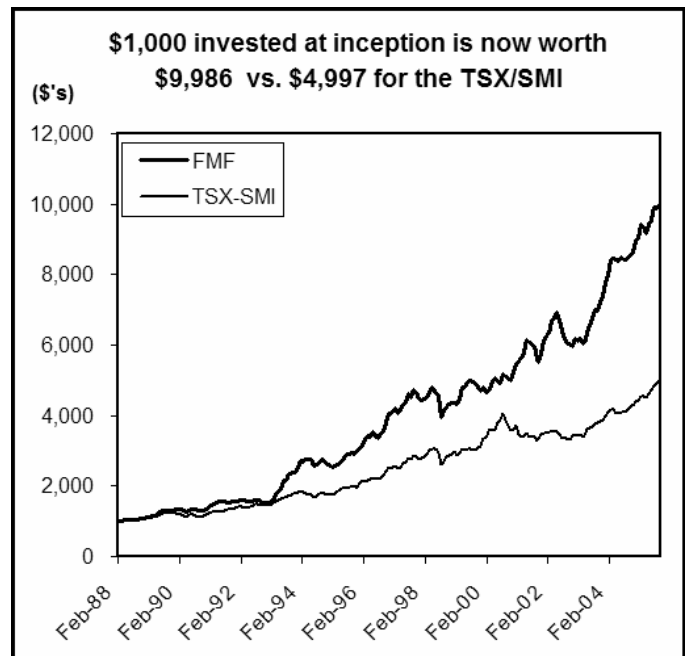
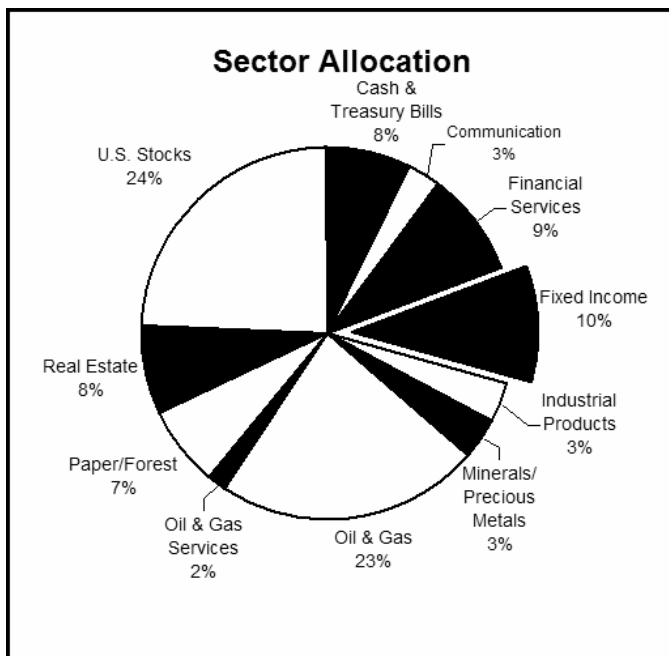
Objective

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	1.21	1.35	1989	23.68	17.20
Q3 2005	4.78	5.79	1990	2.17	-4.32
1 Year	17.01	18.73	1991	14.69	17.35
2 Year	19.63	14.85	1992	-1.48	4.75
3 Year	18.34	11.04	1993	64.35	24.36
5 Year	14.33	5.15	1994	2.82	-2.64
10 Year	13.04	9.63	1995	17.25	17.97
15 Year	14.50	10.41	1996	31.99	19.5
Since Inception*	13.98	9.58	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

September 30th, 2005

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.160604

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 7.23%				PAPER/FOREST PRODUCTS -- 6.97%			
0	C\$ Cash	-	-	300,000	Canfor Corp.	3,451	4,182
21,268	U\$ Cash	25	25	250,000	Fraser Papers Inc.	3,973	2,438
106,550	RT CAP Cash In Action Fund	10,655	10,655	1,000,000	Norske Skog Canada Ltd., com	3,725	2,850
12,006	RT CAP Cash In Action Fund US \$	1,393	1,393	500,000	SFK Pulp Fund	3,512	2,195
<u>TOTAL CASH</u>		12,073	12,073	<u>TOTAL</u>		14,660	11,665
FIXED INCOME -- 10.26%				OIL & GAS -- 22.87%			
1,500,000	Aecon Grp Inc., conv. 8 1/4%, 03/17/10	1,444	1,500	350,000	Avenir Diversified Income Trust	3,815	4,375
2,500,000	Aecon Grp Inc., conv. 8 1/4%, 11/02/09	2,494	2,500	250,000	Caribou Resources, warrants	0	25
2,000,000	Nexen Inc., 6.85%, 11/15/06	1,960	2,073	1,500,000	Caribou Resources, common	3,299	3,750
4,000,000	Fronterra Copper , 10%, 6/15/10	3,324	3,820	2,750,000	Endev Energy	4,067	5,665
2,500,000	Gerdau Ameristeel, conv. 6.50%, 4/30/07	2,216	2,544	1,200,000	Grey Wolf Exploration	3,351	7,560
2,500,000	Magellan Aero., conv. 8.50%, 01/31/08	2,478	2,556	150,000	Nexen Inc.	2,381	8,318
2,000,000	Nova Chemical , 7.85%, 08/30/10	1,984	2,144	150,000	Talisman Energy Inc.	2,691	8,532
<u>TOTAL</u>		15,900	17,136	<u>TOTAL</u>		19,605	38,225
COMMON STOCKS -- 82.51%				REAL ESTATE -- 7.96%			
OIL & GAS SERVICES -- 1.73%				U.S. STOCKS -- 24.43%			
1,250,000	Pulse Data Inc., common	3,075	2,888	30,000	Amer. National Ins. Co.	3,244	4,148
<u>TOTAL</u>		3,075	2,888	150,000	Bassett Furniture Industries Inc.	3,388	3,242
FINANCIAL SERVICES -- 9.08%				100,000	CNA Financial Corp.	3,400	3,467
250,000	Clearlink Capital	2,321	2,588	200,000	Covenant Transport Inc.	3,094	2,809
13,038	E-L Financial Corp.	3,469	5,559	150,000	Dominion Homes Inc.	3,611	2,773
225,000	Laurentian Bank	5,822	6,977	65,000	General Motors Corp.	3,702	2,309
<u>TOTAL</u>		11,612	15,123	175,000	Handleman Co. , common	2,918	2,565
INDUSTRIAL PRODUCTS -- 3.33%				60,000	Kansas City Life Insurance Co.	3,568	3,563
500,000	Canam Manac Group Inc.	3,290	3,640	200,000	Phoenix Companies Inc.	3,583	2,832
75,000	Wescast Industries Inc., "A"	2,741	1,919	175,000	Presidential Life Corp.	3,738	3,656
<u>TOTAL</u>		6,031	5,559	175,000	Sea Containers Ltd., A	3,221	2,380
COMMUNICATION -- 2.72%				175,000	Seaspan Corporation , common	4,443	3,930
350,000	CanWest Global Communications	3,644	4,550	125,000	Superior Industries International	3,245	3,122
<u>TOTAL</u>		3,644	4,550	<u>TOTAL</u>		45,154	40,796
MINING / PRECIOUS METALS -- 3.42%				TOTAL COMMON STOCK			
1,250,000	Fronterra Copper Corp.	2,155	2,613			120,282	137,832
550,000	Lionore Mining Ltd.	3,274	3,108	<u>TOTAL PORTFOLIO</u>		148,254	167,042
<u>TOTAL</u>		5,429	5,720				

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)

September 30, 2005

NAVPS	\$20.4211
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

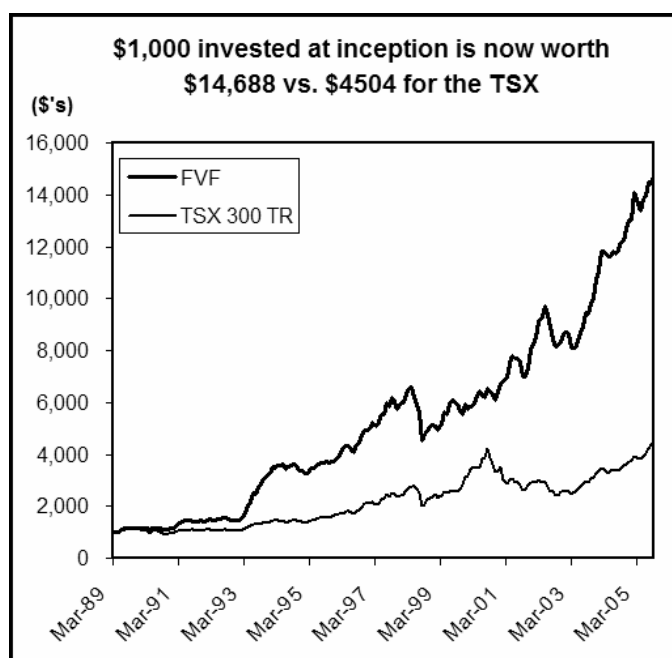
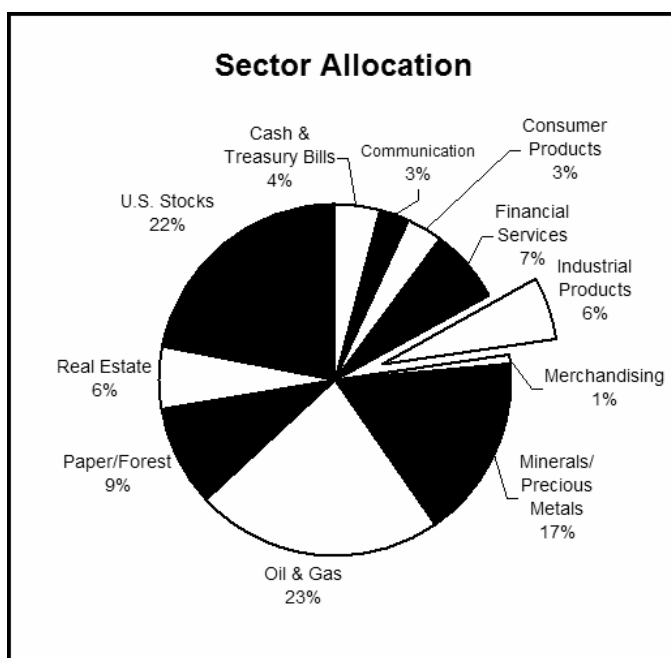
ABC Fundamental-Value Fund seeks out fundamentally undervalued Canadian equities. Our extensive "value research" style attempts to ferret out overlooked and out of favour Canadian equities. With these discerning selections we cobble a diversified portfolio of small, medium and large capitalization Canadian 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	1.82	3.41	1990	-1.98	-14.80
Q3 2005	5.55	11.63	1991	22.92	12.02
1 Year	20.47	29.34	1992	4.26	-1.43
2 Year	25.07	23.99	1993	121.75	32.80
3 Year	21.65	23.47	1994	3.03	-0.63
5 Year	17.97	2.96	1995	11.08	14.83
10 Year	14.72	11.17	1996	31.75	28.35
15 Year	18.74	11.02	1997	20.35	14.98
Since Inception*	17.69	9.51	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 FUNDS

ABC Fundamental-Value Fund, Statement of Investment Portfolio September 30th, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 4.07%			
3,796,583	C\$ Cash	3,797	3,797
153,175	U\$ Cash	178	178
228,319	22,832	22,832	22,832
0	RT CAP U\$ Cash Mgmt Fund	-	-
<u>TOTAL CASH</u>		26,806	26,806

COMMON STOCKS -- 95.93%

FINANCIAL SERVICES -- 6.61%

650,000	Clearlink Capital Corp.	5,940	6,728
39,250	E-L Financial Corp.	10,590	16,676
650,000	Laurentian Bank	16,844	20,157
<u>TOTAL</u>		33,374	43,560

INDUSTRIAL PRODUCTS -- 5.82%

1,048,900	Atlas Cold Storage Income Trust	6,276	6,293
2,500,000	Canam Manac Group Inc.	15,108	18,200
2,000,000	Magellan Aerospace	6,454	6,100
300,000	Wescast Industries Inc., A	10,808	7,677
<u>TOTAL</u>		38,645	38,270

CONSUMER PRODUCTS -- 3.37%

365,000	Andres Wines Ltd. "A"	4,497	10,038
400,000	Arbor Memorial Services "B"	5,339	8,300
1,300,000	Shermag Inc.	11,697	3,900
<u>TOTAL</u>		21,533	22,238

MINERALS/PRECIOUS METALS -- 16.75%

16,500,000	EuroZinc Mining Corp.	10,220	14,850
447,000	FNX Mining Co. Inc. - common	2,361	6,821
4,000,000	Hudbay Minerals Inc., common	11,083	13,400
7,500,000	Ivornia Inc., common	11,449	12,750
2,750,000	Lionore Mining Ltd.	16,968	15,538
2,000,000	Quadra Mining Ltd., common	11,679	10,800
1,925,000	Richmont Mines Inc.	9,433	10,087
500,000	Teck Corporation	4,441	26,075
<u>TOTAL</u>		77,633	110,321

REAL ESTATE -- 6.04%

3,000,000	Legacy Hotels REIT Trust	20,766	21,000
600,000	Morguard Corp., common	12,351	18,780
<u>TOTAL</u>		33,117	39,780

exchange rate used is 1.160604

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 22.77%			
1,750,000	Avenir Diversified Income Trust	20,299	21,875
1,308,700	Blue Mountain Energy Ltd.	6,646	7,172
2,500,000	Bow Valley Energy	3,725	14,600
2,000,000	Clear Energy	9,918	11,180
5,250,000	Geocan Energy Inc.	9,713	10,395
2,500,000	Midnight Oil Exploration	10,000	11,000
500,000	Nexen Inc.	8,028	27,725
3,750,000	Saxon Energy Services Inc.	14,239	20,363
450,000	Talisman Energy	8,136	25,596
<u>TOTAL</u>		90,703	149,905

COMMUNICATION -- 2.96%

1,500,000	CanWest Global Communicati	15,497	19,500
<u>TOTAL</u>		15,497	19,500

MERCHANDISING -- 0.76%

500,000	Danier Leather Inc.	5,018	5,005
<u>TOTAL</u>		5,018	5,005

PAPER & FOREST PRODUCTS -- 8.99%

1,250,000	Canfor Corp., common	14,233	17,425
875,000	Cascades Inc., common	11,137	7,210
1,250,000	Fraser Papers Inc.	18,956	12,188
4,500,000	Norske Skog Canada Ltd., com	16,813	12,825
2,050,000	SFK Pulp Fund	14,656	9,000
<u>TOTAL</u>		75,794	58,647

U.S. STOCKS -- 21.86%

125,000	Amer. Nat. Ins. Co.	14,058	17,281
500,000	CNA Financial Corp.	15,877	17,334
250,000	General Motors Corp.	14,238	8,882
919,602	Goody's Family Clothing Inc.	7,697	8,079
575,000	Handleman Co., common	9,557	8,429
1,100,000	Harvest Natural Resources Inc.	13,079	13,699
134,970	Kansas City Life Insurnace Co.,	7,940	8,016
302,705	Presidential Life Corp.	6,328	6,324
825,000	Sea Containers Ltd., A	15,832	11,222
800,000	Seaspan Corporation , common	20,384	17,966
550,000	Stroud Energy Inc.	10,312	10,213
125,000	Superior Industries International	3,148	3,122
1,000,000	The Phoenix Companies	17,608	14,159
<u>TOTAL</u>		156,057	144,725

TOTAL COMMON STOCK 547,371 631,951

TOTAL PORTFOLIO 574,177 658,758

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ABC FUNDS

ABC American-Value Fund (ABC AVF)

September 30, 2005

NAVPS	\$8.9840
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

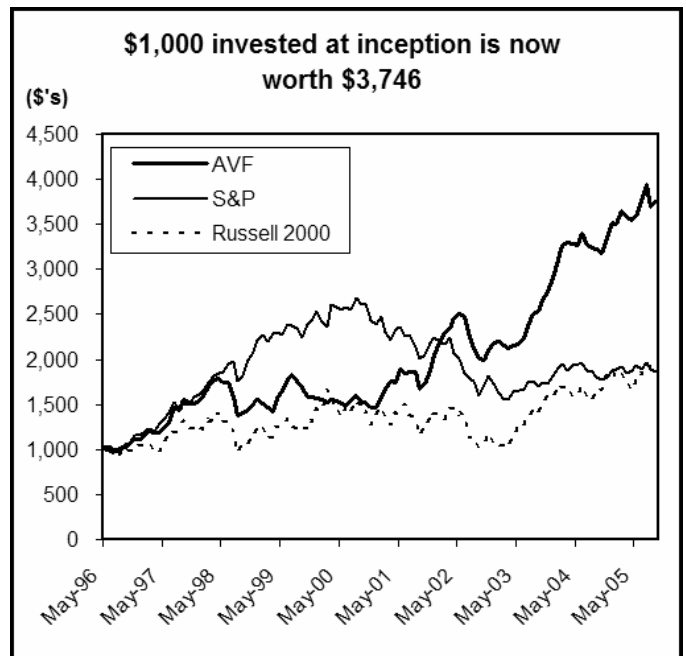
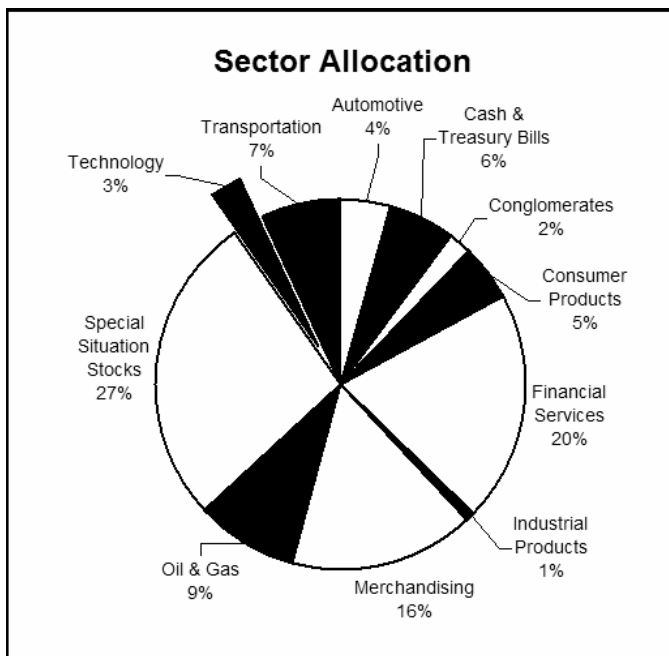
Objective

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 (%)	Dow Jones (%)	ABC AVF (%)	Russell 2000 (%)	Dow Jones (%)	
1 Month	1.38	0.19	0.83	1997	38.76	20.52	22.64
Q3 2005	-0.36	4.40	2.86	1998	0.75	-3.45	16.10
1 Year	16.38	16.56	4.85	1999	1.47	19.62	25.22
2 Year	21.55	17.02	6.75	2000	-6.66	-4.20	-6.18
3 Year	23.16	22.61	11.66	2001	39.52	1.03	-7.10
5 Year	19.73	5.08	-0.15	2002	6.91	-21.58	-16.76
9 Year	15.54	7.57	6.73	2003	32.74	45.37	25.32
Since Inception*	15.20	7.16	7.04	2004	20.85	17.00	3.15

*Inception date for the Fund was May 2, 1996



ABC FUNDS

ABC American-Value Fund, Statement of Investment Portfolio

September 30th, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 5.30%			
1,421,843	Cash	1,422	1,422
0	RT CAP Cash In Action Fund	-	-
1,242,461	1,442	1,442	1,442
24,013	RT CAP US\$ Cash Fund	2,787	2,787
<u>TOTAL CASH</u>		5,651	5,651

COMMON STOCKS -- 93.43%

CONSUMER PRODUCTS -- 5.10 %

225,000	CPAC Inc., common	1,717	1,306
125,000	Dominion Homes	3,046	2,311
104,233	Flexsteel Industries , common	1,790	1,817
<u>TOTAL</u>		6,553	5,434

INDUSTRIAL PRODUCTS -- 0.90%

300,000	Quaker Fabric Corp., common	2,621	964
<u>TOTAL</u>		2,621	964

FINANCIAL SERVICES -- 19.36%

20,000	Amer. Natl. Ins. Co.	2,191	2,765
77,500	CNA Financial Corp.	2,459	2,687
52,500	Kansas City Life Insurance	3,003	3,118
237,975	National Atlantic Holdings Corp.	3,111	3,204
175,000	Phoenix Companies Inc.	3,070	2,478
93,500	Piper Jaffray Companies	3,347	3,240
150,000	Presidential Life Corp.	3,189	3,134
<u>TOTAL</u>		20,370	20,625

AUTOMOTIVE -- 4.43%

45,000	General Motors Corp., common	2,563	1,599
125,000	Superior Industries Intl.	3,271	3,122
<u>TOTAL</u>		5,834	4,721

TRANSPORTATION -- 7.07%

200,000	Covenant Transport Inc.	3,422	2,809
45,000	Int'l Shipholding Corp., common	826	890
24,646	PAM Transportation Services	477	462
150,000	Seaspan Corp., common	3,820	3,369
<u>TOTAL</u>		8,545	7,530

exchange rate used is 1.16060

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 16.83%			
100,000	Bassett Furniture Industries Inc.	2,469	2,161
250,000	Buca Inc.	2,187	1,761
225,000	Enesco Group Inc.	2,405	426
225,000	Fresh Brands Inc.	2,206	1,880
400,000	Goody's Family Clothing Inc	3,417	3,514
175,000	Handleman Co., common	2,930	2,565
150,000	Tandy Brands Accessories Inc.	2,669	2,011
60,000	Village Super Markets Inc.	2,422	3,613
<u>TOTAL</u>		20,704	17,931

CONGLOMERATES -- 1.91%

150,000	Sea Containers Ltd., common A	3,037	2,040
<u>TOTAL</u>		3,037	2,040

OIL & GAS -- 8.94%

250,000	Harvest Natural Resources Inc	3,152	3,113
750,000	Meridian Resource Corp.	3,416	3,630
150,000	Stroud Energy Inc., common	2,812	2,785
<u>TOTAL</u>		9,381	9,529

TECHNOLOGY -- 2.80%

350,000	GTSI Corp., common	3,447	2,986
<u>TOTAL</u>		3,447	2,986

SPECIAL SITUATION STOCKS -- 27.36%

250,000	Avenir Diversified Income Trust	3,163	3,125
250,000	CanWest Global Comm.	2,600	3,250
75,000	Clearlink Capital	698	776
3,500,000	EuroZinc Mining Corp.	2,100	3,150
1,750,000	Frontera Copper Corp.	3,373	3,658
625,000	Frontera Copper Corp., warrants	0	156
950,000	Grey Wolf Exploration	2,658	5,985
450,000	Lionore Mining Ltd.	2,631	2,543
100,000	Morguard Corp., common	2,074	3,130
750,000	Norske Skog Canada Ltd., com	2,889	2,138
500,000	Reko Int'l. Group. Inc.	1,677	1,250
<u>TOTAL</u>		23,862	29,160

TOTAL COMMON STOCK 104,353 100,920

TOTAL PORTFOLIO 110,004 106,571

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

ABC North American Deep-Value Fund (ABC NADVF)

NAVPS	\$12.7789
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

September 30, 2005

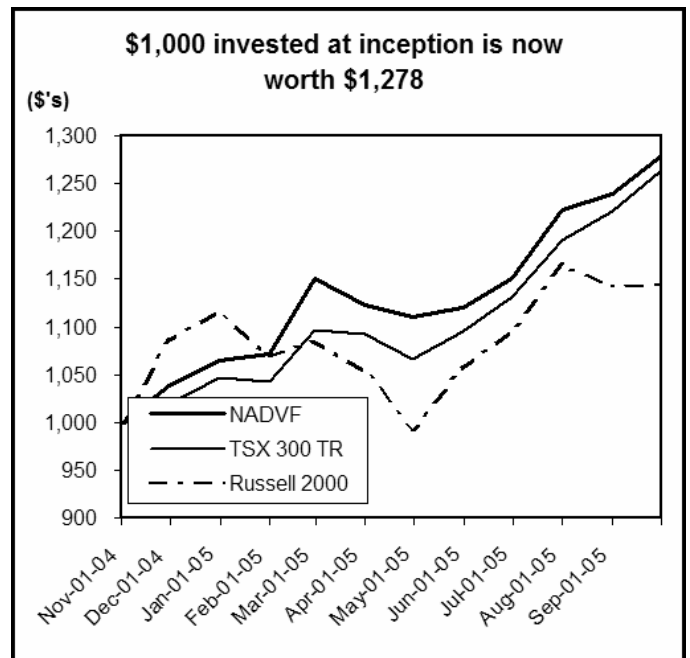
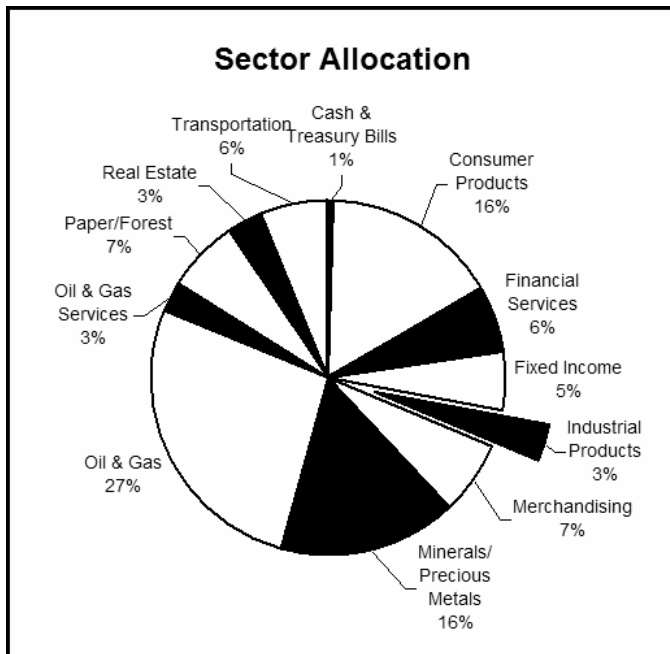
Objective

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. There is, however, a particular emphasis on micro-caps. 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	Dow Jones	TSX 300
	(%)	(%)	(%)	(%)
1 Month	3.12	0.19	0.83	3.41
Q3 2005	11.09	4.40	2.86	11.63
6 Month	13.82	8.57	0.62	15.63
Year To Date	19.99	2.49	-1.99	20.67
Since Inception*	27.79	14.39	5.40	26.26

*Inception date for the Fund was November 1, 2004



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

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 0.65%			
488,643	Cash	489	489
25,487	RT CAP Cash In Action Fund	30	30
56	Cash - US \$	6	6
0	RT CAP US\$ Cash Fund	-	-
TOTAL CASH		524	524

FIXED INCOME -- 5.23%			
1,750,000	Aecon conv. 8 1/4%, 03/17/2010	1,741	1,750
2,500,000	First Nickel Inc. 11% , 04/27/2007	2,150	2,500
TOTAL		3,891	4,250

COMMON STOCKS -- 93.18%

CANADIAN STOCKS -- 50.06 %

OIL & GAS -- 21.11%			
868,800	Arapahoe Energy Corp.	581	565
1,250,000	Caribou Resources Corp.	2,474	3,125
1,250,000	Drillers Technology Corp.	1,857	2,063
1,200,000	Endev Energy Inc.	1,642	2,472
850,000	Grey Wolf Exploration	2,378	5,355
40,000	Pan-Ocean Energy Corp.	1,280	1,180
1,500,000	Rally Energy	2,095	2,415
TOTAL		12,307	17,174

OIL & GAS SERVICES -- 2.84%			
1,000,000	Pulse Data Inc.	2,498	2,310
TOTAL		2,498	2,310

PAPER & FOREST PRODUCTS -- 6.62%			
175,000	Fraser Papers Inc.	2,600	1,706
750,000	Norske Skog Canada Ltd., com	2,661	2,138
350,000	SFK Pulp Fund	2,473	1,537
TOTAL		7,734	5,380

MINERALS/PRECIOUS METALS -- 16.14%			
3,000,000	EuroZinc Mining Corp.	2,113	2,700
1,250,000	Frontera Copper Corp.	2,385	2,613
375,000	Frontera Copper Corp.warr.	0	94
850,000	Hudbay Minerals Inc.	2,402	2,848
375,000	Lionore Mining Ltd.	2,419	2,119
1,000,000	Skye Resources Inc.	2,060	2,750
TOTAL		11,378	13,123

exchange rate used is 1.16060

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
REAL ESTATE --- 3.35 %			
450,000	Royal Host Investment Trust	2,284	2,723
TOTAL		2,284	2,723

U.S. STOCKS -- 44.07%

OIL & GAS -- 5.83%			
500,000	Meridian Resource Corp.	2,248	2,420
125,000	Stroud Energy Inc.	2,344	2,321
TOTAL		4,592	4,741

MERCHANDISING -- 6.77%			
100,000	Bassett Furniture Industries Inc.	2,317	2,161
40,000	Foodarama Supermarkets	1,833	1,665
125,000	Tandy Brands Accessories Inc.	2,218	1,676
TOTAL		6,368	5,502

CONSUMER PRODUCTS -- 16.11%			
300,000	Cobra Electronics Corp.	2,900	2,897
100,000	Dominion Homes	2,468	1,849
125,000	Handleman Co., common	2,066	1,832
50,000	Maine & Maritimes Corp.	1,551	1,143
300,000	Redhook Ale Brewery Inc.	1,291	1,119
120,000	S & K Famous Brands Inc.	2,400	2,625
1,500,000	Tucows Inc..	1,626	1,636
TOTAL		14,302	13,102

INDUSTRIAL PRODUCTS -- 3.28%			
300,000	Quaker Fabric Corp.	2,065	964
125,000	Sea Containers Ltd., "A"	2,383	1,700
TOTAL		4,448	2,665

FINANCIAL SERVICES -- 6.04%			
90,100	Merchants Group Inc	2,681	2,792
150,000	The Phoenix Companies Inc.	2,055	2,124
TOTAL		4,736	4,916

TRANSPORTATION -- 6.04%			
150,000	Covenant Transport Inc.	2,422	2,106
125,000	Seaspan Corporation	3,190	2,807
TOTAL		5,612	4,914

TOTAL COMMON STOCK 76,258 76,549

TOTAL PORTFOLIO 80,673 81,323

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Luck

*Fortune brings in some boats
that are not steered.*

William Shakespeare

Let's face it, the Canadian equity market has been a terrific place to be over the past 12 months. For instance the TSX300 from September 2004 to September 2005 has returned over 29.3%. This return contrasts with the Dow Jones at +4.9%, the NASDAQ's +13.4% and the Russell 2000 of +16.6%. Not shabby at all.

The problem with this 29.3% TSX return is that it was not uniform amongst all TSX industry groups. It was conspicuously skewed to one industry. Oil and gas now comprising 27% of the TSX 300 Index probably accounted for about 2/3 of this 12-month return. Interestingly, the TSX, devoid of the energy group would have returned less than 10%. Clearly whether expected or not, a little luck hasn't hurt investors as virtually all oil and gas securities did extremely well over the past 12 months., Furthermore, the income trust sector with yields ranging from 8% - 12% also provided investors with serendipitous returns. IPOs of newly-created trusts surged from 50¢ to \$5 or 5% to 50% from their initial \$10 offering price. With regard to these securities little or no research was needed. The key was to "just get invested".

To some investors with good memories this investment setting appears to be remarkably similar to what went on during the high technology boom in the 1999-2000 period. During this span inexperienced investors flip-flopped from one high-

tech initial public offering to another while racking up significant profits. This fortuitous period went on for a number of months until the "music stopped playing". High-tech equities then plunged in value and huge investor losses were sustained as financial turmoil set in. Many investors who depended upon luck rather than hard-core fundamental analysis were severely burned.

Now, this is not to imply that the Canadian equity market is ripe for financial implosion; on the contrary as we stated in our page 1 ABC Perspective editorial, it is our opinion that the general market has more room to improve. We reiterate, however, that prudent fundamental analysis and shrewd stock selection have become particularly important today. Our sense is that the market has entered a new stage and no longer can one purely depend upon luck. This is not to take anything away from the many neophyte investors who through good luck and opportunism may have scored huge profits playing the energy stocks and income trust IPOs. The fact is that luck, like the sands of an hourglass, can only last so long. When luck eventually runs out, investors must ultimately rely upon sound equity fundamentals, keen investment focus, disciplined analysis and good judgement.

Irwin A. Michael, CFA

This newsletter is published by

I.A. Michael Investment Counsel Ltd. and the ABC Funds
8 King Street East, Suite 700 Toronto, Ontario M5C 1B5

Phone: (416)365-9696 Toll Free: 1-888-OPEN ABC Fax: (416)365-9705

Web sites: www.abcfunds.com www.valueinvestigator.com Email: info@abcfunds.com

Value Line: 1-877-ABC-VALU or (416) 365-9442

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