



Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance For the Period Ended June 30, 2017

Caldwell Income 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 Caldwell Income Fund (the “Fund”) is to provide investment returns through income and growth securities while trying to preserve capital and maintaining liquidity by investing in a diverse portfolio of Canadian government fixed income securities.

The Fund maintains a portfolio of 100% Government of Canada bonds and Treasury Bills.

Results of Operations

The Fund’s Series A units rose from \$4.69 to \$4.71, an increase of 0.26%. Assets in Series A increased from \$5.12 million to \$6.02 million.

The Fund’s Series F are intended for use in fee-based accounts. These units rose from \$4.90 to \$4.92, an increase of 0.36%. Assets in this series were up from \$181,515 to \$303,650.

The Fund’s Series I are intended for use in fee-based accounts for large advisor/advisor groups. These units rose from \$9.86 to \$9.92, an increase of 0.61%. Assets in this series were up from \$25,003,504 to \$33,676,658.

The Fund’s Series M are intended for use in Caldwell’s Managed Account Platform’s fee-based accounts. These units rose from \$9.78 to \$9.83, an increase of 0.51%. Assets in this series were up from \$1,181,871 to \$2,502,151.

Overall, the Fund’s assets rose from \$31,487,980 to \$42,491,708 during the first six months of 2017.

Recent Developments

The Fund’s Manager changed the target asset mix to 100% Government of Canada bonds and Treasury Bills in the beginning of 2016. The AAA credit rating from Government of Canada bonds and Treasury Bills is a unique feature among existing fixed income products. The active management aspect is also a unique feature.

The Manager of the Fund approaches the issue of rising interest rates by limiting portfolio duration and by actively trading the bonds during times of volatility to take advantage of opportunities and protect capital. Longer term securities, such as a 10 year bond, have bigger reactions to interest rate moves than shorter term bonds, like treasury bills. Our strategy in a volatile interest rate environment is to own very short-term bonds, and only extend term into longer-term bonds when



we sense that interest rates have moved too high, too quickly. An added risk feature is that, when we do extend term, we protect capital by limiting the maximum duration of the portfolio to 10 years, which limits volatility.

The Portfolio Manager strives to achieve Absolute Returns through interest rate anticipation. The investment process can be summarized as:

- In-depth proprietary Macroeconomic Research
- Determine the “Natural Boundaries of Interest Rates”
- Technical Analysis for timing and Risk Management

In July 2016, Caldwell Investment Management Ltd launched an “I” Series for large advisors/advisor groups. The management fee is set at 0.25% p.a. The initial response from Advisors among large Canadian investment managers has been favourable.

The dramatic rise in bond yields in last quarter of 2016 was slowly reversed in the first six months of 2017. The bond market was quiet in the third quarter of 2016 and turned volatile for most of the fourth quarter 2016. The yield of the Government of Canada 10-year bond fluctuated between 1.40% and 2.033%, with a strong upside bias in June, 2017, largely a result of rate hike by the Bank of Canada. The Fund’s strong gains prior to that event were eroded. The manager’s view is that the bond market overreacted to the rate hike and a more favourable bond market should return in the second half of 2017.

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 1.25% based on the net asset value of Series A units of the Fund and up to 0.75% 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. To date in 2017 the Fund paid \$28,620 in commissions to Caldwell Securities Ltd. and has paid \$20,325 in commissions 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	4.69	4.78	5.02	5.04	5.19
Increase (decrease) from operations:					
Total Revenue	0.03	0.03	0.10	0.14	0.13
Total Expenses	(0.03)	(0.08)	(0.08)	(0.07)	(0.12)
Realized gains (losses) for the period	0.04	0.00	(0.32)	0.30	(0.09)
Unrealized gains (losses) for the period	(0.04)	(0.02)	0.07	(0.10)	(0.03)
Total increase (decrease) from operations ⁽¹⁾	0.00	(0.07)	(0.23)	0.27	(0.08)
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	(0.01)	0.00
From Dividends	0.00	0.00	0.00	(0.05)	(0.05)
From Capital Gains	0.00	0.00	0.00	(0.22)	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	(0.28)	(0.05)
Net Assets at June 30 and December 31 of year shown	4.71	4.69	4.78	5.02	5.04

⁽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 or both.



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 ⁽³⁾	4.90	4.98	5.19	5.29
Increase (decrease) from operations:				
Total Revenue	0.03	0.04	0.10	0.06
Total Expenses	(0.03)	(0.07)	(0.05)	(0.03)
Realized gains (losses) for the period	0.05	0.00	(0.33)	0.07
Unrealized gains (losses) for the period	(0.04)	(0.07)	0.08	(0.08)
Total increase (decrease) from operations ⁽¹⁾	0.01	(0.10)	(0.20)	0.02
Distributions:				
From Income (excluding dividends)	0.00	0.00	0.00	(0.02)
From Dividends	0.00	0.00	0.00	(0.01)
From Capital Gains	0.00	0.00	0.00	(0.08)
Return of Capital	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	(0.11)
Net Assets at June 30 and December 31 of year shown ⁽³⁾	4.92	4.90	4.98	5.19

⁽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 or both.

* The Fund's Series F commenced on August 1, 2014



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

	2017	2016*
Net Assets, beginning of year	9.86	0.00
Increase (decrease) from operations:		
Total Revenue	0.06	0.03
Total Expenses	(0.03)	(0.03)
Realized gains (losses) for the period	0.10	0.01
Unrealized gains (losses) for the period	(0.12)	(0.19)
Total increase (decrease) from operations ⁽¹⁾	0.01	(0.18)
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	9.92	9.86

⁽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 or both.

* The Fund's Series I commenced on July 15, 2016



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	9.78	0.00
Increase (decrease) from operations:		
Total Revenue	0.06	0.03
Total Expenses	(0.04)	(0.10)
Realized gains (losses) for the period	0.11	0.01
Unrealized gains (losses) for the period	(0.19)	(0.07)
Total increase (decrease) from operations ⁽¹⁾	(0.06)	(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 June 30 and December 31 of year shown	9.83	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 or both.

* The Fund's Series M commenced on August 01, 2016



Ratios and Supplemental Data (unaudited) - Series A

	2017	2016	2015	2014	2013
Net assets (000's) ⁽¹⁾	6,018	5,121	8,151	11,072	11,422
Number of units outstanding ⁽¹⁾	1,278,836	1,091,170	1,705,509	2,204,301	2,265,487
Management expense ratio ⁽²⁾	1.32%	1.64%	1.14%	1.62%	1.60%
Management expense ratio before waivers or absorptions	1.32%	2.45%	1.69%	2.00%	2.56%
Portfolio turnover rate ⁽³⁾	1053.45%	679.38%	854.83%	584.67%	381.44%
Trading Expense ratio ⁽⁴⁾	0.16%	0.22%	0.86%	0.89%	0.68%

Ratios and Supplemental Data (unaudited) - Series F

	2017	2016	2015	2014
Net assets (000's) ⁽¹⁾	304	182	138	175
Number of units outstanding ⁽¹⁾	61,749	37,046	27,670	33,783
Management expense ratio ⁽²⁾	1.11%	1.16%	0.79%	1.15%
Management expense ratio before waivers or absorptions	1.32%	2.37 %	1.69%	2.09%
Portfolio turnover rate ⁽³⁾	1053.45%	679.38%	854.83%	584.67%
Trading Expense ratio ⁽⁴⁾	0.16%	0.22%	0.86%	0.89%

Ratios and Supplemental Data (unaudited) - Series I

	2017	2016
Net assets (000's) ⁽¹⁾	33,635	25,004
Number of units outstanding ⁽¹⁾	3,391,144	2,536,349
Management expense ratio ⁽²⁾	0.61%	0.71%
Management expense ratio before waivers or absorptions	0.75%	1.19%
Portfolio turnover rate ⁽³⁾	1053.45%	679.38%
Trading Expense ratio ⁽⁴⁾	0.16%	0.22%



Ratios and Supplemental Data (unaudited) - Series M

	2017	2016
Net assets (000's) ⁽¹⁾	2,536	1,182
Number of units outstanding ⁽¹⁾	257,881	120,801
Management expense ratio ⁽²⁾	0.87%	3.08%
Management expense ratio before waivers or absorptions	1.01%	3.57%
Portfolio turnover rate ⁽³⁾	1053.45%	679.38%
Trading Expense ratio ⁽⁴⁾	0.16%	0.22%

⁽¹⁾ This information is provided as at June 30 and December 31 for the relevant 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 1.25% 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	18%
Management and Portfolio Adviser Services	(19%)
Waivers and Absorption of Fund Expenses	101%

Past Performance

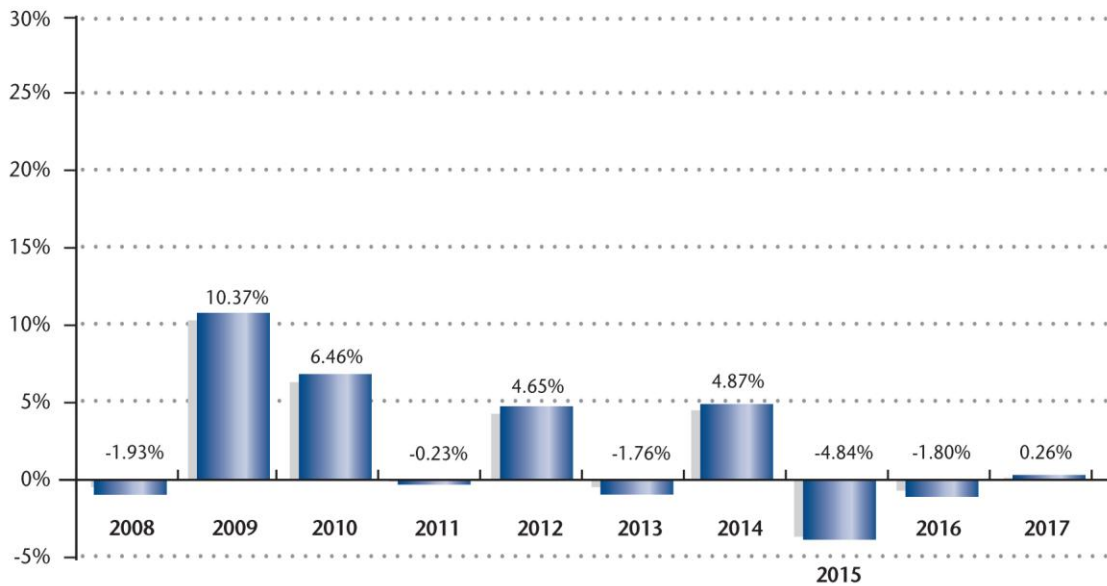
The following charts shows how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if they did not. They don't include deduction of sales, switch, redemption, or other optional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



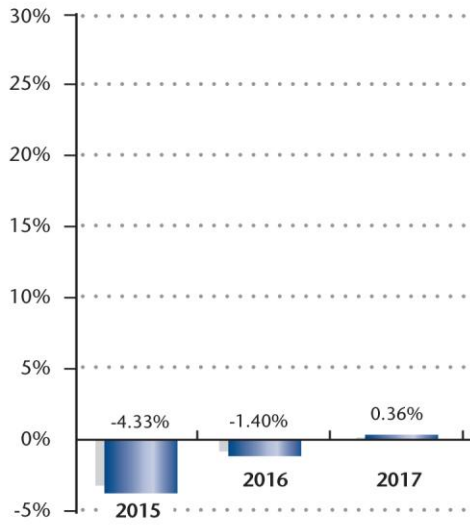
Year-by-Year Returns

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 each year.

Information for Series I and Series M is not available because these series have not been in distribution for a 12 month period.



Caldwell Income Fund - Series A



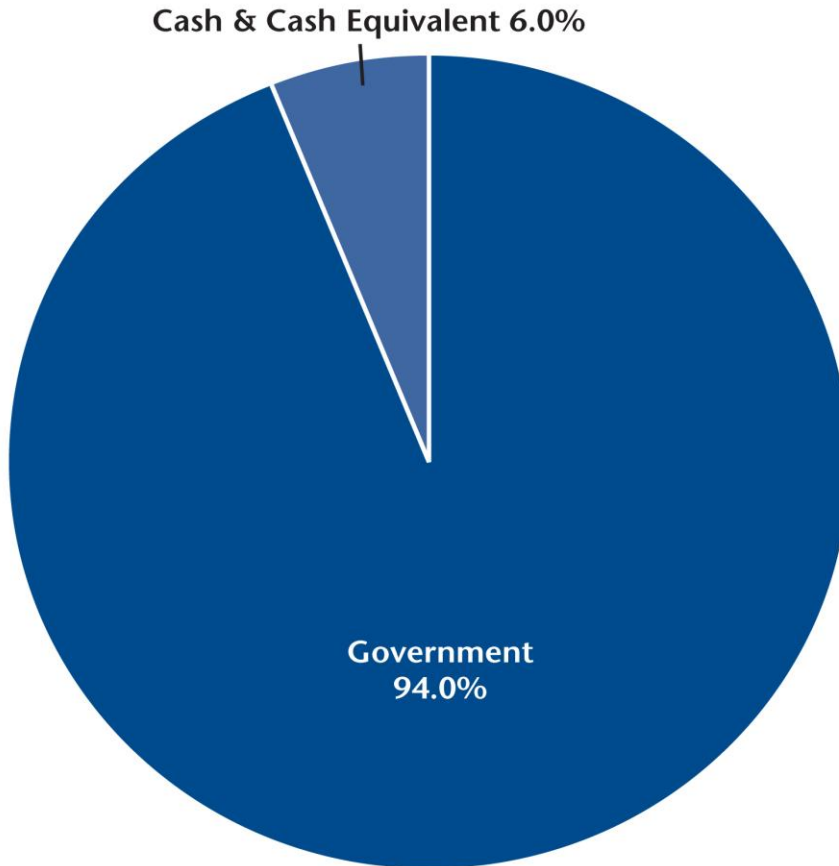
Caldwell Income Fund - Series F

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 Income Fund

Top 25 Holdings	
As at June 30, 2017	
	Percentage of Net Assets
SECURITY	
Canadian Government Bond 1.50% 01JUN2026	57.96%
Canadian Government Bond 1.50% 01JUN2023	36.43%
Cash & Cash Equivalents	5.61%
All Holdings (the Fund has less than 25 holdings)	100.00%

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