Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance

For the Period Ended June 30, 2017

Caldwell U.S. Dividend Advantage Fund

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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.

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Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objectives of the Fund are to provide holders of Units ("Unitholders") with:

(i) monthly cash distributions; and

(ii) the potential for capital appreciation and enhanced long-term risk adjusted returns.

The Fund has been created to invest in an actively managed portfolio (the "Portfolio") comprised primarily of U.S. dividend-paying equity securities that exhibit a combination of low current volatility and high profitability and are expected by the Manager to significantly benefit from the current U.S. economic expansion.

In addition, the Fund incorporates a disciplined risk management process that tactically shifts the portfolio away from certain market factors. From time to time, the Fund will hedge currency risk, market risk, or sector specific risk. Our strategy consists of utilizing a disciplined investment process that consists of a combination of quantitative and qualitative fundamental analysis in constructing and maintaining the portfolio. Our portfolio consists of the three following characteristics:

1) High Profitability
2) Dividend Paying
3) Low current volatility, determined in respect of the short term average distribution of daily returns

Our monthly newsletters and fact sheets keeps investors informed about how the portfolio is positioned.

Results of Operations

The Caldwell U.S. Dividend Advantage Fund ("The Fund") returned 0.2% in simple terms and 3.0% in total return terms. The net asset value ("NAV") increased to $10.45 and the fund distributed $0.30 over the last six months. Assets under Management ended June at $53,904,390. The first half of 2017 has been challenging for investors as volatility has decreased in U.S. equity markets and the U.S. Dollar has declined significantly relative to the Canadian Dollar. U.S. Equity markets have reached new all time as the S&P 500 increased 8.2% to 2,423 while the U.S. Dollar declined 3.2% to the Canadian Dollar.

Recent Developments – Sub Advisory Comments

The first half of 2017 brought new highs to the S&P 500. The catalyst was a positive report from the Federal Reserve ("The Fed") on capital reserve requirements for U.S. banks. The Fed conducts an annual Comprehensive Capital Analysis and Review ("CCAR") of all U.S. financials to assess whether the largest bank holding companies operating in the U.S. have sufficient capital to continue operations throughout times of economic and financial stress. The sector passed with flying colours. With the exception of Capital One, the majority of banks are now able to increase

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their capital return to shareholders. It is expected that the payout ratios of earnings will rise to 100% over the next four quarters in the financial sector, which is substantially higher than the 65% paid out last year. Bank of America (NYSE: BAC), Citi (NYSE: C), and J.P. Morgan (NYSE: JPM), all of which are owned by the Caldwell U.S. Dividend Advantage Fund ("The Fund"), immediately announced dividend hikes and buybacks. Highlights include:

- JP Morgan commits to its largest ever buyback of $19.1 Billion USD of shares over the next twelve months. It also raised its dividend by 6 cents to 56 cents.
- Citigroup announced a $15.6 Billion USD buyback of shares, also its biggest ever. Citi also doubles its dividend to 32 cents per quarter.
- Bank of America authorized a $12 Billion USD buyback over the next year and increased its quarterly dividend to 12 cents per share from 7.5 cents.
- Bank of America preferred shareholder, Berkshire Hathaway, will convert to common.

The announcement came at a time when U.S. financials had lost some momentum. After a massive run up on the back of President Trump's election, the financial sector has lagged the overall market year to date. After the announcement, financials proceeded to rally 3.1% over the next two days and close the gap on its underperformance. The Fund continues to believe that financials will be among the strongest sectors in the U.S. Now financial institutions will be able to use their income to return capital to shareholders or increase loan activity. Both scenarios should grow net income going forward and attract investors into the space.

The Fed sees labour markets continuing to tighten but is waiting for confirmation in wage growth. Certain industries, specifically knowledge based ones like Science, Technology, Engineering, and Mathematics ("STEM"), have seen wages grow faster than the overall labour market. These industries have found it difficult to locate and hire workers. This workforce takes a long time to educate and develop workers for demand. Typically, demand for this workforce is sourced globally because of its high degree of expertise. Recently, it has been difficult to bring in workers from abroad to fill the labour void due to President Trump's executive order in April. The executive order has been put in place to review and overhaul the H-1B visa program, where the vast majority of visas go to STEM workers. The Fed believes wage growth should begin to work down to less educated labour classes as slack continues to tighten in the U.S. labour market overall.

On balance, the Fed's assessment of the U.S. economy appears to be upbeat. Inflation continues to be steady and around the targeted 2% level. Gains in construction activity resulted in a pickup in the prices associated with building materials, while manufacturers saw increases in lumber, steel, and other commodities. This is consistent with the data coming in from single family home sales, mortgage applications and non-residential leasing activity. While this last set of data has softened in the first quarter of 2017, it had to do with the large amount of investment that took place in the fourth quarter of 2016. A great quantity of 2017 demand was pulled forward into the back half of last year as investors and home buyers alike were fearful that interest rates would

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rise significantly in 2017. As depicted in the graph below, which compares the yield curve on November 30th 2016 following the Trump election to the current yield curve, the U.S. yield curve has flattened this year amidst a strengthening labour market. This should provide a positive tailwind for the housing market and the trend of rising home ownership rates should continue for the remainder of 2017.

In Canada, markets have been caught off guard by Bank of Canada ("BoC") Governor Stephen Poloz causing the Canadian dollar ("CAD") to soar. Economic data in Canada has been encouraging for the past few months and the BoC has indicated that the two interest rate cuts from 2015 would most likely be reversed. Remember, interest rates were lowered in 2015 in order to help the Canadian economy adjust to falling oil prices. Now with West Texas Intermediate ("WTI") back above $40 much of that adjustment is now behind us. These lower rates, while necessary to brace western Canada and the energy industry as a whole to a lower oil price, contributed to greater household financial vulnerabilities. Canadian household debt has reached ever new heights which should rightfully worry the BoC.

In Canada, market participants are increasingly wary of vulnerabilities in the financial system and particularly the housing market. Canada's financial system remains resilient as the economy has strengthened along with the American economy and international commodity markets. However, the level of household indebtedness continues to rise with a high portion of increased debt loads coming from mortgages and home equity lines of credit located in the greater Toronto and Vancouver areas. Last year, the federal government introduced changes to housing finance policies aimed at improving the quality of borrowing. This has helped decrease the proportion of insured mortgages (where more than 80% of the cost of the home is borrowed) and means on balance, people are putting more equity into their home purchase than before. Housing fundamentals, such as population and wage growth, remain very strong in both these regions but fundamentals alone are not enough to explain the price increases. The Bank of Canada ("BoC") remains focused on this segment of the economy because a recession caused by an external shock could amplify the drop in home prices and the effect on the depth and length of an economic downturn

The BoC needs to tread carefully as it pulls back extraordinarily easy money measures. It now must turn its focus from the oil sector to keeping systemic risks of the financial system in check. WTI has found its footing and since April the Canadian economy is absorbing excess capacity more rapidly than projected. The BoC believes that this output gap will close by the end of 2017. This should cause the labour market to tighten which historically leads to wage growth followed by inflation. It is worth remembering that it can take 18 to 24 months for monetary policy action to have its full effect on inflation. Central banks must target future inflation by anticipating future deviations. The thought of a Canada with higher than expected inflation, continued cheap money, and a rapidly accelerating housing market would keep any central banker up at night and rightly so. Toronto, whose housing prices have been growing at double digits for more than 15 years,

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has suffered two 50% price declines since 1980. Removing these two previous rate cuts will be a good test run for the Canadian economy to see how sensitive it is to interest rate changes. We will watch these price adjustments carefully over the next few months.

European markets scored a major victory with the election of Emmanuel Macron, President of France, in the month of May. The Euro-zone has been grappling with an existential crisis since the first Greek bailout of 2010. Many nations openly wondered why they would share responsibility for the poor governance of other members. Britain leaving the European Union has given validation to this economic nationalism and has had many ask if the Euro can continue in its current form. A victory for Macron has put these fears on hold. Broad improvement in Euro-zone economic data should further help politicians in Brussels breathe a sigh of relief. The 19-country bloc's unemployment rate fell further to 9.3% in April with consumer confidence in the region at a post crisis high. The Euro (EUR/USD) moved over 3% upwards in the month of May on the back of this good news. Europe is not completely out of the woods yet. It is beginning to look like Italy will call an election in the back half of 2017 which will elevate the region's political risk. Italy has a much lower support for the Euro-zone relative to its peers. Its move to a purely proportional electoral system increases the likelihood a nationalist party will emerge in the next election. Four months of solid economic growth could change this and possibly the fortunes of Europe

Oil prices have softened to new lows at the end of June. Market participants expected steeper declines in global inventories after OPEC and Russia committed to production cuts. What was less publicized was how all participating nations increased production to all-time highs in late 2016, right before the cuts were enacted. OPEC nations Libya, Iraq, and Nigeria plan on increasing production and market participants are questioning the effect that OPEC along with Russia can really have on the market.

This problem is most likely transitory. Large inventories are beginning to decline and bring balance to supply and demand. Oil producing nations never expected to see prices stay this low for this long. Their collective thinking was this low price would bring a chaotic wave of bankruptcies in places like Texas and South Dakota. It turns out they were looking in the wrong places. North American production has shown just how resilient it is by decreasing costs by over 10% in 2016 and performing quite profitably in a $40 WTI world. Where the bankruptcies are coming is within OPEC. Venezuela appears to be right on the verge of social and economic collapse as GDP has declined 32% since the beginning of 2014. Oil production there has dropped from 3.3 million barrels a day to around 2 million today and will continue to decline unless major capital is invested into their operations. This seems highly unlikely as Venezuela can barely service their debts of $5 Billion USD in concert with paying off loans to China and Russia with current (declining) oil production. Venezuela is the canary-in-the-coal-mine for oil dependent nations. Prolonged low oil prices provide lower revenue to government programs, capital reinvestment, and servicing debt. Oil nations have little choice but to increase production to

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make up revenue by pumping more oil and further pushing down the price. The longer the low price, the more revenue must be diverted to social programs and less capital is reinvested into production which reduces future capacity. On the flip side, oil importing nations like the United States, China and India, are acclimatizing to low energy prices. Both Asian nations have made large investments in road infrastructure alongside increased middle class automobile ownership.

This could set up a massive production imbalance in 2019, 2020 and 2021 as OPEC nations suffer capacity declines from five years of capital underinvestment.

This scenario may seem like a perfect storm but it is not unreasonable. The new normal where U.S. production has become the marginal producer makes the future seem far more volatile. Large scale oil fields can take a decade to start production. In a world with increasingly efficient shale production, battery operated automobiles, and heightened environmental awareness, who wants to do that? We expect oil prices to increase measurably over the next 12-18 months as supply begins to come off line around the world.

The Fund will continue to invest in U.S. dividend paying stocks that benefit from an expanding U.S. economy, firming energy prices, improved labour market, and a financially enhanced American consumer.

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

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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

Caldwell Investment Management Ltd. is the manager of the Fund and will perform or arrange for the performance of management and administrative services for the Fund and will also be responsible for implementing the investment strategy of the Fund pursuant to a management agreement (the "Management Agreement") between the Fund and the Manager. CIM is a wholly-owned subsidiary of Caldwell Financial Ltd. and is a member of the Caldwell group of companies ("**Caldwell**"). The Manager will act as the investment fund manager and the portfolio manager of the Fund pursuant to the Management Agreement. The Manager will be entitled to receive fees as compensation for the management and investment management services rendered to the Fund. The principal office of the Manager is located at Suite 1702, P.O. Box 47, 150 King Street West, Toronto, Ontario, M5H 1J9.

Trustee

CST Trust Company is the trustee of the Fund.

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. So far in 2017 the Fund has paid $346,297 in commissions to Caldwell Securities Ltd., and paid $319,546 for the similar period in 2016.

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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 year. This information is derived from the Fund's audited annual financial statements.

The Fund's Net Asset Value (NAV), per Unit as at June 30 and December 31, unless otherwise noted. (unaudited)

	2017	**2016**	**2015***
Net Assets, beginning of year [(3)]	10.43	9.54	10.00
Increase (decrease) from operations:			
Total Revenue	0.31	0.71	0.36
Total Expenses	(0.18)	(0.35)	(0.19)
Realized gains (losses) for the period	0.32	0.26	(0.42)
Unrealized gains (losses) for the period	(0.12)	0.89	0.08
Total increase (decrease) from operations [(1)]	0.33	1.51	(0.17)
Distributions:			
From Income (excluding dividends)	0.00	0.00	0.00
From Dividends	(0.09)	(0.22)	(0.09)
From Capital Gains	0.00	0.00	0.00
Return of Capital	(0.20)	(0.33)	(0.20)
Total Annual Distributions [(2)]	(0.29)	(0.55)	(0.29)
Net Assets at December 31 of year shown	10.45	10.43	9.54

[(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 commenced on June 22nd, 2015.

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Ratios and Supplemental Data (unaudited)

	2017	2016	2015
Net asset value (000's) [1]	66,102	65,652	55,700
Number of units outstanding [1]	5,160,200	5,063,100	5,055,000
Management expense ratio [2]	2.72%	2.69%	2.56%
Management expense ratio before waivers or absorptions	2.72%	2.69%	2.56%
Portfolio turnover rate [3]	44.61%	103.50%	79.62%
Trading Expense ratio [4]	1.01%	1.23%	1.35%

[1] This information is provided as at June 30 and December 31 of 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 asset value during the year.
[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 asset value during the year.

Management Fees

The Fund will pay to the Manager an annual management fee (the "Management Fee") equal to 1.75% per annum of the NAV of the Fund, accrued and calculated daily and payable monthly in arrears, plus applicable taxes.

Distribution	0%
Management and Portfolio Adviser Services	100%
Waivers and Absorption of Fund Expenses	0%

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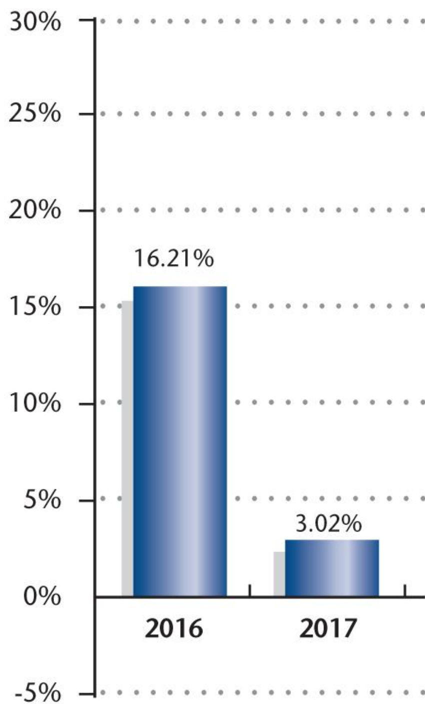
Past Performance

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.



Caldwell US Dividend Advantage Fund

For the year ended December 31 and June 30, 2017

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Summary of Investment Portfolio

Basic Materials 4.2%
Funds 0.2%
Consumer, Non-cyclical 12.0%
Consumer, Cyclical 8.5%
Energy 11.2%
Cash & Cash Equivalents -17.6%
Financials 55.1%
Technology 9.5%
Industrial 12.5%
Communications 4.4%

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Top 25 Holdings	
As at June 30, 2017	
	Percentage of Net
SECURITY	Assets
Bank of America Corp	4.27%
Vulcan Materials Co.	4.09%
Citigroup Inc.	3.70%
JPMorgan Chase & Co	3.59%
Apple Inc.	3.47%
TPG Specialty Lending Inc.	3.45%
Union Pacific Corp.	3.44%
.Dream Global Real Estate Investment Trust	3.24%
Amgen Inc.	3.19%
Weyerhaeuser Co.	3.15%
Norfolk Southern Corp.	3.11%
Blackstone Mortgage Trust Inc.	3.04%
Microsoft Inc.	3.02%
Eli Lilly & Co.	2.97%
Slate Office REIT	2.97%
Bristol Myers Squibb Co.	2.95%
Apollo Commercial Real Estate Finance Inc.	2.90%
Macquarie Infrastructure Corp.	2.83%
Dream Office Real Estate Investment Trust	2.79%
Goldman Sachs BDC Inc.	2.77%
Ares Capital Corp.	2.76%
Air Products & Chemicals Inc.	2.69%
Alcentra Capital Corp.	2.62%
KB Home	2.60%
Symantec Corp.	2.59%
Top 25 Holdings	78.20%

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