
**CONFIDENTIAL
OFFERING MEMORANDUM**

ABC NORTH AMERICAN DEEP-VALUE FUND

I.A. MICHAEL INVESTMENT COUNSEL LTD.

Manager

Trust units of the Fund are being offered on a private placement basis pursuant to exemptions from the prospectus requirements of applicable securities laws of the various provinces of Canada. The units are being offered to investors who are prepared to invest a sufficient amount to meet the minimum subscription requirements of, or meet the criteria to invest without a minimum subscription amount requirement under, the applicable securities laws of such provinces.

The Fund may be considered to be a related and connected issuer of I.A. Michael Investment Counsel Ltd., which serves as the principal distributor and the manager of the Fund.

This offering memorandum is confidential. By their acceptance thereof, prospective investors agree that they will not transmit, reproduce or make available to anyone this offering memorandum or any information contained herein. No person is authorized to give any information or to make any representations in connection with the offering of these units, other than as contained in this offering memorandum and, if given or made, such information or representation should not be relied upon.

The minimum initial subscription is \$150,000 per investor (or, where permitted under applicable securities laws, an aggregate minimum subscription of \$150,000 by an investor and persons and/or entities related to the investor). Please see "Purchase of Units.

This offering memorandum constitutes an offering of these units only to those persons where and to whom they may be lawfully sold and only by persons permitted to sell these units, and is not, and under no circumstances is to be construed as, a public offering to sell, or a solicitation of an offer to buy, these securities. **No securities commission or similar authority has in any way passed upon the merits of the units offered herein nor reviewed this offering memorandum and any representation to the contrary is an offence.**

September 30, 2005

ABC NORTH AMERICAN DEEP-VALUE FUND

THE FUND

ABC North American Deep-Value Fund (the “**Fund**”) is a closed-end investment trust established by I.A. Michael Investment Counsel Ltd. under the laws of Ontario by trust agreement (the “**Trust Agreement**”). The Royal Trust Company (the “**Trustee**”) is the trustee of the Fund. The principal address of the Fund is 8 King Street East, Suite 700, Toronto, Ontario, M5C 1B5. The only undertaking of the Fund is the investment of its funds.

MANAGER OF THE FUND

I.A. Michael Investment Counsel Ltd. (the “**Manager**”), 8 King Street East, Suite 700, Toronto, Ontario, M5C 1B5 is the administrative and investment manager for the Fund. Irwin A. Michael, of Thornhill, Ontario, is the sole officer, director and shareholder of the Manager. Mr. Michael’s employment with the Manager has been his principal occupation since 1985.

The Manager has not, to date, appointed any sub-advisors but may do so in the future if it determines that such appointment is in the best interests of the Fund. The Manager would, in any event, retain principal responsibility for the investment activities of the Fund.

As the Manager is the principal distributor of the trust units of the Fund, the Fund may be considered to be a related issuer or connected issuer to the Manager under applicable securities legislation and policies of certain of the provinces of Canada. In its capacity as manager of the Fund, the Manager will be entitled to receive management fees from the Fund. Accordingly, the Manager, in its capacity as manager of the Fund, will benefit from its activities as the distributor of the trust units of the Fund.

SECURITIES OFFERED

Trust units (“**Units**”) (which are individual interests in the Fund) are being offered at the net asset value per Unit of the Fund (the “**Unit Value**”) as determined on October 31, 2005, with such Units to be issued on November 1, 2005.

The Fund does not offer Units from treasury on a continuous basis and is generally closed to new investors (other than purchases on a secondary basis through the “virtual exchange” described below under “Liquidity”, to the extent that unitholders of the Fund wish to make Units available for resale). To the extent that the Manager determines it appropriate to increase the size of the Fund, Units are offered to existing unitholders in a manner analogous to “rights offerings”, such that Units are not offered from treasury in the first instance to new investors.

The Manager has provided notice to the existing unitholders of the Fund that at least \$50 million, and up to \$75 million, of Units will be issued on November 1, 2005 at the Unit Value as determined on October 31, 2005.

To the extent that any of the Units so offered are not purchased by existing unitholders of the Fund, such Units are being offered to other eligible investors pursuant to this offering memorandum.

The Fund is authorized to issue an unlimited number of Units, and may issue fractional Units so that subscription funds may be fully invested. Each Unit has equal rights as regards voting, liquidation and other events in respect of the Fund.

PURCHASE OF UNITS

Minimum Subscription

The Manager, in its discretion, has established a minimum subscription amount for Units of \$150,000. Where permitted by applicable securities laws, the Manager may in its discretion permit an initial aggregate subscription of \$150,000 by an investor and persons and/or entities related to the investor. Prospective investors can contact the Manager (at the phone numbers listed below under “Further Information”) to discuss their specific circumstances.

Investor Profile

While the determination of whether an investment in the Fund is suitable for a particular investor must be made by the investor, the Manager believes that such an investment is most appropriate for a patient, long term investor who can accept more limited liquidity (as compared, by way of example, to open ended investment funds) on the basis that the Fund offers the possibilities of more attractive returns and enhanced stability (since much of the dilutive effect of redemptions will not exist in the circumstances of the Fund). Please see “Liquidity” below.

Subscription Process

To subscribe for Units under this offering, a duly completed subscription agreement (in the form attached as Schedule “A to this offering memorandum) and payment must be provided to the Manager. Subscriptions will be accepted in the manner deemed appropriate by the Manager. Subscriptions must be received by 4:00 p.m. (Toronto time) on October 31, 2005.

Units will be issued on November 1, 2005 at the Unit Value as determined on October 31, 2005.

Units may be purchased directly through the Manager. The Manager reserves the right to reject any subscription for Units in whole or in part; provided that any decision to reject all or a part of a subscription will be made not later than November 4, 2005. In the event that a subscription (or part) is rejected, all subscription monies received by the Manager and which are not to be accepted will forthwith be returned to the prospective purchaser, without interest or deduction.

No acquisition fees are payable to the Manager with respect to the purchase of Units under this offering.

No certificates will be issued in respect of Units purchased.

MINIMUM OR MAXIMUM AMOUNT TO BE RAISED BY THE FUND

This offering is not subject to any minimum subscription level, and therefore any funds received from a purchaser are available to the Fund and need not be refunded to the purchaser.

[While there is no minimum or maximum amount to be raised under the Initial Offering, it is currently intended that (as described above) Units will not be offered from treasury in the first instance to new investors after completion of the Initial Offering.]

INVESTMENT OBJECTIVES AND POLICIES

Generally

The Fund provides investors with an opportunity to invest in a professionally managed portfolio comprised of a diversified mix of Canadian and U.S. equity securities, with a principal focus on securities which the Manager believes to represent “deep value” investment opportunities.

As described below under “Canadian Federal Income Tax Considerations and Eligibility for Investment”, it is expected that Units will be qualified investments under the *Income Tax Act* (Canada) (the “**Tax Act**”) for registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans (“**Deferred Income Plans**”) and will be eligible for investment by certain pension funds and pension plans. A tax adviser should be consulted to determine the applicable limitations on the amount which a particular plan or fund can invest in the Fund.

Investment Objective

The fundamental investment objective of the Fund is to provide superior long-term capital growth.

Investment Policies

The assets of the Fund will be invested primarily in (i) common shares or equity equivalents (such as, by way of example, units of income trusts and American depository receipts) listed on (or traded over) North American stock exchanges and marketplaces and (ii) warrants, rights, bonds, debentures and other securities exercisable or exchangeable for, or convertible into, such shares or equity equivalents.

It is not expected that the Fund will specialize in any one kind or class of industry. Rather, the Fund will have maximum flexibility to invest in a diversified mix of deep value securities. The country and asset mix, as well as currency exposure, is expected to vary and will have no set limits. It is currently expected that the Funds portfolio will ordinarily have a mix of 30 to 40 holdings.

Options and Forwards

The Manager does not intend to make significant use of derivative instruments for the Fund. Rather, it is currently expected that the only derivative instruments which may be used by the Fund (provided that it can do so without adversely impacting upon its qualified investment status under the Tax Act) will be limited use of options on exchange traded securities and currency forward contracts. Such instruments would only be used on a non-leveraged basis for the purpose of (i) offsetting or reducing stock market risks, (ii) reducing transaction costs, (iii)

increasing speed and flexibility in making portfolio changes or (iv) offsetting or reducing currency value fluctuations.

General Investment Restrictions

Although it is in the interests of the Fund to have considerable flexibility of making investment decisions, a number of investment restrictions and policies have been established for the Fund which are intended to operate for the benefit and protection of unitholders of the Fund, to comply with certain regulatory requirements and to seek to comply with certain investment restrictions relating to the eligibility of Units for investment by Deferred Income Plans under the Tax Act. These restrictions and policies may be changed from time to time by the Manager to adapt to changing circumstances (provided that such change will not adversely impact the status of the Units as qualified investments under the Tax Act) but prior to any material change becoming effective, the consent of unitholders holding at least a majority of outstanding Units must be obtained (and notice of the change will be provided to all unitholders). These investment restrictions are set forth in detail in the Trust Agreement.

MANAGEMENT FEES AND FUND EXPENSES

Base Management Fees

Base management fees are payable to the Manager by the Fund at an annual rate of 1% of the aggregate net asset value of the Fund. These fees are calculated and payable monthly in arrears, as of each Valuation Day. A “**Valuation Day**” is the last day of a calendar month on which the Toronto Stock Exchange is open for trading.

Performance Fees

In addition, annual performance fees are payable to the Manager by the Fund at a rate of 20% of annual Total Returns in excess of 10%. “**Total Returns**” of the Fund will include the aggregate increase in Unit Value (i.e. the increase in net asset value per unit experienced on all units) from January 1 of the subject year to the then current month end plus the aggregate amount of distributions (whether in cash or through reinvestment in additional Units) by the Fund in respect of such period.

With respect to Units issued during a calendar year (i.e. such that they are not outstanding throughout the calendar year in which such Units are issued (the “**Initial Year**”)), performance fees will be based on annualized returns from the date such Units are first issued to the year end of the Initial Year and will be calculated by (i) taking, on an annualized basis, the Total Returns in excess of 10% for the period of the Initial Year in which such Units were outstanding and multiplying such number by 20%; and (ii) dividing the number calculated in item (i) above by a fraction the numerator of which is 12 and the denominator of which is the number of months during the Initial Year in which such Units were outstanding.

By way of example, for Units issued under this offering, performance fees for 2005 will be calculated as follows:

((Annualized Total Returns from November 1 through December 31, 2005 in excess of 10%) x 0.20) divided by Six*

*Six is the number determined when 12 is divided by 2 (being the number of months from November 1 to December 31).

No performance fees will be payable in respect of a year (i.e. even if total returns for such year were in excess of 10%) if, as a result of Fund losses in a prior year, Unit Value is less than the Adjusted Original Issue Price. “**Adjusted Original Issue Price**” means the price determined by subtracting (i) the average aggregate distributions per Unit in respect of the period from the date of establishment of the Fund to the applicable calculation date from (ii) the average issue price per Unit of the then outstanding Units. Adjusted Original Issue Price will be determined separately for each tranche of Units (so that separate determinations will be made for the Units issued in relation to the initial offering of Units by the Fund on the one hand, and the Units to be issued under this offering on the other hand).

In order to provide (i) enhanced transparency and (ii) a more equitable price for trading through the “virtual exchange” described below, the monthly quoted Unit Value will be adjusted to reflect any accrued performance fees. This accrual will be made each month based on the then year to date annualized total returns of the Fund (such that the accrual, if any, as at the end of the prior month, which has been determined based on the year to date returns to the end of such prior month, is replaced with the revised accrual). Although performance fees will be accrued monthly, performance fees will only be paid annually based on the actual total returns of the Fund to December 31 of the subject year.

Fund Expenses

The Manager paid all expenses relating to the establishment of the Fund and the initial offering of its Units. The Manager also pays all ordinary expenses relating to the management, operation and administration of the Fund, including bookkeeping charges; ordinary course accounting, legal and audit fees; registry and transfer agency services; printing expenses and filing fees; all services required in connection with the provision of ordinary course information to unitholders; and custodial charges.

The Fund pays for brokerage fees; other fees and disbursements relating to the implementation of transactions for its portfolio any taxes payable by the Fund or to which the Fund may be subject; and interest expenses incurred by the Fund, if any.

The Manager will not require reimbursement of its costs incurred in connection with trading of Units through the Manager’s “virtual exchange” established for the Fund (as described below under “Liquidity”), rather the Manager will bear its own costs as a further service to unitholders.

MANAGEMENT OF THE FUND

Under the Trust Agreement the Manager provides various services, including the determination of the investment policy for the Fund from time to time, the provision of investment analysis, advice and recommendations and the implementation of investment decisions. All fees payable to the Manager under the Trust Agreement are borne by the Fund.

No appointment of a new Manager (other than to an affiliate of the Manager) and no material change may be made in the arrangements between the Fund and the Manager without the prior consent of the holders of at least a majority of the outstanding Units.

The Trustee performs certain of the administrative functions of the Fund, including: the maintenance of accounting records for the Fund; the processing of subscriptions and redemptions of Units; the preparation of reports to unitholders; the calculation of Unit Value and net asset value on each Valuation Day; the determination of amounts to be distributed to unitholders; and matters relating to the sale of Units. The Manager compensates the Trustee for the performance of such administrative services.

Under the Trust Agreement, the Manager may have other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed for the Fund, including the rendering of services and advice to other persons, the ownership, development and management of other investments, including investments of the Manager and its affiliates and generally, and including the business of a portfolio manager.

The Manager may not be removed as manager of the Fund unless (i) it becomes insolvent or (ii) it has materially breached its obligations to the Fund and a resolution of the unitholders of the Fund has been assented to by holders of a majority of the Units then outstanding.

LIQUIDITY

Liquidity Methodologies

In order to avoid the dilutive effect of redemptions on other unitholders, and reflective of the investor profile and investment policies of the Fund as reflected above, the Fund will be a “closed-end” fund offered on a private placement basis to accredited investors. Units will **not** be listed for trading on a public stock exchange.

In order to provide liquidity for unitholders, the following procedures will be implemented (and will in each case be applied *pro rata* (as more fully described below under “Allocation Principles”)) among unitholders wishing to sell Units such that generally an equal percentage of respective holdings of such unitholders can be sold):

- (i) *Virtual Exchange*: The Manager will maintain lists of persons (whether existing unitholders or not) who wish to purchase Units, and will seek on a monthly basis to have Units purchased at then current Unit Value. Interested purchasers (other than existing unitholders, who can purchase with no minimum aggregate purchase amount) will be permitted to buy Units offered for sale of an aggregate of at least \$50,000. In order to promote liquidity, the \$150,000 minimum to purchase from treasury will be relaxed for these limited purposes only, although purchasers of less than \$150,000 through the “virtual exchange” (other than unitholders who hold Units with an aggregate acquisition cost of at least \$150,000), will be ranked behind other unitholders if they wish to sell Units during the calendar year in which the Units were purchased by them or the next following calendar year. Purchase requests will be allocated, if required, among a number of sale requests to fill the sale requests to the greatest extent possible.

- (ii) *Redemption Rights:* Unitholders also have the right to annual redemptions (by the Fund) at Unit Value of up to 10% (or such higher percentage as the Manager may, in its discretion, determine generally for unitholders) of their Units, to the extent that such percentage could not be sold otherwise (whether through the “virtual exchange” described above or otherwise). In addition, unitholders who acquire Units through reinvestment of distributions will have the further right to redeem the Units issued on such reinvestment. These redemption rights are more fully described below.

The Virtual Exchange

The “virtual exchange” has been established by the Manager to create an organized manner to match investors wishing to purchase Units with unitholders who wish to sell Units. Essentially, the “virtual exchange” will involve the Manager acting as a recordkeeper of available purchasers and sellers (and the dollar value of Units they wish to acquire and the number of Units they wish to sell), and serving as a medium through which resulting trades can be settled. These trades will be processed on Valuation Days at the Unit Values established on such days.

The Manager is establishing and will maintain the “virtual exchange” as a service to unitholders to provide additional liquidity. Neither the Manager nor the Trustee is required to purchase any Units tendered for sale through the “virtual exchange” or to in any way guarantee the performance (payment or otherwise) of purchasers or sellers. Further, while the Manager will use reasonable efforts to appropriately record and allocate purchase and sale opportunities, neither it, the Fund nor the Trustee will in any circumstances be liable to purchasers or sellers whose orders are not (or are only partially) filled or otherwise in respect of trading through the “virtual exchange”.

While Units are transferable, the Fund is not (and is not expected to become) a reporting issuer in any province, such that under applicable securities legislation Units may only be transferred pursuant to an available exemption from prospectus requirements (i.e. a “private placement” exemption). With respect to trades of Units through the “virtual exchange”, the Manager will ensure that purchasers provide appropriate certification that they are “accredited investors” so as to avail sellers of an exemption for sales to such purchasers.

Purchase and Sale Requests

Purchase requests must be submitted in prescribed form (which can be obtained from the Manager) at least one Trading Day (a “**Trading Day**” being a day on which the Toronto Stock Exchange is open for trading) before a Valuation Day in order to be eligible for such Valuation Day, failing which they will be eligible commencing as of the next following Valuation Day. Purchase request forms must be accompanied by payment or otherwise the purchaser must make other arrangements so as to be able to provide payment immediately following notice from the Manager that the purchaser will be allocated Units for purchase.

Sale requests must be submitted in prescribed form (which can be obtained from the Manager and which is the same form for sale requests and redemption requests) at least ten Trading Days before a Valuation Day in order to be eligible for such Valuation Day, failing which they will be eligible commencing as of the next following Valuation Day.

Purchase request forms and sale request forms will remain in effect for successive Valuation Days unless and until withdrawn (or fully filled); provided that a notice of withdrawal of a purchase or sale request must be received at least two Trading Days before a Valuation Day, failing which they will continue to apply until the next following Valuation Day.

The Manager may, in its discretion, cause the Fund to redeem Units otherwise tendered for sale through the “virtual exchange” if the Manager believes it is in the interests of the Fund to do so.

Allocation Principles

The Manager has established the following principles which it will seek to apply generally in allocating selling opportunities to unitholders who have duly submitted sale requests. The principles are intended to provide fair treatment to all unitholders submitting sale requests, and to not create artificial incentives to “over tender” Units for sale.

- For all purposes of sales through the “virtual exchange”, *pro rata* is determined based on the respective numbers of Units held by unitholders and not based on the respective numbers of Units tendered for sale or redemption.
- To the extent possible, sale opportunities in respect of a Valuation Day will generally be allocated such that, after giving effect to sales on such Valuation Day and any sales on prior Valuation Days in the current year, all unitholders submitting sale requests (which have not been withdrawn) will have been allocated sale opportunities on a *pro rata* basis based on the respective numbers of Units held by them as at the commencement of such calendar year.
- All sale requests received by the Manager at least ten Trading Days prior to a Valuation Day (including sale requests which have remained in effect from a prior Valuation Day) will be considered to have been received at the same time (i.e. no priority will be given based on the date of receipt of the request by the Manager), as the Manager believes it unfair to afford priority based on geographic or other such circumstances.

By way of example of the application of the foregoing principles, if (i) one unitholder (“**Unitholder A**”) were to submit a sale request on February 15, 2006 in respect of 10% of the Units held by him on January 1, 2006, (ii) one-half of the Units reflected in such sale request were sold on the Valuation Day at the end of February of such year and (iii) another unitholder (“**Unitholder B**”) were to submit an initial sale request on March 15, 2006 in respect of 7% of the Units held by him on January 1, 2006, then sale opportunities would be allocated commencing on the Valuation Day at the end of March of such year as follows (assuming that no other unitholder had tendered a sale request which was eligible for such March Valuation Day):

- Priority would be given to Unitholder B so as to permit him to sell 5% of the Units held by him.
- To the extent that after giving effect to the allocation described above there were further sale opportunities, such opportunities would be allocated *pro rata* as between Unitholder

A and Unitholder B until each was permitted to sell a further 2% of their respective Units.

- To the extent that after giving effect to the allocations described above there were further sale opportunities, such opportunities would be provided to Unitholder A for the balance of his sale request.

Redemption Rights

As described above, unitholders have the right to annual redemptions of Units as of the last Valuation Day of a year so as to permit them to redeem such number of Units as is equal to 10% (or such higher percentage as the Manager may, in its discretion, determine generally for unitholders) of the Units originally held by the unitholder (i.e. before giving effect to the then requested, and any prior actually effected, redemption of Units) less the number of Units (if any) sold by the unitholder during such year (whether through the “virtual exchange” described above or otherwise). As also described above, the Manager may, in its discretion, cause the Fund to redeem Units otherwise tendered for sale through the “virtual exchange” if the Manager believes it is in the interests of the Fund to do so.

Redemption requests must be submitted in prescribed form (which can be obtained from the Manager and which is the same form as for sale requests) on or before November 30 of the subject year. Such request will provide that the redemption is to be made unless sale opportunities through the “virtual exchange” are available (in which case, to the maximum extent possible, Units would be sold through the “virtual exchange” at Unit Value rather than being redeemed by the Fund at Unit Value).

In addition to the annual redemption right described above, unitholders have unrestricted rights to tender for redemption (at Unit Value) Units issued on reinvestment of distributions. Such redemptions will be effected on the first Valuation Day following at least 30 days after such redemption request. As with other redemption requests, as described in the preceding paragraph, requests to redeem Units issued on reinvestment of distributions will provide that the redemption is to be made unless sale opportunities through the “virtual exchange” are available (in which case, to the maximum extent possible, Units would be sold through the “virtual exchange” at Unit Value rather than being redeemed by the Fund at Unit Value).

For the purposes of allocation of sale opportunities through the “virtual exchange”, redemption requests will also be treated as sale requests.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS AND ELIGIBILITY FOR INVESTMENT

The following is a fair summary of the principal Canadian federal income tax considerations applicable to unitholders who acquire Units pursuant to this offering memorandum and who, for the purposes of the Tax Act, are resident in Canada, deal at arm's length with the Fund and hold their Units as capital property.

This summary is based on the current provisions of the Tax Act and the current published administrative practices and policies of the Canada Revenue Agency, and also takes into account

all specific proposals to amend the Tax Act publicly announced by the Minister of Finance prior to the date hereof. Except for the foregoing, this summary does not take into account or anticipate any changes in the law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial or foreign income tax legislation or considerations. This summary is not applicable to a unitholder that is a "financial institution", as defined in the Tax Act, a "specified financial institution", as defined in the Tax Act, or a unitholder an interest in respect of which would be a "tax shelter investment" under the Tax Act.

The income and other tax consequences of acquiring, holding or disposing of Units will vary according to the status of the unitholder, the province or provinces in which the unitholder resides or carries on business and, generally, the unitholder's own particular circumstances. The following description of income tax matters is, therefore, of a general nature only and is not intended to constitute advice to any particular unitholder. The income tax consequences described in this summary are based on the assumptions that a unitholder does not undertake or arrange a transaction relating to the unitholder's Units other than those referred to in this offering memorandum, and that none of the transactions relating to the unitholder's Units and referred to in this offering memorandum is undertaken or arranged primarily to obtain a tax benefit other than those specifically described herein. Each unitholder should seek independent advice regarding the tax consequences of investing in Units, based upon the unitholder's own particular circumstances.

Status of the Fund

Provided that the Fund qualifies or is deemed to qualify for purposes of the Tax Act as a mutual fund trust at a particular time, the Units will be a qualified investment for Deferred Income Plans at that time. In order for the Fund to qualify as a mutual fund trust it must meet certain conditions, including a minimum distribution requirement relating to the number of unitholders and disposal of ownership of Units. In addition, the Fund must comply on a continuous basis with certain investment restrictions contained in the Tax Act. This summary assumes that the Fund will continue to qualify as a "mutual fund trust".

If the Fund were to cease to qualify as a mutual fund trust, the Units would cease to be qualified investments for Deferred Income Plans. Where, at the end of any month, a Deferred Income Plan holds Units that are not qualified investments, the Deferred Income Plan must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Units at the time such Units were acquired by the Deferred Income Plan. In addition, where a trust governed by a registered retirement savings plan or registered retirement income fund holds Units that are not qualified investments, the registered retirement savings plan trust or registered retirement income fund trust will become taxable on its income and gains attributable to the Units while they are not qualified investments and the fair market value of the such Units at the time they were acquired will be included in the income of the annuitant under such trust. Where a trust governed by a registered education savings plan holds Units that are not qualified investments, the registration of the registered education savings plan may be revoked.

If the Fund were to cease to qualify as a mutual fund trust, the Fund would be liable for tax under Part XII.2 of the Tax Act if any Units are held by non-residents of Canada, non-resident owned

investment corporations or certain other persons including tax exempt persons. The payment of Part XII.2 tax by the Fund may have adverse income tax consequences for certain unitholders, including non-resident persons and Deferred Income Plans that acquire an interest in the Fund directly or indirectly from certain other unitholders. The Fund would also become subject to the alternative minimum tax provisions of the Tax Act.

On March 3, 2004, the Minister of Finance (Canada), as part of the 2004 Federal Budget, proposed amendments to the Tax Act (the “**Budget Proposals**”) that would impose special taxes in respect of (i) the “restricted investment property” holdings of a “designated taxpayer” (which would include a trust governed by a registered pension plan, a registered pension plan corporation and a tax-exempt pension investment corporation), and (ii) the direct and indirect holdings of a designated taxpayer in units of a “business income trust” (all as defined in the Budget Proposals). On May 18, 2004, the Minister of Finance (Canada) announced that the Budget Proposals will be suspended to allow for further consultations, and that legislative proposals would be released following such consultations. This was confirmed in a public statement issued on September 16, 2004, by the Minister of Finance (Canada). Due to the nature of the Fund’s anticipated investments and property, Units may constitute “restricted investment property”. Unitholders who are designated taxpayers, or prospective unitholders an interest in (or debt of) which may constitute restricted investment property, should consult their own tax advisors regarding the potential application of the Budget Proposals.

Taxation of the Fund

The Fund is subject to taxation under Part I of the Tax Act in each taxation year on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to unitholders in such year. The Fund intends to deduct in computing its income the amount required to eliminate its liability for tax under Part I of the Tax Act. Therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains (including distributions that are reinvested in additional Units), it will not generally be liable in such year for income tax under Part I of the Tax Act. Losses incurred by the Fund cannot be allocated to unitholders but may be deducted by the Fund in future years under the Tax Act.

The Fund will also be required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

In computing its income under Part I of the Tax Act, the Fund may deduct reasonable administrative, interest and other expenses incurred to earn income.

On October 31, 2003 the Department of Finance released for public consultation draft proposals relating to the deductibility of losses under the Tax Act (the “**Tax Proposal**”). Under the Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to

hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could be denied, with after-tax returns to unitholders reduced as a result. It will be necessary for the Fund to monitor its activities and this Tax Proposal, which is proposed to apply to taxation years beginning after 2004.

On the disposition of securities of an issuer held by the Fund, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such securities and any reasonable costs of disposition; provided such securities are capital property to the Fund.

The Fund's portfolio may include securities that are not denominated in Canadian dollars. Proceeds of disposition of securities, distributions, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction. The Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

Taxation of Unitholders

A unitholder will generally be required to include in computing income for a taxation year such portion of the net income of the Fund for such taxation year, including net realized taxable capital gains (whether or not accrued or realized by the Fund prior to the acquisition of Units by the unitholder) as is paid or payable to the unitholder in the taxation year and deducted by the Fund, whether or not any such amount is reinvested in additional Units. Distributions by the Fund to a unitholder will reduce the adjusted cost base of the unitholder's Units, except to the extent that such distributions are included in the unitholder's income or constitute the unitholder's share of the non-taxable portion of taxable capital gains of the Fund the taxable portion of which was designated to the unitholder. Where at any time in a taxation year the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder from a deemed disposition at that time of the Unit, and the unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund; (ii) the foreign source income of the Fund and foreign taxes which are, subject to certain limitations, eligible for the foreign tax credit; and (iii) the taxable dividends received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a unitholder will effectively retain their character and be treated as having been received or paid by the unitholder, as the case may be, for purposes of the Tax Act. Amounts which retain their character in the hands of a unitholder as taxable dividends on shares of taxable Canadian corporations will, where the unitholder is an individual, be eligible for the normal gross-up and dividend tax credit rules under the Tax Act, and, where the unitholder is a corporation, generally be entitled to be deducted in computing the unitholder's taxable income.

Where the unitholder is a private corporation, or any other corporation controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts), amounts designated by the Fund to the unitholder as taxable dividends on shares of taxable

Canadian corporations generally will be subject to a special refundable tax of 33 1/3% under Part IV of the Tax Act.

Units acquired on the reinvestment of amounts payable to unitholders will be acquired at an initial cost equal to the amount payable satisfied by their issuance. However, the Tax Act requires a unitholder to average the cost of all the Units held by the unitholder at any particular time to determine the adjusted cost base of each such Unit.

Upon the disposition or deemed disposition of a Unit, whether on a sale (including a sale through the “virtual exchange” described under “Liquidity”), redemption by the Fund or otherwise, a capital gain (or capital loss) will be realized by the unitholder to the extent that the proceeds of disposition (excluding any amount payable by the Fund which represents an amount that must otherwise be included in a unitholder's income as described above), net of any costs of disposition, exceed (or are less than) the adjusted cost base of the Unit to the unitholder immediately before the disposition.

Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a unitholder in a taxation year must be included in the unitholder's income for the year, and one-half of any capital loss (an “**allowable capital loss**”) realized by a unitholder in a taxation year may be deducted from taxable capital gains realized by the unitholder in that year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act

A unitholder that throughout the relevant taxation year is a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax of 6 2/3% on certain investment income, including taxable capital gains.

Capital gains realized on a disposition of Units by, or amounts designated by the Fund as taxable dividends or taxable capital gains to, a unitholder who is an individual may give rise to a liability for alternative minimum tax. Where a unitholder which is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the unitholder's capital loss from the disposition will generally be reduced by the amount of any taxable dividends designated by the Fund to the unitholder that are deductible by the unitholder in computing taxable income. Similar rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

Eligibility for Investment by Deferred Income Plans

Provided that the Fund continues to meet the criteria to be a mutual fund trust under the Tax Act (which is based on having at least 150 unitholders each holding at least \$500 of Units), Units will be a “qualified investment” for Deferred Income Plans.

Eligibility for Investment by Pension Plans

The Trust Agreement imposes certain constraints and restrictions upon the portfolio of the Fund which, if complied with, will have the effect that the Fund will meet the limits or restrictions

which pension funds or plans are required to make or to meet under many of the federal and provincial pension legislations. Certain considerations and limitations will, however, apply with respect to investments by pension plans or funds in the Fund. Accordingly, a tax or pension adviser should be consulted in connection with an investment in Units by a pension plan or fund.

DISTRIBUTIONS AND REINVESTMENT

Investment income of the Fund (inclusive of net realized capital gains), less expenses, are distributed annually to unitholders of record on the last day of December, and more frequently if so determined by the Manager. Such investment income will be automatically reinvested in additional Units unless the unitholder elects (from time to time) to receive such amounts in cash or unless, at the time of distribution by the Fund, the Manager determines that such distributions (or a portion thereof) will be paid to unitholders in cash.

UNIT VALUE

The Trustee calculates Unit Value (or causes Unit Value to be calculated) as of each Valuation Day. Such Unit Value is posted on the Manager's website (www.abcfunds.com) and published in national Canadian newspapers via Fundata.

In order to provide (i) enhanced transparency and (ii) a more equitable price for trading through the "virtual exchange" described above (please see "Liquidity"), the monthly quoted Unit Value will be adjusted to reflect any accrued performance fees. This accrual will be made each month based on the then year to date annualized total returns of the Fund (such that the accrual, if any, as at the end of the prior month, which has been determined based on the year to date returns to the end of such prior month, is replaced with the revised accrual).

CUSTODIAN

The Trustee is also the custodian of the assets of the Fund.

AUDITORS

PricewaterhouseCoopers LLP, chartered accountants, are the auditors for the Fund.

TRANSFER AGENT AND REGISTRAR

The Manager is the Fund's transfer agent and registrar. In addition, the Manager will maintain the lists of interested buyers and sellers for purposes of the "virtual exchange" described above under "Liquidity".

INVESTMENT RISKS

The Unit Value is related directly to the market value of the investments held in the Fund's portfolio, which may fluctuate depending on changes in interest rates, financial performance of the issuers of the securities held by the Fund and other market and economic conditions. The investment risks related to the Fund include, among others, the following:

Currency Exchange: As the Fund will invest in securities denominated in foreign currencies, the Canadian dollar Unit Value will be sensitive to fluctuations in applicable currency exchange rates between the Canadian dollar and the currencies in which the investments of the Fund are denominated.

Fixed Income Securities: As the Fund may be investing in convertible fixed income securities, the Fund will be exposed to various special types of risk related to such investments, including: (i) interest rate risk, being the potential for fluctuations in prices due to interest rates, (ii) credit risk, being the possibility that an issuer will fail to make timely payments of either interest or principal or that the trading price of an issuer's securities may decline as a result of market perception of diminished creditworthiness, and (iii) prepayment risk, being the likelihood that, during periods of falling interest rates, securities with high stated interest rates will be prepaid prior to maturity, requiring the Fund to invest the proceeds at generally lower interest rates.

Liquidity of Portfolio Securities: Some of the investments that are made by the Fund may lack liquidity. This may be due to the fact that although the investments are listed on a stock exchange, they are thinly traded. This could present a problem in effectively trading the positions.

Distressed Securities: The Fund will invest in securities which the Manager considers to be "deep value", including potentially investments in "fallen angel" unit trusts, "special situations" and similar type investments. Such investments, while potentially affording higher returns, also entail a higher level of risk of loss of capital by the Fund.

Liquidity of Units: The Fund is a closed-end investment fund which provides for restricted redemption rights, and the potential for liquidity to the extent that sufficient purchase requests are submitted to the Manager for the "virtual exchange" (as described under "Liquidity"), which cannot be assured by the Manager. As such, an investment in the Fund would not be appropriate for investors requiring greater liquidity.

Options: There are certain risks related to the use by the Fund of options, including that the Fund may not be able to close out its positions and will be subject to credit risks of counterparties to contracts and of dealers with whom margin may be lodged. In addition, there can be no assurance that hedging strategies will be effective. Hedging against changes in markets does not eliminate fluctuations in the prices or prevent losses if prices decline. Because of the Manager's stated policy that the Fund will not invest in derivative instruments on a leveraged basis, the risks normally attributable to the use of derivative instruments would not apply to the same extent as they would in investment funds not employing such limitations.

Reliance upon the Manager: All investment and trading decisions for the Fund will be made by the Manager. Accordingly, the Manager's judgement and ability in predicting fluctuations in market prices will determine the success of the Fund. No assurance can be given that the investment strategies of the Manager will prove successful under any or all market conditions.

Concentration of Investments: The Fund has no restrictions relating to the diversification or concentration of its investments and may concentrate its investments in a particular issue, issuers, market sector or country, or in securities of any particular maturity or credit rating.

Accordingly, the Fund may be even more vulnerable to particular economic, political, regulatory or other developments than would more diversified portfolios.

Small Capitalization Companies: The portion of the Fund's portfolio invested in stocks of small capitalization companies may be subject to more frequent and/or sharper increases and decreases in market value and may not be as liquid as stocks of large capitalization companies.

The foregoing list of certain risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. In addition, as the Fund's investment programs develop and change over time, an investment in the Fund may be subject to additional and different risk factors. Investors should read this entire offering memorandum and consult with their own advisors before deciding to subscribe for Units.

REPORTS TO UNITHOLDERS

The Trustee will furnish to unitholders, with each distribution, a statement of the amount being distributed to unitholders together with a statement as to net asset value of the Fund and Unit Value, based upon the then most recent monthly determination.

The fiscal year end of the Fund is December 31. The annual accounts of the Fund will be audited by an independent public accounting firm and the financial statements of the Fund, together with the report of such auditor, will be provided to each unitholder.

TERMINATION OF THE FUND

The Fund will continue in force unless otherwise terminated in accordance with the provisions of the Trust Agreement. The Trust Agreement provides that the Manager may at any time terminate and dissolve the Fund by giving to the Trustee and each then unitholder of such Fund written notice of its intention to terminate at least 90 days before the proposed termination date (the "**Termination Date**"). During the period after the giving of any such notice, the rights of unitholders to require payment for any or all of their Units would be suspended and the Manager would be required to make appropriate arrangements for converting the investments of the Fund into cash. After payment of the liabilities of the Fund, each unitholder registered as such at the close of business on the date fixed as the Termination Date would be entitled to receive his or her proportionate share of the net asset value of the Fund. In the event that the unitholders are desirous of continuing the Fund and reject the Manager's desire to terminate and dissolve the Fund, the unitholders may appoint a successor to the Manager.

MATERIAL CONTRACTS

The Trust Agreement is the only material contract which has been entered into in respect of the Fund. A copy of the Trust Agreement may be inspected at the office of the Manager during normal business hours.

FURTHER INFORMATION

Investors requiring further information or an opportunity to review the material contracts of the Fund are invited to contact the Manager at (416) 365-9696 or (toll free at 1-888-673-6222) or by e-mail at info@abcfunds.com.

RIGHTS OF ACTION FOR DAMAGES OR RECISSION

Securities legislation in certain of the provinces of Canada provides investors with (or requires that investors be provided contractually with), in addition to any other right they may have at law, rights of rescission or damages, or both, where an offering memorandum and any amendment thereto contains a misrepresentation (as such term may be defined in the applicable statute). However, such rights must be exercised by the subscriber within the prescribed time limits and are subject to the defences contained in applicable securities legislation. Investors should refer to the applicable provisions of such securities legislation for the particulars of these rights or consult with a legal advisor.

The following summary is subject to the express provisions of the relevant securities laws and regulations thereunder and reference is made thereto for the complete text of such provisions. The following is a summary of the rights of rescission or to damages, or both, available to investors under the securities legislation of the specified provinces of Canada or provided by contract. Such rights are expressly conferred upon investors in the subscription agreement to be executed by investors in connection with the offering contemplated hereby. **The rights of action discussed below are in addition to and without derogation from any other rights or remedies available at law to the subscriber.**

Ontario. Rule 45-501 under the *Securities Act* (Ontario) provides that investors resident in Ontario purchasing under this offering memorandum will have the rights of action provided in Section 130.1 of the *Securities Act* (Ontario) and that such rights must be described in this offering memorandum. Such rights are described below.

If this offering memorandum, together with any amendment hereto, contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or that is necessary in order to make any statement herein not false or misleading in light of the circumstances in which it was made (herein called a “**misrepresentation**”), an investor who purchases Units during the period of distribution will be deemed to have relied upon such misrepresentation if it was a misrepresentation on the date of purchase and will have, subject as hereinafter provided, a right of action for damages which must be commenced not more than the earlier of (i) 180 days after the investor first had knowledge of the facts giving rise to the cause of action or (ii) three years after the date the Units were purchased hereunder, or, alternatively, for rescission, which must be commenced not more than 180 days after the date the Units were purchased hereunder, provided that:

- the Fund will not be held liable under this paragraph if the investor purchased the Units with knowledge of the misrepresentation;

- in an action for damages, the Fund will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- in no case will the amount recoverable under this paragraph exceed the price at which the Units were sold to the investor.

Nova Scotia. The *Securities Act* (Nova Scotia) provides that, subject to certain limitations, where this offering memorandum, together with any amendment to this offering memorandum, or any advertising or sales literature (as such terms are defined in the *Securities Act* (Nova Scotia)) disseminated in connection with this offering, contains a misrepresentation that was a misrepresentation at the time of purchase, a purchaser who purchases a security covered by this offering memorandum, or an amendment to this offering memorandum, has a right of action for damages against the Fund. Alternatively, the purchaser may elect to exercise a right of rescission against the Fund, in which case the purchaser will have no right of action for damages.

The foregoing rights are subject to, among other limitations, the following:

- no action shall be commenced to enforce any of the foregoing rights more than 120 days after the date on which the payment was made for the Units;
- no person will be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- in the case of an action for damages, no person will be liable for all or any portion of the damages that it proves do not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- in no case will the amount recoverable in any action exceed the price at which the Units were offered under this offering memorandum or amendment to this offering memorandum to the purchaser.

In addition no person or company other than the Fund is liable if the person or company proves that:

- this offering memorandum or the amendment to this offering memorandum was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- after deliver of this offering memorandum or the amendment to this offering memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in this offering memorandum, or amendment to this offering memorandum, the person or company withdrew the person's or company's consent to this offering memorandum, or amendment to this offering memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

- with respect to any part of this offering memorandum or amendment to this offering memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (iii) there had been a misrepresentation, or (iv) the relevant part of this offering memorandum or amendment to this offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore no person or company other than the Fund is liable with respect to any part of this offering memorandum or amendment to this offering memorandum not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this offering memorandum or amendment to this offering memorandum, the misrepresentation is deemed to be contained in this offering memorandum or amendment to this offering memorandum.

British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Newfoundland and Prince Edward Island. Investors resident in British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, New Brunswick, Newfoundland and Prince Edward Island will be provided with the same rights of rescission or damages as those provided to investors resident in Ontario. Such rights are described above.

SCHEDULE "A"

ABC NORTH AMERICAN DEEP-VALUE FUND

SUBSCRIPTION AGREEMENT

(Canadian Subscribers and (other) non-U.S. Subscribers)

TO: ABC North American Deep-Value Fund

AND TO: I.A. Michael Investment Counsel Ltd.
8 King Street East, Suite 700
Toronto, ON M5C 1B5
Tel: (416) 365-9696 (Toll free: 1-888-673-6222)
Fax: (416) 365-9705
E-mail: info@abcfunds.com

RE: Subscription for Fund Units

The undersigned (the "**Subscriber**") hereby acknowledges receipt of an offering memorandum dated September 30, 2005 (the "**Offering Memorandum**"), relating to the offering of units ("**Units**") of ABC North American Deep-Value Fund (the "**Fund**"). Capitalized terms used but not defined in this agreement are intended to have the meanings ascribed in the Offering Memorandum. In addition, all dollar amounts in this agreement, including the symbol "\$", are expressed in Canadian currency.

The Subscriber hereby subscribes for the purchase of such number of Units as may be purchased for \$ _____ (the "**Purchase Price**") on November 1, 2005. The Subscriber tenders herewith a cheque or bank draft (or has made available to the Manager some other form of immediately available funds) in the amount of the Purchase Price, payable to the Fund. The Subscriber understands that, as described in the Offering Memorandum, Units will be issued at the Unit Value determined on October 31, 2005.

I.A. Michael Investment Counsel Ltd. (the "**Manager**"), the manager of the Fund, has established a minimum initial investment amount of \$150,000 (subject to the Manager's discretion to accept a lesser amount in certain circumstances).

Canadian subscribers must meet the criteria to be considered an "accredited investor" (the criteria for qualification as an "accredited investor" are set out in the Certificate of Accredited Investor (the "**AI Certificate**") which is attached as Appendix "A" to this agreement). All Canadian subscribers must complete the AI Certificate.

Investors who are not resident in the United States of America or any jurisdiction of Canada must complete Appendix "B" to this agreement.

This subscription is made on the terms and conditions described in the Offering Memorandum and the purchase of the Units subscribed for hereby is subject to acceptance by the Manager as detailed in the Offering Memorandum. In the event that the Manager does not wholly accept this subscription, the Purchase Price for the Units subscribed for hereby and for which this

subscription has not been accepted will be returned to the Subscriber forthwith without interest or deduction.

The Subscriber represents, warrants and covenants to and in favour of the Fund, the Manager and the trustee of the Fund (the “**Trustee**”) as follows:

- (a) the Subscriber (i) if an individual, has attained the age of majority and has legal capacity and competence to enter into and be bound by this subscription and to take all actions required pursuant hereto or (ii) if a corporation, partnership, unincorporated association or other entity, has the legal capacity and competence to enter into and be bound by this subscription and to take all actions required pursuant hereto, and further certifies that all necessary approvals of directors, shareholders, partners, members and others have been given in connection therewith;
- (b) the Subscriber understands that (i) it is not anticipated that there will be any public market for the Units and (ii) it may not be possible to sell or dispose of Units (although there is an annual limited redemption right and the Manager has established a “virtual exchange” to seek to provide liquidity, as described in the Offering Memorandum);
- (c) the Subscriber understands that the management and control of the Fund is vested in the Manager and that the Subscriber will have no right to participate in the management of the Fund;
- (d) the Subscriber has reviewed and understands the income tax aspects of an investment in the Fund. The Subscriber acknowledges that it is responsible for obtaining such legal and tax advice as it considers appropriate in connection with the execution, delivery and performance of this agreement and the transactions contemplated under this agreement and has received such advice from qualified sources (eg. solicitors, accountants or other tax advisers) as the Subscriber deems advisable in respect of such investment;
- (e) the Subscriber understands that no federal or provincial agency has made any finding or determination as to the fairness for public investment, or any recommendation or endorsement, of the Units;
- (f) the Units subscribed for herein are being acquired by the Subscriber as a principal for his, her or its own account; and
- (g) the Subscriber understands that the Units are being offered and sold pursuant to exemptions from the prospectus requirements (and, in the jurisdictions other than Ontario, registration requirements) of the securities laws of the various jurisdictions.

If the Subscriber is not resident in the United States of America or any jurisdiction of Canada and is not otherwise subject to the securities laws of any such jurisdictions, the Subscriber makes

the representations, warranties and covenants set out in Appendix “B” to and with the Fund, the Manager and the Trustee.

The Subscriber acknowledges that he, she or it has taken cognisance of the Offering Memorandum, including, in particular, those investment considerations described therein under the heading “Investment Risks” and further agrees to comply with any relevant securities legislation, order or policy concerning the purchase of, and holding of, Units. The Subscriber understands that (as disclosed in the Offering Memorandum) the Manager is the manager of the Fund and is entitled to compensation from the Fund for so acting.

The Subscriber acknowledges that the Fund may be required under Canadian tax legislation (whether federal or provincial) to withhold a portion of any amounts otherwise payable or distributable (including, without limitation, upon any sale of Units, whether through redemption or otherwise) to the Subscriber and that the Fund will, accordingly, only be required to make any payments otherwise payable to the Subscriber in a net amount, after deducting any required withholdings.

The foregoing representations, warranties, agreements, undertakings and acknowledgements (including, as applicable, those set out in Appendix “A” or Appendix “B” to this agreement) are made by the Subscriber with the intent that they be relied upon in determining his, her or its suitability as a purchaser of Units and the Subscriber hereby agrees that such representations, warranties, agreements, undertakings and acknowledgements shall survive the Subscriber’s purchase of Units. In addition, the Subscriber undertakes to notify immediately the Manager at the address set forth above of any change in any representation, warranty or other information relating to the Subscriber set forth in this subscription.

The Subscriber agrees to indemnify and hold harmless the Fund, the Manager and the Trustee against any and all losses, liabilities, claims, damages and expenses whatsoever (including, without limitation, any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claims whatsoever) arising out of or based upon any breach or failure by the Subscriber to comply with any representation, warranty, covenant or agreement made by the Subscriber herein or in any other document furnished by the Subscriber to any of the foregoing indemnified persons in connection with this transaction or attributable to the application of the *Income Tax Act* (Canada) or any similar provision of any statute of a province or territory of Canada imposing an income tax to any amounts payable by the Fund to the Subscriber.

The Subscriber acknowledges that this subscription is subject to acceptance or rejection in whole or in part. Acceptance of this subscription shall be effective upon the delivery of a confirmation thereof to the Subscriber. The Manager shall by its acceptance of this subscription be bound by the terms and conditions hereof.

The Subscriber covenants and agrees to deliver such documents, certificates, assurances and other instruments as may be required to carry out the provisions of this subscription.

The Manager, on behalf of the Fund, hereby agrees with the Subscriber that the Subscriber shall have the rights set forth in the Offering Memorandum for the applicable province of residence of

the Subscriber under the heading “Rights of Action for Damages or Rescission” as if such rights were fully set forth in this subscription and such rights are hereby incorporated by reference herein.

The Subscriber acknowledges that it is his, her or its express wish that all documents evidencing or relating in any way to the sale of Units be drawn in the English language only. **Par la présente, vous reconnaissez votre volonté de recevoir, en anglais seulement, tous documents faisant foi ou se rapportant, de quelque manière que ce soit, à la vente d’unités.**

This subscription shall be governed by and construed in accordance with the internal laws of the Province of Ontario and the federal laws of Canada applicable therein (in each case without reference to conflicts of law rules).

In order to complete this subscription, the Subscriber must:

1. **Fill in the Purchase Price on page 1.**
2. **Fill out all requested information, and date and sign page 5.**
3. **If a resident of Canada and subscribing as an “accredited investor”, mark the appropriate box, date, sign (and have witnessed, if applicable) Appendix “A” to this agreement (being the AI Certificate).**
4. **If subscribing as a non-resident of Canada (and non-U.S. person), sign and date Appendix “B” to this agreement.**

Dated at _____ in the Province/Country of _____, this ____ day of _____, 200__.

Please register the Units hereby subscribed for in the name of

Note: If these units are to be held in a deferred income plan, please provide the name of the trust company, the name of the account and the account number.

For Subscribers other than natural persons:

For natural person subscribing:

Name of Subscriber (Print)

Name of Subscriber (Print)

Corporation Tax Account No.

Social Insurance No.

By:

Signature of Authorized Representative

Signature of Subscriber

Name of Authorized Representative

Street Address

Title of Authorized Representative

City, Province Postal Code

Street Address

Telephone Number

City, Province Postal Code

Email Address

Telephone Number

Email Address

Acceptance:

This subscription is accepted by the Manager.

I.A MICHAEL INVESTMENT COUNSEL LTD.

By: _____

Date: _____,200

APPENDIX “A”

CERTIFICATE OF ACCREDITED INVESTOR

(To be completed by investors resident in Canada)

The categories listed herein contain certain specifically defined terms. If you are unsure as to the meanings of those terms, or are unsure as to the applicability of any below category, please contact your broker and/or legal advisor before completing this form.

TO: ABC North American Deep-Value Fund (the “**Fund**”)
AND TO: I.A. Michael Investment Counsel Ltd. (the “**Manager**”)
AND TO: The Royal Trust Company, as trustee of the Fund (the “**Trustee**”)
RE: Subscription for Units of the Fund as described in the Fund’s offering memorandum dated September 30, 2005 (the “**Offering Memorandum**”)

In connection with the purchase by the undersigned purchaser (the “**Subscriber**”) of units (“**Units**”) of the Fund, the Subscriber or the undersigned on behalf of the Subscriber, as the case may be, certifies that:

1. the Subscriber has read the offering Memorandum and the Subscription Form and understands that the offering of Units to subscribers, including the Subscriber, is being made on a prospectus exempt basis;
2. the Subscriber is resident in a province or territory of Canada or is subject to the laws of a province or territory of Canada;
3. the Subscriber is purchasing the Units as principal for the Subscriber’s own account or is deemed to be purchasing as principal pursuant to National Instrument 45-106 – Prospectus Registration Exemptions (“**NI 45-106**”); and
4. the Subscriber is an “accredited investor” within the meaning of NI 45-106 by virtue of being:

(PLEASE PLACE A CHECK MARK NEXT TO THE APPLICABLE CATEGORY)

- _____ (a) a Canadian financial institution, or a Schedule III bank,
- _____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada),
- _____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary,

- _____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador),
- _____ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d),
- _____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada,
- _____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec,
- _____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government,
- _____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada,
- _____ (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000,
- _____ (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year,
- _____ (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000,
- _____ (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements,
- _____ (n) an investment fund that distributes or has distributed its securities only to

- _____ (i) a person that is or was an accredited investor at the time of the distribution,
- _____ (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*] and 2.19 [*Additional investment in investment funds*] of NI 45-106, or
- _____ (iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106,
- _____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Quebec, the securities regulatory authority, has issued a receipt,
- _____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be,
- _____ (q) except in Ontario (where this category is not available when purchasing securities of an investment fund), a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction,
- _____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded,
- _____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function,
- _____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors,
- _____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser, or
- _____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Quebec, the regulator as

- _____ (i) an accredited investor, or
- _____ (ii) an exempt purchaser in Alberta or British Columbia.

For the purposes hereof:

- (a) **“Canadian financial institution”** means
 - (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or
 - (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) **“control person”** has the same meaning as in securities legislation except in Manitoba, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Ontario, Prince Edward Island and Quebec where control person means any person that holds or is one of the combination of persons that holds:
 - (i) a sufficient number of any of the securities of an issuer so as to affect materially the control of the issuer, or
 - (ii) more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holding of those securities does not affect materially the control of the issuer;
- (c) **“director”** means
 - (i) a member of the board of directors of a company or an individual who performs similar functions for a company, and
 - (ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;
- (d) **“eligible adviser”** means
 - (i) a person that is registered as an investment dealer or in an equivalent category of registration under the securities legislation of the jurisdiction of a purchaser and authorized to give advice with respect to the type of security being distributed, and
 - (ii) in Saskatchewan or Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association

of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(1) have a professional, business or personal relationship with the issuer, or any of its directors, executive officers, founders, or control persons, and

(2) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(e) “**eligible investor**” means

(i) a person whose

(1) net assets, alone or with a spouse, in the case of an individual, exceed \$400,000,

(2) net income before taxes exceeded \$75,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year, or

(3) net income before taxes, alone or with a spouse, in the case of an individual, exceeded \$125,000 in each of the two most recent calendar years and who reasonably expects to exceed that income level in the current calendar year,

(ii) a person of which a majority of the voting securities are beneficially owned by eligible investors or a majority of the directors are eligible investors,

(iii) a general partnership of which all of the partners are eligible investors,

(iv) a limited partnership of which the majority of the general partners are eligible investors,

(v) a trust or estate in which all of the beneficiaries or a majority of the trustees or executors are eligible investors,

(vi) an accredited investor,

(vii) a person described in section 2.5 [*Family, friends and business associates*] of NI45-106, or

- (viii) a person that has obtained advice regarding the suitability of the investment and, if the person is resident in a jurisdiction of Canada, that advice has been obtained from an eligibility adviser;
- (f) “**EVCC**” means an employee venture capital corporation that does not have a restricted constitution and is registered under Part 2 of the Employee Investment Act (British Columbia) and whose business objective is making multiple investments;
- (g) “**executive officer**” means, for an issuer, an individual who is
- (i) a chair, vice-chair or president,
 - (ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production,
 - (iii) an officer of the issuer or any of its subsidiaries and who performs a policy-making function in respect of the issuer, or
 - (iv) performing a policy-making function in respect of the issuer;
- (h) “**financial assets**” means
- (i) cash,
 - (ii) securities, or
 - (iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;
- (i) “**foreign jurisdiction**” means a country other than Canada or a political subdivision of a country other than Canada;
- (j) “**founder**” means, in respect of an issuer, a person who,
- (i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and
 - (ii) at the time of the trade is actively involved in the business of the issuer;
- (k) “**fully managed account**” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;
- (l) “**jurisdiction**” means a province or territory of Canada except when used in the term foreign jurisdiction;
- (m) “**investment fund**” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an EVCC and VCC;

- (n) “**local jurisdiction**” means the jurisdiction in which the Canadian securities regulatory authority is situate;
- (o) “**non-redeemable investment fund**” means an issuer,
- (i) whose primary purpose is to invest money provided by its securityholders,
 - (ii) that does not invest,
 - (1) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (2) for the purpose of being actively involved in the management of any issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
 - (iii) that is not a mutual fund;
- (p) “**person**” includes
- (i) an individual,
 - (ii) a corporation,
 - (iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and
 - (iv) an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative;
- (q) “**regulator**” means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction;
- (r) “**related liabilities**” means
- (i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or
 - (ii) liabilities that are secured by financial assets; and
- (s) “**spouse**” means, an individual who,
- (i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,
 - (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(iii) in Alberta, is an individual referred to in paragraph (a) or (b), or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta);

(t) “**subsidiary**” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary;

(u) “**VCC**” means a venture capital corporation registered under Part 3 of the Small Business Venture Capital Act (British Columbia) whose business objective is making multiple investments.

All monetary references are in Canadian Dollars.

The Subscriber acknowledges that the Manager and the Trustee are relying on the foregoing certificate in determining whether the Units hereby subscribed for can be issued to the Subscriber. Dated at _____ in the Province of _____, this _____, day of _____, 200__.

If Purchaser is an Individual,

Name of Witness (Print)

Name of Subscriber (Print)

Signature of Witness

Signature of Subscriber or Authorized Representative

If Purchaser is a Corporation,

Name of Authorized Representative

Title of Authorized Representative

APPENDIX “B”

REPRESENTATIONS, WARRANTIES AND COVENANTS FOR NON-CANADIAN AND NON-U.S. SUBSCRIBERS

TO: ABC North American Deep-Value Fund (the “**Fund**”)
AND TO: I.A. Michael Investment Counsel Ltd. (the “**Manager**”)
AND TO: The Royal Trust Company, as trustee of the Fund (the “**Trustee**”)
RE: Subscription for Units of the Fund as described in the Fund’s offering memorandum dated September 30, 2005 (the “**Offering Memorandum**”)

In connection with the purchase by the undersigned purchaser (the “**Subscriber**”) of units (the “**Units**”) of the Fund, the Subscriber or the undersigned on behalf of the Subscriber, as the case may be, further represents, warrants and covenants to and with the Fund, the Manager and the Trustee that the Subscriber is a resident of, or otherwise subject to, the securities legislation of a jurisdiction other than Canada or the United States of America, and:

- (a) the Subscriber is:
 - (i) a purchaser that is recognized by the securities regulatory authority in the jurisdiction in which the Subscriber is resident or otherwise subject to the securities laws of such jurisdiction, as an exempt purchaser and is purchasing Units as principal for its own account, and not for the benefit of any other person, for investment only and not with a view to resale or distribution; or
 - (ii) a purchaser which is purchasing Units pursuant to an exemption from any prospectus or securities registration requirements (particulars of which are enclosed herewith) available to the Fund and the Subscriber under applicable securities laws of its jurisdiction of residence or to which the Subscriber is otherwise subject, and the Subscriber shall deliver to the Fund such further particulars of the exemption and the Subscriber’s qualification thereunder as the Fund, the Manager or the Trustee may reasonably request; and
- (b) the purchase of Units by the Subscriber does not contravene any of the applicable securities laws in such jurisdiction and does not trigger: (i) any obligation to prepare and file a prospectus, an offering memorandum or similar document, or any other ongoing reporting requirements with respect to such purchase or otherwise; or (ii) any registration or other obligation on the part of the Fund.

The Subscriber acknowledges that the Manager and the Trustee are relying on the foregoing representations, warranties and covenants in determining whether the Units hereby subscribed for can be issued to the Subscriber. Dated at _____ in the Country of _____, this ____ day of _____, 200__.

If Purchaser is an Individual,

Name of Witness (Print)

Name of Subscriber (Print)

Signature of Witness

Signature of Subscriber or Authorized Representative

If Purchaser is a Corporation,

Name of Authorized Representative

Title of Authorized Representative

ABC FUNDS

I.A. MICHAEL INVESTMENT COUNSEL LTD.

Securities legislation requires us to obtain/provide the following information on a regular basis. This information is kept strictly confidential.

CLIENT INFORMATION

PERSONAL ACCOUNT

First Name: _____

Middle Name: _____

Last Name: _____

SIN: ___-___-___ Citizenship: _____

Date of Birth: MM/DD/YYYY

Occupation: _____

Copy of Government issued photo ID attached

CORPORATE ACCOUNT

Corporate Name: _____

Corporate Tax No: _____

Authorized Representative: _____

Articles of Incorporation Attached

Address: _____

City: _____ Province/State: _____

Country: _____ Postal/Zip Code: _____

Telephone: _____ Email: _____

What is your risk tolerance? _____

What is your investment horizon? _____

What are your investment goals? _____

What are your liquidity needs? _____

Approximate gross annual income: < \$150K \$150K - \$250K >250K

Current asset allocation: ___% Stocks ___% Money Markets ___% Fixed Income ___% Other

Approximate personal net worth: \$ _____

Do you have a Power of Attorney? No Yes If yes, complete Power of Attorney Form

Do you require someone other than yourself to have Access to Information and Trading Authority on your accounts? (Spouse, Accountant, etc.)? No Yes If yes, complete Information Authorization Form

PRODUCT INFORMATION

Check the boxes below to confirm that you have read the Offering Memorandum and understand the fund(s) you are purchasing.

OPEN-END FUNDS

ABC FULLY MANAGED FUND
ABC FUNDAMENTAL VALUE FUND
ABC AMERICAN VALUE FUND

- Focus is on all-cap value style approach.
- Equity and income securities.
- At times, funds are fully invested.
- Funds trade on the last trading day of each month.
- Official prices are updated monthly. End of month valuations only.

CLOSED-END FUNDS

ABC NORTH AMERICAN DEEP VALUE FUND
ABC DIRT CHEAP STOCK FUND

- More aggressive style than open-ended funds. All cap approach focusing on small capitalization shares.
- Limited liquidity.
- Funds trade on **availability** on an internal exchange at ABC Funds. I.A. Michael Investment Counsel Ltd. bears no responsibility with regard to liquidity.
- Funds trade on the last trading day of each month.

CLIENT SIGNATURE: _____

Date: MM/DD/YYYY

NOTE: You will be advised if your subscription is approved within 2 business days following receipt by the Manager of such subscription. See Offering Memorandum "Purchase of Units".

Account Approved by: _____

Date: MM/DD/YYYY