



McElvaine Value Fund

To my Partners:

31Aug23

Our Returns: ¹

Percentage Return (net of fees)	6 mos. to 30Jun23	One Year	Three Years	Five Years	Ten Years
McElvaine Value Fund - Series B	5.1%	7.7%	25.3%	8.4%	7.1%
Fundata Focused Canadian Small/Mid cap Index	1.9%	9.2%	11.6%	4.1%	6.8%
S&P/TSX Total Return Index	5.7%	10.4%	12.4%	7.6%	8.4%

Comments:

The portfolio has not changed materially since I wrote to you in March (our Annual Report can be found on our website under *What we Own and Why*). I continue to believe our holdings are inexpensive.

While I do not attempt to predict the direction of markets, I do think about three things: valuation, liquidity, and sentiment. At least 2 of these 3 factors suggest one should be careful. Meatloaf may have felt “*Two out of three ain’t bad*” but that is not my view. In July, we established a position which I view as a modest hedge against poor macro-outcomes.

(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.*

While I may not have been particularly active, our portfolio companies were. Our holdings were discussed in the Annual Report but a quick update on our largest positions is as follows:

- Maxim Power commenced hot commissioning activities for its Combined Cycle Gas Turbine expansion. This is a significant event; I expect it to be fully operational by late fall.
- Bausch + Lomb appointed Brent Saunders as Chair and CEO. Brent was CEO of B+L prior to its acquisition in 2013 by Valent. The next milestone will be the separation of B+L from Bausch Health. I am confident it will occur as it represents a path to significant value creation for Bausch Health's largest investors which include Carl Icahn and John Paulson.
- PrairieSky had a strong six months; its balance sheet continued to improve and oil royalty production and leasing activity hit multi-year highs.
- ONEX executed several portfolio dispositions which provided cash for share repurchases. Shareholders approved a 3 year "sunset" to Gerry Schwartz's multi-voting shares which I view as a fair outcome.
- Warner Bros Discovery improved partially on better-than-expected results from its new streaming service. The summer has been a mixed bag with successes in movie releases such as Barbie offset by the ongoing Writer & Actors strike
- Wintai reported solid underwriting results and recently significantly expanded its operations primarily in Florida.
- CK Hutchinson results were mixed however it continues to take significant action to simplify and monetize its large telecom businesses.
- SPAC Warrants: We exited our holdings in Westrock Coffee warrants while our THCH (Tim Hortons China) position was converted to common shares.

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

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

