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**Steadyhand**

# Management Report of Fund Performance

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**Steadyhand Savings Fund**

December 31, 2021



# Steadyhand Savings Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights, but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 \$44.4 million as of December 31, 2021, from \$47.1 million at the end of 2020. This decrease was attributable to net redemptions of \$2.7 million.

The Fund produced a return of 0.0% in 2021. Over the same period, the FTSE Canada 91-Day T-Bill Index gained 0.2%. The Fund's return is net of fees, whereas the return of the index does not include any costs or fees.

The Fund marginally underperformed the index over the year. Contributing to performance was the portfolio adviser's (Connor, Clark & Lunn) preference for holding corporate paper over government T-Bills. In addition, the Fund's investments in floating rate notes (FRNs) and short-dated bonds helped the Fund's return. At year-end, 55% of the Fund was invested in corporate paper (including bank paper, FRNs and bonds) with the remaining 45% invested in government notes.

The Bank of Canada left its key lending rate unchanged in 2021, at 0.25%. This had a notable impact on the Fund's return, as it invests its assets entirely in short-dated securities, and the interest rates offered on these securities remained near historic lows.

Global economic activity picked up nicely in the first half of the year, although it remained uneven. North America saw a solid recovery with rising consumer confidence and strong demand. The recovery remained fragile in the emerging markets, however, where vaccination rates were lower and COVID continued to spread rapidly.

As we entered the summer, economic activity remained strong though decreased somewhat from peak levels earlier in the year. Economic tailwinds remained solid, including robust consumer spending, and an expected pickup in business investment.

Late in the year, the Bank of Canada downgraded its expectations for economic activity, but also reduced its estimate of the economy's capacity in response to supply constraints. As a result, the central bank indicated a closure to its output gap that was sooner than had been previously anticipated, and accelerated its guidance for the first interest rate increase. The Bank ended its quantitative easing measures and moved to a reinvestment phase. A higher policy rate on the horizon portends well for the Fund.

As noted, 55% of the Fund was invested in corporate paper at the end of the year. These investments included bankers' acceptances (BA) issued by the big six Canadian banks, as well as commercial paper (CP) issued by companies including Suncor, Hydro One, and Canadian Utilities.

The remaining 45% of the Fund was invested in government notes. These investments were focused on provincial securities rather than sovereign notes. The yield pick-up of provincial T-Bills (over sovereigns) was attractive throughout the year and was a source of added value for the portfolio.

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.

The Fund's pre-fee yield at the end of 2021 was 0.3%, which was up slightly from its yield of 0.2% at the end of 2020.

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

### **Recent Developments**

Money market investments returned 0.2% in 2021, as measured by the FTSE Canada 91 Day T-Bill Index. It was not a fruitful year for savers, as short-term interest rates around the globe remained anchored near historic lows to help stimulate economies as they continued to recover in the face of the ongoing COVID pandemic.

Economic activity was strong in 2021, particularly in the first half, as economies around the world further benefited from reopening. Growth slowed a little in the second half, however, as supply chain issues, labour shortages, and a new COVID variant emerged. Regulatory crackdowns in China and concerns over the possible default of a large property developer in the country also unsettled investors.

Bond yields surged toward the end of the summer as monetary policymakers shifted toward less accommodation. In the fourth quarter, policymakers were widely focused on rising inflationary pressures. The U.S. Federal Reserve ("Fed") announced it would start reducing the pace of bond purchases, while the Bank of Canada accelerated guidance for the timing of its first interest rate hike from the latter half of 2022 to the "middle quarters." The Bank also ended its quantitative easing measures. So while the timing is still uncertain, higher rates are to be expected; indeed, forecasters are now projecting three increases in the U.S. in 2022. The Bank of England, in fact, surprised investors with an interest rate increase late in the year, becoming the first major central bank to raise rates.

With this change in rhetoric from our central bank, money market investors can expect higher yields on the near horizon, a welcome development following a period of extremely low rates. Investors should remain measured in their expectations, however, as central banks are unlikely to raise rates too fast for fear of stifling the recovery.

Moreover, there are many risks to consider. Given the backdrop of high inflation and high, but slowing, economic growth, our portfolio adviser (Connor, Clark & Lunn) feels the risk of a central bank policy error is real. The Fed could let inflation run too high, but financial markets could also be negatively impacted if the Fed acts too aggressively. If inflation negatively impacts the health of the consumer, that could also lead to economic growth concerns. As CC&L looks into 2022, their main concerns are around monetary policy and inflation, rather than Omicron.

In this environment of extremely low short-term interest rates, the Fund's return will continue to be modest. While rate increases are projected in 2022, they will be coming off historically low levels and hikes will likely be measured and come in low increments.

The Fund's mix of corporate notes and government T-Bills, 55% and 45% of its assets at year-end, respectively, changed somewhat in 2021. The weighting in corporate notes came down (from 70% at the beginning of the year), while exposure to T-Bills was increased. This was partly due to a lack of supply of the former. As for the individual investments held, a number of new securities were added to the Fund as notes matured over the course of the year.

In response to the extremely low interest rate environment, we temporarily reduced the fee on the Savings 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 December 31, 2021, the Fund paid gross fees of \$88,750 to the Manager and distributed \$29,071 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 December 31, 2021 Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 356,439 Series A units, or 8.1% 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 annual audited financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</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	0.02	0.10	0.20	0.19	0.14
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.02)	(0.03)	(0.01)
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.01</b>	<b>0.08</b>	<b>0.18</b>	<b>0.16</b>	<b>0.13</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.08)	(0.18)	(0.15)	(0.08)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.01)</b>	<b>(0.08)</b>	<b>(0.18)</b>	<b>(0.15)</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>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$43,844	\$46,488	\$33,260	\$37,050	\$30,120
Number of units outstanding <sup>4</sup>	4,384,455	4,648,810	3,235,969	3,705,019	3,012,013
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%	0.20%	0.20%	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>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</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	0.03	0.19	0.19	0.17	0.18
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.03</b>	<b>0.19</b>	<b>0.19</b>	<b>0.17</b>	<b>0.18</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.03)	(0.09)	(0.19)	(0.17)	(0.10)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.03)</b>	<b>(0.09)</b>	<b>(0.19)</b>	<b>(0.17)</b>	<b>(0.10)</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>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$591	\$590	\$54,947	\$27,382	\$64,405
Number of units outstanding <sup>4</sup>	59,123	58,973	5,494,685	2,738,234	6,440,467
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.52%	0.01%	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	-	76.45	-	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

<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 audited annual financial statements as at December 31 for the periods stated.

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

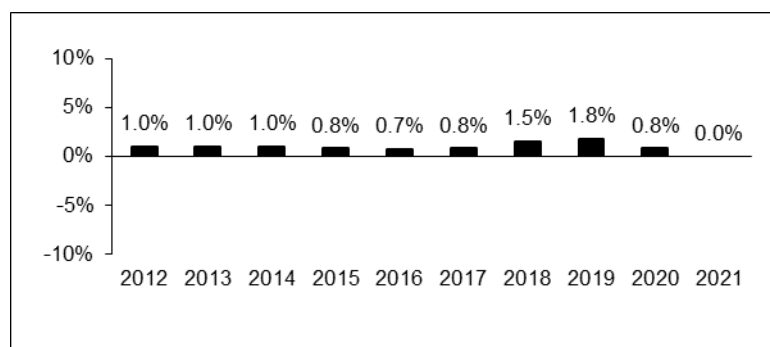
## Past Performance

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.

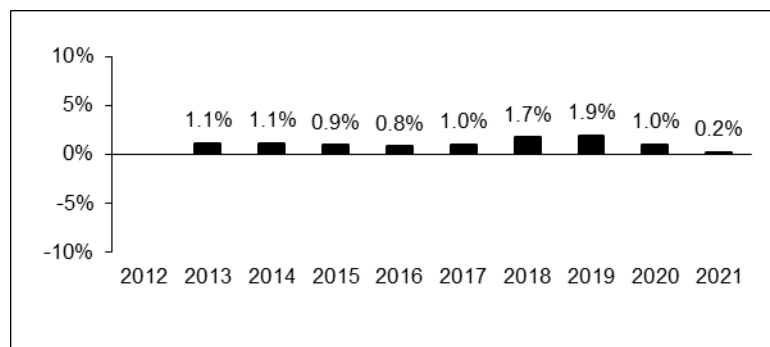
### Year-by-Year Returns

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 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.



The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the FTSE Canada 91-Day T-Bill Index.

	<b>1 YR</b>	<b>3 YR</b>	<b>5 YR</b>	<b>10 YR</b>	<b>Since Inception*</b>
Steadyhand Savings Fund – A	0.0%	0.9%	1.0%	0.9%	N/A
Steadyhand Savings Fund – O	0.2%	1.0%	1.2%	N/A	1.1%
FTSE Canada 91-Day T-Bill Index	0.2%	0.9%	0.9%	0.9%	0.9%

\* Series O units have a different inception date (February 17, 2012) and are not available for purchase.

The FTSE Canada 91-Day T-Bill Index measures the performance attributable to 91-day treasury bills.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

## Summary of Investment Portfolio as at December 31, 2021

### Portfolio Allocation

	<b>% of Net Assets</b>
Bankers Acceptances	35.1%
Provincial Treasury Bills	34.5%
Corporate Notes	18.0%
Provincial Promissory Notes	11.2%
	<hr/> 98.8%
Corporate Bonds	2.3%
Total Investments	<hr/> 101.1%
Cash, Short-term Notes & Other Assets	(1.1)%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

**Top 22 Holdings**

	<b>% of Net Assets</b>
Bank of Nova Scotia B/A 0.219% 11 Jan 2022	9.2%
Province of Ontario TBill 0.178% 16 Mar 2022	7.9%
Province of New Brunswick TBill 0.159% 10 Mar 2022	7.9%
Royal Bank of Canada BA 0.270% 31 Jan 2022	7.4%
Bank of Montreal B/A 0.241% 07 Jan 2022	7.0%
Province of Newfoundland and Labrador P/N 0.183% 27 Jan 2022	6.7%
Canadian Imperial Bank of Commerce B/A 0.261% 25 Feb 2022	6.7%
Province of Prince Edward Island TBill 0.162% 08 Feb 2022	6.5%
Province of Ontario TBill 0.129% 16 Feb 2022	5.3%
Toronto-Dominion Bank B/A 0.231% 11 Feb 2022	4.8%
CU Inc. C/P 0.322% 04 Jan 2022	4.5%
Province of Alberta P/N 0.238% 28 Jan 2022	4.5%
Province of Manitoba TBill 0.219% 19 Jan 2022	4.0%
Province of Alberta TBill 0.188% 08 Mar 2022	2.9%
Cash & cash equivalents	2.8%
John Deere Canada Funding Inc. C/P 2.630% 21 Sep 2022	2.3%
TransCanada Pipelines Limited C/P 0.448% 20 Jan 2022	2.3%
Enbridge Gas Distribution Inc. C/P 0.478% 19 Jan 2022	2.3%
Hydro One Inc. C/P 0.289% 10 Feb 2022	2.3%
Hydro One Inc. C/P 0.300 24 Feb 2022	2.3%
TransCanada Pipelines Limited C/P 0.480% 22 Feb 2022	2.3%
Suncor Energy Inc. C/P 0.361% 07 Mar 2022	2.3%

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**

# Management Report of Fund Performance

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**Steadyhand Income Fund**

December 31, 2021



# Steadyhand Income Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 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 decreased to \$304.7 million as of December 31, 2021, from \$260.0 million at the end of 2020. This increase of \$44.7 million was attributable to net subscriptions of \$38.5 million, an increase in net assets from operations of \$14.2 million less \$8.0 million in distributions to unitholders.

The Fund rose 4.0% in 2021. Over the same period, the FTSE Canada Universe Bond Index provided a return of -2.5% while the S&P/TSX Capped Composite Index gained 25.1%. Interest rates rose during the year, with the 10-year Government of Canada bond yield climbing from 0.7% to 1.4%. This increase in yields was a negative for investors — as a reminder, when yields rise, bond prices typically fall, and vice versa. Corporate and high yield bonds outperformed government securities during the year. The Bank of Canada kept its key short-term lending rate at 0.25% in 2021.

All things considered, the Fund had a solid year. Stock holdings, which comprise 27% of the portfolio, provided strong returns, gaining over 20% in aggregate, while the fixed income component (73% of the fund) declined.

Bonds, in general, had a challenging year due to the rise in interest rates. Rates rose across the maturity spectrum as monetary policymakers signaled an end to supportive measures in light of an improving economy. That said, the Fund's fixed income investments fared better than the market as a whole.

In spite of the economic uncertainty spurred by the Omicron variant in the latter half of the year, policymakers adopted less accommodative policies towards the end of the year due to concerns around persistent inflationary pressures. The U.S. Federal Reserve ("Fed") slowed the pace of its bond purchases and revealed an expected three interest rate increases in 2022. The Bank of Canada also accelerated its guidance for its first interest rate increase, suggesting it will take place in the "middle quarters". This led to a pickup in interest rate volatility.

Our portfolio adviser, Connor, Clark & Lunn (CC&L), feels that policymakers have laid the groundwork for a period of higher growth and inflation, with some bumps along the way until the pandemic fully abates. In general, businesses have adapted and consumers have continued to spend. Moreover, Canadians are in a better financial position as their assets (homes and investments) have increased faster than debt. Hence, the Fund continues to have a preference for corporate and provincial bonds (over Government of Canada bonds).

At the beginning of the year, bonds comprised 73% of the portfolio. Their weighting declined to 71% early in the spring, but the adviser gradually brought their weighting back up, and they finished the year at 73%.

Turning to the Fund's stock holdings, this portion of the portfolio was the key contributor to performance. Financial services and real estate stocks had a bumper year. These industries saw their fortunes turn after a tough 2020. Two of our largest holdings, Royal Bank and TD Bank, gained more than 30%. In real estate, Summit Industrial gained over 70% and Granite REIT rose 35%. By contrast, renewable stocks Brookfield Renewable Partners and Boralex fell over 15%. CC&L sees long-term potential in these businesses as demand for renewable energy continues to increase.

Stocks made up 27% of the Fund at year-end, which is higher than their target weight of 25%, as our adviser remains optimistic on the longer-term outlook for equities.

While the asset mix of the portfolio was not significantly altered during the reporting period, there were some changes to the Fund's bond holdings. More specifically, the weighting in federal bonds was increased (from 4% of the portfolio's fixed income investments at the beginning of the year to 13% at the end of December), and the weighting in provincial bonds was decreased (from 48% to 40% of its fixed income holdings). Corporate bonds maintained a weighting of roughly 50% throughout the year.

The Fund's pre-fee yield at the end of 2021 was 2.3%, as compared to 2.0% at the end of 2020. This higher figure is a reflection of the overall rise in interest rates during the year.

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

## Recent Developments

The Canadian bond market (FTSE Canada Universe Bond Index) had a negative year — its first since 2013 — providing a total return (interest less capital depreciation) of -2.5%.

Economic activity was strong in 2021, particularly in the first half, as economies around the world further benefited from reopening. Growth slowed a little in the second half, however, as supply chain issues, labour shortages, and a new COVID variant emerged. Regulatory crackdowns in China and concerns over the possible default of a large property developer in the country also unsettled investors.

Bond yields surged toward the end of the summer as monetary policymakers shifted toward less accommodation. In the fourth quarter, policymakers were widely focused on rising inflationary pressures. The Fed announced it would start reducing the pace of bond purchases, while the Bank of Canada accelerated guidance for the timing of its first interest rate increase and ended its quantitative easing measures. Interest rate volatility increased and the yield curve flattened. Longer term bond yields declined in the fourth quarter, and the index rose 1.5%, recouping some of its earlier losses.

Our adviser expects inflation, and its impact on monetary policy, to remain the key driver for bond markets. CC&L believes that the risks are tilted toward higher inflation in the near term and, as a result, monetary policymakers should continue to shift away from their ultra-accommodative policies. While economic momentum improved near the end of 2021, there remains a risk that Omicron, as well as a tightening in monetary policy, could pressure the economic expansion. As a result, CC&L remain nimble in their investment approach as they assess incoming information.

Portfolio risk has been incrementally lowered in response to the more uncertain economic environment. The Fund's yield curve steepening strategy has been reduced to a more modest position, and CC&L will look for opportunities to establish a flattening position as central banks move toward tightening policy. The portfolio's duration exposure is modestly shorter than that of the benchmark. The Fund maintains exposure to real return bonds, although this exposure was trimmed during the fourth quarter as targets were met.

In contrast to the interest rate volatility that caused CC&L to reduce interest rate risk overall, they continue to see opportunity in corporate bonds, where spreads (the difference in yield between corporate and government bonds) have held in relatively well. The portfolio's healthy position in corporate credit remains in place, while its exposure to provincial bonds was reduced during the year, resulting in a more modest credit exposure overall.

Corporate bond security selection is tilted toward the financials sector (banks and insurance companies) and the infrastructure industry, including airports. Exposure to defensive utility companies remains modest, while investments in telecommunications companies has been reduced.

As for the outlook for stocks, CC&L expects that returns in general will be lower than those in 2021 and volatility will likely be much higher in response to the continued uncertainty. While they expect economic growth and equity market gains in 2022, CC&L recognizes that there are risks to this outlook. Given the backdrop of high inflation and high, but slowing, economic growth, the risk of a central bank policy error is also high. The Fed could let inflation run too high, but financial markets could also be negatively impacted if the Fed acts too aggressively. If inflation negatively impacts the health of the consumer, that could also

lead to economic growth concerns. As CC&L looks into 2022, their main concerns are around monetary policy and inflation, rather than Omicron.

Our adviser continues to believe we are in a mid-cycle market environment, where earnings growth will be well rewarded. An uptick in volatility should also create a strong environment for fundamental stock picking. CC&L expects high variability of returns as we head into 2022, and companies able to deliver superior earnings growth should outperform. Given the continued macroeconomic uncertainty, they believe stable growth characteristics are attractive in this economic climate, as are companies that do well during periods of rising inflation and interest rates. Stock holdings are focused on companies that benefit from economic growth but have defensive traits. Banks, insurers, REITs, and telcos remain key areas of interest.

There were some changes to the structure of the portfolio in 2021, as described in the previous section. Of note, the Fund's exposure to provincial bonds was decreased, while the weighting in federal bonds was increased, but is still modest.

The Fund paid distributions totaling \$0.27/unit in 2021.

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 \$904,979 of its net assets as management fees and distributed \$283,689 in management fee reductions for the year ended December 31, 2021. 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 December 31, 2021, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 211,399 Series A units, or 2.7% 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 audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$11.26</b>	<b>\$10.94</b>	<b>\$10.44</b>	<b>\$10.86</b>	<b>\$10.79</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.29	0.31	0.31	0.32	0.31
Total expenses (excluding distributions)	(0.12)	(0.15)	(0.15)	(0.14)	(0.14)
Realized gains (losses) for the period	0.11	0.20	0.35	(0.07)	(0.02)
Unrealized gains (losses) for the period	0.20	0.39	0.47	(0.22)	0.19
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.48</b>	<b>0.75</b>	<b>0.98</b>	<b>(0.11)</b>	<b>0.34</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.21)	(0.23)	(0.20)	(0.24)	(0.22)
From dividends	(0.02)	(0.05)	(0.03)	(0.04)	(0.02)
From capital gains	(0.04)	(0.18)	(0.21)	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.27)</b>	<b>(0.46)</b>	<b>(0.44)</b>	<b>(0.28)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>\$11.44</b>	<b>\$11.26</b>	<b>\$10.94</b>	<b>\$10.44</b>	<b>\$10.86</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$89,845	\$87,454	\$85,884	\$81,126	\$91,949
Number of units outstanding <sup>4</sup>	7,855,873	7,769,803	7,848,309	7,771,250	8,467,035
Management expense ratio <sup>5</sup>	1.04%	1.04%	1.04%	1.04%	1.04%
Management expense ratio before waivers or absorptions	1.04%	1.05%	1.04%	1.04%	1.05%
Portfolio turnover rate <sup>6</sup>	167.02%	151.66%	179.14%	216.55%	242.00%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.02%	0.02%	0.02%
Net asset value per unit	\$11.44	\$11.26	\$10.94	\$10.44	\$10.86



<b>Series O – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$12.20</b>	<b>\$11.75</b>	<b>\$11.11</b>	<b>\$11.45</b>	<b>\$11.27</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.31	0.35	0.34	0.34	0.33
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.11	0.23	0.38	(0.07)	(0.02)
Unrealized gains (losses) for the period	0.24	0.31	0.40	(0.30)	0.15
<b>Total increase (decrease) from operations</b>	<b>0.66</b>	<b>0.89</b>	<b>1.12</b>	<b>(0.03)</b>	<b>0.46</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.26)	(0.25)	(0.22)	(0.27)	(0.24)
From dividends	(0.04)	(0.06)	(0.04)	(0.04)	(0.04)
From capital gains	(0.04)	(0.20)	(0.23)	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.34)</b>	<b>(0.51)</b>	<b>(0.49)</b>	<b>(0.31)</b>	<b>(0.28)</b>
<b>Net Assets, end of period</b>	<b>\$12.48</b>	<b>\$12.20</b>	<b>\$11.75</b>	<b>\$11.11</b>	<b>\$11.45</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$214,833	\$172,538	\$178,272	\$162,505	\$153,869
Number of units outstanding <sup>4</sup>	17,212,470	14,137,498	15,170,139	14,633,038	13,444,221
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	-	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	167.02%	151.66%	179.14%	216.55%	242.00%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.02%	0.02%	0.02%
Net asset value per unit	\$12.48	\$12.20	\$11.75	\$11.11	\$11.45

<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 audited annual financial statements as at December 31 for the period.

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

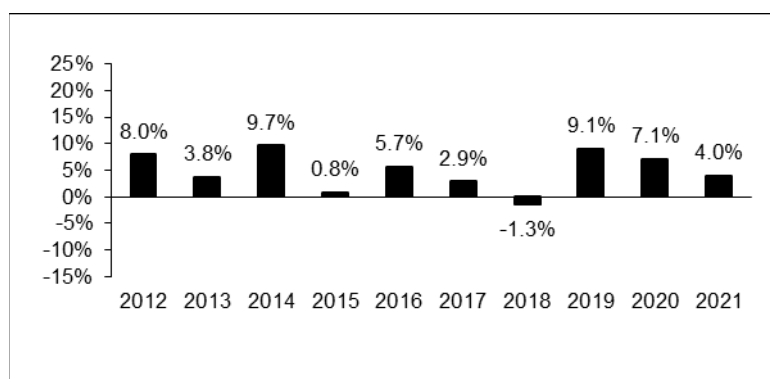
## Past Performance

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.

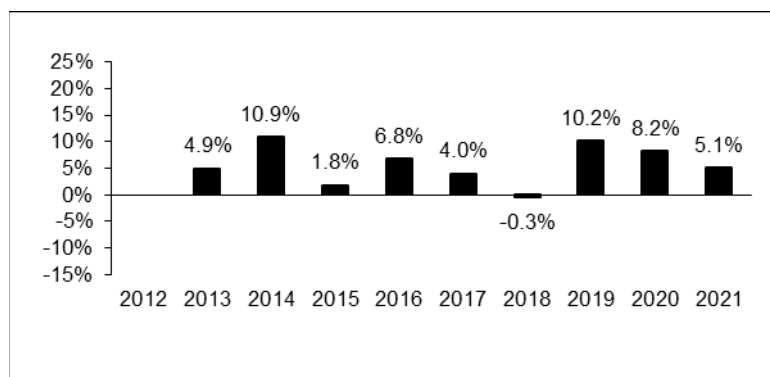
### Year-by-Year Returns

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 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.

### ***Annual Compound Returns***

The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the FTSE Canada Universe Bond Index and the S&P/TSX Capped Composite Index.

	<b><i>1 YR</i></b>	<b><i>3 YR</i></b>	<b><i>5 YR</i></b>	<b><i>10 YR</i></b>	<b><i>Since Inception*</i></b>
Steadyhand Income Fund - A	4.0%	6.7%	4.3%	4.9%	N/A
Steadyhand Income Fund - O	5.1%	7.8%	5.4%	N/A	5.9%
FTSE Canada Universe Bond Index	-2.5%	4.2%	3.3%	3.3%	4.3%
S&P/TSX Capped Composite Index	25.1%	17.5%	10.0%	9.1%	6.4%

\* Series O units have a different inception date (February 17, 2012) and are not available for purchase.

The FTSE Canada Universe Bond Index measures the performance of the broad Canadian investment-grade bond market. The S&P/TSX Capped Composite Index is a market capitalization index that measures the price movement and dividend income in the common shares of the largest companies listed on the Toronto Stock Exchange, with any individual investment capped at 10%.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

## Summary of Investment Portfolio as at December 31, 2021

### Portfolio Allocation

	% of Net Assets
<b>Bonds</b>	
Provincial Bonds	27.3%
Corporate Bonds	23.5%
Federal Bonds	8.9%
Municipal Bonds	1.1%
	<hr/> 60.8%
<b>Equities</b>	
Financial Services	10.3%
Real Estate	5.7%
Industrial Goods & Services	3.2%
Communication & Media	1.8%
Utilities & Pipelines	1.8%
Oil & Gas	1.4%
Retailing	0.8%
Consumer Cyclical	0.8%
Consumer Products	0.5%
Technology	0.5%
Basic Materials	0.4%
Healthcare	0.1%
	<hr/> 27.3%
Pooled Investment Funds	4.9%
Cash, Short-Term Notes & Other Assets	7.0%
<b>Total</b>	<hr/> 100.0%

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**Top 25 Holdings**

	% of Net Assets
CC&L High Yield Bond Fund, Series I	04.9%
Province of Ontario Bond 2.600% 02 Jun 2027	4.2%
Government of Canada Bond 2.000% 01 Dec 2051	4.1%
Province of Ontario Bond 2.150% 02 Jun 2031	4.1%
Toronto-Dominion Bank B/A 0.2790% 29 Mar 2022	2.8%
RBC Yield Curve Deposit Note Series 29 0.212% 18 Jan 2022	2.5%
Province of Ontario Bond 4.700% 02 Jun 2037	2.0%
Royal Bank of Canada	2.0%
Province of Ontario Bond 2.400% 02 Jun 2026	1.9%
Toronto-Dominion Bank	1.9%
Canadian Apartment Properties REIT	1.7%
Province of British Columbia Bond 2.850% 18 Jun 2025	1.5%
Province of British Columbia Bond 2.200% 18 Jun 2030	1.4%
Government of Canada Bond 4.000% 01 Jun 2041	1.4%
Bank of Montreal	1.4%
Granite REIT	1.3%
Bank of Nova Scotia	1.3%
Canadian Imperial Bank of Commerce B/A 0.260% 28 Feb 2022	1.2%
Canadian National Railway Co.	1.2%
TransCanada Pipelines Ltd. C/P 3.800% 05 Apr 2027	1.2%
Government of Canada Bond 1.500% 01 Jun 2031	1.2%
Province of Quebec Bond 1.900% 01 Sep 2030	1.1%
Summit Industrial Income REIT	1.0%
Inter Pipeline Ltd. C/P 4.232% 01 Jun 2027	0.9%
Province of Alberta Bond 3.100% 01 Jun 2050	0.9%

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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**

# Management Report of Fund Performance

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**Steadyhand Founders Fund**

December 31, 2021



# Steadyhand Founders Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 \$635.6 million as at December 31, 2021, an increase of \$98.1 million from \$537.5 million as of December 31, 2020. This increase was attributable to net subscriptions of \$63.3 million and an increase in net assets from operations of \$54.3 million less \$19.5 million in distributions to unitholders.

The Fund rose 9.2% in 2021. Strong returns from the portfolio's stocks more than offset negative returns from fixed income investments. Over the same period, the FTSE Canada Universe Bond Index provided a return of -2.5% while the Morningstar Developed Markets Index gained 19.6% in Canadian dollar terms and the S&P/TSX Capped Composite Index rose 25.1%. 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.

At the end of the reporting period, the Founders Fund held five underlying Steadyhand funds and cash in the following composition:

- Steadyhand Income Fund (Series O): 34%
- Steadyhand Global Equity Fund (Series O): 20%
- Steadyhand Equity Fund (Series O): 19%
- Steadyhand Small-Cap Equity Fund (Series O): 7%
- Steadyhand Global Small-Cap Equity Fund (Series O): 6%
- Cash & equivalents: 14%

The Fund's return was driven by double-digit returns from all four underlying equity funds, and a positive return from the Steadyhand Income Fund (4.0%). The Fund's cash weighting, which ranged from 14-16% of the Fund during the year, helped performance as this position was in lieu of a full weighting in bonds, which had a negative year, as noted.

Despite its positive return, the Fund lagged. This was primarily due to the fact that our four underlying funds didn't keep up with the markets, which were led by a rebound in energy and resource stocks, and strong performance in the financial services, industrial, technology, and real estate sectors. Our exposure to oil & gas and mining stocks is limited, as these businesses are capital intensive, highly cyclical, and tend to produce erratic profits. Our funds have also missed some of the speculative lift in the technology sector, as our portfolio advisers are wary of the valuations many companies are trading at and are not willing to invest in companies that have yet to turn a profit.

On a look-through basis, 34% of the Fund is invested in foreign stocks, 26% in Canadian stocks, 25% in bonds, and 15% in cash (as of year-end).

Currency movements had a negative impact on foreign stock returns. The Canadian dollar was largely unchanged against the U.S. dollar but rose significantly against the Euro (8%) and Japanese Yen (12%). It also rose to a lesser extent against the British Pound and other European currencies. Our dollar's overall strength against other currencies dampened the returns of foreign stocks for Canadian investors.

We'll turn our focus below to each of the individual funds that make up the Founders Fund, based on their weighting in the portfolio.

#### Steadyhand Income Fund

The Income Fund rose 4.0% in 2021. Over the same period, the FTSE Canada Universe Bond Index provided a return of -2.5% while the S&P/TSX Capped Composite Index gained 25.1%. Interest rates rose during the year, with the 10-year Government of Canada bond yield climbing from 0.7% to 1.4%. This increase in yields was a negative for investors — as a reminder, when yields rise, bond prices typically fall, and vice versa. Corporate and high yield bonds outperformed government securities during the year. The Bank of Canada kept its key short-term lending rate at 0.25% in 2021. All things considered, this fund had a solid year. Stock holdings, which comprise 27% of the portfolio, provided strong returns, gaining over 20% in aggregate, while the fixed income component (73% of the fund) declined. Bonds, in general, had a challenging year due to the rise in interest rates. Rates rose across the maturity spectrum as monetary policymakers signaled an end to supportive measures in light of an improving economy. That said, the fund's fixed income investments fared better than the market as a whole.



### Steadyhand Equity Fund

The Founders Fund's top contributor to performance was its holding in the Equity Fund. This fund gained 17.5% in 2021, marking another solid year. Its focus on industry leaders served investors well. Top performing holdings included Microsoft (software and cloud services), Sika (specialty chemicals), Nutrien (fertilizers), S&P Global (financial information and analytics), and Danaher (medical products and services), which all gained more than 40%. These companies are at the top of their field and executed well in a year marked by COVID variants, supply chain issues, rising inflation, and severe weather. There were two primary detractors to performance: Philips, and Brookfield Renewable Partners. The former fell 25% as its sleep apnea machines were recalled, while renewable power leader Brookfield pulled back after a strong run last year. The Equity Fund does not currently hold any investments in the energy or mining sectors, which held back performance in the year.

### Steadyhand Global Equity Fund

The Steadyhand Global Equity Fund was the next best performer (up 13.1%). In mid-October, we announced Aristotle Capital Management as the new portfolio adviser of the fund, taking over from Velanne Asset Management. The portfolio was fully transitioned by the end of the month. Prior to the adviser change, the portfolio lagged the market, partly due to its lower exposure to resource stocks, which had a standout year. The fund also held fewer technology companies, which were strong performers. Further, the fund had less exposure to U.S. stocks, which were a key driver of the global index's strong return. In addition, a few stocks saw price declines of 15-20% before being sold, including Dairy Farm International, Grifols, and NCR. On the positive side, two holdings were the subject of acquisition in the third quarter, Meggitt and Cerved Group. Meggitt, a British supplier of braking components for the aerospace industry, received a takeover offer from Parker Hannifin. The stock was up 60% in the quarter on the news. Cerved, an Italian provider of credit data, received a takeover offer in March, which was subsequently increased in August. We sold our shares following the increased bid. Following the portfolio's transition in October (where every stock was sold with the exception of one, and 48 new stocks were purchased), a number of the new holdings had a strong finish to the year, notably Qualcomm, Microchip Technology, Lennar, and Procter & Gamble. Conversely, Pan Pacific International Holdings, Twitter, and PayPal Holdings weighed on performance.

### Steadyhand Small-Cap Equity Fund

Similarly, the Steadyhand Small-Cap Equity Fund produced a double-digit return (up 14.5%) but lagged the resource-heavy small-cap market. Its top contributors to performance included engineering firms Fluor and SNC-Lavalin, toy maker Spin Master, and mattress and bedding retailer Sleep Country Canada (all were up more than 40%). These companies benefited from strong infrastructure and consumer spending. The portfolio trailed the index due in part to its lower exposure to energy companies, which saw a significant rebound on the back of rising commodity prices (the price of oil rose more than 50%). These businesses tend to produce inconsistent profits, and as such, comprise only a modest weighting in the fund (9%). Our investments include oil producer MEG Energy, and fuel supplier & convenience store operator Parkland.

### Steadyhand Global Small-Cap Equity Fund

This was the Founders Fund's weakest performing equity fund. That said, it still gained a healthy 12.0%. Its top performers included a diverse range of businesses: Gartner (technology research and consulting),

Interpump Group (high pressure water pumps), Charles River Laboratories (laboratory, gene therapy and cell therapy services), and St. James's Place (wealth management). All of these stocks rose more than 50%, with Gartner more than doubling before we sold it in the third quarter. A few holdings had a tough year and weighed on performance, notably Orpea (French nursing home operator), Huya (live steaming game platform in China), and Zynga (social video game developer). The fund also has no current investments in the resource sector (because of its high degree of cyclicity), which was one of the best performing industries.

The Founders Fund started the year with 63% of its assets in stocks, which is slightly above our long-term target. By mid-year, we had reduced the equity content to 60%, which is also where it sat at the end of the period. This was done by allocating client inflows to cash and bonds and occasionally trimming positions in the underlying equity funds. While some investors would like the equity allocation to be higher given extremely low bond yields, we remained concerned about high stock valuations and even higher levels of speculative behaviour in parts of the market.

The Founders Fund's weighting in bonds ranged from 23-26% of its assets, which was well under its long-term target (35%). We feel current bond yields are unattractive and have a lower-than-normal weighting in the asset class as a result. That said, bonds still play an important diversification role in balanced portfolios. At the end of the year, bonds comprised 25% of the Founders Fund.

The portfolio held a sizeable weighting in cash throughout the year, as previously mentioned (ranging from 14-16%). This helped performance, as cash-related investments (e.g., T-bills and short-term notes) beat bonds, which turned in their first negative year since 2013. While cash and short-term securities offer low yields, they 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**

2021 was a strong year for stocks, with healthy gains coming from most sectors. The U.S. market (S&P 500 Index) was once again a leader, rising 28.2% (in Canadian dollars), while the Canadian market (S&P/TSX Composite Index) wasn't far behind, gaining 25.1%. The energy sector was a top performer, with the price of oil rising more than 50%, while financial and real estate stocks also had a big recovery, and large technology companies had a strong year. Europe saw returns in the mid-teens, while Japan turned in a small gain. Emerging markets, on the other hand, lost modest ground.

The Canadian dollar rose against most major currencies, as noted in the previous section, which served to dampen the returns of foreign stocks for Canadian investors.

It was an eventful year for businesses and investors, marked by COVID variants, supply chain issues, rising inflation, severe weather, and a still-strong appetite for risk. It prompted activity in the Founders Fund, and we walk through each of the underlying fund holdings below.

## **Income Fund**

Economic activity was strong in 2021, particularly in the first half, as economies around the world further benefited from reopening. Growth slowed a little in the second half, however, as supply chain issues,

labour shortages, and a new COVID variant emerged. Regulatory crackdowns in China and concerns over the possible default of a large property developer in the country also unsettled investors.

Bond yields surged toward the end of the summer as monetary policymakers shifted toward less accommodation. In the fourth quarter, policymakers were widely focused on rising inflationary pressures. The U.S. Federal Reserve announced it would start reducing the pace of bond purchases, while the Bank of Canada accelerated guidance for the timing of its first interest rate increase and ended its quantitative easing measures. Interest rate volatility increased and the yield curve flattened. Longer term bond yields declined in the fourth quarter, and the index rose 1.5%, recouping some of its earlier losses.

The Income Fund's adviser, Connor, Clark & Lunn (CC&L) expects inflation, and its impact on monetary policy, to remain the key driver for bond markets. CC&L believes that the risks are tilted toward higher inflation in the near term and, as a result, monetary policymakers should continue to shift away from their ultra-accommodative policies. While economic momentum improved near the end of 2021, there remains a risk that Omicron, as well as a tightening in monetary policy, could pressure the economic expansion. As a result, CC&L remain nimble in their investment approach as they assess incoming information.

Portfolio risk has been incrementally lowered in response to the more uncertain economic environment. The fund's yield curve steepening strategy has been reduced to a more modest position, and CC&L will look for opportunities to establish a flattening position as central banks move toward tightening policy. The portfolio's duration exposure is modestly shorter than that of the benchmark. The fund maintains exposure to real return bonds, although this exposure was trimmed during the fourth quarter as targets were met.

Against this backdrop, the Founders Fund's bond weighting remained below its target, as previously noted. To reiterate, this is a reflection of our view that today's low interest rates are unattractive, as is the medium-term outlook for bonds in general. That said, bonds remain an important source of diversification in a balanced portfolio.

### Steadyhand Equity Fund

Portfolio turnover was minimal in 2021. Aon (a leader in commercial insurance, retirement solutions, and pension consulting) was purchased early in the year. The fund's portfolio adviser (Fiera Capital) likes the fact that Aon's businesses exhibit low cyclicalities, are not capital intensive, and generate strong cash flows. CBRE Group (commercial real estate services) was bought in the fourth quarter. Fiera feels the increasing role of real estate in institutional portfolios bodes well for the company.

Two stocks were sold: Alimentation Couche-Tard and Novartis. As for Couche-Tard, the convenience store operator attempted to buy French grocer/retailer Carrefour but ran into opposition from the French government. Fiera viewed this move as a departure from Couche-Tard's core strategy and a strike against management. Novartis, a pharmaceutical manufacturer and longtime holding, was sold as the company could face ongoing drug pricing challenges.

Two important themes currently run through the Equity Fund's holdings: (1) they generally have solid pricing power and are able to pass on rising input costs to customers; and (2) they have manageable levels of debt, or none at all. Indeed, Keyence, Franco-Nevada, Microsoft, and Verisign have no net debt. In a world where labour and supply costs are rising, and governments are awash in debt, these are valuable attributes for a business to possess. Further, this positioning should prove beneficial in an

environment of rising interest rates, as companies that need financing will have to do so on less favourable terms.

Fiera also continues to focus on companies with a global footprint (exceptions being Telus, CN Rail, and Metro). Businesses such as Microsoft, Sika, Philips, Thomson Reuters, and Visa have a worldwide customer base and are not as susceptible to a shock or pullback in a particular region.

A unique feature of this fund is that it currently has no direct investments in the energy sector. Despite the industry's strong recent performance, Fiera sees headwinds for the sector as a whole and feels there are better opportunities in other industries. Energy stocks make up 13% of the Canadian market, meaning the fund will likely lag in an environment where oil & gas stocks are running strong.

#### Steadyhand Global Equity Fund

The biggest development in this fund occurred in October, when we changed the portfolio adviser. Aristotle Capital Management took over portfolio adviser responsibilities, replacing Velanne Asset Management. Velanne had been managing the Fund since August 2018. The timing of the change was precipitated by Velanne's decision to wind down its business. A poor start to performance weighed on their growth. The environment for value stocks (Velanne's area of focus) has been especially difficult over the past few years. The challenges brought on by COVID-19 have also been arduous for the young firm, notably the inability to get out and meet potential clients.

Nonetheless, we are always prepared to change a portfolio adviser if circumstances require it. We continuously meet with and evaluate investment managers from which we develop a 'bench' for each fund. We were able to move quickly when we received the news from Velanne, narrowing down our list to a handful of firms and conducting extensive due diligence on each. From this process, we're confident that we've found a world-class money manager in Aristotle whose investment philosophy is closely aligned with ours.

Aristotle looks for high-quality companies in great and/or improving businesses, and assess their value utilizing a private equity approach (i.e., as if they were buying the entire business). They also seek to identify catalysts that fall outside the market's short-term focus, such as changes in leadership, divestitures/acquisitions, margin improvements and/or productivity gains.

While Aristotle places significant emphasis on a company's valuation, they do not invest solely in businesses traditionally defined as "value stocks" (i.e., those with low P/E multiples and low price-to-book value ratios). They are a style agnostic manager with investments in both fast-growing and more mature companies. This is a feature of the firm that sets it apart from Velanne, and an attribute we think will help lead to smoother, more attractive returns.

The portfolio transition was completed by the end of October and resulted in a near-complete turnover of stocks. Industrial goods & services companies now make up the largest component of the fund's equities (25%). These investments are diverse in nature. They include Fanuc (leading supplier of automation for manufacturing), Kubota (maker of farm and construction equipment), and Rational (commercial ovens and steamers).

### Steadyhand Small-Cap Equity Fund

This fund does not have a lot of exposure to commodity-related stocks due to their inherent cyclical nature, as explained in the previous section. If this sector continues to see sharp gains, the fund will be challenged to keep pace with the resource-heavy index. The portfolio adviser, Galibier Capital Management, believes there are more attractive long-term investment opportunities in industries that have more stable, and growing, demand characteristics.

Galibier feels the Fund is well positioned and there was not a lot of turnover as a result. Two new holdings were added in the year, MEG Energy and Hammond Power Solutions, while two were sold, Interfor and Intertape Polymer Group. We also participated in Pet Valu Holdings' IPO in the spring and sold the stock in the fourth quarter after it rose more than 50%.

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. Hammond makes dry-type transformers for industries such as oil & gas, water treatment, construction, and electric vehicle charging (it counts Tesla as a customer), a sector that is expected to see strong growth.

We sold Interfor, one of the world's largest lumber providers, which was first added to the fund two years ago when lumber prices were depressed. The commodity subsequently saw a significant rebound (fueled in part by home improvement projects during the pandemic), with prices increasing four-fold and the stock rising in tandem. Our timing of the sale was fortuitous, as we exited the position prior to a pullback in lumber prices. Intertape Polymer, a maker of tapes, shrink films, adhesives, and protective packaging, was sold following a good price recovery, as Galibier felt the company's mid-term prospects were less compelling given its prevailing valuation.

Industrial goods & services companies continue to make up the largest part of this fund (47%). These are a diverse collection of businesses which include engineering & construction firms, heavy equipment & machinery manufacturers & distributors, specialty vehicle makers, air cargo providers, and packaging companies, among others. The biggest holdings in the sector include Savaria, SNC-Lavalin, Fluor, and Oshkosh.

### Steadyhand Global Small-Cap Equity Fund

Trading activity was higher than normal, as the fund's portfolio adviser, TimesSquare Capital Management, uncovered a number of intriguing investment opportunities. Several stocks were also sold, mostly due to strong performance, but a few due to deteriorating fundamentals or weakened outlooks.

The new investments include: HomeServe (U.K.-based home repair and improvement services provider that operates in North America and Europe), Nordnet (leading digital platform for savings and investment services in the Nordic region), AZEK (U.S. leader in composite decking materials), Rotork (specialized valves for use in large-scale industrial projects), PJT Partners (global investment bank), Brunswick Corporation (builds boats and owns a popular boat-sharing program), Spirent Communications (world leader in testing equipment and software for telecom operators and manufacturers), Kadokawa (media firm involved in anime and manga, the popular Japanese comic books), TOTVS (Brazilian software company that specializes in business solutions), Alk-Abello (develops and manufactures allergy

medications), EMCOR Group (mechanical and electrical construction services), First Advantage (a leader in background checks), and Future (a magazine publisher with a strong online presence).

Two stocks were also purchased with an eye towards sustainability, both based in Finland. Huhtamaki is a food packaging specialist that manufactures fiber-based, recyclable containers, cups, and plates. And Valmet develops systems and technologies for the pulp & paper industry that focus on a more efficient use of water and energy in the manufacturing process.

These new investments, while very different in the nature of their business, share a common thread: they generate steady profits and are well managed.

Among the stocks sold were Teleperformance and Gartner. Both were stellar performers over our holding period and had grown to over \$20 billion in market capitalization. As they now fall firmly into the large cap realm, TimesSquare moved on to pursue other opportunities.

The adviser also moved on from Japanese staffing provider En-Japan, chemical manufacturer RPM International, software provider Tyler Technologies, Australian financial services provider Challenge Financial, Japanese credit firm Zenkoku Hosho and American payment processor WEX early in the year.

In the latter half of the year, two smaller holdings were sold based on weakening outlooks: Rubis, which is involved in the distribution of oil & gas; and Huya, a Chinese live streaming game platform. We also exited Japanese internet media company Kakaku.com and TPG Pace Beneficial Finance Corp., a special purpose acquisition company involved in the electric vehicle charging space.

As previously mentioned, the Global Small-Cap Fund does not have any direct investments in the oil & gas or mining sectors. These stocks saw a strong rebound in 2021. They make up around 10% of the global small-cap index, and as such, the fund could struggle to keep pace if they continue to see sharp gains. That said, our adviser believes there are much more compelling opportunities available in businesses with better long-term outlooks.

The Founders Fund has a structural bias to foreign-based companies which provide better exposure to important industries like healthcare, technology, and consumer products and services. Foreign stocks make up 34% of the portfolio (with overseas stocks comprising 17% and U.S. stocks 17%). Canadian equities made up 26% of the Fund at year-end.

While the Founders Fund's asset mix is important, returns are primarily driven by the performance of the underlying funds. It bears repeating that through its fund holdings, Founders owns a diverse mix of stocks across industries and geographies.

The Fund's cash weighting started 2021 at 14%, which is higher than normal. As a reminder, this was in lieu of a full bond weighting. The weighted bounced around a little during the year and finished at 16%.

With over half of the Fund's equity investments listed on foreign exchanges, the impact of currency fluctuations remains a risk of the Fund. Key currencies of exposure include the U.S. dollar, Euro, British Pound, and Japanese Yen.

There were no changes over the reporting period to the manager, 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 1.34%. The Fund paid the Manager \$7,920,813 of its net assets as management fees and distributed \$2,476,942 in management fee reductions for the year ending December 31, 2021. 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 December 31, 2021, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 276,773 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 do 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 audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	\$14.21	\$13.26	\$12.19	\$13.43	\$12.79
<b>Increase (decrease) from operations:</b>					
Total revenue	0.65	0.31	0.44	0.82	0.43
Total expenses (excluding distributions)	(0.14)	(0.12)	(0.12)	(0.13)	(0.13)
Realized gains for the period	0.13	0.09	0.19	-	0.18
Unrealized gains (losses) for the period	0.72	0.86	0.94	(1.33)	0.58
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>1.36</b>	<b>1.14</b>	<b>1.45</b>	<b>(0.64)</b>	<b>1.06</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
From dividends	-	-	-	-	-
From capital gains	(0.28)	(0.02)	(0.22)	(0.45)	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.42)</b>	<b>(0.16)</b>	<b>(0.36)</b>	<b>(0.59)</b>	<b>(0.14)</b>
<b>Net Assets, end of period</b>	<b>\$15.09</b>	<b>\$14.21</b>	<b>\$13.26</b>	<b>\$12.19</b>	<b>\$13.43</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$635,579	\$537,471	\$496,034	\$430,049	\$399,612
Number of units outstanding <sup>4</sup>	42,123,982	37,827,583	37,410,726	35,264,752	29,753,328
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>	6.46%	18.87%	17.61%	14.98%	7.30%
Trading expense ratio <sup>7</sup>	0.08%	0.05%	0.02%	0.07%	0.04%
Net asset value per unit	\$15.09	\$14.21	\$13.26	\$12.19	\$13.43

<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 audited annual financial statements as at December 31.

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

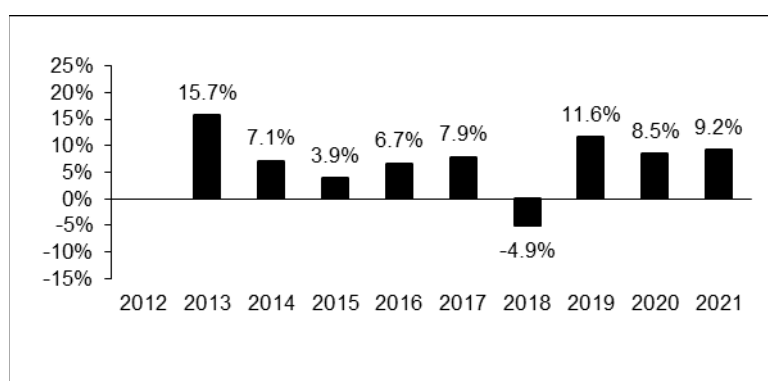


## Past Performance

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.

### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, and five-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the FTSE Canada Universe Bond Index, S&P/TSX Capped Composite Index and the Morningstar Developed Markets Index.

	1 YR	3 YR	5 YR	Since Inception
Steadyhand Founders Fund	9.2%	9.8%	6.3%	7.2%
FTSE Canada Universe Bond Index	-2.5%	4.2%	3.3%	3.3%
S&P/TSX Capped Composite Index	25.1%	17.5%	10.0%	8.8%
Morningstar Developed Markets Index	19.6%	18.0%	13.2%	14.5%

The FTSE Canada Universe Bond Index measures the performance of the broad Canadian investment-grade bond market. The S&P/TSX Capped Composite Index is a market capitalization index that measures the price movement and dividend income in the common shares of the largest companies listed on the Toronto Stock Exchange, with any individual investment capped at 10%. The Morningstar Developed Markets Index is a market capitalization index that measures the price movement and dividend income in the common shares of the world's largest companies.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

## Summary of Investment Portfolio as of December 31, 2021

<b>Portfolio Allocation</b>	
	% of Net Assets
Pooled Investment funds	86.2%
Cash, Short-Term Notes & Other Assets	13.8%
<b>Total</b>	<b>100.0%</b>

<b>Top 6 Holdings</b>	
	% of Net Assets
Steadyhand Income Fund, Series O	33.8%
Steadyhand Global Equity Fund, Series O	19.6%
Steadyhand Equity Fund, Series O	19.5%
Cash & cash equivalents	13.8%
Steadyhand Small-Cap Equity Fund, Series O	6.6%
Steadyhand Global Small-Cap Equity Fund, Series O	6.5%
Steadyhand Savings Fund, Series O	0.1%

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**

# Management Report of Fund Performance

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**Steadyhand Builders Fund**

December 31, 2021



# Steadyhand Builders Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 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 \$98.6 million as of December 31, 2020 to \$149.0 million at December 31, 2021. This increase of \$50.4 million was attributable to net subscriptions of \$39.6 million, and a \$17.3 million increase in net assets from operations less \$6.5 million in distributions to unitholders.

The Fund rose 14.7% in 2021. Over the same period, the global stock market (Morningstar Developed Markets Index) gained 19.6% in Canadian dollar terms while the Canadian stock market (S&P/TSX Composite Index) rose 25.1%.

At the end of the reporting period (December 31), the Builders Fund held four underlying Steadyhand funds in the following composition:

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

Despite its positive return, the Fund lagged. Simply put, our four underlying funds didn't keep up with the markets, which were led by a big rebound in energy and resource stocks, and strong performance in the financial services, industrial, technology, and real estate sectors. Our exposure to oil & gas and mining stocks is limited, as these businesses are capital intensive, highly cyclical, and tend to produce erratic profits. Our funds have also missed some of the speculative lift in the technology sector, as our portfolio advisers are wary of the valuations many companies are trading at and are not willing to invest in companies that have yet to turn a profit.

On a look-through basis, 66% of the Fund is invested in foreign stocks, 31% in Canadian stocks, and 3% 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 advisers have the flexibility to invest a portion of the funds' assets in foreign companies.

Currency movements had a negative impact on foreign stock returns. The Canadian dollar was largely unchanged against the U.S. dollar but rose significantly against the Euro (8%) and Japanese Yen (12%). It also rose to a lesser extent against the British Pound and other European currencies. Our dollar's overall strength against other currencies dampened the returns of foreign stocks for Canadian investors.

We'll turn our focus below to each of the individual funds that make up the Builders Fund.

#### Steadyhand Equity Fund

The Builders Fund's biggest contributor to performance was its holding in the Equity Fund. This fund gained 17.5% in 2021, marking another solid year. Its focus on industry leaders served investors well. Top performing holdings included Microsoft (software and cloud services), Sika (specialty chemicals), Nutrien (fertilizers), S&P Global (financial information and analytics), and Danaher (medical products and services), which all gained more than 40%. These companies are at the top of their field and executed well in a year marked by COVID variants, supply chain issues, rising inflation, and severe weather. There were two primary detractors to performance: Philips, and Brookfield Renewable Partners. The former fell 25% as its sleep apnea machines were recalled, while renewable power leader Brookfield pulled back after a strong run last year. The Equity Fund does not currently hold any investments in the energy or mining sectors, which held back performance in the year.

#### Steadyhand Small-Cap Equity Fund

Similarly, the Steadyhand Small-Cap Equity Fund produced a double-digit return (up 14.5%) but lagged the resource-heavy small-cap market. Its top contributors to performance included engineering firms Fluor and SNC-Lavalin, toy maker Spin Master, and mattress and bedding retailer Sleep Country Canada (all were up more than 40%). These companies benefited from strong infrastructure and consumer spending. The portfolio trailed the index due in part to its lower exposure to energy companies, which saw a significant rebound on the back of rising commodity prices (the price of oil rose more than 50%). These businesses tend to produce inconsistent profits, and as such, comprise only a modest weighting in the fund (9%). Our investments include oil producer MEG Energy, and fuel supplier & convenience store operator Parkland.

### Steadyhand Global Equity Fund

The Steadyhand Global Equity Fund was the next best performer (up 13.1%). In mid-October, we announced Aristotle Capital Management as the new portfolio adviser of the fund, taking over from Velanne Asset Management. The portfolio was fully transitioned by the end of the month. Prior to the adviser change, the portfolio lagged the market, partly due to its lower exposure to resource stocks, which had a standout year. The fund also held fewer technology companies, which were strong performers. Further, the fund had less exposure to U.S. stocks, which were a key driver of the global index's strong return. In addition, a few stocks saw price declines of 15-20% before being sold, including Dairy Farm International, Grifols, and NCR. On the positive side, two holdings were the subject of acquisition in the third quarter, Meggitt and Cerved Group. Meggitt, a British supplier of braking components for the aerospace industry, received a takeover offer from Parker Hannifin. The stock was up 60% in the quarter on the news. Cerved, an Italian provider of credit data, received a takeover offer in March, which was subsequently increased in August. We sold our shares following the increased bid. Following the portfolio's transition in October (where every stock was sold with the exception of one, and 48 new stocks were purchased), a number of the new holdings had a strong finish to the year, notably Qualcomm, Microchip Technology, Lennar, and Procter & Gamble. Conversely, Pan Pacific International Holdings, Twitter, and PayPal Holdings weighed on performance.

### Steadyhand Global Small-Cap Equity Fund

The Builders Fund's weakest performer was the Steadyhand Global Small-Cap Equity Fund. That said, this fund still gained a healthy 12.0%. Its top performers included a diverse range of businesses: Gartner (technology research and consulting), Interpump Group (high pressure water pumps), Charles River Laboratories (laboratory, gene therapy and cell therapy services), and St. James's Place (wealth management). All of these stocks rose more than 50%, with Gartner more than doubling before we sold it in the third quarter. A few holdings had a tough year and weighed on performance, notably Orpea (French nursing home operator), Huya (live steaming game platform in China), and Zynga (social video game developer). The fund also has no current investments in the resource sector (because of its high degree of cyclicity), which was one of the best performing industries.

The mix of the four underlying funds was held at their target weights (reference above) throughout 2021. The resulting geographic breakdown did not change materially. Foreign stocks made up 62-66% of the portfolio while Canadian stocks comprised 31-33%. The cash position ranged from 3-5%.

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

### **Recent Developments**

2021 was a strong year for stocks, with healthy gains coming from most sectors. The U.S. market (S&P 500 Index) was once again a leader, rising 28.2% (in Canadian dollars), while the Canadian market (S&P/TSX Composite Index) wasn't far behind, gaining 25.1%. The energy sector was a top performer, with the price of oil rising more than 50%, while financial and real estate stocks also had a big recovery, and large technology companies had a strong year. Europe saw returns in the mid-teens, while Japan turned in a small gain. Emerging markets, on the other hand, lost modest ground.

The Canadian dollar rose against most major currencies, as noted in the previous section, which served to dampen the returns of foreign stocks for Canadian investors.

It was an eventful year for businesses and investors, marked by COVID variants, supply chain issues, rising inflation, severe weather, and a still-strong appetite for risk. It prompted significant activity in the Builders Fund, and we walk through each of the underlying fund holdings below.

### Steadyhand Equity Fund

Portfolio turnover was minimal in 2021. Aon (a leader in commercial insurance, retirement solutions, and pension consulting) was purchased early in the year. Our portfolio adviser (Fiera Capital) likes the fact that Aon's businesses exhibit low cyclicalities, are not capital intensive, and generate strong cash flows. CBRE Group (commercial real estate services) was bought in the fourth quarter. Fiera feels the increasing role of real estate in institutional portfolios bodes well for the company.

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Nonetheless, we are always prepared to change a portfolio adviser if circumstances require it. We continuously meet with and evaluate investment managers from which we develop a 'bench' for each fund. We were able to move quickly when we received the news from Velanne, narrowing down our list to a handful of firms and conducting extensive due diligence on each. From this process, we're confident that we've found a world-class money manager in Aristotle whose investment philosophy is closely aligned with ours.

Aristotle looks for high-quality companies in great and/or improving businesses, and assess their value utilizing a private equity approach (i.e., as if they were buying the entire business). They also seek to identify catalysts that fall outside the market's short-term focus, such as changes in leadership, divestitures/acquisitions, margin improvements and/or productivity gains.

While Aristotle places significant emphasis on a company's valuation, they do not invest solely in businesses traditionally defined as "value stocks" (i.e., those with low P/E multiples and low price-to-book value ratios). They are a style agnostic manager with investments in both fast-growing and more mature companies. This is a feature of the firm that sets it apart from Velanne, and an attribute we think will help lead to smoother, more attractive returns.

The portfolio transition was completed by the end of October and resulted in a near-complete turnover of stocks. Industrial goods & services companies now make up the largest component of this fund's equities (25%). These investments are diverse in nature. They include Fanuc (leading supplier of automation for manufacturing), Kubota (maker of farm and construction equipment), and Rational (commercial ovens and steamers).

Technology companies also now comprise a significant weighting (24%), which is a notable shift in strategy from Velanne's approach. Chip makers have done extremely well, as increased demand paired with limited supply has led to rising stock prices. Our holdings include Microchip Technology, Samsung, and Qualcomm. Software producers account for the rest of our exposure, with investments including Microsoft, Adobe, Nemetschek, Dassault Systèmes, and PayPal Holdings.

#### Steadyhand Small-Cap Equity Fund

This fund does not have a lot of exposure to commodity-related stocks due to their inherent cyclicity, as explained in the previous section. If this sector continues to see sharp gains, the fund will be challenged to keep pace with the resource-heavy index. Our portfolio adviser, Galiber Capital, believes there are more attractive long-term investment opportunities in industries that have more stable, and growing, demand characteristics.

Galibier feels the portfolio is well positioned and there was not a lot of turnover as a result. Two new holdings were added in the year, MEG Energy and Hammond Power Solutions, while two were sold, Interfor and Intertape Polymer Group. We also participated in Pet Valu Holdings' IPO in the spring and sold the stock in the fourth quarter after it rose more than 50%.

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. Hammond makes dry-type transformers for industries such as oil & gas, water treatment, construction, and electric vehicle charging (it counts Tesla as a customer), a sector that is expected to see strong growth.



We sold Interfor, one of the world's largest lumber providers, which was first added to the fund two years ago when lumber prices were depressed. The commodity subsequently saw a significant rebound (fueled in part by home improvement projects during the pandemic), with prices increasing four-fold and the stock rising in tandem. Our timing of the sale was fortuitous, as we exited the position prior to a pullback in lumber prices. Intertape Polymer, a maker of tapes, shrink films, adhesives, and protective packaging, was sold following a good price recovery, as Galibier felt the company's mid-term prospects were less compelling given its prevailing valuation.

Industrial goods & services companies continue to make up the largest part of this fund (47%). These are a diverse collection of businesses which include engineering & construction firms, heavy equipment & machinery manufacturers & distributors, specialty vehicle makers, air cargo providers, and packaging companies, among others. The biggest holdings in the sector include Savaria, SNC-Lavalin, Fluor, and Oshkosh.

#### Steadyhand Global Small-Cap Equity Fund

Trading activity was higher than normal, as the fund's portfolio adviser, TimesSquare Capital Management, uncovered a number of intriguing investment opportunities. Several stocks were also sold, mostly due to strong performance, but a few due to deteriorating fundamentals or weakened outlooks.

The new investments include: HomeServe (U.K.-based home repair and improvement services provider that operates in North America and Europe), Nordnet (leading digital platform for savings and investment services in the Nordic region), AZEK (U.S. leader in composite decking materials), Rotork (specialized valves for use in large-scale industrial projects), PJT Partners (global investment bank), Brunswick Corporation (builds boats and owns a popular boat-sharing program), Spirent Communications (world leader in testing equipment and software for telecom operators and manufacturers), Kadokawa (media firm involved in anime and manga, the popular Japanese comic books), TOTVS (Brazilian software company that specializes in business solutions), Alk-Abello (develops and manufactures allergy medications), EMCOR Group (mechanical and electrical construction services), First Advantage (a leader in background checks), and Future (a magazine publisher with a strong online presence).

Two stocks were also purchased with an eye towards sustainability, both based in Finland. Huhtamaki is a food packaging specialist that manufactures fiber-based, recyclable containers, cups, and plates. And Valmet develops systems and technologies for the pulp & paper industry that focus on a more efficient use of water and energy in the manufacturing process.

These new investments, while very different in the nature of their business, share a common thread: they generate steady profits and are well managed.

Among the stocks sold were Teleperformance and Gartner. Both were stellar performers over our holding period and had grown to over \$20 billion in market capitalization. As they now fall firmly into the large cap realm, TimesSquare moved on to pursue other opportunities.

The adviser also moved on from Japanese staffing provider En-Japan, chemical manufacturer RPM International, software provider Tyler Technologies, Australian financial services provider Challenge Financial, Japanese credit firm Zenkoku Hosho and American payment processor WEX early in the year.

In the latter half of the year, two smaller holdings were sold based on weakening outlooks: Rubis, which is involved in the distribution of oil & gas; and Huya, a Chinese live streaming game platform. We also exited Japanese internet media company Kakaku.com and TPG Pace Beneficial Finance Corp., a special purpose acquisition company involved in the electric vehicle charging space.

As previously mentioned, the Global Small-Cap Fund does not have any direct investments in the oil & gas or mining sectors. These stocks saw a strong rebound in 2021. They make up around 10% of the global small-cap index, and as such, the fund could struggle to keep pace if they continue to see sharp gains. That said, our adviser believes there are much more compelling opportunities available in businesses with better long-term outlooks.

An ongoing risk for investors in the Builders 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 \$2,047,764 of its net assets as management fees for the year ended December 31, 2021 and distributed \$577,792 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 December 31, 2021, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 238,664 Series A units, or 2.0% 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 audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$11.36</b>	<b>\$10.65</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.88	0.19	0.51
Total expenses (excluding distributions)	(0.14)	(0.12)	(0.11)
Realized gains (losses) for the period	0.05	(0.01)	-
Unrealized gains for the period	0.90	1.08	0.65
<b>Total increase from operations <sup>1</sup></b>	<b>\$1.69</b>	<b>\$1.14</b>	<b>\$1.05</b>
<b>Distributions :</b>			
From investment income (excluding dividends)	-	-	(0.05)
From dividends	(0.02)	(0.03)	(0.07)
From capital gains	(0.50)	-	(0.09)
Return of capital	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.52)</b>	<b>(0.03)</b>	<b>(0.21)</b>
<b>Net Assets, end of period</b>	<b>\$12.50</b>	<b>\$11.36</b>	<b>\$10.65</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$149,035	\$98,603	\$64,837
Number of units outstanding <sup>4</sup>	11,921,894	8,678,942	6,087,160
Management expense ratio <sup>5</sup>	1.63%	1.63%	1.63%
Management expense ratio before waivers or absorptions	1.63%	1.63%	1.64%
Portfolio turnover rate <sup>6</sup>	2.43%	2.97%	0.03%
Trading expense ratio <sup>7</sup>	0.14%	0.08%	0.02%
Net asset value per unit	\$12.50	\$11.36	\$10.65

<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 audited annual financial statements as at December 31.

<sup>4</sup>The information is provided as at December 31.

<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.

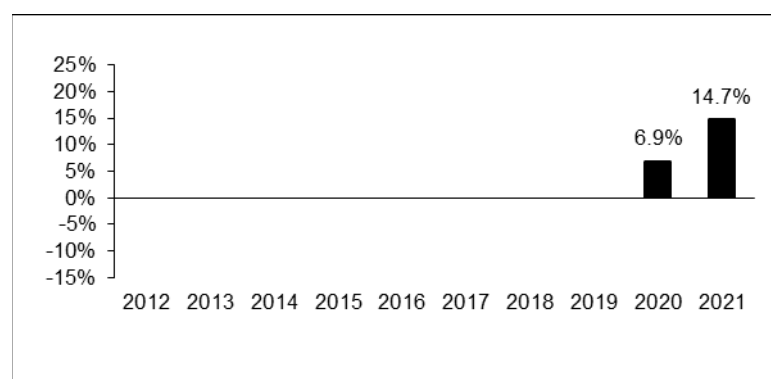
## Past Performance

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 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



### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, and five-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the Morningstar Developed Markets Index and the S&P/TSX Composite Index.

	1 YR	3 YR	5 YR	Since Inception
Steadyhand Builders Fund	14.7%	N/A	N/A	10.5%
Morningstar Developed Markets Index (\$Cdn)	19.6%	N/A	N/A	15.4%
S&P/TSX Composite Index	25.1%	N/A	N/A	14.2%

The Morningstar Developed Markets Index is a market capitalization index that measures the price movement and dividend income in the common shares of the world's largest companies. The S&P/TSX Capped Composite Index is a market capitalization index that measures the price movement and dividend income in the common shares of the largest companies listed on the Toronto Stock Exchange.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

## Summary of Investment Portfolio as at December 31, 2021

### Portfolio Allocation

	% of Net Assets
Pooled Investment Funds	99.2%
Cash & Other Assets	0.8%
<b>Total</b>	<b>100.0%</b>

### Top 5 Holdings

	% of Net Assets
Steadyhand Equity Fund, Series O	34.8%
Steadyhand Global Equity Fund, Series O	34.5%
Steadyhand Small-Cap Equity Fund, Series O	15.0%
Steadyhand Global Small-Cap Equity Fund, Series O	14.9%
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**

# Management Report of Fund Performance

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**Steadyhand Equity Fund**

December 31, 2021



# Steadyhand Equity Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 year, the Fund's net assets increased to \$290.3 million as of December 31, 2021, from \$234.1 million at the end of 2020. This increase of \$56.2 million was mostly attributable to net subscriptions of \$19.6 million, plus an increase in net assets from operations of \$45.0 million over the reporting period and less distributions to unitholders of approximately \$8.4 million.

The Fund gained 17.5% in 2021. Over the same period, the S&P/TSX Composite Index rose 25.1%, while the Morningstar Developed Markets Index gained 19.6% in Canadian dollar terms. The Fund underperformed the two indexes due in part to its lighter exposure to some of the hotter sectors of the market (energy in particular), and its non-benchmark oriented composition.

Overall, it was another solid year for the Fund. Its focus on industry leaders served investors well. Top performing holdings included Microsoft (software and cloud services), Sika (specialty chemicals), Nutrien (fertilizers), S&P Global (financial information and analytics), and Danaher (medical products and services), which all gained more than 40%. These companies are at the top of their field and executed well in a year marked by COVID variants, supply chain issues, rising inflation, and severe weather.

It was a strong year for our U.S. investments, which all turned in double-digit returns apart from Visa. Likewise, overseas holdings had an excellent 2021, driven by healthy profit gains from Experian (credit rating services), Keyence (factory automation products), Aon (insurance and pension consulting), and Sika.

The Fund's more defensive businesses like Metro (grocery retailer), CCL Industries (packaging), and Telus (telecom services) also turned in solid results. And our lone holding in the banking sector, TD Bank, was up nearly 40%.

There were two primary detractors to performance: Philips, and Brookfield Renewable Partners. The former fell 25% as its sleep apnea machines were recalled, while renewable power leader Brookfield pulled back after a strong run last year.

The energy sector in Canada was up roughly 50% in 2021. We do not currently own any oil & gas stocks, as their profitability is very cyclical and there are longer-term challenges around climate change and the role of fossil fuels. Our portfolio adviser, Fiera Capital, feels there are better long-term investment opportunities. That said, this positioning hurt the Fund, as energy was the top performing industry in Canada.

The Canadian dollar was unchanged against the U.S. dollar but rose significantly against the Euro (8%) and Japanese Yen (12%), which dampened the returns of these stocks for Canadian investors.

Foreign stocks continued to make up a significant part of the Fund over the reporting period, comprising roughly half of its assets. 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 Danaher (U.S.), Sika (Switzerland), Keyence (Japan), Microsoft (U.S.), and Visa (U.S.).

Turnover in the portfolio was low in 2021. Two stocks were purchased, while two were sold (discussed in greater detail in the Recent Developments section).

The Fund's overall sector composition did not change materially in the year, although there were a few adjustments of note. Financial services companies increased from 22% to 27% of the Fund's equities and real estate stocks increased from 0% to 2%. Healthcare stocks, on the other hand, decreased from 12% to 8%.

The portfolio's geographic profile changed modestly over the reporting period. The weighting of Canadian stocks decreased slightly from 52% of the portfolio's equities at the beginning of the year to 51% at December 31<sup>st</sup>. The weighting of U.S. stocks increased from 24% to 29%, while overseas stocks decreased from 24% to 20%.

The Fund's cash position increased from less than 1% at the beginning of the year to 3% at December 31<sup>st</sup>.

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

### **Recent Developments**

2021 was a solid year for stocks, with healthy gains coming from most sectors. The U.S. market (S&P 500 Index) was once again a leader, rising 28.2% (in Canadian dollars), while the Canadian market (S&P/TSX Composite Index) wasn't far behind, gaining 25.1%. The energy sector led the way, rising



50%, while financial and real estate stocks also had a big recovery. Europe saw returns in the mid-teens, while Japan turned in a small gain. Emerging markets, on the other hand, lost modest ground.

Currency movements had a negative impact on foreign stock returns. As noted in the previous section, our dollar appreciated against the Euro and Japanese Yen (as well as the British Pound), dampening the returns of stocks in these regions for Canadian investors. The Fund holds two European, two British and one Japanese company, the returns which were dampened in Canadian dollar terms as a result of a weaker loonie.

Portfolio turnover was minimal in 2021, as previously noted. Aon (a leader in commercial insurance, retirement solutions, and pension consulting) was purchased early in the year. Fiera likes the fact that its businesses exhibit low cyclicity, are not capital intensive, and generate strong cash flows. CBRE Group (commercial real estate services) was bought in the fourth quarter. Fiera feels the increasing role of real estate in institutional portfolios bodes well for the company.

Two stocks were sold: Alimentation Couche-Tard and Novartis. As for Couche-Tard, the convenience store operator attempted to buy French grocer/retailer Carrefour but ran into opposition from the French government. Fiera viewed this move as a departure from Couche-Tard's core strategy and a strike against management. Novartis, a pharmaceutical manufacturer and longtime holding, was sold as the company could face ongoing drug pricing challenges.

The Fund held 24 stocks at the end of 2021, which is the same number it owned at the end of 2020. At any given time, the adviser will hold a maximum of 25 stocks. We like this discipline, as it ensures that if a new investment is being considered, it must have a more compelling risk/return profile than one of the Fund's existing holdings. The adviser must thus have a firm grasp of each stock owned and a strong case for any purchase or sale decisions.

Industrial goods & services stocks make up the largest portion of the Fund, comprising 29% of its investments. This is a broad sector that includes a diverse range of businesses, ranging from a railway operator (CN Rail) to a specialty packaging company (CCL Industries) to heavy equipment dealer (Toromont). Financial services companies also make up a significant portion of the Fund (27%). These investments span well beyond traditional banking, however. They include CME Group (Chicago Mercantile Exchange), S&P Global (financial information and analytics), Experian (a leader in consumer and business credit reporting), TD Bank (Canada's premier retail bank), and Aon.

Two important themes currently run through the portfolio's holdings: (1) they generally have solid pricing power and are able to pass on rising input costs to customers; and (2) they have manageable levels of debt, or none at all. Indeed, Keyence, Franco-Nevada, Microsoft, and Verisign have no net debt. In a world where labour and supply costs are rising, and governments are awash in debt, these are valuable attributes for a business to possess. Further, this positioning should prove beneficial in an environment of rising interest rates, as companies that need financing will have to do so on less favourable terms.

Our portfolio adviser also continues to focus on companies with a global footprint (exceptions being Telus, CN Rail, and Metro). Businesses such as Microsoft, Sika, Philips, Thomson Reuters, and Visa have a worldwide customer base and are not as susceptible to a shock or pullback in a particular region.

A unique feature of the Fund is that it currently has no direct investments in the energy sector. Despite the industry's strong recent performance, Fiera sees headwinds for the sector as a whole and feels there

are better opportunities in other industries. Energy stocks make up 13% of the Canadian market, meaning the Fund will likely lag in an environment where oil & gas stocks are running strong.

With nearly 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, Japanese Yen, and Swiss Franc.

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 year ending December 31, 2021, the Fund paid gross fees of \$1,491,595 to the Manager and distributed \$508,091 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 December 31, 2021, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 146,215 Series A units, or 3.2% 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 audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$21.93</b>	<b>\$19.27</b>	<b>\$16.72</b>	<b>\$17.73</b>	<b>\$16.04</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.31	0.31	0.38	0.37	0.32
Total expenses (excluding distributions)	(0.22)	(0.19)	(0.18)	(0.18)	(0.17)
Realized gains for the period	1.16	0.69	1.22	0.39	0.55
Unrealized gains (losses) for the period	2.68	1.93	1.61	(1.13)	1.16
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>3.93</b>	<b>2.74</b>	<b>3.03</b>	<b>(0.62)</b>	<b>1.86</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	(0.10)	(0.01)	-
Dividends	-	(0.11)	(0.16)	(0.10)	(0.10)
From capital gains	(0.54)	-	(0.02)	(0.21)	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.54)</b>	<b>(0.11)</b>	<b>(0.28)</b>	<b>(0.32)</b>	<b>(0.10)</b>
<b>Net Assets, end of period</b>	<b>\$25.23</b>	<b>\$21.93</b>	<b>\$19.27</b>	<b>\$16.72</b>	<b>\$17.73</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$114,282	\$100,297	\$99,181	\$103,720	\$102,077
Number of units outstanding <sup>4</sup>	4,529,828	4,572,919	5,147,441	6,205,195	5,757,245
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>	15.46%	27.52%	29.37%	20.88%	13.95%
Trading expense ratio <sup>7</sup>	0.01%	0.03%	0.05%	0.03%	0.01%
Net asset value per unit	\$25.23	\$21.93	\$19.27	\$16.72	\$17.73

<b>Series O – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$22.83</b>	<b>\$19.95</b>	<b>\$17.24</b>	<b>\$18.22</b>	<b>\$16.41</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.32	0.32	0.40	0.38	0.33
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	1.22	0.72	1.26	0.34	0.56
Unrealized gains (losses) for the period	2.89	2.67	1.55	(1.16)	1.20

<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>4.43</b>	<b>3.71</b>	<b>3.21</b>	<b>(0.44)</b>	<b>2.09</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.01)	(0.01)	(0.19)	(0.03)	-
From dividends	(0.27)	(0.32)	(0.29)	(0.27)	(0.27)
From capital gains	(0.57)	-	(0.02)	(0.22)	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.85)</b>	<b>(0.33)</b>	<b>(0.50)</b>	<b>(0.52)</b>	<b>(0.27)</b>
<b>Net Assets, end of period</b>	<b>\$26.34</b>	<b>\$22.83</b>	<b>\$19.95</b>	<b>\$17.24</b>	<b>\$18.22</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Dec 31 2021</b>	<b>Dec 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$176,040	\$133,796	\$112,258	\$101,837	\$70,225
Number of units outstanding <sup>4</sup>	6,683,425	5,861,781	5,625,804	5,905,735	3,853,312
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	-	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	15.46%	27.52%	29.37%	20.88%	13.95%
Trading expense ratio <sup>7</sup>	0.01%	0.03%	0.05%	0.03%	0.01%
Net asset value per unit	\$26.34	\$22.83	\$19.95	\$17.24	\$18.22

<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 audited annual financial statements as at December 31 for the period stated.

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

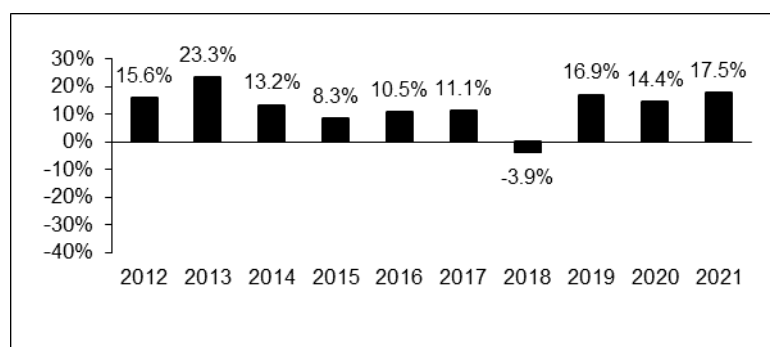
## Past Performance

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.

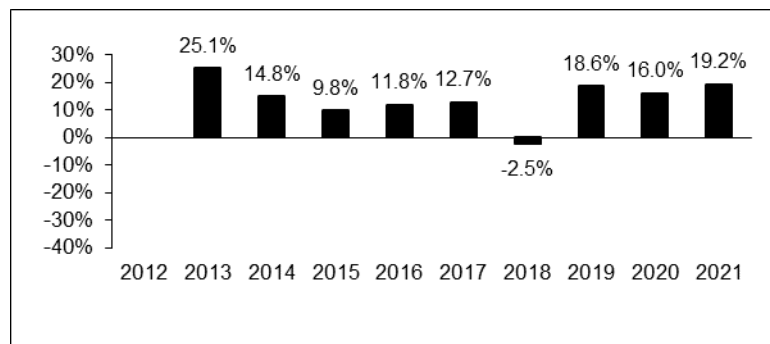
### Year-by-Year Returns

The bar charts below show the Fund's annual performance for each of the years shown, and 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.

### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the S&P/TSX Capped Composite Total Return Index and the Morningstar Developed Markets Index.

	1 YR	3 YR	5 YR	10 YR	Since Inception*
Steadyhand Equity Fund – A	17.5%	16.3%	10.9%	12.5%	N/A
Steadyhand Equity Fund – O	19.2%	17.9%	12.5%	N/A	13.6%
S&P/TSX Capped Composite Index	25.1%	17.5%	10.0%	9.1%	8.8%
Morningstar Developed Markets Index	19.6%	18.0%	13.2%	15.1%	14.5%

\* Series O units have a different inception date (February 17, 2012) and are not available for purchase.

The S&P/TSX Capped Composite Total Return Index is a market capitalization index that measures the price movement and dividend income in the common shares of the largest companies listed on the Toronto Stock Exchange, with any individual investment capped at 10%. The Morningstar Developed Markets Index is a market capitalization index that measures the price movement and dividend income in the common shares of the world's largest companies.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

### Summary of Investment Portfolio as of December 31, 2021

#### Portfolio Allocation

Equities	% of Net Assets
Industrial Goods & Services	28.0%
Financial Services	26.1%
Technology	12.8%
Basic Materials	9.5%
Healthcare	7.9%
Utilities	4.1%
Communications & Media	4.0%
Retailing	3.1%
Real Estate	1.6%
	<hr/> 97.1%
Cash, Short-term Notes & Other Assets	2.9%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

<b>Top 25 Holdings</b>	
	<b>% of Net Assets</b>
Franco-Nevada Corp.	6.0%
Danaher Corp.	5.8%
The Toronto-Dominion Bank	5.6%
Sika AG	5.5%
Keyence Corp.	5.4%
Microsoft Corp.	5.4%
Visa Inc. Cl. A	5.3%
Canadian National Railway Co.	4.7%
CME Group	4.4%
Brookfield Renewable Partners LP	4.1%
S&P Global Inc.	4.1%
Experian PLC	4.1%
TELUS Corp.	4.0%
Thomson Reuters Corp.	4.0%
CCL Industries Inc.	3.9%
Toromont Industries Ltd.	3.7%
Ritchie Bros Auctioneers Inc.	3.7%
Nutrien Ltd.	3.4%
Metro Inc.	3.1%
CAE Inc.	2.8%
Aon PLC	2.7%
Koninklijke Philips NV	2.1%
VeriSign Inc.	2.0%
Canadian Treasury Bill 0.073% 01/06/2022	1.9%
CBRE Group Inc.	1.6%

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**

# Management Report of Fund Performance

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**Steadyhand Global Equity Fund**

December 31, 2021





# Steadyhand Global Equity Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 \$16.1 million to \$236.8 million as of December 31, 2021, from \$220.7 million at the end of 2020. This increase was attributable to net subscriptions of \$2.3 million, a \$31.7 million increase in net assets from operations less \$17.9 million in unitholder distributions.

The Fund gained 13.1% in 2021, while the Morningstar Developed Markets Index rose 19.6%. Stocks had a solid year. The U.S. market (S&P 500 Index) was once again a leader, rising 28.2% (in Canadian dollars). Europe saw returns in the mid-teens, while Japan turned in a small gain. Emerging markets, on the other hand, lost modest ground.

Currency movements had a negative impact on foreign stock returns. The Canadian dollar was unchanged against the U.S. dollar but rose significantly against the Euro (8%) and Japanese Yen (12%). It also rose to a lesser extent against the British Pound. Our dollar's overall strength against other currencies dampened the returns of foreign stocks for Canadian investors.

In mid October, we announced Aristotle Capital Management as the new portfolio adviser of the Fund, taking over from Velanne Asset Management. The portfolio was fully transitioned by the end of the month.

Prior to the adviser change, the portfolio lagged the market, partly due to its lower exposure to resource stocks, which had a standout year. The Fund also held fewer technology companies, which were strong performers. Further, the Fund had less exposure to U.S. stocks, which were a key driver of the index's strong return.

In addition, a few stocks saw price declines of 15-20% before being sold, including Dairy Farm International, Grifols, and NCR. Dairy Farm is a Hong Kong-based retailer that suffered from weaker earnings attributable in part to COVID-driven shutdowns. Investors likewise soured on Grifols (manufacturer of pharmaceuticals and plasma-based products) due to slower earnings growth, while NCR (maker of point-of-sale terminals and ATMs) pulled back following a strong run.

On the positive side, two holdings were the subject of acquisition in the third quarter, Meggitt and Cerved Group. Meggitt, a British supplier of braking components for the aerospace industry, received a takeover offer from Parker Hannifin. The stock was up 60% in the quarter on the news. Cerved, an Italian provider of credit data, received a takeover offer in March, which was subsequently increased in August. We sold our shares following the increased bid.

BrightSphere Investment Group was also a bright spot for a similar reason, a sale of assets. The Boston-based asset manager completed the sale of three affiliates (including a forestry management company) in the latter half of the year, bringing in gross proceeds of over \$250 million. The stock rose significantly as BrightSphere has refocused its efforts on its core institutional investment management business.

Following the portfolio's transition in October (where every stock was sold with the exception of one, and 48 new stocks were purchased), a number of the new holdings had a strong finish to the year, notably Qualcomm, Microchip Technology, Lennar, and Procter & Gamble. Conversely, Pan Pacific International Holdings, Twitter, and PayPal Holdings weighed on performance.

At year-end, the Fund held 49 stocks, of which 21 are domiciled in the U.S., 11 in Europe, 9 in Japan, 3 in Asia Pacific, 3 in the U.K., and 2 in Canada. Companies range in size from mega-cap Microsoft to small-cap FirstCash Holdings.

There were some notable changes to the Fund's overall sector composition in the year as a result of the portfolio's transition following the change of adviser. Specifically, technology companies increased from 3% of the Fund's equities at the beginning of the year to 24% at December 31<sup>st</sup>, industrial goods & services stocks increased from 19% to 25%, and consumer cyclical companies increased from 5% to 12%. Conversely, the weight of financial services companies decreased from 22% to 11%, consumer products stocks from 9% to 5%, communications & media stocks from 8% to 3%, and oil & gas stocks from 6% to 2%.

From a geographic standpoint, there were also a few changes to note. American stocks remain the greatest area of exposure, comprising 50% of the Fund, up from 44% at the end of 2020. The weighting of European stocks decreased from 29% of the portfolio's equities at the beginning of the year to 21% at December 31, while U.K. stocks decreased from 13% to 5%. Japanese stocks increased from 7% to 14%, and Asia-Pacific stocks increased from 4% to 6%.

The Fund's cash position decreased from 5% at the beginning of the year to 2% at the end of December.

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

## Recent Developments

2021 was a strong year for stocks, with healthy gains coming from most sectors. The U.S. market (S&P 500 Index) was once again a leader, rising 28.2% (in Canadian dollars), while the Canadian market (S&P/TSX Composite Index) wasn't far behind, gaining 25.1%. The energy sector was a top performer, with the price of oil rising more than 50%, while financial and real estate stocks also had a big recovery, and large technology companies had a strong year. Europe saw returns in the mid-teens, while Japan turned in a small gain. Emerging markets, on the other hand, lost modest ground.

Currency movements had a negative impact on foreign stock returns. As noted in the previous section, our dollar appreciated against the Euro, Japanese Yen, and British Pound (as well as most Asian currencies). The loonie was also up marginally against the U.S. dollar. All said, this served to dampen the returns of stocks in these regions for Canadian investors.

The biggest development in the Fund occurred in October, when we changed the portfolio adviser. Aristotle Capital Management took over portfolio adviser responsibilities, replacing Velanne Asset Management. Velanne had been managing the Fund since August 2018. The timing of the change was precipitated by Velanne's decision to wind down its business. A poor start to performance weighed on their growth. The environment for value stocks (Velanne's area of focus) has been especially difficult over the past few years. The challenges brought on by COVID-19 have also been arduous for the young firm, notably the inability to get out and meet potential clients.

Nonetheless, we are always prepared to change a portfolio adviser if circumstances require it. We continuously meet with and evaluate investment managers from which we develop a 'bench' for each fund. We were able to move quickly when we received the news from Velanne, narrowing down our list to a handful of firms and conducting extensive due diligence on each. From this process, we're confident that we've found a world-class money manager in Aristotle whose investment philosophy is closely aligned with ours.

Aristotle looks for high-quality companies in great and/or improving businesses, and assess their value utilizing a private equity approach (i.e., as if they were buying the entire business). They also seek to identify catalysts that fall outside the market's short-term focus, such as changes in leadership, divestitures/acquisitions, margin improvements and/or productivity gains.

While Aristotle places significant emphasis on a company's valuation, they do not invest solely in businesses traditionally defined as "value stocks" (i.e., those with low P/E multiples and low price-to-book value ratios). They are a style agnostic manager with investments in both fast-growing and more mature companies. This is a feature of the firm that sets it apart from Velanne, and an attribute we think will help lead to smoother, more attractive returns.

The portfolio transition was completed by the end of October and resulted in a near-complete turnover of stocks. Industrial goods & services companies now make up the largest component of the Fund's equities (25%). These investments are diverse in nature. They include Fanuc (leading supplier of automation for manufacturing), Kubota (maker of farm and construction equipment), and Rational (commercial ovens and steamers).

Technology companies also now comprise a significant weighting (24%), which is a notable shift in strategy from Velanne's approach. Chip makers have done extremely well, as increased demand paired with limited supply has led to rising stock prices. Our holdings include Microchip Technology, Samsung, and Qualcomm. Software producers account for the rest of our exposure, with investments including Microsoft, Adobe, Nemetschek, Dassault Systèmes, and PayPal Holdings.

Consumer companies have also seen their exposure increased and account for 17% of the portfolio, with “cyclicals” comprising the largest segment. Holdings include U.S. homebuilder Lennar, Japanese digital goods manufacturer Sony, and French luxury brand LVMH. The Fund also owns well-known beverage maker Coca-Cola, consumer goods company Procter & Gamble, and Dutch brewer Heineken as part of its consumer products holdings.

Financial services companies, on the other hand, now comprise a smaller component of the Fund (11% vs. 22% prior to the adviser change). Bank of America and DBS Group are the largest holdings in the sector. Likewise, exposure to oil & gas stocks has been reduced, with TotalEnergies (a French multinational producer and one of the “supermajors”) being our only holding.

In total, the Fund held 49 stocks at the end of 2021, five more than at the end of the previous year. Microsoft and Danaher are the two largest holdings, at 4.4% and 4.0%, respectively.

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, Japanese Yen, British Pound, South Korean Won. 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 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 year ended December 31, 2021, the Fund paid the Manager \$1,088,118 of its net assets as management fees and distributed \$410,508 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 December 31, 2021, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 316,418 Series A units, or 4.6% 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><i>Series A – Net Assets Per Unit</i></b>	<b><i>Dec. 31 2021</i></b>	<b><i>Dec. 31 2020</i></b>	<b><i>Dec. 31 2019</i></b>	<b><i>Dec. 31 2018</i></b>	<b><i>Dec. 31 2017</i></b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$8.36</b>	<b>\$8.53</b>	<b>\$7.84</b>	<b>\$10.52</b>	<b>\$9.69</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.12	0.13	0.21	0.31	0.25
Total expenses (excluding distributions)	(0.22)	(0.17)	(0.20)	(0.25)	(0.24)
Realized gains (losses) for the period	1.22	(0.48)	0.11	1.49	0.66
Unrealized gains (losses) for the period	0.04	0.32	0.84	(2.74)	0.87
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>1.16</b>	<b>(0.20)</b>	<b>0.96</b>	<b>(1.19)</b>	<b>1.54</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.07)	(0.07)	(0.11)	(0.10)
From dividends	-	-	-	-	-
From capital gains	(0.61)	-	(0.11)	(1.33)	(0.55)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.61)</b>	<b>(0.07)</b>	<b>(0.18)</b>	<b>(1.44)</b>	<b>(0.65)</b>
<b>Net Assets, end of period</b>	<b>\$8.83</b>	<b>\$8.36</b>	<b>\$8.53</b>	<b>\$7.84</b>	<b>\$10.52</b>

<b><i>Series A - Ratios and Supplemental Data</i></b>	<b><i>Dec. 31 2021</i></b>	<b><i>Dec. 31 2020</i></b>	<b><i>Dec. 31 2019</i></b>	<b><i>Dec. 31 2018</i></b>	<b><i>Dec. 31 2017</i></b>
Net asset value (000's) <sup>4</sup>	\$60,651	\$58,918	\$68,833	\$81,102	\$86,129
Number of units outstanding <sup>4</sup>	6,865,089	7,050,543	8,074,139	10,349,575	8,186,768
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.79%	1.78%	1.78%	1.78%	1.78%
Portfolio turnover rate <sup>6</sup>	154.13%	39.90%	13.55%	134.79%	17.18%
Trading expense ratio <sup>7</sup>	0.28%	0.07%	0.01%	0.22%	0.06%
Net asset value per unit	\$8.83	\$8.36	\$8.53	\$7.84	\$10.52

<b>Series O – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$8.76</b>	<b>\$8.88</b>	<b>\$8.13</b>	<b>\$10.90</b>	<b>\$9.97</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.13	0.14	0.22	0.32	0.26
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	1.28	(0.49)	0.11	1.51	0.69
Unrealized gains (losses) for the period	(0.07)	0.93	0.72	(3.06)	0.77
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>1.34</b>	<b>0.58</b>	<b>1.05</b>	<b>(1.23)</b>	<b>1.72</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.12)	(0.17)	(0.19)	(0.25)	(0.23)
From dividends	(0.01)	-	-	-	-
From capital gains	(0.65)	-	(0.12)	(1.40)	(0.58)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.78)</b>	<b>(0.17)</b>	<b>(0.31)</b>	<b>(1.65)</b>	<b>(0.81)</b>
<b>Net Assets, end of period</b>	<b>\$9.31</b>	<b>\$8.76</b>	<b>\$8.88</b>	<b>\$8.13</b>	<b>\$10.90</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$176,165	\$161,825	\$133,296	\$99,923	\$72,825
Number of units outstanding <sup>4</sup>	18,922,448	18,454,620	15,004,429	12,291,525	6,682,867
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	-	-	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	154.13%	39.90%	13.55%	134.79%	17.18%
Trading expense ratio <sup>7</sup>	0.28%	0.07%	0.01%	0.22%	0.06%
Net asset value per unit	\$9.31	\$8.76	\$8.88	\$8.13	\$10.90

<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 audited annual financial statements as at December 31 for the period stated.

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

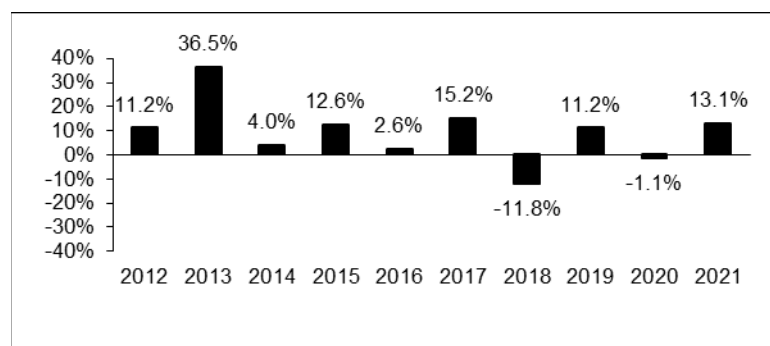
## Past Performance

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.

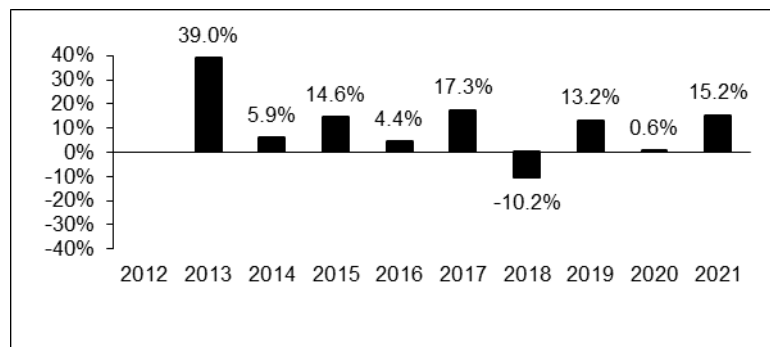
### Year-by-Year Returns

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.

### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the Morningstar Developed Markets Index (\$Cdn).

	1 YR	3 YR	5 YR	10 YR	Since Inception*
Steadyhand Global Equity Fund – A	13.1%	7.5%	4.8%	8.7%	N/A
Steadyhand Global Equity Fund – O	15.2%	9.5%	6.7%	N/A	10.0%
Morningstar Developed Markets Index	19.6%	18.0%	13.2%	15.1%	14.5%

\* Series O units have a different inception date (February 17, 2012) and are not available for purchase.

The Morningstar Developed Markets Index is a market capitalization index that measures the price movement and dividend income in the common shares of the world's largest companies.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

### Summary of Investment Portfolio as at December 31, 2021

#### Portfolio Allocation

Global Equities	% of Net Assets
Industrial Goods & Services	25.1%
Technology	23.2%
Healthcare	12.5%
Consumer Cyclical	12.1%
Financial Services	11.2%
Consumer Products	4.9%
Communications & Media	3.1%
Retailing	2.7%
Oil & Gas	1.9%
Basic Materials	1.8%
	<hr/> 98.5%
Cash, Short-term Notes & Other Assets	<hr/> 1.5%
<b>Total</b>	<hr/> <hr/> 100.0%



**Top 25 Holdings**

	% of Net Assets
Microsoft Corp.	4.4%
Danaher Corp.	4.0%
Martin Marietta Materials Inc.	4.0%
Lennar Corp.	3.7%
Microchip Technology Inc.	3.4%
Sony Group Corp.	3.3%
Adobe Inc.	3.0%
Samsung Electronics Co., Ltd.	2.9%
QUALCOMM Inc.	2.8%
Nemetschek SE	2.8%
Magna International Inc., NYSE	2.4%
Bank of America Corp.	2.3%
Oshkosh Corp.	2.3%
Rentokil Initial PLC	2.2%
Alcon Inc.	2.1%
LVMH Moet Hennessy Louis Vuitton SE	2.1%
GlaxoSmithKline PLC	2.1%
Dassault Systemes SE	2.0%
Symrise AG	2.0%
Nidec Corp.	2.0%
Kubota Corp.	2.0%
TotalEnergies SE	2.0%
DBS Group Holdings Ltd.	1.9%
PayPal Holdings Inc.	1.9%
Amgen 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**

# Management Report of Fund Performance

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**Steadyhand Small-Cap Equity Fund**

December 31, 2021



# Steadyhand Small-Cap Equity Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 year ended December 31, 2021, the Fund's net assets increased to \$113.7 million, from \$102.1 million at the end of 2020. This increase of \$11.6 million was attributable to net redemptions of \$1.3-million, coupled with an increase in net assets from operations of \$16.1 million less \$3.2 million paid in distributions to unitholders.

The Fund gained 14.5% in 2021. Over the same period, the S&P/TSX SmallCap Index rose 20.3%. The Fund had a positive year but underperformed the Canadian small-cap market.

The portfolio trailed the index due in part to its lower exposure to energy companies, which saw a significant rebound on the back of rising commodity prices (the price of oil rose more than 50%). These businesses tend to produce inconsistent profits, and as such, comprise only a modest weighting in the Fund, at 9% (energy stocks make up 22% of the index). Our investments include oil producer MEG Energy (purchased in the spring), and fuel supplier & convenience store operator Parkland.

Basic materials companies, including miners of industrial metals (e.g., copper and nickel) and lumber producers, also had a strong year. Our holdings in the sector are modest (5% of the Fund at year-end),

again due to the cyclical nature of these businesses. Torex Gold Resources is our only current investment, although we owned Interfor in the year and sold it in the third quarter (at a handsome profit). The materials sector is the biggest component of the small-cap index, at 26%.

The Fund's top contributors to performance included engineering firms Fluor and SNC-Lavalin, toy maker Spin Master, and mattress and bedding retailer Sleep Country Canada (all were up more than 40%). These companies benefited from strong infrastructure and consumer spending.

Torex Gold Resources was the greatest detractor to performance, falling 30%. The company is performing well operationally, but gold was out of favour in 2021. Cargojet also lost ground. The air cargo provider remains an excellent company. It expanded its fleet, with an eye on long-term growth, which resulted in lower free cash flow. This disappointed some investors. We bought additional shares in both stocks.

Following a strong 2020, many green energy companies underperformed their fossil fuel counterparts this year including Northland Power (wind and solar), one of our larger holdings. Our portfolio adviser, Galibier Capital, believes the business and sector has a strong outlook. Other investments with exposure to clean energy include NFI Group (electric buses) and Hammond Power Solutions (transformers for EV chargers).

During 2021, two new stocks were added to the Fund (discussed in greater detail in the Recent Developments section), while two were sold.

The Fund has a unique composition, with key areas of investment being capital goods, food & beverages, and engineering services. This is in contrast to the small-cap market and its heavy focus on resource companies. Most mining companies do not meet the adviser's investment criteria, which is a notable differentiator of the Fund, as mining companies comprise a sizeable component of the index, as noted.

The Fund held three U.S. stocks during the course of the year: Fluor, Oshkosh Corp., and Henry Schein. The Canadian dollar appreciated slightly against the U.S. dollar during 2021, which dampened the returns of these holdings in Canadian dollar terms.

There were some modest changes to the sector allocation of the portfolio in 2021. Most notably, oil & gas stocks increased from 5% of the portfolio's equities at the beginning of the reporting period to 9% at year-end. Consumer cyclical stocks also increased, from 15% to 17%. Conversely, basic materials stocks decreased from 7% to 5%. The weighting of other sectors was only modestly changed.

The Fund's geographic profile did not change over the reporting period. Canadian stocks make up 88% of the Fund's equities (down from 89% at the end of last year) and U.S. stocks comprise 12% (up from 11%). At the end of the year, the Fund's cash position was 4%, as compared to 3% at the end of last year.

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

### **Recent Developments**

The Canadian small-cap market (S&P/TSX SmallCap Index) rose 20.3% this year while U.S. small-caps gained 14.3% in Canadian dollar terms (Russell 2000 Index). Resource stocks (energy, mining, lumber), a notable component of the Canadian index, were an area of strength as the prices of

industrial metals, oil, and lumber rose handsomely (although the gold sector lagged). Industrial, financial services, and technology stocks also had a good year.

The Fund does not have a lot of exposure to commodity-related stocks due to their inherent cyclicity, as explained in the previous section. If this sector continues to see sharp gains, the Fund will be challenged to keep pace with the resource-heavy index. Our portfolio adviser, Galibier Capital, believes there are more attractive long-term investment opportunities in industries that have more stable, and growing, demand characteristics.

Galibier feels the Fund is well positioned and there was not a lot of turnover as a result. Two new holdings were added in the year, MEG Energy and Hammond Power Solutions, while two were sold, Interfor and Intertape Polymer Group. We also participated in Pet Valu Holdings' IPO in the spring and sold the stock in the fourth quarter after it rose more than 50%.

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. Hammond makes dry-type transformers for industries such as oil & gas, water treatment, construction, and electric vehicle charging (it counts Tesla as a customer), a sector that is expected to see strong growth.

We sold Interfor, one of the world's largest lumber providers, which was first added to the Fund two years ago when lumber prices were depressed. The commodity subsequently saw a significant rebound (fueled in part by home improvement projects during the pandemic), with prices increasing four-fold and the stock rising in tandem. Our timing of the sale was fortuitous, as we exited the position prior to a pullback in lumber prices. Intertape Polymer, a maker of tapes, shrink films, adhesives, and protective packaging, was sold following a good price recovery, as Galibier felt the company's mid-term prospects were less compelling given its prevailing valuation.

Industrial goods & services companies continue to make up the largest part of the portfolio (47%). These are a diverse collection of businesses which include engineering & construction firms, heavy equipment & machinery manufacturers & distributors, specialty vehicle makers, air cargo providers, and packaging companies, among others. The biggest holdings in the sector include Savaria, SNC-Lavalin, Fluor, and Oshkosh.

The food & beverage sector remains an important area of investment. Holdings are concentrated in food manufacturers including Maple Leaf Foods and Premium Brands Holdings. These companies generate strong revenues and sell products that have stable demand. Maple Leaf is also well positioned with its plant-based Lightlife brand, which is gaining momentum. Waterloo Brewing, Ontario's first craft brewer, is also an important holding. These three stocks comprise 13% of the Fund.

U.S. companies comprised 11-13% of the portfolio during the year. With the exposure to U.S. stocks, currency fluctuations between the Canadian and U.S. dollar remain a risk of the Fund. If the loonie appreciates against the U.S. dollar, it's detrimental for returns, and vice versa. In 2021, the loonie gained 1% against the U.S. dollar, which in turn dampened the performance of the Fund's American holdings in Canadian dollar terms, albeit to a minimal degree.

At year-end, the Fund held 25 stocks (the same number than at the end of 2020), with most holdings comprising 3-6% of the portfolio. Park Lawn was the largest position, at 5.7%. 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 year ended December 31, 2021, the Fund paid gross fees of \$889,372 to the Manager and distributed \$318,777 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 December 31, 2021, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 111,339 Series A units, or 4.0% of the total Fund Series A units. The Steadyhand Founders 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>Dec 31 2021</b>	<b>Dec 31 2020</b>	<b>Dec 31 2019</b>	<b>Dec 31 2018</b>	<b>Dec 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$15.99</b>	<b>\$15.32</b>	<b>\$13.26</b>	<b>\$16.49</b>	<b>\$14.45</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.34	0.30	0.35	0.41	0.33
Total expenses (excluding distributions)	(0.43)	(0.32)	(0.33)	(0.39)	(0.34)
Realized gains (losses) for the period	1.27	(0.41)	0.38	0.71	1.20
Unrealized gains (losses) for the period	1.31	1.05	2.26	(3.12)	1.59
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>2.49</b>	<b>0.62</b>	<b>2.66</b>	<b>(2.39)</b>	<b>2.78</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.08)	(0.11)	(0.09)	(0.04)
From capital gains	(0.29)	-	(0.37)	(0.73)	(0.22)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.29)</b>	<b>(0.08)</b>	<b>(0.48)</b>	<b>(0.82)</b>	<b>(0.26)</b>
<b>Net Assets, end of period</b>	<b>\$18.02</b>	<b>\$15.99</b>	<b>\$15.32</b>	<b>\$13.26</b>	<b>\$16.49</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$49,632	\$46,771	\$51,483	\$55,051	\$60,506
Number of units outstanding <sup>4</sup>	2,755,028	2,924,832	3,360,823	4,152,921	3,668,617
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>	18.27%	32.20%	44.43%	39.56%	40.56%
Trading expense ratio <sup>7</sup>	0.05%	0.11%	0.11%	0.12%	0.15%
Net asset value per unit	\$18.02	\$15.99	\$15.32	\$13.26	\$16.49

<b>Series O – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$16.90</b>	<b>\$16.07</b>	<b>\$13.85</b>	<b>\$17.19</b>	<b>\$14.96</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.36	0.32	0.53	0.44	0.35
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	1.39	(0.50)	0.64	0.69	1.30
Unrealized gains (losses) for the period	1.17	1.63	2.66	(3.62)	1.69
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>2.88</b>	<b>1.45</b>	<b>3.83</b>	<b>(2.49)</b>	<b>3.34</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	(0.33)	(0.27)	(0.33)	(0.31)	(0.22)
From capital gains	(0.31)	-	(0.39)	(0.78)	(0.61)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.64)</b>	<b>(0.27)</b>	<b>(0.72)</b>	<b>(1.09)</b>	<b>(0.83)</b>
<b>Net Assets, end of period</b>	<b>\$19.04</b>	<b>\$16.90</b>	<b>\$16.07</b>	<b>\$13.85</b>	<b>\$17.19</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Dec 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>	<b>Dec. 31 2017</b>
Net asset value (000's) <sup>4</sup>	\$64,101	\$55,345	\$52,493	\$37,824	\$37,005
Number of units outstanding <sup>4</sup>	3,366,799	3,275,173	3,265,552	2,731,433	2,152,846
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	-	-	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	18.27%	32.20%	44.43%	39.56%	40.56%
Trading expense ratio <sup>7</sup>	0.05%	0.11%	0.11%	0.12%	0.15%
Net asset value per unit	\$19.04	\$16.90	\$16.07	\$13.85	\$17.19

<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 audited annual financial statements as at December 31 for the year stated.

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



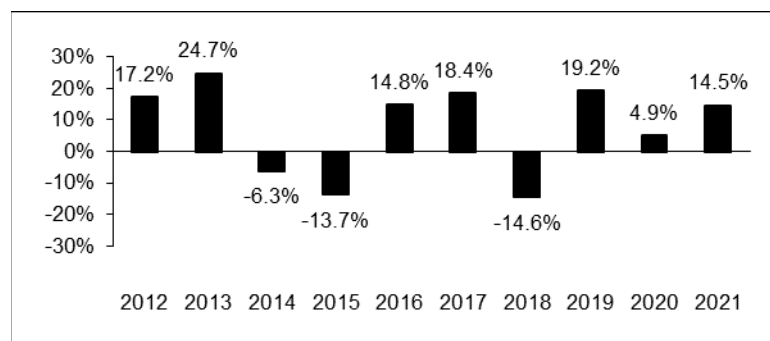
## Past Performance

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.

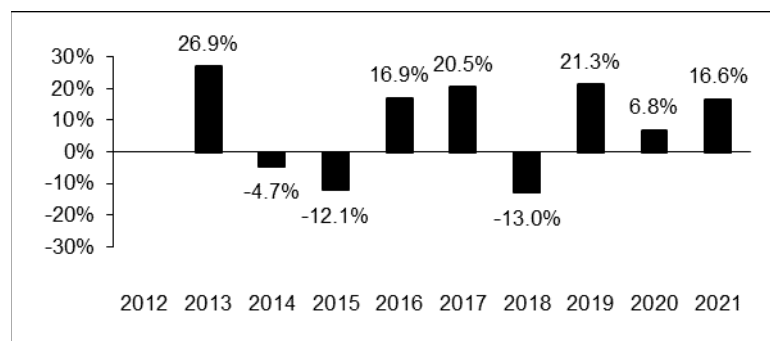
### Year-by-Year Returns

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 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.

### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the S&P/TSX SmallCap Index.

	1 YR	3 YR	5 YR	10 YR	Since-Inception*
Steadyhand Small-Cap Equity Fund – A	14.5%	12.7%	7.7%	7.0%	N/A
Steadyhand Small-Cap Equity Fund – O	16.6%	14.7%	9.6%	N/A	8.4%
S&P/TSX SmallCap Index	20.3%	16.3%	5.7%	5.0%	4.1%

\* Series O units have a different inception date (February 17, 2012) and are not available for purchase.

The S&P/TSX SmallCap Index measures the performance of small capitalization stocks in Canada.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

### Summary of Investment Portfolio as of December 31, 2021

Portfolio Allocation	
	% of Net Assets
<b>Equities</b>	
Industrial Goods & Services	45.4%
Consumer Cyclical	16.0%
Consumer Products	13.4%
Oil & Gas	8.5%
Basic Materials	4.6%
Utilities	4.3%
Healthcare	4.1%
	<hr/> 96.3%
Cash, Short-term Notes & Other Assets	<hr/> 3.7%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

<b>Top 25 Holdings</b>	
	<b>% of Net Assets</b>
Park Lawn Corp.	5.7%
MEG Energy Corp.	5.0%
Spin Master Corp.	5.0%
Maple Leaf Foods Inc.	4.8%
AG Growth International Inc.	4.8%
Premium Brands Holdings Corp.	4.7%
Torex Gold Resources Inc.	4.6%
Savaria Corp.	4.5%
SNC-Lavalin Group Inc.	4.4%
Fluor Corp.	4.3%
Northland Power Inc.	4.3%
Cash and cash equivalents	4.2%
Sleep Country Canada Holdings Inc.	4.2%
Henry Schein Inc.	4.1%
NFI Group Inc.	4.0%
Boyd Group Services Inc.	3.9%
Waterloo Brewing Ltd.	3.8%
Finning International Inc.	3.6%
Oshkosh Corp.	3.5%
Parkland Fuel Corp.	3.5%
Diversified Royalty Corp.	3.3%
Cargojet Inc.	2.8%
Winpak Ltd.	2.8%
Badger Daylighting Ltd.	2.7%
Points International Ltd.	1.1%

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**

# Management Report of Fund Performance

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**Steadyhand Global Small-Cap Equity  
Fund**

December 31, 2021



# Steadyhand Global Small-Cap Equity Fund

## Annual Management Report of Fund Performance (December 31, 2021)

This annual management report of fund performance contains financial highlights but does not contain the complete audited annual financial statements of the investment fund. You can get a copy of the 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 \$55.3 million at December 31, 2020 to \$75.4 at December 31, 2021. This increase of \$20.1 million was attributable to net subscriptions of \$20.6 million, a \$8.9 million increase in net assets from operations less \$9.4 million in distributions.

The Fund gained 12.0% in 2021, while the S&P Global SmallCap Index rose 14.0%. The resource, industrial, financial services, technology, and real estate sectors were among the top performing industries.

The portfolio's top performers included a diverse range of businesses: Gartner (technology research and consulting), Interpump Group (high pressure water pumps), Charles River Laboratories (laboratory, gene therapy and cell therapy services), and St. James's Place (wealth management). All of these stocks rose more than 50%, with Gartner more than doubling before we sold it in the third quarter.

The Fund modestly trailed the index. Its composition is significantly different, with our portfolio having greater exposure to industrial and financial services stocks, and a lower weighting in technology, resources, and real estate stocks. The energy and mining sectors in particular had a strong year. We have no current investments in the sector, due to the high degree of cyclicity and sporadic profitability of these companies, which held back performance in 2021.

A few holdings also had a tough year and weighed on performance, notably Orpea (French nursing home operator), Huya (live streaming game platform in China which fell victim to the Chinese government's clampdown on gaming), and Zynga (social video game developer).

Industrial goods & services companies comprise the largest portion of the portfolio (32%). In general, these holdings performed well. Our portfolio adviser, TimesSquare Capital Management, focuses on businesses that offer a product or service that has strong demand and can't be easily replicated. Kion Group (warehouse automation equipment), Clean Harbors (hazardous waste disposal), and Regal Rexnord (electric motors and bearings) are examples. Another benefit of these established companies is that they have strong pricing power and tend to produce more stable earnings.

Shipping delays and supply chain issues have been well publicized, but the Fund's holdings have generally avoided any major operational disruptions. Some investments, such as CIE Automotive, have even benefited from the logistics problems in China.

It was an active year for new purchases, with 15 stocks added to the Fund. A number of stocks were also sold and are discussed in further detail in the Recent Developments section.

The Fund's overall sector composition did not change materially in the year, although there were a few adjustments of note. Industrial goods & services companies increased from 23% to 32% of the Fund's equities and consumer cyclical stocks increased from 13% to 17%. Technology stocks, on the other hand, decreased from 16% to 7%, healthcare stocks dropped from 17% to 12%, and oil & gas decreased from 3% to 0%.

At the end of the reporting period, the Fund held 44 companies around the globe (versus 38 at the end of 2020). Seventeen are based in the U.S., 13 in Europe, 7 in the U.K., 4 in Japan, 2 in Australia, and 1 in Brazil.

The Fund's cash position at the end of the year was 3%, which was a decrease from its 10% position at the end of 2020.

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

### **Recent Developments**

It was a good year for small-cap stocks in general, although they lagged their larger counterparts. Developed markets including the U.S. and Europe provided the best returns, while stocks in Asia and other emerging markets lagged. As is often the case, the small-cap market saw periods of heightened volatility during the year.

Currency movements had a negative impact on foreign stock returns. Our dollar appreciated against the Euro, Japanese Yen, and British Pound (as well as other European currencies such as the Swedish

Krona and Danish Krone, and many Asian currencies). The loonie was also up marginally against the U.S. dollar. All said, this served to dampen the returns of stocks in these regions for Canadian investors.

Trading activity was higher than normal, as TimesSquare uncovered a number of intriguing investment opportunities. Several stocks were also sold, mostly due to strong performance, but a few due to deteriorating fundamentals or weakened outlooks.

The new investments include: HomeServe (U.K.-based home repair and improvement services provider that operates in North America and Europe), Nordnet (leading digital platform for savings and investment services in the Nordic region), AZEK (U.S. leader in composite decking materials), Rotork (specialized valves for use in large-scale industrial projects), PJT Partners (global investment bank), Brunswick Corporation (builds boats and owns a popular boat-sharing program), Spirent Communications (world leader in testing equipment and software for telecom operators and manufacturers), Kadokawa (media firm involved in anime and manga, the popular Japanese comic books), TOTVS (Brazilian software company that specializes in business solutions), Alk-Abello (develops and manufactures allergy medications), EMCOR Group (mechanical and electrical construction services), First Advantage (a leader in background checks), and Future (a magazine publisher with a strong online presence).

Two stocks were also purchased with an eye towards sustainability, both based in Finland. Huhtamaki is a food packaging specialist that manufactures fiber-based, recyclable containers, cups, and plates. And Valmet develops systems and technologies for the pulp & paper industry that focus on a more efficient use of water and energy in the manufacturing process.

These new investments, while very different in the nature of their business, share a common thread: they generate steady profits and are well managed.

Among the stocks sold were French omnichannel customer care provider Teleperformance, and technology research and consulting firm Gartner. Both were stellar performers over our holding period and had grown to over \$20 billion in market capitalization. As they now fall firmly into the large cap realm, TimesSquare moved on to pursue other opportunities.

Earlier in the year, the adviser also moved on from Japanese staffing provider En-Japan, chemical manufacturer RPM International, software provider Tyler Technologies, Australian annuity provider Challenger Limited, Japanese credit firm Zenkoku Hoshu, and American payment processor WEX.

In the latter half of the year, two smaller holdings were sold based on weakening outlooks: Rubis, which is involved in the distribution of oil & gas; and Huya, a Chinese live streaming game platform. We also exited Japanese internet media company Kakaku.com and TPG Pace Beneficial Finance Corp., a special purpose acquisition company involved in the electric vehicle charging space.

As previously mentioned, the Fund does not have any direct investments in the oil & gas or mining sectors. These stocks saw a strong rebound in 2021. They make up around 10% of the index, and as such, the Fund could struggle to keep pace if these industries continue to see sharp gains. That said, our adviser believes there are more compelling opportunities available in businesses with better long-term outlooks.

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,

British Pound, Japanese Yen, Swedish Krona, Danish Krone, and Australian dollar. If the Canadian dollar strengthens against these currencies (as was the case in 2021), 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 \$181,534 of its net assets as management fees for the year ended December 31, 2021 and distributed \$72,790 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 December 31, 2021, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 153,472 Series A units, or 16.6% 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>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
<b>Net Assets, beginning of period <sup>1,3,</sup></b>	<b>\$12.64</b>	<b>\$11.75</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.18	0.11	0.14
Total expenses (excluding distributions)	(0.49)	(0.34)	(0.43)
Realized gains for the period	1.46	0.12	0.30
Unrealized gains for the period	0.45	1.39	2.04
<b>Total increase from operations <sup>1</sup></b>	<b>1.60</b>	<b>1.28</b>	<b>2.05</b>
<b>Distributions :</b>			
From investment income (excluding dividends)	(0.23)	-	(0.03)
From dividends	-	-	-
From capital gains	(1.32)	-	(0.20)
Return of capital	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(1.55)</b>	<b>-</b>	<b>(0.23)</b>
<b>Net Assets, end of period</b>	<b>\$12.56</b>	<b>\$12.64</b>	<b>\$11.75</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$11,618	\$8,456	\$6,142
Number of units outstanding <sup>4</sup>	924,913	668,886	522,712
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.80%	1.80%	1.82%
Portfolio turnover rate <sup>6</sup>	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.20%	0.07%	0.20%
Net asset value per unit	\$12.56	\$12.64	\$11.75

<b>Series O – Net Assets Per Unit</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$12.92</b>	<b>\$11.87</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>			
Total revenue	0.18	0.11	0.14
Total expenses (excluding distributions)	-	-	-
Realized gains for the period	1.53	0.10	0.27
Unrealized gains for the period	0.14	1.99	1.60
<b>Total increase from operations <sup>1</sup></b>	<b>1.85</b>	<b>2.20</b>	<b>2.01</b>
<b>Distributions :</b>			
From investment income (excluding dividends)	(0.46)	(0.08)	(0.09)
From dividends	-	-	-
From capital gains	(1.37)	-	(0.20)
Return of capital	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(1.83)</b>	<b>(0.08)</b>	<b>(0.29)</b>
<b>Net Assets, end of period</b>	<b>\$12.83</b>	<b>\$12.92</b>	<b>\$11.87</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$63,749	\$46,846	\$26,339
Number of units outstanding <sup>4</sup>	4,966,868	3,626,387	2,218,852
Management expense ratio <sup>5</sup>	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	0.01%
Portfolio turnover rate <sup>6</sup>	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.20%	0.07%	0.20%
Net asset value per unit	\$12.83	\$12.92	\$11.87

<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 audited annual financial statements as at December 31.

<sup>4</sup>The information is provided as at December 31.

<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.

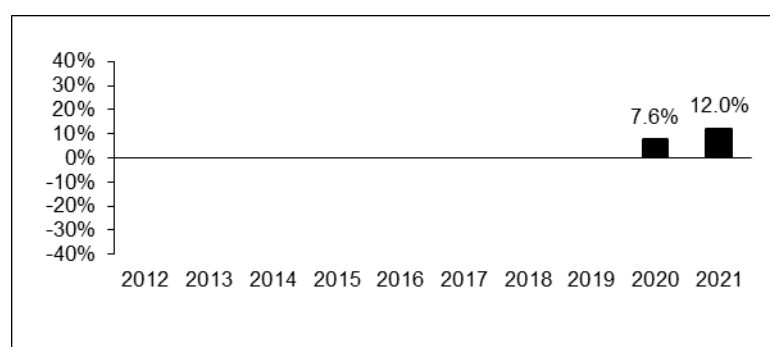
## Past Performance

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 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



### Annual Compound Returns

The following table shows the Fund's annual compound total return for the past one-year, three-year, five-year, and ten-year periods ended on December 31, 2021, and since the inception of the Fund, compared with the S&P/TSX SmallCap Index.

	1 YR	3 YR	5 YR	10 YR	Since-Inception*
Steadyhand Global Small-Cap Equity Fund – A	12.0%	N/A	N/A	N/A	13.6%
Steadyhand Global Small-Cap Equity Fund – O	14.0%	N/A	N/A	N/A	15.6%
S&P/TSX Global SmallCap Index (\$Cdn)	14.0%	N/A	N/A	N/A	12.7%

\* Series O units are not available for purchase.

The S&P/TSX Global SmallCap Index (\$Cdn) measures the performance of global small capitalization stocks.

A discussion of the relative performance of the Fund as compared to the indices can be found in the Results of Operations section.

### Summary of Investment Portfolio as at December 31, 2021

#### Portfolio Allocation

Global Equities	% of Net Assets
Industrial Goods & Services	29.6%
Financial Services	19.7%
Consumer Cyclical	16.4%
Healthcare	11.5%
Technology	7.0%
Communications and Media	5.1%
Consumer Products	4.5%
Real Estate	2.0%
Basic Materials	2.0%
	<u>97.8%</u>
Cash, Short-term Notes & Other Assets	<u>2.2%</u>
<b>Total</b>	<u><u>100.0%</u></u>

**Top 25 Holdings**

	% of Net Assets
Nordic Entertainment Group AB	3.5%
RenaissanceRe Holdings Ltd.	3.5%
Steadfast Group Ltd.	3.3%
Valmet OYJ	3.2%
Brunswick Corp.	3.2%
St James's Place PLC	3.2%
National Vision Holdings Inc.	3.2%
Kadokawa Corp.	3.0%
KION Group AG	3.0%
First Advantage Corp.	3.0%
PJT Partners Inc.	2.9%
Regal Rexnord Corp.	2.9%
CIE Automotive SA	2.8%
Nordnet AB (publ)	2.8%
Performance Food Group Co.	2.7%
EMCOR Group Inc.	2.7%
Cash & cash equivalents	2.7%
Charles River Laboratories International Inc.	2.6%
HomeServe PLC	2.5%
Chemed Corp.	2.4%
Zurn Water Solutions Corp.	2.3%
Amplifon SpA.	2.2%
Electrocomponents PLC	2.1%
Topdanmark A/S	2.1%
Rotork PLC	2.1%

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.