

Opening Statement of Financial Position of

**STEADYHAND GLOBAL SMALL-CAP EQUITY FUND  
STEADYHAND BUILDERS FUND**

January 23, 2019



KPMG LLP  
PO Box 10426 777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of:  
Steadyhand Global Small-Cap Equity Fund  
Steadyhand Builders Fund  
(collectively, the "Funds")

### ***Opinion***

We have audited the financial statements of the Funds, which comprise:

- the opening statement of financial position as at January 23, 2019
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at January 23, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada  
February 13, 2019

# STEADYHAND GLOBAL SMALL-CAP EQUITY FUND

Opening Statement of Financial Position

January 23, 2019

---

Cash	\$ 150,000
<hr/>	
Net assets attributable to holders of redeemable units	\$ 150,000
<hr/>	

The accompanying notes are an integral part of these financial statements.

Approved on behalf of Steadyhand Investment  
Management Ltd., in its capacity as Manager:

**“Tom Bradley”**  
\_\_\_\_\_  
Director

**“Neil Jensen”**  
\_\_\_\_\_  
Director

# STEADYHAND BUILDERS FUND

Opening Statement of Financial Position

January 23, 2019

---

Cash	\$ 150,000
<hr/>	
Net assets attributable to holders of redeemable units	\$ 150,000
<hr/>	

The accompanying notes are an integral part of these financial statements.

Approved on behalf of Steadyhand Investment  
Management Ltd., in its capacity as Manager:

**“Tom Bradley”**  
\_\_\_\_\_  
Director

**“Neil Jensen”**  
\_\_\_\_\_  
Director

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

1. Reporting entities: .....	4
2. Basis of preparation: .....	4
3. Significant accounting policies: .....	5
4. Capital management:.....	8

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

## 1. Reporting entities:

Name of the Fund	Date of inception
Steadyhand Global Small-Cap Equity Fund	January 23, 2019
Steadyhand Builders Fund	January 23, 2019

---

Each of the Steadyhand Investment Funds (the "Funds") is an open-end unit trust created under the laws of the Province of British Columbia pursuant to a Declaration of Trust dated January 2, 2007, as amended, by RBC Investor Services Trust (the "Trustee"), who acts as Trustee and Steadyhand Investment Management Ltd. (the "Manager"), who acts as Manager of the Funds. The Manager is registered as an investment fund manager with the British Columbia Securities Commission. The administration of the Funds is delegated to RBC Investor Services (the "Administrator").

The Funds are unit trusts domiciled in Canada. The address of the Funds' registered office is at 1747 West 3<sup>rd</sup> Avenue, Vancouver B.C., V6J 1K7.

## 2. Basis of preparation:

### (a) Statement of compliance:

The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS"). The financial statements were authorized for issue by the Manager on February 13, 2019.

### (b) Basis of measurement:

The financial statements have been prepared on a historical cost basis.

### (c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which are the Funds' functional currency.

### (d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

### 3. Significant accounting policies:

#### (a) Financial instruments:

##### (i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in *the statement of financial position* only when the Funds have a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Funds may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so results in more relevant information.

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

### 3. Significant accounting policies (continued):

#### (a) Financial instruments (continued):

##### (i) Recognition and measurement (continued):

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds changes their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

As at the date of the opening statement of financial position, the Funds have not classified any financial instruments as FVOCI.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities, The Funds may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

As at the date of the opening statement of financial position, the Funds have not classified any financial instruments as amortized cost. However, it is expected that in future periods, all financial liabilities will be classified as amortized cost.

##### (ii) Fair value through profit and loss:

Financial instruments classified as FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur. The Fund's derivative financial assets and derivative financial liabilities and investments in securities and investments sold short are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

### 3. Significant accounting policies (continued):

#### (a) Financial instruments (continued):

##### (ii) Fair value through profit and loss (continued):

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

##### (iii) Amortized Cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds classify cash and cash equivalents, dividends receivable, interest receivable, subscriptions receivable, balances due from brokers, daily variation margins, other receivables, bank indebtedness, management fees payable, performance fees payable, redemptions payable, balances due to brokers and other accrued liabilities as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

#### (b) Redeemable units:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The redeemable units, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

#### (c) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the year.

# STEADYHAND INVESTMENT FUNDS

Notes to Opening Statement of Financial Position

January 23, 2019

---

### 3. Significant accounting policies (continued):

#### (d) Foreign exchange:

The financial statements of the Funds are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

#### (e) Income recognition:

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments. Income and capital gains distributions from pooled funds are recorded at the distribution date and maintain the same classification. Capital gains distributions received are considered and capital gains earned by the Funds. Income distributions received are treated consistently with dividends and interest and recorded in the Statement of Comprehensive Income.

#### (f) Income taxes:

The Funds are expected to qualify as unit trusts under the Income Tax Act (Canada). All of the Funds' net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes.

### 4. Capital management:

The redeemable units to be issued by the Funds represents the capital of the Funds. The Funds are not subject to any internally or externally imposed restrictions on its capital. The Funds' objective in managing the redeemable units is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

The Funds are authorized to issue an unlimited number of redeemable units in an unlimited number of distinct series. The Steadyhand Global Small-Cap Equity Fund currently offer two series of units, Series A and Series O. The Steadyhand Builders Fund offers only Series A redeemable units.

Series A redeemable units are available to all investors who invest the minimum amount as specified by the Manager. Series O redeemable units are only available to large private or institutional investors.

As at January 23, 2019, the Steadyhand Global Small-Cap Equity Fund has outstanding redeemable units of 15,000 for Series A and nil for Series O.

As at January 23, 2019, the Steadyhand Builders Fund has outstanding redeemable units of 15,000 for Series A.