

BLOCKING OUT THE DISTRACTING NOISE

*I've trained all my life
Not to be distracted by distractions.*

Nik Wallenda

The first half of 2017 has confronted investors with many economic, political and investment distractions. For instance, the Trump administration's recurring missteps and the President's incessant tweeting, the recent British election and the uncertain Brexit terms, the Syrian civil war and the accompanying refugee crisis, the James Comey testimony and a flattening U.S. yield curve are but a few of the many global investment distractions.

More importantly, these diversions have clouded the reality and positive effects of improving corporate earnings, steady North American economic growth, subdued inflation and historically low interest rates. Investors who were enervated by these well-publicized distractions and retreated to the money market sidelines missed out on a significant and unexpected run of common stock appreciation. In fact, despite the innumerable confusing market distractions and the resulting investor apprehension, the American equity market has been remarkably resilient and has trended to new record highs this year.

Looking back at the start of 2017 there was extraordinary investor confusion and growing fears of an impending market meltdown. Investors who blocked out the distracting noise and focused on purchasing solid, dividend-paying and well-positioned companies were able to outperform low-yielding fixed income securities and the major equity indices.

Top quartile performance for the first six months of 2017 was largely attained by investment managers repositioning their portfolios toward liquid, large capitalization equities in technology, health care, and select industrials, fintechs and consumer discretionary companies. A diversified mix of these securities with their year-to-date capital appreciation and relative market outperformance highlights this successful strategy:

Alphabet	+17.3%	Home Depot	+14.4%
Amazon	+29.1%	Honeywell	+15.1%
Apple	+24.3%	MasterCard	+17.6%
Boeing	+27.0%	Netflix	+20.6%
Boston Scientific	+28.1%	NVIDIA	+35.4%
Electronic Arts	+34.2%	Visa	+20.2%

In preparation for the second half of 2017, while we expect the positive trends of the first six months to carry on, we anticipate periodic irrational market sell-offs and increased price volatility. Nonetheless, we believe that well-diversified portfolios of liquid, dividend-paying companies combining fair value and growth potential should continue to provide solid investment returns.





Economic

Perspectives

ECONOMIC GROWTH: STEADY

Despite the overhanging investor worries of a flattening yield curve leading toward economic recession, an overpriced stock market, and U.S. government gridlock over health care and tax reform, the North American economies appear to be on a solid and steady growth path.

This steady growth is best exemplified by falling unemployment, improving corporate earnings and strengthening European industrial production.

Furthermore, rising global common stock prices, a positive leading economic indicator, versus the ongoing concerns about rising interest rates and potential global central bank monetary actions continue to confuse many investors.

Notwithstanding these issues, we believe that the global economies remain on a slow but steady growth trajectory which we sense should carry on for the next 6-12 months.

Investment

Perspectives

THE FUNDAMENTALS: STILL LOOKING GOOD

Although a number of respected analysts have called for a significant market decline to correct, in their view, over-extended share prices, the U.S. stock market continues to climb the proverbial “wall of worry”.

While the naysayers contend that a 20+ times price earnings ratio is excessive in today’s investment environment, we believe that the fundamentals still look good. For instance, with subdued interest rates, steady but not spectacular economic growth, respectable corporate earnings, low inflation and an accommodating U.S. monetary policy we maintain that the bull market is still intact.

Moreover, common share dividend yields of 3%-5% with potential increases are, in many cases, two to three times greater than money market rates and mid-term bond yields of the same companies. Equity market corrections will likely occur from time to time, however, we expect the rising share price trend to continue to at least the end of this year.

Portfolio

Perspectives

WELL-DIVERSIFIED: WELL-POSITIONED

Over the past 18 months we have repositioned our ABC portfolios toward a well-diversified mix of dividend-paying North American companies. While U.S. securities comprise at least 60% of our holdings, we have fully neutralized our American dollar risk exposure by putting in place a 100% currency hedge with a major Canadian bank.

This tactic enabled our portfolios to benefit from the first half 2017 American stock market outperformance compared to a flat Canadian market return. Although this investment policy has worked well so far we expect to opportunistically add new undervalued Canadian securities over time.



FULLY MANAGED FUND

INVEST YOUR MONEY
WHERE WE INVEST OURS

STATEMENT OF INVESTMENT PORTFOLIO

JUNE 30, 2017

CASH -- 3.78%

Cash - CAD	3.20%
Cash - USD	0.58%

CONSUMER DISCRETIONARY -- 10.57%

Brunswick Corp. US	2.41%
Nike Inc. US	2.14%
Six Flags Entertainment Corp. US	2.00%
Starbucks Corp. US	1.22%
The Home Depot Inc. US	2.80%

HEALTH CARE -- 10.45%

Aetna Inc. US	2.92%
Amgen Inc. US	1.86%
Becton, Dickinson and Co. US	3.00%
Johnson & Johnson US	2.67%

UTILITY -- 11.57%

Algonquin Power & Utilities Corp.	3.12%
AltaGas Ltd., subscription receipts	2.34%
Brookfield Renewable Partners L.P.	1.12%
Fortis Inc.	2.81%
Hydro One Ltd.	2.18%

CONSUMER STAPLES -- 11.12%

CVS Health Corp. US	1.89%
Loblaw Companies Ltd.	3.30%
Metro Inc.	1.66%
PepsiCo Inc. US	1.85%
The Kraft Heinz Co. US	2.42%

MATERIALS -- 1.88%

Franco-Nevada Corp.	1.03%
Wheaton Precious Metals	0.85%

FINANCIAL SERVICES -- 20.17%

Bank of America Corp. US	2.51%
Canadian Imperial Bank of Commerce	1.98%
East West Bancorp Inc. US	2.90%
MasterCard Inc., Class A US	3.10%
Prudential Financial Inc. US	2.44%
Royal Bank of Canada	1.33%
The Bank of Nova Scotia	1.10%
Visa Inc., Class A US	2.90%
Wells Fargo & Co. US	1.91%

REAL ESTATE -- 1.94%

Brookfield Property Partners L.P.	1.94%
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ENERGY -- 8.26%

Inter Pipeline Ltd.	1.84%
Keyera Corp.	1.65%
Suncor Energy Inc.	2.20%
TransCanada Corp.	2.57%

TECHNOLOGY -- 11.13%

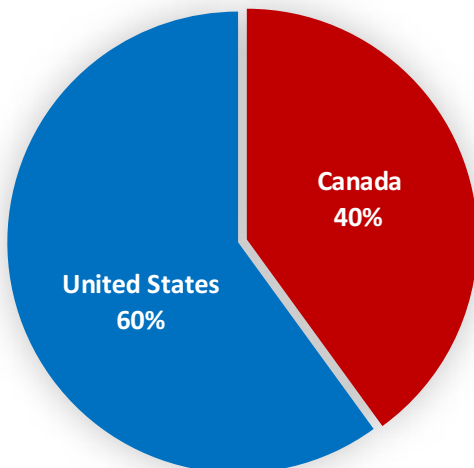
Apple Inc. US	2.92%
Broadcom Ltd. US	2.85%
Microsoft Corp. US	2.83%
NVIDIA Corp. US	2.53%

INDUSTRIAL PRODUCTS -- 9.13%

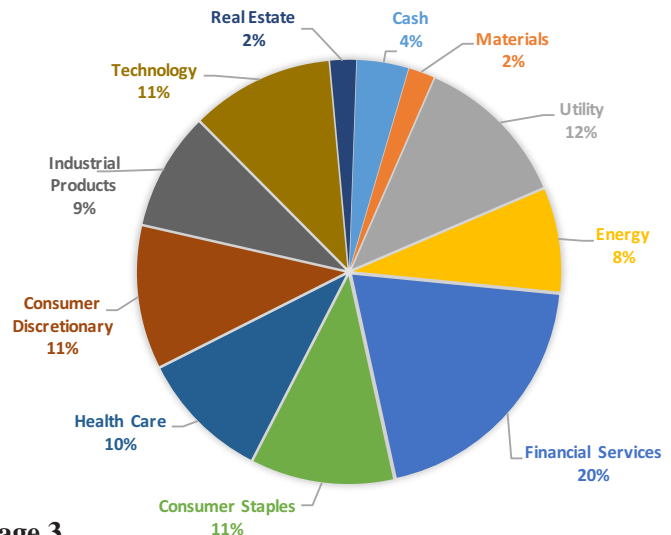
CCL Industries Inc., Class B	3.92%
General Electric Co. US	1.10%
Honeywell International Inc. US	2.32%
Waste Management Inc. US	1.79%

Exchange rate used is 1.2987

Geographic Allocation



Sector Allocation





FUNDAMENTAL VALUE FUND

INVEST YOUR MONEY
WHERE WE INVEST OURS

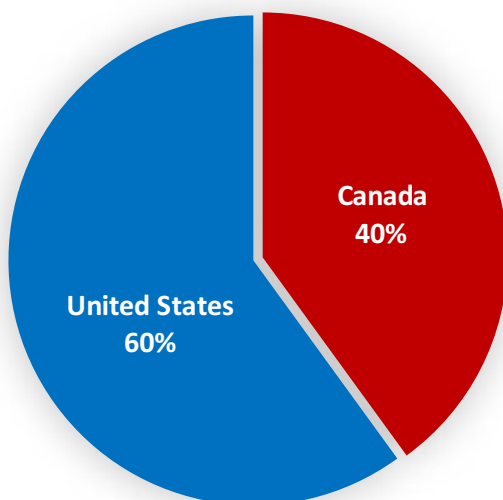
STATEMENT OF INVESTMENT PORTFOLIO

JUNE 30, 2017

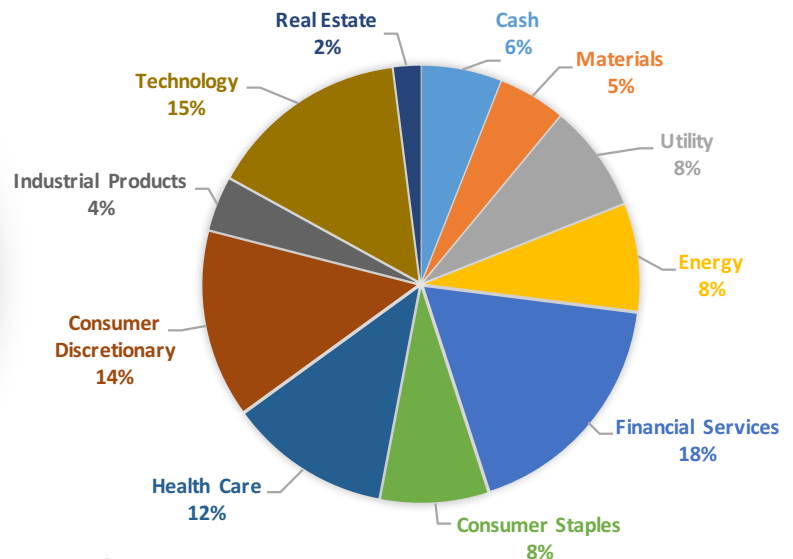
CASH -- 5.78%		INDUSTRIAL PRODUCTS -- 4.10%	
Cash - CAD	4.15%	CCL Industries Inc., Class B	2.85%
Cash - USD	1.63%	Honeywell International Inc. US	1.25%
HEALTH CARE -- 12.01%		CONSUMER DISCRETIONARY -- 14.13%	
Aetna Inc. US	2.68%	Amazon.com Inc. US	3.25%
Amgen Inc. US	1.70%	Electronic Arts Inc. US	1.85%
Becton, Dickinson and Co. US	2.94%	Netflix Inc. US	1.54%
Boston Scientific Corp. US	2.40%	Nike Inc. US	2.96%
Celgene Corp. US	1.01%	Stingray Digital Group Inc.	1.70%
Regeneron Pharmaceuticals Inc. US	1.28%	The Home Depot Inc. US	2.83%
CONSUMER STAPLES -- 8.50%		ENERGY -- 8.28%	
CVS Health Corp. US	2.05%	Enbridge Inc.	2.20%
Loblaw Companies Ltd.	3.15%	Inter Pipeline Ltd.	1.30%
The Coca-Cola Co. US	1.45%	Suncor Energy Inc.	2.35%
The Kraft Heinz Co. US	1.85%	TransCanada Corp.	2.43%
FINANCIAL SERVICES -- 18.40%		MATERIALS -- 4.76%	
Bank of America Corp. US	2.36%	Barrick Gold Corp.	1.30%
Bank of Montreal	1.08%	Franco-Nevada Corp.	1.30%
Canadian Imperial Bank of Commerce	1.75%	Polaris Materials Corp.	1.09%
East West Bancorp Inc. US	3.18%	Wheaton Precious Metals	1.07%
MasterCard Inc., Class A US	3.29%	REAL ESTATE -- 1.81%	
Morgan Stanley US	2.17%	Brookfield Property Partners L.P.	1.81%
Royal Bank of Canada	1.57%	TECHNOLOGY -- 14.65%	
The Bank of Nova Scotia	1.08%	Alphabet Inc., Class A US	2.64%
Visa Inc., Class A US	1.92%	Apple Inc. US	3.05%
UTILITY -- 7.58%		Facebook Inc. US	1.72%
AltaGas Ltd., subscription receipts	2.56%	Microsoft Corp. US	2.85%
Brookfield Renewable Partners L.P.	1.26%	Salesforce.com Inc. US	1.70%
Emera Inc.	1.70%	Skyworks Solutions Inc. US	2.69%
Hydro One Ltd.	2.06%		

Exchange rate used is 1.2987

Geographic Allocation



Sector Allocation





AMERICAN VALUE FUND

INVEST YOUR MONEY
WHERE WE INVEST OURS

STATEMENT OF INVESTMENT PORTFOLIO JUNE 30, 2017

CASH -- 8.59%

Cash - CAD 3.40%
Cash - USD 5.19%

CONSUMER STAPLES -- 6.69%

Costco Wholesale Corp. **US** 1.10%
CVS Health Corp. **US** 1.45%
PepsiCo Inc. **US** 2.22%
The Kraft Heinz Co. **US** 1.92%

INDUSTRIAL PRODUCTS -- 7.42%

General Electric Co. **US** 1.94%
Honeywell International Inc. **US** 2.08%
The Boeing Co. **US** 3.40%

CONSUMER DISCRETIONARY -- 16.37%

Amazon.com Inc. **US** 3.32%
Electronic Arts Inc. **US** 2.34%
Netflix Inc. **US** 1.45%
Nike Inc. **US** 2.98%
Six Flags Entertainment Corp. **US** 2.08%
Starbucks Corp. **US** 1.25%
The Home Depot Inc. **US** 2.95%

ENERGY -- 5.79%

Enbridge Inc. 1.98%
Suncor Energy Inc. 1.94%
TransCanada Corp. 1.87%

REAL ESTATE -- 1.77%

Brookfield Property Partners L.P. 1.77%

HEALTH CARE -- 7.93%

Allergan plc **US** 1.13%
Anthem Inc. **US** 2.70%
Boston Scientific Corp. **US** 2.19%
Regeneron Pharmaceuticals Inc. **US** 1.91%

MATERIALS -- 2.18%

Barrick Gold Corp. 0.95%
Franco-Nevada Corp. 1.23%

UTILITY -- 6.80%

Algonquin Power & Utilities Corp. 2.57%
AltaGas Ltd., subscription receipts 2.38%
Emera Inc. 1.85%

FINANCIAL SERVICES -- 19.24%

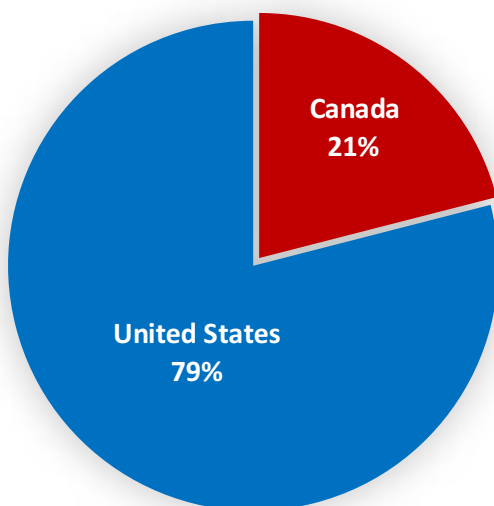
First Republic Bank **US** 3.07%
Goldman Sachs Group **US** 1.20%
MasterCard Inc., Class A **US** 3.16%
Prudential Financial Inc. **US** 2.65%
SVB Financial Group **US** 2.68%
The Toronto-Dominion Bank 1.28%
Visa Inc., Class A **US** 3.24%
Wells Fargo & Co. **US** 1.96%

TECHNOLOGY -- 17.22%

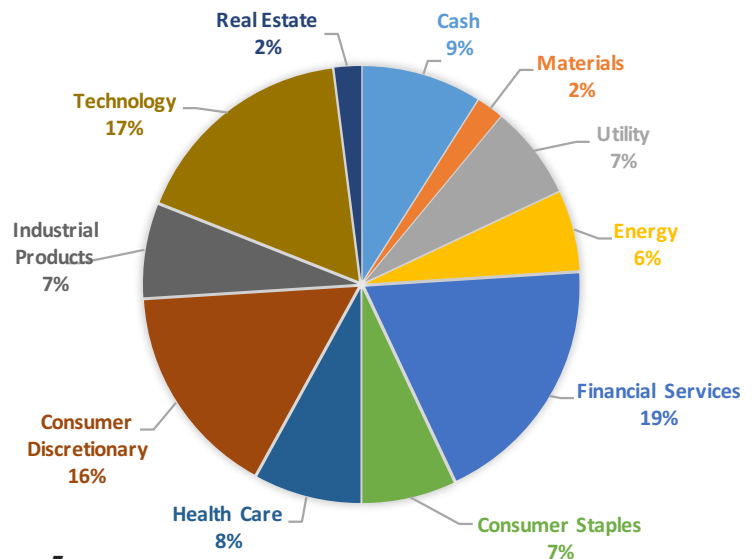
Alphabet Inc., Class A **US** 2.80%
Apple Inc. **US** 3.37%
Broadcom Ltd. **US** 2.91%
Facebook Inc. **US** 1.75%
Microsoft Corp. **US** 2.74%
NVIDIA Corp. **US** 2.44%
Salesforce.com Inc. **US** 1.21%

Exchange rate used is 1.2987

Geographic Allocation



Sector Allocation





NORTH AMERICAN EQUITY FUND

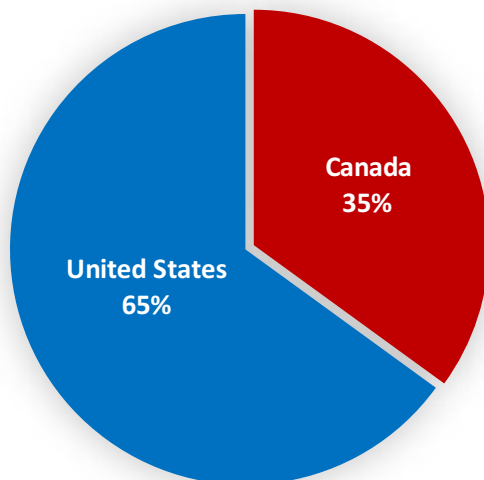
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STATEMENT OF INVESTMENT PORTFOLIO

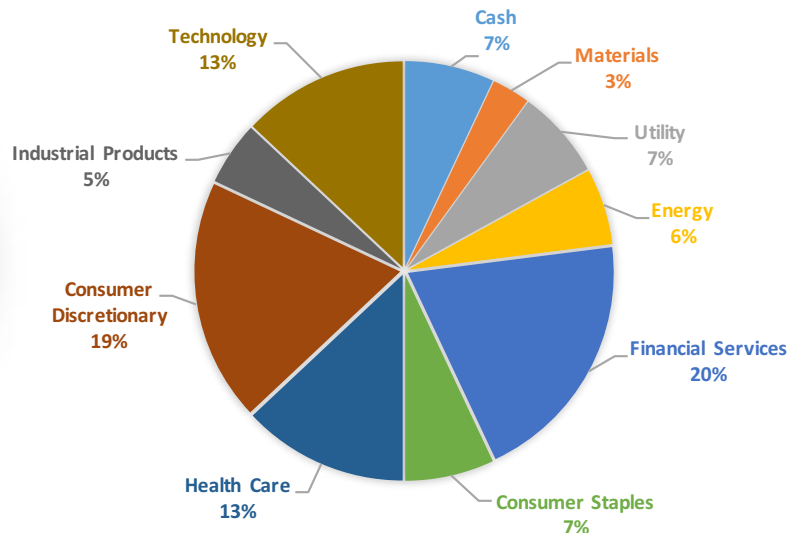
JUNE 30, 2017

CASH -- 7.24%		CONSUMER DISCRETIONARY -- 18.86%	
Cash - CAD	4.90%	Amazon.com Inc. US	3.62%
Cash - USD	2.34%	Brunswick Corp. US	2.70%
		Dave & Buster's Entertainment Inc. US	2.01%
CONSUMER STAPLES -- 7.28%		Electronic Arts Inc. US	2.96%
CVS Health Corp. US	1.12%	Netflix Inc. US	1.28%
Loblaw Companies Ltd.	2.99%	Nike Inc. US	1.89%
Mondelez International Inc. US	1.79%	Stingray Digital Group Inc.	2.03%
The Coca-Cola Co. US	1.38%	The Home Depot Inc. US	2.37%
FINANCIAL SERVICES -- 19.81%		TECHNOLOGY -- 13.15%	
Bank of Montreal	2.31%	Alphabet Inc., Class A US	2.11%
BB&T Corp. US	1.82%	Apple Inc. US	3.34%
Canadian Imperial Bank of Commerce	1.04%	Facebook Inc. US	3.22%
MasterCard Inc., Class A US	2.56%	Salesforce.com Inc. US	1.73%
Morgan Stanley US	2.38%	Skyworks Solutions Inc. US	2.75%
SVB Financial Group US	2.34%	UTILITY -- 6.61%	
The Bank of Nova Scotia	1.21%	Algonquin Power & Utilities Corp.	2.83%
The Toronto-Dominion Bank	2.77%	AltaGas Ltd., subscription receipts	2.17%
Visa Inc., Class A US	3.38%	Emera Inc.	1.61%
HEALTH CARE -- 13.46%		MATERIALS -- 2.70%	
Anthem Inc. US	3.61%	Goldcorp Inc.	1.44%
Becton, Dickinson and Co. US	3.12%	Wheaton Precious Metals	1.26%
Boston Scientific Corp. US	3.70%	INDUSTRIAL PRODUCTS -- 5.24%	
Celgene Corp. US	3.03%	CCL Industries Inc., Class B	3.27%
ENERGY -- 5.65%		Raytheon Co. US	1.97%
Inter Pipeline Ltd.	1.58%	Exchange rate used is 1.2987	
Suncor Energy Inc.	1.96%		
TransCanada Corp.	2.11%		

Geographic Allocation



Sector Allocation





GLOBAL EQUITY FUND

INVEST YOUR MONEY
WHERE WE INVEST OURS

STATEMENT OF INVESTMENT PORTFOLIO

JUNE 30, 2017

CASH -- 5.85%

Cash - CAD	5.05%
Cash - USD	0.80%

UTILITY -- 7.31%

Algonquin Power & Utilities Corp.	2.86%
AltaGas Ltd., subscription receipts	2.12%
Fortis Inc.	2.33%

TECHNOLOGY -- 18.05%

Adobe Systems Inc. US	3.75%
Alphabet Inc., Class A US	1.96%
Apple Inc. US	3.06%
Broadcom Ltd. US	2.80%
Facebook Inc. US	1.59%
Salesforce.com Inc. US	1.37%
SAP SE ADR US	2.05%
Tencent Holdings Ltd. ADR US	1.47%

HEALTH CARE -- 13.16%

Aetna Inc. US	2.60%
Amgen Inc. US	1.81%
Becton, Dickinson and Co. US	2.73%
Boston Scientific Corp. US	2.92%
Celgene Corp. US	1.23%
Regeneron Pharmaceuticals Inc. US	1.87%

REAL ESTATE -- 1.80%

Brookfield Property Partners L.P.	1.80%
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ENERGY -- 6.38%

Keyera Corp.	2.05%
Suncor Energy Inc.	2.00%
TransCanada Corp.	2.33%

CONSUMER DISCRETIONARY -- 13.99%

Alibaba Group Holding Ltd. ADR US	1.49%
Amazon.com Inc. US	2.59%
Dave & Buster's Entertainment Inc. US	1.87%
Electronic Arts Inc. US	1.56%
Netflix Inc. US	1.42%
Nike Inc. US	0.93%
Six Flags Entertainment Corp. US	2.39%
The Home Depot Inc. US	1.74%

CONSUMER STAPLES -- 6.02%

CVS Health Corp. US	1.03%
Loblaws Companies Ltd.	2.48%
The Coca-Cola Co. US	1.27%
Walgreens Boots Alliance Inc. US	1.24%

FINANCIAL SERVICES -- 17.29%

Bank of America Corp. US	2.40%
Bank of Montreal	2.21%
East West Bancorp Inc. US	2.77%
First Republic Bank US	2.11%
MasterCard Inc., Class A US	3.11%
Royal Bank of Canada	2.19%
The Bank of Nova Scotia	1.00%
Visa Inc., Class A US	1.50%

INDUSTRIAL PRODUCTS -- 7.45%

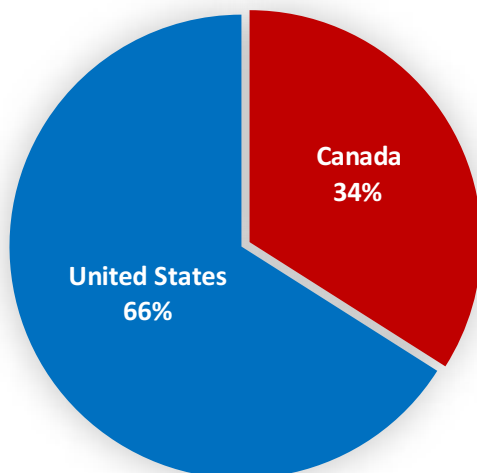
CCL Industries Inc., Class B	2.56%
Siemens AG, ADR US	1.98%
The Boeing Co. US	2.91%

MATERIALS -- 2.70%

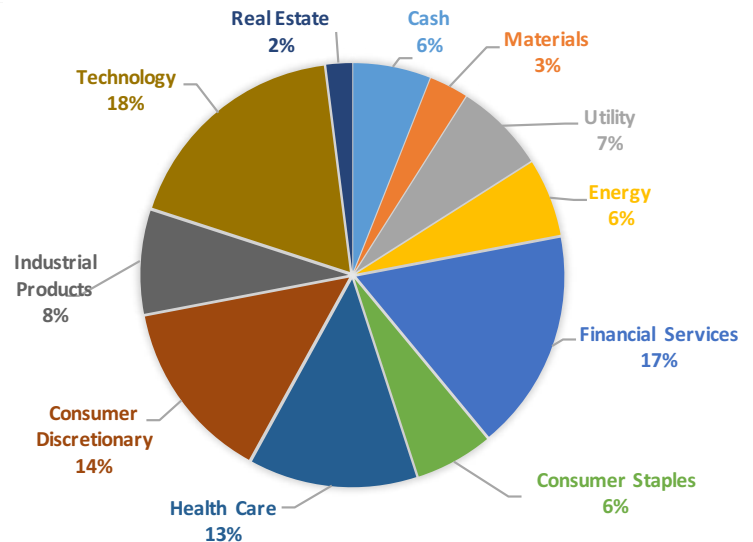
Barrick Gold Corp.	1.06%
Wheaton Precious Metals	1.64%

Exchange rate used is 1.2987

Geographic Allocation



Sector Allocation





ABC Funds™

INVEST YOUR MONEY
WHERE WE INVEST OURS

FOUR FAVOURED ABC COMMON STOCK HOLDINGS

Becton Dickinson Inc. & Boston Scientific Corp.: We believe medical technology companies offer excellent long-term investment opportunities. Two of our favoured core holdings include Becton Dickinson and Boston Scientific. Both companies distribute vital healthcare supplies and equipment which are indispensable for hospitals, doctors and clinics. Furthermore, as the population continues to age, medical spending is projected to surge, providing a significant revenue tailwind for the health care sector. Becton Dickinson and Boston Scientific continue to innovate through active research and new product development and are expanding through geographical diversification, largely focusing on emerging markets.

Brunswick Corp.: is a global leader in the manufacture of recreational consumer products. The company designs and distributes fishing boats, pleasure craft vehicles, treadmills, stationary bicycles, strength training equipment, table tennis, air hockey, billiards and marine engines and accessories. Selling to both the commercial and consumer markets, the company is experiencing significant revenue and earnings growth. Looking ahead, with its strong free cash flow and solid balance sheet, Brunswick Corp. is well positioned for extended growth, particularly from increased consumer spending, rising business and personal confidence, and a continued trend toward healthy active living.

Brookfield Property Partners L.P.: is a global owner and operator of commercial properties in North America, the United Kingdom, Europe, and Australia. The company holds prominent office properties in premier cities such as New York, London, Toronto, Los Angeles, and Berlin, as well as a portfolio of retail holdings across the United States. We believe that BPY-U operates a strong real estate portfolio with an excellent recycling strategy of capital redeployment. Currently yielding 5.25%, which should increase considerably over time, we believe that BPY-U represents both an excellent, undervalued real estate value play and attractive geographic diversification.

Administrative Information

- There are units of the ABC North American Equity Fund & ABC Global Equity Fund available for purchase. Contact our office for more information.
- Purchase requests must reach our office by the last business day of the month and redemption requests (for our open funds) must reach our office no later than ten business days before the last business day of the month.
- Clients that are invested in our closed-end funds are able to redeem their reinvested distribution units on a monthly basis. Also, you can participate in the annual 10% redemption right if you provide the completed form by November 30 for a December 29 transaction date. If you need assistance with either of these options, please do not hesitate to contact our office.
- All cheques are to be made payable to RBC Investor Services.
- All client requests are to be directed to ABC Funds.
- We continue to request that clients assist in updating their "Know Your Client" forms. This information is a regulatory requirement to assess the suitability of our various ABC Funds to individual client's needs.
- RBCITS is the custodian of the ABC Funds and is responsible for providing account statements to all our clients. We ask that you retain these statements for your records as there may be additional costs for retrieving historical data.
- Please contact our office to inform us of any changes in mailing or email addresses. If we do not have your current contact information, you may not receive the information we are sending out.

This newsletter is published by I.A. Michael Investment Counsel Ltd. and the ABC Funds

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