



Caldwell Investment Management Ltd.

Independent Investment Managers

Semi-Annual Management Report of Fund Performance For the Period Ended June 30, 2018

Caldwell Income Fund

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the investment fund. You may obtain a copy of the semi-annual financial statements at your request, free of charge, by calling 1-800-256-2441, by writing to us at Caldwell Investment Management Ltd., 150 King Street West, Suite 1702, P.O. Box 47, Toronto, ON M5H 1J9 or by visiting our website at www.caldwellinvestment.com or SEDAR at www.sedar.com.

Securityholders may also contact us by using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.



Management Discussion of Fund Performance

Investment Objective

The fundamental investment objective of the Caldwell Income Fund (the “Fund”) is to provide investment returns through income and growth securities while trying to preserve capital and maintaining liquidity by investing in a diverse portfolio of Canadian government fixed income securities.

The Fund maintains a portfolio of 100% Government of Canada bonds and Treasury Bills.

In May 2018, Caldwell announced a unitholder meeting held on July 11, 2018 to consider, among other things, a change of the investment objective to: To generate attractive total returns, while placing an emphasis on capital preservation, by investing primarily in a portfolio of government guaranteed bonds.

Results of Operations

The Fund’s Series A units declined from \$4.64 to \$4.57, a decrease of 1.50%. Assets in Series A decreased from \$4.82 million to \$4.58 million

The Fund’s Series F are intended for use in fee-based accounts. These units fell from \$4.85 to \$4.78, a decrease of 1.44%. Assets in this series fell from \$1.01 million to \$488,375.

The Fund’s Series I are intended for use in fee-based accounts for large advisor/advisor groups. These units fell from \$9.79 to \$9.68, a decrease of 1.12%. Assets in this series fell from \$32.8 million to \$22.85 million

The Fund’s Series M are intended for use in Caldwell’s Managed Account Platform’s fee-based accounts. These units fell from \$9.70 to \$9.58, a decrease of 1.24%. Assets in this series fell from \$2.82 million to \$2.25 million.

Overall, the Fund’s assets fell from \$41.46 million to \$30.15 million during the first six months of 2018.

Recent Developments

From the second half of 2017 to early 2018, the Bank of Canada raised its benchmark interest rate by a quarter of a percentage point three times, to the current 1.25%. These actions impacted the Government of Canada bond market rather negatively, as bond yields rose in reaction to the interest rate hikes. The Government of Canada 10-year bond yield rose from 1.75% in July 2017 to 2.52% by May 2018. The other key feature was the ‘flattening’ of the Government of Canada bond yield curve, longer yields did not rise commensurately with shorter yields. Towards the end of 2017, the yield on the Government of Canada 30-year long bond started to fall, even as yields on



shorter maturities kept rising.

Overall, bond volatility in the second half of 2017 fell to a multi-decade low, which is an adverse development for the active management style that is characteristic of the Caldwell Income Fund. Rising interest rates in the U.S. also pushed Canadian yields higher over the year. However, our active and prudent management style was able to help stabilize the Fund's value under these negative circumstances. As volatility in financial markets returned in the spring of 2018, including the bond market, we were able to increase the unit value modestly, mostly the result of operating under an active but prudent management style.

In May 2018, Caldwell called a unitholder meeting for July 11, 2018 to consider a change in investment objective and a consolidation of three fee-based series of units (Series F, I and M) into one low fee series. These proposed amendments are intended to reduce management fees as well as to enhance the Fund's ability to reduce risk and to capitalize on attractive investment opportunities resulting from anticipated changes interest rates. Consistent with its current investment approach, the Fund will continue to tactically invest in government guaranteed bonds in order to generate attractive total returns, while placing an emphasis on capital preservation. However, in order to enhance the potential benefits offered by this strategy, we are proposing to broaden the Fund's permitted investments to include the Sovereign debt of foreign nations, while maintaining a focus on Canadian and U.S. bond issues. In addition, we intend to supplement the Fund's portfolio, from time to time, with short positions in securities which provide exposure to risk-free government bonds. We believe these changes will better enable the Fund to enhance returns during periods of falling interest rates and insulate the portfolio against losses associated with rising interest rate environments.

Developments subsequent to June 30, 2018

We are pleased to advise that all proposed amendments described above were approved at the meeting of unitholders on July 11, 2018. As a result of this change in mandate, we expect to rename the Caldwell Income Fund to "Tactical Sovereign Bond Fund" effective in August upon final receipt of the renewed prospectus. In addition, the remaining fee based series will be redesignated as Series F rather than Series I.

Independent Review Committee

Under the provisions of National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107"), which came into force on November 1, 2006, it is now required that all publicly offered investment funds, such as the Fund, establish an independent review committee ("IRC") to whom the Manager is to refer all potential conflict of interest matters in order to obtain a recommendation or approval, as applicable. NI 81-107 further mandates that the IRC be composed of at least three independent members and requires that they conduct assessments and regularly report to the Manager and unitholders in respect of its duties.

The current members of the Manager's IRC are Sharon Kent, Trent Morris and F. Michael Walsh.



Forward-looking Statements

Certain statements included in this report may constitute forward-looking statements, including those identified by the expressions “believe”, “anticipate”, “expect” or similar expressions to the extent they relate to the Fund, its Manager or its portfolio manager. Such forward-looking statements are not historical facts but reflect the Fund’s, the Manager’s or the portfolio manager’s current expectations regarding future results or events. Such forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers are cautioned to consider these and other factors carefully when making decisions with respect to the Fund and not place undue reliance on forward-looking statements. Unless required by applicable law, the Fund does not undertake any obligation to update publicly or to revise any of such forward-looking statements, whether as a result of new information, future events or otherwise.

Forward-looking statements included or incorporated by reference in this report include statements with respect to:

- Interest rates
- Change in accounting policy

Related Party Transactions

Manager and Portfolio Adviser

The Manager is a wholly owned subsidiary of Caldwell Financial Ltd. The Manager is also the portfolio adviser of the Fund. The Manager is responsible for the Fund’s day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. For its administrative services, trustee fees, asset allocation, security selection, ongoing monitoring and related services, the Manager is paid an annual fee up to 1.25% based on the net asset value of Series A units of the Fund and up to 0.75% based on the net asset value of Series F units of the Fund.

Trustee

The trustee of the Fund is Caldwell Investment Management Ltd.

Principal Distributor

Caldwell Securities Ltd. is related to the Manager in that both are wholly-owned subsidiaries of Caldwell Financial Ltd. Caldwell Securities Ltd. markets units of the Fund directly to the public and receives sales commissions and trailer fees based on the total value of their clients’ holdings in the Fund on the same basis as other dealers that distribute units to the public.



Brokerage Arrangements

The purchase and sale of portfolio securities is arranged by the Manager through registered brokers or dealers. The Manager has a regulatory obligation to make reasonable efforts to achieve best execution of those portfolio trades when acting for the Funds. Best execution refers to the most advantageous execution terms reasonably available under the circumstances.

The Manager may choose to execute a portion of the Funds' portfolio transactions with Caldwell Securities Ltd., an affiliate of the Manager. The Manager applies its best execution policy in respect of both affiliated and non-affiliated dealers. Specifically, any trade allocation to an affiliated dealer is based on an assessment of the same best execution criteria.

Because Caldwell Securities Ltd. is an affiliate of the Manager and the interrelationship of their businesses, a conflict of interest exists that has the potential of influencing the Manager's choice of Caldwell Securities Ltd. to execute Fund portfolio transactions. The Manager addresses this conflict of interest by applying its best execution policy and by following best execution standing instructions issued by the Funds' independent review committee.

To date in 2018 the Fund has paid \$44,610 in commissions to Caldwell Securities Ltd and has paid \$28,620 for the similar period in 2017.



Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements and unaudited semi-annual financial statements.

The Fund's Net Asset Value (NAV), per Series A Unit, as at June 30, 2018 and December 31 of previous years:

	2018	2017	2016	2015	2014
Net Assets, beginning of year ⁽¹⁾	4.63	4.69	4.78	5.02	5.04
Increase (decrease) from operations:					
Total Revenue	0.02	0.05	0.03	0.10	0.14
Total Expenses	(0.04)	(0.06)	(0.08)	(0.08)	(0.07)
Realized gains (losses) for the period	(0.16)	(0.02)	0.00	(0.32)	0.30
Unrealized gains (losses) for the period	0.11	(0.04)	(0.02)	0.07	(0.10)
Total increase (decrease) from operations ⁽¹⁾	(0.07)	(0.07)	(0.07)	(0.23)	0.27
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	0.00	(0.01)
From Dividends	0.00	0.00	0.00	0.00	(0.05)
From Capital Gains	0.00	0.00	0.00	0.00	(0.22)
Return of Capital	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00	(0.28)
Net Assets at June 30 and December 31 of year shown	4.57	4.63	4.69	4.78	5.02

⁽¹⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽²⁾ Distributions were paid in cash or reinvested in additional units of the Fund or both



The Fund's Net Asset Value (NAV), per Series F Unit, as at June 30, 2018 and December 31 of previous years:

	2018	2017	2016	2015	2014*
Net Assets, beginning of year ⁽¹⁾	4.84	4.90	4.98	5.19	5.29
Increase (decrease) from operations:					
Total Revenue	0.02	0.04	0.04	0.10	0.06
Total Expenses	(0.04)	(0.06)	(0.07)	(0.05)	(0.03)
Realized gains (losses) for the period	(0.17)	(0.07)	0.00	(0.33)	0.07
Unrealized gains (losses) for the period	0.12	(0.02)	(0.07)	0.08	(0.08)
Total increase (decrease) from operations ⁽¹⁾	(0.08)	(0.11)	(0.10)	(0.20)	0.02
Distributions:					
From Income (excluding dividends)	0.00	0.00	0.00	0.00	(0.02)
From Dividends	0.00	0.00	0.00	0.00	(0.01)
From Capital Gains	0.00	0.00	0.00	0.00	(0.08)
Return of Capital	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00	(0.11)
Net Assets at June 30 and December 31 of year shown ⁽¹⁾	4.77	4.84	4.90	4.98	5.19

⁽¹⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽²⁾ Distributions were paid in cash or reinvested in additional units of the Fund or both.

* The Fund's Series F commenced on August 1, 2014



The Fund's Net Asset Value (NAV), per Series I Unit, as at June 30, 2018 and December 31 of previous years:

	2018	2017	2016*
Net Assets, beginning of year ⁽¹⁾	9.79	9.86	0.00
Increase (decrease) from operations:			
Total Revenue	0.04	0.10	0.03
Total Expenses	(0.05)	(0.07)	(0.03)
Realized gains (losses) for the period	(0.36)	(0.04)	0.01
Unrealized gains (losses) for the period	0.23	(0.11)	(0.19)
Total increase (decrease) from operations ⁽¹⁾	(0.14)	(0.12)	(0.18)
Distributions:			
From Income (excluding dividends)	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00
Net Assets at June 30 and December 31 of year shown ⁽¹⁾	9.67	9.79	9.86

⁽¹⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽²⁾ Distributions are paid in cash or reinvested in additional units of the Fund or both.

* The Fund's Series I commenced on July 15, 2016



The Fund's Net Asset Value (NAV), per Series M Unit, as at June 30, 2018 and December 31 of previous years.

	2018	2017	2016*
Net Assets, beginning of year ⁽¹⁾	9.70	9.78	0.00
Increase (decrease) from operations:			
Total Revenue	.04	0.09	0.03
Total Expenses	(0.07)	(0.09)	(0.10)
Realized gains (losses) for the period	(0.33)	(0.07)	0.01
Unrealized gains (losses) for the period	0.24	(0.13)	(0.07)
Total increase (decrease) from operations ⁽¹⁾	(0.12)	(0.20)	(0.14)
Distributions:			
From Income (excluding dividends)	0.00	0.00	0.00
From Dividends	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00
Net Assets at June 30 and December 31 of year shown ⁽¹⁾	9.58	9.70	9.78

⁽¹⁾ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

⁽²⁾ Distributions are paid in cash or reinvested in additional units of the Fund or both.

* The Fund's Series M commenced on August 01, 2016



Ratios and Supplemental Data (unaudited) - Series A

	2018	2017	2016	2015	2014
Net assets (000's) ⁽¹⁾	4,573	4,821	5,121	8,151	11,072
Number of units outstanding ⁽¹⁾	1,000,917	1,040,131	1,091,170	1,705,509	2,204,301
Management expense ratio ⁽²⁾	1.70%	1.30%	1.64%	1.14%	1.62%
Management expense ratio before waivers or absorptions	1.70%	1.30%	2.45%	1.69%	2.00%
Portfolio turnover rate ⁽³⁾	946.57%	720.40%	679.38%	854.83%	584.67%
Trading Expense ratio ⁽⁴⁾	0.26%	0.11%	0.22%	0.86%	0.89%

Ratios and Supplemental Data (unaudited) - Series F

	2018	2017	2016	2015	2014
Net assets (000's) ⁽¹⁾	488	1,012	182	138	175
Number of units outstanding ⁽¹⁾	102,284	208,874	37,046	27,670	33,783
Management expense ratio ⁽²⁾	1.70%	1.22%	1.16%	0.79%	1.15%
Management expense ratio before waivers or absorptions	1.70%	1.29%	2.37 %	1.69%	2.09%
Portfolio turnover rate ⁽³⁾	946.57%	720.40%	679.38%	854.83%	584.67%
Trading Expense ratio ⁽⁴⁾	0.26%	0.11%	0.22%	0.86%	0.89%

Ratios and Supplemental Data (unaudited) - Series I

	2018	2017	2016
Net assets (000's) ⁽¹⁾	22,835	32,804	25,004
Number of units outstanding ⁽¹⁾	2,360,553	3,352,015	2,536,349
Management expense ratio ⁽²⁾	1.11%	0.66%	0.71%
Management expense ratio before waivers or absorptions	1.11%	0.73%	1.19%
Portfolio turnover rate ⁽³⁾	946.57%	720.40%	679.38%
Trading Expense ratio ⁽⁴⁾	0.26%	0.11%	0.22%



Ratios and Supplemental Data (unaudited) - Series M

	2018	2017	2016
Net assets (000's) ⁽¹⁾	2,250	2,821	1,182
Number of units outstanding ⁽¹⁾	235,015	290,871	120,801
Management expense ratio ⁽²⁾	1.44%	0.94%	3.08%
Management expense ratio before waivers or absorptions	1.44%	1.01%	3.57%
Portfolio turnover rate ⁽³⁾	946.57%	720.40%	679.38%
Trading Expense ratio ⁽⁴⁾	0.26%	0.11%	0.22%

⁽¹⁾ This information is provided as at June 30, 2018 and December 31 for previous years.

⁽²⁾ Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Management Fees

As compensation for managing the Fund, the Manager can receive an annual fee up to 1.25% of the average net asset value of the Fund. Such fees are calculated daily and payable monthly. The Manager in turn is responsible for paying investment adviser fees, trustee fees, sales commissions, trailer fees and may choose to absorb certain expenses for which the Fund is responsible.

Distribution	17%
Management and Portfolio Adviser Services	83%
Waivers and Absorption of Fund Expenses	0%

Past Performance

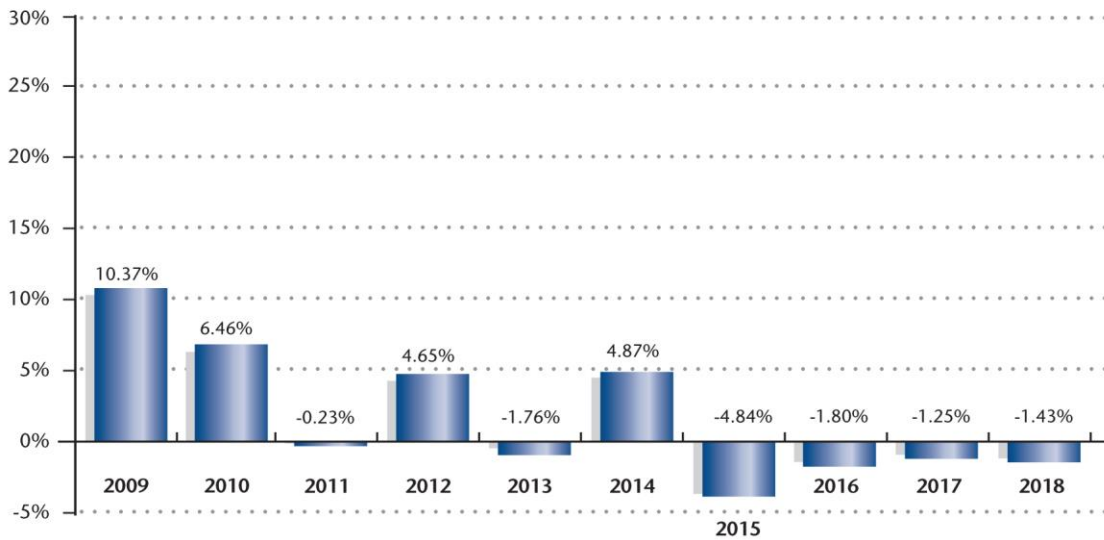
The following charts shows how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if they did not. They don't include deduction of sales, switch, redemption, or other optional charges (which distributors may charge) or income taxes payable, and would be lower if they did. The Fund's past performance is no guarantee of how it will perform in the future.



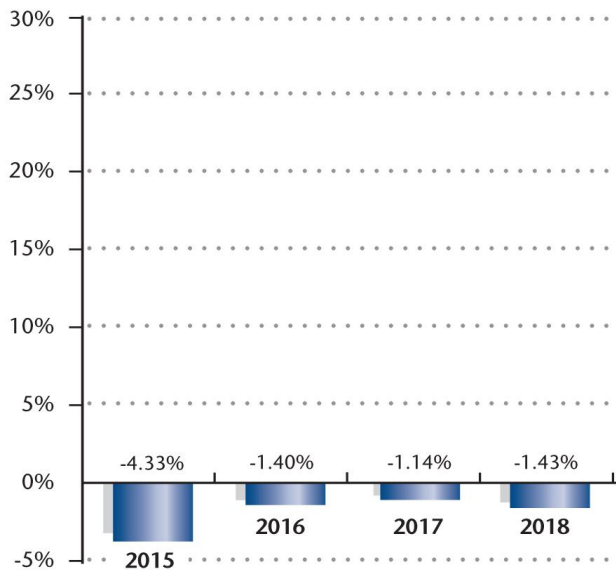
Year-by-Year Returns

The bar charts shows how the Fund's annual past performance has varied from year to year for each of the years shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each year.

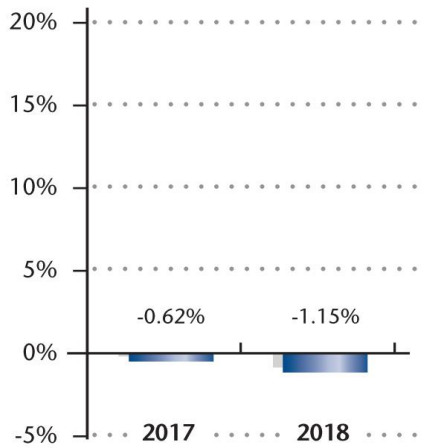
For the years ended December 31 and the semi-annual period ending June 30



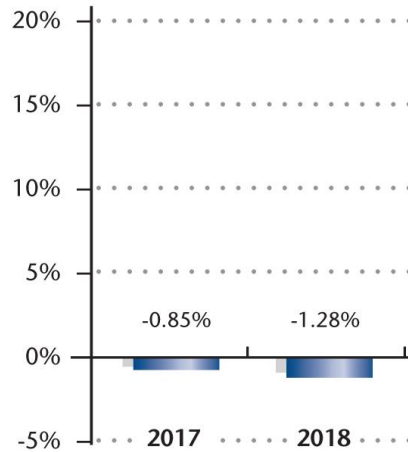
Caldwell Income Fund - Series A



Caldwell Income Fund - Series F



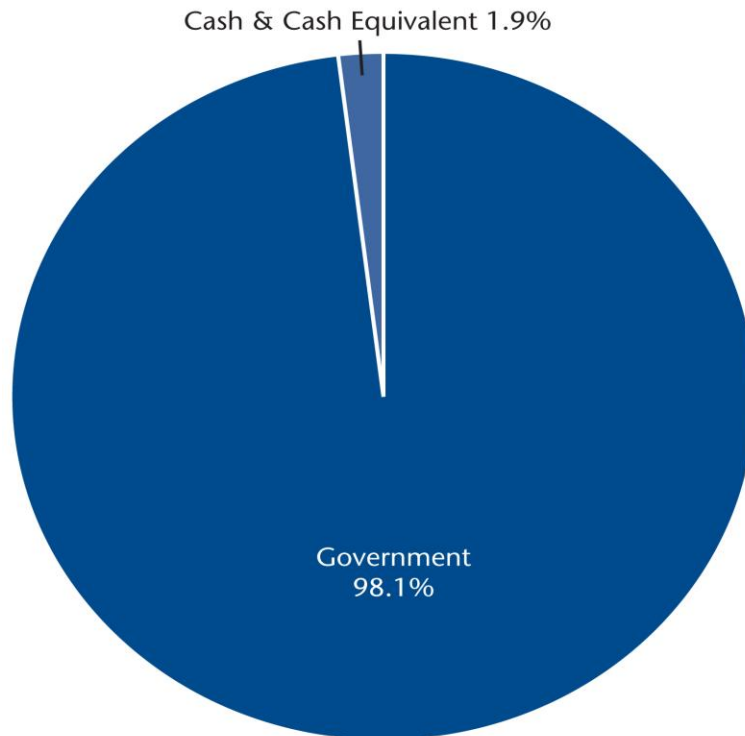
Caldwell Income Fund - Series I



Caldwell Income Fund - Series M

Summary of Investment Portfolio

Portfolio Breakdown as at June 30, 2018



Caldwell Income Fund



Top 25 Holdings	
As at June 30, 2018	
SECURITY	Percentage of Net Assets
Canadian Treasury Bill 0% 15NOV2018	49.5%
Canadian Treasury Bill 0% 12JUL2018	26.5%
Canadian Government Bond 2% 01JUN2028	22.2%
Cash & Cash Equivalents	1.9%
All Holdings (the Fund has less than 25 holdings)	100.00%

The summary of investment portfolio may change. A quarterly update is available at www.caldwellinvestment.com.