Financial Statements of

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

December 31, 2018 and 2017

Deloitte.

Deloitte LLP
Bay Adelaide East
8 Adelaide Street West
Suite 200
Toronto ON M5H 0A9
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

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, 2018 and 2017, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units/equity 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, 2018 and 2017, 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 and will 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 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.

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 29, 2019

CALDWELL U.S. DIVIDEND ADVANTAGE FUND
Table of Contents
December 31, 2018 and 2017

	Page
Statements of Financial Position	1
Statements of Comprehensive Income	2
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units/Equity	3
Statements of Cash Flows	4
Schedule of Investment Portfolio	5 – 6
Notes to the Financial Statements	7 – 21

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Statements of Financial Position
As at December 31, 2018 and 2017

	December 31, 2018 [b]	December 31, 2017 [a]
ASSETS		
Current assets		
Cash	$ 255,449	$ 656,623
Foreign currencies	5,792,986	1,412,956
Financial assets at fair value through profit or loss (Note 6)	24,157,701	65,983,404
Dividends receivable	18,585	245,077
HST receivable	131,212	83,648
Prepaid expense	6,345	–
Due from Manager	24,493	–
Subscription receivable	357,043	–
	30,743,814	68,381,708
LIABILITIES		
Current liabilities		
Financial liabilities at fair value through profit or loss (Note 6)	3,455	–
Forward contracts (Note 6)	–	663,756
Due to broker	–	11,585,402
Management fees payable (Note 7)	47,728	83,020
Accrued liabilities	83,806	56,402
Distributions payable	94	258,074
Redemption payable	98,812	–
	233,895	12,646,654
Net Assets Attributable to Holders of Redeemable Units/Equity	$ 30,509,919	$ 55,735,054
Net Assets Attributable to Holders of Redeemable Units/Equity per Series		
Series A	476,787	–
Series F*	30,033,132	55,735,054
	$ 30,509,919	$ 55,735,054
Number of Units Outstanding (Note 9)		
Series A	50,183	–
Series F*	3,084,761	5,161,479
Net Assets Attributable to Holders of Redeemable Units/Equity per Unit		
Series A	9.50	–
Series F*	9.74	10.80
Series A (USD)	6.96	
Series F* (USD)	7.14	

*Units outstanding in 2017 were redesignated as Series F units in November 2018, to distinguish them from Series A units issued.

[a] Units are treated as equity (Note 3)
[b] Units are treated as liability (Note 3)

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

Brendan T.N. Caldwell, President

See Accompanying Notes

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Statements of Comprehensive Income
For the years ended December 31, 2018 and 2017

	2018	2017
Income		
Dividends	$ 2,039,492	$ 2,851,812
Interest income for distribution purposes	–	81,565
Exchange gain on foreign currencies and other net assets	222,313	638,779
Change in unrealized (depreciation) appreciation on value of investments	(5,058,149)	761,721
Net realized gain on sale of investments and forward contracts	2,619,119	2,893,417
	(177,225)	7,227,294
Expenses		
Management fees (Note 7)	986,000	1,036,368
Bank charges	280,912	240,117
Withholding taxes	206,762	358,420
Transaction costs	162,074	363,792
Administrative fees	95,052	76,502
Securityholder reporting costs	57,055	31,809
Audit fees	39,941	25,770
Legal fees	37,543	2,640
Custodial fee	30,258	33,683
Filing fee	9,728	29,800
Independent review committee fees	2,702	7,823
	1,908,027	2,206,724
Deduct: Expense absorbed by Manager (Note 7)	24,493	–
Net expenses	1,883,534	2,206,724
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity	$ (2,060,759)	$ 5,020,570
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity per Series		
Series A	(18,788)	–
Series F*	(2,041,971)	5,020,570
	$ (2,060,759)	$ 5,020,570
Weighted Average of Redeemable Units Outstanding During the Year		
Series A	36,716	–
Series F*	4,959,002	5,147,689
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity per Unit (Note 12)		
Series A	(0.51)	–
Series F*	(0.41)	0.98

*Units outstanding in 2017 were redesignated as Series F units in November 2018, to distinguish them from Series A units issued.

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units/Equity
For the years ended December 31, 2018 and 2017

	Net assets attributable to holders of redeemable units/equity, beginning of year [b]	Proceeds from redeemable units/equity issued	Redemption of redeemable units/equity	Decrease in net assets attributable to holders of redeemable units/equity	Distribution to unitholders	Reinvestments of distributions to holders of redeemable units/equity	Net assets attributable to holders of redeemable units/equity, end of year [b]
December 31, 2018							
Series A	$ –	$ 506,581	$ –	$ (18,788)	$ (11,702)	$ 696	$ 476,787
Series F	55,735,054	1,483,413	(22,793,714)	(2,041,971)	(2,651,169)	301,519	30,033,132
	$ 55,735,054	$ 1,989,994	$ (22,793,714)	$ (2,060,759)	$ (2,662,871)	$ 302,215	$ 30,509,919

	Net assets attributable to holders of redeemable units/equity, beginning of year [a]	Proceeds from redeemable units/equity issued	Redemption of redeemable units/equity	Increase in net assets attributable to holders of redeemable units/equity	Distributions to unitholders	Reinvestments of distributions to holders of redeemable units/equity	Net assets attributable to holders of redeemable units/equity, end of year [a]
December 31, 2017							
Series F*	$ 52,801,753	$ 1,002,958	$ –	$ 5,020,570	$ (3,090,227)	$ –	$ 55,735,054

*Units outstanding in 2017 were redesignated as Series F units in November 2018, to distinguish them from Series A units issued.

[a] Units are treated as equity (Note 3)
[b] Units are treated as liability (Note 3)

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Statements of Cash Flows
For the years ended December 31, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating Activities		
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity	$ (2,060,759)	$ 5,020,570
Adjustments for non-cash items		
Transaction costs	162,074	363,792
Exchange gain on foreign currencies and other net assets	(222,313)	(638,779)
Change in unrealized depreciation (appreciation) in value of investment	5,058,149	(761,721)
Realized gain on sale of investments and forward contracts	(2,619,119)	(2,893,417)
Change in non-cash balances		
Decrease in dividends receivable	226,492	50,360
Increase in HST receivable	(47,564)	(83,648)
Increase in prepaid expense	(6,345)	–
Increase in due from Manager	(24,493)	–
Increase in receivable for investments sold	(357,043)	–
(Decrease) increase in management fee payable	(35,292)	42,578
Increase in accrued liabilities	27,404	7,950
(Decrease) increase in distribution payable	(257,980)	4,919
Decrease in due to Manager	–	(19,070)
Increase in redemption payable	98,812	–
Proceeds from sale of investments	65,111,246	44,257,171
Purchase of investments	(26,546,948)	(43,087,490)
Cash provided by operating activities	38,506,321	2,263,215
Financing Activities		
Proceeds from issuances of redeemable units/equity	1,552,964	1,002,958
Amounts paid on redemption of redeemable units/equity	(22,356,684)	–
Distribution paid	(2,360,656)	(3,090,227)
Cash used in financing activities	(23,164,376)	(2,087,269)
Increase in cash during the year	15,341,945	175,946
Foreign exchange gain on cash	222,313	638,779
Cash, beginning of year	(9,515,823)	(10,330,548)
Cash (including foreign currencies), end of year	$ 6,048,435	$ (9,515,823)
Supplemental information*		
Interest paid	$ 304,738	$ 233,472
Interest received	–	81,565
Dividends received, net of withholding taxes	2,087,392	2,557,043

*Included as a part of cash flows from operating activities

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Schedule of Investment Portfolio
As at December 31, 2018

Number of shares/units	Investments owned	Average cost	Fair value	% of net asset value
	U.S. equities			
1,900	Air Products & Chemicals Inc.	$ 349,045	$ 414,909	1.36
300	Alphabet Inc.	422,685	427,723	1.40
3,800	Amgen Inc.	754,626	1,009,309	3.31
23,700	AO Smith Corp.	1,477,373	1,380,759	4.53
4,000	Apple Inc.	638,120	860,882	2.82
2,500	Automatic Data Processing Inc.	329,488	447,250	1.47
5,000	Bank of America Corp.	151,264	168,094	0.55
400	Booking Holdings Inc.	1,019,558	940,028	3.08
4,300	Broadcom Inc.	1,300,164	1,491,840	4.89
10,500	Cisco Systems Inc.	420,917	620,754	2.03
1,100	Costco Wholesale Corp.	315,385	305,736	1.00
13,700	CVS Health Corp.	1,346,671	1,224,718	4.01
1,900	Huntington Ingalls Industries Inc.	587,374	493,352	1.62
7,000	International Business Machines Corp.	1,391,356	1,085,639	3.56
2,000	IPG Photonics Corp.	382,165	309,146	1.01
5,600	JPMorgan Chase & Co.	546,436	745,879	2.44
1,200	MasterCard Inc.	314,465	308,873	1.01
4,400	McDonald's Corp.	1,066,716	1,066,017	3.49
1,000	Mettler-Toledo International Inc.	773,726	771,677	2.53
8,700	Microsoft Corp.	692,304	1,205,664	3.95
7,000	National Research Corp.	371,410	364,268	1.19
17,500	Oracle Corp.	1,147,103	1,078,047	3.53
3,900	Pool Corp.	776,659	790,990	2.59
5,500	Quest Diagnostics Inc.	688,951	624,875	2.05
3,400	S&P Global Inc.	820,270	788,345	2.58
2,500	The Cooper Cos Inc.	867,987	868,100	2.85
3,500	The Procter & Gamble Co.	356,642	438,955	1.44
2,600	The TJX Cos Inc.	160,292	158,712	0.52
19,300	Tyson Foods Inc.	1,552,983	1,406,178	4.61
3,400	UnitedHealth Group Inc.	1,176,436	1,155,658	3.79
15,000	US Bancorp/MN	1,071,599	935,296	3.07
1,500	Visa Inc.	279,521	270,028	0.89
		23,549,691	24,157,701	79.17
	Total investments owned	23,549,691	24,157,701	79.17

CALDWELL U.S. DIVIDEND ADVANTAGE FUND

Schedule of Investment Portfolio (Continued)
As at December 31, 2018

Number of shares/units	Investments sold short	Proceeds on short sale	Fair value	% of net asset value
	U.S. option			
(1,200)	International Business Machines Corp. Call $112 04JAN19	$ (4,383)	$ (3,455)	(0.01)
	Total investments sold short	(4,383)	(3,455)	(0.01)
	Commissions and other portfolio transaction costs	(68,237)	–	–
	Net investments owned	$ **23,477,071**	24,154,246	79.16
	Other assets, net		6,355,673	20.84
	Net Assets Attributable to Holders of Redeemable Units		$ **30,509,919**	**100.00**

See Accompanying Notes

1. ORGANIZATION AND INVESTMENT OBJECTIVE

Caldwell U.S. Dividend Advantage Fund ("the Fund") was first offered to the public as a closed-end investment fund established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust ("the Declaration of Trust") dated May 28, 2015. On September 28, 2018, the unitholders of the Fund approved the conversion of the Fund into an open-ended mutual fund (the "Conversion") to be offered to the public pursuant to the Simplified Prospectus. The Declaration of Trust was amended on November 15, 2018 to effect the change.

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

Caldwell Investment Management Ltd., ("Caldwell") is the manager ("Manager") and trustee ("Trustee") of the Fund. Caldwell is wholly-owned by Caldwell Financial Ltd, ("CFL") a corporation incorporated under the laws of Ontario.

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.

The investment objective of the Fund is to provide the holders of the units with (i) monthly cash distribution; and (ii) the potential for capital appreciation and enhanced long term risk adjusted returns.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS").

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities classified as fair value through profit or loss which are presented at fair value. The accounting policies applied in these financial statements are based on IFRS issued as of December 31, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Standards, Amendments and Interpretations Issued ("IFRS 9")

IFRS 9 Financial Instruments ("IFRS 9")
IFRS 9 issued in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. It is effective for annual periods beginning on or after January 1, 2018 and has been applied by the Fund retrospectively to January 1, 2017. The application of IFRS 9 has not resulted in any restatement of comparative figures.

Classification and measurement of financial assets and financial liabilities
Under IFRS 9, classification and measurement of financial assets are driven by the Fund's business model for managing them and their contractual cash flows. Classification and measurement categories under IFRS 9 are amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

IFRS 9 largely retains the existing requirements for classification and measurement of financial liabilities. However, unlike IAS 39 where all fair value changes of liabilities designated at fair value through profit or loss are recognized in profit or loss, under IFRS 9, fair value changes related to changes in the issuer's own credit risk are presented in other comprehensive income. (see Note 4)

The adoption of IFRS 9 did not have a material impact on classification and measurement of financial instruments, since the Fund makes decisions based on the assets' fair values and manages the assets to realize those fair values. As such the majority of the Fund's financial assets continue to be measured at FVTPL. In addition, derivatives continue to be measured at FVTPL.

Impairment of financial assets
IFRS 9 also introduces the expected credit loss ("ECL") model for impairment of financial assets measured at amortized cost and debt instruments measured at FVOCI. The ECL impairment model does not have a material impact to the Fund's financial assets given that the majority of the Fund's financial assets continue to be measured at FVTPL.

Hedge accounting
The Fund does not apply hedge accounting, therefore, IFRS 9 hedge accounting related changes do not have an impact on the Fund's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets and Financial Liabilities at Fair Value Through Profit and Loss

Classification

From January 1, 2018, the Fund classifies its investments in debt, equity securities and derivatives as financial assets and financial liabilities at FVTPL.

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular purchases and sales of financial assets are recognized at their trade date. The Fund's investments have been classified as fair value through profit or loss. The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and financial liabilities are classified as subsequently measured at amortized cost. Under this method, financial assets and financial liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

ii) the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Fund's accounting policies for measuring its net asset value ("NAV") for transactions with unitholders is the same as the accounting policies used to measure the fair value of its investments and derivatives.

Accounting policies applied prior to January 1, 2018:

The Fund has applied IFRS 9 retrospectively but the application of IFRS 9 has not resulted in a restatement of comparative information. Refer to Note 4 for changes in accounting policies including classification and measurement policies of financial assets and financial liabilities as a result of the application of IFRS 9.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices. In accordance with the provisions of the Fund's Declaration of Trust, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions. For financial reporting purposes, 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 circumstance 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. When the Fund holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or ask price to the net open position, as appropriate.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. Valuation techniques used include the use of comparable recent arm's-length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Investments in private companies and other assets for which no published market exists are initially valued at cost and adjusted each reporting period, when appropriate, to reflect the most recent value at which such securities have been exchanged in an arm's-length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Manager.

Investments in warrants that are liquid and traded on an active stock market have been measured at fair value. Warrants not on an active exchange are valued using a variety of methods using assumptions based on market conditions existing at each statement of financial position date.

Recognition/derecognition

The Fund recognizes financial assets and financial liabilities at fair value through profit and loss when the Fund becomes party to the contractual provisions of the instrument. Recognition takes place on the trade date – the date it commits to purchase or sell short the instruments. From this date any gains and losses arising from changes in fair value of the assets or liabilities are recognized in the Statements of Comprehensive Income.

Other financial assets are derecognized only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other assets and liabilities

Dividends receivable, HST receivable, prepaid expense, due from Manager and subscription receivable are classified as subsequently measured at amortized cost. Accrued liabilities, distributions payable, management fees payable and redemption payable are classified as other liabilities and are initially recorded at fair value, and subsequently measured at amortized cost. Financial liabilities are generally settled within three months of issuance. Other assets and liabilities are short-term in nature, and their carrying amounts approximate fair value.

Investment transactions and income recognition

Investment transactions are accounted for on the trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date. Realized gains and losses from investment transactions are calculated on an average cost basis.

The interest on debt securities at fair value through profit and loss is accrued on a time-proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

Transaction Costs

Transaction costs are expenses and are included in "transaction costs" in the Statements of Comprehensive Loss. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers; levies by regulatory agencies and securities exchanges; and transfer taxes and duties. The cost of investments for each security is determined on an average cost basis.

Offsetting financial instruments

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. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts.

Cash

Cash is comprised of cash on deposit and is classified as loans and receivable. Cash due to broker is a margin account representing cash loans with brokers and are secured by the underlying investments owned by the Fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Redeemable units

The Fund is authorized to issue units which are redeemable at the holder's option, referred to as redeemable units ("Units"). Prior to November 9, 2018, the Fund had only one series with a set of features and fee structures and met the IAS 32 criteria for classification as equity. After November 9, 2018, the Fund offered a new Series A which provides unitholders the opportunities to subscribe for unit series other than Series F and offering different features and fee structures. As a result, the Fund's units do not meet the criteria for classification as equity and therefore, have been classified as financial liabilities as at December 31, 2018 (see Note 9).

Valuation of fund units

The net asset value of the Fund is calculated after the close of business on each valuation date, which is every day on which the Toronto Stock Exchange is open for business. The net asset value per unit is calculated on the valuation date by dividing the net asset value of the Fund by the total number of units outstanding.

(Decrease) Increase in Net Assets attributable to holders of redeemable units/equity per unit

(Decrease) increase in Net Assets attributable to holders of redeemable units/equity per unit is based on the (decrease) increase in Net Assets attributable to holders of redeemable units/equity attributed to each series of units, divided by the weighted average number units outstanding of that series during the year. Refer to Note 12 for the calculation.

Foreign exchange

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 12:00 p.m. Eastern Time (the "noon rate") on each reporting date. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Income taxes

The Fund is taxable under the Income Tax Act (Canada) (the "Act") on all of its taxable income for the year (including net taxable capital gains), and is permitted a deduction in computing its income tax under the Act for all amounts which are paid or payable in the year to unitholders. As all such amounts are always payable to the unitholders, no tax will be payable on such amounts for the year.

Withholding taxes on foreign dividend income are deducted at the source.

4. CHANGES IN ACCOUNTING POLICIES

The Fund has applied IFRS 9 retrospectively from January 1, 2017, which has resulted in changes in accounting policies. The following accounting policies relating to classification of financial assets and financial liabilities have been changed to comply with IFRS 9 which replaces the provisions of IAS 39.

Reclassifications of financial instruments on application of IFRS 9

On the date of initial application of IFRS 9, January 1, 2018, the financial instruments of the Fund were as follows, with any reclassifications from December 31, 2017 noted:

Financial Instruments	*Classification Category*		*Measurement Category*		*Carrying amount at Jan 1, 2018*		
	Original (IAS 39)	*New (IFRS9)*	*Original (IAS 39)*	*New (IFRS9)*	*Original (IAS 39) $*	*New (IFRS 9) $*	*Difference $*
Assets							
Cash	Amortized cost	Amortized cost	Amortized cost	Amortized cost	656,623	656,623	-
Foreign currencies	Amortized cost	Amortized cost	Amortized cost	Amortized cost	1,412,956	1,412,956	-
Financial assets at fair value through profit or loss	FVTPL - Designated at inception	FVTPL	FVTPL	FVTPL	65,983,404	65,983,404	-
Dividends receivable	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	245,077	245,077	-
Prepaid expenses	Loans and receivables	Amortized cost	Amortized cost	Amortized cost	83,648	83,648	-
Liabilities							
Forward contracts	FVTPL - Held for trading	FVTPL	FVTPL	FVTPL	663,756	663,756	-
Due to broker	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	11,585,402	11,585,402	-
Management fees payable	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	83,020	83,020	-
Accrued liabilities	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	56,402	56,402	-
Distributions payable	Financial liabilities	Financial liabilities	Amortized cost	Amortized cost	258,074	258,074	-

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in accordance with IFRS requires management to use accounting estimates and assumptions about the future. It also requires management to exercise its judgment in the process of applying the Fund's accounting policies. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management uses its judgment in determining the fair value of its investments for those investments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. 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:

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments, including derivatives that are not quoted in active markets. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 6 for further information about the fair value measurement of the Fund's financial instruments.

Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Fund's investments are classified as FVTPL.

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.

6. FAIR VALUE DISCLOSURE

Fair value measurement of investments is based on a three-level fair value hierarchy that reflects the significance of the inputs used in making the measurement. The three levels of fair value hierarchy are as follows:

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. Pricing of currency forward contracts is derived from foreign exchange rates obtained from Bloomberg at noon.

Level 3: Level 3 financial instruments are valued using inputs that are not based on observable market data (unobservable inputs).

The Fund's total investment holdings as at December 31, 2018 and 2017 are classified into a three-level fair value hierarchy as follows:

December 31, 2018

	Level 1	Level 2	Level 3	Total
Assets				
Equities	$ 24,157,701	$ –	$ –	$ 24,157,701
	$ 24,157,701	$ –	$ –	$ 24,157,701

	Level 1	Level 2	Level 3	Total
Liabilities				
Option	$ –	$ 3,455	$ –	$ 3,455
	$ –	$ 3,455	$ –	$ 3,455

December 31, 2017

	Level 1	Level 2	Level 3	Total
Assets				
Equities	$ 65,983,404	$ –	$ –	$ 65,983,404
	$ 65,983,404	$ –	$ –	$ 65,983,404
Liabilities				
Forward contracts	$ –	$ 663,756	$ –	$ 663,756
	$ –	$ 663,756	$ –	$ 663,756

There were no transfers between levels during the years ended December 31, 2018 and 2017.

7. MANAGEMENT FEES AND OPERATING EXPENSES

Under the terms of the Offering Memorandum, the Manager is entitled to an annual management fee of 2.75% of the Series A's gross asset value and 1.75% of the Series F's gross asset value. The management fee for the year ended December 31, 2018 was $986,000 (December 31, 2017 - $1,036,368).

The management fee payable at December 31, 2018 was $47,728 (December 31, 2017 - $83,020).

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.

8. COMMISSIONS AND RELATED PARTY TRANSACTIONS

The Manager and Caldwell Securities Ltd. ("CSL"), a broker, are related parties as they are both wholly-owned subsidiaries of CFL. CSL has earned $60,327 during the year ended December 31, 2018 (December 31, 2017 - $437,363) in brokerage commissions, which is recorded in transaction costs.

For the year ended December 31, 2018 the Manager on behalf of the Fund received soft dollar commissions in the amount of $17,061 (December 31, 2017: $64,684).

The Manager has earned management fees during the year as disclosed in Note 7.

9. UNITS OF THE FUND

The following is a summary of the changes in the Fund's outstanding units during the years ended December 31, 2018 and 2017:

	Units, beginning of year	Units issued	Units redeemed	Reinvestments of units	Units, end of year
December 31, 2018					
Series A	–	50,111	–	72	50,183
Series F	5,161,479	145,596	(2,252,236)	29,922	3,084,761
December 31, 2017					
Series F*	5,063,100	98,379	–	–	5,161,479

*Units outstanding in 2017 were redesignated as Series F units in November 2018, to distinguish them from Series A units issued.

9. UNITS OF THE FUND (CONTINUED)

Distributions

The Fund does not have a fixed distribution but in accordance with the Fund's investment objectives intends to pay monthly cash distributions based on, among other things, the actual and expected returns of the Portfolio. The Manager will at least annually determine an indicative distribution amount for the year based upon the prevailing market conditions and an estimate of distributable cash flow from the Portfolio for such period. The Fund intends to make monthly distributions to unitholders of record on the last business day of each month (each, a "Distribution Record Date"). Distributions will be paid on a business day designated by the Manager that will be on or about the 15th day of the month following the Distribution Record Date.

Redemptions of units

Commencing in 2018, units may be surrendered annually for redemption during the year from October 1 until 5:00 p.m. (Toronto time) on the last business day in October of each year (the "Annual Redemption Notice Period") subject to the Fund's right to suspend redemptions in certain circumstances. Redeeming unitholders will receive a redemption price per unit equal to the applicable NAV per unit on the annual redemption date, less any costs and expenses incurred by the Fund in order to fund such redemption, including brokerage costs.

In addition to the annual redemption right, units may also be surrendered at any time for redemption on the second last business day of any month (other than the month of November) (a "Monthly Redemption Date"), subject to certain conditions. Unitholders surrendering a unit for redemption on a Monthly Redemption Date will receive a redemption price per unit equal to the lesser of (i) 95% of the Market Price of a unit, and (ii) 100% of the Closing Market Price of a unit on the applicable Monthly Redemption Date less, in each case, any costs and expenses incurred by the Fund in order to fund such redemption, including brokerage costs, provided that in no event shall the redemption price per unit exceed 100% of the NAV per unit on the Monthly Redemption Date (the "Monthly Redemption Amount").

A unitholder who redeems a unit on a Monthly Redemption Date will be required to pay the Manager a redemption fee (the "Redemption Fee") equal to 6.0% of the Monthly Redemption Amount. No redemption fee is payable by a unitholder who redeems a unit on an annual redemption date.

On November 19, 2018 Fund units trading on the TSX under the ticker symbol UDA.UN were converted on a one-to-one basis to an open ended Fund traded under the Fund symbol CWF118. These existing units were designated as Series F units, with no load and no trailer suitable for investments in fee-based accounts. After this conversion, additional Series A units were available to be issued for investments in commission based accounts.

10. TAX STATUS

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund has a December 15 year-end for income tax purposes. 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 the 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.

Net realized capital losses of the Fund may be carried forward indefinitely to reduce future net realized capital gains. Gross capital losses as at December 31, 2018 is $nil (December 31, 2017: $nil).

Non-capital losses may be carried forward to reduce taxable income for up to twenty years. As at December 31, 2018, the Fund had non-capital losses of $nil (December 31, 2017: $nil).

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS RISK

Capital management

The Fund defines its capital as its net assets or equity, which is primarily composed of its investments. The Fund manages its investments in line with its investment objectives and the Fund does not have any externally imposed capital requirements.

Financial risk management

The Fund's investment activities expose it to various types of risks associated with financial instruments and markets in which it invests directly. The Manager seeks to minimize potential adverse effects of these risks on the 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.

To assist in managing risks, the Manager also uses internal guidelines to oversee the Fund's investment activities and monitors compliance with the Fund's investment strategy. The following is a summary of the main risks:

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments as disclosed in the Schedule of Investment Portfolio.

As at December 31, 2018, 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 $2,415,425 (December 31, 2017 - $6,598,000). Actual results may be materially different from this analysis.

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS RISK (CONTINUED)

Liquidity risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligation on time or at a reasonable price.

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.

Currency risk

The Fund invests in securities denominated in currencies other than its reporting currency. Consequently, the Fund is exposed to risks that the exchange rate of the reporting currency 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.

	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
Currency	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2018						
U.S. Dollar	$ 6,159,782	$ 24,154,246	$ 30,314,028	$ 61,598	$ 241,542	$ 303,140
% of Net Assets Value	20.19	79.17	99.36	0.20	0.79	0.99

	Exposure			Impact if CAD strengthened or weakened by 1% in relation to other currencies		
Currency	Monetary	Non-Monetary	Total	Monetary	Non-Monetary	Total
December 31, 2017						
U.S. Dollar	$ (31,438,902)	$ 57,046,984	$ 25,608,082	$ (314,389)	$ 570,470	$ 256,081
% of Net Assets Value	(56.41)	102.35	45.94	(0.56)	1.02	0.46

As at December 31, 2018, 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 $303,140 (December 31, 2017 - $256,081). Actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

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.

11. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS RISK (CONTINUED)

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 the Fund.

Where the 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 credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Fund.

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 is only made once the broker has received payment. 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.

As at December 31, 2018 and 2017, the Fund had no significant investments in debt instruments and/or derivatives.

Investment concentration risk

The following table classifies the Fund's investments by economic sector concentrations as a percent of net assets as at December 31, 2018 and 2017.

	December 31, 2018		December 31, 2017	
	Percent of net assets	**Fair value**	Percent of net assets	Fair value
	%	**CAD$**	%	CAD$
Technology	**23.2%**	**7,079,696**	15.7%	8,742,401
Health Care	**19.7%**	**6,018,604**	8.9%	4,950,521
Financials	**10.5%**	**3,216,516**	34.7%	19,338,321
Consumer Cyclical	**9.7%**	**2,955,747**	3.8%	2,118,760
Industrials	**7.6%**	**2,321,362**	13.4%	7,475,339
Consumer Defensive	**7.0%**	**2,150,869**	4.5%	2,484,336
Materials	**1.4%**	**414,907**	12.2%	6,806,454
Energy	**0.0%**	**–**	19.1%	10,635,280
Utilities	**0.0%**	**–**	3.9%	2,166,370
Communication Services	**0.0%**	**–**	2.3%	1,265,622
Total equities	**79.2%**	**24,157,701**	118.4%	65,983,404
Options sold short	**0.0%**	**(3,455)**	0.0%	–
Other assets less liabilities	**20.8%**	**6,355,673**	-18.4%	(10,248,350)
Total net assets value	**100.0%**	**30,509,919**	100.0%	55,735,054

12. (DECREASE) INCREASE IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS/EQUITY

The (decrease) increase in net assets attributable to holders of redeemable units/equity for the years ended December 31, 2018 and 2017 is calculated as follows:

		(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity per Series	Weighted Average of Redeemable Units/Equity Outstanding During the Year		(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units/Equity per Unit
December 31, 2018					
Series A		(18,788)	36,716		(0.51)
Series F		(2,041,971)	4,959,002		(0.41)
December 31, 2017					
Series F*	$	5,020,570	5,147,689	$	0.98

*Units outstanding in 2017 were redesignated as Series F units in November 2018, to distinguish them from Series A units issued.

13. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

There has been no significant event after 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.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Manager of the Fund and authorized for issue on March 28, 2019.