

THE COMPANY

La Senza was once known as Suzy Shier, a specialty retailer of moderately priced women's apparel. But over time, as the La Senza banner became globally recognized, the majority of the company's sales and profits were generated from this group. Hence the La Senza name became more apropos as the lingerie and sleepwear division became the forefront of the company.

Headquartered in Montreal, the Company's lingerie division is comprised of 191 La Senza and Silk & Satin stores. The La Senza brand is sold across Canada and has recently undergone an international licensing program in order to obtain a global presence. But La Senza has not abandoned its place in the women's retail segment, with 237 Suzy Shier, L.A. Express and anne.x stores across Canada. La Senza's newest retail concept is La Senza Girl, which caters to girls between the ages of 7-14. Its 27 stores have proven to be successful and further expansion is underway. La Senza also holds 16% of the multiple voting shares of the U.S. women's wear retailer, Wet Seal.

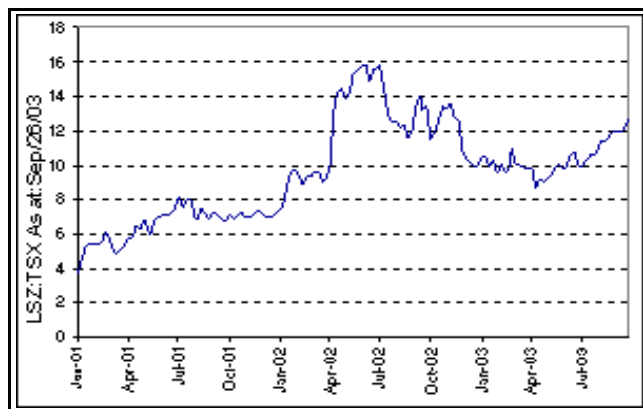
FINANCIAL DATA

	2002	2003	2004e
Earnings per Share (\$)	2.19*	1.18**	1.30
Price to Earnings (times)	4.3	8.1	7.3
Dividend (\$)	0.06	0.04	0.04
Dividend Yield (%)	0.63	0.42	0.42
Book Value (\$)	11.37	11.00	12.26
Price to Book (times)	0.84	0.86	0.77

* Restated earnings per share from continuing operations

**Earnings per share from continuing operations

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT LA SENZA

La Senza has molded itself into a dynamic retailing success story. Irv Teitlebaum, CEO of La Senza has ingeniously turned La Senza into a globally recognized brand. While Suzy Shier's presence in the retailing industry is still prevalent, La Senza's sales have enjoyed an increasingly significant contribution from the ever-popular lingerie division. La Senza as a whole, continues to move forward with its strategy; introducing additional new initiatives which further enhance the growth prospects of the company. Anne.x, which touts the concept of "better women's apparel" has opened approximately 18 to 19 stores nationally. Although this banner is still in its early stages of development we believe that it will complement La Senza's current product mix. Furthermore, La Senza has implemented the new concept of La Senza Girl in an attempt to penetrate the "tween-age" girls market. As La Senza has added additional locations under this banner its popularity has grown and is on its way to becoming another success story for the Company.

La Senza's new corporate image is not the only thing that attracts us to the stock. We believe that La Senza is a fundamentally opportunistic value play. At its current price of \$7.10, La Senza trades at a 72% of its \$9.82 book value and enjoys a small dividend of \$0.08 per year. The balance sheet is in excellent condition with a small amount of debt and \$2.15 per share of cash and marketable securities. Not only does La Senza trade significantly below book value but it also trades at a discount to its net asset value. A simple dissection of La Senza's balance sheet proves that its stock should be trading at higher levels. La Senza's investment in Wet Seal is worth about \$5.80 per share. Adding that to \$2.15 in cash and marketable securities, it comes to a combined value of \$7.95 per share. Evidently, La Senza's share price, at \$7.10, still trades lower than the value of those two assets combined and we have yet to take into account the significant value of its operations.

In light of the potential for La Senza's share price appreciation, there is but one negative and that is liquidity. There are about 13.1 million shares outstanding with subdued trading. The Company has a share buyback in place which may make it difficult to purchase the stock. In consequence, some potential investors may become impatient and overlook the security.

Nonetheless, we feel that La Senza is a typical ABC stock. Although La Senza is a fundamentally undervalued opportunity with significant growth potential, economic weakness may be somewhat of a hindrance. While consumer confidence has held up relatively well, it is possible that the next two quarters could show some softness on a comparable basis in the retailing industry. Although La Senza is susceptible to this, we feel that its lingerie and sleepwear products will cushion a slowdown in sales throughout the Christmas selling season. In the long term, we expect La Senza's share price to appreciate as it further develops its current strategy and continues to show earnings improvement.

UPDATES

Despite the current environment, La Senza demonstrated its ability to withstand tough economic conditions with its third quarter results. Impressively, sales for the quarter rose 5.7% with comparable store sales up 4.6%. Its winning lingerie division was the primary driver for La Senza's excellent sales growth.

La Senza's bottom line also displayed significant strength in the quarter. The company reported earnings per share before restructuring costs of \$0.25 versus \$0.15 a year ago. Although, a one-time charge of \$0.44 was taken in the quarter to convert approximately 28 mature Suzy Shier stores into La Senza Girl locations. There are now 49 La Senza Girl stores versus 27 in the year prior. While there may still be more restructuring in the fourth quarter, we feel that La Senza will continue to show stable or improving results.

La Senza's fundamentals remained solid in the quarter. The company managed to retain a cash position of \$2.02 per share, book value increased to \$9.57, long term debt was reduced to \$25.5 million from \$35.6 million and 214,000 shares were bought back at an average cost of \$5.93 under its share buyback program. In addition, La Senza opportunistically sold all of its voting shares of Wet Seal but at the end of the third quarter still owned 2.4 million Wet Seal multiple voting shares. This holding represents a value of \$6.15 per La Senza share. With La Senza at \$7.58 it is obvious the market is not recognizing the full value of all its assets.

Accordingly, we expect that La Senza's share price will perform better once economic recovery is underway and once people see the contribution from its newer divisions, La Senza Girl and anne.x.

ABC Funds
January 11, 2002

La Senza appears to have found its niche in the specialty retail sector. The Company earned \$1.52 per share in fiscal 2001 compared to \$1.00 in 2000, after adjusting for unusual items. This trend of year over year earnings growth has continued into the first quarter of fiscal 2002, despite a weak environment for apparel sales. With less sensitivity to the unfavourable weather conditions, La Senza reported better results than many other specialty retailers. In fact, the Company managed to break even in the first quarter after losing \$0.05 the previous year, as comparable stores sales increased 4.2%. Inventory management, cost control and the Company's "re-branding" have certainly proved to be worthwhile initiatives.

La Senza has also continued to implement its strategy for international expansion. Along with the first quarter press release, the Company announced that a licensing agreement had been granted to a prominent Chinese company for the operation of "La Senza" and "La Senza Girl" banners in China and Hong Kong. This arrangement is similar to those already in place in the Middle East and the United Kingdom and opens a new and potentially very profitable market in Asia. We expect that La Senza will continue to experience good momentum as management's various initiatives flow through to the bottom line.

ABC Funds
June 28, 2002

Unlike many companies, La Senza has demonstrated positive year-over-year earnings growth in the first half of fiscal 2002. For the first quarter of the year, the Company managed to break even compared to a net loss of \$0.02 per share for the first quarter of 2001. In the second quarter, earnings totaled \$2.4 million or \$0.19 per share compared to \$1.6 million or \$0.12 per share, an increase of 52%. The Company's performance in the most recent quarter was even more impressive considering that the second quarter of 2001 included a gain of \$1.4 million on the sale of shares of a significantly influenced company. Excluding this non-recurring gain, earnings per share grew to \$0.19 from \$0.01, on a year-over-year basis.

The solid financial results were attributed to sales growth of 8.0%, as revenue reached \$181.6 million in the first half of 2002. Management also pointed to the "reallocation of retail stores to better-performing divisions", which improved sales and profitability at both the La Senza and Suzy Shier operating segments. Further, good expense control and inventory management had a positive impact on the Company's bottom line. Finally, as part of the second quarter earnings release the Board of Directors declared a quarterly dividend of \$0.04 per share.

On August 7, La Senza announced that it had granted a master licensing agreement to a company in Poland. This arrangement is similar to one already in place with a Chinese company for the distribution and operation of the La Senza banner. Overall, La Senza appears to be making good progress with its plan to expand internationally and market its brand worldwide.

ABC Funds
September 20, 2002

UPDATES (cont'd)

On April 8, La Senza announced its intention "to pursue strategic alternatives" for its Suzy Shier division. Management suggested that this could include the sale of the entire division or its assets. Suzy Shier is a mature division and its contribution to the profitability of the consolidated corporation, even with its 180 retail store outlets, has declined in recent years. With the greater emphasis on developing the La Senza banner worldwide through licensing agreements, this decision was not unexpected.

As at February 1, 2003, the net book value of the fixed assets related to Suzy Shier was \$20 million. Although it is unlikely that La Senza would receive full book value for these assets, whatever cash is received could be directed to the better-performing and more profitable La Senza division. We believe that the sale of Suzy Shier would be a long-term positive for the Company and is a strategically sound decision. Although terms of a finalized deal have yet to be announced, the Company's full year's operating and financial results should be released in early May.

ABC Funds
April 11, 2003

Although operating in a weak retailing environment, La Senza's release of its fiscal 2003 results was accompanied with relative confidence from management. Earnings per share from continuing operations for the year were \$1.18 and \$0.91 for the quarter. While these results were lower than comparable year-earlier periods, we are optimistic with regard to the outlook for the La Senza and La Senza Girl chains.

La Senza's recent announcement of its intention to sell its Suzy Shier division led to a write down of its corresponding assets in the fourth quarter. This translated into a total loss for the year of \$0.29 and \$0.37 for the quarter. We feel that the divestiture of Suzy Shier will allow La Senza to focus on its apparent expertise, lingerie. Essentially, selling its worst performing asset will allow La Senza to focus on its strengths. At this time of writing, management has indicated that there are a few potential suitors for Suzy Shier and that a sale is highly probable.

Despite a difficult retailing environment La Senza's expansion of its lingerie division has continued unabated. In addition to its international expansion plans La Senza has opened 4 stores in the U.S. In short, we believe that La Senza's business plan, which focuses predominantly on lingerie, will provide the company with considerable future growth and share price appreciation.

ABC Funds
May 16, 2003

On June 20, La Senza reported a loss of \$0.14 per share for the first quarter of 2003 compared to a profit of \$0.10 in the 2002 quarter, after adjustments for unusual items. La Senza's equity interest in Wet Seal which generated a loss of \$0.09 per share contributed to the decrease in the quarter. Also placing a strain on La Senza's earnings was a foreign exchange loss from its U.S. equity holding. Despite what seemed to be a challenging quarter, La Senza actually managed to produce operating results in line with its comparable quarter, which were essentially flat. This is impressive, as the retailing environment in Canada has struggled over the last year.

La Senza recently announced the sale of its Suzy Shier division to YM Inc., the operator of clothing chains Stitches, Sirens and Urban Planet. The sale is expected to close at the end of July. We feel this sale will allow La Senza to focus on its core business and growth opportunities. Management has indicated its intention to concentrate on expansion in the U.S. and big box stores in Canada.

In the meantime we feel that La Senza remains undervalued. Without taking into account its significant earnings potential, La Senza has \$2.43 of cash and equivalents on its balance sheet and its holding in Wet Seal is worth approximately \$5.87. We are confident that La Senza will continue to do well as it moves forward with its planned initiatives.

ABC Funds
July 4, 2003

We have sold our entire position in La Senza Corporation, formerly known as Suzy Shier, a Value Favourite since September 2001. Shares of La Senza were quite volatile over the period, as management shifted its focus toward lingerie and sleepwear from women's apparel and worked to establish a global presence through various licensing agreements. We decided to realize our gains after the stock appreciated almost 50% from its 52-week low of \$8.50. Unfortunately La Senza is a relatively thinly traded stock and as a result, when demand materialized around the Company's quarterly release date we liquidated our entire position.

La Senza announced second quarter results on September 11, 2003. These results were disappointing having been impacted by both a foreign exchange loss and a weak performance at Wet Seal. The Company reported a loss of \$0.09 from continuing operations compared to earnings of \$0.18 in the comparable quarter last year. Despite the difficult retail environment, we believe that management has made great strides with the La Senza brand. However, we feel that the Company's expansion to the United States, still in its early stages, entails a heightened level of risk. Growth investors may be willing to accept this risk based on forecasts of a

UPDATES (cont'd)

smooth and successful rollout, but as value investors, we believed it was time to move on.

ABC Funds

September 26, 2003