



**The McElvaine Investment Trust
&
The McElvaine Limited Partnership**

**Annual Report
2005**

The McElvaine Investment Trust (“the Trust”)

The McElvaine Investment Trust is a RRSP eligible fund. The Trust 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 net asset value.*
- 2. Given the size of the Canadian market, a small investment fund has a significant competitive advantage.*
- 3. The purpose of an investment vehicle is to make money not to own stocks. This is an important distinction because it means the Trust will only invest when presented with an attractive situation.*
- 4. As there are few good ideas, there are times when concentration may be helpful.*
- 5. An incentive fee structure rewards performance not asset growth.*

The McElvaine Limited Partnership (“the LP”)

Originally I thought The LP’s focus would be global. Instead I have concluded it ought to be opportunistic; whether that means a Canadian security, a Japanese security or a private investment depends on the price and the situation. It is a far more flexible fund than the Trust both in terms of where and what it might invest in.

The LP was originally established in 1991 as Cundill Capital Limited Partnership. In the summer of 2000, the Partners of the LP approved a resolution transferring the investment counsel agreement to McElvaine Investment Management Ltd. Peter Cundill remains a substantial partner in the LP as well as a 30% owner of McElvaine Investment Management Ltd.

Performance Summaries as of 31Dec05

The McElvaine Investment Trust⁸

Year to	S&P/TSX Composite Index ¹	Trust Pre-fee Return ³	Trust Net Return ⁴	Avg Canadian Fund Return ⁵	T-bill Rate ⁶	Avg Cash Balance ⁷
Dec05	24.1%	22.9%	17.2%	16.6%	2.7%	13%
Dec04	14.5%	11.3%	8.6%	12.1%	2.2%	23%
Dec03	26.7%	36.5%	28.2%	20.6%	2.9%	14%
Dec02	-12.4%	5.4%	5.0%	-12.0%	2.6%	5%
Dec01	-12.6%	37.2%	28.0%	-4.2%	3.8%	2%
Dec00	7.4%	24.6%	19.2%	12.0%	5.5%	9%
Dec99	31.6%	38.8%	29.5%	20.7%	4.7%	26%
Dec98	-1.6%	21.3%	16.6%	-2.1%	4.7%	27%
Dec97	15.0%	16.8%	12.8%	14.0%	3.2%	59%
9 Year compound	9.2%	23.4%	18.0%	8.0%		
\$100 invested Jan97 is now	\$220		\$445	\$200		

The McElvaine Limited Partnership⁹

Year to	Morgan Stanley World Index ²	LP Pre-fee Return ³	LP Net Return ⁴	Median Global Fund Return ⁵	Deposit Rate ⁶	Avg Cash Balance ⁷
Dec05	6.6%	17.0%	13.3%	7.2%	1.1%	24%
Dec04	7.3%	16.8%	13.2%	6.0%	1.1%	26%
Dec03	9.4%	33.3%	27.0%	12.8%	1.1%	11%
Dec02	-20.2%	-1.2%	-1.6%	-20.1%	0.9%	2%
Dec01	-11.5%	17.4%	13.9%	-12.4%	2.6%	-4%
July to Dec00	-10.9%	15.1%	13.6%	-8.8%	3.2%	8%
\$100 invested Jul00 is now	\$79		\$208	\$82		

Notes:

- As the Trust invests primarily in Canadian securities, we have compared its performance to that of the S&P/TSX Composite Total Return Index (formerly the TSX 300 Total Return Index). This index tracks changes in the share price of 300 of the largest companies (by market capitalization) listed on the Toronto Stock Exchange (and includes the return from reinvested dividends). These companies represent a broad range of industries.
- The investment objective of the Partnership does not restrict the countries in which it may invest. Accordingly, we have compared its performance to the Morgan Stanley Capital International World Index. This index is designed to measure the performance of equity markets in countries that are considered to have "developed" equity markets. **You should understand that the Partnership's portfolio may differ substantially from the investments reflected in this index.**
- "Pre-fee Return" is the increase in the asset value during the period after the deduction of all expenses, other than the management fee and performance incentive fee, and applicable GST, and for the Trust includes distributions reinvested in additional units. The Pre-fee Return gives you the best indication of how the funds' investments have performed. However, the "Net Return" is a better indicator of the returns actually earned by investors.
- "Net Return" is the increase in the net asset value of the Trust or the LP during the period and for the Trust includes distributions reinvested in additional units.
- We have compared the Trust's performance to the average return of Canadian equity funds, and have compared the LP's performance to the average return of Global equity funds, as published on the globefund.com website operated by The Globe and Mail and Bell Globemedia. Copyright 2003 Bell Globemedia Interactive Inc., its affiliates and/or licensors.
- "T-bill Rate" is the average of the monthly 90-day treasury bill rates during the year. "Deposit Rate" refers to the average 30-day deposit rate paid by a Canadian Bank. We have included these rates because they are used to determine whether the Portfolio Adviser receives a performance incentive fee.
- "Average Cash Balance" is the average of the month-end cash and short-term bond balances. For example, the 1997 pre-fee return for the Trust of 16.8% was earned while the portfolio was on average only 41% invested.
- The performance table for the Trust excludes the 3 months from 27Sept96 to 31Dec96 (startup period). During this period, the Trust returned 3.1%.
- The predecessor to the LP, Peter Cundill LP, was formed in 1979 and had a 21-year compound rate of return of 13.5%.
- It is important that you understand that performance is yesterday's news and you should be careful about using it as a guide to tomorrow. The figures above are unaudited and in many circumstances, simply our estimates.**

My Commitment to Reporting

In the pages that follow I have tried to present the material I believe is important for you to assess the job I did. In other words, I have tried to put myself in your shoes and thought about what I would need to see to understand the performance of my investment. I hope I have done this in a fashion that neither trumpets my successes nor hides my warts.

You will find this report includes:

- 1. A general discussion of the issues affecting the funds.*
- 2. A specific discussion of each fund including:*
 - i. a review of pre-fee returns to show you how the portfolio performed.*
 - ii. a reconciliation of pre-fee returns to your return to allow you to understand the expenses you paid and thus how the fund return became your return.*
- 3. The Statement of Net Assets and Schedule of Investments for both the Trust and the LP.*

This report will not include a detailed discussion of our holdings. I have no intention of trying to sell you on each holding of ours. While the enclosed Schedules of Investments list the majority of our holdings, I believe a discussion of each not only has the potential to make me look quite foolish but also would not be in our best interests as partners. I do assume on these matters you trust my judgment and will hold me accountable each year for the collective performance of these individual decisions.

Finally, I work for you. If you believe there are items or issues I have not discussed but you would like to see covered, please let me know.

You may have noticed our new corporate mascot on the cover. You may be familiar with the story of the frog prince. Of course, my job for you is to look for the frogs that are really princes/princesses and pucker! Now to tell you the truth, the story about the frog prince does not really excite me very much, especially as I have daughters. I prefer the version below:

The Princess and the Frog

Once upon a time, in a land far, far away, a beautiful, independent, self-assured princess happened upon a frog as she sat contemplating ecological issues on the shores of an unpolluted pond in a verdant meadow near her castle.

The frog hopped into the Princess's lap and said, "Elegant Lady, I was once a handsome Prince, until an evil witch cast a spell upon me. One kiss from you, however, and I will turn back into the dapper, young Prince that I am and then, my sweet, we can marry and setup housekeeping in yon castle with my Mother, where you can prepare my meals, clean my clothes, bear my children, and forever feel grateful and happy doing so."

That night, while dining on lightly sauteed frog legs seasoned in a white wine and onion cream sauce, she chuckled to herself and thought:

"I don't freakin' think so!"

Source: <http://www.ehumorcentral.com/cgi-bin/directory/joke.cgi?id=1909>

To my Partners:

Well, our return last year was acceptable on an absolute basis but wanting on a relative basis. Thanks for sticking around. I don't pretend to be the brightest investor on the block but I do know enough not to try to be an investing chameleon.

If you want a snappy phrase to describe me, try "rhythm-challenged". What I mean is as a dancer, and as an investor, I don't pretend to catch every beat. In fact, sometimes one might suggest I fail to catch any! 2005 was one of those years I danced away in the corner, confident in my step but appreciating I was not at all in time with the music. So, once again, I say thanks for sticking around and please save the last dance for me.

I am in the process of investigating merging the Trust and the LP. I will give you my thoughts on this under the "Recent Developments" section later in this report. At this moment we continue to have two funds, so I believe it is important you see the "whole field". This report discusses both the Trust and the LP. While I appreciate this does make the Annual Report at times a little cumbersome, I do think it allows you to understand everything I am doing.

My report to you is structured as follows:

1. I will chat about the investment returns of each fund.
2. I will detail how the investment return translated into your return.
3. I will outline how each fund is positioned.
4. I will spend a page ranting from my toadstool.
5. I will chat briefly about some recent developments.

After my report, you will find:

1. The McElvaine Investment Trust Statement of Net Assets and Schedule of Investment Portfolio.
2. The McElvaine Limited Partnership Statement of Net Assets and Schedule of Investment Portfolio.
3. The 2000 Annual Report's "From the Toad Stool".
4. A copy of my letter to potential partners from our "marketing" package.
5. Compliance discussion.

By the time you have finished I suspect you will be pleased this is an annual report.

Warning label

First and foremost, I caution you that all figures are my estimates. Secondly, I want to stress that all figures in the body of my report are unaudited. Audited Financial Statements have been sent separately to all partners. Finally, some of my comments could be considered predictions. While my statements are made with the best of intentions, history has shown I am often quite wrong.

Trust and LP Performance

For the Trust, our return for the 12 months ending 31Dec2005 after all fees and expenses was +17.2%. By comparison, the S&P/TSX Composite Total Return Index (including dividends) for this same period was +24.1% while the median Canadian equity fund rose by 16.6%.

For the LP, our return for the 12 months ending 31Dec2005 after all fees and expenses was +13.3%. By comparison, the Morgan Stanley Capital International World Index total return (in Canadian dollars and including dividends) for this same period was +6.6% and TSX total return (including dividends) for this same period was +24.1%. The median Global equity fund rose by 7.2%.

I would expect the two funds to have similar performance over time. Given their portfolios are a little different, in any given period I am not surprised that performance differs. Hopefully my discussion below will shed a little more light on this for you.

Investment return versus your return

To illustrate our performance, I have expressed the details as a percentage of our opening net asset value. I should caution you that these figures are my estimates and are unaudited.

	<i>Trust</i>	<i>LP</i>
Returns from investments	23.1%	17.3%
Operating expenses	-0.2%	-0.2%
Taxes paid	0%	-0.1%
	-----	-----
Return pre-management and pre-incentive fee	22.9%	17.0%
Management fee	-0.4%	-0.4%
Incentive fee	-4.9%	-3.1%
GST (tax) on fees	-0.4%	-0.2%
	-----	-----
Net return to you	17.2%	13.3%

A couple of comments:

1. Operating expenses for both funds primarily consist of audit, legal and custodial fees. For the Trust, trustee fees are also included.
2. The management fee is a fixed fee of 4/10 of 1% of the net assets of each fund.
3. The incentive fees are based on the portfolio returns over a hurdle rate. In the case of the Trust, the incentive fee is 25% of the fund return over the average 90 day T-bill rate. For 2005, the T-bill rate monthly average was 2.7%.
4. The incentive fee on the LP is 20% of the fund return over the average monthly Royal Bank of Canada deposit rate. For 2005, this rate was 1.1%.
5. The incentive fees were reduced by my estimate of the after-tax benefit to me of the fees I received from being a director of Sun-Rype and Humpty Dumpty.

6. As the incentive fee is based on absolute performance, it was relatively large in 2005. One benefit to you of the incentive fee is that it did reduce the funds' taxable income.
7. While on the subject of tax, I estimate the unrealized gain per unit of each fund for tax purposes as follows:

	<i>Trust</i>	<i>LP</i>
At 31Dec05	\$8.44	\$12.73
<i>As % of unit price</i>	35%	29%
At 31Dec04	\$4.09	\$8.02
<i>As % of unit price</i>	20%	20%

Please keep in mind these are only estimates and change each day as the market prices of our securities change. Furthermore, this does not mean we expect to realize these gains in 2006; events will determine our actions.

Returns from investments

To give you a better idea of where we earned our returns, I have estimated the largest components of our investment returns as follows:

The McElvaine Investment Trust

Indigo Books	6.7%
Newfoundland Capital	4.0%
Glacier Ventures	3.8%
Japanese investments incl FX hedges	3.7%
Saskatchewan Wheat Pool	1.5%
Forest & Marine	-1.1%
3 other "losers"	-0.9%
Net return from everything else	5.4%

Returns from investments	23.1%

The McElvaine Limited Partnership

Japanese investments incl FX hedges	5.5%
Newfoundland Capital	3.2%
Glacier Ventures	3.1%
Sun-Rype Products	1.7%
EGI Financial	1.1%
2 "losers"	-0.2%
Net return from everything else	2.9%

Returns from investments	17.3%

A couple of observations:

1. A large part of the difference in performance between the two funds is due to Indigo Books. The Trust for several years has had a large position in Indigo; the LP owned no Indigo shares. While I rationalize this as the Trust is more Canadian focused, the bottom line is this is one of the conflicts that would be eliminated if we had one fund. As mentioned, I discuss this in detail later in this report.

2. Both funds benefited from our investments in Japan. While we have somewhat reduced our Japanese positions since December 31, 2005, we do continue to have a significant investment in Japanese media companies.
3. Glacier Ventures and Newfoundland Capital continued to be kind to us. Glacier is a publisher primarily of Canadian community papers while Newfoundland Capital is a Canadian radio broadcaster. While they are in different businesses, both operate on the belief there are advantages to clustering media properties. Another similarity is last year both companies had insiders make large additional investments in their shares. Most importantly, I like the owner/operators. Sam Grippo and Jon Kennedy of Glacier continue to have my admiration as investors and managers. Robert and Harry Steele of Newfoundland Capital have taken Newfoundland Capital from a conglomerate to a highly focused broadcaster. Our money is along side their money and that always makes me feel good.
4. I would be remiss not to thank Paul Little and Doug McIntyre of EGI Financial. EGI is primarily a writer of non-standard auto insurance and other specialty insurance products. While I do not do this often, the LP first invested in EGI several years ago as a private company. Needless to say it promptly ran into some difficulty and only through the efforts of Paul, and subsequently Doug, was the situation righted and then improved. EGI became a listed company in December 2005. My thanks to them both.

Investments- Both funds

I decided the easiest way to discuss the portfolios was to do it collectively. At the end of March 2006, our holdings were as follows:

The McElvaine Investment Trust

Indigo Books	14.4%	of net assets
Glacier Ventures	11.4%	
Newfoundland Capital Corporation	11.1%	
Sun-Rype Products	10.0%	
4 Japanese Broadcasting stocks	8.5%	
All other holdings	33.8%	
Cash, T-bills, and net working capital	10.8%	

The McElvaine Limited Partnership

Sun-Rype Products	14.0%	of net assets
4 Japanese Broadcasting stocks	12.8%	
Glacier Ventures	11.2%	
Newfoundland Capital Corporation	10.6%	
Torstar Corp	6.0%	
All other holdings	26.1%	
Cash, T-bills, and net working capital	19.3%	

First, my usual caveats: I caution you that several of our largest holdings are trading at prices different from our cost so the weighting is partially a consequence of the market rather than a conscious investment decision. In addition, while I am not a trader, I do periodically sell positions

so over time the top list may change. The two portfolios differ partially due to their size and focus. As discussed earlier, the Trust has primarily been a Canadian-focused fund while the LP has no such constraint. Finally, even in the case of similar security positions, the portfolios may differ slightly due to cash inflows and outflows.

You will note that both funds own shares in Humpty Dumpty Snack Foods (it represents about 4% of each fund). You may recall about a year ago I resigned from Sun-Rype's Board of Directors and joined Humpty Dumpty's Board. The bottom line is in March 2006, the Board of Humpty Dumpty accepted an offer from Old Dutch Foods to acquire Humpty Dumpty. It is expected that this transaction will close around May 15, 2006. In other words, we will be receiving cash in mid-May for our Humpty shares.

I do not want to go into the details of my Humpty experience but it suffices to say it was a difficult year. I made more than my share of mistakes. Being associated with Pat Hodgson, Michael Bregman, Bonita Then and Gord Henderson was not one of them. I was blessed to be "partners" with them. I particularly want to thank Bonita who stepped in as interim CEO of Humpty. Bonita's focus was always doing what was best for Humpty and its owners. For example, Bonita and I did not get around to finalizing her compensation agreement until several months into her role; she was just too focused on Humpty matters. I also want to thank Jack Scott and Don McCarthy for the many years they served as Humpty directors. I found them to be conscientious and diligent directors. Finally, I do owe a lot of thanks to Darek Nowakowski, Ivan Shreenan, Lynda Murray, David Murphy, Lois Norris and all the employees of Humpty. It was a challenging year for them and I appreciate the enthusiasm and hard work they brought to Humpty. I wish them the best.

You will also note that our portfolio at 31Mar06 once again is fairly concentrated with our top 5 positions making up 55% of the Trust (vs 48% last year) and 55% of the LP (52% last year). As I say each year, while I am reasonably pleased with our portfolio, this concentration will be a bit of a bummer if my judgment is off.

Our cash has increased slightly over the last couple of months. While I suspect there is a lot of enthusiasm built into the valuation of resource stocks, as Peter Cundill used to say to me, I deal in "nightmares not dreams". As in most times, there are always nightmares around and I continue to find the odd thing to do. Not lots, but adequate enough to keep me busy. Our recent "nightmares" include a German company, a couple of Italian companies, and a couple of US companies. All are relatively small positions at this time.

From the Toad Stool

It is funny how two people can look at a situation and one sees warts while the other sees “beauty marks”. I suspect in investing it is better to focus on the warts but who am I to say.

We own our share of “wart-hogs”. Interestingly, our top positions and our biggest winners over time, have had fewer warts than suggested when we acquired them. What I mean is by financial metrics, return on invested capital, free cashflow generation etc... our largest positions are much more prince-like than the vast majority of publicly-listed companies. Of course, price is the great equalizer but I suspect the majority of our money over the years has been made in relatively good businesses bought in moments of some distress or neglect. Don’t misunderstand me. I am very definitely a “frog bin” searcher. It is in these swamps we will search for our next prince! May we all live happily ever after...

Recent Developments

As discussed earlier, a recent development is the pending sale of Humpty Dumpty. Of course, when it closes, I will no longer be a director of Humpty Dumpty. The Trust and the LP will have my “full attention” although you may have mixed feelings about this!

The most significant new issue for us is my 2006 Simplification Plan. More specifically, we have retained KPMG to investigate the merging of the Trust and the LP (technically the LP would be taken over by the Trust).

I am doing this primarily for one reason: focus. All our eggs will be in one basket: no distractions, no conflicts, no excuses.

The long winded explanation is I am not sure the investment business needs another “fund family” and I suspect you certainly don’t! The recent change in foreign content gives the Trust ample flexibility to pursue opportunities outside of Canada. The main argument for keeping the two funds was to give my business “diversification”. I suspect we are all better served by our mantra being focus rather than diversification.

There are a number of hoops to go through especially relating to tax. When and if we get the go ahead from KPMG, we will come to you with a proposal. This proposal will also suggest a change in fees as the two funds currently have slightly different fee structures. I do not want to get too far ahead of myself at this point other than to highlight what is on our (or rather Kim’s) To Do list!

Personal investments

As I mentioned last year, my personal financial situation is in flux. Of course, that is probably good for you as I have no intention of retiring to some tropical island. The bottom line is my direct and indirect investment portfolio, ignoring cash, looks as follows:

Investment in the Trust, the LP and Sun-Rype Products	92%
Other securities	8%

I believe our structure results in me making money when you make money and in me losing money when you lose money. I think our interests are aligned.

Acknowledgements

Kim and Diann continue to do a great job. I am definitely the slacker in the organization. Over the year, several of you commented on how wonderful Kim and Di are; I agree wholeheartedly!

As I have mentioned in the past, I am blessed to be doing something I enjoy for people I like and respect. Given the number of investment alternatives available in the market place, I consider myself very fortunate to have your trust. Thank you.

Tim McElvaine
April 26, 2006

Appendix A
2000 Annual Report
From the Toad Stool

I want to talk for a second on certainty (or confidence level) and investing. I think this is especially important given our large holdings in several companies. As I get older in this business, I value certainty more and more. Let me clarify what I mean. I am not referring to a prediction of what is going to happen to the stock price. I am referring to certainty over the items I focus on. As discussed in the past, these are:

1. What I think the company is worth
This is always a guess at a broad range. It does not depend solely on assets on hand.
2. How volatile I think this rough estimate of worth is
This is a stress test of item 1. I think about the story of the three little pigs. The grass house and the stick house, from the perspective of a pig hoping for longevity, are much more “volatile” structures than the brick house.
3. Do I think management and the board are working for or against us.

Let’s take an example: Loewen Group. We purchased the senior bonds of this bankrupt funeral home business around 50 cents per \$1 face of bond. I am confident Loewen is a reasonable business that is worth more than we effectively paid via the bonds. I am comfortable with the proposed new structure of the balance sheet and of the business. I am positive Paul Houston and John Lacey will operate in a conservative and honest fashion both with us and with their customers. In other words, I am certain we have a margin of safety.

You will note I said nothing about return. I have no idea what the price will do. Certainty with me is not about price fluctuations, it is about the business and the Board. I do recognize there will be unexpected events. Further, there will be many occasions where I misjudge the risks. I do think, on average, we will do better focusing on those situations where we can be certain about the controllable factors.

Appendix B

Tim's letter in the marketing package

Dear Potential Partner:

In this package, Kim, Diann and I have tried to provide all the information you require to make an informed decision. It is not an exciting package to read and we apologize in advance for that.

As you may be aware, McElvaine Investment Management Ltd. is the Investment Counsel for two funds: The McElvaine Investment Trust (the "Trust") and The McElvaine Limited Partnership (the "Partnership").

This package deals with our "stuff". The best place to start is how we view our relationship:

1. I view you as a partner regardless of the technical relationship. You contribute capital and I contribute investment advice. There is a modest flat fee and the profits are divided.
2. The Trust and the Partnership are not products and you are not our customers. We are not trying to "sell" you anything. We do not have a marketing department and a PR agency does not review our correspondence. We will be honest with you and will try to provide the information necessary for you to assess whether we are keeping up our side of the bargain.
3. As a partner, we ask you to be cognizant of your other partners. A partner who comes in for a "flip" does no one any favours (especially as it may be a flop). If you are not comfortable with what you read, please do not join us. I would hate for you to spend your time worrying about what I am up to.
4. We suggest the Trust or the Partnership be only a part of your investment portfolio. We do not expect them to be funds for all seasons. Quite often, in the past, I have been doing the rumba while the market is doing the waltz. It is not a pretty sight. During those periods, we do not ask that you enjoy the show but that you be patient.
5. In the words of Sonny & Cher, "you got me babe". What that means is the Trust and the Partnership are not managed by a committee; they are managed by me. Our money is invested in the Trust and in the Partnership and my name is on the door. The good news and the bad news is you got me!
6. If you have any questions, please call or email. I am always delighted to talk with my partners. As stated in our 1998 Annual Report, I have been asked if it wouldn't be easier on the nerves to manage the money of people I didn't know. My response was and is simply that I prefer to be working for people I like and trust. This is an important aspect to me of having my own funds.
7. Please carefully read the Offering Memorandum. Pay particular attention to the *Risk Factors* section. It is important you understand what the fund is about before you invest.

I appreciate your interest.

Tim

Appendix C
Excerpted (and updated) from 2002 Annual Report

Compliance related

Given all the press this year about compliance, I thought I ought to clarify several items with you:

1. *When you buy a stock how do you decide which fund gets what investments?*
My basic approach is to buy Canadian names first in the Trust as it has primarily been a Canadian fund. If I find there is sufficient volume and an attractive price, the LP may participate at that time or it may buy at a later date. The result is, even for similar positions, the Trust and the LP may have a different cost. In the case of non-Canadian ideas, the LP usually invests first.

2. *How is trading and allocation done for the funds?*
If both accounts are attempting to buy/sell the same stock at the same time, any “fill” will be split evenly between the two. This results in each fund being treated equally. For example, if we buy 10,000 shares of Nikko, the Trust and the LP may each get 5,000. I realize this seems obvious but funny enough it does differ from the standard practice of the mutual fund industry. Most of these firms prefer to split fills pro-rata meaning the amount of a trade a fund gets depends on its relative size. In the example above, as the LP is slightly larger, under pro-rata allocation it would receive almost 6,000 shares to the Trust’s 4,000. To me this would be like handing out pieces of a cake depending on one’s weight. Anyone who has children knows this would not fly! I believe our approach to allocation, while unconventional, is the fairest.

3. *What is soft-dollaring and do you use it?*
Soft-dollaring is the use of trade commissions to pay for research services. For example, broker xyz will pay for a fund managers subscription to abc magazine in exchange for commissions. While the debate on this topic can be complex, the bottom line is we do not use soft dollars.

4. *Do you cross-trade or trade between the Trust and the LP?*
There were no trades in 2005 (or any earlier year) between the Trust and the LP.

5. *Do you invest in shares directly and what is your personal trading policy?*
My direct and indirect investment portfolio, ignoring cash, looks as follows:

Investment in the Trust, the LP and Sun-Rype Products	92%
Other securities	8%

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