



Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance

For the Period Ended June 30, 2017

Caldwell Balanced Fund

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

A Review of the first 6 months of 2017

The A and F series of the Balanced Fund increased by 2.0% and 2.6% in the first six months of 2017, respectively. Over this time frame, total net assets increased 1.6% to \$57,370,541 from \$56,445,561. 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.

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 (high active share);
- 2) Our manageable fund size of approximately \$55 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 bi-monthly communication, which keeps investors informed about how the portfolio is positioned.

Recent Developments

After a strong second half of 2016, the Canadian market is down slightly to begin the year while the U.S. market has resumed its out-performance over Canada with the S&P 500 up 8%. Canada's energy sector was a significant drag on the market's results on the back of a 14% drop in the price



of crude oil and a 17% drop in the price of natural gas. Outside of energy, the majority of the remaining sectors in Canada posted positive returns, led by Consumer Discretionary, Industrials and Technology.

Performance Drivers Year-to-Date

Top Contributors:

- 1) Overweight the Technology sector;
- 2) Security selection on the Financial Services sector;
- 3) Security selection on the Real Estate sector;

Top Individual Contributors: CCL Industries, Tricon Capital Group, Cognizant Technology.

Bottom Contributors:

- 1) Security selection on the Consumer Discretionary sector;
- 2) Security selection on the Technology sector;
- 3) Security selection on the Industrials sector;

Bottom Individual Contributors: Trinidad Drilling, Kohl's, Shawcor

Going Forward

The main question/worry we hear from investors is: "Have we reached the market top?" It's helpful to think back to all the events since the market started its recovery: flash-crash, double dip-recession, Greek/European debt crisis, U.S. credit downgrade, taper tantrum, the ongoing European debt crisis (Greece), the Russian/Ukrainian conflict, Brexit, Trump's election, all scattered with an increased pace of terrorist activity. Each event heightened concerns of a market sell off, and yet markets continued to grind higher (the U.S. better than Canada). It's clear that calling a market top based on well-publicized events is a risky proposition. While a sell-off at some point is inevitable, the timing and the magnitude are anyone's guess. So while we won't play the fool's game of trying to 'time' the market, there are things we are doing to position our clients for success.

Given elevated valuations and slower growing economies, over-diversified portfolios, which essentially give investors market exposure, won't cut it. Unfortunately for Canadian investors, we see a lot of these over-diversified portfolios being offered by our peers. Our strategy, instead, is to run focused and differentiated portfolios that zone-in on specific opportunities rather than be exposed to broad-based market returns. 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 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% 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 has brokerage arrangements for purposes of trading in the equity markets. The Manager may utilize brokers with whom soft commission arrangements are in place. Any such arrangements will provide for Best Execution (as defined below) and any goods or services received will be of a type which assist in the provision of investment services to the Fund. Neither the Manager nor any of its connected persons will retain any cash commission rebates from such arrangements.

"Best Execution" means the best price and results for the Fund, taking into account price, costs, speed, likelihood of execution and settlement, order size and nature, or any other consideration relevant to the execution of the order.

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. To date in 2017 the Fund has paid \$36,084 in commissions to Caldwell Securities Ltd and has paid \$26,708 for the similar period in 2016.



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 and unaudited semi-annual financial statements.

The Fund's Net Asset Value (NAV), per Series A Unit, as at June 30 and December 31.

	2017	2016	2015	2014	2013
Net Assets, beginning of year	10.71	10.05	9.69	8.72	7.13
Increase (decrease) from operations:					
Total Revenue	0.10	0.17	0.18	0.18	0.17
Total Expenses	(0.15)	(0.26)	(0.28)	(0.25)	(0.25)
Realized gains (losses) for the period	0.70	0.55	0.46	0.80	0.63
Unrealized gains (losses) for the period	(0.44)	0.18	(0.02)	0.24	1.07
Total increase (decrease) from operations ⁽¹⁾	0.21	0.64	0.34	0.97	1.62
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 June 30 and December 31 of year shown	10.92	10.71	10.05	9.69	8.72

⁽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.



The Fund's Net Asset Value (NAV), per Series F Unit, as at June 30 and December 31.

	2017	2016	2015	2014*
Net Assets, beginning of year	11.05	10.26	9.78	9.13
Increase (decrease) from operations:				
Total Revenue	0.10	0.18	0.20	0.07
Total Expenses	(0.09)	(0.12)	(0.17)	(0.07)
Realized gains (losses) for the period	0.76	0.63	0.42	0.21
Unrealized gains (losses) for the period	(0.54)	0.98	(0.31)	0.44
Total increase (decrease) from operations ⁽¹⁾	0.23	1.67	0.14	0.65
Distributions:				
From Income (excluding dividends)	0.00	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00
Net Assets at December 31 of year shown	11.34	11.05	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.

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



The Fund's Net Asset Value (NAV), per Series M Unit, as at June 30 and December 31.

	2017	2016*
Net Assets, beginning of year	10.45	10.00
Increase (decrease) from operations:		
Total Revenue	0.10	0.07
Total Expenses	(0.09)	(0.05)
Realized gains (losses) for the period	0.60	0.25
Unrealized gains (losses) for the period	(0.21)	0.41
Total increase (decrease) from operations ⁽¹⁾	0.40	0.68
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 June 30 and December 31 of year shown	10.73	10.45

⁽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.

* The Fund's Series M commenced on September 15, 2016.



Ratios and Supplemental Data (unaudited) - Series A

	2017	2016	2015	2014	2013
Net asset value (000's) ⁽¹⁾	54,353	54,009	52,846	47,324	39,736
Number of units outstanding ⁽¹⁾	4,976,018	5,043,980	5,256,477	4,881,726	4,558,628
Management expense ratio ⁽²⁾	2.66%	2.49%	2.70%	2.73%	2.78%
Management expense ratio before waivers or absorptions	2.66%	2.72%	2.73%	2.73%	2.78%
Portfolio turnover rate ⁽³⁾	273.80%	123.59%	110.80%	224.21%	177.70%
Trading Expense ratio ⁽⁴⁾	0.18%	0.13%	0.21%	0.22%	0.29%

Ratios and Supplemental Data (unaudited) - Series F

	2017	2016	2015	2014
Net asset value (000's) ⁽¹⁾	2,961	2,328	562	123
Number of units outstanding ⁽¹⁾	261,207	210,663	54,799	12,611
Management expense ratio ⁽²⁾	1.52%	1.07%	1.59%	1.76%
Management expense ratio before waivers or absorptions	1.52%	1.27%	1.64%	1.76%
Portfolio turnover rate ⁽³⁾	273.80%	123.59%	110.80%	224.21%
Trading Expense ratio ⁽⁴⁾	0.18%	0.13%	0.21%	0.22%

Ratios and Supplemental Data (unaudited) - Series M

	2017	2016
Net asset value (000's) ⁽¹⁾	56	107
Number of units outstanding ⁽¹⁾	5,236	10,311
Management expense ratio ⁽²⁾	1.66%	1.42%
Management expense ratio before waivers or absorptions	1.66%	1.48%
Portfolio turnover rate ⁽³⁾	273.80%	123.59%
Trading Expense ratio ⁽⁴⁾	0.18%	0.13%

⁽¹⁾ This information is provided as at June 30/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.



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%

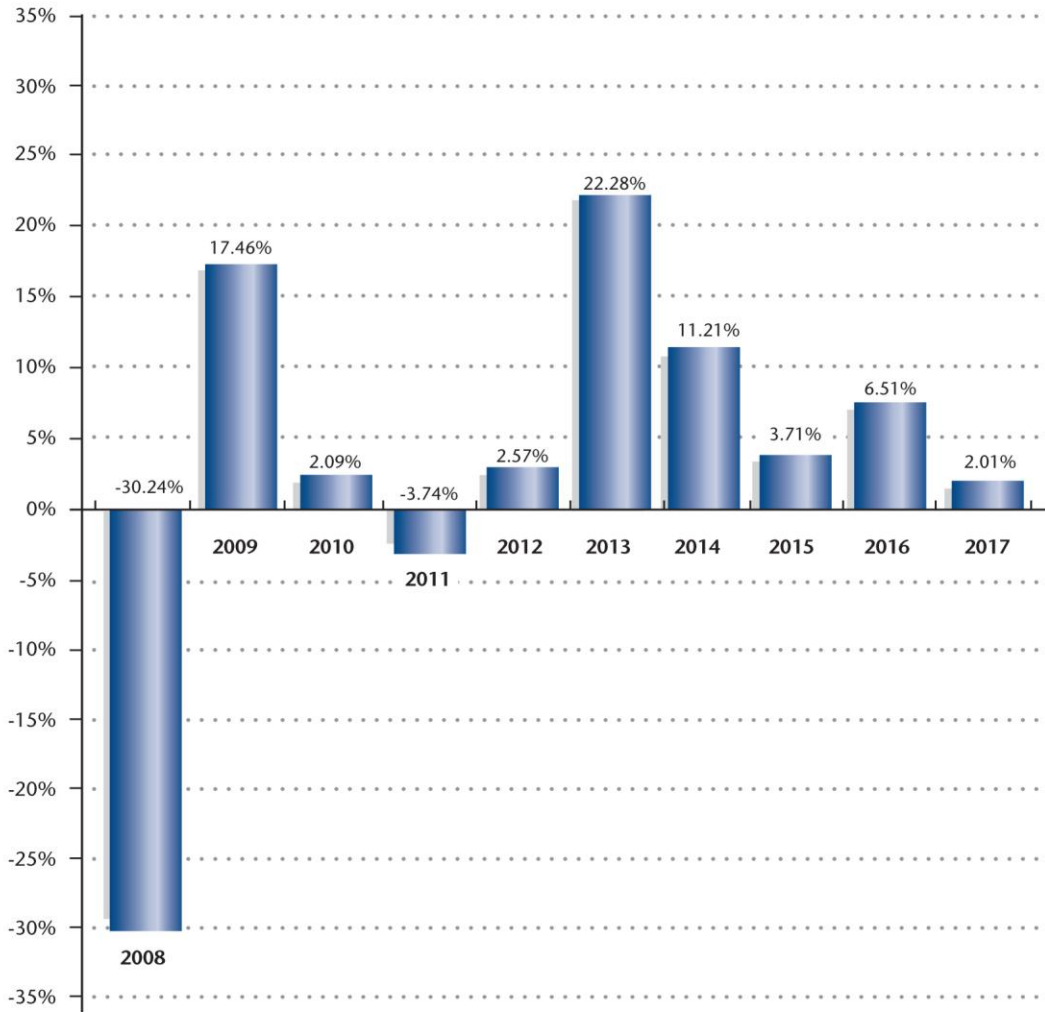
Past Performance

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.

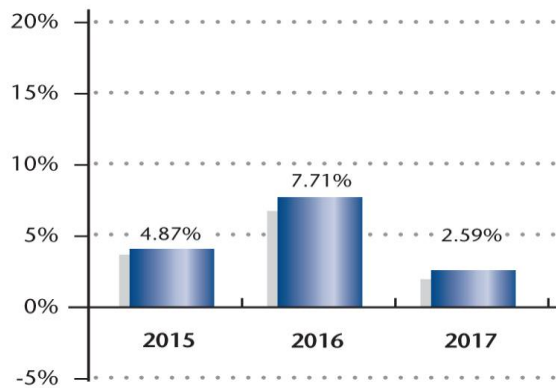
Year-by-Year Returns

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.

Information for Series M is not available because that series has been in distribution for less than a 12 month period.



Caldwell Balanced Fund - Series A



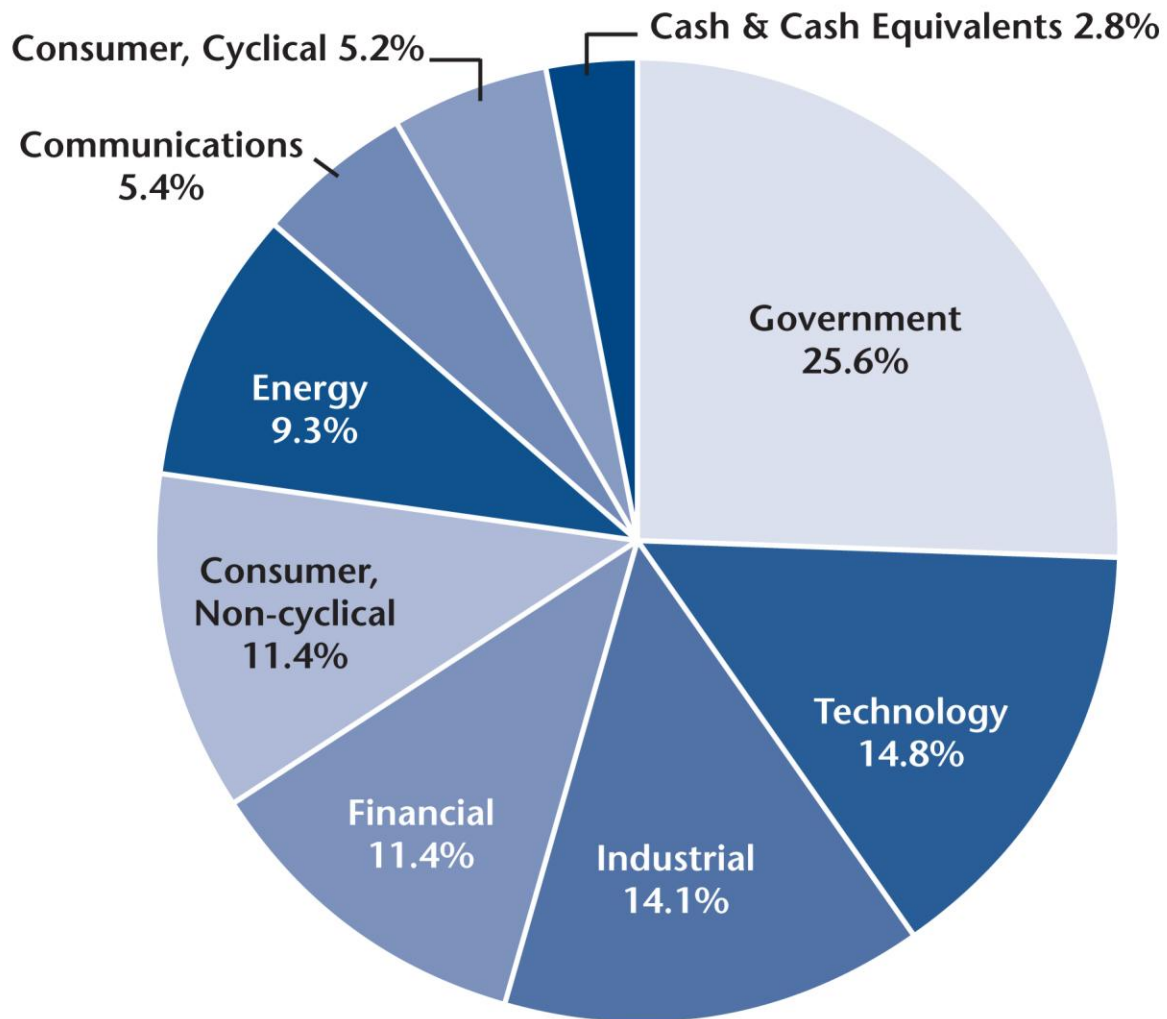
Caldwell Balanced Fund - Series F

For the years ended December 31 and the semi-annual period ending June 30



Summary of Investment Portfolio

Portfolio Breakdown as at June 30, 2017



Caldwell Balanced Fund



Top 25 Holdings	
As at June 30, 2017	
	Percentage of Net
SECURITY	Assets
Canadian Government Bond 1.00% 01JUN2027	13.45%
Canadian Government Bond 1.50% 01JUN2023	9.24%
Amdocs Ltd	3.65%
Cognizant Technology Solutions Corp	3.61%
Citigroup Inc.	3.50%
Bird Construction Inc.	3.45%
Broadridge Financial Solutions Inc.	3.42%
Apogee Enterprises Inc.	3.31%
Tricon Capital Group Inc.	3.22%
Whirlpool Corp	3.17%
Celestica Inc.	3.07%
Parkland Fuel	3.00%
Robert Half International Inc.	2.93%
SunOpta Inc.	2.88%
Canadian Government Bond 0.50% 01MAR2022	2.84%
Cardinal Health Inc.	2.82%
KKR & Co LP	2.82%
Cash and Cash Equivalents	2.81%
Cisco Systems Inc.	2.77%
Keysight Technologies Inc.	2.77%
STERIS PLC	2.71%
Omnicom Group Inc.	2.57%
CGI Group Inc.	2.43%
Trinidad Drilling Inc.	2.24%
Suncor Energy Inc.	2.08%
Top 25 Holdings	90.75%

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