

Financial Statements of

STEADYHAND INVESTMENT FUNDS

Years ended December 31, 2018 and 2017



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of:
Steadyhand Savings Fund;
Steadyhand Income Fund;
Steadyhand Founders Fund;
Steadyhand Equity Fund;
Steadyhand Global Equity Fund; and
Steadyhand Small-Cap Equity Fund
(collectively, the "Funds")

Opinion

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

- the statements of financial position as at December 31, 2018 and December 31, 2017
- the statements of comprehensive income for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- 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 December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits 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 ethical 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.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Annual Management Report on Fund Performance for each of the Funds filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Report on Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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 audits 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 SAVINGS FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ -	\$ 39,911
Subscriptions receivable		914,111	120,500
Interest and dividends receivable		181,548	169,185
Investments		65,730,622	94,236,213
		<u>66,826,281</u>	<u>94,565,809</u>
Liabilities			
Bank indebtedness		316,746	-
Redemptions payable		2,064,817	33,715
Management fees payable	4	5,801	4,821
Distribution payable		6,564	2,659
		<u>2,393,928</u>	<u>41,195</u>
Net assets attributable to holders of redeemable units		<u>\$ 64,432,353</u>	<u>\$ 94,524,614</u>
Represented by:			
Series A		\$ 37,050,100	\$ 30,120,056
Series O		27,382,253	64,404,558
		<u>\$ 64,432,353</u>	<u>\$ 94,524,614</u>
Number of units outstanding:			
Series A	5	3,705,019	3,012,013
Series O		2,738,234	6,440,467
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 10.00	\$ 10.00
Series O		10.00	10.00

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 SAVINGS FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 1,462,268	\$ 776,728
Total revenue		1,462,268	776,728
Expenses:			
Management fees	4	60,534	45,180
Independent review committee fees		4,103	4,109
Total operating expenses		64,637	49,289
Management fee reductions		(19,647)	(13,846)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(23,750)	(17,955)
Net operating expenses		40,887	31,334
Increase in net assets attributable to holders of redeemable units from operations excluding distributions		1,421,381	745,394
Distributions to holders of redeemable units:			
From net investment income		(1,401,734)	(731,548)
Management fee reductions		(19,647)	(13,846)
		(1,421,381)	(745,394)
Increase in net assets attributable to holders of redeemable units		\$ -	\$ -
Increase in net assets attributable to holders of redeemable units:			
Series A		\$ -	\$ -
Series O		-	-
		\$ -	\$ -
Increase in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ 483,560	\$ 201,122
Series O		937,821	544,272
		\$ 1,421,381	\$ 745,394
Increase in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ 0.16	\$ 0.13
Series O		0.17	0.18

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

STEADYHAND SAVINGS FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 30,120,056	\$ 19,188,827
Increase in net assets attributable to holders of redeemable units		-	-
Redeemable unit transactions:			
Issue of redeemable units		34,317,243	31,482,088
Reinvestments of distributions		461,177	188,071
Redemption of redeemable units		(27,848,376)	(20,738,930)
Net increase from redeemable unit transactions		6,930,044	10,931,229
Balance, end of year		\$ 37,050,100	\$ 30,120,056

Series O	Note	2018	2017
Balance, beginning of year		\$ 64,404,558	\$ 46,980,413
Increase in net assets attributable to holders of redeemable units		-	-
Redeemable unit transactions:			
Issue of redeemable units		19,549,480	17,180,000
Reinvestment of distributions		937,776	544,145
Redemption of redeemable units		(57,509,561)	(300,000)
Net increase (decrease) from redeemable unit transactions		(37,022,305)	17,424,145
Balance, end of year		\$ 27,382,253	\$ 64,404,558

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

STEADYHAND SAVINGS FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 440,210,687	\$ 360,249,716
Purchases of investments		(411,705,096)	(388,777,779)
Interest and dividends received		1,449,905	776,778
Management fees paid		(39,907)	(29,651)
		29,915,589	(27,780,936)
Financing activities:			
Proceeds from issue of redeemable units		53,073,112	48,792,273
Payments on redemption of redeemable units		(83,326,835)	(21,010,215)
Cash distributions paid to holders of redeemable units		(18,523)	(11,404)
		(30,272,246)	27,770,654
Decrease in cash		(356,657)	(10,282)
Cash, beginning of year		39,911	50,193
Cash (bank indebtedness), end of year		\$ (316,746)	\$ 39,911

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

STEADYHAND SAVINGS FUND

Schedule of Investment Portfolio

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Short-Term Investments - Treasury Bills:						
Province of Manitoba	1.888%	03/13/2019	\$ 4,400,000	\$ 4,379,471	\$ 4,379,471	
Province of New Brunswick	1.889%	01/17/2019	6,450,000	6,423,019	6,423,019	
Province of Newfoundland	1.850%	01/10/2019	3,500,000	3,485,160	3,485,160	
Province of Newfoundland and Labrador	1.920%	03/07/2019	1,800,000	1,792,080	1,792,080	
Total short-term investments – Treasury Bills				16,079,730	16,079,730	25.0
Short-Term Investments - Bankers' Acceptance:						
Bank of Nova Scotia BA	2.157%	02/12/2019	2,000,000	1,990,847	1,990,847	
Bank of Nova Scotia BA	2.228%	03/22/2019	1,350,000	1,342,248	1,342,248	
Canadian Imperial Bank of Commerce BA	2.122%	02/01/2019	1,350,000	1,343,670	1,343,670	
Canadian Imperial Bank of Commerce BA	2.089%	02/05/2019	2,650,000	2,637,327	2,637,327	
Royal Bank of Canada BA	1.918%	01/02/2019	400,000	398,096	398,096	
Royal Bank of Canada BA	2.194%	01/25/2019	2,700,000	2,690,691	2,690,691	
Total short-term investments - Bankers' Acceptance				10,402,879	10,402,879	16.1
Short-Term Investments - Discount Commercial Paper:						
Altalink LP CP	2.168%	01/29/2019	1,400,000	1,394,946	1,394,946	
Enbridge Pipelines Inc. CP	2.148%	01/04/2019	1,900,000	1,895,649	1,895,649	
Greater Toronto Airport Authority CP	2.198%	03/13/2019	2,300,000	2,287,189	2,287,189	
Honda Canada Finance Inc. CP	2.221%	04/02/2019	3,000,000	2,980,050	2,980,050	
Hydro One Inc. CP	2.250%	02/26/2019	3,150,000	3,134,156	3,134,156	
Inter Pipeline (Corridor) Inc. CP	2.160%	01/18/2019	1,050,000	1,044,561	1,044,561	
Inter Pipeline (Corridor) Inc. CP	2.271%	03/06/2019	1,300,000	1,293,162	1,293,162	
Suncor Energy Inc. CP	2.289%	01/21/2019	2,000,000	1,996,120	1,996,120	
TransCanada Pipelines Limited CP	2.194%	01/10/2019	1,800,000	1,795,752	1,795,752	
Total short-term investments - Discount Commercial Paper				17,821,585	17,821,585	27.7
Short-Term Investments - Bearer Deposit Notes:						
Manulife Bank of Canada BDN	2.079%	03/01/2019	3,150,000	3,119,675	3,119,675	
Toronto-Dominion Bank of Canada BDN	2.001%	01/29/2019	3,000,000	2,970,690	2,970,690	
Total short-term investments - Bearer Deposit Notes				6,090,365	6,090,365	9.4
Short-Term Investments – Promissory Notes:						
Province of Saskatchewan PN	1.862%	01/22/2019	1,100,000	1,094,728	1,094,728	
Province of Saskatchewan PN	1.872%	02/05/2019	1,300,000	1,294,895	1,294,895	
Province of Saskatchewan PN	1.909%	02/20/2019	2,750,000	2,739,824	2,739,824	
Total short-term investments – Promissory Notes				5,129,447	5,129,447	8.0
Total short-term investments				55,524,006	55,524,006	86.2
Bonds						
Corporate Bonds:						
Bank of Nova Scotia FRN CP	2.250%	08/27/2019	2,700,000	2,700,000	2,700,000	
BMW Canada Inc. FRN CP	2.310%	02/06/2020	2,500,000	2,500,000	2,500,000	
Canadian Imperial Bank of Commerce CP	2.440%	01/17/2019	1,000,000	1,000,000	1,000,000	
Toronto-Dominion Bank FRN CP	2.251%	07/31/2019	1,000,000	1,000,000	1,000,000	
Toyota Credit Canada FRN CP	2.290%	07/24/2020	1,000,000	1,000,000	1,000,000	
Toyota Credit Canada FRN CP	2.406%	10/13/2020	2,000,000	2,006,616	2,006,616	
Total corporate bonds				10,206,616	10,206,616	15.8
Total Bonds				10,206,616	10,206,616	15.8
Total Investment Portfolio				\$ 65,730,622	65,730,622	102.0
Other Net Assets					(1,298,269)	(2.0)
Total Net Assets					\$ 64,432,353	100.0

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

STEADYHAND SAVINGS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to provide a reasonably stable level of current income, while also preserving capital, through investing in short-term debt instruments.

Capital preservation is key. The Fund invests in a number of short-term debt instruments, including treasury bills, high-grade short-term corporate bonds, banker's acceptances and commercial paper. The manager seeks to add value by employing a combination of relatively conservative strategies to enhance the fund's yield. The Fund is Canada-focused: the portfolio manager invests primarily in money market instruments issued by Canadian governments and corporations.

Financial risks applicable to the Steadyhand Savings Fund are discussed in more detail below.

(a) Credit risk:

The majority of the credit risk to which the Fund is exposed is concentrated in debt securities. Credit risk arising from other financial instruments is not considered significant. At December 31, 2018 and 2017, the Fund was invested in debt securities with the following credit quality:

	December 31		December 31	
	2018	2017	2018	2017
Rating:				
AAA	\$ 18,503,017	\$ 36,772,399	28.7%	39.0%
AA	43,727,605	44,615,325	67.9%	47.3%
A	3,500,000	12,848,489	5.4%	10.4%
Total	\$ 65,730,622	\$ 94,236,213	102.0%	96.7%

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. As at December 31, 2018 and 2017, the Fund has no derivative liabilities.

STEADYHAND SAVINGS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk:

(i) Interest rate risk:

The majority of interest rate risk arises from debt securities held in the Fund's investment portfolio. A summary of the Fund's interest rate exposure analyzed by the earlier of contractual re-pricing or maturity date is as follows.

December 31, 2018	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 26,189,412	\$ 27,354,544	\$ 6,680,050	\$ 5,506,616	\$ -	\$ 65,730,622

December 31, 2017	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 31,414,809	\$ 54,967,970	\$ 6,853,434	\$ 1,000,000	\$ -	\$ 94,236,213

The Manager has determined that a fluctuation in interest rates of 25 basis points is reasonably possible, considering the economic environment in which the Fund operates. As at December 31, 2018, had interest rates increased or decreased by 25 basis points, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$164,327 (December 31, 2017 - increased or decreased by \$235,591). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Currency risk:

The Fund is not exposed to currency risk as its financial assets and liabilities are all denominated in Canadian dollars.

(iii) Other price risk:

There were no significant concentrations of risk to issuers at December 31, 2018 or 2017. The Fund held the following securities which exceeded 5% of the net assets attributable to the holders of redeemable units:

At December 31, 2018:

	Coupon rate	Maturity date	Percentage of net assets
Province of New Brunswick Treasury Bill	1.889%	January 17, 2019	10.0%
Province of Manitoba Treasury Bill	1.888%	March 13, 2019	6.8%
Province of Newfoundland and Labrador Treasury Bill	1.850%	January 10, 2019	5.4%

At December 31, 2017:

	Coupon rate	Maturity date	Percentage of net assets
Province of Manitoba Treasury Bill	1.018%	March 1, 2018	9.3%
Province of Quebec Promissory Note	1.031%	February 2, 2018	6.7%
Toronto-Dominion Bank Bankers Acceptance	1.400%	March 12, 2018	5.4%
Royal Bank of Canada Bankers Acceptance	1.301%	February 21, 2018	5.2%

STEADYHAND SAVINGS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk (continued):

All these securities have maturities under a year and are highly liquid short-term paper.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the Fund. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

As at December 31, 2018 and 2017, the Fund did not have significant exposure to other price risk.

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ 65,730,622	\$ -	\$ 65,730,622

December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ -	\$ 94,236,213	\$ -	\$ 94,236,213

There were no transfers between Levels 1, 2 and 3 during the period ended December 31, 2018 and 2017.

STEADYHAND INCOME FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 894,006	\$ -
Balances due from brokers		2,108,820	1,242,118
Subscriptions receivable		333,599	1,075,448
Interest and dividends receivable		1,063,866	1,069,506
Derivative assets:			
Futures		82,394	224,407
Investments		242,577,276	243,525,143
		<hr/>	<hr/>
		247,059,961	247,136,622
Liabilities			
Bank indebtedness		-	89,649
Balances due to brokers		271,968	1,124,792
Redemptions payable		3,046,028	27,055
Management fees payable	4	72,005	76,383
Derivative liabilities:			
Forwards		38,465	-
		<hr/>	<hr/>
		3,428,466	1,317,879
Net assets attributable to holders of redeemable units			
		<hr/>	<hr/>
		\$ 243,631,495	\$ 245,818,743
Represented by:			
Series A		\$ 81,126,192	\$ 91,949,476
Series O		162,505,303	153,869,267
		<hr/>	<hr/>
		\$ 243,631,495	\$ 245,818,743
Number of units outstanding:			
	5		
Series A		7,771,250	8,457,035
Series O		14,633,038	13,444,221
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 10.44	\$ 10.87
Series O		11.11	11.45

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 INCOME FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 5,385,373	\$ 4,383,625
Dividend income		1,787,071	1,528,382
Distributions received from underlying fund		233,758	222,392
Other income		94,536	106,288
Foreign exchange gain		97,633	1,290
Changes in fair value of investments and derivatives:			
Net realized loss		(1,499,376)	(432,372)
Net change in unrealized appreciation (depreciation) - investments		(6,718,388)	2,722,424
Total revenue		(619,393)	8,532,029
Expenses:			
Management fees	4	911,313	996,054
Transaction costs	7	46,756	47,589
Independent review committee fees		4,103	4,109
Total operating expenses		962,172	1,047,752
Management fee reductions		(262,733)	(271,032)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(266,836)	(275,141)
Net operating expenses		695,336	772,611
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions			
		(1,314,729)	7,759,418
Distributions to holders of redeemable units:			
From net investment income		(6,801,255)	(5,307,611)
Management fee reductions		(262,733)	(271,032)
		(7,063,988)	(5,578,643)
Increase (decrease) in net assets attributable to holders of redeemable units			
		\$ (8,378,717)	\$ 2,180,775
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ (3,386,437)	\$ 590,611
Series O		(4,992,280)	1,590,164
		\$ (8,378,717)	\$ 2,180,775
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ (904,892)	\$ 2,972,540
Series O		(409,837)	4,786,878
		\$ (1,314,729)	\$ 7,759,418
Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ (0.11)	\$ 0.34
Series O		(0.03)	0.46

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

STEADYHAND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 91,949,476	\$ 94,927,092
Increase (decrease) in net assets attributable to holders of redeemable units		(3,386,437)	590,611
Redeemable unit transactions:			
Issue of redeemable units		8,315,980	11,605,278
Reinvestments of distributions		2,334,726	2,221,182
Redemption of redeemable units		(18,087,553)	(17,394,687)
Net decrease from redeemable unit transactions		(7,436,847)	(3,568,227)
Balance, end of year		\$ 81,126,192	\$ 91,949,476

Series O	Note	2018	2017
Balance, beginning of year		\$ 153,869,267	\$ 92,407,387
Increase (decrease) in net assets attributable to holders of redeemable units		(4,992,280)	1,590,164
Redeemable unit transactions:			
Issue of redeemable units		16,045,873	56,675,000
Reinvestment of distributions		4,582,443	3,196,716
Redemption of redeemable units		(7,000,000)	-
Net increase from redeemable unit transactions		13,628,316	59,871,716
Balance, end of year		\$ 162,505,303	\$ 153,869,267

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

STEADYHAND INCOME FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 651,611,672	\$ 658,420,862
Purchase of investments		(659,053,566)	(713,912,557)
Realized gain on futures		347,413	253,461
Realized loss on forwards		(71,228)	-
Interest and dividends received		7,506,378	6,049,496
Balances due from broker		(866,702)	(1,242,118)
Balances due to broker		(852,824)	1,124,792
Management fees paid		(644,202)	(720,787)
		(2,023,059)	(50,026,851)
Financing activities:			
Proceeds from issue of redeemable units		25,103,702	67,257,968
Payments on redemption of redeemable units		(22,068,580)	(17,479,842)
Cash distributions paid to holders of redeemable units		(146,819)	(160,745)
		2,888,303	49,617,381
Increase (decrease) in cash		865,244	(409,470)
Cash (bank indebtedness), beginning of year		(89,649)	327,853
Effect of exchange rate fluctuations on cash		118,411	(8,032)
Cash (bank indebtedness), end of year		\$ 894,006	\$ (89,649)

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

STEADYHAND INCOME FUND

Schedule of Investment Portfolio

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Short-Term Investments - Treasury Bills:						
Canada	1.584%	01/10/2019	250,000	\$ 249,445	\$ 249,445	
Total short-term investments - Treasury Bills				249,445	249,445	0.1
Short-Term Investments - Bankers' Acceptance:						
Bank of Nova Scotia BA	2.156%	01/25/2019	850,000	848,079	848,079	
Bank of Nova Scotia BA	2.201%	02/05/2019	150,000	149,272	149,272	
Bank of Nova Scotia BA	2.138%	02/12/2019	500,000	497,919	497,919	
Canadian Imperial Bank of Commerce BA	2.009%	01/15/2019	250,000	248,790	248,790	
Canadian Imperial Bank of Commerce BA	2.001%	01/15/2019	200,000	199,018	199,018	
Canadian Imperial Bank of Commerce BA	2.230%	01/28/2019	300,000	299,433	299,433	
Canadian Imperial Bank of Commerce BA	2.152%	02/01/2019	450,000	448,696	448,696	
Canadian Imperial Bank of Commerce BA	2.170%	02/01/2019	150,000	149,271	149,271	
Canadian Imperial Bank of Commerce BA	2.109%	02/25/2019	550,000	547,527	547,527	
Canadian Imperial Bank of Commerce BA	2.100%	02/25/2019	350,000	347,620	347,620	
Royal Bank BA	2.206%	01/24/2019	150,000	149,720	149,720	
Royal Bank BA	2.131%	02/15/2019	250,000	248,780	248,780	
Toronto Dominion Bank BA	1.970%	01/09/2019	150,000	149,283	149,283	
Toronto Dominion Bank BA	1.960%	01/09/2019	100,000	99,519	99,519	
Toronto Dominion Bank BA	2.038%	01/18/2019	1,650,000	1,641,932	1,641,932	
Total short-term investments - Bankers' Acceptance				6,024,859	6,024,859	2.5
Short-Term Investments - Bearer Deposit Notes:						
Bank of Nova Scotia BDN	2.169%	03/11/2019	250,000	248,670	248,670	
Total short-term investments - Bearer Deposit Notes				248,670	248,670	0.1
Total short-term investments				6,522,974	6,522,974	2.7
Federal Bonds:						
Canada	2.250%	02/01/2021	3,627,000	3,653,441	3,655,282	
Canada	1.750%	03/01/2023	11,123,000	10,878,332	11,062,432	
Canada	1.500%	06/01/2023	1,944,000	1,910,952	1,912,642	
Canada	2.000%	09/01/2023	10,377,000	10,281,727	10,430,701	
Canada	2.500%	06/01/2024	2,239,000	2,256,275	2,307,725	
Canada	5.750%	06/01/2033	466,000	691,937	678,662	
Canada	5.000%	06/01/2037	7,829,000	10,962,197	11,213,629	
Canada	4.000%	06/01/2041	1,870,000	2,426,268	2,467,648	
Canada	3.500%	12/01/2045	182,000	231,968	230,271	
Canada	2.750%	12/01/2048	10,684,000	11,358,348	12,014,540	
Canada	5.750%	06/01/2033	50,000	71,100	72,818	
Canada Housing Trust No.1	2.400%	12/15/2022	2,458,000	2,472,550	2,473,887	
Canada Housing Trust No.1	2.350%	06/15/2023	8,899,000	8,801,786	8,928,210	
Canada Housing Trust No.1	2.550%	12/15/2023	5,541,000	5,549,358	5,602,827	
Total federal bonds				71,546,239	73,051,274	30.0
Provincial Bonds:						
Province of Alberta	2.650%	09/01/2023	823,000	822,646	828,697	
Province of Alberta	3.100%	06/01/2024	855,000	899,622	876,744	
Province of Alberta	2.350%	06/01/2025	651,000	643,435	638,407	
Province of Alberta	2.200%	06/01/2026	178,000	171,782	171,265	
Province of Alberta	2.550%	06/01/2027	309,000	299,081	302,271	

STEADYHAND INCOME FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Provincial Bonds (continued):						
Province of Alberta	2.900%	12/01/2028	1,033,000	1,029,292	1,032,032	
Province of Alberta	3.300%	12/01/2046	1,867,000	1,888,716	1,866,005	
Province of Alberta	3.050%	12/01/2048	2,106,000	2,105,216	2,013,917	
Province of New Brunswick	5.500%	01/27/2034	5,000	6,389	6,321	
Province of New Brunswick	4.550%	03/26/2037	528,000	627,977	612,491	
Province of New Brunswick	3.550%	06/03/2043	190,000	209,118	194,089	
Province of New Brunswick	3.800%	08/14/2045	267,000	265,080	284,714	
Province of Newfoundland and Labrador	2.850%	06/02/2028	675,000	672,989	667,916	
Province of Ontario	3.150%	06/02/2022	89,000	90,868	91,374	
Province of Ontario	2.850%	06/02/2023	5,117,000	5,221,791	5,200,991	
Province of Ontario	3.500%	06/02/2024	8,446,000	8,859,822	8,851,320	
Province of Ontario	2.600%	06/02/2025	4,647,000	4,582,514	4,638,583	
Province of Ontario	2.400%	06/02/2026	11,000	10,650	10,772	
Province of Ontario	2.600%	06/02/2027	271,000	264,566	267,312	
Province of Ontario	2.900%	06/02/2028	47,000	47,308	47,308	
Province of Ontario	6.500%	03/08/2029	214,000	294,759	281,361	
Province of Ontario	5.850%	03/08/2033	514,000	701,656	678,963	
Province of Ontario	5.600%	06/02/2035	370,000	500,680	487,283	
Province of Ontario	4.700%	06/02/2037	2,113,000	2,554,035	2,567,969	
Province of Ontario	4.650%	06/02/2041	170,000	204,817	209,349	
Province of Ontario	3.500%	06/02/2043	1,351,000	1,451,538	1,418,430	
Province of Ontario	2.900%	12/02/2046	755,000	737,881	712,558	
Province of Ontario	2.800%	06/02/2048	8,273,000	7,877,784	7,667,487	
Province of Quebec	3.500%	12/01/2022	327,000	336,156	340,994	
Province of Quebec	3.500%	12/01/2045	206,000	217,474	219,001	
Province of Quebec	3.500%	12/01/2048	2,581,000	2,784,598	2,763,952	
Province of Saskatchewan	2.650%	06/02/2027	1,312,000	1,299,770	1,296,104	
Province of Saskatchewan	3.300%	06/02/2048	3,172,000	3,259,105	3,199,465	
Total provincial bonds				50,939,115	50,445,445	20.7
Municipal Bonds:						
City of Toronto - Canada	3.200%	08/01/2048	603,000	601,499	571,310	
Total municipal bonds				601,499	571,310	0.2
Corporate Bonds:						
407 International Inc. CP	2.470%	09/08/2022	436,000	430,101	428,683	
Bank of Montreal CP	1.880%	03/31/2021	3,232,000	3,164,854	3,175,914	
Bank of Montreal CP	3.400%	04/23/2021	3,738,000	3,838,277	3,796,416	
Bank of Montreal CP	1.610%	10/28/2021	4,841,000	4,662,643	4,692,436	
Bank of Montreal CP	2.270%	07/11/2022	363,000	353,787	356,154	
Bank of Montreal CP	2.890%	06/20/2023	1,844,000	1,835,014	1,842,986	
Bank of Montreal CP	4.338%	10/05/2028	870,000	1,115,470	1,184,151	
Bank of Nova Scotia CP	1.900%	12/02/2021	839,000	812,857	818,184	
Bank of Nova Scotia CP	2.360%	11/08/2022	420,000	408,572	411,850	
Bank of Nova Scotia CP	2.980%	04/17/2023	865,000	863,287	866,796	
Bank of Nova Scotia CP	4.650%	12/31/2049	312,000	373,043	369,668	
Bell Canada CP	3.600%	09/29/2027	440,000	429,647	432,906	
Bell Canada CP	4.350%	12/18/2045	139,000	140,015	130,250	
Bell Canada CP	4.450%	02/27/2047	413,000	419,379	393,612	
Canadian Imperial Bank CP	2.900%	09/14/2021	1,083,000	1,082,968	1,086,618	
Canadian Imperial Bank CP	2.300%	07/11/2022	720,000	707,342	706,661	
Canadian Imperial Bank CP	3.450%	04/04/2028	2,504,000	2,466,365	2,476,241	
Choice Properties LP CP	3.600%	04/20/2020	125,000	130,695	125,992	
Choice Properties REIT CP	3.196%	03/07/2023	558,000	561,069	550,006	
Choice Properties REIT CP	4.903%	07/05/2023	610,000	680,728	640,109	
Choice Properties REIT CP	4.293%	02/08/2024	438,000	463,624	448,308	
Choice Properties REIT CP	4.055%	11/24/2025	475,000	484,653	475,942	
Choice Properties REIT CP	4.178%	03/08/2028	840,000	840,000	832,261	
CPPIB Capital Inc. CP	3.000%	06/15/2028	660,000	660,000	669,843	
CU Inc. CP	4.543%	10/24/2041	659,000	750,352	729,089	
CU Inc. CP	4.722%	09/09/2043	744,000	890,102	848,270	
CU Inc. CP	3.964%	07/27/2045	64,000	67,970	65,499	

STEADYHAND INCOME FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Corporate Bonds (continued):						
Empire Life Insurance CP	3.383%	12/16/2026	309,000	309,000	309,523	
Empire Life Insurance CP	3.664%	03/15/2028	726,000	727,858	729,955	
Enbridge Inc. CP	4.240%	08/27/2042	638,000	586,622	583,025	
Enbridge Inc. CP	4.570%	03/11/2044	391,000	391,573	377,099	
Enbridge Inc. CP	5.375%	09/27/2077	1,227,000	1,170,054	1,133,634	
Enbridge Income Fund CP	3.950%	11/19/2024	425,000	432,804	437,117	
Enbridge Income Fund CP	4.870%	11/21/2044	371,000	379,778	373,779	
First Capital Realty Inc. CP	4.323%	07/31/2025	527,000	558,040	536,141	
First Capital Realty Inc. CP	3.604%	05/06/2026	344,000	343,092	333,420	
H&R REIT CP	3.369%	01/30/2024	665,000	665,784	645,832	
Hydro One Inc. CP	7.350%	06/03/2030	231,000	336,375	313,666	
Hydro One Inc. CP	6.930%	06/01/2032	264,000	363,440	351,280	
Hydro One Inc. CP	6.350%	01/31/2034	259,000	355,918	333,965	
Hydro One Inc. CP	4.390%	09/26/2041	49,000	51,687	52,665	
Intact Financial Corp. CP	4.700%	08/18/2021	329,000	358,071	344,531	
Intact Financial Corp. CP	2.850%	06/07/2027	358,000	333,083	341,183	
Loblaw Cos Ltd CP	6.500%	01/22/2029	490,000	614,761	578,106	
Plenary Properties LTAP LP CP	6.288%	01/31/2044	56,734	71,813	73,004	
RBC Yield Curve Deposit Note Series 20	1.960%	05/02/2019	2,378,000	2,383,945	2,421,586	
Royal Bank of Canada CP	2.860%	03/04/2021	1,377,000	1,427,591	1,382,178	
Royal Bank of Canada CP	1.650%	07/15/2021	2,015,000	1,956,941	1,961,842	
Royal Bank of Canada CP	3.296%	09/26/2023	4,130,000	4,119,270	4,149,041	
Smart REIT CP	3.444%	08/28/2026	167,000	164,403	158,971	
Toronto-Dominion Bank. CP	2.621%	12/22/2021	1,131,000	1,116,659	1,126,878	
Toronto-Dominion Bank. CP	3.005%	05/30/2023	509,000	507,992	512,021	
Toronto-Dominion Bank. CP	3.589%	09/14/2028	514,000	514,000	511,979	
TransCanada Pipelines Ltd. CP	3.690%	07/19/2023	572,000	579,402	584,116	
TransCanada Pipelines Ltd. CP	8.050%	02/17/2039	197,000	309,749	280,339	
TransCanada Pipelines Ltd. CP	4.550%	11/15/2041	308,000	328,422	304,049	
TransCanada Pipelines Ltd. CP	4.350%	06/06/2046	654,000	668,454	625,271	
TransCanada Pipelines Ltd. CP	4.180%	07/03/2048	541,000	544,049	498,907	
TransCanada Trust CP	4.650%	05/18/2077	969,000	929,219	868,429	
Total corporate bonds				52,232,663	51,788,377	21.3
Foreign Bonds:						
United States Treasury Note/Bond	2.875%	11/30/2023	345,000	470,179	479,747	
Total foreign bonds				470,179	479,747	0.2
Total Bonds				175,789,695	176,336,153	72.4
Equities:						
Equities - Oil and Gas:						
ARC Resources Ltd.			61,100	1,050,567	494,910	
Enbridge Inc.			36,272	1,562,626	1,538,296	
Keyera Corp.			35,894	1,380,752	926,424	
Pembina Pipeline Corp.			29,600	1,220,907	1,199,096	
Suncor Energy Inc.			42,300	1,826,095	1,612,899	
TransCanada Corp.			14,500	882,467	706,875	
Vermillion Energy Inc.			21,700	954,540	624,092	
Whitecap Resources Inc.			90,800	883,666	394,980	
Total equities - oil and gas				9,761,620	7,497,572	3.1
Equities - Basic Materials:						
Nutrien Ltd.			6,139	381,124	393,633	
Total equities - basic materials				381,124	393,633	0.2

STEADYHAND INCOME FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Equities (continued):						
Equities - Industrial Goods and Services:						
Canadian National Railway Co.			27,900	2,658,624	2,820,969	
SNC-Lavalin Group Inc.			11,000	611,806	505,120	
WSP Global Inc.			6,824	311,837	400,364	
Total equities - industrial goods and services				3,582,267	3,726,453	1.5
Equities - Consumer Cyclical:						
Thomson Reuters Corp.			19,769	1,146,293	1,303,370	
Total equities - consumer cyclical				1,146,293	1,303,370	0.5
Equities - Consumer Products:						
Cott Corp.			41,974	752,136	797,926	
Maple Leaf Foods Inc.			26,900	864,616	735,177	
Total equities - consumer products				1,616,752	1,533,103	0.6
Equities - Financial Services:						
Bank of Nova Scotia			33,700	2,416,626	2,293,285	
Element Fleet Management Corp.			156,200	1,066,195	1,079,342	
Intact Financial Corp.			13,000	1,149,385	1,289,470	
Manulife Financial Corp.			52,900	1,195,132	1,024,673	
Royal Bank of Canada			44,100	3,812,572	4,120,704	
Sun Life Financial Inc.			11,800	511,891	534,422	
Toronto-Dominion Bank			61,879	3,614,424	4,199,109	
Total equities - financial services				13,766,225	14,541,005	6.0
Equities - Real Estate:						
Allied Property REIT			68,300	2,604,600	3,027,056	
Brookfield Property Partners LP			112,073	2,912,584	2,467,847	
Canadian Apartment Properties REIT			76,000	2,656,071	3,366,800	
Chartwell Retirement Residences			158,962	1,973,238	2,173,011	
First Capital Realty Inc.			165,100	3,313,611	3,112,135	
Total equities - real estate				13,460,104	14,146,849	5.8
Equities - Retailing:						
Loblaw Cos Ltd.			28,600	1,455,092	1,747,746	
Metro Inc.			21,500	876,649	1,017,810	
Total equities - retailing				2,331,741	2,765,556	1.1
Equities - Communications and Media:						
BCE Inc.			13,600	745,236	733,448	
Rogers Communications Inc. Class B			23,800	1,328,106	1,665,048	
Shaw Communications Inc. Class B			52,700	1,390,144	1,302,217	
TELUS Corp.			28,600	1,313,992	1,294,150	
Total equities - communications and media				4,777,478	4,994,863	2.1
Equities - Utilities and Pipelines:						
Algonquin Power & Utilities Corp.			75,300	952,745	1,033,869	
Brookfield Infrastructure Partners LP			38,060	1,401,604	1,794,529	
Fortis Inc.			16,600	719,118	755,466	
Northland Power Inc.			24,600	557,056	533,820	
Total equities - utilities and pipelines				3,630,523	4,117,684	1.7
Total Equities				\$ 54,454,127	\$ 55,020,088	22.6

STEADYHAND INCOME FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Pooled Investment Funds						
CC&L High Yield Bond Fund, Series I			513,590	5,144,186	4,698,061	1.9
Transaction Costs				(37,098)		
Total Investment Portfolio				241,873,884	242,577,276	99.6
Derivatives:						
Total unrealized loss on forward contracts (Schedule 1)					(38,465)	-
Total unrealized gain on futures contracts (Schedule 2)					82,394	
Other Net Assets					1,010,290	0.4
Total Net Assets					\$ 243,631,495	100.0

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

STEADYHAND INCOME FUND

Forward Contracts

Schedule 1

As at December 31, 2018

Description	Maturity date	Currency amount	Contracted amount	Unrealized gain (loss)
US Dollars Forward	March 20, 2019	\$2,089,914	\$ 2,051,449	(38,465)

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

STEADYHAND INCOME FUND

Futures Contracts

Schedule 2

As at December 31, 2018

Description	Maturity date	Number of contracts	Fair value	Unrealized gain (loss)
CBOT 5 Year US T-Note Futures	March 29, 2019	(8)	\$ (1,253,122)	
Montreal 10 Year Canadian Bond Futures	March 20, 2019	(21)	(2,872,170)	
Montreal 10 Year Canadian Bond Futures	March 20, 2019	(50)	(6,838,500)	
Margins			11,046,186	
Future contracts				\$ (10,963,792)
Margin requirement				11,046,186
				\$ 82,394

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

STEADYHAND INCOME FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to provide a reasonably stable level of income and modest capital growth, while also preserving capital, through investing primarily in bonds, with some exposure to REITs and dividend-paying stocks. This Fund is a diversified income product that will provide a combination of current income, modest capital growth and inflation protection over the long-term, and is designed to serve as a core income holding within a portfolio, if applicable.

The Fund is Canada-focused: the portfolio manager invests primarily in fixed income instruments and income-producing securities issued by Canadian governments and corporations. The majority of the Fund's assets are held in bonds. The manager closely monitors the attractiveness of corporate bonds in relation to government-issued bonds, and will concentrate the fixed income portion of the portfolio wherever the best relative value is found. A smaller portion of dividend-paying common shares and REITs are included in the portfolio to enhance the Fund's yield and provide greater capital growth potential and protection from inflation.

Financial risks applicable to the Steadyhand Income Fund are discussed in more detail below.

(a) Credit risk:

The majority of the credit risk to which the Fund is exposed is concentrated in debt securities. Debt securities include short-term investments, bonds and futures contracts. Credit risk arising from other financial instruments is not considered significant. As at December 31, 2018 and 2017, the Fund was invested in debt securities with the following credit quality:

	December 31,		December 31,	
	2018	2017	2018	2017
Rating:				
AAA	\$ 80,723,836	\$ 50,009,551	33.1%	20.3%
AA	25,842,825	45,073,268	10.6%	18.3%
A	59,450,902	50,072,619	24.4%	20.4%
BBB	17,492,081	22,858,999	7.2%	9.3%
Total	\$ 183,509,644	\$ 168,014,437	75.3%	68.3%

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. Fund is not exposed to any significant liquidity risk. Any securities deemed to be illiquid are identified in the Schedule of Investment Portfolio.

STEADYHAND INCOME FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk:

(i) Interest rate risk:

The majority of interest rate risk arises from debt securities held in the Fund's investment portfolio. Debt securities include short-term investments, bonds and futures. Future contracts are not subject to interest rate risks and are excluded from analysis below. A summary of the Fund's interest rate exposure analyzed by the earlier of contractual re-pricing or maturity date is as follows.

December 31, 2018	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 3,885,219	\$ 2,637,755	\$ 2,421,586	\$ 80,567,194	\$ 93,347,373	\$ 182,859,127
December 31, 2017	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 4,486,785	\$ 10,416,379	\$ 1,912,303	\$ 35,097,000	\$ 115,744,269	\$ 167,656,736

The Manager has determined that a fluctuation in interest rates of 25 basis points is reasonably possible, considering the economic environment in which the Fund operates. As at December 31, 2018, had interest rates increased or decreased by 25 basis points, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$457,148 (December 31, 2017 - increased or decreased by \$419,142). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Currency risk:

At period end, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

Currency	December 31, 2018		December 31, 2017	
	Thousands of CAD	% of net assets	Thousands of CAD	% of net assets
United States dollar	\$ 335.3	0.1%	\$ 272.0	0.1%

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$3,353 (December 31, 2017- increased or decreased by approximately \$2,720). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

STEADYHAND INCOME FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk:

There were no significant concentrations of risk to issuers at December 31, 2018 and 2017. The Fund held the following securities which exceeded 5% of the net assets attributable to the holders of redeemable units:

At December 31, 2018: No securities exceeded 5% of net assets

At December 31, 2017:

	Coupon rate	Maturity date	Percentage of net assets
Province of Ontario Provincial Bond	2.600%	02 June 2027	5.7%

As at period end, had the respective benchmark of the Fund increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased as follows:

Indexes	December 31, 2018		December 31, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
DEX Universe Bond Index	\$ 8,816,808	\$ (8,816,808)	\$ 7,637,678	\$ (7,637,678)
S&P/TSX Composite Index	2,985,907	(2,985,907)	3,793,420	(3,793,420)
Total	\$ 11,802,715	\$ (11,802,715)	\$ 11,431,098	\$ (11,431,098)

In practice, actual results may differ from this sensitivity analysis and these differences could be material.

STEADYHAND INCOME FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ 59,718,149	\$ 182,859,127	\$ -	\$ 242,577,276
Derivative assets	82,394	-	-	82,394
Derivative liabilities	-	(38,465)	-	(38,465)
	\$ 59,800,543	\$ 182,820,662	\$ -	\$ 242,621,205

December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ 75,868,407	\$ 167,656,736	\$ -	\$ 243,525,143
Derivative assets	224,407	-	-	224,407
	\$ 76,092,814	\$ 167,656,736	\$ -	\$ 243,749,550

There were no transfers between Levels 1, 2 and 3 during the periods ended December 31, 2018 and 2017.

STEADYHAND FOUNDERS FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 384,940	\$ 729,182
Subscriptions receivable		364,694	1,825,763
Interest and dividends receivable		54,711	62,858
Investments		431,417,530	397,567,296
		<hr/> 432,221,875	<hr/> 400,185,099
Liabilities			
Redemptions payable		1,681,336	152,004
Management fees payable	4	491,967	421,403
Distribution payable		37	137
		<hr/> 2,173,340	<hr/> 573,544
Net assets attributable to holders of redeemable units			
		<hr/> \$ 430,048,535	<hr/> \$ 399,611,555
Number of units outstanding	5	35,264,752	29,753,328
Net assets attributable to holders of redeemable units per unit			
		<hr/> \$ 12.19	<hr/> \$ 13.43

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 FOUNDERS FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 23,034	\$ 1,575
Distributions received from underlying fund		26,354,734	11,544,470
Changes in fair value of investments:			
Net realized gain		93,264	4,722,973
Net change in unrealized appreciation (depreciation)		(42,924,666)	15,439,803
Total revenue		(16,453,634)	31,708,821
Expenses:			
Management fees	4	5,797,948	4,673,932
Independent review committee fees		4,103	4,109
Total operating expenses		5,802,051	4,678,041
Management fee reductions		(1,624,395)	(1,255,575)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(1,628,498)	(1,259,684)
Net operating expenses		4,173,553	3,418,357
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		(20,627,187)	28,290,464
Distributions to holders of redeemable units:			
From net investment income		(4,495,770)	(3,590,308)
From net realized gain on investment		(15,352,024)	(6,614,240)
Management fee reductions		(1,624,395)	(1,255,575)
		(21,472,189)	(11,460,123)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (42,099,376)	\$ 16,830,341
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions)		\$ (20,627,187)	\$ 28,290,464
Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions)		\$ (0.64)	\$ 1.06

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

STEADYHAND FOUNDERS FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 399,611,555	\$ 303,660,872
Increase (decrease) in net assets attributable to holders of redeemable units		(42,099,376)	16,830,341
Redeemable unit transactions:			
Issue of redeemable units		83,123,946	90,432,111
Reinvestments of distributions		20,465,500	10,965,966
Redemption of redeemable units		(31,053,090)	(22,277,735)
Net increase from redeemable unit transactions		72,536,356	79,120,342
Balance, end of year		\$ 430,048,535	\$ 399,611,555

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

STEADYHAND FOUNDERS FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 63,734,561	\$ 25,300,000
Purchase of investments		(140,416,197)	(99,541,542)
Interest and dividends received		26,385,915	11,512,560
Management fees paid		(4,102,989)	(3,327,583)
Operating expenses paid		(100)	137
		(54,398,810)	(66,056,428)
Financing activities:			
Proceeds from issue of redeemable units		84,585,015	88,818,683
Payments on redemption of redeemable units		(29,523,758)	(22,255,659)
Cash distributions paid to holders of redeemable units		(1,006,689)	(494,157)
		54,054,568	66,068,867
Increase (decrease) in cash		(344,242)	12,439
Cash, beginning of year		729,182	716,743
Cash, end of year		\$ 384,940	\$ 729,182

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

STEADYHAND FOUNDERS FUND

Schedule of Investment Portfolio

As at December 31, 2018

	Number of units	Average cost	Fair value	% of net assets
Pooled Investment Funds:				
Steadyhand Equity Fund, Series O	5,905,735	\$ 88,494,786	\$ 101,836,718	
Steadyhand Global Equity Fund, Series O	12,291,525	114,656,249	99,922,721	
Steadyhand Income Fund, Series O	14,633,038	164,509,301	162,505,737	
Steadyhand Savings Fund, Series O	2,932,802	29,328,024	29,328,023	
Steadyhand Small-Cap Equity Series O	2,731,433	41,401,381	37,824,331	
Total pooled investment funds		438,389,741	431,417,530	100.3
Total Investment Portfolio		438,389,741	431,417,530	100.3
Other Net Assets			(1,368,995)	(0.3)
Total Net Assets			\$ 430,048,535	100.0

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

STEADYHAND FOUNDERS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund invests in other Steadyhand Funds, the discussion of risks immediately below looks through the Fund's investments and assesses the risks on this basis.

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to provide a combination of capital growth and income through investing in a diversified collection of Canadian and foreign companies, bonds and money market securities.

The Fund invests in equities in Canada and abroad, in roughly equal proportions. The geographic allocation of the Fund's equity investments may vary from these parameters; however, based on where the manager is seeing the best value. The fixed income portion of the Fund primarily invests in bonds and income-producing securities issued by Canadian governments and corporations.

Financial risks applicable to the Steadyhand Founders Fund are discussed in more detail below.

(a) Credit risk:

The majority of the credit risk to which the Fund is exposed is concentrated to its holdings in underlying funds with investments in debt securities. Debt securities include short-term investments, bonds and futures contracts. Credit risk arising from other financial instruments is not considered significant. At December 31, 2018 and 2017, the Fund was invested in debt securities with the following credit quality:

	December 31,		December 31,	
	2018	2017	2018	2017
Rating:				
AAA	\$ 68,379,230	\$ 57,172,018	15.9%	14.3%
AA	37,141,269	58,454,501	8.6%	14.6%
A	41,247,727	39,846,045	9.6%	10.0%
BBB	11,667,472	14,243,392	2.7%	3.6%
Total	\$ 158,435,698	\$ 169,715,956	36.8%	42.5%

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. The Fund has no derivative liabilities as at December 31, 2018 and 2017.

STEADYHAND FOUNDERS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk:

(i) Interest rate risk:

The majority of interest rate risk arises from debt securities held in the Fund's investment portfolio. Futures contracts are not subject to interest rate risks and are excluded from analysis below. A summary of the Fund's interest rate exposure analyzed by the earlier of contractual re-pricing or maturity date is as follows.

December 31, 2018	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 14,512,274	\$ 20,323,680	\$ 4,655,827	\$ 56,245,962	\$ 62,264,050	\$ 158,001,793
December 31, 2017	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Debt securities	\$ 25,159,996	\$ 43,906,868	\$ 5,856,653	\$ 22,549,558	\$ 72,119,997	\$ 169,593,072

The Manager has determined that a fluctuation in interest rates of 25 basis points is reasonably possible, considering the economic environment in which the Fund operates. As at December 31, 2018, had interest rates increased or decreased by 25 basis points, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$395,004 (December 31, 2017 - increased or decreased by \$423,983). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Currency risk:

At period end, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

Currency	December 31, 2018		December 31, 2017	
	Thousands of CAD	% of net assets	Thousands of CAD	% of net assets
United States Dollar	\$ 87,876.0	20.4%	\$ 40,646.2	10.2%
British Pound	16,493.4	3.8%	13,142.3	3.3%
Euro	12,577.1	2.9%	15,366.7	3.9%
Japanese Yen	11,295.4	2.6%	14,129.1	3.5%
Norwegian Krone	7,543.1	1.8%	1,423.1	0.4%
Danish Krone	6,062.4	1.4%	3,517.3	0.9%
Swiss Franc	3,653.1	0.9%	4,112.6	1.0%
Hong Kong Dollar	1,534.2	0.4%	7,870.3	2.0%
Korean Won	1,898.1	0.4%	-	-
Singapore Dollar	-	-%	2,125.2	0.5%
Indonesian Rupiah	-	-%	1,893.4	0.5%
Thai Baht	-	-%	1,408.6	0.4%
	\$ 148,932.8	34.6%	\$ 105,634.8	26.6%

STEADYHAND FOUNDERS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(ii) Currency risk (continued):

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$1,489,334 (December 31, 2017 - increased or decreased by approximately \$1,056,349). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

(iii) Other price risk:

There were no significant concentrations of risk to issuers at December 31, 2018 or 2017. No exposure to any individual issuer exceeded 5% of the net assets attributable to the holders of redeemable units either at December 31, 2018 or 2017.

As at period end, had the respective benchmark of the Fund increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased as follows:

Indexes	December 31, 2018		December 31, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
DEX 90 Day TBill Index	\$ 1,078,544	\$ (1,078,544)	\$ 993,918	\$ (993,918)
DEX Universe Bond Index	7,549,807	(7,549,807)	6,957,428	(6,957,428)
S&P/TSX Composite Index	7,549,807	(7,549,807)	6,957,428	(6,957,428)
Morningstar Developed Markets Index (\$Cdn)	5,392,719	(5,392,719)	4,969,591	(4,969,591)
Total	\$ 21,570,877	\$ (21,570,877)	\$ 19,878,365	\$ (19,878,365)

In practice, actual results may differ from this sensitivity analysis and these differences could be material.

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

STEADYHAND FOUNDERS FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

2. Fair value of financial instruments (continued):

(a) Fair value hierarchy - financial instruments measured at fair value (continued):

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ 431,417,530	\$ -	\$ -	\$ 431,417,530

December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ 397,567,296	\$ -	\$ -	\$ 397,567,296

There were no transfers between Levels 1, 2 and 3 during the periods ended December 31, 2018 or 2017.

STEADYHAND EQUITY FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 440,181	\$ 210,828
Subscriptions receivable		232,606	152,788
Interest and dividends receivable		319,298	271,928
Investments		204,721,393	171,884,434
		<hr/>	<hr/>
		205,713,478	172,519,978
Liabilities			
Balances due to brokers		-	63,897
Redemptions payable		30,509	38,785
Management fees payable	4	125,763	114,709
		<hr/>	<hr/>
		156,272	217,391
Net assets attributable to holders of redeemable units			
		<hr/>	<hr/>
		\$ 205,557,206	\$ 172,302,587
Represented by:			
Series A		\$ 103,720,328	\$ 102,077,265
Series O		101,836,878	70,225,322
		<hr/>	<hr/>
		\$ 205,557,206	\$ 172,302,587
Number of units outstanding:			
	5		
Series A		6,205,195	5,757,245
Series O		5,905,735	3,853,312
<hr/>			
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 16.72	\$ 17.73
Series O		17.24	18.22
<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 EQUITY FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 133,009	\$ 26,470
Dividend income		3,918,307	3,220,071
Foreign exchange gain		7,456	179,269
Change in fair value of investments:			
Net realized gain		3,863,294	5,132,222
Net change in unrealized appreciation (depreciation)		(12,402,156)	11,311,620
Total revenue		(4,480,090)	19,869,652
Expenses:			
Management fees	4	1,535,333	1,323,879
Withholding taxes	6	133,107	160,291
Transaction costs	7	61,565	22,544
Independent review committee fees		4,103	4,109
Total operating expenses		1,734,108	1,510,823
Management fee reductions		(455,345)	(374,904)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(459,448)	(379,013)
Net operating expenses		1,274,660	1,131,810
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions			
		(5,754,750)	18,737,842
Distributions to holders of redeemable units:			
From net investment income		(2,314,609)	(1,650,178)
From net realized gain on investment		(2,408,542)	-
Management fee reductions		(455,345)	(374,904)
		(5,178,496)	(2,025,082)
Increase (decrease) in net assets attributable to holders of redeemable units			
		\$ (10,933,246)	\$ 16,712,760
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ (6,181,684)	\$ 9,334,980
Series O		(4,751,562)	7,377,780
		\$ (10,933,246)	\$ 16,712,760
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ (3,750,994)	\$ 10,307,943
Series O		(2,003,756)	8,434,008
		\$ (5,754,750)	\$ 18,741,951
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ (0.62)	\$ 1.86
Series O		(0.44)	2.09

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

STEADYHAND EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 102,077,265	\$ 86,633,056
Increase (decrease) in net assets attributable to holders of redeemable units		(6,181,684)	9,334,980
Redeemable unit transactions:			
Issue of redeemable units		14,066,410	16,693,509
Reinvestments of distributions		2,293,723	945,878
Redemption of redeemable units		(8,535,386)	(11,530,158)
Net increase from redeemable unit transactions		7,824,747	6,109,229
Balance, end of year		\$ 103,720,328	\$ 102,077,265

Series O	Note	2018	2017
Balance, beginning of year		\$ 70,225,322	\$ 69,206,314
Increase (decrease) in net assets attributable to holders of redeemable units		(4,751,562)	7,377,780
Redeemable unit transactions:			
Issue of redeemable units		33,690,314	2,585,000
Reinvestment of distributions		2,747,804	1,056,228
Redemption of redeemable units		(75,000)	(10,000,000)
Net increase (decrease) from redeemable unit transactions		36,363,118	(6,358,772)
Balance, end of year		\$ 101,836,878	\$ 70,225,322

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

STEADYHAND EQUITY FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 108,700,241	\$ 79,811,046
Purchase of investments		(150,141,847)	(79,626,914)
Interest and dividends received		4,003,946	3,240,026
Balances due to broker		(63,897)	63,897
Management fees paid		(1,068,934)	(934,354)
Foreign withholding taxes paid		(133,107)	(160,291)
		(38,703,598)	2,393,410
Financing activities:			
Proceeds from issue of redeemable units		47,676,906	19,285,595
Payments on redemption of redeemable units		(8,618,662)	(21,611,243)
Cash distributions paid to holders of redeemable units		(136,969)	(22,976)
		38,921,275	(2,348,624)
Increase in cash		217,677	44,786
Cash (bank indebtedness), beginning of year		210,828	(9,337)
Effect of exchange rate fluctuations on cash		11,676	175,379
Cash, end of year		\$ 440,181	\$ 210,828

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

STEADYHAND EQUITY FUND

Schedule of Investment Portfolio
As at December 31, 2018

	Coupon rate	Maturity or expiry date	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Short-Term Investments - Treasury Bills:						
Canadian Treasury Bill	1.630%	03/21/2019	12,385,000	\$ 12,339,367	\$ 12,339,367	
Total short-term investments - treasury bills				12,339,367	12,339,367	6.0
Equities - Oil and Gas:						
Marathon Petroleum Corp.			67,000	5,980,037	5,399,934	
Pason Systems Inc.			377,134	7,097,673	6,897,781	
Suncor Energy Inc.			268,250	9,480,137	10,228,373	
Total equities – oil and gas				22,557,847	22,526,088	11.0
Equities - Basic Materials:						
Franco-Nevada Corp.			132,300	9,819,647	12,665,079	
Nutrien Ltd.			124,248	6,278,705	7,966,782	
Total equities - basic materials				16,098,352	20,631,861	10.0
Equities - Industrial Goods and Services:						
CAE Inc.			305,773	4,072,717	7,671,845	
CCL Industries Inc.			200,904	8,846,525	10,057,254	
Canadian National Railway Co.			79,200	5,647,291	8,007,912	
Christian Hansen A/S			35,800	4,333,424	4,318,857	
Novozymes A/S			129,300	5,139,240	7,869,614	
Ritchie Bros. Auctioneers Inc.			163,292	5,087,147	7,292,621	
Sika AG			41,827	6,897,981	7,220,644	
Total equities - industrial goods and services				40,024,325	52,438,747	25.5
Equities - Consumer Cyclical:						
Magna International Inc.			110,700	6,149,092	6,860,079	
Total equities - consumer cyclical				6,149,092	6,860,079	3.3
Equities - Consumer Products:						
Fomento Económico Mexicano			64,750	7,122,462	7,609,896	
Total equities - consumer products				7,122,462	7,609,896	3.7
Equities - Financial Services:						
CBOE Holdings Inc.			63,450	5,391,898	8,477,968	
Experian PLC			249,099	5,068,609	8,254,481	
Toronto-Dominion Bank			155,000	8,116,155	10,518,300	
Visa Inc. Cl.A			68,730	4,986,025	12,385,424	
Total equities - financial services				23,562,687	39,636,173	19.3
Equities - Healthcare:						
Novartis ADR			72,700	6,230,948	8,520,408	
Total equities – healthcare				6,230,948	8,520,408	4.2
Equities – Retailing:						
CVS Health Corp.			95,658	7,261,916	8,560,187	
Dollarama Inc.			198,000	8,397,518	6,429,060	
Starbucks Corp.			70,900	3,353,169	6,236,202	
Total equities - retailing				19,012,603	21,225,449	10.3
Equities - Technology:						
Evertz Technologies Ltd.			305,000	5,659,109	4,937,950	
Keyence Corp.			11,535	8,047,041	7,995,375	
Total equities - technology				13,706,150	12,933,325	6.3
Total equities				154,464,466	192,382,026	93.6
Transaction costs				(71,464)	-	
Total Investment Portfolio				166,732,369	204,721,393	99.6
Other Net Assets					835,813	0.4
Total Net Assets					\$ 205,557,206	100.0

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

STEADYHAND EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to grow capital at a pace that significantly exceeds inflation through exposure to a focused group of Canadian and foreign companies.

The Fund is North American-focused: the portfolio manager invests a majority of the fund in Canadian stocks, but seeks to enhance returns and minimize risk by also investing in companies and industries that are not available in Canada.

Financial risks applicable to the Steadyhand Equity Fund are discussed in more detail below.

(a) Credit risk:

As at December 31, 2018 and 2017, the Fund does not have significant exposure to credit risk.

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. The Fund has no derivative liabilities as at December 31, 2018 and 2017.

(c) Market risk:

(i) Interest rate risk:

As at December 31, 2018 and 2017, the Fund does not have significant exposure to interest rate risk.

(ii) Currency risk:

At period end, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

Currency	December 31, 2018		December 31, 2017	
	Thousands of CAD	% of net assets	Thousands of CAD	% of net assets
United States dollar	\$ 57,653.5	28.0%	\$ 57,702.6	33.5%
Danish Krone	12,236.9	6.0%	8,629.9	5.0%
British Pound	8,254.5	4.0%	6,100.3	3.5%
Japanese Yen	7,995.4	3.9%	2,106.1	1.2%
Swiss Franc	7,220.6	3.5%	-	-
	\$ 93,360.9	45.4%	\$ 74,538.9	43.3%

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$933,609 (December 31, 2017 - increased or decreased by approximately \$745,390). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

STEADYHAND EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk:

There were no significant concentrations of risk to issuers at December 31, 2018 and 2017. The Fund held the following securities which exceeded 5% of the net assets attributable to the holders of redeemable units:

At December 31, 2018:

	Percentage of net assets
Franco-Nevada Corp.	6.2%
Visa Inc.	6.0%
Toronto-Dominion Bank	5.1%
Suncor Energy Inc.	5.0%

At December 31, 2017:

	Percentage of net assets
Suncor Energy Inc.	5.9%
Visa Inc.	5.8%
Toronto-Dominion Bank	5.8%
Franco-Nevada Corp.	5.7%
CBOE Holdings Inc.	5.5%
Novozymes A/S	5.0%

As at period end, had the respective benchmark of the Fund increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased as follows:

Indexes	December 31, 2018		December 31, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
S&P/TSX Composite Index	\$ 5,771,461	\$ (5,771,461)	\$ 5,084,371	\$ (5,084,371)
Morningstar Developed Markets Index (\$Cdn)	3,847,641	(3,847,641)	3,389,581	(3,389,581)
Total	\$ 9,619,102	\$ (9,619,102)	\$ 8,473,592	\$ (8,473,592)

In practice, actual results may differ from this sensitivity analysis and these differences could be material.

STEADYHAND EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ 192,382,026	\$ 12,339,367	\$ -	\$ 204,721,393

December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ 169,479,025	\$ 2,405,409	\$ -	\$ 171,884,434

There were no transfers between Levels 1, 2 and 3 during the periods ended December 31, 2018 and 2017.

STEADYHAND GLOBAL EQUITY FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 17,764,663	\$ 9,348,991
Balances due from brokers		-	98,253
Subscriptions receivable		237,558	48,627
Interest and dividends receivable		540,778	272,465
Investments		165,953,804	149,329,858
		184,496,803	159,098,194
Liabilities			
Balances due to brokers		3,320,398	-
Redemptions payable		27,591	22,853
Management fees payable	4	123,595	121,136
		3,471,584	143,989
Net assets attributable to holders of redeemable units			
		\$ 181,025,219	\$ 158,954,205
Represented by:			
Series A		\$ 81,102,021	\$ 86,128,769
Series O		99,923,198	72,825,436
		\$ 181,025,219	\$ 158,954,205
Number of units outstanding:			
Series A	5	10,349,575	8,186,768
Series O		12,291,525	6,682,867
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 7.84	\$ 10.52
Series O		8.13	10.90

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

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

“Tom Bradley”

Director

“Neil Jensen”

Director

STEADYHAND GLOBAL EQUITY FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income (expense)		\$ 55,314	\$ 328
Dividend income		5,651,532	3,953,638
Foreign exchange income (loss)		68,462	(108,849)
Changes in fair value of investments:			
Net realized gain		24,622,243	9,494,217
Net change in unrealized appreciation (depreciation)		(48,242,186)	10,712,605
Total revenue		(17,844,635)	24,051,939
Expenses:			
Management fees	4	1,639,073	1,345,679
Withholding taxes	6	580,267	396,265
Transaction costs	7	385,608	86,092
Independent review committee fees		4,103	4,109
Total operating expenses		2,609,051	1,832,145
Management fee reductions		(529,940)	(421,785)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(534,043)	(425,894)
Net operating expenses		2,075,008	1,406,251
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		(19,919,643)	22,645,688
Distributions to holders of redeemable units:			
From net investment income		(3,238,378)	(2,204,797)
From net realized gain on investment		(24,720,772)	(7,872,866)
Management fee reductions		(529,940)	(421,785)
		(28,489,090)	(10,499,448)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (48,408,733)	\$ 12,146,240
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ (23,642,129)	\$ 5,681,517
Series O		(24,766,604)	6,464,723
		\$ (48,408,733)	\$ 12,146,240
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ (10,490,011)	\$ 11,146,184
Series O		(9,429,632)	11,499,504
		\$ (19,919,643)	\$ 22,645,688
Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ (1.19)	\$ 1.54
Series O		(1.23)	1.72

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

STEADYHAND GLOBAL EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 86,128,769	\$ 66,036,842
Increase (decrease) in net assets attributable to holders of redeemable units		(23,642,129)	5,681,517
Redeemable unit transactions:			
Issue of redeemable units		14,353,798	14,757,268
Reinvestments of distributions		12,233,173	5,234,953
Redemption of redeemable units		(7,971,590)	(5,581,811)
Net increase from redeemable unit transactions		18,615,381	14,410,410
Balance, end of year		\$ 81,102,021	\$ 86,128,769

Series O	Note	2018	2017
Balance, beginning of year		\$ 72,825,436	\$ 70,940,934
Increase (decrease) in net assets attributable to holders of redeemable units		(24,766,604)	6,464,723
Redeemable unit transactions:			
Issue of redeemable units		37,602,398	3,885,000
Reinvestment of distributions		15,336,968	5,034,779
Redemption of redeemable units		(1,075,000)	(13,500,000)
Net increase (decrease) from redeemable unit transactions		51,864,366	(4,580,221)
Balance, end of year		\$ 99,923,198	\$ 72,825,436

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

STEADYHAND GLOBAL EQUITY FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 219,190,590	\$ 29,176,440
Purchase of investments		(260,066,310)	(24,216,503)
Interest and dividends received		5,438,533	3,817,011
Balances due from brokers		98,253	(98,253)
Balances due to brokers		3,320,398	-
Management fees paid		(1,106,674)	(898,868)
Foreign withholding taxes paid		(580,267)	(396,265)
		(33,705,477)	7,383,562
Financing activities:			
Proceeds from issue of redeemable units		51,767,265	18,704,265
Payments on redemption of redeemable units		(9,041,852)	(19,128,234)
Cash distributions paid to holders of redeemable units		(918,949)	(229,716)
		41,806,464	(653,685)
Increase (decrease) in cash		8,100,987	6,729,877
Cash, beginning of year		9,348,991	2,728,088
Effect of exchange rate fluctuations on cash		314,685	(108,974)
Cash, end of year		\$ 17,764,663	\$ 9,348,991

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

STEADYHAND GLOBAL EQUITY FUND

Schedule of Investment Portfolio

As at December 31, 2018

	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Equities - Oil and Gas:				
Anadarko Petroleum Corp.	32,554	\$ 2,613,241	\$ 1,949,230	
Cenovus Energy Inc.	176,275	1,938,661	1,692,240	
CGG SA	740,467	2,018,934	1,336,466	
Encana Corp.	344,400	4,449,165	2,713,872	
Frank's International NV	575,452	6,389,441	4,102,680	
Halliburton Co.	62,495	3,093,175	2,268,759	
JXTG Holdings Inc.	289,200	2,499,377	2,076,205	
National Oilwell Varco Inc.	44,067	2,578,037	1,546,802	
Northern Drilling Ltd.	241,382	2,674,569	1,934,111	
Royal Dutch Shell PLC	51,694	2,168,021	2,070,649	
Schlumberger NV	77,574	6,115,672	3,822,705	
Total equities - oil and gas		36,538,293	25,513,719	14.1
Equities - Industrial Goods and Services:				
Chugoku Mar Paints	426,300	5,414,900	4,813,320	
Elis SA.	99,793	2,694,957	2,267,031	
KCC Corp.	3,874	1,451,883	1,465,277	
Konecranes OYJ	126,072	6,263,424	5,194,604	
Sealed Air Corp.	28,628	1,486,209	1,362,251	
Total equities - industrial goods and services		17,311,373	15,102,483	8.3
Equities - Communications and Media:				
21 ST Century Fox Inc. Class A	109,114	6,494,255	7,171,238	
Discovery Communications Inc.	166,030	6,116,733	5,610,148	
Eutelsat Communications SA	44,413	1,385,381	1,193,052	
SES SA	39,634	1,045,486	1,034,043	
Tribune Media Co.	67,459	3,485,842	4,181,118	
Total equities - communications and media		18,527,697	19,189,599	10.6
Equities - Consumer Cyclical:				
Walt Disney Co.	29,239	4,265,826	4,378,841	
William Hill PLC	1,312,713	5,291,815	3,539,356	
Total equities - consumer cyclical		9,557,641	7,918,197	4.4
Equities - Consumer Products:				
Altria Group Inc.	51,059	3,864,988	3,444,288	
Bakkafrost P/F	35,021	2,562,640	2,337,690	
British American Tobacco PLC	83,647	5,172,319	3,637,585	
Grieg Seafood ASA	130,272	1,913,504	2,102,033	
Imperial Brands PLC	92,918	4,309,576	3,841,951	
Marine Harvest ASA	196,618	5,547,865	5,665,975	
Norway Royal Salmon AS	78,533	2,459,641	2,217,267	
Total equities - consumer products		25,830,533	23,246,789	12.8
Equities - Financial Services:				
AIA Group Ltd.	255,400	2,799,475	2,895,985	
Alleghany Corp.	7,633	6,294,335	6,498,220	
Artisan Partners Asset Management Inc.	67,108	2,835,748	2,026,521	
Bankia SA	541,419	2,674,039	2,164,053	
Berkshire Hathaway Inc. Class A	15,084	4,124,075	4,206,470	
BrightSphere Investment Group PLC	240,640	3,985,760	3,510,162	
Legg Mason Inc.	91,996	3,766,193	3,205,291	
NN Group NV	69,266	3,885,976	3,763,516	
Total equities - financial services		30,365,601	28,270,218	15.6

STEADYHAND GLOBAL EQUITY FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2018

	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Equities (continued):				
Equities - Healthcare:				
Allergan PLC	19,987	4,702,311	3,648,691	
Bayer AG	42,612	5,017,486	4,029,139	
Mediclinic International PLC	432,725	3,368,016	2,427,529	
Medtronic PLC	44,616	5,554,352	5,542,799	
Shire PLC	73,870	5,662,875	5,872,285	
Spire Healthcare Group PLC	1,783,712	4,768,340	3,378,901	
Takeda Pharmaceutical Co. Ltd.	5,250	119,364	120,607	
Zimmer Biomet Holdings Inc.	42,022	6,793,201	5,952,882	
Total equities - healthcare		35,985,945	30,972,833	17.1
Equities - Technology:				
NCR Corp.	116,419	4,284,701	3,669,845	
Total equities - technology		4,284,701	3,669,845	2.0
Equities - Real Estate:				
Heiwa Real Estate REIT Inc.	190,700	4,277,869	4,142,554	
Total equities - real estate		4,277,869	4,142,554	2.3
Equities - Retailing:				
GS Home Shopping Inc.	4,008	966,958	881,122	
Hyundai Home Shopping Network Corp.	9,542	1,254,382	1,156,316	
Seven & i Holdings Co. Ltd	43,300	2,332,876	2,578,164	
Total equities - retailing		4,554,216	4,615,602	2.5
Equities - Utilities:				
Vistra Energy Corp.	105,938	3,170,649	3,311,965	
Total equities - utilities		3,170,649	3,311,965	1.8
Total Equities		190,404,518	165,953,804	91.7
Transaction Costs		(191,243)		
Total Investment Portfolio		190,213,275	165,953,804	91.7
Other Net Assets			15,071,415	8.3
Total Net Assets			\$181,025,219	100.0

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

STEADYHAND GLOBAL EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to grow capital at a pace that significantly exceeds inflation through exposure to a collection of leading businesses throughout the world.

The Fund invests in equities around the globe. Concentration is focused in the developed world - western Europe, the United States, and Japan in particular. The Fund's geographic allocation may vary considerably based on where the best opportunities lie.

Financial risks applicable to the Steadyhand Global Equity Fund are discussed in more detail below.

(a) Credit risk:

As at December 31, 2018 and 2017, the Fund had no significant exposure to credit risk.

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. The Fund had no derivative liabilities as at December 31, 2018 and 2017.

(c) Market risk:

(i) Interest rate risk:

As at December 31, 2018 and 2017, the Fund had no significant exposure to interest or credit rate risk.

(ii) Currency risk:

At period end, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

Currency	December 31, 2018		December 31, 2017	
	Thousands of CAD	% of net assets	Thousands of CAD	% of net assets
United States Dollar	\$ 93,198.8	51.5%	\$ 22,872.3	14.4%
Euro	22,785.4	12.6%	33,540.4	21.1%
British Pound	22,471.7	12.4%	23,258.6	14.6%
Norwegian Krone	13,666.6	7.5%	3,106.3	2.0%
Japanese Yen	13,287.3	7.3%	28,965.7	18.2%
Korean Won	3,438.6	1.9%	-	-
Hong Kong Dollar	2,779.5	1.5%	17,178.4	10.8%
Swiss Franc	137.4	0.1%	8,976.4	6.2%
Singapore Dollar	-	-%	4,638.7	2.9%
Indonesian Rupiah	-	-%	4,132.7	2.6%
Thai Baht	-	-%	3,074.6	1.9%
	<u>\$ 171,765.3</u>	<u>94.8%</u>	<u>\$ 149,744.3</u>	<u>94.2%</u>

STEADYHAND GLOBAL EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(ii) Currency risk (continued):

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$1,717,653 (December 31, 2017 - increased or decreased by approximately \$1,497,443). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

There were no significant concentrations of risk to issuers at December 31, 2018 or 2016. No exposure to any individual issuer exceeded 5% of the net assets attributable to the holders of redeemable units either at December 31, 2018 or 2017.

As at period end, had the respective benchmark of the Fund increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased as follows:

Indexes	December 31, 2018		December 31, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
Morningstar Developed Markets Index (\$Cdn)	\$ 8,297,690	\$ (8,297,690)	\$ 7,466,493	\$ (7,466,493)

In practice, actual results may differ from this sensitivity analysis and these differences could be material.

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ 165,953,804	\$ -	\$ -	\$ 165,953,804
December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ 149,329,858	\$ -	\$ -	\$ 149,329,858

There were no transfers between Levels 1, 2, and 3 during the periods ended December 31, 2018 or 2017.

STEADYHAND SMALL-CAP EQUITY FUND

Statements of Financial Position

December 31, 2018 and 2017

	Note	2018	2017
Assets			
Cash		\$ 1,080,898	\$ 5,830,714
Balances due from brokers		-	871
Subscriptions receivable		135,586	5,620
Interest and dividends receivable		242,440	192,512
Investments		91,501,114	91,767,015
		92,960,038	97,796,732
Liabilities			
Balances due to brokers		-	190,898
Redemptions payable		750	12,503
Management fees payable	4	84,216	82,608
		84,966	286,009
Net assets attributable to holders of redeemable units			
		\$ 92,875,072	\$ 97,510,723
Represented by:			
Series A		\$ 55,050,687	\$ 60,505,628
Series O		37,824,385	37,005,095
		\$ 92,875,072	\$ 97,510,723
Number of units outstanding:			
Series A	5	4,152,921	3,668,617
Series O		2,731,433	2,152,846
Net assets attributable to holders of redeemable units per unit:			
Series A		\$ 13.26	\$ 16.49
Series O		13.85	17.19

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 SMALL-CAP EQUITY FUND

Statements of Comprehensive Income

Years ended December 31, 2018 and 2017

	Note	2018	2017
Revenue:			
Interest income		\$ 335,106	\$ 116,588
Dividend income		2,218,909	1,701,797
Foreign exchange gain (loss)		419,698	(226)
Change in fair value of investments:			
Net realized gain		4,241,806	6,610,563
Net change in unrealized appreciation (depreciation)		(20,976,487)	8,305,929
Total revenue (loss)		(13,760,968)	16,734,651
Expenses:			
Management fees	4	1,134,267	905,846
Withholding taxes	6	5,243	2,621
Transaction costs	7	118,213	121,893
Independent review committee fees		4,103	4,109
Total operating expenses		1,261,826	1,034,469
Management fee reductions		(344,386)	(262,832)
Expenses waived or absorbed by Manager		(4,103)	(4,109)
		(348,489)	(266,941)
Net operating expenses		913,337	767,528
Increase (decrease) in net assets attributable to holders of redeemable units from operations excluding distributions		(14,674,305)	15,967,123
Distributions to holders of redeemable units:			
From net investment income		(1,136,475)	(571,432)
From net realized gain on investment		(4,807,240)	(3,300,485)
Management fee reductions		(344,386)	(262,832)
		(6,288,101)	(4,134,749)
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (20,962,406)	\$ 11,832,374
Increase (decrease) in net assets attributable to holders of redeemable units:			
Series A		\$ (12,641,311)	\$ 7,102,023
Series O		(8,321,095)	4,730,351
		\$ (20,962,406)	\$ 11,832,374
Increase (decrease) in net assets attributable to holders of redeemable units (excluding distributions):			
Series A		\$ (9,102,969)	\$ 9,524,298
Series O		(5,571,336)	6,442,825
		\$ (14,674,305)	\$ 15,967,123
Increase (decrease) in net assets attributable to holders of redeemable units per unit (excluding distributions):			
Series A		\$ (2.39)	\$ 2.78
Series O		(2.49)	3.34

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

STEADYHAND SMALL-CAP EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2018 and 2017

Series A	Note	2018	2017
Balance, beginning of year		\$ 60,505,628	\$ 47,787,039
Increase (decrease) in net assets attributable to holders of redeemable units		(12,641,311)	7,102,023
Redeemable unit transactions:			
Issue of redeemable units		8,159,952	7,878,917
Reinvestments of distributions		3,427,454	2,360,040
Redemption of redeemable units		(4,401,036)	(4,622,391)
Net increase from redeemable unit transactions		7,186,370	5,616,566
Balance, end of year		\$ 55,050,687	\$ 60,505,628

Series O	Note	2018	2017
Balance, beginning of year		\$ 37,005,095	\$ 23,907,270
Increase (decrease) in net assets attributable to holders of redeemable units		(8,321,095)	4,730,351
Redeemable unit transactions:			
Issue of redeemable units		6,465,625	8,155,000
Reinvestments of distributions		2,749,760	1,712,474
Redemption of redeemable units		(75,000)	(1,500,000)
Net increase from redeemable unit transactions		9,140,385	8,367,474
Balance, end of year		\$ 37,824,385	\$ 37,005,095

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

STEADYHAND SMALL-CAP EQUITY FUND

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	Note	2018	2017
Cash provided by (used in):			
Operating activities:			
Proceeds from sale of investments		\$ 38,467,144	\$ 31,408,137
Purchase of investments		(55,066,824)	(39,212,580)
Interest and dividends received		2,504,087	1,753,062
Balances due from brokers		871	(871)
Balances due to brokers		(190,898)	(2,191,773)
Management fees paid		(788,273)	(629,822)
Foreign withholding taxes paid		(5,243)	(2,621)
		(15,079,136)	(8,876,468)
Financing activities:			
Proceeds from redeemable units issued		14,495,611	16,086,027
Redemption of redeemable units		(4,487,789)	(6,335,599)
Cash distributions paid to holders of redeemable units		(110,887)	(62,235)
		9,896,935	9,688,193
Increase (decrease) in cash		(5,182,201)	811,725
Cash, beginning of year		5,830,714	5,052,758
Effect of exchange rate fluctuations on cash		432,385	(33,769)
Cash, end of year		\$ 1,080,898	\$ 5,830,714

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

STEADYHAND SMALL-CAP EQUITY FUND

Schedule of Investment Portfolio

As at December 31, 2018

	Number of shares or par value	Average cost	Fair value	Percentage of net assets %
Equities – Oil and Gas:				
Cardinal Energy Corp	575,900	\$ 2,948,406	\$ 1,278,498	
Parkland Fuel Corp.	100,214	2,962,859	3,541,563	
Total equities – oil and gas		5,911,265	4,820,061	5.2
Equities - Industrial Goods and Services:				
AG Growth International Inc.	100,304	4,820,862	4,694,227	
Cargojet Inc.	59,952	2,393,137	4,244,002	
Exchange Income Corp.	114,401	4,117,416	3,232,972	
Diversified Royalty Corp.	1,310,900	3,286,740	3,709,847	
Intertape Polymer Group Inc.	258,073	5,568,643	4,366,595	
Middleby Corp.	31,562	4,705,265	4,428,431	
NFI Group Inc.	141,744	6,021,031	4,824,966	
Oshkosh Corp.	56,072	4,917,339	4,695,323	
Stantec Inc.	144,108	3,674,199	4,310,270	
Stericycle Inc.	77,619	5,755,505	3,889,590	
WABCO Holdings Inc.	39,239	6,105,042	5,752,645	
Winpak Ltd.	107,675	4,895,016	5,141,481	
Total equities - industrial goods and services		56,260,195	53,290,349	57.4
Equities - Consumer Cyclical:				
Park Lawn Corp.	220,574	4,703,795	5,086,436	
Points International Ltd.	153,254	1,707,375	2,087,319	
Spin Master Corp.	109,035	3,724,671	4,185,854	
Uni-Select Inc.	220,900	5,566,710	4,287,669	
Total equities - consumer cyclical		15,702,551	15,647,278	16.8
Equities – Consumer Products:				
Brick Brewing Co. Ltd.	1,116,889	3,214,921	3,127,289	
Premium Brands Holdings Corp.	72,039	6,646,726	5,392,840	
Total equities – consumer products		9,861,647	8,520,129	9.2
Equities – Real Estate Investment Trust:				
Dream Global REIT	287,295	2,373,865	3,418,811	
Total equities – real estate		2,373,865	3,418,811	3.7
Equities – Retailing:				
Alcanna Inc.	624,526	6,031,972	2,629,254	
Total equities – retailing		6,031,972	2,629,254	2.8
Equities – Utilities:				
Northland Power Inc.	146,324	3,211,831	3,175,232	
Total equities – utilities		3,211,831	3,175,232	3.4
Total Equities		99,353,326	91,501,114	98.5
Transaction Costs		(168,075)	-	
Total Investment Portfolio		99,185,251	91,501,114	98.5
Other Net Assets			1,373,958	1.5
Total Net Assets			\$ 92,875,072	100.0

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

STEADYHAND SMALL-CAP EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management:

The Fund is exposed to various types of financial risks that are associated with its investment strategies, financial instruments and market in which it invests. These include credit risk, liquidity risk and market risk which consists of currency risk, interest rate risk and other price risk. For a comprehensive discussion of the risks applicable to the Funds refer to note 9.

The Fund's objective is to grow capital at a pace that significantly exceeds inflation and provide exposure to a collection of smaller companies that think big. This Fund will move in a cycle of its own and will often be out of synch with the overall market.

The Fund looks to the Canadian and U.S. equity markets for small and mid-sized companies and although it typically invests the majority of its assets in Canadian equities, the portfolio manager may invest a significant portion of the fund's assets in U.S. equities in pursuit of opportunities not available in the Canadian market. However, it is not expected that the Fund's U.S. holdings will exceed 40% of its net assets for any prolonged period of time.

Financial risks applicable to the Steadyhand Small-Cap Equity Fund are discussed in more detail below.

(a) Credit risk:

At December 31, 2018 and 2017, the Fund had no significant exposure to credit risk.

(b) Liquidity risk:

The Fund's redeemable units are due on demand. The Fund's remaining non-derivative liabilities are due within twelve months of the year-end of the Fund. The Fund had no derivative liabilities as at December 31, 2018 and 2017.

(c) Market risk:

(i) Interest rate risk:

As at December 31, 2018 and 2017, the Fund had no significant exposure to interest rate risk.

(ii) Currency risk:

At period end, the carrying value of the Fund's net financial assets and financial liabilities held in individual foreign currencies expressed in Canadian dollars and as a percentage of its net assets were as follows:

Currency	December 31, 2018		December 31, 2017	
	Thousands of CAD	% of net assets	Thousands of CAD	% of net assets
United States Dollar	\$ 18,772.1	20.2%	\$ 17,027.8	17.5%

As at December 31, 2018, had the Canadian dollar strengthened or weakened by 1% in relation to all foreign currencies, with all other factors remaining constant, net assets attributable to redeemable units would have increased or decreased by approximately \$187,721 (December 31, 2017 - increased or decreased by approximately \$170,278). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

STEADYHAND SMALL-CAP EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

1. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk:

There were no significant concentrations of risk to issuers at December 31, 2018 and 2017. The Fund held the following securities which exceeded 5% of the net assets attributable to the holders of redeemable units:

At December 31, 2018:

	Percentage of net assets
WABCO Holdings Inc.	6.2%
Premium Brands Holdings Corp.	5.8%
Park Lawn Corp.	5.5%
Winpak Ltd.	5.5%
NFI Group Inc.	5.2%
AG Growth International Inc.	5.1%
Oshkosh Corp.	5.1%

At December 31, 2017:

	Percentage of net assets
Liquor Stores NA Ltd.	5.1%

As at period end, had the respective benchmark of the Fund increased or decreased by 5%, with all other variables held constant, net assets attributable to redeemable units would have increased or decreased as follows:

Index	December 31, 2018		December 31, 2017	
	5% Increase	5% Decrease	5% Increase	5% Decrease
TSX Small-Cap Index	\$ 3,888,797	\$ (3,888,797)	\$ 3,900,098	\$ (3,900,098)
Russell 2000 Index	686,258	(686,258)	688,253	(688,253)
	\$ 4,575,055	\$ (4,575,055)	\$ 4,588,351	\$ (4,588,351)

In practice, actual results may differ from this sensitivity analysis and these differences could be material.

STEADYHAND SMALL-CAP EQUITY FUND

Discussion of Financial Instruments and Risk Management

Years ended December 31, 2018 and 2017

2. Fair value of financial instruments:

For a general discussion of the Funds fair value measurements, refer to note 10.

(a) Fair value hierarchy - financial instruments measured at fair value:

The table below analyses financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

All fair value measurements below are recurring.

December 31, 2018	Level 1	Level 2	Level 3	Total
Investments	\$ 91,501,114	\$ -	\$ -	\$ 91,501,114

December 31, 2017	Level 1	Level 2	Level 3	Total
Investments	\$ 91,767,015	\$ -	\$ -	\$ 91,767,015

There were no transfers between Levels 1, 2 and 3 during the periods ended December 31, 2018 and 2017.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

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STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

1. Reporting entity:

The Steadyhand Investment Funds include the following:

Name of the Fund	Date of inception
Steadyhand Savings Fund	January 22, 2007
Steadyhand Income Fund	January 22, 2007
Steadyhand Founders Fund	January 2, 2012
Steadyhand Equity Fund	January 22, 2007
Steadyhand Global Equity Fund	January 22, 2007
Steadyhand Small-Cap Equity Fund	January 22, 2007

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 3rd 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 except for investments and derivatives, which are measured at fair value.

(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 Financial Statements

Years ended December 31, 2018 and 2017

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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 net assets 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.

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.

The Funds have not classified any of their financial instruments as FVOCI.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

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.

(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 Funds' derivative financial assets and derivative financial liabilities and investments in securities are classified as FVTPL.

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, subscriptions receivable, balances due from brokers, and interest and dividends receivable, 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 Funds have designated the redeemable units as financial liabilities at FVTPL because they are managed and their performance is evaluated on a fair value basis. The redeemable units 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.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

3. Significant accounting policies (continued):

- (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.

- (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 Fund. Income distributions received are treated consistently with dividends and interest and recorded in the Statement of Comprehensive Income.

- (f) Income taxes:

The Funds 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.

- (g) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statement of the Funds.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

4. Related party transactions:

Management fees:

Under the investment management agreement, the Manager receives a management fee based on the net asset value attributable to holders of Series A redeemable units on each valuation day at the following annualized rates:

Fund name	Management fee
Steadyhand Savings Fund	0.65%
Steadyhand Income Fund	1.04%
Steadyhand Founders Fund	1.34%
Steadyhand Equity Fund	1.42%
Steadyhand Global Equity Fund	1.78%
Steadyhand Small-Cap Equity Fund	1.78%

Management fees for Series O redeemable units are paid outside the funds directly to the Manager.

Management fee reductions are offered to all investors in the Funds based on the size of the account and tenure as an investor in the Funds. The fee reductions are paid in the form of special distributions at the Manager's discretion and the fee reduction program may be revised or cancelled at any time.

Operating expenses:

The Manager is responsible for paying all of the Funds' operating expenses, including Independent Review Committee ("IRC") fees. Such IRC fees have been absorbed by the Manager as reflected in each Fund's statement of comprehensive income.

The Manager may absorb all or a portion of the Funds' obligations, where the aggregate expenses exceed a certain percentage of the average daily net asset value of each Fund. This absorption of expenses may be terminated at any time by the Manager.

Unit holdings:

Directors, officers and affiliates of the Manager owned Series A redeemable units of the Funds. December 31, 2018 and 2017, the following Series A redeemable units were held by directors, officers and other affiliates of the Manager:

Fund name	2018	2017
Steadyhand Savings Fund	333,199	321,864
Steadyhand Income Fund	255,225	253,076
Steadyhand Founders Fund	260,342	255,500
Steadyhand Equity Fund	222,341	240,912
Steadyhand Global Equity Fund	380,127	340,580
Steadyhand Small-Cap Equity Fund	125,104	120,043

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

4. Related party transactions (continued):

As at December 31, 2018, no Series O redeemable units (December 31, 2017 - no Series O redeemable units) were held by directors, officers and other affiliates of the Manager.

The Founders Fund holds Series O redeemable units in all five of the other Steadyhand Funds. Refer to the Founders Fund Schedule of Investment Portfolio for a description of its holdings in other Steadyhand Funds.

5. Redeemable units:

The Funds are authorized to issue an unlimited number of redeemable units in an unlimited number of distinct series. The Funds, except the Steadyhand Founders Fund, currently offer two series of units, Series A and Series O. The Steadyhand Founders 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.

The redeemable unit transactions for the Funds during the years ended December 31, 2018 and 2017 are as follows:

2018	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Outstanding redeemable units, end of year
Steadyhand Savings Fund					
Series A	3,012,013	3,431,724	45,940	(2,784,658)	3,705,019
Series O	6,440,467	1,954,948	93,775	(5,750,956)	2,738,234
Steadyhand Income Fund					
Series A	8,467,035	780,426	220,398	(1,696,609)	7,771,250
Series O	13,444,221	1,414,277	408,455	(633,915)	14,633,038
Steadyhand Founders Fund					
Series A	29,753,328	6,225,320	1,640,510	(2,354,406)	35,264,752
Steadyhand Equity Fund					
Series A	5,757,245	790,575	136,194	(478,819)	6,205,195
Series O	3,853,312	1,895,957	160,404	(3,938)	5,905,735
Steadyhand Global Equity Fund					
Series A	8,186,768	1,381,740	1,553,471	(772,404)	10,349,575
Series O	6,682,867	3,804,895	1,898,351	(94,588)	12,291,525
Steadyhand Small-Cap Equity Fund					
Series A	3,668,617	496,746	256,385	(268,827)	4,152,921
Series O	2,152,846	381,465	201,235	(4,113)	2,731,433

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

5. Redeemable units (continued):

2017	Outstanding redeemable units, beginning of year	Redeemable units issued	Redeemable units issued on reinvestment of distributions	Redeemable units redeemed	Outstanding redeemable units, end of year
Steadyhand Savings Fund					
Series A	1,918,884	3,148,209	18,993	(2,074,073)	3,012,013
Series O	4,698,041	1,718,000	54,426	(30,000)	6,440,467
Steadyhand Income Fund					
Series A	8,797,623	1,064,278	204,548	(1,599,414)	8,467,035
Series O	8,200,609	4,963,861	279,751	-	13,444,221
Steadyhand Founders Fund					
Series A	23,751,071	6,864,519	823,762	(1,686,024)	29,753,328
Steadyhand Equity Fund					
Series A	5,399,382	992,746	54,117	(689,000)	5,757,245
Series O	4,216,725	145,554	57,767	(566,734)	3,853,312
Steadyhand Global Equity Fund					
Series A	6,813,667	1,414,399	491,421	(532,719)	8,186,768
Series O	7,113,781	354,345	455,974	(1,241,233)	6,682,867
Steadyhand Small-Cap Equity Fund					
Series A	3,306,366	529,452	146,164	(313,365)	3,668,617
Series O	1,597,733	540,213	100,848	(85,948)	2,152,846

6. Withholding tax and other income taxes:

Certain dividend and interest income received by the Funds are subject to withholding tax imposed in the country of origin. During the period, the average withholding tax rate for the Funds with foreign taxes withheld were:

Fund name	2018	2017
Steadyhand Equity Fund	16.4%	18.1%
Steadyhand Global Equity Fund	12.9%	13.8%
Steadyhand Small-Cap Fund	15.0%	15.0%

As at December 31, 2018 and 2017, the Funds had no capital or non-capital losses available for utilization against net realized capital gains or non-capital gains in future years.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

7. Transaction costs and soft dollars:

The Manager may select brokers who charge commission in “soft dollars” if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized. Brokerage commissions and transaction costs on portfolio transactions for the years ended December 31 include the following:

Fund name	2018	2017
Steadyhand Income Fund	\$ 46,756	\$ 47,589
Steadyhand Equity Fund	61,565	22,544
Steadyhand Global Equity Fund	385,608	86,092
Steadyhand Small-Cap Equity Fund	118,213	121,893

Included in the above transaction costs are soft dollar commissions as follows:

Fund name	2018	2017
Steadyhand Income Fund	\$ 5,979	\$ 5,306
Steadyhand Global Equity Fund	8,598	8,392

Soft dollars represent a means of paying for products or services provided by brokerage firms (e.g., research reports) in exchange for directing transactions (e.g., trade execution) to the brokerage. Mutual fund managers may use soft dollars allocated by brokerages to pay for a portion of the total commissions owed to the brokerage.

8. Capital management:

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

9. Financial risk management:

The following is a general discussion of the financial risks to which the Funds are exposed. Refer to the Discussion of Financial Instruments and Risk Management following each Fund’s financial statements for information specific to the respective Fund.

(a) Risk management framework:

The Funds’ investment portfolio comprises of listed equity and debt securities, derivative financial forward contracts and derivative foreign currency futures contract, and investments in unlisted investment funds.

The Manager has been given discretionary authority to manage the assets in line with the Fund’s investment objectives. Compliance with the target asset allocations and the composition of the portfolio are monitored by the Manager on a quarterly basis. In instances where the portfolio has diverged from target asset allocations, the Manager is obliged to take actions to rebalance the portfolio in line with the established targets, within prescribed time limits.

STEADYHAND INVESTMENT FUNDS

Notes to Financial Statements

Years ended December 31, 2018 and 2017

9. Financial risk management (continued):

(b) Credit risk:

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds, resulting in a financial loss to the Funds. It arises principally from debt securities held, and also from derivative assets, cash, and other receivables due to the Funds. The carrying value of these financial instruments as recorded in the statements of financial position reflects the Funds' maximum exposure to credit risk.

The Funds limits their exposure to credit loss by placing their cash and fixed income securities in instruments with high credit quality. To maximize the credit quality of its investments, the Funds' managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, counterparties, historical trends and other information.

The Funds invest in financial assets, which have an investment grade as rated primarily by Dominion Bond Rating Services, Standard & Poor's, and Moody's.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

(c) Liquidity risk:

Liquidity risk is the risk that the Funds will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset.

The Funds' policy and the Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, including estimated redemptions of units, without incurring unacceptable losses or risking damage to the Funds' reputation. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed.

(d) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market interest rates. To manage interest rate risk, the Funds aim to maintain weighted-average days to maturity, or contractual re-pricing dates if that is earlier, for debt securities of less than 91 days.

The internal procedures require the Manager to manage interest rate risk on a daily basis in accordance with the policies and procedures in place. If the interest rate risk is not in accordance with the investment policy or guidelines of the Funds, then the Manager is required to rebalance the portfolio within 30 days of each determination of such occurrence.

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9. Financial risk management (continued):

(d) Market risk (continued):

(ii) Currency risk:

Currency risk is the risk that the value of financial instruments denominated in currencies other than the functional currency of the Funds will fluctuate due to changes in foreign exchange rates.

While changes in foreign exchange rates can lead to fluctuations in the values of the Fund's underlying holdings reported in Canadian dollars, the Manager believes that exposure to foreign currencies provides an additional source of diversification for the Funds. Exposure to any individual foreign currency, however, is limited to 50% of the Funds' net assets.

The Funds' currency risk is managed on a quarterly basis by the Manager in accordance with the policies and procedures in place.

(iii) Other price risk:

Other price risk is the risk that the fair value of the financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

Price risk is moderated by the Manager through a careful selection of securities within specified limits and the Funds' price risk is managed through diversification of the respective Fund. The Investment Manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges.

10. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs that are unobservable.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

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10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

The Funds use widely recognized valuation models for determining the fair value of common and more simple financial instruments such as money market instruments, futures and forward contracts that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, money market instruments and exchange-traded derivatives, such as futures and OTC derivatives such as forward contracts. In certain circumstances, the Funds may need to apply these observable market inputs to determine fair value for some money market instruments through the use of present value and discounted cash flow techniques. The availability of observable market prices and model inputs reduces the need for management judgment and estimation and reduces the uncertainty associated with the determination of fair values.

For more complex instruments, the Funds use proprietary valuation models, which are usually developed from recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

Refer to the Discussion of Financial Instruments and Risk Management following each Fund's respective financial statements for further discussion of the respective Fund's fair value measurements.

(b) Financial instruments not measured at fair value:

The carrying value of cash, balances due from brokers, subscriptions receivable, interest and dividends receivable, bank indebtedness, balances due to brokers, redemptions payable, management fees payable, and distributions payable, approximates their fair value given their short-term nature. The carrying amount of the Funds' net assets attributable to redeemable units also approximates fair value as they are measured at the redemption amount. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

11. Involvement with unconsolidated unstructured entities:

The table below describes the types of structured entities that the Income Fund and the Founder's Fund do not consolidate but in which they hold an interest. None of the other funds hold an interest in unstructured entities.

Entity	Nature and purpose	Interest held by the Founders Fund
Investment Funds	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors.	Investment in units issued by the funds.

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11. Involvement with unconsolidated unstructured entities (continued):

Income Fund:

December 31, 2018	Number of investee funds held	Total net assets of investee fund	Carrying amount included in investments
Funds administered by third parties	1	\$ 95,912,978	\$ 4,698,061

December 31, 2017	Number of investee funds held	Total net assets of investee fund	Carrying amount included in investments
Funds administered by third parties	1	\$ 77,498,099	\$ 4,753,235

Founders Fund:

December 31, 2018	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
Funds administered by the manager	5	\$ 787,521,345	\$ 431,417,530

December 31, 2017	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
Funds administered by the manager	5	\$ 769,110,872	\$ 397,567,296

During the years ended December 31, 2018 and 2017, the Fund did not provide financial support to unconsolidated structured entities and has no intention of providing financial or other support. The Funds can redeem their units in the above investment funds at any time, subject to their being sufficient liquidity in the underlying funds.

12. Change in accounting policy:

The Funds have adopted IFRS 9 Financial Instruments ("IFRS 9") with a date of initial application of January 1, 2018. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 specifies the accounting for financial instruments, including: classification and measurement, impairment and hedge accounting. The adoption of IFRS 9 has been applied retrospectively. The nature and effects of the key changes to the Funds' accounting policy are summarized below.

STEADYHAND INVESTMENT FUNDS

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12. Change in accounting policy (continued):

(i) Classification and measurement of financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The Funds may also, at initial recognition, irrevocably designate a financial asset as measured at FVTPL when doing so results in more relevant information. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale.

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.

The adoption of IFRS 9 did not result in any measurement differences in the Funds' financial assets and liabilities as at the transition date. The following table shows the original classification and measurement categories under IAS 39 and the new classification and measurement categories under IFRS 9 for each class of the Funds' financial assets and financial liabilities as at January 1, 2018.

	Original Classification under IAS 39	New Classification under IFRS 9
Financial assets		
Cash	Loans and receivables	Amortized cost
Balances due from brokers	Loans and receivables	Amortized cost
Subscriptions receivable	Loans and receivables	Amortized cost
Dividend receivable	Loans and receivables	Amortized cost
Interest receivable	Loans and receivables	Amortized cost
Derivative assets	Held-for-trading	FVTPL
Investments	FVTPL	FVTPL
Financial liabilities		
Bank indebtedness	Other financial liabilities	Amortized cost
Balances due to brokers	Other financial liabilities	Amortized cost
Redemptions payable	Other financial liabilities	Amortized cost
Management fees payable	Other financial liabilities	Amortized cost
Performance fees payable	Other financial liabilities	Amortized cost
Distributions payable	Other financial liabilities	Amortized cost
Derivative liabilities	Held-for-trading	FVTPL

(ii) Impairment of financial assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. As the Funds measures their financial assets at FVTPL or holds only short-term financial assets at amortized cost, the impairment requirements under the new standard do not impact these financial statements.

(iii) Hedge accounting

As permitted by IFRS 9, an election is available to continue to apply the hedge accounting requirements of IAS 39. However, the Funds have not applied hedge accounting under either standard. Therefore, the hedge accounting requirements under the new standard do not impact these financial statements.