



Caldwell Investment Management Ltd.

Independent Investment Managers

Interim Management Report of Fund Performance

For the Period Ended June 30, 2010

Caldwell Balanced Fund

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

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



Management Discussion of Fund Performance

Investment Objective

The fundamental investment objective of the Caldwell Balanced Fund (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 is based on economic and market conditions.

The Caldwell Balanced Fund is designed to take advantage of every aspect of the work that the team at Caldwell Investment Management Ltd. (the “Manager” or “CIM”) puts into the investment process. The Fund holds a mixture of government guaranteed bonds, Canadian equities and a global strategy that includes ownership in the world’s leading securities exchanges. This enables the Fund’s investors to diversify while participating in the same investment process available to Caldwell’s institutional accounts.

Every few years the financial world plunges into its latest crisis and our firm’s strict focus on government guaranteed securities for the fixed income component makes renewed sense. This portion of the Caldwell Balanced Fund’s portfolio is designed to provide stable returns and reliable income and we believe that this can only be achieved through vehicles that are not subject to any credit risk.

The Canadian equity portion of the portfolio is built for growth and income. The Fund concentrates on those companies that are dominant in their industry and pay significant dividends and distributions. We combine technical and fundamental analysis with an overall view of how economics and politics are likely to impact markets.

The international component combines some of the best growth companies in America with our firm’s unique expertise investing in private and public securities exchanges around the world. Our thesis is that the best way to participate in the growth of a nation’s economy is to own a part of its stock exchange. As a method of achieving excellent returns from global growth and the rising demand for commodities, owning the exchanges that trade financial and real assets has proven to be very successful.

The portfolio manager for the Caldwell Balanced Fund is Brendan T. N. Caldwell, who has been with Caldwell Investment Management Ltd. since its inception.



Results of Operations

In a difficult equity market during the first six months of 2010, the Caldwell Balanced Fund declined by 2.4%. The total fund assets and the net asset value per share were \$38 million and \$7.08 on December 31st, 2009 and \$35.5 million and \$6.89 on June 30th, 2010, respectively.

Recent Developments

The Caldwell Balanced Fund invests in Canadian fixed income, Canadian equities and U.S./international equities. Each component is weighted to a greater or lesser extent based on management's outlook for the respective asset class. At the time of writing, cash and fixed income comprise nearly 30% of the Fund, Canadian equities represent 43% and US/international equities make up the remaining 27%. The Canadian equity component is greater than it was at the beginning of 2010, largely because the Canadian market, and the Canadian stocks in the Fund, have out performed most other stock markets in the world.

The largest asset class weighting in the Fund is Canadian equities. The three most important components of the Canadian economy are financial services, energy and mining and these sectors are strongly represented in the Fund's portfolio. Dividends from Canadian stocks are a particular focus. The shares of Canadian banks and energy companies are an excellent source of dividend income.

In the fixed income component, the Fund only owns bonds with a federal or provincial government guarantee. Over the years, this has saved the Fund's unitholders from the trauma that has befallen investors in instruments that are less credit worthy. Through the first few months of 2010, the Fund has alternated between very short treasury bills and 5-10 year bonds, depending on management's outlook for interest rates. At present, the Fund holds more cash and treasury bills, because interest rates are at historic lows and are expected to rise.

At the beginning of 2010, the Fund's largest equity holding was the two equity memberships that it owned in the Chicago Board Options Exchange ("CBOE"). On June 15th, these memberships each became 80,000 CBOE shares and these shares were listed on NASDAQ. Initially, the CBOE's shares performed very well after its IPO, trading well above the US\$29 issue price. At the time of writing, the shares are now below the issue price, but their value is still substantially above the initial cost of the CBOE memberships to the Fund.

The other major sector in the U.S. component is technology, which has been leading the American market. Two of the Fund's best performing positions have been Apple Computer (which was recently sold at higher levels) and Cognizant Technology Solutions. Technology stock has given a significant boost to the Fund's performance so far in 2010.



Independent Review Committee

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

The Manager appointed its three-person IRC on May 1, 2007, but was not required to be in full compliance with NI 81-107 until November 1, 2007. The Manager implemented the necessary policies and procedures to be fully compliant with NI 81-107 prior to November 1, 2007. The independent members of the Manager’s IRC are H. Clifford Hatch Jr. (Chair), Robert Guilday and Sharon Kent.

Changeover to International Financial Reporting Standards

At June 30, 2010, the Manager has developed a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for changeover to International Financial Reporting Standards (IFRS). The key elements of the plan include disclosures of the qualitative impact in the 2009 annual financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS with comparatives. The Manager has presently determined that there will be no impact to net asset value per unit from the changeover to IFRS.

Forward-looking Statements

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

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

- Interest rates
- Change in accounting policy



Related Party Transactions

Manager and Portfolio Adviser

Caldwell Investment Management Ltd. (“CIM”) is the manager (“Manager”) and portfolio advisor of the Fund. CIM is a wholly owned subsidiary of Caldwell Financial Ltd. CIM is responsible for the Fund’s day-to-day operations, provides investment advice and portfolio management services to the Fund and appoints distributors for the Fund. CIM is paid an annual fee up to 2% based on the net asset value of the Fund for its administrative services, trustee fees, asset allocation, security selection, ongoing monitoring and related services.

Trustee

The trustee of the Fund is Caldwell Investment Management Ltd.

Principal Distributor

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

Brokerage

CIM may choose to execute a portion or all of the Fund’s portfolio transactions with Caldwell Securities Ltd. on terms as favourable or more favourable to the Fund as those available through other broker or dealers. In the first six months of 2010 the Fund paid \$60,657 in commissions to Caldwell Securities Ltd. or 100 % of total commissions paid.



Financial Highlights

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

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

	Six months ended June 30, 2010	2009	2008	2007	2006	2005
Net Assets, beginning of year	7.08	6.01	8.62	8.02	6.03	5.33
Increase (decrease) from operations:						
Total Revenue	0.11	.14	0.18	0.17	0.19	0.07
Total Expenses	(0.10)	(.21)	(0.23)	(0.24)	0.18	0.15
Realized gains (losses) for the period	(0.01)	(.15)	0.21	0.65	0.24	(0.44)
Unrealized gains (losses) for the period	(0.21)	1.31	(2.77)	0.02	1.75	1.13
Total increase (decrease) from operations ⁽¹⁾	(0.19)	1.05	(2.61)	0.60	2.00	0.91
Distributions:						
From Income (excluding dividends)	0.00	0.00	0.00	0.00	0.02	0.00
From Dividends	0.00	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ⁽²⁾	0.00	0.00	0.00	0.00	0.02	0.00
Net Assets at December 31 of year shown	6.89	7.08	6.01	8.62	8.02	6.03

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

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



Ratios and Supplemental Data

	Six months ended June 30, 2010	2009	2008	2007	2006	2005
Net asset value (000's) ⁽¹⁾	35,397	37,968	35,161	52,861	48,140	36,533
Number of units outstanding ⁽¹⁾	5,133,219	5,368,634	5,839,618	6,135,849	6,005,409	6,054,858
Management expense ratio ⁽²⁾	2.82%	2.84%	2.72%	2.76%	2.73%	2.75%
Management expense ratio before waivers or absorptions	2.82%	2.87%	2.75%	2.92%	2.87%	2.94%
Portfolio turnover rate ⁽³⁾	40.89%	126.61%	96.44%	41.63%	206.9%	169.0%
Trading Expense ratio ⁽⁴⁾	0.33%	0.31%	0.36%	0.85%	1.26%	1.01%

⁽¹⁾ This information is provided as at December 31 of the year shown, except for the June 30th interim date.

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

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

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

Management Fees

As compensation for managing the Fund, CIM can receive an annual fee up to 2% of the average net asset value of the Fund. Such fees are calculated daily and payable monthly. CIM in turn is responsible for paying trustee fees, investment adviser fees, sales commissions and trailer fees to registered dealers who distribute the Fund's units, and general administration expenses. CIM may choose to absorb certain expenses for which the Fund is responsible. Outlined below is the percentage breakdown of the Fund's expenses for which CIM is responsible.

For the six months ending June 30, 2010:

Sales distribution / Dealer compensation	28%
Management and general administration services	72%
Waivers and absorption of Fund expenses	nil

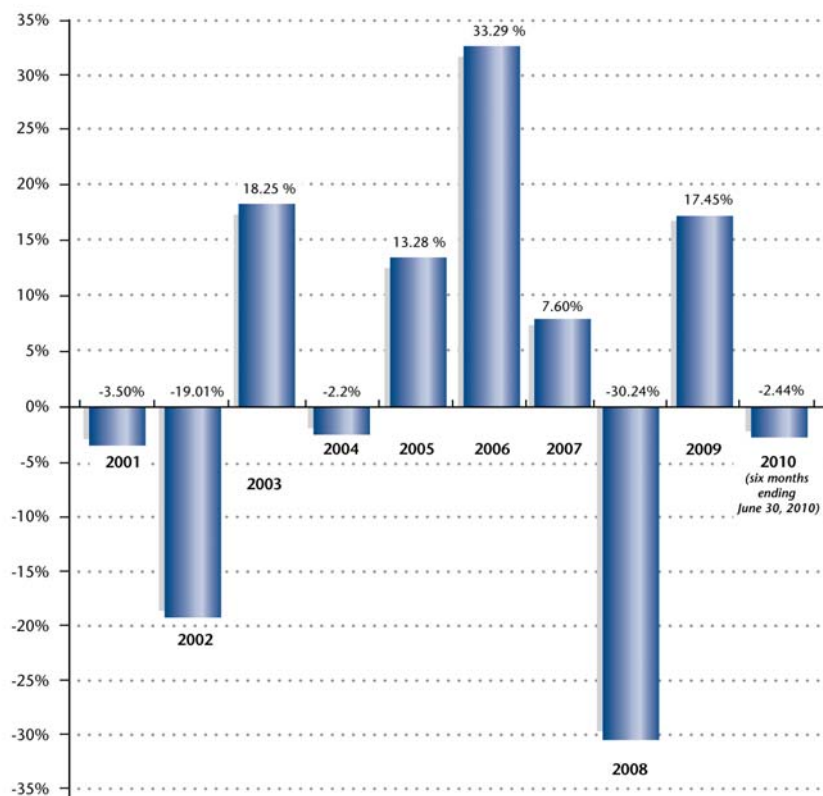


Past Performance

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

Year-by-Year Returns

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



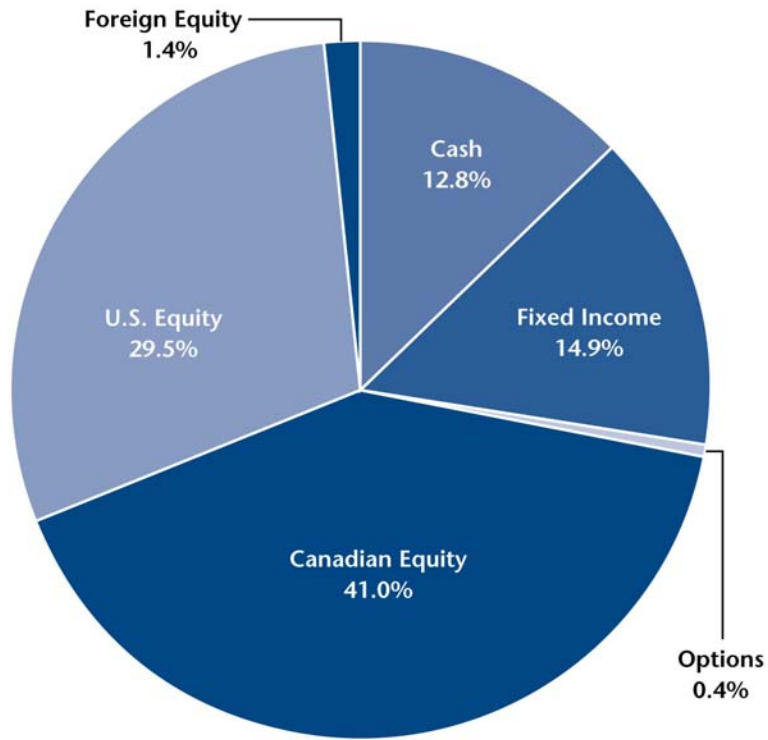
Caldwell Balanced Fund

For the years ended December 31



Summary of Investment Portfolio

Portfolio Breakdown as at June 30, 2010



Caldwell Balanced Fund



Top 25 Holdings as at June 30, 2010

<u>SECURITY</u>	<u>Percentage of Net Assets</u>
Chicago Board Options Exchange	15.2%
Ontario Province 3.15% 08SEP2015	9.1%
Canada Housing Trust 3.75% 15MAR2020	5.7%
Royal Bank of Canada	4.2%
Agnico-Eagle Mines Ltd.	3.3%
Bank of Nova Scotia	3.2%
Toronto-Dominion Bank	3.1%
Bank of Montreal	2.5%
Goldcorp Inc.	2.5%
CVS Caremark Corporation	2.3%
Suncor Energy Inc.	2.2%
Apple Inc.	2.1%
TMX Group Inc.	2.0%
NYSE Euronext	2.0%
Citigroup Inc.	1.7%
Talisman Energy Inc.	1.6%
Canadian National Railway Co.	1.6%
Cognizant Technology Solutions Corp.	1.5%
Agrium Inc.	1.5%
Hong Kong Exchanges & Clearing Ltd.	1.4%
Google Inc.	1.3%
Minco Silver Corp.	1.3%
Crescent Point Energy Corp.	1.2%
Cisco Systems Inc.	1.2%
Canadian Imperial Bank of Commerce	1.1%
Top 25 Holdings	74.8%

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