

THE COMPANY

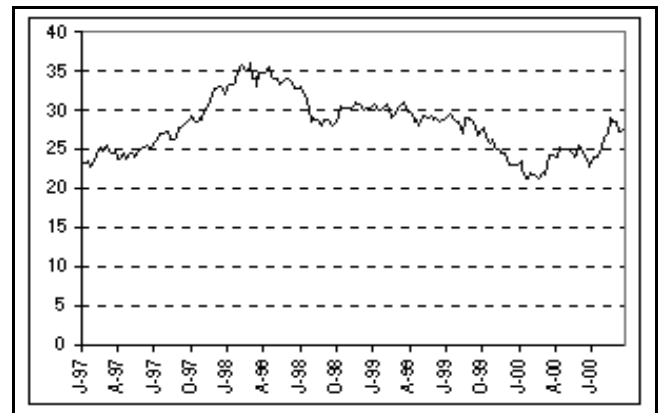
Westcoast Energy Inc. is a large integrated energy company involved in the transmission and distribution of natural gas. Westcoast also provides other related energy services to its customers and generates electric power from natural gas. Westcoast's pipelines link natural gas pools in the Northwest Territories, the Yukon, British Columbia and Alberta with markets in the United States, the western provinces, Ontario and Quebec. The company also has an interest in the Maritimes & Northeast Pipeline, which transports natural gas from offshore fields near Sable Island to the northeastern United States, Nova Scotia and New Brunswick. Westcoast is clearly working towards its corporate goal of becoming one of the largest energy services companies in North America.

FINANCIAL DATA

	1998	1999	2000e
Earnings per Share (\$) *	1.53	1.95	2.20
Price to Earnings (times)	15.7	12.3	10.9
Dividend (\$)	1.26	1.28	1.28
Dividend Yield (%)	5.25	5.33	5.33
Book Value (\$)	21.00	20.85	21.52
Price to Book Value (times)	1.14	1.15	1.12

* Earnings are not adjusted for weather or unusual items.

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT WESTCOAST

Soaring natural gas prices have begun to be reflected in the share prices of companies in the oil and gas sector. However, Westcoast seems to have been overlooked in the rush to buy into exploration and production operations. We believe that the Vancouver-based energy services company is poised to benefit from both the elevated prices and the increased supply of natural gas. Westcoast's diverse operations are a crucial component of the transmission and distribution network needed to transport the fuel from natural gas pools to the consumer.

Westcoast groups its operations under several business segments with remarkable scope. Transmission and Field Services include the British Columbia Pipeline, Foothills Pipe Lines, Empire State Pipeline, Maritimes & Northeast Pipeline, Alliance Pipeline, Vector Pipeline Project and several others. The Gas Distribution segment services approximately 1.4 million customers in British Columbia, Manitoba and Ontario, primarily under the Union Gas and Pacific Northern Gas banners. Westcoast's interests in five natural gas-fired cogeneration plants constitutes the Power Generation segment. Energy Services are comprised of businesses involved in energy marketing and retailing, information technology and financial services related to the energy industry. This segment encompasses Engage Energy, Union Energy, Westcoast Capital, Enlogix and NGX Canada. Finally, Westcoast Energy has several international projects on the go, including a power facility in Indonesia, two projects in Mexico and one project in China. With so many successful business lines, one or more of the segments could potentially be sold to the right bidder.

Westcoast's financial performance, however, is susceptible to both legislative regulation and weather variances. In the most recent fiscal year, earnings were \$1.95 versus \$1.53 in 1998. If the effects of unusually warm weather and various one-time accounting charges are removed, earnings per share totaled \$1.92 and \$2.01 in 1999 and 1998 respectively. Colder weather in fiscal 1999 was accretive to earnings, though temperatures were still warmer than usual. Various accounting charges, restructuring costs and a write-off of costs related to project development offset any weather-related gains. Cash flow from operations was \$4.38 versus \$4.24 in 1999 and 1998 respectively, evidence of stable business fundamentals.

Given weather forecasts, industry projections and increasing consumer demand for a cleaner and more economical fuel source, we expect Westcoast Energy to post solid earnings and cash flow in 2000. The stock pays a dividend of \$1.28, yielding over 5.3 percent. Moreover, its investment multiples are very reasonable. Westcoast trades at a price to earnings ratio of less than 11 times and a price to book value of 1.12 times. Another hidden attraction is that Westcoast has no controlling shareholder; the company could be an appealing acquisition for a number of Canadian or foreign multinational corporations contemplating investing in this sector.

UPDATES

Westcoast Energy has recently reported excellent financial results and demonstrated solid earnings growth. For the six months ended June 30, earnings per share totaled \$1.63 versus \$1.13 in the first half of 1999. Second quarter earnings per share of \$0.60 were significantly higher than the \$0.05 recorded for the comparable period last year. However, proceeds from the sale of the Company's interests in NGX Canada (gain of \$4 million after-tax) and the EastCoast Power Project in Australia (gain of \$8 million after-tax) were included in the first and second quarterly results, respectively. Further, a reduction in corporate income tax rates added \$16 million to Westcoast's bottom line. Even after excluding these non-recurring items, earnings from continuing operations exceeded our expectations.

Two key divisions made notable contributions to the improved earnings, as benefits from various capital expenditures were realized. The Transmission and Field Services division, which includes the Maritimes and Northeast Pipeline, the Alliance Pipeline and the Vector Pipeline, helped to boost earnings to \$98 million in 2000 from \$80 million in 1999. The Energy Services division added \$13 million to net income in the first half of this year, versus a loss of \$18 million in 1999, now that the division is beyond its start-up phase.

With strong natural gas price levels leading to increased production, pipeline capacity and energy-marketing services are in high demand. We believe that the Company's earnings growth will continue as new projects, additional capacity, cost savings and efficiency gains contribute to net income. The positive earnings momentum could very well be the catalyst needed to rekindle investor interest in Westcoast Energy's inherent value.

ABC Funds

August 1, 2000

We purchased Westcoast Energy for its attractive dividend yield and its defensive nature during periods of significant market volatility. At the time, Westcoast was undervalued and largely ignored due to the high-tech mania that was gripping the market. However, as market volatility escalated, more and more investors began to look for safer investment alternatives. When we added Westcoast to our Value Favourites, the 5.3% dividend yield would have appealed to many such investors.

As capital flowed back into the stock, Westcoast's share price appreciated remarkably from a low of \$19.65 in January to over \$28 in recent weeks. Pipelines are generally cyclical stocks and the magnitude of this gain fell in the upper range of historic share price performance. In fact, at \$28 the dividend yield was reduced to just over 4.5%, which was less appealing than even the yield available on risk-free T-Bills.

Because of the dramatic share price move and the associated reduction in dividend yield, we believed that Westcoast Energy was approaching a price level that fully valued its operations. Despite good prospects for the Alliance Pipeline project, Energy Services and Westcoast's other divisions, it was difficult to believe that much upside remained. Therefore, we sold our entire position in Westcoast Energy, taking advantage of the recent share price strength. The sale is not to imply that Westcoast won't go higher in price, rather that we believe the upside, compared to other out of favour value stocks, is relatively limited. As always, our disciplined approach to investing demanded that we reallocate our capital from fully valued to undervalued investments in the belief that the market will reward our efforts.

ABC Funds

September 29, 2000