



Caldwell Investment Management Ltd.

Independent Investment Managers

Interim Management Report of Fund Performance

For the Period Ended June 30, 2010

Caldwell Exchange 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 Exchange Fund (the “Fund”) is to provide long term capital growth by investing in the common shares and memberships of securities exchanges and financial services companies in Canada, the United States and countries around the world.

The Caldwell Exchange Fund was created for investors who want to participate in the growth of the world’s economy. In the developed world, a nation’s stock exchange trades the shares of the largest, most profitable companies. As such, the best way to participate in the growth of a nation’s economy is to own the stock exchange.

In emerging economies, an increasing number of government and closely-held companies are being added to and traded on the public markets. Growth in these countries tends to be even faster than in more established markets and this influx of new listings makes the prospects for these exchanges even brighter.

As options and other esoteric derivatives products increase in their importance to a widening array of institutional and private investors, trading volume, revenue and profit increases on these exchanges outstrip traditional stock markets.

Worldwide demand for energy, precious metals, base metals, grain and other commodities continues unabated. Just as with stock and options exchanges, the Fund buys into the international exchanges that trade these commodities and so participates in this global growth in demand for raw materials.

The Caldwell Exchange Fund is unique in the world for mutual fund investors who want to take an innovative approach to benefiting from all that is happening in capital markets around the world.

Jennifer Radman is the portfolio manager of the Fund. Ms. Radman has been a part of the portfolio management team at Caldwell Investment Management Ltd. since 2003.



Results of Operations

In the first six months of 2010, the Caldwell Exchange Fund declined 11%. The net asset value per unit fell from \$5.32 to \$4.73. The Fund's assets decreased from \$13 million to \$10 million.

Recent Developments

The Fund took a change in direction in the first half of 2010 with the appointment of Jennifer Radman to lead portfolio manager of the Fund in late April.

The Fund's strategy was shifted to diversify a portion of the Fund's holdings away from the exchange sector and into other financial services areas.

The Fund eliminated or reduced those exchange holdings that were currently in or entering a highly competitive environment and did not have significant enough competitive advantage to thrive in such an environment. Such companies include the TMX Group, NASDAQ OMX Group, ASX, London Stock Exchange and Osaka Securities Exchange.

The Fund also focused on economies and regions that are significant to the global picture. This includes currently dominant economies and also those that are growing into this status. To that end, the Fund eliminated its holdings in the New Zealand Stock Exchange, Oslo Bors, and the BME Spanish Exchanges (subsequent to June 30, 2010).

The Fund also reduced its positions in the Singapore Exchange and Hong Kong Exchanges & Clearing to lock in gains and to better align the weightings with the Fund's strategy. The Fund still maintains significant positions in these two exchanges.

The Chicago Board Options Exchange ("CBOE") became a public company on June 15, 2010. The Fund sold 25% of its CBOE shares into the IPO at \$29 per share. This reduced the Fund's heavy exposure to the CBOE and gave the Fund liquidity to diversify into other areas of the financial services industry. The CBOE remains the largest holding in the Fund.

Proceeds from the above sales were moved to the Canadian financial sector, primarily Canadian banks. This sector now accounts for just under 20% of the Fund's holdings. The shift gives the Fund greater exposure to relatively stable businesses with good dividend yields and growth prospects. These companies also offer a good value proposition relative to the exchange sector.

The Fund will continue to diversify into other areas of the financial services sector and follow the investment philosophy of buying good companies at good value.



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 executed through other broker or dealers. In 2010 the Fund paid \$73,922 in commissions to Caldwell Securities Ltd. or 100 % of total commissions paid.

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:

- Change in accounting policy



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.



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	5.32	4.31	7.86	5.64	4.23	4.14
Increase (decrease) from operations:						
Total Revenue	0.13	0.14	0.16	0.10	0.01	0.07
Total Expenses	(0.10)	(0.22)	(0.17)	(0.23)	0.12	0.11
Realized gains (losses) for the period	(0.81)	0.13	(0.17)	0.49	0.56	(0.60)
Unrealized gains (losses) for the period	0.18	1.06	(3.49)	1.77	1.50	0.73
Total increase (decrease) from operations ⁽¹⁾	(0.60)	0.99	(3.68)	2.13	1.95	0.31
Distributions:						
From Income (excluding dividends)	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00
Net Assets at December 31 of year shown	4.73	5.32	4.31	7.86	5.64	4.23

⁽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 assets (000's) ⁽¹⁾	10,380	13,266	13,106	32,266	11,186	3,791
Number of units outstanding ⁽¹⁾	2,194,737	2,491,639	3,024,721	4,105,894	1,982,131	896,838
Management expense ratio ⁽²⁾	4.04%	3.96%	2.83%	2.83%	2.79%	2.75%
Management expense ratio before waivers or absorptions	4.04%	4.15%	3.12%	3.09%	5.04%	3.86%
Portfolio turnover rate ⁽³⁾	36.92%	5.49%	28.77%	37.94%	137.2%	163.5%
Trading Expense ratio ⁽⁴⁾	1.29%	0.18%	0.18%	2.70%	2.97%	1.98%

⁽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	37%
Management and general administration services	63%
Waivers and absorption of Fund expenses	nil

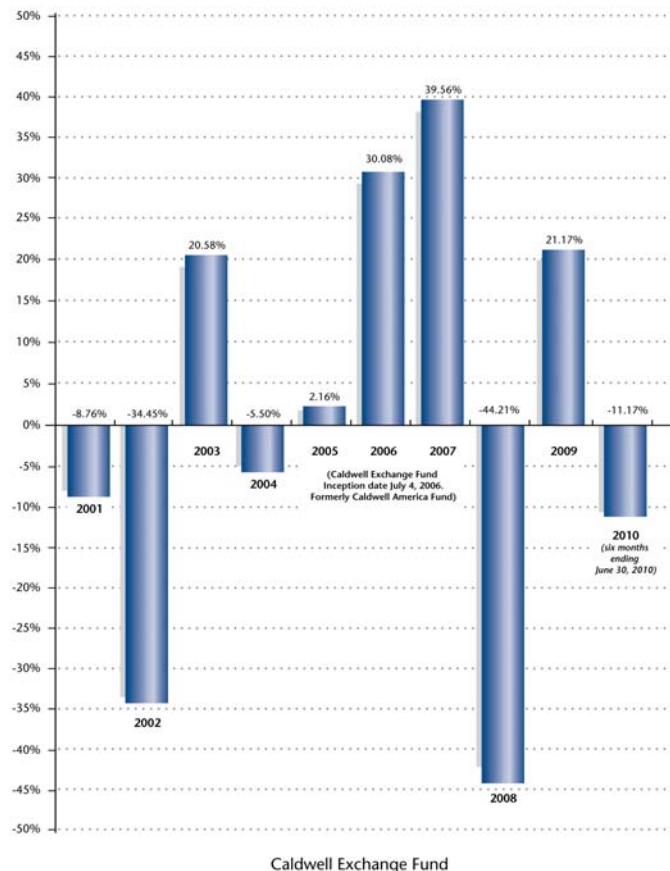


Past Performance

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 guarantees 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 each year.



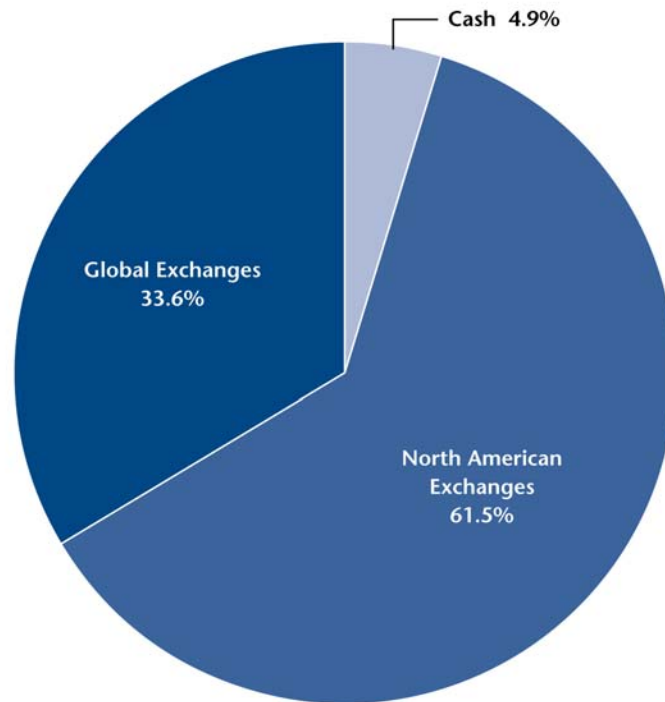
For the years ended December 31

Note: The returns for the years and period prior to July 4, 2006 represent the returns of the Caldwell America Fund.



Summary of Investment Portfolio

Portfolio Breakdown as at June 30, 2010



Caldwell Exchange Fund



Top 25 Holdings as at June 25, 2010

SECURITY	Percentage of Net Assets
Chicago Board Options Exchange	17.1%
IntercontinentalExchange Inc.	10.1%
Singapore Exchange Ltd.	9.8%
Hong Kong Exchanges & Clearing Ltd.	8.6%
Royal Bank of Canada	6.3%
CME Group Inc.	6.3%
NYSE Euronext	6.0%
CASH	5.0%
Deutsche Boerse AG	5.0%
Bank of Nova Scotia	4.7%
Kansas City Board of Trade	3.8%
JSE Ltd. (Johannesburg Stock Exchange)	3.4%
ASX Ltd.	3.0%
Power Financial Corporation	2.9%
Oslo Bors (Norway)	2.8%
Minneapolis Grain Exchange Seat	1.9%
Bolsas y Mercados Espanoles (Spain)	1.8%
Interactive Brokers Group Inc.	1.4%
Bulgarian Stock Exchange	0.1%
Amex Investment	0.0%
Top 25 Holdings	100.0%

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