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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Savings Fund**

June 30, 2019



# Steadyhand Savings Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights, but does not contain the complete unaudited semi-annual or audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual or audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Savings Fund (the "Fund") is to provide a stable level of current income and capital preservation through investing in a portfolio of Treasury Bills and short-term debt instruments issued by Canadian corporations and the federal and provincial governments.

Given the Fund's emphasis on capital preservation, it is managed conservatively. The portfolio's average term to maturity will not exceed 90 days, and the portfolio adviser only invests in debt instruments with high credit ratings.

### Risks

The primary risks associated with an investment in the Fund are interest rate risk and credit risk. The other risks are outlined in the simplified prospectus. There were no changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

Over the year, the Fund's net assets decreased to \$84.5 million as of June 30, 2019, from \$64.4 million at the end of 2018. This increase was attributable to net sales of \$20.1 million.

The Fund produced a return of 0.9% for the six months ended June 30, 2019. Over the same period, the FTSE TMX Canada 91 Day T-Bill Index gained 0.8%. The Fund's return is net of fees, whereas the return of the index does not include any costs or fees.

The Bank of Canada left its key lending rate unchanged over the first six months of the year, at 1.75%. Interest rates across a number of major developed market economies are just slightly off their all-time lows of 2016. The U.S. Federal Reserve signaled in June that it was ready to lower interest rates for the first time in over 10 years. The Bank of Canada (BoC) also softened its tone, recognizing the consequences of rising interest rates on our highly indebted economy. The BoC also acknowledged that economic growth will be weaker than expected over the first half of 2019.

The portfolio outperformed the index over the reporting period. The portfolio adviser's (Connor, Clark & Lunn Investment Management) preference for corporate paper continued to add value for the Fund in the period. These securities, which include bank paper, floating rate notes and short-dated bonds, comprise 70% of the fund. Current investments include bankers' acceptances issued by HSBC, Royal Bank, CIBC, TD Bank and Bank of Montreal; and commercial paper issued by Suncor, Enbridge, and Greater Toronto Airports Authority (GTAA).

Investments in T-Bills comprise the remaining 30% of the Fund. This portion of the portfolio was invested in provincial T-Bills throughout the period, rather than federal government T-Bills. Provincial T-Bills provided a yield advantage for the Fund over the reporting period.

On the credit front, the portfolio adviser added to bankers' acceptance exposures and reduced the Fund's holdings in commercial paper.

The Fund's pre-fee yield remained fairly steady over the reporting period. It ended June at 2.0%, which was the same level that it started the year at.

Given the short-term nature of the Fund's investments, there were several changes to the portfolio's specific assets as a number of securities matured over the reporting period.

There were no unusual trends in revenues or expenses over the reporting period.

### **Recent Developments**

Bond markets experienced a strong rally in the first quarter in response to falling interest rates, as signs of a global economic slowdown became more apparent. Negative interest rates also became more pervasive, particularly toward quarter-end, as German and Japanese 10-year yields retreated into negative territory for the first time since 2016. The large drop in yields was especially evident in Canada as data continued to point to weakness in the domestic economy. Two-year Government of Canada bond yields declined 30 basis points (0.30%), while 10-year yields fell 33 bps. Shorter term yields (under 1 year) were more stable.

As the first quarter progressed, central banks became more responsive to downside risks. Notably, the U.S. Federal Reserve (Fed) lowered its growth forecast and indicated it would use more patience when setting future monetary policy. The Fed also signaled that it does not plan to introduce any further interest rate hikes for the remainder of 2019, and the Bank of Canada also softened its tone. The BoC also acknowledged that reaching its estimated neutral range for interest rates may not occur this cycle.

Changes to Canadian interest rates were more muted than those in the U.S. in the second quarter, with data holding steady and employment gains relatively robust. Moreover, an upside surprise to core inflation measures would likely enable the BoC to remain patient and keep interest rates steady for the time being.

Markets have clearly been drawn in by the allure of accommodative monetary policy as central banks have proven to be increasingly more sensitive to potential downside risks that could precipitate widespread deflation. By citing the potential limitations of conducting policy while interest rates are near zero, central banks are signaling they will respond sooner rather than later to slowing economic growth. The portfolio adviser believes that even with these shifts, the probability of a recession has grown (but is not imminent).

The balance of risks tilting toward a recession will likely be driven by past actions whose outcomes have yet to be fully realized. On the one hand, stimulus efforts in China have been narrowly targeted toward building growth without increasing debt. These efforts have yet to bear fruit, however, and contributed to European economic growth effectively flatlining. On the other hand, current U.S. monetary, fiscal and international trade policy are collectively projected to be a drag on future growth. Furthermore, if the global economy, including that of the U.S., suffers lacklustre growth and periods of contraction, it is unlikely Canada's economy will see any sort of a resurgence, especially as businesses and consumers continue to absorb the effects of past interest rate increases. As a result, CC&L believes central banks will continue to ease policy.

Corporate notes comprised roughly 70% of the Fund throughout the reporting period. Included in these holdings are floating rate notes (FRN) issued by TD Bank, Bank of Nova Scotia, BMW Canada, and Toyota Credit Canada. These securities have helped boost the Fund's yield without exposing it to undue risk.

The Fund's investments in Treasury Bills remain focused on provincial, rather than federal T-Bills, based on their attractive relative yield spreads. Provinces of focus currently include Ontario, Newfoundland, Nova Scotia and Saskatchewan.

In response to the extremely low interest rate environment, we temporarily reduced the fee on the fund in 2009 to help maintain a positive yield for investors. The 'One Simple Fee' of the fund, which is a fixed fee that includes the fee for Steadyhand's services as manager and all of the fund's operating expenses, was temporarily reduced from 0.65% to 0.20%, and currently remains at this level. The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 0.65%. The 'One Simple Fee' was temporarily reduced from 0.65% to 0.20%. The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time. This fee is calculated daily and paid monthly based on the net asset value of units of the Fund. For the period ended June 30, 2019, the Fund paid gross fees of \$31,638 to the Manager and distributed \$10,350 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;

- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019 Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 206,696 Series A units, or 7.2% of the total Series A Fund units. The Steadyhand Founders Fund holds 100% of the total Fund Series O units and pays no management fees.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's semi-annual unaudited and annual audited financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>
<b>Increase from operations:</b>					
Total revenue	0.10	0.19	0.14	0.11	0.11
Total expenses (excluding distributions)	(0.01)	(0.03)	(0.01)	(0.03)	(0.03)
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.09</b>	<b>0.16</b>	<b>0.13</b>	<b>0.08</b>	<b>0.08</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.15)	(0.08)	(0.07)	(0.08)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.09)</b>	<b>(0.15)</b>	<b>(0.08)</b>	<b>(0.07)</b>	<b>(0.08)</b>
<b>Net Assets, end of period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$28,665	\$37,050	\$30,120	\$19,189	\$19,591
Number of units outstanding <sup>4</sup>	2,866,490	3,705,019	3,012,013	1,918,884	1,959,106
Management expense ratio <sup>5</sup>	0.20%	0.20%	0.20%	0.20%	0.20%
Management expense ratio before waivers or absorptions	0.20%	0.21%	0.21%	0.21%	0.21%
Portfolio turnover rate <sup>6</sup>	-	67.13	85.73	-	-
Trading expense ratio <sup>7</sup>	-	-	-	-	-
Net asset value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period</b> <sup>1,3,9</sup>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>
<b>Increase from operations:</b>					
Total revenue	0.10	0.17	0.18	0.08	0.09
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations</b> <sup>1</sup>	<b>0.10</b>	<b>0.17</b>	<b>0.18</b>	<b>0.08</b>	<b>0.09</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.10)	(0.17)	(0.10)	(0.08)	(0.09)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>(0.10)</b>	<b>(0.17)</b>	<b>(0.10)</b>	<b>(0.08)</b>	<b>(0.09)</b>
<b>Net Assets, end of period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$55,826	\$27,382	\$64,405	\$46,980	\$29,729
Number of units outstanding <sup>4</sup>	5,582,579	2,738,234	6,440,467	4,698,041	2,972,917
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	-	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	-	67.13	85.73	-	-
Trading expense ratio <sup>7</sup>	-	-	-	-	-
Transactional net asset value per unit <sup>8</sup>	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the periods stated.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

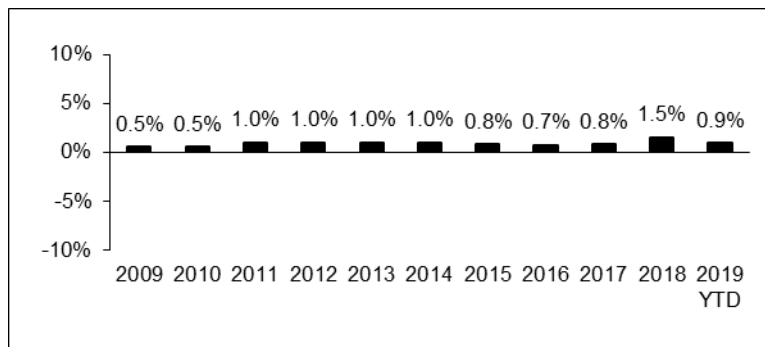
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

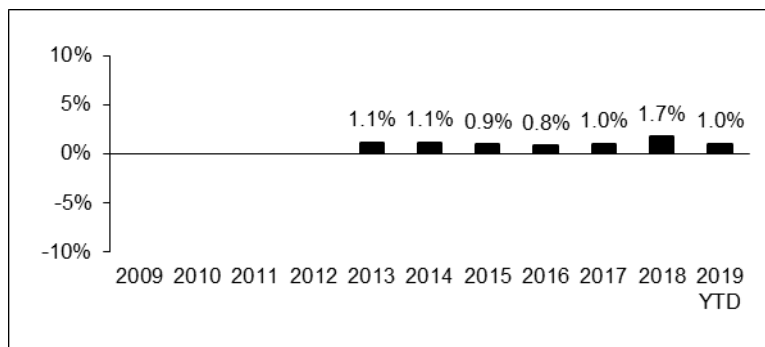
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

#### Series A



#### Series O



Series O units of the Fund were first offered for sale in February 2012.

## Summary of Investment Portfolio as at June 30, 2019

### Portfolio Allocation

	% of Net Assets
Bankers Acceptances	38.7%
Corporate Notes	22.3%
Provincial Promissory Notes	15.8%
Provincial Treasury Bills	8.5%
	85.3%
Corporate Bonds	10.9%
	10.9%
Total Investments	96.2%
Cash, Short-term Notes & Other Assets	3.8%
<b>Total</b>	<b>100.0%</b>

### Top 25 Holdings

	% of Net Assets
Province of Ontario T-Bill 1.738% 21 Aug 2019	8.5%
Province of Newfoundland C/P 1.771% 18 Jul 2019	5.9%
Province of Nova Scotia P/N 1.761% 04 Sep 2019	5.1%
Royal Bank of Canada B/A 1.850% 01 Aug 2019	4.9%
Province of Saskatchewan P/N 1.760% 12 Jul 2019	4.7%
Bank of Nova Scotia B/A 1.821% 17 Sep 2019	4.4%
Bank of Montreal B/A 2.200% 22 Jul 2019	4.1%
Cash & cash equivalents	3.6%
Toronto-Dominion Bank B/A 1.850% 31 Jul 2019	3.5%
Honda Canada C/P 1.971% 01 Oct 2019	3.5%
Canadian Imperial Bank of Commerce B/A 1.799% 23 Aug 2019	3.3%
Bank of Nova Scotia FRN C/P 2.076% 27 Aug 2019	3.2%
BMW Canada Inc. FRN C/P 2.115% 06 Feb 2020	3.0%
Province of British Columbia P/N 1.751% 19 Aug 2019	2.9%
TransCanada Pipelines Limited C/P 1.948% 09 Jul 2019	2.9%
National Bank of Canada B/A 1.811% 03 Sep 2019	2.8%
Greater Toronto Airport Authority C/P 1.882% 10 Sep 2019	2.7%
Royal Bank of Canada B/A 1.841% 23 Jul 2019	2.6%
Enbridge Pipelines Inc. C/P 2.030% 22 Aug 2019	2.6%
Toronto-Dominion Bank B/A 1.829% 03 Sep 2019	2.5%
Toyota Credit Canada FRN C/P 2.318% 13 Oct 2020	2.4%
Daimler Canada Finance Inc. C/P 1.878% 29 Aug 2019	2.4%



Suncor Energy Inc. C/P 7.971% 25 Jul 2019	2.4%
Canadian Imperial Bank of Commerce B/A 1.841% 12 Aug 2019	2.1%
Canadian Imperial Bank of Commerce B/A 1.809% 28 Aug 2019	2.1%

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The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Income Fund**

June 30, 2019



# Steadyhand Income Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

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Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Income Fund (the "Fund") is to provide a reasonably stable level of income, modest capital growth, and some long-term preservation of capital.

The Fund invests primarily in bonds, but also holds a significant portion of its assets in Real Estate Investment Trusts ("REITs"), income trusts and other income-producing securities for added yield and diversification. The bond portion of the Fund is primarily invested in medium to high quality corporate and government bonds of Canadian and foreign issuers. The Fund may also invest in derivatives for hedging purposes to protect against losses or for non-hedging purposes as a substitute for direct investment or to generate income.

### Risks

The primary risks associated with an investment in the Fund are credit risk, interest rate risk, price risk and high turnover risk. The portfolio may experience high turnover related to the ongoing reinvesting of short-term money market securities. The other risks are outlined in the simplified prospectus. There were no significant changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

Over the year, the Fund's net assets increased to \$248.4 million as of June 30, 2019, from \$243.6 million at the end of 2018. This increase of \$4.8 million was attributable to net redemptions of \$12.8 million, an increase in net assets from operations of \$19.6 million less \$2.0 million in distributions to unitholders.

The Fund gained 7.9% over the first half of the year. Over the same period, the FTSE TMX Canada Universe Bond Index rose 6.5%, while the S&P/TSX Capped Composite Index gained 16.2%.

The Fund posted a strong return over the first half of the year. Bonds, dividend-paying stocks and real estate investment trusts (REITs) all had a good start to 2019. The Fund's fixed income holdings benefited from falling interest rates (reminder: when rates fall, bond prices rise). Investors were willing to pay more for the safety of bonds because of a deteriorating outlook for global growth. Its equity holdings also performed well, bouncing back from a weak final quarter of 2018.

The Fund's asset mix positioning detracted from performance in the reporting period. The detraction came from the lower-than-normal exposure to stocks broadly and a greater weighting in bonds. This positioning was largely unchanged through the second quarter, as the portfolio adviser's (Connor, Clark & Lunn) conviction about slowing global economic activity grew. Bonds made up 77% of the Fund at the beginning of the year, and their weight was increased slightly to 78% by the end of June. The Fund's long-term strategic weighting in bonds is 75%. As mentioned, this shift in asset mix detracted from performance, as stocks outperformed bonds over the period, particularly in the first quarter.

CC&L believed the deteriorating fundamental backdrop called for a more cautious outlook on business profitability and equity prices. However, several central banks, notably the U.S. Federal Reserve, signaled plans to cut interest rates in order to sustain the economic expansion. This was met with approval from stock markets, which recorded further gains in the second quarter. The Fund performed in line with the market in the second quarter.

The Fund held more government bonds (sovereign and provincial) than corporate bonds over the first half of the year, which held back performance slightly as corporate bonds fared better. This is a defensive tactic, as corporates are more vulnerable to defaults in a weaker economy. The portfolio's focus in the corporate sector is on high-quality companies such as banks (e.g. T.D. Bank, Royal Bank) and utilities (e.g. Hydro One, Canadian Utilities). With the recent escalation of trade tensions, in which tariffs have been employed as foreign policy tools, any prospects for a strong economic rebound have dimmed considerably in the adviser's view. As a result, CC&L feels it's prudent to take a more cautious approach to both bond and stock investments in the current environment.

The Fund's stock component started the year at 23% of assets and was brought down marginally to 22% by mid year. This part of the portfolio performed in line with the broader Canadian market (S&P/TSX Composite Index). Sectors of focus include financial services, REITs, energy, pipelines, consumer staples and utilities. As a group, the Fund's equity investments gained 15% over the first half of the year. The portfolio has less exposure to energy and mining companies than the benchmark, and greater exposure to utilities, real estate and financial companies. Most sectors of the market performed well over the first half of the year, and the Fund's equity positioning neither added to, nor detracted from, performance.

The overall asset mix of the fund was modestly altered during the reporting period, as noted above (the bond weighting went up and the stock weighting came down). There were not many changes to the composition of the bond component. Sovereign bonds (Government of Canada) were decreased from 30% of the portfolio to 27% while provincial bonds made up 20% of the Fund throughout the period.

The Fund's pre-fee yield at the end of June was 2.5%, which was a notable decrease from its yield of 3.2% at the end of 2018.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period

### **Recent Developments**

Bond markets experienced a strong rally in the first quarter in response to falling interest rates, as signs of a global economic slowdown became more apparent. Negative interest rates also became more pervasive, particularly toward quarter-end, as German and Japanese 10-year yields retreated into negative territory for the first time since 2016. The large drop in yields was especially evident in Canada

as data continued to point to weakness in the domestic economy. Two-year Government of Canada bond yields declined 30 basis points (0.30%), while 10-year yields fell 33 bps.

As the first quarter progressed, central banks became more responsive to downside risks. Notably, the U.S. Federal Reserve (Fed) lowered its growth forecast and indicated it would use more patience when setting future monetary policy. The Fed also signaled that it does not plan to introduce any further interest rate hikes for the remainder of 2019. The Bank of Canada (BoC), recognizing the consequences of rising interest rates on its highly indebted economy, softened its tone. It also acknowledged that Canada's economic growth will be weaker than expected in the first half of 2019, and that reaching its estimated neutral range for interest rates may not occur this cycle.

Bonds rallied again in the second quarter, extending a strong period of gains for fixed income markets overall. Interest rates dropped in most developed market economies and global yields again approached their all-time lows set in 2016. The declines were particularly steep in Europe.

The U.S. Treasury market experienced particularly large declines, with the American economy appearing to have joined the rest of the slower economic growth world. With the recent escalation of trade tensions, any prospects for a strong economic rebound have dimmed considerably. Late in the second quarter, the Fed highlighted that downside risks to its outlook had grown and had shifted its economic growth expectations. The expectation for two interest rate cuts by the end of 2019 became the consensus. Over the quarter, 10-year Treasury yields dropped 40 bps while 2-year yields plunged 51 bps. Indeed, these were meaningful moves in a low interest rate environment.

In contrast, changes to Canadian interest rates were more muted in the second quarter, with data holding steady and employment gains relatively robust. Moreover, an upside surprise to core inflation measures would likely enable the BoC to remain patient and keep interest rates steady for the time being. Two-year Government of Canada bond yields declined by a comparatively small 8 bps, while 10-year yields fell 23 bps.

Markets have clearly been drawn in by the allure of accommodative monetary policy as central banks have proven to be increasingly more sensitive to potential downside risks that could precipitate widespread deflation. By citing the potential limitations of conducting policy while interest rates are near zero, central banks are signaling they will respond sooner rather than later to slowing economic growth. The portfolio adviser believes that even with these shifts, the probability of a recession has grown (but is not imminent).

The balance of risks tilting toward a recession will likely be driven by past actions whose outcomes have yet to be fully realized. On the one hand, stimulus efforts in China have been narrowly targeted toward building growth without increasing debt. These efforts have yet to bear fruit, however, and contributed to European economic growth effectively flatlining. On the other hand, current U.S. monetary, fiscal and international trade policy are collectively projected to be a drag on future growth. Furthermore, if the global economy, including that of the U.S., suffers lacklustre growth and periods of contraction, it is unlikely Canada's economy will see any sort of a resurgence, especially as businesses and consumers continue to absorb the effects of past interest rate increases.

As a result, CC&L believes central banks will continue to ease policy, and accordingly the adviser has structured the Fund's duration to be longer than that of the benchmark. The yield curve strategy is positioned to benefit from shorter-term interest rates declining relative to mid-term maturities. CC&L will

continue to monitor and reassess this position in response to any meaningful changes to economic activity.

The strength in corporate bond prices has broadly been sustained by investor faith in future positive outcomes resulting from the shift in monetary policy. However, the adviser believes it is unlikely that corporate spreads (the difference in yield between government and corporate bond yields), particularly those high yield issuers whose balance sheets have significant leverage, will remain tight should earnings deteriorate alongside a contraction in economic activity. As such, investments continue to be focused on high-quality securities that are fairly liquid.

As for the outlook for stocks, the adviser expects heightened volatility to remain a key theme and believes high-quality companies will outperform their lower-quality peers. Larger market capitalizations, strong free cash flow generation, sustainable dividends, stable margins and strong balance sheets are characteristics CC&L continues to favour. Companies with the ability to deliver strong financial results in a slowing economic environment should outperform their counterparts.

The Fund paid distributions totaling \$0.09/unit over the first half of the year (\$0.045/unit at the end of March and \$0.045/unit at the end of June).

There were no material changes over the reporting period to the portfolio advisor, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.04%. The Fund paid the Manager \$431,209 of its net assets as management fees and distributed \$128,022 in management fee reductions for the six months ended June 30, 2019. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 249,459 Series A units, or 3.2% of the total Fund Series A units. The Steadyhand Founders Fund holds 100% of the total Fund Series O units and pays no management fees.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period</b> <sup>1,3</sup>	<b>\$10.44</b>	<b>\$10.86</b>	<b>\$10.79</b>	<b>\$10.69</b>	<b>\$11.12</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.31	0.32	0.31	0.34	0.37
Total expenses (excluding distributions)	(0.14)	(0.14)	(0.14)	(0.14)	(0.15)
Realized gains (losses) for the period	0.31	(0.07)	(0.02)	0.18	0.27
Unrealized gains (losses) for the period	1.20	(0.22)	0.19	0.24	(0.38)
<b>Total increase (decrease) from operations</b> <sup>1</sup>	<b>1.68</b>	<b>(0.11)</b>	<b>0.34</b>	<b>0.62</b>	<b>0.11</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.24)	(0.22)	(0.25)	(0.28)
From dividends	-	(0.04)	(0.02)	(0.03)	(0.02)
From capital gains	-	-	-	(0.23)	(0.22)
Return of capital	-	-	-	-	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>(0.09)</b>	<b>(0.28)</b>	<b>(0.24)</b>	<b>(0.50)</b>	<b>(0.52)</b>
<b>Net Assets, end of period</b>	<b>\$11.18</b>	<b>\$10.44</b>	<b>\$10.86</b>	<b>\$10.79</b>	<b>\$10.69</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$87,470	\$81,126	\$91,949	\$94,927	\$90,920
Number of units outstanding <sup>4</sup>	7,826,531	7,771,250	8,467,035	8,797,623	8,507,316
Management expense ratio <sup>5</sup>	1.04%	1.04%	1.04%	1.04%	1.04%
Management expense ratio before waivers or absorptions	1.05%	1.04%	1.05%	1.04%	1.04%
Portfolio turnover rate <sup>6</sup>	80.62%	216.55%	242.00%	231.76%	137.05%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.02%	0.03%	0.02%
Net asset value per unit	\$11.18	\$10.44	\$10.86	\$10.79	\$11.12

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period</b> <sup>1,3</sup>	<b>\$11.11</b>	<b>\$11.45</b>	<b>\$11.27</b>	<b>\$11.06</b>	<b>\$11.41</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.77	0.34	0.33	0.36	0.39
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.79	(0.07)	(0.02)	0.18	0.26
Unrealized gains (losses) for the period	2.90	(0.30)	0.15	0.20	(0.47)
<b>Total increase (decrease) from operations</b>	<b>4.46</b>	<b>(0.03)</b>	<b>0.46</b>	<b>0.74</b>	<b>0.18</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.27)	(0.24)	(0.27)	(0.30)
From dividends	-	(0.04)	(0.04)	(0.03)	(0.03)
From capital gains	-	-	-	(0.24)	(0.23)
Return of capital	-	-	-	-	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>(0.09)</b>	<b>(0.31)</b>	<b>(0.28)</b>	<b>(0.54)</b>	<b>(0.56)</b>
<b>Net Assets, end of period</b>	<b>\$11.96</b>	<b>\$11.11</b>	<b>\$11.45</b>	<b>\$11.27</b>	<b>\$11.06</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$160,897	\$162,505	\$153,869	\$92,407	\$80,656
Number of units outstanding <sup>4</sup>	13,457,238	14,633,038	13,444,221	8,200,609	7,292,039
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	-	-	0.01%	-
Portfolio turnover rate <sup>6</sup>	80.62%	216.55%	242.00%	231.76%	177.41%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.02%	0.03%	0.02%
Net asset value per unit	\$11.96	\$11.11	\$11.45	\$11.27	\$11.06

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the period.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.



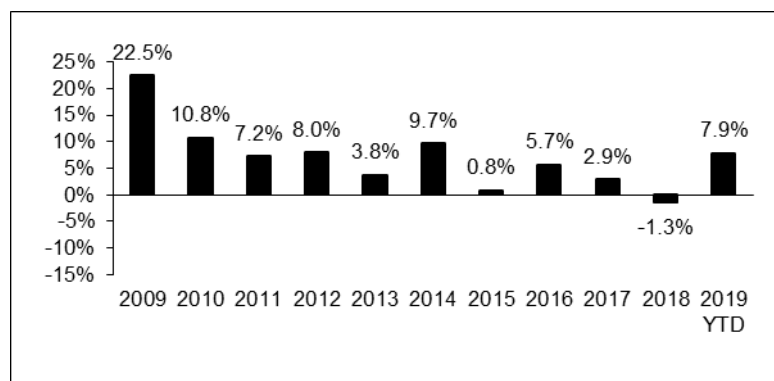
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

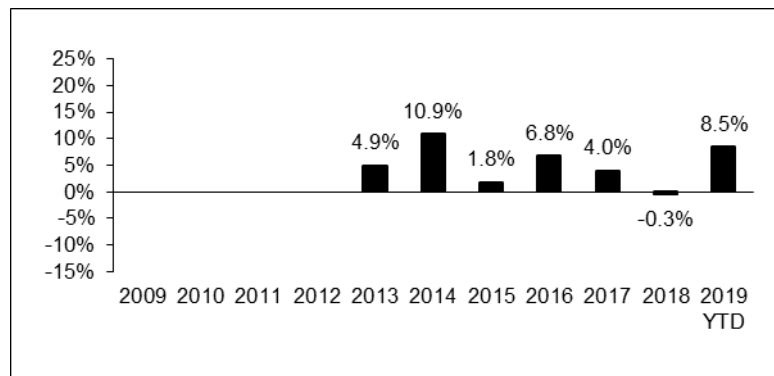
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

#### Series A



#### Series O



Series O units of the Fund were first offered for sale in February 2012.

## Summary of Investment Portfolio as at June 30, 2019

### Portfolio Allocation

<b>Bonds</b>	% of Net Assets
Federal Bonds	27.6%
Corporate Bonds	26.5%
Provincial Bonds	19.7%
Municipal Bonds	0.3%
	<hr/>
	74.1%
<b>Equities</b>	
Financial Services	6.1%
Real Estate	5.7%
Oil & Gas	3.3%
Utilities & Pipelines	2.1%
Communication & Media	1.6%
Industrial Goods & Services	1.5%
Consumer Products	0.8%
Retailing	0.8%
Consumer Cyclical	0.3%
	<hr/>
	22.2%
Pooled Investment Funds	2.0%
Cash, Short-Term Notes & Other Assets	1.7%
<b>Total</b>	<hr/> <hr/>
	100.0%

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**Top 25 Holdings**

	% of Net Assets
Government of Canada Bond 0.500% 01 Mar 2022	8.7%
Province of Quebec Bond 3.500% 01 Dec 2048	5.7%
Government of Canada Bond 2.750% 01 Dec 2048	4.9%
Province of Ontario Bond 2.800% 02 June 2048	3.9%
Canada Housing Trust No.1 Bond 2.350% 15 Jun 2023	3.7%
RBC Yield Curve Deposit Note Series 21 CP 1.768% 16 Jul 2019	2.5%
Canada Housing Trust No.1 Bond 2.550% 15 Dec 2023	2.3%
Government of Canada Bond 2.250% 01 Mar 2024	2.3%
CC&L High Yield Bond Fund Series I	2.0%
Bank of Montreal C/P 1.610% 28 Oct 2021	1.9%
Toronto-Dominion Bank	1.8%
Royal Bank of Canada	1.8%
Royal Bank of Canada C/P 3.296% 26 Sep 2023	1.7%
Government of Canada Bond 4.000% 01 Jun 2041	1.7%
Province of Ontario Bond 4.700% 02 Jun 2037	1.6%
Bank of Montreal C/P 3.400% 23 Apr 2021	1.5%
Province of Ontario Bond 2.600% 02 Jun 2025	1.4%
Government of Canada Bond 5.000% 01 Jun 2037	1.4%
Canadian Imperial Bank BDN 1.800% 05 Sep 2019	1.4%
Bank of Montreal C/P 1.880% 31 Mar 2021	1.3%
First Capital Realty Inc.	1.3%
Allied Properties REIT	1.3%
Canadian Apartment Properties REIT	1.2%
Brookfield Property Partners LP	1.1%
Canada Housing Trust No.1 Bond 2.400% 15 Dec 2022	1.1%

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The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Founders Fund**

June 30, 2019



# Steadyhand Founders Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual and audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual and audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Founders Fund (the "Fund") is to provide a reasonably stable level of income, modest capital growth, and some long-term preservation of capital.

The Fund invests in Steadyhand's income and equity funds. The underlying fund mix will be a reflection of Tom Bradley's views on market valuations and asset mix. The portfolio has a long-term targeted mix of 60% equities and 40% fixed income, but the equity portion may range from 40% to 75% and fixed income from 25% to 60%. The manager will make tactical shifts in the Fund's asset mix when he feels that stock or bond valuations are at an extreme. The underlying funds may also invest in derivatives for hedging purposes to protect against losses or for non-hedging purposes as a substitute for direct investment or to generate income.

### Risks

The primary risks associated with an investment in the Fund are credit risk, interest rate risk, and price risk. The other risks are outlined in the simplified prospectus. There were no significant changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

The Fund's net assets stood at \$484.7 million as at June 30, 2019, an increase of \$54.7 million from \$430.0 million as of December 31, 2018. This increase was attributable to net sales of \$22.5 million and an increase in net assets from operations of \$36.3 million less \$4.1 million in distributions to unitholders.

The Fund gained 8.1% over the first half of the year. Over the same period, the Canadian bond market (FTSE TMX Canada Universe Bond Index) gained 6.5%, the Canadian stock market (S&P/TSX Composite Index) rose 16.2%, and the global stock market (Morningstar Developed Markets Index) gained 11.7% in Canadian dollar terms. The Fund is a balanced mix of our fixed income and equity funds (it's a 'fund-of-funds') and has a long-term asset mix target of 60% equities and 40% fixed income.

To date, 2019 has been a robust year for bond investors. The Fund's bond component provided a strong return, as interest rates fell (reminder: when interest rates fall, bond prices rise). The Fund holds both government bonds and those issued by corporations. Each of these sectors performed well. A slowdown in global economic growth and fears surrounding the U.S.-led trade war prompted investors to embrace the safety of bonds.

Emphasis in the bond portion of the portfolio (through the Steadyhand Income Fund) was on government bonds (provincial and federal) rather than corporate bonds during the reporting period. This was a defensive tactic, as corporates are more vulnerable to defaults in a weaker economy. Our focus in the corporate sector is currently on high-quality companies such as banks (e.g. T.D. Bank, Royal Bank) and utilities (e.g. Hydro One, Canadian Utilities).

Turning to the Fund's stocks, this component of the portfolio also provided a positive return. This part of the Fund is diversified across income-oriented securities (through its investment in the Steadyhand Income Fund), high-quality companies with growing dividends (Steadyhand Equity Fund), and to a lesser extent, smaller companies with higher growth profiles (Steadyhand Small-Cap Fund and Steadyhand Global Small-Cap Equity Fund). A few of the Fund's strategies have held back medium-term returns — specifically, an emphasis on value stocks in the Steadyhand Global Equity Fund. We believe, however, that they're prudent diversifiers in what is a confusing investment landscape.

The Founders Fund's Canadian equity holdings performed well, with a number of investments benefitting from double-digit price increases on the back of strong operating results, including CAE, CCL Industries and CN Rail. These stocks are held in the Steadyhand Equity Fund, which comprised 22-23% of the Founders Fund over the reporting period.

The Fund's foreign equity holdings (through its investments in the Steadyhand Global Equity Fund, Steadyhand Equity Fund and Steadyhand Global Small-Cap Equity Fund) advanced, but trailed the global index (Morningstar Developed Markets Index). The Steadyhand Global Equity Fund was the primary laggard. This fund made up 21-23% of the Founders Fund. It was held back by its investments in the energy sector, which has been clouded by negative sentiment stemming in part from fears of an economic slowdown. The Global Fund's holdings in the U.K. also fared poorly as uncertainty surrounding Brexit persists.

The Founders Fund's overall equity weighting ranged from 60-61% over the first half of the year. It started the year at 60% and drifted higher as stock markets surged in the first quarter. We trimmed the stock weighting in the spring, and it ended the reporting period where it started (60%). At the end of June, foreign stocks made up 34% of the Fund, while Canadian stocks comprised 26% (at the end of 2018, the weightings were 33% foreign and 27% Canadian).

The Fund's overall weighting in bonds ranged from 26% to 29% of the portfolio over the first half of the year and remained below the long-term target (35%). This lower-than-normal weighting hurt performance as the asset class was a strong performer, but extremely low interest rates portend low single-digit bond returns in the coming years.

In lieu of a full bond allocation, the cash reserve was higher than normal throughout the period. This also hurt performance as the return on cash-like investments was meager in relation to stocks and bonds. Between the Fund's investment in the Steadyhand Savings Fund and cash held in the equity funds, the reserve stood at 14% at the end of June, which is up slightly from where it stood at the beginning of the

year (11%). Despite near-zero real yields, cash and short-term securities provide protection against rising interest rates and are a ready source of liquidity in the event of heightened market volatility.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

### **Recent Developments**

The first quarter of 2019 was a strong period for stocks, following the sharp selloff in the fourth quarter of 2018. Many markets posted double-digit gains, with Canada being a standout. Stock markets extended their gains in the second quarter, albeit at a more modest pace. Tensions escalated steadily between the U.S. and China over tariffs, and global economic growth slowed in the first half of the year. By and large, however, investors seemed to brush off these concerns

Bond markets experienced a strong rally in the period in response to falling interest rates, as signs of a global economic slowdown became more apparent. Notably, the U.S. Federal Reserve (Fed) lowered its growth forecast and indicated it would use more patience when setting future monetary policy. The Fed also signaled that it does not plan to introduce any further interest rate hikes for the remainder of 2019. The Bank of Canada (BoC), recognizing the consequences of rising interest rates on its highly indebted economy, softened its tone. It also acknowledged that Canada's economic growth will be weaker than expected in the first half of 2019, and that reaching its estimated neutral range for interest rates may not occur this cycle.

Our outlook for stocks remains cautious. On balance, our equity fund managers are focusing on higher-quality companies that have a competitive advantage, are well financed, and trade at reasonable valuations.

Industrial goods & services stocks account for the largest part of the Fund's equity holdings (21%). These investments are well diversified across the world and by business activity. They include transportation-related companies (CAE, Cargojet, Wabtec, CN Rail, NFI Group), heavy equipment manufacturers/distributors (Konecranes, Tadano, Finning, Oshkosh), packaging companies (CCL Industries, Winpak), and multi-service providers (Elis, Stericylce), among others.

Importantly, the managers of the Founders Fund's underlying funds aren't constrained by borders. They have the flexibility to search widely for opportunities. The Canada-based companies are mostly global in nature and play to Canada's strengths — banking, transportation, energy, and industrial services. The companies based in the U.S., Europe, and Asia are more focused on industries not available in Canada — healthcare, consumer products, and technology.

Our fund managers (portfolio advisers) were more active than usual over the first half of the year. This was not a surprise. Big price moves necessitate portfolio adjustments, with some stocks being trimmed or sold, and others added to. New holdings in the period included CME Group, Telus, Burford Capital, Philips, Microsoft, Tadano and Attendo, while CBOE Holdings, Exchange Income, WABCO Holdings, Evertz Technologies, Novozymes and Marathon Petroleum were eliminated, among others.

The Steadyhand Global Small-Cap Equity Fund, which was launched in February, is now 3% of the Founders Fund. Over time, this fund is expected to account for 4-8% of the portfolio.

At the end of June, foreign equities comprised 34% of the portfolio, while Canadian equities made up 26% (which is right on the Fund's long-term target). On the foreign side, the Fund had a slightly higher weighting in overseas companies (18%) relative to U.S. stocks (16%).

Turning to fixed income, the portfolio adviser for the Steadyhand Income Fund (Connor, Clark & Lunn) believes central banks will continue to ease policy, and accordingly the adviser has structured the Fund's duration to be longer than that of the benchmark. The yield curve strategy is positioned to benefit from shorter-term interest rates declining relative to mid-term maturities. CC&L will continue to monitor and reassess this position in response to any meaningful changes to economic activity.

Risk assets have broadly been sustained by investor faith in future positive outcomes resulting from the shift in monetary policy. However, the adviser believes it is unlikely that corporate spreads (the difference in yield between government and corporate bond yields), particularly those high yield issuers whose balance sheets have significant leverage, will remain tight should earnings deteriorate alongside a contraction in economic activity. As a result, investments continue to be focused on high-quality securities that are fairly liquid.

The Fund maintained a hefty cash position throughout the first half of the year, although it varied slightly over the reporting period (it started the year at 11% and was 14% at the end of June). The cash reserve is higher than normal, but we feel the position is prudent, as stock valuations appear expensive and bond yields remain low. The cash reserve provides protection against rising interest rates, and optionality if markets encounter heightened volatility.

There were some minor adjustments to the portfolio's underlying mix of funds in the first half of the year. The Income Fund's weighting in the portfolio was decreased from 38% at the beginning of the year to 33% at the end of June. The Equity Fund started the year with a weighting of 23% and ended the reporting period with a weighting of 22%. The Global Equity Fund's weighting in the portfolio decreased from 23% to 21%, the Small-Cap Equity Fund remained steady at 9%, and a position in the Global Small-Cap Equity Fund was established, as mentioned above. The position in the Savings Fund increased from 7% to 12%. The overall bond weighting decreased from 29% to 26%, the stock weighting held steady at 60%, and cash increased from 11% to 14%.

The equities in the Fund (through its holdings in the Steadyhand Equity Fund, Steadyhand Global Equity Fund, Steadyhand Small-Cap Equity Fund, Steadyhand Global Small-Cap Equity Fund and Steadyhand Income Fund) remain well diversified across industry sectors. As previously noted, the greatest exposure lies in the industrial goods & services sector. Financial services, healthcare, oil & gas and consumer stocks also play an important role, while investments in utilities and basic materials (e.g. mining and metals) are modest. Over the reporting period, there were not any notable change to the sector composition of the Fund.

An ongoing risk for investors in the Fund is the impact of currency fluctuations. Over half of the Fund's equity holdings are denominated in foreign currencies. The greatest exposures lie in the U.S. dollar, Euro, British Pound, and Japanese Yen. If the Canadian dollar strengthens against these currencies, the Fund's returns will be dampened. Conversely, a depreciation of the loonie would boost returns.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the Fund.



## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.34%. The Fund paid the Manager \$3,062,080 of its net assets as management fees and distributed \$878,708 in management fee reductions for the six months ending June 30, 2019. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 252,733 units, or 0.7% of the total fund units. The Fund and Steadyhand Builders Fund hold 100% of the O series units of the Steadyhand Savings, Income, Equity, Global Equity, Small-Cap Equity Fund and Global Small-Cap Equity Funds and does not pay any management fees to the underlying funds.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual or audited annual financial statements.

<i>Series A – Net Assets Per Unit</i>	<i>Jun. 30 2019</i>	<i>Dec. 31 2018</i>	<i>Dec. 31 2017</i>	<i>Dec. 31 2016</i>	<i>Dec. 31 2015</i>
<b>Net Assets, beginning of period</b> <sup>1,3</sup>	\$12.19	\$13.43	\$12.79	\$12.29	\$12.17
<b>Increase (decrease) from operations:</b>					
Total revenue	0.04	0.82	0.43	0.49	0.60
Total expenses (excluding distributions)	(0.06)	(0.13)	(0.13)	(0.12)	(0.13)
Realized gains for the period	0.06	-	0.18	0.11	-
Unrealized gains (losses) for the period	0.97	(1.33)	0.58	0.42	(0.03)
<b>Total increase (decrease) from operations</b> <sup>1</sup>	<b>1.01</b>	<b>(0.64)</b>	<b>1.06</b>	<b>0.90</b>	<b>0.44</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.14)	(0.14)	(0.15)	(0.15)
From dividends	-	-	-	(0.01)	-
From capital gains	-	(0.45)	-	(0.16)	(0.21)
Return of capital	-	-	-	-	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>(0.09)</b>	<b>(0.59)</b>	<b>(0.14)</b>	<b>(0.32)</b>	<b>(0.36)</b>
<b>Net Assets, end of period</b>	<b>\$13.10</b>	<b>\$12.19</b>	<b>\$13.43</b>	<b>\$12.79</b>	<b>\$12.29</b>

<i>Series A - Ratios and Supplemental Data</i>	<i>Jun. 30 2019</i>	<i>Dec. 31 2018</i>	<i>Dec. 31 2017</i>	<i>Dec. 31 2016</i>	<i>Dec. 31 2015</i>
Net asset value (000's) <sup>4</sup>	\$484,735	\$430,049	\$399,612	\$303,661	\$244,046
Number of units outstanding <sup>4</sup>	37,010,336	35,264,752	29,753,328	23,751,071	19,863,499
Management expense ratio <sup>5</sup>	1.34%	1.34%	1.34%	1.34%	1.34%
Management expense ratio before waivers or absorptions	1.34%	1.34%	1.34%	1.34%	1.34%
Portfolio turnover rate <sup>6</sup>	9.18%	14.98%	7.30%	17.18%	5.93%
Trading expense ratio <sup>7</sup>	0.01%	0.07%	0.04%	0.12%	0.07%
Net asset value per unit	\$13.10	\$12.19	\$13.43	\$12.79	\$12.29

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

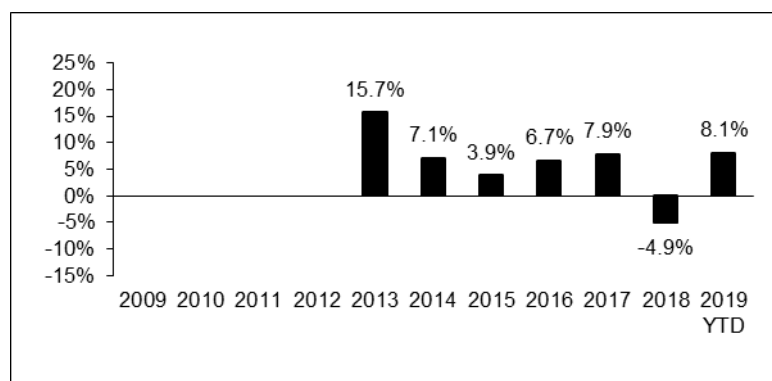
<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

### *Year-by-Year Returns*

The bar chart below shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



The Fund first offered units for sale in February 2012.

## Summary of Investment Portfolio as of June 30, 2019

### Portfolio Allocation

	% of Net Assets
Pooled Investment funds	99.4%
Cash, Short-Term Notes & Other Assets	0.6%
<b>Total</b>	<b>100.0%</b>

### Top 6 Holdings

	% of Net Assets
Steadyhand Income Fund, Series O	33.1%
Steadyhand Equity Fund, Series O	21.4%
Steadyhand Global Equity Fund, Series O	21.3%
Steadyhand Savings Fund, Series O	11.5%
Steadyhand Small-Cap Equity Fund, Series O	9.1%
Steadyhand Global Small-Cap Equity Fund, Series O	3.1%
Cash & cash equivalents	0.9%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Equity Fund**

June 30, 2019



# Steadyhand Equity Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements or audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual financial or audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Equity Fund (the "Fund") is to provide long-term capital growth by investing primarily in a concentrated, yet well-diversified portfolio of North American equities. The Fund also invests a small portion of its assets in overseas equities for added diversification.

The portfolio advisor looks for companies that have a history of profitability, a sustainable competitive advantage and are run by management teams that are committed to increasing shareholder value. As part of their investment process and discipline, the portfolio advisor invests in a maximum of 25 stocks.

### Risks

The primary risks associated with an investment in the Fund are market risks, including interest rate risk, foreign currency risk, price risk, and concentration risk. The other risks are outlined in the simplified prospectus. There were no material changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

Over the reporting period, the Fund's net assets increased to \$221.6 million as of June 30, 2019, from \$205.6 million at the end of 2018. This increase of \$16.0 million was mostly attributable to net redemptions of \$9.8 million, offset by an increase in net assets from operations of \$26.0 million over the reporting period and less distributions to unitholders of approximately \$0.2 million.

The Fund (Series A) gained 12.3% over the first half of the year. Over the same period, the S&P/TSX Composite Index gained 16.2%, while the Morningstar Developed Markets Index was up 11.7% in Canadian dollar terms.

The Fund underperformed the S&P/TSX Composite Index due to its non-benchmark oriented composition. More specifically, the Fund had no investments in the Canadian healthcare or technology industries, which were the two strongest performing sectors of the domestic market (both gained more than 35%). The Fund outperformed the Morningstar Developed Markets Index, on the other hand, as Canadian equities in general outperformed their global counterparts, and over half the Fund is invested in Canadian stocks. A few of the Fund's overseas holdings also produced excellent results, including Sika (Switzerland), Experian (U.K.) and Keyence (Japan).

The Canadian dollar appreciated against the U.S. dollar (+5%), which dampened the returns of U.S. stocks (which comprise just under 20% of the Fund) in Canadian dollar terms. The loonie also gained 5% against both the Euro and British Pound, which also dampened the Fund's return.

A number of holdings benefited from double-digit price increases on the back of solid operating results, including CAE and CCL Industries in Canada, Sika and Experian in Europe (as noted above), and Visa in the United States.

The energy sector was the weakest performing industry in Canada, gaining just 3% over the first half of the year. The Fund has less exposure to oil & gas stocks than the market, which helped its performance. Its two holdings are Suncor Energy and Pason Systems. Both stocks gained modest ground in the reporting period.

The Fund's U.S. investments were a mixed bag from a performance standpoint. Visa, the Fund's second largest holding, turned in a strong gain. CVS Health and Marathon Petroleum, on the other hand, lost ground.

There were some changes of note to the Fund's U.S. holdings. Starbucks, CBOE Holdings and Marathon Petroleum were sold. Starbucks and CBOE had been strong contributors to performance, while Marathon was sold as the portfolio adviser, Fiera Capital, determined that the stock's risks outweighed its rewards from an environmental, social and governance (ESG) standpoint. The proceeds from these sales were used in part to purchase three new American stocks, CME Group, S&P Global, and Microsoft.

There were no notable changes to the major themes in the portfolio over the first half of the year. Focus remains on best-in-class companies that generate strong cash flows, have good growth prospects, are well financed and have proven leaders at the helm.

Foreign stocks continued to make up a significant part of the Fund over the reporting period (46% at the end of June). These stocks provide exposure to global businesses not available in Canada, notably in the healthcare, technology and consumer sectors. The Fund's largest foreign holdings (in terms of their weight in the portfolio) are Visa, CME Group, Experian, Sika and Keyence.

In addition to the three U.S. stocks purchased over the reporting period, Telus (Canada) and Philips (Netherlands) were also added to the Fund. There were a few modest adjustments to the Fund's sector exposure: financial services stocks increased from 21% to 24% of the Fund's equities, healthcare stocks increased from 4% to 7%, and communications & media stocks increased from 0% to 3%. Conversely, oil & gas stocks decreased from 12% to 9%, and retailing stocks from 11% to 7%. The weightings of the other sectors were unchanged, by and large.

The portfolio's geographic profile changed modestly over the reporting period. The weighting of Canadian stocks increased from 52% to 54%, while Overseas stocks increased from 23% to 24%. U.S. stocks, on the other hand, decreased from 21% to 18%. The Fund's sole investment in Mexico (FEMSA) remained at 4%.

The Fund's cash position was 6% at the end of June, which was unchanged from its weighting at the end of 2018.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

## Recent Developments

The first quarter of 2019 was a strong period for stocks, following the sharp selloff in the fourth quarter of 2018. Many markets posted double-digit gains, with Canada being a standout. Stock markets extended their gains in the second quarter, albeit at a more modest pace. Tensions escalated steadily between the U.S. and China over tariffs, and global economic growth slowed in the first half of the year. By and large, however, investors seemed to brush off these concerns.

The portfolio adviser, Fiera Capital, maintained a cautious outlook throughout the period. Fiera's focus is on maintaining a portfolio of high-quality businesses that generate steady profits. As well, Fiera prefers companies that have little to no debt, as these businesses should prove to be more resilient in a weaker economic climate.

Portfolio turnover was higher than normal in the first half of the year. A handful of stocks became more expensive for the right reasons (i.e. they've gone up) and were trimmed or eliminated. CAE falls into the former category, while CBOE Holdings, Starbucks and Novozymes were sold entirely. Novozymes was removed because Fiera has been adding to CHR Hansen, a comparable but more innovative company. Marathon Petroleum was also sold. The portfolio adviser has incorporated a new sustainability framework into its analysis of companies. It considers environmental, social and governance factors (ESG), and is another way to assess whether a company will be a good long-term investment. Under the new framework, Fiera concluded that the risks associated with Marathon outweighed the benefits and the stock was sold.

With the proceeds from the above sales, five new stocks were purchased in the period: Philips (a leading health technology company), CME Group (a global markets company that owns derivatives, options and futures exchanges), S&P Global (a provider of market data, research, benchmarks and credit ratings), Telus (a leading telecom provider), and Microsoft (a leader in cloud storage in addition to its software solutions).

With the addition of S&P Global and CME Group, financial services stocks now make up 24% of the fund. These companies represent a much broader collection of businesses than simply banks. In addition to TD Bank, holdings include a credit reporting company (Experian), operators of securities exchanges and providers of market data (CME Group, S&P Global), and the world's leading payment solutions firm (Visa). In addition to paying nice dividends, these companies offer valuable diversification.

At the end of the reporting period, the Fund held 24 stocks, the same number that it held at the end of 2018. While the Fund's holdings are concentrated in a limited number of stocks, Fiera ensures that the portfolio is well diversified across a broad range of industries.

With close to half of the Fund's investments listed on foreign exchanges, the impact of currency fluctuations remains a risk of the Fund. More specifically, it has exposure to the U.S. dollar, Euro, British Pound, Swiss Franc, Danish Krone, Japanese Yen and Mexican Peso.

There were no other changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the Fund.



## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.42%. For the six months ending June 30, 2019, the Fund paid gross fees of \$734,780 to the Manager and distributed \$222,452 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 188,736 Series A units, or 3.4% of the total Fund Series A units. The Steadyhand Founders Fund and Steadyhand Builders Fund hold 100% of the total Fund Series O units and pay no management fees.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$16.72</b>	<b>\$17.73</b>	<b>\$16.04</b>	<b>\$14.72</b>	<b>\$13.78</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.21	0.37	0.32	0.38	0.32
Total expenses (excluding distributions)	(0.09)	(0.18)	(0.17)	(0.16)	(0.16)
Realized gains for the period	0.92	0.39	0.55	0.33	0.44
Unrealized gains (losses) for the period	1.09	(1.13)	1.16	1.10	0.57
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>2.13</b>	<b>(0.62)</b>	<b>1.86</b>	<b>1.65</b>	<b>1.17</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.01)	-	(0.01)	(0.01)
Dividends	-	(0.10)	(0.10)	(0.21)	(0.09)
From capital gains	-	(0.21)	-	-	(0.10)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.32)</b>	<b>(0.10)</b>	<b>(0.22)</b>	<b>(0.20)</b>
<b>Net Assets, end of period</b>	<b>\$18.76</b>	<b>\$16.72</b>	<b>\$17.73</b>	<b>\$16.04</b>	<b>\$14.72</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$103,239	\$103,720	\$102,077	\$86,633	\$69,182
Number of units outstanding <sup>4</sup>	5,502,111	6,205,195	5,757,245	5,399,382	4,699,218
Management expense ratio <sup>5</sup>	1.42%	1.42%	1.42%	1.42%	1.42%
Management expense ratio before waivers or absorptions	1.42%	1.42%	1.42%	1.42%	1.42%
Portfolio turnover rate <sup>6</sup>	17.72%	20.88%	13.95%	13.87%	17.13%
Trading expense ratio <sup>7</sup>	0.01%	0.03%	0.01%	0.01%	0.03%
Net asset value per unit	\$18.76	\$16.72	\$17.73	\$16.04	\$14.72

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$17.24</b>	<b>\$18.22</b>	<b>\$16.41</b>	<b>\$14.99</b>	<b>\$13.97</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.22	0.38	0.33	0.40	0.33
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	0.95	0.34	0.56	0.32	0.37
Unrealized gains (losses) for the period	1.05	(1.16)	1.20	1.22	0.56
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>2.22</b>	<b>(0.44)</b>	<b>2.09</b>	<b>1.94</b>	<b>1.26</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.03)	-	(0.02)	(0.02)
From dividends	-	(0.27)	(0.27)	(0.36)	(0.23)
From capital gains	-	(0.22)	-	-	(0.11)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.52)</b>	<b>(0.27)</b>	<b>(0.38)</b>	<b>(0.36)</b>
<b>Net Assets, end of period</b>	<b>\$19.49</b>	<b>\$17.24</b>	<b>\$18.22</b>	<b>\$16.41</b>	<b>\$14.99</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$118,340	\$101,837	\$70,225	\$69,206	\$60,386
Number of units outstanding <sup>4</sup>	6,071,150	5,905,735	3,853,312	4,216,725	4,029,329
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	17.72%	20.88%	13.95%	13.87%	17.13%
Trading expense ratio <sup>7</sup>	0.01%	0.03%	0.01%	0.01%	0.03%
Net asset value per unit	\$19.49	\$17.24	\$18.22	\$16.41	\$14.99

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the period stated.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

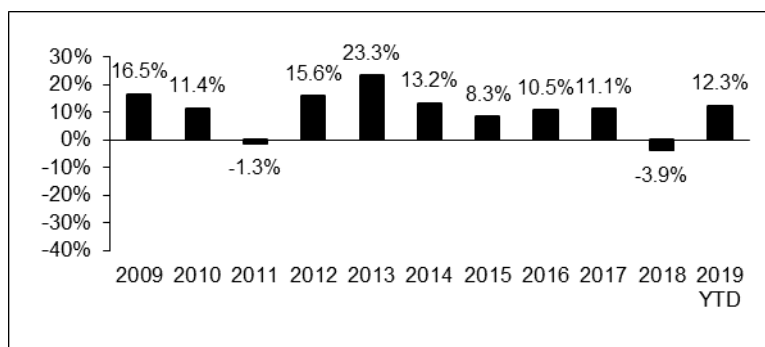
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

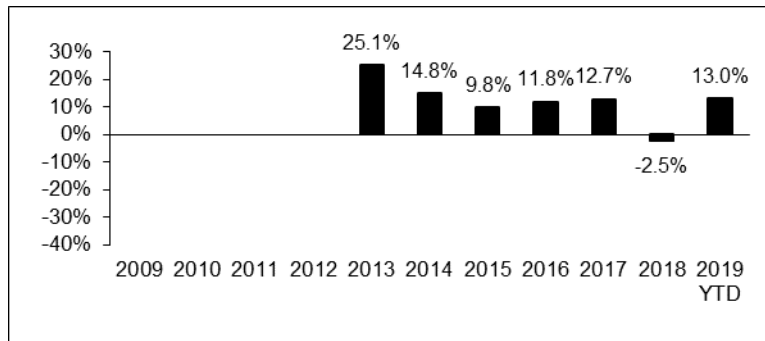
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and illustrate how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

#### Series A



#### Series O



Series O units of the Fund were first offered for sale in February 2012.

## Summary of Investment Portfolio as of June 30, 2019

### Portfolio Allocation

Equities	% of Net Assets
Industrial Goods & Services	23.4%
Financial Services	22.3%
Basic Materials	10.5%
Oil & Gas	8.3%
Healthcare	6.9%
Retailing	6.6%
Technology	5.7%
Consumer Products	3.7%
Consumer Cyclical	3.2%
Communications & Media	3.0%
	<hr/>
	93.6%
Cash, Short-term Notes & Other Assets	6.4%
<b>Total</b>	<hr/> <hr/>
	100.0%

### Top 25 Holdings

	% of Net Assets
Franco-Nevada Corp.	6.5%
Government of Canada Treasury Bill 1.650% 05 Sep 2019	6.2%
Visa Inc. Cl. A	6.2%
The Toronto-Dominion Bank	6.0%
CCL Industries Inc.	5.6%
Suncor Energy Inc.	4.9%
CME Group Inc.	4.8%
Canadian National Railway Co.	4.4%
Experian PLC	4.3%
Sika AG	4.2%
Keyence Corp.	4.1%
Nutrien Ltd.	4.0%
Novartis AG, ADR	3.9%
Fomento Economico Mexicano SAB de CV	3.7%
Dollarama Inc.	3.6%
Ritchie Bros Auctioneers Inc.	3.5%
Pason Systems Inc.	3.4%
Magna International Inc.	3.2%

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TELUS Corp.	3.0%
CVS Health Corp.	3.0%
Koninklijke Philips NV	3.0%
CAE Inc.	2.9%
Christian Hansen Holding A/S	2.6%
Microsoft Corp.	1.6%
S&P Global Inc.	1.0%

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The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Global Equity Fund**

June 30, 2019



# Steadyhand Global Equity Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual or audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual or audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Global Equity Fund (the "Fund") is to provide long-term capital growth by investing in a concentrated, yet well-diversified portfolio of equities around the globe, with a focus on the developed world.

The portfolio adviser looks for companies that have a proven ability to generate strong and stable cash flows, can be expected to gain market share over the long term, and trade at reasonable valuations. Stocks are not included in the Fund by reference to their weight in an index or by their market capitalization. The manager simply looks for the best risk-adjusted opportunities.

### Risks

The primary risks associated with an investment in the Fund are foreign market risk, concentration risk and currency risk. The other risks are outlined in the simplified prospectus. There were no changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

Over the reporting period, the Fund's net assets increased by \$9.4 million to \$190.4 million as of June 30, 2019, from \$181.0 million at the end of 2018. This increase was attributable to net sales of \$0.9 million, a \$8.7 million increase in net assets from operations less \$0.2 million in unitholder distributions.

The Fund gained 4.0% over the first half of the year. Over the same period, the Morningstar Developed Markets Index rose 11.7%. Returns were strong in most regions in the first half of 2019. The U.S. market (S&P 500 Index) was up 18.5% in U.S. dollar terms, while many European markets posted returns in the mid teens in local currency terms. Emerging markets were up roughly 10%. The Canadian market (S&P/TSX Composite Index) rose 16.2% over the period.

The impact of currency movements detracted from the returns of foreign stocks for Canadian investors, on balance. Over the first six months of the year, our dollar appreciated 5% against the U.S. dollar, 5% against the Euro, 5% against the British Pound, and 3% against the Japanese Yen. This weighed on the



Fund's return, as its foreign holdings were worth less in Canadian dollar terms as a result of the loonie's strength, notwithstanding any share price movements.

The Fund lagged the market owing to its focus on 'value' stocks rather than 'growth' stocks. Fast growing companies have been the market darlings over the past several years, while companies with slower earnings growth which may be facing temporary headwinds (but offer better valuations and higher dividend yields) have lagged.

In specific, investments in the energy sector held the Fund back. The sector, which made up 15% of the Fund at the end of June, has been clouded by negative sentiment stemming in part from fears of an economic slowdown. Oil & gas stocks had a particularly rough second quarter. Encana, Northern Drilling, National Oilwell Varco and Halliburton all saw sharp declines. The portfolio adviser, Velanne Asset Management, believes these stocks are oversold and there is good value to be found. The companies have become more cost efficient in recent years and are using technology more effectively. Anadarko was a positive story, as the company agreed to be acquired by Occidental. The stock gained over 50% in the second quarter.

The Fund's holdings in the U.K. also fared poorly as uncertainty surrounding Brexit persists. Investments in the region include William Hill, Imperial Brands, Mediclinic and Burford Capital. Velanne believes these stocks are being unduly penalized and feels they offer compelling value. British stocks made up 13% of the Fund at the end of June.

Although the Fund lagged the market, Velanne was reassured with the solid operating results of many of its holdings and the optimistic tone of the management teams they spoke with. Indeed, they're confident that many holdings have value yet to be unlocked and reflected in their stock prices. Two holdings exemplify this: NCR (a maker of ATM's) saw its stock rise after receiving takeover interest, and Legg Mason (an asset manager) saw its stock jump after an activist shareholder joined its board of directors.

The Fund's investments in Japan were a mixed bag. Heiwa Real Estate, a real estate and construction company that owns over 100 office and residential properties across the country, turned in a solid gain on the back of strong operating results. JXTG Holdings and Seven & I Holdings, however, lost ground. JXTG is Japan's biggest oil refiner. Its shares have fallen as the industry has experienced some headwinds and consolidation, but Velanne likes the company's longer-term prospects in an industry that now has fewer players and better pricing power. Seven & I, which operates over 50,000 7-Eleven stores in Japan and Asia, is facing some challenges with a tight labour market in Japan, but the fundamentals of the business remain attractive. Additional shares were purchased in both companies.

There were some adjustments to the composition of the portfolio over the first six months of the year. The largest increase in sector exposure was in industrial goods & services, which rose from 9% of the portfolio's equities at the end of 2018 to 12% at the end of June (a few new investments were purchased and are discussed in more detail in the Recent Developments section). Conversely, the consumer products sector decreased from 14% to 12%, and the communications & media sector decreased from 12% to 9%. The other sectors were largely unchanged.

From a geographic standpoint, the U.S. and Europe remain key areas of focus. American stocks make up 45% of the portfolio while European stocks (including the U.K.) make up 38%, and Japanese stocks 11%. There were some modest changes to the geographic profile of the Fund, with the weighting of American

stocks decreasing from 47% to 45%, and U.K. stocks decreasing from 16% to 13%. European stocks increased from 22% to 25%, while Japanese stocks increased from 8% to 11%.

The Fund held 56 stocks at the end of June, which is four more than it held at the beginning of the year. As a result of these new purchases, its cash position decreased from 10% to 2%.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

### **Recent Developments**

Foreign markets achieved positive returns over the first half of the year, with stocks in North America, Europe and Asia all turning in solid gains. Technology stocks were a notable area of strength, while industrial and consumer stocks also performed well. Conversely, the energy and healthcare sectors struggled to keep pace in the first half of the year, but turned it positive returns nonetheless.

Heated political tensions, tariff wars and a slowing global economy led to some jitters, but they weren't enough to deter investors. Many central banks signaled a change in policy to keep the global economy growing, with the U.S. Federal Reserve indicating that it was ready to lower its key lending rate for the first time in over 10 years.

Key areas of investment include financial services, healthcare, and oil & gas companies. This is indicative of the portfolio adviser's bias towards "value" over "growth" stocks. The latter have been the market darlings, but are much more expensive. Velanne believes that the tide will eventually turn, with investors turning their attention to stocks that are more attractively valued from a valuation and dividend perspective.

Mergers and acquisitions were a theme in the Fund in the first quarter. Disney's acquisition of 21<sup>st</sup> Century Fox closed in March. As a shareholder of 21<sup>st</sup> Century Fox, we received shares in the newly formed Fox Corporation as well as shares in Disney and a cash sum. We used some of the cash to buy more shares in Fox as well as additional shares in Disney (we already owned the stock) on price weakness. The portfolio adviser continues to like the prospects for both companies. They generate significant amounts of cash and, importantly, have good balance sheets. What's more, the sector is ripe for further consolidation.

Shire is another holding that was taken over. The Irish biotech was acquired by Takeda Pharmaceutical, the largest drug company in Asia and a leader in plasma therapies and vaccines. We held onto our shares in Takeda following the merger, as Velanne believes the stock is very cheap and its drug pipeline is under-appreciated.

In fact, Velanne believes that many healthcare stocks represent attractive value. The Fund's holdings are a mix of pharmaceutical companies (Bayer, Allergan, Takeda), device manufacturers (Medtronic, Zimmer Biomet), and hospital/nursing home operators (Mediclinic, Attendo). These stocks trade at low valuations and pay attractive dividends. As a group, healthcare companies make up 18% of the Fund.

Turnover was higher than normal in the period, with six new stocks purchased: Fox (mentioned above) Attendo (a nursing care provider in the Nordic countries), Burford Capital (the world's largest provider of arbitration and litigation finance), Stericycle (a leader in medical waste disposal and document shredding), Tadano (a Japanese manufacturer of cranes and aerial work platforms), and Wabtec (a supplier of components and services to the locomotive industry).

The portfolio remains well diversified across industry sectors. Financial services, healthcare, consumer-related, oil & gas, and communications & media companies are the greatest areas of exposure. Notably, the Fund does not own any mining companies.

An ongoing risk for investors in the Fund is the impact of currency fluctuations. The majority of the Fund's holdings are denominated in foreign currencies. The greatest exposures lie in the U.S. dollar, Euro, British Pound, Norwegian Krone, Japanese Yen and Hong Kong dollar. If the Canadian dollar strengthens against these currencies, the Fund's returns will be dampened. Conversely, a depreciation of the loonie would boost returns.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ended June 30, 2019, the Fund paid the Manager \$700,797 of its net assets as management fees and distributed \$228,276 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and
- bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 291,734 Series A units, or 3.3% of the total Fund Series A units. The Steadyhand Founders Fund and Steadyhand Builders Fund hold 100% of the total Fund Series O units and pay no management fees.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$7.84</b>	<b>\$10.52</b>	<b>\$9.69</b>	<b>\$9.92</b>	<b>\$9.54</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.12	0.31	0.25	0.24	0.22
Total expenses (excluding distributions)	(0.10)	(0.25)	(0.24)	(0.22)	(0.24)
Realized gains for the period	0.06	1.49	0.66	0.45	0.99
Unrealized gains (losses) for the period	0.32	(2.74)	0.87	(0.14)	0.25
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.40</b>	<b>(1.19)</b>	<b>1.54</b>	<b>0.33</b>	<b>1.22</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.11)	(0.10)	(0.13)	(0.07)
From dividends	-	-	-	-	-
From capital gains	-	(1.33)	(0.55)	(0.36)	(0.74)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.44)</b>	<b>(0.65)</b>	<b>(0.48)</b>	<b>(0.81)</b>
<b>Net Assets, end of period</b>	<b>\$8.15</b>	<b>\$7.84</b>	<b>\$10.52</b>	<b>\$9.69</b>	<b>\$9.92</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$72,393	\$81,102	\$86,129	\$66,037	\$63,229
Number of units outstanding <sup>4</sup>	8,882,979	10,349,575	8,186,768	6,813,667	6,373,694
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.78%	1.78%	1.78%	1.78%	1.78%
Portfolio turnover rate <sup>6</sup>	8.55%	134.79%	17.18%	21.14%	33.26%
Trading expense ratio <sup>7</sup>	0.00%	0.22%	0.06%	0.08%	0.11%
Net asset value per unit	\$8.15	\$7.84	\$10.52	\$9.69	\$9.92

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$8.13</b>	<b>\$10.90</b>	<b>\$9.97</b>	<b>\$10.15</b>	<b>\$9.70</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.13	0.32	0.26	0.25	0.22
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	0.06	1.51	0.69	0.45	1.00
Unrealized gains (losses) for the period	0.17	(3.06)	0.77	(0.04)	0.16
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.36</b>	<b>(1.23)</b>	<b>1.72</b>	<b>0.66</b>	<b>1.38</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.25)	(0.23)	(0.25)	(0.20)
From dividends	-	-	-	-	-
From capital gains	-	(1.40)	(0.58)	(0.37)	(0.77)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.65)</b>	<b>(0.81)</b>	<b>(0.62)</b>	<b>(0.97)</b>
<b>Net Assets, end of period</b>	<b>\$8.53</b>	<b>\$8.13</b>	<b>\$10.90</b>	<b>\$9.97</b>	<b>\$10.15</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$117,974	\$99,923	\$72,825	\$70,941	\$55,816
Number of units outstanding <sup>4</sup>	13,832,686	12,291,525	6,682,867	7,113,781	5,501,023
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	8.55%	134.79%	17.18%	21.14%	33.26%
Trading expense ratio <sup>7</sup>	0.00%	0.22%	0.06%	0.08%	0.11%
Net asset value per unit	\$8.53	\$8.13	\$10.90	\$9.97	\$10.15

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the period stated.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

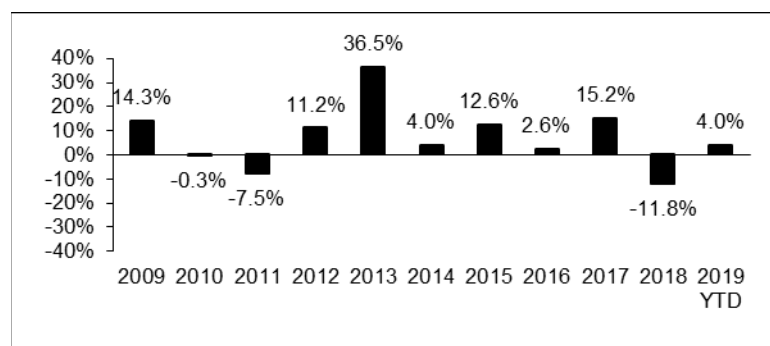
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

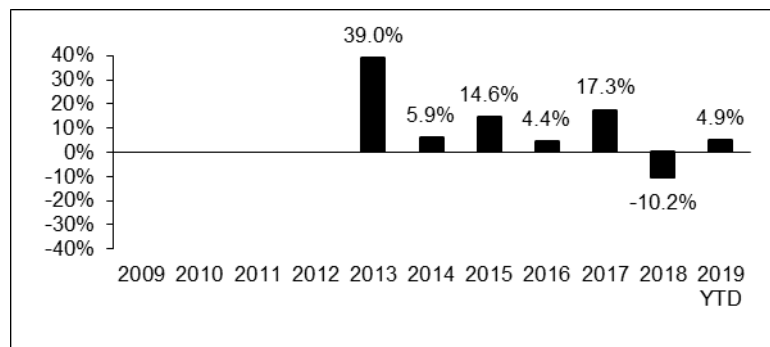
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

#### Series A



#### Series O



Series O units of the Fund were first offered for sale in February 2012.

## Summary of Investment Portfolio as at June 30, 2019

### Portfolio Allocation

Global Equities	% of Net Assets
Financial Services	18.5%
Healthcare	17.3%
Oil & Gas	14.3%
Consumer Products	12.3%
Industrial Goods & Services	11.4%
Communications & Media	9.2%
Consumer Cyclical	5.2%
Real Estate	2.8%
Technology	2.5%
Retailing	2.3%
Utilities	2.0%
	<hr/>
	97.8%
	<hr/>
Cash, Short-term Notes & Other Assets	2.2%
	<hr/>
<b>Total</b>	<b>100.0%</b>

### Top 25 Holdings

	% of Net Assets
Alleghany Corp.	3.6%
Discovery Communication Inc.	3.6%
Zimmer Biomet Holdings Inc.	3.5%
Konecranes OYJ	3.4%
Bayer AG	3.3%
Marine Harvest ASA	3.2%
Walt Disney Co.	3.2%
Medtronic PLC	3.0%
Heiwa Real Estate REIT Inc.	2.8%
21st Century Fox Inc. Class A	2.6%
Chugoku Marine Paints	2.6%
NCR Corp.	2.5%
Legg Mason Inc.	2.5%
Allergan PLC	2.3%
Berkshire Hathaway Inc. Class A	2.3%
Frank's International NV	2.2%
Schlumberger NV	2.2%
British American Tobacco PLC	2.1%
NN Group NV	2.0%
Burford Capital Ltd.	2.0%
Cash & cash equivalents	2.0%
William Hill PLC	2.0%
Vistra Energy Corp.	2.0%

Tribune Media Co.	1.9%
AIA Group Ltd.	1.9%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.



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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Small-Cap Equity Fund**

June 30, 2019



# Steadyhand Small-Cap Equity Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual or audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual or audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3rd Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Small-Cap Equity Fund (the "Fund") is to provide long-term capital growth by investing primarily in a concentrated portfolio of small and medium sized companies in Canada and the U.S., with an emphasis on Canadian equities.

The portfolio adviser looks for companies that have products or services that are easy to understand, proven track records of growing revenues, and experienced management teams.

### Risks

The primary risks associated with an investment in the Fund are market risk, concentration risk and small capitalization risk. The other risks are outlined in the simplified prospectus. There were no material changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

For the six months ended June 30, 2019, the Fund's net assets increased to \$104.8 million, from \$92.9 million at the end of 2018. This increase of \$11.9 million was attributable to net redemptions of \$2.4 million, plus an increase in net assets from operations of \$14.5 million less \$0.2 million paid in distributions to unitholders.

The Fund (Series A) gained 15.0% over the first half of the year. Over the same period, the S&P/TSX SmallCap Index rose 10.4%. The Fund outperformed the index due to its non-benchmark oriented composition.

The Fund had a strong start to the year as many holdings bounced back sharply following the selloff in the market during the last quarter of 2018. Several investments saw price gains of more than 30% in the first quarter, including Waterloo Brewing, Stericycle, Ag Growth Int'l., Points Int'l., and Alcanna.

One of the Fund's largest holdings, Ag Growth Int'l., was added to the S&P/TSX Composite Index in March, which served to heighten its appeal to a broader range of investors. Ag Growth is a leading

food infrastructure company involved in the processing, storing and handling of grain, fertilizer, feed and seed. The business has been growing at a solid pace and recently announced a platform acquisition in India that will expand its presence in a huge market. The portfolio adviser, Galibier Capital, added to the stock late last year on weakness — a move that proved particularly fruitful in the first quarter.

Whereas the small-cap market retreated slightly in the second quarter, the Fund had another positive quarter. Performance was helped by the fact that the portfolio has only modest exposure to the energy sector, which had a tough quarter (its sole oil & gas producer is Cardinal Energy). The adviser doesn't find a lot of compelling ideas in the sector, as companies are beholden to the price of a commodity they have no control over.

Premium Brands Holdings' price jump also helped performance. The company continues to acquire new brands and add customers to its food distribution business. Some of Premium Brands' recognizable names include Piller's, Freybe, and Grimm's. The company also manufactures and delivers prepared foods such as sandwiches for larger companies. Starbucks is one of its major customers.

Points International and Stericycle both gave back some gains in the second quarter after a strong start to the year. Galibier continues to like the long-term prospects of both companies.

The adviser has been pleased with the growth and overall operating results of most holdings — Cargojet, Dream Global REIT and Park Lawn to name a few. A couple of investments, however, have disappointed, notably Uni-Select. The auto paints and parts distributor has seen its stock fall over the past year as it lowered its growth forecast and is looking to divest one of its paint divisions. Galibier thinks management is doing the right things, but the company is on a short leash.

Two stocks were sold in the reporting period, Exchange Income and WABCO Holdings. Exchange Income was a disappointing investment while WABCO rose sharply in the first quarter and was sold because it's now fully valued in the adviser's view. Four new companies were purchased: Sleep Country Canada, Henry Schein, Finning, and Interfor (we elaborate in the Recent Developments section). As well, additional shares were purchased in NFI Group and Spin Master.

There were a few changes to the sector allocation of the portfolio. The biggest change occurred in the Fund's industrial goods & services holdings, which decreased from 58% to 49% of its equities. Healthcare stocks, on the other hand, increased from 0% to 5% (with the addition of Henry Schein), and basic materials holdings from 0% to 4% (with the addition of Interfor). The other sectors were largely unchanged.

The Fund's geographic profile changed modestly over the reporting period. Canadian stocks made up 82% of the Fund's equities at the end of June (up from 80% at the end of 2018) and U.S. stocks comprised 18% (down from 20%). The Fund's cash position did not change and remains at 1%.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

### **Recent Developments**

The first quarter of the year was a strong period for small-cap stocks. Gains were broad-based, with technology and energy stocks among the top performers. The Fund turned in a return of 12.9% in the quarter, while the S&P/TSX SmallCap Index was up 10.7%.

The market declined modestly in the second quarter as energy stocks, which are a large component of the market, were particularly weak. The Fund added to its gains in the first quarter and turned in a return of 1.9%, bringing its year-to-date return to 15.0%.

Industrial-related companies comprise roughly half of the Fund, although their weight was brought down with the sale of Exchange Income and WABCO Holdings. Investments in this sector include a broad array of businesses, ranging from transportation-related companies (Cargojet, NFI Group) to heavy machinery (Finning, Oshkosh) to commercial cooking equipment (Middleby) to design and engineering services (Stantec).

Consumer-related companies also make up a significant part of the Fund, at approximately 25%. These investments include companies that sell goods/services which are more cyclical to the overall economy, such as Spin Master, Points International and the recently purchased Sleep Country Canada, as well as consumer products such as Waterloo Brewing and Premium Brands Holdings.

As previously mentioned, four new companies were added to the Fund. We walk through the investment theses below.

*Sleep Country Canada* is one of Canada's largest mattress retailers, offering a large selection of mattresses and complementary sleep-related products both in stores and online. The company's competitive advantage comes from its 31% market shares in mattresses, which provide it with strong bargaining power when negotiating with the manufacturers, and strong brand recognition with Canadians, sustained by its advertising initiatives. The portfolio adviser believes Sleep Country is capable of attaining above-average growth through further market share gains as a result of the Sears' store closures, future store openings (8-12 per year), renovation of the old stores to increase average store density and the emerging sleep-related accessories segment. During Q4 2018, the stock sold off as same-store sales underperformed near term expectations, despite gaining market share. In Q1 2019, we initiated a position in the company as the shares fell below Galibier's estimate of intrinsic value.

*Henry Schein* is the world's largest dental supplies distributor. This is an industry where the distributor has one of the best positions in the value chain since it is a fragmented set of manufacturers (largest has sub-20% market share) and fragmented end customer (over 200,000 dentists in the U.S. alone). As Henry Schein has two times the market share of the manufacturer as well as the customer relationship, they have outsized profits. The CEO, Stan Bergman, was appointed by Henry Schein himself in 1989 and Steven Paladino has been the CFO since 1993. Due to their tenure they collectively own \$75 million worth of shares. This employee longevity is a trend at the company and is one of the reasons why relationships are so strong with dentists which has led to decades of organic share growth. The portfolio adviser has spoken with management numerous times in the past two years getting familiar with the company and only recently has the share price dropped below their estimate of intrinsic value.

*Finning International* is one of the largest Caterpillar dealerships in the world, operating in Western Canada, South America and the United Kingdom. Caterpillar operates under a territory structure that gives Finning a monopoly in its markets. The company is the only dealer, parts and service provider of Caterpillar products in its respective territories. With heavy equipment becoming more technologically enabled, Galibier believes the dealers play a larger role in helping their customers to proactively monitor equipment and avoid downtime. We accumulated shares following disappointing results in Finning's South American division after issues with an SAP implementation that has now been remedied. Galibier also appreciates management's focus on continuing to increase return on invested capital which they believe will drive long term shareholder returns.

*Interfor* is among the largest North American lumber producers. It has 18 mills producing 3.1 billion board feet of lumber with 15% being specialty grade lumber. 66% of its productive capacity is in the U.S. meaning it is much less exposed to trade disputes versus its purely Canadian peers. In the last few years, *Interfor* has been a major consolidator of the North American industry and has done so at very attractive prices. This strategy, coupled with the company's skilled management in mill modernization, should yield attractive returns for the company in the future. With the Canadian industry aggressively shutting in production due to low lumber prices and the likelihood of prolonged low interest rates, the stage is being set for a significant rally in lumber prices. *Interfor's* balance sheet is pristine and the company is trading at less than half the replacement value of its mills.

U.S. stocks make up 18% of the Fund. As a result of this exposure, currency fluctuations between the Canadian and U.S. dollar remain a risk of the Fund. If the loonie depreciates against the U.S. dollar, it is beneficial for returns, and vice versa.

At the end of June, the Fund held 25 stocks, which is two more than at the beginning of the year, with most holdings comprising 3-6% of the portfolio. The companies range in market capitalization from very small (e.g. Waterloo Brewing) to medium-sized (e.g. Middleby). NFI Group was the largest position at June 30, at 6.3%. A notable feature of the Fund continues to be that there are no "filler" stocks and each holding has an important impact on performance.

There were no changes over the reporting period to the manager, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ended June 30, 2019, the Fund paid gross fees of \$500,852 to the Manager and distributed \$160,429 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 101,589 Series A units, or 2.8% of the total Fund Series A units. The Steadyhand Founders Fund holds 100% of the total Fund Series O units and pays no management fees.

### Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec 31 2018</b>	<b>Dec 31 2017</b>	<b>Dec 31 2016</b>	<b>Dec 31 2015</b>
<b>Net Assets, beginning of period</b> <sup>1,3</sup>	<b>\$13.26</b>	<b>\$16.49</b>	<b>\$14.45</b>	<b>\$12.71</b>	<b>\$14.72</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.18	0.41	0.33	0.37	0.31
Total expenses (excluding distributions)	(0.17)	(0.39)	(0.34)	(0.30)	(0.31)
Realized gains (losses) for the period	0.15	0.71	1.20	0.86	(1.29)
Unrealized gains (losses) for the period	1.96	(3.12)	1.59	1.03	(0.67)
<b>Total increase (decrease) from operations</b> <sup>1</sup>	<b>2.12</b>	<b>(2.39)</b>	<b>2.78</b>	<b>1.96</b>	<b>(1.96)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.09)	(0.04)	(0.14)	-
From capital gains	-	(0.73)	(0.22)	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>-</b>	<b>(0.82)</b>	<b>(0.26)</b>	<b>(0.14)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>\$15.24</b>	<b>\$13.26</b>	<b>\$16.49</b>	<b>\$14.45</b>	<b>\$12.71</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$54,707	\$55,051	\$60,506	\$47,787	\$40,729
Number of units outstanding <sup>4</sup>	3,588,887	4,152,921	3,668,617	3,306,366	3,204,714
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.78%	1.78%	1.78%	1.78%	1.78%
Portfolio turnover rate <sup>6</sup>	19.30%	39.56%	40.56%	91.35%	19.780
Trading expense ratio <sup>7</sup>	0.02%	0.12%	0.15%	0.40%	0.24%
Net asset value per unit	\$15.24	\$13.26	\$16.49	\$14.45	\$12.70

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$13.85</b>	<b>\$17.19</b>	<b>\$14.96</b>	<b>\$13.09</b>	<b>\$14.91</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.19	0.44	0.35	0.38	0.33
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.20	0.69	1.30	0.85	(1.39)
Unrealized gains (losses) for the period	1.75	(3.62)	1.69	1.16	(0.68)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>2.14</b>	<b>(2.49)</b>	<b>3.34</b>	<b>2.39</b>	<b>(1.74)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.31)	(0.22)	(0.33)	(0.03)
From capital gains	-	(0.78)	(0.61)	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.09)</b>	<b>(0.83)</b>	<b>(0.33)</b>	<b>(0.03)</b>
<b>Net Assets, end of period</b>	<b>\$16.06</b>	<b>\$13.85</b>	<b>\$17.19</b>	<b>\$14.96</b>	<b>\$13.08</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>	<b>Dec. 31 2016</b>	<b>Dec. 31 2015</b>
Net asset value (000's) <sup>4</sup>	\$50,134	\$37,824	\$37,005	\$23,907	\$17,110
Number of units outstanding <sup>4</sup>	3,120,972	2,731,433	2,152,846	1,597,733	1,307,947
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	0.01%	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	19.30%	39.56%	40.56%	91.35%	19.80%
Trading expense ratio <sup>7</sup>	0.02%	0.12%	0.15%	0.40%	0.24%
Net asset value per unit	\$16.06	\$13.85	\$17.19	\$14.96	\$13.08

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the period stated.

<sup>4</sup>The information is provided as at June 30 or December 31 of the period shown.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

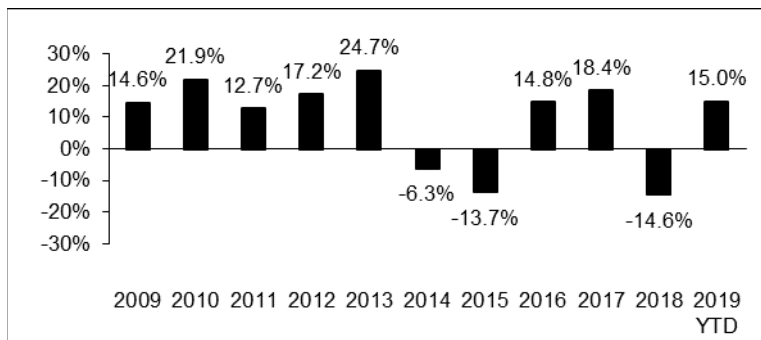
## Past Performance

The performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the Fund will perform in the future.

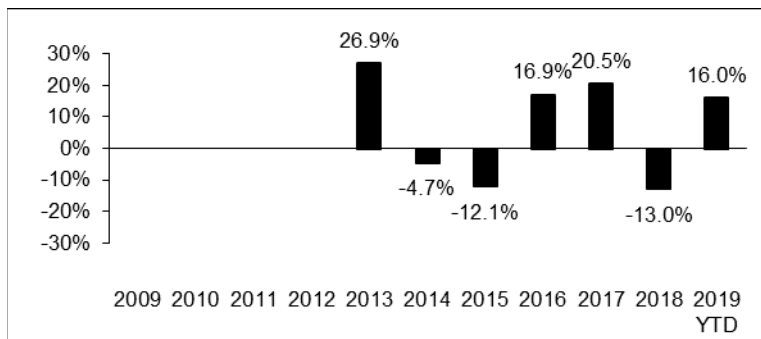
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

#### Series A



#### Series O



Series O units of the Fund were first offered for sale in February 2012.



## Summary of Investment Portfolio as of June 30, 2019

### Portfolio Allocation

	% of Net Assets
<b>Equities</b>	
Industrial Goods & Services	49.2%
Consumer Cyclical	17.8%
Consumer Products	8.0%
Oil & Gas	5.3%
Healthcare	4.5%
Basic Materials	4.0%
Real Estate	3.7%
Utilities & Pipelines	3.6%
Retailing	3.6%
	<hr/> 99.7%
Cash, Short-term Notes & Other Assets	<hr/> 0.3%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

### Top 25 Holdings

	% of Net Assets
NFI Group Inc.	6.3%
AG Growth International Inc.	5.5%
Park Lawn Corp.	4.8%
Oshkosh Corp.	4.7%
Henry Schein Inc.	4.5%
Winpak Ltd.	4.4%
Spin Master Corp.	4.4%
Stantec Inc.	4.3%
Premium Brands Holdings Corp.	4.3%
Stericycle Inc.	4.2%
Intertape Polymer Group Inc.	4.1%
The Middleby Corp.	4.0%
Inferfor Corp.	4.0%
Finning International Inc.	4.0%
Parkland Fuel Corp.	4.0%
Diversified Royalty Corp.	3.9%
Cargojet Inc.	3.8%
Dream Global REIT	3.7%
Waterloo Brewing Ltd.	3.7%
Sleep Country Canada Holdings Inc.	3.6%
Northland Power Inc.	3.6%
Alcanna Inc.	3.6%

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Uni-Select Inc.	2.6%
Points International Ltd.	2.4%
Cardinal Energy Ltd.	1.3%

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The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Global Small-Cap Equity  
Fund**

June 30, 2019



# Steadyhand Global Small-Cap Equity Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual or audited annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual or audited annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Global Small-Cap Equity Fund (the "Fund") is to provide long-term capital growth by investing in a concentrated, yet well-diversified portfolio of small and medium sized companies around the globe.

The portfolio adviser focuses on identifying quality growth businesses, defined as those that have: (1) strong management with clear goals and a track record of success; (2) a distinct competitive edge achieved through high barriers to entry, proprietary products or services, distribution or manufacturing advantages, valuable patents, or brand name recognition; and (3) a record of consistent revenue and earnings growth.

### Risks

The primary risks associated with an investment in the Fund are foreign market risk, concentration risk, small capitalization risk and currency risk. The other risks are outlined in the simplified prospectus. There were no changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

The Fund's net assets grew from inception January 23, 2019 to \$25.3 million as of June 30, 2019. This increase was attributable to net sales of \$23.9 million, a \$1.4 million increase in net assets from operations.

The Fund was opened to investors on February 15, 2019. Securities regulations prohibit us from reporting performance until units of the Fund have been offered under a simplified prospectus for 12 consecutive months. Our discussion instead will focus on the characteristics and investment merit of select holdings.

At the end of the reporting period, the Fund held 47 companies around the globe. Twenty are headquartered in the U.S., 17 in Europe (including the U.K.), 8 in Japan, and 2 in Australia.

The two Australian holdings, Challenger and Steadfast Group, are both involved in the insurance business. Steadfast is the largest general insurance broker in Australia and New Zealand, while Challenger sells annuity products in Australia and Japan. The Fund also holds Danish insurer Topdanmark and Bermuda/U.S.-based property and catastrophe re-insurer RenaissanceRe. The portfolio adviser, TimesSquare Capital Management, likes the insurance sector because of its high barriers to entry. Financial services companies as a group make up the largest component of the Fund, at 19% of its total equities.

Technology stocks are another significant area of investment, also making up 19% of the Fund. These companies fall outside the realm of high-profile household names such as Apple, Google and Facebook. Rather, TimesSquare focuses on smaller businesses that are leaders in engineering components or providing research services, software solutions, and other value-added services for a variety of industries, including those that are inventing the products and services of tomorrow. Holdings include DISCO Corporation, Horiba, Gartner, ITT, J2 Global, Tyler Technologies, and Altran Technologies. Altran, a Paris-based leader in engineering and R&D services, is one such company that was a positive story in the period, as it received a takeover offer at a nice premium.

The healthcare industry is also a key area of interest, comprising 14% of the Fund's investments. Holdings are concentrated in care facilities (Chemed, Orpea, Encompass Health) and medical testing (Charles River Laboratories, Eurofins Scientific). Amplifon, a Milan-based global leader in hearing aids, is also a company the adviser likes because of its leading technology and brand name recognition.

The Fund's cash position was 2% at the end of June.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

### **Recent Developments**

It was a strong first half of the year for global small-cap stocks. The S&P Global SmallCap Index (\$Cdn) gained over 12%. Technology and financial stocks were solid performers, while energy stocks lagged in the second quarter.

The Fund was launched in mid February and therefore there are not many notable developments to report.

The Fund's initial assets were invested promptly and by the end of the first quarter, it held 46 stocks. Two new stocks were purchased in the second quarter: CIE Automotive and Cushman & Wakefield. CIE is a Basque supplier of automotive parts. It supplies subcomponents and small parts to larger "Tier 1" suppliers. It's not a sexy business, but the company has fantastic margins and one of the most highly automated factories the portfolio adviser (TimesSquare) has seen. Its ability to invest in technology sets it apart from its competitors. Cushman & Wakefield is a Chicago-based commercial real estate services company. TimesSquare believes it's the best managed company in the sector with an attractive valuation.

One stock was sold over the reporting period, Bio-Rad Laboratories. The stock had a strong run and reached its full value in TimesSquare's view.

The portfolio adviser focuses on investing in businesses with a clear competitive edge, a record of consistent earnings growth, and management that has clear goals and a record of success. This

approach will result in low weights in commodity-related business and utilities. Indeed, the Fund doesn't currently hold any oil & gas producers. Its lone energy holding is Rubis, a France-based company that specializes in the storage and distribution of petroleum and other liquid products.

A unique trait that TimesSquare looks for is businesses that make critical inputs which are a small cost in the overall development of a final product or service. Examples include Horiba, ITT, Nordson, and InterpumpGroup. These companies typically fall within the technology and industrial goods & services sectors. Combined, they make up roughly one-third of the Fund.

There aren't many recognizable names in the portfolio, which is part of the nature of small-cap investing. One company you may have heard of, however, is Planet Fitness (which is the Fund's 5<sup>th</sup> largest holding). The New Hampshire-based company operates fitness centers across the U.S. and Canada. It has been growing nicely, has strong operating results, and has attracted a broad base of clients thanks to its accessibility and 'Judgement Free' mantra.

An ongoing risk for investors in the Fund is the impact of currency fluctuations. All of the Fund's holdings are denominated in foreign currencies. The greatest exposures currently lie in the U.S. dollar, Euro, Japanese Yen, British Pound, Swedish Krona and Australian dollar. If the Canadian dollar strengthens against these currencies, the Fund's returns will be dampened. Conversely, a depreciation of the loonie would boost returns.

There were no material changes over the reporting period to the portfolio adviser, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. The Fund paid the Manager \$16,302 of its net assets as management fees for the period from inception January 23, 2019 to June 30, 2019 and distributed \$6,550 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and
- bank charges;

- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 103,820 Series A units, or 29.2% of the total Fund Series A units. The Steadyhand Founders Fund and Steadyhand Builders Fund hold 100% of the total Fund Series O units and pay no management fees.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>
<b>Net Assets, beginning of period</b> <sup>1,3.</sup>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.10
Total expenses (excluding distributions)	(0.08)
Realized gains for the period	0.04
Unrealized gains for the period	0.78
<b>Total increase from operations</b> <sup>1</sup>	<b>0.84</b>
<b>Distributions :</b>	
From investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions for the period</b> <sup>2</sup>	<b>-</b>
<b>Net Assets, end of period</b>	<b>\$10.91</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>
Net asset value (000's) <sup>4</sup>	\$3,883
Number of units outstanding <sup>4</sup>	355,891
Management expense ratio <sup>5</sup>	1.76%
Management expense ratio before waivers or absorptions	1.93%
Portfolio turnover rate <sup>6</sup>	6.01%
Trading expense ratio <sup>7</sup>	0.11%
Net asset value per unit	\$10.91



<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	0.08
Total expenses (excluding distributions)	-
Realized gains for the period	0.03
Unrealized gains for the period	0.71
<b>Total increase from operations <sup>1</sup></b>	<b>0.82</b>
<b>Distributions :</b>	
From investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>\$10.98</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>
Net asset value (000's) <sup>4</sup>	\$21,437
Number of units outstanding <sup>4</sup>	1,952,516
Management expense ratio <sup>5</sup>	-
Management expense ratio before waivers or absorptions	0.03%
Portfolio turnover rate <sup>6</sup>	6.01%
Trading expense ratio <sup>7</sup>	0.11%
Net asset value per unit	\$10.98

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30..

<sup>4</sup>The information is provided as at June 30.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## Past Performance

The Fund filed its first simplified prospectus on February 15, 2019. We are not permitted to disclose performance information for the Fund until units of the Fund have been offered under a simplified prospectus for 12 consecutive months.

## Summary of Investment Portfolio as at June 30, 2019

### Portfolio Allocation

Global Equities	% of Net Assets
Financial Services	18.9%
Technology	18.6%
Industrial Goods & Services	14.3%
Healthcare	13.7%
Consumer Cyclical	9.3%
Real Estate	9.0%
Retailing	5.7%
Basic Materials	3.6%
Oil & Gas	2.1%
Consumer Products	1.5%
Communications & Media	1.3%
	<u>98.0%</u>
Cash, Short-term Notes & Other Assets	<u>2.0%</u>
<b>Total</b>	<u><u>100.0%</u></u>

### Top 25 Holdings

	% of Net Assets
CoStar Group Inc.	4.0%
Teleperformance	3.9%
Gartner Inc.	3.7%
RPM International Inc.	3.6%
Planet Fitness Inc.	3.6%
St James's Place PLC	3.4%
Wex Inc.	3.3%
RenaissanceRe Holdings Ltd.	2.9%
Charles River Laboratories International Inc.	2.9%
Topdanmark A/S	2.8%
Orpea	2.7%
Altran Technologies SA	2.6%
Nordic Entertainment Group AB	2.6%
FinecoBank Banca Fineco SpA	2.4%
j2 Global Inc.	2.4%
Encompass Health Corp.	2.4%
Eurofins Scientific SE	2.3%
Apollo Global Management LLC	2.3%
Open House Co., Ltd.	2.2%
ZOZO Inc.	2.2%
ABC-Mart Inc.	2.2%
Rubis SCA	2.1%
Chemed Corp.	2.0%
Cash & cash equivalents	2.0%
ITT Inc.	1.9%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Builders Fund**

June 30, 2019



# Steadyhand Builders Fund

## Semi-annual Management Report of Fund Performance (June 30, 2019)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Management Ltd., 1747 West 3<sup>rd</sup> Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at [www.steadyhand.com](http://www.steadyhand.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand Builders Fund (the "Fund") is to provide long-term capital growth by investing in a diversified collection of companies of all sizes around the globe.

The Builders Fund is a fund-of-funds. It invests primarily in Steadyhand's four stand-alone equity funds — Steadyhand Equity Fund, Steadyhand Global Equity Fund, Steadyhand Small-Cap Equity Fund, and Steadyhand Global Small-Cap Equity Fund — in order to achieve its objective. It may also invest in Steadyhand Income Fund and Steadyhand Savings Fund to a lesser degree.

### Risks

The primary risks associated with an investment in the Fund are foreign market risk, price risk and currency risk. The other risks are outlined in the simplified prospectus. There were no changes to the Fund over the reporting period that affected its overall level of risk.

### Results of Operations

The Fund's net assets grew from inception January 23, 2019 to \$42.3 million as of June 30, 2019. This increase was attributable to net sales of \$41.8 million, and a \$0.5 million increase in net assets from operations.

The Fund was opened to investors on February 15, 2019. Securities regulations prohibit us from reporting performance until units of the Fund have been offered under a simplified prospectus for 12 consecutive months. Our discussion instead will focus on the Fund's composition.

At the end of the reporting period (June 30), the Builders Fund held four underlying Steadyhand funds in the following composition:

- Steadyhand Global Equity Fund (Series O): 35%
- Steadyhand Equity Fund (Series O): 34%
- Steadyhand Small-Cap Equity Fund (Series O): 15%
- Steadyhand Global Small-Cap Equity Fund (Series O): 15%

On a look-through basis, 65% of the Fund is invested in foreign stocks, 31% in Canadian stocks, and 4% in cash. The Steadyhand Global Equity Fund and Steadyhand Global Small-Cap Equity Fund have the most latitude to invest outside our borders. The Steadyhand Equity Fund and Steadyhand Small-Cap Equity Fund are both Canadian-centric in nature, but the managers have the flexibility to invest a portion of the funds' assets in foreign companies.

30% of the Fund is invested in Steadyhand's two small-cap funds. These funds can experience more pronounced fluctuations over shorter periods but provide the opportunity for enhanced returns over the long term.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

### **Recent Developments**

The first half of 2019 was a strong period for stocks, following the sharp selloff in the fourth quarter of 2018. Many markets posted double-digit gains. Technology stocks were a notable area of strength, while industrial and consumer stocks also performed well. Conversely, the energy and healthcare sectors struggled to keep pace, but turned it positive returns nonetheless. Tensions escalated steadily between the U.S. and China over tariffs, and global economic growth slowed in the first half of the year. By and large, however, investors seemed to brush off these concerns.

The Fund was launched in mid February and therefore there are not many notable developments to report.

The Fund is well diversified across industries and looks different than most Canadian portfolios. The largest sector weight, industrial goods & services, includes a diverse assortment of companies. Holdings include CAE (pilot training), Konecranes (manufactures lifting equipment), Teleperformance (outsourced customer service), and Ag Growth International (grain and seed storage).

Other important sectors are also diverse in their makeup. In financial services, the Fund owns TD Bank, Berkshire Hathaway (insurance), Challenger (annuities), and Experian (credit ratings), among others. It's a far cry from owning five Canadian banks and insurers. In energy, investments include Suncor Energy (integrated producer), Schlumberger (oil services), and Pason Systems (drilling data solutions). And in healthcare, Novartis (pharmaceuticals) is the Fund's largest holding, but it also owns Zimmer Biomet (medical devices), Orpea (nursing care) and Amplifon (hearing aids), among others.

Investors should expect the Fund to stay fully invested in Steadyhand's underlying funds a vast majority of the time. The Fund is designed to build wealth over a long time frame. There will be some cash in the portfolio, most of which will be from the reserves held in the underlying funds. Their cash levels will fluctuate due to the managers waiting for the right price to buy stocks or because of a recent sale. In some cases, cash can build up when there is a dearth of new investment opportunities.

An ongoing risk for investors in the Fund is the impact of currency fluctuations. Most of the Fund's holdings are denominated in foreign currencies. The greatest exposure lies in the U.S. dollar, Euro, British Pound and Japanese Yen. If the Canadian dollar strengthens against these currencies, the Fund's return will be dampened. Conversely, a depreciation of the loonie would boost returns.

There were no material changes over the reporting period to the portfolio advisor, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.63%. The Fund paid the Manager \$162,259 of its net assets as management fees for the period from inception January 23, 2019 to June 30, 2019 and distributed \$45,094 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

- fees payable to provincial securities commissions in connection with the operation of the funds;
- audit and legal fees;
- costs for preparation, production and distribution of financial and other reports, including semi-annual and annual reports, statements,
- communications to unitholders and other regularly required documents;
- costs for the preparation, production and distribution of this simplified prospectus document and other regulatory documents, including Fund Facts;
- expenditures related to technology required to operate the funds;
- custody, investor servicing, record keeping, accounting, trustee fees and
- bank charges;
- costs of compliance with applicable securities legislation in connection with the operation of the funds; and
- applicable taxes including GST/HST.

The Manager paid all operating expenses except brokerage charges and withholding taxes.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2019, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 218,929 Series A units, or 5.3% of the total Fund Series A units.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2019</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>	
Total revenue	-
Total expenses (excluding distributions)	(0.05)
Realized gains (losses) for the period	-
Unrealized gains (losses) for the period	0.29
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>\$0.24</b>
<b>Distributions :</b>	
From investment income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>\$10.26</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2019</b>
Net asset value (000's) <sup>4</sup>	\$42,288
Number of units outstanding <sup>4</sup>	4,120,160
Management expense ratio <sup>5</sup>	1.63%
Management expense ratio before waivers or absorptions	1.64%
Portfolio turnover rate <sup>6</sup>	0.05%
Trading expense ratio <sup>7</sup>	0.02%
Net asset value per unit	\$10.26

<sup>1</sup>Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>2</sup>Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>3</sup>This information is derived from the Fund's unaudited semi-annual financial statements as at June 30.

<sup>4</sup>The information is provided as at June 30.

<sup>5</sup>Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.

<sup>6</sup>The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.



## Past Performance

The Fund filed its first simplified prospectus on February 15, 2019. We are not permitted to disclose performance information for the Fund until units of the Fund have been offered under a simplified prospectus for 12 consecutive months.

## Summary of Investment Portfolio as at June 30, 2019

### Portfolio Allocation

	% of Net Assets
Pooled Investment Funds	99.1%
Cash & Other Assets	0.9%
<b>Total</b>	<u>100.0%</u>

### Top 5 Holdings

	% of Net Assets
Steadyhand Global Equity Fund, Series O	35.1%
Steadyhand Equity Fund, Series O	34.3%
Steadyhand Global Small-Cap Equity Fund, Series O	14.9%
Steadyhand Small-Cap Equity Fund, Series O	14.8%
Cash & cash equivalents	0.9%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.