



Caldwell Investment Management Ltd.

Independent Investment Managers

Annual Management Report of Fund Performance

For the Period Ended December 31, 2017

Clearpoint Short Term Income Fund

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.



Management Discussion of Fund Performance

Investment Objective and Strategies

Investment Objective

The Fund seeks to provide income while preserving capital and maintaining liquidity, by investing primarily in a diverse portfolio of North American publicly traded corporate bonds and asset-backed securities with a term to maturity of five years or less.

Unitholder approval is required prior to a change in the fundamental investment objective of the Fund.

Investment Strategies

The Fund targets to invest and maintain 40% to 60% of its assets in Canada and 40% to 60% of its assets in the United States. However, the Fund may temporarily hold assets above or below these ranges in the respective geographical locations at times such as when the Fund is accumulating new positions, phasing out existing positions, and/or responding to market conditions. The Fund is expected to invest 30% to 40% of its portfolio in investment grade debt securities.

The Fund seeks to generate annual returns (net of expenses) in excess of the Fund's Benchmark returns, while reducing risk and preserving capital, by investing in a portfolio of North American corporate debt and asset-backed securities with a term to maturity of five years or less (the "Portfolio"). To the extent that the Fund invests in asset-backed securities, it will primarily invest in publicly traded securities that are backed by commercial accounts receivable. The Portfolio is actively managed by Caldwell with portfolio management input from Cortland Credit Group Inc. as sub-advisor, using a proprietary fixed income investment management platform.

This fixed income investment management platform focuses on the following four tenets in managing the Portfolio:

Capital Preservation: Across the range of investment strategies utilized by the Fund, securities are selected based on their ability to generate stronger returns on a risk adjusted basis relative to most sectors of the capital markets, thereby providing a lower probability of negative performance. In addition, the Fund's strategies focus on senior and senior secured positions in the capital structure of borrowers, to ensure that in the event of financial distress our clients will be among the first lenders protected and benefit from higher recoveries.

Steady Income over Time: By diversifying across a broader array of industry sectors and product categories within the asset class, the Fund seeks to increase the reliability of income to investors. As part of its strategy to generate income, the Fund may, subject to the restrictions under the heading "Portfolio Construction" below, invest in factoring instruments.

Solid Returns relative to Benchmark: By targeting lending strategies where strong risk adjusted returns are available based on solid credit, economic and relative risk analysis and applying



the selection criteria across a broad market sector and product set, the Fund seeks to generate performance superior to standard benchmarks while providing steady results across cyclical processes. The Fund makes and holds investments in US or Canadian dollars only. The value of investments held in US dollars is hedged to Canadian dollars on a regular basis. The intent is to mitigate the currency risk associated with the portfolio investments;

Providing Diversification: With low correlation to any major asset classes via the unique return profile of corporate debt, in particular high yield securities which generally carry low sensitivity to general interest rates, as well as internal diversification through the high risk adjusted return strategies employed by the portfolio management team and its institutionally tested approach, the Fund seeks to generate returns that are unrelated to either general market fixed income or equity indexes, providing a source of diversification.

Results of Operations

Performance Highlights:

The Series A and Series F units of the Fund began on February 16, 2017 with a combined net asset value of \$ 366,584. As of December 31, 2017, the Fund's assets under management has grown to \$ 9,015,125.

Recent Developments - Sub Advisory Comments

Market Highlights

Comments to December 31, 2017

In December, the US Federal Reserve hiked its Fed Funds Rate range to 1.25-1.5%, the 3rd hike in 2017. • Corporate profits maintained strength, bankruptcies remain low, supporting credit sector. • The US yield curve flattened to level not seen in 10 years, indicating bond market cynicism that current economic growth will last much longer. • Fund returns were up 72 basis points on the quarter, underperforming overall benchmark but outperforming US high yield (in CAD). • The portfolio's largest industry exposure, a 35% weighting, is to the Consumer, Noncyclicals through several sub-categories of the sector; Financial and Communications firms represent 15% and 14% of exposure, respectively. Cash was approximately 3% of NAV at month end.

Market Comment On both equity and credit based portfolio managers are grappling with valuations that are reaching dizzying heights. Given this fund's focus on the debt products with higher income, we concentrate on the factors that drive general interest rates and, quite independently, risk premiums for credit. While inflation remains subdued, strength in the North American economy, supported by global economic growth, and monetary policy that continues to carry a stimulative stance, support a bearish view on general interest rates. On the credit side, macro data driving credit markets is neutral.

General Interest Rates Short term interest rates monitored by the media and longer-term bond yields that impact fixed income portfolios operated in different dimensions in the last quarter. On



the short end of the yield curve the world watches the Fed Funds rate – the monetary policy rate set by the Federal Reserve’s Open Market Committee (FOMC). In December, the FOMC hiked this rate, the rate at which it borrows and lends with major banks, by 25 basis points to its new 1.25%-1.50% range. It is interesting to note that the Governor of the Federal Reserve was replaced this past November but there was almost no response for a change of such magnitude – the new head, Governor Jay Powell, is expected to continue the policies of his much-respected predecessor, Governor Janet Yellen.

Where central bankers focus on economic growth and inflation to set monetary policy rates, bond managers spend a lot of time trying to forecast the direction of yields further out the maturity spectrum, from 2 year maturities out to 30 years. The most commonly tracked sector is the 10 year maturity band, monitored daily across global markets.

Many managers still talk about the negative 10 year yields seen in several countries in 2016 – in general, we have seen a move to slightly higher levels in 2017 though interest rates remain very low by longer term historical standards. The last quarter of 2017 was also fairly calm with many global regions seeing slight declines in interest rates. The U.S. 10 year Treasury Note ended the year with a yield of 2.41%, 2 full points higher than 0.42% reported for Germany’s 10 year bund and tough to justify compared to the 0.04% yield on yen-based sovereign debt in Tokyo. Despite the fact that most global sovereign bond markets are facing virtually zero or negative interest rates, the longer-term risk of inflation feared by central bankers is not being built into the forecasts of bond managers.

An interesting trend to note is the general flattening of yield curves. In the US we’ve seen the spread between 2 year and 10 year maturity bonds of the treasury yield curve narrow to levels not seen since 2007. The trend is not positive from the perspective of central bankers – there has never been a recession in the US without the spread between 10 year Treasury note yields and the Fed Funds Rate going into negative territory – this spread narrowed from 1.7% to 0.9% in the last year, a very narrow spread by historical standards.

The U.S. Federal reserve’s announced in September they will begin selling down the \$4.4 trillion in bonds, primarily U.S. treasuries and mortgage agency securities, they’ve accumulated since the quantitative easing process was kicked off in 2008. Given the flattening of the yield curve we’ve seen in the past year we expect the Fed to be highlighting their bond selling program to push up Treasury yields as they continue removing the economic stimulus of policy rates. In our view the Fed is watching strength in labour markets, some signs of narrowing in the economies output gap and strength in consumer and business confidence as indicators that the current positive economic growth environment will continue. We are targeting a backup in yields on the U.S. 10 year to rise through 3.50% by the 3rd quarter of 2018.

Credit Sector Sovereign securities are sometimes characterized as “risk free” on the basis that for industrial countries their issuer cannot go bankrupt. To concentrate on the credit component of corporate debt exposures we look to the difference between market yield implied by corporate bond prices versus those on sovereign bonds, adjusted for any call features or other optionality in the corporate securities.



Our strategy focuses on generating income from corporate debt, with at least 50% of the portfolio targeting high yield bonds, classified as carrying credit ratings below BBB-, while reducing volatility by shortening duration. We are seeing continued strength in corporate profits along with low and declining bankruptcy rates, a combination that is positive for credit markets overall. In addition, most capital market participants are expecting government yields to rise over the next year, leading to our expectation that funds will continue to flow into credit markets from fixed income portfolio allocations.

The challenge is that credit spreads, while demonstrating nervousness among investors through some dramatic swings, have narrowed significantly in the past year. The weekly updates on US high yield credit spreads as far back as we have data. We are getting close to the bottom of the historical range. Hence, valuations are considered expensive. An investment consideration is that valuations can remain expensive on the credit side for long periods. For a period of 3½ years, beginning January 2004, credit spreads traded at levels at these levels or lower. The patterns of pending problems that we must watch for are those indicating that the market is becoming complacent and starts reaching for new return strategies with insufficient protection from bankruptcy risk.

Our macro analysis is indicating a neutral stance for credit markets: - Positives: Bankruptcy rates declining steadily since June 2009, approaching historical lows. Global strength in equities, supported by strong corporate profitability. Recent Fed lender surveys indicate loan managers are becoming more positive, easing up on lending standards and generally willing to lower interest rates to bring in business. Negatives: Credit spreads, getting close to historic lows, have little room to narrow further.

Throughout the 4th quarter the Clearpoint Short Term Income Fund has maintained a diversified strategy with limited exposure to specific commodities or focused sectors. Our largest industry exposure, 37% to Consumer Non-Cyclicals, includes Pharmaceuticals, Beauty Products with direct sales to customers in Latin America as the largest source of revenue, and 2 materially different business models in the retail grocery sector, segregating whole foods from mid-tier distribution. The Financial sector represented approximately 15% throughout the quarter and allocations to the Communications sector was also steady at about 14%. Consumer Cyclicals, Basic Materials, Utilities, Energy and Technology all carried exposure a little under 10% for the quarter.

About 82% of the portfolio focused on US high yield opportunities over the quarter, with currency exposure hedged. Relative to the US dollar benchmark with foreign exchange rates hedged, the CSTIF strategy performed relatively well. Given that general interest rates were steady or declining over the quarter we underperformed our investment grade benchmark. The Canadian high yield sector saw declining spreads for energy related exposures and performed well on a relative basis for the period.



Summary and Outlook

We still expect some headwinds from the “new” rising tide of interest rates. We are positive for two reasons:

1. Any increases are expected to be slow and can be offset by portfolio income.
2. Any improvement in the economy should increase the credit worthiness of the bonds we hold making them more valuable.

However, we have moved to a neutral stance on credit. This means we’ll be keeping the duration of our assets down to reduce the interest rate sensitivity of the portfolio.

Corporate profitability and improving credit quality are themes within the strategy that we believe are sustainable and of high value to almost all investor types both Institutional and Individual.

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 Trent Morris, 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 responsible for the Fund's day-to-day operations including providing or arranging for investment management, fund accounting and administrative services, including registrar and transfer agency services, to the Fund. For its services, the Manager is paid an annual fee based on the net asset value of the Fund. The annual rate of management fee for Series A units is 1.4% of average net assets and for Series F units, the annual rate of management fees is .9% of average net assets.

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. has entered into an agreement with Clearpoint Asset Management Inc. which provides to Clearpoint the exclusive right to market the Fund to dealers. Caldwell Securities Ltd. clients may hold units of the Fund and Caldwell Securities Ltd. 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.

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 is presented for Series A units of the Fund and Series F units of the Fund.



The Fund's Net Asset Value (NAV), per Unit (Series A) as at December 31, 2017.

Series A

	2017*
Net Assets, beginning of year	10.00
Increase (decrease) from operations:	
Total Revenue	0.40
Total Expenses	(0.31)
Realized gains (losses) for the period	(0.27)
Unrealized gains (losses) for the period	0.12
Total increase (decrease) from operations ⁽¹⁾	(0.06)
Distributions:	
From Income (excluding dividends)	0.00
From Dividends	0.00
From Capital Gains	0.00
Return of Capital	(0.16)
Total Annual Distributions ⁽²⁾	(0.16)
Net Assets at December 31 of year shown	9.73

⁽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 began operations on April 5, 2017.



The Fund's Net Asset Value (NAV), per Unit (Series F) as at December 31, 2017.

Series F

	2017*
Net Assets, beginning of year	10.00
Increase (decrease) from operations:	
Total Revenue	0.43
Total Expenses	(0.26)
Realized gains (losses) for the period	(0.21)
Unrealized gains (losses) for the period	0.05
Total increase (decrease) from operations ⁽¹⁾	0.01
Distributions:	
From Income (excluding dividends)	0.00
From Dividends	0.00
From Capital Gains	0.00
Return of Capital	(0.16)
Total Annual Distributions ⁽²⁾	(0.16)
Net Assets at December 31 of year shown	9.77

⁽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 began operations on April 5, 2017.



Ratios and Supplemental Data

Series A

	Dec 2017
Net asset value (000's) ⁽¹⁾	4,560
Number of units outstanding ⁽¹⁾	468,818
Management expense ratio ⁽²⁾	4.17%
Management expense ratio before waivers or absorptions ⁽²⁾	4.52%
Portfolio turnover rate ⁽³⁾	58.53%
Trading expense ratio ⁽⁴⁾	0.00%

Series F

	Dec 2017
Net asset value (000's) ⁽¹⁾	4,455
Number of units outstanding ⁽¹⁾	455,942
Management expense ratio ⁽²⁾	3.56%
Management expense ratio before waivers or absorptions ⁽²⁾	3.71%
Portfolio turnover rate ⁽³⁾	58.53%
Trading expense ratio ⁽⁴⁾	0.00%

- ⁽¹⁾ This information is presented 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.



Management Fees

As compensation for managing the Fund, the Manager can receive an annual fee of up to 1.4% of the average net asset value of Series A units of the Fund and an annual fee of up to 0.90% of the average net asset value of Series F units 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 and trailer fees.

Distribution	22%
Management and Portfolio Adviser Services	78%
Waivers and Absorption of Fund Expenses	0%

Past Performance

This information is not available because the Fund has been in existence less than one year.

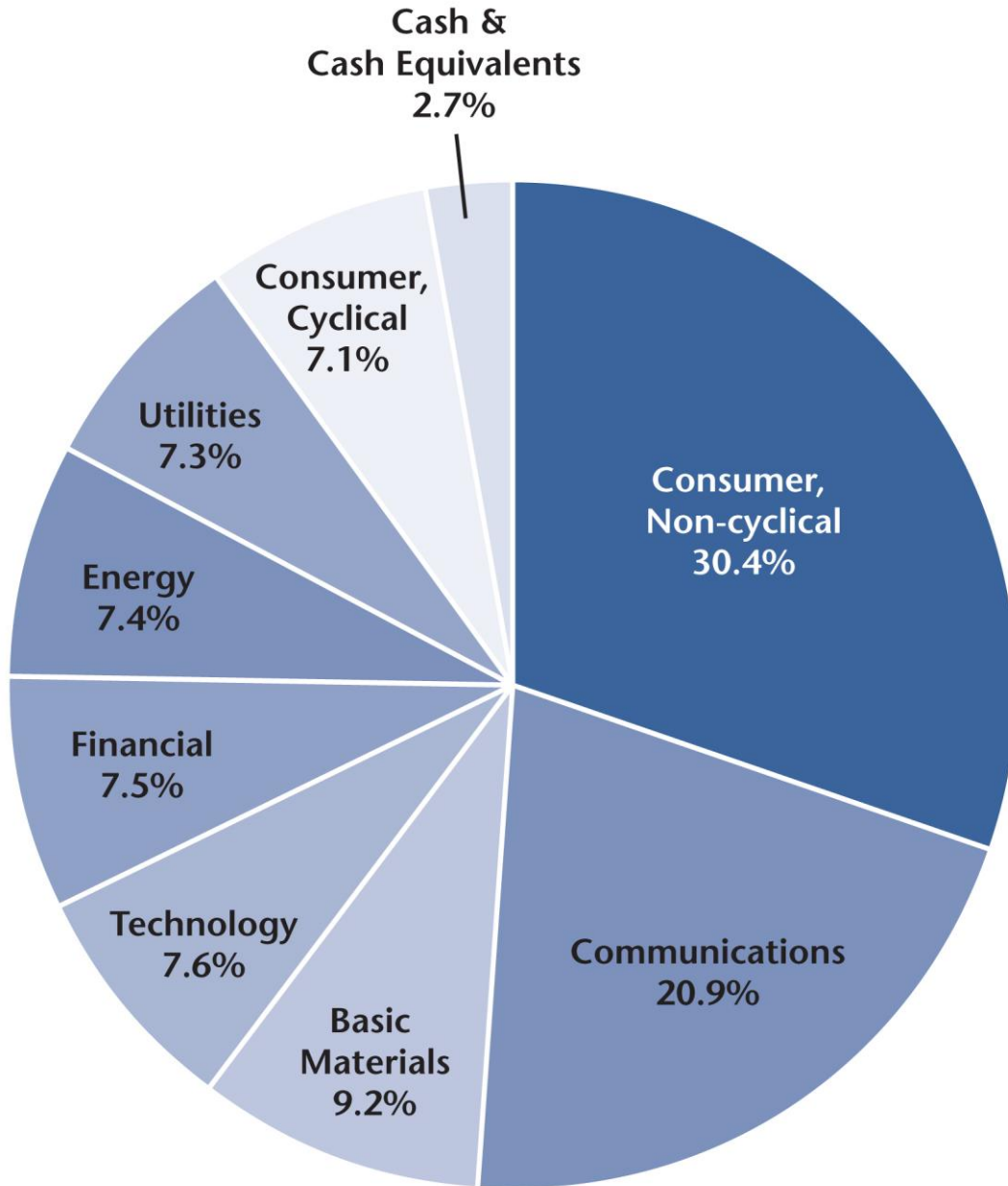
Annual Compound Returns

This information is not available because the Fund has been in existence less than one year.



Summary of Investment Portfolio

Portfolio Breakdown as at December 31, 2017



Clearpoint Short Term Income Fund



Top 25 Holdings

As at December 31, 2017

SECURITY	Percentage of Net Assets
Rackspace Hosting Inc. 8.625% 15NOV2024	7.5%
Lee Enterprises Inc. 9.50% 15MAR2022	7.2%
Resolute Forest Products Inc. 5.875% 15MAY2023	7.2%
PBF Logistics LP / PBF Logistics Finance Corp. 6.875% 15MAY2023	7.2%
NGL Energy Partners LP / NGL Energy Finance Corp. 6.875% 15OCT2021	7.1%
Avon International Operations Inc. 7.875% 15AUG2022	7.1%
Dean Foods Co. 6.50% 15MAR2023	7.0%
SUPERVALU Inc. 7.75% 15NOV2022	6.9%
CenturyLink Inc. 6.75% 01DEC2023	6.9%
AMAG Pharmaceuticals Inc. 7.875% 01SEP2023	6.8%
Consolidated Communications Inc. 6.50% 01OCT2022	6.3%
Credit Acceptance Corp. 6.125% 15FEB2021	5.7%
Mattamy Group Corp. 6.875% 15DEC2023	5.2%
Cash & Cash Equivalents	2.6%
RegionalCare Hospital Partners Holdings Inc. 8.25% 01MAY2023	1.8%
Air Canada 4.75% 06OCT2023	1.7%
Russel Metals Inc. 6% 19APR2022	1.7%
Temple Hotels Inc. 7.25% 30SEP2020 CONV. \$40.08	1.7%
All Holdings (The Fund has fewer than 25 holdings)	97.61%

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