



Tim's "We are here" sheet

31Dec07

To my Partners:

I suggest we call 2007 the year of "Tim's turkey". Nevertheless we did squeak through with a gain in both funds but it certainly was not one of my finer moments. I will put together the annual report over the next couple of weeks but the key "takeaways" at this moment are:

1. We are finding things to look at and invest in. Of course, the future is always uncertain but it is this uncertainty that gives us the stock prices to invest with confidence. Think of us (okay, me) as Wilbur the rat. When the party ends for the big folks, the scraps become a feast for the rats!
2. The first step of the merger has taken place with the LP being rolled, on a tax deferred basis, into a corporation called McElvaine Fund Ltd. ("MFL"). The next step, which is the merger with the Trust, will need to wait until we have reached the required number of investors in MFL. As mentioned, this is simply a numbers game and we have lowered the minimum to \$1,000 to help us get this done. We have also set up a process where you may be able to redeem \$1,000 of the Trust and invest it in MFL. Please give Kim or Di a call if you would like to help us.
3. The Trust now has 3 series of units: A, B and F. Your units were renamed Series B. While it may be a bit confusing to have all these different series, it does simplify the administrative side of the business. If you have any questions about this, please give us a call.

The McElvaine Investment Trust:

The 31Dec07 pre-distribution price for the Trust was \$27.31. This represents a gain for 2007, net of all fees and expenses, of 0.6%. During this period, the TSX Total Return index rose by 5.8%.

At 31Dec07, the Trust paid a capital gains distribution of approximately \$0.50 per unit which was reinvested in units of the Trust. The price at 31Dec07, after the payment of this distribution, was \$26.81.

The McElvaine Limited Partnership (Effective 02Jan08 will be McElvaine Fund Ltd.):

The 31Dec07 price for the LP was \$48.34. This represents a gain for 2007, net of all fees and expenses, of 2.4%.

Conclusion:

As always, many thanks for all your support and confidence. I appreciate your trust.

All the best,

Tim McElvaine
10Jan08

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Performance Summary as of 31Dec07

The McElvaine Investment Trust⁷ Series B

Year to	S&P/TSX Composite Index ¹	Trust Pre-fee Return ²	Trust Net Return ³	Avg Canadian Fund Return ⁴	T-bill Rate ⁵	Avg Cash Balance ⁶
Dec07	9.8%	1.0%	0.6%	5.1%	4.2%	9%
Dec06	17.3%	15.1%	11.9%	14.6%	4.0%	11%
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%
11 Year compound	9.6%	20.4%	15.8%	8.3%		
\$100 invested Jan97 is now	\$274		\$501	\$241		

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. **You should understand that the Trust'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 includes distributions reinvested in additional units. The Pre-fee Return gives you the best indication of how the Trust's 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 during the period and includes distributions reinvested in additional units.
- We have compared the Trust's performance to the average return of Canadian equity funds, as published on the globefund.com website operated by The Globe and Mail and CTVglobemedia. Copyright 2007 CTVglobemedia Publishing Inc., its affiliates and/or licensors.
- "T-bill Rate" is the average of the monthly 90-day Treasury bill rates during the year. We have included these rates because they were 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%.
- 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.**