

Financial Statements of

**CALDWELL CANADIAN VALUE MOMENTUM FUND**

June 30, 2021

(Unaudited)

## **MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim 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 financial statements.

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

**On behalf of the Trustee**

**Date: August 26, 2021**

## **NOTICE TO UNITHOLDERS**

The auditors of the Trusts have not reviewed these financial statements.

Caldwell Investment Management Ltd., the Trustee of the Trust, appoints an independent auditor to audit the Trust's annual financial statements.

# CALDWELL CANADIAN VALUE MOMENTUM FUND

June 30, 2021

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# CALDWELL CANADIAN VALUE MOMENTUM FUND

## Condensed Interim Statements of Financial Position As at June 30, 2021 and December 31, 2020 (Unaudited)

	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 34,072,740	\$ 9,761,756
Financial assets at fair value through profit or loss (Note 4)	143,644,489	92,604,057
Dividends receivable	186,752	126,753
Prepaid expense	36,327	17,452
Due from Manager	51,277	14,272
Subscription receivable	2,686,590	255,588
Other assets	3,093	-
	<u>180,681,268</u>	<u>102,779,878</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accrued liabilities	164,205	123,314
Management fee payable (Note 6)	94,016	53,762
Performance fee payable (Note 6)	842,540	528,055
Redemption payable	303,334	117,998
	<u>1,404,095</u>	<u>823,129</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 179,277,173</u>	<u>\$ 101,956,749</u>
<b>Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 54,922,727	\$ 30,699,876
Series D	-	373,341
Series F	104,976,445	54,791,195
Series I	19,378,001	16,092,337
	<u>\$ 179,277,173</u>	<u>\$ 101,956,749</u>
<b>Number of Units Outstanding (Note 8)</b>		
Series A	2,660,514	1,773,615
Series D	-	21,668
Series F	4,348,311	2,712,628
Series I	796,939	796,939
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 20.64	\$ 17.31
Series D	-	17.23
Series F	24.14	20.20
Series I	24.32	20.19

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

  
Brendan T.N. Caldwell, President

# CALDWELL CANADIAN VALUE MOMENTUM FUND

## Condensed Interim Statements of Comprehensive Income For the six-months ended June 30, 2021 and 2020 (Unaudited)

	2021	2020
<b>Income</b>		
Dividends	\$ 503,886	\$ 246,358
Interest income for distribution purposes	1,131	7,934
Exchange loss on foreign currencies and other net assets	(90)	(12)
Realized gain (loss) on sale of investments and forward contracts	17,045,466	(662,975)
Change in unrealized appreciation on investments	9,372,228	265,788
	<u>26,922,621</u>	<u>(142,907)</u>
<b>Expenses</b>		
Performance fee (Note 6)	842,540	18,266
Management fee (Note 6)	439,427	189,509
Transaction costs (Note 6)	398,158	138,483
Administrative fees	120,619	72,256
Audit fee	26,030	25,859
Custodial fee	18,980	7,458
Legal fee	17,213	39,660
Filing fee	14,018	14,914
Independent review committee fee	3,467	2,459
Expense reimbursement	-	(38,624)
	<u>1,880,452</u>	<u>470,240</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 25,042,169</u>	<u>\$ (613,147)</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series</b>		
Series A	\$ 7,513,296	\$ (152,049)
Series D	81,647	(1,443)
Series F	14,161,562	(459,655)
Series I	<u>3,285,664</u>	<u>-</u>
	<u>\$ 25,042,169</u>	<u>\$ (613,147)</u>
<b>Weighted Average of Redeemable Units Outstanding During the Period</b>		
Series A	2,190,592	1,280,519
Series D	30,061	13,491
Series F	3,463,177	1,762,812
Series I	796,939	-
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Series A	\$ 3.43	\$ (0.12)
Series D	2.72	(0.11)
Series F	4.09	(0.26)
Series I	4.12	-

## CALDWELL CANADIAN VALUE MOMENTUM FUND

### Condensed Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units For the six-months ended June 30, 2021 and 2020 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Increase in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2021</b>					
Series A	\$ 30,699,876	\$ 7,513,296	\$ 19,258,757	\$ (2,549,202)	\$ 54,922,727
Series D	373,341	81,647	264,571	(719,559)	—
Series F	54,791,195	14,161,562	45,177,847	(9,154,159)	104,976,445
Series I	16,092,337	3,285,664	—	—	19,378,001
	<u>\$ 101,956,749</u>	<u>\$ 25,042,169</u>	<u>\$ 64,701,175</u>	<u>\$ (12,422,920)</u>	<u>\$ 179,277,173</u>

	Net assets attributable to holders of redeemable units, beginning of period	Decrease in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Net assets attributable to holders of redeemable units, end of period
<b>June 30, 2020</b>					
Series A	\$ 19,630,404	\$ (152,049)	\$ 2,308,831	\$ (1,548,733)	\$ 20,238,453
Series D	139,666	(1,443)	119,029	(6,261)	250,991
Series F	33,830,557	(459,655)	8,318,867	(7,757,286)	33,932,483
	<u>\$ 53,600,627</u>	<u>\$ (613,147)</u>	<u>\$ 10,746,727</u>	<u>\$ (9,312,280)</u>	<u>\$ 54,421,927</u>

See Accompanying Notes

# CALDWELL CANADIAN VALUE MOMENTUM FUND

## Condensed Interim Statements of Cash Flows

For the six-months ended June 30, 2021 and 2020 (Unaudited)

	2021	2020
<b>Cash provided by (used in):</b>		
<b>Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 25,042,169	\$ (613,147)
Adjustments for non-cash items		
Transaction costs	24,584	1,824
Exchange loss on foreign currencies and other net assets	90	12
Realized (gain) loss on sale of investments	(17,045,466)	662,975
Change in unrealized appreciation on investments	(9,372,228)	(265,788)
Change in non-cash balances		
Increase in interest receivable	(59,999)	(169)
(Increase) decrease in prepaid expense	(18,875)	6,141
(Increase) decrease in due from manager	(37,005)	2,586
Increase in subscription receivable	(2,431,002)	(54,510)
Increase in other assets	(3,093)	-
Increase (decrease) in accrued liabilities	40,891	(31,266)
Increase (decrease) in management fee payable	40,254	(3,145)
Increase in performance fee payable	314,485	15,625
Increase in redemption payable	185,336	232,806
Increase in payable for investments purchased	-	5,479,006
Proceeds from sale of investments	95,952,717	51,255,975
Purchase of investments	(120,600,039)	(53,200,453)
<b>Cash (used in) provided by operating activities</b>	<u>(27,967,181)</u>	<u>3,488,472</u>
<b>Financing Activities</b>		
Proceeds from redeemable units issued	62,553,248	10,430,434
Amount paid on redemption of redeemable units	(10,274,993)	(8,995,987)
<b>Cash provided by financing activities</b>	<u>52,278,255</u>	<u>1,434,447</u>
Increase in cash and cash equivalents during the period	24,311,074	4,922,919
Foreign exchange loss on cash	(90)	(12)
Cash and cash equivalents, beginning of period	9,761,756	5,182,128
<b>Cash and cash equivalents, end of period</b>	<u>\$ 34,072,740</u>	<u>\$ 10,105,035</u>
<b>Supplemental information*</b>		
Interest paid	\$ -	\$ 93
Interest received	1,131	7,934
Dividends received, net of withholding taxes	443,887	246,189

\*Included as a part of cash flows from operating activities

# CALDWELL CANADIAN VALUE MOMENTUM FUND

## Condensed Interim Schedule of Investment Portfolio As at June 30, 2021 (Unaudited)

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	<b>Canadian equities</b>			
189,400	Ag Growth International Inc.	\$ 8,225,307	\$ 7,295,688	4.07
343,648	ARC Resources Ltd.	2,731,999	3,625,486	2.02
196,000	AutoCanada Inc.	7,101,376	9,788,240	5.46
1,161,800	Converge Technology Solutions Corp.	7,008,894	11,873,596	6.62
66,600	Dye & Durham Ltd.	3,399,949	3,172,158	1.77
48,800	FirstService Corp.	9,439,652	10,375,368	5.79
2,340,300	Karora Resources Inc.	8,529,633	9,337,797	5.21
96,800	Linamar Corp.	5,769,552	7,526,200	4.20
76,500	Magna International Inc.	7,886,502	8,779,905	4.90
571,500	Major Drilling Group International Inc.	5,082,334	4,897,755	2.73
100,300	Nutrien Ltd.	6,377,883	7,533,533	4.20
2,670,300	NuVista Energy Ltd.	7,112,435	10,627,794	5.93
350,400	Paramount Resources Ltd.	3,958,319	6,012,864	3.35
864,000	Secure Energy Services Inc.	2,603,242	3,637,440	2.03
240,400	Stelco Holdings Inc.	6,021,804	8,750,560	4.88
112,400	Stella-Jones Inc.	5,621,061	5,016,412	2.80
2,540,600	Tamarack Valley Energy Ltd.	5,979,793	6,529,342	3.64
174,900	The North West Co Inc.	6,401,928	6,154,731	3.43
210,000	Tourmaline Oil Corp.	6,725,454	7,440,300	4.15
285,600	Victoria Gold Corp.	5,478,209	5,269,320	2.94
		<u>121,455,326</u>	<u>143,644,489</u>	<u>80.12</u>
	<b>Total investments owned</b>	121,455,326	143,644,489	80.12
	Commissions and other portfolio transaction costs	<u>(40,498)</u>	<u>—</u>	<u>—</u>
	<b>Net investments owned</b>	<u>\$ 121,414,828</u>	143,644,489	80.12
	<b>Other assets, net</b>		<u>35,632,684</u>	<u>19.88</u>
	<b>Net Assets Attributable to Holders of Redeemable Units</b>		<u>\$ 179,277,173</u>	<u>100.00</u>

See Accompanying Notes



# Notes to Financial Statements (Unaudited)

June 30, 2021

## 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 May 20, 2021, 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 August 26, 2021 and are comprised of the Statements of Financial Position and Schedule of Investment Portfolio as at June 30, 2021 and the Statements of Comprehensive Income, Changes in Net Assets Attributable to Holders of Redeemable Units and Cash flows for the six months ended June 30, 2021.

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 interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of financial statements, including International Accounting Standard 3 ("IAS") 34, *Interim Financial Reporting*. 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. These interim 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 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 June 30, 2021, 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:

- (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

# Notes to Financial Statements (Unaudited)

June 30, 2021

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 (loss) 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 (Unaudited)

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## 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 periods ended June 30, 2021 and 2020.

## 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 period. 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 (Unaudited)

June 30, 2021

## 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 June 30, 2021 and December 31, 2020.

	Financial Assets at fair value as at June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Caldwell Canadian Value Momentum Fund</b>				
Equities	143,644,489	–	–	143,644,489
	<b>143,644,489</b>	<b>–</b>	<b>–</b>	<b>143,644,489</b>

  

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

There were no transfers between levels during the periods ended June 30, 2021 and December 31, 2020.

## 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:

### 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.

# Notes to Financial Statements (Unaudited)

June 30, 2021

The following table classifies the Fund's investments by economic sector concentrations as a percent of net assets as at June 30, 2021 and December 31, 2020.

Market segment	Percentage of net assets attributable to holders of redeemable units	
	June 30, 2021	December 31, 2020
<b>Investments owned</b>		
Basic Materials	20.0	32.7
Communications	–	1.6
Consumer, Cyclical	14.6	10.4
Consumer, Non-cyclical	3.4	3.9
Energy	21.0	3.8
Financial	5.8	5.8
Industrial	6.9	25.5
Technology	8.4	7.1
Total net investments	80.1	90.8
Cash and cash equivalents	19.0	9.6
Other assets and liabilities	0.9	(0.4)
	100.0	100.0

The comparative percentages changed due to a switch from GICS industry classification to BICS industry classification.

## 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 June 30, 2021 and December 31, 2020, 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 June 30, 2021 and December 31, 2020.

# Notes to Financial Statements (Unaudited)

June 30, 2021

## 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 June 30, 2021 and December 31, 2020.

## 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 June 30, 2021, 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 \$14,364,449 (December 31, 2020: \$9,260,406). 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 period ended June 30, 2021, Fund incurred a management fee of \$439,427 (June 30, 2020: \$189,509) and the Fund accrued management fees payable of \$94,016 (December 31, 2020: \$53,762).

### 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>2021</u>	<u>2020</u>
	\$	\$
<b>Caldwell Canadian Value Momentum Fund</b>	<b>398,158</b>	<b>138,483</b>

# Notes to Financial Statements (Unaudited)

June 30, 2021

## 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 change in the performance benchmark.

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 period ended June 30, 2021, the Fund incurred a performance fee of \$842,540 (June 30, 2020: \$18,266) and the Fund accrued a performance fee payable of \$842,540 (December 31, 2020: \$528,055).

## 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	
	2021	2020
Caldwell Canadian Value Momentum Fund	\$nil	\$38,624

## 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 period ended June 30, 2021 was \$10,184 (June 30, 2020: \$686). The value of certain proprietary services provided by brokers cannot be reasonably estimated.

# Notes to Financial Statements (Unaudited)

June 30, 2021

## 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.

On May 31, 2021 all redeemable units in Series D were switched into Series F.

The following is a summary of the changes in the Fund's outstanding units during the periods presented:

### CALDWELL CANADIAN VALUE MOMENTUM FUND

	Redeemable units, beginning of period	Redeemable units issued	Redeemable units redeemed	Redeemable units, end of period
<b>June 30, 2021</b>				
Series A	1,773,615	1,018,434	(131,535)	2,660,514
Series D	21,668	14,464	(36,132)	-
Series F	2,712,628	2,056,644	(420,961)	4,348,311
Series I	796,939	-	-	796,939
<hr/>				
June 30, 2020				
Series A	1,256,679	151,876	(109,947)	1,298,608
Series D	8,952	7,627	(472)	16,107
Series F	1,857,538	473,697	(468,100)	1,863,135

### 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.



# Notes to Financial Statements (Unaudited)

June 30, 2021

## 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>
	\$	\$
<b>Caldwell Canadian Value Momentum Fund</b>	<b>814,603</b>	<b>814,603</b>

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>
	\$	\$
<b>Caldwell Canadian Value Momentum Fund</b>	<b>652,657</b>	<b>652,657</b>

## 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.