



June 13, 2011

Dear Securityholder,

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 annual report of the IRC to securityholders.

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.

Each member of the IRC has a duty, required by National Instrument 81-107 *Independent Review Committee for Investment Funds* (the "National Instrument") to review and assess the policies and procedures relating to conflict of interest matters referred to the IRC by Caldwell Investment Management Ltd. (the "Manager"). The role of the IRC is to provide recommendations or instructions to the Manager relating to any conflict of interest and to determine if the Manager's proposed action achieves a fair and equitable result for the Funds.

Each year, as required by NI 81-107, the members of the IRC consider the effectiveness and adequacy of written policies and procedures, standing instructions and compliance in dealing with conflict of interest matters with the Manager. As well, the IRC reviews and assesses its own contribution and effectiveness as a committee.

Subsequent to the resignation of H. Clifford Hatch Jr. due to health, I have been appointed as Chair of the IRC. The committee has recently appointed F. Michael Walsh to fill the vacancy.

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

The IRC looks forward to continue working with the Manager and to serve in the best interest of the Funds and securityholders.

Robert J. Guilday
Chair, Independent Review Committee for the Caldwell Mutual Funds and Urbana Corporation



APPENDIX 1**Report 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 annual report covers the period beginning January 1, 2010 and ending December 31, 2010, the fiscal year-end of the Funds.

Members of the IRC

NAME	RESIDENCE	DATE APPOINTED TO IRC
Robert Guilday	Burlington, Ontario	May 1, 2007
Sharon Kent	Toronto, Ontario	May 1, 2007
F. Michael Walsh	Toronto, Ontario	June 1, 2011

Changes in Membership

As stated, due to the resignation of H. Clifford Hatch, Robert Guilday has been appointed Chair of the IRC. In addition, F. Michael Walsh has been appointed as a new member of the IRC effective June 1, 2011.

The members of the IRC do not serve on an IRC of any other investment fund.

Holdings of Securities

As of December 31, 2010, 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 or in any person or company that provides services to the Fund's or the Manager.

IRC Compensation and Indemnities

The aggregate compensation paid by the Funds to the IRC for the period January 1, 2010 to December 31, 2010 was \$31,300. 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, 2010.



Caldwell Balanced Fund
Caldwell Income Fund
Caldwell Meisels Canada Fund
Caldwell Exchange Fund
Caldwell high Income Equity Fund

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 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

The IRC is not aware of any instance on which the Manager acted in a conflict of interest matter for which the IRC did not have 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, 2010, 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) Free and Expense Policy for the Funds
- (f) Complaint Handling Policy
- (g) Principal Trading of Fixed Income Securities
- (h) Policy Regarding the Fair Valuation of Securities held Within the Funds

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