Caldwell Mutual Funds







Simplified Prospectus Dated: June 21, 2011
Offering Units of:

Caldwell Balanced Fund
Caldwell Income Fund
Caldwell Meisels Canada Fund*
Caldwell Global Financial Services Fund**
Caldwell High Income Equity Fund

* Formerly Caldwell Canada Fund
** Formerly Caldwell Exchange Fund

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This Simplified Prospectus contains selected important information about the Caldwell Mutual Funds listed on the front cover to help you make an informed investment decision and to help you understand your rights. We refer to the Caldwell Mutual Funds described in this document as the Funds or as *Caldwell Mutual Funds*. This document is divided into two parts.

- The first part (from pages 1 to 16) contains general information applicable to all of the Caldwell Mutual Funds.
- The second part (from pages 17 to 27) contains specific information about each of the Funds described in this document.

Additional information about each Fund is available in the following documents: the Annual Information Form; the most recently filed Fund Facts; the most recently filed annual financial statements; any interim financial statements filed after those annual financial statements; the most recently filed annual management report of Fund performance; and any interim management report of Fund performance filed after that annual management report of Fund performance. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document. You can get a copy of these documents, at your request, and at no cost, by calling us toll-free at 1-800-256-2441 or from your dealer.

These documents are also available on the Caldwell Mutual Funds internet site at **www.caldwellmutualfunds.com** or by contacting Caldwell Mutual Funds by e-mail at *info@caldwellmutualfunds.com*.

These documents and other information about Caldwell Mutual Funds are also available on the internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at **www.sedar.com**.

WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?

What is a mutual fund?

A mutual fund is a pool of assets that is invested by a professional investment manager on behalf of a large group of people who have a common investment objective. The professional investment manager invests the assets in the securities of a variety of different issuers depending on the investment objectives of a fund and if the investments are profitable, all members of the group share in the profits. If the investments made by the professional investment manager are not profitable, all members of the group share in the losses. As a result, the value of your investment in a mutual fund may be more or less when you redeem it than when you purchase it. A mutual fund provides the investing public with access to the services and expertise of a professional investment manager which would not otherwise be readily available to them. It also allows investors to diversify their investments across a broader array of holdings than is normally possible with individual securities.

What is a unit?

In Canada, the pool of assets that comprise a mutual fund is generally held in a trust known as a mutual fund trust. When an investor wishes to have money managed by an investment professional, he or she purchases an interest, known as units, in a mutual fund trust. The money used to purchase the units becomes part of the pool of assets that are invested by the mutual fund's investment manager. A mutual fund company maintains a record of the number of units purchased by each investor in a mutual fund. The more money you invest in a mutual fund, the more units you acquire. The more units you acquire, the greater your interest in the mutual fund's results.

The purchase price of a unit changes daily because it is dependent upon the value of the securities that are acquired by the mutual fund's investment manager using the money that has been invested in the mutual fund. If the value of the securities purchased by the mutual fund goes up, the value of a unit of the mutual fund goes up. Similarly, if the value of the securities purchased by the mutual fund goes down, the value of a unit of the mutual fund goes down.

What do mutual funds invest in?

Mutual funds invest in a variety of different securities which can include treasury bills, government bonds, commercial paper, corporate debt and the common shares of domestic and foreign companies. Each mutual fund has its own investment objective which dictates the types of securities that may be acquired by the mutual fund's investment manager. Caldwell Mutual Funds provide you with an opportunity to invest in diversified portfolios of these securities.

Why should I own a mutual fund?

You could make many of the same investments that managers of mutual funds make. So why bother buying mutual funds? There are two principal advantages.

Professional Management. First, professional investment managers invest money on a full-time basis and therefore have a level of expertise that the general public does not have. Because investment management is their full-time job, you do not have to spend the time making investment decisions on your own. Professional investment managers are also more efficient in gathering and assessing information and research that isn't readily available to individual investors.

Diversification. Second, professional investment management facilitates the ownership of a broad range of securities. This is known as diversification. The more diversified a portfolio is, the less likely it will be affected by changes, up or down, in the value of any one individual security included in the portfolio.

What are the risks associated with mutual funds?

The amount of your investment in any Caldwell Mutual Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates ("GICs"), mutual fund securities are not insured by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Like other securities, the value of a unit of a mutual fund can decrease at any time for a number of reasons including the following:

Market Risk. Mutual funds hold many securities and the prices of those securities can go up or down. Prices of equity securities, such as common shares, can decrease because of factors such as general market conditions, political developments, and changes in the business and affairs of the companies that issue the securities. Sometimes investors worry that companies that issue debt securities such as bonds may run into financial problems and be unable to pay their debts which causes the price of the debt securities to fall. Funds that invest primarily in company shares have generally been the most sensitive to price changes, but fixed-income funds are also subject to price volatility.

Interest Rate Risk. Changes in interest rates have an impact on a range of investments. The prices of fixed-income investments such as treasury bills and bonds tend to fall when interest rates go up. On the other hand, they tend to rise when interest rates are falling. Longer-term bonds and strip bonds are generally more sensitive to interest rate changes.

Investment Trust Risk. Some of the Funds may invest in real estate, royalty, income and other investment trusts which are investment vehicles in the form of trusts rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability, against an investment trust are not satisfied by the trust, investors in the investment trust, including the Funds investing in the trust, could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims. Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability.

Income trusts generally hold debt, equity or royalty interests in an underlying active business. To the extent that an underlying business is susceptible to industry risks, interest rate fluctuations, commodity prices and other economic-factors, investment returns from an income trust and the price of an income trust may be similarly affected. Although distributions and returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk.

Currency Risk. When a mutual fund buys securities that are denominated in currencies other than Canadian dollars, it can lose money if there is an adverse change in the exchange rate for the foreign currency. This can add volatility to a portfolio that purchases securities denominated in foreign currencies.

Foreign Issuer Risk. There may be a greater risk of loss from investments made in the securities of foreign issuers because there may be less information available about foreign issuers relative to the information that is available about Canadian and U.S. issuers. Many foreign issuers are not subject to the extensive accounting, auditing, financial reporting and other disclosure requirements which apply in Canada and the United States.

Derivative Risk. From time to time each of the Funds may use derivatives as permitted by Canadian securities regulatory authorities and provided their use is consistent with the investment objectives and strategies of the Fund. A Fund may use derivatives for both hedging and non-hedging purposes.

When using derivatives for hedging purposes, a Fund seeks to offset or reduce a specific risk associated with all, or a portion, of an existing investment or position, or group of investments or positions. A Fund's hedging activity may therefore involve the use of derivatives to manage interest rate risk; reduce the Fund's exposure to underlying interests such as securities, indices and currencies; and enhance liquidity.

The Funds may also use derivatives for non-hedging purposes to gain exposure to underlying interests, such as individual securities, asset classes, indices, currencies, market sectors and markets without having to invest directly in such underlying interests; to reduce transaction costs; and to expedite changes to the Funds' investment portfolios. While derivatives are being used by a Fund for non-hedging purposes, the Fund must generally hold cash, the interest underlying the derivative and/or a right or obligation to acquire such underlying interest in sufficient quantities to permit the Fund to meet its derivative obligations without recourse to the other assets of the Fund.

A derivative is an investment that bases its value on the value of another kind of investment, like a stock, bond, currency or market index. Derivatives usually take the form of a contract with another party to buy or sell the underlying investment at a later time. Here are some examples of derivatives:

- *Options*. Owning an option gives the owner the right to buy or sell an asset like a security or currency at a set price and a set time. The owner can choose not to go ahead with the deal, although the other party must complete the deal if the owner wishes. The other party - the seller - gets a cash payment called a premium for agreeing to give the owner the option.

Selling an option gains the seller the premium and obliges the seller to buy or sell an asset like a security or currency at the set price and a set time. The other party - the owner - can choose whether to complete the purchase or sale of the underlying item.

- *Forward contracts*. In a forward contract, the parties agree today to buy or sell things like securities or currencies at a set price and a set time. The parties have to complete the deal by receiving or delivering what they have bought and sold and making or receiving a cash payment, even if the market price of the securities or currencies has changed by the time the deal closes.
- *Futures contracts*. A futures contract works much like a forward contract, except the price is set through trading on an exchange.
- *Swaps*. With a swap agreement, the parties agree to exchange, or "swap," payments. The payments the parties make are based on an agreed underlying amount, like the value of a bond. Each party's payments are calculated differently. For example, one party's payments may be based on a floating percentage of the value of the bond, while the other party's payments may be based on a fixed percentage of the value of the bond.
- *Debt-like securities*. With a debt-like security, the amount of principal or interest (or both) that the owner receives goes up or down depending on whether there is an increase or decrease in the value of an agreed underlying security, such as a share.

You accept a number of risks when we use derivatives for investment purposes. Here are some of the most common ones:

- there's no guarantee that a fund will be able to buy or sell a derivative at the right time to make a profit or limit a loss,
- there's no guarantee that the other party in the contract will live up to its obligations,
- if the other party a fund is dealing with goes bankrupt, the fund could lose any deposits that were made as part of the contract,
- if the derivatives are being traded on foreign markets, it may be more difficult and take longer to complete a deal. Foreign derivatives can also be riskier than derivatives traded on North American markets, and
- securities exchanges could set daily trading limits on options and futures contracts. This could prevent a fund from completing an options or futures deal, making it impossible to make a profit or limit a loss.

In addition, while using derivatives for hedging may have its benefits, hedging has its own additional risks. Here are some of them:

- there's no guarantee that a hedging strategy will always work,
- a derivative won't always offset a drop in the value of a security, even if it has usually worked out that way in the past,
- hedging doesn't prevent changes in the prices of the securities in a fund's portfolio, or prevent losses if the prices of the securities go down,
- hedging can also prevent a fund from making a gain if the value of the currency, stock, or bond goes up,
- a fund might not be able to make a deal to hedge against an expected change in a market if most other people are expecting the same change, and
- hedging may be costly.

Suspension of Redemptions. Under exceptional circumstances a mutual fund may suspend redemptions. See the information under the heading *Can my rights to redeem units in my Caldwell Mutual Funds be suspended?*

Liquidity risk. In some cases, there is a possibility that a mutual fund will not be able to convert its investments to cash when it needs to. Some securities are illiquid because of legal restrictions, the nature of the investment itself, settlement terms, there being a shortage of buyers or other reasons. Some companies are not well known, have few securities outstanding or can be significantly affected by political and economic events. Securities issued by these companies may be difficult to buy or sell and the value of the Funds that buy these securities may rise and fall substantially.

For example, smaller companies may not be listed on the stock market or traded through an organized market. They may be hard to value because they are developing new products or services for which there is not yet an established market or revenue stream. They may have few shares outstanding, so a sale or purchase of shares will have a greater impact on the share price.

Generally, investments with lower liquidity tend to have more dramatic price changes. A Fund that has trouble selling a security can lose money or incur extra costs.

Regulatory risk. Certain companies are subject to the laws, regulations and policies of regulatory agencies, which may have an impact on revenue. At times, governmental permits and approvals are required prior to commencing projects. Any delay or rejection of these proposed plans would hinder the company's growth projections.

Sector risk. Some mutual funds concentrate their investments in a certain sector or industry in the economy. This allows these mutual funds to focus on that sector's potential, but it also means that they are riskier than mutual funds with broader diversification. Because securities in the same industry tend to be affected by the same factors, sector-specific mutual funds tend to experience greater fluctuations in price. These mutual funds must continue to follow their investment objectives by investing in their particular sector, even during periods when that sector is performing poorly.

Exchange traded funds risk: The Caldwell Meisels Canada Fund may invest in exchange traded funds ("ETFs") that seek to provide returns similar to an underlying benchmark such as particular market indices or industry sector indices. These ETFs may not achieve the same return as their benchmark indices due to differences in the actual weightings of securities held in the ETF versus the weightings in the relevant index, and due to the operating and administrative expenses of the ETF. As well, the Funds have obtained relief from the Canadian securities regulators so that they may invest in certain exchange traded funds managed by BetaPro Management Inc. ("BetaPro ETFs"). The BetaPro ETFs utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of that benchmark. Units of the BetaPro ETFs are highly speculative, involve a high degree of risk and are subject to increased volatility as they seek to achieve a multiple or inverse multiple of a benchmark.

All Caldwell Mutual Funds can be subject from time to time to the above risk factors, unless otherwise indicated.

Investment risk classification methodology

The basis for the methodology used to determine the risk ratings of the Funds for purposes of disclosure in this prospectus is that recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada (the "**IFIC Task Force**"). The IFIC Task Force concluded that the most comprehensive, easily understood form of risk in this context is historical volatility risk as measured by the standard deviation of a fund's performance. However, the IFIC Task Force recognizes that other types of risk, both measureable and non-measurable, may exist and advises that historical performance may not be indicative of future returns and a fund's historical volatility may not be indicative of its future volatility.

A more detailed explanation of standard deviation and the methodology that Caldwell uses to determine the risk rating of the Funds is available on request, at no cost, by contacting Caldwell toll-free at 1-800-256-2441 or by writing to Caldwell Investment Management Ltd., 150 King Street West, Suite 1702, Toronto, Ontario, M5H 1J9.

ORGANIZATION AND MANAGEMENT OF CALDWELL MUTUAL FUNDS

Manager and Trustee

Caldwell Investment Management Ltd. ("Caldwell") is responsible for the day-to-day management of the undertaking and operations of the Funds.

Caldwell Mutual Funds are organized as trusts. When you invest in any of the Funds, you are buying units of the trust. Caldwell was appointed as the trustee of the Funds (other than Caldwell High Income Equity Fund) on March 23, 2007 and as trustee of Caldwell High Income Equity Fund on April 16, 2009. Caldwell holds actual title to the property of the Funds - the cash and securities - on your behalf.

- Caldwell Investment Management Ltd.
  150 King Street West
  Suite 1702
  Toronto, Ontario M5H 1J9

Portfolio Advisor

As portfolio advisor, Caldwell provides investment advice and portfolio management services to the Funds.

- Caldwell Investment Management Ltd.
  Toronto, Ontario

Principal Distributor

As principal distributor, Caldwell Securities Ltd. markets the units of Caldwell Mutual Funds directly to the public. The Funds are also available through authorized dealers. Caldwell Securities Ltd. is affiliated with Caldwell as both are wholly owned subsidiaries of Caldwell Financial Ltd.

- Caldwell Securities Ltd.
  Toronto, Ontario

Independent Review Committee

The Independent Review Committee (the "IRC") will review all conflict of interest matters referred to it by Caldwell and make recommendations on whether a course of action achieves a fair and reasonable result for each Fund. Only upon making that determination will the IRC recommend to Caldwell that the transaction proceed.

The IRC will also at least annually prepare a report of its activities for unitholders which will be available on Caldwell's website at *www.caldwellmutualfunds.com*, or at a unitholder's request at no cost, by contacting Caldwell at *info@caldwell-mutualfunds.com*.

For the year ended December 31, 2010, the total fees paid and payable to the members of the Independent Review Committee, were $5,000 per Fund (with each member receiving a sum of $1,666.66), for a combined total of $25,000 for the five Funds. There were no reimbursement payments to any members in 2010.

Additional information about the IRC is available in the Funds' annual information form.

- The initial members of the Independent Review Committee for the Funds, who have been appointed as of May 1, 2007, are Sharon Kent, Robert Guilday. F. Michael Walsh was appointed as of May 26, 2011.

Custodian

The cash and securities of the Funds are held by State Street Trust Company Canada.

- State Street Trust Company Canada
  Toronto, Ontario

Registrar

International Financial Data Services (Canada) Limited is the registrar of the Funds, and in such capacity keeps a register of the owners of units for the Funds, processes orders, and issues account statements to unitholders.

- International Financial Data Services (Canada) Limited
  Toronto, Ontario

Auditors

As auditors, Deloitte & Touche LLP annually conducts an audit in accordance with Canadian generally accepted auditing standards of the financial statements of the Funds to assess whether they fairly present, in all material respects, the Funds' financial position and results in accordance with Canadian generally accepted accounting principles.

- Deloitte & Touche LLP
  Chartered Accountants
  Toronto, Ontario

How do I purchase units of Caldwell Mutual Funds?

Units of the Fund must be purchased through registered dealers in all provinces and territories of Canada (except in the Province of Quebec).

The minimum initial purchase order for the units of a Fund is $500. Each subsequent purchase order must be for an amount of $100 or more ($50 minimum purchase order for investors who participate in the Monthly Investment Plan). Each investor in a Fund must always hold units of the Fund which have a net asset value of at least $500. If the net asset value of an investor's units of a Fund falls below $500, the investor may be provided with a notice of the Fund's intention to redeem the units unless the investor purchases enough additional units within ten days of receiving the notice. Caldwell reserves the right to adjust these minimum purchase order and minimum unitholding amounts from time to time.

All units must be paid for in full. Therefore an order for a purchase of units of a Fund must be accompanied by a cheque, certified cheque, bank draft or money order that is payable to the Fund c/o Caldwell Investment Management Ltd. Caldwell must receive any payment made to a registered dealer within three business days of receiving the purchase order form of the registered dealer. Caldwell can accept or reject any purchase order no later than one business day after receiving the order. If a purchase order is rejected by Caldwell, all money received with the order will be returned immediately without interest. No certificates are issued for units of Caldwell Mutual Funds.

An investor becomes a unitholder of a Fund on the date that Caldwell processes the investor's purchase order. A purchase order will therefore be reversed by redeeming the investor's units if Caldwell does not receive the purchase price for the units, or the investor otherwise fails to complete the purchase, within the three business day period referred to above. Any resulting loss will not be borne by the Fund but shall be charged to the registered broker or dealer, who may, in turn, have the right to collect it from the investor. Any resulting gain will belong to the Fund and not to the investor.

How do I redeem units of Caldwell Mutual Funds?

Your registered dealer can help you. You may redeem some or all of your units by providing Caldwell with a written request to have a dollar amount or a number of units redeemed by the Fund. The request must be signed by you and should indicate where you would like to have the sale proceeds delivered. The sale proceeds will be delivered in accordance with your instructions within three business days of the valuation date on which the redemption order is processed. In order to confirm that your signature is genuine, Caldwell reserves the right to have your signature guaranteed by a Canadian chartered bank, a trust company or an investment dealer.

The redemption of units of a Fund constitutes a disposition for tax purposes and may trigger a capital gain or capital loss. (See *Income Tax Considerations for Investors* (page 12)).

An order for a sale of units back to a Fund will be reversed if a dealer or unitholder fails to meet all sale requirements. Any resulting loss will not be borne by the Fund but shall be charged to the registered broker or dealer, who may, in turn, have the right to collect it from the unitholder. Any resulting gain will belong to the Fund and not to the unitholder.

How are my Caldwell Mutual Fund units valued?

The purchase and sale price of each unit of a Caldwell Mutual Fund is equal to the net asset value per unit as of the close of business on each business day. Any applicable deferred sales charge or redemption fee payable by you will be deducted from your sale proceeds. If your purchase or sale order is received after 4:00 p.m. (Eastern Time), the price will be the net asset value per unit as of the close of business on the next business day.

How is the net asset value per unit calculated?

The net asset value per unit of a Caldwell Mutual Fund is calculated by dividing the net asset value (being the value of the Fund's assets at the time of calculation less its liabilities at that time) by the total number of units outstanding of the particular Fund.

When is the net asset value per unit calculated?

The net asset value of a Fund and of the units of a Fund are calculated by Caldwell in accordance with National Instrument 81-102 – *Mutual Funds* or successor regulations on any day on which a Fund is required to calculate a net asset value. On such day, the net asset value of a Fund and of units of a Fund is calculated as at the usual closing time of the Toronto Stock Exchange.

Can I switch my investment in one Caldwell Mutual Fund to another Caldwell Mutual Fund?

Yes. You may redeem units of one Caldwell Mutual Fund and use the proceeds to purchase units of another Caldwell Mutual Fund. This is called a switch. In order to complete such a transfer you must deliver a written request to Caldwell identifying the Fund from which you wish to exit, the number of units you wish to redeem (the amount must be at least $500), and the units of the Fund you wish to purchase. Your signature on the written request must be guaranteed by a Canadian chartered bank, a trust company, or an investment dealer.

What charges and taxes apply if I switch between Caldwell Mutual Funds?

Caldwell Mutual Funds do not charge for a switch but your dealer may charge a commission as described under the heading *Fees and Expenses* (page 10) in order to effect such a switch. If the units of the Fund are subject to a deferred sales charge, then the units acquired as a result of the switch shall be subject to a deferred sales charge of exactly the same amount. You may not redeem units that were acquired on a deferred sales charge basis to purchase units on a front-end sales charge basis.

A switch between Caldwell Mutual Funds constitutes a disposition for tax purposes and may trigger a gain or loss. (See *Income Tax Considerations for Investors* (page 12)).

Can my rights to redeem units in my Caldwell Mutual Funds be suspended?

In very rare circumstances it may be necessary to suspend the rights of investors to redeem their units in a Caldwell Mutual Fund. Caldwell will only institute such suspensions when:

(1) trading is suspended on any stock exchange, options or futures exchange within or outside Canada on which securities or specified derivatives are listed and traded which represent more than 50% by value or by underlying market exposure of the total assets of that Fund without allowance for liabilities; or

(2) it obtains the consent of the Canadian securities administrators.

If Caldwell suspends the right to redeem units in a Caldwell Mutual Fund, it will also suspend the right to purchase units in that Fund.

How do purchase options affect fees I pay?

At the time that a unitholder purchases the units of a Fund, the unitholder must choose to pay either a front-end sales charge or a deferred sales charge. The choice of different purchase options requires an investor to pay different fees and expenses and affects the amount of compensation payable to a dealer.

Front-End Sales Charge. A front-end sales charge is a commission that is paid by an investor to a registered dealer at the time the investor purchases the units of a Fund. The amount of the front-end sales charge is negotiated between the investor and the registered dealer but may not exceed an amount as described under the heading *Fees and Expenses* (page 10). Please refer to *Fees paid to dealers* (page 12) for information on how front-end sales charges affect dealer compensation.

Deferred Sales Charge. A deferred sales charge is a commission that is paid by an investor to Caldwell at the time the investor redeems units. The deferred sales charge payable by an investor is deducted from the investor's redemption proceeds to compensate Caldwell for the sales commission described below which Caldwell would have paid to a registered dealer at the time the investor purchased the units. The amount of a deferred sales charge is dependent on the number of years an investor has held units to be sold back to a Fund as described under the heading *Fees and Expenses* (page 10).

Because a deferred charge declines with the passage of time, it may be the preferred purchase option for long-term investors. Please refer to *Fees paid to dealers* for information on how deferred sales charges affect dealer compensation.

Free Redemption Amount. An investor who elects to pay a deferred sales charge may redeem a prescribed amount of units during a given year without having to pay a deferred sales charge. This prescribed amount is known as the free redemption amount. The free redemption amount is an amount equal to no more than 10% of the market value of units of the Fund that were held by the investor as at December 31 of the previous year, plus an amount equal to no more than 10% of the market value of additional units acquired by the investor during the current calendar year, less any cash distributions received in the current year. In addition, the free redemption amount includes an amount equal to all units in a Fund acquired on the reinvestment of distributions during the same period. Caldwell reserves the right to vary or eliminate the free redemption amount on 60 days prior written notice to unitholders.

Short-term Trading. Short-term trading in units of the Funds can have an adverse effect on the Funds. Such trading can increase brokerage and other administrative costs of the Funds and interfere with the long-term investment decisions of Caldwell. Caldwell has adopted certain restrictions to deter short-term trading. Please refer to *Short-term Trading Fees* (page 11).

For example, if an investor redeems or switches units of a Fund within 90 days of purchase the investor may be subject to a short-term trading fee of 2% of the amount switched or redeemed. This amount will be retained by the subject Fund, and not by Caldwell or any distributor. This fee is in addition to any redemption or switch fees that may apply and will reduce the amount otherwise payable to an investor on the redemption or reduce the amount switched.

The short-term trading fees will not apply in the case of certain redemptions or switches including:

- those initiated by Caldwell (including as part of a fund reorganization or merger) or by a Fund or another investment fund or by a segregated fund or another investment product which has been approved by Caldwell;
- in the case of what Caldwell, in its discretion, considers a special circumstance, such as the death of a unitholder or a hardship situation; and
- those relating to units received on the reinvestment of distributions.

While these restrictions and Caldwell's monitoring attempt to deter short-term trading, Caldwell cannot ensure that such trading will be completely eliminated. Caldwell may reassess what is adverse short-term trading in the Funds at any time and may charge or exempt transactions from these fees in its discretion.

OPTIONAL SERVICES

Is there a Monthly Investment Plan?

An investor can arrange to make regular pre-authorized investments in a Fund by participating in the Monthly Investment Plan. In order to participate, an investor must arrange to invest at least $50 in a Fund at regular monthly intervals on the 1st or 15th day of a month. The amount chosen is automatically deducted from the investor's bank account and invested in the Fund. There is no charge to enrol in the Monthly Investment Plan and an investor may cease to participate in the Plan at any time by giving at least ten business days prior written notice to Caldwell.

Can I establish a registered plan to purchase units of Caldwell Mutual Funds?

Caldwell sponsors Registered Retirement Savings Plans ("RRSPs") and such plans can be established by investing as little as $500. An annual fee as described under the heading *Fees and Expenses* (page 10) is charged for administering RRSPs. A fee as described under the heading *Fees and Expenses* (page 10) is also payable upon termination of such plans.

What expenses are payable by investors and by the Funds?

This table lists the fees and expenses that you may have to pay if you invest in Caldwell Mutual Funds. You may have to pay some of these fees and expenses directly. A Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in a Fund.

Fees and Expenses Payable by the Fund

Management Fees	*Caldwell Balanced Fund*	*2.00%*
	Caldwell Income Fund	*1.25%*
	Caldwell Meisels Canada Fund	*2.00%*
	Caldwell Global Financial Services Fund	*2.00%*
	Caldwell High Income Equity Fund	*1.50%*
	In the previous five calendar years, management fees for the Caldwell Income Fund have been reduced to 0.75%.	
Operating Expenses	In addition to the management fee and applicable GST/HST that is payable by each Fund, each Fund is required to pay its own operating expenses which include expenses directly related to portfolio transactions, brokerage commissions, custodial, record keeping and unitholder communication charges, legal and audit expenses and any taxes and interest related to the operation of the Fund. Caldwell at its discretion may waive and absorb a portion of the operating expenses otherwise payable by the Funds. The waiver of management fees and operating expenses may be terminated at any time by Caldwell and at its discretion, may be continued indefinitely. As at the date of this Simplified Prospectus, each member of the IRC receives an annual retainer of $10,000, plus expenses for each meeting. These fees and expenses, plus associated legal and insurance costs, are allocated among all of the funds managed by Caldwell and Urbana Corporation in a manner that is considered by Caldwell to be fair and reasonable. Effective July 1, 2010, the Ontario and British Columbia provincial sales taxes were harmonized with the 5% federal goods and services tax ("GST") to create a federal harmonized sales tax ("HST") for goods and services. Due to such tax harmonization, the federal government released draft rules for calculating the amount of HST to be paid by investment funds such as the Caldwell Mutual Funds. Such draft rules would generally require a Caldwell Mutual Fund to determine a "blended rate" determined by reference to the relevant rate for each province (5% for non-harmonized provinces, 12% in British Columbia, 15% in Nova Scotia and 13% in the other harmonized provinces) and the value of its units attributable to investors resident in that province. We have been evaluating and will continue to evaluate alternatives to applying the blended rate to achieve a result that is fair to the Funds and their unitholders. We currently consider that the application of the blended rate, consistent with the draft rules released by the federal government, is the only viable method to apply these fees fairly but reserve the right to adopt an alternative methodology at any time.	

Fees and Expenses Payable Directly by You

Sales Charges	• *Caldwell Income Fund - up to 4% of the amount invested* • *All other Caldwell Mutual Funds - up to 5% of the amount invested*	
Switch Fees	*Negotiated with your dealer, up to 2% of the amount invested*	
Redemption Fees	**Units Sold Within the Following Period After the Date of Original Purchase**	**Percentage of Original Purchase Price**
	Within one year	*4.5%*
	Within two years	*4.0%*
	Within three years	*3.5%*
	Within four years	*3.0%*
	Within five years	*2.5%*
	Within six years	*2.0%*
	After the sixth year	*0%*
Free Redemption Amount	*You may pre-arrange with the Caldwell Mutual Funds to redeem once annually up to 10% of the market value of units held by you in a Fund as at December 31 of the previous calendar year and continued to be held, plus up to 10% of the current market value of additional units acquired in the current calendar year and continued to be held, without any deferred sales charge. In addition, the free redemption amount includes an amount equal to the distributions which were reinvested in additional units in a Fund during the same period.*	
Short-term Trading Fees	*If a unitholder redeems or switches units of a Fund within 90 days of purchase the unitholder may be subject to a short-term trading fee of 2% of the amount switched or redeemed. This amount will be retained by the subject Fund, and not by Caldwell or any distributor. This fee is in addition to any redemption or switch fees that may apply and will reduce the amount otherwise payable to a unitholder on the redemption or reduce the amount switched.*	
Registered Tax Plan Fees	• $25 plus HST annually ("RRSPs") • $25 plus HST at time Plan is terminated ("RRSPs")	
Other Fees and Expenses	• $50 plus HST to replace lost statements	

Impact of Sales Charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you. Assuming you made an investment of $1,000 in any one of Caldwell Mutual Funds and you held that investment for one, three, five or ten years and redeemed immediately before the end of that period, the fees are outlined in the table below.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option[1] (front-end sales charge)	$50	$0	$0	$0	$0
Redemption Charge Option[2] (deferred sales charge)	$0	$45	$35	$25	$0

[1] 5% is the maximum sales charge allowable. The client and dealer negotiate a sales charge between 0% and 5%. In the case of Caldwell Income Fund, the maximum allowable sales charge is 4%.

[2] Redemption charges payable by you may apply only if you redeem your units in a particular year. Redemption charges are shown under *Fees and Expenses* (Above). Actual redemption charges may be less than shown in this chart since you may be entitled to a free redemption amount as described under the heading *Free Redemption Amount* above.

DEALER COMPENSATION

Fees Paid to Dealers

If you choose the front-end sales charge option when you purchase your units, you may have to pay a sales commission to your dealer at time of purchase. Such commissions range as disclosed under the heading *Fees and Expenses* (page 10), but you should talk to your dealer about how much they will actually charge you.

If you choose the front-end sales charge option when you purchase your units, Caldwell may pay your dealer an annual trailer fee of up to 1% (0.5% for Caldwell Income Fund and 0.75% for Caldwell High Income Equity Fund) of the value of your units for ongoing services provided to you. If you choose the deferred sales charge option when you purchase your units, Caldwell will pay your dealer a sales commission as disclosed under the heading *Deferred Sales Charge* (page 8) at the time you purchase your units and an ongoing trailer fee at the rate of 0.5% (0.25% for Caldwell Income Fund and 0.375% for Caldwell High Income Equity Fund) of the value of your units.

Sales Incentive Programs

Caldwell may contribute to direct costs incurred by registered dealers of the Funds which relate to sales commissions, so long as such contributions are in compliance with National Instrument 81-105 – *Mutual Fund Sales Practices*. Other than the foregoing and sales charges and trailer fees, Caldwell pays no sales incentives of any kind.

Related Parties

Caldwell and Caldwell Securities Ltd., the principal distributor, are related because each is a wholly-owned subsidiary of Caldwell Financial Ltd.

DEALER COMPENSATION FROM MANAGEMENT FEES

Approximately 38.55% of the total management fees paid by Caldwell Mutual Funds last year were used to pay commissions and other dealer fees.

INCOME TAX CONSIDERATIONS FOR INVESTORS

The following is a general summary of the Canadian federal income tax consequences to you of distributions from the Funds and dispositions by you of units of the Funds. This summary applies to Canadian resident individuals (other than trusts) who deal with the Funds at arm's length and who hold units of the Funds as capital property. This summary assumes that at all material times each Fund will qualify as a mutual fund trust under the *Income Tax Act* (Canada) ("Tax Act").

The summary is general in nature. It is not intended to be legal or tax advice to any particular investor. Consult your own tax adviser with respect to the tax implications of purchasing, holding and redeeming units of the Funds.

Funds Held in a Registered Plan

Units of each of the Funds are, and are expected to continue to be, qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans ("Tax Plans"). Owners of tax-free savings accounts and, pursuant to changes to the Tax Act proposed in the March 22, 2011 federal budget, annuitants of registered retirement savings plans and registered retirement income funds, should consult their own advisers as to whether units would be a "prohibited investment" for their tax-free savings account, registered retirement savings plan or registered retirement income fund having regard to their circumstances.

If you hold Fund units in a Tax Plan, income and capital gains received from the Funds, and capital gains realized on redeeming, switching or otherwise disposing of units of the Funds, will generally be sheltered from tax until you withdraw amounts from such Tax Plans. Amounts withdrawn from a Tax Plan (other than from a tax-free savings account, contributions withdrawn from a registered education savings plan and certain withdrawals from a registered disability savings plan) will generally be subject to tax.

Funds Held Outside a Registered Plan

If you hold units of the Funds outside a Tax Plan, you must include in your income the net income and the taxable portion of any net capital gains paid to you by a Fund, whether paid in cash or by reinvestment in additional units. If distributions by a Fund in any year exceed your share of the net income and net realized capital gains of the Fund for the year, the excess amount paid to you will not be included in your income but will reduce the adjusted cost base of your units of that Fund by the excess amount.

To the extent applicable, each Fund intends to make designations to ensure that the maximum portion of its dividends from taxable Canadian corporations, foreign income, net realized capital gains and foreign creditable tax will be received by unitholders as dividends from taxable Canadian corporations, foreign income or taxable capital gains, as the case may be, or deemed to be paid by unitholders in the case of foreign creditable tax.

When you purchase units of a Fund, a portion of the price you pay may reflect income and capital gains of the Fund for the year. When these amounts are paid to you, you must include them in your income for tax purposes subject to the provisions of the Tax Act, even though the Fund earned these amounts before you owned the units. This could occur if you buy units close to a distribution date, such as just before the December 15 distribution.

The higher a Fund's portfolio turnover rate in a year, the greater the chance the Fund will realize accrued capital gains or losses in that year which may result in the acceleration of the recognition of taxable capital gains if net gains are being realized. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Where you redeem, switch or otherwise dispose of, or are deemed to dispose of, units of a Caldwell Mutual Fund, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the units exceed (or are exceeded by) the aggregate of the adjusted cost base to you of the units and reasonable costs of disposition. Generally, one-half of a capital gain must be included in computing your income under the Tax Act. One-half of a capital loss may be deducted against taxable capital gains in the year of disposition and, subject to certain limitations imposed under the Tax Act, carried back three years or forward indefinitely for deduction against taxable capital gains realized in those years.

The adjusted cost base of your units is, generally, the amount paid for your units, plus the amount of any reinvested distributions and additional purchases minus the adjusted cost base of units redeemed and the amount of any reduction required as described above. You should keep detailed records of the purchase costs, sales charges and distributions related to your Fund units.

Individuals are subject to an alternative minimum tax. Dividends from taxable Canadian corporations and capital gains distributed to or realized by you may give rise to liability for such minimum tax.

If you dispose of units of a Fund and you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of the Fund within 30 days before or after you dispose of your units (such newly acquired units being considered "substituted property"), your capital loss may be deemed to be a "superficial loss". If so, you will not be able to recognize the loss and it would be added to the adjusted cost base to the owner of the units which are "substituted property".

The annual information form contains a more detailed discussion of these tax consequences. Investors should consult their tax advisers about their particular circumstances.

Prior to March 15 in each year, we will issue you a tax slip which sets out each type of income and return of capital a Fund has distributed to you. You can claim any tax credits that apply to that income.

WHAT ARE YOUR LEGAL RIGHTS?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy units of a Fund within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy units of a Fund and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about a Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

This glossary is intended to assist investors in understanding some of the financial terms and phrases associated with investing in mutual funds.

Annual Information Form ("AIF"): A legal document filed with securities regulators that supplements or explains in greater detail information contained in the simplified prospectus of a mutual fund.

Balanced Fund: A mutual fund which has an investment policy of "balancing" its portfolio generally by including bonds and shares in varying proportions influenced by the fund's investment outlook.

Bond: A long-term debt instrument with the promise to pay a specified amount of interest and to return the principal amount on a specified maturity date.

Broker: An agent who handles the public's orders to buy and sell securities, commodities, or other property. A commission is generally charged for this service.

Capital Gain/Loss: The gain/loss that results when a capital asset is sold for more/less than its cost amount.

Common Stock/Common Share: A security representing ownership of a corporation's net assets. Voting rights are normally accorded to holders of common stock/common shares. Often shortened and referred to as "stocks" or "shares".

Custodian: Financial institution, usually a bank or trust company, that holds a mutual fund's securities and cash in safekeeping.

Deferred Sales Charge: A sales charge levied when mutual fund units are redeemed. The deferred sales charge is also referred to as a redemption charge option.

Derivatives: Financial instruments, such as options, futures and forward contracts, whose value is based on the value of an underlying security, index, commodity or currency.

Distributions: Payments to investors by a mutual fund from income and/or profit realized from investments in or sales of securities.

Diversification: The investment in a number of different securities. This reduces the risks inherent in investing. Diversification may be among types of securities, companies, industries or geographic locations.

Equities: This represents the ownership interest of the shareholders (common and preferred) of a company. For this reason, equities are often known as shares.

Equity Fund: A mutual fund whose portfolio consists primarily of common stocks.

Forward: A forward contract is a contractual agreement between a buyer and a seller in which the buyer of the forward contract agrees to purchase from the seller of the forward contract, and the seller of the forward contract agrees to deliver to the buyer of the forward contract, a specific quantity of a specific underlying interest, at a price agreed upon at the initiation of the contract.

Front-end Sales Charge: A sales charge levied on the purchase of mutual fund units at the time of purchase. The front-end sales charge is also referred to as a sales charge option.

Fund Facts: a legal document that concisely, and in plain language, highlights the potential benefits, risks and costs of investing in a mutual fund.

Future: A futures contract is similar to a forward contract, except that the time period, underlying interest, quantity and price are standardized, and the contracts are listed and only trade on a futures exchange. Further, margin must be posted by both the buyer and the seller both to initiate and to maintain the futures option.

GIC: A guaranteed investment certificate.

Income Funds: Mutual funds that invest primarily in fixed income securities such as bonds, mortgages and preferred shares. Their primary objective is to produce income for investors, while preserving capital.

Interest: Payments made by a borrower to a lender for the use of the lender's money. Corporations and governments pay interest on bonds to their bondholders.

Life Income Fund ("LIF"): A RRIF subject to pension legislation to which are deposited locked-in amounts originating from a registered pension plan and which generally requires the purchase of an annuity with the RRIF balance at age 80.

Life Retirement Income Fund ("LRIF"): A RRIF subject to pension legislation to which are deposited locked-in amounts originating from a registered pension plan and which does not require the purchase of an annuity with the RRIF balance at age 80.

Liquidity: The ease with which an investment may be converted to cash at a reasonable price in a reasonable time.

Locked-In Retirement Account ("LIRA"): A RRSP subject to pension legislation to which are deposited locked-in amounts originating from a registered pension plan.

Management Expense Ratio ("MER"): A measure of the total cost of operating a fund for a financial year (excluding brokerage commissions, interest and applicable taxes) as a percentage of average net assets during the financial year.

Management Fee: The sum paid to a mutual fund's advisor or manager for supervising its portfolio and administering its operations.

Monthly Investment Plan: An arrangement which enables an investor to purchase mutual fund shares regularly in large or small amounts. Also known as a Pre-Authorized Chequing Plan.

Mutual Fund: An investment entity that pools unitholder funds and invests in various securities. The units or shares are redeemable by the fund on demand by the investor. The value of the underlying assets of the fund influences the current price of units.

Net Asset Value Per Unit ("NAVPU"): Net asset value of a mutual fund divided by the number of units outstanding. This represents the base value of a share or unit of a fund and is commonly abbreviated to NAVPU.

NI 81-102: National Instrument 81-102 – *Mutual Funds*, an instrument of the Canadian Securities Administrators.

Open-end Mutual Fund: An open-end mutual fund continuously issues and redeems units, so the number of units outstanding varies from day to day. Most mutual funds are open-ended.

Portfolio: All the securities which a mutual fund or an individual investor owns.

Preferred Share: An ownership security, senior to the common stock of a corporation, with a specified annual dividend for a preferred claim on assets in case of liquidation.

Prospectus: The document by which a corporation or other legal entity offers a new or continuous issue of securities to the public.

Redemption: The sale of mutual fund units back to the fund.

Registered Disability Savings Plan ("RDSP"): A tax-deferred vehicle to provide long-term financial security for a child with a severe disability.

Registered Retirement Income Fund ("RRIF"): A tax-deferred vehicle to which are deposited amounts originating from other tax-deferred vehicles and which requires a minimum annual withdrawal.

Registered Retirement Savings Plan ("RRSP"): A tax-deferred retirement plan that allows individuals who have not reached the age of 71 to set aside sums of money, within limits, as defined in the Income Tax Act (Canada). These sums are deductible from taxable income when contributed and can compound on a tax-deferred basis.

Sales Charge: In the case of mutual funds, these are commissions charged to a holder of fund units, usually based on the purchase or redemption price.

Shares: A document signifying part ownership in a company. The terms "share" and "stock" are often used interchangeably.

Simplified Prospectus: An abbreviated and simplified prospectus distributed by mutual funds to purchasers and potential purchasers of units, outlining important information investors should know about a mutual fund before investing.

Tax-free Savings Account ("TFSA"): A vehicle to permit savings of an individual to earn income free of tax.

Tax Plans: Registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts and deferred profit sharing plans all as defined in the Income Tax Act (Canada).

Treasury Bill ("T-Bill"): Short-term government debt. Treasury bills bear no interest, but are sold at a discount. The difference between the discount price and par value at maturity is the return to be received by the investor.

Unit: A unit of ownership in a mutual fund trust.

Unitholder: An investor holding units of a mutual fund.

Caldwell Mutual Funds

FUND SPECIFIC INFORMATION

Fund Details

Type of fund:	Date of Establishment:	Nature of the securities being offered:	Are the units eligible for: RRSP, RRIF, RESP, LIF, LRIF, LIRA, RDSP, TFSA
Balanced Fund	March 1, 1990	Mutual fund trust units	Yes

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The fundamental investment objective of the Fund is to provide long-term capital appreciation in a balanced fund while emphasizing overall preservation of capital. Investments in the Fund are in three basic categories: (1) approved core equities (2) income investments and (3) special situations. The balance between these categories will be based on economic and market conditions.

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

Investment Strategies

The Fund seeks to achieve its investment objectives by having regard to portfolio managers' strategic economic views. With those views as a base, country and sector selection are then emphasized. Specifically, larger positions are built in those sectors most likely to drive the economics of Canada and the United States, respectively. Individual securities are purchased based on industry knowledge, technical analysis and management interviews which lead to an assessment of the ability of a stock or unit trust to perform as well or better than the sector as a whole.

Under normal market conditions, this Fund holds between 25-50% of its investments in fixed income securities. These include cash, Canadian and Provincial Government bonds, guarantees and money market instruments. These are owned to stabilize returns and to provide a regular income to the Fund.

The Fund derives most of its growth from its holdings in equities, primarily senior corporations.

The term to maturity will vary between very short-term investment and ten years. When interest rates are rising, we endeavour to own shorter maturities in order to take advantage of rising rates. In a declining interest rate environment, we will seek to lock up higher rates by investing in longer bonds.

The Fund may use specified derivatives, such as options, futures and forward contracts, to:

- hedge against losses associated with rising interest rates, equities and investments in indices,
- gain exposure to fixed income instruments without actually investing in them directly (when owning the derivative investment is less costly than owning the fixed income instrument itself),
- minimize the risk of currency fluctuations, and
- enhance income.

The Fund holds money market instruments or cash to meet its obligations under the derivatives contracts.

Up to 10% of the Fund may be invested in companies which we believe represent exceptional growth opportunities, but may be outside our normal parameters.

The Fund usually holds shares of foreign, primarily American, companies. We believe that having a percentage invested outside of Canada will help to reduce our clients' risk and improve their returns.

The Fund may engage in active and frequent trading of portfolio securities in order to capitalize on investment opportunities in changing markets. A mutual fund generally realizes capital gains, or capital losses, if it sells an investment for more, or less, than its cost amount plus reasonable costs of disposition, if any. The higher a fund's portfolio turnover rate in a year, the more likely it will realize accrued gains or losses which may accelerate the recognition of taxable capital gains if net gains are being realized, and the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The Fund may depart temporarily from the foregoing as a result of adverse market conditions. The percentage of fixed income securities of the Fund's portfolio may be increased if weakness in equity securities is anticipated or evident. Fixed income securities may be converted to short-term instruments if rising interest rates are anticipated or evident.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Most of the Fund's assets will be invested, directly or indirectly, in common shares and fixed income instruments. The value of common shares can be affected by changes in Canadian and foreign markets and in the companies that issue the shares. The value of fixed income instruments can be affected by changes in interest rates. See *What are the risks associated with mutual funds?* (page 2) for more information on these and other risks that apply to this Fund.

The risk rating of the Fund is medium. Due to the Fund's unique investment strategies, we may classify the Fund's risk rating either higher or lower than the risk rating recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada for the historical standard deviation of the Fund. For more information, see *Investment risk classification methodology* on page 5.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors with a moderate risk tolerance and long-term investment time horizon. Investors who want the stability and income of Canadian government bonds combined with the growth potential of senior Canadian and American corporations should consider investing in this Fund. This Fund is not designed for investors with short-term investment time horizons.

DISTRIBUTION POLICY

Each year, the Fund distributes to unitholders of the Fund income and net realized capital gains on December 15 of the year. Distributions are reinvested in units of the Fund, unless you specify in advance, in writing, that you would prefer to receive cash.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Mutual funds pay for some expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

The following example is intended to help an investor compare the cost of investing in Caldwell Balanced Fund with the cost of investing in other mutual funds. The example shows the amount of fees and expenses paid by the Fund that are indirectly borne by an investor. This example is based on the following assumptions:

(1) the initial investment is $1,000;

(2) the total annual return of the Fund is 5% per year;

(3) the management expense ratio ("MER") of the Fund throughout the years below was equal to the MER of the Fund last year.

Year	MER	Return	Total fees paid by investor
1	2.81%	5%	$28.80
3	2.81%	5%	$90.80
5	2.81%	5%	$159.15
10	2.81%	5%	$362.27

See *Fees and Expenses* (page 10) for more information about the cost of investing in Caldwell Mutual Funds.

Fund Details

Type of fund:	Date of Establishment:	Nature of the securities being offered:	Are the units eligible for: RRSP, RRIF, RESP, LIF, LRIF, LIRA, RDSP, TFSA
Bond	June 27, 1997	Mutual fund trust units	Yes

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The fundamental investment objective of the Fund is to provide superior investment returns through income and growth securities while preserving capital and maintaining liquidity by investing in a diverse portfolio of Canadian government fixed income (federal, provincial and municipal) and corporate securities.

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

Investment Strategies

The Fund is focused on owning income producing investments. The large majority of these are Canadian federal and provincial bonds, guarantees and money market instruments.

The terms to maturity will vary between very short-term investments and bonds that mature in 5 to 10 years. When interest rates are rising, our managers endeavour to own shorter maturities to take advantage of higher rates. In a declining interest rate environment, we will seek to lock up better rates by investing in longer bonds. From time to time the Fund may invest a portion of its assets in other income producing vehicles that our team believes will enhance the Fund's overall return and cash flow. These may include corporate bonds, convertible bonds, income and royalty trusts, dividend paying common shares and other income oriented securities.

The Fund holds the majority of its investments in Canadian securities.

The Fund may use specified derivatives, such as options, futures and forward contracts, to:

- hedge against losses associated with rising interest rates, equities and investments in indices,
- gain exposure to fixed income instruments without actually investing in them directly (when owning the derivative investment is less costly than owning the fixed income instrument itself),
- minimize the risk of currency fluctuations, and
- enhance income.

The Fund may engage in active and frequent trading of portfolio securities in order to capitalize on investment opportunities in changing markets. A mutual fund generally realizes capital gains, or capital losses, if it sells an investment for more, or less, than its cost amount plus reasonable costs of disposition, if any. The higher a fund's portfolio turnover rate in a year, the more likely it will realize accrued capital gains or losses which may accelerate the recognition of taxable capital gains if net gains are being realized, and the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The Fund may depart temporarily from the foregoing as a result of adverse market conditions. Fixed income securities may be converted to short-term instruments if rising interest rates are anticipated or evident.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Most of the Fund's assets will be invested, directly or indirectly, in fixed income instruments. The value of common shares can be affected by changes in Canadian and foreign markets and in the companies that issue the shares. The value of fixed income instruments can be affected by changes in interest rates. See *What are the risks associated with mutual funds?* (page 2) for more information on these and other risks that apply to this Fund.

The risk rating of the Fund is low. Due to the Fund's unique investment strategies, we may classify the Fund's risk rating either higher or lower than the risk rating recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada for the historical standard deviation of the Fund. For more information, see *Investment risk classification methodology* on page 5.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors with a low risk tolerance and a mid-term investment time horizon. Investors who want to have the stability and income provided by Canadian government bonds should consider investing in this Fund. While the Fund may invest a portion of its holdings in more growth-oriented investments, this Fund is not designed for investors for whom capital growth is the primary investment objective.

DISTRIBUTION POLICY

Each quarter, the Fund distributes income to unitholders of the Fund and additionally net realized capital gains on December 15 of the year. Distributions are reinvested in units of the Fund, unless you specify in advance, in writing, that you would prefer to receive cash.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Mutual funds pay for some expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

The following example is intended to help an investor compare the cost of investing in Caldwell Income Fund with the cost of investing in other mutual funds. The example shows the amount of fees and expenses paid by the Fund that are indirectly borne by an investor. This example is based on the following assumptions:

(1) the initial investment is $1,000;

(2) the total annual return of the Fund is 5% per year;

(3) the management expense ratio ("MER") of the Fund throughout the years below was equal to the MER of the Fund last year.

Year	MER	Return	Total fees paid by investor
1	1.26%	5%	$12.92
3	1.26%	5%	$40.71
5	1.26%	5%	$71.36
10	1.26%	5%	$162.44

See *Fees and Expenses* (page 10) for more information about the cost of investing in Caldwell Mutual Funds.

Fund Details

Type of fund:	Date of Establishment:	Nature of the securities being offered:	Are the units eligible for: RRSP, RRIF, RESP, LIF, LRIF, LIRA, RDSP, TFSA
Canadian Equity	June 27, 1997	Mutual fund trust units	Yes

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The fundamental investment objective of the Fund is to provide long-term capital growth with a high degree of reliability by investing primarily in the common shares of a diversified group of Canadian companies.

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

Investment Strategies

The Fund seeks to achieve its investment objective by investing primarily in securities selected from a pool of the 100 largest Canadian companies, as measured by their market capitalization, and based on positive share price momentum.

The portfolio manager may also, from time-to-time, and subject to applicable law, invest in exchange traded funds ("ETFs") to take advantage of market trends and may, on occasion, use derivatives such as options, futures and forward contracts to:

- hedge against losses associated with rising interest rates, equities and investments in indices;
- gain exposure to fixed income instruments without actually investing in them directly;
- minimize the risk of currency fluctuations;
- enhance income.

The Fund has obtained relief from the Canadian securities regulators to invest in certain BetaPro ETFs. The BetaPro ETFs are commodity pools that use financial instruments that correlate to a multiple (or inverse multiple) of the performance of an underlying index. The Fund will only invest in BetaPro ETFs that provide exposure to securities that are consistent with the investment objectives and strategies of the Fund. Furthermore, the Fund will not invest in BetaPro ETFs that are exposed to physical commodities other than gold.

An ETF is an investment vehicle which is constructed like a mutual fund but trades like an individual security on a stock exchange. By investing in ETFs, Caldwell can gain exposure to many different companies in a market or sector with one purchase. ETFs are priced daily and may fluctuate in value. ETFs provide investors with a variety of benefits, including:

- transparency: ETFs disclose on a daily basis the exact holdings of the funds so you always understand precisely what you own and what you are paying for;
- flexibility: ETFs can be traded at any time when the exchange is open, using market limit and stop orders, through any financial advisor or brokerage account; and
- tax efficiency: ETFs typically have lower portfolio turnover and strive to minimize capital gains distributions so investors are only taxed when they initiate a trade.

The Fund may engage in active and frequent trading of portfolio securities in order to capitalize on investment opportunities in changing markets. A mutual fund generally realizes capital gains, or capital losses, if it sells an investment for more, or less, than its cost amount plus reasonable costs of disposition, if any. The higher a fund's portfolio turnover rate in a year, the more likely it will realize accrued gain or losses which may accelerate the recognition of taxable capital gains if net gains are being realized, and the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Most of the Fund's assets will be invested, directly or indirectly, in common shares. The value of common shares can be affected by changes in Canadian and foreign markets and in the companies that issue the shares. See *What are the risks associated with mutual funds?* (page 2) for more information on these and other risks that apply to this Fund.

The following risks are generally associated with an investment in ETFs:

- General risks of investments;
- General risks of investing in an index fund and passive investment risk;
- Risks relating to index replication strategies;
- Calculation of Index Levels and termination of the Indices;
- Purposes of the Indices;
- Risk that units will trade at prices other than net asset value per unit
- Issuer concentration risk;
- Securities lending;
- Index adjustments;
- Derivative investments;
- Liquidity risk;
- Borrowing risks; and
- Risks related to tax changes.

The risk rating of the Fund is high. Due to the Fund's unique investment strategies, we may classify the Fund's risk rating either higher or lower than the risk rating recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada for the historical standard deviation of the Fund. For more information, see *Investment risk classification methodology* on page 5.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors with a moderate risk tolerance and long-term investment time horizon. Investors wishing to participate in growth potential of both senior and emerging Canadian and U.S. corporations should consider investing in this Fund. This Fund is not designed for investors with either a short-term investment time horizon or for whom income is the primary investment objective.

DISTRIBUTION POLICY

Each year, the Fund distributes to unitholders of the Fund income and net realized capital gains on December 15 of the year. Distributions are reinvested in units of the Fund, unless you specify in advance, in writing, that you would prefer to receive cash.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Mutual funds pay for some expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

The following example is intended to help an investor compare the cost of investing in Caldwell Meisels Canada Fund with the cost of investing in other mutual funds. The example shows the amount of fees and expenses paid by the Fund that are indirectly borne by an investor. This example is based on the following assumptions:

(1) the initial investment is $1,000;

(2) the total annual return of the Fund is 5% per year;

(3) the management expense ratio ("MER") the Fund throughout the years below was equal to the MER of the Fund last year.

Year	MER	Return	Total fees paid by investor
1	2.83%	5%	$29.01
3	2.83%	5%	$91.45
5	2.83%	5%	$160.28
10	2.83%	5%	$364.85

See *Fees and Expenses* (page 10) for more information about the cost of investing in Caldwell Mutual Funds.

Fund Details

Type of fund:	Date of Establishment:	Nature of the securities being offered:	Are the units eligible for: RRSP, RRIF, RESP, LIF, LRIF, LIRA, RDSP, TFSA
Global Equity	June 27, 1997	Mutual fund trust units	Yes

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The fundamental investment objective of the Fund is to generate capital growth by investing in the common shares and memberships of securities exchanges and financial services companies in Canada, the United States and around the world.

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

Investment Strategies

The Fund seeks to achieve its fundamental investment objective by participating in the growth of national or regional economies by investing in the common shares or other equity securities of securities exchanges, financial services companies and derivatives exchanges, located in Canada, the United States and around the world.

The Fund will invest primarily in the common shares of publicly traded securities exchanges. However, where possible, the Fund will also acquire interests in an exchange prior to its conversion from a private, not-for-profit entity into a public company, in order to benefit from the increase in value that historically results from these conversions.

In general, Caldwell will focus on securities exchanges that generate profits through new listing fees, ongoing listing fees, trading fees, data and proprietary products.

While the Fund will focus primarily on the securities exchanges of developed countries, the Fund will also invest in securities exchanges of developing countries that are located in regions with the fastest growing economies and that are transitioning from private to publicly listed companies.

A mutual fund generally realizes capital gains, or capital losses, if it sells an investment for more, or less, than its cost amount plus reasonable costs of disposition, if any. The higher a fund's portfolio turnover rate in a year, the more likely it will realize accrued capital gains or losses in the year which may accelerate the recognition of taxable capital gains if net gains are being realized, and the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The Fund may use specified derivatives, such as options, futures and forward contracts, to:

- hedge against losses associated with rising interest rates, equities and investments in indices,
- gain exposure to fixed income instruments without actually investing in them directly (when owning the derivative investment is less costly than owning the fixed income instrument itself),
- minimize the risk of currency fluctuations, and
- enhance income.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Most of the Fund's assets will be invested, directly or indirectly, in common shares. The value of common shares can be affected by changes in capital markets and in the companies that issue the shares. This Fund is also subject to sector risk. See *What are the risks associated with mutual funds?* (page 2) for more information on these and other risks that apply to this Fund.

The risk rating of the Fund is medium to high. Due to the Fund's unique investment strategies, we may classify the Fund's risk rating either higher or lower than the risk rating recommended by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada for the historical standard deviation of the Fund. For more information, see *Investment risk classification methodology* on page 5.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors with a moderate risk tolerance and a long-term investment time horizon. Investors wishing to participate in the growth potential of issuers closely connected to capital markets should consider investing in this Fund. This Fund is not designed for investors with short-term investment time horizons or for whom income is the primary objective.

DISTRIBUTION POLICY

Each year, the Fund distributes to unitholders of the Fund income and net realized capital gains on December 15 of the year. Distributions are reinvested in units of the Fund, unless you specify in advance, in writing, that you would prefer to receive cash.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Mutual funds pay for some expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

The following example is intended to help an investor compare the cost of investing in Caldwell Global Financial Services Fund with the cost of investing in other mutual funds. The example shows the amount of fees and expenses paid by the Fund that are indirectly borne by an investor. This example is based on the following assumptions:

(1) the initial investment is $1,000;

(2) the total annual return of the Fund is 5% per year;

(3) the management expense ratio ("MER") of the Fund throughout the years below was equal to the MER of the Fund last year.

Year	MER	Return	Total fees paid by investor
1	2.91%	5%	$29.83
3	2.91%	5%	$94.03
5	2.91%	5%	$164.82
10	2.91%	5%	$375.17

See *Fees and Expenses* (page 10) for more information about the cost of investing in Caldwell Mutual Funds.

Fund Details

Type of fund:	Date of Establishment:	Nature of the securities being offered:	Are the units eligible for: RRSP, RRIF, RESP, LIF, LRIF, LIRA, RDSP, TFSA
Equity Fund	April 16, 2009	Mutual fund trust units	Yes

WHAT DOES THE FUND INVEST IN?

Investment Objectives

The fundamental investment objective of the Fund is to generate a high level of income and long-term capital growth by investing in equity and fixed income securities according to market conditions. The Fund seeks to generate income by investing primarily in high yielding income producing equity and income trust securities of issuers with a market capitalization which ranges from $50 million to over $5 billion.

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

Investment Strategies

Equity investments will include primarily common shares, preferred shares and income trust securities of global issuers. Fixed income securities may include primarily high yield bonds, debentures, notes, convertible bonds, payment-in-kind bonds, discounted debt instruments, restructured debt securities, loan assignments, loan participations, high yield lower rated debt securities and foreign government fixed income securities. The Fund may also invest in debt securities of distressed issuers or issuers involved in a corporate reorganization.

The term to maturity will vary between very short-term investment and ten years. When interest rates are rising, we endeavour to own shorter maturities in order to take advantage of rising rates. In a declining interest rate environment, we will seek to lock up higher rates by investing in longer bonds.

The investment strategies that the Fund will use to achieve its investment objective will include:

- investing in income trusts and dividend paying equity securities, including common shares and preferred shares;
- investing in all types of debt or yield securities including bonds, debentures, notes, convertible bonds, payment-in-kind bonds, discounted debt instruments, restructured debt securities, loan assignments, loan participations and high yield, lower rated debt securities;
- investing in debt securities of companies in reorganization or distress and government securities of emerging or other countries.

The Fund may use specified derivatives, such as options, futures and forward contracts, to:

- hedge against losses associated with rising interest rates, equities and investments in indices,
- gain exposure to fixed income instruments without actually investing in them directly (when owning the derivative investment is less costly than owning the fixed income instrument itself),
- minimize the risk of currency fluctuations, and
- enhance income.

No more than 10% of the net assets of the Fund shall be invested in derivatives.

The Fund holds money market instruments or cash to meet its obligations under the derivatives contracts.

The Fund may engage in active and frequent trading of portfolio securities in order to capitalize on investment opportunities in changing markets. A mutual fund generally realizes capital gains, or capital losses, if it sells an investment for more, or less, than its cost amount plus reasonable costs of disposition, if any. The higher a fund's portfolio turnover rate in a year, the more likely it will realize accrued gains or losses which may accelerate the recognition of taxable capital gains if net gains are being realized, and the greater the trading costs payable by the fund in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

The Fund may depart temporarily from the foregoing as a result of adverse market conditions. The percentage of fixed income securities of the Fund's portfolio may be increased if weakness in equity securities is anticipated or evident. Fixed income securities may be converted to short-term instruments if rising interest rates are anticipated or evident.

WHAT ARE THE RISKS OF INVESTING IN THE FUND?

Most of the Fund's assets will be invested, directly or indirectly, in equity securities and fixed income securities. The value of securities can be affected by changes in capital markets and in the companies that issue the securities. The value of fixed income instruments can be affected by changes in interest rates. This Fund is also subject to currency risk, foreign issuer risk and derivative risk. See *What are the risks associated with mutual funds?* (page 2) for more information on these and other risks that apply to this Fund.

The risk rating of the Fund is medium. Since the Fund has been in existence for less than 3 years, and hence there is insufficient data to calculate a meaningful standard deviation, we have used the recommended risk rating for fixed income funds determined by the Fund Risk Classification Task Force of the Investment Funds Institute of Canada. For more information, see *Investment risk classification methodology* on page 5.

WHO SHOULD INVEST IN THIS FUND?

The Fund is suitable for investors with high risk tolerance and medium to long-term investment time horizon. Investors who want to supplement their income should consider investing in this Fund. This Fund is not designed for investors with short-term investment time horizons.

DISTRIBUTION POLICY

Each quarter, the Fund distributes income to unitholders of the Fund and additionally net realized capital gains on December 15 of the year. Distributions are reinvested in units of the Fund, unless you specify in advance, in writing, that you would prefer to receive cash.

FUND EXPENSES INDIRECTLY BORNE BY INVESTORS

Mutual funds pay for some expenses out of fund assets. That means investors in a mutual fund indirectly pay for these expenses through lower returns.

The following example is intended to help an investor compare the cost of investing in Caldwell High Income Equity Fund with the cost of investing in other mutual funds. The example shows the amount of fees and expenses paid by the Fund that are indirectly borne by an investor. This example is based on the following assumptions:

(1) the initial investment is $1,000;

(2) the total annual return of the Fund is 5% per year;

(3) the management expense ratio ("MER") of the Fund throughout the years below was equal to the MER of the Fund last year.

Year	MER	Return	Total fees paid by investor
1	2.37%	5%	$24.29
3	2.37%	5%	$76.58
5	2.37%	5%	$134.23
10	2.37%	5%	$305.55

See *Fees and Expenses* (page 10) for more information about the cost of investing in Caldwell Mutual Funds.

NOTES

CALDWELL MUTUAL FUNDS

- additional information about Caldwell Mutual Funds is available in the Funds' Annual Information Form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

- you can get a copy of these documents, at your request, and at no cost, by calling toll-free 1-800-256-2441 or from your dealer or by e-mail at *info@caldwellmutualfunds.com*.

- these documents and other information about Caldwell Mutual Funds, such as information circulars and material contracts, are also available on Caldwell Mutual Funds' internet site at **www.caldwellmutualfunds.com** or at **www.sedar.com**.

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