

Financial Statements of

CALDWELL CANADIAN VALUE MOMENTUM FUND

December 31, 2017 and 2016

CALDWELL CANADIAN VALUE MOMENTUM FUND

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December 31, 2017 and 2016

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Independent Auditor's Report

To the Unitholders of:
Caldwell Canadian Value Momentum Fund

We have audited the accompanying financial statements of Caldwell Canadian Value Momentum Fund, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Caldwell Canadian Value Momentum Fund as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Caldwell Canadian Value Momentum Fund

Statements of Financial Position As at December 31, 2017

	December 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash	\$ 11,161,949	\$ 1,155,416
Investment portfolio, at fair value through profit or loss (Note 9)	17,217,309	8,099,663
Dividends receivable	28,215	16,761
Receivable for investments sold	201,920	-
Prepaid expense	-	2,232
Expense reimbursement receivable (Note 6)	32,851	15,348
Subscription receivable	29,630	-
	<u>28,671,874</u>	<u>9,289,420</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	46,882	52,107
Management fee payable (Note 6)	19,513	23,065
Performance fee payable (Note 6)	322,431	49,997
Redemption payable	62,390	-
Payable for investments purchased	765,954	-
	<u>1,217,170</u>	<u>125,169</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 27,454,704</u>	<u>\$ 9,164,251</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ 15,860,037	\$ 952,012
Series O	<u>11,594,667</u>	<u>8,212,239</u>
	<u>\$ 27,454,704</u>	<u>\$ 9,164,251</u>
Number of Redeemable Units Outstanding (Note 7)		
Series F	951,655	62,178
Series O	802,402	609,208
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ 16.67	\$ 15.31
Series O	14.45	13.48

Approved on behalf of Caldwell Investment Management Ltd., Manager and Trustee of the Fund



Brendan T.N. Caldwell, President

Caldwell Canadian Value Momentum Fund

Statements of Comprehensive Income For the years ended December 31, 2017

	2017	2016
Income		
Dividends	\$ 248,980	\$ 95,639
Interest income for distribution purposes	1,723	1,958
Realized gain on investments, including foreign exchange adjustments	1,514,975	292,034
Change in unrealized appreciation on investments	<u>1,021,337</u>	<u>798,791</u>
	<u>2,787,015</u>	<u>1,188,422</u>
Expenses		
Performance fee (Note 6)	322,415	49,986
Management fee (Note 6)	142,430	66,160
Commissions and other portfolio transaction costs (Note 5)	84,784	30,375
Operating costs	70,039	45,668
Legal fee	36,357	4,407
Audit fee	14,766	33,846
Custodial fee	4,518	-
Independent review committee fee	<u>3,116</u>	<u>-</u>
	678,425	230,442
Expense reimbursement (Note 6)	<u>47,990</u>	<u>64,819</u>
	<u>630,435</u>	<u>165,623</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 2,156,580</u>	<u>\$ 1,022,799</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ 1,004,291	\$ 71,854
Series O	<u>1,152,289</u>	<u>950,945</u>
	<u>\$ 2,156,580</u>	<u>\$ 1,022,799</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit (Note 10)		
Series F	\$ 2.53	\$ 1.85
Series O	1.76	2.23

Caldwell Canadian Value Momentum Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units For the years ended December 31, 2017

	Net assets attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Distribution to unitholders	Reinvestments to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2017							
Series F	\$ 952,012	\$ 1,004,291	\$ 14,237,968	\$ (316,737)	\$ (578,306)	\$ 560,809	\$ 15,860,037
Series O	8,212,239	1,152,289	5,121,015	(2,885,095)	(661,197)	655,416	11,594,667
	\$ 9,164,251	\$ 2,156,580	\$ 19,358,983	\$ (3,201,832)	\$ (1,239,503)	\$ 1,216,225	\$ 27,454,704

	Net assets attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Distribution to unitholders	Reinvestments to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2016							
Series F	\$ 466,106	\$ 71,854	\$ 557,767	\$ (143,715)	\$ (30,400)	\$ 30,400	\$ 952,012
Series O	4,089,694	950,945	3,582,055	(410,455)	(310,420)	310,420	8,212,239
	\$ 4,555,800	\$ 1,022,799	\$ 4,139,822	\$ (554,170)	\$ (340,820)	\$ 340,820	\$ 9,164,251

Caldwell Canadian Value Momentum Fund

Statements of Cash Flows

For the years ended December 31, 2017

	2017	2016
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 2,156,580	\$ 1,022,799
Adjustments for non-cash items		
Commissions and other portfolio transaction costs	84,784	30,375
Change in unrealized appreciation on investments	(1,021,337)	(798,791)
Realized gain on investments, including foreign exchange adjustments	(1,514,975)	(292,034)
Change in non-cash balances		
Increase in dividends receivable	(11,454)	(7,149)
(Increase) decrease in receivable for investments sold	(201,920)	70,720
Decrease in prepaid expense	2,232	118
(Increase) decrease in expense reimbursement receivable	(17,503)	7,310
Increase in subscription receivable	(29,630)	-
(Decrease) increase in accounts payable and accrued liabilities	(5,225)	10,410
(Decrease) increase in management fee payable	(3,552)	10,498
Increase (decrease) in performance fee payable	272,434	(17,046)
Increase (decrease) in redemption payable	62,390	(162,615)
Increase in payable for investments purchased	765,954	-
Proceeds from sale of investments	18,251,404	4,422,953
Purchase of investments	(24,917,522)	(7,422,342)
Cash used in operating activities	<u>(6,127,340)</u>	<u>(3,124,794)</u>
Financing Activities		
Proceeds from issuances of redeemable units	16,457,111	4,139,822
Amounts paid on redemption of redeemable units	(299,960)	(554,170)
Distribution paid	(23,278)	-
Cash provided by financing activities	<u>16,133,873</u>	<u>3,585,652</u>
Increase in cash during the year	10,006,533	460,858
Cash, beginning of year	1,155,416	694,558
Cash, end of year	<u>\$ 11,161,949</u>	<u>\$ 1,155,416</u>
Supplemental information*		
Interest received	\$ 1,270	\$ 1,958
Dividends received, net of withholding taxes	237,526	88,490

*Included as a part of cash flows from operating activities

Caldwell Canadian Value Momentum Fund

Schedule of Investment Portfolio

As at December 31, 2017

Number of shares/units	Investments owned	Average cost	Fair value
	Canadian equities		
3,700	Ag Growth International Inc.	\$ 205,506	\$ 197,358
159,500	AGF Management Ltd.	1,191,956	1,304,710
15,600	BRP Inc.	589,762	725,556
37,780	Calian Group Ltd.	918,769	1,210,849
28,120	Cargojet Inc.	1,355,575	1,649,238
23,800	CGI Group Inc.	1,497,130	1,625,540
111,600	Chorus Aviation Inc.	988,988	1,076,940
30,900	Empire Co., Ltd.	691,778	756,741
166,600	IBI Group Inc.	930,384	1,357,790
93,500	Martinrea International Inc.	999,913	1,499,740
184,100	People Corp.	1,154,961	1,417,570
9,000	People Corp. RSTD 23MAR18	60,300	69,300
8,410	Premium Brands Holdings Corp.	653,684	867,576
85,700	Rocky Mountain Dealerships Inc.	1,186,195	1,174,090
5,000	Savaria Corp.	69,200	91,100
21,000	SunOpta Inc.	279,190	203,280
11,855	Transcontinental Inc.	293,785	294,478
28,300	WSP Global Inc.	1,493,202	1,695,453
		<u>14,560,278</u>	<u>17,217,309</u>
	Net investments owned	\$ 14,560,278	17,217,309
	Other assets, net		<u>10,237,395</u>
	Net Assets Attributable to Holders of Redeemable Units		\$ 27,454,704

CALDWELL CANADIAN VALUE MOMENTUM FUND

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

1. TRUST ORGANIZATION AND NATURE OF OPERATIONS

Caldwell Canadian Value Momentum Fund (the "Fund") is an open-end investment trust which was created under the laws of the Province of Ontario pursuant to a Declaration of Trust dated August 8, 2011 and amended on August 25, 2016 (the "Trust Agreement"). The Fund became a publicly offered mutual fund that offers its securities pursuant to a Simplified Prospectus dated July 20, 2017. Caldwell Investment Management Ltd. (the "Trustee" or "Manager"), a company incorporated under the laws of the Province of Ontario, is the trustee and manager of the Fund. The Manager is responsible for the management of the Fund and its portfolio as well as the day-to-day administration of the Fund. The Manager is a wholly-owned subsidiary of Caldwell Financial Ltd. The Fund commenced active operations on August 8, 2011.

The address of the Fund's registered office is 150 King Street West, Suite 1702, P.O. Box 47, Toronto, ON M5H 1J9.

The investment objective of the Fund is to generate capital growth by investing in a concentrated basket of Canadian equities which show the highest potential for capital gains over a moderate holding period. The Manager will maintain a portfolio of approximately fifteen Canadian equities which it believes are attractive both on value and momentum parameters.

The ability of the Fund to meet its investment objectives depends on the continued ability of the Manager to choose investments that will generate returns and will be influenced by a number of risk factors associated with investments in equities and other instruments, market liquidity, portfolio turnover and interest rate fluctuations.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities classified as fair value through profit or loss which are presented at fair value. The accounting policies applied in these annual financial statements are based on IFRS issued and outstanding as of December 31, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New standards, Amendments and Interpretation Issued but Not Yet Effective

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 issued in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. It is effective for annual periods beginning on or after January 1, 2018. The fund plans to adopt the new standard the date it becomes effective.

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification and measurement of financial assets and financial liabilities

Under IFRS 9, classification and measurement of financial assets will be driven by the Fund's business model for managing them and their contractual cash flows. Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

IFRS 9 largely retains the existing requirements for classification and measurement of financial liabilities. However, unlike IAS 39 where all fair value changes of liabilities designated at fair value through profit or loss are recognized in profit or loss, under IFRS 9, fair value changes related to changes in the issuer's own credit risk will be presented in other comprehensive income.

Based on the Fund's initial assessment, IFRS 9 is not expected to have a material impact on classification and measurement of financial instruments, since the Fund makes decisions based on the assets' fair values and manages the assets to realize those fair values. As such the majority of the Fund's financial assets will continue to be measured at FVTPL. In addition, derivatives will continue to be measured at FVTPL.

Impairment of financial assets

IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at FVOCI. The ECL impairment model will not have a material impact to the Fund's financial assets given that the majority of the Fund's financial assets will continue to be measured at FVTPL.

Hedge accounting

The Fund does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes do not have an impact on the Fund's financial statements.

Based on the Fund's initial assessment, IFRS 9 is not expected to have a material impact to the Fund's financial statements.

Financial Assets and Financial Liabilities at Fair Value Through Profit and Loss

Classification

The Fund classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at fair value through profit or loss ("FVTPL").

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

i. Financial assets or financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are classified as held for trading. The Fund does not classify any derivatives as hedges in a hedging relationship.

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii. Financial assets or financial liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund classifies all other investments as designated at fair value through profit or loss

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been designated at fair value through profit or loss. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and financial liabilities are measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring its net asset value ("NAV") for transactions with unitholders is the same as the accounting policies used to measure the fair value of its investments and derivatives.

Measurement

The fair value of financial assets and financial liabilities traded in active markets (such as publicly traded derivatives and traded securities) is based on quoted market prices. In accordance with the provisions of the Fund's Declaration of Trust, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions. For financial reporting purposes, the Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or ask price to the net open position, as appropriate.

The fair value of financial assets and financial liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each Statements of Financial Position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's-length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

Investments in warrants that are liquid and traded on an active stock market have been measured at fair value. Warrants not traded on an active exchange are valued using a variety of methods using assumptions based on market conditions existing at each Statements of Financial Position date.

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recognition/derecognition

The Fund recognizes financial assets and liabilities at fair value through profit and loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date – the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statements of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

Other assets and liabilities

Dividends receivable, subscription receivable, and expense reimbursement receivable and receivable for investments sold are designated as loans and receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities, management fee payable, performance fee payable, redemption payable and payable for investments purchased are designated as financial liabilities and reported at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature and are carried at amortized cost which approximates fair value.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers; levies by regulatory agencies and securities exchanges; and transfer taxes and duties. Such costs are expensed and are included in "commissions and other portfolio transaction costs" in the Statements of Comprehensive Income.

Revenue recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis and included in the Statements of Comprehensive Income.

Realized gain on sale of investments and unrealized appreciation/depreciation in investments are determined on an average cost basis and are recognized in the Statements of Comprehensive Income. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

The Fund considers its functional and presentation currency to be the Canadian dollar, which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in Canadian dollars.

Net Assets attributable to holders of redeemable units per unit

The Net Assets attributable to holders of redeemable units per unit is calculated by dividing the Net Assets attributable to holders of redeemable units of a particular series of units by the total number of units of that particular series outstanding at the end of the year.

Increase in Net Assets attributable to holders of redeemable units per unit

Increase in Net Assets attributable to holders of redeemable units per unit is based on the increase in Net Assets attributable to holders of redeemable units attributed to each series of units, divided by the weighted average number units outstanding of that series during the year. Refer to Note 10 for the calculation.

Cash

Cash consists of cash held at a bank or custodian. Cash is carried at cost plus accrued interest, which approximates fair value.

Due from/to broker

The Fund has a prime brokerage agreement with its broker to carry its accounts as a customer. The broker has custody of the Fund's securities and, from time to time, cash balances which may be due from/due to the broker.

Financial instruments and/or cash positions serve as collateral for any amounts due to broker or as collateral for any securities sold, not yet purchased, or securities purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Fund.

The Fund is subject to credit risk if the broker is unable to repay balances due or deliver securities in their custody.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management uses its judgement in determining the fair value of its investments for those investments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. Actual results could differ from those estimates. The following discusses the most significant accounting judgements and estimates that the Fund has made in preparing the financial statements:

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgements about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39. The most significant judgements made include the determination that certain investments are held for trading and that the fair value option can be applied to those which are not.

5. COMMISSIONS AND RELATED PARTY TRANSACTIONS

The Manager and Caldwell Securities Ltd. ("CSL"), a broker, are related parties as they are both wholly-owned subsidiaries of Caldwell Financial Ltd. CSL has been appointed custodian of the assets of the Fund. CSL has earned \$84,784 (December 31, 2016 – \$30,375) in brokerage commissions during the year and is included in 'commissions and other portfolio transaction costs' on the Statements of Comprehensive Income.

The Manager has earned management and performance fees during the year as disclosed in Note 6.

6. MANAGEMENT FEES, PERFORMANCE FEES AND OPERATING EXPENSES

Management fees

The Fund pays a management fee (the "Management Fee") to the Manager in respect of each Series of redeemable units of the Fund and will pay brokerage expenses to CSL. The Management Fee is calculated and accrued daily and payable monthly.

In respect of the Series I units, the aggregate Management Fee and brokerage expenses to be borne by the Fund will not exceed 0.75% of the series Net Asset Value per annum plus applicable taxes. Subject to this limit, the Fund will pay a Management Fee to the Manager of up to 0.75% of the series Net Asset Value and brokerage expenses to CSL of up to 0.5% of the series Net Asset Value.

In respect of the Series O units, the aggregate Management Fee and brokerage expenses to be borne by the Fund will not exceed 1.5% of the series Net Asset Value per annum plus applicable taxes. Subject to this limit, the Fund will pay a Management Fee to the Manager of up to 1.50% of the series Net Asset Value and brokerage expenses to CSL of up to 0.5% of the series Net Asset Value.

In respect of the Series F units, the aggregate Management Fee and brokerage expenses to be borne by the Fund will not exceed 1.5% of the series Net Asset Value per annum plus applicable taxes. Subject to this cap, the Fund will pay a Management Fee to the Manager of up to 1.00% of the series Net Asset Value and brokerage expenses to CSL of up to 0.5% of the Series Net Asset Value.

The management fee for the year ended December 31, 2017 was \$142,430 (December 31, 2016 – \$66,160). The amount payable at December 31, 2017 was \$19,513 (December 31, 2016 – \$23,065).

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

6. MANAGEMENT FEES, PERFORMANCE FEES AND OPERATING EXPENSES (CONTINUED)

Performance fees

The Manager is also entitled to be paid a performance fee (the "Performance Fee") in respect of each series of the Fund. The Performance Fee is equal to 20% for Series O, Series F and Series I (15% for Series I prior to August 2017), of any growth of the applicable series Net Asset Value per unit above the S&P/TSX Total Return plus 1% ("Benchmark Hurdle Rate" as defined in the Offering Memorandum). The Performance Fee is calculated and accrued daily and paid annually on the last Valuation Date of the year, plus applicable taxes.

Upon the redemption of redeemable units of a particular series, the accrued portion of the Performance Fee allocated to the redeemed units for that series will be payable by the Fund upon the redemption of such redeemable units.

The performance fee for the year ended December 31, 2017 was \$322,415 (December 31, 2016 – \$49,986). The amount payable at December 31, 2017 was \$322,431 (December 31, 2016 – \$49,997).

Operating expenses

The Manager has the power to incur and make payment out of the Fund's property for any charges or expenses which, in the opinion of the Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Declaration of Trust, including without limitation all fees and expenses relating to the management and administration of the Fund.

The Manager has agreed to absorb such costs in excess of 0.5% per annum of the Fund's Net Asset Value as at the end of a financial year. For the year ended December 31, 2017, \$47,990 (December 31, 2016 – \$64,819) of the Fund's expenses were reimbursed by the Manager. The Fund is responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

7. REDEEMABLE UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of redeemable units, issuable in an unlimited number of series, each of which represents an equal, undivided, beneficial interest in the net assets attributable to holders of redeemable units of the Fund. Each unit of each series entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Redeemable units of a series may be consolidated and/or sub-divided by the Manager.

Redeemable units of the Fund may be surrendered for redemption on the daily basis, for a redemption price per series per unit equal to the series Net Asset Value per unit calculated as at the close of business on the Redemption Date.

The following is a summary of the changes in the Fund's outstanding units during the years:

CALDWELL CANADIAN VALUE MOMENTUM FUND
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

7. REDEEMABLE UNITS OF THE FUND (CONTINUED)

	Redeemable Units, beginning of year	Redeemable Units Issued	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of year
December 31, 2017					
Series F	62,178	874,877	(19,319)	33,919	951,655
Series O	609,208	348,882	(201,403)	45,715	802,402
December 31, 2016					
Series F	34,094	36,867	(10,769)	1,986	62,178
Series O	349,196	271,664	(34,680)	23,028	609,208

Capital disclosure

The capital of the Fund is represented by issued redeemable units. The redeemable units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per series unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of redeemable units. The relevant movements are shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. In accordance with its investment objectives and strategies, and the risk management practices outlined in Note 8, the Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of investments where necessary.

8. FINANCIAL INSTRUMENTS RISK AND CAPITAL MANAGEMENT

Management of Financial Instrument Risks

In the normal course of business, the Fund is exposed to a variety of financial risks including, but not limited to: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, the market and company news related to specific securities within the Fund. The level of risk depends on the Fund's investment objective in which it invests and the type of securities.

The investment objective of the Fund is to generate capital growth by investing in a concentrated basket of Canadian equities which show the highest potential for capital gains over a moderate holding period. The Fund uses a blended investment style that combines both value and growth to uncover companies that it believes are priced below their estimated intrinsic value. The investment manager attempts to manage risk by diversifying the portfolio by geographic mix, sector mix and individual security selection. The Fund's overall risk management program seeks to minimize the potentially adverse effect of risk on the Fund's financial performance in a manner consistent with the Fund's investment objectives.

The following is a summary of the main types of risk that are associated with the Fund's investment strategies and the related risk management practices employed by the Manager:

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8. FINANCIAL INSTRUMENTS RISK AND CAPITAL MANAGEMENT (CONTINUED)

Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Where the Fund invests in debt instruments and derivatives, this represents the main concentration of credit risk. The fair value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at December 31, 2017 and December 31, 2016, the Fund had no significant investments in debt instruments and/or derivatives.

Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

The Fund's exposure to liquidity risk is concentrated in the periodic cash redemptions of units. The Fund invests primarily in securities that are traded in active markets and as such market positions can be closed out readily, if required, in order for the Fund to meet its liquidity requirements.

All financial liabilities are due between one and three months.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As at December 31, 2017 and December 31, 2016, the Fund was not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

All investments represent a risk of loss of capital. The Manager aims to moderate this risk through careful selection and diversification of securities and other financial instruments in accordance with the Fund's investment objective and strategy. The Fund's overall market positions are monitored on a regular basis by the Manager. Financial instruments held by the Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments.

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8. FINANCIAL INSTRUMENTS RISK AND CAPITAL MANAGEMENT (CONTINUED)

Other Price Risk (continued)

As at December 31, 2017, 63% (December 31, 2016 – 88%) of the Fund's net assets attributable to holders of redeemable units were invested in securities traded on Canadian stock exchanges. If security prices on the Canadian stock exchanges had increased or decreased by 10% as at the year end, with all other factors remaining constant, net assets attributable to holders of redeemable units could possibly have increased or decreased by approximately \$1,721,731 (December 31, 2016 – \$809,966) respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at December 31, 2017 and December 31, 2016, the Fund had no cash or investments which exposed the Fund to currency risk.

9. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Financial Instruments

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund's total investment holdings as at December 31, 2017 and December 31, 2016 are classified into a three-level fair value hierarchy as follows:

December 31, 2017				
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 17,217,309	\$ –	\$ –	\$ 17,217,309
	\$ 17,217,309	\$ –	\$ –	\$ 17,217,309
December 31, 2016				
	Level 1	Level 2	Level 3	Total
Assets				
Common stocks	\$ 8,099,663	\$ –	\$ –	\$ 8,099,663
	\$ 8,099,663	\$ –	\$ –	\$ 8,099,663

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9. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

In the years ended December 31, 2017 and December 31, 2016 there were no transfers of investments between Levels 1 and 2. During the years ended December 31, 2017 and December 31, 2016, the Fund did not hold investments measured at fair value using unobservable inputs (Level 3).

The financial instruments not measured at fair value through profit or loss are short-term financial assets and financial liabilities carried at amortized cost, where carrying amounts approximate fair value.

10. INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT

The increase in net assets attributable to holders of redeemable units per unit for the year ended December 31, 2017 and 2016 is calculated as follows:

	Increase in Net Assets Attributable to Holders of Redeemable Units per Series	Weighted Average of Redeemable Units Outstanding During the Year	Increase in Net Assets Attributable to Holders of Redeemable Units per Unit
December 31, 2017			
Series F	\$ 1,004,291	396,579	\$ 2.53
Series O	1,152,289	654,014	1.76
December 31, 2016			
Series F	\$ 71,854	38,893	\$ 1.85
Series O	950,945	426,922	2.23

11. INCOME TAXES

The Fund qualifies as a unit fund trust under the provisions of the Income Tax Act (Canada) (the "Tax Act"), and accordingly, is not subject to tax on its net taxable income for the tax year which ends in December, including net realized capital gains, which is paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable is subject to income tax. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax. The Fund may be subject to alternative minimum tax, potentially recoverable.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

As at the tax year ended December 31, 2017, the Fund has a Gross Capital Loss Balance of \$NIL (2016 - \$NIL), and Non-Capital Losses of \$NIL (2016 - \$NIL) which have not been recognized in these financial statements. Gross net capital losses do not expire. Distributions of \$1,239,503 were made in December 31, 2017 (2016 - \$ 340,820).

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12. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There has been no significant event between the statements of financial position date and the date of authorization of the financial statements which requires additional disclosure in the financial statements.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Manager and Trustee and authorized for issue on March 29, 2018.