

Steadyhand Independent Review Committee 2016 Annual Report

Introduction

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds*, Canadian provincial securities regulators require all mutual funds to maintain an Independent Review Committee (IRC), a group of at least three people, knowledgeable in securities, each of whom is completely independent of the Manager and the Fund they represent.

The Manager of a Fund is required to identify conflict of interest matters that arise and to request input from the fund's IRC on how to manage those conflicts.

A "conflict of interest matter" is a situation where a reasonable person would consider the Manager, or any entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in the best interests of the Fund and its shareholders.

Representing the interests of the Fund, and therefore of its shareholders, the IRC considers whether the Manager's proposed action in a conflict of interest matter achieves a fair and reasonable result for the Fund. If so, the IRC gives its approval; if it finds otherwise, the IRC makes a recommendation to the Manager as to its concerns and for an alternative course of action. The Manager then decides how to proceed.

The Steadyhand IRC

The Steadyhand IRC represent the interests of each of the six Steadyhand Funds* in advising Steadyhand Investment Management Ltd. (the Manager of the Funds) on any matters referred to us concerning the real existence of, or the potential appearance of, a conflict of interest.

We meet regularly with representatives of Steadyhand, at the call of either the Manager or the IRC Chair. We also meet separately, in-camera, to assess our own charter, policies and performance, as well as the Manager's policies and compliance with respect to conflict of interest matters.

Securities regulations require that each IRC provide shareholders of each fund with a report describing the IRC and its activities for the year. The report covers each of the Funds' fiscal years ending December 31, 2016.

The 2016 Steadyhand IRC members:

Name	Residence	First Appointed
Katherine Walker (Chair)	North Vancouver, BC	May 1, 2007
Sylvia Gelissen	North Vancouver, BC	January 1, 2015
Kathy Leavens	Vancouver , BC	January 1, 2016

On January 1, 2017, Sylvia Gelissen assumed Chair and Lothar Fabian was appointed to the Committee to replace Katherine Walker as her term expired on December 31, 2016.

Collectively, we have expertise in many aspects of securities and investments, including mutual funds, investment council, securities administration, regulation and compliance, tax and financial planning, business management, marketing, product development, and financial institutions. Any of these topics may become relevant to understanding a specific conflict of interest matter.

The responsibilities of the Steadyhand IRC are those mandated by NI 81-107 and our Charter. Each of us is independent of the Manager and any of its affiliates. None of us, individually or collectively, holds in excess of 10% of any of the Steadyhand Funds, nor do we have any other duties or relationships which compromise our independence. Kathy Leavens serves as a member of the Independent Governance Committee for ACM Advisors Ltd. The Steadyhand IRC continually ensures that our independence continues.

IRC Expenses, Compensation and Indemnities

Securities regulations require that all expenses of an IRC are paid by the Funds, not by the Manager. This protects the independence of the Committee but creates an expense to the Funds which ultimately is borne by the unitholders.

Aggregate compensation and any indemnities paid by the Funds to the IRC in 2016 was \$24,619.50. This comprised of \$24,500 paid to the IRC members and \$119.50 in meeting costs. In the case of Steadyhand Funds, the expenses are allocated to the individual Funds; each Fund is then reimbursed by the Manager in order to maintain its policy of minimizing fees that impact unitholders.

The initial compensation of the IRC was set by the Manager. Compensation for the current period has been set by the IRC members, after receiving input from the Manager. At least annually, the IRC reviews compensation in a manner consistent with good governance practices, giving consideration to the following factors, among other factors the IRC considers important:

- (a) The best interests of the Funds;
- (b) The number, nature and complexity of the Funds;
- (c) The commitment of time and energy that is expected from each member to provide guidance to the Funds;
- (d) Industry best practices; and
- (e) The IRC's most recent annual self-assessment, as well as, any recommendations about IRC compensation and expenses made by the Manager.

Each member of the IRC has been indemnified through a letter agreement with Steadyhand Funds. To date, there have been no claims made under this agreement, nor have any expenses been reimbursed to committee members by the Funds or the Manager.

Conflict of Interest Matters

The central mandate of the Steadyhand IRC is to consider and respond to conflict of interest matters identified and referred to it by Steadyhand as the Manager of each of the Funds.

On August 15, 2016, Steadyhand Investment changed portfolio managers for the Steadyhand Equity Fund from Wutherich & Company Investment Counsel Inc. to Galibier Capital Management Ltd. The IRC reviewed and found that the Manager's recommended actions were consistent with the interests of the Funds, and approved the actions.

The IRC has the authority to grant a Standing Instruction (SI). These constitute a written approval or recommendation from the IRC that permits the Manager to proceed with the specific actions set out in the SI on an ongoing basis, without having to repeatedly refer the Conflict of Interest Matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI.

The Steadyhand IRC has approved SIs for the following topics:

1. Expenses charged to the Funds;

2. Expense allocations;
3. Trade allocations;
4. Soft Dollar Arrangements;
5. Best Execution;
6. Net Asset Value and other Error Correction;
7. Voting Proxies;
8. Short-term trading and market timing;
9. Appointments and changes in sub-advisors;
10. Monitoring sub-advisors; and
11. Employee Personnel:
 - a. Trading;
 - b. Conflicts of Interest;
 - c. Use and Disclosure of Information; and
 - d. Accepting gifts.

A number of these SIs are given effect through reference to the Manager's written policies and procedures.

As required by NI 81-107 each year the Steadyhand IRC conducts an assessment of the Manager's policies and procedures relating to conflicts of interest, as well as a self-assessment of our own independence, charter and policies, compensation, and effectiveness.

Conclusions

Having completed our independent annual review for the year ending December 31, 2016, the Steadyhand IRC has concluded that:

- None of the committee members has any relationship or interest that would cause a reasonable person to question the independence of any of its members;
- No changes are required in the Charter or Policies of the Steadyhand IRC including compensation;
- Steadyhand IRC has functioned effectively, operating efficiently as mandated by NI 81-107 and on behalf of the Steadyhand Funds;
- The policies and procedures, including the Standing Instructions, of the Manager are reasonable and sufficient to serve the interests of the Funds and their unitholders; and
- During the period, the Steadyhand IRC is not aware of any instance when the Manager acted in a conflict of interest matter without either bringing it to the attention and approval of the IRC or without acting consistently with written policy or Standing Instructions.

The members of the Steadyhand IRC wish to express our appreciation for the excellent and professional working relationships we have with the Manager and its team members and for their obvious dedication to serving the interests of Steadyhand investors.

On behalf of the Steadyhand Independent Review Committee:

(signed) Katherine Walker
Katherine Walker, Chair

February 21, 2017
Date

*The six Steadyhand Funds include the Steadyhand: Savings Fund; Income Fund; Founders Fund; Equity Fund; Global Equity Fund; and, Small-Cap Equity Fund.

This report is available on Steadyhand's website at www.Steadyhand.com or you may request a copy by contacting Steadyhand via:

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