

Steadyhand

Q2 2021

“Investor sentiment is still the best risk management tool you have. This is a contrarian indicator that signals caution when your cab driver or hairdresser tells you to buy something, and opportunity when they’ve panicked and sold everything.”

— Tom Bradley, The National Post, June 19th



Bradley's Brief



Long-time clients will know that I'm prone to using analogies. My hope is that by relating investing to sports and music, it will be more understandable, and a bit more fun. This time I've picked a passion of many of our clients – gardening.

Investment cycles equate well to horticultural cycles. As investors, we sow seeds, water the plants, and eventually harvest. Along the way, we prune, fertilize and guard against predators, but mostly we leave the plants alone to grow.

As you may recall, we went crazy planting seeds last March. We meaningfully increased the equity weighting in the Founders Fund, with our managers using the money to buy stocks at distressed prices. We planted not knowing which ones would sprout, or when, just that growing conditions were optimal.

Since then, we've stayed out of the way and let things grow. Our managers have kept a close watch on things, pruning and harvesting securities that got expensive (Zimmer Biomet; Cerved; Franco-Nevada; Discovery), adding to ones that have been slow to get going (Nutrien; Bayer; Premium Brands) and making hard decisions on a few that didn't take the way we'd hoped (Novartis; Alimentation Couche-Tard; Challenger Financial). They also introduced new stocks to the mix (Aon; Ibstock; Raytheon; Grifols; Rotork).

There's one predator we're keeping an eye out for — inflation. We're experiencing higher prices across a broad range of goods and services. The jump in the Consumer Price Index (CPI) was to be expected given the depressed state of the economy last year, the recovery this year, low inventories and a stubbornly sticky supply chain. The question is, will the new level be transitory or persistent.

The answer is anything but clear. There are passionate arguments on both sides of the debate pointing to

powerful inflationary and deflationary forces in the world economy. What we do know is that higher inflation would put a damper on asset valuations. Bond yields would rise with increased inflation expectations and high stock multiples would be harder to justify.

Patience is a key attribute of successful gardeners and investors. A year ago, our clients were being tested by two of our funds. The Global Equity and Small-Cap Equity Funds were both hit hard during the March meltdown and were slow to bounce back. We encouraged our clients to stay in these funds as they had their roots in fertile ground. As it turned out, they were our best performers over the last year.

Today, the soil is much less fertile. The extra yield you get from owning riskier bonds, known as the spread, is near historic lows (i.e. little reward for more risk). The stocks that benefited from the lockdowns are still trading at rich valuations and to quote one of our managers, "the recovery stocks are pretty much discounting a recovery." And despite the increased risk of inflation, investor sentiment remains bullish (a contrarian indicator), with speculation rife in some parts of the market.

We don't think it's the time to stick your neck out. Rather, manage the inflation and recovery uncertainty by being diversified, keep debt levels contained, and if you need money for an upcoming project or trip, set it aside now. We can never be sure, but it seems like a better time to be harvesting than planting.



Key Takeaways

Stocks

- Stocks climbed higher in the second quarter amid a global economic rebound that continues to gain steam. Energy, technology, real estate, and media & entertainment companies were standouts. Utilities and consumer staples, on the other hand, lagged.
- The Canadian market (S&P/TSX Composite Index) was among the strongest performers, rising 8.5% on big gains in the resource sector, notably oil & gas.
- The loonie continued its ascent against most currencies, gaining 1-2% on the U.S. Dollar, Euro, British Pound and Japanese Yen. This strength in our dollar modestly dampened the returns of foreign stocks for Canadian investors.

Bonds

- The Canadian bond market (FTSE Canada Universe Bond Index) provided a total return of 1.7% in the quarter.
- Longer-term bond yields rose early in the quarter, with the 10-year Government of Canada yield climbing from 1.5% to 1.6%, and declined later in the period settling at 1.4% at the end of June (reminder: when yields fall, bond prices rise).
- Corporate and high yield bonds continued to perform better than their government counterparts.

Our Funds

- Our funds all had a positive quarter, with the Equity Fund leading the way. Our balanced clients' portfolios were up roughly 3%. Over the past 10 years, our balanced returns were roughly 7% per year.
- We continued to modestly trim the stock weighting in the Founders Fund (it's now right at its long-term target) as valuations look fulsome and sentiment is bullish.
- In the context of our balanced portfolios, key transactions in the quarter included the purchase of GRIFOLS (Spain), ROTORK (U.K.), and MEG ENERGY (Canada); and the sale of ZIMMER BIOMET (U.S.), and CHALLENGER FINANCIAL (Australia).

Our Advice to Clients

We recommend that your equity weighting be near your long-term target. In the Founders Fund, our stock weighting is 60%, which is right in line with its target. We feel valuations are reasonable in sectors that haven't fully participated in the rally, but are wary of the speculation that appears rampant in industries such as cannabis, cryptocurrencies and technology. Our outlook for bonds is subdued as yields are unattractive. We recommend a below-average position in the asset class, with cash as an alternative. In the Founders Fund, 14% of the portfolio is currently held in cash.

For our latest thoughts on asset mix and the advice we're giving clients, you can always visit the [Current Outlook](#) page on our website, or give us a call at 1.888.888.3147.

Market Returns

	3M	1Y
Canada	8.5%	33.9%
World	5.7%	27.0%

	3M	1Y
Bonds	1.7%	-2.4%

Fund Returns

	3M	1Y
Savings	0.0%	0.1%
Income	2.9%	6.4%
Founders	3.0%	18.1%
Builders	3.8%	29.2%
Equity	5.8%	21.5%
Global	2.6%	34.5%
Small-Cap	1.8%	44.4%
Global Small-Cap	4.0%	21.8%



Founders Fund

Fund Overview

- The Founders Fund is a balanced fund with a target asset mix of 60% stocks and 40% fixed income. It gains this exposure from investing in Steadyhand's other funds.
- Tom Bradley, our Co-Chief Investment Officer, manages the fund and Salman Ahmed is co-manager. They have considerable scope to adjust the portfolio although without extremes in valuation and investor sentiment, their bias is to stay near the target mix.

The fund was up 3.0% in the quarter. Since inception (Feb 2012), it has a cumulative return of 91%, which equates to an annualized return of 7.1%.

Portfolio Specifics

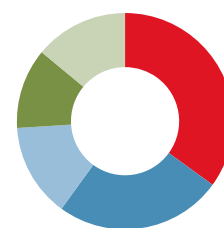
- The second quarter was another positive one for the fund. It posted a return of 3.0% and is up 18.1% over the past year. Strong stock markets more than offset the modest (or negative) returns from fixed income investments.
- Founders has been fully invested in stocks (60-66% of total fund) over the last year, although the weighting has gradually been brought down to its long-term target of 60%. We are proceeding more cautiously due to limited opportunities in fixed income (credit spreads are at historically low levels), full valuations on most stocks, and a stubbornly high degree of bullishness and speculation (note: investor sentiment is a contrarian indicator of future returns).
- We continue to diversify the fixed income holdings, complementing a large position in the Income Fund and with a cash reserve. Provincial, corporate and high yield bonds (along with dividend stocks) give the Income Fund more return potential while the cash offers protection against rising interest rates and provides ready liquidity.
- As part of ongoing rebalancing, we trimmed the funds that have been strong (Global Equity and Small-Cap Equity) and used the proceeds, along with new cash coming into the fund, to add to fixed income. We also added opportunistically to the Equity and Global Small-Cap Equity Funds. Both funds have lagged this year after being stalwarts in the previous two years.
- As a reminder, the Founders' asset mix is important, but returns are primarily driven by the results of the underlying funds. Through these funds, Founders owns a diverse mix of stocks across industries, geographies, and currencies.
- The largest transactions in the quarter (in the underlying funds) included the purchase of GRIFOLS (Spain), ROTORK (U.K.), and MEG ENERGY (Canada), and the sale of ZIMMER BIOMET (U.S.), and CHALLENGER FINANCIAL (Australia).

Fund Mix

Income	34%
Global	21%
Equity	18%
Small-Cap	7%
Global Small-Cap	7%
Cash	13%



Asset Mix



Foreign Stocks	35%
Canadian Stocks	25%
Gov't Bonds	14%
Corporate Bonds	12%
Cash & Short-term	14%

Positioning

- We're proceeding with caution in the current economic and market environment. In Founders, this means a full allocation to fixed income (including some cash), minimal exposure to speculative sectors, and consistent rebalancing towards the funds where stock prices have not kept up with the company fundamentals.
- For more details on the underlying funds, please review pages 8-18.

Fund size \$596,502,598



Founders Fund

Attributes

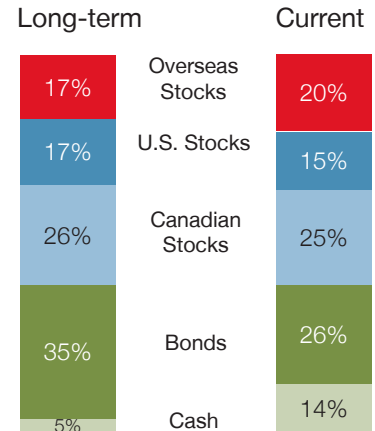
Top Stock Holdings (% of Fund)

TD Bank	1.6%
CN Rail	1.2%
Visa	1.1%
Franco-Nevada	1.1%
Keyence	1.0%
Raytheon Technologies	1.0%
Danaher	0.9%
Brookfield Renewable	0.9%
Sika	0.9%
Heiwa Real Estate	0.9%

Sector Allocation (Stocks)

Industrial Goods & Svc	25.4%
Financial Services	23.0%
Healthcare	11.2%
Technology	6.7%
Consumer Products	5.9%
Utilities & Pipelines	5.1%
Consumer Cyclical	5.1%
Real Estate	5.1%
Basic Materials	4.6%
Comm. & Media	3.5%
Oil & Gas	2.7%
Retailing	1.7%

Asset Mix



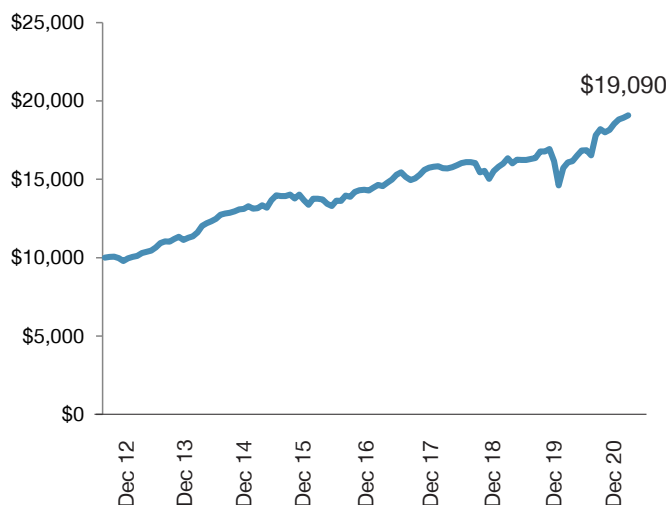
Performance

Compound Annualized Returns (as of June 30, 2021)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Founders Fund (after-fee)	3.0%	4.9%	18.1%	8.4%	6.0%	6.6%	N/A	7.1%
FTSE Canada Universe Bond Index	1.7%	-3.5%	-2.4%	2.6%	4.2%	2.6%	N/A	3.4%
S&P/TSX Composite Index	8.5%	17.3%	33.9%	14.4%	10.8%	10.8%	N/A	8.5%
Morningstar Developed Mkts Index (\$Cdn)	5.7%	9.7%	27.0%	16.2%	12.2%	13.5%	N/A	14.2%

¹Feb 17, 2012

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Builders Fund

Fund Overview

- The Builders Fund is a fund-of-funds that invests mainly in Steadyhand’s four stand-alone equity funds — Equity Fund, Global Equity Fund, Small-Cap Equity Fund, and Global Small-Cap Equity Fund. It’s an all-stock portfolio designed for growth-oriented investors.
- The underlying fund mix is managed by Salman Ahmed, with Tom Bradley as co-manager, and is a reflection of their views on market valuations.

The fund was up 3.8% in the quarter. Since inception (Feb 2019), it has a cumulative return of 25%, which equates to an annualized return of 10.0%.

Portfolio Specifics

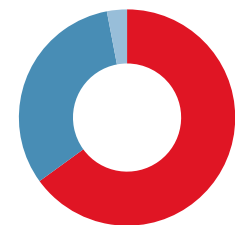
- The Builders Fund has enjoyed a solid first half of the year and has gained 29.2% over the past 12 months.
- The portfolio has experienced strong results without investing heavily in those areas of the market receiving the most fanfare, such as technology, cryptocurrencies, and electric vehicles. We own technology companies across our funds, but steer clear of the speculative areas. All our managers have raised alarm bells over the prices of technology stocks in general, especially those that don’t yet earn a profit.
- Foreign companies currently comprise 65% of the fund, with Canadian stocks making up roughly one-third. This foreign bias reflects the much broader opportunity set afforded by investing in a wider range of companies.
- The fund continues to be diversified across industries and looks different than most Canadian portfolios. The largest sector weight, industrial goods & services (28% of the portfolio), includes a diverse assortment of companies. Holdings include TOROMONT (construction equipment), KION (forklifts and warehouse automation equipment), SAFRAN (jet engines), and FLUOR (infrastructure engineering).
- Other important sectors are also diverse in their makeup. In financial services (21% of investments), the fund owns TD BANK, ST. JAMES’S PLACE (wealth management), BERKSHIRE HATHAWAY (insurance), and PJT PARTNERS (investment banking), among others.
- In healthcare (13% of the fund), holdings include CHARLES RIVER LABORATORIES (medical research), GRIFOLS (pharmaceuticals), HENRY SCHEIN (dental equipment) and PHILIPS (diagnostic equipment).
- In keeping with its growth objective, the fund holds 15% of its assets in each of our two small-cap funds. Smaller companies can experience more pronounced fluctuations over shorter periods. Over the long run, however, these companies provide the opportunity for superior returns.

Fund Mix

Equity	35%
Global	35%
Small-Cap	15%
Global Small-Cap	15%



Asset Mix



Foreign Stocks	65%
Canadian Stocks	32%
Cash & Short-term	3%

Fund size \$127,348,491

Positioning

- Refer to pages 10-17 for details on the underlying funds.



Builders Fund

Attributes

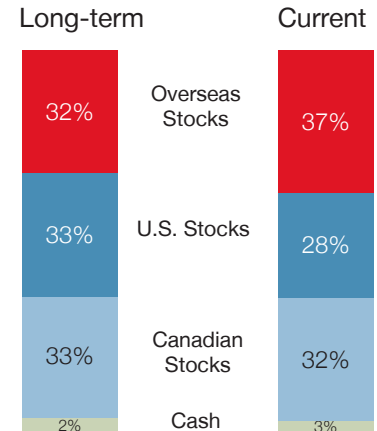
Top Stock Holdings (% of Fund)

Visa	2.2%
Franco-Nevada	2.1%
Keyence	2.0%
TD Bank	1.9%
Danaher	1.8%
Sika	1.8%
CN Rail	1.7%
Raytheon Technologies	1.7%
Microsoft	1.7%
Nutrien	1.6%

Sector Allocation (Stocks)

Industrial Goods & Svc	28.4%
Financial Services	20.9%
Healthcare	12.6%
Technology	7.5%
Consumer Products	6.0%
Consumer Cyclical	5.9%
Basic Materials	5.6%
Utilities & Pipelines	3.8%
Oil & Gas	2.9%
Comm. & Media	2.7%
Real Estate	2.0%
Retailing	1.7%

Asset Mix



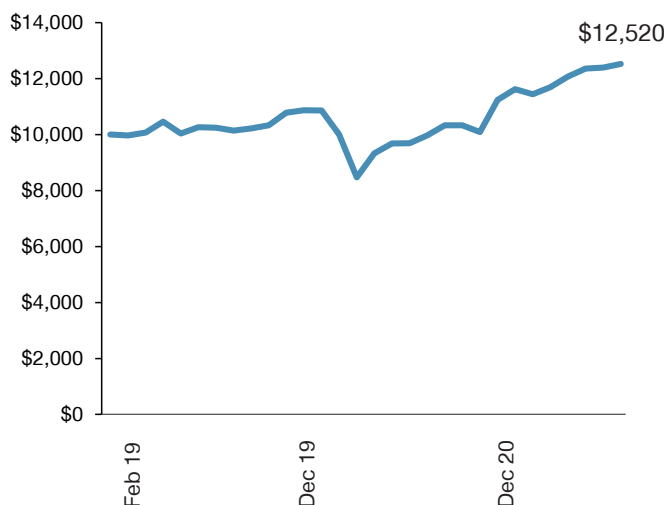
Performance

Compound Annualized Returns (as of June 30, 2021)

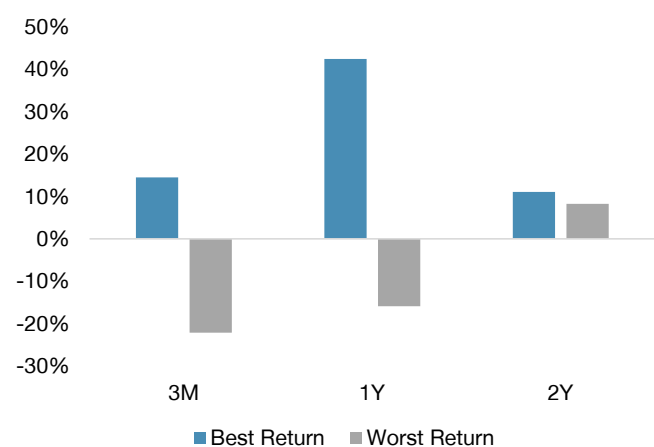
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Builders Fund (after-fee)	3.8%	7.8%	29.2%	10.5%	N/A	N/A	N/A	10.0%
Morningstar Developed Mkts Index (\$Cdn)	5.7%	9.7%	27.0%	16.2%	N/A	N/A	N/A	14.6%
S&P/TSX Composite Index	8.5%	17.3%	33.9%	14.4%	N/A	N/A	N/A	14.3%

¹Feb 15, 2019

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Income Fund

Market Context

- The Canadian bond market gained 1.7% in the quarter (interest and capital appreciation).
- Bond yields were divergent through the period. Short-term yields rose while long-term yields declined.
- Canadian stocks gained 8.5%. The energy sector was a notable area of strength.

Portfolio Specifics

- Bonds comprise 72% of the portfolio. The fund's holdings had a positive quarter as yields on long-term bonds declined. Bonds with longer maturities are more sensitive to yield changes. The gains were partially offset by a rise in yields in shorter-term bonds (5 years and less).
- Provincial bonds also performed well. These securities make up roughly one-quarter of the portfolio, the largest percentage of which are bonds issued by Ontario.
- In response to the gains, the manager (Connor, Clark & Lunn) trimmed the fund's exposure to provincial bonds and added to federally-issued securities. The latter continue to be a small part of the fund's overall composition in comparison to provincial and corporate credit.
- Corporate bonds continue to make up the largest part of the portfolio with an emphasis on banks and telecoms because of their strong balance sheets. But the manager is also seeing opportunities in bonds lower down the capital structure and those issued by cyclical companies in the resource space.
- High yield bonds comprise 5% of the fund with a focus on higher-quality issuers and those with strong liquidity. Examples include Videotron, Ford Credit, and Levi Strauss.
- The fund's dividend stocks (28% of the portfolio) performed well, gaining more than 6% overall. Key sectors of investment include banks, real estate, industrials, telecoms and utilities. The manager has remained steadfast in its philosophy of buying stocks that are proven dividend growers operating in stable growth industries. The portfolio avoided any dividend cuts last year and thus far in 2021. In fact, two-thirds of our investments increased their dividend, which speaks to the quality of holdings.
- The fund paid a distribution of \$0.045/unit at the end of June.

Positioning

- CC&L feels that low interest rates and accommodative policies will remain in place. This outlook is supportive of a healthy weighting in corporate bonds.
- Stocks make up 28% of the fund and remain an important source of diversification and yield. The manager has a current bias towards high-quality large cap stocks.

The fund was up 2.9% in the quarter. Since inception (Feb 2007), it has a cumulative return of 115%, which equates to an annualized return of 5.5%.

Notable Stock Transactions

Buy

Magna International*
goeasy Ltd.*
Power Corporation*
Parkland Corp.
Boralex

*New holding

Trim/Sell

Maple Leaf Foods¹
Empire Company¹
Quebecor
Northland Power

¹Position eliminated

Fund size	\$86,916,496
Pre-fee Yield	2.2%
Avg Term to Matur.	10.2 yrs
Duration (Bonds)	7.8 yrs



Income Fund

Attributes

Top Holdings (% of Fund)

Canada 0.25% (Aug/23)	7.3%
CC&L High Yield Bond Fd	5.0%
Canada 2.00% (Dec/51)	2.6%
Ontario 4.70% (Jun/37)	2.3%
Ontario 2.15% (Jun/31)	2.0%
Royal Bank	2.0%
TD Bank	1.8%
Ontario 2.40% (Jun/26)	1.8%
Canadian Apartment Ppty	1.7%
Ontario 1.90% (Dec/51)	1.6%

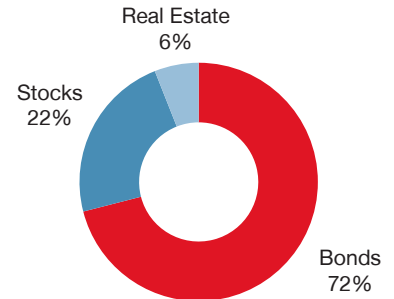
Issuer Allocation (Bonds)

Federal Government	18%
Provincial Government	34%
Corporate	48%

Rating Summary (Bonds)

AAA	27%
AA	29%
A	22%
BBB	18%
BB (or lower)	4%

Asset Mix



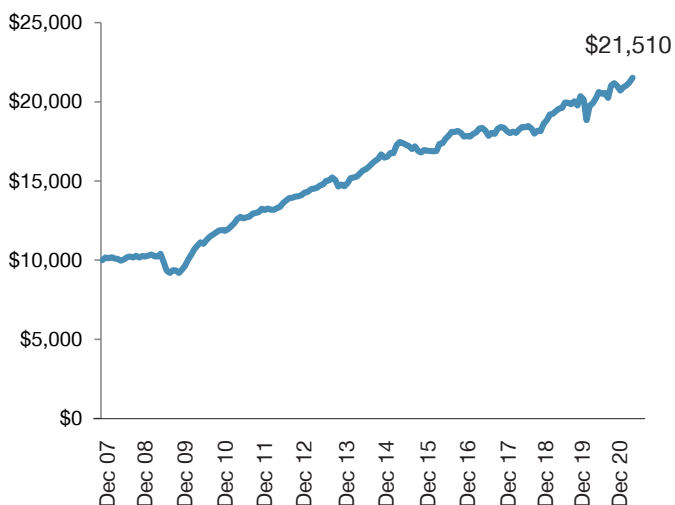
Performance

Compound Annualized Returns (as of June 30, 2021)

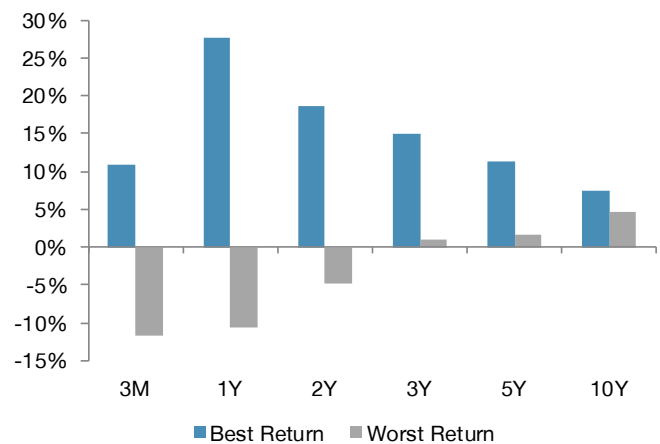
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Income Fund (after-fee)	2.9%	1.6%	6.4%	4.9%	5.3%	3.8%	5.0%	5.5%
FTSE Canada Universe Bond Index	1.7%	-3.5%	-2.4%	2.6%	4.2%	2.6%	3.9%	4.4%
S&P/TSX Composite Index	8.5%	17.3%	33.9%	14.4%	10.8%	10.8%	7.4%	6.2%

*Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Equity Fund

Market Context

- The Canadian stock market (S&P/TSX Composite Index) rose 8.5% in the second quarter. Energy, financial, and technology stocks fueled the market’s strong gain.
- Global stocks, as measured by the Morningstar Developed Markets Index, gained 5.7% in Canadian dollar terms.

Portfolio Specifics

- The fund holds 23 stocks, of which 12 are headquartered in Canada, 6 in the U.S., and 5 overseas.
- After a slow start to the year, the fund’s performance picked up in the second quarter, gaining 5.8% (+5.6% year-to-date). That said, the portfolio has lagged this year. This is attributable in part to its relatively small weighting in resource companies, which have seen robust returns and make up a sizable part of the Canadian market.
- Investments remain focused on best-in-class companies with high operating margins, proven products/services, and little debt — businesses like MICROSOFT (software and cloud services), SICA (specialty chemicals), VISA (payment services), CCL INDUSTRIES (specialty packaging), and VERISIGN (internet infrastructure). These companies also have strong pricing power, meaning they can pass along rising material and labour costs to consumers — an important attribute in inflationary times.
- The manager, Fiera Capital, is keeping a close eye on the supply chain issues that have impacted many companies through the pandemic. Most of our holdings have not experienced significant setbacks. Further, the service providers we own such as EXPERIAN (credit services), THOMSON REUTERS (information services), S&P GLOBAL (financial information & analytics), and AON (pension administration & consulting) are well insulated from shipping delays and parts shortages because their businesses are focused on human expertise.
- Trading activity was minimal in the quarter, with no new purchases or redemptions. Additional shares were purchased in a few holdings including KONINKLIJKE PHILIPS, S&P Global, AON, and CN RAIL. CN fell 10%, weighed down by regulatory uncertainties over its proposed takeover of Kansas City Southern (a major north-south railway linking the central U.S. to Mexico). Fiera likes the long-term prospects of CN with or without KCS and viewed the dip as a good buying opportunity.
- The fund currently has a cash position of 3%.

Positioning

- The fund is comprised of a concentrated group of businesses operating in a diverse array of industries, from information services to renewable energy to packaging to software. The manager’s focus is on best-in-class companies that generate strong cash flows, have good growth prospects, and are well financed.

The fund was up 5.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 180%, which equates to an annualized return of 7.4%.

Notable Transactions

Buy

CN Rail
Koninklijke Philips
S&P Global
Aon PLC

Trim/Sell

Franco-Nevada
Danaher

Fund size	\$103,035,058
No. of stocks	23



Equity Fund

Attributes

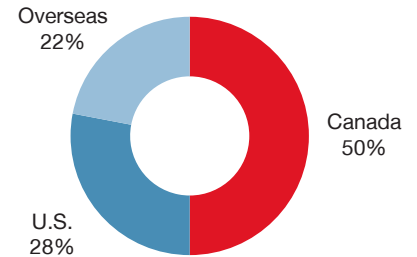
Top Stock Holdings

Visa	6.1%
Franco-Nevada	5.9%
Keyence	5.8%
TD Bank	5.4%
Danaher	5.2%
Sika	5.0%
CN Rail	4.8%
Microsoft	4.7%
Nutrien	4.7%
CCL Industries	4.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	32.3%
Financial Services	22.8%
Technology	13.6%
Basic Materials	10.9%
Healthcare	9.4%
Utilities & Pipelines	4.6%
Comm. & Media	4.3%
Retailing	2.1%

Geographic Profile (Stocks)



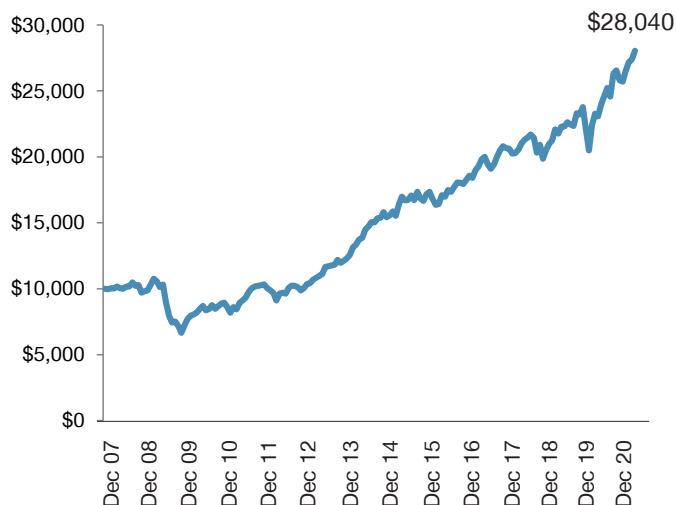
Performance

Compound Annualized Returns (as of June 30, 2021)

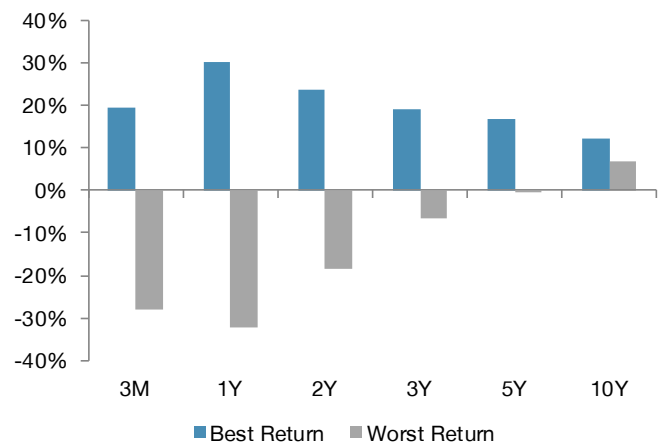
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Equity Fund (after-fee)	5.8%	5.6%	21.5%	12.2%	9.6%	10.1%	10.8%	7.4%
S&P/TSX Composite Index	8.5%	17.3%	33.9%	14.4%	10.8%	10.8%	7.4%	6.2%
Morningstar Developed Mkts Index (\$Cdn)	5.7%	9.7%	27.0%	16.2%	12.2%	13.5%	13.4%	7.8%

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Global Equity Fund

Market Context

- Global stocks, as measured by the Morningstar Developed Markets Index, were up 5.7% in Canadian dollar terms in the second quarter.
- Returns were solid across most regions, with Canada and the U.S. leading the way.

Portfolio Specifics

- The fund holds 43 stocks, of which 16 are based in the U.S., 15 in Europe, 7 in the U.K., 4 in Asia, and 1 in Canada.
- The portfolio has had a solid year thus far. The global economy is rebounding nicely as the massive vaccine effort is curtailing the virus. Companies that were impacted the hardest during the lockdown phase continue to be among the top performers in 2021. Examples include SCHLUMBERGER (oil services), BRIGHTSPHERE INVESTMENT GROUP (asset management), HOWMET AEROSPACE (jet engine parts), ELIS (linen, catering & hospitality services), and BERKSHIRE HATHAWAY (conglomerate).
- SPIRE HEALTHCARE was the fund's standout in Q2. Spire operates private hospitals in the U.K. The company received a takeover bid from an Australian firm, driving its share price 45% higher. The deal has yet to go through as many shareholders oppose it, feeling the stock is still undervalued. Spire has faced its share of challenges since it was added to the fund in 2018, but is now up 75% over our holding period.
- The manager, Velanne Asset Management, was active in the quarter, primarily adding to existing holdings including VISTRA, INFORMA, SAFRAN, DAIRY FARM INTERNATIONAL, STELLA-JONES, ATTENDO, and NORWAY ROYAL SALMON. The latter two stocks were among the fund's weaker performers. Attendo operates elderly care facilities in the Nordic region and has been impacted by Covid. Likewise, Norway Royal Salmon has suffered from prolonged restaurant closures (a key source of revenues). The fundamentals of both companies are solid, however, and additional shares were purchased at attractive prices.
- Two new stocks were purchased: GRIFOLS and HUNTINGTON INGALLS. Grifols is a leader in plasma-based pharmaceuticals. This is an industry that is dominated by three players (resulting in strong pricing power) and has high barriers to entry. Huntington Ingalls is America's largest military shipbuilding company. The firm generates strong revenues and has a significant order book.
- Two holdings were sold based on strong performance, STERICYCLE and ZIMMER BIOMET, while the decision was made to move on from NORTHERN OCEAN at a loss.
- The fund currently has a cash position of 3%.

Positioning

- The fund is focused on quality companies that generate large amounts of cash flow but are facing temporary headwinds and trading below their true value. Key areas of investment include industrial goods & services, financial services and healthcare.

The fund was up 2.6% in the quarter. Since inception (Feb 2007), it has a cumulative return of 52%, which equates to an annualized return of 3.0%.

Notable Transactions

Buy

Grifols, S.A.*
 Huntington Ingalls*
 Informa
 Attendo
 Norway Royal Salmon
 *New holding

Trim/Sell

Stericycle¹
 Zimmer Biomet¹
 Northern Ocean¹
 NCR
 Fox Corporation
¹Position eliminated

Fund size	\$61,441,705
No. of stocks	43



Global Equity Fund

Attributes

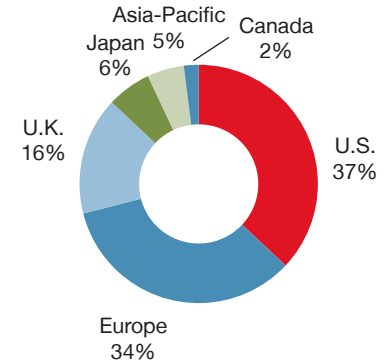
Top Stock Holdings

Raytheon Technologies	4.7%
Heiwa Real Estate	4.2%
Vistra	4.1%
Walt Disney Company	4.0%
Grifols	3.9%
Cerved Group	3.8%
Bayer	3.6%
Spire Healthcare Group	3.4%
Konecranes	3.3%
BrightSphere Investment	3.2%

Sector Allocation (Stocks)

Industrial Goods & Svc	26.6%
Financial Services	23.4%
Healthcare	17.7%
Consumer Products	8.9%
Real Estate	4.4%
Utilities & Pipelines	4.2%
Consumer Cyclical	4.1%
Oil & Gas	3.8%
Retailing	2.5%
Basic Materials	2.4%
Technology	1.7%
Comm. & Media	0.3%

Geographic Profile (Stocks)



Performance

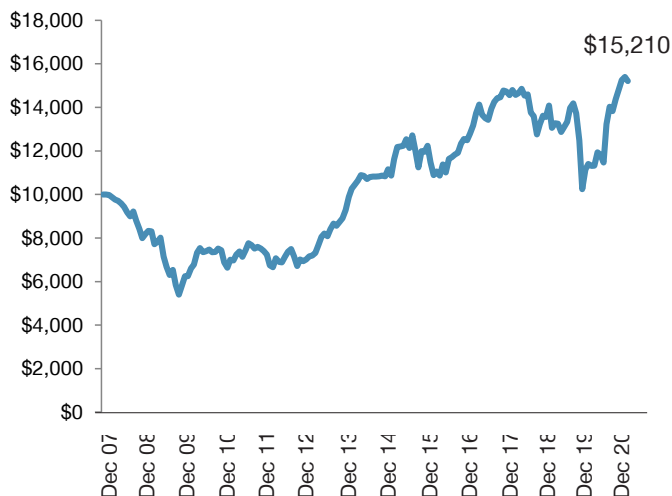
Compound Annualized Returns (as of June 30, 2021)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Global Equity Fund (after-fee)	2.6%	8.5%	34.5%	7.1%	1.3%	6.7%	7.5%	3.0%
Morningstar Developed Mkts Index (\$Cdn)*	5.7%	9.7%	27.0%	16.2%	12.2%	13.5%	13.4%	7.8%

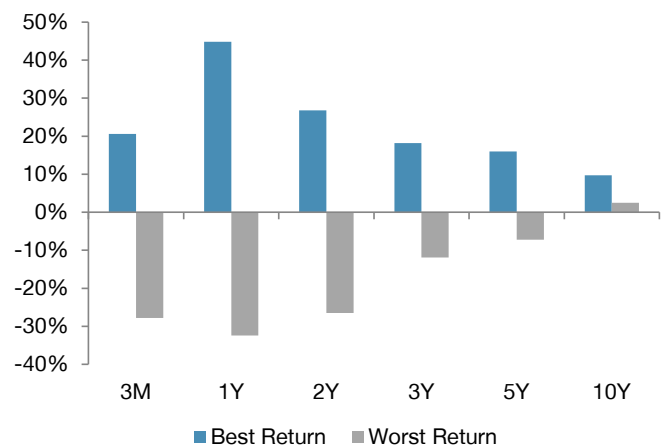
*The fund has gained 4.2% since September 30, 2018, which is Velanne's starting date as portfolio advisor. The index is up 37.4% over the same period.

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Small-Cap Equity Fund

Market Context

- The Canadian small-cap market (S&P/TSX SmallCap Index) gained 9.2% in the quarter. U.S. small-caps (Russell 2000 Index) rose 2.8% in Canadian dollar terms.
- Energy and resource stocks were notable areas of strength.

Portfolio Specifics

- The fund consists of 26 companies, ranging from very small (WATERLOO BREWING) to medium-sized businesses (CARGOJET). While the majority of holdings are Canadian, there are three U.S. stocks which make up 11% of the portfolio.
- The fund turned in a modest quarter but is up nicely on the year (+14.2%). Many of the top contributors to performance in 2021 have been the more economically-sensitive companies which have benefited from the re-opening of the global economy. Examples include SNC-LAVALIN (construction & engineering), OSHKOSH (heavy-duty vehicles), FINNING (Caterpillar dealer), and NFI GROUP (transit buses and coaches).
- SPIN MASTER and WATERLOO BREWING have also seen impressive gains as parents seek to keep their kids and themselves entertained. Spin Master has been the fund's best performer this year, up over 70%, as its lineup of toys and games such as PAW Patrol, Air Hogs, and Monster Jam continue to see strong demand. Similarly, Waterloo's portfolio of beers and radlers have seen impressive revenue growth.
- Infrastructure is poised to see substantial investment over the next few years as America and Canada look to upgrade roads, bridges, and public works. The fund is well exposed to the sector through investments in SNC-LAVALIN, FLUOR, BADGER, and FINNING. All four have been solid performers and have attractive growth runways.
- Two holdings have weighed on performance this year, TOREX GOLD RESOURCES and CARGOJET. Torex is a gold miner which has seen its share price stumble. Gold has been out-of-favour despite its history as a store of value in uncertain and inflationary times. Cargojet is a leading air cargo provider. Its stock has taken a pause after a tremendous run. Both companies are well managed with strong fundamentals.
- Two new stocks were purchased. MEG ENERGY is a company we've owned successfully in the past. The mid-tier oil producer stands to generate strong profits with oil trading above \$60/barrel. Importantly, it's also committed to addressing ESG issues. PET VALU HOLDINGS is a retailer of pet food, toys, and grooming services (its brands include Bosley's and Tisol). We participated in the IPO of the stock (which proved to be popular) and will look to add to our holding at the right price.
- The fund currently has a cash position of 3%.

The fund was up 1.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 170%, which equates to an annualized return of 7.2%.

Notable Transactions

Buy

MEG Energy*
 Pet Valu Holdings*
 Torex Gold Resources
 *New holding

Trim/Sell

Oshkosh
 Interfor
 Spin Master
 Park Lawn

Positioning

- The portfolio has a unique composition, with key areas of investment being capital goods, food & beverage, and engineering services. This is in contrast to the small-cap market's heavy focus on resource companies.

Fund size	\$50,970,098
No. of stocks	26



Small-Cap Equity Fund

Attributes

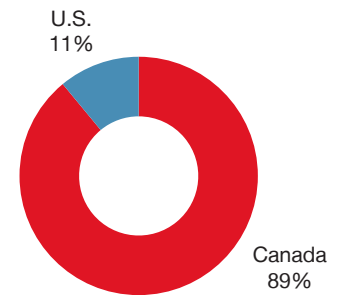
Top Stock Holdings

Spin Master	5.4%
SNC-Lavalin Group	5.2%
NFI Group	5.0%
Northland Power	4.9%
Savaria	4.9%
Premium Brands Hldgs	4.8%
Waterloo Brewing	4.7%
Torex Gold Resources	4.5%
Park Lawn	4.5%
Ag Growth International	4.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	45.7%
Consumer Cyclical	15.6%
Consumer Products	14.4%
Oil & Gas	8.7%
Basic Materials	6.1%
Utilities & Pipelines	5.1%
Healthcare	3.8%
Retailing	0.6%

Geographic Profile (Stocks)



Performance

Compound Annualized Returns (as of June 30, 2021)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Small-Cap Equity Fund (after-fee)*	1.8%	14.2%	44.4%	11.5%	5.1%	9.0%	7.6%	7.2%
S&P/TSX SmallCap Index	9.2%	19.8%	57.7%	19.1%	9.2%	7.3%	3.6%	3.4%
Russell 2000 Index (\$Cdn)	2.8%	14.4%	47.4%	19.7%	11.3%	15.3%	15.2%	9.5%

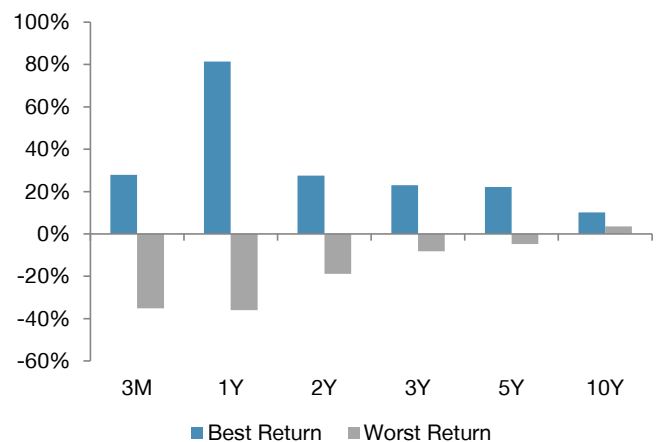
*The fund has gained 53.4% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The Canadian index is up 35.8% over the same period.

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Global Small-Cap Equity Fund

Market Context

- The global small-cap market (S&P Global SmallCap Index) rose 4.6% in the second quarter in Canadian dollar terms.
- Economically-sensitive companies turned in strong returns. The energy and real estate sectors were among the top performing industries.

Portfolio Specifics

- The fund is managed by New York-based TimesSquare Capital Management, which specializes in small-cap investing. The portfolio is currently invested in 39 companies. Fifteen are based in the U.S., 12 in Europe, 5 in the U.K., 4 in Japan, 2 in Australia, and 1 in China.
- The fund fared well in the quarter despite having few investments in the best performing industries. Healthcare holdings experienced strong returns, in particular. Medical researcher CHARLES RIVER LABORATORIES, the largest weight in the portfolio, and hearing aid retailer AMPLIFON each gained more than 25% on the back of impressive financial results.
- The manager made four additions in the quarter. Two industrial companies were added, though with little in common: AZEK is a U.S. leader in composite decking materials; while ROTORK makes specialized valves for use in large-scale industrial projects. PJT PARTNERS (global investment bank) and KAKAKU.COM (Japanese web services) were also added.
- Kakaku.com is an example of the opportunities emerging in Japan as it digitizes its service economy. The company provides online comparisons for a myriad of products and services. Surprisingly, this is something which has only recently picked up steam in the country. In total, we own four Japanese stocks, which make up 9% of the fund, and TimesSquare is looking closely at a few other businesses.
- Three stocks were sold, CHALLENGER FINANCIAL, ZENKOKU HOSHO and WEX. The proceeds were used to make the new purchases. Fintech company WEX rose sharply after initially falling in the market correction last year. Japanese real estate credit provider Zenkoku was sold as transactions have slowed in the country in part because residents have been unwilling to visit homes because of Covid-related restrictions. And we moved on from Challenger as TimesSquare reassessed the ability of the Australian variable annuity insurer to grow in light of lower interest rates.
- The fund currently has a cash position of 4%.

Positioning

- The fund invests in businesses with a clear competitive edge, a record of consistent earnings growth, and management that has clear goals and a record of success.

The fund was up 4.0% in the quarter. Since inception (Feb 2019), it has a cumulative return of 36%, which equates to an annualized return of 13.7%.

Notable Transactions

Buy

Rotork PLC*
Kakaku.com*
AZEK Company*
PJT Partners*
Kobe Bussan

*New holding

Trim/Sell

Challenger Financial¹
Zenkoku Hosho Co.¹
WEX Inc.¹
St. James's Place
FinecoBank

¹Position eliminated

Fund size	\$10,085,440
No. of stocks	39



Global Small-Cap Equity Fund

Attributes

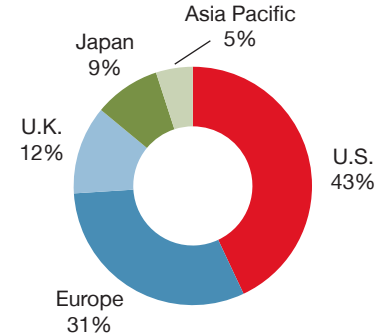
Top Stock Holdings

Charles River Labs	5.1%
Teleperformance	4.8%
Zynga	4.3%
Gartner Group	4.1%
St. James's Place	3.9%
RenaissanceRe	3.7%
Kobe Bussan	3.5%
National Vision	3.3%
Encompass Health	3.2%
Kennedy-Wilson	3.1%

Sector Allocation (Stocks)

Industrial Goods & Svc	23.5%
Financial Services	20.2%
Healthcare	17.6%
Consumer Cyclical	14.3%
Technology	13.8%
Consumer Products	5.4%
Real Estate	3.3%
Oil & Gas	1.9%

Geographic Profile (Stocks)



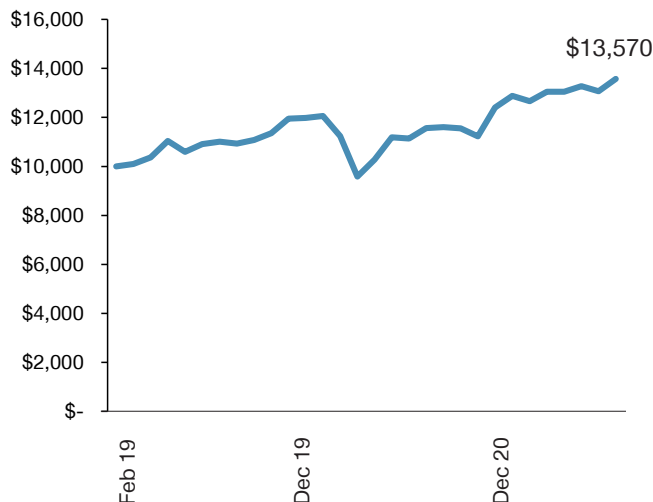
Performance

Compound Annualized Returns (as of June 30, 2021)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep ¹
Global Small-Cap Equity Fund (after-fee)	4.0%	5.3%	21.8%	11.5%	N/A	N/A	N/A	13.7%
S&P Global SmallCap Index (\$Cdn)	4.6%	11.9%	38.5%	16.5%	N/A	N/A	N/A	14.6%

¹Feb 15, 2019

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Savings Fund

Market Context

- The Bank of Canada kept its key lending rate at 0.25% in the second quarter.
- While global economic activity is picking up, it remains uneven. North America is experiencing a solid recovery with rising consumer confidence and strong demand. The recovery remains fragile in the emerging markets, however, where vaccination rates are lower and the virus continues to spread rapidly. In its latest statement, the Bank of Canada reiterated that the recovery continues to require extraordinary monetary policy support in the form of ultra low interest rates.
- The central bank is committed to holding its policy rate at its current level until economic slack is absorbed.

Positioning

- T-Bills comprise 46% of the portfolio while corporate paper makes up 54%.
- The manager (Connor, Clark & Lunn) increased the fund's exposure to bank paper in the quarter.
- The pre-fee yield of the fund at the end of June was 0.2%.

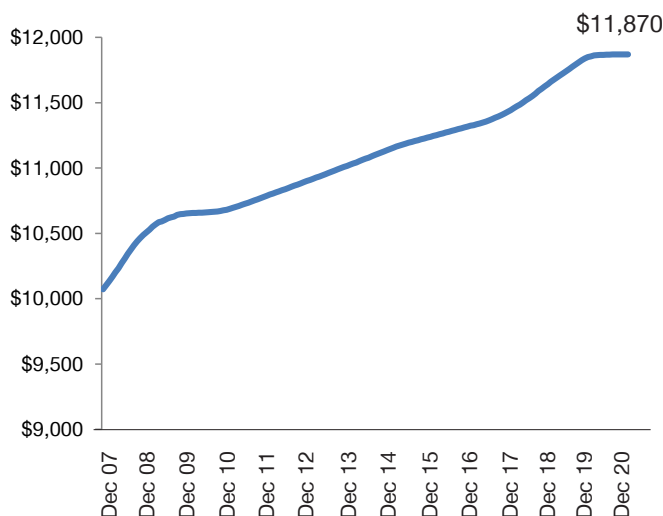
Performance

Compound Annualized Returns (as of June 30, 2021)

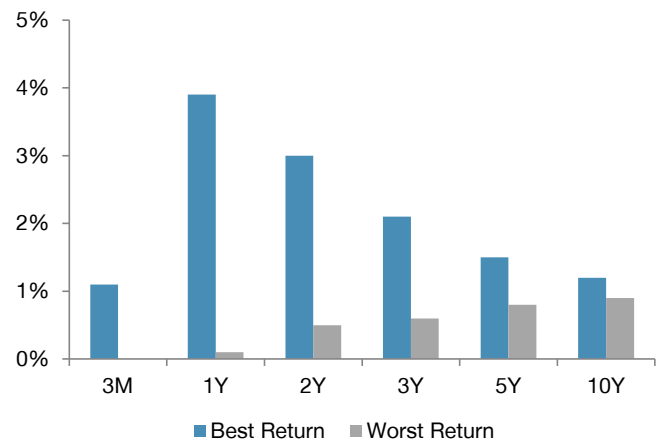
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Savings Fund (after-fee)	0.0%	0.0%	0.1%	0.8%	1.1%	1.1%	1.0%	1.2%
FTSE Canada 91 Day T-Bill Index	0.0%	0.1%	0.1%	0.9%	1.1%	1.0%	0.9%	1.2%

*Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



What is ESG Integration?

As part of our ongoing [Sustainable Steadyhand](#) initiative, this post seeks to provide some colour on the branch of responsible investing known as ESG integration.

In a [previous piece](#) we looked at the three main branches of responsible investing – ESG integration, SRI, and impact investing. All Steadyhand funds fall under ESG integration. This approach helps our managers make better decisions, reconciles with our investment philosophy and provides the flexibility to deal with situations without clear-cut answers.

All our managers pride themselves on their research capabilities. We've selected them for their ability to conduct thorough analysis on a business; and businesses evolve overtime. They encounter different opportunities over the years and face changing risks.

Top-tier managers use a research process that permits them to address these dynamics. Fifteen years ago, investors didn't look closely at data privacy practices at banks. Today, it's a major consideration. Investors have also had to pay closer attention to supply chain disruption with the expansion of globalization.

Both situations are examples of responsible investing through ESG integration. This approach allows investment managers to focus on issues most likely to impact the financial performance of a company. Contrary to what some might think, responsible investing isn't limited to environmental issues. Indeed, in the case of a bank or an industrial manufacturer, social and governance issues are more relevant.

Just like other characteristics that can drive opportunities and risks, those stemming from ESG rarely have a clear-cut answer. Even the top three ESG research providers disagree on how companies rank.

Our managers reach their own conclusions on how ESG issues impact their investment ideas. They might conclude that a bank's poor data privacy infrastructure present

too high a risk. Or that the return potential more than compensates for a fallout from a potential data breach. In either case, the relevant ESG issue – data privacy in this case – is one of a number of factors they consider before making their decision.

Incorporating responsible investing this way fits nicely with a tenet of our investment philosophy – invest for the long-term. To be comfortable holding a company for years, our managers try to dig up as much information on it as they can. Including ESG in their analysis gives them another lens to look through. In the bank example, our managers might factor in additional future expenses banks might incur to keep their technology secure and to comply with increasing privacy regulations.

Including an assessment of material ESG issues improves the research process. It ensures managers are looking at those company-specific opportunities and risks that might impact its returns. Doing this isn't just responsible investing; it's good investment management.



Steadyhand



Summer Reading

Looking for a good book to sink into this summer? Behold our annual [Summer Reading List](#).

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The performance data provided for the Steadyhand Savings Fund assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The indicated rates of return for the funds other than the Savings Fund are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the funds will be able to maintain their net asset value per security at a constant amount or that the full amount of your investment in the funds will be returned to you. Past performance may not be repeated.

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