



Caldwell Investment Management Ltd.

Independent Investment Managers

Annual Management Report of Fund Performance

For the Year Ended December 31, 2019

Caldwell Balanced Fund

Note: The Fund's auditor does not audit the Management Report of Fund Performance ("MRFP") but checks the figures to ensure they are consistent with the audited financial statements.

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at your request, free of charge, by calling 1-800-256-2441, by writing to us at Caldwell Investment Management Ltd., 150 King Street West, Suite 1702, P.O. Box 47, Toronto, ON M5H 1J9 or by visiting our website at www.caldwellinvestment.com or SEDAR at www.sedar.com.

Securityholders may also contact us by using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



Management Discussion of Fund Performance

Investment Objective

The fundamental investment objective of the Fund is to provide consistent capital appreciation through a balanced portfolio while emphasizing the preservation of unitholder value. The Fund invests in a balance of income generating securities and equities both in Canada and internationally.

The investment objective of the Fund may only be changed with the approval of unitholders at a meeting called for that purpose.

Results of Operations

2019 was a very strong year for equity markets. The S&P 500 had its strongest year since 2013 while the TSX had its strongest year since 2009. Strength across both markets was broad-based with only the Canadian Health Care sector (-11.4%) posting a negative return, driven by cannabis names (Canopy Growth ("WEED" -25.4%) and Aurora Cannabis ("ACB" -58.8%)). Technology was the strongest sector in both countries (US IT +48%; Canadian IT +63.5%). The U.S. market once again out-performed Canada, resulting in 8 years of out-performance over the last decade.

Top contributors to portfolio performance in 2019 were Tyson Foods (TSN-us), Keysight Technologies (KEYS-us) and Ansys (ANSS-us). TSN is the largest protein company in the U.S., operating under brands such as Tyson, Jimmy Dean and Hillshire Farm. The company has been successfully growing its value-add product portfolio, which comes with higher margins and lower earnings volatility versus its more commoditized businesses. African Swine Fever, estimated to have wiped out 30-50% of China's pork supply, provides upside optionality, given the disease's impact on global supply/demand balances across all proteins. KEYS is a top contributor for the second consecutive year. It is the world's largest electronic measurement company with solutions that enable customers to design, test, and manufacture electronic products. Keysight is benefiting from several secular growth drivers such as the 5G upgrade cycle, the electrification of autos, and the connected vehicle. Ansys is the global leader in engineering simulation software. If you've ever seen a rocket launch, flown on an airplane, driven a car, used a computer, touched a mobile device, or crossed a bridge, chances are you are using a product where Ansys software played a critical role in its creation. The company has seen meaningful revenue acceleration from a new management team that has come on board to re-energize the organization and help make simulation software more pervasive. Leading detractors from portfolio performance were Enerflex (Sold), Delphi (Sold) and ShawCor. We continue to see significant upside in Shawcor: despite a record level of bid+budget+backlog (a leading indicator of future revenue), the stock trades at only 20% of its all-time high; however, the timing of project wins will ultimately determine share price performance.

On the fixed income side, trade tensions have greatly increased uncertainties around the world, and hurt business capital investment in particular. The U.S. Federal Reserve has responded by cutting their Fed funds rate by a total of 75 basis points in the second half of 2019. Other central



banks also embarked on their own, respective, interest rate cutting initiatives. However, the Bank of Canada still believes that the Canadian economy is resilient. While acknowledging the trade tensions, the Bank has chosen to stand pat in 2019.

As a result, the difference between U.S. and Canadian interest rates 'narrowed' (Canadian interest rates, which are lower than those of the U.S. remain stable, while U.S. interest rates fell, making the difference smaller). This cushioned the value of the Canadian dollar versus its U.S. counterpart, despite relatively lacklustre performance in the Canadian economy. The Canadian dollar fluctuated in a narrow range versus the U.S. dollar throughout the second half of 2019.

For U.S. and Canadian government bonds, their longer maturities saw a rather volatile six months leading up to the end of 2019 although they finished the year little-changed, except for the 'narrowing' mentioned above.

Recent Developments

Three stocks were added to the portfolio in the second half of 2019: Anthem (ANTM-us), Johnson & Johnson (JNJ-us), and Motorola Solutions (MSI-us)

Anthem is one of the largest health benefit companies in terms of medical membership, serving 40 million medical members in 50 states. As one of the largest health insurers in the U.S., Anthem has a strong competitive moat driven by scale, regulation, and complexity. An aging demographic provides a secular tailwind to the industry and despite political rhetoric, the health insurers will likely continue benefiting from the move towards value-based care as they're in a position to improve outcomes while driving costs lower. Anthem also has strong company-specific growth drivers, including in-sourcing their pharmacy benefit manager and increasing market share in government insurance, where they are under-penetrated.

Johnson & Johnson is a health care juggernaut with 135,000 employees conducting business in virtually all countries of the world. It operates in 3 segments - Pharmaceutical, Medical Device, and Consumer Products - and has 26 products/platforms generating over \$1 billion in sales. Its brands include Johnson's, Tylenol, Aveeno, Band-Aid, Listerine, Neutrogena, Benadryl, Zertec and Pepcid. While the company is a poster-child for consistent performance (35 consecutive years of adjusted operating earnings growth and 57 consecutive years of dividend increases), recent operational challenges and litigation uncertainty have created a compelling entry point, in our view. Operational performance has already started to improve, driven by a multi-year pipeline of innovation, and we expect the litigation overhang, which appears to be overly punitive, to dissipate over time.

Motorola is the leader in Land Mobile Radio ("LMR"), which is the push-to-talk two-way communication between radio transceivers used by police, firefighters and security personnel. This is a very steady business given its mission-critical nature: as an example, the Director of Public Safety for Lake County, Florida was quoted, "During Hurricane Irma, there were no sites down, no outages and all [radio] communications worked flawlessly." MSI provides 43 of the 46 state & provincial LMR's and has used this dominant position to more than double its addressable market by making investments into related offerings, such as video and command center



software. These investments have started to pay off, with MSI recently recording a record backlog. Margins have also moved meaningfully higher as these new areas carry a higher margin profile. The growth runway is significant with \$8B in revenue versus \$39B in market opportunity, and end market demand is strong given heightened demand for security and public safety, and antiquated command center offerings. MSI is in a strong competitive position given its 90-year relationships with key public-safety leaders, unique end-to-end solutions, and growing distrust of Chinese product. As such, CIM expects revenue and margin growth to continue. Free cash flow should also move higher as little capital is required to drive growth. MSI targets 30% of operating cash flow towards dividend payments.

Going forward, U.S. and Canadian government bond yields should face more downward pressure (higher bond prices) as the world grapples with uncertainties stemming from COVID-19, and the continuation of trade tensions around the world. In response, the Bank of Canada cut its benchmark rate by 0.50% on March 4, 2020. Additionally, the Canadian dollar tends to fall during periods of risk aversion. While predominantly investing in Government of Canada bonds, the Fund has started the strategy of also investing in U.S. Treasuries. Therefore, the Fund should be able to benefit from the increase in bond prices and the decline in the Canadian dollar/rise in the U.S. dollar in 2020.

Recent unprecedented developments associated with the spread of COVID-19 and the international efforts to stop its spread with a plethora of restrictions have affected financial markets and various economies. The reaction of financial markets to the economic implications are highly uncertain and cannot be predicted. Ongoing volatility in the financial markets may affect the financial performance of the Fund's investments in a manner and for a period that cannot reasonably be predicted.

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 Jerry Beniuk, Ann Harris and Supriya Kapoor.

Forward-looking Statements

Certain statements included in this report may constitute forward-looking statements, including those identified by the expressions “believe”, “anticipate”, “expect” or similar expressions to the extent they relate to the Fund, its Manager or its portfolio manager. Such forward-looking statements are not historical facts but reflect the Fund's, the Manager's or the portfolio manager's current expectations regarding future results or events. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ



materially from current expectations. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the Fund and not place undue reliance on forward-looking statements. Unless required by applicable law, the Fund does not undertake any obligation to update publicly or to revise any of such forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements included or incorporated by reference in this report include statements with respect to:

- Interest rates
- Change in accounting policy

Related Party Transactions

Manager and Portfolio Adviser

The Manager is a wholly owned subsidiary of Caldwell Financial Ltd. The Manager is also the portfolio adviser of the Fund. The Manager is responsible for the Fund's day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. For its administrative services, trustee fees, asset allocation, security selection, ongoing monitoring and related services, the Manager is paid an annual fee up to 2% based on the net asset value of Series A units of the Fund, up to 1% based on the net asset value of Series F units of the Fund, and up to 0.75% based on the net asset value of Series M units of the Fund.

Trustee

The trustee of the Fund is Caldwell Investment Management Ltd.

Principal Distributor

Caldwell Securities Ltd. is related to the Manager in that both are wholly-owned subsidiaries of Caldwell Financial Ltd. Caldwell Securities Ltd. markets units of the Fund directly to the public and receives sales commissions and trailer fees based on the total value of their clients' holdings in the Fund on the same basis as other dealers that distribute units to the public.

Brokerage

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 Funds. Best execution refers to the most advantageous execution terms reasonably available under the circumstances.

The Manager may choose to execute a portion of the Funds' 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 Funds' independent review committee.

In 2019, the Fund has paid \$3,328 in commissions to Caldwell Securities Ltd. and has paid \$55,436 in 2018.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements.

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

	2019	2018	2017	2016	2015
Net Assets, beginning of year	10.03	10.95	10.71	10.05	9.69
Increase (decrease) from operations:					
Total Revenue	0.21	0.17	0.19	0.17	0.18
Total Expenses	(0.32)	(0.32)	(0.30)	(0.26)	(0.28)
Realized gains (losses) for the period	0.35	0.53	0.66	0.55	0.46
Unrealized gains (losses) for the period	0.96	(1.21)	(0.31)	0.18	(0.02)
Total increase (decrease) from operations ⁽¹⁾	1.20	(0.83)	0.24	0.64	0.34
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00	0.00
Net Assets at December 31 of year shown	11.23	10.03	10.95	10.71	10.05

⁽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's Net Asset Value (NAV), per Series F Unit, as at December 31:

	2019	2018	2017	2016	2015
Net Assets, beginning of year	10.59	11.43	11.05	10.26	9.78
Increase (decrease) from operations:					
Total Revenue	0.22	0.18	0.20	0.18	0.20
Total Expenses	(0.21)	(0.21)	(0.19)	(0.12)	(0.17)
Realized gains (losses) for the period	0.59	0.52	0.63	0.63	0.42
Unrealized gains (losses) for the period	1.36	(1.32)	(0.32)	0.98	(0.31)
Total increase (decrease) from operations ⁽¹⁾	1.96	(0.82)	0.32	1.67	0.14
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00	0.00
Net Assets at December 31 of year shown	11.99	10.59	11.43	11.05	10.26

⁽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's Net Asset Value (NAV), per Series M Unit, as at December 31:

	2019	2018	2017	2016*
Net Assets, beginning of year	10.07	10.84	10.45	10.00
Increase (decrease) from operations:				
Total Revenue	0.21	0.17	0.19	0.07
Total Expenses	(0.16)	(0.16)	(0.16)	(0.05)
Realized gains (losses) for the period	0.32	0.33	0.57	0.25
Unrealized gains (losses) for the period	0.90	(1.56)	0.00	0.41
Total increase (decrease) from operations ⁽¹⁾	1.27	(1.23)	0.60	0.68
Distributions:				
From Income (excluding dividends)	0.00	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00
Net Assets at December 31 of year shown	11.43	10.07	10.84	10.45

⁽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's Series M commenced on September 15, 2016.



Ratios and Supplemental Data - Series A

	2019	2018	2017	2016	2015
Net asset value (000's) ⁽¹⁾	40,502	38,746	50,886	54,009	52,846
Number of units outstanding ⁽¹⁾	3,606,662	3,862,522	4,644,411	5,043,980	5,256,477
Management expense ratio ⁽²⁾	2.78%	2.83%	2.67%	2.49%	2.70%
Management expense ratio before waivers or absorptions	2.78%	2.83%	2.67%	2.72%	2.73%
Portfolio turnover rate ⁽³⁾	110.83%	406.66%	200.53%	123.59%	110.80%
Trading Expense ratio ⁽⁴⁾	0.07%	0.23%	0.13%	0.13%	0.21%

Ratios and Supplemental Data - Series F

	2019	2018	2017	2016	2015
Net asset value (000's) ⁽¹⁾	1,304	2,510	2,891	2,328	562
Number of units outstanding ⁽¹⁾	108,802	237,061	252,869	210,663	54,799
Management expense ratio ⁽²⁾	1.69%	1.71%	1.54%	1.07%	1.59%
Management expense ratio before waivers or absorptions	1.69%	1.71%	1.54%	1.27%	1.64%
Portfolio turnover rate ⁽³⁾	110.83%	406.66%	200.53%	123.59%	110.80%
Trading Expense ratio ⁽⁴⁾	0.07%	0.23%	0.13%	0.13%	0.21%

Ratios and Supplemental Data - Series M

	2019	2018	2017	2016
Net asset value (000's) ⁽¹⁾	122	93	91	107
Number of units outstanding ⁽¹⁾	10,650	9,237	8,369	10,311
Management expense ratio ⁽²⁾	1.37%	1.43%	1.42%	1.42%
Management expense ratio before waivers or absorptions	1.37%	1.43%	1.42%	1.48%
Portfolio turnover rate ⁽³⁾	110.83%	406.66%	200.53%	123.59%
Trading Expense ratio ⁽⁴⁾	0.07%	0.23%	0.13%	0.13%

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.



Management Fees

As compensation for managing the Fund, the Manager can receive an annual fee up to 2% of the average net asset value of the Fund. Such fees are calculated daily and payable monthly. The Manager in turn is responsible for paying investment adviser fees, trustee fees, sales commissions, trailer fees and has chosen to absorb certain expenses for which the Fund is responsible.

Distribution	39%
Management and Portfolio Adviser Services	61%
Waivers and Absorption of Fund Expenses	0%

Past Performance

The following charts show 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.

Annual Compound Returns

The table shows the Fund's historical annual compound total return for each period since inception of the Fund, compared with the Fund benchmark which is: 45% S&P/TSX Total Return, 20% S&P 500 Total Return (CAD), 35% S&P Canada Sovereign Bond Total Return.

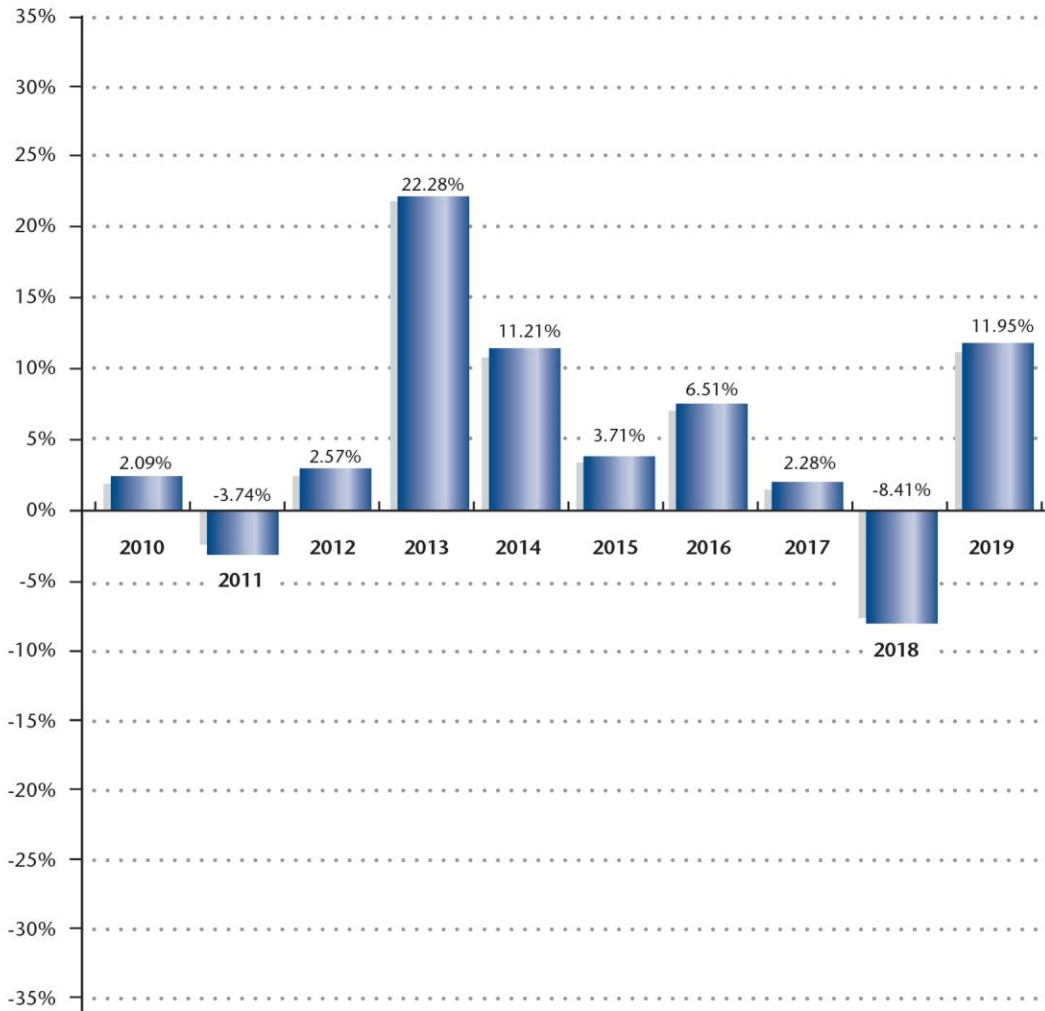
Annualized Compound Returns	1 Year	3 Years	5 Years	10 Years
Fund- Series A	11.95%	1.60%	2.98%	4.73%
Fund - Series F	13.20%	2.75%	n/a	n/a
Fund – Series M	13.53%	3.03%	n/a	n/a
Benchmark	16.33%	6.69%	6.40%	7.45%

Year-by-Year Returns

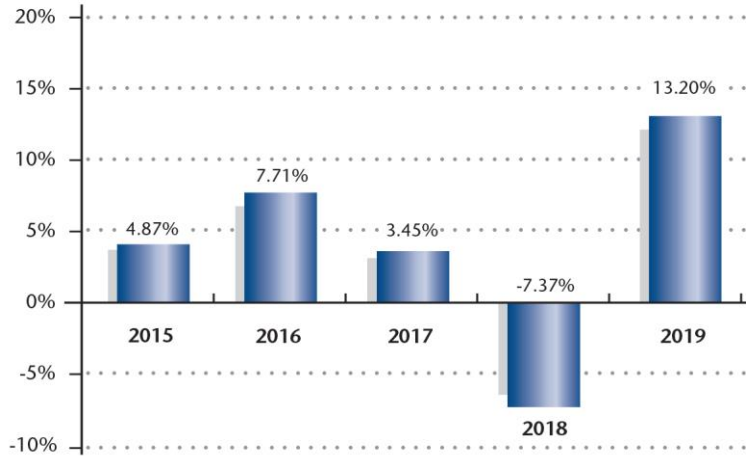
The bar charts show how the Fund's annual past performance has varied from year to year for each of the years shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for that year.



For the years ended December 31



Caldwell Balanced Fund - Series A



Caldwell Balanced Fund - Series F

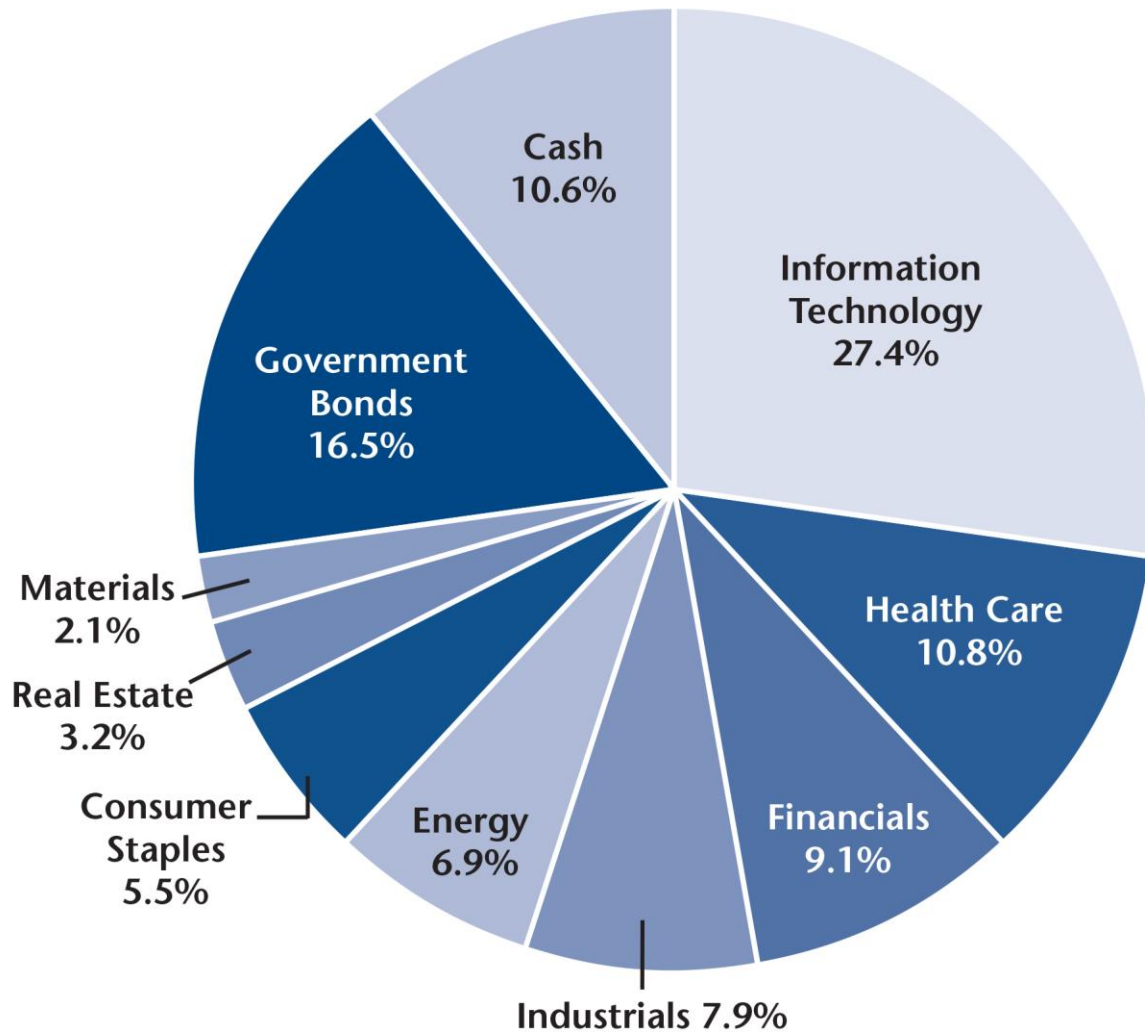


Caldwell Balanced Fund - Series M



Summary of Investment Portfolio

Portfolio Breakdown as at December 31, 2019



Caldwell Balanced Fund



Summary of Investment Portfolio
Top 25 Holdings
As at December 31, 2019

SECURITY	Percentage of Net Assets
Canadian Government Bond 2% 01JUN2028	10.97%
Cash & Cash Equivalents	10.66%
Canadian Government Bond 2.25% 01JUN2029	5.50%
Tricon Capital Group Inc.	3.19%
Parkland Fuel Corp.	3.09%
Johnson & Johnson	3.02%
Cognizant Technology Solutions Corp.	2.95%
Quest Diagnostics Inc.	2.87%
Tyson Foods Inc.	2.81%
ANSYS Inc.	2.79%
Premium Brands Holdings Corp.	2.73%
Bird Construction Inc.	2.73%
Broadridge Financial Solutions Inc.	2.67%
TE Connectivity Ltd	2.64%
The Middleby Corp.	2.59%
Raytheon Co.	2.58%
AmerisourceBergen Corp.	2.57%
Keysight Technologies Inc.	2.56%
Amdocs Ltd	2.48%
Oracle Corp.	2.46%
Suncor Energy Inc.	2.43%
S&P Global Inc.	2.43%
KKR & Co Inc.	2.36%
Cisco Systems Inc.	2.33%
Anthem Inc.	2.29%
Top 25 Holdings	85.70%

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