



# Semi-Annual Financial Statements

June 30, 2011 (unaudited)

Steadyhand Savings Fund

Steadyhand Income Fund

Steadyhand Equity Fund

Steadyhand Global Equity Fund

Steadyhand Small-Cap Equity Fund

# **STEADYHAND INVESTMENT FUNDS**

## **Disclosure of Auditor's Review June 30, 2011 (unaudited)**

The accompanying interim financial statements have not been reviewed or audited by the external auditors of the Funds. The external auditors will be auditing the annual financial statements of the Funds in accordance with Canadian generally accepted auditing standards.

# STEADYHAND SAVINGS FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>Short Term Investments</b>				
<b>Treasury Bills</b>				
<b>Provincial Treasury Bills</b>				
100,000	Province of British Columbia 1.039% 20 Jul 2011	99,736	99,946	
500,000	Province of British Columbia 1.108% 19 Aug 2011	498,275	499,259	
450,000	Province of British Columbia 1.071% 17 Oct 2011	448,304	448,580	
350,000	Province of Ontario 1.049% 6 Jul 2011	349,167	349,950	
550,000	Province of Ontario 1.092% 24 Aug 2011	548,157	549,107	
		<b>1,943,639</b>	<b>1,946,842</b>	<b>30.9</b>
<b>Bankers' Acceptance</b>				
150,000	Bank of Nova Scotia 1.301% 21 Oct 2011	149,129	149,405	
100,000	Canadian Imperial Bank of Commerce 1.201% 19 Jul 2011	99,597	99,941	
100,000	Canadian Imperial Bank of Commerce 1.150% 31 Aug 2011	99,714	99,808	
200,000	Canadian Imperial Bank of Commerce 1.601% 16 Feb 2012	197,028	198,013	
250,000	National Bank of Canada 1.150% 29 Sept 2011	249,215	249,294	
300,000	Royal Bank of Canada 1.118% 6 Sept 2011	299,171	299,386	
200,000	HSBC Bank Canada 1.350% 15 Nov 2011	198,611	198,993	
200,000	Royal Bank of Canada 1.229% 03 Oct 2011	198,636	199,369	
200,000	Toronto Dominion Bank 1.229% 29 Aug 2011	198,848	199,605	
		<b>1,689,949</b>	<b>1,693,814</b>	<b>26.9</b>
<b>Bearer Deposit Notes</b>				
400,000	Bank of Nova Scotia 1.160% 12 Sept 2011	398,871	399,075	
300,000	Manulife Bank of Canada 1.177% 1 Sept 2011	299,382	299,401	
200,000	Toronto Dominion Bank 1.150% 11 Jul 2011	199,322	199,937	
		<b>897,575</b>	<b>898,413</b>	<b>14.3</b>
<b>Discount Commercial Paper</b>				
200,000	Brookfield Asset Management Inc. 1.279% 20 Jul 2011	199,720	199,867	
100,000	Canadian Imperial Bank of Com. 1.290% 06 Sept 2011	99,382	99,765	
100,000	Citigroup Finance Canada Inc. 1.570% 09 Dec 2011	98,852	99,315	
100,000	Citigroup Inc. 1.351% 20 Oct 2011	99,404	99,592	
150,000	Enbridge Inc. 1.149% 11 Aug 2011	149,769	149,807	
100,000	Enbridge Pipeline 1.190% 12 Jul 2011	99,795	99,964	
100,000	Enterprise Rent-A-Car Canada Ltd 1.290% 8 Aug 2011	99,711	99,866	
300,000	GE Capital Canada Funding Co. 1.211% 07 Sept 2011	298,758	299,314	
100,000	Inter Pipeline Corridor Inc. 1.292% 13 Sept 2011	99,679	99,739	
100,000	Inter Pipeline Corridor Inc. 1.299% 19 Jul 2011	99,833	99,936	
150,000	Suncor Energy Inc. 1.180% 23 Aug 2011	149,570	149,744	
100,000	TELUS Corp. 1.192% 2 Sept 2011	99,720	99,795	
150,000	TELUS Corp. 1.360% 28 Nov 2011	149,001	149,168	
		<b>1,743,194</b>	<b>1,745,872</b>	<b>27.6</b>
<b>Total Investment Portfolio</b>		<b>6,274,357</b>	<b>6,284,941</b>	<b>99.7</b>
<b>Other Net Assets</b>			<b>18,867</b>	<b>0.3</b>
<b>Total Net Assets</b>			<b>6,303,808</b>	<b>100.00</b>

See accompanying notes to financial statements.

# STEADYHAND SAVINGS FUND

## Financial Instruments - Unaudited

<b>Assets</b>	<b>\$</b>
Held for trading	6,300,511
Loans and receivables	<u>5,000</u>
<b>Total assets</b>	<b><u>6,305,511</u></b>
<b>Liabilities</b>	
Held for trading	-
Financial liabilities at amortized cost	<u>1,703</u>
<b>Total liabilities</b>	<b><u>1,703</u></b>

For the purposes of categorization and presentation in accordance with CICA 3862, Financial Instruments – Disclosures (“CICA 3862”), and CICA 3863, Financial Instruments – Presentation, accrued interest and dividends receivable, accounts receivable for securities issued, amounts due from brokers, the Manager, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are deemed to be other financial liabilities and reported at amortized cost.

## Discussion of Financial Risk Management

The Fund’s financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

### (i) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund’s market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund’s overall market positions on a daily basis and positions are maintained within established ranges.

The Fund’s market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following index had increased (decreased) by 5%, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	<b>Market Sensitivity</b>			
	<b>June 30, 2011</b>		<b>December 31, 2010</b>	
	<b>5% Increase</b>	<b>5% Decrease</b>	<b>5% Increase</b>	<b>5% Decrease</b>
DEX 90 Day T-Bill Index	<u>314,247</u>	<u>(314,247)</u>	158,322	(158,322)

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND SAVINGS FUND

## Discussion of Financial risk management (continued)

### (ii) *Currency risk*

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund invested primarily in Canadian securities. As at June 30, 2011, the Fund did not have any significant exposure to currency risk.

### (iii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

As at June 30, 2011, 99.70% (December 31, 2010 – 99.9%) of the Fund's Net Assets were invested in debt securities with term to maturity of less than one year. The Fund has minimal sensitivity to changes in interest rates, since securities are usually held to maturity and tend to be short-term in nature.

### (iv) *Credit risk*

The Fund's main credit risk concentration is spread between short-term debt securities and derivative contracts. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services and Standard & Poor's, Moody's. Ratings for securities that subject the Portfolio to credit risk at June 30, 2011 and December 31, 2010 are noted below:

Rating	As a % of Net Assets	As a % of Net Assets
	June 30, 2011	December 31, 2010
AAA	54.58%	63.67%
AA	38.79%	28.33%
Unrated	6.33%	7.86%
<b>Total</b>	<b>99.70%</b>	<b>99.86%</b>

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

### (v) *Liquidity risk*

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. Overdrafts are the result of one day timing lags in trade settlement and are not indicative of liquidity issues. The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

# STEADYHAND SAVINGS FUND

## Discussion of Financial risk management (continued)

The Fund has complied with National Instrument 81-102 Section 2.4 Restrictions Concerning Illiquid Assets which states:

- 1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10% of the net assets of mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- 2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15% of its net assets, taken at market value, in illiquid assets; and
- 3) If more than 15% of net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of it net assets made up of illiquid assets to 15% or less.

# STEADYHAND SAVINGS FUND

Unaudited Statement of Net Assets  
as at June 30, 2011 and December 31, 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 15,570	\$ -
Investments at fair value	6,284,941	3,166,437
Subscriptions receivable	5,000	848,145
	<b>6,305,511</b>	<b>4,014,582</b>
<b>Liabilities</b>		
Bank indebtedness	-	812,744
Due to Manager	12	6
Redemptions payable	-	28,364
Distribution Payable	682	2,164
Management fees payable	1,009	475
	<b>1,703</b>	<b>843,753</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 6,303,808</b>	<b>\$ 3,170,829</b>
<b>Number of units outstanding (Note 4)</b>	<b>630,381</b>	<b>317,096</b>
<b>Net asset value per unit (Note 2)</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>
<b>Transactions NAV per unit (Note 2)</b>	<b>\$ 10.00</b>	<b>\$ 10.00</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of  
Steadyhand Investment Management Ltd.,  
in its capacity as manager of the funds.



N. Jensen, Director



E. Davison, Chief Financial Officer

# STEADYHAND SAVINGS FUND

Unaudited Statement of Operations

for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Investment income:</b>		
Interest	\$ 25,974	\$ 13,082
	\$ 25,974	\$ 13,082
<b>Expenses:</b>		
Management fees	4,432	6,145
Less: Management fee rebates	(1,373)	(1,100)
	\$ 3,059	\$ 5,045
Net investment income before absorbed expenses	\$ 22,915	\$ 8,037
<b>Net investment income</b>	\$ 22,915	\$ 8,037
<b>Increase in net assets from operations</b>	\$ 22,915	\$ 8,037
<b>Increase in net assets from operations per unit</b>	\$ 0.05	\$ 0.01

See accompanying notes to financial statements.

# STEADYHAND SAVINGS FUND

Unaudited Statement of Changes in Net Assets  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Net assets at beginning of the period</b>	<b>\$ 3,170,829</b>	<b>\$ 6,841,400</b>
<b>Increase (decrease) in net assets from operations</b>	<b>22,915</b>	<b>8,037</b>
<b>Capital unit transactions:</b>		
Proceeds from units issued	5,145,668	2,407,263
Value of units redeemed	(2,033,021)	(4,616,897)
Units issued on reinvestment of distributions	20,206	7,583
	<b>3,132,853</b>	<b>(2,202,051)</b>
<b>Distributions to unitholders:</b>		
From net investment income	(21,416)	(6,937)
Management fee rebate paid	(1,373)	(1,100)
	<b>(22,789)</b>	<b>(8,037)</b>
<b>Increase (decrease) in net assets</b>	<b>3,132,979</b>	<b>(2,202,051)</b>
<b>Net assets at the end of period</b>	<b>\$ 6,303,808</b>	<b>\$ 4,639,349</b>
<b>Distributions per unit from net investment income</b>	<b>\$ 0.06</b>	<b>\$ 0.01</b>

See accompanying notes to financial statements.

# STEADYHAND INCOME FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value		Average Cost \$	Fair Value \$	% of Net Assets
<b>SHORT TERM INVESTMENTS</b>				
<b>Treasury Bills</b>				
100,000	Canadian Treasury Bill 0.922% 21 Jul 2011	99,836	99,947	0.2
<b>Discount Commercial Paper</b>				
150,000	Bank of Nova Scotia 1.159% 19 Sept 2011	149,568	149,584	
2,150,000	Canadian Imperial Bank of Commerce 1.139% 6 Sept 2011	2,143,980	2,145,029	
300,000	Bank of Nova Scotia 1.178% 08 Aug 2011	299,154	299,629	
		2,592,702	2,594,242	5.2
<b>Bankers' Acceptance</b>				
350,000	Bank of Nova Scotia 1.181% 18 Jul 2011	349,006	349,805	
100,000	Bank of Nova Scotia 1.159% 31 Aug 2011	99,715	99,790	
450,000	Canadian Imperial Bank of Commerce 1.151% 15 Aug 2011	448,727	449,330	
150,000	Canadian Imperial Bank of Commerce 1.139% 19 Sept 2011	149,585	149,584	
150,000	Canadian Imperial Bank of Commerce 1.141% 22 Sept 2011	149,603	149,568	
350,000	National Bank of Canada 1.091% 29 Aug 2011	349,363	349,292	
200,000	National Bank of Canada 1.131% 26 Sept 2011	199,444	199,396	
250,000	National Bank of Canada 1.150% 29 Sept 2011	249,215	249,218	
		1,994,658	1,995,983	4.0
<b>Bearer Deposit Notes</b>				
1,300,000	Bank of Nova Scotia 1.072% 6 Sept 2011	1,296,324	1,296,994	
500,000	Bank of Nova Scotia 1.159% 12 Sept 2011	498,560	498,738	
		1,794,884	1,795,732	3.6
<b>Total Short Term Investments</b>				
		6,482,080	6,485,904	13.1
<b>BONDS</b>				
<b>Federal Bonds</b>				
28,000	Canadian Government Bond 5.750% 01 Jun 2033	36,400	37,388	
438,000	Canadian Government Bond 3.500% 1 Jun 2020	455,082	454,263	
21,000	Canadian Government Bond 5.000% 1 Jun 2037	26,188	26,012	
100,000	Canadian Government Bond 4.000% 01 Jun 2041	109,685	108,300	
165,000	National Bank of Canada 3.580% 26 Apr 2016	165,000	167,828	
		792,355	793,791	1.6
<b>Provincial Bonds</b>				
309,000	Province of Alberta 4.000% 01 Dec 2019	310,464	321,737	
128,000	Province of Alberta 4.500% 01 Dec 2040	133,062	134,579	
491,000	Province of British Columbia 5.700% 18 Jun 2029	570,155	584,687	
60,000	Province of British Columbia 4.950% 18 Jun 2040	62,930	66,272	
230,000	Province of New Brunswick 4.500% 02 Jun 2020	232,001	242,630	
4,000	Province of New Brunswick 4.800% 03 Jun 2041	4,334	4,241	
95,000	Nova Scotia Province 4.100% 01 Jun 2021	94,777	96,754	
36,000	Province of Nova Scotia 4.700% 01 Jun 2041	35,196	37,713	
1,891,000	Province of Ontario 4.400% 02 Jun 2019	1,971,052	2,005,635	
292,000	Province of Ontario 7.600% 02 Jun 2027	405,206	408,815	
309,000	Province of Ontario 6.500% 08 Mar 2029	386,930	395,919	
378,000	Province of Ontario 5.850% 08 Mar 2033	444,331	458,418	
189,000	Province of Ontario 4.600% 02 Jun 2039	187,071	196,398	
922,000	Province of Ontario 4.650% 02 Jun 2041	972,322	967,806	
584,000	Province of Quebec 4.250% 01 Dec 2021	597,507	599,560	
358,000	Province of Quebec 4.500% 01 Dec 2019	386,816	379,974	
584,000	Province of Quebec 6.250% 01 Jun 2032	709,233	732,362	
167,000	Province of Quebec 5.750% 1 Dec 2036	203,959	200,085	
306,000	Province of Quebec 5.000% 01 Dec 2041	330,817	335,452	
		8,038,163	8,169,037	16.5

# STEADYHAND INCOME FUND (CONT'D)

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value		Average Cost \$	Fair Value \$	% of Net Assets
<b>Corporate Bonds</b>				
699,000	Aon Finance NS1 ULC 4.760% 08 Mar 2018	706,057	704,863	
527,000	Bank of Montreal 3.979% 08 Jul 2021	529,697	534,634	
421,000	Bank of Montreal, FRN 6.170% 28 Mar 2023	475,430	477,052	
185,000	Brookfield Asset Management Inc. 5.290% 25 Apr 2017	140,948	192,916	
288,000	Brookfield Asset Management Inc. 5.300% 01 Mar 2021	287,862	289,457	
66,000	Brookfield Asset Management Inc. 5.950% 14 Jun 2035	62,453	60,214	
255,000	Brookfield Renewable Power Inc. 6.132% 30 Nov 2016	272,655	279,456	
123,000	Brookfield Power Corp. 5.250% 05 Nov 2018	123,611	127,284	
38,000	Brookfield Renewable Power Inc. 5.140% 13 Oct 2020	37,552	38,031	
118,000	Brookfield Power Corp. 5.840% 05 Nov 2036	77,837	105,999	
451,000	Cadillac Fairview Finance Trust 3.640% 09 May 2018	450,946	453,812	
223,000	Cadillac Fairview Finance Trust 4.310% 25 Jan 2021	222,946	228,001	
629,000	Cameco Corp. 5.670% 02 Sept 2019	675,349	667,997	
244,000	Canadian Imperial Bank of Commerce, FRN 4.110% 30 Apr 2020	252,372	253,015	
770,000	Canadian Imperial Bank of Commerce, FRN 3.150% 02 Nov 2020	749,442	761,361	
83,000	Canadian Pacific Railway Co. 6.450% 17 Nov 2039	92,784	91,335	
472,000	Capital Power LP. 4.600% 01 Dec 2015	474,387	481,207	
300,000	Capital Power LP 5.276% 16 Nov 2020	296,601	296,746	
218,000	CDP Financial Inc. 4.600% 15 Jul 2020	227,306	228,743	
92,000	Chip Mortgage Trust 3.973% 01 Feb 2016	92,000	93,910	
55,000	CIBC Capital Trust, FRN 9.976% 30 Jun 2108	68,792	71,942	
651,000	Citigroup Finance Canada Inc. 6.750% 22 Sept 2014	708,346	713,660	
245,000	Citigroup Inc. 8.500% 22 May 2019	299,378	293,118	
230,000	Citigroup Inc., FRN 4.650% 11 Oct 2022	213,286	212,536	
106,000	DundeeWealth Inc. 5.100% 25 Sept 2014	105,996	112,994	
125,000	ERAC Canada Finance Ltd. 5.380% 26 Feb 2016	128,839	133,636	
25,000	ERAC Canada Finance Ltd. 5.700% 26 Feb 2021	21,586	25,572	
503,000	GE Capital Canada Funding Co. 5.530% 17 Aug 2017	507,079	546,377	
194,000	GE Capital Trust I, FRN 6.375% 15 Nov 2067	195,429	191,676	
356,000	Goldman Sachs Group Inc 5.000% 03 May 2018	355,438	355,307	
47,000	Greater Toronto Airports Authority 5.630% 07 Jun 2040	50,677	51,340	
251,000	Great-West Lifeco Fin Delaware LP II, FRN 7.127% 26 Jun 2068	282,825	283,614	
14,000	Great-West Lifeco Inc. 6.670% 21 Mar 2033	15,969	16,283	
64,000	HSBC Bank Canada, FRN 4.940% 16 Mar 2021	61,712	67,678	
100,000	ING Bank of Canada, FRN 4.300% 05 Dec 2016	94,865	94,500	
70,000	Intact Financial Corp. 5.410% 03 Sept 2019	69,818	74,143	
179,000	Intact Financial Corp. 6.400% 23 Nov 2039	182,792	191,203	
71,000	Loblaw Cos Ltd. 6.450% 09 Feb 2028	72,425	73,599	
20,000	Loblaw Cos Ltd. 6.850% 01 Mar 2032	21,409	21,613	
46,000	Loblaw Cos Ltd. 6.450% 01 Mar 2039	47,536	47,357	
43,000	Loblaw Cos., Ltd. 6.050% 09 Jun 2034	42,097	42,418	
47,000	Loblaw Cos Ltd. 5.900% 18 Jan 2036	45,778	45,369	
176,000	Manulife Financial Capital Trust II, FRN 7.405% 31 Dec 2108	196,411	200,409	
214,000	Manulife Financial Corp. 4.079% 20 Aug 2015	214,994	218,180	
245,000	Manulife Financial Corp. 5.161% 26 Jun 2015	259,161	259,494	
205,000	Manulife Financial Corp. 5.505% 26 Jun 2018	215,218	218,958	
576,000	Manulife Financial Corp. 7.768% 08 Apr 2019	687,930	694,241	
226,000	Morgan Stanley 3.450% 02 Nov 2015	219,144	216,056	
453,000	Morgan Stanley 4.900% 23 Feb 2017	382,530	452,580	

# STEADYHAND INCOME FUND (CONT'D)

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value		Average Cost \$	Fair Value \$	% of Net Assets
<b>Corporate Bonds (continued)</b>				
250,000	RBC Capital Trust, FRN 6.821% 30 Jun 2018	284,580	288,283	
97,000	RBC Capital Trust II 5.812% 29 Dec 2049	87,794	104,108	
276,000	Reliance LP 7.300% 03 Apr 2013	276,000	288,090	
56,000	Rogers Communications Inc 6.560% 22 Mar 2041	56,510	56,343	
1,412,000	RBC Yld Curve Dep Ser 4 FL 1.124% 25 Aug 2011	1,414,365	1,411,278	
84,000	Royal Bank of Canada, FRN 4.840% 11 Mar 2018	83,784	87,681	
344,000	Royal Bank of Canada, FRN 4.350% 15 Jun 2020	344,860	357,587	
527,000	Royal Bank of Canada, FRN 3.180% 02 Nov 2020	513,483	521,944	
263,000	Scotiabank Tier I Trust, FRN 7.802% 30 Jun 2108	309,093	313,721	
209,000	SNC-Lavalin Group Inc. 6.190% 03 Jul 2019	225,565	233,566	
457,000	Sun Life Financial Inc., FRN 5.590% 30 Jan 2023	483,685	486,396	
62,000	TD Capital Trust IV, FRN 10.000% 30 Jun 2108	85,266	81,908	
1,194,000	TD Capital Trust III, FRN 7.243% 31 Dec 2018	1,381,818	1,406,126	
272,000	Teranet Holdings LP 5.754% 17 Dec 2040	271,319	265,765	
144,000	Teranet Holdings LP 6.100% 17 Jun 2041	143,937	147,903	
22,000	Terasen Gas Vancouver Island Inc. 6.050% 15 Feb 2038	21,985	25,054	
305,000	The Toronto-Dominion Bank, FRN 5.480% 02 Apr 2020	331,452	331,735	
153,000	The Toronto-Dominion Bank, FRN 3.367% 02 Nov 2020	150,153	152,678	
955,000	The Toronto-Dominion Bank, FRN 5.763% 18 Dec 2106	1,035,876	1,046,563	
		<b>19,517,220</b>	<b>19,898,615</b>	<b>40.2</b>
<b>Total Bonds</b>				
		<b>28,347,738</b>	<b>28,861,443</b>	<b>58.2</b>
<b>MORTGAGE BACKED</b>				
100,000	ClareGold Trust 5.052% 15 May 2044	77,918	81,954	
90,000	Merrill Lynch Financial Assets Inc. 4.621% 12 Nov 2037	85,893	93,607	
245,000	Merrill Lynch Financial Assets Inc. 4.678% 12 Mar 2039	124,636	126,869	
18,000	Merrill Lynch Financial Assets Inc. 5.255% 12 May 2044	17,999	18,764	
57,000	Real Estate Asset Liquidity Trust 5.195% 12 Mar 2046	44,764	50,270	
145,000	Schooner Trust 5.192% 12 Jun 2022	124,261	130,602	
151,000	Schooner Trust 5.340% 12 Jun 2037	157,713	158,872	
		<b>633,184</b>	<b>660,938</b>	<b>1.3</b>
<b>EQUITIES</b>				
<b>Energy</b>				
19,900	ARC Resources Ltd.	465,100	496,903	
6,900	Crescent Point Energy Corp.	259,406	306,498	
14,700	Enbridge Inc.	335,425	460,110	
16,200	Ensign Energy Services Inc.	221,988	309,744	
21,900	Mullen Group Ltd.	341,547	443,913	
27,842	Peyto Exploration & Development Corp.	481,405	598,324	
1,900	TransCanada Corp.	64,989	80,218	
19,850	Veresen Inc.	210,460	275,518	
	<b>Total Energy</b>	<b>2,380,320</b>	<b>2,971,228</b>	<b>6.0</b>
<b>Industrials</b>				
6,400	Genivar Inc.	159,400	164,608	
4,700	Cervus Equipment Corp.	76,040	78,537	
8,491	Wajax Corp.	246,596	308,308	
	<b>Total Industrials</b>	<b>482,036</b>	<b>551,453</b>	<b>1.1</b>

# STEADYHAND INCOME FUND (CONT'D)

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value		Average Cost \$	Fair Value \$	% of Net Assets
<b>Equities (continued)</b>				
<b>Commercial Services &amp; Supplies</b>				
21,600	IBI Group Inc.	290,550	297,432	0.6
<b>Consumer Discretionary</b>				
15,700	Corus Entertainment Inc.	279,568	321,693	
28,100	Groupe Aeroplan Inc.	374,925	373,730	
34,100	InnVest Real Estate Investment Trust	190,194	228,129	
16,800	Thomson Reuters Corp.	619,287	607,824	
15,150	Yellow Media Inc.	96,947	36,360	
<b>Total Consumer Discretionary</b>		1,560,921	1,567,736	3.2
<b>Consumer Staples</b>				
7,600	The North West Co., Inc.	151,193	153,672	0.3
<b>Health Care</b>				
18,900	CML Healthcare Inc.	223,915	176,337	0.4
<b>Financials</b>				
27,850	Altus Group Ltd.	246,041	198,014	
4,100	Artis Real Estate Investment Trust	56,949	57,400	
14,900	Bank of Nova Scotia	838,000	864,349	
3,300	Brookfield Office Properties Canada, Class U	72,200	73,326	
5,400	Calloway Real Estate Investment Trust	128,972	135,810	
13,300	Canadian Apartment Properties REIT	187,239	256,956	
31,000	Chartwell Seniors Housing Real Estate Investment Trust	196,609	259,470	
11,500	Crombie Real Estate Investment Trust	138,811	150,650	
8,000	First Capital Realty Inc.	123,573	131,600	
15,200	Great-West LifeCo Inc.	392,560	386,840	
12,100	H&R Real Estate Investment Trust	239,356	260,876	
3,900	IGM Financial Inc.	166,477	196,989	
25,800	Killam Properties Inc.	218,103	276,318	
22,900	Manulife Financial Corp.	390,348	389,987	
8,800	Primaris Retail Real Estate Investment Trust	181,492	184,888	
14,300	Royal Bank of Canada	749,455	786,357	
12,380	TMX Group Inc.	444,156	538,580	
10,400	The Toronto-Dominion Bank	632,693	850,511	
21,700	TransGlobe Apartment Real Estate Investment Trust	246,041	247,163	
<b>Total Financials</b>		5,619,495	6,246,084	12.6
<b>Retailing</b>				
8,800	Reitmans Canada Ltd., Class A	152,517	134,816	0.3
<b>Telecommunication Services</b>				
8,000	BCE Inc.	290,544	302,560	
11,300	TELUS Corp.	441,268	572,910	
<b>Total Telecommunication Services</b>		731,812	875,470	1.8
<b>Utilities</b>				
66,600	Algonquin Power & Utilities Corp.	267,026	380,286	
21,100	Brookfield Infrastructure Partners LP	347,304	507,455	

# STEADYHAND INCOME FUND (CONT'D)

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No. of Shares or Par Value		Average Cost \$	Fair Value \$	% of Net Assets
<b>Equities (continued)</b>				
8,400	Northland Power Inc.	102,481	134,988	
6,500	Valener Inc.	112,092	105,300	
<b>Total Utilities</b>		828,903	1,128,029	2.3
<b>Total Equities</b>		12,421,662	14,102,257	28.6
<b>Transaction Costs</b>		(19,188)		
<b>Total Investment Portfolio</b>		47,865,476	50,110,542	101.2
<b>Other Net assets</b>			(577,150)	(1.2)
<b>Unrealized Appreciation on Currency Forwards (see Table on Page 13)</b>			14,524	0.0
<b>Total Net Assets</b>			49,547,916	100.0

See accompanying notes to financial statements.

# STEADYHAND INCOME FUND

## Unrealized Appreciation (Depreciation) on Foreign Currency Forwards

<u>Number of Contracts</u>		<u>Maturity</u>	Average Exchange Rate of Contracts <u>(Currency/CAD)</u>	<u>Currency Amount</u>	<u>Contracted Value \$</u>	<u>Unrealized Appreciation (Depreciation)</u>
1	Sell USD	21-Mar-11	0.9872	(727,000)	(741,526)	
1	Buy CAD	21-Mar-11		(741,526)	(741,526)	\$ 14,524
						\$ 14,524

See accompanying notes to financial statements.

# STEADYHAND INCOME FUND

## Financial Instruments - Unaudited

<b>Assets</b>	<b>\$</b>
Held for trading	50,206,035
Loans and receivables	<u>967,138</u>
<b>Total assets</b>	<b><u>51,173,173</u></b>
<b>Liabilities</b>	
Held for trading	-
Financial liabilities at amortized cost	<u>1,639,781</u>
<b>Total liabilities</b>	<b><u>1,639,781</u></b>

For the purposes of categorization and presentation in accordance with CICA 3862, Financial Instruments – Disclosures (“CICA 3862”), and CICA 3863, Financial Instruments – Presentation, accrued interest and dividends receivable, accounts receivable for securities issued, amounts due from brokers, the Manager, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are deemed to be other financial liabilities and reported at amortized cost.

## Discussion of Financial risk management

The Fund’s financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

### (i) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund’s market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund’s overall market positions on a daily basis and positions are maintained within established ranges.

The Fund’s market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following indexes had increased (decreased) by 5%, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Indexes	June 30, 2011		December 31, 2010	
	5% Increase	5% Decrease	5% Increase	5% Decrease
DEX Universe Bond Index	<u>1,476,119</u>	<u>(1,476,119)</u>	1,435,264	(1,435,264)
S&P/TSX Composite Index	<u>705,113</u>	<u>(705,113)</u>	597,403	(597,403)
<b>Total</b>	<b><u>2,181,232</u></b>	<b><u>(2,181,232)</u></b>	<u>2,032,667</u>	<u>(2,032,667)</u>

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND INCOME FUND

## Discussion of Financial risk management (continued)

### (ii) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

	June 30, 2011		December 31, 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	707,702	1.43%	898,923	1.98%

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$7,077 (December 31, 2010-\$8,989). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (iii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The below table summarizes the Fund's exposure to interest rate risk, categorized by earlier of contractual re-pricing or maturity dates.

June 30, 2011	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	(\$)	(\$)	(\$)	(\$)	(\$)
Interest Rate exposure	449,752	7,447,430	-	2,685,056	25,426,045

December 31, 2010	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	(\$)	(\$)	(\$)	(\$)	(\$)
Interest Rate exposure	-	3,690,508	793,095	2,811,009	25,101,169

At June 30, 2011, should interest rates have decreased by 25 basis points with all other variables remaining constant, the increase in net assets for the period would amount to approximately \$90,021 (December 31, 2010-\$80,989). Conversely, if interest rates had risen by 25 basis points, the decrease in net assets would amount to approximately \$90,021 (December 31, 2010-\$80,989). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND INCOME FUND

## Discussion of Financial risk management (continued)

### (iv) Credit risk

The Fund's main credit risk concentration is spread between short-term debt securities and derivative contracts. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services and Standard & Poor's, Moody's.

Ratings for securities that subject the Portfolio to credit risk at June 30, 2011 and December 31, 2010 are noted below:

Rating	June 30, 2011	December 31, 2010
AAA	19.96%	22.92%
AA	11.03%	16.04%
A	33.61%	26.62%
BBB	8.11%	6.59%
N/R	0.00%	0.44%
<b>Total</b>	<b>72.71%</b>	<b>72.61%</b>

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

### (v) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

The Fund has complied with National Instrument 81-102 Section 2.4 Restrictions Concerning Illiquid Assets which states:

- 1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10% of the net assets of mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- 2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15% of its net assets, taken at market value, in illiquid assets; and
- 3) If more than 15% of net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its net assets made up of illiquid assets to 15% or less.

# STEADYHAND INCOME FUND

Unaudited Statement of Net Assets  
as at June 30, 2011 and December 31, 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 95,493	\$ 119,453
Short-term investments	6,485,904	4,190,133
Investments at fair value	43,624,638	40,653,337
Receivable on forward and futures contracts	68,089	39,303
Amounts receivable in respect of interest and dividends	277,936	299,722
Due from brokers	508,679	71,101
Subscriptions receivable	112,434	268,520
	<u>51,173,173</u>	<u>45,641,569</u>
<b>Liabilities</b>		
Due to brokers	1,557,786	54,939
Management fees payable	39,284	37,941
Redemptions payable	41,788	190,000
Due to Manager	923	424
Distribution Payable	-	296
	<u>1,639,781</u>	<u>283,600</u>
<b>Net assets representing unitholders' equity</b>	<b>\$ 49,533,392</b>	<b>\$ 45,357,969</b>
<b>Number of units outstanding (Note 4)</b>	<b>4,756,965</b>	<b>4,427,290</b>
<b>Net assets per unit (Note 2)</b>	<b>\$ 10.41</b>	<b>\$ 10.25</b>
<b>Transactional NAV per unit (Note 2)</b>	<b>\$ 10.43</b>	<b>\$ 10.26</b>

Approved on behalf of the Board of Directors of  
Steadyhand Investment Management Ltd.,  
in its capacity as manager of the funds.

  
N. Jensen, Director

  
E. Davison, Chief Financial Officer

# STEADYHAND INCOME FUND

Unaudited Statement of Operations  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Investment income:</b>		
Dividends, net of withholding tax	\$ 306,163	\$ 271,905
Interest	742,107	481,761
	<b>1,048,270</b>	753,666
<b>Expenses:</b>		
Management fees	236,847	160,057
Less: Management fee rebates	(71,228)	(36,772)
	<b>165,619</b>	123,285
<b>Net investment income</b>	<b>\$ 882,651</b>	<b>\$ 630,381</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs:</b>		
Realized gain on sale of investments	939,248	1,316,165
Realized gain on forward and futures contracts	7,807	141,479
Transaction costs	(10,750)	(17,279)
Change in unrealized depreciation in value of investments	(47,776)	(726,757)
<b>Net gain on investments</b>	<b>\$ 888,529</b>	<b>\$ 713,608</b>
<b>Increase in net assets from operations</b>	<b>\$ 1,771,180</b>	<b>\$ 1,343,989</b>
<b>Increase in net assets from operations per unit</b>	<b>\$ 0.39</b>	<b>\$ 0.43</b>

# STEADYHAND INCOME FUND

Unaudited Statement of Changes in Net Assets  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Net assets at beginning of the period</b>	<b>\$ 45,357,969</b>	<b>\$ 26,959,847</b>
<b>Increase in net assets from operations</b>	<b>1,771,180</b>	<b>1,343,989</b>
<b>Capital unit transactions:</b>		
Proceeds from units issued	<b>6,736,658</b>	10,809,790
Value of units redeemed	<b>(4,235,732)</b>	(680,396)
Units issued on reinvestment of distributions	<b>899,801</b>	641,274
	<b>3,400,727</b>	<b>10,770,668</b>
<b>Distributions to unitholders:</b>		
From net investment income	<b>(925,256)</b>	(691,354)
Management fee rebate paid	<b>(71,228)</b>	(36,772)
	<b>(996,484)</b>	<b>(728,126)</b>
<b>Increase in net assets</b>	<b>4,175,423</b>	<b>11,386,531</b>
<b>Net assets at the end of period</b>	<b>\$ 49,533,392</b>	<b>\$ 38,346,378</b>
<b>Distributions per unit from net investment income</b>	<b>\$ 0.20</b>	<b>\$ 0.20</b>

See accompanying notes to financial statements.

# STEADYHAND EQUITY FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No of shares or Par Value	Description	Average Cost \$	Fair Value \$	% of Net Asset
<b>Short Term Investments</b>				
950,000	Canadian Treasury Bills 0.939% 13 Oct 2011	945,958	947,396	2.8
<b>EQUITIES AND EQUIVALENTS</b>				
<b>Energy</b>				
124,600	Birchcliff Energy Ltd.	922,185	1,622,291	
46,000	Crescent Point Energy Corp.	1,755,709	2,043,320	
89,000	Pason Systems Inc.	1,047,300	1,288,720	
53,500	Suncor Energy Inc.	1,794,018	2,016,950	
	<b>Total Energy</b>	<b>5,519,212</b>	<b>6,971,281</b>	<b>20.6</b>
<b>Materials</b>				
14,000	Compass Minerals International Inc.	844,730	1,163,199	
45,000	Kinross Gold Corp.	732,702	684,000	
50,000	Nalco Holding Co.	1,235,491	1,340,527	
21,250	Potash Corp. of Saskatchewan Inc.	882,489	1,167,900	
	<b>Total Materials</b>	<b>3,695,412</b>	<b>4,355,626</b>	<b>12.8</b>
<b>Industrials</b>				
102,000	CAE Inc.	854,988	1,323,960	
40,500	Insperty Inc.	1,071,607	1,154,619	
36,000	Lincoln Electric Holdings Inc.	941,995	1,245,561	
30,000	Ritchie Bros. Auctioneers Inc.	668,539	793,200	
	<b>Total Industrials</b>	<b>3,537,129</b>	<b>4,517,340</b>	<b>13.3</b>
<b>Consumer Staples</b>				
73,900	Asia Pacific Breweries Ltd.	1,095,247	1,683,740	
37,500	CVS Caremark Corp.	1,335,996	1,358,984	
32,500	Shoppers Drug Mart Corp.	1,446,621	1,290,250	
50,000	Unilever PLC	1,518,508	1,561,535	
	<b>Total Consumer Staples</b>	<b>5,396,372</b>	<b>5,894,509</b>	<b>17.4</b>
<b>Health Care</b>				
25,300	Novartis ADR	1,396,183	1,491,395	4.4
<b>Financials</b>				
24,700	Home Capital Group Inc.	751,608	1,274,520	
70,000	Manulife Financial Corp.	1,511,236	1,192,100	
24,900	TMX Group, Inc.	820,681	1,083,150	
19,000	Toronto-Dominion Bank	1,196,586	1,553,820	
	<b>Total Financials</b>	<b>4,280,111</b>	<b>5,103,590</b>	<b>15.0</b>
<b>Information Technology</b>				
72,500	Cisco Systems Inc.	1,564,373	1,091,530	
41,700	Oracle Corp.	1,105,793	1,323,650	
25,500	Research In Motion Ltd.	1,513,440	709,155	
	<b>Total Information Technology</b>	<b>4,183,606</b>	<b>3,124,335</b>	<b>9.2</b>

# STEADYHAND EQUITY FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

No of shares or par value	Description	Average Cost \$	Fair Value \$	% of Net Assets
	<b>Telecommunication Services</b>			
31,000	Rogers Communications Inc., Class B	1,081,406	1,181,410	3.5
	<b>Total Equities</b>	29,089,431	32,639,486	96.2
	<b>Transaction Costs</b>	(11,763)		
	<b>Total Investments</b>	30,023,626	33,586,882	99.0
	<b>Other Net Assets</b>		334,900	1.0
	<b>Total Net Assets</b>		33,921,782	100.0

See accompanying notes to financial statements.

# STEADYHAND EQUITY FUND

## Financial Instruments

<b>Assets</b>	<b>\$</b>
Held for trading	33,812,003
Loans and receivables	<u>146,915</u>
<b>Total assets</b>	<b><u>33,958,918</u></b>
<b>Liabilities</b>	
Held for trading	-
Financial liabilities at amortized cost	<u>37,136</u>
<b>Total liabilities</b>	<b><u>37,136</u></b>

For the purposes of categorization and presentation in accordance with CICA 3862, Financial Instruments – Disclosures (“CICA 3862”), and CICA 3863, Financial Instruments – Presentation, accrued interest and dividends receivable, accounts receivable for securities issued, amounts due from brokers, the Manager, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are deemed to be other financial liabilities and reported at amortized cost.

## Discussion of Financial risk management

The Fund’s financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

### (i) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund’s market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund’s overall market positions on a daily basis and positions are maintained within established ranges.

The Fund’s market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following indexes had increased (decreased) by 5%, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Indexes	June 30, 2011		December 31, 2010	
	5% Increase	5% Decrease	5% Increase	5% Decrease
S&P/TSX Composite Index	979,185	(979,185)	874,487	(874,487)
MSCI World Index (\$Cdn)	652,790	(652,790)	582,991	(582,991)
<b>Total</b>	<b><u>1,631,975</u></b>	<b><u>(1,631,975)</u></b>	<b><u>1,457,478</u></b>	<b><u>(1,457,478)</u></b>

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND EQUITY FUND

## Discussion of Financial risk management (continued)

### (ii) *Currency risk*

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

	June 30, 2011		Dec. 31, 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	13,420,752	39.56%	10,465,461	34.02%
Singapore Dollar	-	-	63,656	0.21%

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$134,208 (December 31, 2010-\$104,655). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (iii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

### (iv) *Credit risk*

The Fund's main credit risk concentration is spread between short-term debt securities and derivative contracts. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

# STEADYHAND EQUITY FUND

## Discussion of Financial risk management (continued)

The Fund invests in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services and Standard & Poor's, Moody's. Ratings for securities that subject the Portfolio to credit risk at June 30, 2011 and December 31, 2010, are noted below:

<b>Portfolio by rating category</b>		
<b>Rating</b>	<b>As a % of Net Assets</b>	
	<b>June 30, 2011</b>	<b>December 31, 2010</b>
AAA	2.79%	4.55%
<b>Total</b>	<b>2.79%</b>	<b>4.55%</b>

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

### (v) *Liquidity risk*

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity.

The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

The Fund has complied with National Instrument 81-102 Section 2.4 Restrictions Concerning Illiquid Assets which states:

- 1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10% of the net assets of mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- 2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15% of its net assets, taken at market value, in illiquid assets; and
- 3) If more than 15% of net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its net assets made up of illiquid assets to 15% or less.

# STEADYHAND EQUITY FUND


Unaudited Statement of Net Assets  
as at June 30, 2011 and December 31, 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 225,121	\$ 179,661
Short-term investments	947,396	1,399,786
Investments at fair value	32,639,486	29,149,564
Dividends receivable	63,863	53,986
Subscriptions receivable	83,052	151,344
	<b>33,958,918</b>	<b>30,934,341</b>
<b>Liabilities</b>		
Management fees payable	36,921	34,647
Redemptions payable	-	140,000
Other payable	215	101
	<b>37,136</b>	<b>174,748</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 33,921,782</b>	<b>\$ 30,759,593</b>
<b>Number of units outstanding (Note 4)</b>	<b>3,459,658</b>	<b>3,222,819</b>
<b>Net assets per unit (Note 2)</b>	<b>\$ 9.80</b>	<b>\$ 9.54</b>
<b>Transactional NAV per unit (Note 2)</b>	<b>\$ 9.82</b>	<b>\$ 9.55</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of  
Steadyhand Investment Management Ltd.,  
in its capacity as manager of the funds.

  
\_\_\_\_\_  
N. Jensen, Director

  
\_\_\_\_\_  
E. Davison, Chief Financial Officer

# STEADYHAND EQUITY FUND

Unaudited Statement of Operations  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Investment income:</b>		
Dividends, net of withholding tax	\$ 368,579	\$ 277,311
Interest	7,415	799
	<b>375,994</b>	<b>278,110</b>
<b>Expenses:</b>		
Management fees	220,840	185,011
Less: Management fee rebates	(74,715)	(60,870)
	<b>146,125</b>	<b>124,141</b>
<b>Net investment income</b>	<b>\$ 229,869</b>	<b>\$ 153,969</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs:</b>		
Realized gain on sale of investments	555,831	596,202
Transaction costs	(3,300)	(3,033)
Change in unrealized appreciation (depreciation) in value of investments	104,945	(2,478,994)
<b>Net gain (loss) on investments</b>	<b>\$ 657,476</b>	<b>\$ (1,885,825)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 887,345</b>	<b>\$ (1,731,856)</b>
<b>Increase (decrease) in net assets from operations per unit</b>	<b>\$ 0.27</b>	<b>\$ (0.54)</b>

See accompanying notes to financial statements.

# STEADYHAND EQUITY FUND

Unaudited Statement of Changes in Net Assets  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Net assets at beginning of the period</b>	<b>\$ 30,759,593</b>	\$ 27,131,350
<b>Increase (decrease) in net assets from operations</b>	<b>887,345</b>	(1,731,856)
<b>Capital unit transactions:</b>		
Proceeds from units issued	3,168,633	2,300,226
Value of units redeemed	(883,714)	(2,146,774)
Units issued on reinvestment of distributions	64,640	55,803
	<b>2,349,559</b>	209,255
<b>Distributions to unitholders:</b>		
Management fee rebate paid	(74,715)	(60,870)
	<b>(74,715)</b>	(60,870)
<b>Increase (decrease) in net assets</b>	<b>3,162,189</b>	(1,583,471)
<b>Net assets at the end of period</b>	<b>\$ 33,921,782</b>	\$ 25,547,879
<b>Distributions per unit from net investment income</b>	<b>\$ -</b>	\$ -

See accompanying notes to financial statements.

# STEADYHAND GLOBAL EQUITY FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

# of shares	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>EQUITIES</b>				
<b>Energy</b>				
22,722	ENI SpA	596,584	517,601	
42,410	Gazprom OAO	508,993	596,759	
15,570	Petroleo Brasileiro SA, ADR	557,992	461,318	
13,821	Royal Dutch Shell PLC, Class B	399,201	475,726	
	<b>Total Energy</b>	<b>2,062,770</b>	<b>2,051,404</b>	<b>9.9</b>
<b>Industrials</b>				
26,202	Deutsche Post AG	414,745	485,602	
5,572	General Dynamics Corp.	372,882	400,789	
170,000	Kajima Corp.	396,398	465,223	
22,400	Mitsubishi Corp.	567,621	535,103	
	<b>Total Industrials</b>	<b>1,751,646</b>	<b>1,886,717</b>	<b>9.1</b>
<b>Consumer Discretionary</b>				
23,900	Bridgestone Corp.	472,032	527,238	
296,000	Dongfeng Motor Group Co., Ltd., Class H	490,232	538,207	
34,669	DR Horton Inc.	434,023	385,449	
37,900	Panasonic Corp.	516,372	443,403	
17,600	Sony Corp.	528,129	445,046	
34,300	Yamaha Motor Co., Ltd.	539,193	602,543	
	<b>Total Consumer Discretionary</b>	<b>2,979,981</b>	<b>2,941,886</b>	<b>14.1</b>
<b>Consumer Staples</b>				
8,654	Heineken NV	427,788	502,164	
83,729	Tesco PLC	573,248	521,458	
17,947	Unilever NV	536,160	567,663	
		<b>1,537,196</b>	<b>1,591,285</b>	<b>7.7</b>
<b>Health Care</b>				
23,783	GlaxoSmithKline PLC	529,147	491,579	
7,791	Sanofi-Aventis	599,250	604,381	
7,984	Zimmer Holdings Inc.	411,036	486,671	
	<b>Total Health Care</b>	<b>1,539,433</b>	<b>1,582,631</b>	<b>7.6</b>
<b>Financials</b>				
75,689	Aviva PLC	477,511	514,835	
47,395	Bank of America Corp.	630,635	500,865	
50,853	HSBC Holdings PLC	416,374	486,783	
180,698	Intesa Sanpaolo SpA	655,829	463,964	
223,100	Mizuho Financial Group Inc.	585,733	349,259	
717,779	Royal Bank of Scotland Group PLC	473,086	427,731	
24,135	UBS AG	380,880	424,081	
	<b>Total Financials</b>	<b>3,620,048</b>	<b>3,167,518</b>	<b>15.3</b>
<b>Information Technology</b>				
37,895	Applied Materials Inc.	449,317	475,809	
37,350	Cisco Systems Inc.	752,006	562,326	
96,000	Fujitsu Ltd.	591,585	524,281	
22,309	Intel Corp.	433,039	476,684	

# STEADYHAND GLOBAL EQUITY FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

# of shares	Description	Average Cost \$	Fair Value \$	% of Net Assets
<b>EQUITIES AND EQUIVALENTS (continued)</b>				
<b>Information Technology (continued)</b>				
21,019	Microsoft Corp.	506,670	527,017	
65,964	Nokia OYJ	816,117	412,581	
46,000	Ricoh Co., Ltd.	519,840	488,144	
745	Samsung Electronics Co., Ltd.	429,327	555,590	
21,363	Symantec Corp.	352,855	406,164	
	<b>Total Information Technology</b>	<b>4,850,756</b>	<b>4,428,596</b>	<b>21.4</b>
<b>Telecommunication Services</b>				
62,000	China Mobile Ltd.	622,157	553,282	
204,000	Singapore Telecommunications Ltd.	449,118	505,193	
22,822	SK Telecom Co., Ltd., ADR	472,291	411,658	
420,465	Telecom Italia SpA	573,440	564,213	
199,196	Vodafone Group PLC	528,851	510,181	
	<b>Total Telecommunication Services</b>	<b>2,645,857</b>	<b>2,544,527</b>	<b>12.3</b>
	<b>Total Equities</b>	<b>20,987,687</b>	<b>20,194,564</b>	<b>97.4</b>
	<b>Transaction Costs</b>	<b>(46,508)</b>		
	<b>Total Investment Portfolio</b>	<b>20,941,179</b>	<b>20,194,564</b>	<b>97.4</b>
	<b>Other Net Assets</b>		<b>546,183</b>	<b>2.6</b>
	<b>Total Net Assets</b>		<b>20,740,747</b>	<b>100.0</b>

See accompanying notes to financial statements.

# STEADYHAND GLOBAL EQUITY FUND

## Financial Instruments -Unaudited

<b>Assets</b>	<b>\$</b>
Held for trading	21,103,613
Loans and receivables	<u>148,568</u>
<b>Total assets</b>	<b><u>21,252,181</u></b>
<b>Liabilities</b>	
Held for trading	-
Financial liabilities at amortized cost	<u>511,434</u>
<b>Total liabilities</b>	<b><u>511,434</u></b>

For the purposes of categorization and presentation in accordance with CICA 3862, Financial Instruments – Disclosures (“CICA 3862”), and CICA 3863, Financial Instruments – Presentation, accrued interest and dividends receivable, accounts receivable for securities issued, amounts due from brokers, the Manager, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are deemed to be other financial liabilities and reported at amortized cost.

## Discussion of Financial risk management

The Fund’s financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund’s market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund’s overall market positions on a daily basis and positions are maintained within established ranges.

The Fund’s market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following index had increased (decreased) by 5%, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	June 30, 2011		December 31, 2010	
	5% Increase	5% Decrease	5% Increase	5% Decrease
MSCI World Index (\$Cdn)	<b>1,009,728</b>	<b>(1,009,728)</b>	1,205,641	(1,205,641)
<b>Total</b>	<b><u>1,009,728</u></b>	<b><u>(1,009,728)</u></b>	<u>1,205,641</u>	<u>(1,205,641)</u>

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND GLOBAL EQUITY FUND

## Discussion of Financial risk management (continued)

### (ii) Currency risk

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

	June 30, 2011		December 31, 2010	
	Currency Exposure (\$)	Percentage of Net Assets (%)	Currency Exposure (\$)	Percentage of Net Assets (%)
United States Dollar	5,652,697	27%	8,808,632	35%
Japanese Yen	4,331,708	21%	5,169,057	20%
Euro	4,051,449	20%	3,053,177	12%
British Pound	3,421,953	16%	4,077,293	16%
Hong Kong Dollar	1,042,427	5%	576,152	2%
Korean Won	497,927	2%	791,832	3%
Swiss Franc	424,081	2%	536,381	2%
Singapore Dollar	505,193	2%	-	-
Norwegian Krone	-	-	543,151	2%

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$199,274 (December 31, 2010-\$241,772). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (iii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

# STEADYHAND GLOBAL EQUITY FUND

## Discussion of Financial risk management (continued)

### *(iv) Credit risk*

The Fund's main credit risk concentration is spread between short-term debt securities and derivative contracts. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

As at June 30, 2011, the Fund had no significant investments in debt instruments and/or derivatives.

### *(v) Liquidity risk*

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

The Fund has complied with National Instrument 81-102 Section 2.4 Restrictions Concerning Illiquid Assets which states:

- 1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10% of the net assets of mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- 2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15% of its net assets, taken at market value, in illiquid assets; and
- 3) If more than 15% of net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its net assets made up of illiquid assets to 15% or less.

# STEADYHAND GLOBAL EQUITY FUND

Unaudited Statement of Net Assets  
as at June 30, 2011 and December 31, 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 909,049	\$ 1,093,506
Investments at fair value	20,194,564	24,112,825
Dividends and interest receivable	65,516	71,983
Subscriptions receivable	83,052	172,255
	<b>21,252,181</b>	<b>25,450,569</b>
<b>Liabilities</b>		
Management fees payable	26,612	36,085
Redemptions payable	-	156,261
Due to broker	484,578	-
Due to Manager	244	131
	<b>511,434</b>	<b>192,477</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 20,740,747</b>	<b>\$ 25,258,092</b>
<b>Number of units outstanding (Note 4)</b>	<b>2,872,704</b>	<b>3,478,177</b>
<b>Net assets per unit (Note 2)</b>	<b>\$ 7.22</b>	<b>\$ 7.26</b>
<b>Transactional NAV per unit (Note 2)</b>	<b>\$ 7.23</b>	<b>\$ 7.27</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of  
Steadyhand Investment Management Ltd.,  
in its capacity as manager of the funds.

  
\_\_\_\_\_  
N. Jensen, Director

  
\_\_\_\_\_  
E. Davison, Chief Financial Officer

# STEADYHAND GLOBAL EQUITY FUND

Unaudited Statement of Operations  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Investment income:</b>		
Dividends, net of withholding tax	\$ 322,673	\$ 344,679
Interest	80	(3)
	<b>322,753</b>	<b>344,676</b>
<b>Expenses:</b>		
Management fees	175,226	187,621
Less: Management fee rebates	(56,247)	(60,720)
	<b>118,979</b>	<b>126,901</b>
Net investment income before absorbed expenses	<b>203,774</b>	<b>217,775</b>
Expenses absorbed by manager	-	-
<b>Net investment income</b>	<b>\$ 203,774</b>	<b>\$ 217,775</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs:</b>		
Realized gain on sale of investments	1,016,828	63,099
Realized loss on foreign exchange	(52,460)	(33,247)
Transaction costs	(18,487)	(15,190)
Change in unrealized depreciation in value of investments	(817,048)	(2,800,912)
Change in unrealized appreciation (depreciation) in value of foreign currency	(1,900)	7,598
<b>Net gain (loss) on investments</b>	<b>\$ 126,933</b>	<b>\$ (2,778,652)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 330,707</b>	<b>\$ (2,560,877)</b>
<b>Increase (decrease) in net assets from operations per unit</b>	<b>\$ 0.12</b>	<b>\$ (0.82)</b>

See accompanying notes to financial statements.

# STEADYHAND GLOBAL EQUITY FUND

Unaudited Statement of Changes in Net Assets  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Net assets at beginning of the period</b>	<b>\$ 25,258,092</b>	<b>\$ 21,447,625</b>
<b>Increase (decrease) in net assets from operations</b>	<b>330,707</b>	<b>(2,560,877)</b>
<b>Capital unit transactions:</b>		
Proceeds from units issued	5,572,414	3,267,719
Value of units redeemed	(10,409,834)	(435,085)
Units issued on reinvestment of distributions	45,615	55,597
	<b>(4,791,805)</b>	<b>2,888,231</b>
<b>Distributions to unitholders:</b>		
Management fee rebate paid	(56,247)	(60,720)
	<b>(56,247)</b>	<b>(60,720)</b>
<b>Increase (decrease) in net assets</b>	<b>(4,517,345)</b>	<b>266,634</b>
<b>Net assets at the end of period</b>	<b>\$ 20,740,747</b>	<b>\$ 21,714,259</b>
<b>Distributions per unit from net investment income</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# STEADYHAND SMALL-CAP EQUITY FUND

Unaudited Statement of Investment Portfolio  
as at June 30, 2011

# of Shares	Description	Average Cost \$	Fair value \$	% of Net assets
<b>EQUITIES AND EQUIVALENTS</b>				
<b>Energy</b>				
160,100	Coastal Energy Co.	943,281	1,284,002	
61,300	Total Energy Services Inc.	388,531	879,655	
	<b>Total Energy</b>	<b>1,331,812</b>	<b>2,163,657</b>	<b>11.3</b>
<b>Materials</b>				
298,900	Primero Mining Corp.	1,389,947	947,513	5.0
<b>Industrials</b>				
53,650	Badger Daylighting Ltd.	861,530	1,046,712	
84,200	Canadian Helicopters Income Fund	855,963	2,000,591	
35,300	Stantec Inc.	912,076	985,223	
	<b>Total Industrials</b>	<b>2,629,569</b>	<b>4,032,526</b>	<b>21.1</b>
<b>Consumer Discretionary</b>				
102,525	easyhome Ltd.	1,354,028	774,064	
370,700	Glacier Media Inc.	1,068,576	848,903	
25,250	Hibbett Sports Inc.	570,938	991,811	
	<b>Total Consumer Discretionary</b>	<b>2,993,542</b>	<b>2,614,778</b>	<b>13.7</b>
<b>Consumer Staples</b>				
27,576	Shoppers Drug Mart Corp.	1,250,087	1,094,767	5.7
<b>Health Care</b>				
83,350	Medical Facilities Corp.	1,033,540	980,196	5.1
<b>Financials</b>				
59,000	Alaris Royalty Corp.	552,311	944,000	4.9
<b>Information Technology</b>				
48,700	Calian Technologies Ltd.	830,365	913,125	
54,650	Evertz Technologies Ltd.	867,523	715,915	
17,400	MacDonald Dettwiler & Associates Ltd.	685,405	946,734	
	<b>Total Information Technology</b>	<b>2,383,293</b>	<b>2,575,774</b>	<b>13.5</b>
<b>Telecommunications Services</b>				
146,300	Iridium Communications Inc.	1,337,331	1,221,332	6.4
	<b>Total Equities</b>	<b>14,901,432</b>	<b>16,574,543</b>	<b>86.7</b>
	<b>Transaction Costs</b>	<b>(45,363)</b>		
	<b>Total Investment Portfolio</b>	<b>14,856,069</b>	<b>16,574,543</b>	<b>86.7</b>
	<b>Other Net Assets</b>		<b>2,547,879</b>	<b>13.3</b>
	<b>Total Net Assets</b>		<b>19,122,422</b>	<b>100.0</b>

See accompanying notes to financial statements.

# STEADYHAND SMALL-CAP EQUITY FUND

## Financial Instruments

<b>Assets</b>	<b>\$</b>
Held for trading	18,707,426
Loans and receivables	<u>441,534</u>
<b>Total assets</b>	<b><u>19,148,860</u></b>
<b>Liabilities</b>	
Held for trading	-
Financial liabilities at amortized cost	<u>26,538</u>
<b>Total liabilities</b>	<b><u>26,538</u></b>

For the purposes of categorization and presentation in accordance with CICA 3862, Financial Instruments – Disclosures (“CICA 3862”), and CICA 3863, Financial Instruments – Presentation, accrued interest and dividends receivable, accounts receivable for securities issued, amounts due from brokers, the Manager, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are deemed to be other financial liabilities and reported at amortized cost.

## Discussion of Financial risk management

The Fund’s financial instruments consist of cash and investments. As a result, the Fund is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, currency risk, interest rate risk, credit risk and liquidity risk. These risks and related risk management practices employed by the Fund are discussed below:

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund’s market price risk is managed through diversification of the investment fund. The Investment Manager monitors the Fund’s overall market positions on a daily basis and positions are maintained within established ranges.

The Fund’s market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following index had increased (decreased) by 5% at June 30, 2011 and December 31, 2010, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Index	June 30, 2011		December 31, 2010	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Nesbitt Burns Small Cap Index (Wtd.)	<u>828,727</u>	<u>(828,727)</u>	808,716	(808,716)
<b>Total</b>	<b><u>828,727</u></b>	<b><u>(828,727)</u></b>	808,716	(808,716)

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# STEADYHAND SMALL-CAP EQUITY FUND

## Discussion of Financial risk management (continued)

### (i) *Currency risk*

Currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The Statement of Investments identifies all investments denominated in foreign currencies. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

The Fund holds assets and liabilities, including cash and equities that are denominated in currencies other than the Canadian Dollar, the functional currency.

The table below summarizes the Fund's exposure to currency risks. Amounts shown are based on the carrying value of monetary and non-monetary assets.

	June 30, 2011 Currency Exposure (\$)	Percentage of Net Assets (%)	December 31, 2010 Currency Exposure(\$)	Percentage of Net Assets (%)
United States Dollar	2,213,143	11.57%	2,005,446	11.63%

As at June 30, 2011, if the exchange rate between the Canadian Dollar and the foreign currencies the Fund is exposed to increased or decreased by 1%, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$22,131 (December 31, 2010-\$20,054). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### (ii) *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in money market instruments. Other assets and liabilities are short-term in nature and/or non-interest bearing.

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

### (iii) *Credit risk*

The Fund's main credit risk concentration is spread between short-term debt securities and derivative contracts. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and fixed income securities with high credit quality. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

As at June 30, 2011, the Fund had no significant investments in debt instruments and/or derivatives.

# STEADYHAND SMALL-CAP EQUITY FUND

## Discussion of Financial risk management (continued)

### (v) *Liquidity risk*

The Fund is exposed to daily cash redemptions of redeemable units. The units of the Fund are redeemed on demand at the current Transactional NAV per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund's investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal.

The Fund has complied with National Instrument 81-102 Section 2.4 Restrictions Concerning Illiquid Assets which states:

- 1) A mutual fund shall not purchase an illiquid asset if, immediately after the purchase, more than 10% of the net assets of mutual fund, taken at market value at the time of the purchase, would consist of illiquid assets;
- 2) A mutual fund shall not have invested, for a period of 90 days or more, more than 15% of its net assets, taken at market value, in illiquid assets; and
- 3) If more than 15% of net assets of a mutual fund, taken at market value, are illiquid assets, the mutual fund shall, as quickly as is commercially reasonable, take all necessary steps to reduce the percentage of its net assets made up of illiquid assets to 15% or less.

# STEADYHAND SMALL-CAP EQUITY FUND

Unaudited Statement of Net Assets  
as at June 30, 2011 and December 31, 2010

	2011	2010
<b>Assets</b>		
Cash	\$ 2,132,883	\$ 1,069,731
Investments at fair value	16,574,543	16,174,328
Dividends receivable	51,403	36,927
Due from broker	343,355	-
Subscriptions receivable	46,776	90,471
	<b>19,148,960</b>	<b>17,371,457</b>
<b>Liabilities</b>		
Management fees payable	25,601	24,608
Due to Manager	937	420
Redemptions payable	-	108,512
	<b>26,538</b>	<b>133,540</b>
<b>Net assets representing unitholders' equity</b>	<b>\$ 19,122,422</b>	<b>\$ 17,237,917</b>
<b>Number of units outstanding (Note 4)</b>	<b>1,594,886</b>	<b>1,532,204</b>
<b>Net assets per unit (Note 2)</b>	<b>\$ 11.99</b>	<b>\$ 11.25</b>
<b>Transactional NAV per unit (Note 2)</b>	<b>\$ 12.03</b>	<b>\$ 11.29</b>

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors of  
Steadyhand Investment Management Ltd.,  
in its capacity as manager of the funds.

  
N. Jensen, Director

  
E. Davison, Chief Financial Officer

# STEADYHAND SMALL-CAP EQUITY FUND

Unaudited Statement of Operations  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Investment income:</b>		
Dividends, net of withholding tax	\$ 252,876	\$ 213,057
Interest	466	3
	<b>253,342</b>	213,060
<b>Expenses:</b>		
Management fees	159,901	119,718
Less: Management fee rebates	(39,918)	(30,026)
	<b>119,983</b>	89,692
<b>Net investment income</b>	<b>\$ 133,359</b>	<b>\$ 123,368</b>
<b>Realized and unrealized gain (loss) on investments and transaction costs:</b>		
Realized gain on sale of investments	1,890,810	569,351
Transaction costs	(18,681)	(22,208)
Change in unrealized depreciation in value of investments	(781,946)	(717,577)
<b>Net gain (loss) on investments</b>	<b>\$ 1,090,183</b>	<b>\$ (170,434)</b>
<b>Increase (decrease) in net assets from operations</b>	<b>\$ 1,223,542</b>	<b>\$ (47,066)</b>
<b>Increase (decrease) in net assets from operations per unit</b>	<b>\$ 0.77</b>	<b>\$ (0.03)</b>

See accompanying notes to financial statements.

# STEADYHAND SMALL-CAP EQUITY FUND

Unaudited Statement of Changes in Net Assets  
for the periods ended June 30, 2011 and December 31, 2010

	2011	2010
<b>Net assets at beginning of the period</b>	<b>\$ 17,237,917</b>	<b>\$ 15,594,487</b>
<b>Increase (decrease) in net assets from operations</b>	<b>1,223,542</b>	<b>(47,066)</b>
<b>Capital unit transactions:</b>		
Proceeds from units issued	2,698,080	1,526,034
Value of units redeemed	(2,031,763)	(4,261,190)
Units issued on reinvestment of distributions	34,564	27,026
	<b>700,881</b>	<b>(2,708,130)</b>
<b>Distributions to unitholders:</b>		
Management fee rebate paid	(39,918)	(30,026)
	<b>(39,918)</b>	<b>(30,026)</b>
<b>Increase (decrease) in net assets</b>	<b>1,884,505</b>	<b>(2,785,222)</b>
<b>Net assets at the end of period</b>	<b>\$ 19,122,422</b>	<b>\$ 12,809,265</b>
<b>Distributions per unit from net investment income</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements.

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

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## 1. The Funds:

**Steadyhand Savings Fund**  
**Steadyhand Income Fund**  
**Steadyhand Equity Fund**  
**Steadyhand Global Equity Fund**  
**Steadyhand Small-Cap Equity Fund**

**(collectively referred to as the "Funds")**

Each of the Steadyhand Investment Funds (the "Funds") is an open-end unincorporated mutual fund created under the laws of the Province of British Columbia pursuant to a Declaration of Trust dated January 2, 2007, as amended, by RBC Dexia Investor Services Trust (the "Trustee"), who acts as Trustee and Steadyhand Investment Management Ltd. (the "Manager"), who acts as Manager of the Funds. On August 9, 2010, the previous manager of the funds, Steadyhand Investment Funds LP resigned, and the General Partner and affiliate under common ownership, Steadyhand Investment Management Ltd., became the successor manager. Steadyhand Investment Management Ltd. is registered as an investment fund manager with the British Columbia Securities Commission.

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could vary from these estimates.

### **(a) Adoption of new accounting standards:**

#### *i) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, EIC 173*

In January 2009, the Emerging Issues Committee ("EIC") issued Abstract No. 173 ("EIC-173"). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparty(s) when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC, which is effective November 1, 2008, has no impact on the Fund's financial statements.

#### *ii) Fair Value and Liquidity Risk Disclosure – Amendments to Financial Instruments – Disclosures, Section 3862*

Effective on January 1, 2009, the Fund adopted the recent amendments to Canadian Institute of Chartered Accountants ("CICA") 3862, Financial Instruments – Disclosures. Disclosures about fair value of Financial Instruments, requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximate fair value in the financial statements.

The amendments to CICA 3862, Financial Instruments – Disclosures, establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows.

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

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## 2)(a)(ii) Fair Value and Liquidity Risk Disclosure (cont'd)

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

### *iii) Recognition and Measurement – Amendments to Financial Instruments, Section 3855*

In June 2009, the CICA clarified Section 3855, *Financial Instruments – Recognition and Measurement* (“Section 3855”) with respect to the effective interest method which is a method of calculating the amortized cost of financial assets and financial liabilities and of allocating the interest income or interest expense over the relevant period. The impact of the clarification had no material impact on the financial position or results of operations.

### **(b) Valuation of investments:**

Investments are recorded in the financial statements at fair value as determined by the bid price of each security on the principal exchange on which it is traded; the net excess (shortfall) of the quoted fair value over the total average cost of the investment is recorded as unrealized appreciation (depreciation) in value of investments. If no sale is reported to have taken place on that day, the sales is valued at the average of the last bid and ask prices reported on that day. Short-term investments are valued at cost plus accrued interest which approximates fair value.

The fair value of investments as at the financial reporting period end is determined as follows: Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at their closing sale prices or a price determined on such basis and in such manner established by the Manager. Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner established by the Manager. Short-term notes, treasury bills, bonds, asset backed securities and other debt instruments are valued at the closing bid quotations from recognized investment dealers.

### **(c) Unit valuation and valuation date**

Units are issued and redeemed on a continuous basis at the net asset value per unit which is determined, for units of each Fund other than the Steadyhand Savings Fund, on each day that The Toronto Exchange is open for business and, for the Steadyhand Savings Fund, on each day other than a Saturday, on which Canadian Chartered Banks are open for business. The unit valuation is determined by dividing the aggregate fair value of the net assets of that Fund by the total number of units outstanding at the close of business on the valuation day.

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

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## 2. Significant accounting policies (cont'd):

### ***(d) Investment transactions and transaction costs***

Investment transactions are accounted for on the trade date. In accordance with CICA Section 3855, transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The cost of investments for each security is determined on an average cost basis.

### ***(e) Revenue Recognition***

- (i) Interest income is recorded on the accrual basis.
- (ii) Dividend income is recorded on the ex-dividend date and is net of withholding taxes.
- (iii) Realized gains and losses on investments and unrealized appreciation (depreciation) in value of investments are calculated with reference to the average cost of the related investments.
- (iv) Income received from income trusts is recorded on the ex-distribution date and allocated between income, capital gains and return of capital when the information necessary for such an allocation becomes available based on best estimates at the time of statement preparation.

### ***(f) Foreign exchange***

Foreign currency amounts are expressed in Canadian dollars on the following basis:

- (i) Fair value of investments, other assets and liabilities at the rate of exchange prevailing at the period end date.
- (ii) Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

### ***(g) Increase (decrease) in net assets from operations per unit***

Increase (decrease) in net assets from operations per unit in the Statements of Operations represents increase (decrease) in net assets from operations attributable to each class for the period, divided by the weighted average number of outstanding units of that class during the period.

### ***(h) Forward Contracts***

The value of forward contracts is the gain or loss that would result if the contract were closed out on a valuation date. We record this value in the change in unrealized appreciation/(depreciation) in value of investments. Once the contract is actually closed, the gain or loss is included in the net realized gain on forward contracts on the Statement of Operations.

### ***(i) Unrealized appreciation or depreciation of investments***

The unrealized appreciation or depreciation of investments represents the aggregate of the difference between their average cost and market value at the year-end date.

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

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## 2. Significant accounting policies (cont'd):

### *(j) Management fee and operating expenses*

Each Steadyhand fund pays One Simple Fee to the Manager. Which is a fixed fee for services rendered. The Manager pays all of the funds' operating expenses. Many other mutual funds pay both a fixed management fee and all of the funds' variable operating expenses, all of which are indirectly paid by unitholders. This can result in changes in a Management Expense Ratio ("MER") that changes from year to year. Each Steadyhand fund pays One Simple Fee so that investors will know in advance the total costs associated with owning units of a fund.

This management fee is based on a percentage of the net asset value of the fund, as of the close of business on each business day.

<b>Fund name</b>	<b>One Simple Fee</b>
Steadyhand Savings Fund	0.65%
Steadyhand Income Fund	1.00%
Steadyhand Equity Fund	1.35%
Steadyhand Global Equity Fund	1.70%
Steadyhand Small-Cap Equity Fund	1.70%

In April 2009, the Manager implemented a temporary fee reduction for the Steadyhand Savings Fund to 0.30% and again in November 2009 to 0.20%.

Management fee rebates are offered to all investors in the Steadyhand funds based on the size of the account and tenure as an investor in the funds. The fee rebates are paid in the form of special distributions at the Companys discretion and the fee rebate program may be revised or cancelled at any time.

The Manager may absorb all or a portion of the Funds obligations, where the aggregate expenses exceeded a certain percentage of the average daily net asset value of each Fund. This absorption of expenses may be terminated at any time by the Manager.

### *(k) Accounting estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in these financial statements. Actual results may differ from those estimates.

### *(l) Difference between Transactional and GAAP NAV*

The valuation methods used to calculate the daily net asset value to transact units of the Funds, as described in the Funds' Annual Information Form ("net asset value") are not identical to the GAAP accounting policies used to determine the financial statement net assets ("net assets") as shown on the Funds statements of net assets. The primary difference between net assets and net asset value relates to valuation of actively traded securities at bid prices for net assets and based on the close or last sale prices for net asset value.

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

### 3. Fair value disclosure:

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 2(a) for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Fund's assets measured at fair value as of June 30, 2011 and December 31, 2010.

	Financial Assets at fair value as at June 30, 2011			
	Level 1	Level 2	Level 3	Total
<b>Steadyhand Savings Fund</b>				
Short Term Notes	-	6,284,941	-	6,284,941
	-	6,284,941	-	6,284,941
<b>Steadyhand Income Fund</b>				
Equities - Long	14,102,258	-	-	14,102,258
Bonds	-	27,450,165	1,411,278	28,861,443
Mortgage Backed Securities	-	660,937	-	660,937
Short Term Notes	-	6,485,904	-	6,485,904
Forward Contracts	-	-	-	-
	14,102,258	34,597,006	1,411,278	50,110,542
<b>Steadyhand Equity Fund</b>				
Equities - Long	30,955,746	1,683,740	-	32,639,486
Short Term Notes	-	947,396	-	947,396
	30,955,746	2,631,136	-	33,586,882
<b>Steadyhand Global Equity Fund</b>				
Equities - Long	20,194,564	-	-	20,194,564
	20,194,564	-	-	20,194,564
<b>Steadyhand Small-Cap Equity Fund</b>				
Equities - Long	16,574,543	-	-	16,574,543
	16,574,543	-	-	16,574,543

Realized and unrealized gains and losses related to level 3 securities, are included in the Statements of Operations "Net realized gain (loss) on the sale of investment including foreign exchange gain (loss)" and "Change in unrealized appreciation (depreciation) in value of investments" respectively. Transfers in and out of level 3 are due to the changes in the observability of market data, such as a recent new equity placement or due to the passage of time, respectively. The following tables summarize the level 3 securities for the periods ended June 30, 2011 and December 31, 2010:

	Balance	Net Purchase	Realized Gain/(Loss)	Unrealized Gain/(Loss)	Balance
<b>Steadyhand Income Fund</b>	-	1,414,365	-	(3,087)	1,411,278

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

	Financial Assets at fair value as at December 31, 2010			
	Level 1	Level 2	Level 3	Total
<b>Steadyhand Savings Fund</b>				
Short Term Notes	-	3,166,437	-	3,166,437
	-	3,166,437	-	3,166,437
<b>Steadyhand Income Fund</b>				
Equities - Long	11,948,065	-	-	11,948,065
Bonds	-	27,886,794	-	27,886,794
Mortgage Backed Securities	-	818,479	-	818,479
Short Term Notes	349,339	3,840,794	-	4,190,133
Forward Contracts	-	-	-	-
	12,297,404	32,546,067	-	44,843,471
<b>Steadyhand Equity Fund</b>				
Equities - Long	29,149,564	-	-	29,149,564
Short Term Notes	-	1,399,786	-	1,399,786
	29,149,564	1,399,786	-	30,549,350
<b>Steadyhand Global Equity Fund</b>				
Equities - Long	24,112,825	-	-	24,112,825
	24,112,825	-	-	24,112,825
<b>Steadyhand Small-Cap Equity Fund</b>				
Equities - Long	16,174,328	-	-	16,174,328
	16,174,328	-	-	16,174,328

There were no transfers between the three levels between December 31, 2010 and June 30, 2011.

#### 4. Unitholders' equity:

Pursuant to the Declaration of Trust of the Funds, the Funds have authorized an unlimited number of units, which are redeemable at the option of the unitholders. The following is a summary of changes in the Funds' outstanding units as at June 30, 2011 and December 31, 2010.

June 30, 2011	Outstanding	Units issued	Reinvested	Units	Outstanding
	units				Units at
	beginning of		distributions	redeemed	end of period
	period				
Steadyhand Savings Fund	317,096	514,567	2,020	(203,302)	630,381
Steadyhand Income Fund	4,427,290	649,089	86,430	(405,844)	4,756,965
Steadyhand Equity Fund	3,222,819	320,147	6,486	(89,794)	3,459,658
Steadyhand Global Equity Fund	3,478,177	762,797	6,149	(1,374,419)	2,872,704
Steadyhand Small-Cap Equity Fund	1,532,204	228,317	2,883	(168,518)	1,594,886

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

December 31 ,2010	Outstanding units beginning of period	Units issued	Reinvested distributions	Units redeemed	Outstanding Units at end of period
Steadyhand Savings Fund	684,140	528,859	1,943	(897,846)	317,096
Steadyhand Income Fund	2,695,522	1,741,960	295,894	(306,086)	4,427,290
Steadyhand Equity Fund	3,151,570	544,219	29,063	(502,033)	3,222,819
Steadyhand Global Equity Fund	2,927,296	641,973	33,822	(124,914)	3,478,177
Steadyhand Small-Cap Equity Fund	1,676,744	309,936	20,794	(475,270)	1,532,204

The Funds allocate and accrue net income on a daily basis. The Savings Fund distributes net income monthly. The Income Fund intends to distribute net income on a quarterly basis. If required, the quarterly distribution may be adjusted during the year to reflect changing market conditions. Net realized capital gains are distributed annually in December. The Equity Fund, Global Fund, and Small-Cap funds distribute their net income and net realized capital gains annually in December. All distributions are automatically reinvested in additional units of the fund, unless investors specify in advance, in writing, that they want to receive distributions in cash.

## 5. Related party transactions:

As at June 30, 2011, Steadyhand and its subsidiaries, officers and directors owned units in certain of the Funds described herein. The Funds in which Steadyhand Investment Funds Inc. and its subsidiaries, the officers & directors of Steadyhand or its subsidiaries, or Steadyhand funds owned more than 10% of the total units issued by the respective Fund as at June 30, 2011 were as follows:

Fund	Number of Units	% of Total Units outstanding
Steadyhand Savings Fund	132,950	21.1%
Steadyhand Income Fund	423,664	8.9%
Steadyhand Equity Fund	266,344	7.7%
Steadyhand Global Equity Fund	296,065	10.3%
Steadyhand Small-Cap Equity Fund	163,006	10.2%

# STEADYHAND INVESTMENT FUNDS

Unaudited Notes to the Financial Statements  
as at June 30, 2011 and December 31, 2010

## 6. Commission and other transaction costs

The Funds paid the following amounts in brokerage commissions and other transaction costs for portfolio transactions during the period:

<u>Fund name</u>		<u>2011</u>		<u>2010</u>
Steadyhand SavingsFund	\$	-	\$	-
Steadyhand Income Fund		10,750		17,279
Steadyhand Equity Fund		3,300		3,033
Steadyhand Global Equity Fund		18,487		15,190
Steadyhand Small-Cap Equity Fund		18,681		22,208

Included in the above are soft dollar commissions as follows:

<u>Fund name</u>		<u>2011</u>		<u>2010</u>
Steadyhand SavingsFund	\$	-	\$	-
Steadyhand Income Fund		1,200		1,307
Steadyhand Equity Fund		-		-
Steadyhand Global Equity Fund		-		-
Steadyhand Small-Cap Equity Fund		-		-

Soft dollars represent a means of paying for products or services provided by brokerage firms (e.g., research reports) in exchange for directing transactions (e.g., trade execution) to the brokerage. Mutual fund managers may use soft dollars allocated by brokerages to pay for a portion of the total commissions owed to the brokerage.

## 7. Income taxes:

Each Fund is currently a trust unit under the Income Tax Act (Canada), and should therefore not be subject to income tax on the portion of its income from operations, including net realized capital gains, that are distributed to unitholders. All or substantially all of the income for income tax purposes of the Funds will be distributed to unitholders in each taxation year, and accordingly, it is expected that no provision for income taxes, other than foreign withholding taxes and alternative minimum tax, as applicable, will be reflected in the financial statements. The year-end of each Fund is December 31st, and the following Funds have net realized capital losses available for utilization against net realized capital gains in future years:

Steadyhand Global Equity Fund	\$	574,619
Steadyhand Small-Cap Equity Fund		143,231

Capital losses have no expiry. None of the Funds have non-capital loss carryforwards.

## 8. International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS.