

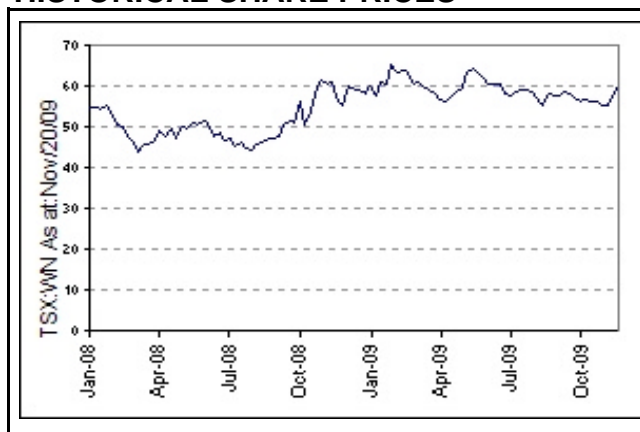
THE COMPANY

George Weston Limited, founded in 1882, is one of North America's largest food processing and distribution companies. Although the Company reports consolidated results, it really has two distinct segments, Weston Foods and Loblaw. Weston Foods offers fresh-baked sweet goods, frozen baked goods and biscuits (including wafers, ice-cream cones, cookies and crackers). Loblaw is Canada's largest food retailer that also offers drugstore and general merchandise and financial products and services. Loblaw employs over 140,000 full-time and part-time workers in more than 1,000 corporate and franchised stores.

FINANCIAL DATA

	2005	2006	2007
Earnings per Share (\$)	5.64	4.98	4.26
Price to Earnings (times)	9.6	10.8	12.7
Dividend (\$)	1.44	1.44	1.44
Dividend Yield (%)	2.67	2.67	2.67
Book Value (\$)	32.85	32.06	29.90
Price to Book Value (times)	1.64	1.68	1.81

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT GEORGE WESTON

During the last period of market turmoil, when high technology stocks were imploding, investors who sought safety in stable, easy-to-understand businesses were eventually rewarded. Back then, in the second quarter of 2000, we established a position in Canada Bread. It was a solid consumer staple stock that provided excellent returns for our unit holders. We believe that we have found a similar story in George Weston Limited, a food processor and bakery that also owns approximately 63% or 170 million shares of Loblaw. This consumer staple stock, with a reasonably clean balance sheet and a 2.7% dividend yield should perform well even in a recession. People have to eat no matter how far commodity prices or auto sales decline.

On a consolidated basis, George Weston Limited has generally reported improving operating and financial results. Year to date, sales have grown 2.7% to \$25.8 billion, while net earnings have grown 3.9% to \$428 million. Net earnings per common share totaled \$3.03 for the first nine months of 2008, an increase of 6.3% from EPS of \$2.85 reported in the comparable period last year. Consolidated net debt declined from \$5.05 billion at the end of third quarter of 2007, to \$4.39 billion at the end of the third quarter of 2008. Although the Company used \$222 million of cash so far this year, in the third quarter Weston generated \$62 million in free cash flow. From our perspective it is best to examine each of the two operating divisions to determine the potential investment upside.

Weston Foods, the bakery division, has fought through several years of rising commodity prices, primarily wheat and fuel, admirably. Management astutely hedged their exposure on a rolling six month basis and managed to protect the financial results. They were also able to push through three price increases since the start of the year. When we adjust the Company's EBITDA (earnings before interest, taxes, depreciation and amortization) for unusual charges, including the derivatives used to hedge commodity exposure, margins have shown excellent improvement, rising from 9.5% in the first quarter of 2006 to 12.5% in the third quarter of 2008. With dramatically lower wheat and oil prices, selling price increases and a weaker Canadian dollar, Weston Foods should report solid earnings as the hedges roll off.

Loblaw is currently in the midst of a three to five year turnaround plan necessitated by intense competition and price wars in the food retailing segment. However, recent results demonstrate some positive trends. Same store sales have increased 2.2% over the course of the first nine months of 2008 and 3.0% in the third quarter. EBITDA has increased 12.8% to \$1.18 billion year to date and 16.6% to \$499 million in the third quarter of 2008. Lower restructuring charges and cost reduction initiatives led to the improvements. On the Company's recent conference call management's outlook was conservative but we are cautiously optimistic that the same store sales growth is sustainable and that margins have stabilized.

From an investment standpoint, we think that George Weston Limited offers the best way to play the story. Essentially, we can back out the implied value of Loblaw from each share of Weston. At current prices, we purchased the Weston Foods operating division at less than 4.5 times EBITDA, while comparables trade at 8 times EBITDA. In fact, Weston just recently sold its dairy operations that generated \$50 million in EBITDA for \$465 million, or 9 times EBITDA. As lower commodity prices are reflected in the financial results, the multiple on the bakery operations should expand.

Owning George Weston Limited also allows us to benefit from the improving operating and financial results at Loblaw. Further, we

WHY ABC FUNDS BOUGHT GEORGE WESTON (cont'd)

would like to point out that Loblaw owns approximately 73% of its corporate real estate and 46% of its franchise real estate. We have seen valuations in the range of \$24 to \$30 per share of Loblaw, which should provide a floor to the share price. We stand to benefit from any incremental gains driven by the improving results through our position in Weston.

Given the current market turmoil we have to look to the past to find what worked. We believe that, similar to our investment in Canada Bread in 2000, owning George Weston Limited should provide a solid investment return for patient value investors.

ABC Funds
November 28, 2008

UPDATES

Although we released our initial comment on George Weston Limited only two weeks ago, there has been a material new development. Our investment thesis was based on backing out the implied value of Loblaw from each share of George Weston. We believed that we could purchase the Weston Foods operating division below 4.5 times EBITDA, while comparables traded at approximately 8 times EBITDA. We expected that the multiple on the bakery operations would expand as lower commodity prices became reflected in the financial results. However, management has just announced a transaction that monetized a significant portion of this valuation discrepancy.

On Wednesday December 10th, the Company announced that its subsidiary, Dunedin Holdings, had agreed to sell its fresh bread and baked goods business in the United States to Grupo Bimbo, one of the world's leading and largest baking companies. Grupo Bimbo, based in Mexico, paid approximately US\$2.5 billion for operations that generated US\$275 million of twelve month trailing EBITDA. This equates to a 9.1 times EBITDA multiple, more than double the implied public market value of the "bread-stub". Note that Weston Foods retains its baking and distribution operations in Canada and its other US baking divisions, Interbake Foods and Maplehurst Bakeries.

Speculation regarding the use of cash proceeds quickly turned to talk of privatizing Loblaw. However, we believe that this scenario is unlikely from a value creation perspective since Loblaw already trades between 8 and 9 times EBITDA. Privatizing George Weston Limited would actually make more sense since the remaining US and Canadian operations now trade below 3 times EBITDA. However, management was quite clear that they were in no hurry to deploy the cash proceeds. They seem content to sit on almost \$5 billion in cash (including \$1 billion of cash held at Loblaw) and wait for an exceptional opportunity or opportunities to present themselves. Remember, amid the current market turmoil, cash is king.

ABC Funds
December 12, 2008

With today's tight credit conditions and volatile equity markets, deal risk is obviously elevated. Thankfully, on January 22 George Weston Limited announced the completion of the sale of its fresh bread and baked goods business in the United States to Grupo Bimbo, which was previously announced on December 10, 2008. Gross and net cash proceeds of the deal were approximately US\$2.5 billion including US\$125 million of interest bearing assets.

We would like to highlight four key points related to the successful closing of this transaction. First, although the original announcement stated an outside completion date of June 30, 2009, the deal actually closed five months ahead of this deadline. It is a positive sign that regulators, shareholders and the financing syndicate were all in favour of the asset purchase and worked diligently to ensure a smooth close. Second, we were impressed that Grupo Bimbo was able to borrow approximately US\$2.3 billion to fund the bulk of the transaction. It demonstrates that credit is still available for those with a relatively clean balance sheet and a real business model. Third, we were very happy with the price paid for the assets. Grupo paid approximately 9 times EBITDA for Weston's US operations. Again, we were pleased to see what we consider to be a full and fair price as opposed to a low-ball bid. Finally, Weston now has almost \$5 billion of cash on its balance sheet, including \$1 billion of cash held at Loblaw. A strengthened balance sheet should be rewarded by the market in the short-run and may be used for opportunistic or strategic acquisitions in the future.

From an investment perspective, shares of Weston appear to have broken out of a recent trading range. Today, the last trading day of the month, the shares advanced almost \$3, while shares of Loblaw declined. In light of the volatility in the markets, the widening spread between George Weston and Loblaw and the fact that the shares are approaching our initial target of \$70 per share, we believe that it is prudent to trim a small portion of our holdings.

ABC Funds
January 30, 2009

UPDATES (cont'd)

In our last update on George Weston Limited, we said, "In light of the volatility in the markets, the widening spread between George Weston and Loblaw and the fact that the shares are approaching our initial target of \$70, we believe that it is prudent to trim a small portion of our holdings". Since then, the shares have underperformed the rally from the March lows, which was led by "high-beta" stocks. Defensive stocks were used by investors as a source of cash to chase companies with greater leverage to an economic recovery in Asia, Europe and North America. However, now that we are entering the volatile and difficult September/October period and the shares are trading closer to the lower end of their year to date range, we think our investment in Weston once again looks quite interesting.

Our investment thesis has always depended on the valuation of the Weston Foods "stub". With Weston trading at approximately \$57.00 and Loblaw around \$32.70 and almost \$4 billion of cash at the parent level, we believe that investors can purchase Weston Foods' operations for approximately three times EBITDA. This multiple is simply too low, given that Weston has been able to monetize both the Neilson Dairy and the US fresh bread and baked goods business for approximately nine times EBITDA.

At least two credible reasons exist for this discrepancy. First, Loblaw has been talking about slowing food price inflation. However, we believe that this implies that food prices are not declining but are still rising at slowing rates. Further, Loblaw shares should continue to trade around current price levels given the nature of their institutional investor base. The second possible reason for the "stub" discount is the potential for George Weston Limited to purchase all of the outstanding shares of Loblaw. We view this scenario as unlikely because it would be highly dilutive with Weston trading at three times EBITDA and Loblaw trading at approximately seven times EBITDA.

In our view, it is always prudent to own some defensive, value securities that move counter to the latest hot trend. If the traditional September/October seasonal weakness kicks in, we believe that George Weston Limited will outperform the broad market given its discounted valuation and stable business model.

ABC Funds
September 4, 2009

We purchased our initial position in George Weston Limited last November during the worst market meltdown in modern times. We rationalized that, even in severe recessions, people had to eat. We believed that Weston was the best way to play the consumer staple story, for three key reasons. First, after backing out the implied value of Loblaw from each share of Weston, we were able to purchase the Weston Foods operating division at 50% of its intrinsic value. Second, we expected that operating and financial results would begin to improve due to food price inflation and lower commodity input costs. Finally, buying George Weston during a period of economic turmoil reminded us of our successful investment in Canada Bread, years earlier.

Today, the world feels very different than it did a year ago. The credit and financial markets have stabilized, the stock market has staged a remarkable recovery and investors are once again looking for investments that return more than the 25 basis points paid on cash accounts. Through the market meltdown, our investment in George Weston performed remarkably well. In fact, it was the 15th best performing stock of 2008, gaining more than 10% while the overall market fell 33%.

We stuck with the name through most of 2009, despite the high-beta rally that began in March, because of the possibility of the Weston family privatizing George Weston Limited. This was based on the fact that the stock traded at such a discount to its historic valuation and had a tremendous cash position on its balance sheet. However, we believe that this type of transaction is now actually less likely. Over the past three months, shares of George Weston have outperformed shares of Loblaw, which makes a buyout of Weston relatively more costly.

Looking forward, Loblaw is facing some near-term headwinds. Although the Company recently beat earnings expectations, management was very cautious on the quarterly conference call. They discussed slowing food price inflation and the need to "invest in lower food prices" to drive volume and market share in a very competitive environment. This scenario is good for shoppers over the holidays, but not so good for investors over the next several quarters.

Because the shares of both Loblaw and Weston have subsequently bounced off the bottom of their 2009 trading ranges, we decided to sell our entire position in George Weston Limited. It was simply time to raise the cash position in our funds in anticipation of opportunities that may present themselves in the volatile period around yearend.

ABC Funds
November 20, 2009