

## Steadyhand Independent Review Committee 2017 Annual Report

February 23, 2018

Dear Investor,

On behalf of the members of the Independent Review Committee (IRC) for the investment funds<sup>1</sup> managed by Steadyhand Investment Management Ltd. (“Steadyhand”) (Manager of the Funds), I am pleased to submit our Annual Report to investors.

The Steadyhand IRC was established in 2007 in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107). Our central mandate is to consider and respond to the existence of, or the potential appearance of, a conflict of interest matter identified and referred to us by Steadyhand as the Manager of their six Funds.

The attached report provides you with a description of the IRC and our activities for the year starting January 1, 2017 and ending December 31, 2017, pursuant to securities regulations.

The report is available on Steadyhand’s website at [www.Steadyhand.com](http://www.Steadyhand.com) or you may request a copy by contacting Steadyhand via:

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We wish to express our appreciation for the outstanding working relationship with the Manager and its team members and for their obvious dedication to serving the interests of Steadyhand investors.

We look forward to continuing to work with the Manager to ensure the best interest of the Funds and investors are served in case of a conflict of interest.

*/s/ Sylvia Gelissen*

Sylvia Gelissen  
Chair, Steadyhand Independent Review Committee

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<sup>1</sup> A list of the Steadyhand funds can be found in Appendix A.

## Introduction and Background

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

The Manager of a Fund is required to identify conflict of interest matters that arise and to request input from the funds' 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 Funds, 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 outcome for the Funds. If so, the IRC gives its approval; if it finds otherwise, the IRC makes a recommendation to the Manager as to its concerns and provides an alternative course of action. The Manager then makes a decision on how to proceed.

### The Steadyhand IRC

The Steadyhand IRC became operational in October 2007 and its responsibilities are those mandated by NI 81-107 and its Charter. The IRC meets regularly with representatives of Steadyhand, at the request of either the Manager or the IRC Chair. In addition to the meetings with the Manager, an annual, in-camera session is held by the IRC to assess its Charter and policies, its performance, compensation and its own independence and effectiveness. During the in-camera session, the Manager's policies, procedures and compliance with respect to conflict of interest matters are reviewed.

The current Steadyhand IRC is composed of the following members:

Name	Residence	First Appointed
Sylvia Gelissen (Chair)	North Vancouver, BC	January 1, 2015
Kathy Leavens <sup>2</sup>	Vancouver, BC	January 1, 2016
Lothar Fabian	North Vancouver, BC	January 1, 2017

Collectively, the committee members have sufficient competencies and knowledge to handle all known and anticipated issues.

Each member is independent of the Manager and any of its affiliates. No member, individually or collectively, holds in excess of 10% of any of the Steadyhand Funds, nor does anyone have any other duties or relationships which compromise the IRC's independence. The IRC ensures its members' independence annually.

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<sup>2</sup> In addition to being a member of the Steadyhand IRC, Kathy Leavens serves as a member of the Independent Governance Committee for ACM Advisors Ltd.

## **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.

All Steadyhand IRC 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 aggregate compensation and any indemnities paid by the Funds for the calendar year 2017 was \$24,653.11. This was comprised of \$24,500 paid in compensation to the IRC members and \$153.11 in meeting costs.

The initial compensation of the IRC was set by the Manager. Compensation for the current period has been set by the IRC members, after obtaining 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 any other factors considered important:

- (a) The best interest of the Funds;
- (b) The number, nature and complexity of the Funds;
- (c) The commitment of time and energy expected from each member in providing 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.

## **Standing Instructions**

The IRC has the authority to grant a Standing Instruction (SI). Each SI constitutes a written approval or recommendation 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 an SI for the following matters:

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 corrections;
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.

Each SI is given effect through reference to the Manager's written policies and procedures.

## **Conflict of Interest Matters and Conclusions**

Having completed its independent annual review, the Steadyhand IRC has concluded that during the 12-month period ending December 31, 2017:

- 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 the written policy or Standing Instructions.
- No committee member 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;
- The 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.

## **Appendix A**

### **List of Steadyhand Funds**

Steadyhand Savings Fund

Steadyhand Income Fund

Steadyhand Founders Fund

Steadyhand Equity Fund

Steadyhand Global Equity Fund

Steadyhand Small-Cap Equity Fund