

## PRESENT PERSPECTIVES

## We Are With You

I have a number of observations and remarks. But before expressing my thoughts as both ABC portfolio manager and analyst I would like to speak as the largest ABC unitholder (with my wife, children, family and friends) as well as for all employees of ABC Funds (along with their families and friends) who happen to be deeply invested in ABC Funds as well.

While we are all patient deep value investors we are also feeling the pain of the present chaotic market. Our RRSPs and investment funds are invested alongside our clients. We read the same doom and gloom newspaper headlines and listen to the same panicky business news readers on radio and TV each day. The fact is investors are stressed and due to the extreme market turbulence we are all worth less today. In all candour this is one of the most difficult investment environments we have faced in well over 30 years. Nonetheless, we remain vigilant, responsible and opportunistic. We are in the office every morning minding our portfolios. We understand our clients concerns because we are clients too. The fact is we are still invested and are committed to our investment beliefs. We are with you.

The present market conditions are chaotic, emotional and extremely frustrating. The market is rife with panicky investors subject to sudden margin calls and over-extended hedge funds and speculators forced to liquidate equity holdings. The anxiety over the past several weeks has been so intense that in numerous cases share prices bear little relationship with a company's fundamental value. Clearly the impetus to liquidate common share holdings has obscured true measures of what is value during this maelstrom of frenzied selling.

As difficult as market conditions may be we continue to abide by our investment disciplines of book and net asset value, cash flow and earnings per share multiples. Although we can estimate significant 12-18 month investment returns from currently beaten down prices the market is oblivious and is only concerned with liquidity. This fact is both frustrating and fatiguing for value managers and especially so since the past 2-3 years have not been kind to value portfolios.

But we believe there is a positive take on the present irrational environment. Obviously common stock prices will fall to whatever level to accommodate frightened investors. However, eventually this motivated selling will stop and a semblance of financial rationality will re-enter the marketplace. At that point we believe common stocks will begin to reflect their true value and rise in price. It is our opinion that any positive change in investor sentiment would be of paramount importance to a market recovery. No matter how small a positive change in psychology, this could precipitate a significant buying stampede as common shares seek equilibrium or true valuation levels. Although this might appear to be wishful thinking, today, we must be patient until the present seeking of liquidity by a wave of investors, hedge funds et al burns itself out. In the meantime our ABC team will continue to do our analytical work and client service 24-7. We will continue to man our office to accommodate all enquiries. We are here. We are with you.



**ECONOMIC PERSPECTIVES****Anxiously Awaiting Government Actions**

The past 5-6 weeks have brought extraordinary price weakness and volatility to stock prices, commodities and currencies. Increasing global banking and investment fears are compounding and are filling investors with anxiety, confusion and frightening comparisons to the 1929 era. The end result is that investors are anxiously awaiting more meaningful government policies.

Although we have already had a worldwide central bank ½% administered rate decrease and

massive liquidity infusion more international cooperative actions will be needed. These include: chartered bank capital injections, public work projects via government deficits, bailouts, etc. With the present crisis of confidence investors are looking for stronger government fiscal and monetary actions. Any new initiatives above what we have already would be a strong antidote to help repair the significant damage of the past few weeks. Moreover, this would set 2008 apart from the lack of international coordinated measures of the 1929 period.

**INVESTMENT PERSPECTIVES****Cascading Stock Prices: Extraordinary Valuations**

The recent stock market plunge and the resulting negative investor psychology have brought many individual stock prices to extraordinary lows. Strangely enough, despite common share valuations, now at previously inconceivable levels, many investors, due to rampant pessimism, are avoiding share purchases for fear that prices might fall even further. Interestingly, with a growing number of stocks being overlooked by nervous investors we are now uncovering numerous stocks trading as low as half book or net asset value and as little as two times cash flow. This is rather unusual and is providing

investors with exceptional investment opportunities -- - perhaps even opportunities of the decade.

In spite of the perceived high risk market environment common share valuations have not traded so cheaply for a number of years. In effect, there is a complete disconnect between intrinsic value and current share prices. Notwithstanding the recent swelling of economic and financial fears, we believe that selective purchases of today's dirt-cheap value stocks will produce excellent returns over the next 12-18 months for the patient, long-term investor.

**PORTFOLIO PERSPECTIVES****Upgrading our Portfolios**

Due to chaotic equity market conditions which have persisted for the past several months we have taken advantage of periodic opportunities to upgrade our portfolios and to prepare for the next market upturn. In certain instances panicky investors have tossed out perfectly good securities in a flight to liquidity. This selling offered us unusual opportunities and has enabled us to add or purchase new securities on price weakness such as Canam Group, Equitable Group, Northbridge Financial, Onex Corporation and Pioneer Natural Resources.

We have also taken advantage of occasional market upswings and have sold all or part of our holdings in Jo-Ann Stores, Geocan Energy, Keynote Systems, Superior Industries, Thomas Weisel Partners, Village Super Market, Standard Life PLC and Unum Group. As a result of our upgrading focus our five ABC portfolios collectively hold over \$130 million of cash reserves which we will employ whenever selective opportunities are presented.

I wrote this market commentary exactly six years ago. Strangely enough the investor angst of today is remarkably similar to what we experienced in October 2002 when investment pessimism was rampant. At that time no one cared about fundamental analysis such as book value, price/earnings and cash flow multiples or hidden assets. Panicky investors were fixated only on stock prices which were unduly depressed. Overall there was significant investment pain in spite of dirt cheap valuations. Ultimately, investor patience/staying power was key to the subsequent five year bull market. I believe that the investment antidote for October 2008 is no different from October 2002. It is our view that the patient, long-term oriented investor, despite his current pain, will be well-rewarded over the next 12-18 months.

---

The following is an excerpt from the ABC Perspective - October 2002 - Pg. 1

## *Pain Before The Gain*

*A good scare is worth more than good advice.*

*-Proverb*

The period since March 2000 to today has been quite painful for investors. While March 2000 was the peak in the stock market for high technology shares, the sliding market has taken no prisoners. The good stocks have plummeted along with the bad ones. But this is not necessarily a negative since astute and cash-rich investors continue to have the opportunity to purchase undervalued, high-quality stocks at bargain-basement prices.

Presently I believe the stock market is going through a cathartic period. We are correcting the extraordinary excesses of the high technology/dotcom mania of late 1998 to early 2000. This cleansing process has become a spiritual renaissance to previously starry-eyed, hallucinating, greedy investors. It is leaving no stone unturned. No stock market has been left unscathed. For instance, the German Dax index has fallen over 60% from its 2000 highs whereas the TSE has declined by 45%, the S&P 44% and the NASDAQ has imploded by 75%. If we roll back the clock to the cocktail party chatter of three years ago one would have been privy to the incessant braggadocio of stock market gains by greedy dilettantes. Today, that chatter has given way to silence and the odd admission of an individual that he lost a "bundle". From a contrarian's point of view, this is a good sign.

In fact, I have read in several publications that since January 1, 2000 an estimated \$6-7 trillion has

been vaporized from the North American stock markets. Nortel alone would account for over \$350 billion. These weighty dollar amounts boggle the mind. I imagine that the vast majority of stock market investors must be suffering in silence because we hear very little bellyaching.

But I take a positive view on all this. I sense that the market angst of today, as difficult as it may be, will eventually lead to significant gains over the next 12-18 months. As this cleansing process continues to eradicate the last vestige of investment greed and fearless investor punting, I firmly believe common stocks will eventually fall to dirt-cheap levels. At that point they will provide for spectacular gains to the patient, long-term investor. In fact, some stocks have already bottomed.

In summation I believe this short-term pain will eventually lead to long-term gains in the stock market. Today, investor psychology is at depressed levels, money is fleeing mutual funds and many stocks are plunging below net asset values with accompanying low price/earnings and cash flow multiples. Eventually an unknown catalyst will appear. This catalyst will spark a huge market recovery. The key will be investor patience/staying power. I truly believe it is worth the wait.

**Irwin A. Michael, CFA**

## **A Portfolio's Hidden Values... In a Chaotic Market**

The international financial system is in disarray. Securities markets have been volatile and chaotic. The spreading worldwide financial problems relating to subprime mortgages, shaky financial institutions, falling commodity prices and declining investor confidence has virtually eliminated all previous stock market enthusiasm. Suddenly common share buyers are nowhere to be found and panicky investors motivated by margin calls, hedge fund difficulties or extreme pessimism are selling the market down to inconceivably low levels.

No doubt the global financial problems are extremely serious and the gravity of the present situation is being felt everywhere. Moreover, with the constant flow of newspaper headlines informing the masses of pending doom and gloom relating to the economy and investments, this negativity is enervating investors' stamina. In consequence, numerous stocks have fallen to extraordinarily dirt-cheap levels --- below book value or net asset value and with low price to earnings or cash flow multiples. But more importantly, in certain cases, wild swings in the marketplace have taken stocks to even lower than dirt-cheap valuations.

Central banks are presently supplying massive liquidity, as they should, but more importantly, a group of major central banks including our Bank of Canada have, in concert, reduced world wide short-term administered rates by ½%. This event was important for at least two reasons:

- 1) the fact that the US Fed, Bank of Canada, ECB et al acted in a coordinated fashion demonstrated their unified common purpose and cooperation

and

- 2) the lowering of short-term administered interest rates by ½% will steepen the yield curve (i.e. short term rates significantly lower than long rates) and this will eventually be positive for economic growth and common share prices

No doubt a worldwide economic slowdown is already taking place as business, consumer and investment pessimism grows in crescendo. The net result is that this negativity has already affected common share prices largely due to a highly emotional sell-off of securities. Many undervalued stocks have been tossed out with those that are extremely overvalued. In consequence many investment fund portfolios, including our ABC Funds, have declined considerably in price despite a meaningful number of dirt-cheap stocks. Clearly, deeply discounted value stocks have not held up any better than growth or momentum shares largely due to massive, across the board emotional selling.

While it is disappointing to see many dirt-cheap value stocks get cheaper and cheaper the fact is that these holdings, particularly in our ABC Funds, represent a portfolio's hidden values within a chaotic market. Many of our value favourites are trading significantly below book or net asset value with low price to earnings and cash flow multiples.

Examples include:

Onex, a private equity and asset manager, traded as low as 62% of net asset value. At the bottom, the stock was valued at only 3.5 times its net cash position. The Company is well suited to take advantage of the current market turmoil and has been aggressively buying back its own stock.

Stock Symbol	52-Week Low	52-Week High	Decline from High	Net Asset Value	P/NAV	Cash Per Share	Price to Cash
TSX:OCX	\$ 19.38	\$ 40.20	-52%	\$ 31.50	62%	\$ 5.49	3.5

Nexen and Talisman, two large cap oil and gas producers, traded as low as 37% and 35% of net asset value. During the sell-off, they were priced below 2 times trailing twelve month cash flow.

Stock Symbol	52-Week Low	52-Week High	Decline from High	Net Asset Value	P/NAV	CF TTM	P/CF TTM
TSX:NXY	\$ 13.33	\$ 43.45	-69%	\$ 36.27	37%	\$ 7.43	1.8
TSX:TLM	\$ 9.27	\$ 25.40	-64%	\$ 26.74	35%	\$ 4.97	1.9

Western Goldfields, a small cap gold producer, was valued at only 29% of net asset value despite having hedges at \$801 per ounce. The stock changed hands at 3.6 times 2008 expected cash flow.

Stock Symbol	52-Week Low	52-Week High	Decline from High	Net Asset Value	P/NAV	2008 CF	P/CF
TSX:WGI	\$ 0.98	\$ 4.13	-76%	\$ 3.40	29%	\$ 0.27	3.6

Our favourite industrial and special situation stocks traded between 47% and 86% of book value and between 3.8 and 6.4 times trailing twelve month earnings. This segment includes Canam Group, a steel joist, decking and bridge manufacturer, Equitable Group, a niche mortgage lender, Fortress Paper, a currency and specialty printer and Migao Corporation, a fertilizer manufacturer and supplier.

Stock Symbol	52-Week Low	52-Week High	Decline from High	Book Value	P/BV	EPS TTM	P/E TTM
TSX:CAM	\$ 3.73	\$ 15.98	-77%	\$ 7.86	47%	\$ 0.97	3.8
TSX:ETC	\$ 14.69	\$ 2.00	-54%	\$ 17.03	86%	\$ 2.75	5.3
TSX:FTP	\$ 4.80	\$ 11.98	-60%	\$ 6.58	73%	\$ 0.99	4.8
TSX:MGO	\$ 2.76	\$ 11.97	-77%	\$ 3.43	80%	\$ 0.43	6.4

Precision Drilling, the leading Canadian land driller, was valued at less than half of replacement value and only 4.6 times trailing twelve month earnings. At the trough of the market, it yielded 14.7%.

Stock Symbol	52-Week Low	52-Week High	Decline from High	Replacement Value	P/R	EPS TTM	P/E TTM
TSX:PD.UN	\$ 10.64	\$ 28.93	-63%	\$ 22.00	48%	\$ 2.31	4.6

In summary, while our ABC Funds' values have declined meaningfully in 2008, we believe that our portfolios retain a significant number of hidden values which have been punished by recent indiscriminant selling. Although we cannot be certain when a price recovery will take place we are very patient and comfortable with the majority of our ABC securities.

Irwin A. Michael, CFA

# ABC FUNDS

## ABC Fully-Managed Fund (ABC FMF)

September 30, 2008

<b>NAVPS</b>	<b>\$ 6.9888</b>
<b>C.G. Dist.</b>	<b>\$ 0.000000</b>
<b>Inc. Dist.</b>	<b>\$ 0.052275</b>

### Objective

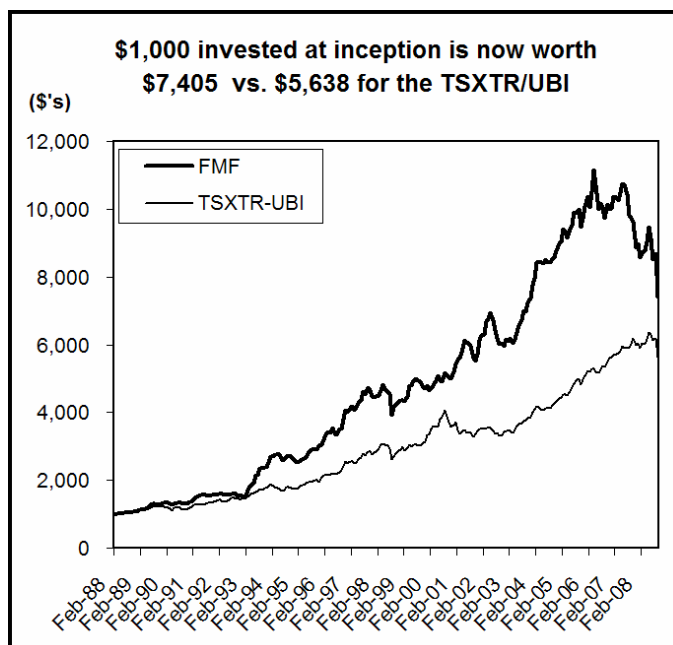
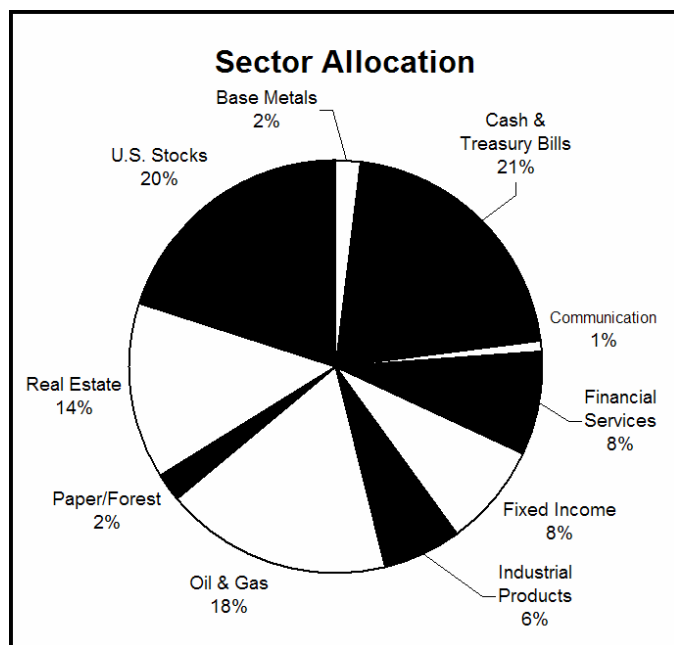
ABC Fully-Managed Fund is a diversified Canadian balanced fund. While our long-term asset mix target is 50% fixed income and 50% Canadian equities, in practice, our portfolio mix of stocks versus bonds is quite flexible to take advantage of periodic investment opportunities.

### Performance of the Fund vs. the Benchmark

	Annualized Compounded Rates of Return		Annual Returns	
	ABC FMF (%)	TSXTR/UBI (%)**	ABC FMF (%)	TSXTR/UBI (%)**
1 Month	-14.86	-8.99	1989	23.68
Q3 2008	-18.77	-10.69	1990	2.17
YTD	-17.46	-6.80	1991	14.69
1 Year	-24.01	-6.39	1992	-1.48
2 Year	-12.83	2.80	1993	64.35
3 Year	-9.48	4.10	1994	2.82
5 Year	1.20	8.27	1995	17.25
10 Year	5.97	7.64	1996	31.99
15 Year	7.94	8.31	1997	10.56
20 Year	10.29	8.85	1998	-2.02
Since Inception*	10.22	8.77	1999	10.37
			2000	8.31
			2001	17.62
			2002	0.77
			2003	25.52
			2004	15.89
			2005	12.47
			2006	-0.64
			2007	-10.55
			2008	6.82

\*Inception date for the Fund was February 22nd, 1988

\*\*Benchmark consists of 50% of the S&P/TSX Composite Total Return Index and 50% of the PC-Bond Universe Bond Index (UBI)



# ABC FUNDS

## ABC Fully-Managed Fund, Statement of Investment Portfolio

*September 30th, 2008*

*all dollar amounts in thousands (cdn\$)*

*exchange rate used is 1.0631963*

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>CASH -- 21.01%</b>			
3,718,887	C\$ Cash	3,719	3,719
38,659	U\$ Cash	41	41
30,001	RT CAP Cash In Action Fund	3,000	3,000
126,950	RT CAP Cash In Action Fund US \$	13,497	13,497
<b><u>TOTAL CASH</u></b>		<b>20,257</b>	<b>20,257</b>

<b>FIXED INCOME -- 8.33%</b>			
3,000,000	Blue Note Mining Inc., 11%, 03/31/2012	3,000	2,550
4,000,000	Frontera Copper, 10%, 06/15/2010	3,324	3,540
2,000,000	Nova Chemical Corp., 7.85%, 08/30/2010	1,984	1,941
<b><u>TOTAL</u></b>		<b>8,308</b>	<b>8,031</b>

<b>COMMON STOCKS -- 70.66%</b>			
<b>FINANCIAL SERVICES -- 8.05%</b>			
150,000	Equitable Group Inc., common	3,224	2,861
10,000	E-L Financial Corp.	2,772	4,900
<b><u>TOTAL</u></b>		<b>5,996</b>	<b>7,761</b>

<b>REAL ESTATE -- 13.78%</b>			
2,000,000	Huntingdon Real Estate Inv. Trust	5,230	2,260
750,000	Lanesborough Real Estate Inv. Trust	4,568	3,510
900,000	Lakeview Hotel Real Estate Inv. Trust	3,556	2,610
175,000	Morguard Corp.	3,595	4,900
<b><u>TOTAL</u></b>		<b>16,948</b>	<b>13,280</b>

<b>INDUSTRIAL PRODUCTS -- 6.42%</b>			
375,000	Canam Group Inc.	4,051	2,738
750,000	Terravest Income Fund	5,894	3,450
<b><u>TOTAL</u></b>		<b>9,946</b>	<b>6,188</b>

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>PAPER/FOREST PRODUCTS -- 2.04%</b>			
550,000	Norbord Inc.	4,893	1,969
<b><u>TOTAL</u></b>		<b>4,893</b>	<b>1,969</b>

<b>BASE METALS -- 1.83%</b>			
4,300,000	Phoenix Coal Inc., common	6,966	1,763
<b><u>TOTAL</u></b>		<b>6,966</b>	<b>1,763</b>

<b>OIL &amp; GAS -- 17.42%</b>			
350,000	Avenir Diversified Income Trust	2,126	2,436
750,000	Essential Energy Services Trust	4,697	1,358
200,000	Nexen Inc.	1,588	4,940
1,000,000	Pearl Exploration & Prod.	4,500	1,300
450,000	Talisman Energy Inc.	2,691	6,759
<b><u>TOTAL</u></b>		<b>15,602</b>	<b>16,793</b>

<b>COMMUNICATION -- 1.19%</b>			
500,000	CanWest Global Communications	4,775	1,145
<b><u>TOTAL</u></b>		<b>4,775</b>	<b>1,145</b>

<b>U.S. STOCKS -- 19.94%</b>			
30,000	Amer. National Ins. Co.	3,244	2,754
150,000	Babcock & Brown Air Limited ADS shrs.	3,450	1,491
158,996	Covenant Transport Inc.	2,459	487
350,000	Flagstar Bancorp Inc.	2,170	1,109
75,000	Kansas City Life Insurance Co.	4,439	3,668
200,000	Phoenix Companies Inc.	3,583	1,965
175,000	Presidential Life Corp.	4,404	2,938
250,000	Seaspan Corp.	5,579	4,808
<b><u>TOTAL</u></b>		<b>29,328</b>	<b>19,219</b>

<b><u>TOTAL COMMON STOCK</u></b>	<b>94,454</b>	<b>68,117</b>
----------------------------------	---------------	---------------

<b><u>TOTAL PORTFOLIO</u></b>	<b>123,019</b>	<b>96,405</b>
-------------------------------	----------------	---------------

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, 2008

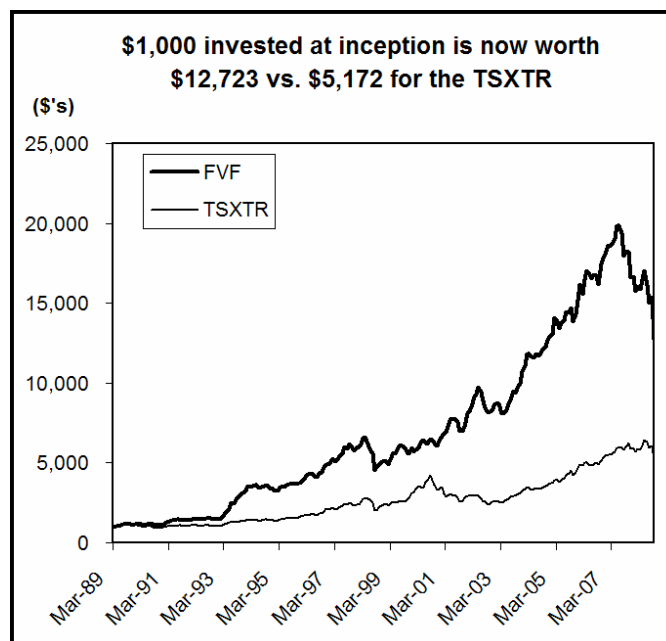
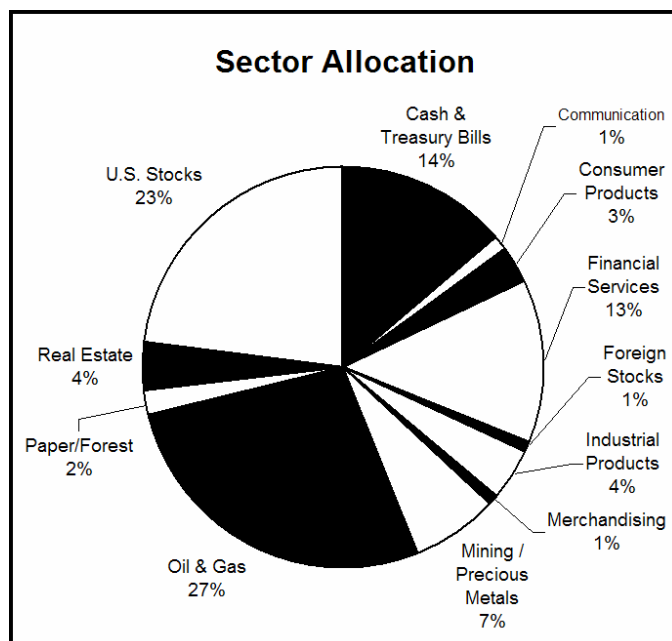
<b>NAVPS</b>	<b>\$13.5756</b>
<b>C.G. Dist.</b>	<b>\$ 0.000000</b>
<b>Inc. Dist.</b>	<b>\$ 0.000000</b>

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 (%)	TSXTR (%)**	ABC FVF (%)	TSXTR (%)**
1 Month	-17.26	-14.45	1990	-1.98
Q3 2008	-21.02	-18.22	1991	22.92
YTD	-23.62	-13.32	1992	4.26
1 Year	-30.42	-14.40	1993	121.75
2 Year	-11.29	2.53	1994	3.03
3 Year	-4.67	4.72	1995	11.08
5 Year	6.26	12.04	1996	31.75
10 Year	10.29	9.71	1997	20.35
15 Year	10.39	9.58	1998	-13.81
Since Inception*	13.93	8.76	1999	16.25
			2000	7.51
			2001	26.06
			2002	7.62
			2003	23.55
			2004	21.42
			2005	16.62
			2006	19.13
			2007	-7.86

\*Inception date for the Fund was March 20, 1989  
 \*\*S&P/TSX Composite Total Return Index (TSXTR)



## ABC Fundamental-Value Fund, Statement of Investment Portfolio September 30th, 2008

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.0631963

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>CASH -- 14.01%</b>			
2,199,389	C\$ Cash	2,199	2,199
819,261	U\$ Cash	871	871
550,051	RT CAP Cash In Action Fund	55,005	55,005
220,598	RT CAP U\$ Cash Mgmt Fund	23,454	23,454
<b>TOTAL CASH</b>		<b>81,529</b>	<b>81,529</b>

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>COMMUNICATION -- 0.98%</b>			
2,500,000	CanWest Global Communications	24,337	5,725
<b>TOTAL</b>		<b>24,337</b>	<b>5,725</b>

**COMMON STOCKS -- 85.99%**

**REAL ESTATE -- 3.98%**

2,950,000	Huntingdon Real Estate Inv. Trust	7,858	3,334
708,600	Morguard Corp.	15,599	19,841
<b>TOTAL</b>		<b>23,456</b>	<b>23,174</b>

**FINANCIAL SERVICES -- 13.16%**

1,268,500	Dundee Corp., class A	15,699	13,230
36,033	E-L Financial Corp.	9,832	17,656
850,000	Equitable Group Inc.	18,274	16,210
258,400	Northbridge Financial Co.	7,192	7,558
800,000	Onex Corporation, common	20,424	21,976
<b>TOTAL</b>		<b>71,421</b>	<b>76,630</b>

**INDUSTRIAL PRODUCTS -- 3.76%**

2,750,000	Canam Group Inc.	28,981	20,075
579,240	Magellan Aerospace Corp.	8,638	1,796
<b>TOTAL</b>		<b>37,619</b>	<b>21,871</b>

**OIL & GAS -- 27.86%**

775,000	Addax Petroleum Corp.	20,385	22,390
3,000,000	Anderson Energy Ltd.	19,268	7,440
1,750,000	Avenir Diversified Income Trust	11,855	12,180
2,500,000	Bow Valley Energy Ltd.	3,725	7,575
1,035,100	Crew Energy Inc.	18,703	10,351
3,000,000	Essential Energy Services Trust	18,389	5,611
7,250,000	Ithaca Energy Inc.	16,299	9,280
4,500,000	Midnight Oil Exploration	16,398	6,075
1,000,000	Nexen Inc.	8,028	24,700
3,280,000	Pearl Exploration	15,835	4,264
1,250,000	Precision Drilling Trust	27,322	21,875
22,500,000	Stratic Energy Corp.	27,989	10,125
1,350,000	Talisman Energy	8,136	20,277
<b>TOTAL</b>		<b>212,331</b>	<b>162,143</b>

**MINING/PRECIOUS METALS -- 7.07%**

1,250,000	Hudbay Minerals Inc.	3,463	8,763
9,850,000	Ivornia Inc.	15,357	4,186
2,500,000	Polaris Minerals Corp.	14,604	6,600
1,925,000	Richmont Mines	9,433	4,043
6,650,000	Western Goldfield Inc.	14,533	10,840
1,350,000	Whitemud Resources	10,658	6,750
<b>TOTAL</b>		<b>68,048</b>	<b>41,181</b>

**PAPER & FOREST PRODUCTS -- 2.15%**

3,500,000	Norbord Inc.	31,432	12,530
<b>TOTAL</b>		<b>31,432</b>	<b>12,530</b>

**CONSUMER PRODUCTS -- 3.30%**

1,095,000	Andrew Peller Ltd.	4,497	9,986
400,000	Arbor Memorial Services "B"	5,339	9,200
<b>TOTAL</b>		<b>9,836</b>	<b>19,186</b>

**MERCHANDISING -- 0.38%**

503,500	Danier Leather Inc.	5,044	2,215
<b>TOTAL</b>		<b>5,044</b>	<b>2,215</b>

**U.S. STOCKS -- 22.89%**

125,000	Amer. Nat. Ins. Co.	14,057	11,473
1,075,000	Babcock & Brown Air Ltd. ADS	24,623	10,686
725,000	Blackstone Group	17,538	11,824
2,000,000	Flagstar Bancorp Inc.	23,388	6,337
686,878	Jo-Ann Stores Inc.	13,458	15,321
385,000	Kansas City Life Insurance Co.	21,852	18,829
150,000	Pioneer Natural Resources Co.	8,811	8,338
900,000	Presidential Life Corp.	21,231	15,109
1,250,000	Seaspan Corporation	32,053	24,042
1,147,222	The Phoenix Companies	19,492	11,270
<b>TOTAL</b>		<b>196,503</b>	<b>133,230</b>

**FOREIGN STOCKS -- 0.46%**

4,500,000	Australian Vintage Ltd.	8,942	2,679
<b>TOTAL</b>		<b>8,942</b>	<b>2,679</b>

<b>TOTAL COMMON STOCK</b>		<b>688,970</b>	<b>500,565</b>
---------------------------	--	----------------	----------------

<b>TOTAL PORTFOLIO</b>		<b>770,499</b>	<b>582,094</b>
------------------------	--	----------------	----------------

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

# ABC FUNDS

## ABC American-Value Fund (ABC AVF)

September 30, 2008

<b>NAVPS</b>	<b>\$ 5.1597</b>
<b>C.G. Dist.</b>	<b>\$ 0.000000</b>
<b>Inc. Dist.</b>	<b>\$ 0.000000</b>

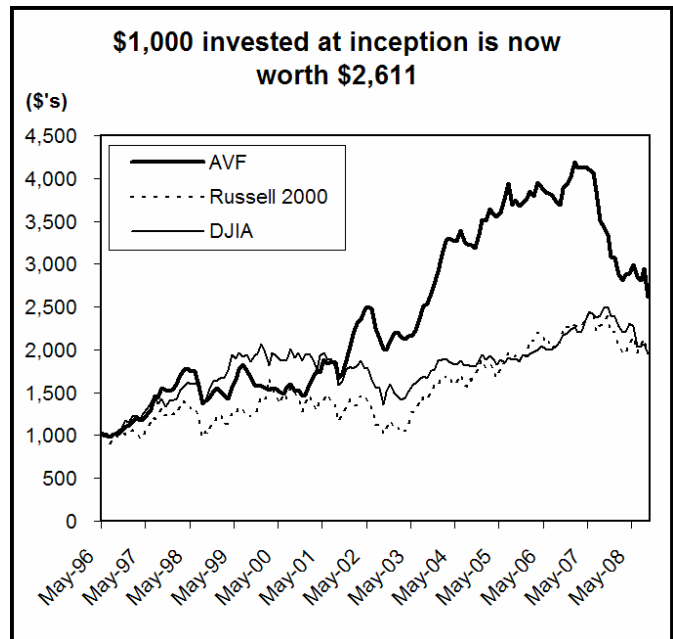
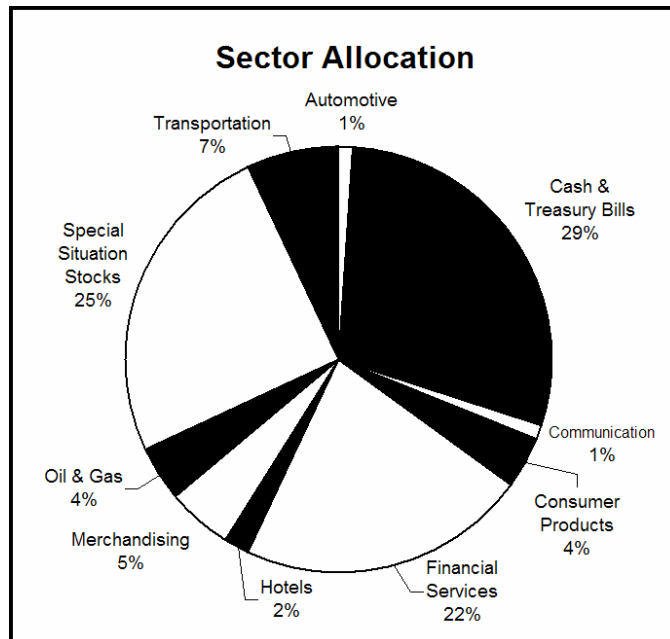
### Objective

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 Industrials (%)	ABC AVF (%)	Russell 2000 (%)	Dow Jones Industrials (%)	
1 Month	-11.45	-8.10	-6.00	1997	38.76	20.52	22.64
Q3 2008	-8.42	-1.46	-4.40	1998	0.75	-3.45	16.10
YTD	-15.04	-11.29	-18.20	1999	1.47	19.62	25.22
1 Year	-23.77	-15.63	-21.91	2000	-6.66	-4.20	-6.18
2 Year	-15.84	-3.22	-3.61	2001	39.52	1.03	-7.10
3 Year	-11.34	0.58	0.88	2002	6.91	-21.58	-16.76
5 Year	0.59	6.86	3.19	2003	32.74	45.37	25.32
10 Year	6.39	6.45	3.30	2004	20.85	17.00	3.15
Since Inception*	8.09	5.53	5.52	2005	7.16	3.32	-0.61
				2006	6.65	17.00	16.29
				2007	-23.46	-2.75	6.43

\*Inception date for the Fund was May 2, 1996



# ABC FUNDS

## ABC American-Value Fund, Statement of Investment Portfolio

*September 30th, 2008*

*all dollar amounts in thousands (cdn\$)*

*exchange rate used is 1.0631963*

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

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

**CASH -- 29.25%**

3,306,718	Cash	3,307	3,307
6	RT CAP Cash In Action Fund	1	1
1,046,325	US\$ Cash	1,112	1,115
144,226	RT CAP US\$ Cash Fund	15,334	15,334
<b><u>TOTAL CASH</u></b>		<b>19,754</b>	<b>19,757</b>

**MERCHANDISING -- 4.81%**

325,000	Cost Plus Inc.	3,307	674
200,000	John B. Sanfilippo & Sons	3,203	1,818
150,000	Tandy Brands Accessories Inc.	2,669	758
<b><u>TOTAL</u></b>		<b>9,178</b>	<b>3,249</b>

**COMMON STOCKS -- 70.75%**

**FINANCIAL SERVICES -- 22.01%**

22,500	Amer. Natl. Ins. Co.	2,460	2,065
125,000	Blackstone Group	3,076	2,039
62,500	Kansas City Life Insurance Co.	3,577	3,057
175,000	Phoenix Companies Inc.	3,070	1,719
325,000	PMA Capital Corp.	3,474	3,048
175,000	Presidential Life	3,730	2,938
<b><u>TOTAL</u></b>		<b>19,387</b>	<b>14,865</b>

**TRANSPORTATION -- 7.23%**

150,000	Babcock & Brown Air Ltd. ADS	3,446	1,491
166,149	Covenant Transport Inc.	2,843	509
150,000	Seaspan Corp.	4,147	2,885
<b><u>TOTAL</u></b>		<b>10,436</b>	<b>4,885</b>

**OIL & GAS -- 4.11%**

50,000	Pioneer Natural Resources Co.	2,837	2,779
<b><u>TOTAL</u></b>		<b>2,837</b>	<b>2,779</b>

**HOTELS -- 1.73%**

300,000	Great Wolf Resorts Inc.	3,545	1,167
<b><u>TOTAL</u></b>		<b>3,545</b>	<b>1,167</b>

**CONSUMER PRODUCTS -- 3.66%**

225,000	Flexsteel Industries	3,842	2,474
<b><u>TOTAL</u></b>		<b>3,842</b>	<b>2,474</b>

**SPECIAL SITUATION STOCKS -- 25.45%**

300,000	Canam Group Inc.	2,258	2,190
1,000,000	Centenario Copper Corp.	2,870	2,030
100,000	Morguard Corp.	2,074	2,800
450,000	Norbord Inc.	3,949	1,611
47,700	Onex Corporation	1,177	1,310
750,000	Pearl Exploration	3,371	975
3,172,049	Phoenix Coal Corp.	3,970	1,301
550,000	Terravest Income Fund	3,775	2,530
1,500,000	Western Goldfields Inc.	3,204	2,445
<b><u>TOTAL</u></b>		<b>26,647</b>	<b>17,192</b>

**AUTOMOTIVE -- 0.78%**

300,000	Coachmen Industries Inc.	3,644	526
<b><u>TOTAL</u></b>		<b>3,644</b>	<b>526</b>

**COMMUNICATION -- 0.97%**

700,000	Regent Communications Inc.	3,277	655
<b><u>TOTAL</u></b>		<b>3,277</b>	<b>655</b>

**TOTAL COMMON STOCK** **82,794** **47,793**

**TOTAL PORTFOLIO** **102,547** **67,550**

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

# ABC FUNDS

## ABC North American Deep-Value Fund (ABC NADVF)

<b>NAVPS</b>	<b>\$ 5.9011</b>
<b>C.G. Dist.</b>	<b>\$ 0.000000</b>
<b>Inc. Dist.</b>	<b>\$ 0.000000</b>

September 30, 2008

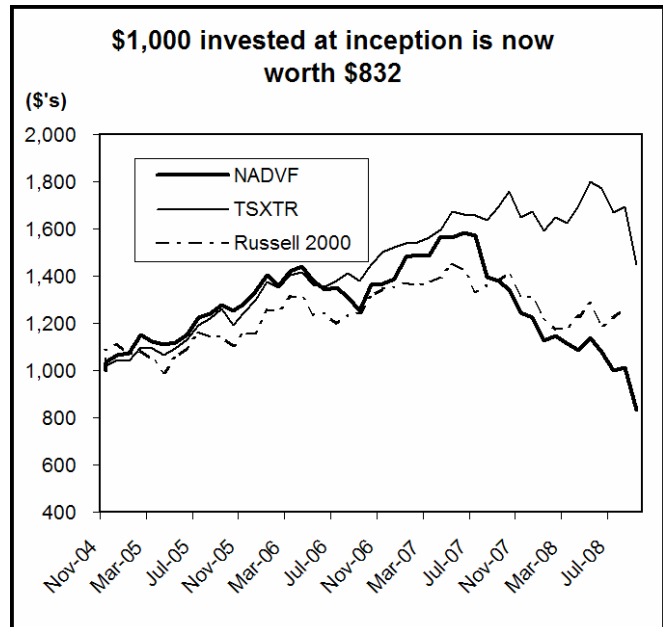
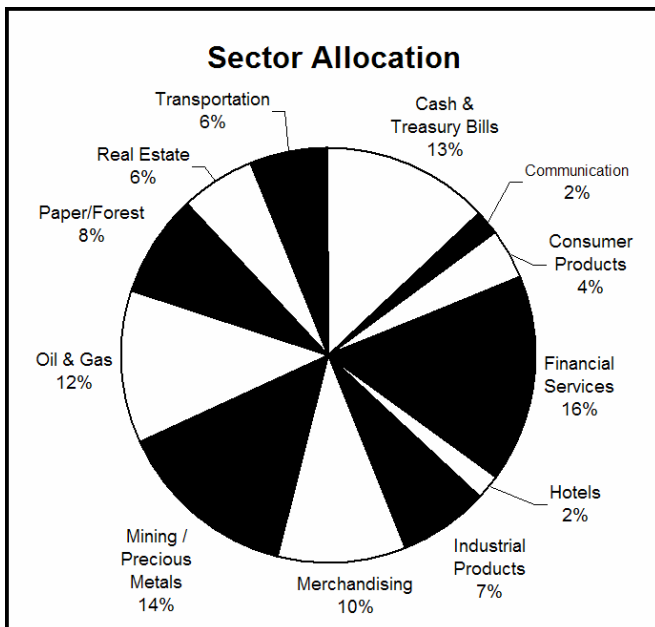
### Objective

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

	Annualized Compounded Rates of Return				Annual Returns				
	ABC NADVF	Russell 2000	Dow Jones Industrials	TSXTR**	ABC NADVF	Russell 2000	Dow Jones Industrials	TSXTR**	
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
1 Month	-17.70	-8.10	-6.00	-14.45	2005	25.49	3.32	-0.61	24.13
Q3 2008	-22.70	-1.46	-4.40	-18.22	2006	3.92	17.00	16.29	17.26
YTD	-32.10	-11.29	-18.20	-13.32	2007	-11.81	-2.75	6.43	9.83
1 Year	-39.78	-15.63	-21.91	-14.40					
2 Year	-18.57	-3.22	-3.61	2.53					
3 Year	-13.34	0.58	0.88	4.72					
Since Inception*	-4.69	3.96	2.03	9.95					

\*Inception date for the Fund was November 1, 2004  
 \*\*S&P/TSX Composite Total Return Index



## ABC North American Deep-Value Fund, Statement of Investment Portfolio September 30th, 2008

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>CASH -- 12.99%</b>			
0	Cash	-	-
3,648,978	RT CAP Cash In Action Fund	3,649	3,649
1,817,783	Cash - US \$	1,933	1,933
54,741	RT CAP Cash In Action Fund US \$	5,820	5,820
<b>TOTAL CASH</b>		<b>11,402</b>	<b>11,402</b>
<b>COMMON STOCKS -- 87.01%</b>			
<b>CANADIAN STOCKS -- 56.13%</b>			
<b>OIL &amp; GAS / ENERGY -- 8.42%</b>			
550,000	Anderson Energy Ltd.	4,155	1,364
1,896,000	Buffalo Oil & Resources	3,987	1,706
1,000,000	Pearl Exploration & Prod.	4,500	1,300
112,500	Precision Drilling Trust Units	2,035	1,969
114,000	Universal Energy	1,427	1,050
<b>TOTAL</b>		<b>16,104</b>	<b>7,389</b>
<b>PAPER &amp; FOREST PRODUCTS -- 7.92%</b>			
600,000	Fortress Paper Ltd.	4,755	4,800
600,000	Norbord Inc.	4,967	2,148
<b>TOTAL</b>		<b>9,723</b>	<b>6,948</b>
<b>COMMUNICATION -- 1.30%</b>			
497,800	Canwest Global Comm. Corp.	3,139	1,140
<b>TOTAL</b>		<b>3,139</b>	<b>1,140</b>
<b>MINING/PRECIOUS METALS -- 12.02%</b>			
1,390,200	Amerigo Resources Ltd.	3,150	1,613
1,629,500	Avnel Gold Mining Ltd.	1,539	285
800,000	Centenario Copper Corp.	3,813	1,624
2,747,808	Phoenix Coal Corp.	3,288	1,127
925,000	Polaris Minerals	4,440	2,442
1,500,000	Scorpio Mining Corp.	1,725	1,335
425,000	Whitemud Resources	3,325	2,125
<b>TOTAL</b>		<b>21,280</b>	<b>10,550</b>
<b>INDUSTRIAL PRODUCTS -- 6.92%</b>			
375,000	Canam Group Inc.	4,051	2,738
725,000	Terravest Income Fund	5,098	3,335
<b>TOTAL</b>		<b>9,149</b>	<b>6,073</b>
<b>CONSUMER PRODUCTS -- 1.64%</b>			
1,402,500	Jig-A-Loo World	1,148	1,262
3,176,000	Orbus Pharma Inc.	1,579	175
1,500,000	Orbus Pharma Inc., warrants	0	0
<b>TOTAL</b>		<b>2,726</b>	<b>1,437</b>
<b>REAL ESTATE -- 6.33%</b>			
1,750,000	Huntingdon Real Estate Trust	4,576	1,978
975,000	Lakeview Hotel Real Estate Trust	3,893	2,828
831,050	Northampton Group	888	748
<b>TOTAL</b>		<b>9,356</b>	<b>5,553</b>
<b>FINANCIAL SERVICES -- 11.59%</b>			
300,000	Dundee Corp., class A	3,785	3,129
150,000	Equitable Group Inc., common	3,225	2,861
1,750,000	GC Global Capital	1,898	1,435
100,000	Onex Corporation, common	2,553	2,747
<b>TOTAL</b>		<b>11,461</b>	<b>10,172</b>

exchange rate used is 1.0631963

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>U.S. STOCKS -- 30.88%</b>			
<b>MINERALS / PRECIOUS METALS -- 2.53%</b>			
12,012,500	U.S. Silver Corporation	3,741	2,222
<b>TOTAL</b>		<b>3,741</b>	<b>2,222</b>
<b>HOTELS -- 1.55%</b>			
350,000	Great Wolf Resorts Inc.	4,137	1,362
<b>TOTAL</b>		<b>4,137</b>	<b>1,362</b>
<b>MERCHANDISING -- 9.65%</b>			
400,000	Cost Plus Inc.	4,075	829
125,000	Frisch Restaurants Inc.	3,510	3,017
325,000	J. Alexander's Corp.	3,040	1,935
195,000	John B. Sanfilippo & Sons	3,123	1,773
120,000	S&K Famous Brands	2,383	191
143,819	Tandy Brands Accessories Inc.	2,403	726
<b>TOTAL</b>		<b>18,534</b>	<b>8,471</b>
<b>CONSUMER PRODUCTS -- 2.02%</b>			
300,000	Chromcraft Revington Inc.	4,032	415
325,000	Coachmen Industries Inc.	4,170	570
315,000	Cobra Electronics Corp.	3,006	790
<b>TOTAL</b>		<b>11,208</b>	<b>1,775</b>
<b>TRANSPORTATION -- 5.53%</b>			
150,000	Babcock & Brown Air Ltd., ADS	3,450	1,491
125,000	Seaspan Corporation	3,190	3,366
<b>TOTAL</b>		<b>6,640</b>	<b>4,857</b>
<b>FINANCIAL SERVICES -- 4.91%</b>			
300,000	Flagstar Bancorp Inc.	2,836	950
200,000	Presidential Life Corp.	4,882	3,358
<b>TOTAL</b>		<b>7,718</b>	<b>4,308</b>
<b>OIL &amp; GAS -- 3.96%</b>			
62,500	Pioneer Natural Resources	3,620	3,474
<b>TOTAL</b>		<b>3,620</b>	<b>3,474</b>
<b>COMMUNICATION -- 0.72%</b>			
675,000	Regent Communications Inc.	2,901	632
<b>TOTAL</b>		<b>2,901</b>	<b>632</b>
<b>TOTAL COMMON STOCK</b>		<b>141,436</b>	<b>76,363</b>
<b>TOTAL PORTFOLIO</b>		<b>152,838</b>	<b>87,764</b>

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

# ABC FUNDS

## ABC Dirt-Cheap Stock Fund (ABC DCSF)

September 30, 2008

<b>NAVPS</b>	<b>\$ 6.9462</b>
<b>C.G. Dist.</b>	<b>\$ 0.000000</b>
<b>Inc. Dist.</b>	<b>\$ 0.000000</b>

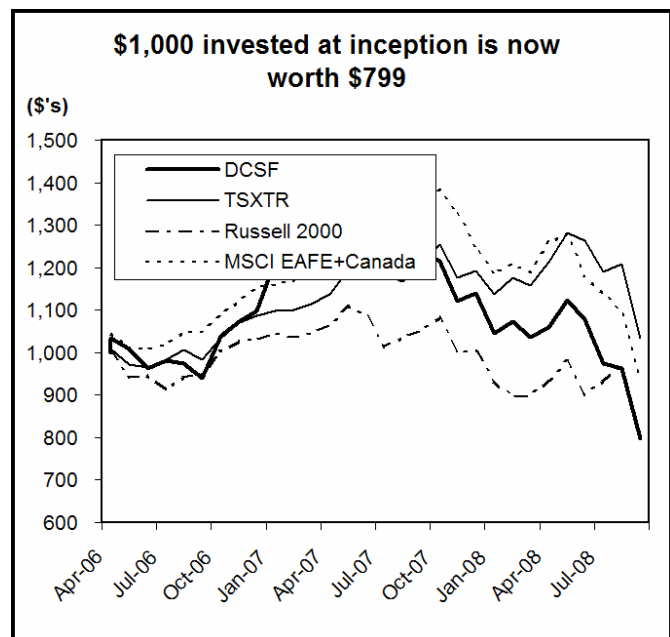
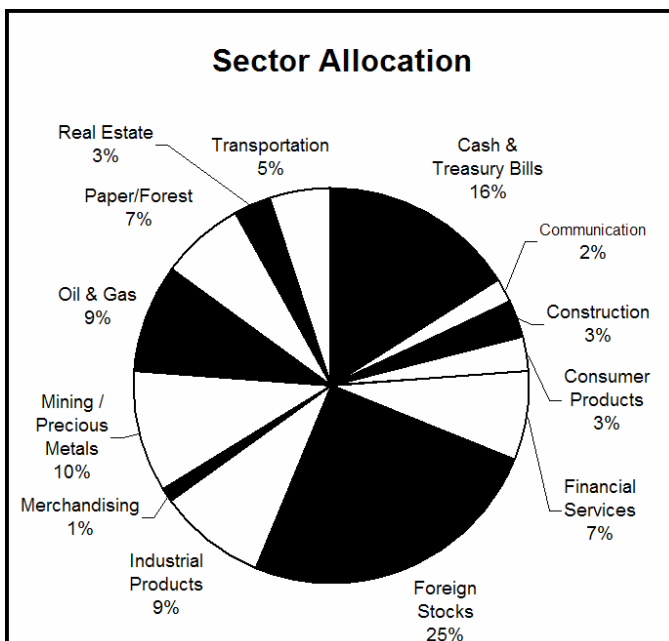
### Objective

ABC Dirt-Cheap Stock Fund is a "go-anywhere in the world" equity fund with unlimited investment flexibility. This deep-value fund has no company-size investment restrictions, and, as a result, can opportunistically purchase overlooked, undervalued and less liquid micro-capitalization stocks. We expect this fund to have a mix of 40-60 holdings comprised of Canadian, U.S. as well as Far East, Australian and European equities. The fund closed to new money on September 1, 2006.

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

	Rates of Return				2007	Annual Returns			
	ABC DCSF	Russell 2000	TSXTR**	MSCI EAFE***		ABC DCSF	Russell 2000	TSXTR**	MSCI EAFE***
	(%)	(%)	(%)	(%)		(%)	(%)	(%)	(%)
1 Month	-17.07	-8.10	-14.45	-14.40		3.79	-2.75	9.83	8.08
Q3 2008	-25.93	-1.46	-18.22	-20.61					
6 Month	-22.88	-1.22	-10.78	-21.29					
YTD	-29.98	-11.29	-13.32	-24.84					
1 Year	-35.37	-15.63	-14.40	-29.19					
2 Year	-7.80	-3.22	2.53	-5.40					
Since Inception*	-8.89	-4.63	1.34	-2.56					

\*Inception date for the Fund was April 1, 2006  
 \*\*S&P/TSX Composite Total Return  
 \*\*\*MSCI EAFE + Canada US\$



# ABC FUNDS

## ABC Dirt-Cheap Stock Fund, Statement of Investment Portfolio September 30, 2008

*all dollar amounts in thousands (cdn\$)*

*exchange rate used is 1.0631963*

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>CASH -- 15.73%</b>			
9,354,633	Cash	9,355	9,355
3,243,577	Cash - US \$	3,449	3,449
275,010	Cash - HK \$	37	37
<b>TOTAL CASH</b>		<b>12,840</b>	<b>12,840</b>

**COMMON STOCKS -- 84.27%**

**CANADIAN STOCKS -- 42.44%**

**OIL & GAS / ENERGY -- 8.51%**

500,000	Anderson Energy Ltd.	3,317	1,240
948,000	Buffalo Oil & Resources	1,866	853
1,500,000	Ithaca Energy Inc.	3,614	2,240
800,000	Pearl Exploration & Prod.	3,600	1,040
3,500,000	Stratic Energy Corp.	4,352	1,575
<b>TOTAL</b>		<b>16,749</b>	<b>6,948</b>

**REAL ESTATE -- 2.87%**

500,000	Lanesborough Real Estate Trst	3,015	2,340
<b>TOTAL</b>		<b>3,015</b>	<b>2,340</b>

**COMMUNICATION -- 1.09%**

387,500	Canwest Global Comm. Corp.	2,454	887
<b>TOTAL</b>		<b>2,454</b>	<b>887</b>

**MINING / PRECIOUS METALS -- 7.29%**

1,500,000	Amerigo Resources Ltd.	3,669	1,740
500,000	Centenario Copper Corp.	2,985	1,624
650,500	Liberty Mines Inc.	585	124
2,747,808	Phoenix Coal Corp.	3,288	1,127
1,500,000	Scorpio Mining Corp.	1,725	1,335
<b>TOTAL</b>		<b>12,252</b>	<b>5,949</b>

**CONSTRUCTION -- 3.13%**

350,000	Canam Group Inc.	3,620	2,555
<b>TOTAL</b>		<b>3,620</b>	<b>2,555</b>

**INDUSTRIAL PRODUCTS -- 9.15%**

875,000	Migao Corp.	2,831	4,708
600,000	Terravest Income Fund	4,337	2,760
<b>TOTAL</b>		<b>7,168</b>	<b>7,468</b>

**PAPER/FOREST PRODUCTS -- 7.29%**

475,000	Fortress Paper	3,748	3,800
600,000	Norbord Inc.	4,946	2,148
<b>TOTAL</b>		<b>8,694</b>	<b>5,948</b>

**MERCHANDISING -- 0.00%**

2,157,900	CY Oriental Holdings	2,411	0
799,998	CY Oriental Holdings, warrants	0	0
<b>TOTAL</b>		<b>2,411</b>	<b>-</b>

**CONSUMER PRODUCTS -- 3.12%**

2,500,000	Asia Bio-Chem Group Co.	3,000	2,375
3,176,000	Orbus Pharma Inc.	1,579	175
1,500,000	Orbus Pharma Inc., warrants	0	0
<b>TOTAL</b>		<b>4,579</b>	<b>2,550</b>

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
<b>FINANCIAL SERVICES -- 3.37%</b>			
77,700	Equitable Group Inc, common	1,614	1,482
100,000	Onex Corporation, common	2,553	2,747
<b>TOTAL</b>		<b>2,553</b>	<b>2,747</b>

**U.S. STOCKS -- 13.37%**

**MERCHANDISING -- 0.83%**

325,000	Cost Plus Inc.	3,329	674
<b>TOTAL</b>		<b>3,329</b>	<b>674</b>

**TRANSPORTATION -- 5.36%**

150,000	Babcock & Brown Air Ltd. ADS	3,450	1,491
125,000	Seaspan Corp.	3,036	2,885
<b>TOTAL</b>		<b>6,486</b>	<b>4,376</b>

**COMMUNICATION -- 0.72%**

625,000	Regent Communications	3,017	585
<b>TOTAL</b>		<b>3,017</b>	<b>585</b>

**MINING / PRECIOUS METALS -- 2.72%**

12,012,500	US Silver Corporation	3,741	2,222
<b>TOTAL</b>		<b>3,741</b>	<b>2,222</b>

**FINANCIAL SERVICES -- 3.74%**

62,500	Kansas City Life Insurance Co.	3,570	3,057
<b>TOTAL</b>		<b>3,570</b>	<b>3,057</b>

**FOREIGN STOCKS -- 25.09%**

1,750,000	Australian Vintage Ltd.	3,453	1,042
2,070,305	Challenger Wine Trust	1,250	990
1,412,000	Fortune Real Estate Inv. Trust	1,254	582
3,220,000	Fountain Set Holdings Ltd.	1,412	273
4,042,500	Harmony Asset Ltd.	2,830	3,194
300,000	Natuzzi SpA	2,374	1,030
2,750,000	Playmates Holdings Ltd.	3,848	828
2,750,000	Playmate Toys Ltd.	0	37
4,978,273	Thakral Holdings Group	3,065	3,632
1,000,000	Western Areas NL	3,000	7,900
250,000	Western Areas NL, warrants	0	975
<b>TOTAL</b>		<b>22,486</b>	<b>20,483</b>

<b>TOTAL COMMON STOCK</b>	<b>106,125</b>	<b>68,789</b>
---------------------------	----------------	---------------

<b>TOTAL PORTFOLIO</b>	<b>118,965</b>	<b>81,629</b>
------------------------	----------------	---------------

## Investor Psychology vs. Company Fundamentals

*In the business world, the rearview mirror  
is always clearer than the windshield.*

*Warren Buffett*

Extreme investor anxiety has penetrated the world's financial markets. Newspaper headlines and radio/TV reports highlight the previous day's financial stumbles and then extrapolate what further negatives could transpire. Pessimism is growing in crescendo and the investment world feels simply awful.

Given the uncertain environment investors are second-guessing themselves. Many are losing their investment confidence and conviction. There appears to be a rush to liquefy investment portfolios creating, in effect, a mad dash for cash. Investors are selling whatever is liquid as their concerns become more fearful. Indiscriminate selling of fundamentally sound companies by motivated investors appears to feed upon itself. The more selling that transpires the lower the market falls and the more the market falls the more motivated selling occurs. Few are paying attention to fundamental valuations as they react to worsening investor pessimism and psychology.

Now, this is not to belittle the serious global financial problems. The fact is that the recent bankruptcies and near-bankruptcies of Bear Stearns, Lehman Brothers, AIG et al are sapping worldwide investor confidence and boosting investment pessimism. Unfortunately, both investor confidence and a steady optimism are key ingredients to high functioning securities markets. With both these factors at a low ebb attractive corporate fundamentals such as discount to book or net asset values, low price earnings and cash flow multiples as well as hidden assets are being

overlooked during this frenetic financial period. In effect, pessimistic investor psychology is overshadowing the growing number of dirt-cheap company valuations. Clearly, fear is overtaking corporate fundamentals. This is not to imply that the securities markets will immediately take off from the currently depressed levels. However, for those patient investors who take a longer term view, say 12-18 months, we believe that they will be well-rewarded.

Interestingly, Warren Buffett, perhaps the business world's savviest and most successful long-term investor has made two major investments over the past few weeks. His combined \$8 billion investment in Goldman Sachs and General Electric, his positive long-term commitment and his incredible ability to sniff out distressed business situations should hearten distressed investors. Warren Buffett's financial clarity, acumen and ability to look beyond murky windshields should give us the impetus to reflect past the all-pervasive investment pessimism and more toward attractive long-term company fundamentals. Although the present financial uncertainty may be perceived as extraordinarily high risk, in actuality, declining market prices offer the discerning investor an opportune entry point to achieve significant long-term capital appreciation.

**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](http://www.abcfunds.com) [www.valueinvestigator.com](http://www.valueinvestigator.com) Email: [info@abcfunds.com](mailto:info@abcfunds.com)

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

The information contained in this investment letter is not and under no circumstances is to be construed as a solicitation or recommendation to buy or sell securities, including, without limitation, any units of any of the ABC Funds. While the information contained in this newsletter has been drawn from sources believed to be reliable, its accuracy or completeness cannot be guaranteed, nor in providing it does I.A. Michael Investment Counsel Ltd. assume any responsibility or liability. I.A. Michael Investment Counsel Ltd., its directors, officers, and other employees may, from time to time, have positions in securities mentioned in this letter. I.A. Michael Investment Counsel Ltd. is the manager and investment advisor of the ABC Funds, and as such, receives from the Funds certain management and investment advisory fees based on the net asset value of the Funds from time to time. Irwin Michael is the sole shareholder of I.A. Michael Investment Counsel Ltd.