

Financial Statements of

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

December 31, 2020 and 2019

Independent Auditor's Report

To the Unitholders of
Caldwell U.S. Dividend Advantage 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 comprehensive income (loss), 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 U.S. DIVIDEND ADVANTAGE FUND

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the text 'On behalf of the Trustee'.

On behalf of the Trustee

Date: March 23, 2021

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

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

	December 31, 2020	December 31, 2019
ASSETS		
Current assets		
Cash	\$ 1,047,608	\$ -
Foreign currencies	357,040	2,562,608
Financial assets at fair value through profit or loss (Note 4)	32,036,846	28,799,130
Dividends receivable	19,323	21,389
HST receivable	2,746	34,538
Prepaid expense	8,513	40,115
Due from Manager	59,455	131,759
	<u>33,531,531</u>	<u>31,589,539</u>
LIABILITIES		
Current liabilities		
Management fees payable (Note 6)	31,689	30,022
Accrued liabilities	70,750	128,016
Distributions payable	39,149	-
	<u>141,588</u>	<u>158,038</u>
Net Assets Attributable to Holders of Redeemable Units	\$ 33,389,943	\$ 31,431,501
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	8,138,389	6,331,804
ETF Series	4,105,733	-
Series D	27,368	-
Series F	21,118,453	25,099,697
	<u>\$ 33,389,943</u>	<u>\$ 31,431,501</u>
Number of Redeemable Units Outstanding (Note 8)		
Series A	718,900	577,751
ETF Series	300,000	-
Series D	2,400	-
Series F	1,780,251	2,211,822
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	11.32	10.96
ETF Series	13.69	-
Series D	11.40	-
Series F	11.86	11.35
Series A (USD)	8.88	8.46
Series F (USD)	9.30	8.76

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


Brendan T. Caldwell, President

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

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

	2020	2019
Income		
Dividends	\$ 516,958	\$ 415,728
Interest income for distribution purposes	1,271	3,538
Exchange (loss) gain on foreign currencies and other net assets	72,142	(219,246)
Change in unrealized appreciation on investments and foreign currency	1,075,549	3,618,596
Realized gain on sale of investments and forward contracts	967,515	2,043,068
Other income	—	11,451
	<u>2,633,435</u>	<u>5,873,135</u>
Expenses		
Management fees (Note 6)	331,562	437,740
Administrative fees	73,513	97,672
Withholding taxes	73,954	61,886
Legal fees	63,774	40,895
Audit fees	61,953	80,006
Securityholder reporting costs	39,891	29,634
Transaction costs (Note 6)	24,415	17,602
Filing fee	21,536	30,073
Custodial fee	12,514	13,333
Bank charges	2,216	2,263
Independent review committee fees	5,140	10,185
Income tax expense	—	19,559
	<u>710,468</u>	<u>840,848</u>
Deduct: Expense absorbed by Manager (Note 6)	<u>271,995</u>	<u>195,547</u>
Net expenses	438,473	645,301
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 2,194,962</u>	<u>\$ 5,227,834</u>
Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	542,284	420,448
ETF Series	301,814	—
Series D	3,777	—
Series F	<u>1,347,087</u>	<u>4,807,386</u>
	<u>\$ 2,194,962</u>	<u>\$ 5,227,834</u>
Weighted Average of Redeemable Units Outstanding During the Year		
Series A	678,340	206,920
ETF Series	158,305	—
Series D	1,976	—
Series F	<u>1,919,286</u>	<u>2,159,302</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit (Note 11)		
Series A	0.80	2.03
ETF Series	1.91	—
Series D	1.91	—
Series F	0.70	2.23

See Accompanying Notes

CALDWELL U.S. DIVIDEND ADVANTAGE 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	Distribution to unitholders	Reinvestments of distributions	Net assets attributable to holders of redeemable units, end of year
December 31, 2020							
Series A	\$ 6,331,804	\$ 2,578,513	\$ (1,255,705)	\$ 542,284	\$ (270,710)	\$ 212,203	\$ 8,138,389
ETF Series	-	3,859,969	-	301,814	(56,050)	-	4,105,733
Series D	-	33,975	(10,384)	3,777	(757)	757	27,368
Series F	25,099,697	1,567,140	(6,632,266)	1,347,087	(759,340)	496,135	21,118,453
	<u>\$ 31,431,501</u>	<u>\$ 8,039,597</u>	<u>\$ (7,898,355)</u>	<u>\$ 2,194,962</u>	<u>\$ (1,086,857)</u>	<u>\$ 709,095</u>	<u>\$ 33,389,943</u>

	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	Distribution to unitholders	Reinvestments of distributions	Net assets attributable to holders of redeemable units, end of year
December 31, 2019							
Series A	\$ 476,787	\$ 5,885,016	\$ (424,535)	\$ 420,448	\$ (96,234)	\$ 70,322	\$ 6,331,804
Series F	30,033,132	7,839,522	(17,397,013)	4,807,386	(854,620)	671,290	25,099,697
	<u>\$ 30,509,919</u>	<u>\$ 13,724,538</u>	<u>\$ (17,821,548)</u>	<u>\$ 5,227,834</u>	<u>\$ (950,854)</u>	<u>\$ 741,612</u>	<u>\$ 31,431,501</u>

See Accompanying Notes

CALDWELL U.S. DIVIDEND ADVANTAGE 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	\$ 2,194,962	\$ 5,227,834
Adjustments for:		
Transaction costs	24,415	17,602
Exchange loss (gain) on foreign currencies and other net assets	(72,142)	219,246
Change in unrealized appreciation in value of investments	(1,075,549)	(3,618,596)
Realized gain on sale of investments and forward contracts	(967,515)	(2,043,068)
Decrease (increase) in dividends receivable	2,066	(2,804)
Decrease in HST receivable	31,792	96,674
Decrease (increase) in prepaid expense	31,602	(33,770)
Decrease (increase) in due from manager	72,304	(107,266)
Decrease in subscription receivable	-	357,043
Increase (decrease) in management fee payable	1,667	(17,706)
(Decrease) increase in accrued liabilities	(57,266)	44,210
(Decrease) in redemption payable	-	(98,812)
Increase (decrease) in distribution payable	39,149	(94)
Proceeds from sale of investments	15,425,485	18,219,406
Purchase of investments	(16,644,552)	(17,220,228)
Cash provided by operating activities	<u>(993,582)</u>	<u>1,039,671</u>
Financing Activities		
Proceeds from issuances of redeemable units	8,039,597	13,724,538
Amounts paid on redemption of redeemable units	(7,898,355)	(17,821,548)
Distribution paid	(377,762)	(209,242)
Cash used in financing activities	<u>(236,520)</u>	<u>(4,306,252)</u>
(Decrease) in cash during the year	(1,230,102)	(3,266,581)
Foreign exchange (loss) gain on cash	72,142	(219,246)
Cash, beginning of year	2,562,608	6,048,435
Cash (Including foreign currencies), end of year	<u>\$ 1,404,648</u>	<u>\$ 2,562,608</u>
Supplemental Information*		
Interest paid	\$ -	458
Interest received	1,271	3,538
Dividends received, net of withholding taxes	445,070	351,038

*Included as a part of cash flows from operating activities

CALDWELL U.S. DIVIDEND ADVANTAGE 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			
24,000	Alimentation Couche-Tard Inc., Class 'B'	1,109,580	1,041,120	3.12
		<u>1,109,580</u>	<u>1,041,120</u>	<u>3.12</u>
	U.S. equities			
3,307	Air Products and Chemicals Inc.	806,056	1,150,114	3.44
6,300	Amphenol Corp., Class 'A'	911,942	1,048,680	3.14
5,614	AO Smith Corp.	351,632	391,747	1.17
2,080	Apple Inc.	108,132	351,314	1.05
4,366	AptarGroup Inc.	664,189	760,764	2.28
6,700	Broadridge Financial Solutions Inc., ADR	1,238,257	1,306,555	3.91
2,807	Broadcom Inc.	1,038,680	1,564,451	4.69
5,800	CDW Corp.	894,464	972,982	2.91
9,400	Church & Dwight Co. Inc.	1,152,304	1,043,730	3.13
4,500	Dollar General Corp.	1,179,315	1,204,609	3.61
13,400	Fastenal Co.	784,619	832,886	2.49
7,465	Intercontinental Exchange Inc.	957,641	1,095,508	3.28
6,445	Johnson & Johnson	1,105,942	1,291,120	3.87
3,000	KLA Corp.	783,849	988,700	2.96
6,943	L3Harris Technologies Inc.	1,811,234	1,670,511	5.00
2,287	Mastercard Inc., Class 'A'	693,393	1,039,096	3.11
4,924	Microsoft Corp.	566,450	1,394,075	4.18
6,549	Motorola Solutions Inc.	1,246,872	1,417,658	4.25
6,591	QUALCOMM Inc.	757,380	1,278,084	3.83
7,797	Quest Diagnostics Inc.	993,364	1,182,739	3.54
2,911	S&P Global Inc.	709,215	1,218,080	3.65
8,100	Tetra Tech Inc.	1,051,220	1,193,749	3.58
6,800	Texas Instruments Inc.	1,185,574	1,420,663	4.25
2,200	The Home Depot Inc.	794,187	743,837	2.23
11,435	Tyson Foods Inc., Class 'A'	941,568	937,964	2.81
3,431	UnitedHealth Group Inc.	1,135,781	1,531,532	4.59
3,431	Visa Inc., Class 'A'	697,219	955,264	2.86
3,500	Watsco Inc.	1,009,170	1,009,314	3.02
		<u>25,569,649</u>	<u>30,995,726</u>	<u>92.83</u>
	Total investments owned	26,679,229	32,036,846	95.95
	Commissions and other portfolio transaction costs	<u>(13,703)</u>	<u>-</u>	<u>-</u>
	Net investments owned	<u>\$ 26,665,526</u>	32,036,846	95.95
	Other assets, net		<u>1,353,097</u>	<u>4.05</u>
	Net Assets Attributable to Holders of Redeemable Units		<u><u>33,389,943</u></u>	<u>100.00</u>

See Accompanying Notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

Investment Objective

The investment objective of the Caldwell U.S. Dividend Advantage Fund (the "Fund") is to provide the holders of the units with (i) monthly cash distributions; and (ii) the potential for capital appreciation and enhanced long-term risk adjusted returns.

1. FORMATION OF FUND

The Fund is an open-ended mutual fund trust established under the laws of the Province of Ontario and first active as a public closed-end investment fund May 28, 2015. On September 28, 2018, the unitholders of the Fund approved its conversion to an open-ended mutual fund (the "Conversion") to be offered to the public pursuant to a Simplified Prospectus, with its first offering post Conversion pursuant to a Simplified Prospectus dated November 15, 2018. The Fund is governed by an Amended and Restated Declaration of Trust dated December 17, 2019, 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 Statement of Financial Position as at December 31, 2020 and 2019, Schedule of Investment Portfolio as at December 31, 2020 and the Statement of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash flows for the twelve months 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"). The Fund has consistently applied the accounting policies used in the preparation of the most recent audited annual financial statements for the year ended December 31, 2020 and 2019. These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities that have measured at fair value.

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 Fund 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, there were no differences between the Fund's NAV per unit and net assets attributable to holders of redeemable units per unit.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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:

- (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 recognition

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 Statement 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 (depreciation) 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

The monetary assets and liabilities of the Fund are translated into Canadian dollars, the Fund's functional currency, at exchange rates in effect at the date of the Statement of Financial Position. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred.

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 enters 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.

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 the 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 JUDGEMENTS

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. Accounting estimates. Actual results could differ from those estimates. The following discusses the most significant accounting estimates and judgments 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

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 judgement 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 judgements 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.

4. FINANCIAL INSTRUMENTS

Fair Value Measurement

The fair value hierarchy framework provides information to financial statement 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 U.S. Dividend Advantage Fund				
Equities	\$ 32,036,846	\$ -	\$ -	\$ 32,036,846

Financial Assets at fair value as at December 31, 2019				
	Level 1	Level 2	Level 3	Total
Caldwell U.S. Dividend Advantage Fund				
Equities	\$ 28,799,130	\$ -	\$ -	\$ 28,799,130

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

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5. MANAGEMENT OF FINANCIAL INSTRUMENTS RISK

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:

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 net assets	Fair Value	Percent of net assets	Fair Value
	%	CAD\$	%	CAD\$
Information Technology	41.1%	13,737,522	27.8%	8,738,251
Industrials	15.3%	5,098,207	8.8%	2,763,730
Health Care	12.0%	4,005,391	22.4%	7,030,528
Consumer Staples	9.1%	3,022,814	4.1%	1,300,420
Financials	6.9%	2,313,588	14.1%	4,419,953
Consumer Discretionary	5.8%	1,948,446	8.7%	2,747,518
Materials	5.7%	1,910,878	4.6%	1,454,476
Communication Services	-	-	1.1%	344,254
Total equities	95.9%	32,036,846	91.6%	28,799,130
Other assets less liabilities	4.1%	1,353,097	8.4%	2,632,371
Total net assets value	100.00%	33,389,943	100.00%	31,431,501

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").

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The Fund may invest in financial assets that are private placements and as such, are not rated by DBRS and 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 table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

Currency	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2020						
U.S. Dollar	\$ 376,213	\$ 30,995,726	\$ 31,371,939	\$ 3,762	\$ 309,957	\$ 313,719
% of Net Assets Value	1.13	92.83	93.96	0.01	0.93	0.94

Currency	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2019						
U.S. Dollar	\$ 2,652,701	\$ 28,799,130	\$ 31,451,831	\$ 26,527	\$ 287,991	\$ 314,518
% of Net Assets Value	8.44	91.63	100.07	0.08	0.92	1.00

As at December 31, 2020, if the Canadian dollar had strengthened or weakened by 1% in relation to all currencies, with all other variables held constant, net asset value would have decreased or increased, respectively, by approximately \$313,719 (December 31, 2019 – \$314,518). Actual results may differ from this sensitivity analysis and the difference could be material.

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.

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 between one and three months.

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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 \$3,203,685 (December 31, 2019: \$2,879,913). Actual results may be materially different from this analysis.

6. RELATED PARTY TRANSACTIONS AND OPERATING EXPENSES

Management fees

The Manager is responsible for the day-to-day business of the Fund, which includes providing key management personnel. The Manager acts as the investment manager itself to manage the investment portfolio of the Fund. The Fund pays a management fee (the "Management Fee"), calculated and accrued daily, to the Manager in respect of each Series of redeemable units of the Fund, payable monthly in arrears.

The annual Management Fee is equal to the following percentages of the average NAV of each Series:

	Series A	ETF Series	Series D	Series F
Caldwell U.S. Dividend Advantage Fund	1.75%	0.75%	1.00%	0.75%

For the year ended December 31, 2020, Fund incurred a management fee of \$331,562 (December 31, 2019: \$437,740) and the Fund accrued management fees payable of \$31,689 (December 31, 2019: \$30,022).

Commissions

Commissions and other portfolio transactions are costs incurred to acquire, issue or dispose of financial assets or liabilities. The Manager is related to Caldwell Securities Ltd. ("CSL"), a securities dealer, as both entities are wholly-owned subsidiaries of Caldwell Financial Ltd. The Fund has approved CSL as an executing broker for the purposes of purchases and sales of portfolio investments, subjective to the Manager's broker selection and best execution policies and procedures. Transaction costs of \$nil were paid to CSL for the year ended December 31, 2020 (December 31, 2019: \$20)

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	
	December 31, 2020	December 31, 2019
Caldwell U.S. Dividend Advantage Fund	\$271,995	\$195,547

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 are charged to the Fund and the amount is included in Expenses in the Statements of Comprehensive Income.

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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 U.S. Dividend Advantage Fund for the year ended December 31, 2020 was US\$9,858 (December 31, 2019: US\$4,799). 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:

	Units, beginning of year	Units issued	Units redeemed	Reinvestments of units	Units, end of year
December 31, 2020					
Series A	577,751	237,080	(115,666)	19,735	718,900
ETF Series	-	300,000	-	-	300,000
Series D	-	3,272	(942)	70	2,400
Series F	2,211,822	136,282	(612,135)	44,282	1,780,251
December 31, 2019					
Series A	50,183	560,500	(39,485)	6,553	577,751
Series F	3,084,761	720,245	(1,656,104)	62,920	2,211,822

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 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

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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 U.S. Dividend Advantage Fund	NIL	NIL

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Caldwell U.S. Dividend Advantage Fund	NIL	NIL

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.