



McElvaine Value Fund

To my Partners:

Our Returns: ¹

Percentage Return (net of fees)	6 mos. to 30Jun22	One Year	Three Years	Five Years	Ten Years
McElvaine Value Fund - Series B	3.1%	13.1%	13.5%	11.3%	9.0%
Fundata Focused Canadian Small/Mid cap Index	-16.5%	-15.1%	5.8%	3.9%	6.5%
S&P/TSX Total Return Index	-9.9%	-3.9%	8.0%	7.6%	8.2%

Comments:

“An economist is an expert who will know tomorrow why the things he predicted yesterday didn't happen today.” Laurence J Peter

I am not going to embarrass myself by making economic predictions. Our focus, as always, is on what we own and where we have a competitive advantage as investors.

In the first half of 2022, we exited our holding of Tourmaline Oil. I have the upmost respect for Mike Rose and his team. Tourmaline, at around \$13 when we invested, was disliked and cheap. Today at \$80 or so, it is loved and well-priced. I am not saying it will not do well but rather investing is a series of tradeoffs. As I am not a fan of the Noah's Ark approach to investing (two of

(1) Notes:

1. I have compared our performance to two indices: the S&P/TMX Total Return Index as I believe this is useful information and the Fundata Canadian Focused Small/Mid Cap Index as our fund is classified as a Small/Mid Cap Equity Fund. Please keep in mind our portfolio is significantly different from these indices due to our limited number of holdings, our cash levels and our investments outside of Canada.
2. Our unaudited semi-annual financial statements and 6-month Management Report of Fund Performance have been posted to our website under the Documents section.
3. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total return including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional changes or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.
4. Our Interim Report contains forward looking information. I will not update this report even if my view changes.
5. While I believe my comments & facts to be accurate, you should not rely on them without doing your own work.

everything), we have a focused portfolio. Tourmaline Oil performed very well for us but now there are cheaper things around.

So, what did we buy? As you know, I deal in dislocation so you can imagine our new positions would not win any popularity contests. One of our purchases was Bausch + Lomb.

Bausch + Lomb (B+L) is a leading eye health company. It is 89% owned by Bausch Health (BHC) which has no shortage of problems. The opportunity for us arose when BHC took B+L public as part of their strategy to reduce debt. The game plan had several steps, but the desired outcome was to distribute a large portion of B+L to BHC shareholders. Problems mounted at BHC and both the IPO and subsequent trading of B+L did not go well. B+L became as popular as a neutered tomcat in a den of cats in heat. Having said this, our tomcat has strong brands, cash earnings and a reasonable balance sheet. It is early days, but I like our position.

Regarding our existing holdings, Maxim Power is nearing completion on its upgraded power generation facility. Its balance sheet is strong, and insiders own some 70%. Knight Therapeutic, PrairieSky Royalty and Wintaa Holdings all reported solid results. Jefferies recently announced its intention to distribute their non-core oil and gas business to shareholders. In sum, we own good businesses with good balance sheets operated by good people. I am pleased with our portfolio.

I often get asked how to invest in our fund. In response, we recently added a page to our website showing where McElvaine Value Fund is available. (<https://www.avaluefund.com/how-to-invest>). Please keep us in mind as you review your investments.

I realize this report is rather short. I expect to do a presentation in the fall and will send out further information next month via email. If you are not on our email list, please sign up at www.avaluefund.com.

Summing up, I like what we own and especially in this environment am proceeding cautiously. Most importantly, I appreciate you and thank you for trusting me with your savings.





McElvaine Value Fund

OUR GOALS

Investment Returns

We look for 40 cent dollars; we have found this results in above average returns with less risk of loss.

Do No Harm

We have families too and while the Fund is not a SRI or ESG Fund, we are careful where we invest your and our money.

Peace of Mind

We don't want you to worry about what we are doing. We will be invested alongside you, transparent, and accessible.

HOW WE INVEST

Our investment approach is centered on four items (affectionally called "ABBA"). We prefer to invest when we have:

- A.** a competitive advantage when making the investment (such as a seller who does not care about the price they are getting). We call this the accident or "A";
- B.** observable investment value which exceeds the share price at the time of purchase (no financial spreadsheet gymnastics involved). We call this a bird in hand or "B";
- B.** a financial position ideally combined with strategic position which provides staying power. We call this the brick house or "B"; and
- A.** a board of directors and management team which is owner-focused with "skin in the game". We call this alignment of interests or "A".

Our process does not rely on macro forecasting or economic predictions.

WHY INVEST WITH US (HOW WE ARE DIFFERENT)



We Focus on Bargains

Our value investing approach is focused on finding bargains.



We Have a Focused Portfolio

We only invest in our best ideas. How many stocks does your fund own?



We Are a Value Fund with Values

We are not an ESG fund but we do care where we invest. See our Annual Report



We are Not Index Huggers

Many funds have portfolios similar to the indices. Our fund is quite different.



We Are Transparent

Our Annual Report details what we own, what worked (and didn't) and fees paid



We Have Clear Safe-Guards

All the Fund's assets are held by RBC. We have been audited since 1996 by KPMG



Performance Not Asset Growth

We earn the most when the Fund does well. Our focus is on return not on asset growth



We Are Accessible

You have a question or comment, please reach out. We are your partners.



We Are Not a Black Box

Our approach is understandable & straightforward. It is focused on creating a margin of safety.



We Are Investors Too

We are invested alongside you. We both want our savings to be safe and grow.



We Are Experienced & Focused

Tim has run the Fund since 1996. Not revolving managers juggling many funds.

FUND INFORMATION

Fund Code:	Series-A	MIT108
	Series-B	MIT552
	Series-D	MIT208
	Series-F	MIT808
Inception:	September 30, 1996	
Portfolio Manager:	Tim McElvaine	
Offered Via:	Prospectus	

CONTACT US

McElvaine Investment Management Ltd.

Address: 214-2186 Oak Bay Avenue
Victoria, British Columbia V8R 1G3

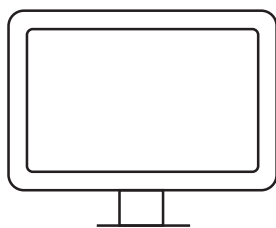
Telephone: (250) 708-8345

Website: www.avaluefund.com

Email: info@avaluefund.com

HOW TO INVEST WITH US

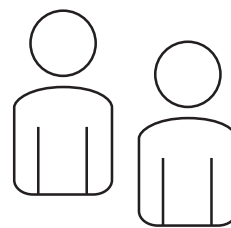
Invest inside or outside of a registered account
(RRSP, TFSA, RESP, RRIF eligible).
Our minimum investment is \$1,000.



1. Through a Direct Broker

For an investor who manages their own portfolios, it is easy to invest in our fund.

- RBC Direct - Fund code: MIT808
- TD Direct - Fund code: MIT208 (may need to phone in to place order)
- Qtrade - Fund code: MIT552
- Questrade - Fund code: MIT808 or MIT552
- Scotia iTrade - Fund code: MIT552
- CI Direct - Fund code: MIT808
- National Bank Direct



2. With a Financial Advisor

Financial advisors use our fund for diversification and to obtain exposure to our unique portfolio.

- RBC Dominion Securities
- iA Private Wealth
- iA Investia
- Richardson Wealth
- Aviso Wealth
- National Bank Financial
- Scotia Wealth

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.