

THE COMPANY

Masonite International, formerly Premdor Inc. is one of the largest manufacturers and merchandisers of interior and exterior doors in the world. This vertically integrated company is comprised of over 70 facilities in twelve countries. Masonite manufactures and sells its door products through large distributors, wholesalers and retail building supply companies across North and South America, Europe, Asia and the Middle East.

Based in Mississauga, Ontario, Masonite's 2001 worldwide sales reached \$1.4 billion. Since approximately 70% of its revenues are received in U.S. dollars, Masonite reports all financial data in U.S. dollar terms. Masonite continues to grow through its stated strategy of production improvements, volume growth and global expansion.

FINANCIAL DATA*

	2000	2001	2002
Earnings per Share (\$)	1.58**	1.70***	2.58
Price to Earnings (times)	15.8	14.7	9.7
Dividend (\$)	-	-	-
Dividend Yield (%)	-	-	-
Book Value (\$)	11.57	12.61	16.45
Price to Book Value (times)	2.16	1.98	1.52

* Numbers restated in Canadian Dollars based on a \$1.59 exchange rate for valuation purposes.

** Before write-down of \$0.14

*** Excluding extraordinary Charge

HISTORICAL SHARE PRICES

WHY ABC FUNDS BOUGHT MASONITE

Premdor has fallen from a 12 month high of C\$18.50 to a recent price of C\$11.00. At this price Premdor is trading at slightly above 1999 book value of C\$10.41 and 6.3 times estimated 2000 earnings per share of C\$1.75. With sales for 2000 forecasted at C\$1.75 billion, a market capitalization under \$500 million, a solid balance sheet and management ownership under 4%, Premdor is extremely undervalued and is also a prime takeover candidate.

Management at Premdor has proven to be very able, motivated and opportunistic. The company is focussing on expanding activities in the manufacturing and sale of doors through diversification in different types of markets. For instance, entry into the home centres marketplace will help insulate Premdor during cyclical construction downturns through sales to the home renovation sector. Geographic diversification will also increase revenues and operating margins.

Furthermore, Premdor has taken advantage of the consolidation in its industry. The company has made numerous small acquisitions that have expanded its geographic base and operating efficiencies. In addition to the acquisitions, Premdor has made investments and entered into strategic alliances with companies that will complement its products. Most recently, Premdor has entered into an alliance with Royal Technologies Group. Alliances such as this and others will allow for cheaper material costs and entry into new markets.

Over the years Premdor has displayed its ability to fuel its steady revenue growth while continuously improving its balance sheet. With Premdor being significantly out of favour with investors, it is trading close to five-year price lows. We believe this, coupled with its strong fundamentals, demonstrates that the company represents an excellent, fundamentally attractive, long-term value investment.

UPDATES

Premdor's positive earnings trend continued into the first quarter of 2000 with its 16th consecutive quarter over quarter improvement. Earnings per share grew 5% to US\$0.23. This steady earnings growth was supported by the company's highest-ever quarterly sales of US\$313.2 million. Of the 18% growth in sales, 75% was internal with half of that generated from Dorfab, the company's door fabrication division.

Dorfab is another ingenious strategy formulated by Premdor. This division produces value-added products by purchasing doors from Premdor and enhancing the door's structure by adding extras such as hinges, locksets and doorframes. By turning out complete entry systems, Premdor is creating a more consumer friendly product for the big box retail home centres to sell. Combined with other initiatives Premdor has expanded into different types of markets. In the first quarter, Premdor established three new Dorfab locations in the United States and increased the production capabilities of three plants to support the continued growth of retail home centres. The company has also completed the acquisition of Steelwood Door from its strategic alliance with Royal Group Technologies Limited.

While Premdor's stock price has appreciated over the past couple of months, we believe that it has not yet attained our target price. Our confidence has been reinforced with Premdor's ability to generate sales through new products, strategic supplier relationships and acquisitions. Though there is concern that rising interest rates could damage the North American housing market, we feel that Premdor has substantially offset this potential negative economic factor through geographic diversification and the strategy of skillfully positioning itself in the home renovation business.

ABC Funds

June 21, 2000

It is encouraging to see CEO Philip Orsino continuously searching out new growth opportunities for Premdor. Most recently, on August 22, Premdor announced that it is in discussions to acquire Masonite Corporation from International Paper Company. While Premdor and Masonite have already formed a strategic alliance, this new strategic ploy could lead to immense opportunities for both parties involved.

Masonite is world-renowned and is the premier manufacturer of door facings in the world. It sells its products to door manufacturers and building material distributors worldwide, under such banners as Craftmaster and MiraTec. The possible synergies between the companies are obvious. This potential purchase could lead to significant cost reductions, economies of scale, and new product development.

The companies are still in deep discussions but a substantive announcement should be made very shortly. A number of issues are still outstanding, such as the method of financing and the name that the new products will be marketed under. Meanwhile, we are confident that Premdor continues to be an attractive fundamental value stock with considerable takeover potential.

ABC Funds

September 8, 2000

Unfortunately, recent events have caused disgruntled investors to put downward pressure on Premdor's stock price. It all began in early September when Premdor announced that it was in discussions to acquire Masonite Corporation from International Paper, leaving Premdor victim to the share price slide that many acquiror's experience. Since then, Premdor and Masonite have signed a definitive agreement for Premdor to purchase Masonite for US\$523 million, pending regulatory approval.

The uncertainty surrounding the method of financing for the purchase was the next questionable issue for investors. Though the final details are yet to be complete, CEO, Philip Orsino's intention of a 100% debt financing with a possible equity issue in the future did not fare well with the market driving the stock down to its current \$7.00 level.

UPDATES (cont'd)

In the midst of these discussions, Premdor reported its third quarter 2000 results. While sales for the quarter increased 9%, its earnings per share of \$0.10 compared to \$0.29 to third quarter of 1999 were disappointing. Premdor's earnings decrease was impacted by a one-time product line write-down at its Costa Rican plant of about \$0.14 per share. In addition, the European fuel crisis and Dorfab start-up costs affected the quarter by about \$0.05 per share.

While the debt financing will put some additional stress on Premdor's balance sheet, Philip Orsino is a seasoned businessman and has previously integrated over 45 acquisitions with Premdor. This gives us some comfort that Masonite is something Premdor can handle. At this point we will continue to keep a very close watch on the actions of Premdor's management and the status of its year-end results. In the meantime, we will wait for the rash selling of venting investors to come to a halt, in hopes that the share price will firm up in the near future.

ABC Funds
November 10, 2000

Over the past few months Premdor's share price fell victim to a volatile stock market and investor pessimism with regards to the pending Masonite acquisition. But in the midst of all this carnage, Premdor has managed to report year-end results in line with investor expectations. Fiscal 2000 earnings per share before an extraordinary write-down were US\$1.00 versus US\$1.02 in 1999. In this same period sales displayed strong growth with an increase of 13%.

Taking into account the weak economic and stock market conditions that have been put before us, 2001 is shaping up to be a year of uncertainty. However, Premdor has positioned itself as a diverse and vertically integrated company, which may be more apt to weather an economic storm. In addition, the outcome of the planned Masonite acquisition has yet to be determined, although a regulatory decision is expected by the end of March. Nonetheless, while we feel that these unpredictable factors may continue to put pressure on its stock price, we believe that Premdor remains fundamentally undervalued.

ABC Funds
March 23, 2001

Since the announcement of Premdor's intention to purchase Masonite in September 2000, nervous investors have been unforgiving and its share price has experienced extreme pressure and volatility. But over the last month, we have seen it move back up to the \$10 level. Premdor is sensitive to the economic environment and we feel that lower interest rates have helped to precipitate this move.

Currently, Premdor is still in discussions with the U.S. Department of Justice in order to obtain approval for the Masonite acquisition. The pre-merger waiting period under Hart-Scott-Rodino Antitrust Improvements Act has been extended while these discussions continue.

In the meantime, we may see continued volatility in Premdor's stock price but we are optimistic that interest rate cuts and its stable earnings in an unpredictable climate will act as added support during this period of economic uncertainty.

ABC Funds
May 25, 2001

It has been almost 10 months since Premdor first announced its intention to purchase Masonite. Initially, investors were very hesitant to accept the potential benefits which could be realized. They were unable to look past the huge debt that would be placed on Premdor's balance sheet. But during the long regulatory approval process investors became much more optimistic. Fortunately, in that time financing charges declined with interest rates having dropped 275 basis points since January 2001. Investor's views of Premdor began to reverse appreciating its share price to a current \$14.00 from a low of \$5.35 in December 2000. This prompted management to

UPDATES (cont'd)

announce an equity issue that will close on August 10.

The easing interest rate environment has proven to be very beneficial to Premdor. Last week a restructured purchase agreement was revealed. The new deal, which is \$48 million less than the original will be comprised of \$300 million in cash funded from a \$700 million, 7-8% senior credit facility and a new equity issue of a minimum of 7,150,000 common shares at \$14, representing an aggregate amount of \$100.1 million. It also includes a subordinated note due to International Paper for \$175 million with an interest rate of 11.25% the first 3.5 years and 15% thereafter. If this note is not paid within the 3.5 years an additional \$25 million will be due. Mitigating the pressure of the additional debt that will be taken on by Premdor is the sale of Masonite's Towanda plant. The proceeds of this sale will be directly applied to senior debt. Management expects to fetch \$135-\$170 million. The new deal and financing plans provide a higher comfort level but risk is still imminent. Premdor's balance sheet will be highly leveraged with a debt to equity ratio of about two times. Countering this risk level is management's commitment to improve its balance sheet in order to attain a BBB credit rating.

While waiting for the door to close on the Masonite acquisition, Premdor has managed to impress investors with better than expected second quarter earnings of \$0.30 versus \$0.28. The manufacturing industry has seen recessionary times but Premdor's 5% organic revenue growth for the quarter was indicative of relatively stable housing and renovation markets.

In conclusion, we view the Masonite deal as a high risk/high reward opportunity. Investors anxiously await its closure. This acquisition should initially provide about \$20 million in synergies and significant long-term growth prospects. Premdor's continued progress and a firm economy are crucial to the company's performance in the second half of the year. We will continue to closely monitor the stock price as it has just reached new 12-month trading highs.

ABC Funds
July 20, 2001

On August 31 Premdor completed its acquisition of Masonite and effective January 1, 2002 it will change its name to Masonite International Corporation. We feel the name change is befitting, as it is indicative of the internationally recognized Masonite brand and will further enhance the company's presence around the world.

Going forward management has outlined its objectives as growth and debt reduction. Based on CEO, Philip Orsino's aggressive track record we feel that these goals are attainable. While Premdor's share price at \$12.90 has appreciated 18% this month and 146% from its 52-week low in December 2000, we look forward to further share price appreciation as the company improves its balance sheet and achieves its growth objectives.

ABC Funds
October 26, 2001

Since our last update Premdor has continued to climb upward, hitting a 52-week high of \$16.60 on November 16, 2001. As we previously commented, Premdor has become a "show me" type stock as uncertain investors watch and dissect its every move. In our view, based on third quarter results Premdor has shown that it can perform.

Premdor reported third quarter 2001 earnings per share of US\$0.31 before non-recurring items versus US\$0.24 a year ago. Premdor's top line growth, a 13.8% increase in sales, of which 11% was organic was a major contributor to the quarter. Premdor's better than expected results are particularly impressive during these economically challenging times.

We remain confident that Premdor's management will adhere to its objectives of growth and balance sheet improvement. We see evidence of this with Premdor's Dorfab operations, which are now profitable. Moreover, the company plans to roll out its new wainscoting product nationally over the next year. It has done well in its test market and we expect it to become a profitable product for Premdor. In addition, the integration of Masonite has gone well thus far and its extensive research capabilities should contribute to further growth.

UPDATES (cont'd)

However, as a result of the Masonite acquisition Premdor's balance sheet has become heavily levered at 65% debt to total capital. Premdor has indicated that it will use the sale of its Towanda facility towards improving its balance sheet, along with future cash flow. The imminent sale of this facility, rumoured to be worth US\$110-\$180 million would significantly reduce Premdor's debt ratios.

Premdor remains an attractive investment at this time. Deep interest rate cuts have created a favourable macro economic environment for Premdor to operate in. As Premdor's share price further appreciates we will re-evaluate our position.

ABC Funds

November 16, 2001

For the fourth quarter of 2001, Masonite was able, once again to report better than expected earnings. Earnings per share for the fourth quarter were \$0.27 versus \$0.24 and for the full year were \$1.07 compared to \$0.99 excluding non-recurring items. Not only has the favourable environment of a strong home building market and home renovation sector been a main driver behind Masonite's impressive results but its strong revenue growth and margin expansion has also been key.

In fact, Masonite's sales increased 20% in the fourth quarter with 2001 sales climbing to \$1.42 billion. Although the acquisition of Masonite assisted in this growth, 50% of it was organic. Masonite has been able to continue to grow sales through new product offerings and a favourable economic environment.

While the fourth quarter was a beneficiary to a positive macro economic environment, we may begin to see a slowdown later in the year as interest rates and mortgage rates increase. But despite this potential slowdown we expect Masonite to continue to do well as margin expansion continues. Fourth quarter operating margins came in at 11.4% compared to 8.7%. We expect this trend to continue as the Masonite purchase is further integrated into the company.

Masonite continues to trade at a discount to its peers, primarily due to its highly leveraged balance sheet. Management has indicated that it expects to end fiscal 2002 with a debt to equity ratio of 1:1. It currently stands at 1.7:1. With strong cash flows and the sale of the Towanda plant we feel that this is a viable goal.

Although at \$24.30 Masonite's share price has appreciated significantly since it was originally featured as a Value Favourite, we continue to feel it is undervalued relative to its peers and continues to be a stable, core holding.

ABC Funds

March 28, 2002

Masonite, like most other stocks in the sector, has pulled back from its recent highs on concerns that the housing market is slowing. However, Masonite's second quarter earnings release again provides an indication of the Company's growth potential. Sales increased 15% to \$415.5 million and earnings per share increased 40% to \$0.42 from \$0.30 in the comparable quarter the previous year. Also of interest, Masonite prepaid its subordinated long-term debt of \$125 million, which will boost earnings per share by \$0.15 on an annual basis. Management seems committed to debt reduction and the debt to equity ratio has fallen from 1.7 on December 31 to 1.2 as at the end of the second quarter with a target of 1 to 1 by the end of 2002. We simply cannot argue with management's accomplishments, our only concerns surround the Company's valuation.

ABC Funds

August 2, 2002

UPDATES (cont'd)

After a tremendous year for the North American housing market, Masonite has reported equally impressive financial results. Sales in fiscal 2002 increased 14% to reach US\$1.62 billion from US\$1.42 billion in fiscal 2001. Net income increased 70% to US\$85.2 million from US\$50.3 million. Earnings per share increased 51% to US\$1.62 from US\$1.07, excluding unusual items. Bottom line growth outpaced top line growth due to productivity and process enhancements, relatively stable fixed costs and a shift to a higher margin product mix. The gross margin improved to 22.6% from 18.8%, the EBITDA margin improved to 13.0% from 10.1% and the net income margin improved to 5.3% from 3.5% on a year over year basis. Cash flow from operations was used to reduce debt by approximately US\$175 million and the Company's net debt to equity declined to 0.89:1 from 1.66:1 the previous year.

Masonite is well positioned to continue to grow revenue and earnings even if the housing market takes a breather in 2003. The Company has a narrow product focus, essentially interior and exterior doors and related components, which improves brand recognition. Sales are approximately balanced between new home construction and home improvement, which broadens the customer base. Masonite is also expected to be able to grow sales of molded doors at the expense of other products. Molded doors currently account for only 25% of the global door market and are growing more rapidly than other segments. Finally, Masonite's stable capital expenditure program will free up significant cash flow that should be used to further reduce debt.

ABC Funds
February 28, 2003

Shares of Masonite have been extremely volatile since the beginning of the year, as investors weighed such factors as the war with Iraq, housing data and earnings releases. Looking at the year-to-date trading pattern, we believe that momentum players used the weaker than expected new home sales in January (down 15%) as the trigger to unload their positions. The stock declined precipitously, falling as low as \$20.28 on March 31, which was below 8 times consensus 2003 earnings. This multiple was simply unwarranted due to Masonite's forecasted earnings growth rate of approximately 15%. Not surprisingly, the housing data improved in March and the oversold shares rallied almost 20% in April.

In addition to momentum-based selling, investors may have been worried about the Company's first quarter earnings release. Several competitors had reported weak revenue and earnings in the period because of extremely harsh winter weather, falling consumer confidence and higher energy costs. Despite these factors, Masonite reported first quarter revenue growth of 6% to US\$402 and earnings per share growth of 23% to \$0.38. During the Company's conference call, management reaffirmed its previous guidance, saying that "the annual results for 2003 will be inline with analysts' expectations of earnings per share of US\$1.80 to US\$2.00 or in the range of 11% to 23% higher than in 2002". They also reiterated their goal of generating free cash flow to pay down debt. In short, we were quite pleased with the results and we expect that the undervalued shares will continue to recover.

ABC Funds
April 25, 2003

With the Federal Funds rate at 1%, the lowest level in 45 years, the North American housing sector has been red hot. However, we believe that we have seen the peak of the cycle. On August 25, the National Association of Realtors reported that existing home sales for July rose 5% from June and 13.8% from July 2002, to a seasonally adjusted 6.12 million units, smashing the monthly record. The NAR suggested that the back-up in long-term bond rates and the associated pop in mortgage rates caused "fence-sitters" to jump into market before it is too late. Further, the most recently released building permits data, a forward-looking indicator, declined 2.4% in July to an annualized rate of 1.78 million units. We are not forecasting the rupture of a bubble, but simply that the peak has been reached.

Accordingly, we have sold our entire position in Masonite International, formerly known as Premdor, a Value Favourite since April 2000. Although Masonite still appears relatively inexpensive on a price to earnings basis,

UPDATES (cont'd)

cyclical stocks tend to exhibit multiple contraction at the top of the cycle. On a price to book basis, the stock is currently trading at more than twice tangible book value, after excluding the goodwill from the Masonite acquisition.

Management has done an excellent job in the past and the Company's earnings growth may very well exceed 10% over the next few years. However, as disciplined value investors, we have taken our cue to reallocate capital. With the proceeds from the sale, we have purchased several fundamentally undervalued stocks with greater upside potential.

ABC Funds

August 29, 2003