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## ABC Dirt-Cheap Stock Fund

### A New Closed-End Fund

It has always been my ambition to build a first class, well-rounded and disciplined investment management company investing in deep-value, dirt-cheap common stocks.

We established the first two ABC Funds, Fully-Managed in 1988 and Fundamental-Value in 1989, to concentrate on Canadian market securities. In 1996, recognizing the increasing thinness of the Canadian equity market and the likelihood of a bump-up of the then 10% foreign content restriction we established the ABC American-Value Fund. Not unexpectedly, we came under client criticism that we were spreading ourselves too thin in trying to cover a virtual boundless U.S. market and would be diluting our investment efforts from our two Canadian funds. Fortunately, this was not the case and our American-Value Fund has not only consistently ranked in the first quartile of investment performance but also it has presented numerous investment opportunities for our two Canadian funds.

In November 2004 we established our closed-end ABC North American Deep-Value Fund. This fund, due to its closed-end structure and concentration on less liquid and extraordinarily deep-valued companies offered excellent investment opportunities in securities which we deemed inappropriate for our three open-ended funds. Once more, we came under considerable client criticism. However, we believed, again, that this new fund would provide many symbiotic investment opportunities for our other funds. And it has.

Today, I would like to announce a new ABC Funds initiative, ABC Dirt-Cheap Stock Fund.

ABC Dirt-Cheap Stock Fund will be a common share fund and it will "go anywhere in the world." This closed-end equity fund will invest without any country restrictions; this is particularly relevant since the Government of Canada completely lifted the 30% foreign content restrictions for RSPs, pensions etc. in early 2005. This will make the fund entirely eligible for RSPs and pensions. Given the fund's unlimited investment flexibility, we plan to invest in a number of areas including: Canadian and American stocks; international common shares; closed-end foreign country funds; US-listed foreign ADS/ADRs; non-North American initial public offerings; foreign and quasi-foreign Canadian market-listed equities; etc. Moreover,

with the incredible mushrooming growth of the Chinese and Indian economies, we expect that these two countries will provide numerous investment opportunities over the next 5-10 years. ABC Dirt-Cheap Stock Fund will use the same deep-value principles which we have successfully employed since the establishment of our first ABC Fund 18 years ago and will become our international investment prober, our "window on the world."

It is noteworthy that through our investment screening process, we regularly uncover a number of extremely undervalued non-North American common stocks. However, due to our present investment mandate we have routinely passed over them. In consequence, much like the start of our ABC North American Deep-Value Fund 15 months ago, we regard this new undertaking as quite exciting and believe that it will add a new enriched dimension to our present analytical process.

Common to our four existing ABC Funds, Royal Trust will act as trustee/custodian and PriceWaterhouseCoopers will perform the fund's annual audit. Similar to our ABC North American Deep-Value Fund, it is expected that liquidity will be principally provided through a "virtual exchange" whereby I.A. Michael Investment Counsel Ltd. will set up a book of interested buyers and sellers. At the end of each month, on a best efforts basis, we will match up these buyers and sellers at net asset value. In addition, this new fund will offer unitholders further liquidity through limited annual redemption rights at net asset value.

In all honesty, the new ABC Dirt-Cheap Stock Fund is not for everyone. The fund will have a \$150,000 minimum and will have a longer term investment horizon compared to our three open-ended funds. The management fee of 1%, while lower than our open-ended funds, will also include a performance fee of 20% on any returns above 10% (the same as the ABC North American Deep-Value Fund). The fund will commence April 1, 2006 and will be offered at \$10 per unit.

Finally, as a measure of my deep personal and professional commitment to the ABC Dirt-Cheap Stock Fund I will, once again, be the first investor. I will commit \$2.5 million at the same \$10 initial start-up price alongside our clients.