



Caldwell Balanced Fund  
Caldwell Income Fund  
Caldwell Canada Fund  
Caldwell Exchange Fund  
Urbana Corporation

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March 15, 2009

Dear Securityholder:

As Chair of the Caldwell Independent Review Committee (“IRC”) for the Caldwell Mutual Funds and Urbana Corporation (collectively, the “Funds” and individually, a “Fund”), I am pleased to provide you with the second annual report of the IRC to securityholders of the Funds.

The IRC for the Funds became operational on November 1, 2007. The members of the IRC have expertise in a variety of fields including financial institutions, investment funds and business management.

As required under National Instrument 81-107 *Independent Review Committee for Investment Funds* (“the National Instrument”), each member of the IRC has a duty to review conflict of interest matters referred to the IRC by Caldwell Investment Management Ltd. (the “Manager”) and to provide recommendations or instructions to the Manager relating to such conflict of interest matters. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager’s proposed action achieves a fair and reasonable result for the Funds.

On an annual basis, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds, and conducts a self-assessment of the IRC’s independence, compensation and effectiveness.

The IRC looks forward to continuing to serve in the best interests of the Funds and working effectively with the Manager in pursuit of the objectives of the National Instrument.

***H. Clifford Hatch Jr.***

Chair of the Caldwell Independent Review Committee



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## Reporting Period

The members of the IRC were appointed on May 1, 2007 by the Manager and the IRC for the Funds became operational on November 1, 2007. The information disclosed in this second annual report covers the period beginning January 1, 2008 and ending December 31, 2008, the financial year-end for the Funds.

## Members of the IRC

Name	Residence	Date Appointed to IRC
<b>H. Clifford Hatch Jr.</b> Chair of the IRC	Toronto, Ontario	May 1, 2007
<b>Sharon Kent</b>	Toronto, Ontario	May 1, 2007
<b>Robert Guilday</b>	Burlington, Ontario	May 1, 2007

There has been no change to the members of the IRC since the committee became operational on November 1, 2007. The members of the IRC do not serve on an IRC of any other investment fund.

## Holdings of Securities

As at December 31, 2008, the percentage of securities of each of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent. Members of the IRC do not have any ownership interest in the Manager.

## IRC Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the period January 1, 2008 to December 31, 2008 was \$30,500.00. This amount was allocated equally among the Funds.

No indemnities were paid to the IRC by the Funds or the Manager during the period ending December 31, 2008.

The initial compensation of the IRC was set by the Manager. As at the date of this report, each member of the IRC receives an annual fee of \$10,000, plus expenses for each meeting. At least annually, the IRC will review compensation in a manner consistent with good governance practices, giving consideration to the following factors:

- (a) the best interests of the Funds;
- (b) the number, nature and complexity of the Funds;
- (c) the nature and extent of the workload of each IRC member, including the commitment of time and energy that is expected from each member;



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- (d) industry best practices, including industry averages and surveys on IRC compensation, and
- (e) the IRC's most recent annual self-assessment, as well as any recommendations about IRC compensation and expenses made by the Manager.

The IRC reviewed its compensation on November 4, 2008. The IRC concluded that their compensation was reasonable and no changes were made.

**Conflict of Interest Matters**

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter for which the IRC did not give approval as a Standing Instruction.

**Policies and Standing Instructions**

The Manager has policies and procedures in the form of Standing Instructions to address the handling of conflict of interest matters. During the period ending December 31, 2007, the Manager relied on the following Standing Instructions that have been approved by the IRC:

- (a) Trading Policies including brokerage arrangements and trade allocations.
- (b) Soft Dollar Policy
- (c) Net Asset Value Error Correction Policy
- (d) Proxy Voting Policy
- (e) Fee and Expense Policy for the Funds
- (f) Complaint Handling Policy
- (g) Principal Trading of Fixed Income Securities

Additionally, the following Standing Instructions were approved during the period January 1, 2008 to December 31, 2008:

- (h) Policy Regarding the Fair Valuation of Securities Held Within the Funds

-----*End of Report*-----