

Financial Statements of

CALDWELL CANADIAN VALUE MOMENTUM FUND

December 31, 2019 and 2018

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited 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 audited financial statements.

The Trustee maintains appropriate processes to ensure that relevant and reliable financial information is produced. The audited 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 audited financial statements.

A handwritten signature in black ink, appearing to read "Brendan O'Sullivan". The signature is written in a cursive, flowing style.

On behalf of the Trustee

Date: March 26, 2020

Independent Auditor's Report

To the Unitholders of
Caldwell Canadian Value Momentum Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a large, elegant, cursive script, followed by "LLP" in a smaller, clean, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2020

CALDWELL CANADIAN VALUE MOMENTUM FUND

December 31, 2019

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CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Financial Position As at December 31, 2019 and 2018

	December 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash	\$ 5,182,128	\$ 26,282,697
Financial assets at fair value through profit or loss (Note 5)	48,535,786	22,182,683
Dividends receivable	62,088	54,072
Receivable for investments sold	–	417,542
Prepaid expense	55,310	15,113
Due from Manager	35,488	36,548
Subscription receivable	39,504	106
	<u>53,910,304</u>	<u>48,988,761</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	104,996	71,104
Management fee payable (Note 6)	35,330	29,653
Performance fee payable (Note 6)	2,641	25,121
Redemption payable	166,710	–
	<u>309,677</u>	<u>125,878</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 53,600,627</u>	<u>\$ 48,862,883</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series D	\$ 139,666	\$ –
Series F	33,830,557	32,206,212
Series A*	19,630,404	16,656,671
	<u>\$ 53,600,627</u>	<u>\$ 48,862,883</u>
Number of Redeemable Units Outstanding (Note 8)		
Series D	8,952	–
Series F	1,857,538	2,046,514
Series A*	1,256,679	1,226,779
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series D	\$ 15.60	\$ –
Series F	18.21	15.74
Series A*	15.62	13.58

*Formerly Series O Units

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, 2019 and 2018

	2019	2018
Income		
Dividends	\$ 441,297	\$ 485,562
Interest income for distribution purposes	19,648	–
Exchange gain on foreign currencies and other net assets	–	5
Realized gain (loss) on sale of investments	1,276,012	(1,833,163)
Change in unrealized appreciation (depreciation) on investments and foreign currency	6,156,833	(1,217,547)
	<u>7,893,790</u>	<u>(2,565,143)</u>
Expenses		
Management fee (Note 6)	381,243	333,379
Transaction costs (Note 7)	273,957	253,593
Administrative fee	149,401	132,919
Audit fee	60,341	49,493
Legal fee	44,875	24,404
Custodial fee	15,193	12,506
Filing fee	8,202	7,969
Independent review committee fee	5,601	4,709
Performance fee (Note 6)	2,641	25,121
	<u>941,454</u>	<u>844,093</u>
Deduct: Expense reimbursement (Note 6)	47,193	36,475
	894,261	807,618
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 6,999,529</u>	<u>\$ (3,372,761)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series D	\$ (1,737)	\$ –
Series F	4,395,665	(2,271,785)
Series A*	2,605,601	(1,100,976)
	<u>\$ 6,999,529</u>	<u>\$ (3,372,761)</u>
Weighted Average of Redeemable Units Outstanding During the Year		
Series D	8,952	–
Series F	1,732,928	1,651,325
Series A*	1,274,225	1,092,357
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series D	\$ (0.19)	\$ –
Series F	2.54	(1.38)
Series A*	2.04	(1.01)

*Formerly Series O Units

CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the years ended December 31, 2019 and 2018

	Net assets attributable to holders of redeemable units, beginning of year	Increase (decrease) 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 year
December 31, 2019					
Series D	\$ —	\$ (1,737)	\$ 141,403	\$ —	139,666
Series F	32,206,212	4,395,665	11,594,035	(14,365,355)	33,830,557
Series A*	16,656,671	2,605,601	4,472,517	(4,104,385)	19,630,404
	<u>\$ 48,862,883</u>	<u>\$ 6,999,529</u>	<u>\$ 16,207,955</u>	<u>\$ (18,469,740)</u>	<u>53,600,627</u>

*Formerly Series O Units

	Net assets attributable to holders of redeemable units, beginning of year	Decrease 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 year
December 31, 2018					
Series F	\$ 15,860,037	\$ (2,271,785)	\$ 23,409,433	\$ (4,791,473)	32,206,212
Series O	11,594,667	(1,100,976)	8,224,676	(2,061,696)	16,656,671
	<u>\$ 27,454,704</u>	<u>\$ (3,372,761)</u>	<u>\$ 31,634,109</u>	<u>\$ (6,853,169)</u>	<u>48,862,883</u>

CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

	2019	2018
Cash provided by (used in):		
Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 6,999,529	\$ (3,372,761)
Adjustments for		
Transaction costs	–	9,850
Realized (gain) loss on sale of investments	(1,276,012)	1,833,163
Change in unrealized (appreciation) depreciation on investments and foreign currency	(6,156,833)	1,217,547
Exchange gain on foreign currencies and other net assets	–	(5)
Increase in dividends receivable	(8,016)	(25,857)
Decrease (increase) in receivable for investments sold	417,542	(215,622)
Increase in prepaid expense	(40,197)	(15,113)
Decrease (increase) in due from Manager	1,060	(3,697)
(Increase) decrease in subscription receivable	(39,398)	29,524
Increase in accrued liabilities	33,892	24,222
Increase in management fee payable	5,677	10,140
Decrease in performance fee payable	(22,480)	(297,310)
Increase (decrease) in redemption payable	166,710	(62,390)
Decrease in payable for investments purchased	–	(765,954)
Proceeds from sale of investments	27,454,326	46,815,601
Purchase of investments	(46,374,584)	(54,841,535)
Cash used in operating activities	<u>(18,838,784)</u>	<u>(9,660,197)</u>
Financing Activities		
Proceeds from redeemable units issued	16,019,845	31,395,348
Amount paid on redemption of redeemable units	(18,281,630)	(6,614,408)
Cash (used in) provided by financing activities	<u>(2,261,785)</u>	<u>24,780,940</u>
(Decrease) increase in cash during the year	(21,100,569)	15,120,743
Foreign exchange gain on cash	–	5
Cash, beginning of year	<u>26,282,697</u>	<u>11,161,949</u>
Cash (including foreign currencies), end of year	\$ 5,182,128	\$ 26,282,697
Supplemental information*		
Interest paid	\$ 10	\$ 30
Interest received	17,138	–
Dividends received, net of withholding taxes	418,875	459,705

*Included as a part of cash flows from operating activities

CALDWELL CANADIAN VALUE MOMENTUM FUND

Schedule of Investment Portfolio

As at December 31, 2019

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	Canadian equities			
145,100	Aecon Group Inc.	\$ 2,712,367	\$ 2,542,152	4.74
73,400	Air Canada	2,843,243	3,560,634	6.64
82,600	Alimentation Couche-Tard Inc.	3,003,935	3,403,946	6.35
16,200	Boyd Group Income Fund	2,943,670	3,272,400	6.11
46,800	Brookfield Asset Management Inc.	3,108,107	3,511,404	6.55
31,520	Cargojet Inc.	2,155,969	3,256,962	6.08
32,800	CGI Inc.	2,756,560	3,564,376	6.65
282,600	Element Fleet Management Corp.	2,530,719	3,134,034	5.85
81,700	Empire Co., Ltd.	2,574,138	2,488,582	4.64
23,600	Equitable Group Inc.	2,635,465	2,580,660	4.81
9,800	goeasy Ltd.	489,248	681,590	1.27
29,100	Kirkland Lake Gold Ltd.	1,286,773	1,665,684	3.11
115,800	Major Drilling Group International Inc.	770,611	656,586	1.22
57,200	Metro Inc.	2,706,415	3,065,348	5.72
181,700	North American Construction Group Ltd.	1,251,405	2,859,958	5.34
78,000	Parkland Fuel Corp.	3,389,039	3,721,380	6.94
228,800	Real Matters Inc.	2,575,732	2,818,816	5.26
172,200	Wesdome Gold Mines Ltd.	1,210,059	1,751,274	3.27
		<u>40,943,455</u>	<u>48,535,786</u>	<u>90.55</u>
	Total investments owned	40,943,455	48,535,786	90.55
	Commissions and other portfolio transaction costs	<u>(3,985)</u>	<u>—</u>	<u>—</u>
	Net investments owned	<u>\$ 40,939,470</u>	48,535,786	90.55
	Other assets, net		<u>5,064,841</u>	<u>9.45</u>
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 53,600,627</u>	<u>100.00</u>

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

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.

On July 19, 2019 the Fund began offering Series D units intended for investors purchasing through discount broker services.

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 financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual financial statements.

These annual 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 annual financial statements are based on IFRS issued and outstanding as of December 31, 2019.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

- 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.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year. 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 (depreciation) on investments and foreign currency", respectively, in the Statements of Comprehensive Income.

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 year.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is based on the increase (decrease) 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 year.

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.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

4. 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.

5. FAIR VALUE DISCLOSURES

The Fund's total investment holdings as at December 31, 2019 and 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 December 31, 2019

	Level 1	Level 2	Level 3	Total
Equities	48,535,786	–	–	48,535,786
	48,535,786	–	–	48,535,786

Financial Assets at fair value as at December 31, 2018

	Level 1	Level 2	Level 3	Total
Equities	22,182,683	–	–	22,182,683
	22,182,683	–	–	22,182,683

There were no transfers between levels during the years ended December 31, 2019 and 2018.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

6. 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 A units, 1.25% in respect of Series D units, 1.00% in respect of Series F units, and 0.75% in respect of Series I units. (see Note 7)

For the year ended December 31, 2019, Fund incurred a management fee of \$381,243 (December 31, 2018: \$333,379) and the Fund accrued management fees payable of \$35,330 (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 (15% in the case of Series I). 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 at the end of the month in which the redemption occurs.

For the year ended December 31, 2019, the Fund incurred a performance fee of \$2,641 (December 31, 2018: \$25,121) and the Fund accrued a performance fee payable of \$2,641 (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 year ended December 31, 2019, \$47,193 (December 31, 2018: \$36,475) 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.

7. 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 years ended December 31, 2019 and 2018, to Caldwell Securities Ltd.

	<u>2019</u> \$	<u>2018</u> \$
Caldwell Canadian Value Momentum Fund	245,590	229,391

Commissions and other portfolio transactions are costs incurred to acquire, issue or dispose of financial assets or liabilities. Commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers on behalf of the Caldwell Canadian Value Momentum Fund for the year ended December 31, 2019 was \$nil (December 31, 2018: \$nil). The value of certain proprietary services provided by brokers cannot be reasonably estimated.

The Manager has earned Management fees and Performance Fees as disclosed in Note 6.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

8. 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 years:

	Redeemable units, beginning of year	Redeemable units issued	Redeemable units redeemed	Redeemable units, end of year
2019				
Series D	–	8,952	–	8,952
Series F	2,046,514	654,619	(843,595)	1,857,538
Series A*	1,226,779	300,426	(270,526)	1,256,679
2018				
Series F	951,655	1,385,351	(290,492)	2,046,514
Series O	802,402	564,844	(140,467)	1,226,779

**Formerly Series O Units*

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 10, 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.

9. 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.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

9. TAX STATUS (CONTINUED)

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>2019</u>	<u>2018</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	814,603	814,603

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>2019</u>	<u>2018</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	652,657	443,873

10. 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 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 December 31, 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 \$4,853,579 (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 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.

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 December 31, 2019 and 2018.

CALDWELL CANADIAN VALUE MOMENTUM FUND

Notes to the Financial Statements

December 31, 2019 and 2018

10. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS RISK (CONTINUED)

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

Concentration risk

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

	December 31, 2019		December 31, 2018	
	Percent of net assets	Fair value	Percent of net assets	Fair value
	%	CAD\$	%	CAD\$
Industrials	23.6%	12,632,148	16.6%	8,117,858
Financials	18.5%	9,907,688	0.0%	–
Consumer Staples	16.7%	8,957,876	10.1%	4,947,186
Energy	12.3%	6,581,338	11.5%	5,635,689
Materials	7.6%	4,073,544	0.0%	–
Information Technology	6.6%	3,564,376	7.1%	3,481,950
Consumer Discretionary	5.3%	2,818,816	0.0%	–
Total equities	90.6%	48,535,786	45.3%	22,182,683
Other assets less liabilities	9.4%	5,064,841	54.7%	26,680,200
Total net asset value	100.0%	53,600,627	100.0%	48,862,883

11. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There has been no significant event after the Statement of Financial Position date and the date of authorization of the financial statements which in the opinion of management requires additional disclosure in the financial statements.

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Manager and Trustee and authorized for issue on March 26, 2020.