



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.

