

**AMENDMENT NO. 1 DATED OCTOBER 13, 2020**  
**TO THE ANNUAL INFORMATION FORM DATED JULY 7, 2020**

**(THE “AIF”)**

in respect of:

Series A, D, F and M units of the

**CALDWELL BALANCED FUND**

**(THE “FUND”)**

The AIF is amended to provide notice to investors of the Fund that the Fund will change its investment objective effective on or about November 16, 2020, subject to receiving unitholder approval at a special meeting of the Fund to be held on or about November 16, 2020. Further details of the proposed investment objective change can be found in Amendment No. 1 to the Simplified Prospectus of the Fund dated October 13, 2020.

All capitalized terms have the respective meaning set out in the AIF unless otherwise specifically defined in this Amendment No.1.

All page references refer to the version of the AIF available on [www.caldwellinvestment.com](http://www.caldwellinvestment.com) or at [www.sedar.com](http://www.sedar.com).

**Proposed changes to the name and investment objective of the Fund.**

Subject to receiving the requisite unitholder approval, effective on or about November 16, 2020, the AIF is amended as follows:

1. The references to “Caldwell Balanced Fund” on the front and back covers of the AIF will be deleted and replaced with “Caldwell North American Fund (formerly, Caldwell Balanced Fund)”.
2. Other than as set out above, all instances of “Caldwell Balanced Fund” in the AIF will be deleted and replaced with “Caldwell North American Fund”.
3. In the *Name, Formation and History of the Funds* section of the AIF, found on page 1, under the heading Caldwell Balanced Fund, the following paragraph will be added:

On or about November 16, 2020 the Balanced and TSBF Declaration of Trust was amended to change the fundamental investment objective of the Caldwell Balanced Fund and to rename the Fund to Caldwell North American Fund.

4. In the *Fund* Governance section of the AIF, found on page 17, under the heading Independent Valuation Committee, the following paragraphs will be added:

(d) **Use of Derivatives**

The Funds may use derivatives from time to time as described in the Simplified Prospectus. The Manager is responsible for establishing and maintaining policies and procedures in connection with the use and oversight of the use of derivatives, including the monitoring and assessing of compliance with all applicable legislation. The board of directors of the Manager approve the Manager's policies. The Chief Compliance Officer is required to report to the Ultimate Designated Person of the Manager any identified instances of non-compliance and provides a compliance assessment to the board of directors. The Manager maintains limits and controls on the use of derivatives and the investment team ensure ongoing adherence of their portfolios.

**Repurchase and Reverse Repurchase Transactions:** Certain of the Funds may engage in repurchase and reverse repurchase transactions and must ensure that the Fund:

- holds collateral equal to a minimum of 102% of the market value of the underlying securities, adjusting the amount daily to maintain the minimum collateral; and
- will ensure less than 50% of the total assets (excluding the collateral) of the Fund are committed in repurchase or reverse repurchase transactions.

The Manager will engage an agent (under the terms of a written agreement) in order to administer any repurchase and reverse repurchase transactions for the Funds and to negotiate the agreements with counterparties of suitable creditworthiness, monitor collateral daily to ensure at least 102% is maintained, monitor the aggregate positions to ensure each Fund stays within the 50% of total assets limit, and to collect fees owed to the Funds.

Currently, none of the Funds engage in repurchase or reverse repurchase transactions. The Manager will have policies and procedures in place to monitor compliance before a Fund engages in such transactions.

**Short Selling:** Currently, none of the Funds engage in short selling, however, under appropriate market conditions it is anticipated that they may do so. The Manager will have policies and procedures in place to monitor compliance with requirements of National Instrument 81-102 as they relate to short selling transactions before a Fund engages in such transactions.

**Other derivatives:** The Manager's existing policies and procedures in place include the oversight and monitoring of compliance with requirements of National Instrument 81-102 as they relate to the use of derivatives by the Funds' investment team.

**CERTIFICATE OF THE FUND AND OF CALDWELL INVESTMENT MANAGEMENT LTD.  
AS MANAGER AND TRUSTEE OF  
THE CALDWELL BALANCED FUND  
(the “FUND”)**

This Amendment No. 1 dated October 13, 2020, together with the annual information form dated July 7, 2020, and the simplified prospectus dated July 7, 2020, as amended by Amendment No. 1 dated October 13, 2020, and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of all of the provinces and territories of Canada (except the province of Quebec), and do not contain any misrepresentations.

Dated the 13<sup>th</sup> of October, 2020

**Caldwell Investment Management Ltd., as Manager and Trustee of the Fund**

*“Brendan T. N. Caldwell”*

*“Sally Haldenby-Haba”*

\_\_\_\_\_  
Brendan T. N. Caldwell  
President and Chief Executive Officer

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Sally Haldenby-Haba  
Secretary, Chief Financial Officer

**On behalf of the Board of Directors of Caldwell Investment Management Ltd. as Manager and Trustee of the Fund**

*“Thomas S. Caldwell”*

*“Michael B. C. Gundy”*

\_\_\_\_\_  
Thomas S. Caldwell  
Director

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Michael B. C. Gundy  
Director

## **CERTIFICATE OF THE PRINCIPAL DISTRIBUTOR**

To the best of our knowledge, information and belief, this Amendment No. 1 dated October 13, 2020, together with the annual information form dated July 7, 2020, together with the simplified prospectus dated July 7, 2020, as amended by Amendment No. 1 dated October 13, 2020, and the documents incorporated by reference into the simplified prospectus, as amended, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as amended, as required by the securities legislation of all the provinces and territories of Canada (except the province of Quebec) and do not contain any misrepresentations.

**Dated the 13<sup>th</sup> day of October, 2020**

**Caldwell Securities Ltd. as principal distributor of the Fund**

*“Angela Stirpe”*

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Angela Stirpe  
Vice President and Chief Financial Officer

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.*

**ANNUAL INFORMATION FORM DATED July 7, 2020**

**Offering Series A, Series D, Series F and Series M Units of:**

**CALDWELL BALANCED FUND**

**and Offering Series A, Series D and Series F Units of:**

**TACTICAL SOVEREIGN BOND FUND**

**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
1. NAME, FORMATION AND HISTORY OF THE FUNDS .....	1
2. INVESTMENT PRACTICES AND RESTRICTIONS .....	2
(a) Investment Restrictions.....	2
(b) Investments in derivative instruments.....	3
(c) Exemptive Relief .....	3
(d) Proxy Voting Policies and Procedures .....	4
3. DESCRIPTION OF UNITS OF THE FUNDS .....	4
4. CALCULATION OF NET ASSET VALUE.....	6
5. VALUATION OF FUND SECURITIES .....	7
6. PURCHASE OF UNITS.....	9
(a) Subscription for units.....	9
(b) Minimum subscription - fractional units.....	9
(c) Switching to units of another Caldwell Mutual Fund .....	10
(d) Redesignations of units to another Series of the same Fund .....	10
(e) Settlement of sale.....	10
(f) Monthly investment plan .....	11
(g) The sales charge options .....	11
7. REDEMPTION OF UNITS .....	11
(a) Redemptions .....	11
(b) Free redemption amount .....	11
(c) When you may not be allowed to sell your units .....	11
(d) Payment on redemption - outstanding units.....	12
(e) Transfer of money for redemption .....	12
(f) Tax effect of a redemption .....	12
8. RESPONSIBILITY FOR OPERATIONS OF THE FUNDS .....	12
(a) Manager.....	12
(b) Portfolio Advisor .....	13
(c) Brokerage Arrangements .....	14
(d) Principal Distributor .....	15
(e) Trustee .....	15
(f) Custodian, Recordkeeper and Registrar.....	15
(g) Auditors .....	15
9. CONFLICTS OF INTEREST.....	16
(a) Principal holders of units.....	16
(b) Affiliated Entities.....	16
10. FUND GOVERNANCE.....	17
(a) The Independent Review Committee.....	17
(b) Codes of Conduct .....	17
(c) Independent Valuation Committee .....	17
(d) Short-term Trading .....	17
(e) Management Fee Distributions .....	18
11. INCOME TAX CONSIDERATIONS .....	18
(a) Tax status of the Funds .....	18
(b) Taxation of the Funds .....	18
(c) Taxation of taxable unitholders.....	19
(d) Registered plans and eligibility for investment.....	19
12. REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE.....	20
13. MATERIAL CONTRACTS .....	20
14. LEGAL PROCEEDINGS .....	20

## 1. NAME, FORMATION AND HISTORY OF THE FUNDS

This annual information form contains information about the Caldwell Mutual Funds listed on the front cover. We refer to the Caldwell Mutual Funds listed on the front cover of this annual information form as the “**Funds**” and each as a “**Fund**”.

When used in this annual information form, the words “we”, “us”, “our”, “Caldwell” and the “Manager” refer to Caldwell Investment Management Ltd., the manager of the Funds. The Manager also manages other mutual funds offered under a separate simplified prospectus. All of the funds managed by the Manager which are offered under a prospectus are collectively referred to as the “**Caldwell Mutual Funds**” and individually as a “**Caldwell Mutual Fund**”.

All dollar amounts in this document are in Canadian dollars, unless we state otherwise.

The registered address of each of the Funds is Suite 1702, P.O. Box 47, 150 King Street West, Toronto, Ontario, M5H 1J9.

Each Fund is an open-ended unit trust established under the laws of Ontario by way of declaration of trust.

### **Caldwell Balanced Fund**

Caldwell Balanced Fund was established on March 1, 1990. The declaration of trust of the Caldwell Balanced Fund was amended and restated effective June 23, 2000 to rename the fund. The fund was formerly known as Caldwell Associate Fund. Prior to April 15, 1997, the Caldwell Balanced Fund was managed by Caldwell’s affiliate, Caldwell Securities Ltd.

On March 23, 2007, the declaration of trust of Caldwell Balanced Fund was amended, restated and consolidated with the Tactical Sovereign Bond Fund (the “**Balanced and TSBF Declaration of Trust**”), to among other things, appoint Caldwell as trustee and manager.

On November 1, 2007, the Balanced and TSBF Declaration of Trust was amended, restated and consolidated to provide for the establishment of an independent review committee in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* (“**NI 81-107**”).

On June 25, 2012, the Balanced and TSBF Declaration of Trust was amended to, among other things, change the fundamental investment objective of Caldwell Balanced Fund. Effective June 25, 2012, Caldwell Global Financial Services Fund merged into Caldwell Balanced Fund. This merger is described in greater detail in Amendment No. 1 to the simplified prospectus of Caldwell Balanced Fund dated May 9, 2012.

On July 4, 2014, the Balanced and TSBF Declaration of Trust was amended, to allow for the issuance of two series (“**Series**”) of units – Series A units and Series F units. Prior to this amendment, the Fund issued a single class of units which, following the amendment, is referred to as Series A units. To respond to amendments to the *Income Tax Act* (Canada) (the “**Tax Act**”), the Balanced and TSBF Declaration of Trust was also amended to provide for certain income and net realized capital gains of a Fund to be automatically payable to unitholders if the Fund experiences a “loss restriction event”.

On July 15, 2016, the Balanced and TSBF Declaration of Trust was amended to create Series M units of the Caldwell Balanced Fund.

On July 19, 2019, the Balanced and TSBF Declaration of Trust was amended and restated to create Series D units of the Caldwell Balanced Fund.

### **Tactical Sovereign Bond Fund**

Tactical Sovereign Bond Fund (“**TSBF**”) was established on April 15, 1997.

On March 23, 2007, the declaration of trust of TSBF was amended, restated and consolidated with the Caldwell Balanced Fund declaration of trust to, among other things, appoint Caldwell as trustee and manager. The consolidated declaration of trust is defined above and referred to as the Balanced and TSBF Declaration of Trust.

On November 1, 2007, the Balanced and TSBF Declaration of Trust was amended, restated and consolidated to provide for the establishment of an independent review committee in accordance with NI 81-107.

On July 4, 2014, the Balanced and TSBF Declaration of Trust was amended to allow for the issuance of two Series of units – Series A units and Series F units. Prior to this amendment, each Fund issued a single class of units which, following the amendment, is referred to as Series A units. To respond to amendments to the Tax Act, the Balanced and TSBF Declaration of Trust was also amended to provide for certain income and net realized capital gains of a Fund to be automatically payable to unitholders if the Fund experiences a “loss restriction event”.

On July 15, 2016, the Balanced and TSBF Declaration of Trust was amended to create Series M and Series I units of TSBF.

On August 27, 2018, the Balanced and TSBF Declaration of Trust was amended and restated to, among other things, rename TSBF, rename the Series F units of TSBF, and change the fundamental investment objective and investment strategies of TSBF. TSBF was formerly known as Caldwell Income Fund. Series F units of TSBF were formerly known as Series I units.

Prior to August 27, 2018, TSBF offered four Series of units, being Series A units, Series F units, Series I units and Series M units. Effective August 27, 2018, TSBF no longer offers Series M units, or the units previously referred to as Series F units. Accordingly, effective August 27, 2018, TSBF offers two Series of units, being Series A units and Series F units (formerly known as Series I units).

On July 19, 2019, the Balanced and TSBF Declaration of Trust was amended and restated to create Series D units of TSBF.

Accordingly, the Funds are governed pursuant to the terms of the Balanced and TSBF Declaration of Trust, as so amended as described above. See *Responsibility for Operations of the Funds*.

## **2. INVESTMENT PRACTICES AND RESTRICTIONS**

### **(a) Investment Restrictions**

The investment practices of the Funds are subject to various restrictions imposed by applicable securities laws, by policies of the Canadian securities administrators, and by the Balanced and TSBF Declaration of Trust. Each of the Funds has adopted the standard mutual fund investment restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”). These are designed in part to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper administration of the Funds. The Funds are managed in accordance with these restrictions and practices. In addition, the Funds are subject to investment restrictions which provide that each of the Funds may not:

- (1) purchase or sell forward currency contracts or currency future contracts except permitted derivatives as may be described in any current prospectus and annual information form and as may be in compliance with any provisions of NI 81-102;
- (2) knowingly purchase any securities of an issuer if
  - (a) Caldwell or any of its associates, or any person or company holding more than 20% of the units of a Fund or the voting shares of Caldwell individually owns beneficially, directly or indirectly, more than 10% of the outstanding voting securities or units of the issuer; or
  - (b) any partner, director, officer or employee of Caldwell or of any affiliate or associate of Caldwell is an officer or director of such issuer, except where such partner, director, officer or employee does not participate in the formulation of or influence or have prior access to investment decisions made on behalf of the Funds;
- (3) purchase securities which are the object of an initial sale and distribution, unless such securities may be lawfully sold both in all of the jurisdictions in which the units are offered for sale as well as the jurisdiction in which the head or principal office of the issuer of such securities is situated and are intended to be listed within a reasonable time for public trading on a recognized exchange;



- (4) knowingly make any investment in any class of securities of any issuer (other than those issued or guaranteed by the Government of Canada or by an agency thereof or by the Government of a Province of Canada or by an agency thereof):
- (a) for which Caldwell or any of its associates or affiliates has acted as an underwriter in the distribution of such class of securities of the issuer for a period of at least 60 days following the conclusion of the distribution of the underwritten securities to the public; or
  - (b) of which any partner, director, officer or employee of Caldwell or any partner, director, officer or employee of any of its affiliates or associates is an officer or director.

Each of Caldwell Balanced Fund and TSBF qualifies, and is expected to continue to qualify, as a “mutual fund trust” as defined in the Tax Act. Accordingly, each Fund will not engage in any undertaking other than the investment of its funds in property for the purposes of the Tax Act. Each Fund is a registered investment and will not acquire or hold an investment if it would thereby be liable to tax under Part X.2 of the Tax Act. No Fund has deviated from the applicable Tax Act requirements in the preceding year.

Any change in the fundamental investment objectives and policy of a Fund may only be made with the approval of at least a majority of the votes cast at a meeting of unitholders of that Fund called for that purpose.

A Fund will not mix its investments with investments of other persons. The investments of a Fund will be kept separate from the investments of, and from all other property belonging to, or in the custody of, CIBC Mellon Trust Company, or any other custodian of assets of the Fund.

**(b) Investments in derivative instruments**

The Funds may use derivatives from time to time, but only as permitted by Canadian securities legislation and only in a manner consistent with the investment objectives of the Funds. Derivative transactions on behalf of a Fund may be initiated only by Caldwell through personnel with the necessary proficiency and experience to use derivatives. Furthermore, policies, procedures and guidelines regarding investing in derivatives are compiled and reviewed annually by Caldwell’s Investment Management Committee. The exposure of the Funds to derivatives is monitored daily by the portfolio managers of the Funds.

**(c) Exemptive Relief**

The Funds have received permission from securities regulatory authorities pursuant to a decision dated January 13, 2009, to invest in Horizons BetaPro ETFs and such other similar funds managed by BetaPro Management Inc. (each an “**HBP ETF**”) in the future provided that:

- (i) the Fund may not purchase securities of an HBP ETF if, immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of securities of HBP ETFs;
- (ii) the investment by the Fund in securities of a HBP ETF is in accordance with the fundamental investment objective of the Fund; and
- (iii) the Fund will not invest in an HBP ETF with a “permitted index” as defined in NI 81-102 based, directly or indirectly through a specified derivative or otherwise, on a physical commodity other than gold.

The Tactical Sovereign Bond Fund has received permission from securities regulatory authorities pursuant to a decision dated November 7, 2018, to invest in securities of exchange-traded funds (“**ETFs**”) that seek to provide daily results that replicate the daily performance of a specified widely quoted index by an inverse multiple of up to 100%, which are traded on a stock exchange in Canada or in the United States and do not qualify as “index participation units” (IPUs) (each an Underlying ETF and collectively Underlying ETFs) in the future provided that:

- (i) the investment by TSBF in securities of an Underlying ETF is in accordance with the fundamental investment objectives of TSBF;
- (ii) the securities of each Underlying ETF are traded on a recognized exchange in Canada or the United States;

- (iii) TSBF may not purchase securities of an Underlying ETF if, immediately after the purchase, more than 10% of the net assets of the Fund, taken at market value at the time of the purchase, would consist of securities of Underlying ETFs;
- (iv) TSBF does not purchase securities of an Underlying ETF or sell any securities short if, immediately after the transaction, TSBF's market value exposure represented by all such securities purchased and securities sold short would exceed 20% of the net asset value of TSBF, taken at market value at the time of the transaction; and
- (v) the simplified prospectus of TSBF discloses that TSBF has obtained relief to invest in securities of the Underlying ETFs, an explanation of each type of Underlying ETF and the risks associated with such investments and strategies.

**(d) Proxy Voting Policies and Procedures**

With respect to the Funds' investments in voting securities, the policies and procedures that the Funds and Caldwell (hereinafter referred to as the "**Proxy Holder**") follow when voting proxies relating to Portfolio securities are as follows. The Proxy Holder votes proxies for the Funds in accordance with the proxy voting policies and procedures adopted by it. In the case of both routine and non-routine matters, the Proxy Holder will take reasonable steps to ensure that proxies are received and voted in accordance with the best interests of the Funds, which generally means voting proxies with a view to enhancing the value of the shares held in the Funds. The financial interest of the Funds is the primary consideration in determining how proxies should be voted. In the case of social and political issues that do not primarily involve financial considerations, the Proxy Holder generally votes in accordance with the recommendations of management and/or a third-party advisor, although, on occasion the Proxy Holder abstains from voting on these issues.

The Proxy Holder generally does not vote proxies when the cost of voting on a particular proxy proposal could exceed the expected benefit to the Fund. For example, the Proxy Holder generally will not vote securities loaned to another party when the costs to the client and/or administrative inconvenience of retrieving these securities outweighs the benefit of voting. Also, voting proxies for shares of foreign stocks may involve significantly greater effort and corresponding costs, such as translation of proxy materials. Some countries have laws that prevent the Proxy Holder from selling shares for a period of time before or after voting at a shareholder meeting. The Proxy Holder may decide not to vote shares of foreign stocks subject to these restrictions when it believes the benefit from voting the shares is outweighed by the interest of maintaining client liquidity in the shares.

The Proxy Holder is committed to resolving all conflicts in its clients' best interests. The Proxy Holder will vote in a manner consistent with the best interests of the Funds. Possible resolutions of such conflicts may include: (i) voting in accordance with the guidance of an independent consultant or outside counsel; (ii) erecting information barriers around the person or persons making voting decisions; (iii) designating a person or committee to vote that has no knowledge of any relationship between the Proxy Holder and the issuer, its officers or directors, director candidates, or proxy proponents; or (iv) voting in other ways that are consistent with the Proxy Holder's best interests.

The policies and procedures that the Funds follow when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-800-256-2441 or by writing to Caldwell at 150 King Street West, Suite 1702, P.O. Box 47, Toronto, Ontario, M5H 1J9.

The Funds' proxy voting record for the most recent period ended June 30 of each year is available free of charge to any unitholder of the Funds upon request at any time after August 31 of that year. The proxy voting record is available on the Funds' website, [www.caldwellinvestment.com](http://www.caldwellinvestment.com).

**3. DESCRIPTION OF UNITS OF THE FUNDS**

Each Fund is divided into units of participation which, effective July 4, 2014 may be issued in one or more Series as determined by Caldwell, as trustee of the Funds. You are entitled to participate equally in the net income and net capital gains of the Fund in respect of each unit of a Series held (other than Management Fee Distributions). Your interest in a Fund is shown by how many units of a Series are registered in your name. There is no limit to the number of units of each Series of a Fund that can be issued and there is no fixed issue price. No unit in a Fund has any preference or priority over another unit of the same Series of the Fund.

No unitholder holds any assets of a Fund. Unitholders have only those rights mentioned in this annual information form, in the simplified prospectus and as created in the Balanced and TSBF Declaration of Trust.

Units of each of the Funds have the following attributes:

1. at any meeting of unitholders of a series of units, each unitholder of that series will be entitled to one vote for each whole unit registered in the unitholder's name;
2. on the termination of a Fund, the assets of the Fund will be distributed and all units of a series in the Fund will share in the value of the Fund allocated to that series;
3. the units have no dividend rights, but you may participate in any distributions by the Fund to the series of units you hold;
4. there are no conversion rights;
5. the units of a Fund may be redeemed, possibly subject to costs (see *Redemption of Units*);
6. the units of a Fund cannot be transferred except in limited circumstances;
7. there is no liability for further calls or assessments; and
8. the units of a Fund may be sub-divided or consolidated by Caldwell.

Subject to certain exceptions, the following changes cannot be made to a Fund unless a majority of the votes cast at a meeting of unitholders of the Fund called for that purpose approve:

1. a change to the basis of the calculation of a fee or expense that is charged to a Fund that could result in an increase in charges to the Fund or to its investors, and the entity charging the fee or expense is a non-arm's length party to the Fund;
2. an introduction of a fee or expense to be charged to a Fund or its investors by the Fund or the Manager in connection with holding securities of the Fund that could result in an increase in charges to the Fund or its investors, and the entity charging the fee or expense is a non-arm's length party to the Fund;
3. a change in the manager of the Fund (other than to an affiliate of Caldwell);
4. a change in the auditors of the Fund;
5. a change in the fundamental investment objectives of the Fund;
6. in certain cases, the Fund undertakes a reorganization with, or transfer of its assets to, another fund or acquires another fund's assets; or
7. a decrease in the frequency of the calculation of the net asset value per each series of units of the Fund.

Caldwell will give unitholders of each Fund 60 days' written notice of any other amendment to the Balanced and TSBF Declaration of Trust except that Caldwell may amend the Balanced and TSBF Declaration of Trust without approval of or notice to unitholders of the Fund, if the proposed amendment:

- is not expected to materially adversely affect the interests of unitholders;
- is intended to ensure compliance with applicable laws, regulations rules or policies;
- is intended to remove conflicts or inconsistencies or to correct typographical, clerical or other errors; or
- is intended to facilitate the administration of the Fund or to respond to amendments to the Tax Act which might otherwise adversely affect the interests of the Fund or its unitholders.

#### 4. CALCULATION OF NET ASSET VALUE

The unit price of each Series of a Fund is the net asset value per unit of such Series (“**Series NAV per unit**”). We calculate the Series NAV per unit of each Series of a Fund by:

- adding up the assets of the Fund and determining the proportionate share of the Series,
- subtracting the liabilities of the Fund that are common to all Series and determining the proportionate share of the Series of the aggregate amount of liabilities common to all Series,
- subtracting the liabilities of the Fund that are specific to the Series, and
- dividing the balance by the number of units of the Series outstanding.

When you buy, sell or switch series of a Fund, the price per unit is the next Series NAV per unit we calculate after receiving your order. We calculate the Series NAV per unit of each Series of a Fund as of 4 p.m. on every day the Toronto Stock Exchange (“**TSX**”) is open (a “**business day**”). If we receive your buy, switch, or sell order before 4 p.m. Eastern time on a business day, we will process your order based on the Series NAV per unit calculated that day. If your order is received after 4 p.m. on a business day, we will process your order on the next business day based on that day’s Series NAV per unit.

In the case of a redemption of units, any applicable deferred sales charge, performance fee or redemption fee payable by you will be deducted from your sale proceeds. The issue or redemption of units of a Series of a Fund is reflected in the next calculated Series NAV per unit following the issue or redemption of such units.

## 5. VALUATION OF FUND SECURITIES

The value of any security or property held by a Fund or any of its liabilities will be determined in the following way:

Asset Description	Valuation Practice
Liquid Assets (e.g. cash, bills, demand notes, accounts receivable (including investment income receivable), prepaid expenses	Full face value.  Any foreign currencies are converted to CAD by applying the Bank of Canada noon exchange rate, or when unavailable, a similar arm's length reputable currency quote. In the event the end of day rate changes in excess of 50bps, the Bank of Canada closing rate may be used.
Money market instruments and Notes	Cost plus accrued interest.  To assess reasonability of the valuation, a comparison against the highest bid quotation obtained from an arm's length investment dealer, will be conducted periodically.
Securities listed or traded on a recognized stock exchange or similar organized marketplace	The closing price of the security on the primary exchange/organized market in which the security is traded in the same currency as the original transaction.  If the security was not traded on any given valuation date, the price will equal the average of the closing bid and ask prices. If the average price varies beyond 10% of the previous day's price, the previous day's price will be used.  If no bid/ask price is available, the price last determined for the purposes of calculating the net asset value will be used.  Any foreign currencies are converted to CAD by applying the Bank of Canada noon exchange rate, or when unavailable, a similar arm's length reputable currency quote. In the event the end of day rate changes in excess of 50bps, the Bank of Canada closing rate may be used.
Bonds, debentures and other such obligations trading through organized markets	Valued at last traded price on quoted market prices at the close of trading through over-the-counter markets. In the absence of trade, the value is determined as the average of latest available bid and ask prices on the valuation date.
Bonds, debentures, notes and other such obligations trading by way of private placement	Valued at cost for the entire period held (or to maturity) unless a potential significant harmful event (e.g. insolvency, receivership, bankruptcy, etc.), giving rise to question the prudence of carrying the investment at cost, arises.  In such circumstances, a discount factor will be applied, at the discretion of the committee and considered commensurate with the anticipated impact of the event.
Private membership shares	Valued based on the last transaction price unless the price does not fall within the current bid/offer spread. In such case, the value will be:

	<ul style="list-style-type: none"> <li>i) If the last transaction price is less than the current bid, the current bid, or</li> <li>ii) If the last transaction price is higher than the current offer, the current offer.</li> </ul>
Restricted securities (as defined under NI 81-102)	<p>Valued typically at the value based on the reported final price of the publicly (unrestricted) traded shares of the issuer.</p> <p>A discount factor may be applied in situations where the position held may be considered as being:</p> <ul style="list-style-type: none"> <li>i) Material relative to the public float, and/or</li> <li>ii) Material to the Fund</li> </ul>
Equities (common or preferred) not listed or traded on a stock exchange or organized market.	<p>Valued at cost for a maximum of 4 consecutive quarters unless material information becomes available sooner suggesting cost no longer approximates the fair market value of the security. Securities will then be valued using various valuation techniques, consistent with IFRS 13, including but not limited to:</p> <ul style="list-style-type: none"> <li>i) Comparable recent significant arm's length transactions,</li> <li>ii) A new financing issue by the issuer based on securities with the same or substantially similar rights, regardless of whether a Fund participates in the new issue,</li> <li>iii) Reference to other instruments considered substantially similar,</li> <li>iv) Discounted cash flow analysis,</li> <li>v) Application of premium/discounts based on targeted indices relevant to the security,</li> <li>vi) Other techniques based from observable independent inputs and considered acceptable for Canadian Generally Accepted Accounting Practices</li> </ul>
Long positions in options	Valued at the current market value of their underlying positions.
Futures and Forward contracts	The value of a futures or a forward contract shall be the gain or loss that would be realized if the position in the futures or forward contract were closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest.
Written options	<p>Premium amounts received are reflected as a deferred credit. The deferred credit is valued at the amount equal to the current market value of the option, effectively 'closing' the position. Differences arising from revaluation are treated as an unrealized gain or loss, until the option expires or is closed, where it is then a realized gain or loss.</p> <p>Portfolio securities subject to a written option continue to be valued at their current market value.</p>
Warrants on securities traded on an exchange or organized market	Valued using the Black-Scholes method.
Warrants on securities traded by way of private placement	Valued using Black-Scholes method considering reasonably comparable/ substantially similar issuers as determined by Caldwell.

Net assets will be calculated in accordance with the rules and policies of the Canadian securities administrators or in accordance with any exemption therefrom that a Fund may rely upon (which rules and policies may differ from Canadian generally accepted accounting principles (“**Canadian GAAP**”)).

## **6. PURCHASE OF UNITS**

### **(a) Subscription for units**

Units of the Funds are offered on a continuous basis at the Series NAV per unit as provided for in the section above entitled *Calculation of Net Asset Value*. You may purchase units through registered investment dealers and others qualified to trade in securities where the units are authorized to be sold, including through the Funds’ principal distributor, Caldwell Securities Ltd. You must initiate your subscription through your registered dealer, who will transmit the order to Caldwell. Subscription orders which are received before 4:00 p.m. (Eastern Time) on any business day will be priced on that day. Orders received after 4:00 p.m. (Eastern Time) on a business day or on a day which is not a business day will be priced on the next business day. All units must be paid for in full. Caldwell must receive the appropriate documentation and payment for the units purchased within two (2) business days of receiving your purchase order.

The Balanced and TSBF Declaration of Trust authorizes Caldwell to accept or reject subscriptions to purchase units. Caldwell may exercise this right provided that: (i) the decision to accept or reject a subscription is made promptly and in any event no later than one (1) business day after receipt of the subscription; and (ii) in the event that a subscription is rejected, all monies received with the subscription are returned without interest or deduction immediately. The time from the business day next following the date of the receipt of a subscription to the settlement date for that subscription shall not exceed two (2) business days. No certificates are issued for units of the Caldwell Mutual Funds.

An investor becomes a unitholder of a Fund on the date that Caldwell processes the investor’s purchase order. If we do not receive the purchase price for the units or the investor otherwise fails to complete the purchase within the two business day period referred to above, the purchase order will be reversed. Any resulting loss will not be borne by the Fund but shall be charged to the registered dealer, who may in turn have the right to collect it from the investor. Any resulting gain belongs to the Fund and not to the investor.

### **(b) Minimum subscription - fractional units**

You should note that there are minimum subscription and minimum balance amounts applicable to each Series of units of the Funds as described in this Annual Information Form and in the Funds’ Simplified Prospectus. Fractional units taken to not less than three decimal points will be issued in order to allow investment of fixed dollar amounts.

#### *Series A units, Series D units and Series F units*

The minimum subscription and minimum balance amounts to be maintained in respect of Series A, Series D or Series F units of a Fund is \$500. If the net asset value of all Series A, Series D or Series F units in a Fund registered in your name falls below \$500 for thirty (30) days or more, Caldwell may, on ten (10) days prior written notice to you, redeem the same unless before the expiry of the ten (10) days you subscribe for additional units to bring the net asset value of all Series A, Series D or Series F units in that Fund registered in your name to an amount of at least \$500. Other than automatic reinvestment of distributions and the \$50 minimum purchase order for investors who participate in the Monthly Investment Plan, minimum additions must be at least \$100 each.

#### *Series M units*

Series M units of the Caldwell Balanced Fund are not subject to minimum initial purchase order amounts, minimum subsequent purchase amounts or minimum unitholding amounts.

Caldwell reserves the right to change or waive any minimum purchase order and minimum unitholding amounts from time to time, at our sole discretion, without notice.

**(c) Switching to units of another Caldwell Mutual Fund**

Units of one Fund may be redeemed and the proceeds may be used to purchase units of another Caldwell Mutual Fund except in the event you reside in Quebec and the mutual fund managed by Caldwell is not offered in Quebec. In order to complete such a transfer or switch a written request must be delivered to your registered dealer identifying the Fund from which you wish to exit; the number of units you wish to sell (the amount must be at least \$500, except for Series M units which are not subject to minimum amounts); and the units of the Caldwell Mutual Fund you wish to purchase. Your signature on the written request must be guaranteed by a Canadian chartered bank, a trust company, or an investment dealer. In response to such a request, Caldwell shall effect the switch and, upon your request, furnish you with a copy of the then current simplified prospectus, annual information form, fund facts, management report of fund performance and the latest financial statements of the Caldwell Mutual Fund being acquired.

Your dealer may charge a switch fee of up to 2% of the net asset value of the units being sold in order to effect such transfer. If the units of the Fund are subject to a deferred sales charge, then the units acquired as a result of the switch shall be subject to a deferred sales charge of exactly the same amount. If the redeemed units were held in a currency that differs from that which is required for the receiving Fund, Caldwell will exchange the proceeds based on the Bank of Canada noon rate. Where exchange rates have fluctuated by close of market by more than 50 basis points, Caldwell may use the close of market exchange rate.

In the event you wish to switch Funds and change the purchase option from the deferred sales charge to the front end option at the same time, you may do so for matured units of the Caldwell Balanced Fund to the TSBF. You may not however, do the same when switching from the TSBF to the Caldwell Balanced Fund.

You may not redeem units purchased on a deferred sales charge basis, including low load, which have not matured to purchase units on a front-end sales charge basis, or vice versa.

You may not switch units that were acquired under the "Series D Option", "Series F Option" or "Series M Option" (as described in the simplified prospectus of the Funds) for Series A units of another Fund. You may switch Series A units of a Fund for Series D, Series F or Series M units of another Fund provided you qualify to hold those options, as described in greater detail in the simplified prospectus of the Funds under the heading *How do purchase options affect fees I pay*.

If a unitholder redeems or switches units of a Fund within 90 days of purchase, the unitholder may be subject to a short-term trading fee of 2% of the amount switched or redeemed. This amount will be retained by the Fund, and not by Caldwell or any distributor.

A switch between Funds constitutes a disposition for purposes of the Tax Act and therefore has the same implications for investors as other dispositions. You are urged to consult your own tax adviser about the consequences of switching units. You are responsible for keeping a record of the cost of units in order to calculate capital gains or capital losses realized in any switch of units. See *Income tax considerations* for more information.

**(d) Redesignations of units to another Series of the same Fund**

If your registered dealer notifies us that you no longer qualify to hold Series D units, Series F units or Series M units, we may redesignate your Series D, Series F or Series M units, as applicable, as Series A front-end sales charge units of the same Fund.

After a redesignation of units to another Series, the redesignated units will be subject to the fees and other terms and conditions applicable to units of the other Series of the Fund as described in greater detail in the simplified prospectus of the Funds under the heading *How do purchase options affect fees I pay*. Switch fees and short-term trading fees do not apply in respect of a redesignation of units of one Series of a Fund to units of another Series of the same Fund.

A redesignation of units of one Series of a Fund into units of another Series of the same Fund will not, by itself, result in a disposition for tax purposes of the units being redesignated. See *Income tax considerations* for more information.

**(e) Settlement of sale**

You should note that if you purchase units in a Fund from a registered dealer, you may be subject to the particular arrangements of that dealer such that you may have to compensate the dealer for any losses suffered by them in connection with a failed settlement of a purchase of units of a Fund caused by you.



**(f) Monthly investment plan**

To facilitate regular investing, Caldwell has established a Monthly Investment Plan as described in the simplified prospectus of the Funds.

**(g) The sales charge options**

When you purchase Series A units of a Fund, you have the option to pay a front-end sales charge or a low load deferred sales charge as described in the simplified prospectus of the Funds. When you purchase Series D units, Series F units, Series M units, the Series D Option, Series F Option and Series M Option programs, respectively, are available as described in the simplified prospectus of the Funds. The choice of different purchase options requires you to pay different fees and expenses and affects the amount of compensation payable to your dealer.

**7. REDEMPTION OF UNITS**

**(a) Redemptions**

You can sell units at any time; this is called a redemption. You may initiate a redemption through your registered dealer who will transmit the order to Caldwell. The redemption price of the units of a Series of a Fund is based on the Series NAV per unit of that Series on a particular business day. Redemption orders which are received before 4:00 p.m. (Eastern Time) on any business day will be priced on that day. Redemption orders which are received after 4:00 p.m. (Eastern Time) on a business day or on a day which is not a business day will be priced on the next business day. Your units will be redeemed within two (2) business days of the determination of the Series NAV per unit to be used for your redemption. Note that redemption requests received by your dealer will be transmitted to Caldwell on the day of the request. Redemption fees are disclosed in the simplified prospectus of the Funds.

Units will be redeemed as follows: any available “free redemption amount” in respect of Series A units of a Fund purchased on a deferred sales charge basis will be redeemed first and then the units are redeemed in the order issued, i.e. the first units acquired are the first units to be redeemed. Except as provided in this document, no redemption fees are charged on redemptions of units received as the result of the automatic reinvestment of distributions and these distributed units will be given the same date of issue as the unit in respect of which the distributions were made; also, units acquired by way of exchange or switch of units for units in another Fund will be given the same date of issue as the units for which they were exchanged or switched. The time from the date of receipt of a properly completed redemption request to the payment of the redemption proceeds shall not exceed two (2) business days.

You should note that as you have purchased units in a Fund from a registered dealer, you are subject to the particular arrangements you have with that registered dealer, which may require you to compensate them for any losses suffered by them in connection with any failure on your part to satisfy the requirements of a Fund or of applicable securities legislation for a redemption of units of a Fund.

**(b) Free redemption amount**

If you have elected to pay a deferred sales charge, you may redeem a prescribed amount of units during a given year without having to pay a deferred sales charge. This prescribed amount is referred to as the ‘free redemption amount’. The free redemption amount is an amount equal to no more than 10% of the market value of units of the Fund that were held by the investor as at December 31 of the previous year and that continue to be held plus an amount equal to no more than 10% of the market value of additional units acquired and held by the investor during the current calendar year, less any cash distributions received in the current year. In addition, the free redemption amount includes an amount equal to all units in a Fund acquired on the reinvestment of distributions during the same period. Caldwell reserves the right to change or eliminate the free redemption amount on sixty (60) days prior written notice to you.

**(c) When you may not be allowed to sell your units**

Under extraordinary circumstances, you may not be allowed to sell your units. We may refuse your order to sell if:

- normal trading is suspended on any stock exchange or market where more than 50% of the assets of a Fund are listed or traded; or

- we get permission from the Canadian securities administrators to allow us to temporarily suspend the redemption of units.

A Fund will not allow the purchase of units of a Fund when the right to redeem units is suspended.

The suspension may, at the discretion of Caldwell, apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. If you make a request for redemption during a suspension (unless the suspension lasts for less than 48 hours), you will be advised by Caldwell of the suspension and that the redemption will be in effect on the basis of the Series NAV per unit determined on the first business day following the termination of the suspension. You will have and will (unless the suspension lasts for less than 48 hours) be advised that you have the right to withdraw your request for redemption. The suspension will terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent that it is not inconsistent with rules and regulations promulgated by any government body having jurisdiction over a Fund, any declaration or suspension made by Caldwell shall be conclusive.

**(d) Payment on redemption - outstanding units**

If you make a redemption request, Caldwell will pay you within two (2) business days the Series NAV per unit determined on the business day the request was processed. If all your units in a Fund are redeemed, any net income and net realized capital gains relating to the units which have been made payable prior to the business day on which your request was processed will also be paid to you. If you redeem only some of your units in a Fund, any net income and net realized capital gains attributable to the units will be paid to you in accordance with the Fund's distribution policy, as described in the simplified prospectus.

**(e) Transfer of money for redemption**

Caldwell shall cause the custodian to pay out of the assets of a Fund, sufficient amounts to enable us to redeem units as required.

**(f) Tax effect of a redemption**

A redemption, including a switch to another Fund, constitutes a disposition for purposes of the Tax Act even though the proceeds of the redemption may be reinvested in units of another Fund. If the net asset value of the units redeemed is greater than your adjusted cost base for those units and any deferred sales charge, there is a gain. Similarly, if the net asset value of the redeemed units and any deferred sales charge is less than the adjusted cost base for those units, there is a loss. See *Income tax considerations* for more information.

**8. RESPONSIBILITY FOR OPERATIONS OF THE FUNDS**

**(a) Manager**

Caldwell is the manager of the Funds. The address, phone number and the website of Caldwell is: Suite 1702, P.O. Box 47, 150 King Street West, Toronto, Ontario, M5H 1J9, 1-800-256-2441 and [www.caldwellinvestment.com](http://www.caldwellinvestment.com). You can contact us by e-mail at [info@caldwellinvestment.com](mailto:info@caldwellinvestment.com).

Caldwell manages the Funds pursuant to the terms of the Balanced and TSBF Declaration of Trust. Caldwell is responsible for compliance with the investment policies, restrictions and practices of the Funds and to provide or arrange for the provision of all general administrative services related to the Funds.

The Balanced and TSBF Declaration of Trust contains provisions regarding the resignation and replacement of Caldwell subject to the approval the investors in the Funds.

The name and municipality of residence, position and office held with Caldwell and current principal occupation of each of the directors and executive officers of Caldwell are as follows:

<b>Name and Municipality of Residence</b>	<b>Position and Office Held with Caldwell</b>	<b>Current Principal Occupation</b>
Thomas S. Caldwell Toronto, Ontario	Chairman and Director	Chairman, Chief Executive Officer and Director of Caldwell Securities Ltd. and Caldwell Financial Ltd., Chairman and Director of Caldwell
Sally Haldenby-Haba Toronto, Ontario	Secretary and Chief Financial Officer	Vice President and Secretary of Caldwell Securities Ltd., Secretary of Caldwell Financial Ltd. and Secretary and Chief Financial Officer of Caldwell
Michael B.C. Gundy Toronto, Ontario	Director	President of Gundy Inc. Gundy Inc. is a business consulting firm
Brendan T.N. Caldwell Toronto, Ontario	Chief Executive Officer, President, Ultimate Designated Person and Director	Director of Caldwell Securities Ltd., Executive Vice President and Director of Caldwell Financial Ltd., Chief Executive Officer, President and Director of Caldwell
Jacqueline Sanz Toronto, Ontario	Chief Compliance Officer	Chartered Professional Accountant and Chief Compliance Officer of Caldwell
Paula Amy Hewitt Toronto, Ontario	Director	Director of Caldwell and Legal and Compliance Professional

Except for Jacqueline Sanz and Paula Amy Hewitt, each of the people listed above has held his or her current position and his or her principal occupation with Caldwell during the five years preceding the date hereof. Jacqueline Sanz has held her current position with Caldwell since February, 2019 and has been a Chartered Professional Accountant and Chief Compliance Officer of AGF Investments Inc. during the five years preceding the date hereof. Paula Amy Hewitt has held her current position with Caldwell since December, 2019 and has been registered in various capacities with Raymond James Ltd., Macquarie Capital Markets Canada and Dundee Securities Ltd. in the five years preceding the date hereof.

**(b) Portfolio Advisor**

Caldwell will manage the investment portfolios of the Funds in accordance with the stated investment objectives. Caldwell is responsible for providing investment analysis and recommendations and for making investment decisions and placing orders to purchase and sell securities for the Funds. Caldwell is qualified and approved by the regulatory authorities to handle managed accounts including the Funds. Caldwell manages investments for other clients which may invest in the same securities as the Funds. In placing orders to buy and sell securities, execution of those orders is either divided pro rata or effected alternatively on a basis that is judged to be equitable by Caldwell among all clients that are trading the securities. As of the date hereof, Caldwell employs Thomas S. Caldwell, Brendan T. N. Caldwell, William Chin, Jennifer Radman and Morgan Pampe as portfolio managers of Caldwell. Mr. T. Caldwell is also a Director and Chairman and Mr. B. Caldwell is also a Director, President, Chief Executive Officer and Ultimate Designated Person. The investment decisions made by Mr. T. Caldwell, Mr. B. Caldwell, Mr. Chin, Ms. Radman and Mr. Pampe in their capacity as portfolio managers, are not subject to formal ratification or approval of a committee of Caldwell.

The following individuals are principally responsible for the day-to-day management of a material portion of the portfolios of the Funds:

<b>Name</b>	<b>Title</b>	<b>Length of Service with Caldwell</b>	<b>Business Experience (past 5 years)</b>
Jennifer Radman	Portfolio Manager	16 Years	Portfolio Manager of the Caldwell Balanced Fund and other assets
William Chin	Portfolio Manager	5 Years	Portfolio Manager of the Caldwell Balanced Fund, TSBF and other assets

**(c) Brokerage Arrangements**

The purchase and sale of portfolio securities is arranged by Caldwell through registered securities dealers. Caldwell 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 elements that Caldwell considers in determining the most advantageous execution terms reasonably available under the circumstances and the weight given to each can vary depending on the circumstances, including the needs of the Funds, the particular security and the prevailing market conditions. These elements include but are not limited to, price, speed of execution, certainty of execution, overall cost of the transaction, the ability to preserve the confidentiality of Caldwell's trading strategy and the quality of any research services received. In assessing the overall cost of the transaction Caldwell includes, where appropriate, commission fees charged by a dealer, as well as all costs associated with accessing an order and/or executing a trade that are passed on to the Funds.

Under its broker selection and best execution policy, Caldwell undertakes a regular assessment to ensure that the approved dealers Caldwell uses are capable of delivering best execution on an overall basis over time. Caldwell maintains a list of approved dealers it uses, selected based on an assessment of capabilities, such as a dealer's level of trading expertise, ability to provide value-added information or research goods and services and an ability to accommodate special transaction and execution needs.

Subject to its best execution obligations, Caldwell allocates, on an aggregate basis and across all accounts it manages, brokerage to non-affiliated dealers of at least 25% of the trade value of orders over a calendar year. Caldwell may allocate brokerage of up to 75% of the trade value of orders over a calendar year to Caldwell Securities Ltd. ('CSL'), an affiliated entity. Caldwell applies its broker selection and best execution policy consistently, on a trade by trade basis, including when considering to direct brokerage to affiliate CSL. Caldwell periodically evaluates dealer performance based on the information generated by its trade evaluation process and reviews the approved broker list to ensure approved brokers continue to be able to provide services Caldwell requires and are capable in delivering best execution.

Caldwell may choose to execute any portion of the Funds' portfolio transactions with affiliate CSL, subject to Caldwell's broker selection and best execution policy and the annual target limit of 75% of the trade value of all order across all accounts managed by Caldwell. All trade allocations by Caldwell to affiliate CSL are subject to the same oversight, review and assessment, including an assessment of CSL's ability to deliver best execution. Because CSL is an affiliate of Caldwell and because of the interrelationship of their businesses and personnel, a conflict of interest exists. Such conflict of interest has the potential of influencing Caldwell's choice to direct portfolio transactions to CSL for execution. The conflict of interest is managed through the consistent application of oversight, governance and adherence with Caldwell's trading policies, including the broker selection and best execution policy, across all trading activity and all approved brokers.

Research and order execution goods and services received as a result of brokerage commissions generated by a Fund will benefit the Fund whose portfolio trading activities generated the brokerage commission and may also benefit other funds and clients to whom Caldwell provides advice. Such research goods and services may include advice relating to the value

of securities and the advisability of effecting transactions in securities and analyses and reports concerning securities, portfolio strategy, issuers, industries, or economic or political factors and trends. Caldwell ensures that the benefit derived by accounts which pay for such research goods and services derive commensurate benefit.

Since the date of the last annual information form, brokerage transactions of the Funds have been directed to affiliate CSL, as well as to unaffiliated dealers in return for the provision of advice relating to the value of securities and the advisability of effecting transactions in securities and research analyses and reports concerning securities, portfolio strategy, issuers, industries, or economic or political factors and trends. A list of such broker-dealers will be made available to unitholders on request, at no cost, by calling Caldwell toll-free at 1-800-256-2441 or by writing to [info@caldwellinvestment.com](mailto:info@caldwellinvestment.com).

**(d) Principal Distributor**

Caldwell Securities Ltd. is the principal distributor of the Funds. Its principal office is located at Suite 1710, P.O. Box 47, 150 King Street West, Toronto, Ontario, M5H 1J9. Caldwell Securities Ltd. has a dealer agreement with Caldwell which enables Caldwell Securities Ltd. to distribute units of the Funds to subscribers. This agreement is identical to that entered into between Caldwell and any unaffiliated broker dealers and entitles Caldwell Securities Ltd. to dealer compensation as disclosed in the simplified prospectus of the Funds. This agreement may be terminated at any time by Caldwell with written notice.

**(e) Trustee**

The Funds are governed in accordance with the provisions of the Balanced and TSBF Declaration of Trust. Caldwell was appointed as the trustee of the Caldwell Balanced Fund and TSBF on March 23, 2007. Caldwell holds the property of each Fund in trust for unitholders of the Fund. The names, municipalities of residence and principal occupations during the preceding five years of each of Caldwell's directors and officers are set out under the heading *Responsibility for Operations of the Funds – Manager*. Pursuant to the provisions of the Balanced and TSBF Declaration of Trust, Caldwell, in its capacity as trustee, is not entitled to any payments or reimbursements.

**(f) Custodian, Recordkeeper and Registrar**

The cash and securities of the Funds are held in Ontario by CIBC Mellon Trust Company (“**CIBC Mellon**”), as custodian, pursuant to an amended agreement dated as of September 12, 2018 (the “**Custodial Services Agreement**”). Either party may terminate this Custodial Services Agreement, with respect to any or all of the Funds, without penalty, by giving at least 90 days' written notice to the other party of such termination. The principal office of CIBC Mellon is located at 1 York Street, Toronto, Ontario, M5J 0B6. CIBC Mellon may appoint qualified sub-custodians to hold portfolio securities outside of Canada.

Caldwell has appointed SGGG Fund Services Inc. as the recordkeeper and registrar for the Funds pursuant to a securityholder services agreement dated as of April 1, 2017 (the “**SGGG Services Agreement**”). Pursuant to the SGGG Services Agreement, SGGG Fund Services Inc. also provides fund valuation services for the Funds. Either party may terminate this SGGG Services Agreement by giving at least three months' written notice to the other party of such termination. The principal office of SGGG Fund Services Inc. is at 300-121 King St West, Toronto, Ontario, M5H 3T9, where the register of securities of the Funds is kept.

**(g) Auditors**

The auditors of the Funds are Deloitte LLP, Chartered Professional Accountants, Bay Adelaide Centre, East Tower, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9.

**9. CONFLICTS OF INTEREST**

**(a) Principal holders of units**

**(i) Funds**

As at the date of this annual information form, the following individuals or entities own, to the knowledge of the relevant Fund or Caldwell, beneficially, directly or indirectly, more than 10% of the outstanding units of any Series of a Fund.

Holder of Securities	Series	Ownership	Percentage of Issued and Outstanding
<b>Caldwell Balanced Fund</b>			
Individual Investor A*	M	Beneficially and of Record	51%
Individual Investor B*	M	Beneficially and of Record	21%
Individual Investor C*	M	Beneficially and of Record	16%
<b>Caldwell Canadian Value Momentum Fund</b>			
Individual Investor D*	A	Beneficially and of Record	12%
Individual Investor E*	A	Beneficially and of Record	12%

*\*To protect individual privacy, Caldwell omitted the names of individual investors. This information is available upon request.*

**(ii) Manager**

As at the date of this annual information form, Caldwell Financial Ltd. owns 100% of the outstanding shares of Caldwell. Additionally, Caldwell Financial Ltd. owns 100% of the outstanding shares of Caldwell Securities Ltd., a company that provides services to Caldwell. The directors and officers of Caldwell, in aggregate, beneficially own or control, directly or indirectly, 91% of the voting shares of Caldwell Financial Ltd.

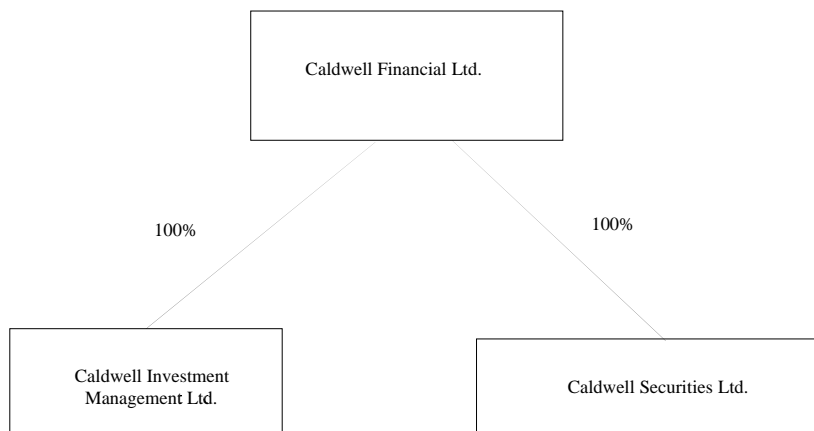
As at the date of this annual information form, the directors and senior officers of Caldwell do not own beneficially, directly or indirectly, more than 10% of the issued and outstanding units of any Series of a Fund.

**(iii) IRC**

As at the date of this annual information form, the members of the IRC do not own beneficially, directly or indirectly, in aggregate, any class of voting or equity securities of Caldwell; any class of voting securities of any person or company that provides services to the Funds or Caldwell; or more than 10% of the issued and outstanding units of any Series of a Fund.

**(b) Affiliated Entities**

Caldwell Securities Ltd. provides services to the Funds or Caldwell in relation to the Funds and is affiliated with Caldwell.



The fees received from the Funds by the companies listed above are contained in the audited financial statements of the Funds. Please refer to the preceding section entitled *Responsibility for Operations of the Funds* for information on directors and officers of the Funds, Caldwell and the above-noted affiliated entity.

## **10. FUND GOVERNANCE**

The Funds are governed in accordance with the provisions of the Balanced and TSBF Declaration of Trust. Caldwell is responsible for fund governance and for the day-to-day administration of the Funds. Caldwell has developed policies and guidelines to manage the principal risks of the Funds and ensures that these are communicated to the persons responsible for these matters and monitors their effectiveness.

### **(a) The Independent Review Committee**

In accordance with NI 81-107, the Manager has established an independent review committee (“**IRC**”) to review all conflicts of interest matters identified and referred to the IRC by the Manager relating to the Funds. In accordance with NI 81-107, the mandate of the IRC is to review and make recommendations with respect to, or in certain circumstances, approve, conflicts of interest matters but only if such matters are brought to it by Caldwell.

The IRC prepares a report to the unitholders of the Funds annually, a copy of which is available on Caldwell’s website ([www.caldwellinvestment.com](http://www.caldwellinvestment.com)). Additionally, a unitholder may request a copy be provided (at no cost) by contacting the applicable Fund at 150 King Street West, Suite 1702, P.O. Box 47, Toronto, Ontario, M5H 1J9; telephone 416-593-1798; toll free 1-800-256-2441 or via the website contact us section at [www.caldwellinvestment.com](http://www.caldwellinvestment.com).

The members of the IRC are Ms. Supriya Kapoor, Mr. Jerry Beniuk and Ms. Ann Harris, all having been appointed on December 1, 2019. Ms. Kapoor is the chairperson of the IRC. Each member of the IRC receives a total fee of \$11,000, plus applicable taxes, in respect of all of the investment funds under the scope of the IRC.

As of December 31, 2019, Caldwell offered the Funds and two (2) other publicly available mutual funds (the Caldwell Canadian Value Momentum Fund and the Caldwell US Dividend Advantage Fund) for which the IRC reviewed conflict of interest matters.

The combined total fees paid for the year ended December 31, 2019 to the then members of the IRC (being Sharon Kent, Trent Morris and F. Michael Walsh) in relation to the Funds, Caldwell Canadian Value Momentum Fund and Caldwell US Dividend Advantage Fund was \$25,000, each member having received \$8,333.33. These fees and expenses, plus associated legal and insurance costs, were allocated among all of the Caldwell Mutual Funds in a manner that is considered by Caldwell to be fair and reasonable. There were no reimbursement payments to any members in 2019.

### **(b) Codes of Conduct**

Caldwell maintains a Code of Business Conduct and Ethics which sets out general good business practices as well as certain specific requirements in dealing with conflicts of interest, confidentiality and fair dealing. Additionally, Caldwell maintains a Personal Trading Policy, applicable to those individuals with, or the ability to obtain, access to information in connection with the making of investment decisions for the Funds. A breach of any of the provisions of either policy is grounds for disciplinary action commensurate with the offense.

### **(c) Independent Valuation Committee**

Caldwell has formed a Valuation Committee (the “**Committee**”) to promote objectivity, fairness and reasonable accuracy of the valuation of portfolio securities for which there is no independent market quote readily available (“manually priced securities”). The Committee oversees the valuation of manually priced securities for the Funds. The Committee is comprised of a group of individuals who are independent of the portfolio management activities of the Funds, and include Caldwell’s Chief Compliance Officer and Ultimate Designated Person. Portfolio managers may be included, from time to time, to participate in Committee activities in order to provide valuable feedback regarding the valuation inputs and assumptions however, none are able to cast a vote as to the establishment of a value for manually priced securities. The Committee meets at least quarterly and each time new information relevant to the valuation of manually priced securities becomes available.

### **(d) Short-term Trading**

The Funds are intended to be long-term investment vehicles and are not designed to provide investors with a means of speculating on short-term market movements or fluctuations. Investors who engage in excessive transfer or redemption activity in and out of the Funds (commonly referred to as market timing) generate additional costs which are borne by all

of the Funds' unitholders. As well, such activities can interfere with the Funds' orderly investment management as the Funds may be required to sell portfolio assets to fund redemptions arising from market timing. Such sales may be at unfavourable times and/or impede the use of long-term investment strategies which, in turn, may harm investment performance. In order to address these concerns, Caldwell reserves the right to reject any switch or purchase request that is reasonably determined to be disruptive to efficient portfolio management, either because of market timing or previous excessive trading by the unitholder.

**(e) Management Fee Distributions**

Caldwell may, in its sole discretion, waive or reduce the management fee in respect of institutional and individual investors who invest large amounts in a Fund. These reductions are negotiable by the investor or the broker or dealer and Caldwell.

In such instances, Caldwell charges a reduced fee to the Fund and the Fund makes a special distribution to the unitholder equal to the amount of the reduction (adjusted, if appropriate, for any reduction in HST/GST thereon), and certain associated cost savings within the Fund (a "**Management Fee Distribution**").

Caldwell's decision to reduce the typical fees may depend on a number of factors, including the size of the investment, the expected level of account activity and the investor's total investments with us. Caldwell also reserves the right to make Management Fee Distributions in other cases, at its discretion, where it would be fair and equitable to do so.

Management Fee Distributions are calculated and credited on each business day and distributed at least quarterly. The tax consequences of Management Fee Distributions made by a Fund will generally be borne by the qualifying investors receiving those distributions. Management Fee Distributions are paid first out of net income and net realized capital gains of the Fund, and thereafter, out of capital. Management Fee Distributions payable to a unitholder are reinvested in units of the Fund, unless the unitholder specifies in advance, in writing, that they would prefer to receive cash.

The waiver or reduction of management fees may be terminated at any time by Caldwell, at its discretion, or may be continued indefinitely by Caldwell, at its discretion.

**11. INCOME TAX CONSIDERATIONS**

This section describes the principal Canadian federal income tax considerations generally applicable to the Funds and to individual unitholders (other than trusts) who, for the purposes of the Tax Act, are residents of Canada, deal at arm's length and are not affiliated with the Funds and who hold units of the Funds directly as capital property or in a registered plan.

The summary is based upon the current provisions of the Tax Act, the regulations made under the Tax Act (the "**Regulations**"), proposals to amend the Tax Act and the Regulations publicly announced by, or on behalf of, the Minister of Finance prior to the date hereof and the administrative practices and policies of the Canada Revenue Agency ("**CRA**") published by it in writing. This summary does not otherwise take into account or anticipate any change in law or administrative practice, whether by legislative, regulatory, administrative or judicial action.

The summary is not intended to be exhaustive of all possible income tax considerations. It does not address provincial or foreign tax considerations. Unitholders should consult their own tax advisers for advice with respect to the tax consequences of an investment in the Funds in their particular circumstances.

**(a) Tax status of the Funds**

Each of Caldwell Balanced Fund and TSBF qualifies, and is expected to continue to qualify, as a "mutual fund trust" as defined in the Tax Act and this summary assumes that each such Fund qualifies as a mutual fund trust under the Tax Act at all times.

**(b) Taxation of the Funds**

In each taxation year of a Fund, the net income and net realized capital gains, if any, of the Fund, as would otherwise be taxable in the Fund, will generally be distributed to unitholders. Distributions will be paid in cash or by reinvestment in additional units. Consequently, the Funds will not be liable for income tax under Part I of the Tax Act. Losses incurred by a Fund cannot be allocated to unitholders but may, subject to certain limitations and to the extent not utilized in the year



incurred, be deducted by the Fund in subsequent years. Generally, gains and losses from derivative transactions will, for tax purposes, be reported on income account rather than capital account. However, where [currency] hedging transactions are sufficiently linked to securities owned by a Fund, gains and losses on such transactions will be treated as capital gains and capital losses. Each Fund reports the returns earned from writing and holding options relating to capital property on capital account in accordance with CRA's administrative position.

Each Fund is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. Consequently, a Fund may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar.

The "suspended loss" rules in the Tax Act may prevent a Fund from recognizing capital losses on the disposition of securities in certain circumstances, which may increase the amount of net realized gains of the Funds to be paid to investors.

**(c) Taxation of taxable unitholders**

Unitholders who are not exempt from income tax must include in their income all net income and the net taxable capital gains, if any, payable to them by a Fund in a year, whether paid in cash or by reinvestment in additional units. If a unitholder's share of distributions from a Fund in a year exceeds the unitholder's share of the Fund's net income and net realized capital gains for the year, the excess will be a return of capital and will not be taxable, but will reduce the adjusted cost base of the unitholder's units in the Fund. The Funds intend to make all permissible designations to ensure that dividends from taxable Canadian corporations, foreign income, foreign tax credits and net realized capital gains will, to the extent of amounts distributed, be considered to have been received as such by unitholders, or paid by unitholders in the case of foreign creditable tax. To the extent that amounts distributed to a unitholder are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply including the enhanced dividend tax credit applicable to "eligible dividends". Where foreign income has been so designated, the unitholder will be treated as having paid the unitholder's proportionate share of foreign tax paid, or deemed to be paid, by the Fund on that income and may be entitled to claim a foreign tax credit.

Upon a disposition of a unit, including a redemption to effect a transfer to another Caldwell Mutual Fund (a switch of units), a unitholder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the unit at such time plus reasonable disposition costs including any deferred sales charge. Generally, one-half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses. An allowable capital loss must be deducted against taxable capital gains in the year of disposition and, subject to certain limitations imposed under the Tax Act, any excess may be carried back three years or forward indefinitely for deduction against taxable capital gains realized in those years.

The adjusted cost base of units of a Fund to a unitholder is, generally, the amount paid for the units, plus the amount of reinvested distributions on the units, minus the adjusted cost base of units redeemed and any capital returned in distributions. Unitholders should keep detailed records of the purchase costs, sales charges and distributions related to their units.

A redesignation of units of a Series of a Fund to units of another Series of the same Fund does not result in a disposition of the units for tax purposes.

In certain situations, where a unitholder disposes of units of a Fund and would otherwise realize a capital loss, the loss will be denied. This may occur if a unitholder or a person affiliated with a unitholder (including the unitholder's spouse or common-law partner or a corporation controlled by the unitholder) has acquired units of the same Fund within 30 days before or after the original unitholder disposed of the units, which are considered to be "substituted property". In these circumstances, the capital loss may be deemed to be a "superficial loss" and denied. The amount of the denied capital loss will be added to the adjusted cost base to the owner of the units which are substituted property.

Dividends from taxable Canadian corporations and capital gains distributed to or realized by an individual may give rise to an alternative minimum tax.

**(d) Registered plans and eligibility for investment**

Units of each of the Funds are, and are expected to continue to be, qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans ("**Registered Plans**").

Annuitants of registered retirement savings plans and registered retirement income funds, holders of tax-free savings accounts and registered disability savings plans, and subscribers of registered education savings plans should consult their own advisers as to whether units would be a “prohibited investment” for their registered retirement savings plan, registered retirement income fund, tax-free savings account, registered disability savings plan or registered education savings plan having regard to their circumstances.

No tax under the Tax Act will be payable on net income and net realized capital gains distributed by a Fund on units held by a Registered Plan that are a qualified investment and not a prohibited investment, or on any capital gains from selling or switching units, as long as the proceeds remain in the plan. Amounts withdrawn from a Registered Plan (other than from a tax-free savings account, contributions withdrawn from a registered education savings plan and certain withdrawals from a registered disability savings plan) will generally be subject to tax. Investors who choose to purchase units of a Fund through a Registered Plan should consult their own professional advisers regarding the tax treatment of contributions to, and acquisitions of property by, such Registered Plan.

## **12. REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE**

No remuneration, fees or reimbursement of expenses are paid by the Funds to the directors or officers of Caldwell.

Please see *Fund Governance – The Independent Review Committee* for compensation paid to members of the IRC for the year ended December 31, 2019.

## **13. MATERIAL CONTRACTS**

The material agreements of each Fund are listed below:

- (a) Amended and Restated Declaration of Trust of the Caldwell Balanced Fund and Tactical Sovereign Bond Fund made by Caldwell dated July 19, 2019. Please refer to *Name, Formation and History of the Funds* and *Trustee* for details concerning this agreement.
- (b) Custodial Services Agreement between Caldwell and CIBC Mellon Global Securities Services Company (and certain of its affiliates) dated as of June 28, 2017. Please refer to *Custodian, Recordkeeper and Registrar* for details concerning this agreement.
- (c) Dealer Agreement between Caldwell and Caldwell Securities Ltd. dated July 28, 1997. Please refer to *Principal Distributor* for details concerning this agreement.

Copies of the material contracts listed above may be examined by prospective or existing unitholders at the principal office of the Fund during ordinary business hours.

## **14. LEGAL PROCEEDINGS**

On July 19, 2019, the Ontario Securities Commission (the “OSC”) approved a settlement between the Staff of the OSC and the Manager to resolve an enforcement proceeding based on allegations the Manager failed to meet its best execution obligations from 2013 to 2016.

In the settlement, the Manager agreed that it had inadequate policies and procedures relating to its best execution obligation and breached that obligation. The Manager acknowledged the inaccuracy and insufficiency of some information given to its IRC and that the foregoing conduct was contrary to the public interest during the period covered by the settlement. The Manager upgraded its best execution policies and has agreed to testing and validation of its procedures by an outside consultant. The Manager agreed to a monetary payment of \$1,800,000 and to pay the OSC’s costs in the amount of \$250,000. The settlement agreement is available on the OSC website: [www.osc.gov.on.ca](http://www.osc.gov.on.ca).

In a settlement agreement with the OSC in May, 2011, the Manager agreed that it had acted contrary to the public interest by failing to keep records and monitor portfolio management accounts for two public investment funds promoted by the *FrontierAlt* financial organization. The Manager provided portfolio management advice to the investment funds.

During the Manager’s engagement, FrontierAlt entities controlled and managed the business and assets of the funds and retained control over the portfolio assets of the funds. The Manager primarily received information about the portfolio assets of the investment funds from a FrontierAlt entity. The Manager agreed to make a voluntary payment of \$75,000, a payment of \$25,000 in respect of the costs of the OSC and to submit to a review by an independent party of its compliance practices and procedures for engagements where it does not have direct control of assets.

**Certificate of the Funds and the Manager of the Funds**

**Caldwell Balanced Fund  
Tactical Sovereign Bond Fund  
(the “Funds”)**

Dated: July 7, 2020.

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada (except the province of Québec) and do not contain any misrepresentations.

**Caldwell Investment Management Ltd. as trustee and manager of the Funds:**

*“Brendan T.N. Caldwell”*

\_\_\_\_\_  
Brendan T. N. Caldwell  
President and Chief Executive Officer

*“Sally Haldenby-Haba”*

\_\_\_\_\_  
Sally Haldenby-Haba  
Secretary, Chief Financial Officer

**On behalf of the Board of Directors of Caldwell Investment Management Ltd. as trustee and manager of the Funds:**

*“Thomas S. Caldwell”*

\_\_\_\_\_  
Thomas S. Caldwell  
Director

*“Michael B.C. Gundy”*

\_\_\_\_\_  
Michael B.C. Gundy  
Director

**Certificate of the Principal Distributor of the Funds**

**Caldwell Balanced Fund  
Tactical Sovereign Bond Fund  
(the “Funds”)**

Dated: July 7, 2020.

To the best of our knowledge, information and belief, this annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada (except the province of Québec) and do not contain any misrepresentations.

**Caldwell Securities Ltd. as principal distributor of the Funds:**

*“Angela T. Stirpe”*

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Angela T. Stirpe  
Vice President and Chief Financial Officer

*CALDWELL BALANCED FUND*  
*TACTICAL SOVEREIGN BOND FUND*

**[BACK COVER]**

- ADDITIONAL INFORMATION ABOUT THE FUNDS IS AVAILABLE IN THE FUNDS' SIMPLIFIED PROSPECTUS, FUND FACTS, MANAGEMENT REPORTS OF FUND PERFORMANCE AND FINANCIAL STATEMENTS.
- YOU CAN GET A COPY OF THESE DOCUMENTS AT NO COST, BY CALLING TOLL FREE 1-800-256-2441 OR FROM YOUR DEALER OR BY E-MAIL AT [INFO@CALDWELLINVESTMENT.COM](mailto:INFO@CALDWELLINVESTMENT.COM).
- THESE DOCUMENTS AND OTHER INFORMATION ABOUT THE FUNDS, SUCH AS INFORMATION CIRCULARS AND MATERIAL CONTRACTS, ARE ALSO AVAILABLE ON CALDWELL MUTUAL FUNDS' INTERNET SITE AT [WWW.CALDWELLINVESTMENT.COM](http://WWW.CALDWELLINVESTMENT.COM) OR AT [WWW.SEDAR.COM](http://WWW.SEDAR.COM).

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