McElvaine Value Fund

2024 Annual Report

McElvaine Value Fund

(formerly The McElvaine Investment Trust)

McElvaine Value Fund is a RRSP/RESP/TFSA/RRIF eligible mutual fund which was formed on September 27, 1996 with the following philosophy:

1. Highly satisfactory longer-term performance can be achieved by focusing on companies selling below intrinsic value.
2. The purpose of an investment vehicle is to make money not to own stocks. This is an important distinction because it means the Fund will only invest when presented with an attractive situation.
3. As there are few good ideas, there are times when concentration may be helpful.

McElvaine Value Fund is sold via prospectus. Further information is available at our website:

www.avaluefund.com

McElvaine Value Fund
Annual Performance Summary (5) (6)

Full Calendar Year (5)	Net Return Series B Units (1)(2)(3)	Fundata Cdn Focused Small/Mid Cap Index	S&P/TSX Total Return Index	Average Cash Balance (4)
1997	**12.8%**	n/a	15.0%	59%
1998	**16.6%**	n/a	-1.6%	27%
1999	**29.5%**	n/a	31.6%	26%
2000	**19.2%**	4.0%	7.4%	9%
2001	**28.0%**	3.4%	-12.6%	2%
2002	**5.0%**	-7.4%	-12.4%	5%
2003	**28.2%**	30.7%	26.7%	14%
2004	**8.6%**	8.9%	14.5%	23%
2005	**17.2%**	10.3%	24.1%	13%
2006	**11.9%**	16.0%	17.3%	11%
2007	**0.6%**	-2.7%	9.8%	9%
2008	**-48.8%**	-40.9%	-33.0%	6%
2009	**18.1%**	51.4%	35.1%	17%
2010	**1.8%**	29.0%	17.6%	6%
2011	**-13.4%**	-14.1%	-8.7%	10%
2012	**18.3%**	4.1%	7.2%	18%
2013	**19.1%**	16.6%	13.0%	31%
2014	**6.0%**	2.0%	10.6%	26%
2015	**-9.8%**	-3.5%	-8.3%	18%
2016	**4.1%**	27.2%	21.1%	18%
2017	**25.0%**	7.2%	9.1%	26%
2018	**-17.2%**	-14.4%	-8.9%	20%
2019	**8.2%**	17.4%	22.9%	17%
2020	**6.3%**	12.9%	5.6%	17%
2021	**40.6%**	18.7%	25.1%	17%
2022	**5.6%**	-10.5%	-5.8%	13%
2023	**3.0%**	8.2%	11.8%	8%
2024	**19.2%**	21.7%	18.9%	13%

Notes:

(1) *Information on returns by Series can be found in the Management Report on Fund Performance on our website.*

(2) *The performance shown above includes results prior to December 23, 2019 when the Fund was not a reporting issuer. Had the Fund been subject to the additional regulatory requirements applicable to a reporting issuer during such periods, the expenses of the Series B units of the Fund would likely have been higher. Moreover, prior to becoming a reporting issuer the Fund was not subject to and did not fully comply with the investment restrictions and practices set out in National Instrument 81-102 Investment Funds ("NI 81-102"). The Fund's non-compliance with NI 81-102 may have impacted the Fund's performance for the period prior to the Fund becoming a reporting issuer. The financial statements for the period when the Fund was not a reporting issuer, are available on the Manager's website at www.avaluefund.com or upon request.*

(3) *For Series B only as there were no Series A or F outstanding prior to December 31, 2019.*

(4) *"Average Cash Balance" is our estimate of the average of the net working capital and short-term bond balances held by the Fund. We have included this to allow you to assess how the Fund was invested in order to generate the returns shown.*

(5) *The Fund's inception date was September 27, 1996. The performance summary only includes only full year returns and thus does not reflect the 3 month period in 1996. Please see the Management Report on Fund Performance.*

(6) *We have included the S&P/TMX Total Return Index as we believe investors consider a broad Canadian Index Fund as an alternative to investing with us. We have included the Fundata Canadian Small/Mid Cap Equity Index as our fund is classified as a Small/Mid Cap Equity Fund. Our portfolio is significantly different from these indices due to our limited number of holdings, our cash levels and our investments outside of Canada. Return figures for the Fundata Index prior to 2000 are not available.*

Friendly disclaimer:

Simply put:

- *Our Annual Report contains forward-looking information. I will not update this report even if my view changes.*
- *While I believe my comments and facts to be accurate, you should not rely on them without doing your own work.*
- *While I would be delighted if this report encourages you to consider investing in or adding to your investment in McElvaine Value Fund. The Fund is only sold via Prospectus and further information is available on our website: www.avaluefund.com*

And less simply put (our required disclosure):

The Annual Report does not contain Annual Financial Statements of McElvaine Value Fund nor the Management Report on Fund Performance ("MFRP"). You can get a copy of the annual financial statements and MRFP at your request, and at no cost by calling 250-708-8345, by writing us at PO Box 42010 Rpo Oak Bay Victoria BC V8R 6T4 or by visiting our website under the Documents section at www.avaluefund.com and SEDAR+ at www.sedarplus.ca

This commentary is provided for general informational purposes only and does not constitute financial or investment advice nor does it constitute an offer or solicitation to buy or sell any securities referred to.

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.

Cover Photo by Micheile Henderson on Unsplash

To my Partners:

In this report, I will cover 3 things:

1. How the fund did everything considered;
2. What were the costs of the Fund; and
3. How the Fund is positioned for the future (what we own and why)

I realize most managers like to discuss the macro environment. My view is we are simply looking for cheap stocks with staying power run by aligned management. The macro environment will be dealt with by each company as it sees fit.

I do not mean to diminish the risks in today's macro and geopolitical landscape; they are not insignificant, and I am cautious. Generally, I subscribe to John Kenneth Galbraith's position: *"There are two kinds of forecasters: those who don't know, and those who don't know they don't know."* I do not ignore what is going on around us but instead of making predictions, I focus on managing our exposures[1].

A final somewhat self-serving comment follows. If I were to hire an investment manager, I would first ensure I believed in their investing approach. On a periodic basis, I would reassure myself that the manager has "skin in the game", is competent at the execution of the strategy and that they are doing what they say they are doing. In other words, badly paraphrasing a concept Buffett has discussed: if you are going to a steak house, you don't expect a vegan menu. There ought to be some consistency between how the manager says they invest and what the portfolio owns. If one operates an index fund, the portfolio (and cost structure) should be consistent with this. If it is a managed fund and its portfolio is essentially index-fund like, clearly something is amiss. By the end of this report, I hope to impress on you both the quality of our portfolio and how different it is from any index type fund.

I have rambled enough and will now attempt to address my key annual report questions.

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[1] *I am in effect looking for weak links in our portfolio "chain". Warren Buffett discussed the concept of experience vs exposure in his Berkshire Hathaway 2001 Annual Report, page 7*

How the Fund did:

For the 12 months to December 31, 2024, the Series B units rose by 19.2%.[2] Cash represented approximately 13% of net assets during this period. (over our 28-year history, cash has averaged about 17% of net assets)

Percentage Return (net of fees)	*One Year*	*Three Years*	*Five Years*	*Ten Years*	*28 Years*
McElvaine Value Fund - Series B (after fees & expenses)	19.2%	9.0%	14.1%	7.4%	7.8%
Fundata Focused Canadian Small/Mid cap Index	18.9%	4.8%	9.1%	7.4%	n/a
S&P/TSX Total Return Index	21.7%	8.6%	11.1%	8.7%	7.9%

$100 invested (with dividends reinvested) on 30Sept96, was worth $839 on 31Dec24.

Performance is a tricky thing to assess as return says nothing about risk. Further in any one period, an investor does not control how a stock performs. In a recent article[3], the always thoughtful Michael Mauboussin discussed what he called the Babe Ruth effect. A portfolio return is the function of how often you are right (probability) and how much you make when you are right (payoff). I would add a value investor twist to this by suggesting part of success is limiting the downside when you are wrong.

Peter Cundill and I would often discuss the concept of downside and in particular averaging down. One of the issues an investor faces is an investment rarely appreciates right after purchase. (at least for us, sorry!) It is important to then distinguish between a temporary set back and what I term as "hope". A temporary setback which is not inconsistent with the investment thesis may be an opportunity to add to the position. In contrast, hope means the original investment thesis

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[2] *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 (The Fundata Index is not available for the 28-year period). 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.*

[3] *The article was part of Morgan Stanley's February 19, 2025 Counterpoint Global Insights and called; Probabilities and Payoffs*

has weakened and one is left hoping it works out. If an investment has entered the hope stage, it is important to exit.

Turning to our returns, I estimate the contribution of each segment to our 2024 Series B unit return [4] as follows:

Large unpopular companies	4.6%
Bargain secondary companies	13.3%
Special situations and workouts	3.3%
Interest, foreign exchange and everything else (net)	0.5%
Return from investments	21.7%

Large unpopular companies:

PrairieSky and ONEX Corporation were once again the largest contributors to this segment's performance while Warner Bros Discovery was the main detractor. Warner Bros Discovery was a mistake as I misjudged how quickly the analog environment would deteriorate. WBD was sold in the 2nd half of 2024.

Bargain Secondary companies:

Maxim Power accounted for more than half of this category's return. Exco and American Coastal Insurance were the other large contributors. The main detractor was TH International. Like WBD, this was a mistake on my part as I underestimated both the cost of the buildout of their retail platform and the competitive environment. TH International was sold in the 1st half of 2024.

Special Situations and workouts:

Wintaai Holdings was the primary contributor to performance.

Interest, Foreign Exchange and everything else:

Higher rates resulted in our cash holdings being a contributor to fund performance.

[4] *To keep the discussion relatively simple, I have only discussed the Series B units as this series represents over half of our assets. McElvaine Value Fund's audited Financial Statements and Management Report on Fund Performance can be found under the Documents section of our website (www.avaluefund.com) where there is additional information on the Fund and its Series.*

Costs of the Fund:

Return from investments	21.7%
Fund operating expenses for the period	-1.1%
Estimated Pre-management & Incentive Fee Return for period	20.6%
Management Fee plus taxes	-1.1%
Incentive Fees including GST	-0.3%
Net return to Series B unitholders for period	19.2%

The Fund's operating expenses consisted of custodial, legal, audit and other operating expenses which amounted to about 1.1% of net assets. This is relatively high for two reasons:

1. We outsource our back office to top tier providers. Our custodian is RBC IS, our auditor KPMG, our lawyers BLG, and unitholder recordkeeping/fund valuations are done by SS&C.
2. We are relatively small.

I am an investor too, so the level of expense does bother me and I am looking at solutions. As the fund is growing, I expect these expenses to decline in 2025 as a % of our net assets.

For the Series B units, our management and incentive fee amounted to about 1.4% of net assets bringing the total MER with taxes to about 2.46%.

In summary, the costs of the fund are important. I am talking my own book here as I do think total return, net of expenses and considering "risk", is the better measure. In other words, expense ratio is important but only one factor in assessing a fund.

Portfolio Update[5]:

As of late-March 2025, our portfolio looked roughly as follows:

Large unpopular		29%
PrairieSky	*8%*	
Jardine Matheson & Mandarin Oriental	*7%*	
Canfor	*5%*	
ONEX	*5%*	
Fairfax India	*4%*	
Small caps		41%
Maxim Power	*15%*	
Knight Therapeutics	*7%*	
Exco Resources	*6%*	
Seaport Entertainment	*5%*	
Remaining 5 cos	*8%*	
Private Companies & Other		18%
Wintaai Holdings	*13%*	
Hedge-like instruments + others	*5%*	
Total Investments		87%
Cash		13%

Shane Parrish, whom I have gotten to know and is just as impressive in person as he is on his podcast, discusses positioning in his excellent book Clear Thinking[6]:

> *"The greatest aid to judgment is starting from a good position. The company with cash on the balance sheet and low debt has nothing but good options to choose from. When bad times come, and they always do, their options go from good to great."*

In some ways, Shane's comments tie into Nassim Nicholas Taleb's "anti-fragile" concept I have discussed in previous reports. In other words, the goal is to exit any crisis with a better business than you entered it. I want both our portfolio and our investments to share this "anti-fragile" quality.

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[5] *Audited financial statements including a statement of Investment Portfolio can be found on our website.*

[6] *Clear Thinking: page xv*

In last year's report, I suggested you think of intrinsic value as a Mr. Spock-like determination of a company's worth. On the other hand, market prices are sometimes set by a depressed Homer Simpson. We invest when a margin of safety has been created by these circumstances. After investing, our job is to watch how the investment thesis (and intrinsic value) develops and wait for "Homer to leave the building". With this in mind, a quick update on each of our largest positions follows:

Maxim Power

> As mentioned in my Semi-Annual Report, Maxim had and continues to have a strong balance sheet. In late November 2024, Maxim eliminated all its debt and declared a $0.50/share dividend. The shares appreciated strongly on this news.
>
> Maxim is in the process of finalizing the sale of its coal interests to Valory Resources for cash, shares and a royalty interest. While power prices so far this year have been somewhat weaker than 2024, Maxim currently has approx. $0.60/share in net cash, the pending Valory proceeds, two greenfield sites (one of which is a permitted site), and a 300MW Generating Station. I continue to have the upmost confidence in the board.

Wintaai Holdings

> In early February 2025, Francis announced Winaai has acquired a Texas insurance company. In addition to a growing investment float, Wintaai now has 3 legs: a Louisiana-based workers comp business, a Florida-based insurance business and now a Texas-based operation. As Wintaai is a private company, we value it at 1.1x adjusted book value which may prove to be conservative. Wintaai has an A- rating from AM Best reflecting its solid balance sheet and excellent underwriting performance.

PrairieSky Royalty

> 2024 was a year of debt paydown and expanding royalty revenues as the Canadian oil patch was reasonably active. You may recall in 2021, PrairieSky acquired almost 2 million acres of fee simple mineral rights; their current portfolio covers approx. 18mn acres of which 9.7mn acres are fee simple. There are no capital requirements for PrairieSky's business. I expect PrairieSky to become debt free in the latter part of 2025.

Knight Therapeutics

In early March 2025, Knight announced it was acquiring Paladin Pharma from Endo for approximately $120mn. This is an important addition to Knight's Canadian business. Paladin is a business both Jonathan (Knight Chair and largest shareholder) and Samira (CEO) know well as they sold this business to Endo approx. 10 years ago for roughly $2.7Bn. While this is not an apple to apples comparison as the business being acquired is somewhat different, it does highlight Jonathan and Samira's disciplined approach to capital allocation.

Over the last 5 years, Knight has retired over 1/3 of its outstanding shares at what I view as very attractive prices. Knight continues to have a strong balance sheet.

Jardine Matheson and Mandarin Oriental

While I lump the two of these together (we own both), they are in fact 2 separate public companies with Jardine Matheson owning 88% of Mandarin. As discussed in our semi-annual report, I believe we are paying zero for Mandarin Oriental's hotel management business which in 2024/2025 has continued to expand. Jardine Matheson, under its very capable Chairman Ben Keswick, has continued to focus on selectively disposing of non-core operations and tightening up the governance of owned businesses. Its balance sheet remains strong.

Exco Resources

Exco is controlled by Fairfax Financial. Below is an excerpt from Prem Watsa's comments on Exco from the recent Fairfax annual report[7]:

> *…we recognize that commodity prices are inherently volatile. Instead, our confidence in EXCO rests in its health and flexibility– its strong balance sheet, effective hedging program, avoidance of onerous transportation contracts, diligent cost control and nimble operations. These are the hallmark of skilled management. With Chairman John Wilder and CEO Hal Hickey, we are in good hands. Fairfax's Wendy Teramoto and Peter Furlan continue to work closely with management and the rest of EXCO's board.As of December 31,2024,the fair value of Fairfax's investment in EXCO is $20.07 per share or*

[7] *Fairfax Financial 2024 Shareholders' Letter – page 29*

$460 million, an increase from $19.01 per share or $435 million as at December 31, 2023…

An important additional point is we value Exco based on its current share price. In late March 2025, this price was $9.10. This compares to Fairfax's $20.07 valuation which leaves considerable upside for our fund if Prem is correct.

Canfor

The majority of our Canfor position was acquired in early 2025 on the back of weakness in the stock price due to concerns around the economy, duties and tariffs. While additional duties and tariffs will hurt, their impact on Canfor may be less than expected. Over the last 5 years or so, Canfor has significantly expanded and upgraded its US business which now represents approx. 40% of its operations. Canfor's Swedish business represents a further 30% leaving BC and AB at approx. 15% each. Canfor has a strong balance sheet, low-cost mills and significant earning potential.

ONEX

2024 was important for ONEX as it continued to free up investment capital. Between share repurchases and a tender offer, approximately 8% of its outstanding shares were retired in 2024 bringing the total repurchases over the last 5 years to just under 30% of Onex's shares. ONEX currently is controlled via multi-voting shares owned by Gerald Schwartz. You may recall in 2023, a sunset provision was adopted which means these shares will convert to single vote in May 2026. ONEX's NAV continues to be significantly higher than its share price.

Fairfax India

The primary asset of Fairfax India is its 74% (69% effective ownership) of the Bangalore Airport. I will once again quote a member of the Watsa family (this time Fairfax India's Chairman Ben Watsa) to give you a feel for the quality of the Bangalore Airport asset[8]:

Bengaluru is one of the fastest growing cities in the world and air passenger traffic in India is expected to have robust growth with increasing business and leisure travel, and the improvement in air connectivity to tier II cities. The valuation is supported by

[8] *Fairfax India 2024 Shareholders' Letter – page 14*

conservative future cash flow estimates driven by growth in; passenger capacity, non-aero revenue, and real estate monetization plans. Our belief is that the current valuation does not reflect the market interest for similar businesses with a near impenetrable moat and monopolistic characteristics.

I believe Fairfax India's NAV is more than 2x its current share price.

<u>Seaport Entertainment</u>

Seaport was a spinoff from Howard Hughes Corporation. It is an asset we know well as we have owned Howard Hughes in the past. On our website you will find an article discussing Seaport. I met with management in early 2025 at the Seaport district in Manhattan. There are some risks, but Seaport is an exceptional asset, and the company has a strong balance sheet. I would add it will take some time for the changes to take place, but I suspect our patience will be well rewarded.

<u>Are our holdings cheap?</u>

I hope my discussion has given you some sense of our holdings and why I am optimistic about our future. The future is of course uncertain however I am comforted by the fact that our investments have aligned management and good balance sheets.

<u>Wrapping up this note:</u>

In this report I have used the word "I". I would be remiss not to acknowledge and thank Kate, Lorne, Jen, and Matthew for their work.

The best way to keep in the loop with us is via email. If you do not receive emails from us, please let us know and we will add you to our list.

As I wrap up this section, I will address our structure and incentives. As an investor, I know you have a lot of alternatives for your money. Some of these alternatives include funds with a lower fee and expense structure than our fund. Whether these funds are actively managed investment funds, ETFs, or index funds, I encourage you to also consider alignment. With us, you are my partner; we are in this together. If MVF does well, we both do well. If MVF does poorly, I can assure you no other investor suffers greater "financial pain" than us (Kate and me). Our interests are aligned.

We are issued via prospectus. A key reason for doing this was to allow investors to purchase and hold their investment in the Fund wherever they like. If you are interested in making or adding to an investment, you can do so via your financial advisor or with DIY brokers. The Fund is RRSP, RRIF, RESP and TFSA eligible. Please contact us if you have any questions or problems.

Most importantly, thank you for your trust and friendship. I appreciate you.

Warm regards,

Tim McElvaine

March 27, 2025

FUNDGRADE A+® ACHIEVED FOR THE YEAR 2022 [9] FUNDGRADE A+® ACHIEVED FOR THE YEAR 2023

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McElvaine Value Fund

OUR GOALS

Investment Returns

We look for 50 cent dollars; we believe 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 are Not Index Huggers
Many funds have portfolios similar to the indices. Our fund is quite different.

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

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

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

We Are Transparent
We discuss what we own, what worked (and didn't) and fees paid.

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

We Are Experienced & Focused
Tim has run the Fund since 1996. Not revolving managers juggling many funds.

We Are a Value Fund with Values
We are not an ESG fund but we do care where we invest. See our website for details.

We Have Clear Safe-Guards
All the Fund's assets are held by RBC. We have been audited since 1996 by KPMG

We Are Not a Black Box
Our approach is understandable & straightforward. It is focused on creating a margin of safety.

FUND INFORMATION

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

CONTACT US

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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 (phone in to place order)
- Qtrade - Fund code: MIT808 or 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
- Aligned Capital
- Caldwell Securities
- Designed Securities
- Haywood Securities
- Fidelity Clearing

<u>Required Annual Disclosure to unitholders per 10.1(3) of NI 81-102</u>

How to redeem units of McElvaine Value Fund (formerly called The McElvaine Investment Trust)

As a unitholder of McElvaine Value Fund (the "**Fund**"), you are entitled to redeem your units provided certain legal requirements are met and you follow the procedures established by McElvaine Investment Management Ltd. (the "**Manager**"), the manager of the Fund, and at least annually the Manager is required to provide all unitholders with a statement describing these requirements and procedures. This information is set out below.

Units of the Fund can be redeemed on a monthly basis on the last business day of each month or any other business day the Manager may designate (each a "**Redemption Date**"). To redeem your units you should submit a redemption order to the Manager through your authorized dealer. If the Manager receives your redemption order by 1:00 p.m. (Pacific time) on a Redemption Date, the Manager will process your order at the unit price calculated on that Redemption Date. Otherwise, the Manager will process your order at the unit price calculated on the next Redemption Date.

Under applicable securities legislation, the Fund is not permitted to pay any redemption proceeds unless (i) it has received a completed and signed redemption order from you, or (ii) you make a redemption order by telephone or electronic means (where you have made prior arrangements to provide instructions by telephone or electronic means, and the redemption order is made in compliance with those arrangements).

When you redeem units of the Fund, your money will be sent to you within two business days of the applicable Redemption Date if (i) the Fund has received the instructions necessary to complete the transaction, and (ii) any payment for buying the same units that you are redeeming has cleared. If the Manager does not receive all documentation that it needs to process your redemption order within 10 business days after the Redemption Date, on that 10^{th} business day (or, if that 10^{th} business day is not a date on which the Manager accepts purchase orders for units of the Fund, on the next such date) the Manager will purchase an equivalent number of units of the Fund as have been redeemed, and the Manager will apply the redemption proceeds to the payment of the purchase price of such units. If the purchase price of such units is less than the redemption proceeds, the Fund will keep the difference. If, however, the unit price has increased since the Redemption Date such that the redemption proceeds are less than the purchase price of such units, your dealer will be required to pay the Fund the amount of the deficiency and will be entitled to collect this amount plus expenses and interest from you.

For further information about your redemption rights, please refer to the Fund's current simplified prospectus, which is available on the SEDAR+ website at www.sedarplus.ca or on the Fund's website at www.avaluefund.com, or contact your dealer.

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