

## Tim's "We are here" sheet

30Sep05

### To my Partners:

What follows is not a true story and is a blatant attempt at self-promotion:

The twelfth chime of the clock echoed through the Kingdom of Goodale. With each chime, the kingdom had grown bleaker. Carriages became pumpkins, doorpersons became mice, and fund managers became toads.

A scream pierced the night air. Sally Q. Public threw open the doors to the ballroom and raced down the stairs, her shoes falling off her feet as she ran.

Oh my gosh, that was close, thought Sally. She had relied on her friend to get her a date for the ball, act as a broker if you will. Sellu Junk had suggested her date was a diamond in the rough. Sure he had an inconsistent past but he came from a good family, the Trust family, and Sellu promised that he had changed his ways.

Sally remembered thinking her date, Rich Trust, had looked a little age-challenged, a little weight-challenged and a little hair-challenged but with the music and the wine, well it just did not matter when the atmosphere was so nice.

But when the clock struck twelve and the music stopped, to her horror, Sally realized Rich Trust was not a diamond in the rough, not an attribute-challenged individual but really just a fat, ugly, bald, old man (Editor's comment: no letters of protest please, I am balding and ugly, and will probably be fat and old soon too!). All Sally could do was run from Rich Trust, run from Sellu Junk, and try and get back to the safety of her own place.

Sally slammed the door to her house shut behind her. What a night, she thought to herself. Where does Sellu Junk get these losers, she wondered. A couple of years ago it had been that guy on steroids who dressed in an outfit fitted tightly enough to make any Florida-vacationing-French-Canadian-bikini-wearing male blush, what was his name, Tech something or other. Sally shivered at the thought. Now it's that Trust guy. Good grief!

Well, thought Sally as she slipped into her cozy old slippers and favourite wool sweater, it's probably time to give her old standby a call. Sure he was not that sexy, and she really could not brag to her friends about him, but what the heck! I hope I am not getting him too late she thought to her self as she dialed his number. She heard him pick up and a smile crossed her face as he announced, "Hi, it's Value guy here..."

McElvaine Investment Management Ltd.  
Suite 463, Three Bentall Centre  
595 Burrard Street  
P.O. Box 49308  
Vancouver, B.C. V7X 1L3

Phone: (604) 601-8345  
Fax: (604) 601-8346  
E-mail: [tim@mcelvaine.com](mailto:tim@mcelvaine.com)  
[kim@mcelvaine.com](mailto:kim@mcelvaine.com)  
[diann@mcelvaine.com](mailto:diann@mcelvaine.com)  
Web: [www.mcelvaine.com](http://www.mcelvaine.com)

Well, I am no John Grisham but had some fun writing it anyway. I guess I should address what is going on with our funds:

1. Like most funds, we are down a little in October although somewhat less than the market, not that that is any consolation.
2. There are definitely some interesting ideas starting to appear. I am not rushing but am finding my in-tray building up.
3. We continue to have our Japanese Broadcaster holdings and continue to own no basic materials or oil & gas stocks. Some days that makes me happy, some days not!
4. I have no insights about where markets are going so I am not going to try to give you my take on the world. My mantra on this and many other matters is, "it is better to keep my mouth shut and let people think I am a fool then to open it and prove to them I am one".

**The McElvaine Investment Trust:**

The 30Sep05 price for the Trust was \$23.69. This represents a gain for the nine months of 2005, net of all fees and expenses, of 14.4%. During this period, the TSX Total Return index rose by 20.7%.

**The McElvaine Limited Partnership:**

The 30Sep05 price for the LP was \$43.51. This represents a gain for the nine months of 2005, net of all fees and expenses, of 11.0%. By comparison, the Morgan Stanley World Index (in Canadian dollars) rose by 3.1% over the same period while the TSX Total Return Index rose by 20.7%.

**Conclusion:**

I don't like pain any more than anyone else. Traditionally tough markets have given us the opportunity to make sensible investments. This of course does not mean we won't go down too but it does help us set the stage for the future.

All I can say is, please don't worry about what I am up to. As always, many thanks for all your support and confidence. I appreciate your trust.

All the best,

Tim McElvaine  
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