

Tim's "We are here" sheet

30Jun05

To my Partners:

"Dancing in the dark" might be the best way to describe our performance. (Perhaps also the best way to describe the amount of light my dance partners like when I dance, too). As usual, I managed to miss completely the hot sector in Canada and we finished the quarter, as we have done each quarter for the past year or two, having owned no oil and gas stocks. In the world of fund managers, I suspect this is not an item I ought to be proud of but regardless when you party with a teetotaler, you should not expect screech!

Our portfolios, as a percentage of net asset value, look roughly as follows as of the end of June:

	The Trust	The LP
Cash and net working capital	12%	24%
Canadian investments	75%	48%
Japanese investments	11%	18%
US investments	0%	7%
Other investments	2%	3%

The largest 5 investments in each fund as of the end of June are:

The Trust	% of net asset value
Newfoundland Capital	12%
Indigo Books	10%
Sun-Rype Products	10%
Torstar	9%
Japanese Broadcasters (4)	9%

The LP	% of net asset value
Sun-Rype Products	14%
Japanese Broadcasters (4)	11%
Newfoundland Capital	9%
Torstar	6%
Glacier Ventures	6%

The Trust and the LP did participate in two private placements so far this year: Rainmaker Entertainment and Glacier Ventures. Both of these placements were with firms we have invested in for many years and assisted the firms in completing acquisitions. In both cases, insiders have also recently acquired shares.

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The McElvaine Investment Trust:

The 30Jun05 price for the Trust was \$22.637. This represents a gain for the first half of 2005, net of all fees and expenses, of 9.3%. During this period, the TSX Total Return index rose by 8.1%.

The McElvaine Limited Partnership:

The 30Jun05 price for the LP was \$41.6077. This represents a gain for the first half of 2005, net of all fees and expenses, of 6.1%. By comparison, the Morgan Stanley World Index (in Canadian dollars) rose by 1.43% over the same period while the TSX Total Return Index rose by 8.1%.

Conclusion:

As usual, our portfolio is quite concentrated relative to our peers. While it may not appear that our top five positions are changing, there is a little swishing about beneath the surface. I am finding the odd thing to do although I would stress there are not a lot of cheap stocks out there.

As you are packing up to go to the cottage or wherever, may I remind you that if you packed some Sun-Rype juice, a bag of Humpty chips, a book from Indigo and limited any of your TV watching to Japanese programs, you would be enriching us while you relax.

Have a great summer and as always, many thanks for all your support and confidence. I appreciate your trust.

All the best,

Tim McElvaine
18Jul05