

as at June 30, 2001

Tim's "I am here" sheet

To my Partners:

This note to you is both my semi-annual report as well as my quarterly "I am here" sheet. Many of you have expressed an interest in hearing from me rarely, I understand.

I will discuss both the Trust and the LP with you as well as include some comments on our investment in Sun-Rype Products.

The McElvaine Investment Trust:

For the 6 months to June 29, 2001, The McElvaine Investment Trust rose by 20.4% net of all fees and expenses. By comparison, the TSE Total return index fell by 12.7%.

The majority of our gains came from 5 holdings: Primex, Denison, Mattel, Loewen bonds and Sun-Rype. A large portion of these gains remained unrealized at June 30 and hence are subject to the whims of the market.

As of late July, the Trust's portfolio looked as follows:

Mattel (incl Softkey)	14% of net assets
Fairfax Financial	10%
Rainmaker Entertainment	9%
Sun-Rype Products	9%
Torstar	8%
Other	50%

The McElvaine Investment Limited Partnership:

For the 6 months to June 29, 2001, The McElvaine Investment Limited Partnership rose by 11.9% net of all fees and expenses. By comparison, the Morgan Stanley World Index's total return was negative 11.2%. For your information, it has been 1 year since you appointed me your investment counsel. Our return for this year has been +27.1% net of fees versus -21.3% for the Morgan Stanley World Index.

Our top gainers to date in 2001 include Mattel, Loewen bonds, Sun-Rype, Westshore Terminals and West Fraser Timber. As discussed in March, as the LP and the Trust's portfolios are different, I am not surprised performance differs in any one period. Over time, I would expect the returns to be similar.

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The LP's portfolio in late July was as follows:

Mattel	16% of net assets
Fairfax Financial	11%
NipponKoa	10%
Sun-Rype Products	9%
Loewen bonds	6%
Other	48%

Canada represents just over 50% of the portfolio. I realize the LP has a soft mandate to be global and I will take this into account as we add new investments.

Sun-Rype Products:

We collectively own just over 900,000 shares of Sun-Rype or about 9% of the company. As mentioned to you in my letter in May, I am now on the Board of Sun-Rype. Sparing you the details, I would mention the new directors at Sun-Rype were not the slate proposed by management. As such, I felt it important that I represent our interests rather than put someone in an uncomfortable position. As a result of me now being a director, there are several items I need to discuss with you:

1. Conflicts
2. Compensation
3. Shareholding

On conflicts, once I became a director, the nature of our investment changed. Conflicts are introduced between my responsibilities to you as an investor in my funds and my responsibilities to Sun-Rype as a director. While I will continue to operate in our best interests as investors, there will be circumstances when my duty will be to Sun-Rype. At the end of the day, I am not overly fussed as I believe we are much better off stepping into the fray than avoiding it.

On compensation, I receive directors fees. By accepting these fees, I am "double dipping" given you already pay me to handle your investments. It is therefore my intention to reduce any incentive fee payable to me in Dec by the after tax amount of any directors fees I have received. In addition, I have asked not to participate in any Sun-Rype director option plan. While my solution is not perfect, it does clear my conscience.

On shareholdings, as a director of Sun-Rype I believe it is important that I own shares. In mid-May, I did personally purchase shares. While my Sun-Rype investment is not insignificant for our family, it is substantially less than our family's (including our holding company, Hakuna Matata) investment in our funds. As the song goes "you are always on my mind".

Conclusion:

During the first 6 months of 2001, we (Celina, Hakuna Matata and I) invested roughly the same amount of money in both the Trust and the LP. Our money is along side yours.

Thanks for your support.

Tim McElvaine
July 27, 2001

as at June 30, 2001

The McElvaine Investment Trust

Total Assets: Unit Value:
C\$13.8 million C\$14.82

The McElvaine Investment Limited Partnership

Total Assets: Unit Value:
C\$39.9 million C\$27,201

Performance Summaries

The McElvaine Investment Trust

Year to	TSE Total Return	Trust Pre-fee Return	Trust Net Return	Median Cdn Fund Return	T-bill Rate	Average Cash Balance
Dec00	7.4%	24.3%	19.2%	12.0%	5.5%	9%
Dec99	31.6%	38.2%	29.5%	20.7%	4.7%	26%
Dec98	-1.6%	21.0%	16.6%	-2.1%	4.7%	27%
Dec97	15.0%	16.5%	12.8%	14.0%	3.2%	59%

The McElvaine Investment Limited Partnership

6 mths to	Morgan Stanley World Index	LP Pre-fee Return	LP Net Return	Median Global Fund	BMO Rate	Average Cash Balance
Dec00	-10.9%	15.0%	13.6%	-8.8%	3.2%	7%

Notes:

1. As the Trust must invest 70% of its assets in Canada, Toronto Stock Exchange's (TSE 300) returns have been used. The TSE return includes reinvested dividends.
2. The LP has a global mandate and as such the Morgan Stanley World Index was used. I would caution that the LP's portfolio differs substantially from the makeup of this index.
3. Pre-fee Returns are the best indicator of the Funds' investment performance. These figures are net of all expenses except the Management fee and the Incentive fee.
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 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/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 16.5% was earned while the portfolio was on average only 41% invested.
8. These figures are unaudited and in many circumstances are my estimates
9. The performance table for the Trust excludes the 3 mths from 27Sept96 to 31Dec96. During this period, the Trust returned 3.1%.
10. The predecessor to the LP, Peter Cundill LP, was formed in 1979 and has a 21 year compound rate of return of 13.5%
11. Past performance is provided for information purposes. Future performance will differ from past performance.