



Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance

For the Six Months Ended June 30, 2016

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 interim management report of fund performance contains financial highlights, but does not contain the complete interim or annual financial statements of the investment fund. You may obtain a copy of the interim or 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.



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

2016 First Half Review

The Caldwell Balanced Fund (CBF) has returned -4.2% year to date. Performance of our underlying stocks (ex-currency) year to date has been mixed but generally decent given the speculative and volatile market conditions that occurred throughout the first half of the year.

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.



Performance Drivers in 2016

Commodity Rally

Commodity prices strengthened materially in the first half of 2016, with crude oil, gold, and industrial metals^[1] up 30%, 25%, and 18% year to date, respectively. Stocks with significant exposure to these commodities saw their stock prices go up even more, often those with the most balance sheet risk being the most rewarded. The S&P/TSX Composite Index (+8% year to date) has been a major beneficiary here, given that 35% is in energy and materials (the exposure is considerably more when factoring in indirect exposure from other sectors like financials and industrials). One of the features of commodities is that they are susceptible to sharp and unpredictable price movements. While typically a function of supply and demand, recent price increases seem to be tied more to the movement in the U.S. Dollar (“USD”), which has seen a dramatic decline on the back of changing expectations for how and when the U.S. Federal Reserve (“The Fed”) will proceed (or not) with raising interest rates. While the Fund’s underweight position has limited its performance versus the Canadian market in the first half of 2016, avoiding this sector has protected investors from significant losses over the past few years.

¹ Dow Jones AIG Industrial Metal Spot Index

Yield does well as interest rates fall

Outside of commodities, sectors with less economically-sensitive cash flow, such as utilities, telecom, and REITs have performed well in both the S&P/TSX Composite Index and the S&P 500 Composite Index. These businesses tend to pay higher distributions to investors and much of the rally seems a result of declining U.S. and Canadian Government bond yields, as well as the declining prospect for rate hikes moving forward. The yields from stocks in these sectors look relatively more attractive when interest rates decline. Another reason for the rally is that these sectors (particularly telecom and utilities) are relatively defensive sectors that tend to outperform during periods of investor uncertainty, which was prevalent in the risk-off move in the first part of 2016.

The Fund is underweight high yielding sectors as we prefer companies that generate solid cash flows but that also have the ability to grow over companies that simply pay a high dividend.

US Dollar Weakening

After a strong run in 2015, the USD has weakened close to 7% year to date against the Canadian Dollar. This is mainly a function of the Fed lowering their rate hike forecast and strong commodity prices. While this has been challenging for our portfolio in 2016 (65-70% of our equity is U.S. stocks), being more exposed to the U.S. has been beneficial to our investors for years, given the relative strength of the U.S. economy and the better breadth of the U.S. stock market.



Top 5 Contributors Year to Date

Stock	Comment
1. Broadridge Financial	Continue to execute on growth initiatives (digitization in financial services; banks continuing to outsource non-core functions).
2. Shawcor	Participation in energy recovery; investors look past near term challenges and towards growth ahead, demonstrated by strong bid book.
3. Trinidad Drilling	Participation in energy recovery; better than expected earnings reports.
4. Bank of Nova Scotia	Participation in recovery of Canadian market/dollar; strong performance in both Canadian and (particularly) International segments.
5. Whirlpool Corporation	Stock recovering from a challenged 2015; strength in U.S. appliance market and strong execution on cost controls.

Top 5 Detractors Year to Date

Stock	Comment
1. Robert Half	Earnings reports have remained strong but investor concern is focused on the condition of the labor market and where we are in this cycle.
2. Citigroup	Difficult conditions (slowing global growth, low interest rates/decreased chance of rate hikes); remains attractive as it trades below book value.
3. Kohl's Corp	Soft retail spending, particularly in apparel, has hit department stores the hardest.
4. Cardinal Health	Loss of a key customer and concerns over generic drug inflation has led to (in our opinion) an overreaction.
5. Celestica	Return to growth has been overshadowed by temporary weaknesses in new programs; remains an attractive risk/reward opportunity.



Looking Forward

The growth environment continues to be challenging and we continue to stress the importance of a focused portfolio in a low growth, higher valuation market. This will not be ‘a rising tide lifts all boats’ environment and as such, we believe our focused strategy of 25 stocks across Canada and the U.S. will serve our investors well. As we look at the different options available to investors, we think it is currently more attractive to own a company that creates value over time, generates a cash flow yield above current bond yields, and has the opportunity to growth that cash flow than to own bonds or cash.

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% 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. The Fund has paid \$23,880 in commissions to Caldwell Securities Ltd. so far this year.



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 June 30, 2016 and Dec 31, 2012-2015.

	2016	2015	2014	2013	2012
Net Assets, beginning of year ⁽³⁾	10.05	9.69	8.72	7.13	6.94
Increase (decrease) from operations:					
Total Revenue	0.08	0.18	0.18	0.17	0.15
Total Expenses	(0.15)	(0.28)	(0.25)	(0.25)	(0.22)
Realized gains (losses) for the period	0.23	0.46	0.80	0.63	0.68
Unrealized gains (losses) for the period	(0.58)	(0.02)	0.24	1.07	(0.37)
Total increase (decrease) from operations ⁽¹⁾	(0.42)	0.34	0.97	1.62	0.24
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⁾	9.63	10.05	9.69	8.72	7.13

⁽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 2016 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the period ended June 30 and years ended December 31 for the years 2012-2015. 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 the period ended June 30, 2016 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 Net Asset Value (NAV), per Series F Unit, as at June 30, 2016 & Dec 31, 2015.

	2016	2015
Net Assets, beginning of year* ⁽³⁾	10.26	9.78
Increase (decrease) from operations:		
Total Revenue	0.09	0.20
Total Expenses	(0.10)	(0.17)
Realized gains (losses) for the period	0.22	0.42
Unrealized gains (losses) for the period	(0.49)	(0.31)
Total increase (decrease) from operations ⁽¹⁾	(0.28)	0.14
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⁾	9.89	10.26

⁽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 2015 and 2016 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 and the period ended June 30, 2016. 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 year ended December 31, 2015 and the period ended June 30, 2016 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.



Ratios and Supplemental Data (unaudited) - Series A

	2016	2015	2014	2013	2012
Net asset value (000's) ⁽¹⁾	50,075	52,846	47,324	39,736	29,637
Number of units outstanding ⁽¹⁾	5,198,151	5,256,477	4,881,726	4,558,628	4,157,573
Management expense ratio ⁽²⁾	2.99%	2.70%	2.73%	2.78%	3.17%
Management expense ratio before waivers or absorptions	3.30%	2.73%	2.73%	2.78%	3.22%
Portfolio turnover rate ⁽³⁾	46.15%	110.80%	224.21%	177.70%	181.78%
Trading Expense ratio ⁽⁴⁾	0.10%	0.21%	0.22%	0.29%	0.56%

Ratios and Supplemental Data (unaudited) - Series F

	2016	2015
Net asset value (000's) ⁽¹⁾	1,989	562
Number of units outstanding ⁽¹⁾	201,235	54,799
Management expense ratio ⁽²⁾	1.85%	1.59%
Management expense ratio before waivers or absorptions	2.14%	1.64%
Portfolio turnover rate ⁽³⁾	46.15%	110.80%
Trading Expense ratio ⁽⁴⁾	0.10%	0.21%

⁽¹⁾ This information is provided as at June 30 for 2016 and December 31 for all other years.

⁽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.



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.

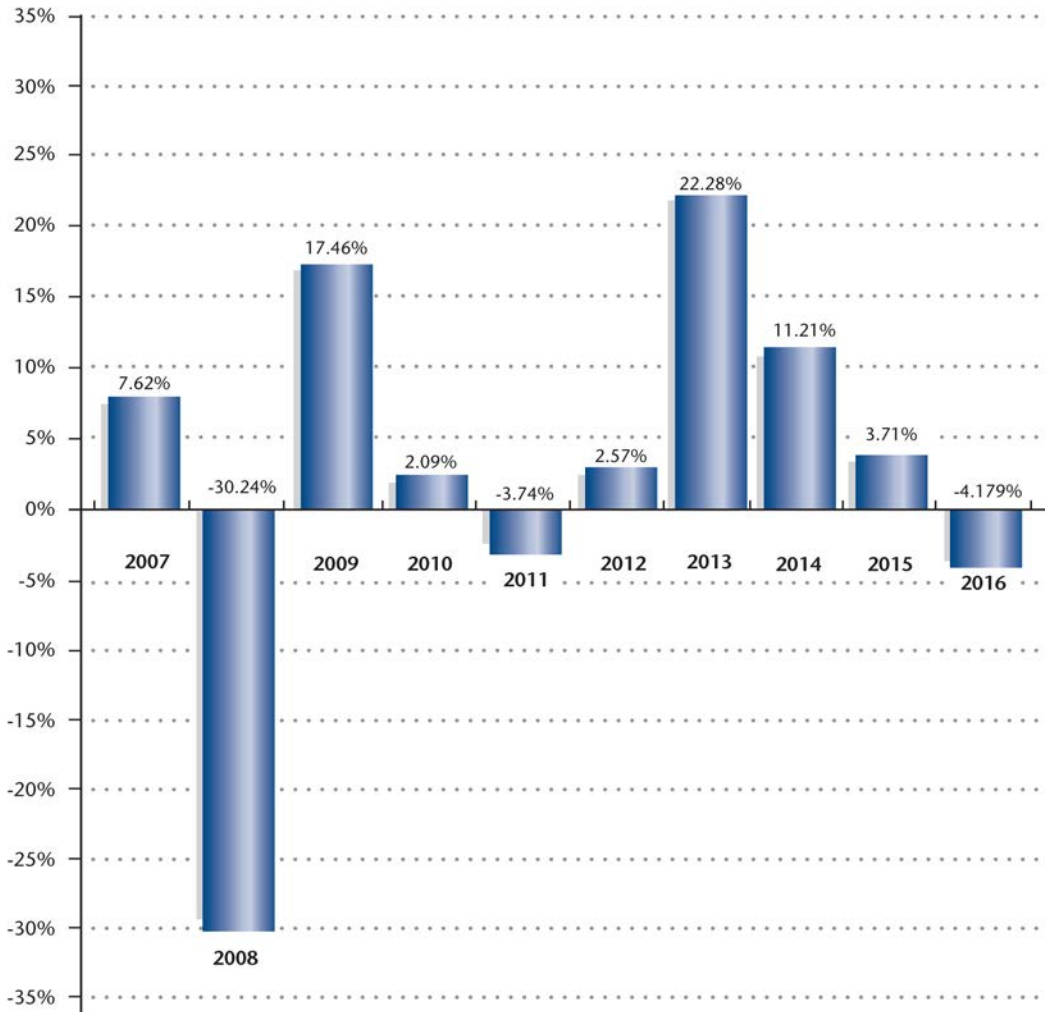
Distribution	28%
Management and Portfolio Adviser Services	59%
Waivers and Absorption of Fund Expenses	13%

Past Performance

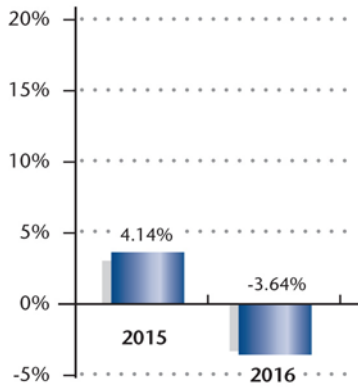
The following charts shows how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if they did not. They don't include deduction of sales, switch, redemption, or other optional 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.



Caldwell Balanced Fund - Series A

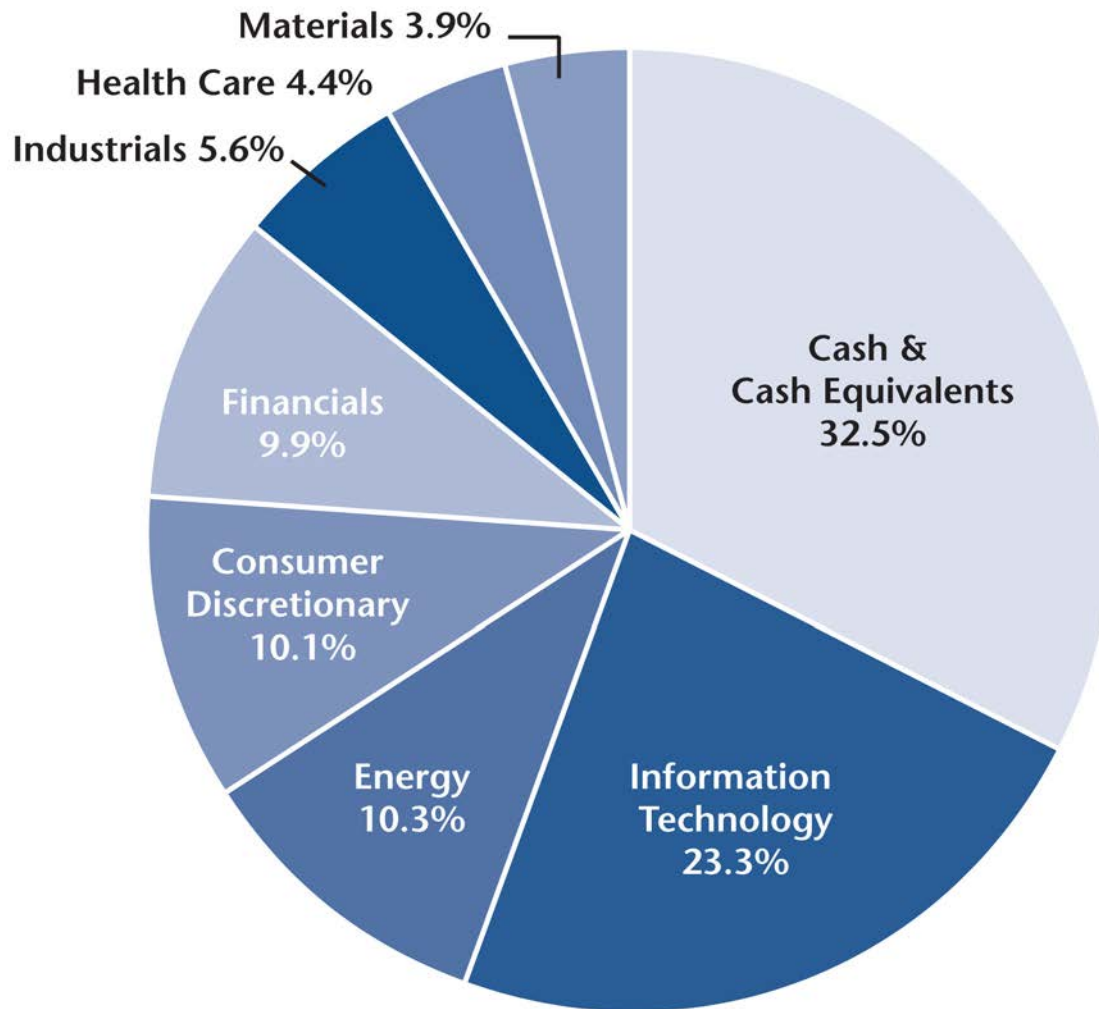


Caldwell Balanced Fund - Series F
For the period ended June 30



Summary of Investment Portfolio

Portfolio Breakdown as at June 30, 2016



Caldwell Balanced Fund



Top 25 Holdings (unaudited)
As at June 30, 2016

SECURITY	Percentage of Net Assets
Cash & Cash Equivalents	32.0%
Cisco Systems Inc.	3.9%
CCL Industries Inc.	3.8%
Omnicom Group Inc.	3.8%
Parkland Fuel Corp.	3.8%
Amdocs Ltd	3.6%
Cognizant Technology Solutions Corp.	3.4%
Broadridge Financial Solutions Inc.	3.2%
Cardinal Health Inc.	3.1%
Whirlpool Corp.	3.0%
CSX Corp.	2.9%
Mentor Graphics Corp.	2.6%
Robert Half International Inc.	2.6%
Citigroup Inc.	2.4%
Tricon Capital Group Inc.	2.4%
Celestica Inc.	2.3%
CGI Group Inc.	2.2%
Kohl's Corp.	2.2%
Suncor Energy Inc.	2.2%
KKR & Co LP	2.1%
Accenture PLC	1.7%
ShawCor Ltd	1.7%
The Bank of Nova Scotia	1.6%
Chevron Corp.	1.5%
Onex Corp.	1.3%
Top 25 Holdings	95.30%

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