

Financial Statements of

CALDWELL CANADIAN VALUE MOMENTUM FUND

June 30, 2019

(Unaudited)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by **Caldwell Investment Management Ltd.** in its capacity as the Trustee of the Trust. The Trust's Trustee is responsible for the information and representations contained in these financial statements.

The Trustee maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Trustee. The significant accounting policies which the Trustee believes are appropriate for the Trust are described in Note 3 to the unaudited interim financial statements.

On behalf of the Trustee

Date: August 21, 2019

NOTICE TO UNITHOLDERS

The auditors of the Trusts have not reviewed these financial statements.

Caldwell Investment Management Ltd., the Trustee of the Trust, appoints an independent auditor to audit the Trust's annual financial statements.

CALDWELL CANADIAN VALUE MOMENTUM FUND

June 30, 2019 (Unaudited)

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CALDWELL CANADIAN VALUE MOMENTUM FUND

Condensed Interim Statements of Financial Position As at June 30, 2019 and December 31, 2018 (Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 6,453,454	\$ 26,282,697
Financial assets at fair value through profit or loss (Note 6)	40,512,905	22,182,683
Dividends receivable	79,604	54,072
Receivable for investments sold	–	417,542
Prepaid expense	33,342	15,113
Due from Manager	1,466	36,548
Subscription receivable	68,196	106
	<u>47,148,967</u>	<u>48,988,761</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	48,178	71,104
Management fee payable (Note 7)	24,231	29,653
Performance fee payable (Note 7)	–	25,121
Redemption payable	102,758	–
Payable for investments purchased	391,013	–
	<u>566,180</u>	<u>125,878</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 46,582,787</u>	<u>\$ 48,862,883</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ 27,178,801	\$ 32,206,212
Series O	19,403,986	16,656,671
	<u>\$ 46,582,787</u>	<u>\$ 48,862,883</u>
Number of Redeemable Units Outstanding (Note 9)		
Series F	1,566,474	2,046,514
Series O	1,300,003	1,226,779
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ 17.35	\$ 15.74
Series O	14.93	13.58

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


Brendan T.N. Caldwell, President

See Accompanying Notes

CALDWELL CANADIAN VALUE MOMENTUM FUND

Condensed Interim Statements of Comprehensive Income For the six-months ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
Income		
Dividends	\$ 225,920	\$ 259,677
Interest income for distribution purposes	497	-
Realized gain (loss) on sale of investments	952,127	(165,599)
Change in unrealized appreciation on investments and foreign currency	<u>4,023,041</u>	<u>1,514,368</u>
	<u>5,201,585</u>	<u>1,608,446</u>
Expenses		
Management fee (Note 7)	188,014	140,121
Transaction costs (Note 8)	135,997	109,925
Administrative fee	72,085	46,468
Legal fee	12,462	3,403
Audit fee	11,714	7,579
Filing fee	8,028	3,226
Custodial fee	6,015	6,891
Independent review committee fee	2,500	2,478
Performance fee (Note 7)	-	120,609
	<u>436,815</u>	<u>440,700</u>
Deduct: Expense reimbursement (Note 7)	<u>1,094</u>	<u>5,247</u>
	435,721	435,453
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 4,765,864</u>	<u>\$ 1,172,993</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Series (Note 12)		
Series F	\$ 3,046,505	\$ 750,220
Series O	<u>1,719,359</u>	<u>422,773</u>
	<u>\$ 4,765,864</u>	<u>\$ 1,172,993</u>
Weighted Average of Redeemable Units Outstanding During the Period		
Series F	1,819,893	1,310,396
Series O	1,288,604	990,720
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ 1.67	\$ 0.57
Series O	1.33	0.43

See Accompanying Notes

CALDWELL CANADIAN VALUE MOMENTUM FUND

Condensed Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units For the six-months ended June 30, 2019 and 2018 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Increase in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2019					
Series F	\$ 32,206,212	\$ 3,046,505	\$ 3,405,445	\$ (11,479,361)	\$ 27,178,801
Series O	16,656,671	1,719,359	2,258,097	(1,230,141)	19,403,986
	\$ 48,862,883	\$ 4,765,864	\$ 5,663,542	\$ (12,709,502)	\$ 46,582,787
June 30, 2018					
Series F	\$ 15,860,037	\$ 750,220	\$ 14,148,087	\$ (1,024,741)	\$ 29,733,603
Series O	11,594,667	422,773	6,050,708	(749,562)	17,318,586
	\$ 27,454,704	\$ 1,172,993	\$ 20,198,795	\$ (1,774,303)	\$ 47,052,189

CALDWELL CANADIAN VALUE MOMENTUM FUND

Condensed Interim Statements of Cash Flows

For the six-months ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 4,765,864	\$ 1,172,993
Adjustments for non-cash items		
Transaction costs	–	9,850
Change in unrealized appreciation on investments and foreign currency	(4,023,041)	(1,514,368)
Realized loss (gain) on sale of investments	(952,127)	165,599
Change in non-cash balances		
Increase in dividends receivable	(25,532)	(56,683)
Decrease in receivable for investments sold	417,542	201,920
Increase in prepaid expense	(18,229)	(7,922)
Decrease in due from Manager	35,082	27,604
Increase in subscription receivable	(68,090)	(492,116)
Decrease in accrued liabilities	(22,926)	(13,375)
(Decrease) increase in management fee payable	(5,422)	8,306
Decrease in performance fee payable	(25,121)	(201,822)
Increase (decrease) in redemptions payable	102,758	(45,089)
Increase (decrease) in payable for investments purchased	391,013	(765,954)
Proceeds from sale of investments	13,990,764	7,236,281
Purchase of investments	<u>(27,345,818)</u>	<u>(24,550,440)</u>
Cash used in operating activities	<u>(12,783,283)</u>	<u>(18,825,216)</u>
Financing Activities		
Proceeds from redeemable units issued	5,651,414	20,047,423
Amount paid on redemption of redeemable units	<u>(12,697,374)</u>	<u>(1,622,931)</u>
Cash (used in) provided by financing activities	<u>(7,045,960)</u>	<u>18,424,492</u>
Decrease in cash during the period	(19,829,243)	(400,724)
Cash, beginning of period	<u>26,282,697</u>	<u>11,161,949</u>
Cash (including foreign currencies), end of period	\$ <u>6,453,454</u>	\$ <u>10,761,225</u>
Supplemental information*		
Interest received	\$ 497	\$ –
Dividends received, net of withholding taxes	192,251	202,994

*Included as a part of cash flows from operating activities

CALDWELL CANADIAN VALUE MOMENTUM FUND

Condensed Interim Schedule of Investment Portfolio As at June 30, 2019 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian equities			
160,100	Aecon Group Inc.	\$ 2,992,764	\$ 3,069,117	6.59
69,400	Air Canada	2,375,308	2,754,486	5.91
37,600	Alimentation Couche-Tard Inc.	2,683,663	3,098,616	6.65
59,700	Badger Daylighting Ltd.	1,903,264	2,852,466	6.12
13,800	Boyd Group Income Fund	2,327,782	2,283,486	4.90
38,000	Brookfield Asset Management Inc.	2,436,670	2,380,700	5.11
25,320	Cargojet Inc.	1,412,463	2,130,931	4.57
25,900	CGI Inc.	1,810,316	2,607,612	5.60
143,100	Champion Iron Ltd.	391,013	402,111	0.86
326,100	DIRTT Environmental Solutions	2,867,931	2,429,445	5.22
232,500	Element Fleet Management Corp.	1,955,617	2,222,700	4.77
56,700	Empire Co., Ltd.	1,701,362	1,869,966	4.01
37,400	goeasy Ltd.	1,867,131	1,982,200	4.26
51,600	Kirkland Lake Gold Ltd.	2,281,700	2,911,272	6.25
66,600	Metro Inc.	3,151,175	3,272,724	7.03
181,300	North American Construction Group Ltd.	1,245,237	2,558,143	5.49
40,600	Parkland Fuel Corp.	1,651,184	1,686,930	3.62
		<u>35,054,580</u>	<u>40,512,905</u>	<u>86.96</u>
	Total investments owned	35,054,580	40,512,905	86.96
	Commissions and other portfolio transaction costs	<u>(4,201)</u>	<u>—</u>	<u>—</u>
	Net investments owned	<u>\$ 35,050,379</u>	40,512,905	86.96
	Other assets, net		<u>6,069,882</u>	<u>13.04</u>
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 46,582,787</u>	<u>100.00</u>

See Accompanying Notes

CALDWELL CANADIAN VALUE MOMENTUM FUND

Discussion of Financial Risk Management (Note 11)

June 30, 2019 (Unaudited)

FINANCIAL RISK MANAGEMENT

The Fund's financial instruments consist of cash, investments, receivables and payables. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include credit risk, liquidity risk, and market risk, consisting of interest rate risk, currency risk and other price risk. These risks and related risk management practices employed by the Fund are discussed below:

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments as disclosed in the Schedule of Investment Portfolio.

As at June 30, 2019, if the market value of the Fund's investments increased or decreased by 10%, with all other variables being constant, net asset value would have increased or decreased by approximately \$4,051,291 (December 31, 2018: \$2,218,268). Actual results may be materially different from this analysis.

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.

Currency risk

The Fund holds no amounts of cash denominated in currencies other than the Canadian dollar, the functional currency. As such, the Fund did not have significant exposure to currency risk as at June 30, 2019 and December 31, 2018.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing; accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates as at June 30, 2019 and December 31, 2018.

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 June 30, 2019 and December 31, 2018, the Fund had no significant investments in debt instruments and/or derivatives.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Discussion of Financial Risk Management (Note 11)

June 30, 2019 (Unaudited)

Investment concentration risk

The following table classifies the Fund's investments by economic sector concentrations as a percent of net assets as at June 30, 2019 and December 31, 2018.

	June 30, 2019		December 31, 2018	
	Percent of net assets	Fair value	Percent of net assets	Fair value
	%	CAD\$	%	CAD\$
Industrials	28.5%	13,236,445	16.6%	8,117,858
Consumer Defensive	17.7%	8,241,306	0.0%	–
Financials	14.1%	6,585,600	0.0%	–
Energy	9.1%	4,245,073	11.5%	5,635,689
Materials	7.1%	3,313,383	0.0%	–
Information Technology	5.6%	2,607,612	7.1%	3,481,950
Consumer Cyclical	4.9%	2,283,486	0.0%	–
Consumer Staples	0.0%	–	10.1%	4,947,186
Total equities	87.0%	40,512,905	45.3%	22,182,683
Other assets less liabilities	13.0%	6,069,882	54.7%	26,680,200
Total net asset value	100.0%	46,582,787	100.0%	48,862,883

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

1. FORMATION OF FUND

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.

These financial statements reflect only the assets, liabilities, revenues and expenses of the Fund and do not include any assets, liabilities, revenues or expenses of the Manager.

The Declaration of Trust governing the Fund was amended on July 19, 2019 to redesignate the Series O units of the Fund to Series A, among various other amendments.

The Fund are authorized to issue an unlimited number of redeemable units of the same series which rank equally in all respects to a pro rata interest in the net assets attributable to the holders of redeemable units of the Fund. All redeemable units of the Fund are redeemable at the unitholders' option.

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.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements, and International Accounting Standard 34, Interim Financial Reporting.

These interim financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss which are presented at fair value. The accounting policies applied in these interim financial statements are based on IFRS issued and outstanding as of June 30, 2019.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent standards, amendments and interpretations issued ("IFRS 9")

IFRS 9 Financial Instruments

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 and has been adopted by the Fund retrospectively to January 1, 2017. The adoption of IFRS 9 has not resulted in any restatement of comparative figures.

Classification and measurement of financial assets and financial liabilities

Under IFRS 9, classification and measurement of financial assets are 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 are presented in other comprehensive income.

The adoption of IFRS 9 did not 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 continue to be measured at FVTPL. In addition, derivatives continue to be measured at FVTPL. (See Note 4)

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 did 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 did not have an impact on the Fund's financial statements.

Measurement

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's offering documents, investment positions are valued based on the last traded market price for the purpose of determining the net asset 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.

Classification

From January 1, 2018, the Fund classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at FVTPL.

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

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 classified as 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 classified as subsequently 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. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification (continued)

- i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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.

Recognition/derecognition

The Fund recognize financial assets or liabilities designated as trading securities 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 Fund's 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 the Fund transfer 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.

Transaction costs

Transaction costs are expensed as incurred and are included in "transaction costs" in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The cost of investments for each security is determined on an average cost basis.

Investment transactions and income 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.

The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis and included in the Statements of Comprehensive Income.

Realized gain (loss) 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.

Foreign currency translation

The monetary assets and liabilities of the Fund are translated into Canadian dollars, the Fund's functional currency, at exchange rates in effect at the date of the statement of financial position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Foreign exchange gains and losses are included in the Statements of Comprehensive Income for the period. Purchases and sales of investments, investment income and expenses are calculated at the exchange rates prevailing on the dates of the transactions.

Realized and unrealized foreign exchange gains (losses) on investments are included in "Realized gain (loss) on sale of investments" and "Change in unrealized appreciation on investments and foreign currency", respectively, in the Statements of Comprehensive Income.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of Fund's redeemable units

The redeemable units of the Fund are issued and redeemed at their respective NAV per unit as determined on the Valuation Date less any applicable redemption fee. A Valuation Date is every day on which the Toronto Stock Exchange is open for business. The net asset value per unit on a Valuation Date is calculated by dividing the net asset value of the Fund's (being the value of its assets less its liabilities) by the total number of redeemable units of the Fund's that are outstanding, respectively.

Distributions

The Fund distributes its net investment income and realized gains to unitholders on an annual basis. Such distributions will be automatically reinvested, unless a written notice to the contrary is received from the unitholder, by the Manager, prior to reinvestment.

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 period.

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 redeemable units, divided by the weighted average number of redeemable units outstanding of that series during the period. Refer to Note 12 for the calculation.

Income taxes

The Fund qualify as mutual fund trusts for income tax purposes and annually distribute all of their net taxable investment income and net realized taxable capital gains. The amount of net realized taxable capital gains available for distribution is reduced by the amount of net capital gains to be retained in the Fund in order to enable the Fund to fully utilize any available tax credit attributable to redemptions during the year. Such income and net realized capital gains are taxable only in the hands of the unitholders. Accordingly, no provision for Canadian income taxes has been made in the financial statements of the Fund.

Withholding taxes on foreign dividend income are deducted at source.

4. CHANGES IN ACCOUNTING POLICIES

The Fund has applied IFRS 9 retrospectively from January 1, 2017, which has resulted in changes in accounting policies. The following accounting policies relating to classification of financial assets and financial liabilities have been changed to comply with IFRS 9 which replaces the provisions of IAS 39.

Reclassifications of financial instruments on application of IFRS 9

On the date of initial application of IFRS 9, January 1, 2018, the financial instruments of the Fund were as follows, with any reclassifications from December 31, 2017 noted:

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

<i>Financial Instruments</i>	<i>Classification Category</i>		<i>Measurement Category</i>		<i>Carrying amount at Jan 1, 2018</i>		
	<i>Original (IAS 39)</i>	<i>New (IFRS9)</i>	<i>Original (IAS 39)</i>	<i>New (IFRS9)</i>	<i>Original (IAS 39) \$</i>	<i>New (IFRS 9) \$</i>	<i>Difference \$</i>
Assets							
Cash	Amortized cost	Amortized cost	Amortized cost	Amortized cost	11,161,949	11,161,949	-
Due from Manager	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	32,851	32,851	-
Financial assets at fair value through profit or loss	FVTPL Designated at inception	FVTPL	FVTPL	FVTPL	17,217,309	17,217,309	-
Dividends receivable	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	28,215	28,215	-
Subscriptions receivable	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	29,630	29,630	-
Receivable for investments sold	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	201,920	201,920	-
Liabilities							
Accrued liabilities	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	46,882	46,882	-
Performance fee payable	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	322,431	322,431	-
Management fee payable	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	19,513	19,513	-
Redemptions payable	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	62,390	62,390	-
Payable for investments purchased	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	765,954	765,954	-

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates. It also requires management to exercise its judgment 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 judgment 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 judgments and estimates that the Fund have made in preparing the financial statements:

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 judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL.

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.

6. FAIR VALUE DISCLOSURES

The Fund's total investment holdings as at June 30, 2019 and December 31, 2018, are classified into a three-level fair value hierarchy as follows:

Fair value hierarchy

The three levels of fair value hierarchy are as follows:

- Level 1 Level 1 financial instruments are valued using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Level 2 financial instruments are valued using 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), including inputs in markets that are not considered to be active.
- Level 3 Level 3 financial instruments are valued using inputs that are not based on observable market data (unobservable inputs).

	Financial Assets at fair value as at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Caldwell Canadian Value Momentum Fund				
Equities	40,512,905	–	–	40,512,905
	<u>40,512,905</u>	<u>–</u>	<u>–</u>	<u>40,512,905</u>
	Financial Assets at fair value as at December 31, 2018			
	Level 1	Level 2	Level 3	Total
Caldwell Canadian Value Momentum Fund				
Equities	22,182,683	–	–	22,182,683
	<u>22,182,683</u>	<u>–</u>	<u>–</u>	<u>22,182,683</u>

There were no transfers between levels during the period ended June 30, 2019.

There were no transfers between levels during the year ended December 31 2018.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

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7. MANAGEMENT FEES, PERFORMANCE FEES AND OPERATING EXPENSES

Management fees

As compensation for management services, the Fund pay a management fee (the "Management Fee") to the Manager in respect of each Series of redeemable units of the Fund. The Management Fee is calculated and accrued daily and payable monthly in arrears.

The Fund will also pay up to 0.50% brokerage expenses to Caldwell Securities Ltd, ("CSL") a related party such that the maximum combined management and brokerage fees will not exceed 1.50% in respect of Series O units, 1.00% in respect of Series F units, and 0.75% in respect of Series I units. (see Note 8)

For the period ended June 30, 2019, Fund incurred a management fee of \$188,014 (June 30, 2018: \$140,121) and the Fund accrued management fees payable of \$24,231 (December 31, 2018: \$29,653).

Performance fees

The Manager is entitled to receive performance fees calculated at 20% of any growth over the benchmark hurdle. The benchmark hurdle for the Fund is the S&P/TSX Total Return. Performance Fees are calculated and accrued daily and paid annually on the last Valuation Date of the year, plus applicable taxes.

The Fund's return must be positive in order for a performance fee to be triggered. In all instances, a performance fee must never take the net Fund return below zero and if necessary, only a partial performance fee would be paid. If Manager fails to meet the Benchmark Hurdle in any given year, then Manager must make up the difference the next year to be eligible to earn a performance fee. The performance fee is accrued at each valuation date and is paid annually on the last valuation date of the year.

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.

For the period ended June 30, 2019, the Fund incurred a performance fee of \$nil (June 30, 2018: \$120,609) and the Fund accrued a performance fee payable of \$nil (December 31, 2018: \$25,121).

Operating Expenses and Expense Reimbursement

The Fund is responsible for the payment of all expenses relating to the operation and the carrying on of its business including but not limited to legal, audit, trustee, custodial and safekeeping fees, taxes, brokerage commissions, regulatory filing fees, operating and administrative costs and investor servicing costs of financial and other reports.

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 period. For the period ended June 30, 2019, \$1,094 (June 30, 2018: \$5,247) 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 outside of CSL.

8. COMMISSIONS AND RELATED PARTY TRANSACTIONS

The Manager and Caldwell Securities Ltd., a broker, are both wholly-owned subsidiaries of Caldwell Financial Ltd. The following transaction costs were paid for the periods ended June 30, 2019 and 2018, to Caldwell Securities Ltd.

	<u>2019</u>	<u>2018</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	135,997	100,075

Neither the Manager nor the Fund have received any soft dollar commissions from brokers to pay for third-party research services.

The Manager has earned Management fees and Performance Fees as disclosed in Note 7.

CALDWELL CANADIAN VALUE MOMENTUM FUND

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9. 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 a 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 periods:

	Redeemable units, beginning of period	Redeemable units issued	Redeemable units redeemed	Redeemable units, end of period
June 30, 2019				
Series F	2,046,514	203,445	(683,485)	1,566,474
Series O	1,226,779	157,132	(83,908)	1,300,003
June 30, 2018				
Series F	951,655	843,201	(61,246)	1,733,610
Series O	802,402	415,982	(51,192)	1,167,192

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 11, 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.

10. TAX STATUS

Taxation of open-ended mutual fund trusts

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund has a December 15 year-end for income tax purposes. The financial statements of the Fund do not include a provision for income taxes because any net investment income, including capital gains, is distributed throughout the year to unitholders or is distributable to unitholders and is taxable in their hands. Income tax on capital gains not paid to unitholders is recoverable pursuant to a formula based upon redemption of units of each Fund. Any tax losses are not deductible by the unitholders but may be carried forward by the Fund as permitted by the Income Tax Act (Canada). Withholding taxes on foreign dividend income are deducted at source.

Losses carried forward

Net realized capital losses of the Fund may be carried forward indefinitely to reduce future net realized capital gains. Gross capital losses for the Fund at each year end are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	814,603	nil

Non-capital losses may be carried forward to reduce taxable income for up to twenty years. Non-capital losses for the Fund at each year end are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	443,873	nil

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS RISK

Capital Management

The Fund define its capital as its net assets or equity, which is primarily composed of its investments. Each Fund manages its investments in line with its investment objectives and none of the Fund have any externally imposed capital requirements.

Financial risk management

The Fund's investment activities expose it to various types of risks associated with financial instruments and markets in which it invests directly. The Manager seeks to minimize potential adverse effects of these risks on a Fund's performance by employing professional, experienced portfolio advisors, daily monitoring of the Fund's holdings and market events, and diversifying the investment portfolio within the constraints of the investment objectives.

To assist in managing risks, the Manager also uses internal guidelines to oversee the Fund's investment activities and monitors compliance with the Fund's investment strategy. The following is a summary of the main risks:

Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. Any equity and derivative instruments that the Fund may hold are susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

Liquidity risk

The Fund must maintain sufficient cash and marketable securities and manage liquidity risk through their ability to close out market positions.

Currency risk

The Fund may invest in securities denominated in currencies other than their reporting currency. Consequently, the Fund is exposed to risks that the exchange rate of the reporting currency, Canadian dollars, relative to the other currencies may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets.

Interest rate risk

The Fund may invest in fixed and floating rate securities. The income of the Fund may be affected by changes in interest rates relevant to particular securities or as a result of management being unable to secure similar returns on the expiry of contracts or sale of securities. The value of fixed interest securities may be affected by interest rate movements or the expectation of such movement in the future.

Credit risk

Financial assets which potentially expose the Fund to credit risk consist principally of cash, investments in bonds and amounts due from brokers. The Fund seek to mitigate their exposure to credit risk by placing their cash and transacting their securities activity with large financial institutions. The extent of the Fund's exposure to credit risk in respect of these financial assets is reflected in their carrying value as recorded in the Fund's Statements of Net Assets Attributable to Holders of Redeemable Units.

Concentration risk

Concentration indicates the relative sensitivity of the Fund's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realize liquid assets. Concentrations of foreign exchange risk may arise if the Fund have a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that tend to move together. In order to avoid excessive concentrations of risk, the Fund's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. The Investment Manager is instructed to reduce exposure or to use derivative instruments to manage excessive risk concentrations when they arise.

Refer to Discussion of Financial Risk Management for the Fund's specific risk disclosures.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

June 30, 2019 (Unaudited)

12. 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 periods ended June 30, 2019 and 2018 is calculated as follows:

Series F	2019	2018
Increase in net assets attributable to holders of redeemable units	\$ 3,046,505	\$ 750,220
Weighted average of redeemable units outstanding during the period	1,819,893	1,310,396
Increase in net assets attributable to holders of redeemable units per unit	\$ 1.67	\$ 0.57

Series O	2019	2018
Increase in net assets attributable to holders of redeemable units	\$ 1,719,359	\$ 422,773
Weighted average of redeemable units outstanding during the period	1,288,604	990,720
Increase in net assets attributable to holders of redeemable units per unit	\$ 1.33	\$ 0.43

13. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On July 19, 2019, the Declaration of Trust was amended to, among other things, redesignate the Series O units of the Fund to Series A.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Manager and Trustee and authorized for issue on August 21, 2019.