Quarterly Report

Steadyhand

Q3
2018

"The investment industry is full of brilliant people. But where their brilliance betrays them is when they try to use that knowledge to predict the timing and magnitude of the next market move."

- Tom Bradley, The National Post, August 11th

Bradley's Brief

Stock markets run in cycles. They go through a series of stages, which generally have a set of predictable behavioural characteristics.

Starting in the depths of a bear market, emotions are raw and investors are despondent. At this point, everyone becomes an armchair economist and the fear of further losses dominates investors' minds and hearts.

The initial recovery off the bottom is met with disbelief, caution and hope. As the rise continues though, doubt turns into excitement and confidence.

We never know where the peak is until after the fact, but the final approach is characterized by enthusiasm, cheerleading and increased speculation. Bad markets are a distant memory, so any appreciation for risk is downplayed. And near the summit, market leadership is concentrated on a narrower group of companies.

When the market is heading down, we go through indifference, denial, resignation and eventually return to where the cycle started, outright fear.

The emotional element of investing makes cycles inevitable, although the timing and duration of the stages is unpredictable. The good news is that up markets last longer and go way further than down markets.

We had the stock market cycle in mind when we designed our firm and named it Steadyhand. Our objective is to generate the best possible returns for our clients over a complete cycle. That means having fund managers that don't waver from their decision-making disciplines and clients who stick to their long-term plans regardless of market gyrations.

The challenge of investing through a cycle is that when a stage goes on for a long time, as the current bull run has (nine and a half years), there's a risk that portfolios 'creep' away from their original plan. They become less diversified due to an increased focus on the dominant trends of the day. In the later stages, portfolios get more aggressive, holding more equities including speculative and thematic stocks. On the fixed income side, investors own fewer high-quality bonds as the search for higher yields takes them to riskier parts of the market.

Only history will tell us what stage we're in now, but as I've said for a while, it feels like we're later in the up cycle. Corporate profit margins are in nose bleed territory, valuations on most assets are high, debt loads are rising, and the market is being pushed higher by a select group of stocks while other sectors are being left for dead. As for investors, we're being asked less about downside risk and more about whether their asset mix is aggressive enough. And as for speculation, I now find myself in the minority at a party when I don't have an amazing story about a cannabis stock.

At Steadyhand, we've participated in the good markets over the last few years, but it's not a stage in the cycle when we expect to be at the top of the charts. We have significant exposure to stocks in our balanced portfolios (including the Founders Fund), but the level has been reduced and few if any holdings could be classified as speculative. On the fixed income side, we've dialed down the credit risk, holding more government bonds than corporates (the opposite of our usual mix).

When it comes to service and advice, we also strive to be suitable for all seasons. If you have questions about our strategy or whether your portfolio has crept away from your plan, don't hesitate to reach out to one of our Investor Specialists. They're always on an up cycle.

Key Takeaways

Stocks

- It was a mixed quarter for stocks. The American market (S&P 500 Index) was the standout, gaining 7.7% in U.S. dollars. Market volatility subsided and strong economic growth in the U.S. eased investors' concerns over higher interest rates and trade wars. European markets were mostly flat, however, and emerging markets saw small losses.
- The Canadian market (S&P/TSX Composite Index) declined 0.6%. Resource stocks were an area of weakness, despite the price of oil holding firm.
- Currency movements had a modest impact on foreign stock returns. The loonie rose against the U.S. dollar (+2%), Euro (+2%), British Pound (+3%) and Japanese Yen (+4%), which decreased the value of foreign stocks in Canadian dollar terms.

Market Returns

	3M	1Y
Canada	-0.6%	5.9%
World	2.8%	14.7%

Bonds

- The Canadian bond market (FTSE TMX Canada Universe Bond Index) provided a total return (interest and capital appreciation) of -1.0% in the quarter.
- Interest rates rose across the board: the 10-year Government of Canada bond yield increased to 2.4% (from 2.2%), corporate yields edged higher, and the Bank of Canada raised its key short-term lending rate by 0.25% (it now stands at 1.50%).

	3M	1Y
Bonds	-1.0%	1.7%

Our Funds

- Our funds posted returns on either side of zero, and our balanced clients' portfolios were largely unchanged. Over the past 10 years, our balanced portfolios are up between 7% to 8% per year.
- The biggest change in the quarter occurred in our Global Equity Fund, where we replaced the manager. Velanne Asset Management has taken over portfolio adviser responsibilities (see profile on page 17). One significant outcome of the change was a shift in our foreign stock exposure away from Asia and towards the U.S.
- In the context of our balanced portfolios, key transactions in the quarter included the purchase of DOLLARAMA (Canada), ZIMMER BIOMET (U.S.), and DISCOVERY (U.S.), and the sale of LOBLAW COMPANIES (Canada), PANASONIC (Japan), and TESCO (U.K.).

Fund Returns

	3M	1Y
Savings	0.4%	1.3%
Income	-0.5%	1.9%
Founders	0.0%	4.8%
Equity	0.7%	7.3%
Global	-0.4%	4.7%
Small-Cap	1.8%	20.5%

Our Advice to Clients

We recommend that your equity weighting be no higher than called for in your long-term plan. In the Founders Fund, our exposure to stocks is below its target of 60%, as we feel valuations are expensive. Our outlook for bonds is subdued as current yields continue to be unattractive. As a result, we recommend a below-average position in bonds. As an alternative, we suggest a healthy cash holding. In the Founders Fund, for example, 17% of the portfolio is currently held in cash.

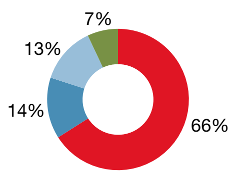
For our thoughts on asset mix and the advice we're giving clients, visit the Current Outlook page on our website, or give us a call at 1.888.888.3147.

Steadyhand Portfolios (Hypothetical)*

Compound Annualized Returns, After-fee (as of September 30, 2018)

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

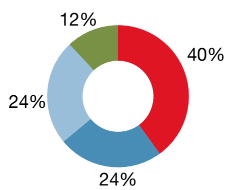
Balanced Income Portfolio (50/50)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
-0.2%	0.9%	4.2%	4.0%	5.4%	6.0%	7.2%

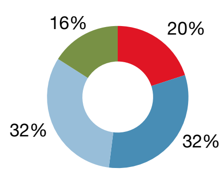
Balanced Equity Portfolio (70/30)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
0.1%	1.8%	6.0%	6.8%	7.3%	7.4%	7.7%

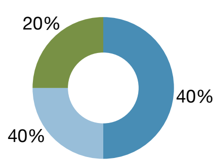
Growth Portfolio (85/15)



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

3M	YTD	1Y	2Y	3Y	5Y	10Y
0.3%	2.6%	7.4%	9.0%	8.7%	8.4%	8.1%

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
0.5%	3.3%	8.8%	11.3%	10.2%	9.4%	8.4%

Capital Market Performance (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y
Cash (FTSE TMX Canada 91 Day T-Bill Index)	0.3%	0.9%	1.2%	0.8%	0.7%	0.8%	0.8%
Cdn Bonds (FTSE TMX Canada Universe Bond Index)	-1.0%	-0.4%	1.7%	-0.7%	1.6%	3.3%	4.4%
Cdn Stocks (S&P/TSX Composite Index)	-0.6%	1.4%	5.9%	7.5%	9.7%	7.8%	6.3%
Cdn Small Cap Stocks (S&P/TSX SmallCap Index)	-2.8%	-4.4%	0.1%	0.6%	11.2%	4.2%	5.0%
Global Stocks (Morningstar Developed Markets Index)	2.8%	8.5%	14.7%	13.7%	12.2%	14.5%	11.1%

*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 fund with a target asset mix of 60% stocks and 40% fixed income. It gains this exposure from investing in Steadyhand's other 5 funds.
- Tom Bradley manages the fund and Salman Ahmed is co-manager. They have considerable scope to adjust the portfolio to reflect their views on valuations, corporate fundamentals and investor sentiment.

The fund gained 0.0% in the quarter. Since inception (Feb 2012), it has a cumulative return of 60%, which equates to an annualized return of 7.4%.

Portfolio Specifics

- The Founders Fund's return was flat in the third quarter, with only modest moves in the underlying funds.
- The geographic mix of the stock holdings shifted due to a manager change on the Global Equity Fund. Exposure to U.S.-domiciled stocks increased from 7% of the Founders Fund to 14%. The new manager, Velanne Asset Management, is finding out-of-favour stocks in the U.S. that have been lost in the shadows of the large technology companies.
- As a reminder, none of Steadyhand's equity managers are constrained by geographic borders. They have the flexibility to search widely for attractive opportunities. Most of the Canada-based companies are global in nature and play to Canada's strengths: banking; transportation; and energy. Many of the foreign companies are in industries not prominent in the Canadian market: healthcare; consumer products; and technology.
- The portfolio's strongest performers this year have been the Small-Cap Fund and Equity Fund. Within these two funds, industrial-related holdings have been the key drivers of performance.
- As we note in Bradley's Brief, the fund has maintained a cautious stance. We continue to feel it's prudent to have below-average exposure to stocks. The fund's current weighting is 55%, which is 5% below its long-term target of 60%.
- The bond allocation has remained at 28% which is below the long-term target (35%). Bond yields have risen, but remain at low levels. As long-term investors, we're looking further out and assessing the likelihood that they will normalize (rise) over time. As a reminder, when yields go up, bond prices come down. We don't view the asset class as particularly attractive, yet we also see it providing some insurance in a balanced portfolio.
- Our below average weighting in both stocks and bonds has led to a higher than normal weighting in cash. Between the Savings Fund and cash held in the equity funds, it finished the period at 17%. Although cash offers little in the way of yield, it provides protection against rising interest rates and is a ready source of liquidity.

Positioning

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

Fund Mix

Income	37%
Equity	20%
Global	19%
Savings	15%
Small-Cap	9%

Asset Mix

Foreign Stocks	28%
Canadian Stocks	27%
Gov't Bonds	18%
Corporate Bonds	10%
Cash & Short-term	17%

Fund size $454,474,092

Founders Fund

Attributes

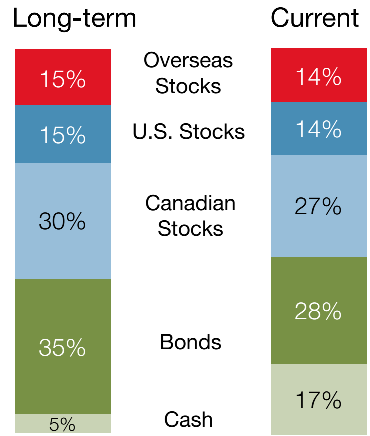
Top Stock Holdings (% of Fund)

TD Bank	1.9%
Suncor Energy	1.3%
CN Rail	1.2%
Visa	1.2%
Franco-Nevada	1.0%
Nutrien	1.0%
CVS Health	0.9%
Novozymes	0.9%
CCL Industries	0.9%
CAE	0.8%

Sector Allocation (Stocks)

Industrial Goods & Svc	21.0%
Financial Services	16.9%
Oil & Gas	11.6%
Healthcare	9.9%
Consumer Products	8.4%
Retailing	6.6%
Consumer Cyclical	5.4%
Real Estate	5.2%
Technology	4.8%
Comm. & Media	3.9%
Basic Materials	3.6%
Utilities & Pipelines	2.7%

Asset Mix



Performance

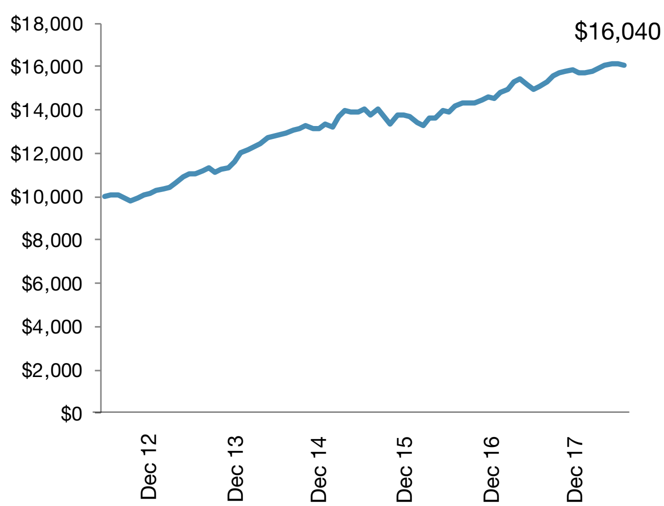
Compound Annualized Returns (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Founders Fund (after-fee)	**0.0%**	**1.5%**	**4.8%**	**5.8%**	**6.3%**	**6.7%**	**N/A**	**7.4%**
FTSE TMX Canada Universe Bond Index	-1.0%	-0.4%	1.7%	-0.7%	1.6%	3.3%	N/A	2.8%
S&P/TSX Composite Index	-0.6%	1.4%	5.9%	7.5%	9.7%	7.8%	N/A	7.1%
Morningstar Developed Markets Index*	2.8%	8.5%	14.7%	13.7%	12.2%	14.5%	N/A	15.2%

*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[1]Feb 17, 2012

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Income Fund

Market Context

- The Canadian bond market fell 1.0% in the quarter (interest and capital appreciation).
- Bond yields ended the quarter higher, with the 10-year Government of Canada yield rising to 2.4% (from 2.2%).
- The Canadian stock market declined 0.6% on weakness in energy stocks.

The fund was down 0.5% in the quarter. Since inception (Feb 2007), it has a cumulative return of 83%, which equates to an annualized return of 5.3%.

Portfolio Specifics

- Bonds comprise 76% of the fund. This component detracted from performance in the quarter as interest rates rose (remember: when rates rise, bond prices fall).
- Economic fundamentals remain strong, and while global growth has softened a little, governments around the world continue to tighten financial conditions. Bond yields in Canada rose across all maturities, which hurt the fund's fixed income holdings.
- The manager, Connor, Clark & Lunn, shifted the portfolio's government holdings. In a defensive move, some provincial bond investments were trimmed and Canada mortgage bonds (fully guaranteed by the federal government) were purchased. That said, provincials still represent an important area of investment, making up 28% of the fund, with a focus on the provinces of Ontario and Alberta.
- CC&L's outlook for bonds continues to be cautious. While we're likely in the later stages of the business cycle, there's nothing to indicate that the end is imminent. Business investment is picking up, inflation is at a healthy level, and policymakers in Canada and the U.S. have hinted at 2-3 more interest rate hikes over the coming year. It all means that bond prices remain vulnerable. Our focus continues to be on higher-quality issuers. The fund's corporate bond exposure remains lower than normal, with a focus on defensive industries such as utilities, banks and REITs.
- Stocks make up 24% of the fund. Sectors of focus include financial services, industrial goods, energy and utilities. This part of the portfolio has been an important contributor to performance this year. In particular, CANADIAN APARTMENT PROPERTIES REIT, TMX GROUP, and SNC-LAVALIN GROUP have been strong performers.
- The fund's equity strategy is focused on companies that are growing their dividend (as opposed to high dividend payers), as well as stocks that will benefit from continued growth in business and infrastructure spending.
- The fund paid a distribution of $0.045/unit at the end of September. Its pre-fee yield is 3.1%.

Notable Stock Transactions

Buy

Element Fleet Management*
Brookfield Property Partners
Maple Leaf Foods
Suncor Energy

*New holding

Trim/Sell

Finning[1]
Cott Corp.
Northland Power

[1]Position eliminated

Positioning

- The fund's bond strategy remains cautious. The focus is on higher-quality securities that also have good liquidity (i.e., they can easily be bought or sold).
- Stocks remain an important source of diversification and yield. The manager has a current bias towards larger cap, lower volatility stocks.

Fund size	$86,211,263
Pre-fee Yield	3.1%
Avg Term to Matur.	10.8 yrs
Duration	7.8 yrs

Income Fund

Attributes

Top Holdings (% of Fund)

Canada 2.00% (Sep/23)	6.7%
Ontario 2.85% (Jun/23)	4.2%
Quebec 3.00% (Sep/23)	3.8%
Ontario 3.50% (Jun/24)	3.5%
CHT 2.35% (Jun/23)	3.2%
Ontario 2.80% (Jun/48)	3.0%
Canada 5.00% (Jun/37)	2.6%
TD Bank	2.1%
Royal Bank	2.0%
CC&L High Yield Bond Fd	2.0%

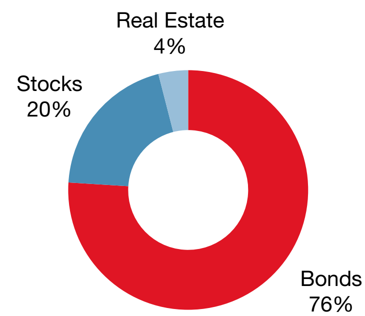
Issuer Allocation (Bonds)

Federal Government	26%
Provincial Government	38%
Corporate	36%

Rating Summary (Bonds)

AAA	30%
AA	53%
A	6%
BBB	9%
BB (or lower)	2%

Asset Mix



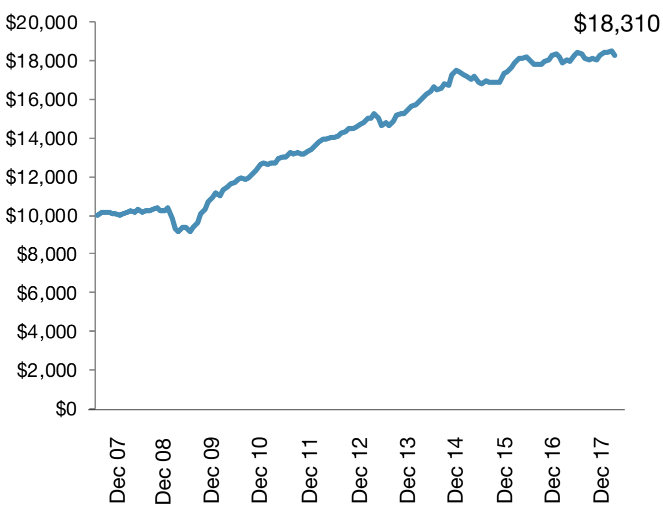
Performance

Compound Annualized Returns (as of September 30, 2018)

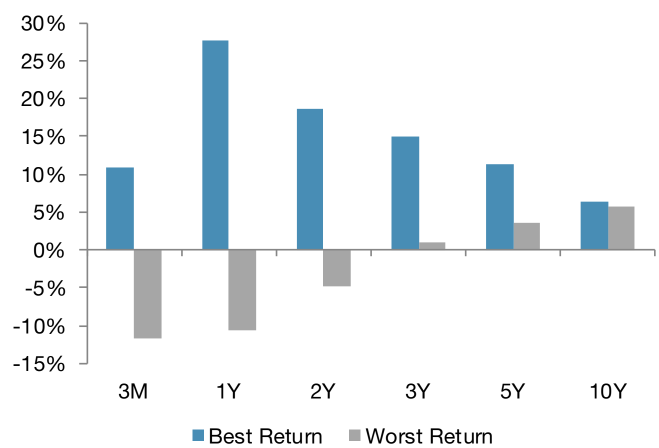
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Income Fund (after-fee)	**-0.5%**	**-0.3%**	**1.9%**	**0.4%**	**2.9%**	**4.3%**	**6.4%**	**5.3%**
FTSE TMX Canada Universe Bond Index	-1.0%	-0.4%	1.7%	-0.7%	1.6%	3.3%	4.4%	4.3%
S&P/TSX Composite Index	-0.6%	1.4%	5.9%	7.5%	9.7%	7.8%	6.3%	4.8%

*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) fell 0.6% in the quarter on weakness in resource stocks. Cannabis and industrial stocks were areas of strength.
- Global stocks, as measured by the Morningstar Developed Markets Index, gained 2.8% in Canadian dollar terms.

Portfolio Specifics

- The Equity Fund has been managed since inception by the CGOV team at Fiera Capital. CGOV was merged into Fiera earlier this year. Last month, we posted a blog detailing our assessment of the ownership change. Our conclusion: "We continue to see the characteristics we like in a manager: a focused team with experienced decision makers and a proven, disciplined investment process."
- The fund holds 25 stocks, of which 14 are headquartered in Canada, 5 in the U.S., 5 overseas and 1 in Mexico.
- The portfolio had a positive quarter. Most of the gainers were U.S.-based, including CVS HEALTH, STARBUCKS and VISA, while the laggards were in Canada. The trade uncertainty around the automotive industry weighted on MAGNA INTERNATIONAL, and FRANCO-NEVADA and CCL INDUSTRIES were also weak.
- Two new holdings were added: DOLLARAMA, a Canadian budget-oriented retailer; and MAXAR TECHNOLOGIES, a satellite manufacturer. Dollarama saw its stock price take a pause in 2018, which brought the valuation into the manager's (Fiera Capital) buy range. The company has a high return on capital, and despite its rapid store expansion, still has plenty of opportunity to grow. Vancouver-based Maxar (formerly MacDonald Dettwiler) also has a history of success and technological leadership, but its stock price has been under pressure. Controversial acquisitions, increased debt levels and leadership changes have taken the luster off the company. Maxar continues to be a global leader in satellite technology and holds a valuable set of assets. With short sellers pounding the stock down, Fiera took an initial position.
- To make room for Dollarama and Maxar, LOBLAW COMPANIES was eliminated after a successful run in the portfolio. The small position in ENBRIDGE was also sold after it had gained back some of the ground it lost earlier in the year.
- The fund currently has a cash position of 6%.

Positioning

- All but a few of the fund's holdings are growing their profits and dividends. The focus is on businesses that have proven to be resilient through the economic cycle.
- The fund has exposure to a mix of industries and geographies. The diversification, however, comes from owning a group of unique businesses, including a few that tend to behave differently than the market, including CBOE and Franco-Nevada (gold).

The fund was up 0.7% in the quarter. Since inception (Feb 2007), it has a cumulative return of 114%, which equates to an annualized return of 6.8%.

Notable Transactions

Buy

Dollarama*
Maxar Technologies*
CCL Industries
Keyence

*New holding

Trim/Sell

Enbridge[1]
Loblaw Companies[1]
Ecolab
Nutrien

[1]Position eliminated

Fund size	$111,901,173
No. of stocks	25

Equity Fund

Attributes

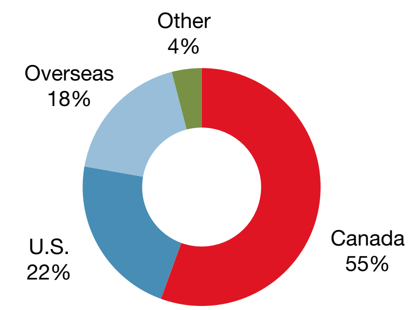
Top Stock Holdings

Visa	6.0%
TD Bank	5.5%
Suncor Energy	5.4%
Franco-Nevada	5.1%
CVS Health	4.6%
Novozymes	4.3%
CCL Industries	4.3%
Nutrien	4.2%
Novartis	4.0%
CBOE Holdings	3.9%

Sector Allocation (Stocks)

Industrial Goods & Svc	24.0%
Financial Services	20.4%
Oil & Gas	12.3%
Retailing	11.2%
Basic Materials	10.0%
Technology	7.9%
Consumer Products	6.3%
Healthcare	4.2%
Consumer Cyclical	3.7%

Geographic Profile (Stocks)



Performance

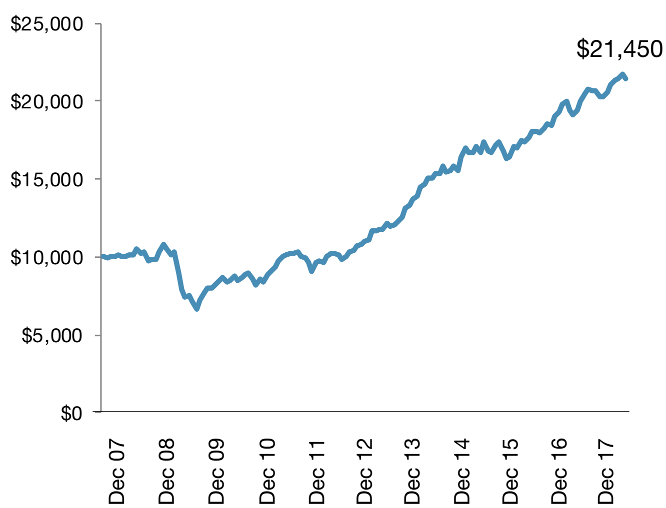
Compound Annualized Returns (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Equity Fund (after-fee)	**0.7%**	**3.8%**	**7.3%**	**9.1%**	**8.8%**	**11.3%**	**9.1%**	**6.8%**
S&P/TSX Composite Index	-0.6%	1.4%	5.9%	7.5%	9.7%	7.8%	6.3%	4.8%
Morningstar Developed Markets Index*	2.8%	8.5%	14.7%	13.7%	12.2%	14.5%	11.1%	6.6%

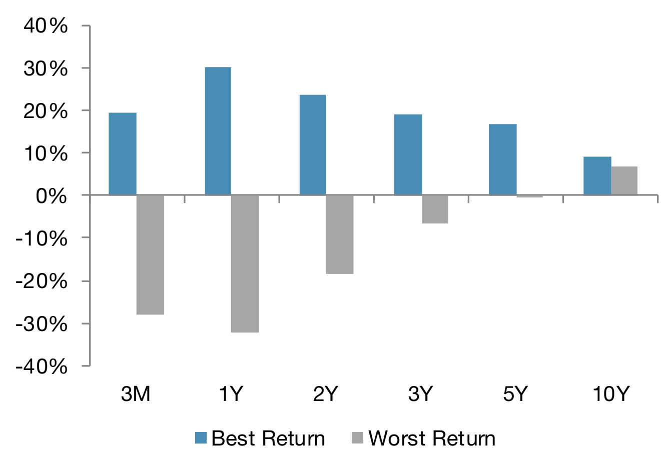
*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[1]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 Morningstar Developed Markets Index, were up 2.8% in Canadian dollar terms in the quarter.
- The U.S. market (S&P 500 Index) was a standout, gaining 7.7%. Markets in Europe were mostly flat, and emerging markets declined modestly (although China fell 8%).

The fund was down 0.4% in the quarter. Since inception (Feb 2007), it has a cumulative return of 46%, which equates to an annualized return of 3.3%.

Portfolio Specifics

- We made the difficult decision to change the manager of the fund in mid August. Velanne Asset Management has taken over portfolio adviser responsibilities, replacing Edinburgh Partners. Velanne is led by Anne Gudefin, who has built an excellent track record managing global equity portfolios since 2003.
- Following the manager change, most of the holdings were replaced with new investments. The transition is now complete. The fund holds 54 stocks, of which 24 are based in the U.S., 21 in Europe, eight in Asia, and one in Canada.
- Notably, the fund now has more exposure to American companies. In the U.S., technology companies have garnered much attention. Velanne, however, is finding opportunities in areas that remain under the radar — in particular, media companies (21st CENTURY FOX, DISCOVERY, DISNEY), asset managers (BRIGHTSPHERE, LEGG MASON, ARTISAN PARTNERS) and healthcare stocks (ZIMMER, MERCK, PFIZER).
- Velanne is also seeing compelling value in select mid- and small-sized companies, including Japanese paint manufacturer CHUGOKU MARINE PAINTS, U.S. communication infrastructure provider COMMSCOPE, and France-based cleaning services provider ELIS.
- The salmon industry presents a unique area of opportunity in the manager's view, and the fund holds four salmon producers — MARINE HARVEST (see write-up on page 16), GRIEG SEAFOOD, NORWAY ROYAL SALMON and BAKKAFROST. Salmon production requires a very specific geography and water temperature, meaning only a few places in the world are suitable for farming. While supply is limited, demand continues to increase, making the fundamentals for the industry attractive.
- Velanne's focus on corporate governance limits investments in emerging markets where shareholder rights aren't as strong (current holdings include three companies in South Korea). The manager prefers to get exposure to these faster-growing economies through companies based in the developed world that generate a good portion of their revenues in countries such as China, Russia and India.
- The fund currently has a cash position of 3%.

Notable Transactions

Buy

Discovery, Inc.*
Marine Harvest*
Zimmer Biomet Holdings*
Shire*
Konecranes*

*New holding

Trim/Sell

Roche[1]
Tesco[1]
Panasonic[1]
Verizon Communications[1]
ING Groep[1]

[1]Position eliminated

Positioning

- The manager focuses on quality companies that produce large amounts of cash flow but are facing temporary headwinds and are trading below their true value.
- Velanne assigns a high value to good corporate governance and transparency, which keeps them away from large banks, auto manufacturers and many emerging markets.

Fund size	$94,679,876
No. of stocks	54

Global Equity Fund

Attributes

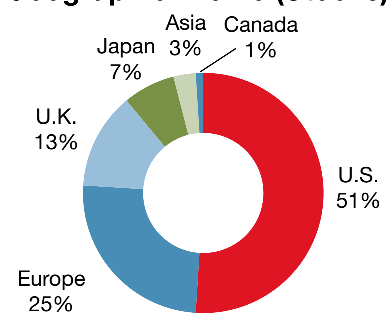
Top Stock Holdings

Zimmer Biomet	3.5%
Discovery, Inc.	3.4%
21st Century Fox	3.3%
Frank's International	3.2%
Alleghany	3.2%
Shire	2.9%
Marine Harvest	2.9%
Medtronic	2.8%
Konecranes	2.6%
Chugoku Marine Paints	2.6%

Sector Allocation (Stocks)

Healthcare	25.4%
Financial Services	15.1%
Oil & Gas	13.4%
Consumer Products	13.1%
Comm. & Media	8.1%
Industrial Goods & Svc	7.8%
Consumer Cyclical	5.0%
Technology	4.3%
Retailing	3.9%
Real Estate	2.2%
Utilities & Pipelines	1.7%

Geographic Profile (Stocks)



Performance

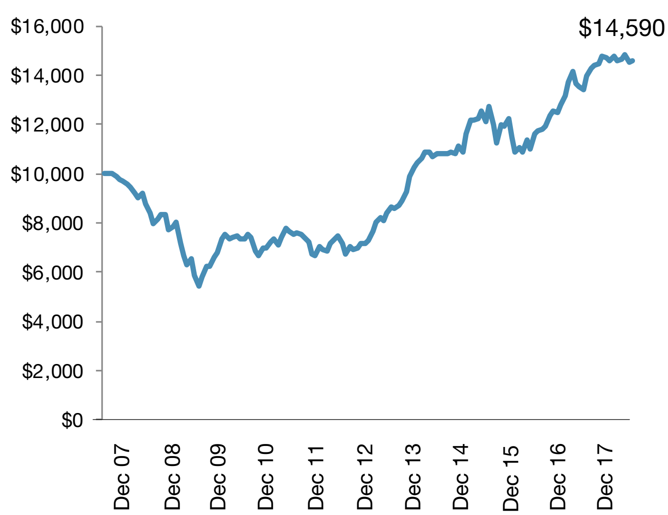
Compound Annualized Returns (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Global Equity Fund (after-fee)	**-0.4%**	**0.9%**	**4.7%**	**11.0%**	**9.1%**	**9.5%**	**7.4%**	**3.3%**
Morningstar Developed Markets Index*	2.8%	8.5%	14.7%	13.7%	12.2%	14.5%	11.1%	6.6%

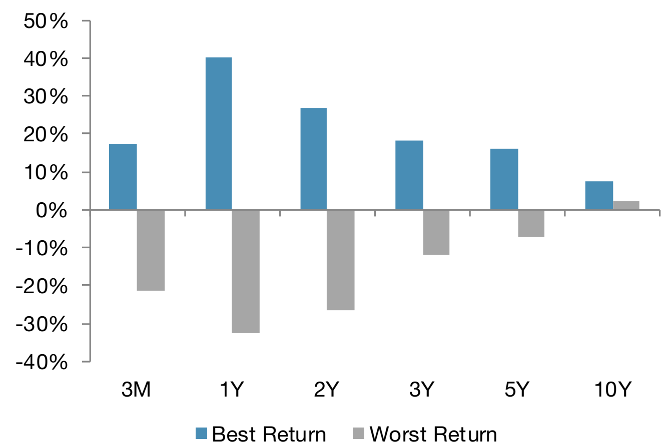
*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[1]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) declined 2.8% in the quarter. Weakness in resource stocks accounted for much of the decline.
- U.S. small-caps gained 1.8% (Russell 2000 Index) in Canadian dollar terms.

Portfolio Specifics

- The fund consists of 25 companies, ranging from very small (e.g. BRICK BREWING) to medium-sized businesses (e.g. STERICYCLE). While the majority of holdings are Canadian, there are four U.S. stocks which make up 18% of the portfolio.
- Performance has been solid so far in 2018, especially in relation to the index. Top contributors include PARKLAND FUEL, POINTS INTERNATIONAL, CARGOJET, ECHO GLOBAL LOGISTICS and MEG ENERGY (Echo Global and MEG were sold in the spring). There hasn't been a particular theme that has driven performance; rather, a number of companies in a broad range of sectors have performed well, including transportation, consumer products, real estate, industrial goods and energy stocks.
- Two stocks have had a particularly tough year, DHX MEDIA and MAXAR TECHNOLOGIES. DHX's management team has disappointed shareholders by taking on too much debt and failing to effectively manage its portfolio of children's content. The stock was sold in the quarter. Maxar, a satellite manufacturer, has come under pressure because of debt concerns and delays in some key contracts. The company has industry-leading technology and valuable assets, however, making it an attractive — and undervalued — holding. Additional shares were purchased.
- One new stock was added to the portfolio in the quarter, PREMIUM BRANDS HOLDINGS. The company owns a broad range of specialty food manufacturing and distribution businesses. Some of its more well known brands include Grimm's, Fletcher's, Freybe, Oberto and Bread Garden Express. The manager, Galibier Capital, knows the company well and has a high level of respect for its CEO, George Paleologou. George has a proven track record of allocating capital and making smart acquisitions. The stock pulled back in the quarter, presenting a good buying opportunity in Galibier's view.
- The fund currently has a cash position of 1%.
- The fund has gained 34.5% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The index is up 1.3% over the same period.

Positioning

- The portfolio has a unique composition, with key areas of investment being capital goods, transportation, food & beverages, and consumer services. This is in contrast to the market and its focus on resource companies.
- The fund has produced stellar results over the past several quarters but investors should be reminded that it will likely struggle to keep up in resource driven markets.

The fund was up 1.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 137%, which equates to an annualized return of 7.7%.

Notable Transactions

Buy

Premium Brands Holdings*
Maxar Technologies
Alcanna
WABCO Holdings

*New holding

Trim/Sell

DHX Media[1]
Dream Global REIT
Cargojet
Intertape Polymer Group

[1]Position eliminated

Fund size	$67,988,475
No. of stocks	25

Small-Cap Equity Fund

Attributes

Top Stock Holdings

Alcanna	5.7%
The Middleby Corp.	4.8%
Cargojet	4.8%
Ag Growth	4.7%
WABCO Holdings	4.7%
Winpak	4.7%
Stantec	4.6%
Parkland Fuel	4.6%
NFI Group	4.5%
Park Lawn	4.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	53.0%
Consumer Cyclical	15.8%
Consumer Products	8.4%
Oil & Gas	6.9%
Retailing	5.8%
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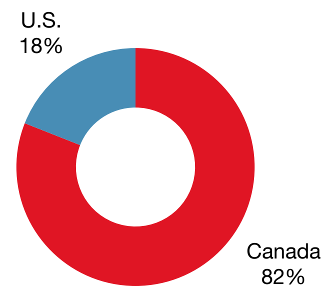
Geographic Profile (Stocks)



Performance

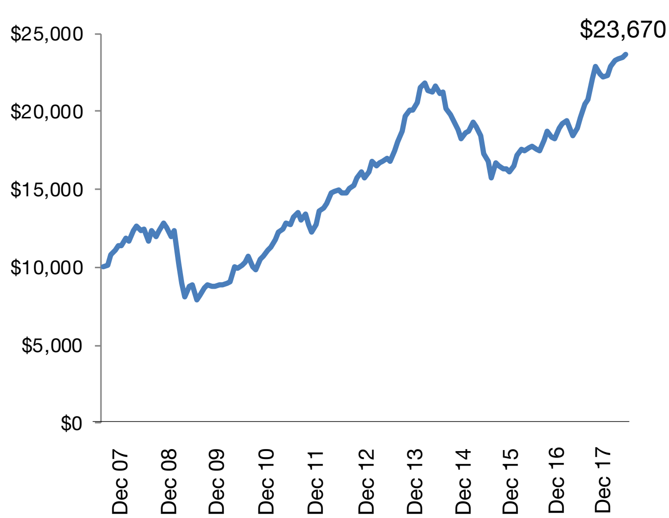
Compound Annualized Returns (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Small-Cap Equity Fund (after-fee)*	**1.8%**	**7.0%**	**20.5%**	**16.0%**	**14.6%**	**4.8%**	**8.7%**	**7.7%**
S&P/TSX SmallCap Index	-2.8%	-4.4%	0.1%	0.6%	11.2%	4.2%	5.0%	1.5%
Russell 2000 Index ($Cdn)	1.8%	15.1%	19.5%	17.2%	15.8%	16.3%	13.4%	9.0%

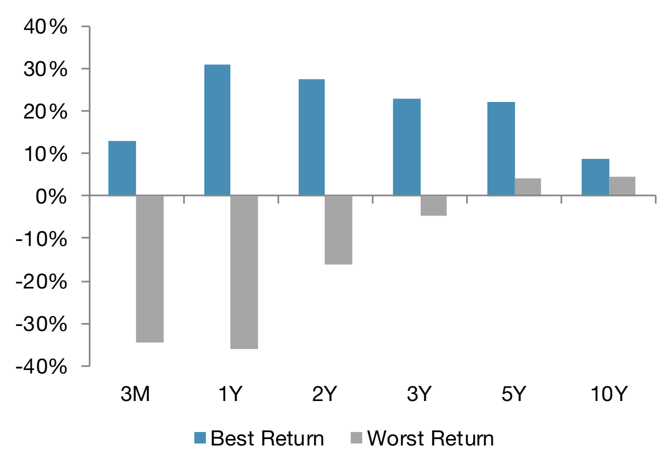
*The fund has gained 34.5% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The Canadian index is up 1.3% over the same period.

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Savings Fund

Market Context

- The Bank of Canada (BoC) raised its key lending rate in July by 0.25%. The rate now stands at 1.50%.
- Economic growth around the world continued at a steady pace, led by the U.S. Growth in Canada slowed a little, but the economy continues to operate close to capacity and inflation edged up, which helped facilitate the rate hike.
- Overall, the BoC feels that higher interest rates will be warranted to keep inflation near its target, but investors should expect a gradual approach to rate adjustments.

Positioning

- The manager's (Connor, Clark & Lunn) preference for corporate paper continued to add value for the portfolio in the third quarter. Bank paper, floating rate notes and short-dated bonds comprise 70% of the fund.
- Investments in T-Bills remain focused on provincial securities (30% of the fund).
- The pre-fee yield of the fund at the end of September was 1.8%.

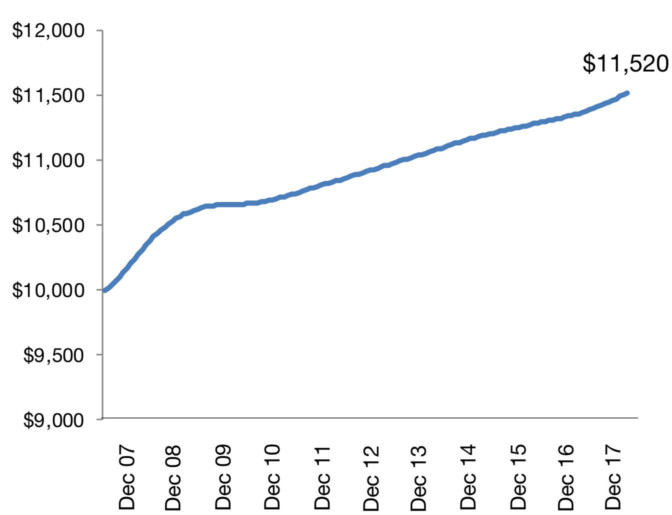
Performance

Compound Annualized Returns (as of September 30, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Savings Fund (after-fee)	**0.4%**	**1.1%**	**1.3%**	**1.0%**	**0.9%**	**0.9%**	**0.9%**	**1.2%**
FTSE TMX Canada 91 Day T-Bill Index	0.3%	0.9%	1.2%	0.8%	0.7%	0.8%	0.8%	1.3%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Stock Snapshot

Overview

Headquartered in Bergen, Norway, Marine Harvest is one of the largest seafood companies in the world. Its primary business is farming and distributing salmon. In 2017, the company harvested 370,000 tonnes, making it the world's largest supplier of farmed Atlantic salmon, with a 20% market share.

Marine Harvest employs over 13,000 people and has operations in Norway, Scotland, Canada, Chile, Ireland and the Faroe Islands.

Along with farming seafood, the company produces the feed, processes the fish, and controls distribution. Its sales arm also distributes seafood produced by other manufacturers.

The stock is held in our Global Equity Fund and has a weight of 2.9%.

Investment Case

Salmon production requires a very specific geography and water temperature making only a few places in the world suitable for farming. This limits the ability to increase salmon supply to meet the growing global demand.

Further, salmon has many health benefits — it's rich in omega-3 fatty acids and is high in B vitamins — which attracts increasingly health-conscious consumers. Demand in emerging markets has also picked up because salmon is an affordable source of protein. It's estimated that global seafood consumption per capita will reach 48 pounds by 2026, a 50% increase from 1980 levels.

Marine Harvest is one of the few integrated producers, which allows the company to manage the quality of its product and helps it control costs, especially on feed which is a significant expense in salmon farming.

The integrated production process also makes it an attractive partner for smaller farming operations that are considering selling as they face cost pressures. Importantly, Marine Harvest has the resources to make acquisitions and benefit from scale.

Recent missteps by the company, viewed as temporary by our Global Equity manager, have made this an attractively priced stock with an appealing dividend yield (5.8%).

Risks to Outlook

The primary risks Marine Harvest faces are disease and lice, which pose risks to all seafood farming operations. Controlling the salmon feed supply helps the company manage quality, and spacing out the farms helps limit the spread of disease and lice.

An interesting fact: Salmon farming's carbon footprint is 90% lower than cattle and 50% lower than pork, making aquaculture a valuable and sustainable way to achieve food security.

Marine Harvest ASA: Price History

Source: Reuters

Velanne Asset Management

Velanne Asset Management Limited is the new portfolio adviser for the Steadyhand Global Equity Fund.

About

Velanne is a boutique money manager based in London, England. The firm, named after Mont Vélan in the western Alps, was founded by Anne Gudefin in 2017 and is controlled by its working partners. It leans on its minority shareholder, Silchester Partners Ltd., for administrative and operational support (a model which has proven highly successful).

Anne Gudefin

Anne is Velanne's Chief Investment Officer and CEO. Prior to founding Velanne, she built an impressive track record managing global equities at Franklin Mutual Series and PIMCO, where she was the first active equity portfolio manager recruited. Anne holds an MBA from Columbia University and is a CFA charterholder. She has over 25 years of investment management experience.

Philosophy & Approach

Velanne uses a contrarian, research-intensive approach to identify quality businesses where there's a key to unlocking value, such as a new CEO or management change, restructuring program, divestment of non-performing businesses, merger, or change of ownership. These are the types of businesses that can be purchased at bargain-level prices.

> "I'm a contrarian investor. I like to buy something when others don't want it."

This approach seeks to take advantage of opportunities arising from investors' short-term thinking and emotionally-driven decisions.

Investment Criteria

To be considered for inclusion in the fund, Anne and her team look for companies that possess the following attributes:

1. A clear competitive advantage with significant barriers to entry and pricing power.
2. An experienced and proven management team.
3. An identifiable key to unlocking value.
4. An attractive valuation.

Portfolio Composition

The firm diversifies its investments across industries and countries, with position sizes up to 5%. The portfolio looks nothing like the index and holds around 50 stocks, although the number varies based on prevailing opportunities. Companies of all sizes are held and portfolio turnover typically varies between 15-25% per year.

Risk Management

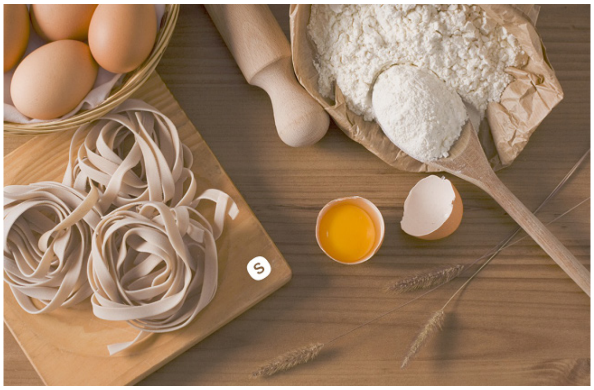
Velanne reviews each investment case on an ongoing basis, objectively assessing both its upside potential and downside risk. A position is increased if further upside materializes or the market creates a buying opportunity. Positions are trimmed when a stock's price approaches full value, and investments are sold entirely when a stock's true value is reached, the investment thesis is broken, or downside risk increases materially.

Core Strengths

Velanne has four key strengths that underlie what we look for in an investment firm.

- Focus: it runs a single strategy (global equities) so there is no dilution of efforts.
- Independence: It's controlled by its working partners.
- Disciplined: Its investment process is rigorous and proven.
- Passion: The team is a tight crew of seasoned investors who are passionate about investing.

Steadyhand



Eating our own cooking

One of our key business principles is co-investment — the practice of investing alongside our clients.

We've updated our numbers and can report that on average, our team has **88%** of our financial assets invested in our funds. Now that's home cooking!

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steadyhand.com

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