

Steadyhand Independent Review Committee 2018 Annual Report

January 29, 2019

Dear Investor,

The members of the Independent Review Committee (IRC) for the investment funds¹ managed by Steadyhand Investment Management Ltd. (“Steadyhand”) (Manager of the Funds) are pleased to submit their Annual Report to investors. The report provides a description of the IRC and its activities for the year starting January 1, 2018 and ending December 31, 2018, pursuant to securities regulations.

The IRC became operational in 2007 in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (NI 81-107) with the mandate to consider and respond to the existence of, or the potential appearance of, a conflict of interest matter identified and referred by the Manager.

The report is available at www.Steadyhand.com or by contacting Steadyhand via:

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The members of the IRC are appreciative of the open and cooperative working relationship with the Manager and its team members and for their strong dedication to serving the interests of Steadyhand investors. We look forward to continuing the highest level of cooperation to ensure that the best interest of the Funds and investors are served in case of a conflict of interest.

“Sylvia Gelissen”

Chair, Steadyhand Independent Review Committee

¹ A list of the Steadyhand funds is located 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 is to consist of a minimum of three people who are independent of the Manager and the Funds. Its mandate is to consider and respond to the existence of, or the potential appearance of, a conflict of interest matter identified and referred to the committee by the Manager of the Funds.

A conflict of interest matter is a situation in which 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 interest of the Fund and its shareholders. The Manager is required to identify any conflict of interest matters that arise and request input from the IRC on how to manage those situations.

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, after consideration, the IRC finds the proposed action acceptable, approval is given. If the proposal is not considered acceptable, the IRC makes a recommendation to the Manager, outlining its concerns and providing an alternative course of action. Ultimately, the Manager makes the final decision on how to proceed.

The Steadyhand IRC

The responsibilities of the Steadyhand IRC are those mandated by NI 81-107 and its Charter. The IRC meets on a regular basis with representatives of Steadyhand at the request of either the Manager or the IRC Chair. In addition to the regular meetings with the Manager, the IRC holds an annual in-camera session to assess the IRC's charter and policies, performance and compensation as well as independence and effectiveness. During the session, the IRC furthermore reviews the Manager's policies and procedures, compliance and standing instructions with respect to conflict of interest matters.

The Steadyhand IRC members are as follows:

Name	Date of Appointment
Sylvia Gelissen (Chair)	January 1, 2015
Kathy Leavens ²	January 1, 2016
Lothar Fabian	January 1, 2017

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 other duties or relationships that compromise the IRC's independence. The IRC ensures its members' independence at the start of every meeting and annually during the in-camera session.

Collectively, the committee members possess the educational and professional experience and skills to address all known and anticipated conflict of interest matters that come before the IRC adequately.

² Kathy Leavens also serves as a member of the Independent Governance Committee for ACM Advisors Ltd.

Expenses, Compensation and Indemnities

It is stipulated in the securities regulations that the Fund, not the Manager, pays all expenses incurred by an IRC. While this protects the independence of the Committee, it creates an expense to the Funds, which ultimately is borne by the unitholders.

All Steadyhand IRC expenses are allocated to the individual Funds. The Manager subsequently reimburses each Fund 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 2018 was \$24,615.85; 24,500 was paid in compensation to the IRC members and \$115.85 was spent on meeting costs.

The initial compensation of the IRC was set by the Manager. At least annually, the IRC reviews its compensation in a manner consistent with good governance practices, considering the following factors:

- (a) The best interest of the Funds;
- (b) The number, nature and complexity of the Funds;
- (c) The nature and extent of the workload of each member, including the commitment of time and energy expected from each member in providing guidance to the Funds;
- (d) Industry best practices, including industry averages and surveys on IRC compensation; and
- (e) The IRC's most recent annual self-assessment, as well as any recommendations about IRC compensation and expenses made by the Manager.

Compensation for the current period was set by the IRC members, with input from the Manager and consultation of the 2017 Independent Review Committees Members' Compensation Survey.

Each member of the IRC is indemnified through a letter agreement with Steadyhand Funds. To date, no claims have been 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 refer the Conflict of Interest Matter or its proposed action repeatedly to the IRC, provided that the Manager complies with the terms and conditions of the SI.

The Steadyhand IRC has approved Standing Instructions for the following matters:

1. Expenses charged to the Funds;
2. Expense allocations;
3. Trade allocations;
4. Employee personal trading and accepting gifts;
5. Soft dollar arrangements;
6. Best execution;
7. Net asset value and other error corrections;
8. Voting proxies;
9. Short-term trading and market timing;
10. Appointments and changes in sub-advisors;

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

During its annual self-assessment meeting held on 28 November 2017, the IRC recommended several minor changes to SI 3, 5, 6, 7, 8 and 10. The changes were accepted and implemented in 2018.

Conflict of Interest Matters and Conclusions

The IRC's central mandate is to consider and respond to conflicts of interests identified and referred by the Manager.

The Manager informed the IRC on August 20, 2018, that they selected Silchester-Velanne Asset Management to take on portfolio adviser responsibilities for the Steadyhand Global Equity Fund, replacing Edinburgh Partners Ltd. After review, the IRC approved the change, as the Manager's recommended actions were consistent with the interests of the Fund.

Having completed its independent annual review for 2018, the Steadyhand IRC concludes that:

- The Steadyhand IRC is not aware of any instance in which 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 substantial changes were required to the charter or policies of the Steadyhand IRC;
- 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;
- The Steadyhand IRC functioned effectively, operating efficiently as mandated by NI 81-107 on behalf of the Funds.

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