September 2020

Steadyhand

Showing you the money

Co-investment at Steadyhand

This document provides details on the level of co-investment among Steadyhand's employees and fund managers. We believe that our commitment to our approach and our clients is best exemplified by the significant investment of our own personal assets in our funds.

This is a supplementary document to a report titled *Show me the Money: The Importance of Co-investment*, in which we take a closer look at why one of the most important characteristics to look for in a fund manager is whether their money is invested alongside their clients' money.

Co-investment at Steadyhand

Since we use sub-advisors to manage our funds, there are two levels of co-investment at Steadyhand: (1) the level of investment by our sub-advisors in their model portfolios, and (2) that of our employees in the Steadyhand funds.

The first measure may confuse some readers so clarification is necessary. We hire independent investment management firms (sub-advisors) to manage our funds. In the case of our equity funds, these are investment boutiques that manage money for wealthy individuals and institutions. Each of our managers runs a 'model portfolio' upon which their clients' accounts are based. There is little slippage between the model portfolio and client accounts. We are a client of these firms and offer their model portfolio to investors in the form of a mutual fund (a Steadyhand fund). The average investor can't access these managers directly because they have very high minimum investment requirements.

In our search for managers, we looked for firms that have a high level of co-investment, among other criteria. We wanted the key stock pickers to be invested alongside our clients and our employees. In addition, we wanted our managers to have an ownership stake in their company, which is another important form of alignment between investor and manager. We can report again this year that the lead managers of all our equity funds have the majority of their personal liquid assets invested in their model portfolio.

After partnering with these managers, we were prepared to invest much of our personal net worth with them. This was a key reason for founding Steadyhand — we wanted to find professionals who manage money the way we want our own money managed.

On average, the level of co-investment among our employees that have been with the firm for over a year is **94%**. This figure was arrived at by adding the market value of each employee's investments in the Steadyhand funds, as of June 30, 2020, to the value of any non Steadyhand holdings, including individual stocks, mutual funds or marketable securities held in personal investment accounts. In absolute terms, Steadyhand's employees and our families have **$34.8 million** invested in our funds.

These figures illustrate a significant personal commitment to our approach and managers. A small portion of some of our portfolios is invested with other managers in support of friends and firms that we know well and respect. A few of us also have individual stock holdings in companies that we follow closely and have a personal interest in. By and large, however, the majority of our money is invested alongside our clients' money and our interests are well aligned.

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