Caldwell Investment Management Ltd.

Independent Investment Managers

Annual Management Report of Fund Performance

For the Year Ended December 31, 2015

Caldwell Balanced Fund

Note: The fund's auditor does not audit the Management Report of Fund Performance ("MRFP") but checks the figures to ensure they are consistent with the audited financial statements.

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at your request, free of charge, by calling 1-800-256-2441, by writing to us at Caldwell Investment Management Ltd., 150 King Street West, Suite 1702, P.O. Box 47, Toronto, ON M5H 1J9 or by visiting our website at www.caldwellinvestment.com or SEDAR at www.sedar.com.

Securityholders may also contact us by using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

150 KING STREET WEST, SUITE 1702, P.O. BOX 46, TORONTO, ONTARIO, M5H 1J9
TEL: 416-593-1798 ●1-800-256-2441 ● FAX: 416-862-2498
www.caldwellinvestment.com

Management Discussion of Fund Performance

Investment Objective

The fundamental investment objective of the Fund is to provide consistent capital appreciation through a balanced portfolio while emphasizing the preservation of unitholder value. The Fund invests in a balance of income generating securities and equities both in Canada and internationally.

The investment objective of the Fund may only be changed with the approval of unitholders at a meeting called for that purpose.

Results of Operations

A Review of 2015

The Caldwell Balanced Fund gained 3.7% in 2015. As a reminder, our investment strategy and process aims to protect investors from common risks in the market; specifically: valuation risk, balance sheet risk, management risk and operating risk. History is full of examples of each of these causing significant damage to investor portfolios and our goal with every stock we own is to take acceptable risks relative to the return opportunity.

In our view, two major themes dominated the market in 2015. In Canada, investors only did well by avoiding everything Canadian. In the U.S., value was a tough place to be.

Our Investment Strategy & Competitive Advantages: A Quick Recap

Our strategy consists of protecting our investors' capital from common risks in the market, specifically, valuation risk, balance sheet risk, management risk and operating risk. History is full of examples where each of these caused significant damage to client portfolios and our goal with every stock we own is to minimize these risks relative to the return opportunity. Our competitive advantages lie in:

1) Our actively managed portfolio consisting of approximately 25 stocks and minimal overlap with the index (93% active share);
2) Our manageable fund size of $50 million;
3) Our ability to diversify risk through U.S. market exposure (some competing mandates limit how much can be invested outside of Canada, which has been problematic with the recent collapse in oil); and
4) Our monthly communication, which keeps investors informed about how the portfolio is positioned.

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Recent Developments

Performance Drivers in 2015

The Canadian Minefield - Home Country Bias Hurts Again

We first highlighted the dangers of home country bias for Canadian investors in August 2014 as energy prices were beginning their collapse. Those over-exposed to Canada were hurt again in 2015 as this was the 5th consecutive year that Canada (TSX -11.1%) underperformed the U.S (S&P 500 -0.7%). Energy continued to lead the pain with a 25.7% decline (the average energy stock was actually down 33% as the sector return was inflated by stronger performance by its largest companies). Materials was the second worst performing sector, down 22.8%, with the gold sub industry down 16.2%. Health Care lost 15.8% on the back of Valeant Pharmaceutical. This is a company that became the 3rd highest valued in the Canadian market (behind RBC and TD), after which investors saw their shares plummet an excruciating 70%. Industrials and Utilities, which carry indirect exposure to weak energy and commodity markets, lost 12.5% and 7.8%, respectively.

Needless to say, the Canadian market provided many opportunities to harm investor portfolios and we are pleased with the way we shielded our clients from much of this damage. Specifically: 1) we completely avoided several weak areas in the Canadian market, such as Materials, Gold, Industrials, and Utilities; 2) while we participated in the energy sector, our stocks performed much better than their peers, mainly because of their superior balance sheet positions; 3) we did not participate in Valeant’s roller coaster ride as we spotted several red flags in their story, which is a testament to our disciplined due diligence process.

What did work in Canada? Looking at 9 of the top 10 performers in the Canadian market (see note below[1]), a few things stick out: 1) 9/9 had no direct exposure to energy or commodities; 2) 9/9 had no indirect exposure to energy or commodities; 3) 9/9 generated less than 25% of their revenue from Canada (5/9 generated less than 10% of their revenue from Canada). What did work was owning Canadian companies that had little to do with Canada. This is a great example of how focused one had to be to do well in the Canadian market. In this regard, our holdings in Onex, Celestica and CCL Industries, which have very little Canada in them, performed well.

[1]NovaGold was excluded from the analysis of the top 10 performers on the TSX. The company currently generates no revenue as it works towards receiving all permitting to commence production of its Alaskan gold property.

No Love for Value Investors in the U.S.

While the U.S. market was essentially flat for the year, it was particularly harsh on value-oriented investors such as ourselves.

The top 2 performing stocks in the S&P 500 last year were Netflix and Amazon. To own these stocks, investors must now pay 565x and 325x earnings, respectively. These are big numbers and mean that much of the value being assigned to these companies is dependent on a lot of good happening in the future. This creates heightened valuation risk as the future contains no

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guarantees. While these stocks may ultimately live up to their lofty valuations, there are many instances in history where investors have lost significant amounts of money because the future was not as rosy as originally thought.

While we believe it is wise to remain disciplined in our approach to valuation risk, the market does not always reward those trying to be responsible. Amazon, Netflix and Facebook (another high valuation stock at 44x earnings) had a combined contribution of +1.2% to the S&P 500. This means that managers who did not participate in the fun of new tech saw themselves behind their benchmark index by this amount.

Another way the market was harsh on value investors was that the cheapest stocks, where value investors tend to look to find value, ended up being the worst performers. Specifically, when we divided each sector into 5 valuation groups according to each stock's valuation at the beginning of the year, the cheapest group of stocks ended up with the worst performance in half of the sectors: Consumer Discretionary, Consumer Staples, Health Care, Materials and Technology. The primary driver of this seems to be related to the shifting of business models from old to new: Amazon versus Macy's, Netflix versus Viacom, cloud versus on-premise technology providers, etc.

While a recent study highlighted in the Harvard Business Review confirms that the lifespan of businesses is declining, we believe the market may have over-punished legacy businesses while over-hyping new models

Caldwell Balanced Fund Performance Summarized

While we have touched on a number of things that drove performance, here is a more comprehensive review:

Top Contributors:
1) An overweight position in the U.S., along with exposure to the appreciating U.S. dollar (we hedged 1/3 of our USD exposure at 1.37)
2) An overweight position in Technology (32% of the equity portfolio at year end);
3) The complete avoidance of the Materials sector
4) Security selection in Energy (Suncor, Parkland Fuel and Chevron)

Bottom Contributors:
1) Security selection in Technology (not owning Amazon, for example)
2) Security selection in Industrials (W.W. Grainger and CSX)
3) An underweight position in Consumer Staples

Going Forward

We have performed very well over the last several years for our investors and owe much of this to our investment process, which has helped us avoid painful losses entirely (as we did in materials), limit losses in energy and participate in the outperformance of the U.S. market. Valuations, which can be viewed as the prices investors must pay to own businesses, have moved higher with the upward trend in the markets and this has implications for returns investors should expect going forward. While higher valuations may act to lower future returns, we believe our strategy of stock

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selection positions us well for this type of environment. We will continue to focus on executing our investment process with the goal of making smart decisions with our investors' capital.

Independent Review Committee

Under the provisions of National Instrument 81-107 – *Independent Review Committee for Investment Funds* (NI 81-107"), which came into force on November 1, 2006, it is now required that all publicly offered investment funds, such as the Fund, establish an independent review committee ("IRC") to whom the Manager is to refer all potential conflict of interest matters in order to obtain a recommendation or approval, as applicable. NI 81-107 further mandates that the IRC be composed of at least three independent members and requires that they conduct assessments and regularly report to the Manager and unitholders in respect of its duties.

The current members of the Manager's IRC are Robert Guilday, Sharon Kent and F. Michael Walsh.

Forward-looking Statements

Certain statements included in this report may constitute forward-looking statements, including those identified by the expressions "believe", "anticipate", "expect" or similar expressions to the extent they relate to the Fund, its Manager or its portfolio manager. Such forward-looking statements are not historical facts but reflect the Fund's, the Manager's or the portfolio manager's current expectations regarding future results or events. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the Fund and not place undue reliance on forward-looking statements. Unless required by applicable law, the Fund does not undertake any obligation to update publicly or to revise any of such forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements included or incorporated by reference in this report include statements with respect to:

- Interest rates
- Change in accounting policy

Related Party Transactions

Manager and Portfolio Adviser

The Manager is a wholly owned subsidiary of Caldwell Financial Ltd. The Manager is also the portfolio adviser of the Fund. The Manager is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. For its administrative services, trustee fees, asset allocation, security selection, ongoing monitoring and related services, the Manager is paid an annual fee up to 2%

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based on the net asset value of Series A units of the Fund and up to 1% based on the net asset value of Series F units of the Fund.

Trustee

The trustee of the Fund is Caldwell Investment Management Ltd.

Principal Distributor

Caldwell Securities Ltd. is related to the Manager in that both are wholly-owned subsidiaries of Caldwell Financial Ltd. Caldwell Securities Ltd. markets units of the Fund directly to the public and receives sales commissions and trailer fees based on the total value of their clients' holdings in the Fund on the same basis as other dealers that distribute units to the public.

Brokerage

The Manager may choose to execute a portion or all of the Fund's portfolio transactions with Caldwell Securities Ltd. on terms as favourable or more favourable to the Fund as those available through other broker or dealers. In 2015 the Fund paid $89,379 in commissions to Caldwell Securities Ltd.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

The Fund's Net Asset Value (NAV), per Series A Unit, as at December 31.

	2015	2014	2013	2012	2011
Net Assets, beginning of year [3]	9.69	8.72	7.13	6.94	7.19
Increase (decrease) from operations:					
Total Revenue	0.18	0.18	0.17	0.15	0.14
Total Expenses	(0.28)	(0.25)	(0.25)	(0.22)	(0.22)
Realized gains (losses) for the period	0.46	0.80	0.63	0.68	0.35
Unrealized gains (losses) for the period	(0.02)	0.24	1.07	(0.37)	(0.46)
Total increase (decrease) from operations [1]	0.34	0.97	1.62	0.24	(0.19)
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions [2]	0.00	0.00	0.00	0.00	0.00
Net Assets at December 31 of year shown [3]	10.05	9.69	8.72	7.13	6.94

(1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were paid in cash or reinvested in additional units of the Fund.

(3) All per unit figures presented in 2013 to 2015 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2015. Net assets per unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian GAAP. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years ended December 31, 2013 to 2015 and for all other prior years at bid prices) and the aggregate value of the liabilities, divided by the number of units then outstanding.

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The Fund's Net Asset Value (NAV), per Series F Unit, as at December 31.

	2015	**2014**
Net Assets, beginning of year* [3]	9.78	9.13
Increase (decrease) from operations:		
Total Revenue	0.20	0.07
Total Expenses	(0.17)	(0.07)
Realized gains (losses) for the period	0.42	0.21
Unrealized gains (losses) for the period	(0.31)	0.44
Total increase (decrease) from operations [1]	0.14	0.65
Distributions:		
From Income (excluding dividends)	0.00	0.00
From Dividends	0.00	0.00
From Capital Gains	0.00	0.00
Return of Capital	0.00	0.00
Total Annual Distributions [2]	0.00	0.00
Net Assets at December 31 of year shown [3]	10.26	9.78

[1] Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

[2] Distributions were paid in cash or reinvested in additional units of the Fund.

[3] All per unit figures presented in 2013 to 2015 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2015. Net assets per unit for all other prior years were derived from the Fund's audited annual financial statements that were prepared in accordance with Canadian GAAP. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the years ended December 31, 2013 to 2015 and for all other prior years at bid prices) and the aggregate value of the liabilities, divided by the number of units then outstanding

* The Fund's Series F commenced on August 8, 2014.

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Ratios and Supplemental Data (unaudited) - Series A

	2015	2014	2013	2012	2011
Net asset value (000's) [1]	52,846	47,324	39,736	29,637	26,869
Number of units outstanding [1]	5,256,477	4,881,726	4,558,628	4,157,573	3,866,294
Management expense ratio [2]	2.70%	2.73%	2.78%	3.17%	3.03%
Management expense ratio before waivers or absorptions	2.73%	2.73%	2.78%	3.22%	3.06%
Portfolio turnover rate [3]	110.80%	224.21%	177.70%	181.78%	142.91%
Trading Expense ratio [4]	0.21%	0.22%	0.29%	0.56%	0.70%

Ratios and Supplemental Data (unaudited) - Series F

	2015	2014
Net asset value (000's) [1]	562	123
Number of units outstanding [1]	54,799	12,611
Management expense ratio [2]	1.59%	1.76%
Management expense ratio before waivers or absorptions	1.64%	1.76%
Portfolio turnover rate [3]	110.80%	224.21%
Trading Expense ratio [4]	0.21%	0.22%

[1] This information is provided as at December 31 of the year shown.

[2] Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

[3] The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

[4] The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

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Management Fees

As compensation for managing the Fund, the Manager can receive an annual fee up to 2% of the average net asset value of the Fund. Such fees are calculated daily and payable monthly. The Manager in turn is responsible for paying investment adviser fees, trustee fees, sales commissions, trailer fees and has chosen to absorb certain expenses for which the Fund is responsible.

Distribution	32%
Management and Portfolio Adviser Services	68%
Waivers and Absorption of Fund Expenses	0%

Past Performance

The following charts shows how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if they did not. They don't include deduction of sales, switch, redemption, or other optional charges (which distributors may charge) or income taxes payable, and would be lower if they did. The Fund's past performance is no guarantee of how it will perform in the future.

Year-by-Year Returns

The bar charts shows how the Fund's annual past performance has varied from year to year for each of the years shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for that year.

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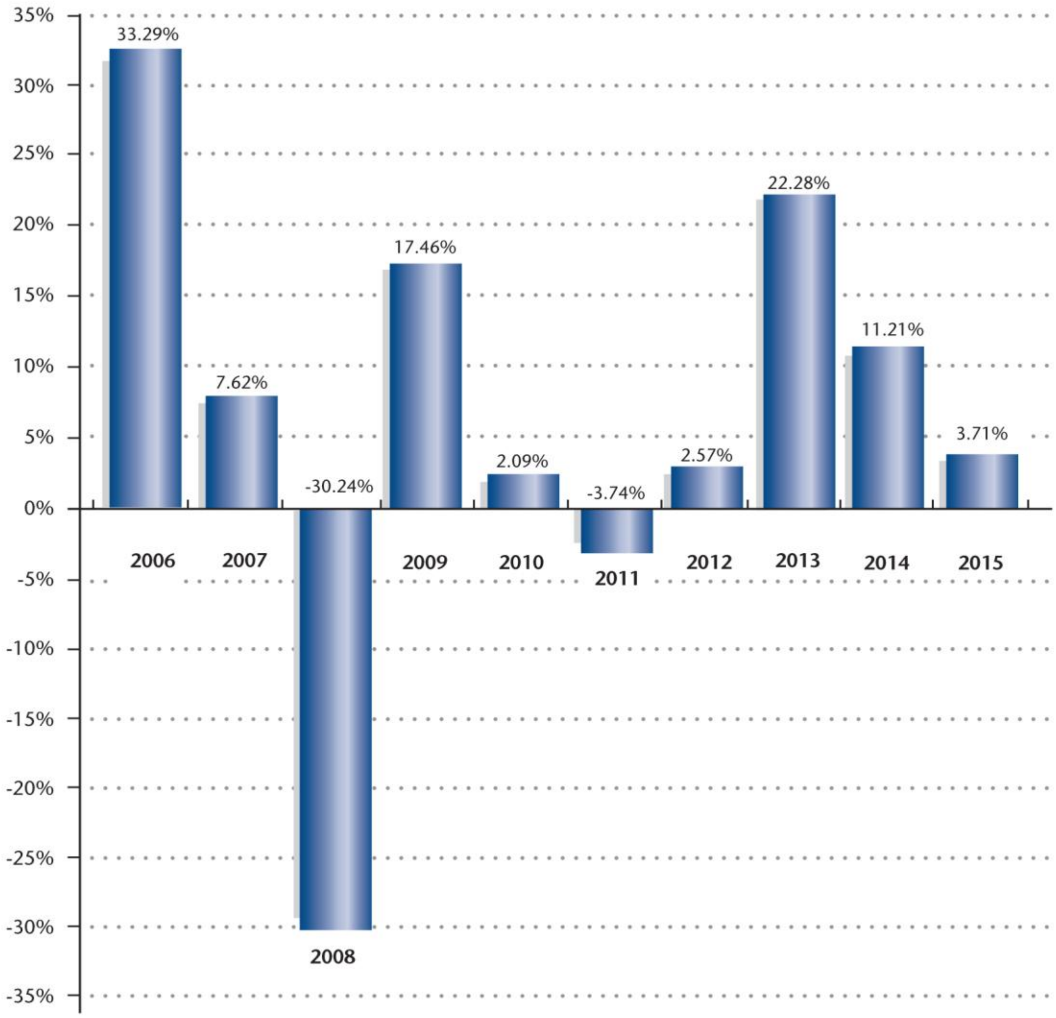
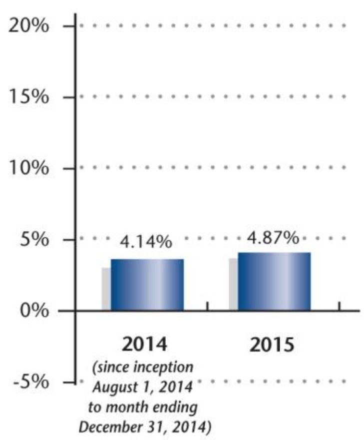


Caldwell Balanced Fund - Series A



Caldwell Balanced Fund - Series F

For the years ended December 31

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Annual Compound Returns

The table shows the Fund's historical annual compound total return for each period since inception of the Fund, compared with the Fund benchmark. The benchmark is: (45% S&P/TSX Total Return, 20% S&P 500 Total Return, 35% equally distributed between DEX Gov Mid Term, DEX Gov SHT Term & DEX 91 Day T-Bill Index.)

Annualized Compound Returns	1 Year	3 Years	5 Years	10 Years
Fund - Series A	3.71%	12.14%	6.85%	5.27%
Fund - Series F	4.87%	N/A	N/A	N/A
Index	1.17%	8.41%	6.10%	5.38%

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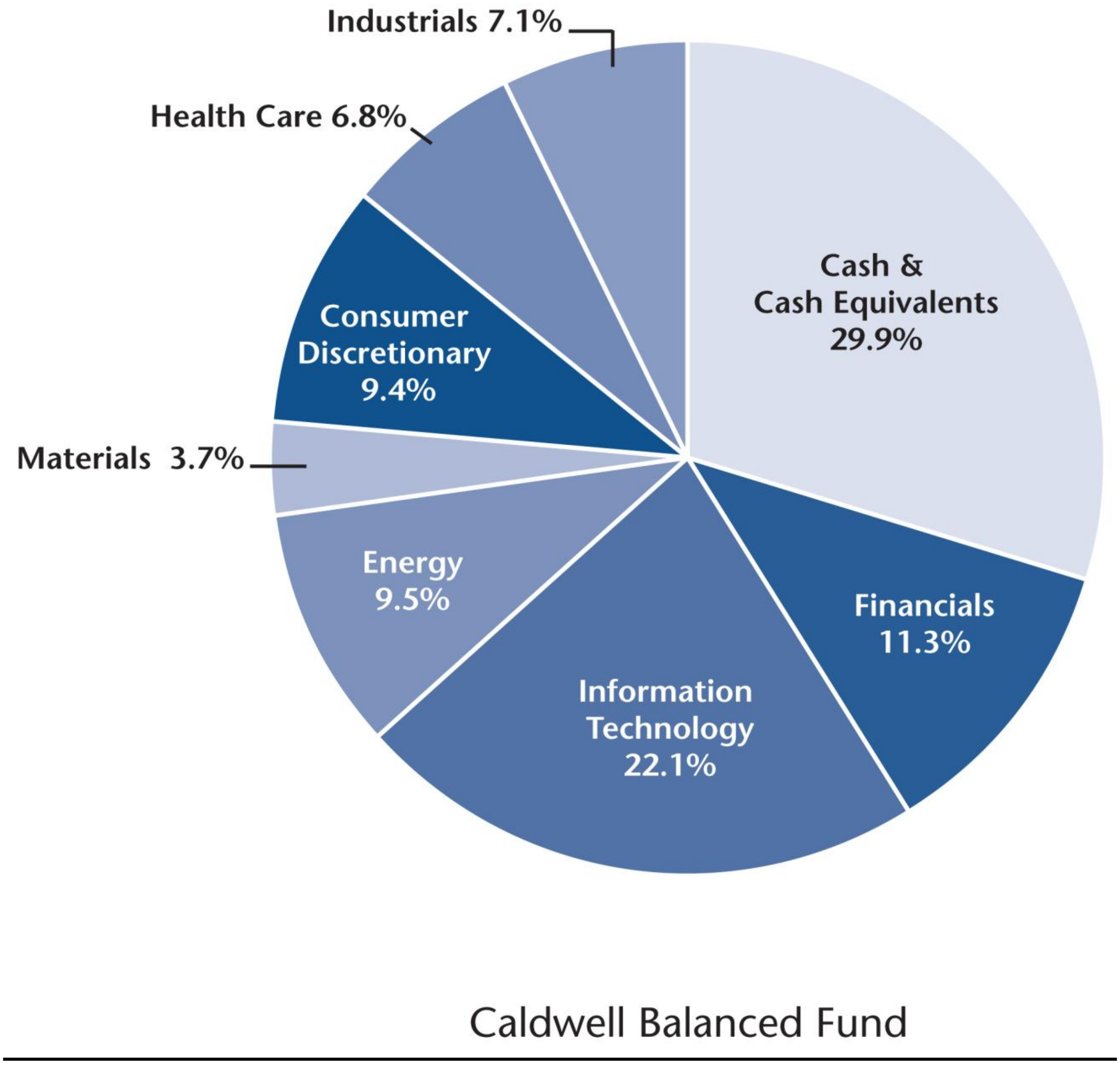
Summary of Investment Portfolio

Portfolio Breakdown as at December 31, 2015



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Top 25 Holdings (unaudited)
As at December 31, 2015

SECURITY	Percentage of Net Assets
Cash and Cash Equivalents	29.96%
Onex Corp.	4.16%
Cisco Systems Inc.	3.84%
Parkland Fuel Corp.	3.79%
CCL Industries Inc.	3.74%
Cognizant Technology Solutions Corp.	3.73%
Omnicom Group Inc.	3.72%
Cardinal Health Inc.	3.70%
Amdocs Ltd	3.54%
Robert Half International Inc.	3.30%
Varian Medical Systems Inc.	3.14%
Citigroup Inc.	3.10%
CSX Corp.	3.03%
Accenture PLC	2.98%
Kohl's Corp.	2.92%
Celestica Inc.	2.86%
Broadridge Financial Solutions Inc.	2.78%
Whirlpool Corp.	2.78%
KKR & Co LP	2.71%
Mentor Graphics Corp.	2.39%
Suncor Energy Inc.	2.10%
ShawCor Ltd	1.43%
The Bank of Nova Scotia	1.36%
Chevron Corp.	1.33%
Trinidad Drilling Ltd	0.83%
Top 25 Holdings	**99.21%**

The summary of investment portfolio may change. A quarterly update is available at www.caldwellinvestment.com.

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