



Caldwell Investment Management Ltd.

Independent Investment Managers

Annual Management Report of Fund Performance

For the Year Ended December 31, 2018

Tactical Sovereign Bond Fund

Note: The fund's auditor does not audit the Management Report of Fund Performance ("MRFP") but checks the figures to ensure they are consistent with the audited financial statements.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the 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 Tactical Sovereign Bond Fund (the “Fund”) is to generate attractive total returns, while placing an emphasis on capital preservation, by investing primarily in a portfolio of government guaranteed bonds.

The investment objective of the Fund may only be changed with the approval of unitholders at a meeting called for that purpose.

Results of Operations

The Fund’s Series A units declined from \$4.63 to \$4.51, a decrease of 2.60%. Assets in Series A decreased from \$4.82 million to \$4.18 million.

The Fund’s Series F (formerly Series D) are intended for use in fee-based accounts. These units fell from \$9.79 to \$9.58, a decrease of 2.19%. Assets in this series fell from \$36.64 million to \$12.28 million.

Overall, the Fund’s assets fell from \$41.46 million to \$16.46 million during the year.

At the meeting held on July 11, 2018, the unitholders approved the change in investment objective and a consolidation of three fee-based series of units (Series F, I and M) into one low fee series. As a result of this change in mandate, the Caldwell Income Fund was renamed “Tactical Sovereign Bond Fund” effective in August upon final receipt of the renewed prospectus. In addition, the consolidated fee based series has been redesignated as Series F rather than Series I. These 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 in interest rates. Consistent with its current investment approach, the Fund continues to tactically invest in government guaranteed bonds in order to generate attractive total returns, while placing an emphasis on capital preservation. In order to enhance the potential benefits offered by this strategy, the Fund’s permitted investments now include the Sovereign debt of foreign nations, while maintaining a focus on Canadian and U.S. bond issues. In addition, the Fund manager intends to supplement the Fund’s portfolio, from time to time, with short positions in securities which provide exposure to risk-free government bonds. These changes are believed to 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.

Recent Developments

Interest rate increases by the Bank of Canada and the U.S. Federal Reserve throughout 2018 caused government bond yield curves in both countries to ‘flatten’, as economic data failed to harmonize with the optimistic assessment of the two central banks on their respective economies.



Canada was faced with a slowing housing market, elevated household debt levels and constrained ability to export our crude oil. Such weaknesses were reflected in a ‘widening’ of yield differentials between Canadian and U.S. government bonds.

For 2019, we anticipate the current economic slowdown to extend into the second half of 2019, which will benefit government bonds. The slowdown will be particularly more pronounced in Canada, thus hurting the Canadian dollar versus the U.S. dollar. The Fund will be able to benefit from the rise of bond prices and the decline in the Canadian dollar/rise in the U.S. dollar.

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 Trent Morris, Sharon Kent 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 0.75% based on the net asset value of Series A units of the Fund (1.25% prior to July 11, 2018) and up to 0.25% based on the net asset value of Series F units of the Fund (0.75% prior to July 11, 2018).

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.

In 2018, the Fund has paid \$53,160 in commissions to Caldwell Securities Ltd. and in 2017, the Fund paid \$41,210.



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.

The Fund's Net Asset Value (NAV), per Series A Unit, as at December 31.

	2018	2017	2016	2015	2014
Net Assets, beginning of year ⁽³⁾	4.63	4.69	4.78	5.02	5.04
Increase (decrease) from operations:					
Total Revenue	0.05	0.05	0.03	0.10	0.14
Total Expenses	(0.09)	(0.06)	(0.08)	(0.08)	(0.07)
Realized gains (losses) for the period	(0.21)	(0.02)	0.00	(0.32)	0.30
Unrealized gains (losses) for the period	0.12	(0.04)	(0.02)	0.07	(0.10)
Total increase (decrease) from operations ⁽¹⁾	(0.13)	(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 December 31 of year shown ⁽³⁾	4.51	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.

⁽³⁾ All per unit figures presented from 2014-2018 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2018. Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, divided by the number of units then outstanding.



The Fund's Net Asset Value (NAV), per Series F* Unit, as at December 31.

	2018	2017	2016	2015	2014
Net Assets, beginning of year ⁽³⁾	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	(0.19)	(0.07)	0.00	(0.33)	0.07
Unrealized gains (losses) for the period	0.13	(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 December 31 of year shown ⁽³⁾	0.00	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.

⁽³⁾ All per unit figures presented from 2014-2018 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2018. Net assets per unit is the difference between the aggregate value of the assets and the aggregate value of the liabilities, divided by the number of units then outstanding.

* The Fund's original Series F commenced on August 1, 2014 and were exchanged for Series I units as at July 17, 2018. The Series I units were redesignated as Series F units to distinguish them for investors holding fee based accounts.



The Fund's Net Asset Value (NAV), per Series F (formerly Series I)* Unit, as at December 31.

	2018	2017	2016
Net Assets, beginning of year ⁽³⁾	9.79	9.86	0.00
Increase (decrease) from operations:			
Total Revenue	1.10	0.10	0.03
Total Expenses	(0.12)	(0.07)	(0.03)
Realized gains (losses) for the period	(0.52)	(0.04)	0.01
Unrealized gains (losses) for the period	0.29	(0.11)	(0.19)
Total increase (decrease) from operations ⁽¹⁾	(0.25)	(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 December 31 of year shown ⁽³⁾	9.58	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 were paid in cash or reinvested in additional units of the Fund.

⁽³⁾ All per unit figures presented from 2016- 2018 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2018. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the year ended December 31, 2018) and the aggregate value of the liabilities, divided by the number of units then outstanding.

* The Fund's Series I commenced on July 15, 2016. On July 17, 2018 the Fund's original Series F units and Series M units were exchanged for Series I units. Series I units were redesignated as Series F units to distinguish them for investors holding fee-based accounts.



The Fund's Net Asset Value (NAV), per Series M* Unit, as at December 31.

	2018	2017	2016
Net Assets, beginning of year ⁽³⁾	9.70	9.78	0.00
Increase (decrease) from operations:			
Total Revenue	0.04	0.09	0.03
Total Expenses	(0.07)	(0.09)	(0.10)
Realized gains (losses) for the period	(0.34)	(0.07)	0.01
Unrealized gains (losses) for the period	0.26	(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 December 31 of year shown ⁽³⁾	0.00	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 were paid in cash or reinvested in additional units of the Fund or both.

⁽³⁾ All per unit figures presented from 2016-2018 are referenced to net assets determined in accordance with IFRS and are derived from the Fund's audited financial statements for the year ended December 31, 2018. Net assets per unit is the difference between the aggregate value of the assets (including the valuation of securities at closing prices for the year ended December 31, 2018) and the aggregate value of the liabilities, divided by the number of units then outstanding.

* The Fund's Series M commenced on August 01, 2016. On July 17, 2018 Series M units were exchanged for Series I units, and Series I units were redesignated as Series F units to distinguish them for investors holding fee-based accounts.



Ratios and Supplemental Data - Series A

	2018	2017	2016	2015	2014
Net assets (000's) ⁽¹⁾	4,183	4,821	5,121	8,151	11,072
Number of units outstanding ⁽¹⁾	926,902	1,040,131	1,091,170	1,705,509	2,204,301
Management expense ratio ⁽²⁾	1.87%	1.30%	1.64%	1.14%	1.62%
Management expense ratio before waivers or absorptions	1.87%				
		1.30%	2.45%	1.69%	2.00%
Portfolio turnover rate ⁽³⁾	1,533.98%	720.40%	679.38%	854.83%	584.67%
Trading Expense ratio ⁽⁴⁾	0.20%	0.11%	0.22%	0.86%	0.89%

Ratios and Supplemental Data - Series F*

	2018	2017	2016	2015	2014
Net asset value (000's) ⁽¹⁾	-	1,012	182	138	175
Number of units outstanding ⁽¹⁾	-	208,874	37,046	27,670	33,783
Management expense ratio ⁽²⁾	1.71%	1.22%	1.16%	0.79%	1.15%
Management expense ratio before waivers or absorptions	1.71%	1.29%	2.37%	1.69%	2.09%
Portfolio turnover rate ⁽³⁾	1,533.98%	720.40%	679.38%	854.83%	584.67%
Trading Expense ratio ⁽⁴⁾	0.20%	0.11%	0.22%	0.86%	0.89%

* The Fund's original Series F commenced on August 1, 2014 and were exchanged for Series I units as at July 17, 2018. The Series I units were redesignated as Series F units to distinguish them for investors holding fee based accounts.

Ratios and Supplemental Data - Series F (formerly Series I)*

	2018	2017	2016
Net asset value (000's) ⁽¹⁾	12,277	32,804	25,004
Number of units outstanding ⁽¹⁾	1,281,258	3,352,015	2,536,349
Management expense ratio ⁽²⁾	1.26%	0.66%	0.71%
Management expense ratio before waivers or absorptions	1.26%	0.73%	1.19%
Portfolio turnover rate ⁽³⁾	1,533.98%	720.40%	679.38%
Trading Expense ratio ⁽⁴⁾	0.20%	0.11%	0.22%

* The Fund's Series I commenced on July 15, 2016. On July 17, 2018 the Fund's original Series F units and Series M units were exchanged for Series I units. Series I units were redesignated as Series F units to distinguish them for investors holding fee-based accounts.



Ratios and Supplemental Data - Series M*

	2018	2017	2016
Net asset value (000's) ⁽¹⁾	-	2,821	1,182
Number of units outstanding ⁽¹⁾	-	290,871	120,801
Management expense ratio ⁽²⁾	1.43%	0.94%	3.08%
Management expense ratio before waivers or absorptions	1.43%	1.01%	3.57%
Portfolio turnover rate ⁽³⁾	1,533.98%	720.40%	679.38%
Trading Expense ratio ⁽⁴⁾	0.20%	0.11%	0.22%

* The Fund's Series M commenced on August 01, 2016. On July 17, 2018 Series M units were exchanged for Series I units, and Series I units were redesignated as Series F units to distinguish them for investors holding fee-based accounts.

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽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 0.75% based on the net asset value of Series A units of the Fund (1.25% prior to July 11, 2018) and up to 0.25% based on the net asset value of Series F units of the Fund (0.75% prior to July 11, 2018). 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 has chosen to absorb certain expenses for which the Fund is responsible.

Distribution	20%
Management and Portfolio Adviser Services	13%
Waivers and Absorption of Fund Expenses	67%

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

Annual Compound Returns

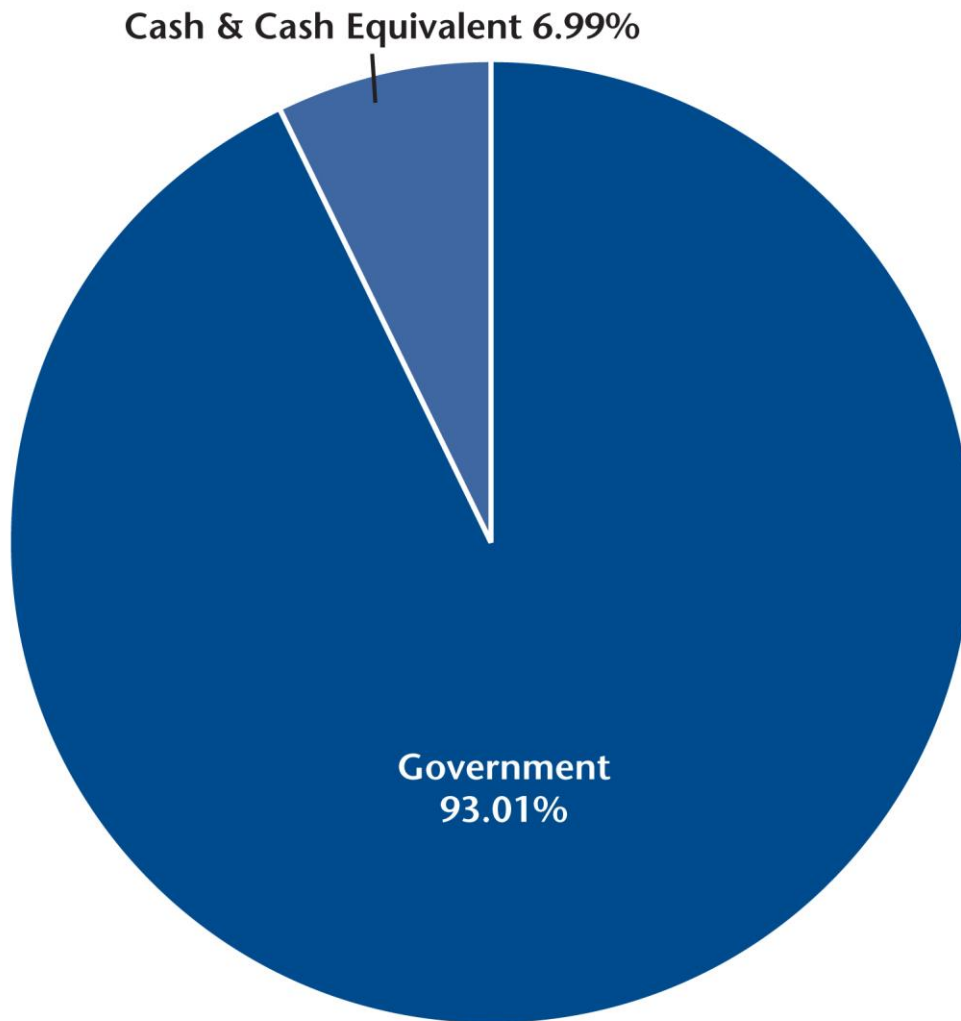
The table shows the Fund's historical annual compound total return for each period since inception of the Fund, compared with the Fund benchmark, the S&P Canada Sovereign Bond TR (CAD) Index.

Annualized Compound Returns	1 Year	3 Years	5 Years	10 Years
Fund - Series A	(2.64%)	(1.81%)	4.91%	10.37%
Fund - Series F	(2.09%)	N/A	N/A	N/A
SP Canada Sovereign Bond TR Index	2.44%	0.76%	2.43%	2.51%



Summary of Investment Portfolio

Portfolio Breakdown as at December 31, 2018



Tactical Sovereign Bond Fund



Summary of Investment Portfolio
Top 25 Holdings
As at December 31, 2018

SECURITY	Percentage of Net Assets
Canadian Treasury Bill 0% 21MAR2019	36.3%
Canadian Government Bond 2% 01NOV2020	28.0%
Canadian Government Bond 2% 01SEP2023	18.3%
Canadian Government Bond 2% 01JUN2028	10.3%
Cash & Cash Equivalents	7.3%
All Holdings (the Fund has less than 25 holdings)	100.2%



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