

Update on the Caldwell Canadian Value Momentum Fund

Accredited Investors Only



April 2017

	April 2017	1 Year	3 Year	5 Year	Since Inception*
Caldwell CDN Value Momentum Fund "CCVMF"	2.7%	20.3%	7.4%	12.6%	11.9%
S&P/TSX Composite Total Return Index	0.4%	14.9%	5.1%	8.1%	6.8%

*Compounded Annual Return since August 15, 2011

April Recap: The Fund gained 2.7% in April versus a gain of 0.4% for the S&P/TSX Composite Total Return Index ("Index").

Top CCVMF performers in April were Calian Group (+9.9%) and Ag Growth International (+9.6%). Ag Growth moved higher on a sizable acquisition that is immediately accretive to earnings per share. The acquisition hits many key attributes, including bringing on a complementary product and geographic footprint, and significant potential for sales, manufacturing and other cost synergies. While we saw no specific news on Calian, we see this as an attractive 20% ROIC business with a focused growth plan and a compelling valuation. The company is under-covered with only 3 analysts currently following the name and we expect shares to continue moving higher as the story hits more investors' radars.

Two stocks were added to the portfolio in April: Martinrea (MRE) and BRP Inc (DOO). Martinrea supplies auto parts to OEMs with a focus on metal forming (both steel and aluminum) and fluid management. The company is in an attractive position where it can grow revenue and margins without the need for overall industry volume growth as low margin contracts roll off, aluminum plants ramp up production and they execute their backlog. BRP is a leading global manufacturer of powersport vehicles and propulsion systems, including ATVs, SSVs, snowmobiles and watercraft, and operates under the Ski-Doo, Lynx, Sea-Doo, Rotax, Can-Am and Evinrude brands. The company is executing a plan of double-digit revenue and EPS growth through new product launches and category penetration, the expansion of its dealer channel and margin improvements. The stock trades at a sizable discount to its primary competitor despite much better operational performance.

The CCVMF is a great way for investors to participate in the best the Canadian market has to offer. This involves owning a focused portfolio of the right stocks at the right time. While our proprietary process helps us identify the most attractive stocks to own, our quantitative signals also point us to the stocks we should be selling. The nice thing about quantitative signals is that they provide discipline to the investment process. This served CCVMF investors well on our recent sale of AGT Food & Ingredients. While there are many things to like about AGT's business, the stock hit our sell signal and the longer a stock stays in a 'sell' status, the more we grow uncomfortable with it remaining in the portfolio. The stock drifted lower on what we thought were temporary events, but ultimately failed to respond to positive news, prompting us to sell the position. This saved our investors from a negative pre-announcement and sizable earnings miss that took the stock down by 16% in 2 days.

The Fund held an 8% cash weighting at month end. We look forward to tracking the progress of the portfolio's holdings as we see a meaningful and diverse set of catalysts to drive continued growth.

We thank you for your continued support.

The CCVMF Team

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Please read the Fund’s Offering Memorandum before investing. Prospective investors should rely solely on the Offering Memorandum which outlines the risk factors in making a decision to invest.

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