

PRESENT PERSPECTIVES

Tested To The Limit

*Oaks grow strong in contrary winds
... and diamonds are made under pressure.*

- Peter Marshall

Investors have been severely tested over the past 18 months. During this time we have witnessed bankruptcies, fraud, evaporating economic growth, slumping corporate profits, plummeting common stock prices and plunging interest rates. The financial events since last fall including the demise of Lehman Brothers and the bailout of numerous banking institutions, cash infusions to GM and Chrysler and the massive liquidity injections by worldwide central banks have stunned, surprised and horrified investors.

Fear, uncertainty and an extreme lack of confidence have permeated global stock exchanges and the money markets. Earlier in the year a flight to liquidity resulted with many common stocks trading at extraordinary low valuations and, in some instances, they fell below cash values. The extreme share price volatility over the past six months has spawned subsequent periods of huge price appreciation and, at other times, significant price declines. This price movement has enervated investors bringing on intervals of elation and confidence followed by absolute despair. Continued concern over quarterly earnings, fears of insufficient government stimulation and a double dip recession have permeated the global markets. There is little investment consistency and price follow-through. Investors are being tested to the limit, again.

Looking ahead we believe that the monumental worldwide government monetary and fiscal stimulation will start to show some positive effects by autumn 2009. This improvement is largely due to the comparatively weak economic data of late 2008 which will be used as a basis of comparison. While awaiting definite signs of an economic bottom, this is testing investors' patience despite the fact that the positive effects of government fiscal and monetary policy actions tend to lag by a

minimum of six to ten months. This anticipation is very frustrating. As a result, growing investor anxiety and impatience in an already indecisive and capricious marketplace is fueling even greater price volatility and confusion.

Despite these extreme market conditions we believe that the global economies are on the road to economic and investment recovery. Although we anticipate economic improvement to be gradual rather than a sharp V-shaped recovery we expect this consumer-led recession to improve progressively as the significantly increased consumer savings rate, pent-up demand for goods and services and huge cash pools on the sidelines are gradually committed. Clearly, consumer and investor confidence must be refortified and this does not happen overnight.

It is our view that the fickle stock market activity will continue until economic data becomes less murky and business conditions appear to be on the mend. However, the stock market, as a leading economic indicator, will, by then, have largely discounted this improvement. In effect, we believe that investors will have to anticipate the economic and investment turnaround via judicious stock picking and a strong financial fortitude. While we expect equity prices to remain quite volatile for the balance of 2009, this should occur in the context of gradually improving share prices. In summation, although investors are constantly tested to the limit, we believe that the first signs of economic recovery should appear before year-end 2009, and with it, a noticeable upturn in common share prices.



ECONOMIC PERSPECTIVES**Impatiently Awaiting Economic Recovery**

Now half-way through 2009, investors, economists, businessmen et al are impatiently awaiting the first signs of a genuine economic recovery. Unfortunately, much of the recent data remains mixed and confusing. For instance, the latest U.S. consumer savings rate at 6.9% rose to a 15-year high. While technically good in that Americans are paying down their debts and saving more, the major concern is that the frightened consumer is saving too much as opposed to spending on goods and services to pull the U.S. out of recession.

Unemployment, a lagging economic indicator, continues to increase as fearful, recession-affected

companies lay off employees. Given that consumer spending is directly influenced by unemployment, pessimists believe consumer spending should remain soft regardless of the low, mouth-watering auto, home and discretionary goods prices. On the other hand, with the consumer saving rate increases, optimists view that, besides repairing personal balance sheets, there is a growing pent-up demand for goods and services. But, the bottom line relates to one word: confidence. Until the consumer, businessman and investor are absolutely confident of economic recovery they will hold back. Nonetheless, with delayed consumer and business activity we are setting up for economic recovery.

INVESTMENT PERSPECTIVES**Low Interest Rates And Relative Values**

Global short-term interest rates have plummeted to virtually zero as huge, fearful cash pools, estimated as high as \$10-12 trillion, sit on the sidelines anxiously awaiting economic recovery. Falling common stock prices, offering in some cases solid dividend yields of 3-5% with longer term capital appreciation potential, while enticing, have yet to attract much of this sidelined, short-term money.

Clearly, in this risk averse recessionary environment, investors are quite reticent to commit to relatively high yielding, fundamentally undervalued common shares in spite of the historically wide yield differential. Nevertheless, this attractive yield pick up, we believe, provides an interesting cushion and excellent longer term risk/reward opportunities for the patient investor.

PORTFOLIO PERSPECTIVES**Upgrading Our Portfolios To Dirt-Cheap Stocks**

Over the past three months we have followed our policy of migrating to deeply undervalued small/mid-capitalization stocks. During this period we took profits on market strength and liquidated a number of our fully-priced holdings including Acon Group, ING Canada, Jaguar Mining, Manulife Financial, Taseko Mines, Western Areas NL and Western Goldfields. At the same time we took losses in Australian Vintage Ltd. and Orbus Pharma Inc. and

started to liquidate our position in Addax Petroleum, the object of a takeover offer

Among our new purchases we added Energold Drilling Corp., Lundin Mining, Martinrea International and WestJet Airlines. Over the next quarter we intend to continue to upgrade our portfolios by selling off weaker holdings to purchase significantly undervalued small/mid-capitalization shares.

I have always enjoyed writing since I find the exercise encourages me to focus and to express my innermost thoughts on paper. Admittedly, it hasn't been easy to write about investing over the past two years since both value and small capitalization investing have been out of favour. Nonetheless, although it has been very challenging each quarter to write the ABC Perspective I still retain my passion for writing and my excitement for investing. Interestingly, I wrote the following commentary six years ago and, quite frankly, my thoughts remain exactly the same today.

The following is an excerpt from the July 2003 ABC Perspective

One's Passion In Writing

Churchill wrote his own speeches. When a leader does that he becomes emotionally invested with his utterances. If Churchill had had a speech writer in 1940, Britain would be speaking German today.

- James Humes

I enjoy writing. It is a labour of love. Writing, moreover, is forever. Unlike a speech, which most people forget after ten minutes, writing, once published, is imprinted for eternity. As a result, a writer is truly accountable for whatever he puts down on paper. After all there are no lapses in memory as in a speech heard, say, 12 weeks earlier.

Writers are tied to their words and can often be subsequently called upon to explain or defend something they wrote six or twelve months before. This fact is not lost upon most writers and so it is understandable that they must take inordinate care to "think out" their viewpoints and review their potential impact and consequences.

From my experiences I have found investment writing to be particularly challenging but also emotionally and monetarily rewarding. With so much at stake, for example money, readers are extremely sensitized to what investment writers conclude. Unlike a speech where an audience will listen to the content only once, a written letter such as our ABC Perspective can be read and reread a hundred times. This ability to review a commentary many times enables the reader to have ample time to critique and second-guess a writer's previous investment conclusions. Once again most investment writers recognize this and often spend extraordinary time to perfect their message. Invariably their

labourious efforts will show. This written honing and primping of economic and investment prognostications is all-important. It leads, in the end, toward an unexplainable writer's passion. From my point of view I find that when I prepare a written investment piece I try to strongly identify with my subject or theme. In many cases my passion for investment analysis, performance and the ABC Funds will just grow in crescendo. As earlier stated, I regard these efforts as a labour of love and an intellectual challenge. Moreover, it is not even a question of making money, rather, it is the excitement and the chase of striving for written excellence. In the end I cannot and do not hide my passion for my work or writing; in short, like many writers, I find it an immensely enjoyable and personally satisfying task.

Not surprisingly, these innermost thoughts of mine are probably no different from such successful investment personalities as Sir John Templeton, Warren Buffet, Peter Lynch, et al as well as the distinguished Sir Winston Churchill. Their successes, I believe, were largely driven by their passion for their work but, more-importantly, their well-thought-out written commentaries became the conduit for their professional triumphs.

Irwin A. Michael, CFA

Cogeco Inc. and Cogeco Cable Inc.

During recessions, people generally look for small comforts and little “pick-me-ups” as we cut back on more expensive luxuries. Cable TV, internet access and services such as video-on-demand are now substitutes for an expensive night out. In the current environment, we think that cable and internet providers offer a nice mix of defensiveness and growth. In the sector we like Cogeco Incorporated (TSX: CGO) and Cogeco Cable Incorporated (TSX: CCA).

To clarify, we had to purchase both CGO and the more liquid CCA to get full positions for our funds. Cogeco, the parent company, is a diversified communications company that holds cable distribution and radio broadcasting assets. Cogeco’s publicly-traded cable subsidiary, Cogeco Cable, offers analogue and digital cable, high speed internet and telephony services to residential and commercial customers. It is the second largest cable telecommunications company in Ontario, Quebec and Portugal with approximately 2.7 million revenue-generating units from over 2.4 million homes that are passed by its network.

We view the parent entity, Cogeco, as a net asset value play that trades at a discount to its sum of the parts. Cogeco holds approximately 15.7 million shares of Cogeco Cable, or 32% of the outstanding shares, in addition to some radio assets. The radio division includes the Rythme FM Network, which has four stations throughout the province of Quebec and Station 93 in Quebec City. Using the current price of Cogeco Cable, we believe that Cogeco trades at a 20% discount to its net asset value. Historically, the discount has ranged from approximately 20% to only 5% so we could see some upside in CGO should this discount narrow.

Further, we think that Cogeco Cable is itself a cheap stock. Management recently updated financial guidance for fiscal 2009 and forecasted \$500 million in operating income and \$80 million of free cash flow for the cable division. Today, Cogeco Cable trades at a discount to Rogers Communications (EV/EBITDA of 5.5x compared to 6.4x trailing and 5.7x compared to 6.5x forward) despite a higher consensus EBITDA growth rate (12.5% compared to 5.1% in 2009). Narrowing the valuation discount relative to Rogers should be a two pronged-approach for management.

First, there is plenty of room for Cogeco Cable to improve its penetration rates relative to its peers. Penetration rates are used to measure and compare the number of subscribers relative to homes passed by the Company’s installed network. Currently, Cogeco Cable lags Rogers Communications in several key categories: basic video at 56% compared to 65%, digital video at 31% compared to 44% and internet at 32% compared to 45%, respectively. Increased penetration will come over time, as marketing initiatives and service bundling gain traction.

Second, the resolution of Cogeco Cable’s difficulties with its Portuguese cable operations, known as Cabovisao, could be a major catalyst for trading-multiple expansion. Cogeco Cable originally bought Cabovisao in 2006 for approximately EUR465.7 million or roughly \$660 million. Although lower cable and internet penetration rates in Portugal originally presented a growth opportunity, competition from the two largest incumbents has intensified. In the first half of fiscal 2009 the segment lost almost 35,000 revenue generating units. In response, management wrote down their investment in Cabovisao by \$399.6 million. Tellingly, although Portugal accounted for only 14% of Cogeco Cable’s EBITDA in the second quarter of fiscal 2009, an inordinate number of questions on the quarterly conference call had to do with Cabovisao. We believe that turning around these operations or even selling them entirely would provide a lift to CCA.

In summary, we bought Cogeco Inc. because it trades at a historically large discount to its sum of the parts. The largest component of Cogeco’s net asset value is its holding of Cogeco Cable, which is itself a cheap stock. We think that upside to the story comes from narrowing the penetration rates relative to Rogers and either turning around or selling Cabovisao. One other potential catalyst exists, but whether this ultimate scenario actually plays out is unknown. Rogers actually owns approximately 23% of Cogeco and 20% of Cogeco Cable. Perhaps one day Roger’s management will pull the trigger and buy the balance of Cogeco and Cogeco Cable that they don’t already own. In any event, we believe that both Cogeco Inc. and Cogeco Cable are relatively undervalued and that, over time, investors will be rewarded.

Equitable Group Inc.

Equitable Group, (TSX: ETC), through its wholly owned subsidiary Equitable Trust, is a federally incorporated trust company that specializes in first mortgage financing. The Company serves single-family, small to large commercial borrowers and mortgage brokers primarily in Ontario and Alberta. Importantly, total assets of \$3.9 billion and mortgage assets of \$2.8 billion are funded by issuing guaranteed investment certificates as opposed to asset-backed commercial paper.

The financial services industry has been in turmoil since the middle of 2007. A collapse in certain segments of the US housing market resulted in a breakdown in the asset-backed commercial paper market. In a vicious cycle, credit markets tightened, assets declined in value and lenders were forced to raise dilutive capital during a crisis of confidence. Central banks responded by injecting liquidity and lowering interest rates. The failure of several financial institutions struck fear in investors. However, it is clear that Equitable Group avoided the three major pitfalls of the current crisis: excessive leverage, unsound lending practices and asset-backed commercial paper as a source of funding.

We purchased our position in this relatively thin stock by participating in a bought deal at \$21.50 on June 25, 2008. The Company was looking to raise some equity capital in order to meet its 2008 growth objectives while maintaining a conservative total capital to assets ratio. With the stock priced at 8.7 times 2007 earnings, 1.3 times book value and yielding 1.86% we felt Equitable was excellent value.

Unfortunately, the markets continued to deteriorate dramatically. The shares fell from the secondary issue price of \$21.50 to a low of \$11.05 on November 3, a decline of almost 50%. Thankfully, the shares rebounded to \$13.75, or almost 25%, by the end of the week. But nervous investors, fearing that Canadian home prices would decline in a similar fashion as American home prices again punished the stock. The stock declined to reach a low of \$8.66 in early December 2008. Management's tone was quite cautious throughout the slide. However, economic data began showing signs of stabilization and the shares started to recover.

We believed that the upward momentum could continue given the solid fiscal 2008 and first quarter 2009 results. Net income for fiscal 2008 increased 23.9% to \$38.6 million or \$2.78 per fully diluted share. Return on equity was 16.6%, in line with Company objectives. In the first quarter of 2009, net income increased 23.3% to \$11.9 million or \$0.80 per fully diluted share compared to \$9.7 million or \$0.74 per fully diluted share a year ago. Return

on equity was an impressive 17.8% in the quarter and book value increased from \$17.75 per share at year end to \$18.90 per share. Management's tone was noticeably better on the quarterly conference call and the shares responded positively.

Looking forward, the net interest margin, and therefore profitability, should expand in the coming quarters for two key reasons. First, the single-family mortgage division is the fastest growing segment of all the Company's business lines. Remember that single-family mortgages are more profitable than commercial mortgages yet require only a third of the capital. Second, the prime rate is expected to stabilize and the mortgage spread over prime should increase due to more normalized credit pricing. GIC's will roll over at lower rates, new and renewing mortgages should be priced more favourably and interest rate floors were implemented on variable rate mortgages.

Finally, we need to examine the credit quality of the Company's mortgage book. Net impaired mortgages were 0.94% of total mortgage assets at the end of the first quarter of 2009 compared to 1.21% at the end of the fourth quarter of 2008. The improvement stemmed from successfully dealing with one problem borrower in Western Canada. Management took over several key properties that were subsequently sold for losses of approximately \$2.5 million, though the majority of the loan was recovered. As they stated in the press release, "the level of defaults and losses that the Company has experienced in the last few quarters has been manageable and reflect management's focus on protecting its portfolio".

We believe that the solid financial results should give investors greater confidence. In fact, Bay Street analysts were quick to upgrade their earnings estimates and price targets for the stock. Annualizing the first quarter results, the shares are trading at only five times expected earnings. We need to monitor the credit quality carefully, but it is safe to say that the Canadian home-owner is typically much more conservative than his or her American counterpart. We therefore don't expect to be surprised by a spike in defaults or loss losses. As investors look past the worst case scenario and management continues to under-promise and over-deliver, the P/E multiple should continue to expand.

ABC Fully-Managed Fund (ABC FMF)

June 30, 2009

NAVPS	\$ 5.6671
C.G. Dist.	\$ 0.00000
Inc. Dist.	\$ 0.016808

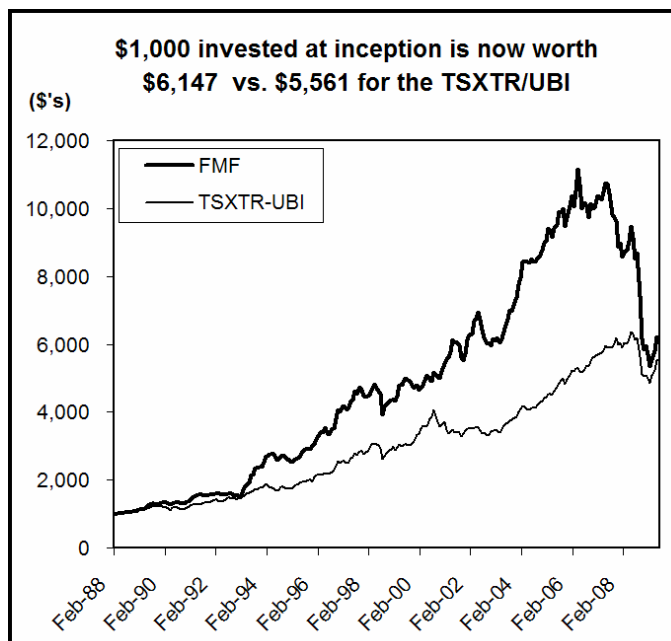
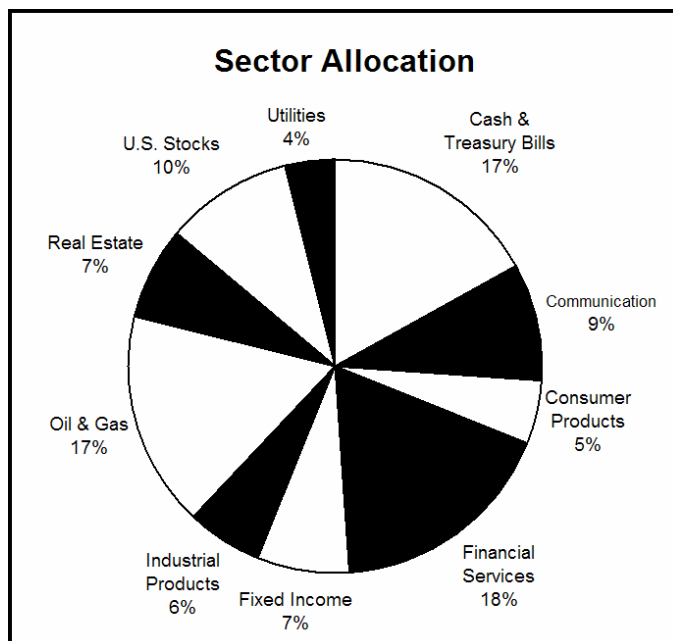
Objective

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	-0.93	0.86	1989	23.68	17.20
Q2 2009	10.67	9.59	1990	2.17	-4.32
YTD	2.97	9.50	1991	14.69	17.35
1 Year	-32.57	-11.90	1992	-1.48	4.75
2 Year	-24.27	-3.01	1993	64.35	24.36
3 Year	-14.99	2.49	1994	2.82	-2.64
5 Year	-6.29	6.23	1995	17.25	17.97
10 Year	2.20	6.23	1996	31.99	19.5
15 Year	5.94	8.31	1997	10.56	12.22
20 Year	8.20	8.04	1998	-2.02	3.84
Since Inception*	8.89	8.38	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
			2006	-0.64	11.00
			2007	-10.55	6.82
			2008	-33.46	-16.04

*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

June 30th, 2009

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.1613457

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)	No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 16.40%				OIL & GAS -- 17.27%			
1,409,012	Cash - CAD	1,409	1,409	350,000	Avenir Diversified Income Trust	3,674	1,302
0	Cash - USD	-	-	300,000	Crew Energy Inc., common	1,860	1,560
89,586	RT CAP Cash In Action Fund - CAD	8,959	8,959	750,000	Essential Energy Services Trust	4,678	750
17,976	RT CAP Cash In Actrion Fund - USD	2,088	2,088	100,000	Nexen Inc.	794	2,527
TOTAL CASH		12,455	12,455	300,000	Talisman Energy Inc.	1,794	5,013
				300,000	Universal Energy Inc., common	1,508	1,965
				TOTAL		14,308	13,117
FIXED INCOME -- 6.89%				INDUSTRIAL PRODUCTS -- 6.06%			
3,000,000	Blue Note Mining Inc., 11%, 03/31/2012	3,000	660	425,000	Canam Group Inc.	4,383	2,809
4,000,000	Frontera Copper, 10%, 06/15/2010	3,324	2,660	750,000	Terravest Income Fund	5,894	1,793
2,000,000	Nova Chemical Corp., 7.85%, 08/30/2010	1,984	1,910	TOTAL		10,277	4,602
TOTAL		8,308	5,230				
COMMON STOCKS -- 76.72%				CONSUMER PRODUCTS -- 4.88%			
FINANCIAL SERVICES -- 18.38%				COMMUNICATIONS -- 8.73%			
300,000	Dundee Corp., class A	1,921	2,028	187,500	BCE Inc., common	4,322	4,500
12,500	E-L Financial Corp.	3,685	4,731	100,000	Cogeco Inc., common	2,373	2,131
200,000	Equitable Group Inc.	3,745	3,690	TOTAL		6,695	6,631
100,000	Laurentian Bank	2,586	3,508				
TOTAL		11,937	13,957				
REAL ESTATE -- 7.21%				U.S. STOCKS -- 10.07%			
2,000,000	Huntingdon Real Estate Inv. Trust	3,805	460	30,000	American National Insurance Co.	3,244	2,633
750,000	Lanesborough Real Estate Inv. Trust	3,389	600	137,500	Babcock & Brown Air Ltd. ADS	3,168	1,242
900,000	Lakeview Hotel Real Estate Inv. Trust	2,912	347	75,000	Kansas City Life Insurance Co.	4,439	2,344
175,000	Morguard Corp.	3,595	4,069	200,000	Seaspan Corp.	5,168	1,428
TOTAL		13,701	5,475	TOTAL		16,018	7,648
UTILITIES -- 4.12%				TOTAL COMMON STOCK			
100,000	TransCanada Corp., common	3,150	3,132			79,694	58,267
TOTAL		3,150	3,132	TOTAL PORTFOLIO		100,457	75,952

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)

June 30, 2009

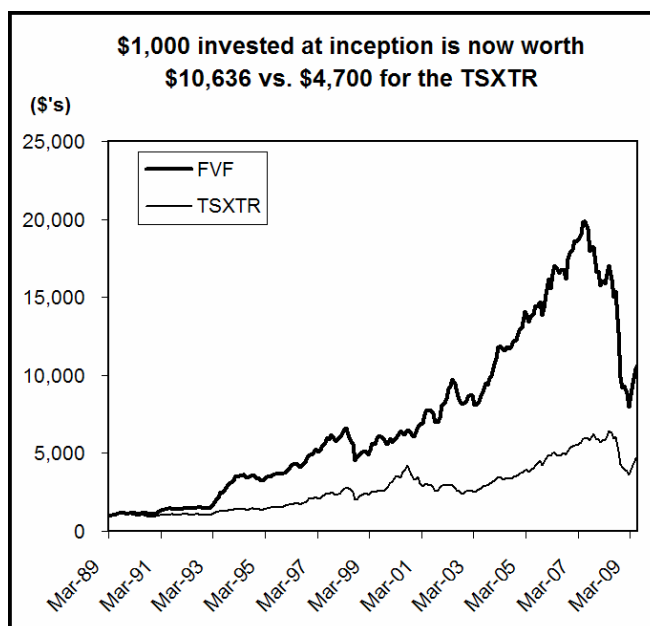
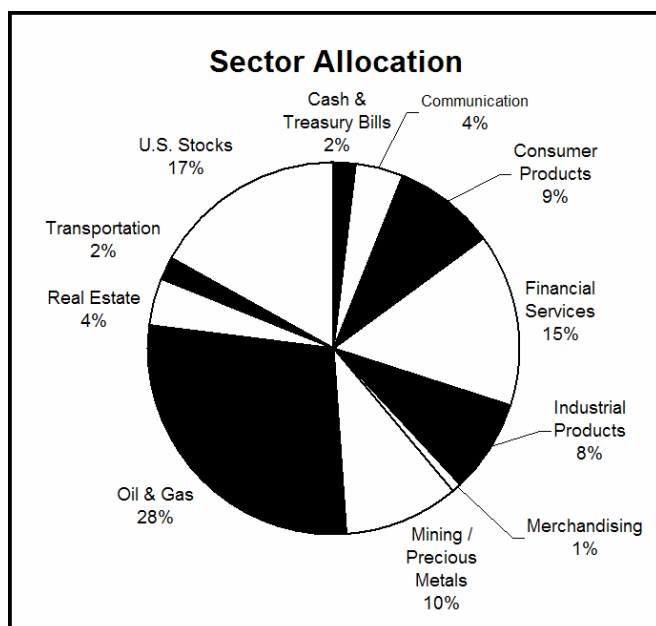
NAVPS	\$11.2329
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

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 (%)	TSXTR (%)**	ABC FVF (%)	TSXTR (%)**
1 Month	2.33	0.34	1990	-1.98
Q2 2009	21.54	19.97	1991	22.92
YTD	13.90	17.56	1992	4.26
1 Year	-33.98	-25.69	1993	121.75
2 Year	-26.86	-10.93	1994	3.03
3 Year	-13.66	-0.89	1995	11.08
5 Year	-2.12	6.58	1996	31.75
10 Year	5.99	6.15	1997	20.35
15 Year	7.81	8.73	1998	-13.81
20 Year	12.03	7.69	1999	16.25
Since Inception*	12.38	7.91	2000	7.51
			2001	26.06
			2002	7.62
			2003	23.55
			2004	21.42
			2005	16.62
			2006	19.13
			2007	-7.86
			2008	-43.94

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



ABC FUNDS

ABC Fundamental-Value Fund, Statement of Investment Portfolio June 30th, 2009

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.1613457

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 2.49%			
3,680,092	Cash - CAD	3,680	3,680
0	Cash - USD	-	-
30,943	RT CAP Cash In Action Fund - CAD	3,094	3,094
31,590	RT CAP Cash In Actrion Fund - USD	3,669	3,669
TOTAL CASH		10,443	10,443

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
INDUSTRIAL PRODUCTS -- 7.51%			
2,825,000	Canam Group Inc.	29,455	18,673
2,000,000	Martinrea International Inc., common	9,700	12,900
TOTAL		39,155	31,573

COMMON STOCKS -- 97.51%

REAL ESTATE -- 4.08%

2,950,000	Huntingdon Real Estate Inv. Trust	5,825	679
708,600	Morguard Corp.	15,599	16,475
TOTAL		21,424	17,153

FINANCIAL SERVICES -- 15.32%

1,500,000	Dundee Corp., Class A	17,108	10,140
38,200	E-L Financial Corp.	10,773	14,459
902,500	Equitable Group Inc.	18,822	16,651
203,400	Laurentian Bank	5,860	7,135
800,000	Onex Corp.	20,424	16,000
TOTAL		72,986	64,385

OIL & GAS -- 27.79%

400,000	Addax Petroleum Corp.	10,521	19,732
6,500,000	Anderson Energy Ltd.	22,593	5,395
1,750,000	Avenir Diversified Income Trust	19,593	6,510
3,280,000	Blackpearl Exploration	16,728	4,920
1,250,000	Crew Energy Inc.	19,971	6,500
3,100,000	Essential Energy Services Trust	18,597	3,100
7,250,000	Ithaca Energy Inc.	16,299	4,930
4,500,000	Midnight Oil Exploration	16,398	4,500
920,500	Nexen Inc.	7,390	23,261
1,465,718	Precision Drilling Trust	27,947	8,193
22,500,000	Stratic Energy Corp.	27,989	7,200
1,350,000	Talisman Energy	8,136	22,559
TOTAL		212,161	116,800

TRANSPORTATION -- 2.02%

825,000	Westjet Airlines Ltd., common	9,211	8,498
TOTAL		9,211	8,498

MINING/PRECIOUS METALS -- 10.04%

325,000	Inmet Mining Corp., common	14,354	13,868
6,000,000	Lundin Mining Corp., common	12,760	20,100
3,250,000	Polaris Minerals Corp.	15,805	6,630
375,000	Polaris Minerals Corp., warrants	0	171
1,350,000	Whitemud Resources	10,658	1,431
TOTAL		53,576	42,199

CONSUMER PRODUCTS -- 8.86%

1,095,000	Andrew Peller Ltd.	4,497	8,213
400,000	Arbor Memorial Services, Class B	5,339	6,800
300,000	George Weston Ltd.	16,960	17,502
370,800	Rona Inc., common	4,640	4,728
TOTAL		31,436	37,242

MERCHANDISING -- 0.54%

503,500	Danier Leather Inc.	5,044	2,266
TOTAL		5,044	2,266

COMMUNICATIONS -- 4.38%

650,000	Cogeco Cable Inc., common	19,980	18,408
TOTAL		19,980	18,408

U.S. STOCKS -- 16.94%

125,000	American National Insurance Co.	14,063	10,972
980,000	Babcock & Brown Air Ltd. ADS	22,468	8,855
725,000	Blackstone Group	17,538	8,874
455,637	Jo-Ann Stores Inc.	8,818	10,938
385,000	Kansas City Life Insurance Co.	21,852	12,032
150,000	Pioneer Natural Resources Co.	8,835	4,442
900,000	Presidential Life Corp.	21,116	7,912
1,000,000	Seaspan Corp.	25,671	7,142
TOTAL		140,361	71,167

FOREIGN STOCKS -- 0.02%

719,053	Australian Vintage Ltd.	1,429	98
TOTAL		1,429	98

TOTAL COMMON STOCK	606,763	409,789
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TOTAL PORTFOLIO	617,206	420,232
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ABC American-Value Fund (ABC AVF)

NAVPS	\$ 4.6739
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

June 30, 2009

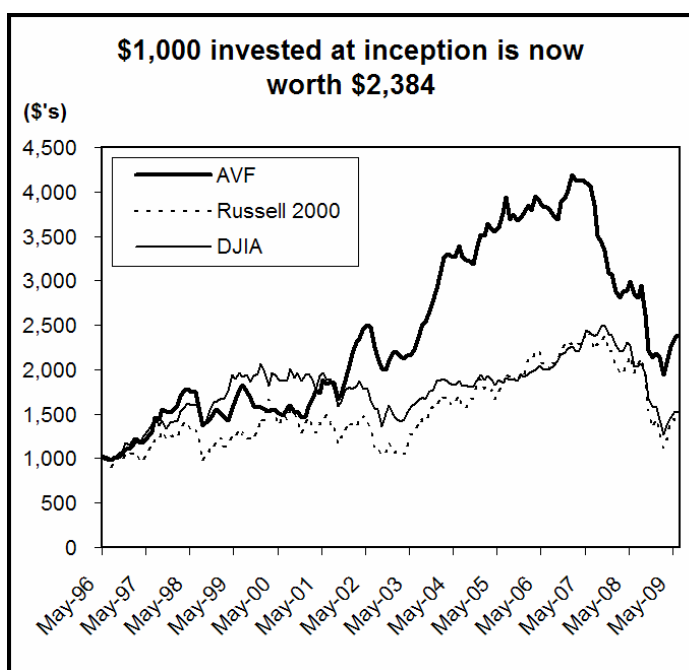
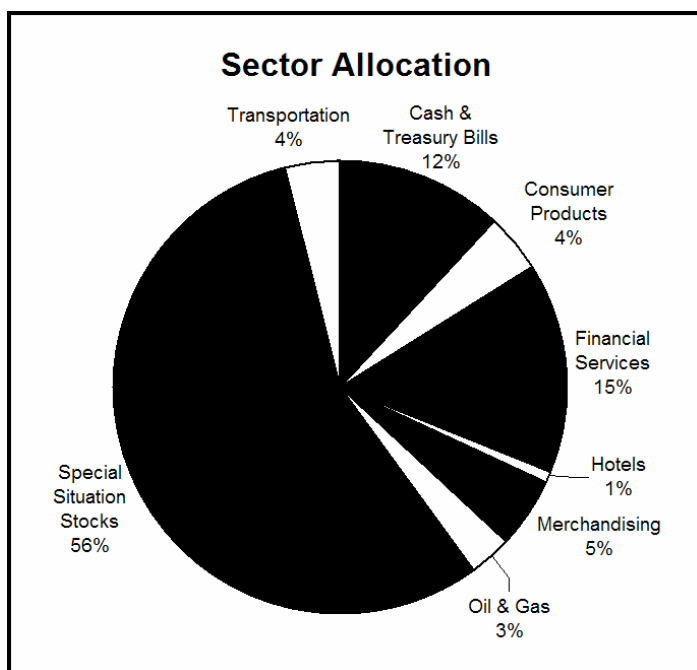
Objective

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	1.21	1.34	-0.63	1997	38.76	20.52	22.64
Q2 2009	14.75	20.23	11.01	1998	0.75	-3.45	16.10
YTD	9.25	1.77	-3.75	1999	1.47	19.62	25.22
1 Year	-16.38	-26.30	-25.58	2000	-6.66	-4.20	-6.18
2 Year	-23.46	-21.92	-20.63	2001	39.52	1.03	-7.10
3 Year	-14.60	-11.15	-8.84	2002	6.91	-21.58	-16.76
5 Year	-6.84	-2.99	-4.14	2003	32.74	45.37	25.32
10 Year	3.02	1.05	-2.58	2004	20.85	17.00	3.15
Since Inception*	6.86	2.91	3.21	2005	7.16	3.32	-0.61
				2006	6.65	17.00	16.29
				2007	-23.46	-2.75	6.43
				2008	-29.00	-34.80	-33.84

*Inception date for the Fund was May 2, 1996



ABC FUNDS

ABC American-Value Fund, Statement of Investment Portfolio June 30th, 2009

all dollar amounts in thousands (cdn\$)

exchange rate used is 1.1613457

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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CASH -- 11.68%

203,569	Cash - CAD	204	204
0	Cash - USD	-	-
0	RT CAP Cash In Action Fund - CAD	-	-
52,315	RT CAP Cash In Actrion Fund - USD	6,076	6,077
TOTAL CASH		6,279	6,280

COMMON STOCKS -- 88.32%

FINANCIAL SERVICES -- 15.64%

22,500	Amer. Natl. Ins. Co.	2,460	1,975
125,000	Blackstone Group	3,076	1,530
52,904	Kansas City Life Insurance Co.	3,030	1,653
325,000	PMA Capital Corp.	3,468	1,717
175,000	Presidential Life	3,728	1,538
TOTAL		15,762	8,414

CONSUMER PRODUCTS -- 4.07%

225,000	Flexsteel Industries	3,842	2,190
TOTAL		3,842	2,190

MERCHANDISING -- 4.87%

325,000	Cost Plus Inc.	3,305	559
200,000	John B. Sanfilippo & Sons	3,186	1,661
149,400	Tandy Brands Accessories Inc.	2,658	399
TOTAL		9,149	2,618

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
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TRANSPORTATION -- 3.90%

137,500	Babcock & Brown Air Ltd. ADS	3,159	1,242
120,000	Seaspan Corp.	3,321	857
TOTAL		6,480	2,099

OIL & GAS -- 2.75%

50,000	Pioneer Natural Resources Co.	2,945	1,481
TOTAL		2,945	1,481

HOTELS -- 1.32%

300,000	Great Wolf Resorts Inc.	3,549	711
TOTAL		3,549	711

SPECIAL SITUATION STOCKS -- 55.77%

2,000,000	Anderson Energy	1,900	1,660
750,000	Blackpearl Exploration	3,825	1,125
475,000	Canam Group Inc.	3,375	3,140
100,000	Cogeco Inc., common	2,373	2,131
300,000	Dundee Corp. , common	2,024	2,028
50,000	George Weston Ltd.	2,985	2,917
50,000	Inmet Mining Corp.	2,207	2,134
1,000,000	Lundin Mining Corp., common	2,096	3,350
100,000	Morguard Corp.	2,074	2,325
100,000	Onex Corp.	2,425	2,000
3,172,049	Phoenix Coal Corp.	5,210	1,078
280,000	Quadra Mining Ltd.	2,870	2,444
75,000	TransCanada Corp.	2,363	2,349
550,000	Terravest Income Fund	3,775	1,315
TOTAL		39,501	29,996

TOTAL COMMON STOCK	81,227	47,509
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TOTAL PORTFOLIO	87,507	53,789
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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	\$ 4.2790
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

June 30, 2009

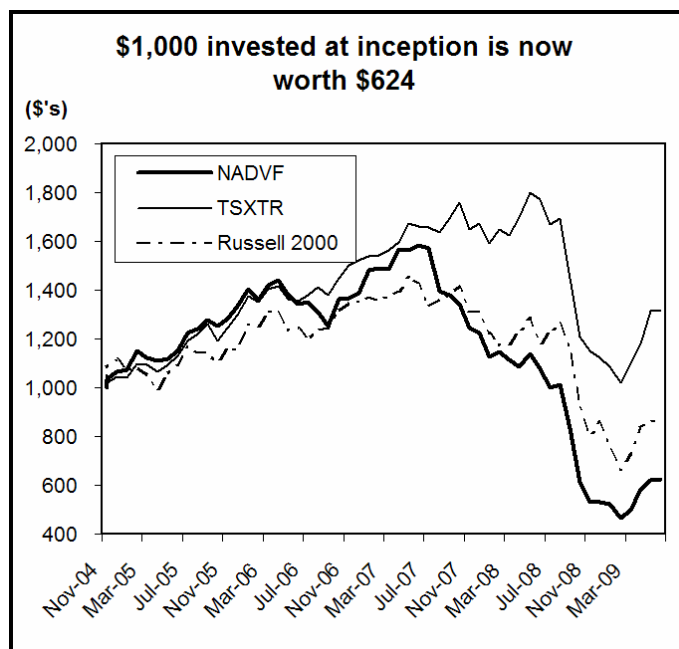
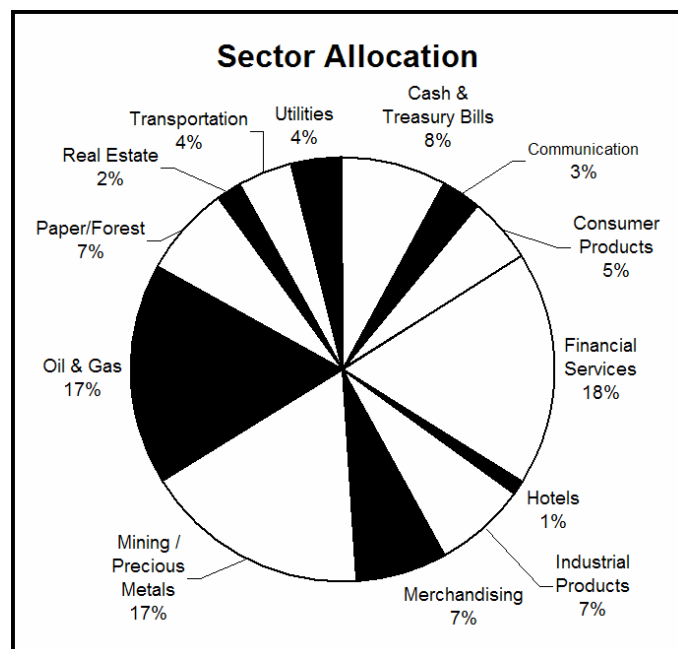
Objective

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	0.32	1.34	-0.63	0.34	2005	25.49	3.32	-0.61	24.13
Q2 2009	25.64	20.23	11.01	19.97	2006	3.92	17.00	16.29	17.26
YTD	17.45	1.77	-3.75	17.56	2007	-11.81	-2.75	6.43	9.83
1 Year	-42.00	-26.30	-25.58	-25.69	2008	-56.62	-34.80	-33.84	-33.00
2 Year	-37.23	-21.92	-20.63	-10.93					
3 Year	-22.54	-11.15	-8.84	-0.89					
Since Inception*	-9.78	-2.92	-3.61	6.09					

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



ABC FUNDS

ABC North American Deep-Value Fund, Statement of Investment Portfolio June 30th, 2009

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 7.93%			
787,701	Cash - CAD	788	788
0	Cash - USD	-	-
0	RT CAP Cash In Action Fund - CAD	-	-
35,949	RT CAP Cash In Actrion Fund - USD	4,175	4,175
TOTAL CASH		4,963	4,963

COMMON STOCKS -- 92.07%

CANADIAN STOCKS -- 65.04%

OIL & GAS / ENERGY -- 11.95%

1,050,000	Anderson Energy Ltd.	4,630	872
1,000,000	Blackpearl Exploration & Prod.	4,500	1,500
1,896,000	Buffalo Resources Corp.	3,987	1,327
250,000	Crew Energy Inc.	1,478	1,300
150,000	Precision Drilling Trust Units	2,146	839
250,000	Universal Energy	2,110	1,638
TOTAL		18,852	7,475

MINING/PRECIOUS METALS -- 17.52%

900,000	Energold Drilling Corp.	1,736	1,710
1,075,000	Lundin Mining Corp., common	2,284	3,601
224,000	Quadra Mining Corp., common	3,813	1,956
2,747,808	Phoenix Coal Corp.	3,386	934
1,000,000	Polaris Minerals	4,556	2,040
37,500	Polaris Minerals, warrants	0	17
567,700	Scorpio Mining Corp.	653	250
425,000	Whitemud Resources	3,325	451
TOTAL		19,753	10,958

INDUSTRIAL PRODUCTS -- 7.00%

400,000	Canam Group Inc.	4,205	2,644
725,000	Terravest Income Fund	5,098	1,733
TOTAL		9,303	4,377

CONSUMER PRODUCTS -- 5.05%

32,500	George Weston Ltd.	1,951	1,896
1,402,500	Jig-A-Loo World	1,148	1,262
1,500,000	Orbus Pharma Inc., warrants	0	0
TOTAL		3,099	3,158

REAL ESTATE -- 1.95%

1,750,000	Huntingdon Real Estate Trust	3,330	403
975,000	Lakeview Hotel Real Estate Trust	3,209	375
831,050	Northampton Group	888	445
TOTAL		7,427	1,222

COMMUNICATION -- 2.98%

87,500	Cogeco Inc.	2,103	1,865
TOTAL		2,103	1,865

exchange rate used is 1.1613457

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
PAPER & FOREST PRODUCTS -- 6.80%			
625,000	Fortress Paper Ltd.	4,873	4,250
TOTAL		4,873	4,250

UTILITIES -- 3.76%

75,000	TransCanada Corp., common	2,363	2,349
TOTAL		2,363	2,349

FINANCIAL SERVICES -- 14.76%

400,000	Dundee Corp., Class A	4,372	2,704
200,000	Equitable Group Inc.	3,747	3,690
1,750,000	GC Global Capital	1,898	840
100,000	Onex Corp.	2,553	2,000
TOTAL		12,570	9,234

U.S. STOCKS -- 20.29%

HOTELS -- 1.33%

350,000	Great Wolf Resorts Inc.	4,140	829
TOTAL		4,140	829

MERCHANDISING -- 6.85%

400,000	Cost Plus Inc.	4,074	688
325,000	J. Alexander's Corp.	3,040	1,593
195,000	John B. Sanfilippo & Sons	3,106	1,619
143,819	Tandy Brands Accessories Inc.	2,403	384
TOTAL		12,623	4,284

CONSUMER PRODUCTS -- 0.44%

200,979	Cobra Electronics Corp.	1,965	275
TOTAL		1,965	275

TRANSPORTATION -- 3.59%

137,500	Babcock & Brown Air Ltd. ADS	3,168	1,242
140,000	Seaspan Corp.	3,649	1,000
TOTAL		6,817	2,242

FINANCIAL SERVICES -- 2.81%

200,000	Presidential Life Corp.	4,887	1,758
TOTAL		4,887	1,758

OIL & GAS -- 5.28%

62,500	Pioneer Natural Resources	3,619	1,851
1,250,000	Tuscany Intl. Drilling	1,407	1,452
TOTAL		5,026	3,303

TOTAL COMMON STOCK

		115,800	57,580
TOTAL PORTFOLIO		120,763	62,542

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ABC FUNDS

ABC Dirt-Cheap Stock Fund (ABC DCSF)

NAVPS	\$ 5.1251
C.G. Dist.	\$ 0.000000
Inc. Dist.	\$ 0.000000

June 30, 2009

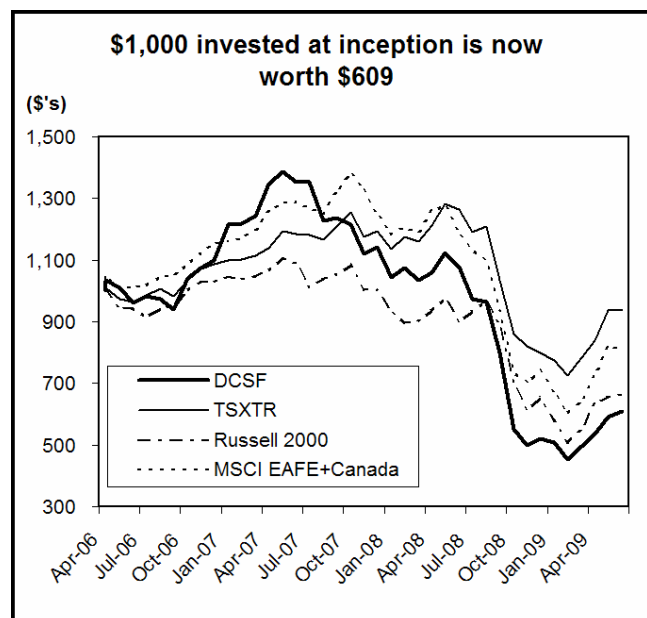
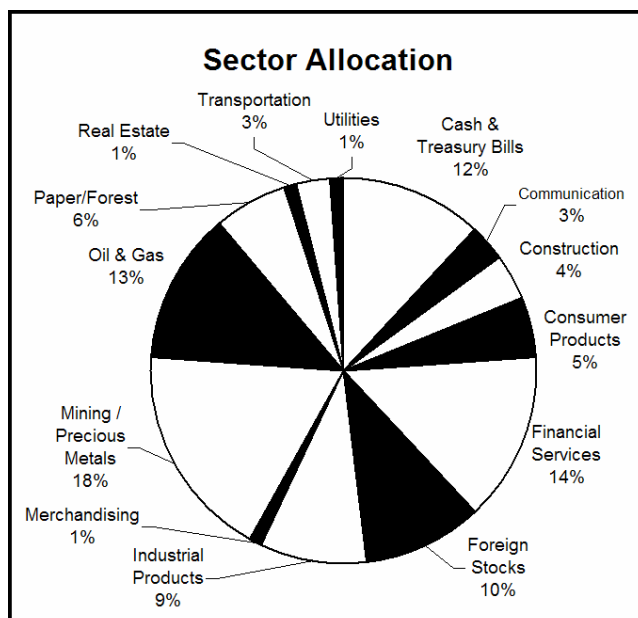
Objective

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				Annual Returns				
	ABC DCSF	Russell 2000	TSXTR**	MSCI EAFE***	ABC DCSF	Russell 2000	TSXTR**	MSCI EAFE***	
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
1 Month	2.92	1.34	0.34	-1.00	2007	3.79	-2.75	9.83	8.08
Q2 2009	23.05	20.23	19.97	26.26	2008	-54.34	-34.80	-33.00	-40.69
YTD	16.89	1.77	17.56	9.79					
1 Year	-43.54	-26.30	-25.69	-31.22					
2 Year	-32.90	-21.92	-10.93	-20.60					
3 Year	-14.15	-11.15	-0.89	-6.99					
Since Inception*	-14.51	-12.12	-1.95	-6.37					

*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

June 30, 2009

all dollar amounts in thousands (cdn\$)

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
CASH -- 12.18%			
6,347	Cash - CAD	6,347	6,347
764,245	Cash - USD	888	888
84,400	Cash - AUD	79	79
51,177	Cash - SGD	41	42
55,000	Cash - HKD	8	8
TOTAL CASH		7,363	7,364

COMMON STOCKS -- 87.82%

CANADIAN STOCKS -- 63.87%

OIL & GAS / ENERGY -- 10.42%

1,000,000	Anderson Energy Ltd.	3,792	830
800,000	Blackpearl Exploration & Prod.	3,600	1,200
948,000	Buffalo Resources Corp.	1,866	664
250,000	Crew Energy Inc.	1,478	1,300
1,750,000	Ithaca Energy Inc.	3,989	1,190
3,500,000	Stratic Energy Corp.	4,352	1,120
TOTAL		19,076	6,304

REAL ESTATE -- 0.66%

500,000	Lanesborough Real Estate Trust	2,245	400
TOTAL		2,245	400

MINING / PRECIOUS METALS -- 17.68%

900,000	Energold Drilling Corp.	1,689	1,710
1,050,000	Lundin Mining Corp.	2,222	3,518
2,747,808	Phoenix Coal Corp.	3,386	934
1,000,000	Polaris Minerals Corp.	1,600	2,040
500,000	Polaris Minerals Corp., warrants	0	228
224,000	Quadra Mining Ltd.	3,846	1,956
704,700	Scorpio Mining Corp.	810	310
TOTAL		13,553	10,695

CONSTRUCTION -- 4.37%

400,000	Canam Group Inc.	3,977	2,644
TOTAL		3,977	2,644

INDUSTRIAL PRODUCTS -- 8.67%

495,000	Migao Corp.	1,591	3,812
600,000	Terravest Income Fund	4,337	1,434
TOTAL		5,928	5,246

MERCHANDISING -- 0.00%

2,157,900	CY Oriental Holdings	2,411	0
799,998	CY Oriental Holdings, warrants	0	0
TOTAL		2,411	-

CONSUMER PRODUCTS -- 5.20%

2,500,000	Asia Bio-Chem Group Co.	3,000	1,250
32,500	George Weston Ltd.	1,951	1,896
1,500,000	Orbus Pharma Inc., warrants	0	0
TOTAL		4,951	3,146

exchange rate used is 1.1613457

No. Of Shares	Description	Total Cost (\$)	Market Value (\$)
PAPER/FOREST PRODUCTS -- 5.62%			
500,000	Fortress Paper	3,867	3,400
TOTAL		3,867	3,400

COMMUNICATIONS -- 3.08%

87,500	Cogeco Inc., common	2,103	1,865
TOTAL		2,103	1,865

FINANCIAL SERVICES -- 11.24%

300,000	Dundee Corp., common	2,174	2,028
150,000	Equitable Group Inc.	2,478	2,768
100,000	Onex Corp.	2,553	2,000
TOTAL		7,205	6,796

UTILITIES -- 0.77%

168,800	Maxim Power Corp.	433	468
TOTAL		433	468

U.S. STOCKS -- 7.62%

OIL & GAS -- 2.40%

1,250,000	Tuscani International Drilling	1,388	1,452
TOTAL		1,388	1,452

MERCHANDISING -- 0.92%

325,000	Cost Plus Inc.	3,326	559
TOTAL		3,326	559

TRANSPORTATION -- 3.47%

137,500	Babcock & Brown Air Ltd. ADS	3,168	1,242
120,000	Seaspan Corp.	2,984	857
TOTAL		6,152	2,099

FINANCIAL SERVICES -- 3.23%

62,500	Kansas City Life Insurance Co.	3,514	1,953
TOTAL		3,514	1,953

FOREIGN STOCKS -- 10.07%

1,750,000	Australian Vintage Ltd.	3,453	238
2,070,305	Challenger Wine Trust	1,349	525
1,412,000	Fortune Real Estate Inv. Trust	1,254	791
4,042,500	Harmony Asset Ltd.	2,830	1,819
300,000	Natuzzi SpA	2,369	662
2,750,000	Playmates Toy Holdings Ltd.	3,851	746
2,750,000	Playmate Toys Ltd.	0	62
550,000	Playmates Holdings Ltd.	0	77
4,978,273	Thakral Holdings Group	3,065	1,169
TOTAL		18,170	6,089

TOTAL COMMON STOCK	98,299	53,113
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TOTAL PORTFOLIO	105,662	60,477
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A Pick-Me-Up

Quite often a portfolio manager struggling in a difficult market will search relentlessly for a few new, extraordinarily-undervalued common stocks to rejuvenate a stale portfolio. These fresh selections are sometimes controversial in that they appear to bear somewhat more risk in a risk-averse economic environment. Nonetheless, these underrated and contrarian selections represent exceptional opportunities that might have been frequently overlooked in a skittish marketplace. I refer to them as “pick-me-ups.”

Pick-me-ups, in my opinion, are important for at least three reasons:

- 1) they tend to be rather contrarian and might have languished for a long period with investors considering the security to be inappropriate for uncertain times;
- 2) they offer excellent risk/reward potential largely due to investors’ general reluctance to review the shares;
- 3) a pick-me-up’s ultimate success becomes a meaningful psychological and confidence booster to a portfolio manager.

Simply put, by recalibrating an investment portfolio and by refreshing a stale bunch of holdings with a few appealing pick-me-ups, this action will not only improve investment performance but also should invigorate or embolden the portfolio manager. In short, aside from the obvious improvement of portfolio returns,

the point to be made is that investment managers are, at the same time, both professional and very human. In consequence, an investment win in a rather morose market environment will often provide the manager with a new edge, boost or incremental confidence. A lift in a manager’s self-assurance in an all-pervasive risk-averse market will frequently encourage the manager to search for more extraordinary stock selections in a normally complacent setting.

Interestingly, most portfolio managers have experienced serious feast or famine performance streaks during their careers. These difficult periods are not only trying on the patient and loyal client, but also, they heap increasing pressures on the portfolio manager to perform. In consequence, the growing strain on the investment manager to turn around performance grows in crescendo, similar to a dog chasing his tail.

As difficult as it may be, the successful manager will try to block out the intensifying pressure and sense of urgency to diligently research new selections. The added incentive of making a personal comeback, by sticking to one’s stock picking disciplines, fuels the selection of two or three new favourites needed to regain a portfolio’s momentum. Ultimately with a few well-selected pick-me-ups the ensuing improved performance is not only inspiring to the manager but more importantly becomes a vital catalyst to the manager’s return to investment excellence.

Irwin A. Michael, CFA

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