



Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance

For the Period Ended June 30, 2018

Caldwell U.S. Dividend Advantage 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 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.

Recent Developments

We believe that the global economy is closed, that cycles repeat, and that investors are emotional and can make mistakes. This time, it is not different, and history holds clues as to how global financial markets may evolve. In a closed economy, the only way the economy can experience growth is through stealing market share, opening a new market, population growth/demographics, or experiencing the introduction of a new technology innovation. Long periods of chronic, slow, economic growth, that reduces the standard of living of the educated middle class, can lead to the rise of populism. Elections in Italy, demonstrations in Brazil, and the recent election in the province of Ontario provide evidence that this rise in populism is not local, but global in nature. The era of globalization that started after World War II is coming to an end. The sooner investors realize this, the better.

History reveals that every 80 years or so, the global economy needs a reset. Global imbalances get too large and the rise of populism puts pressure on those in power to take drastic action. Without an internal, rule-based adjustment system (that equalizes the economies that manufacture too much



and consume too little, think Germany and China), military force is typically used to solve the problem. The Trump Administration is trying to get the global leaders to realize that the existing trading system can no longer be supported by the American economy. John Maynard Keynes warned of this in 1945 at Bretton Woods. You can't have a sovereign currency be the medium of exchange of the global economy and the global economy without a Trade Adjustment Mechanism. Countries will enter into currency wars, that devalue their currencies against the U.S. dollar, to make the products they produce more competitive. Furthermore, the World Trade Organization will be ineffective in solving trade disputes. Keynes also warned that eventually the country absorbing the excess capacity of the global economy (the USA) will reach its limits, thus changing its domestic policy to protect its economy. We have reached that point.

The trade deficit of the United States equals the summation of the world's trade surplus. Since 1945, the USA has gone from a creditor nation to a debtor nation. With the unfunded liabilities growing, and because of its aging population, it must adjust. President Trump correctly states that the USA can no longer be the piggy bank that the rest of world borrows from. We have seen this narrative play out many times in history. In the past, military action has been the policy choice of action to remedy this problem. Let's hope history does not repeat.

The hollowing out of the manufacturing base, zero interest rates, quantitative easing and austerity has ushered in a period referred to as "The New Normal", or Secular Stagnation. Secular Stagnation is when chronic slow growth and declining standards of living gave rise to populism in the Western world. As many educated citizens realized that the policies of globalization did not deliver the economic fruits that were promised, voters surprised the elites and elected candidates that promised a new future. Think "Make America Great Again". This is not so much about Trump as it is about the middle class worker in the Western world wanting change. President Obama promised an era of "Hope and Change" and ironically President Trump is continuing on with this same narrative. The establishment will fight for the status quo, but investors must realize there is no turning back. With the election of Doug Ford as Premier in Ontario, the populist movement now has a strong foot hold in the economic center of the country, investors need to discount the fact that the global economy is going through an adjustment period.

Results of Operations

With the above thesis in mind, the Caldwell Dividend Advantage Fund, maintained its exposure to the equity markets. The diversified portfolio made few changes. Previously, when our internal risk control model signaled that the High Yield fixed income market was entering into a difficult period, we reduce our exposures to Business Development Banks, and re-allocated the capital into money centered banks. The portfolio has minimal exposure to health care and consumer staples as both sectors are not scoring well in our quantitative screens. With crude oil approaching the \$70 per barrel area, our exposure to the energy sector has positively contributed to performance. We did not replace our currency hedges, as we expect the trade disputed with the United States to carry on for some time



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

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

AST Trust Company (Canada) is the trustee of the Fund.

Brokerage Arrangements

The purchase and sale of portfolio securities is arranged by the Manager through registered brokers or dealers. The Manager has a regulatory obligation to make reasonable efforts to achieve best execution of those portfolio trades when acting for the Fund. Best execution refers to the most advantageous execution terms reasonably available under the circumstances.

The Manager may choose to execute a portion of the Fund’s portfolio transactions with Caldwell Securities Ltd., an affiliate of the Manager. The Manager applies its best execution policy in respect of both affiliated and non-affiliated dealers. Specifically, any trade allocation to an affiliated dealer is based on an assessment of the same best execution criteria.

Because Caldwell Securities Ltd. is an affiliate of the Manager and the interrelationship of their businesses, a conflict of interest exists that has the potential of influencing the Manager’s choice of Caldwell Securities Ltd. to execute Fund portfolio transactions. The Manager addresses this conflict of interest by applying its best execution policy and by following best execution standing instructions issued by the Fund’s independent review committee.

To date in 2018 the Fund has paid \$52,924.37 in commissions to Caldwell Securities Ltd. and has paid \$346,297 for the similar period in 2017.



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, 2018 and December 31 of previous years. (Unaudited)

	2018	2017	2016	2015*
Net Assets, beginning of year ⁽³⁾	10.80	10.43	9.54	10.00
Increase (decrease) from operations:				
Total Revenue	0.25	0.58	0.71	0.36
Total Expenses	(0.17)	(0.36)	(0.35)	(0.19)
Realized gains (losses) for the period	(0.28)	0.63	0.26	(0.42)
Unrealized gains (losses) for the period	0.27	0.13	0.89	0.08
Total increase (decrease) from operations ⁽¹⁾	0.06	0.98	1.51	(0.17)
Distributions:				
From Income (excluding dividends)	0.30	(0.14)	0.00	0.00
From Dividends	0.00	(0.08)	(0.22)	(0.09)
From Capital Gains	0.00	(0.15)	0.00	0.00
Return of Capital	0.00	(0.23)	(0.33)	(0.20)
Total Annual Distributions ⁽²⁾	(0.30)	(0.60)	(0.55)	(0.29)
Net Assets at June 30/ December 31 of year shown	10.56	10.80	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.



Ratios and Supplemental Data (unaudited)

	2018	2017	2016	2015
Net asset value (000's) ⁽¹⁾	54,513	55,735	52,801	55,700
Number of units outstanding ⁽¹⁾	5,162,243	5,161,479	5,063,100	5,055,000
Management expense ratio ⁽²⁾	2.99%	2.73%	2.69%	2.56%
Management expense ratio before waivers or absorptions	2.99%	2.73%	2.69%	2.56%
Portfolio turnover rate ⁽³⁾	9.01%	65.76%	103.50%	79.62%
Trading Expense ratio ⁽⁴⁾	0.22%	0.67%	1.23%	1.35%

⁽¹⁾ This information is provided as at June 30, 2018 and December 31 of previous 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%



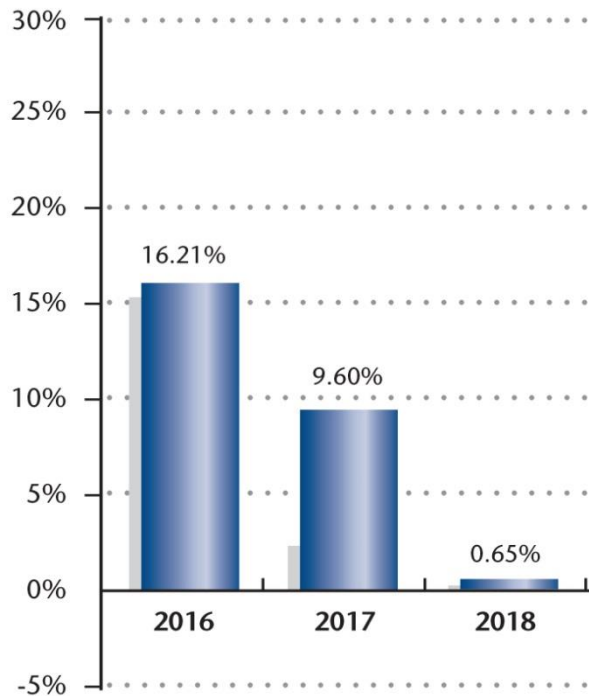
Past Performance

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 June 30 or December 31 for each year.

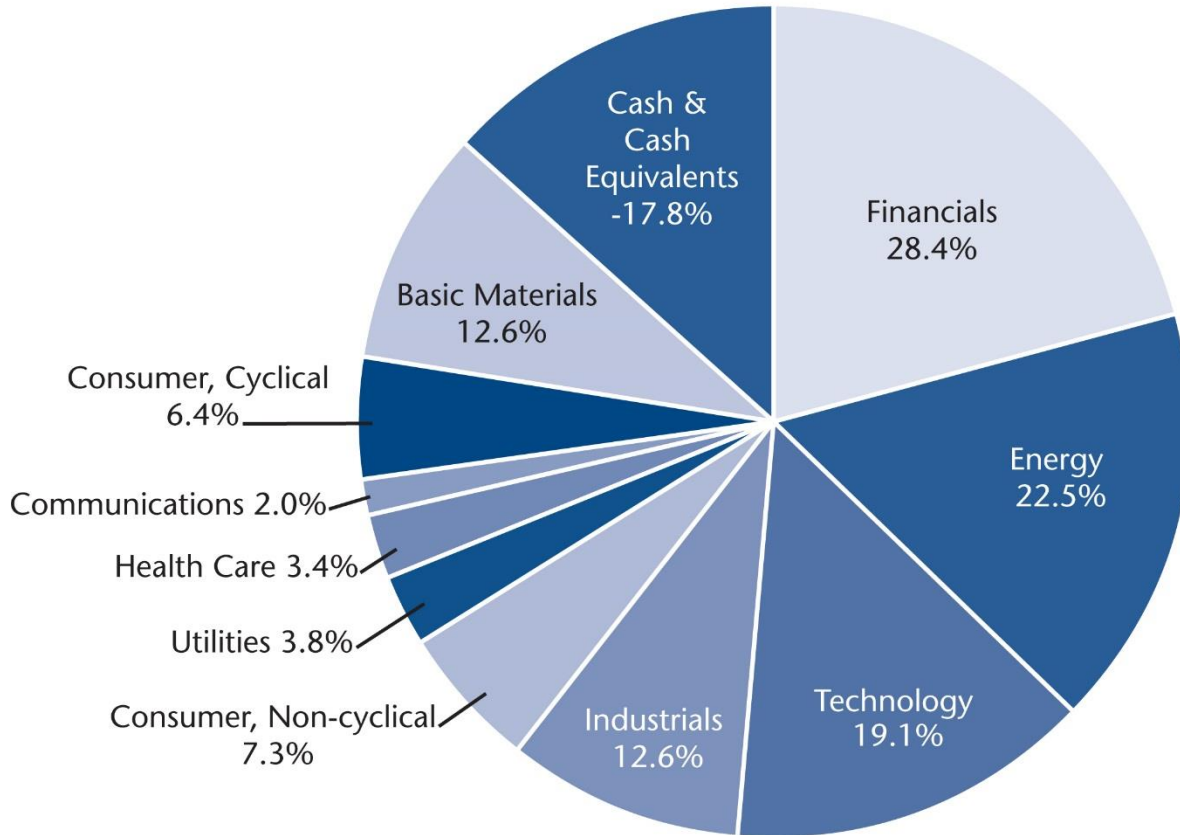
For the years ended December 31 and June 30, 2018



Caldwell US Dividend Advantage Fund



Summary of Investment Portfolio



CALDWELL U.S. DIVIDEND ADVANTAGE FUND



Top 25 Holdings	
As at June 30, 2018	
SECURITY	Percentage of Net Assets
Union Pacific Corp.	4.47%
Apple Inc.	4.46%
Canadian Natural Resources Ltd.	4.35%
Microsoft Corp.	4.33%
Vulcan Materials Co.	4.17%
JPMorgan Chase & Co.	4.09%
Bank of America Corp.	4.08%
Occidental Petroleum Corp.	4.03%
Citigroup Inc.	4.03%
Norfolk Southern Corp.	3.86%
Weyerhaeuser Co.	3.43%
Amgen Inc.	3.43%
Automatic Data Processing Inc.	3.40%
The Procter & Gamble Co.	3.29%
Labrador Iron Ore Royalty Corp.	3.09%
Blackstone Mortgage Trust Inc.	3.03%
Royal Dutch Shell PLC	2.89%
Apollo Commercial Real Estate Finance Inc.	2.86%
Harris Corp.	2.79%
Ares Capital Corp.	2.78%
Pioneer Natural Resources Co.	2.74%
Crescent Point Energy Corp.	2.66%
Cisco Systems Inc.	2.49%
Starwood Property Trust Inc.	2.46%
International Business Machines Corp.	2.36%
Top 25 Holdings	85.57%