

Tim's "We are here" sheet

31Mar03

To our Partners:

We had a pretty good first quarter. Having said that, I should add that there remain 9 more months that I can still mess up before we can count our chickens for 2003. Nevertheless, I am feeling pretty good about the investments we have. As always I should stress that I think in terms of our margin of safety not when (or if) the stock prices will go up.

The McElvaine Investment Trust:

The 31Mar03 price for the Trust was \$15.46. This represents a gain for the first quarter of 2003, net of all fees and expenses, of 3.9%. By comparison, the TSX Total Return Index fell by 3.5% for the quarter.

The McElvaine Investment LP:

The 31Mar03 price for the LP was \$27.99 after adjusting for the 1,000 for 1 unit split that occurred in late May02. This represents a gain for the first quarter of 2003, net of all fees and expenses, of 2.7%. By comparison, the Morgan Stanley World Index (in Canadian dollars) fell by 11.6% for the quarter.

Conclusion:

The Annual Report (including audited statements for both the Trust and the LP), which is enclosed, will provide details on our 2002 performance and recent portfolio.

As always, I am comfortable and confident with our portfolios and I very much appreciate your support.

Take care,

Tim McElvaine
20Apr03

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Performance Summaries

The McElvaine Investment Trust⁸

Year to	S&P/TSX Composite Index Return ¹	Trust Pre-fee Return ³	Trust Net Return ⁴	Median Cdn Equity Fund Return ⁵	T-bill Rate ⁶	Average Cash Balance ⁷
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%
6 Year compounded	3.5%	23.5%	18.2%	4.1%		

The McElvaine Investment Limited Partnership⁹

Year to	Morgan Stanley World Index Return ²	LP Pre-fee Return ³	LP Net Return ⁴	Median Global Fund Return ⁵	BMO Rate ⁶	Average Cash Balance ⁷
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%

Notes:

1. As the Trust must invest 70% of its assets in Canada, the S&P/TSX Composite Index returns have been used. This return includes reinvested dividends.
2. The LP has a global mandate and as such the Morgan Stanley World Index (Canadian Dollars) was used. I would caution that the LP's portfolio differs substantially from the makeup of this index.
3. Pre-fee returns are an indicator of how the investments of the Trust and the LP actually performed. These figures are net of all expenses except the Management fee, the Incentive fee and related GST (historical data has been restated).
4. Net returns are the returns to the unitholders/partners.
5. For the Trust, Median Canadian Equity Fund Return is included to provide a comparison to other managed funds. The return figures were provided by GlobeFund and are for the Canadian Equity Category. For the LP, Global Fund Returns were used. GlobeFund's Global Equity Category was the source of the data.
6. T-bill Rate refers to the average of the monthly 90-day T-bill rate during the year. For the LP, the average Bank of Montreal 30-day deposit rate is shown as it is the hurdle rate for the LP.
7. Average Cash Balance represents the average of the month-end cash/ST bond balances held. This allows you to judge how invested we were in order to generate the return. For example, the 1997 pre-fee return for the Trust of 16.8% was earned while the portfolio was on average only 41% invested.
8. The performance table for the Trust excludes the 3 months from 27Sept96 to 31Dec96 (startup period). During this period, the Trust returned 3.1%.
9. The predecessor to the LP, Peter Cundill LP, was formed in 1979 and had a 21 year compound rate of return of 13.5%.
10. **The figures above are unaudited and in many circumstances, simply my estimates. As a disclaimer, I should also add that performance is yesterday's news and you should be careful about using it as a guide to tomorrow.**