Q2

2012

"The flight to safety over the last couple of months has been astounding … to see U.S. 10-year Treasuries fall below 1.5% given the current rate of inflation (2.8%) and to see negative absolute interest rates in Switzerland is truly breathtaking."

- Connor, Clark & Lunn Investment Management (manager of the Steadyhand Income Fund)

STEADYHAND

Bradley's Brief

"We're living through a '3D hurricane' – debt, deficits and demographics."

These words from Rob Arnott, the pioneer of fundamental indexing, provide an apt description of the predicament we find ourselves in. And as we're discovering, 3D brings with it jolting headlines, short-term market shocks and subdued economic growth. We assume this will continue.

Despite a spring stock market swoon, our balanced clients are up nicely so far this year and the funds have generally performed well. This has happened while we've had a full allocation to stocks and made some mistakes along the way. Fortunately, our fund managers' overall emphasis on quality has been the right call. For the equity funds, that's meant owning profitable companies with strong balance sheets – ones that are going to be around post-Spain, post-U.S. election and post higher interest rates.

To generate returns in excess of the risk-free rate (GICs and government bonds), Steadyhand portfolios take four types of risk: interest rate, credit, liquidity and equity risk. If you think about portfolio construction as the process of spending a 'risk budget', our fund managers are investing where they believe the most reward can be achieved with the fewest units of risk. For instance, by holding cash and shorter-term bonds (and fewer government bonds), we're taking less interest rate risk. Offsetting that, we're taking more credit (or default) risk by owning a large number of corporate bonds, including a healthy dose of high yield issues.

As for asset mix (which is reflected in the Founders Fund and our advice to clients), we own slightly more stocks (equity risk) than normal, but are balancing that off by focusing on higher quality, less cyclical companies. The managers are finding lots of strong companies trading at valuations that fully reflect the uncertain economic outlook. For the most part, these companies will be able to use a weaker environment to enhance their long-term market positions. As your Chief Investment Officer, I think we're getting near (or are already in) a period of opportunity for stocks. From these levels, I am confident that we will be able to generate attractive equity returns over the next 3-5 years, recognizing that there will be bumps and discomfort along the way.

In pursuing areas where the best values are, the fund managers and I are ultimately trying to mitigate the biggest risk of all – the risk of owning expensive assets. In doing so, we wouldn't expect you to agree or feel comfortable with all of the strategies we're pursuing, but as Peter Bernstein once said, "*You're not diversified if you're comfortable with everything you own.*"

On the company front, we're busy working on our summer project list. While you're enjoying the heat (it's finally hit the wet coast), the team is grinding away on a number of things including a complete rework of the Performance section of the website, which we launched last week.

Despite volatile markets, the firm is growing at a fun and rewarding pace – i.e. we're busy but have enough time to keep up with our existing clients and get to know our new ones. The team has worked hard for five years to get to this point and we're enjoying it.

Tom

Takeaways

Stocks

- Stock markets around the globe declined in the second quarter as investors focused on the ongoing debt saga in Europe.
- Resource stocks were among the hardest hit, as the price of oil fell nearly 20%, from $103 to $85 (per barrel). European financials and Japanese exporters were also out-of-favour. Consumer-focused companies, on the other hand, held their ground.
- On balance, currency movements had little impact on returns from foreign investments. The Canadian dollar fell slightly against the U.S. dollar (-2%) and Yen (-5%) but appreciated modestly against the euro (+3%) and was unchanged against the British Pound.

Stocks had a tough quarter as the debt and political problems in Europe were once again in the spotlight. Investors embraced government bonds, driving yields to new lows

Bonds

- The Canadian bond market advanced 2.2% as yields declined (when yields fall, prices rise). 10-year Government of Canada yields dropped 0.4%, falling below 1.65% in early June to reach a new low before rising slightly to finish the quarter at around 1.7%.
- Canadian and U.S. government bonds remain in high demand, as evidenced by their historically low yields. The current rate of inflation exceeds the yield on 10-year government bonds, which is a rare occurrence and highlights the extreme risk aversion of investors.
- Corporate and high yield bonds also advanced but trailed their government counterparts.

Our Funds

- Our portfolios held up well in the quarter all things considered. Balanced clients experienced returns in the 0% to -2% range, depending on their asset mix, and are up roughly 4% year-to-date.
- A bias towards foreign stocks and less cyclical companies was a benefit.
- The funds' 5-year performance numbers stack up well against their benchmarks and peers, with 4 of our original 5 funds achieving 1st quartile returns.

Asset Mix

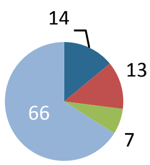
Our advice to clients remains unchanged from last quarter. We recommend a full allocation to equities in relation to your long-term asset mix (with a bias towards foreign stocks), and a below-average position in bonds. Based on the divergent market moves in the second quarter, you may choose to do some minor rebalancing by trimming the Income Fund and adding to the equity funds. We continue to recommend a modest cash position. This positioning reflects our view that bonds look expensive and stock valuations are attractive. **Questions? 1-888-888-3147.**

Steadyhand Portfolios (Hypothetical)*

Compound Annualized Returns

Income Fund   Equity Fund   Global Equity Fund   Small-Cap Equity Fund

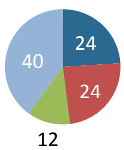
Balanced Income Portfolio



Long-term asset mix:
Fixed Income – 50%
Cdn Equities – 30%
U.S. Equities – 10%
Overseas Equities – 10%

3 M	YTD	1 Y	2 Y	3 Y	5 Y
-0.3%	3.8%	5.1%	9.1%	9.9%	4.2%

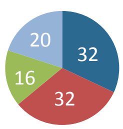
Balanced Equity Portfolio



Long-term asset mix:
Fixed Income – 30%
Cdn Equities – 34%
U.S. Equities – 18%
Overseas Equities – 18%

3 M	YTD	1 Y	2 Y	3 Y	5 Y
-1.5%	3.9%	3.4%	9.2%	8.9%	1.9%

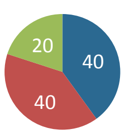
Growth Portfolio



Long-term asset mix:
Fixed Income – 15%
Cdn Equities – 37%
U.S. Equities – 24%
Overseas Equities – 24%

3 M	YTD	1 Y	2 Y	3 Y	5 Y
-2.5%	4.0%	2.0%	9.3%	8.2%	0.2%

Aggressive Growth Portfolio



Long-term asset mix
Fixed Income – 0%
Cdn Equities – 40%
U.S. Equities – 30%
Overseas Equities – 30%

3 M	YTD	1 Y	2 Y	3 Y	5 Y
-3.4%	4.0%	0.6%	9.3%	7.4%	-1.5%

Capital Market Performance

	3 M	YTD	1 Y	2 Y	3 Y	5 Y
DEX 91 Day T-Bill Index	0.3%	0.5%	1.0%	0.9%	0.7%	1.7%
DEX Universe Bond Index	2.2%	2.0%	9.5%	7.1%	7.0%	7.0%
S&P/TSX Composite Index	-5.7%	-1.5%	-10.3%	4.2%	6.7%	-0.7%
BMO Small Cap Index	-12.6%	-6.0%	-15.8%	5.1%	15.4%	-1.1%
S&P 500 Index ($Cdn)	-0.8%	9.6%	11.4%	15.1%	11.4%	-0.6%
MSCI World Index ($Cdn)	-3.0%	6.5%	1.0%	9.8%	6.8%	-3.2%

*The referenced portfolios are hypothetical portfolios comprised of Steadyhand funds. Each portfolio assumes that it is rebalanced on a quarterly basis to the target fund allocation. The indicated rates of return are the historical compound annualized returns (unaudited). See end of report for all performance disclaimers. For further details on the portfolios, visit www.steadyhand.com/education/portfolios.

Founders Fund

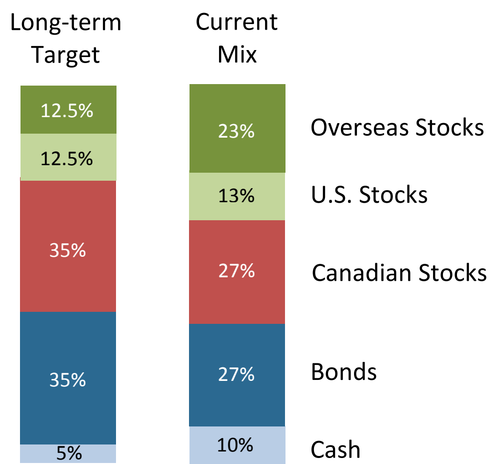
Fund Overview

- The Founders Fund is a balanced mix of our fixed income and equity funds.
- It has a long-term asset mix target of 60% equities and 40% fixed income, but there's quite a bit of scope around these weightings.
- Tom Bradley manages the underlying mix of funds, and as such, the Founders Fund reflects Steadyhand's views on corporate fundamentals, valuations and asset mix.

We increased the fund's exposure to foreign stocks and decreased its weighting in bonds – a reflection of where we feel the best opportunities lie

Asset Mix

- The fund currently has a full allocation to equities (in relation to its long-term target) based on our view that stock valuations remain attractive.
- Foreign stocks, and overseas companies in particular, comprise a significant weighting as we believe they present more compelling opportunities than Canadian stocks.
- The portfolio's Canadian stocks consist primarily of income-oriented securities (Income Fund) and high-quality companies with growing dividends (Equity Fund), and to a lesser extent, smaller companies with faster growth profiles (Small-Cap Fund).
- The weighting in bonds remains well below the long-term target, as we feel these securities look expensive, especially in relation to stocks.
- The cash reserve, at 10%, provides a meaningful source of liquidity and cushion in the event of heightened market volatility.



Fund Mix

Income Fund	38%
Equity Fund	25%
Global Equity Fund	25%
Small-Cap Equity Fund	5%
Savings Fund	7%

Portfolio Specifics

- Refer to pages 7-16 for details on the underlying funds.

Notable Transactions

- The Income Fund was trimmed, with proceeds invested in the Global Equity Fund and Equity Fund.
- The cash position was modestly increased.

Founders Fund

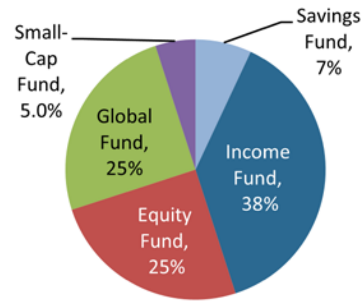
Top Stock Holdings (% of Fund)

TD Bank	2.2%
Unilever	1.9%
Crescent Point Energy	1.6%
Asia Pacific Breweries	1.5%
Suncor Energy	1.3%
CVS Caremark	1.3%
Novartis	1.2%
TMX Group	1.2%
Potash Corp.	1.1%
Oracle	1.0%

Sector Allocation (Equities)

Financials	19.3%
Industrials	16.3%
Consumer Staples	13.8%
Information Technology	12.5%
Energy	11.7%
Telecom Services	7.2%
Consumer Discretionary	7.1%
Materials	5.7%
Health Care	4.3%
Utilities	2.1%

Fund Mix



Transactions

+	-
Experian Magna Google Walmart	Nokia Sony Telecom Italia Pason

Asset Mix

Cash & Short-term	10.5%
Government Bonds	9.7%
Corporate Bonds	17.1%
Canadian Equities	26.7%
Foreign Equities	36.0%

Fund Size

Net Assets	$15,388,420

Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Founders Fund	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
DEX Universe Bond Index	2.2%	2.0%	9.5%	7.1%	7.0%	7.0%	6.3%
S&P/TSX Composite Index	-5.7%	-1.5%	-10.3%	4.2%	6.7%	-0.7%	0.7%
MSCI World Index ($Cdn)	-3.0%	6.5%	1.0%	9.8%	6.8%	-3.2%	-3.5%

*Feb. 17, 2012

Growth of $10,000 Since Inception

Securities regulators prohibit us from reporting performance for a fund that has been available for less than one year. Investors can visit Morningstar or Globefund for information on the fund's returns.

Income Fund

With interest rates at historic lows, the fund's focus remains firmly on corporate bonds and a shorter than normal duration

Market Overview

- Bonds had a strong quarter as investors favoured safety due to renewed fears and uncertainty in Europe. 10-year Government of Canada bond yields dropped 0.4%, from 2.1% to 1.7% - a significant move in a low interest rate environment (yields touched a new low in early June).
- The Canadian stock market lost 5.7% on weakness in resource stocks.

Portfolio Specifics

- With the decline in interest rates, government bonds were the top performers, but corporates also gained ground.
- The fund continues to have a low weighting in government bonds, with an emphasis on provincials over federals. The portfolio currently has a larger than normal position in short-term paper as part of its fixed income strategy, making its weighting in federal bonds misleading (Page 8).
- The manager, Connor, Clark & Lunn, continues to see better value and opportunity in credit (corporate bonds) rather than duration or interest rate strategies. CC&L has a positive outlook on bonds issued by financial institutions. In particular, insurance and U.S. banks look attractive relative to utility-related bonds, which have been the safe trade for investors.
- High yield bonds held up well even though volatility was high. The portfolio's high yield exposure is now achieved through a new pooled fund managed by CC&L (there is no duplication of fees). The fund has a target credit rating of BB and does not buy any bonds below a B rating. The manager focuses on sectors where they feel they can add value (financials, consumer-related) and invests in Canadian, U.S. and international bonds. All foreign currency exposure is hedged.
- REITs had a good quarter and dividend-paying stocks held up better than the market. Focus remains on companies that are growing their dividends.

Notable Transactions

- CC&L added to U.S. financial bonds (Citigroup, Bank of America). They feel anxiety toward these securities is misplaced. The bonds are tied largely to U.S. housing, which looks like it's bottomed, and should see a rebound off a low base.
- On the stock side, the manager added to utilities and telecoms and trimmed the energy holdings.

Positioning

- The manager is using their risk budget on corporate bonds and a shorter than normal term-to-maturity strategy. CC&L feels the credit market is bifurcated, with certain securities offering better value than others.
- Stocks and REITs make up about 28% of the fund and continue to provide an attractive source of income.

Corporate bonds

Government bonds

High yield

Provincial bonds

Short duration

Banks and insurance

REITs

Income Fund

Top Holdings

CC&L High Yield Bond Fd	8.1%
Canada 1.50% (11/01/13)	4.1%
Ntl Bank 1.03% (07/30/12)	4.1%
Ontario 6.50% (03/08/29)	3.0%
RBC Put Note (12/11/12)	3.0%
Ontario 5.85% (03/08/33)	2.7%
Quebec 3.50% (12/01/22)	2.1%
BMO 2.96% (08/02/16)	2.0%
CIBC 4.11% (04/30/15)	1.9%
Bank of Nova Scotia	1.8%

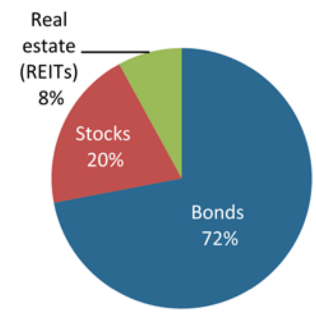
Issuer Allocation (Bonds)

Federal Govt. Bonds	11.3%
Provincial Govt. Bonds	24.9%
Corporate Bonds	63.8%

Rating Summary (Bonds)

AAA	14.7%
AA	29.6%
A	32.3%
BBB	15.3%
BB (or lower)	8.1%

Asset Mix



Stock Transactions

+	-
AIMIA	Aeroplan
BCE	MI Develop.
H&R REIT	Mullen Group
Telus	Peyto

Portfolio Summary

Avg. Term to Maturity	8.9 yrs.
Duration	6.3 yrs.

Fund Size / Yield

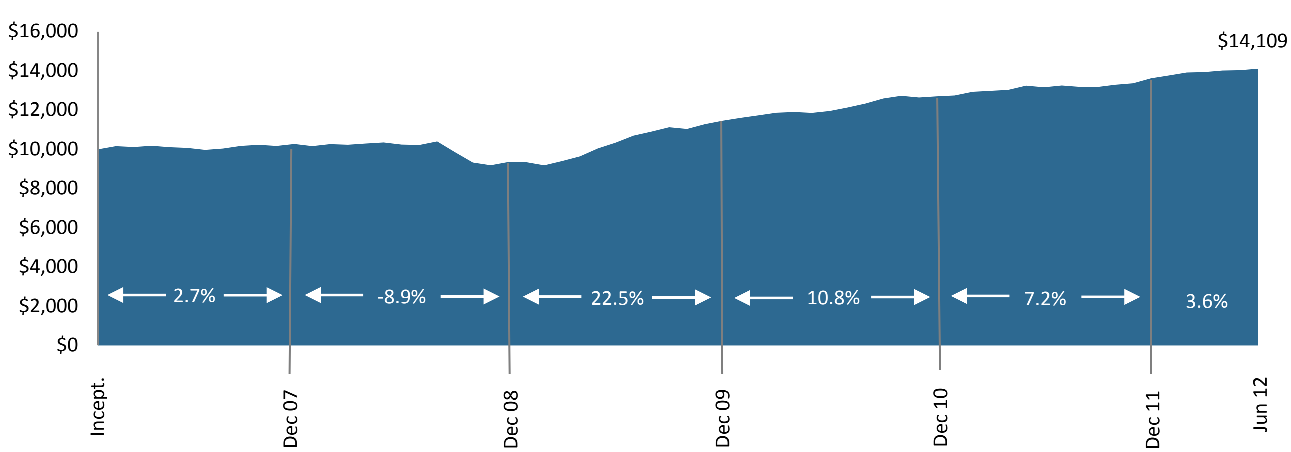
Net Assets	$66,867,891
Pre-fee Yield	3.6%

Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Income Fund	**1.2%**	**3.6%**	**7.2%**	**8.6%**	**10.9%**	**7.0%**	**6.6%**
DEX Universe Bond Index	2.2%	2.0%	9.5%	7.1%	7.0%	7.0%	6.3%
S&P/TSX Composite Index	-5.7%	-1.5%	-10.3%	4.2%	6.7%	-0.7%	0.7%

*Feb. 13, 2007

Growth of $10,000 Since Inception



Equity Fund

Higher quality consumer-oriented stocks have been holding their ground in a skittish market

Market Overview

- The Canadian market (S&P/TSX Composite Index) dropped 5.7% in the quarter and is down 1.5% year-to-date. Resource stocks are weighing on the market as commodities have weakened over the past several months.
- Global markets had a rough quarter led by losses in Europe, where lingering debt and political problems are tiring investors.

Portfolio Specifics

- The fund has been stable during periods of heightened volatility, including the past 3 months, as high-quality stocks have been holding their ground.
- The manager's focus (CGOV) is on companies that are well financed with some predictability of earnings and reasonable growth outlooks. Boring has been good in an unsettling world. Stable cash generating businesses producing/selling everyday consumer goods and services have anchored performance over the past 24 months.
- A key area of investment remains consumer-focused companies that are tapping into emerging market growth. Examples include *Asia Pacific Breweries* (Tiger Beer, Heineken), *Dairy Farm* (7-Eleven, Ikea), *Unilever* (Lipton, Dove) and *Mead Johnson* (Enfamil).
- The portfolio has a broadly diversified revenue base. While over half the fund's holdings are headquartered in Canada, many generate a significant proportion of their revenues outside our borders (examples: Pason – 63%; Ritchie Bros. – 75%). Collectively, the fund's holdings generate about 1/3 of their revenues in Canada, 1/3 in the U.S. and 1/3 overseas.
- Energy producers have been weak performers (*Birchcliff* and *Crescent Point* specifically) as oil and gas prices have been under pressure. Birchcliff has been hit hard due to low gas prices and a need to raise capital.

Notable Transactions

- *Experian PLC* was purchased. The London-based company is the largest credit bureau in the world. Experian generates a significant amount of free cash flow and has been expanding its footprint in Brazil, China and India.
- Auto parts manufacturer *Magna* was purchased. CGOV feels the stock's valuation is attractive and not reflective of global auto production.

Positioning

- CGOV has been increasing the fund's exposure to foreign companies as a reflection of where they're finding value. The fund's weighting in Canadian stocks has come down from 64% at the end of 2010 to 54% today.
- Emphasis remains on profitable, industry-leading companies across a wide range of industries. Valuation is important and cash flow is king.
- If valuations and sentiment towards economically cyclical stocks continues to deteriorate, CGOV will look to be opportunistic.

Cash Flow
Foreign stocks
Cyclical
Growing dividends
Emerging markets
Boring
Consumer goods

Equity Fund

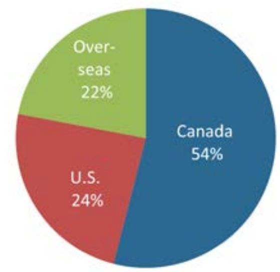
Top Holdings

TD Bank	6.2%
Asia Pacific Breweries	6.0%
Suncor Energy	5.4%
Crescent Point Energy	5.1%
CVS Caremark	5.0%
Unilever	4.9%
Novartis	4.8%
Potash Corp.	4.2%
Oracle	4.1%
Lincoln Electric	4.0%

Sector Allocation (Equities)

Consumer Staples	23.6%
Industrials	19.8%
Energy	17.1%
Financials	13.5%
Materials	11.3%
Health Care	5.0%
Information Technology	4.2%
Telecom Services	3.5%
Consumer Discretionary	2.0%

Geographic Profile (Equities)



Transactions

+	-
Experian Magna Birchcliff Potash Corp	Pason Mead Johnson

Asset Mix

Equities	95.9%
Cash & Short-term	4.1%

Fund Size / Concentration

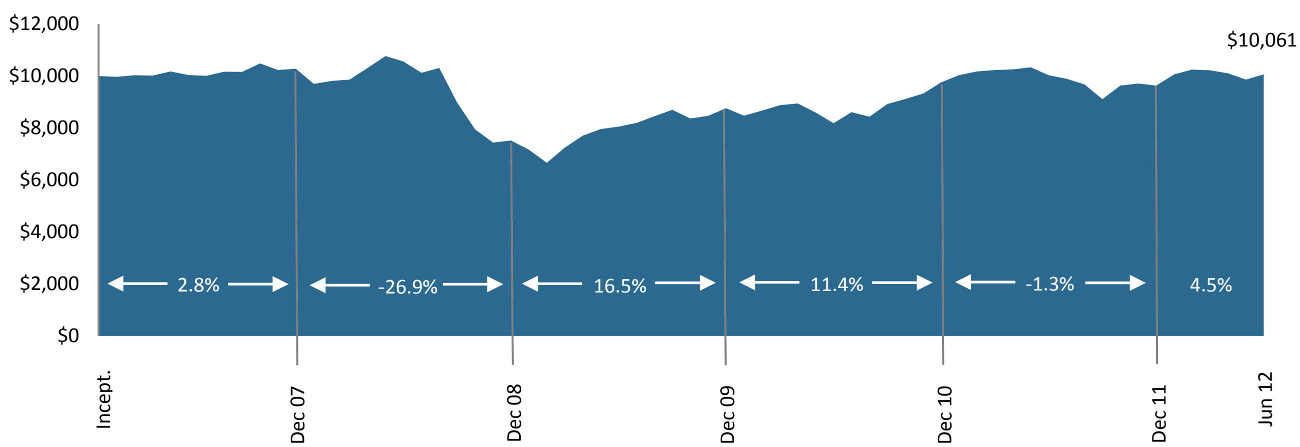
Net Assets	$38,868,431
Number of stocks	25

Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Equity Fund	**-1.6%**	**4.5%**	**0.3%**	**10.9%**	**7.7%**	**0.0%**	**0.1%**
S&P/TSX Composite Index	-5.7%	-1.5%	-10.3%	4.2%	6.7%	-0.7%	0.7%
MSCI World Index ($Cdn)	-3.0%	6.5%	1.0%	9.8%	6.8%	-3.2%	-3.5%

*Feb. 13, 2007

Growth of $10,000 Since Inception



Global Equity Fund

The risk switch was flipped to "off" in the quarter, as the fiscal problems in Europe took center stage and investors fled equities. Valuations on select stocks remain very compelling

Market Overview

- Global stock markets sold off sharply in April and May as investors focused on negative headlines out of Europe. The U.S. and major European markets fell 3-8% in the quarter, while Japan dropped 10%.
- On balance, currency movements had a minimal impact on performance. The loonie depreciated slightly against the U.S. dollar, the Yen and other Asian currencies but rose modestly against the euro.

Portfolio Specifics

- As posturing between Europe's better off northern countries and debt troubled 'Club Med' nations continues, company fundamentals are being ignored and certain stocks are being heavily discounted (*Intesa*, *ENI*, *RBS*).
- Defensive holdings, including consumer-oriented, health care and telecom companies, have held their ground (*Unilever*, *Japan Tobacco*, *Sanofi*, *Glaxo*, *Softbank*, *China Mobile*). This stability has been offset by share price declines in resource-oriented and financial stocks, as well as ongoing poor sentiment and weakness in Japanese exporters.
- U.S. holdings continue to be among the strongest performers this year, led by *DR Horton*, *Microsoft*, *Walmart* and *Illinois Tool Works*.
- Mature technology companies remain a key area of investment (*Microsoft*, *Cisco*, *SAP*, *Applied Materials*).
- The fund has solid exposure to Asian consumption through investments in companies such as *Swire Pacific*, *Heineken*, *China Mobile* and *Bridgestone*. Overall, the portfolio's holdings have sales by end-demand of roughly 35% in the emerging markets.

Notable Transactions

- Three companies were purchased: *Google, Walmart*, and *Carnival* (cruise ship operator).
- Four stocks were sold: *Nokia* and *Sony* (inability to deliver any visible turnaround); *Telecom Italia* (increasing risk it will have to take on excess debt to finance new infrastructure); and *Zimmer* (strong performance).

Positioning

- The manager (Edinburgh Partners Limited) continues to focus on operating margins and valuation rather than headlines. Emphasis is on companies that have sound growth outlooks and are generating stable profits, but are not operating at peak margins or trading at above-average valuations.
- EPL continues to find better opportunities in Europe and Asia than in the U.S. Politics and weak sentiment are overshadowing company fundamentals in Europe, leading to large price dislocations. The fund's geographic profile is roughly 37% Europe, 36% Asia, and 27% Americas.

Dividends
Asian consumption
Technology
Low P/E
Europe
U.S.
Value tilt

Global Equity Fund

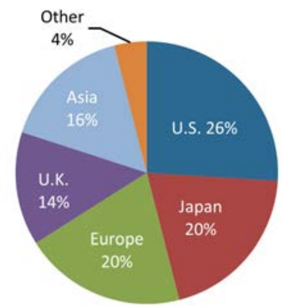
Top Holdings

Softbank	3.2%
China Mobile	3.0%
ENI	3.0%
Microsoft	2.9%
Sanofi-Aventis	2.9%
Mitsubishi	2.9%
Walmart	2.8%
Google	2.8%
Japan Tobacco	2.8%
Samsung	2.8%

Sector Allocation (Equities)

Information Technology	22.8%
Consumer Discretionary	15.7%
Financials	14.9%
Telecom Services	11.7%
Consumer Staples	10.7%
Industrials	10.0%
Energy	6.6%
Health Care	4.9%
Materials	2.7 %

Geographic Profile (Equities)



Transactions

+	-
Google	Nokia
Carnival	Sony
Walmart	Zimmer
Intesa	Telecom Italia

Asset Mix

Equities	95.7%
Cash & Short-term	4.3%

Fund Size / Concentration

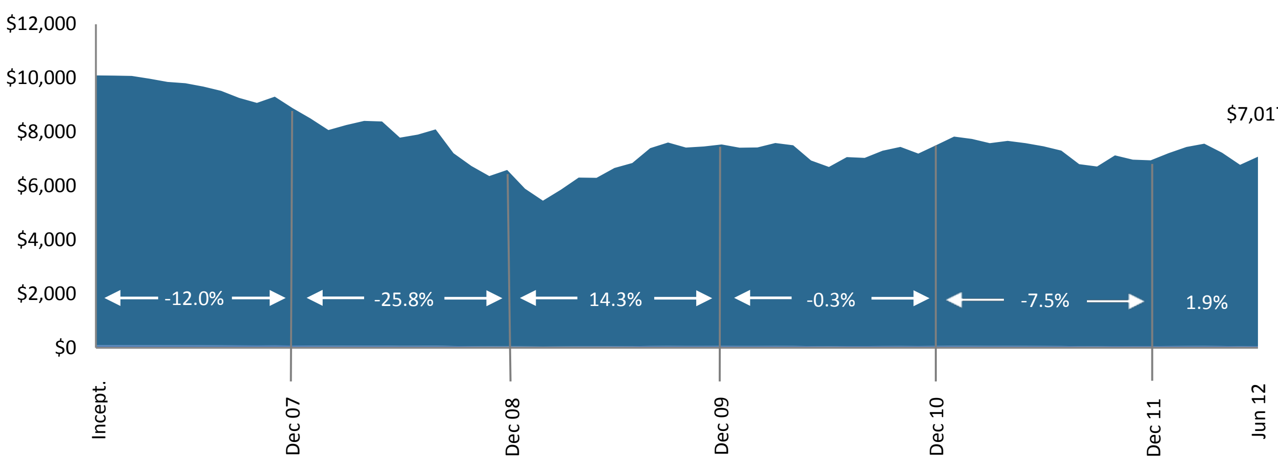
Net Assets	$25,013,669
Number of stocks	40

Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Global Equity Fund	**-6.4%**	**1.9%**	**-5.2%**	**2.8%**	**2.1%**	**-6.3%**	**-6.4%**
MSCI World Index ($Cdn)	-3.0%	6.5%	1.0%	9.8%	6.8%	-3.2%	-3.5%

*Feb. 13, 2007

Growth of $10,000 Since Inception



Small-Cap Equity Fund

Market Overview

- The Canadian small-cap market had a rough spring, dropping 12.6% (BMO Small Cap Index). Energy and mining were the weakest sectors, both falling over 20%.
- Companies with weak balance sheets and poor earnings visibility were hit particularly hard in a risk averse market environment.

Portfolio Specifics

- Most of the companies in the portfolio continue to have little or no debt and are producing steady profits.
- The fund has held up exceptionally well throughout the volatility of the past 18 months. The manager, Wutherich & Company, attributes this to the strong fundamentals of the portfolio's investments and its limited exposure to highly cyclical and excessively leveraged businesses.
- The fund's energy holdings were the hardest hit in the spring, as commodity prices weakened. The majority of other holdings held their ground.
- *MacDonald Dettwiler*, a larger holding, rose significantly after it acquired a U.S. satellite manufacturing company in late June. Investors felt the deal made a lot of sense and the stock jumped accordingly.
- While the bulk of the portfolio is comprised of 'steady eddy' businesses, the manager has been using price weakness to add to a few smaller holdings whose profits are closely tied to commodity prices (*Primero Mining*, *Palliser Oil & Gas*). These companies are working through operational issues but have strong rebound potential.
- The fund holds 17 stocks, with a weighted average market capitalization of roughly $1.25 billion. Two-thirds of the holdings, however, have a market cap of less than $1 billion.
- The cash position currently sits at 9% of total assets.

Notable Transactions

- No stocks were added or removed from the portfolio.
- Additional shares were purchased in *MacDonald Dettwiler* (prior to the acquisition) and *Primero Mining*, among others.

Positioning

- The structure of the portfolio hasn't changed. It remains well diversified in a tight collection of steady cash generating businesses. Focus is on industrial, energy, technology and consumer-related companies.
- The manager is following with interest a few unloved stocks, but is not convinced that their valuations look attractive enough yet. He is happy to add to the fund's existing holdings during periods of market weakness.

Steady eddy businesses are producing stable profits, which has been a welcome reprieve in an unstable market

Technology Mining

Concentration

Micro-cap Dividends

Valuation

<$1 billion

Energy

Small-Cap Equity Fund

Top Holdings*

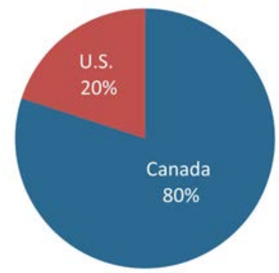
Stantec	7.7%
Iridium Communications	7.4%
Medical Facilities	6.7%
Total Energy Services	6.6%
Canadian Helicopters	6.6%
Hibbett Sports	6.4%
Badger Daylighting	6.2%
Shoppers Drug Mart	5.5%
Evertz Technologies	5.3%
Parkland Fuel	5.3%

*As of April 30, 2012

Sector Allocation (Equities)

Information Technology	21.2%
Industrials	20.6%
Energy	19.0%
Consumer Discretionary	12.4%
Telecom Services	8.6%
Health Care	7.8%
Consumer Staples	5.8%
Materials	4.6%

Geographic Profile (Equities)



Transactions

+	-
MacDonald Dettwiler Primero Mining	None

Asset Mix

Equities	91.5%
Cash & Short-term	8.5%

Fund Size / Concentration

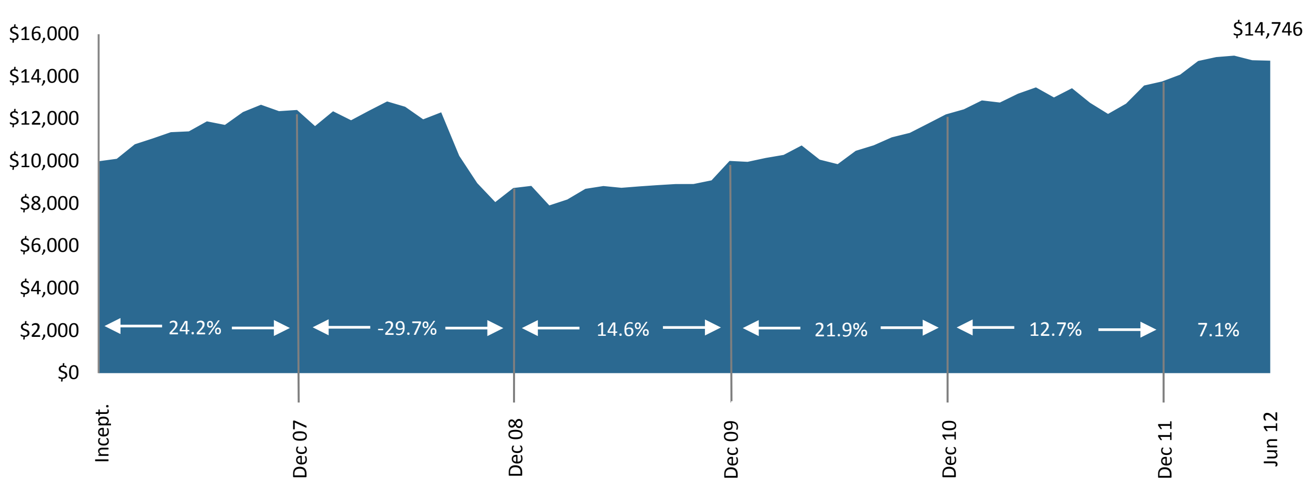
Net Assets	$26,797,473
Number of stocks	17

Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Small-Cap Equity Fund	**-1.1%**	**7.1%**	**13.3%**	**22.3%**	**19.0%**	**5.3%**	**7.5%**
BMO Small Cap Index	-12.6%	-6.0%	-15.8%	5.1%	15.4%	-1.1%	0.6%

*Feb. 13, 2007

Growth of $10,000 Since Inception



Savings Fund

Market Overview

- The Bank of Canada left its key short-term lending rate unchanged in the second quarter at 1.0%. It has been at this level since September, 2010.
- The central bank remains concerned about the outlook for global economic growth and a growing household debt burden in Canada.
- The Bank expects core inflation to remain at around 2% over their forecast horizon.

It remains a challenging environment for money market investors as the Bank of Canada kept its key lending rate at 1% in the quarter

Portfolio Specifics

- It continues to be a difficult environment in which to add safe yield, as the government's key lending rate remains close to historic lows.
- Whereas the spread (difference in yield) between provincial and federal T-Bills narrowed in the first quarter, it widened in the spring, making provincial T-Bills more attractive on a relative basis once again. 3-month provincial T-Bills currently offer a yield advantage of 10-12 basis points (0.10% - 0.12%) over their federal counterparts. The manager, Connor, Clark & Lunn, favored provincial securities in the quarter as a result.
- There was little change to the weighting of corporate notes and bank paper, which comprise about two-thirds of the portfolio. Corporate paper continues to provide the highest yields. *Brookfield Asset Management* and *Telus* notes, for example, offer a yield advantage of 25-30 basis points over government T-Bills.
- The average term to maturity of the portfolio remains shorter than normal.
- The pre-fee yield of the fund at the end of June was 1.1%.

Notable Transactions

- The manager increased the portfolio's weighting in provincial government T-Bills from 6% to 33%.
- No money was allocated to federal T-Bills, and as a result, their weighting in the portfolio dropped from 25% to 0%.

Positioning

- CC&L continues to structure the portfolio with a shorter-than-normal average term-to-maturity and expects to maintain this positioning until the market starts to anticipate future rate hikes by the Bank of Canada.
- Short-term interest rates are still very low and we have maintained a reduced fee on the fund (0.20%) to help provide a reasonable yield for unitholders.

Bank paper

Short maturity

Government T-Bills

Corporate paper

Provincial T-Bills

Low yield; reduced fee

Savings Fund

Top Holdings

B.C. P/N (07/26/12)	12.6%
Ontario T-Bills (08/19/12)	11.2%
BMO BDN (09/04/12)	7.0%
TD BDN (01/03/13)	7.0%
CIBC B/A (10/26/12)	7.0%
BNS B/A (09/26/12)	6.3%
GE Capital C/P (07/26/12)	4.9%
Telus C/P (09/12/12)	4.2%
Ontario T-Bills (08/29/12)	4.2%
Royal Bank B/A (07/13/12)	4.2%

Yield

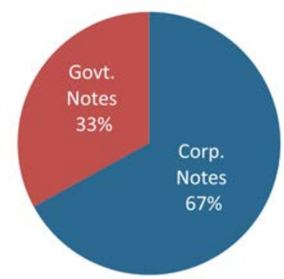
7-day Yield* 1.0%

**This is an annualized historical yield (net of fess) based on the seven day period ended on June 30, 2012, and does not represent an actual one year return.*

Fund Size

Net Assets $6,052,169

Issuer Allocation

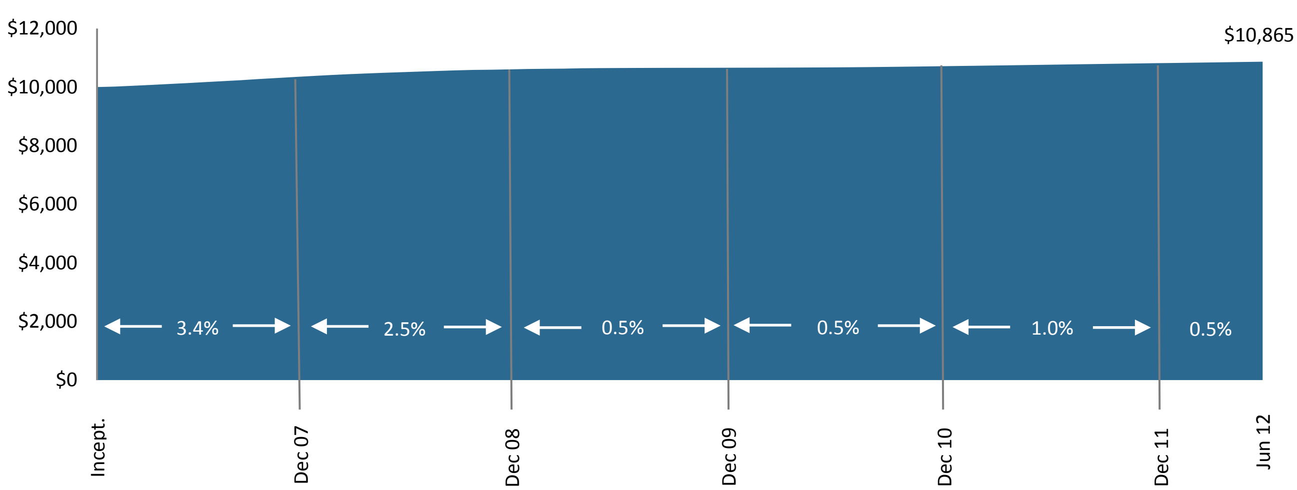


Compound Annualized Returns

	3 M	YTD	1 Y	2 Y	3 Y	5 Y	Incept*
Savings Fund	**0.2%**	**0.5%**	**1.0%**	**0.9%**	**0.7%**	**1.4%**	**1.6%**
DEX 91 Day T-Bill Index	0.3%	0.5%	1.0%	0.9%	0.7%	1.7%	1.8%

*Feb. 13, 2007

Growth of $10,000 Since Inception



Stock Snapshot – 中国移动通信 CHINA MOBILE

Overview

China Mobile is the dominant wireless provider in mainland China, with a market share of roughly 67%. With over 675 million subscribers, the company boasts the world's largest customer base as well as the largest mobile network. China Mobile's shares are listed on the Hong Kong and New York Stock Exchanges and it is the largest among all overseas listed Chinese companies.

The stock is held in our Global Equity Fund (3.0% position size).

Investment Case

China Mobile has experienced rapid subscriber growth reflecting overall economic growth and rising incomes in China. While growth in new customers will inevitably slow, several million subscribers could still be added annually for a number of years. Further, if the experience of other emerging markets is a reliable indicator, then saturation rates are higher than expected.

The company generates significant free cash flow and has a strong balance sheet, which enables it to pay a growing dividend (current yield 3.8%). As well, capital expenditures are likely to decline.

Although subscriber growth will slow, revenues could be bolstered by increased smart phone/data usage. The iPhone is currently not available on China Mobile's platform, but there is much discussion that the next version of the popular smartphone will be built to support China Mobile's network. This would provide a valuable avenue of revenue growth.

Risks to Outlook

There are political risks to investing in Chinese companies. In China Mobile's case, the government could decide at any time that the company should invest in areas that investors view as undesirable or less profitable. As well, it appears that the government desires the creation of a domestic competitor to challenge China Mobile's dominance. A marked slowdown in the pace of economic growth would also threaten the company's revenue growth.

An interesting fact: So far this year, China Mobile has added over 5 million net new customers per month. To put this in context, the company's new subscribers so far this year exceed Canada's total wireless customer base (26 million).

Agility is a key trait of our equity managers. We're now taking it to the streets. Watch your blind spot.

Disclaimers

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The performance data provided for the Steadyhand Savings Fund assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The indicated rates of return for the funds other than the Savings Fund are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the funds will be able to maintain their net asset value per security at a constant amount or that the full amount of your investment in the funds will be returned to you. Past performance may not be repeated.

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