

IRC 2012 Report to Security Holders

Caldwell Balanced Fund
Caldwell High Income Equity Fund
Caldwell Income Fund
Urbana Corporation

31 December 2012

Dear Security Holder:

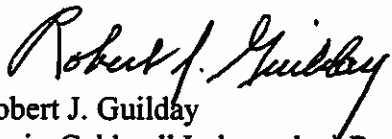
As Chair of the Independent Review Committee (IRC) for the Caldwell Mutual Funds and Urbana Corporation (collectively, the “Funds”) it is my pleasure to provide you with the 2012 annual report of the IRC to security holders.

National Instrument 81-107 Independent Review Committee for Investment Funds (the National Instrument) imposes a duty upon IRC members to review and assess all policies and procedures relating to conflict of interest matters referred to the IRC by Caldwell Investment Management (the “Manager”). The role of the IRC is to provide instructions or recommendations to the Manager relating to such matters and to determine if the proposed actions by the Manager achieve a fair and equitable result for the Funds.

The members of the IRC have considerable experience and expertise in the investment and financial industries and are independent of the Manager. Annually the members of the IRC are charged by NI 81-107 to consider the adequacy and effectiveness of written policies and procedures, standing instructions and compliance in dealing with conflict of interest matters with the Manager. The IRC also reviews and assesses its own contribution and effectiveness as a committee.

Please refer to Appendix 1 of this report for information relating to a list of IRC members, holding of securities, compensation, conflict of interest matters, policies and standing instructions.

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



Robert J. Guilday
Chair, Caldwell Independent Review Committee

Appendix 1

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Reporting Period

The original members of the Independent Review Committee (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 annual report covers the period beginning January 1, 2012 and ending December 31, 2012, the fiscal year end of the Funds.

Members of the IRC

Name	Residence	Date Appointed to the IRC
Robert Guilday	Burlington, Ontario	May 1, 2007
Sharon Kent	Toronto, Ontario	May 1, 2007
F. Michael Walsh	Toronto, Ontario	June 1, 2011

Holding of Securities

The members of the IRC do not serve on an IRC of any other investment fund. As of December 31, 2012, the percentage of each of the Funds beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 percent. Members of the IRC do not have any ownership interest in the Manager or in any person or company that provided services to the Funds or the Manager.

IRC Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the period January 1, 2012 to December 31, 2012 was \$30,000. This amount was allocated equally among the Funds.

No indemnities were paid to the IRC by the Funds or the Manager during the period.

The initial compensation of the IRC was set by the Manager. As of the date of this report, each member of the IRC receives an annual fee of \$10,000. 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 commitment of time and energy that is expected from each member;
- 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 recommendation about IRC compensation and expenses made by the Manager.

The IRC concluded that the compensation was reasonable and no changes were made.

Conflict of Interest

During the period, the Manager sought a review and followed the recommendations of the IRC with respect to the Manager's proposal to merge the Funds. Following Unit Holder and Regulatory approvals, the Fund mergers became effective on June 25, 2012.

The IRC is not aware of any instance on which the Manager acted in a conflict of instance matter for which the IRC did not give a positive recommendation.

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, 2012, the Manager relied on the following Standing Instructions that have been approved by the IRC:

- (1) Brokerage Policy
- (2) Fairness Policy regarding Trade Allocations
- (3) Soft Dollar Policy
- (4) New Asset Value Error Correction Policy
- (5) Proxy Voting Policy
- (6) Fee and Expense Policy for the Funds
- (7) Complaint Handling Policy
- (8) Principal Trading of Fixed Income Securities
- (9) Policy Regarding the Fair Value of Securities Held Within the Funds.

_____ End of Report _____