

Contrary Opinion

*Two roads diverged in a wood
...and I took the one less travelled by,
...and that has made all the difference.*

Robert Frost

When we are asked to describe our ABC Funds investment style I firstly highlight our Ten Commandments of deep-value investing. I outline such factors as low price/earnings and cash flow ratios, discount to book and net asset value, quality of management, hidden assets, etc. I, then, go on to explain an equally important investment element and that is “contrary opinion.”

But what is contrary opinion investing? The answer relates primarily to the definition of contrary. The dictionary defines contrary as opposite in nature, opposite in direction or doing the opposite of what is expected or advised. By going against expected convention or undertaking a contrary investment stance, the probing investor has the opportunity to significantly outperform the investment horde.

The fact is that most investors prefer to travel in packs. This gives the individual confidence and an inflated sense of bravado. Unfortunately, this can often lead to spontaneous, foolhardy decisions or the taking of unnecessary risks. For instance, in the midst of cocktail party chatter, giddy investors full of cocky braggadocio will frequently exaggerate stock market wins, minimize losses and make foolish common share prognostications. It is our view that this herd mentality does not often lead to investment success. In reality, buying what is hot or the latest flavour of the month frequently leads to disappointment since much of the euphoria or capital appreciation potential is already priced in the stock.

Our ABC Funds philosophy is to hunt for stocks which are out of favour, are trading at significant discounts to their fundamental worth, are not followed by investment analysts or are viewed by investors with considerable distaste. In most of these situations we take the less travelled road and are able to purchase common shares at meaningful reductions to their true value. Admittedly, this contrary strategy is not an easy road to take since we are often early and are frequently second-guessed by anxious clients. Furthermore, this investment plan necessitates considerable portfolio manager stamina, courage of one’s convictions and substantial investor staying power.

Our portfolio management style is based upon tedious deep-value research and analysis. It is time-consuming, painstaking and requires much investment and emotional discipline. Many of our portfolio holdings include less well-known, unconventional, and significantly undervalued common stocks. Once fully analysed and purchased we must stick with our investment principles and patiently await our expected outcome. Unfortunately, favourable results are neither straightline nor do they occur expeditiously. Nonetheless, successful examples of this strategy have included: E-L Financial Corp., Laurentian Bank, Morguard Corp., Canam Group, Piper Jaffray Companies and Foodarama Supermarkets. In retrospect, we believe that the demanding wait is well worth the final result.



ECONOMIC PERSPECTIVES**Moderating Economic Growth**

Although we expect that first quarter 2006 North American economic growth will surge by a healthy 4-4½% rate, we anticipate that the balance of 2006 will expand by a slower but more sustainable 3-3½%.

Interestingly, economic growth has moved ahead in spite of skyrocketing oil and base metals prices (especially copper and zinc which have more than tripled over the past two years), a recently inverted U.S. Treasury yield curve, tumultuous

international currency markets, Mid-East, Iraq and Iran uncertainty, etc. Clearly, the worldwide economies continue to climb a formidable wall of worry and are impervious to a multitude of global economic and political problems. Notwithstanding these concerns, we believe that both the U.S. and Canadian economies and, by extension, the North American stock markets will continue their upward, albeit volatile, advance for the rest of 2006.

INVESTMENT PERSPECTIVES**More of the Same: Mergers, Acquisitions, Takeovers and Privatizations**

In spite of the numerous corporate takeovers and privatizations (e.g. Dofasco, Fairmont Hotels, Hudson Bay Co., etc.) we contend that the North American public markets continue to offer selective deep-value investment opportunities. This fact is particularly true for the U.S. equity market where the onerous Sarbanes Oxley Act remains a serious driver for small capitalization companies toward mergers, takeovers and privatizations.

Overall, it is our view that the next 12 months should produce more of the same: mergers,

acquisitions, takeovers and privatizations. This fact is due principally to the burdensome corporate compliance of Sarbanes Oxley, comparatively low interest rates, significant pools of corporate cash, healthy profits and a positive economic outlook. In summation, we believe that a combination of disciplined portfolio management and judicious stock picking will provide excellent investment returns for the balance of 2006.

PORTFOLIO PERSPECTIVES**Fully Invested**

As we enter the second quarter of 2006 we remain fully committed to our generally optimistic overview of the North American economies and the U.S. and Canadian equity markets. All ABC Funds portfolios have targeted a fully invested position and it is our present intention to follow this investment strategy for the balance of 2006.

With the recent proposed/completed takeovers of Dofasco, Placer Dome, Hudson Bay

Company, Sears Canada, Fairmont Hotels, etc. the Canadian stock market continues to shrink. As a result, to remain prudently invested, Canadian portfolio managers will have to increasingly search for common shares in the U.S. and offshore markets. In fact, last year the government of Canada recognized this predicament and wisely eliminated the maximum 30% foreign content restriction for pensions and RSPs. In consequence,

ABC Funds Value Favourites**ATLAS COLD STORAGE**

Atlas Cold Storage is one of the most controversial names in the income trust sector. After an anonymous letter was sent to the Ontario Securities Commission questioning the accuracy of Atlas's 2002 financial statements, a comprehensive review by the Trust's Audit Committee was conducted. The investigation revealed that certain members of the Trust's senior management team improperly assigned certain expenses to capital expenditures in an attempt to inflate net income. After the smoke cleared, distributions were suspended, management was ousted, and bankruptcy looked like a foregone conclusion. A class action lawsuit claiming damages of \$353 million and punitive damages of \$50 million was launched in February 2004.

Since these turbulent times, Atlas's new management team has instituted several initiatives to restore its business and balance sheet. One of the most significant developments has been the refinancing of all outstanding debt. The new 6.085% ten-year package, financed in U.S. dollars, substantially reduces interest expense, foreign exchange exposure, and total debt. When David Williamson assumed the CEO title in April 2004, the Trust was paying a hefty 8 - 9% on roughly \$210 million in long-term debt. Now, with only \$100 million in long-term debt, the Trust's debt/equity stands at a conservative 30% (below the average for its peer group and for real estate investment trusts).

Top line growth will be management's primary focus for this year. One growth area that management has identified is transportation management. Currently, only six facilities offer transportation management services. As new facilities are added, the incremental cash flow is quite material as it requires virtually zero capital investment. Additionally, with its new financial flexibility, management can make accretive acquisitions if the large, family controlled regional operators wish to exit the industry.

As the bottom line starts to improve, we believe that current unit prices do not fully reflect Atlas's underlying net asset value (NAV). Recent cold storage transactions demonstrate the significant disconnect between the market value and book value of the Trust's assets. Recent expansions to existing cold storage facilities and new facility construction in the industry have been valued between \$100 and \$125 per square foot. However, Atlas's most recent balance sheet reveals that the implied value of its buildings and real estate is currently between \$45 - \$55 per square foot. Based on a conservative valuation, we believe Atlas's cold storage facilities alone to be worth, at minimum, \$7 per unit. In addition to these physical assets, Atlas's logistics and transportation division could be worth \$1.50 per unit. With an estimated NAV of \$8.50 per unit, and a yield of 5%, we believe the units represent good value at current levels.

MARSH SUPERMARKETS

Marsh Supermarkets operates 117 supermarkets, 161 Village Pantry convenience stores and seven upscale floral shops in central Indiana and western Ohio. In addition, the company also operates a food services business which provides catering, vending and office coffee services. Its supermarkets feature an extended line of traditional grocery store items as well as service and specialty departments, such as delicatessens, bakeries, prepared foods, prime cut meats, fresh seafood, floral and video rentals.

Marsh, which is currently celebrating its 75th year in business, announced in November 2005 that it has hired an investment bank to explore strategic options for the company including the possible outright sale of the business. Although the company has enjoyed a long and successful tenure in Indiana, the markets there have become brutally competitive in recent years. Wal-Mart and Costco continue to add stores, while higher-end specialty shops such as Wild Oats and traditional national chains like Kroger are making their push as well. In fact, Marsh's market share has fallen from 25% to 17% in just the last four years. Sales have remained relatively flat and profit margins have been squeezed. Marsh's stock, which for many years traded between \$10 and \$15, is now selling for just \$8.60.

However, with a current market capitalization of just \$68 million, we feel Marsh could be worth substantially more to a strategic buyer. As of its last quarter, Marsh had tangible shareholder's equity of \$124 million, or \$14.10 a share. For a larger supermarket chain looking to enter the Indiana market, buying Marsh at its book value would probably be cheaper than building the supermarkets from scratch and having to hire and train the staff. A buyer would also be getting the Marsh brand name, which carries a great amount of goodwill in the community.

Marsh could also attract the interest of private equity investors. Of particular interest to them would likely be Marsh's steady cash flow and significant real estate holdings. Marsh currently owns the land and building on 34 supermarkets and 44 convenience stores. It also owns two handling facilities with approximately 300,000 square feet of space. Marsh recently had its real estate appraised at between \$100 and \$150 million in excess of its book value. A buyer could theoretically purchase Marsh and finance the purchase by entering into a sale and leaseback agreement. A final option could be for Marsh to sell or spin out its Village Pantry convenience store chain. Looking at comparable publicly traded stocks, Village Pantry could be worth as much as \$100 million which is more than the market capitalization of the entire company.

Irwin A. Michael, CFA

ABC Fully-Managed Fund (ABC FMF)

March 31, 2006

NAVPS	10.9440
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.022167

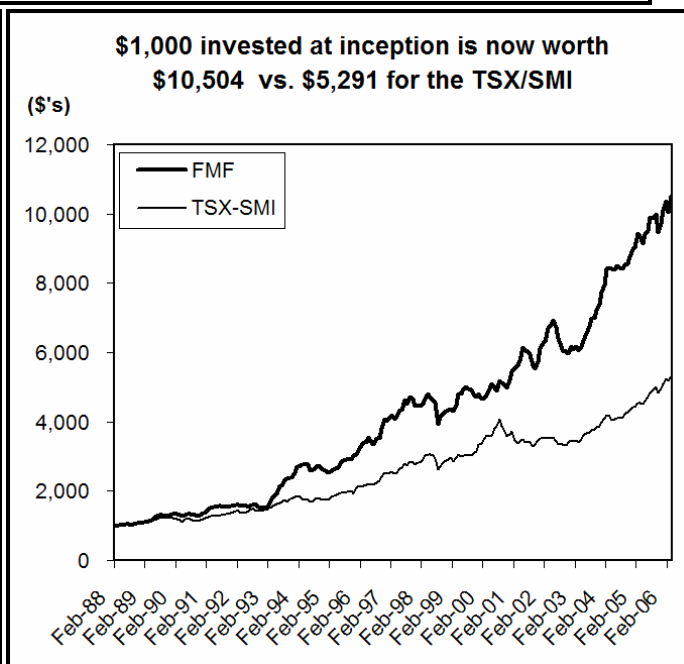
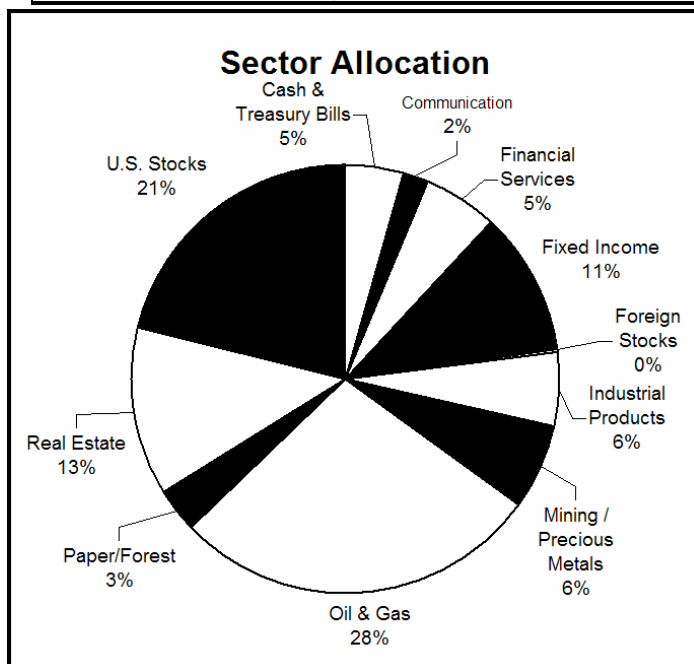
Objective

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	4.40	1.93	1989	23.68	17.20
Q1 2006	4.05	3.99	1990	2.17	-4.32
1 Year	12.37	16.53	1991	14.69	17.35
2 Year	11.51	12.83	1992	-1.48	4.75
3 Year	20.18	15.85	1993	64.35	24.36
5 Year	13.35	9.41	1994	2.82	-2.64
10 Year	11.87	9.43	1995	17.25	17.97
15 Year	13.83	9.92	1996	31.99	19.5
Since Inception*	13.89	9.65	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

March 31st, 2006

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.16660

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 4.58 %			
4,814,280	C\$ Cash	4,814	4,814
640,102	U\$ Cash	743	747
0	RT CAP Cash In Action Fund	-	-
23,578	RT CAP Cash In Action Fund US \$	2,795	2,751
<u>TOTAL CASH</u>		8,352	8,312

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
FIXED INCOME -- 10.85%			
1,500,000	Aecon Group Inc. conv., 8 1/4%, 03/17/10	1,444	1,500
2,500,000	Aecon Group Inc. conv., 8 1/4%, 11/02/09	2,494	2,500
2,000,000	Nexen Inc., 6.85%, 11/15/2006	1,960	2,031
2,500,000	First Nickel Inc, con.deb., 11%, 06/01/2007	2,500	2,500
4,000,000	Frontera Copper, 10%, 06/15/2010	3,324	3,934
2,500,000	Gerdau Ameristeel, conv. 6.5%, 4/30/2007	2,216	2,523
2,500,000	Magellan Aero., conv. 8.5%, 01/31/2008	2,478	2,622
2,000,000	Nova Chemical, 7.85%, 08/30/2010	1,984	2,090
<u>TOTAL</u>		18,400	19,700

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
COMMON STOCKS -- 84.57%			
FINANCIAL SERVICES -- 5.51%			
250,000	Clearlink Capital	2,321	2,525
13,038	E-L Financial Corp.	3,469	7,470
<u>TOTAL</u>		5,790	9,995

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
REAL ESTATE -- 12.90%			
2,000,000	Huntingdon Real Estate Inv. Trust	5,230	5,200
506,300	Lanesborough Real Estate Inv. Trust	3,098	3,367
600,000	Legacy Hotels Real Estate Inv. Trust	4,272	5,010
175,000	Morguard Corp., common shares	3,595	5,968
600,000	Royal Host Real Estate Inv. Trust	3,206	3,840
<u>TOTAL</u>		19,401	23,384

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
INDUSTRIAL PRODUCTS -- 5.64%			
600,000	Atlas Cold Storage Income Trust Units	3,677	3,756
500,000	Canam Manac Group Inc.	3,290	5,300
75,000	Wescast Industries Inc., "A"	2,741	1,182
<u>TOTAL</u>		9,708	10,238

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
COMMUNICATION -- 1.90%			
350,000	CanWest Global Communications	3,644	3,455
<u>TOTAL</u>		3,644	3,455

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
PAPER/FOREST PRODUCTS -- 3.38%			
300,000	Canfor Corp.	3,451	4,290
250,000	Fraser Papers Inc.	3,973	1,848
<u>TOTAL</u>		7,424	6,138

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 27.69%			
350,000	Avenir Diversified Income Trust	3,815	4,942
1,500,000	Caribou Resources Corp., common	3,299	2,925
250,000	Caribou Resources Corp., warrants	0	1
350,000	Daylight Energy Trust, units	3,869	4,263
2,750,000	Endev Energy Inc.	4,067	4,868
1,200,000	Grey Wolf Exploration	3,351	6,888
150,000	Nexen Inc.	2,381	9,645
1,250,000	Pulse Data Inc., common	3,075	3,863
750,000	Saxon Energy Services Inc, units	3,675	3,555
150,000	Talisman Energy Inc.	2,691	9,303
<u>TOTAL</u>		30,223	50,252

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
MINING / PRECIOUS METALS -- 6.27%			
500,000	Anvil Mining Ltd., common	3,250	3,700
1,250,000	Frontera Copper Corp.	2,155	4,300
650,000	Lionore Mining Ltd.	3,810	3,380
<u>TOTAL</u>		9,215	11,380

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
U.S. STOCKS -- 21.05%			
30,000	Amer. National Ins. Co.	3,244	3,923
150,000	Bassett Furniture Industries Inc.	3,390	3,491
200,000	Covenant Transport Inc.	3,094	3,406
150,000	Dominion Homes Inc.	3,611	1,725
65,000	General Motors Corp.	3,702	1,613
175,000	Handleman Co., common	2,918	1,960
60,000	Kansas City Life Insurance Co., common	3,578	4,483
200,000	Phoenix Companies Inc.	3,583	3,803
175,000	Presidential Life Corp.	3,738	5,188
175,000	Sea Containers Ltd., "A"	3,221	1,472
175,000	Seaspan Corp., common	4,443	4,322
125,000	Superior Industries Intl.	3,252	2,823
<u>TOTAL</u>		41,773	38,209

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
FOREIGN STOCKS -- 0.23%			
695,157	Thakral Holdings Corp.	428	425
<u>TOTAL</u>		428	425

TOTAL COMMON STOCK 127,604 153,476

TOTAL PORTFOLIO 154,357 181,488

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)

March 31, 2006

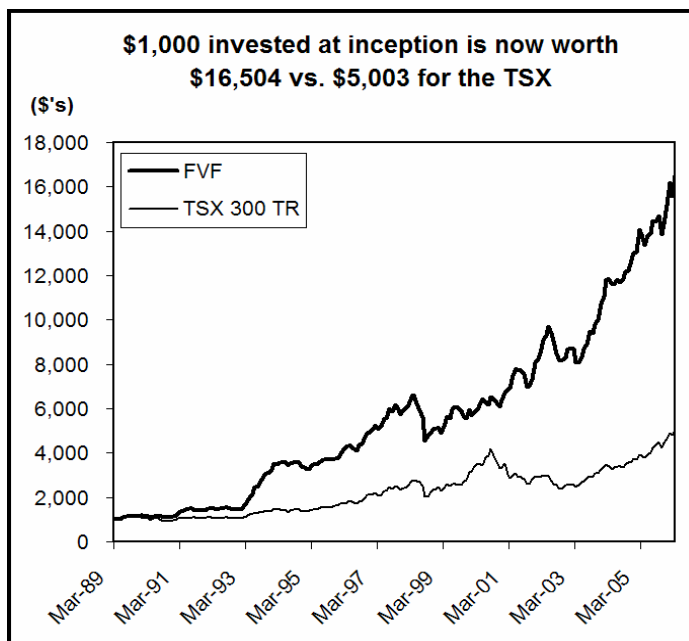
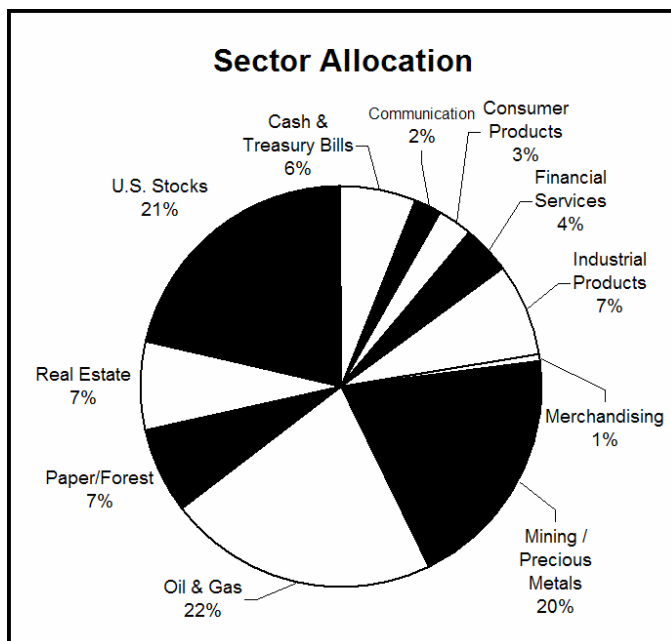
NAVPS	\$20.7938
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

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	5.95	3.90	1990	-1.98 -14.80
Q1 2006	8.75	7.98	1991	22.92 12.02
1 Year	19.10	28.43	1992	4.26 -1.43
2 Year	18.15	20.96	1993	121.75 32.80
3 Year	26.84	26.31	1994	3.03 -0.63
5 Year	18.89	11.73	1995	11.08 14.83
10 Year	14.50	11.18	1996	31.75 28.35
15 Year	18.07	10.91	1997	20.35 14.98
Since Inception*	17.93	9.90	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
			2005	16.62 24.13

*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

March 31st, 2006

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 6.05%			
801,642	C\$ Cash	802	802
66,303	U\$ Cash	77	77
386,101	RT CAP Cash In Action Fund	38,610	38,610
44,532	RT CAP U\$ Cash Mgmt Fund	5,291	5,195
<u>TOTAL CASH</u>		44,780	44,684
COMMON STOCKS -- 93.35%			
PAPER & FOREST PRODUCTS -- 6.98%			
1,250,000	Canfor Corp., common	14,233	17,875
875,000	Cascades Inc., common	11,137	10,290
4,427,700	Catalyst Paper Corp.	16,241	14,213
1,250,000	Fraser Papers Inc.	18,956	9,238
<u>TOTAL</u>		60,567	51,615
FINANCIAL SERVICES -- 3.92%			
650,000	Clearlink Capital Corp.	5,940	6,565
39,250	E-L Financial Corp.	10,590	22,412
<u>TOTAL</u>		16,530	28,977
INDUSTRIAL PRODUCTS -- 7.64%			
2,000,000	Atlas Cold Storage Income Trust	11,991	12,520
2,500,000	Canam Manac Group Inc.	15,108	26,500
4,000,000	Magellan Aerospace Corp.	11,930	12,640
300,000	Wescast Industries Inc., A	10,808	4,728
<u>TOTAL</u>		49,836	56,388
COMMUNICATION -- 2.34%			
1,750,000	CanWest Global Communications	18,653	17,273
<u>TOTAL</u>		18,653	17,273
MERCHANDISING -- 0.59%			
500,000	Danier Leather Inc.	5,018	4,325
<u>TOTAL</u>		5,018	4,325
CONSUMER PRODUCTS -- 2.89%			
365,000	Andres Wines Ltd. "A"	4,497	9,746
400,000	Arbor Memorial Services "B"	5,339	8,000
1,300,000	Shermag Inc.	11,697	3,640
<u>TOTAL</u>		21,533	21,386
REAL ESTATE -- 7.20%			
2,950,000	Huntingdon Real Estate Inv. Trust	7,858	7,670
3,000,000	Legacy Hotels Real Estate Trust	20,761	25,050
600,000	Morguard Corp., common	12,351	20,460
<u>TOTAL</u>		40,969	53,180

exchange rate used is 1.16660

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
OIL & GAS -- 21.96%			
2,117,900	Anderson Energy Ltd., common	14,376	12,919
1,750,000	Avenir Diversified Income Trust	20,299	24,710
2,500,000	Bow Valley Energy	3,725	14,750
2,250,000	Clear Energy Inc.	11,073	10,350
5,250,000	Geocan Energy Inc.	9,713	11,025
2,675,100	Midnight Oil Exploration	10,670	10,540
500,000	Nexen Inc.	8,028	32,150
3,750,000	Saxon Energy Services Inc.	14,239	17,775
450,000	Talisman Energy	8,136	27,909
<u>TOTAL</u>		100,258	162,128
MINERALS/PRECIOUS METALS -- 19.70%			
1,437,900	Anvil Mining Ltd., common	10,185	10,640
15,700,000	EuroZinc Mining Corp.	9,718	31,871
3,250,000	Hudbay Minerals Inc.	9,005	31,753
7,616,500	Ivernia Inc.	11,569	16,147
3,250,000	Lionore Mining Ltd.	19,563	16,900
2,141,200	Quadra Mining Ltd.	12,380	19,656
2,000,000	Polaris Minerals Corp.	9,600	10,000
1,925,000	Richmont Mines	9,433	8,470
<u>TOTAL</u>		91,452	145,437
U.S. STOCKS -- 20.73%			
125,000	Amer. Nat. Ins. Co.	14,058	16,344
250,000	General Motors Corp.	14,238	6,203
575,000	Handleman Co., common	9,505	6,440
1,100,000	Harvest Natural Resources Inc	13,079	12,473
800,000	Jo-Ann Stores Inc.	14,459	12,562
250,411	Kansas City Life Insurance Co.	14,629	14,969
439,365	Presidential Life Corp.	9,238	13,024
825,000	Sea Containers Ltd., A	15,832	6,939
800,000	Seaspan Corporation	20,355	19,758
550,000	Stroud Energy Inc., common	10,312	11,248
625,000	Superior Industries International	15,118	14,116
1,000,000	The Phoenix Companies	17,648	19,016
<u>TOTAL</u>		168,470	153,092
<u>TOTAL COMMON STOCK</u>		573,286	693,800
<u>TOTAL PORTFOLIO</u>		618,066	738,484

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ABC American-Value Fund (ABC AVF)

March 31, 2006

NAVPS	\$7.8734
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

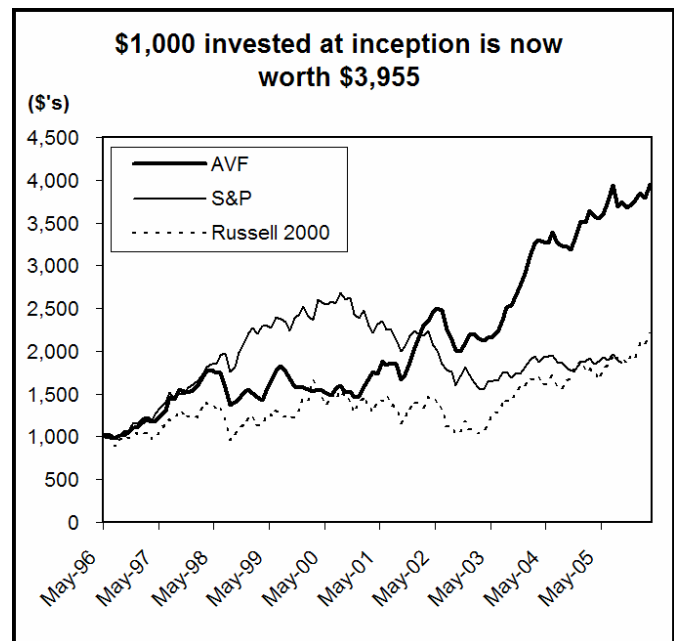
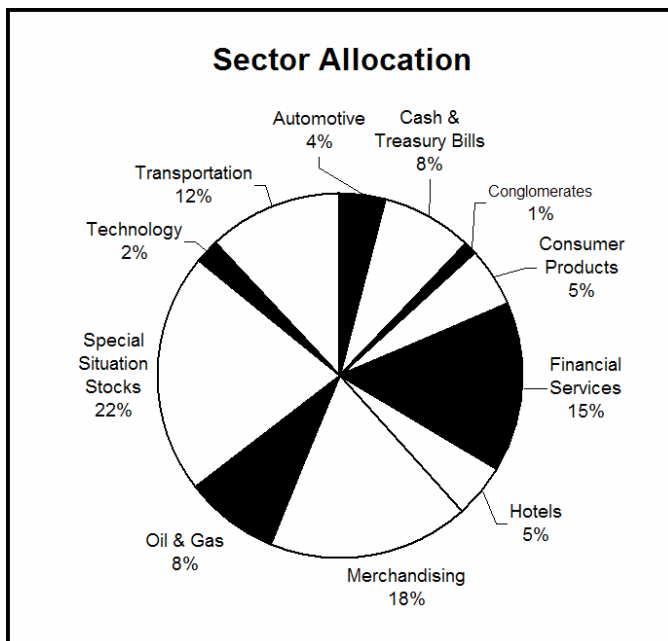
Objective

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	4.22	4.72	1.05	1997	38.76	20.52	22.64
Q1 2006	5.06	13.65	3.66	1998	0.75	-3.45	16.10
1 Year	10.67	24.40	5.77	1999	1.47	19.62	25.22
2 Year	9.53	13.85	3.56	2000	-6.66	-4.20	-6.18
3 Year	22.95	28.04	11.60	2001	39.52	1.03	-7.10
5 Year	17.66	11.17	2.38	2002	6.91	-21.58	-16.76
9 Year	14.55	9.34	5.99	2003	32.74	45.37	25.32
Since Inception*	15.01	8.26	7.21	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

March 31st, 2006

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.16660

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 8.06%

MERCHANDISING -- 17.87%

36,074	Cash	36	36
62,657	RT CAP Cash In Action Fund	6,266	6,266
90,751	US\$ Cash	106	106
25,000	RT CAP US\$ Cash Fund	2,925	2,917
<u>TOTAL CASH</u>		9,332	9,324

100,000	Bassett Furniture Industries Inc.	2,469	2,327
250,000	Buca Inc.	2,187	1,479
225,000	Enesco Group Inc.	2,405	533
175,000	Handleman Co., common	2,930	1,960
175,000	Jo-Ann Stores Inc.	3,192	2,748
200,000	John B. Sanfilippo & Sons	3,203	3,693
185,000	Marsh Supermarkets Inc., "A"	2,063	1,962
150,000	Tandy Brands Accessories Inc.	2,669	1,802
60,000	Village Super Markets Inc.	2,422	4,164
<u>TOTAL</u>		23,539	20,668

COMMON STOCKS -- 91.92%

INDUSTRIAL PRODUCTS -- 0.41%

300,000	Quaker Fabric Corp., common	2,621	472
<u>TOTAL</u>		2,621	472

TRANSPORTATION -- 11.76%

FINANCIAL SERVICES -- 14.78%

20,000	Amer. Natl. Ins. Co.	2,191	2,615
62,500	Kansas City Life Insurance Co.	3,577	3,736
250,000	National Atlantic Holdings Corp.	3,265	2,960
175,000	Phoenix Companies Inc.	3,070	3,328
150,000	Presidential Life	3,189	4,447
<u>TOTAL</u>		15,293	17,086

200,000	Covenant Transport Inc.	3,422	3,406
200,000	Int'l Shipholding Corp., common	3,458	3,593
100,655	PAM Transportation Services	1,896	2,895
150,000	Seaspan Corp., common	3,815	3,705
<u>TOTAL</u>		12,591	13,599

TECHNOLOGY -- 2.27%

350,000	GTSI Corp. common	3,447	2,630
<u>TOTAL</u>		3,447	2,630

CONSUMER PRODUCTS -- 5.27%

219,420	CPAC Inc., common	1,720	1,046
125,000	Dominion Homes	3,046	1,438
225,000	Flexsteel Industries, common	3,842	3,622
<u>TOTAL</u>		8,609	6,106

CONGLOMERATES -- 1.09%

150,000	Sea Containers Ltd., common A	3,030	1,262
<u>TOTAL</u>		3,030	1,262

HOTELS -- 4.70%

104,541	Boykin Lodging Company	1,173	1,377
300,000	Great Wolf Resorts Inc.	3,639	4,056
<u>TOTAL</u>		4,812	5,433

OIL & GAS -- 8.16%

250,000	Harvest Natural Resources Inc.	3,157	2,835
750,000	Meridian Resources Corp.	3,416	3,544
150,000	Stroud Energy Inc., common	2,813	3,068
<u>TOTAL</u>		9,386	9,446

SPECIAL SITUATION STOCKS -- 21.40%

500,000	Anvil Mining Ltd., common	3,250	3,700
300,000	CanWest Global Comm.	3,141	2,961
75,000	Clearlink Capital	698	758
1,450,000	Frontera Copper Corp.	2,795	4,988
625,000	Frontera Copper Corp., warrants	0	363
950,000	Grey Wolf Exploration	2,658	5,453
600,000	Lionore Mining Ltd.	3,435	3,120
100,000	Morguard Corp., common	2,074	3,410
<u>TOTAL</u>		18,049	24,752

AUTOMOTIVE -- 4.21%

69,770	Coachmen Industries Inc.,	893	926
45,000	General Motors Corp., common	2,563	1,117
125,000	Superior Industries Intl.	3,271	2,823
<u>TOTAL</u>		6,726	4,866

TOTAL COMMON STOCK **108,103** **106,319**

TOTAL PORTFOLIO **117,435** **115,644**

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	\$11.4667
C.G. Dist.	\$0.000000
Inc. Dist.	\$0.000000

March 31, 2006

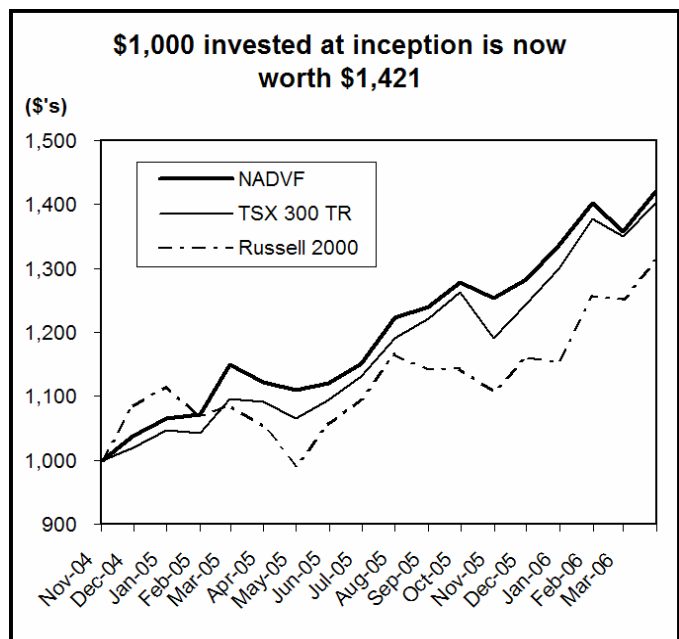
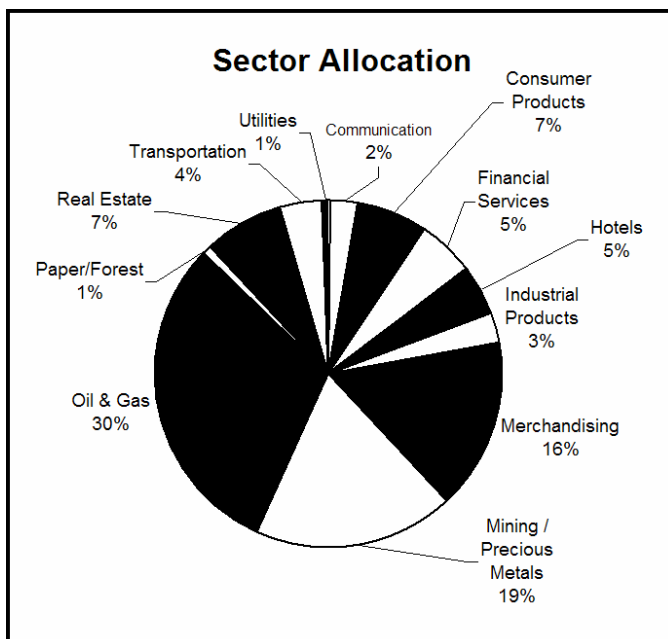
Objective

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 40 to 50 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 NADVF	Russell 2000	Dow Jones	TSX 300
	(%)	(%)	(%)	(%)
1 Month	4.65	4.72	1.05	3.90
Q1 2006	6.32	13.65	3.66	7.98
6 Month	11.20	14.58	5.12	11.07
1 Year	26.57	24.40	5.77	28.43
Since Inception*	30.15	21.04	7.50	26.96

*Inception date for the Fund was November 1, 2004



ABC FUNDS

ABC North American Deep-Value Fund, Statement of Investment Portfolio March 31st, 2006

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 0.03%			
1,229,813	Cash	1,230	1,230
47	RT CAP Cash In Action Fund	5	5
(1,041,043)	Cash - US \$	(1,181)	(1,214)
10	RT CAP US\$ Cash Fund	1	1
TOTAL CASH		55	21

COMMON STOCKS -- 95.90%

CANADIAN STOCKS -- 60.04 %

OIL & GAS/ ENERGY -- 27.50%

600,000	Accrete Energy Inc., common	4,818	4,800
500,000	Anderson Energy Ltd., common	3,867	3,050
2,500,000	Arapahoe Energy Corp.	1,625	1,425
350,000	Avenir Diversified Income Trust	3,992	4,942
1,250,000	Caribou Resources Corp.	2,474	2,438
4,000,000	Choice Resources	3,987	3,600
2,000,000	Endev Energy Inc.	3,204	3,540
850,000	Grey Wolf Exploration	2,378	4,879
1,000,000	Pulse Data Inc.	2,498	3,090
2,500,000	Rally Energy Corp.	3,489	4,825
700,000	Rockyview Energy Inc.	4,029	4,165
291,400	Saxon Energy Services , comm	1,369	1,381
1,000,000	Saxon Energy Services , units	4,900	4,740
TOTAL		42,630	46,875

COMMUNICATION -- 2.61%

450,000	CanWest Global Comm. Corp	4,865	4,442
TOTAL		4,865	4,442

PAPER & FOREST PRODUCTS -- 0.76%

175,000	Fraser Papers Inc.	2,599	1,293
TOTAL		2,599	1,293

MINERALS/PRECIOUS METALS -- 18.88%

1,830,500	Amerigo Resources Ltd.	4,087	4,942
750,000	Anvil Mining Ltd.	4,875	5,550
750,000	Avnel Gold Mining Ltd. units	1,500	1,425
2,500,000	Canadian Zinc Corp.	1,800	3,738
1,250,000	Canadian Zinc Corp., warrants	0	413
375,000	Frontera Copper Corp.warr.	0	218
3,324,000	Goldhawk Resources Inc. units	831	1,363
2,525,000	Ivernina Inc.	3,506	5,353
875,000	Lionore Mining Ltd.	4,948	4,550
925,000	Polaris Minerals	4,440	4,625
TOTAL		25,987	32,176

INDUSTRIAL PRODUCTS -- 2.75%

750,000	Atlas Cold Storage Inc. Trust	4,479	4,695
TOTAL		4,479	4,695

REAL ESTATE -- 7.54%

1,750,000	Huntingdon Real Estate Trust	4,576	4,550
650,000	Legacy Hotels Real Estate Trus	4,615	5,428
450,000	Royal Host Real Estate Trust	2,284	2,880
TOTAL		11,476	12,858

exchange rate used is 1.16660

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
U.S. STOCKS -- 34.76%			
HOTELS -- 4.91%			
275,000	Boykin Lodging Company	3,775	3,622
350,000	Great Wolf Resorts Inc.	4,133	4,732
TOTAL		7,908	8,354

UTILITIES -- 0.53%

50,000	Maine & Maritimes Corp.	1,551	896
TOTAL		1,551	896

OIL & GAS -- 3.01%

543,800	Meridian Resource Corp.	2,267	2,569
125,000	Stroud Energy Inc, common	2,344	2,555
TOTAL		4,611	5,125

MERCHANDISING -- 15.61%

200,000	Bassett Furniture Industries Inc.	4,426	4,655
125,000	Frisch Restaurants Inc.	3,509	3,019
125,000	Handleman Co.	2,066	1,400
216,406	J. Alexander's Corp., common	1,990	2,045
150,000	Jo-Ann Stores Inc.	2,736	2,355
195,000	John B. Sanfilippo & Sons	3,123	3,601
200,000	Marsh Supermarkets Inc, "B"	2,241	1,925
300,000	Redhook Ale Brewery Inc.	1,291	1,221
120,000	S&K Famous Brands	2,384	2,800
76,040	Smith & Wollensky Rest. Group	434	510
123,600	Superior Uniform Group Inc.	1,450	1,588
125,000	Tandy Brands Accessories Inc.	2,218	1,502
TOTAL		27,869	26,620

CONSUMER PRODUCTS -- 6.66%

54,629	Chromcraft Revington Inc.	811	858
275,000	Coachmen Industries Inc.	3,594	3,651
300,000	Cobra Electronics Corp.	2,898	3,706
300,000	Dominion Homes	2,468	1,150
300,000	Quaker Fabric Corp.	2,065	472
1,500,000	Tucows Inc., common	1,626	1,540
TOTAL		13,461	11,378

TRANSPORTATION -- 3.93%

150,000	Covenant Transport Inc.	2,423	2,555
125,000	Sea Containers Ltd., "A"	2,291	1,051
125,000	Seaspan Corporation	3,190	3,087
TOTAL		7,903	6,693

FINANCIAL SERVICES -- 5.28%

102,700	Merchants Group Inc.	3,085	3,612
213,992	National Atlantic Holdings Corp.	2,548	2,534
150,000	The Phoenix Companies Inc.	2,055	2,852
TOTAL		7,688	8,999

TOTAL COMMON STOCK 163,028 170,403

TOTAL PORTFOLIO 163,083 170,424

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Canada Life – ABC Funds Alliance

Universal Life Insurance Linked to the ABC Funds

It was almost seven years ago when we first wrote about a new Canada Life – ABC Funds Universal Life insurance product. As we explained, then, universal life is a flexible, tax-sheltered insurance/investment product.

The universal life policy has a face amount which is payable to the beneficiary on a tax-free basis upon the death of the insured. Funds are deposited into the policy by the insured and are invested in any of many investment options as selected by the policy owner. Furthermore, the timing and amount of deposits of universal life premiums is completely flexible although subject to a minimum and maximum. Any investment funds that have accumulated are paid out tax-free on the death of the insured. Moreover, as long as the investment funds do not exceed a regulated maximum amount or “exempt line”, the investment earnings inside a universal life policy do not attract current taxation. In short, the funds grow on a tax-deferred basis just like the investment earnings in an RRSP.

With the assistance of Arnie Shell, a long-time ABC unitholder and actuary, we consummated a relationship with Canada Life. Accordingly, Canada Life added ABC Funds to its investment menu on its universal life policy. The ABC Funds, being a purist fundamental value vehicle, were ideally suited to long-term universal life policy holders and this policy represented an attractive financial investment as well as an excellent estate planning option.

As ABC Funds portfolio manager this alliance brought us new clients who would utilize the ABC Funds as a long term investment vehicle. This would make the ABC Funds easier to manage. The program also offered excellent planning potential for existing ABC Funds clients. Arnie Shell outlined a number of different applications of this ABC investment concept for high net worth clients such as “second to die life insurance”, the creation of tax advantaged alternatives to existing term insurance programs for financial planning as well as education savings programs for children and grandchildren.

The end result was that my wife and I purchased the very first policy. We chose a second to die joint insurance policy which was completely invested in the ABC Fundamental-Value Fund. It is now almost seven years later and I would like to share the results of my Canada Life/ABC Funds universal life purchase:

\$5,000,000 Universal Life Policy purchased May 28, 1999

I paid \$201,546 which was calculated by Canada Life to be the amount required to fully fund this policy assuming that the Fundamental-Value Fund earned at least 6% per annum after the Canada Life management fee. In short, as long as the fund earned 6% per annum after the Canada Life charge, I would never have to pay another premium again.

	<u>Total Amount Deposited Since Inception</u>	<u>Estimated Fund Market Value</u>
May 27, 2000	\$201,546	\$207,214
May 27, 2001	\$201,546	\$226,291
May 27, 2002	\$201,546	\$261,870
May 27, 2003	\$201,546	\$206,590
May 27, 2004	\$201,546	\$277,281
May 27, 2005	\$201,546	\$294,919
March 31, 2006	\$201,546	\$335,708

The most significant observation is that my original \$201,546 investment in the ABC Fundamental-Value Fund has fully funded 7 years of insurance premiums on this \$5,000,000 Universal Life policy. But more importantly, this sum has grown to a tax exempt \$335,708. If anyone wishes to explore this program and its potential applications, please contact our office. We will arrange for Arnie Shell to explain the details.

Irwin A. Michael, CFA

This newsletter is published by
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