Steadyhand
10 YEARS

Q2
2017

"It feels pretty quiet. There's nothing big going on in business news. Market volatility is very low. In times like this, there are two things investors can do: Enjoy it while it lasts and get ready for when it's not so quiet." (See page 17.)

- Tom Bradley, The Globe and Mail (June 7th)

Bradley's Brief

During the 2nd Quarter, I spent more time than usual out talking to clients. The bulk of it came during our 10 Years Wiser cele-presentations, but I've had the pleasure of doing other talks and meetings as well. It was great to hear the kudos, concerns and questions. Feedback is fuel for all of us.

There definitely were some patterns to the conversations, so I'm going to dedicate this Brief to addressing the topics that came up the most.

What is Steadyhand going to do over the next 10 years?

More of the same we hope. We like our business model and from what we've heard, our clients do too. There's enough to keep us busy without doing anything radical. There are improvements we want to make (feedback is welcome) and we're not oblivious to the technology changes going on around us.

Also, to capture the power of compounding, our managers need to stay focused on buying undervalued securities, and our team needs to help you stay focused on your long-term goals. Rapid and dramatic change at an investment firm doesn't support these challenges.

What do you think of the market?

Yes, we still get asked this. It's a short-term question that I only have a long-term answer for. In a nutshell, we don't think the time is right to take extra risk in search of outsized returns. As investors, we want to be aggressive when the balance is decidedly in our favour. Today is not one of those times. Our managers' research, along with Salman and my valuation work, suggests that stocks are somewhere between fully valued and expensive. Price-to-earnings multiples point to lower returns in the next five years, with no reprieve from the ups and downs.

How is your new small-cap manager doing?

Joe Sirdevan and his team at Galibier Capital Management are doing just fine. The near-term returns don't look impressive (see page 14), but keep in mind that small-cap stocks have been a minefield, particularly the resource sectors. Like all our funds, Small-Cap will go through good and bad periods. Galibier is off to a good start.

When is that Global fund going to get going?

Well, it is going. Indeed, the Global Equity Fund has been driving our clients' returns over the last year. The absolute numbers have been great and the fund is running near the top of its category. Our manager, Edinburgh Partners, put strategies in place to take advantage of opportunities in Europe and Asia, with an emphasis on banks, pharmaceuticals and consumer products. It took a while, but these moves are now gaining traction.

I'm coming up to 10 years with you guys. What is it this time? Another hat?

Well, I'm reluctant to give away the surprise, but suffice to say that our 10-year clients will get something even more opulent than when they joined the 5-Year Club. Their additional 7% fee reduction will be applied to a portfolio that has grown for five years, so the result will be significantly higher dollar savings.

I close with an appeal. I strongly encourage you to read your client statement that was distributed with this report (if you haven't already). It's important that you know how you're doing, what you're paying us and whether your asset mix is where you want it to be. It's one of the best statements in the industry and we want you to benefit from it. It's not exactly something you want to crack open on the dock this summer, but it's a pretty good read.

Key Takeaways

Stocks

- Stocks had a mixed quarter. Generally speaking, technology and healthcare stocks performed well, while commodity-related stocks lost ground.
- The Canadian market (S&P/TSX Composite Index) declined 1.6%. The loss was largely attributable to weak performance of resource stocks.
- Foreign stocks performed well for the most part, with European and Asian markets leading the way, while the U.S. market was flat. The MSCI World Index gained 1.5% in Canadian dollar terms. A stronger Canadian dollar detracted from the returns of U.S. and Asian stocks.

Market Returns

	3M	1Y
Canada	-1.6%	11.0%
World	1.5%	18.6%

Bonds

- The Canadian bond market (FTSE TMX Canada Universe Bond Index) provided a total return (interest and capital appreciation) of 1.1% in the quarter.
- The bond market advanced despite the fact that short- and medium-term bond yields rose (when yields rise, prices typically fall). The 10-year Government of Canada bond yield increased from 1.6% to 1.75%. Longer-term government yields declined, however, and corporate bonds performed well, offsetting the weaker performance of shorter-dated bonds.

	3M	1Y
Bonds	1.1%	0.0%

Our Funds

- Our funds all had a positive quarter, with the Global Fund leading the way. Balanced clients experienced returns in the range of 1-2%. Over the past 10 years, the range is 5-6% per year.
- The stock weighting in the Founders Fund was trimmed slightly, to 56%, as we feel valuations remain moderately expensive. The fund continues to hold a lower weighting in bonds and more cash than normal.
- Our foreign stock exposure has a tilt towards Europe and Asia, rather than the U.S.
- In the context of our balanced portfolios, key transactions in the quarter included the purchase of ENBRIDGE (Canada) and DNB (Norway), and the sale of ALPHABET (U.S.).

Fund Returns

	3M	1Y
Savings	0.2%	0.7%
Income	0.6%	1.7%
Founders	1.2%	9.2%
Equity	0.8%	12.0%
Global	3.7%	24.1%
Small-Cap	0.2%	8.2%

Our Advice to Clients

We recommend that your equity weighting be no higher than your long-term target. In the Founders Fund, our equity exposure is modestly below its goal of 60%. Our outlook for bonds remains subdued as current yields are unattractive. As a result, we continue to recommend a below-average position in bonds. As an alternative, we suggest a healthy cash holding. In the Founders Fund, for example, 19% of the portfolio is currently held in cash.

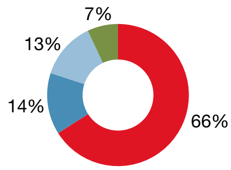
For our thoughts on asset mix and the advice we're giving clients, visit the Current Outlook page on our website, or give us a call at 1.888.888.3147.

Steadyhand Portfolios (Hypothetical)*

Compound Annualized Returns (as of June 30, 2017)

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

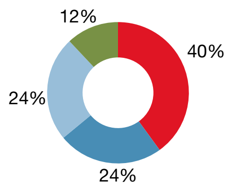
Balanced Income Portfolio (50/50)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
1.0%	3.1%	6.3%	4.3%	4.5%	7.7%	5.9%

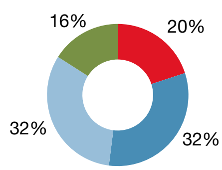
Balanced Equity Portfolio (70/30)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
1.3%	4.1%	10.1%	5.0%	5.0%	9.6%	5.7%

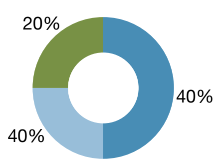
Growth Portfolio (85/15)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
1.6%	4.9%	13.0%	5.6%	5.4%	11.0%	5.5%

Aggressive Growth Portfolio (100/0)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
1.9%	5.6%	16.0%	6.1%	5.7%	12.5%	5.3%

Capital Market Performance (as of June 30, 2017)

	3M	YTD	1Y	2Y	3Y	5Y	10Y
Cash (FTSE TMX Canada 91 Day T-Bill Index)	0.1%	0.2%	0.4%	0.5%	0.6%	0.8%	1.2%
Cdn Bonds (FTSE TMX Canada Universe Bond Index)	1.1%	2.4%	0.0%	2.7%	3.8%	3.3%	5.1%
Cdn Stocks (S&P/TSX Composite Index)	-1.6%	0.7%	11.0%	5.3%	3.1%	8.7%	3.9%
Cdn Small Cap Stocks (S&P/TSX SmallCap Index)	-5.5%	-4.1%	3.7%	6.7%	-1.6%	5.1%	0.6%
U.S. Stocks (S&P 500 Index $Cdn)	0.5%	5.7%	17.6%	12.9%	17.0%	20.3%	9.3%
Global Stocks (MSCI World Index $Cdn)	1.5%	7.3%	18.6%	10.0%	12.9%	17.6%	6.7%

*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 the back page of this report for performance disclaimers. For further details on the portfolios, visit steadyhand.com.

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, although there's considerable scope to adjust these weightings.
- Tom Bradley manages the fund, and as such, it reflects his views on valuations, corporate fundamentals and asset mix.

Portfolio Specifics

- The fund's preference for foreign stocks (29% of the portfolio) was a benefit. Our Global Equity Fund, which makes up 21% of the fund, was a positive contributor in the quarter (the fund was up 3.7%). The emphasis on European and Asian companies helped as these markets performed better than U.S. and Canadian stocks.
- The fund's Canadian stocks (27%) include a mix of income-oriented securities (Income Fund), high-quality companies with growing dividends (Equity Fund), and smaller companies with higher growth profiles (Small-Cap Fund).
- Lower energy prices resulted in the Canadian index (S&P/TSX Composite Index) giving back its gains from the first quarter. Though this had some impact on performance, the fund's modest exposure to Canadian energy companies limited the impact.
- Stock markets have rallied strongly since the conclusion of the U.S. election. In our view, however, much of the markets' future growth is already priced into today's stock prices. Our managers are finding few attractively priced opportunities. As such, we have reduced the fund's equity weighting further to 56% (its long-term target is 60%).
- We have long been of the view that near-zero interest rates are unsustainable. As a result, the fund's bond allocation (25%) continues to be well below the long-term target of 35%. Fixed income investments are focused in corporate and provincial government securities.
- A low bond weighting and reduction in stocks increased the cash level during the quarter. Between the Savings Fund and cash held in the equity funds, it finished the quarter at 19% of total assets. Cash and short-term securities offer little in the way of yield, but provide protection against rising interest rates and are a ready source of liquidity in volatile markets.

Positioning

- Refer to pages 7-15 for details on the underlying funds.

The fund was up 1.2% in the quarter. Since inception (Feb 2012), it has a cumulative return of 52%, which equates to an annualized return of 8.1%.

Fund Mix

Income	34%
Global	21%
Equity	20%
Savings	16%
Small-Cap	9%

Asset Mix

Foreign Stocks	29%
Canadian Stocks	27%
Corporate Bonds	10%
Gov't Bonds	15%
Cash & Short-term	19%

Fund size $351,137,997

Founders Fund

Attributes

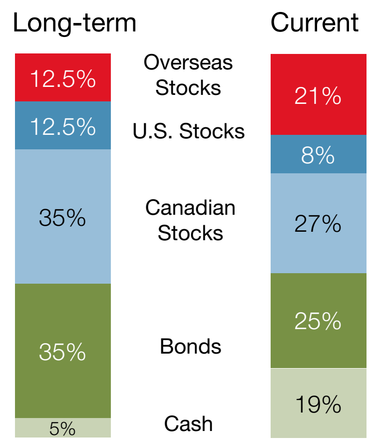
Top Stock Holdings (% of Fund)

TD Bank	1.8%
Novartis	1.6%
Suncor Energy	1.2%
Visa	1.2%
Loblaw Companies	1.2%
CN Rail	1.2%
CCL Industries	1.0%
CBOE Holdings	1.0%
Franco-Nevada	0.9%
Novozymes	0.9%

Sector Allocation (Stocks)

Financial Services	23.0%
Industrial Goods & Svc	20.4%
Oil & Gas	10.7%
Healthcare	8.6%
Consumer Cyclical	7.6%
Retailing	7.3%
Technology	5.5%
Consumer Products	4.2%
Real Estate	4.0%
Utilities & Pipelines	3.5%
Basic Materials	3.0%
Comm. & Media	2.2%

Asset Mix



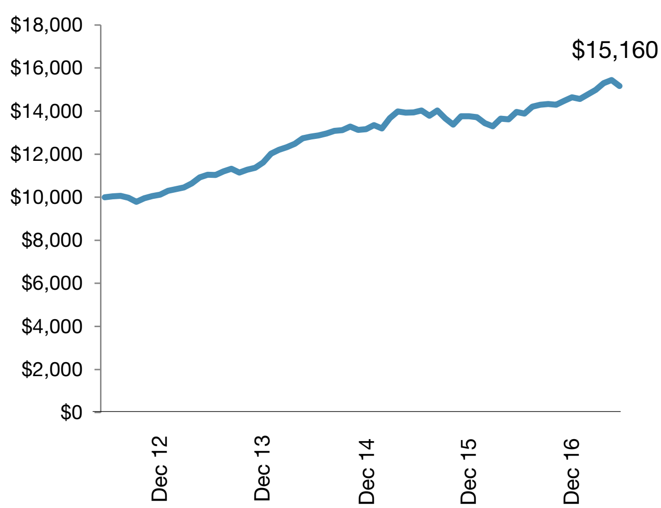
Performance

Compound Annualized Returns (as of June 30, 2017)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Founders Fund (after-fee)	**1.2%**	**3.6%**	**9.2%**	**4.9%**	**5.0%**	**8.8%**	**N/A**	**8.1%**
FTSE TMX Canada Universe Bond Index	1.1%	2.4%	0.0%	2.7%	3.8%	3.3%	N/A	3.5%
S&P/TSX Composite Index	-1.6%	0.7%	11.0%	5.3%	3.1%	8.7%	N/A	6.9%
MSCI World Index ($Cdn)	1.5%	7.3%	18.6%	10.0%	12.9%	17.6%	N/A	16.2%

*Feb 17, 2012

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Income Fund

Market Context

- The Canadian bond market rose 1.1% in the quarter (interest and capital appreciation) despite the fact that short- and medium-term bond yields rose (this was a negative for investors, as bond prices fall when yields rise). The 10-year Government of Canada bond yield increased from 1.6% to 1.75%.
- Longer-term government bond yields declined, however, and corporate bonds performed well, offsetting the weaker performance of shorter-maturity bonds.
- The Canadian stock market declined 1.6% on weakness in resource stocks.

The fund was up 0.6% in the quarter. Since inception (Feb 2007), it has a cumulative return of 82%, which equates to an annualized return of 5.9%.

Portfolio Specifics

- Bonds comprise 73% of the fund. This component provided a positive return, despite a modest rise in yields, as provincial and corporate bonds performed well.
- Corporate bonds make up 30% of the fund, while provincials comprise 27%. This preference for "credit", or non-federal government bonds, remains an important theme in the portfolio. The manager (Connor, Clark & Lunn) has been modestly trimming these securities, however, as part of their strategy of reducing the portfolio's overall level of risk.
- CC&L is concerned that while economic growth in Canada has been strong over the past year, it is likely to moderate. As well, with the central bank now talking about raising interest rates and household debt at alarming levels, we are now in a risker environment. As such, the manager has trimmed provincial bonds and added to federal government bonds. In addition, corporate bond investments are increasingly focused in higher quality companies.
- Stocks make up 27% of the portfolio. Sectors of focus include financial services, real estate, pipelines and industrial goods. The key themes in this component of the portfolio are: (1) a focus on stocks that have shown they can consistently grow their dividend (rather than just stable dividend payers), (2) a preference for value stocks over growth stocks, and (3) exposure to companies that will benefit from a continued expansion in the U.S. economy and a rebound in capital spending.
- Recent stock additions include ALLIED PROPERTIES REIT, CORUS ENTERTAINMENT and INTER PIPELINE.
- The fund paid a distribution of $0.045/unit at the end of June. Its pre-fee yield is 3.0%.

Stock Transactions

Buy

Allied Properties REIT*
Corus Entertainment*
Inter Pipeline*

Sell

Imperial Oil
Sun Life Financial
Open Text

*New Holding

Positioning

- The manager has been reducing the level of risk in the portfolio, but still favours corporate and provincial bonds, with a focus on higher-quality securities.
- Stocks make up roughly one-quarter of the portfolio, providing the fund with an additional source of yield and diversification.

Fund size	$98,040,066
Pre-fee Yield	3.0%
Avg Term to Mature	10.9 yrs
Duration	8.0 yrs

Income Fund

Attributes

Top Holdings (% of Fund)

Canada 3.50% (Dec/45)	5.1%
Ontario 3.15% (Jun/22)	3.5%
Ontario 3.45% (Jun/45)	3.3%
Quebec 3.50% (Dec/22)	3.1%
Quebec 3.00% (Sep/23)	3.0%
Ontario 2.85% (Jun/23)	2.5%
Canada 0.75% (Sep/20)	2.3%
TD Bank	2.1%
Royal Bank	2.0%
CC&L High Yield Bond Fd	2.0%

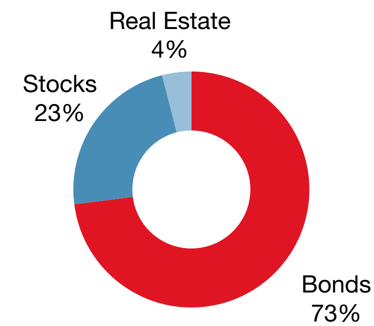
Issuer Allocation (Bonds)

Federal Government	22%
Provincial Government	37%
Corporate	41%

Rating Summary (Bonds)

AAA	24%
AA	41%
A	16%
BBB	17%
BB (or lower)	2%

Asset Mix



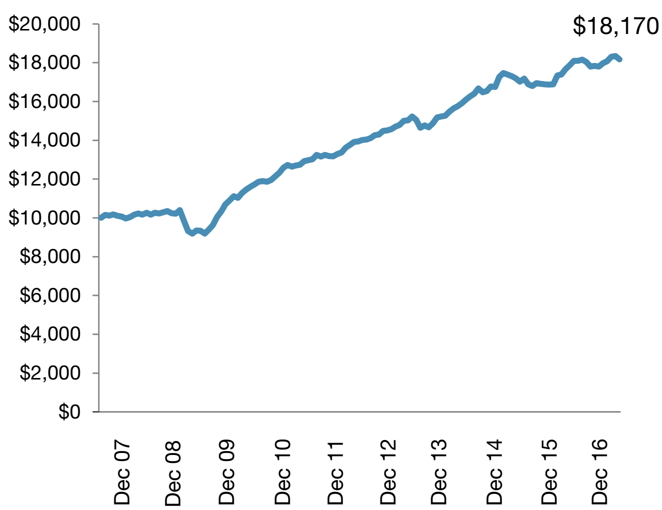
Performance

Compound Annualized Returns (as of June 30, 2017)

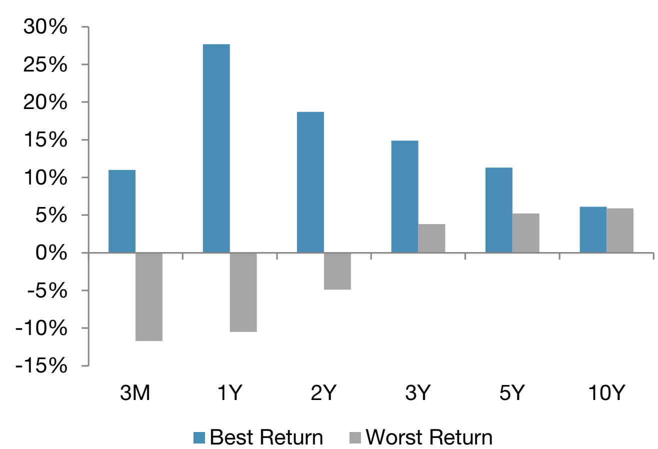
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Income Fund (after-fee)	**0.6%**	**1.9%**	**1.7%**	**3.3%**	**3.8%**	**5.2%**	**6.1%**	**5.9%**
FTSE TMX Canada Universe Bond Index	1.1%	2.4%	0.0%	2.7%	3.8%	3.3%	5.1%	4.8%
S&P/TSX Composite Index	-1.6%	0.7%	11.0%	5.3%	3.1%	8.7%	3.9%	4.5%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Equity Fund

Market Context

- The Canadian stock market (S&P/TSX Composite Index) declined 1.6% in the quarter. Resource stocks led the decline in the wake of falling energy prices.
- Global stocks, as measured by the MSCI World Index, gained 1.5% in Canadian dollar terms. European and Asian markets were areas of strength.

The fund gained 0.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 94%, which equates to an annualized return of 6.6%.

Portfolio Specifics

- The fund holds 24 stocks, of which 14 are headquartered in Canada, 5 in the U.S., 4 overseas and 1 in Mexico.
- Foreign holdings drove performance in the second quarter. Specifically, NOVARTIS, CBOE, and UNILEVER saw strong gains. The returns of European holdings and FEMSA were further helped by the strengthening Euro and Mexican Peso, respectively. When foreign currencies appreciate relative to the Canadian dollar, their stock prices increase in Canadian dollar terms and vice versa.
- American holdings VISA and LINCOLN ELECTRIC also saw solid gains. Canadian investors did not experience the full extent of the gains, however, as the U.S. dollar depreciated relative to the Canadian dollar.
- The fund's Canadian holdings were a mixed bag. CCL INDUSTRIES and CAE experienced strong gains while WESTSHORE TERMINALS, RITCHIE BROS. AUCTIONEERS, and HOME CAPITAL GROUP saw steep declines. The manager, CGOV, had been lowering the fund's weighting in Home Capital throughout the year, making it the smallest position in the portfolio, when news about an ongoing Ontario Securities Commission investigation spread. CGOV subsequently eliminated the position entirely.
- ENBRIDGE was added to the fund. The Canadian pipeline company has a backlog of projects which should allow it to steadily grow its earnings. It also pays a 5% dividend. The stock declined 10% in the quarter and CGOV saw it as a good buying opportunity.
- LINCOLN ELECTRIC was sold, as it has had a strong run and now looks expensive in the manager's view. This welding company has seen its stock price increase more than 50% since President Trump's election on the expectation that new infrastructure spending will boost the company's growth.
- The fund currently has a cash position of 6%.

Transactions

Buy

Enbridge*
Agrium
TD Bank

Sell

Lincoln Electric
Home Capital Group
Unilever

*New Holding

Positioning

- Focus remains on companies that offer goods or services with a compelling competitive advantage, and that are in good financial shape.
- Foreign stocks are a key part of the fund. U.S. and overseas companies provide exposure to multinational businesses not available in Canada, notably in the healthcare, retailing and consumer sectors.

Fund size	$92,682,806
No. of stocks	24

Equity Fund

Attributes

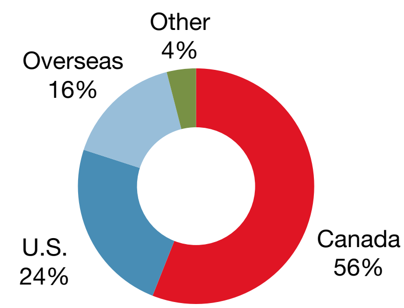
Top Stock Holdings

Visa	5.8%
TD Bank	5.2%
Suncor Energy	5.1%
CCL Industries	4.7%
CBOE Holdings	4.7%
Franco-Nevada	4.6%
Novozymes	4.4%
Novartis	4.3%
CVS Health	4.3%
Ecolab	4.1%

Sector Allocation (Stocks)

Industrial Goods & Svc	27.8%
Financial Services	20.6%
Oil & Gas	12.7%
Retailing	12.2%
Basic Materials	8.8%
Consumer Products	6.9%
Healthcare	4.6%
Consumer Cyclical	4.2%
Utilities & Pipelines	2.2%

Geographic Profile (Stocks)



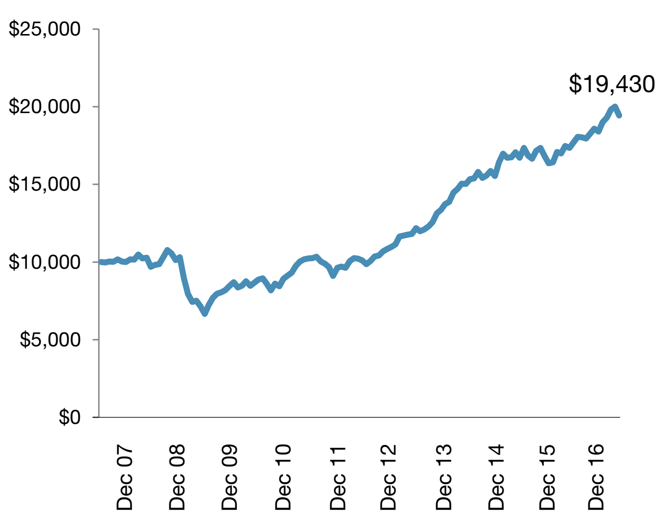
Performance

Compound Annualized Returns (as of June 30, 2017)

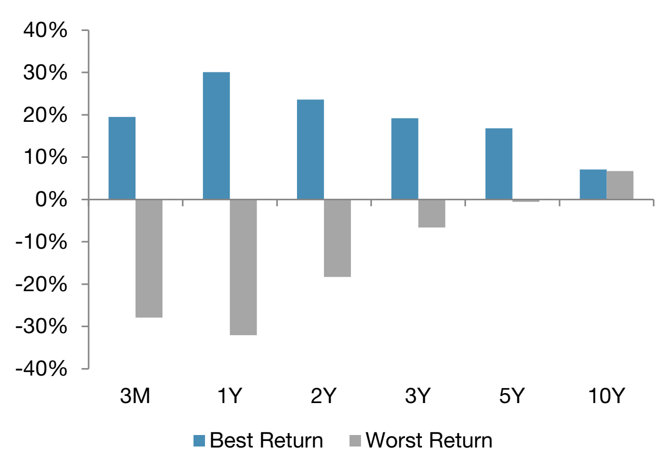
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Equity Fund (after-fee)	**0.8%**	**4.6%**	**12.0%**	**7.8%**	**8.2%**	**14.1%**	**6.8%**	**6.6%**
S&P/TSX Composite Index	-1.6%	0.7%	11.0%	5.3%	3.1%	8.7%	3.9%	4.5%
MSCI World Index ($Cdn)	1.5%	7.3%	18.6%	10.0%	12.9%	17.6%	6.7%	6.2%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Global Equity Fund

Market Context

- Global stocks, as measured by the MSCI World Index, were up 1.5% in Canadian dollar terms in the quarter.
- European markets were among the top performers and most Asian markets posted gains. The American market (S&P 500 Index) was flat (+0.5%) in Canadian dollars.
- The Canadian dollar rose against the U.S. dollar (+3%) and Japanese Yen (+4%), but depreciated against the Euro (-4%). On balance, the impact of currency movements had a muted impact on the fund's return in the quarter.

The fund was up 3.7% in the quarter. Since inception (Feb 2007), it has a cumulative return of 37%, which equates to an annualized return of 3.1%.

Portfolio Specifics

- The fund holds 42 stocks across 17 countries. European stocks (including the U.K.) make up 49% of the fund, while Asia accounts for 36%, the U.S. 13% and South America 2%.
- European holdings have been the fund's strongest performers so far in 2017. Banks and healthcare companies are key areas of focus. Investors are increasingly recognizing the value in these stocks, and many have seen solid price gains, notably COMMERZBANK, BAYER and ASTRAZENECA.
- Asia continues to remain an important area of investment. Japanese stocks make up roughly 20% of the fund and have produced strong results this year. PANASONIC has been a standout as its auto battery business continues to see solid growth.
- Asian investments outside Japan include a diverse range of businesses with a focus in the consumer and financial sectors. Many of these stocks have had a strong year, with SK HYNIX (a Korean semiconductor company) and GALAXY ENTERTAINMENT (a Hong Kong-based hotel & casino operator) being standouts.
- Energy companies (10% of the fund) have been the one area of the portfolio that has detracted from performance this year. The price of oil has fallen more than 10%, which has been detrimental to the share prices of BP, SHELL, TOTAL and APACHE.
- Three stocks were purchased in the quarter: GEMALTO (a Dutch digital security company), DNB (Norway's largest financial services group) and GOODBABY INTERNATIONAL (see writeup on page 16). ALPHABET (Google) and SK HYNIX were sold.
- The fund currently has a cash position of 5%.

Transactions

Buy

Gemalto*
Goodbaby International*
DNB*

Sell

Alphabet
SK Hynix
Ubisoft Entertainment

*New Holding

Positioning

- The fund is built much differently than the global index. It's more focused on Europe and Asia, and has only a modest weighting in U.S. stocks. The manager's experience and research indicates that stocks are more attractively valued in these former regions.
- The portfolio is positioned to benefit from a rotation by investors out of high growth companies into more value oriented stocks. The manager believes we are in the early innings of such a rotation.

Fund size	$75,829,624
No. of stocks	42

Global Equity Fund

Attributes

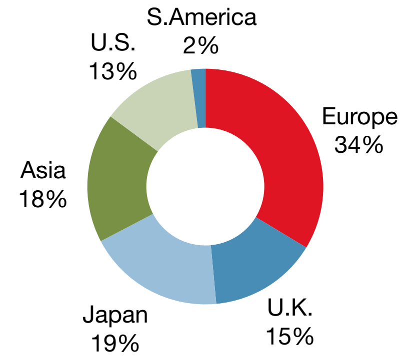
Top Stock Holdings

Novartis	3.5%
Panasonic	3.4%
Shell	3.1%
Commerzbank	3.0%
AstraZeneca	3.0%
DBS Group	2.8%
Roche	2.7%
Celgene	2.6%
Sanofi	2.6%
Ubisoft Entertainment	2.6%

Sector Allocation (Stocks)

Financial Services	31.2%
Healthcare	20.0%
Consumer Cyclical	13.8%
Oil & Gas	9.5%
Technology	8.8%
Industrial Goods & Svc	8.6%
Retailing	4.4%
Comm. & Media	1.9%
Consumer Products	1.8%

Geographic Profile (Stocks)



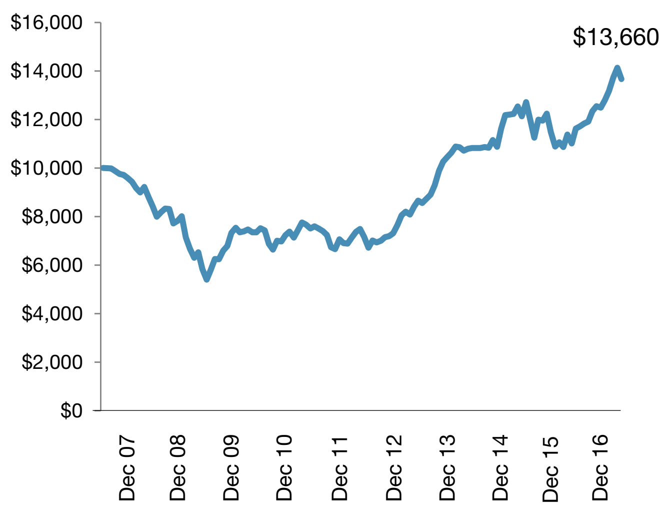
Performance

Compound Annualized Returns (as of June 30, 2017)

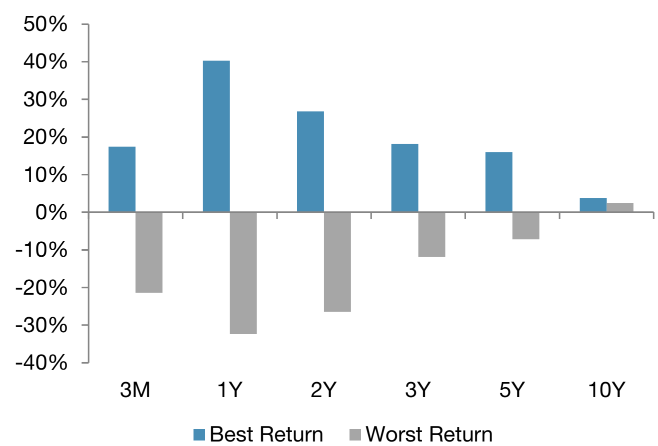
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Global Equity Fund (after-fee)	**3.7%**	**8.9%**	**24.1%**	**6.1%**	**8.1%**	**14.3%**	**3.5%**	**3.1%**
MSCI World Index ($Cdn)	1.5%	7.3%	18.6%	10.0%	12.9%	17.6%	6.7%	6.2%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Small-Cap Equity Fund

Market Context

- The Canadian small-cap market (S&P/TSX SmallCap Index) fell 5.5% in the quarter. U.S. small-caps lost 0.1% (Russell 2000 Index) in Canadian dollar terms.
- Resource stocks - a prominent component of the Canadian market - had a rough quarter as the price of oil and most base metals declined.

The fund was up 0.2% in the quarter. Since inception (Feb 2007), it has a cumulative return of 89%, which equates to an annualized return of 6.4%.

Portfolio Specifics

- The portfolio consists of 23 stocks, 12 of which have a market capitalization of less than $1 billion. While the majority of holdings are Canadian companies, there are two U.S. stocks which make up 9% of the fund. Key areas of investment include capital goods, technology, transportation, food & beverages and professional services.
- Performance has been relatively flat year-to-date, although certain holdings have experienced big price moves. BRICK BREWING and NEW FLYER INDUSTRIES are up more than 25% on the year, and both holdings were trimmed based on price strength.
- Conversely, MEG ENERGY and ENSIGN ENERGY SERVICES suffered from a lower oil price and saw steep share price declines. MEG is down over 50% this year. The manager, Galibier Capital Management, has been adding to the stock. They feel the near-term risks to the company are not as pronounced as the stock's sell-off suggests.
- Transportation-related companies remain an area of focus. Holdings include ECHO GLOBAL LOGISTICS, NEW FLYER INDUSTRIES, EXCHANGE INCOME and CARGOJET. These are steady growth stories that each have a sustainable competitive advantage. Chicago-based Echo Global Logistics is the fund's largest U.S. holding. The company provides shipping and freight management services using proprietary technology. The stock has trended lower this year but the company's fundamentals remain solid. Galibier has viewed the price weakness as a good buying opportunity.
- One new stock was purchased in the quarter, INTERTAPE POLYMER GROUP. Intertape is a leading adhesives company. The outlook for the business is strong, as its tape products are used in the shipment of goods and parcels - a fast-growing industry.
- The fund currently has a cash position of 3%.
- The fund has gained 7.6% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The index is down 1.1% over the same period.

Transactions

Buy

Intertape Polymer Group*
Echo Global Logistics
Liquor Stores N.A.
MEG Energy

Sell

Martinrea International
New Flyer Industries
Points International

*New Holding

Positioning

- Galibier feels that stocks are generally on the expensive side. They are avoiding businesses with high valuations (relative to historic levels), and are focused on identifying companies with interesting and enduring competitive advantages.
- Resource stocks are unlikely to feature prominently in the fund. In periods when these stocks are soaring, investors can expect the fund to lag. Conversely, it may hold up better when these stocks are struggling. Currently, only 10% of the portfolio is held in energy companies.

Fund size	$50,258,903
No. of stocks	23

Small-Cap Equity Fund

Attributes

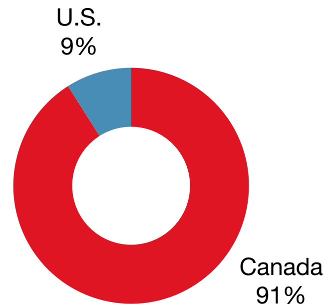
Top Stock Holdings

MacDonald Dettwiler	5.9%
Liquor Stores N.A.	5.9%
Stantec	5.6%
Echo Global Logistics	5.4%
Brick Brewing	5.4%
Pure Technologies	5.0%
Exchange Income	4.9%
Dream Global REIT	4.8%
Spin Master	4.7%
Points International	4.6%

Sector Allocation (Stocks)

Industrial Goods & Svc	38.2%
Technology	14.6%
Consumer Cyclical	13.3%
Oil & Gas	10.0%
Retailing	5.9%
Consumer Products	5.6%
Real Estate	5.0%
Comm. & Media	3.7%
Utilities & Pipelines	3.7%

Geographic Profile (Stocks)



Performance

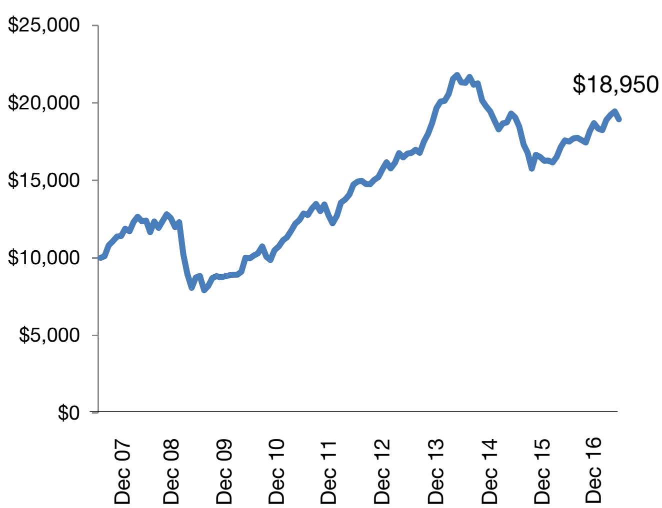
Compound Annualized Returns (as of June 30, 2017)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Small-Cap Equity Fund (after-fee)*	**0.2%**	**1.4%**	**8.2%**	**1.3%**	**-4.4%**	**5.1%**	**5.2%**	**6.4%**
S&P/TSX SmallCap Index	-5.5%	-4.1%	3.7%	6.7%	-1.6%	5.1%	0.6%	1.5%
Russell 2000 Index ($Cdn)	-0.1%	1.5%	24.3%	10.0%	14.6%	19.3%	9.1%	8.1%

*The fund has gained 7.6% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The index is down 1.1% over the same period.

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Savings Fund

Market Context

- The Bank of Canada left its key lending rate unchanged in the quarter, at 0.5%.
- The central bank feels there are encouraging signs that growth is broadening across regions and sectors, with business investment and consumer demand accelerating.
- The Bank stated late in the quarter that it believes rate cuts have done their job and interest rates now need to be normalized. The first hike in short-term rates could in fact come as early as mid-July.

Positioning

- The fund benefited from having a shorter duration in the quarter.
- Corporate notes (including bank paper, floating rate notes and short-dated bonds) comprise roughly 70% of the portfolio.
- Investments in T-Bills remain focused on provincial securities (rather than federal), as they have an attractive yield advantage.
- The pre-fee yield of the fund at the end of June was 0.9%.

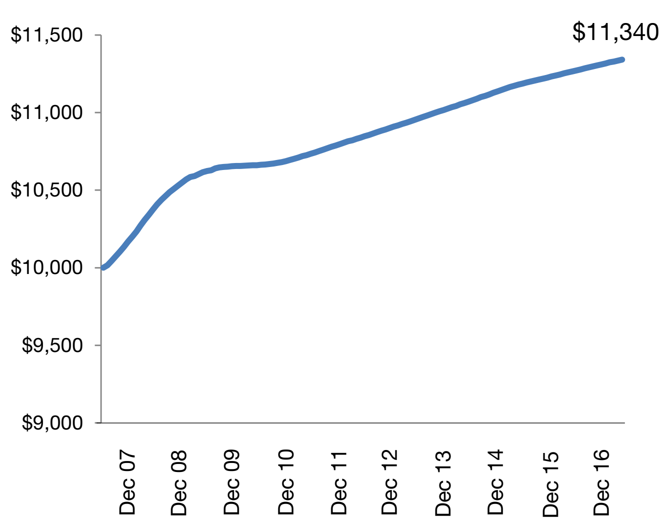
Performance

Compound Annualized Returns (as of June 30, 2017)

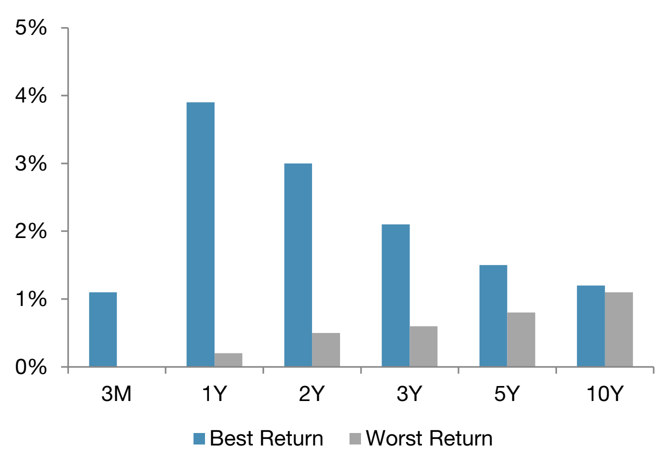
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Savings Fund (after-fee)	**0.2%**	**0.3%**	**0.7%**	**0.7%**	**0.8%**	**0.9%**	**1.1%**	**1.2%**
FTSE TMX Canada 91 Day T-Bill Index	0.1%	0.2%	0.4%	0.5%	0.6%	0.8%	1.2%	1.3%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Stock Snapshot

Overview

You may not have heard of Goodbaby International, but you have likely come across one of its products if you're new to parenthood. The company manufactures children's products including strollers, car seats, cribs and toy vehicles.

In North America, its Evenflo brand of strollers and car seats can be found in millions of homes. But this is a truly global operation; it sells products under a variety of brands across North America, Europe and Asia, including CYBEX, gb global, ExerSaucer, RollPlay and Urbini.

Goodbaby also manufactures products for other companies, with 20% of its revenues coming from the manufacturing it does for high-end or niche customers.

The stock is held in our Global Equity Fund (1.7% position size).

Investment Case

Goodbaby has significant market share in strollers and car safety seats. For example, in the stroller market, it has more than 20% market share in Europe, 55% in North America, and 40% in China. There are barriers to entry into these markets as parents tend to gravitate toward brands their peers recommend. Additionally, adhering to safety standards in different countries can be a deterrent to new entrants.

This industry structure allows Goodbaby to take advantage of the growing demand for children's products in China and other emerging economies where governments are introducing more child safety laws.

Further strengthening the investment case is a change in the company's business model. Under the new structure, Goodbaby will focus more on manufacturing and selling its own brands, which are more profitable than the products it produces for third parties.

Risks to Outlook

As with any children's product, a quality control mishap can have a lasting impact on a company's brand.

Another risk, albeit short term in nature, is the perception among some investors that Goodbaby represents a way to profit from an increase in Chinese consumer spending, despite the company generating 80% of its revenues outside of China. The stock price may, therefore, be volatile in periods where Chinese economic growth is in question.

An interesting fact: Prior to founding Goodbaby, the company's founder, Zhenghuan Song, was a middle school teacher and vice principal.

Goodbaby International: Price History

Source: Reuters

How investors can prepare for the next market downturn

Special to the Globe and Mail, by Tom Bradley (June 7, 2017)

It feels pretty quiet. There's nothing big going on in business news. Market volatility is very low. Interest rates and the loonie are staying in a narrow range. In times like this, there are two things investors can do: Enjoy it while it lasts and get ready for when it's not so quiet.

On the latter, our firm recently set time aside to get ready for the next downturn. It might seem out of step with the benign market conditions, but as I said to our team, we have no excuse for being unprepared. Bear markets are a necessary and unavoidable part of investing. It's not a matter of "if," but "when."

Before you tune out, you should know that the best time to do this kind of preparation is when markets are calm and returns are positive. The biggest mistakes occur when changes are made at frantic tops and scary bottoms.

Here are the conclusions from our session.

Positives hard to find

Down markets are never quiet and are guaranteed to feel lousy. The headlines will be filled with disappointing economic data, earnings disappointments and cancelled mergers. Doom and gloomers will have the spotlight.

If the downdraft is severe, nothing will escape the carnage. Speculative securities will be crushed, and even high-quality stocks will take a hit.

There will be little attention paid to valuations, at least initially. I learned this the hard way. I was a stock analyst on Black Monday in October, 1987, and remember being upset when none of our institutional clients wanted to hear about a stock trading at a low price-to-earnings multiple. They were in survival mode.

Survival mode

Indeed, when the bear arrives, many investors will be unprepared because memories are short. Consider our current situation. We're experiencing one of the best and longest bull markets in history. It's easy to forget about the other side of the equation.

As investment professionals, we know our calls and meetings with clients will be tougher. It's an emotional time. Most clients will be disappointed and/or scared. Some will question why we didn't avoid the downturn. It's the point in the cycle when the gap is the widest between what clients expect and what investment professionals can do.

When markets are down, everyone becomes an economist. And a confident economist at that. The late Peter Bernstein, a financial historian, said it best: "In calmer moments, investors recognize their inability to know what the future holds. In moments of extreme panic or enthusiasm, however, they become remarkably bold in their predictions."

With this big picture focus comes a shorter time frame. Investors feel the need to be more exact in timing purchases, transfers and withdrawals. This precision has the effect of freezing many people, preventing them from taking positive action.

Getting prepared

You need to be prepared for the next downturn. It's very different from today. You'll feel beaten up and your plan won't appear to be working. Knowing that, I have some suggestions on how to get ready.

- First, print this article and put it somewhere you can find in a few months or years from now.
- Have a good sense of what you want your long-term asset mix to be (cash, bonds and stocks). It doesn't change much over time, so it will provide you with a baseline when your portfolio gets out of whack.
- Mentally rehearse what you're going to do when your account is down 10-15%. You'll want to maintain your regular contributions or possibly accelerate them. You'll undoubtedly need to do some rebalancing.
- Freshen up your target list for securities and funds you want to purchase or add to. Pay attention to valuations.
- And finally, make sure you know who you're going to lean on when you need a steady hand.

Bear markets are not a cheery topic, but they're a necessary part of investing. Without exposure to risk and volatility, it's impossible to generate adequate returns. And of course, for investors who have a long time frame and are building their wealth, it's a time to look forward to. After all, they're buying, not selling. Lower stock prices are a beautiful thing.

Steadyhand
10 YEARS

Steadyhand should have a _____.

"TD has a green chair. AGF has a tiger. Vanguard has a ship. Fidelity has a pyramid. Steadyhand should have a _____."

We posed this question to clients at our 10-year anniversary events in Toronto and Vancouver. The responses were great.

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Published on July 7, 2017, by Steadyhand Investment Funds Inc.

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