

Financial Statements of

CALDWELL CANADIAN VALUE MOMENTUM FUND

December 31, 2020 and 2019

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.



On behalf of the Trustee

Date: March 23, 2021

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, 2020 and 2019, 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, 2020 and 2019, 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 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 23, 2021

CALDWELL CANADIAN VALUE MOMENTUM FUND

December 31, 2020 and 2019

Table of contents

Statements of Financial Position	1
Statements of Comprehensive Income	2
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	3
Statements of Cash Flows	4
Schedule of Investment Portfolio	5
Notes to the Financial Statements	6-13

CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Financial Position As at December 31, 2020 and 2019

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 9,761,756	\$ 5,182,128
Financial assets at fair value through profit or loss (Note 4)	92,604,057	48,535,786
Dividend receivable	126,753	62,088
Prepaid expense	17,452	55,310
Due from Manager	14,272	35,488
Subscription receivable	255,588	39,504
	<u>102,779,878</u>	<u>53,910,304</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	123,314	104,996
Management fee payable (Note 6)	53,762	35,330
Performance fee payable (Note 6)	528,055	2,641
Redemption payable	117,998	166,710
	<u>823,129</u>	<u>309,677</u>
Net Assets Attributable to Holders of Redeemable Units	\$ 101,956,749	\$ 53,600,627
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A*	\$ 30,699,876	\$ 19,630,404
Series D	373,341	139,666
Series F	54,791,195	33,830,557
Series I	16,092,337	-
	<u>\$ 101,956,749</u>	<u>\$ 53,600,627</u>
Number of Units Outstanding (Note 8)		
Series A*	1,773,615	1,256,679
Series D	21,668	8,952
Series F	2,712,628	1,857,538
Series I	796,939	-
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A*	\$ 17.31	\$ 15.62
Series D	17.23	15.60
Series F	20.20	18.21
Series I	20.19	-

*Formerly Series O Units

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


Brendan T.N. Caldwell, President

See Accompanying Notes

CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Comprehensive Income For the years ended December 31, 2020 and 2019

	2020	2019
Income		
Dividends	\$ 684,077	\$ 441,297
Interest income for distribution purposes	8,399	19,648
Exchange loss on foreign currencies and other net assets	(31)	-
Realized gain on sale of investments and forward contracts	3,681,698	1,276,012
Change in unrealized appreciation on investments and foreign currency	5,261,116	6,156,833
	<u>9,635,259</u>	<u>7,893,790</u>
Expenses		
Performance fee (Note 6)	528,055	2,641
Transaction costs (Note 6)	464,167	273,957
Management fee (Note 6)	454,788	381,243
Administrative fees	165,027	149,401
Legal fee	82,251	44,875
Audit fee	52,001	60,341
Custodial fee	23,122	15,193
Filing fee	21,536	8,202
Independent review committee fee	5,141	5,601
Withholding taxes	312	-
	<u>1,796,400</u>	<u>941,454</u>
Deduct: Expense reimbursement (Note 6)	<u>(42,853)</u>	<u>(47,193)</u>
	<u>1,753,547</u>	<u>894,261</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 7,881,712</u>	<u>\$ 6,999,529</u>
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A*	\$ 2,535,343	\$ 2,605,601
Series D	28,436	(1,737)
Series F	4,225,596	4,395,665
Series I	1,092,337	-
	<u>\$ 7,881,712</u>	<u>\$ 6,999,529</u>
Weighted Average of Redeemable Units Outstanding During the Year		
Series A*	1,401,691	1,274,225
Series D	15,391	8,952
Series F	2,059,873	1,732,928
Series I	691,472	-
Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A*	\$ 1.81	\$ 2.04
Series D	1.85	(0.19)
Series F	2.05	2.54
Series I	1.58	-

*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, 2020 and 2019

	Net assets attributable to holders of redeemable units, beginning of year	Proceeds from redeemable units issued	Redemption of redeemable units	Increase in net assets attributable to holders of redeemable units	Net assets attributable to holders of redeemable units, end of year
December 31, 2020					
Series A	\$ 19,630,404	\$ 10,936,893	\$ (2,402,764)	\$ 2,535,343	\$ 30,699,876
Series D	139,666	216,570	(11,331)	28,436	373,341
Series F	33,830,557	28,120,084	(11,385,042)	4,225,596	54,791,195
Series I	—	15,000,000	—	1,092,337	16,092,337
	<u>\$ 53,600,627</u>	<u>\$ 54,273,547</u>	<u>\$ (13,799,137)</u>	<u>\$ 7,881,712</u>	<u>\$ 101,956,749</u>

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

*Formerly Series O Units

CALDWELL CANADIAN VALUE MOMENTUM FUND

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 7,881,712	\$ 6,999,529
Adjustments for non-cash items		
Transaction costs	101,183	-
Exchange loss on foreign currencies and other net assets	31	-
Realized gain on sale of investments	(3,681,698)	(1,276,012)
Change in unrealized appreciation on investments and foreign currency	(5,261,116)	(6,156,833)
Change in non-cash balances		
(Increase) in dividend receivable	(64,665)	(8,016)
Decrease in receivable for investments sold	-	417,542
Decrease (increase) in prepaid expense	37,858	(40,197)
Decrease in expense reimbursement receivable	21,216	1,060
(Increase) in subscription receivable	(216,084)	(39,398)
Increase in accrued liabilities	18,318	33,892
Increase in management fee payable	18,432	5,677
Increase (decrease) in performance fee payable	525,414	(22,480)
(Decrease) increase in redemption payable	(48,712)	166,710
Proceeds from sale of investments	120,946,701	27,454,326
Purchase of investments	(156,173,341)	(46,374,584)
Cash used in operating activities	<u>(35,894,751)</u>	<u>(18,838,784)</u>
Financing Activities		
Proceeds from redeemable units issued	53,848,344	16,019,845
Amount paid on redemption of redeemable units	(13,373,934)	(18,281,630)
Cash provided by (used in) financing activities	<u>40,474,410</u>	<u>(2,261,785)</u>
Increase (decrease) in cash and cash equivalents during the year	4,579,659	(21,100,569)
Foreign exchange loss on cash	(31)	-
Cash and cash equivalents, beginning of year	5,182,128	26,282,697
Cash and cash equivalents, end of year	<u>\$ 9,761,756</u>	<u>\$ 5,182,128</u>
Supplemental information*		
Interest paid	\$ 93	\$ 10
Interest received	8,399	17,138
Dividends received, net of withholding taxes	633,148	418,875

*Included as a part of cash flows from operating activities

CALDWELL CANADIAN VALUE MOMENTUM FUND

Schedule of Investment Portfolio As at December 31, 2020

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
Canadian equities				
158,600	AirBoss of America Corp.	\$ 3,230,473	\$ 2,499,536	2.45
79,900	Altus Group Ltd.	4,326,911	3,926,286	3.85
493,400	B2Gold Corp.	3,601,313	3,517,942	3.45
72,800	BRP Inc.	4,690,197	6,121,752	6.00
125,800	Canfor Corp.	2,529,796	2,890,884	2.84
23,900	Cargojet Inc.	3,522,192	5,134,437	5.04
600,200	Champion Iron Ltd.	1,630,548	2,766,922	2.71
66,600	Dye & Durham Ltd.	3,399,949	3,364,632	3.30
15,000	FirstService Corp.	2,658,168	2,613,300	2.56
60,000	iA Financial Corp Inc.	3,572,141	3,310,800	3.25
200,000	Interfor Corp.	3,540,481	4,754,000	4.66
1,120,000	Karora Resources Inc.	4,035,322	4,222,400	4.14
13,000	Kinaxis Inc.	1,771,618	2,344,420	2.30
65,800	Linamar Corp.	2,614,502	4,436,236	4.35
360,000	Major Drilling Group International Inc.	2,904,858	2,768,400	2.72
33,000	Maxar Technologies Inc.	1,073,788	1,623,930	1.59
470,000	Mullen Group Ltd.	4,655,906	5,123,000	5.02
61,000	Nutrien Ltd.	3,587,624	3,735,640	3.66
78,400	Real Matters Inc.	1,270,217	1,506,064	1.48
580,000	Seven Generations Energy Ltd.	3,662,545	3,833,800	3.76
125,200	Stelco Holdings Inc.	1,791,112	2,845,796	2.79
43,000	Stella-Jones Inc.	2,006,720	1,990,040	1.95
80,000	TFI International Inc.	5,414,226	5,242,400	5.14
73,000	West Fraser Timber Co., Ltd.	5,408,267	5,969,940	5.86
673,500	Xebec Adsorption Inc.	2,878,103	6,061,500	5.95
		<u>79,776,977</u>	<u>92,604,057</u>	<u>90.82</u>
	Total investments owned	79,776,977	92,604,057	90.82
	Commissions and other portfolio transaction costs	<u>(30,352)</u>	<u>—</u>	<u>—</u>
	Net investments owned	<u>\$ 79,746,625</u>	92,604,057	90.82
	Other assets, net		<u>9,352,692</u>	<u>9.18</u>
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 101,956,749</u>	<u>100.00</u>

Notes to Financial Statements

December 31, 2020 and 2019

Investment Objective

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.

1. FORMATION OF FUND

The Canadian Value Momentum Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario and first active as a private investment fund August 8, 2011. The Fund became a publicly offered mutual fund, first offering its securities pursuant to a Simplified Prospectus dated July 20, 2017. The Fund is governed by an Amended and Restated Declaration of Trust dated June 5, 2020, as amended from time to time. Caldwell Investment Management Ltd. is the Manager and the Trustee and is a wholly-owned subsidiary of Caldwell Financial Ltd.

The Fund is 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 address of the Fund's registered office is 150 King Street West, Suite 1702, P.O. Box 47, Toronto, ON M5H 1J9.

The financial statements were approved by the Manager and Trustee and authorized for issue on March 23, 2021 and are comprised of the Statements of Financial Position as at December 31, 2020 and 2019 and Schedule of Investment Portfolio as at December 31, 2020 and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash flows for the years ended December 31, 2020 and 2019.

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.

2. SUMMARY OF ACCOUNTING POLICIES

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, 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summarized the significant policies of the Fund:

Financial Instruments

Financial instruments include financial assets and liabilities, such as investments, derivatives, cash and cash equivalents and other receivables and payables. The Fund classifies and measures financial instruments in accordance with IFRS 9, *Financial Instruments*, ("IFRS 9"). Upon initial recognition, financial instruments are classified as fair value through profit or loss ("FVTPL"). All financial assets and liabilities are recognized in the Statements of Financial Position when the fund becomes a party to the contractual requirements of the instrument and are derecognized when the right to receive cash flows from the instrument has expired or the fund has transferred substantially all the risks and rewards of ownership. Investment purchase and sale transactions are recorded as of the trade date.

Financial assets and financial liabilities are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income.

The fair value of investments and derivatives are measured using accounting policies substantially similar to those used in the measurement of the Fund's net asset value ("NAV") for the processing of unitholder transactions in accordance with National Instrument 81-106 *Investment Funds Continuous Disclosure*. The NAV of a particular series is calculated based on that series' proportionate share of the assets and liabilities of the fund common to all series less the liabilities of the fund attributable only to that series. As of December 31, 2020 and 2019, there were no differences between the Fund's NAV per unit and net assets attributable to holders of redeemable units per unit.

Valuation of Investments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is determined as follows:

Notes to Financial Statements

December 31, 2020 and 2019

- (a) Investments traded in an active market, through recognized organized exchanges and over-the-counter markets, are valued based on quoted market prices at the close of trading on the reporting date. 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.
- (b) Investments that are not traded in an active market are valued using valuation techniques. The Fund uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date and include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, option pricing models and other techniques commonly used by market participants and which make the maximum use of observable inputs.
- (c) Options are valued at the closing price of the principal exchange or over-the-counter market on which the contract is traded.
- (d) Foreign exchange contracts are valued based on the difference between the contractual forward rates and the mid forward rates for currency held (long or short) at the measurement date.

Cash and cash equivalents

Cash and cash equivalents, which include deposits with financial institutions with an original maturity date of 90 days or less as of the date of purchase, are reported at fair value which closely approximates their amortized cost as a result of their being highly liquid and having short terms to maturity. Where in net bank overdraft positions, cash and cash equivalents are presented as current liabilities in the Statements of Financial Position.

Portfolio transaction costs and commissions

Commissions and other portfolio transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, and includes fees, and commissions paid to brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer duties and taxes. These costs are included in the Statements of Comprehensive Income as an expense.

Cost of investments

The amount paid for each security, determined on an average cost basis excluding commissions and other portfolio transaction costs, represents the cost of investments, where applicable.

Investment transactions and income

Investment transactions are accounted for on the trade date. Realized gains and losses on the sale of investments and unrealized appreciation and depreciation of investments are calculated on an average cost basis and are reported in the Statements of Comprehensive Income. Average cost does not include the amortization of premiums or discounts on debt instruments with the exception of zero coupon bonds.

Interest income for distribution purposes shown in the Statements of Comprehensive Income represents coupon interest on debt instruments accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of debt instruments except for zero coupon bonds which are amortized on a straight line basis and included in the Statements of Comprehensive Income. Interest receivable is shown in the Statements of Financial Position based on the debt instruments' stated rates of interest. Interest income is accrued daily.

Dividend income and distributions from investments, including exchange traded funds ("ETFs"), are recognized on the ex-dividend date.

Foreign exchange forward contracts and currency translation

The Fund may enter into foreign exchange forward contracts for economic hedging purpose or to establish exposure to a particular currency. Unrealized gains and losses on foreign exchange forward contracts are included in "Change in unrealized appreciation on investments and foreign currency" in the Statements of Comprehensive Income. Upon closing a contract, the gain or loss is included in "Realized gain on sale of investments and forward contracts". Outstanding settlement amounts on the close out of foreign exchange forward contracts are included in "Forward contracts" as a current asset or current liability in the Statements of Financial Position.

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 Statements of Financial Position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The fund may enter into various agreements that do not meet the criteria for offsetting in the Statements of Financial Position, but still allow for the amounts to be offset in certain circumstances, such as contract termination.

Notes to Financial Statements

December 31, 2020 and 2019

Impairment of financial assets

The Fund assesses, at each reporting date, whether there exists objective evidence that a financial asset at amortized cost is impaired. To the extent such evidence exists, an impairment loss is recognized as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the loss amount decreases and the event giving rise to the decrease can objectively be related to an event occurring after the impairment was recognized.

Valuation of Fund's redeemable units

The Fund's outstanding redeemable units are entitled to a distribution of any net income and net realized capital gains at least annually in addition to the ongoing redemption feature. In accordance with the requirements of IAS 32, *Financial Instruments: Presentation*, the Fund's outstanding redeemable units are classified as financial liabilities and measured at redemption amounts. The Fund's redeemable units are issued and redeemed at NAV per unit as determined on the Valuation Date (a day on which the Toronto Stock Exchange is open for business) less any applicable redemption fee.

Allocation of income and expenses

Expenses directly attributable to a Series are charged directly to that Series. Income, realized and unrealized gains and losses from investment transactions and other expenses are allocated proportionately to each Series based on the relative NAV of each Series.

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

Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit is based on the increase (decrease) in net assets attributable to holders of redeemable units from operations (excluding management fee distributions) divided by the weighted average number of units outstanding during the years ended December 31, 2020 and 2019.

Income taxes

The Fund qualifies as a mutual fund trust for income tax purposes and annually distributes all of its 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in applying accounting policies that may affect the reported amounts of assets, liabilities, income and expenses as at and during the year. Actual results could differ from those estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Since the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic on March 11, 2020, governments around the world enacted emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown.

The duration and ongoing impact of the pandemic on businesses and markets is unknown at the reporting date and therefore it is not possible to reliably estimate the impact on the financial results and position of the Fund in future periods.

Fair value measurement of securities not quoted in an active market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques which may use reputable pricing sources or indicative prices from market makers and other such sources. Such pricing sources are indicative and not executable or binding. As the Manager must use judgment in making such estimates, the fair values may differ from the values that would have been used had an active market existed.

Classification of financial instruments

In classifying financial instruments held by the Fund, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business models, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate classification of the Fund's financial instruments.

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.

Notes to Financial Statements

December 31, 2020 and 2019

4. FINANCIAL INSTRUMENTS

Fair Value Measurement

The fair value hierarchy framework provides information to financial statements users about the relative observability of inputs to fair value measurements. The hierarchy has the following levels:

- 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).

The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following table illustrates the classifications of the Fund's financial instruments within the fair value hierarchy as at December 31, 2020 and 2019.

	Financial Assets at fair value as at December 31, 2020			
	Level 1	Level 2	Level 3	Total
Caldwell Canadian Value Momentum Fund				
Equities	92,604,057	–	–	92,604,057
	92,604,057	–	–	92,604,057

	Financial Assets at fair value as at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Caldwell Canadian Value Momentum Fund				
Equities	48,535,786	–	–	48,535,786
	48,535,786	–	–	48,535,786

There were no transfers between levels during the years ended December 31, 2020 and 2019.

5. MANAGEMENT OF FINANCIAL INSTRUMENT RISKS

In the normal course of business, each fund may be exposed to a variety of financial 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.

The Manager has practices in place to monitor returns based on the risk profile of the Fund as well as monitoring ongoing compliance with investment restrictions to ensure each fund is being managed in accordance with their stated investment objectives, strategies and applicable securities regulation.

The following is a summary of the main risks:

Notes to Financial Statements

December 31, 2020 and 2019

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, asset type, industry sector, or counterparty exposure.

The following table classifies the Fund's investments by economic sector concentrations as a percent of net assets as at December 31, 2020 and 2019.

	December 31, 2020		December 31, 2019	
	Percent of	Fair	Percent of	Fair
	net assets	value	net assets	value
	%	CAD\$	%	CAD\$
Materials	37.2%	37,961,500	7.6%	4,073,544
Industrials	22.7%	23,185,267	23.6%	12,632,148
Consumer Discretionary	10.4%	10,557,988	5.3%	2,818,816
Real Estate	7.9%	8,045,650	0.0%	–
Information Technology	5.6%	5,709,052	6.6%	3,564,376
Energy	3.8%	3,833,800	12.3%	6,581,338
Financials	3.2%	3,310,800	18.5%	9,907,688
Consumer Staples	0.0%	–	16.7%	8,957,876
Total equities	90.8%	92,604,057	90.6%	48,535,786
Other assets less liabilities	9.2%	9,352,692	9.4%	5,064,841
Total net asset value	100.0%	101,956,749	100.0%	53,600,627

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 a fund. Where a 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 creditworthiness of the issuer and/or the counterparty. Should the Fund invest in ETFs, it may be exposed to indirect credit risk in the event that the ETFs invest in debt instruments and derivatives. The Fund is also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivable balances. 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 occurs only once the broker has received payment and 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.

References made to credit rating are obtained from Standard & Poor's ("S&P Global") and/or DBRS Morningstar ("DBRS"). The Fund may invest in financial assets that are private placements and as such, are not rated by DBRS and/or S&P Global.

As at December 31, 2020 and 2019, the Fund had no significant investments in debt instruments and/or derivatives.

Currency risk

The Fund may invest in securities denominated in currencies other than its reporting currency. Consequently, the Fund may be 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. As such, the Fund did not have significant exposure to currency risk as at December 31, 2020 and 2019.

Interest rate risk

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

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, 2020 and 2019.

Notes to Financial Statements

December 31, 2020 and 2019

Liquidity risk

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

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 within three months.

Other price risk

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

As at December 31, 2020, 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 \$9,260,406 (December 31, 2019: \$4,853,579). Actual results may be materially different from this analysis.

6. RELATED PARTY TRANSACTIONS AND OPERATING EXPENSES

Management fees

The Manager is entitled to receive an annual management fee equal to 1.50%, 1.25%, 1.00% and up to 0.50% for Series A, Series D, Series F and Series I units, respectively. The Series I management fee is negotiated and paid directly by each investor to the Manager, and will not exceed 0.50%. Such fees are calculated daily and paid monthly. Since inception of the Fund, the Manager has waived a portion of the fee of each Series, but may cease this practice at any time in its discretion.

For the year ended December 31, 2020, Fund incurred a management fee of \$454,788 (December 31, 2019: \$381,243) and the Fund accrued management fees payable of \$53,762 (December 31, 2019: \$35,330).

Brokerage fees

The Fund pays a broker fee to affiliate Caldwell Securities Ltd (CSL) of up to a maximum of 0.50% per year of the Series NAV, as compensation for portfolio transactions executed by CSL. The investment strategy involves trading strategies which necessitate timely and ongoing access to market information specific to certain portfolio investments as well as timely and active high touch execution services from the executing broker. CSL is able to provide such services to the Fund for fixed rates that Caldwell is not otherwise able to obtain from other unrelated brokers. The fee may be adjusted based on the volume and frequency of the services obtained. Portfolio transactions executed by brokers other than CSL will be subject to those brokers' customary commissions, taxes and fees and are included in the acquisition cost or deducted from the proceeds of sale of portfolio securities.

	<u>2020</u>	<u>2019</u>
	\$	\$
Caldwell Canadian Value Momentum Fund	325,736	245,590

Performance fees

The Manager is entitled to receive performance fees calculated at 20% of any growth over the S&P/TSX Total Return (15% in the case of Series I) provided four conditions are met.

- (i) the current year-to-date return of the Series must be positive;
- (ii) the series must be outperforming the year-to-date return of the S&P/TSX Total Return Index (the "Performance Benchmark");
- (iii) the current NAV must exceed the high-water-mark of each of the series of the Fund; and
- (iv) the CVM performance fee cannot reduce the year-to-date return below 0%.

If the current performance benchmark is lower than the performance benchmark on the date a performance fee was paid, the high-water-mark equals the net asset value per unit on the date the last performance fee was paid, or if it exceeds the performance benchmark on the date the performance fee was paid, the high-water-mark equals the product of the net asset value per unit on the date the performance fee was last paid and the change in the performance benchmark.

Notes to Financial Statements

December 31, 2020 and 2019

A performance fee must never take the net Fund return below zero, such that only a partial performance fee would be paid. Performance fees are calculated and accrued daily and paid annually on the last valuation date of the year, plus applicable taxes.

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, 2020, the Fund incurred a performance fee of \$528,055 (December 31, 2019: \$2,641) and the Fund accrued a performance fee payable of \$528,055 (December 31, 2019: \$2,641).

Operating Expenses

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 at its discretion may waive and absorb a portion of the management fees and operating expenses otherwise payable by the Fund, and is summarized in the table below. These waivers/absorptions may be terminated at any time by the Manager and at the Manager's discretion, or may be continued indefinitely.

	Absorbed Management Fees	
	2020	2019
Caldwell Canadian Value Momentum Fund	\$42,853	\$47,193

Independent Review Committee ("IRC")

In accordance with National Instrument 81-107, *Independent Review Committee for Investment Funds*, the Manager has established an IRC for the Fund. 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 the Manager. Remuneration paid to the members of the IRC, if any, are charged to the Fund and the amount is included in Independent review committee fee in the Statements of Comprehensive Income.

7. SOFT DOLLAR COMMISSIONS

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, 2020 was \$37,824 (December 31, 2019: \$nil). The value of certain proprietary services provided by brokers cannot be reasonably estimated.

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 presented:

Notes to Financial Statements

December 31, 2020 and 2019

	Redeemable units, beginning of year	Redeemable units issued	Redeemable units redeemed	Redeemable units, end of year
December 31, 2020				
Series A	1,256,679	679,904	(162,968)	1,773,615
Series D	8,952	13,510	(794)	21,668
Series F	1,857,538	1,512,717	(657,627)	2,712,628
Series I	–	796,939	–	796,939
December 31, 2019				
Series A*	1,226,779	300,426	(270,526)	1,256,679
Series D	–	8,952	–	8,952
Series F	2,046,514	654,619	(843,595)	1,857,538

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

Losses carried forward

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

	<u>2020</u> \$	<u>2019</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>2020</u> \$	<u>2019</u> \$
Caldwell Canadian Value Momentum Fund	652,657	652,657

10. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There have been no significant events between 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.