

McElvaine Value Fund

Fund information and KYP package

McElvaine Investment Management Ltd. · Victoria, British Columbia

This document is prepared to support the product due diligence that dealers and advisors carry out under the Client Focused Reforms. It summarises the fund's structure, strategy, risks, costs and governance in one place, and tells you where the filed documents sit. It is a summary only. The Simplified Prospectus and Fund Facts govern, and nothing here is an offer or a recommendation.

Prepared October 2026. Figures are drawn from the fund's filed documents and are dated where given.

1. The fund at a glance

Item	Detail
Fund	McElvaine Value Fund, formerly called The McElvaine Investment Trust, an open-ended trust governed by the laws of British Columbia
Category	Alternative mutual fund under National Instrument 81-102 (see section 6)
Offered by	Simplified Prospectus dated August 2025
Fund codes	Series A MIT108 · Series B MIT552 · Series F MIT808 · Series G MIT555 (closed to new purchases)
Manufacturer code	MIT (FundSERV)
Inception	Series B- 30Sept1996. Series F- 2Jan2020. Series A – 01Apr2021
Manager & trustee	McElvaine Investment Management Ltd.
Portfolio managers	Tim McElvaine (founder, lead) and Dr. Lorne Porayko
Risk rating	Medium
Dealing	Monthly, on the last business day of each month
Minimum	\$1,000 initial, \$1,000 additional
Distributions	Annually, in December
Tax reporting	Unit trust; T3 slips
Registered plans	RRSP, RRIF, TFSA, FHSA, RESP, IPP and similar plans, and non-registered accounts
Platform	FundSERV; available on most Canadian dealer platforms

2. The manager

McElvaine Investment Management Ltd. is registered as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer with the British Columbia Securities Commission, and in other jurisdictions as applicable. The firm also acts as trustee of the fund and holds legal title to its investments in trust for unitholders. The fund was formerly called The McElvaine Investment Trust, and filings made under that name, including the financial statements before the change, relate to the same fund.

The firm manages one strategy. There is no sales team and no other mandate competing for the managers' attention. Questions from advisors are answered by the people who run the money.

The people

Tim McElvaine, founder and lead portfolio manager. Tim founded the fund in 1996 and has managed it ever since. He worked closely with Peter Cundill, including as Chief Investment Officer and co-manager of the Mackenzie Cundill Value Fund. He has served on several public company boards and is currently a director of Tiny Ltd. He is both a CPA and a CFA.

Dr. Lorne Porayko, MD, FRCPC, portfolio manager. Lorne became a portfolio manager of the fund in August 2026, when The Osler Fund was merged into it. He continues to practise critical care medicine.

Recent corporate history

In August 2026 The Osler Fund was merged into the McElvaine Value Fund. The portfolio carried across, Lorne Porayko joined as portfolio manager, and the combined fund trades under the existing codes. The practical effect for cost is that the fund's largely fixed third-party expenses are now spread across a larger asset base.

3. Investment objective and philosophy

The fund seeks to achieve long-term capital appreciation by acquiring primarily securities that are trading below their intrinsic value. It invests primarily in common shares of publicly traded companies.

From the Simplified Prospectus: "As an investor, we believe one of the few things we can control is the price we are willing to pay. Our intention is to invest only where the difference between the value of the investment and the price we pay gives us a margin of safety."

The approach is deep value in the Peter Cundill tradition. It does not rely on macroeconomic forecasting or market timing.

4. Process: the four questions

Every purchase is assessed against four questions, which the manager calls ABBA. They are set out in the Simplified Prospectus and are the same four questions used since the fund began.

	Question	What it tests
A	Accident	Why is it cheap? Is there a competitive advantage in making this purchase, such as a seller who does not care about the price they are getting?
B	Bird in hand	Is there observable value today that exceeds the share price, rather than value dependent on a forecast?
B	Brick house	Can the business survive being wrong for a while? Financial position and staying power.
A	Alignment	Are the board and management owner-focused, with their own money at risk?

5. Portfolio construction

- Concentrated. The fund typically holds somewhere between 15 and 25 securities. At 30 June 2026 the Fund Facts reported 14 total investments, with the top 10 representing 79.3% of the fund.
- Benchmark agnostic. Position sizes are set by conviction and price, not by index weight. Overlap with mainstream Canadian equity funds is low, and tracking error relative to the index should be expected to be high.
- Cash is a permitted position. The fund will hold cash when nothing meets its standards, rather than remaining fully invested as a matter of policy.
- Long holding periods. Turnover is low by design, and the manager expects results to be judged over years rather than quarters.

For an advisor, the practical consequence of concentration is that this fund will have periods of material divergence from both the index and from peer funds, in both directions. That divergence is the intended outcome of the mandate, not a deviation from it.

6. Alternative mutual fund status

The fund falls within the definition of an alternative mutual fund in National Instrument 81-102. That category permits strategies prohibited to conventional mutual funds, and it may affect which shelf the fund sits on at your dealer and what proficiency or approval your firm requires.

Some of what the category permits

Permitted	Limit
Concentration in a single issuer	Up to 20% of net asset value, directly or through specified derivatives
Cash borrowing	Up to 33% of net asset value
Short sales	Up to 50% of net asset value
Aggregate gross exposure to leverage	Must not exceed 50% of net asset value, calculated under section 2.9.1 of NI 81-102

What the fund actually does

As at 30Sep26, the Fund had not entered into any agreement to borrow money for investment purposes. The Fund however does own index put options but has not entered into any other derivative transactions. Short selling is permitted at the manager's discretion but is not a core part of the strategy. The Fund does not have any short positions. The powers above are available rather than in use, and the practical significance of the category for this fund has been the ability to take concentrated positions.

We suggest you confirm the current position with the manager before relying on this, and check the most recent Management Report of Fund Performance and quarterly portfolio.

7. Risk

The manager has rated the volatility of the fund as medium, using the standardised risk classification methodology, which is based on how much the fund's returns have changed from year to year. A risk rating is a measure of past volatility and does not describe every risk in the fund.

The risks that matter most here

- Concentration. A small number of positions means a single holding can materially affect the fund, in either direction.
- Divergence from the index. The portfolio is deliberately unlike the index and may underperform it for extended periods.
- Judgement risk. The fund invests in businesses that are out of favour, usually for a reason. The manager's assessment of that reason may simply be wrong.
- Smaller companies. Positions may be less liquid than large-cap holdings.
- Monthly liquidity. Units are redeemable monthly, not daily. See section 9.
- Alternative fund powers. The leverage and short selling permitted by the category carry their own risks if used. See section 6.

The Simplified Prospectus and Fund Facts describe the risks in full and should be read before any recommendation.

8. Fees and costs for Series F

Component	Series F
Management fee	0.60% a year, or 0.63% with GST
Performance fee	20% of any return above a 7.5% annual hurdle, subject to a high-water mark. This was changed in 2026
Third-party operating costs	Expected to run at roughly 0.45% a year at the fund's current size
Deferred sales charges	None
Trailing commission on Series F	None

The manager's stated intention is to lower the Series F management fee as the fund grows, because the fund's third-party costs are largely fixed. That is an intention rather than a commitment, and any change would be disclosed in the usual way.

Reconciling the MER with “about 1.1% all-in”

The Fund Facts for Series F dated June 2026 reports a management expense ratio of 3.46%. The manager's own materials describe the all-in cost in an ordinary year as about 1.1%. Both are correct and the difference is the performance fee.

The MER is a backward-looking figure that includes any performance fee actually charged. In a year where the fund returns well above the 7.5% hurdle, the performance fee is large and the MER rises with it. In a year at or below the hurdle, no performance fee is charged and the all-in cost falls back toward the management fee plus operating costs. The year-by-year table in section 10 shows exactly how this has worked since 2020, and the calculator at avaluefund.com/fees lets you model any return.

Advisors should expect to explain this to clients. A 3.46% MER on a screen, next to a fund describing itself as roughly 1.1% all-in, looks like a contradiction until the performance fee is understood. The year-by-year breakdown is the clearest way to show it.

9. Dealing, liquidity and valuation

- Units may be bought, switched or redeemed through authorised dealers on the last business day of each month. A business day is any day the Toronto Stock Exchange is open.
- Redemptions are at net asset value, with no deferred sales charges. Proceeds settle two business days after valuation.
- Monthly rather than daily dealing is a deliberate feature, intended to suit a patient strategy and to avoid forced selling. It is a material point for client suitability and should be raised before purchase.

10. Performance, gross to net

The table below shows Series F calendar-year returns from launch, with each layer of cost shown separately. Series B units were established on 30 September 1996 and Series F on 2 January 2020, so the Series F record begins in 2020.

Year	Gross return	3rd party expenses	Management fee	Performance fee	Net return
2025	16.7%	0.8%	0.6%	2.0%	13.3%
2024	22.3%	1.1%	0.6%	3.2%	17.4%
2023	5.1%	1.1%	0.6%	0.3%	3.1%
2022	7.7%	1.0%	0.6%	0.2%	5.9%
2021	40.8%	0.8%	0.6%	4.9%	34.5%
2020	8.4%	1.0%	0.6%	0.1%	6.7%

Net return is the audited figure reported in the fund's financial statements. The breakdown of gross return and each category of cost is the manager's best estimate of the impact of each type of fee. Third-party expenses are what the fund actually paid in each year. Past performance may not be repeated.

Standardised performance for the fund is published monthly by independent third parties, including Morningstar Canada and FundLibrary (Fundata), for both Series B and Series F. The fund received FundGrade A+ Awards in 2022 and 2023; the required Fundata disclosure accompanies that reference on the fund's website.

11. Suitability

The fund may suit a client who

- Wants a concentrated, actively managed equity sleeve that behaves differently from an index fund and from closet-index active funds.
- Has a genuine multi-year horizon and will not need the money at short notice.
- Can tolerate material divergence from the index, and drawdowns, without wanting to sell.
- Is comfortable with monthly rather than daily liquidity.
- Is being allocated a portion of a diversified portfolio rather than the whole of it.

The fund is unlikely to suit a client who

- Needs daily liquidity, or may need the capital within a short horizon.
- Measures success against the index or will be uncomfortable when the fund diverges from it.
- Wants broad diversification from a single holding. This is a sleeve, not a portfolio.
- Is uncomfortable with a performance fee, or with a cost that varies year to year.
- Cannot hold an alternative mutual fund under their dealer's shelf rules.

The manager is direct about this: a client who will sell at the bottom is worse off in this fund than in something duller. Advisors are encouraged to disqualify rather than persuade.

12. Service providers and governance

Role	Provider
Manager, trustee and portfolio manager	McElvaine Investment Management Ltd., Victoria, British Columbia
Auditor	KPMG LLP, Chartered Professional Accountants, Vancouver, British Columbia
Custodian	National Bank Financial Inc., through its National Bank Independent Network division
Recordkeeper and administrator	Damelin Financial Services Inc.
Principal regulator	British Columbia Securities Commission

The fund changed custodian and recordkeeper in late 2025. The Simplified Prospectus dated August 2025, which is the version currently posted, predates that change and still names the former providers. Advisors comparing documents should expect that difference; the providers above are the current ones.

Independent Review Committee

An Independent Review Committee is established under National Instrument 81-107 and reviews conflict of interest matters referred to it by the manager. Each member is independent within the meaning of NI 81-107. The committee prepares a report to unitholders at least annually, which is published on the fund's website.

Current members: Jonathan Heymann (Chair), David Feather and Ruby Lougheed Yawney.

The membership has changed since the Simplified Prospectus dated August 2025 was filed, so that document names the former committee. The members above are current.

13. Dealer operations and FundSERV setup

This section is for dealer operations and back-office staff setting up the fund on their systems. The fund trades through FundSERV and is available on most Canadian dealer platforms. If it is not yet on your shelf, contact the manager and they will approach your dealer directly.

Fund codes

Series	FundSERV code	Buys	Sells	Switches	Transfers	Intended for
Series F	MIT808	Yes	Yes	Yes	Yes	Fee-based and discretionary accounts. No trailing commission.
Series B	MIT552	Yes	Yes	Yes	Yes	Fee-based and discretionary accounts. No trailing commission.
Series A	MIT108	Yes	Yes	Yes	Yes	Commission-based accounts.
Series G	MIT555	No	Yes	Yes	Yes	Closed to new purchases.

Product setup

Field	Detail
Manufacturer code	MIT
FundSERV	Yes
Product type	Alternative investment (alternative mutual fund under NI 81-102)
Tax structure	Unit trust
Taxation details	T3
Distributions	Annual
Series accounting	No
Certificated units	No
Eligible provinces	All except Quebec
Registered plan eligibility	RRSP, RRIF, TFSA, FHSA, RESP, IPP and similar plans

Purchases and redemptions

Field	Detail
Pricing	Monthly, on the last business day of each month
Settlement	Trade date plus two business days
Minimum first purchase	\$1,000
Minimum subsequent purchase	\$1,000
Purchases	Through FundSERV
Payment method	FundSERV only
Redemptions	Monthly at net asset value. No deferred sales charges.

Dealer compensation

Field	Detail
Series F and B	No load. No trailing commission.
Series A	No load. Trailing commission of 0.5% a year of the net asset value of units held, calculated and paid semi-annually to registered dealers.
FundSERV agreement	Required. Dealers execute the standard FundSERV Services Dealer Agreement.

Who to call

	Fund company	FundSERV and dealer services
Name	McElvaine Investment Management Ltd.	Prometa Fund Support Services Inc.
Address	Suite 214, 2186 Oak Bay Avenue, Victoria, BC V8R 1G3	220 – 155 Carlton Street, Winnipeg, MB R3C 3H8
Telephone	250 708 8345	877 548 3751 (toll free)
Fax		204 946 5992
Email	info@avaluefund.com	dealerservices@prometa.ca

Fund Facts for each series are on the regulatory page of the fund's website. The operational details above are provided as a guide for setting up fund codes on dealer systems; confirm anything material with the manager.

14. Filed documents

All of the following are published at avaluefund.com/regulatory:

- Simplified Prospectus
- Fund Facts for Series A, Series B and Series F
- Annual and semi-annual financial statements, with the full history back to 1996
- Management Report of Fund Performance, annual and semi-annual
- Quarterly portfolio holdings report
- Proxy voting record
- Independent Review Committee report to unitholders
- Relationship Disclosure Information

Letters to partners, written twice a year and covering what was bought, what was sold and what went wrong, are at avaluefund.com/reports. They are the most direct way to understand how the manager thinks.

15. Contact

McElvaine Investment Management Ltd.

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(250) 708-8345 · info@avaluefund.com · avaluefund.com

There is no wholesaler. Questions about the fund are answered by the people who manage it.

Commissions, trailing commissions, management fees, performance fees and expenses all may be associated with mutual fund investments. Please read the prospectus and Fund Facts before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The fund is offered only in Canada and this document is not intended for U.S. persons. This document is a summary prepared to assist registrants with product due diligence. It is general information, not investment advice and not an offer to sell. Where this document and the Simplified Prospectus differ, the Simplified Prospectus governs.