

Hatching The Egg

The key to everything is patience.

You get the chicken

By hatching the egg

- not by smashing it.

Arnold Glasgow

We have always taken a patient longer term approach to investing. Our prime objective has been “consistent investment performance” and, as such, we preferred to be the plodding, disciplined tortoise rather than the frenetic hare. Just as Rome was not built in a day, we have always considered the road to investment success to be one of painstaking fundamental analysis combined with the patience of Job.

Invariably, this investment plan of action is easier said than done. This is due to the fact that we are constantly bombarded by economic, financial and political storms which may temporarily set us off course. The challenge is to be alert, flexible and persevering to recalibrate our positions toward our goal of investment excellence. Notwithstanding this track we cannot simply operate in a market vacuum; we must also be sensitive to client concerns. Unfortunately, there may be times when our investment approach may be zigging versus a hyped market which may be zagging. This occurred in 1999-2000 when high technology and Nortel were the flavour of the day. At that time we remained true to our deep-value philosophy regardless of what might have been “in style.” This, unfortunately, was not an easy task as we came under incessant criticism for a period of over 18 difficult months.

Going forward, we must be patient and cling to our investment principles despite the fact that we might temporarily be out of sync with the market benchmark. The fact is that we do not follow the crowd nor any

standard index. We believe that this course is consistent with our stated objective of uncovering dirt-cheap value stocks and out of favour securities. As a result, we are often early with the security purchase and must patiently await a price catalyst. Recent successful examples of this strategy include EuroZinc Mining Corp, Hudbay Minerals, Saxon Energy Services, Goody’s Family Clothing, Cobra Electronics Corp. and Foodarama Supermarkets. In all of these cases we thoroughly analyzed the companies, affixed a 12-18 month price target and patiently purchased these out of favour securities at deeply discounted valuations. Although we recognized that price appreciation might be slow in coming we were comfortable with our analysis and were prepared to sit with these investments until our price objectives were attained.

As we look ahead at the markets over the next 12 months we are quite optimistic. We believe it will be a stock picker’s market with plenty of mergers, acquisitions, takeovers and privatizations. We have targeted our four ABC Funds’ portfolios to a fully invested position. We intend to remain true to our investment style and disciplines; this will not change. We are confident that over the long term our time-proven deep-value style will continue to provide superior investment performance. In effect, we are quite content to hatch the egg rather than smashing it.



ECONOMIC PERSPECTIVES**The Economy: Still on Track**

The North American economies have encountered unbroken negativity over the past 12 months. In spite of the hurricanes, skyrocketing energy prices, a vibrant Canadian dollar impacting domestic manufacturers' competitiveness, the U.S. twin deficits, a festering Iraq War and an impending Canadian federal election, economic activity, which has had all the reason to decline precipitously, has

held remarkably steady at a 3%+ growth rate.

Overall, we believe that both the U.S. and Canadian economies should continue to advance at a 3-3½% growth rate for at least the next 12 months. By extension, we expect the U.S. and Canadian stock markets to track this steady economic growth to meaningfully appreciate in 2006.

INVESTMENT PERSPECTIVES**Mergers, Acquisitions, Takeovers and Privatizations**

With many North American public corporations trading below book and net asset values, increased securities regulation (e.g. Sarbanes Oxley Act, etc) and rising costs for public compliance (e.g. accounting, insurance, etc.) there is growing incentive for companies to consider alternatives to remaining public. At the same time many corporations are in the best financial shape in over 25 years due to low interest rates, healthy profits and a positive economic outlook. As a result, proactive and accretive acquisitions of relatively undervalued public corporations are viewed as an

attractive use of surplus cash and underutilized borrowing capacity.

Recently, there have been numerous examples of opportunistic takeover offers including Dofasco, Placer Dome, Hudson Bay Company and Fairmont Hotels. Overall, given the relatively undervalued public market valuations compared to the private market we expect this consolidation trend to meaningfully increase in 2006. This occurrence, in our opinion, will provide many profitable common share opportunities over the next 12 months.

PORTFOLIO PERSPECTIVES**Still Fully Committed**

We remain optimistic for 2006 with regard to both the North American economic outlook and the U.S. and Canadian stock markets. Our portfolios have been fully invested throughout 2005 and we expect to follow this investment strategy for at least the first half of 2006.

Over the past three months we have gradually increased the U.S. content of our ABC Funds and

have also added a number of new Canadian holdings to our portfolios. These include: Saxon Energy Services, Legacy Hotel REIT, Ivernia Inc., Atlas Cold Storage and Marsh Supermarkets. During the same period we have had several corporate takeovers such as La Quinta Corp, Drillers Technology Corp. and Foodarama Supermarkets.

ABC Funds Value Favourites**SAXON ENERGY SERVICES**

Saxon Energy Services Incorporated (TSX:SES) is an international oil and gas drilling and services company. The Company originally had a focus on Latin America, with operations in Ecuador, Venezuela, Colombia and Peru. However, the recent acquisition of Drillers Technology created a more balanced operating base. Of Saxon's 37 drilling rigs and 16 workover rigs, 60% of its fleet is now based in South America and 40% in North America.

As deep-value investors, it is usually difficult for us to purchase energy services stocks due to premium valuations. However, we were able to add two companies to our portfolios during the current cycle. The cheapest stock we could find was Drillers Technology, which was depressed due to an elevated debt load and history of inconsistent operating performance. However, we did our work and determined that the debt was manageable and that the operations were beginning to show an improvement. The second cheapest stock we could find was Saxon Energy Services, which was cheap due to its international exposure. However, we believed that the market's relative discount on the stock due to geographic or political risk was too great. Imagine our surprise on October 4, 2005 when Saxon Energy announced a takeover offer for Drillers Technology.

We think the deal was a win/win for shareholders of both companies for several reasons. Although we received a premium on our shares of Drillers Technology, Saxon did not overpay for the assets; Saxon issued shares to pay for the acquisition and at the same time solved Drillers' debt issues. The merger created a balanced operations base, which reduced the geographic and political risks. Finally, the addition of Dale Tremblay, Michael McNulty and Tim Braun from Precision Drilling provided greater depth to the management team. This will enable the company to take advantage of international and domestic growth opportunities.

We have valued Saxon Energy Services based on a net asset value approach. Using precedent transactions and estimated replacement value, we believe that between US\$5 million and US\$6 million per rig is an appropriate measure to use. Based on this range, Saxon has a net asset value between \$4.00 and \$4.60CDN per share. But the shares were cheap on another metric; we calculated that the stock traded at roughly 3 times its 2006 estimated cash flow. On balance, we concluded that Saxon was cheap both relative to its peers and on an absolute basis. We believe that Saxon's strategic expansion plans and lower political risk should become more fairly reflected in its share price in 2006.

JOHN B. SANFILIPPO

John B. Sanfilippo & Sons (NASDAQ:JBSS) is one of the leading processors and marketers of tree nuts and peanuts in the United States. Based in Elk Grove, Illinois, the company sells all major nut types consumed in the U.S. including peanuts, pecans, cashews, walnuts and almonds. Through various acquisitions including the purchase of the H.H. Evon Nut Company in 1974 and Fisher Nut in 1994, JBSS has grown to be the second largest nut company in the United States. It is estimated that JBSS has a market share of 10% in a very fragmented market.

JBSS remained a private company until 1992, when it issued stock to the public at \$12 a share. Post IPO, JBSS shares failed to gain traction. It wasn't until 2002 that investors began to take notice. Due to the widely successful marketing of high protein/low carbohydrate diets such as Atkins and South Beach, Americans began consuming peanuts, cashews and almonds like never before. In 2003, JBSS earned \$1.61 per share, which was twice the amount it earned in 2002. In 2004, earnings subsequently reached \$2.32 per share. Investors were watching as JBSS's stock rocketed through \$50 a share, reaching an all time high of \$54.90 in December 2003. By the end of 2004, however, it had become apparent that interest in Atkins and South Beach had waned. To make matters worse, tree nut prices, the company's largest cost, were soaring. Earnings fell to just \$1.35 in 2005 and shares of JBSS eventually fell below \$20 a share. For the first quarter of fiscal 2006, JBSS reported its first loss since 1999. With that announcement in late October 2005, JBSS's stock plummeted 22% or over \$4 that day, closing at \$13.44 per share.

Today, with its shares trading at \$12.30, JBSS appears to be a bargain. The stock is trading at a 33% discount to its book value of \$18.42 and at approximately eight times next year's estimated earnings of \$1.65 per share. Book value is likely understated given that JBSS owns quite a bit of real estate, most of which was purchased in the 1980's and early 1990s. The company is planning to consolidate its operations by building a new larger central facility. Given the expected short payback of the project, the cost savings could be materially accretive to earnings in a couple of years. As far as tree costs are concerned, management expects prices to fall as newly planted crops are harvested in the coming years. Finally, given the company's low stock price, the costs and time required complying with Sarbanes Oxley, and the favourable prospects for the company, the Sanfilippo family could take the company private. If it did, we feel it would be worth considerably more than what the stock is presently trading for in the market.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

December 31, 2005

NAVPS	10.5393
C.G. Dist.	\$0.813416
Inc. Dist.	\$0.011741

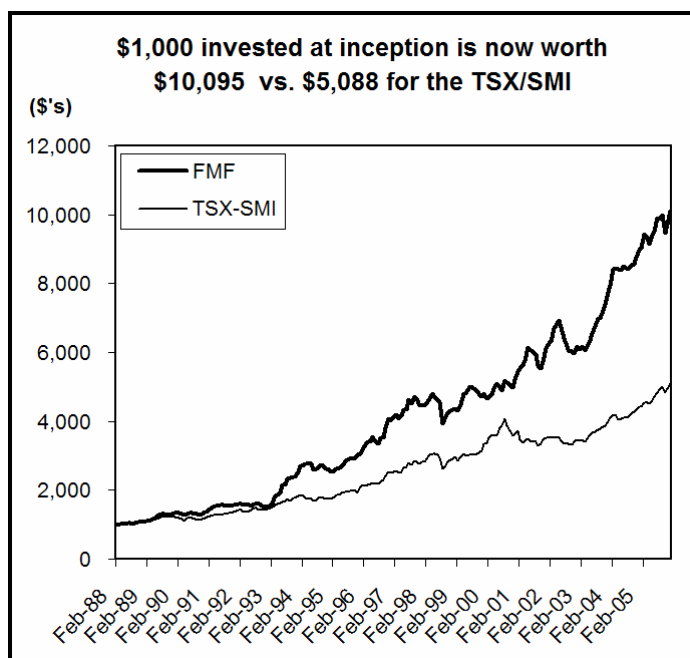
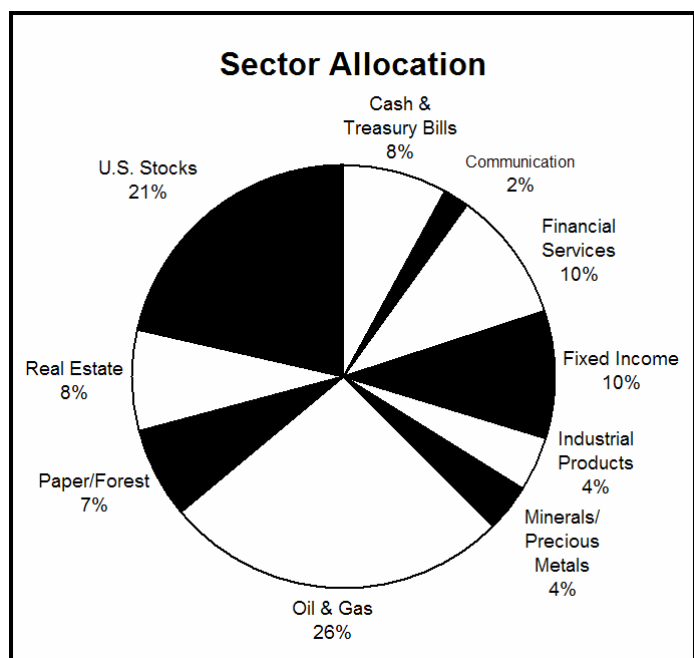
Objective

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	3.85	1.35	1989	23.68	17.20
Q4 2005	1.10	1.82	1990	2.17	-4.32
1 Year	12.47	15.25	1991	14.69	17.35
2 Year	14.17	12.81	1992	-1.48	4.75
3 Year	17.84	13.63	1993	64.35	24.36
5 Year	14.17	7.00	1994	2.82	-2.64
10 Year	12.73	9.27	1995	17.25	17.97
15 Year	14.30	10.15	1996	31.99	19.5
Since Inception*	13.84	9.55	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
			2005	12.47	15.25

*Inception date for the Fund was February 22nd, 1988
 **Benchmark consists of 50% of the TSE300 Total Return Index and 50% of the Scotia Capital Markets Universal Bond Index



ABC Fully-Managed Fund, Statement of Investment Portfolio

December 31st, 2005

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.168156

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 8.13%				PAPER/FOREST PRODUCTS -- 6.83%			
0	C\$ Cash	-	-	300,000	Canfor Corp.	3,451	4,029
130,918	U\$ Cash	153	153	1,000,000	Catalyst Paper Corp.	3,725	3,070
88,999	RT CAP Cash In Action Fund	8,900	8,900	250,000	Fraser Papers Inc.	3,973	2,503
43,149	RT CAP Cash In Action Fund US \$	5,040	5,040	500,000	SFK Pulp Fund	3,512	2,250
<u>TOTAL CASH</u>		14,093	14,093	<u>TOTAL</u>		14,660	11,852
FIXED INCOME -- 9.93%				OIL & GAS -- 26.50%			
1,500,000	Aecon Group Inc., 8 1/4%, 03/17/2010	1,444	1,500	350,000	Avenir Diversified Income Trust	3,815	4,491
2,500,000	Aecon Group Inc., 8 1/4%, 11/02/2009	2,494	2,500	1,500,000	Caribou Resources Corp., common	3,299	3,750
2,000,000	Nexen Inc., 6.85%, 11/15/2006	1,960	2,046	250,000	Caribou Resources Corp., warrants	0	1
4,000,000	Frontera Copper, 10%, 06/15/2010	3,324	3,978	2,750,000	Endev Energy Inc.	4,067	6,160
2,500,000	Gerdau Ameristeel, conv. 6.5%, 4/30/2007	2,216	2,541	1,200,000	Grey Wolf Exploration	3,351	6,984
2,500,000	Magellan Aero., conv. 8.5%, 01/31/2008	2,478	2,534	150,000	Nexen Inc.	2,381	8,313
2,000,000	Nova Chemical, 7.85%, 08/30/2010	1,984	2,127	1,250,000	Pulse Data Inc., common	3,075	2,938
<u>TOTAL</u>		15,900	17,226	750,000	Saxon Energy Services Inc, units	3,675	4,088
COMMON STOCKS -- 79.35%				150,000	Talisman Energy Inc.	2,691	9,240
<u>TOTAL</u>		11,612	17,000	<u>TOTAL</u>		26,355	45,964
FINANCIAL SERVICES -- 9.81%				MINING / PRECIOUS METALS -- 3.65%			
250,000	Clearlink Capital	2,321	2,490	1,250,000	Frontera Copper Corp.	2,155	3,125
13,038	E-L Financial Corp.	3,469	6,849	650,000	Lionore Mining Ltd.	3,810	3,218
225,000	Laurentian Bank	5,822	7,661	<u>TOTAL</u>		5,965	6,343
<u>TOTAL</u>		11,612	17,000	U.S. STOCKS -- 21.29%			
REAL ESTATE -- 7.90%				30,000	Amer. National Ins. Co.	3,244	4,100
600,000	Legacy Hotels Real Estate Inv. Trust	4,272	4,800	150,000	Bassett Furniture Industries Inc.	3,387	3,242
175,000	Morguard Corp., common shares	3,595	5,357	200,000	Covenant Transport Inc.	3,094	3,266
600,000	Royal Host Real Estate Inv. Trust	3,206	3,540	150,000	Dominion Homes Inc.	3,400	1,864
<u>TOTAL</u>		11,072	13,697	65,000	General Motors Corp.	3,702	1,475
INDUSTRIAL PRODUCTS -- 4.03%				175,000	Handleman Co., common	2,918	2,539
352,700	Atlas Cold Storage Income Trust Units	2,113	2,134	60,000	Kansas City Life Insurance Co., common	3,578	3,510
500,000	Canam Manac Group Inc.	3,290	3,530	200,000	Phoenix Companies Inc.	3,583	3,187
75,000	Wescast Industries Inc., "A"	2,741	1,318	175,000	Presidential Life Corp.	3,738	3,892
<u>TOTAL</u>		8,144	6,982	175,000	Sea Containers Ltd., "A"	3,221	2,564
COMMUNICATION -- 1.95%				175,000	Seaspan Corp., common	4,443	4,037
350,000	CanWest Global Communications	3,644	3,374	125,000	Superior Industries Intl.	3,252	3,250
<u>TOTAL</u>		3,644	3,374	<u>TOTAL</u>		41,560	36,926
<u>TOTAL COMMON STOCK</u>						123,010	142,136
<u>TOTAL PORTFOLIO</u>						153,004	173,456

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

ABC Fundamental-Value Fund (ABC FVF)

December 31, 2005

NAVPS	\$19.1216
C.G. Dist.	\$ 1.977844
Inc. Dist.	\$ 0.000000

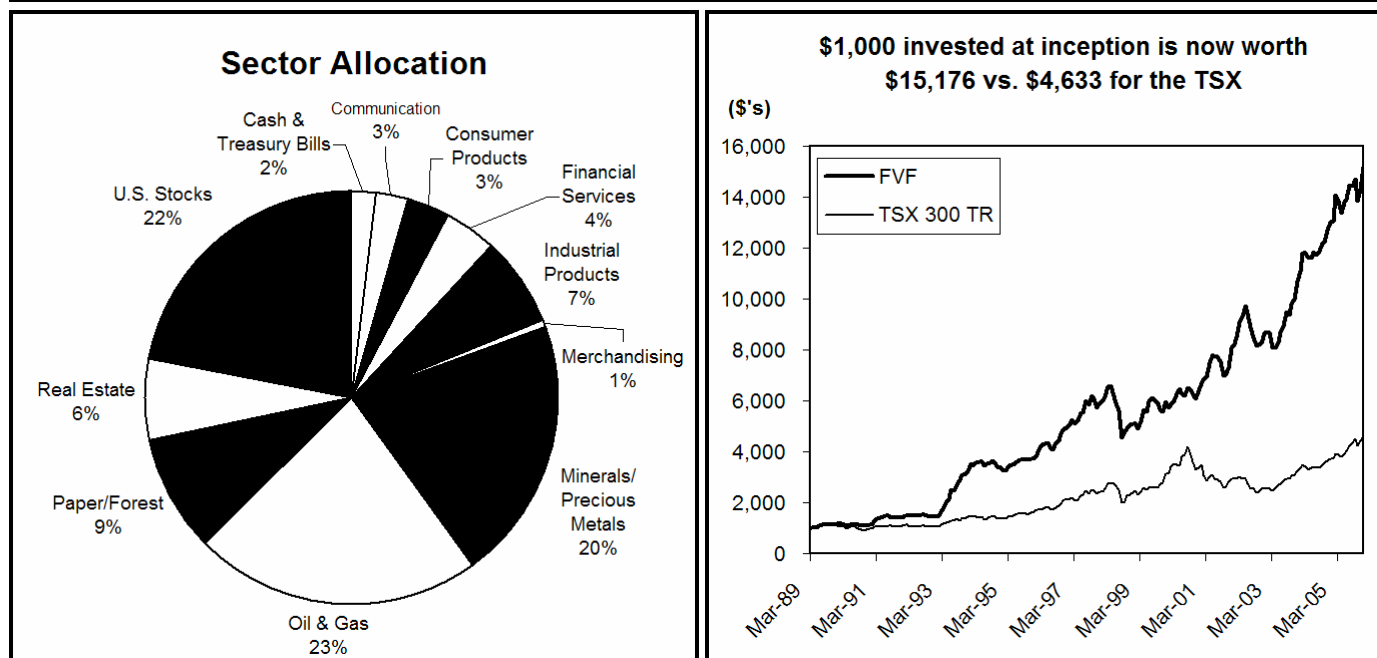
ABC Fundamental-Value Fund seeks out fundamentally undervalued Canadian equities. Our extensive "value research" style attempts to ferret out overlooked and out of favour Canadian equities. With these discerning selections we cobble a diversified portfolio of small, medium and large capitalization Canadian 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	5.93	4.41	1990	-1.98
Q4 2005	3.32	2.86	1991	22.92
1 Year	16.62	24.13	1992	4.26
2 Year	19.00	19.21	1993	121.75
3 Year	20.50	21.66	1994	3.03
5 Year	18.87	6.63	1995	11.08
10 Year	15.02	10.97	1996	31.75
15 Year	18.76	10.93	1997	20.35
Since Inception*	17.63	9.55	1998	-13.81
			1999	16.25
			2000	7.51
			2001	26.06
			2002	7.62
			2003	23.55
			2004	21.42
			2005	16.62

*Inception date for the Fund was March 20, 1989

**Benchmark consists of the TSX300 Total Return Index



ABC Fundamental-Value Fund, Statement of Investment Portfolio

December 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 1.90%			
79,774	C\$ Cash	80	80
11,116	U\$ Cash	24	24
20,066	RT CAP Cash In Action Fund	2,007	2,007
86,289	RT CAP U\$ Cash Mgmt Fund	10,080	10,080
<u>TOTAL CASH</u>		12,191	12,191
COMMON STOCKS -- 93.35%			
PAPER & FOREST PRODUCTS -- 9.13%			
1,250,000	Canfor Corp., common	14,233	16,788
875,000	Cascades Inc., common	11,137	8,794
4,500,000	Catalyst Paper Corp.	16,813	13,815
1,250,000	Fraser Papers Inc.	18,956	12,513
2,050,000	SFK Pulp Fund	14,657	9,225
<u>TOTAL</u>		75,795	61,134
FINANCIAL SERVICES -- 4.04%			
650,000	Clearlink Capital Corp.	5,940	6,474
39,250	E-L Financial Corp.	10,590	20,548
<u>TOTAL</u>		16,530	27,022
INDUSTRIAL PRODUCTS -- 6.91%			
2,000,000	Atlas Cold Storage Income Trust	11,991	12,100
2,500,000	Canam Manac Group Inc.	15,108	17,650
4,000,000	Magellan Aerospace Corp.	11,930	11,200
300,000	Wescast Industries Inc., A	10,808	5,271
<u>TOTAL</u>		49,836	46,221
COMMUNICATION -- 2.52%			
1,750,000	CanWest Global Communications	18,653	16,870
<u>TOTAL</u>		18,653	16,870
MERCHANDISING -- 0.77%			
500,000	Danier Leather Inc.	5,018	5,150
<u>TOTAL</u>		5,018	5,150
CONSUMER PRODUCTS -- 3.43%			
365,000	Andres Wines Ltd. "A"	4,497	9,673
400,000	Arbor Memorial Services "B"	5,339	8,300
1,300,000	Shermag Inc.	11,697	4,940
<u>TOTAL</u>		21,533	22,913
REAL ESTATE -- 6.33%			
3,000,000	Legacy Hotels Real Estate Trust	20,761	24,000
600,000	Morguard Corp., common	12,351	18,366
<u>TOTAL</u>		33,112	42,366

exchange rate used is 1.168156

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 22.53%			
1,750,000	Avenir Diversified Income Trust	20,299	22,453
1,296,700	Blue Mountain Energy Ltd.	6,585	7,067
2,500,000	Bow Valley Energy	3,725	13,075
2,000,000	Clear Energy Inc.	9,918	10,600
5,250,000	Geocan Energy Inc.	9,713	10,763
2,500,000	Midnight Oil Exploration	10,000	11,050
500,000	Nexen Inc.	8,028	27,710
3,750,000	Saxon Energy Services Inc.	14,239	20,438
450,000	Talisman Energy	8,136	27,720
<u>TOTAL</u>		90,642	150,875
MINERALS/PRECIOUS METALS -- 20.46%			
16,500,000	EuroZinc Mining Corp.	10,220	21,120
4,000,000	Hudbay Minerals Inc.	11,083	23,560
8,000,000	Ivernia Inc.	12,151	14,400
3,250,000	Lionore Mining Ltd.	19,563	16,088
2,147,500	Quadra Mining Ltd.	12,416	12,778
2,000,000	Polaris Minerals Corp.	9,600	9,600
1,925,000	Richmont Mines	9,433	8,374
500,000	Teck Corporation	4,441	31,025
<u>TOTAL</u>		88,907	136,944
U.S. STOCKS -- 21.98%			
125,000	Amer. Nat. Ins. Co.	14,058	17,083
250,000	General Motors Corp.	14,238	5,671
575,000	Handleman Co., common	9,505	8,342
1,100,000	Harvest Natural Resources Inc	13,079	11,411
800,000	Jo-Ann Stores Inc.	14,459	11,027
167,724	Kansas City Life Insurance Co.	9,871	9,812
436,065	Presidential Life Corp.	9,166	9,699
825,000	Sea Containers Ltd., A	15,832	12,085
800,000	Seaspan Corporation	20,355	18,457
550,000	Stroud Energy Inc., common	10,312	11,263
625,000	Superior Industries International	15,134	16,252
1,000,000	The Phoenix Companies	17,648	15,934
<u>TOTAL</u>		163,656	147,036
<u>TOTAL COMMON STOCK</u>		563,681	656,529
<u>TOTAL PORTFOLIO</u>		575,872	668,720

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ABC American-Value Fund (ABC AVF)

December 31, 2005

NAVPS	\$7.4944
C.G. Dist.	\$1.534979
Inc. Dist.	\$0.000000

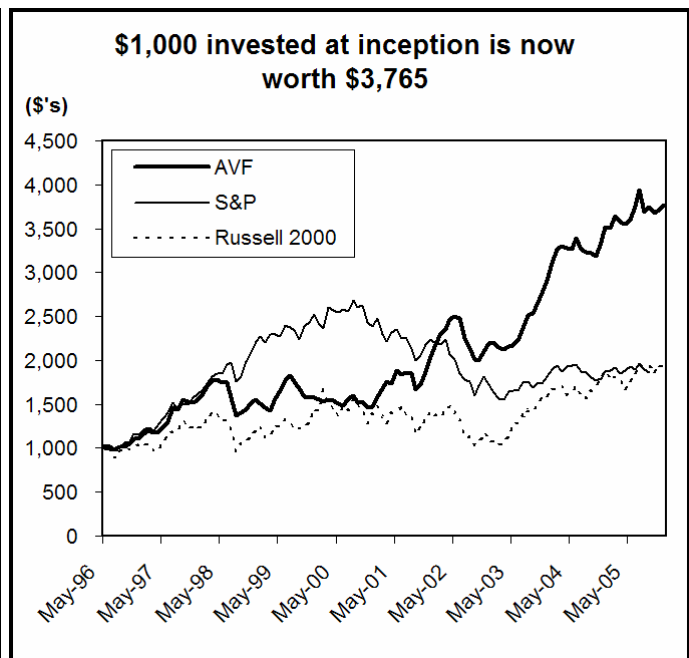
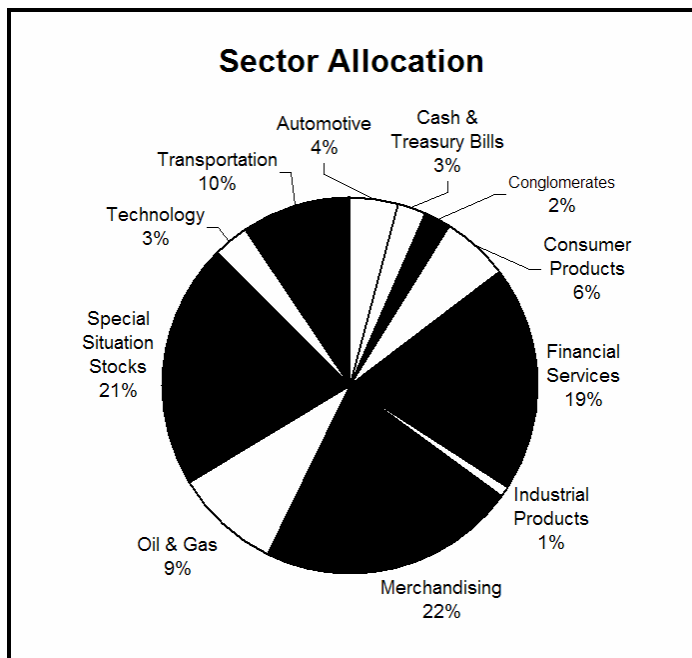
Objective

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	1.29	-0.60	-0.82	1997	38.76	20.52	22.64
Q4 2005	0.51	0.81	1.41	1998	0.75	-3.45	16.10
1 Year	7.16	3.32	-0.61	1999	1.47	19.62	25.22
2 Year	13.80	9.95	1.25	2000	-6.66	-4.20	-6.18
3 Year	19.79	20.68	8.71	2001	39.52	1.03	-7.10
5 Year	20.72	6.84	-0.13	2002	6.91	-21.58	-16.76
9 Year	14.55	7.12	5.81	2003	32.74	45.37	25.32
Since Inception*	14.84	7.06	7.01	2004	20.85	17.00	3.15
				2005	7.16	3.32	-0.61

*Inception date for the Fund was May 2, 1996



ABC FUNDS

ABC American-Value Fund, Statement of Investment Portfolio

December 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 2.53%			
2,394,456	Cash	2,394	2,394
11	RT CAP Cash In Action Fund	1	1
119,467	140	140	140
36	RT CAP US\$ Cash Fund	4	4
<u>TOTAL CASH</u>		2,539	2,539

COMMON STOCKS -- 99.99%

INDUSTRIAL PRODUCTS -- 0.75%

300,000	Quaker Fabric Corp., common	2,621	753
<u>TOTAL</u>		2,621	753

FINANCIAL SERVICES -- 19.43%

20,000	Amer. Natl. Ins. Co.	2,191	2,733
52,500	Kansas City Life Insurance Co.	3,004	3,071
250,000	National Atlantic Holdings Corp.	3,111	3,198
175,000	Phoenix Companies Inc.	3,070	2,788
93,500	Piper Jaffray Companies	3,347	4,413
150,000	Presidential Life	3,189	3,336
<u>TOTAL</u>		17,912	19,540

CONSUMER PRODUCTS -- 5.89%

219,420	CPAC Inc., common	1,720	1,038
125,000	Dominion Homes	3,046	1,554
200,000	Flexsteel Industries , common	3,440	3,339
<u>TOTAL</u>		8,207	5,930

OIL & GAS -- 9.30%

250,000	Harvest Natural Resources Inc.	3,157	2,593
750,000	Meridian Resources Corp.	3,416	3,680
150,000	Stroud Energy Inc., common	2,812	3,071
<u>TOTAL</u>		9,385	9,344

AUTOMOTIVE -- 4.25%

45,000	General Motors Corp., common	2,563	1,021
125,000	Superior Industries Intl.	3,272	3,250
<u>TOTAL</u>		5,835	4,271

exchange rate used is 1.16816

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MERCHANDISING -- 22.09%			
100,000	Bassett Furniture Industries Inc.	2,469	2,161
250,000	Buca Inc.	2,187	1,592
225,000	Enesco Group Inc.	2,405	484
225,000	Fresh Brands Inc.	2,206	1,805
175,000	Handleman Co., common	2,930	2,539
175,000	Jo-Ann Stores Inc.	3,175	2,412
200,000	John B. Sanfilippo & Sons	3,203	3,021
185,000	Marsh Supermarkets Inc., "A"	2,063	1,893
150,000	Tandy Brands Accessories Inc.	2,669	2,103
60,000	Village Super Markets Inc.	2,422	4,223
<u>TOTAL</u>		25,728	22,232

TRANSPORTATION -- 9.56%

200,000	Covenant Transport Inc.	3,422	3,266
43,700	Int'l Shipholding Corp., common	826	794
100,655	PAM Transportation Services	1,896	2,092
150,000	Seaspan Corp., common	3,815	3,461
<u>TOTAL</u>		9,959	9,612

TECHNOLOGY -- 2.85%

350,000	GTSI Corp. common	3,447	2,862
<u>TOTAL</u>		3,447	2,862

CONGLOMERATES -- 2.18%

150,000	Sea Containers Ltd., common A	3,030	2,197
<u>TOTAL</u>		3,030	2,197

SPECIAL SITUATION STOCKS -- 21.16%

300,000	CanWest Global Comm.	3,141	2,892
750,000	Catalyst Paper	2,889	2,303
75,000	Clearlink Capital	698	747
1,450,000	Frontera Copper Corp.	2,796	3,625
625,000	Frontera Copper Corp., warrants	0	156
950,000	Grey Wolf Exploration	2,658	5,529
600,000	Lionore Mining Ltd.	3,435	2,970
100,000	Morguard Corp., common	2,074	3,061
<u>TOTAL</u>		17,690	21,283

TOTAL COMMON STOCK **103,813** **98,025**

TOTAL PORTFOLIO **106,352** **100,564**

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 NADV)

NAVPS	\$10.7850
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

December 31, 2005

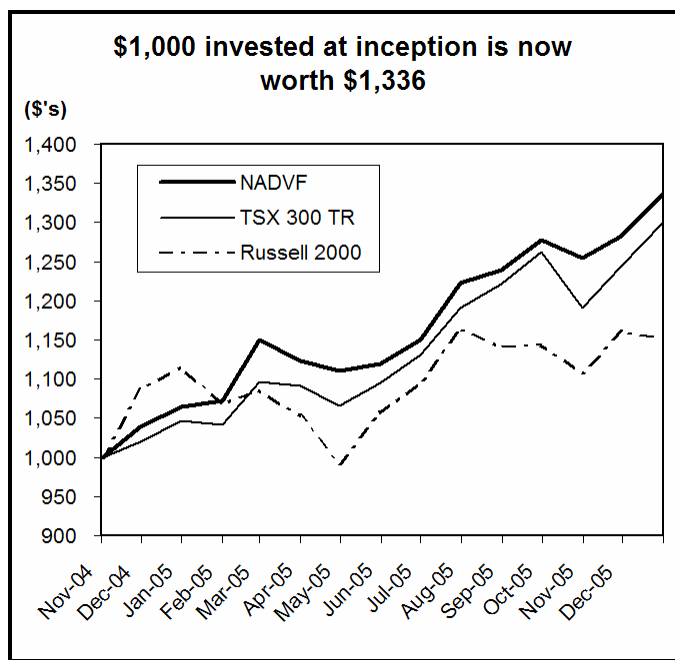
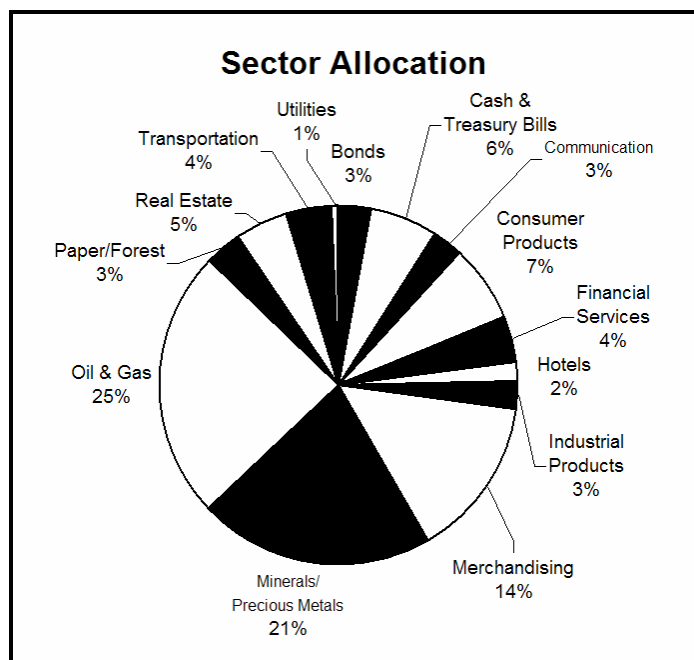
Objective

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. There is, however, a particular emphasis on micro-caps. The country and asset mix, as well as currency exposure, can vary and has no set limits. The portfolio, ordinarily, will have a mix of 25 to 35 holdings. This fund closed to new money on November 1, 2005.

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

Rates of Return				
	ABC NADV	Russell 2000	Dow Jones	TSX 300
	(%)	(%)	(%)	(%)
1 Month	4.20	-0.60	-0.82	4.41
Q4 2005	4.59	0.81	1.41	2.86
6 Month	16.18	5.25	4.31	14.83
1 Year	25.49	3.32	-0.61	24.13
Since Inception*	30.70	12.99	5.87	25.12

*Inception date for the Fund was November 1, 2004



ABC FUNDS

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

December 31st, 2005

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 6.35%			
79,774	Cash	80	80
96,300	RT CAP Cash In Action Fund	9,630	9,630
11,116	Cash - US \$	13	13
9,101	RT CAP US\$ Cash Fund	1,063	1,063
TOTAL CASH		10,786	10,786

BONDS -- 2.94%

2,500,000	Aecon Grp. Conv. Deb. 8.25%	2,454	2,500
2,500,000	First Nickel Inc. deb. 11%	2,150	2,500
TOTAL BONDS		4,604	5,000

COMMON STOCKS -- 95.90%

CANADIAN STOCKS -- 56.00 %

OIL & GAS/ ENERGY -- 21.66%

2,500,000	Arapahoe Energy Corp.	1,625	1,250
350,000	Avenir Diversified Income Trust	3,992	4,490
1,250,000	Caribou Resources Corp.	2,474	3,125
325,100	Choice Resources	326	332
217,300	Clean Power Income Fund Units	939	967
2,000,000	Endev Energy Inc.	3,204	4,480
1,165,501	Espoir Exploration Corp. "A"	3,392	3,613
850,000	Grey Wolf Exploration	2,378	4,947
40,000	Pan-Ocean Energy Group Ltd.	1,280	1,080
1,000,000	Pulse Data Inc.	2,498	2,350
2,272,500	Rally Energy Corp.	3,101	3,113
291,400	Saxon Energy Services , commc	1,319	1,588
1,000,000	Saxon Energy Services , units	4,900	5,450
TOTAL		31,428	36,785

COMMUNICATION -- 2.55%

450,000	CanWest Global Comm. Corp	4,865	4,338
TOTAL		4,865	4,338

PAPER & FOREST PRODUCTS -- 3.31%

750,000	Catalyst Paper Corp.	2,661	2,303
175,000	Fraser Papers Inc.	2,599	1,752
350,000	SFK Pulp Fund	2,473	1,575
TOTAL		7,733	5,629

MINERALS/PRECIOUS METALS -- 21.19%

1,150,000	Amerigo Resources Ltd.	2,480	2,691
1,500,000	Avnel Gold Mining Ltd.	1,500	1,515
3,000,000	EuroZinc Mining Corp.	2,113	3,840
1,250,000	Frontera Copper Corp.	2,385	3,125
375,000	Frontera Copper Corp.warr.	0	94
850,000	Hudbay Minerals Inc., common	2,402	5,007
2,525,000	Ivernia Inc.	3,506	4,545
875,000	Lionore Mining Ltd.	4,948	4,331
925,000	Polaris Minerals	4,440	4,440
500,000	Regalito Copper Corp.	3,170	3,465
1,000,000	Skye Resources	2,060	2,950
TOTAL		29,003	36,003

INDUSTRIAL PRODUCTS -- 2.67%

750,000	Atlas Cold Storage Inc. Trust	4,479	4,538
TOTAL		4,479	4,538

exchange rate used is 1.16816

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
REAL ESTATE -- 4.62%			
650,000	Legacy Hotels Real Estate Trust	4,615	5,200
450,000	Royal Host Real Estate Trust	2,284	2,655
TOTAL		6,900	7,855

U.S. STOCKS -- 34.76%

HOTELS -- 1.65%

196,294	Boykin Lodging Company	2,730	2,802
TOTAL		2,730	2,802

UTILITIES -- 0.53%

50,000	Maine & Maritimes Corp.	1,551	905
TOTAL		1,551	905

OIL & GAS -- 2.96%

500,000	Meridian Resource Corp.	2,267	2,453
125,000	Stroud Energy Inc, common	2,344	2,559
TOTAL		4,611	5,012

MERCHANDISING -- 14.27%

196,410	Bassett Furniture Industries Inc.	4,360	4,245
40,000	Foodarama Supermarkets	1,833	2,369
97,200	Frisch Restaurants Inc.	2,743	2,786
125,000	Handleman Co.	2,066	1,814
150,000	Jo-Ann Stores Inc.	2,736	2,068
195,000	John B. Sanfilippo & Sons	3,123	2,945
200,000	Marsh Supermarkets Inc, "B"	2,241	2,026
300,000	Redhook Ale Brewery Inc.	1,291	1,111
120,000	S&K Famous Brands	2,384	2,558
125,000	Tandy Brands Accessories Inc.	2,218	1,752
47,306	99 Cents Only Stores	545	578
TOTAL		25,541	24,252

CONSUMER PRODUCTS -- 6.92%

10,000	Chromcraft Revington Inc.	153	153
251,600	Coachmen Industries Inc.	3,299	3,471
300,000	Cobra Electronics Corp.	2,898	4,685
300,000	Dominion Homes	2,468	1,243
300,000	Quaker Fabric Corp.	2,065	753
1,500,000	Tucows Inc., common	1,626	1,454
TOTAL		12,508	11,760

TRANSPORTATION -- 4.22%

150,000	Covenant Transport Inc.	2,423	2,450
125,000	Sea Containers Ltd., "A"	2,291	1,831
125,000	Seaspan Corporation	3,190	2,884
TOTAL		7,903	7,165

FINANCIAL SERVICES -- 4.21%

90,100	Merchants Group Inc.	2,681	3,173
123,788	National Atlantic Holdings Corp.	1,489	1,583
150,000	The Phoenix Companies Inc.	2,055	2,390
TOTAL		6,225	7,147

TOTAL COMMON STOCK 145,477 154,189

TOTAL PORTFOLIO 160,867 169,975

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Lessons From My Dad: Learning By Example

My late father, Harold Michael, was a child of the Great Depression. Born in Montreal in the summer of 1923, Dad quit high school in 1939 and joined the Canadian Army as a fuzzy-cheeked, baby-faced 16-year old. He later claimed it was his patriotic duty. Over the next six years Dad rose from the lowly rank of private to staff sergeant until he was honourably discharged in the fall of 1945. At the age of 22 with unfortunately little formal education and few marketable job skills Dad gravitated to the retail grocery business.

As a child I watched my dad very closely. I marveled at his successes and how he handled temporary setbacks. I observed his happy-go-lucky attitude, how he would bounce back from periodic business misses and the manner in which he would directly confront problems until they were corrected. While he might have been frustrated as he carried on with his daily undertakings, such as late supplier deliveries, perishable fruits and vegetables, delivery truck problems, long hours, employee turnover and low profit margins, he always looked ahead with a positive attitude. He never complained. When asked by people to explain his success he would counter that having graduated from the "school of hard knocks", he was adequately prepared for any confrontation.

During my teenage years I often assisted Dad whenever he was busy or shorthanded. I packed groceries on shelves, learned how to drive a standard transmission delivery van and worked the cash register. I was even pulled away from school to buy half a dozen bottles of Kraft salad dressing at a competitor's store so my father could complete a customer's grocery order. Overall, I recognized my dad's dedication and appreciated his hard work after completing 15 hour days six days a week. Although my father never became wealthy, I learned much from his devotion, loyalty and service to his customers and suppliers in addition to his honesty and integrity. In short, his word was his bond.

Today, over 18½ years since my dad's passing and some 30-35 years since my part-time grocery chores, I have retained countless indelible lessons and memories. In fact, I would be less than honest if I did not admit to having applied a number of my dad's basic marketing and management skills to the ABC Funds. In actuality, the investment management business may not be that far removed from the principles of managing the corner grocery store.

Irwin A. Michael, CFA

2006 Quarterly Client Meeting Schedule

Friday, January 20, 2006

Friday, April 21, 2006

Friday, July 28, 2006

Friday, October 20, 2006

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