

# Tim's "We are here" sheet

31Mar04

## To my Partners:

As discussed in our annual report, I am not overwhelmed with investment ideas although the odd thing does pop up. I have previously referred to a poster my sister used to have which said, "sometimes me sits and thinks, sometimes me just sits". Well, my butt is getting a lot of wear these days!

Our recent performance was helped by our investments in Japan. You may recall I mentioned we were primarily invested in the brokers, beer cos and broadcasters. You may conclude from my "3 Bs" that I have been watching too much Sesame Street so I will reassure you that I hope to move out of the letter B in our next series of investments.

Our cash level, as of mid-April, is about 24% for the Trust and 34% for the LP. I don't aim for a certain level of cash. It is just what is left over after I make our investments. If I find a good idea, I will invest regardless of the market level.

### The McElvaine Investment Trust:

The 31Mar04 price for the Trust was \$20.00. This represents a gain for the first 3 months of 2004, net of all fees and expenses, of 4.8%. During this period, the TSX Total Return index rose by 4.9%.

### The McElvaine Limited Partnership:

The 31Mar04 price for the LP was \$37.41. This represents a gain for the first 3 months of 2004, net of all fees and expenses, of 8.0%. By comparison, the Morgan Stanley World Index (in Canadian dollars) rose by 4.2% over the same period while the TSX Total Return Index rose by 4.9%.

### Conclusion:

In the annual I said investing with me in this market is like hiring Barry Manilow to sing at a biker rally. My view has not changed. No matter how high you put the volume, ole Barry's songs do not become Black Sabbath! What I am trying to say is you can rest assured I will continue to invest as I always have. Sometimes this will be in fashion, sometimes it will not. Most importantly, I do very much appreciate your support. Thank you.

All the best,

Tim McElvaine  
20April04

McElvaine Investment Management Ltd.  
200 Sun Life Plaza  
1100 Melville Street  
Vancouver, B.C.  
V6E 4A6

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)

## Performance Summaries

### The McElvaine Investment Trust<sup>8</sup>

Year to	S&P/TSX Composite Index Return <sup>1</sup>	Trust Pre-fee Return <sup>3</sup>	Trust Net Return <sup>4</sup>	Average Canadian Fund Return <sup>5</sup>	T-bill Rate <sup>6</sup>	Average Cash Balance <sup>7</sup>
<b>Dec03</b>	<b>26.7%</b>	<b>36.5%</b>	<b>28.2%</b>	<b>20.6%</b>	<b>2.9%</b>	<b>14%</b>
<b>Dec02</b>	<b>-12.4%</b>	<b>5.4%</b>	<b>5.0%</b>	<b>-12.0%</b>	<b>2.6%</b>	<b>5%</b>
<b>Dec01</b>	<b>-12.6%</b>	<b>37.2%</b>	<b>28.0%</b>	<b>-4.2%</b>	<b>3.8%</b>	<b>2%</b>
<b>Dec00</b>	<b>7.4%</b>	<b>24.6%</b>	<b>19.2%</b>	<b>12.0%</b>	<b>5.5%</b>	<b>9%</b>
<b>Dec99</b>	<b>31.6%</b>	<b>38.8%</b>	<b>29.5%</b>	<b>20.7%</b>	<b>4.7%</b>	<b>26%</b>
<b>Dec98</b>	<b>-1.6%</b>	<b>21.3%</b>	<b>16.6%</b>	<b>-2.1%</b>	<b>4.7%</b>	<b>27%</b>
<b>Dec97</b>	<b>15.0%</b>	<b>16.8%</b>	<b>12.8%</b>	<b>14.0%</b>	<b>3.2%</b>	<b>59%</b>
<b>7 Year compound</b>	<b>6.5%</b>	<b>25.3%</b>	<b>19.6%</b>	<b>6.3%</b>		
<b>\$100 invested Jan97 is now</b>	<b>\$155</b>		<b>\$350</b>	<b>\$153</b>		

### The McElvaine Limited Partnership<sup>9</sup>

Year to	Morgan Stanley World Index Return <sup>2</sup>	LP Pre-fee Return <sup>3</sup>	LP Net Return <sup>4</sup>	Median Global Fund Return <sup>5</sup>	Deposit Rate <sup>6</sup>	Average Cash Balance <sup>7</sup>
<b>Dec03</b>	<b>9.4%</b>	<b>33.3%</b>	<b>27.0%</b>	<b>12.8%</b>	<b>1.1%</b>	<b>11%</b>
<b>Dec02</b>	<b>-20.2%</b>	<b>-1.2%</b>	<b>-1.6%</b>	<b>-20.1%</b>	<b>0.9%</b>	<b>2%</b>
<b>Dec01</b>	<b>-11.5%</b>	<b>17.4%</b>	<b>13.9%</b>	<b>-12.4%</b>	<b>2.6%</b>	<b>-4%</b>
<b>July to Dec00</b>	<b>-10.9%</b>	<b>15.1%</b>	<b>13.6%</b>	<b>-8.8%</b>	<b>3.2%</b>	<b>8%</b>
<b>\$100 invested Jul00 is now</b>	<b>\$69</b>		<b>\$162</b>	<b>\$72</b>		

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.
- The investment objective of the Partnership does not restrict the countries in which it may invest. Accordingly, we have compared its performance to the Morgan Stanley Capital International World Index. This index is designed to measure the performance of equity markets in countries that are considered to have “developed” equity markets. **You should understand that the Partnership’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 for the Trust includes distributions reinvested in additional units. The Pre-fee Return gives you the best indication of how the funds’ 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 or the LP during the period, and for the Trust includes distributions reinvested in additional units.
- We have compared the Trust’s performance to the average return of Canadian equity funds, and have compared the LP’s performance to the average return of Global equity funds, as published on the globefund.com website operated by The Globe and Mail and Bell Globemedia. Copyright 2003 Bell Globemedia Interactive Inc., its affiliates and/or licensors.
- “T-bill Rate” is the average of the monthly 90-day treasury bill rates during the year. “Deposit Rate” refers to the average 30-day deposit rate paid by a Canadian Bank. We have included these rates because they are 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%.
- The predecessor to the LP, Peter Cundill LP, was formed in 1979 and had a 21-year compound rate of return of 13.5%.
- 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.**