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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Savings Fund**

June 30, 2022



# Steadyhand Savings Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand 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 increased to \$63.1 million as of June 30, 2022, from \$44.4 million at the end of 2021. This increase was attributable to net subscriptions of \$18.7 million.

The Fund produced a return of 0.3% for the six months ended June 30, 2022. Over the same period, the FTSE Canada 91 Day T-Bill Index also gained 0.3%.

The Fund matched the performance of the index over the reporting period. It's important to note, however, that its return is net of fees, whereas the return of the index does not include any costs or fees.

The Bank of Canada raised its key lending rate in March for the first time since 2018, from 0.25% to 0.50%. The U.S. Federal Reserve (Fed) also increased its target rate. Both central banks suggested several more hikes are to come by the end of the year. Indeed, The Bank of Canada raised its key lending rate by 0.5% in both April and June, bringing the rate to 1.5%. The Fed also increased its target rate on two more occasions, by 0.5% and 0.75%, respectively, with the latter representing the biggest hike since 1994.

Persistently high and accelerating inflation was the dominant theme in the period. Inflation measures surged to multi-decade highs, defying expectations of a deceleration, as continued strong demand for goods was met with ongoing supply issues exacerbated by the war in Ukraine and pandemic-related shutdowns in China.

The rate increases by the central banks were implemented in order to help combat surging inflation (which is currently above 5% in Canada) and pull back some of the stimulus that has helped prop up the economy throughout the pandemic and set expectations for more forceful policy actions. The moves were also made in an attempt to prevent high inflation from becoming engrained in consumer spending patterns. That said, anxiety surrounding the possibility of recession grew during the period. The tightening in financial conditions extended the volatility in financial markets that started in the first quarter. Interest rates spiked further, while equity markets tumbled. Commodity prices, which have been supported during this period of high inflation, continued to trend higher early on. However, concern around demand destruction associated with the increasing probability of recession caused a pullback near the end of the second quarter, with many commodities posting negative returns.

While higher interest rates have led to a sharp decline in bond prices, they have been welcomed by savers, who are now receiving a better return on their cash. Indeed, the Fund now has a much higher yield (2.3%) than it did at the beginning of the year (0.3%).

Investments in T-Bills comprise 42% of the Fund (as of June 30). This portion of the portfolio was invested primarily in provincial T-Bills throughout the period, rather than federal government T-Bills. Provincial T-Bills provided a modest yield advantage for the Fund over the reporting period.

On the credit front, our portfolio adviser (Connor, Clark & Lunn) maintained a healthy weighting in bank paper (31% of the Fund) as well as corporate paper (27%). These investments helped increase the Fund's yield.

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

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

### **Recent Developments**

The Bank of Canada and the Fed raised their target interest rates by a total of 125 basis points (1.25%) and 150 basis points (1.50%), respectively, during the period. The Fed's latest increase, in June, was 0.75%, which represented its biggest hike in nearly 30 years. Both central banks suggested they will continue to act forcefully if needed in order to bring inflation down.

Higher short-term interest rates have led to more attractive yields on money market investments. For the first time in several years, savers are now able to earn a decent yield on their cash investments. This trend should continue as long as central banks continue to move their policy rates higher, or at least keep them near current levels.

Our portfolio adviser believes high inflation rates will ease, and there is evidence that this is already underway going into the third quarter of 2022. Commodity prices have softened and there are some signals that suggest we are already through the worst of the supply-chain bottlenecks. Inflation figures are still startlingly high, however, and monetary policymakers continue to believe these high levels necessitate more restrictive policies. As a result, economic growth is expected to lose momentum for the balance of 2022.

While slowing economic growth has historically led monetary policymakers to ease off tightening, CC&L believes the bar to do so is very high this cycle, as long as inflation remains vastly higher than policymakers' stated targets.

CC&L expects the risk of recession to rise, and while they don't anticipate a recession in 2022 given continued robust labour markets, they believe the likelihood of a recession in early 2023 has clearly increased.

Corporate notes comprised over half of the Fund throughout the reporting period. Included in these holdings are securities issues by banks, energy companies, and utilities, among others. These securities have helped boost the Fund's yield without exposing it to undue risk.

The Fund's investments in Treasury Bills remain focused on provincial, rather than federal T-Bills, based on their attractive relative yield spreads. The largest investments are currently in securities issued by Alberta, PEI, and Newfoundland.

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

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 0.65%. The 'One Simple Fee' was temporarily reduced from 0.65% to 0.20%. The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time. This fee is calculated daily and paid monthly based on the net asset value of units of the Fund. For the six months ended June 30, 2022, the Fund paid gross fees of \$43,889 to the Manager and distributed \$12,766 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022 Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 279,138 Series A units, or 6.4% 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 and unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun.30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</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	0.02	0.10	0.20	0.19
Total expenses (excluding distributions)	-	(0.01)	(0.02)	(0.02)	(0.03)
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.03</b>	<b>0.01</b>	<b>0.08</b>	<b>0.18</b>	<b>0.16</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.03)	(0.01)	(0.08)	(0.18)	(0.15)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.03)</b>	<b>(0.01)</b>	<b>(0.08)</b>	<b>(0.18)</b>	<b>(0.15)</b>
<b>Net Assets, end of period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$43,314	\$43,844	\$46,488	\$33,260	\$37,050
Number of units outstanding <sup>4</sup>	4,331,410	4,384,455	4,648,810	3,235,969	3,705,019
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%	0.20%	0.21%
Portfolio turnover rate <sup>6</sup>	-	-	76.45%	-	67.13%
Trading expense ratio <sup>7</sup>	-	-	-	-	-
Net asset value per unit	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</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	0.06	0.03	0.19	0.19	0.17
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.06</b>	<b>0.03</b>	<b>0.19</b>	<b>0.19</b>	<b>0.17</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.04)	(0.03)	(0.09)	(0.19)	(0.17)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.04)</b>	<b>(0.03)</b>	<b>(0.09)</b>	<b>(0.19)</b>	<b>(0.17)</b>
<b>Net Assets, end of period</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>	<b>\$10.00</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$19,790	\$591	\$590	\$54,947	\$27,382
Number of units outstanding <sup>4</sup>	1,979,033	59,123	58,973	5,494,685	2,738,234
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	0.52%	0.01%	0.01%	-
Portfolio turnover rate <sup>6</sup>		-	76.45%	-	67.13%
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 or unaudited semi-annual financial statements as at June 30 for the periods stated.

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

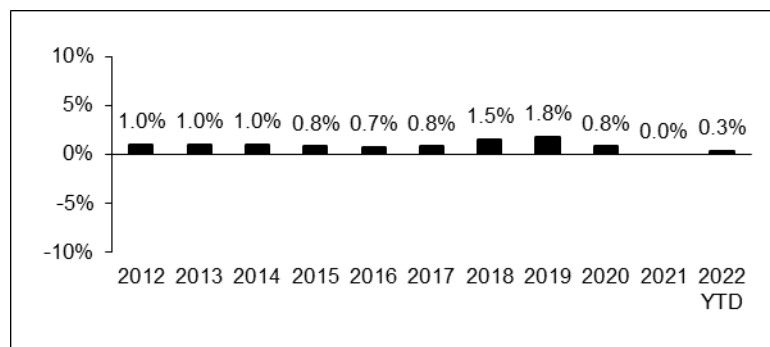
## Past Performance

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.

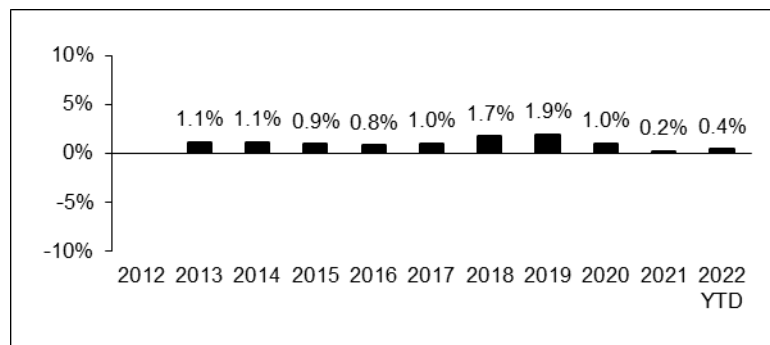
### Year-by-Year Returns

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.



## Summary of Investment Portfolio as at June 30, 2022

### Portfolio Allocation

	% of Net Assets
Provincial Treasury Bills	32.4%
Bankers Acceptances	31.4%
Corporate Notes	20.5%
Provincial Promissory Notes	7.5%
Federal Treasury Bills	1.4%
	<hr/> 93.2%
Corporate Bonds	6.4%
Total Investments	<hr/> 99.6%
Cash, Short-term Notes & Other Assets	0.4%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

**Top 25 Holdings**

	<b>% of Net Assets</b>
Province of Alberta TBill 1.931% 06 Sept 2022	7.2%
Royal Bank of Canada BA 2.431% 23 Sept 2022	7.1%
Province of Prince Edward Island TBill 2.121% 06 Sept 2022	6.6%
Province of Newfoundland and Labrador TBill 2.201% 15 Sept 2022	5.3%
Bank of Montreal B/A 1.520% 13 Jul 2022	4.8%
Toronto-Dominion Bank B/A 1.389% 15 Jul 2022	4.7%
Bank of Nova Scotia B/A 1.869% 29 Aug 2022	4.6%
Province of Saskatchewan PN 1.531% 16 Aug 2022	4.1%
Province of British Columbia PN 2.130% 03 Apr 2022	3.5%
Toronto-Dominion Bank B/A 1.771% 10 Aug 2022	3.2%
Province of Alberta TBill 1.490% 26 Jul 2022	3.2%
Province of Ontario TBill 1.642% 31 Aug 2022	3.2%
Enbridge Gas Distribution Inc. CP 2.194% 15 Jul 2022	3.2%
Hydro One Inc. CP 1.321% 07 Jul 2022	3.2%
Suncor Energy Inc. CP 2.210% 06 Sept 2022	3.2%
Suncor Energy Inc. CP 2.100% 05 Oct 2022	3.1%
Province of Alberta C/P 1.619% 04 Oct 2022	3.1%
Province of Quebec TBill 2.420% 14 Apr 2023	2.3%
Canadian Imperial Bank of Commerce BA 1.251% 07 Jul 2022	2.2%
Toyota Credit Canada Inc. CP 2.700% 25 Jan 2023	1.6%
John Deere Canada Funding Inc. CP 2.630% 21 Sept 2022	1.6%
Bank of Nova Scotia CP 2.928% 06 Apr 2023	1.6%
Canadian Imperial Bank of Commerce CP 19 Apr 2023	1.6%
Enbridge Gas Distribution Inc. CP 2.114% 04 Jul 2022	1.6%
TransCanada PipeLines Limited CP 1.782% 18 Jul 2022	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**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Income Fund**

June 30, 2022



# Steadyhand Income Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

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

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

### Risks

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

### Results of Operations

Over the first six months of the year, the Fund's net assets decreased to \$293.4 million as of June 30, 2022 from \$304.7 million at the end of 2021. This decrease of \$11.3 million was attributable to net subscriptions of \$27.2 million, a decrease in net assets from operations of \$35.9 million less \$2.6 million in distributions to unitholders.

The Fund declined 11.5% over the first half of the year. Over the same period, the FTSE Canada Universe Bond Index declined 12.2%, while the S&P/TSX Capped Composite Index fell 9.9%.

The Fund's negative performance was driven by both the bond component of the portfolio (roughly three-quarter of its assets), and the stock component (one-quarter of its assets). The bond component was down 12.3%, which was right in line with the index's decline. Its stock investments were down 9.0% in aggregate, which was slightly ahead of the index. When compared to a blended benchmark of stocks and bonds, the Fund's performance was essentially on par.

The Canadian bond market had one of its worst six-month periods ever. In the first quarter, the 10-year Government of Canada bond yield rose from 1.4% to 2.4%, a significant move. The Bank of Canada also announced its first interest rate hike since 2018, increasing its key lending rate from 0.25% to 0.50%. In the second quarter, the 10-year government benchmark yield rose to 3.2%, a level not seen in over a decade. The Bank of Canada also raised its key short-term lending rate another two times, by 0.5% each time, bringing the rate to 1.5%. As a reminder, when bond yields rise, their prices fall.

With inflation continuing to rise, central banks acknowledged their monetary policies have been too stimulative for the economic conditions, and that these alarming levels of inflation necessitate policy moves into restrictive territory. The measures policymakers took in response to these conditions conveyed a sense of urgency.

Interest rate volatility persisted throughout the period. Although bond yields continued to climb higher, they retracted somewhat from the peak levels reached in mid-June by period end. Both corporate and provincial bond spreads (the difference in yield between these types of securities) widened over the period, as tighter financial conditions weighed on risk assets.

The Fund had a challenging period, as yields rose across the maturity spectrum. There was no place to hide for bond investors. That said, while the impact of higher interest rates and bond yields has been detrimental to the Fund in the short run, it is now generating a higher income stream and has a more attractive yield (3.8%), which is beneficial going forward.

The equity portion of the portfolio (24% at June 30) had a rough period amid the broad decline in stocks, yet held up better than the market. Reflecting the higher risk of recession, market leadership was more defensive, with larger-capitalization companies outperforming smaller-cap companies and defensive sectors outperforming more cyclical sectors. Consumer staples, utilities and communication services all outperformed the index, as investors shifted towards more stable business models. As interest rates moved higher, the technology sector significantly underperformed. Despite more defensive leadership, energy was the index's top-performing sector, as the supply and demand dynamic continued to support elevated energy prices. On the other hand, the materials sector reversed course in the second quarter and underperformed, as economic growth concerns reduced demand for lumber, copper and other base metals. We have limited exposure to mining and technology companies, and a greater emphasis on defensive sectors, which helped performance.

Our portfolio adviser's focus (Connor, Clark & Lunn) remains on stable cash generating businesses with strong balance sheets and a history of dividend growth. CC&L added to leading companies like Telus, George Weston and Bank of Nova Scotia on price weakness. Magna International and Goeasy were sold as their profitability is more vulnerable in a higher interest rate environment.

Overall, fixed income investments comprised 76% of the Fund at the end of June, which was higher than their weighting at the beginning of the year (73%).

The Fund's stock component started the year at 27% of assets. The weighting was trimmed during the period and finished June at 24%.

The overall asset mix of the Fund did not change materially during the reporting period. There were some changes to the composition of the bond component, however. Sovereign bonds (Government of Canada) were increased from 9% of the portfolio to 13%, while provincial bonds decreased from 28% to 26% over the period.

The Fund's pre-fee yield at the end of June was 3.8%, which was an increase from its yield of 2.3% at the end of 2021.

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

### **Recent Developments**

Inflation was the dominant theme over the first half of the year. Inflation measures surged to multi-decade highs, defying expectations of a deceleration, as continued strong demand for goods was met with ongoing supply issues exacerbated by the war in Ukraine and pandemic-related shutdowns in China. Monetary policymakers aggressively stepped up their tightening measures in an attempt to prevent high inflation from becoming engrained in consumer spending patterns.

The US Federal Reserve and the Bank of Canada raised their respective target interest rates meaningfully and set expectations for more forceful policy actions. That said, anxiety surrounding the possibility of recession grew over the period. The tightening in financial conditions extended the volatility in financial markets that started in the first quarter. Interest rates spiked further, while equity markets tumbled. Commodity prices, which have been supported during this period of high inflation, continued to trend higher early on. However, concern around demand destruction associated with the increasing probability of recession caused a pullback near the end of the second quarter, with many commodities, including lumber and copper, posting negative returns.

The Bank of Canada and the Fed raised their target interest rates by a total of 125 basis points (1.25%) and 150 basis points (1.50%), respectively, during the period. The Fed's latest increase, in June, was 0.75%, which represented its biggest hike since 1994. Both central banks suggested they will continue to act forcefully if needed in order to bring inflation down.

Our portfolio adviser, CC&L, believes high inflation rates will ease, and there is evidence that this is already underway going into the third quarter of 2022. Commodity prices have softened and there are some signals that suggest we are already through the worst of the supply-chain bottlenecks. Inflation figures are still startlingly high, however, and monetary policymakers continue to believe these high levels necessitate more restrictive policies. As a result, economic growth is expected to lose momentum for the balance of 2022.

While slowing economic growth has historically led monetary policymakers to ease off tightening, CC&L believes the bar to do so is very high this cycle, as long as inflation remains vastly higher than policymakers' stated targets. As a result, we have reduced the portfolio's risk. The Fund's overall equity exposure remains near its target of 25%. During the period, CC&L increased the portfolio's fixed income position (to 76%), with a corresponding increase in cash. Given their expectations for the macroeconomic environment, they will continue to look for opportunities to further trim the portfolio's equity exposure.

CC&L expects the risk of recession to rise, and while they don't anticipate a recession in 2022 given continued robust labour markets, they believe the likelihood of a recession in early 2023 has clearly increased. The Fund remains positioned in a way that reflects a deterioration in the economic outlook. Its yield curve positioning is structured with a flattening bias in anticipation of an inversion in the curve. The portfolio's duration positioning has been trimmed, which reflects the opposing forces of slowing economic activity, coupled with high and rising inflation. The portfolio maintains a modest exposure to real return bonds.

The Fund's exposure to corporate and provincial credit has been decreased, highlighting what the adviser believes to be a weak environment for credit that is not yet reflected in credit spreads. Security selection

has become more defensive, with an increase in high-quality domestic banks and a reduction in less-defensive utility holding companies.

As for the outlook for stocks, CC&L's view is predicated on their earnings outlook. This is a challenging environment for companies as inflation will drive costs higher, while central banks' efforts to slow economic growth will negatively impact companies' revenues. In CC&L's view, earnings estimates are currently too high and they expect downward earnings revisions to potentially have a negative impact on equity markets in the second half of the year. Given this challenging backdrop, CC&L also expects financial market volatility to remain high.

In this environment, we strive to own companies with the resilience to deliver earnings growth. Throughout the period, we reduced our positions in companies that are more tied to economic growth, while adding to our positions in more defensive businesses. This shift toward stability occurred at the sector and individual holding levels. For example, within financials, we purchased property and casualty insurers, while reducing our positions in banks and life insurers.

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

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.04%. The Fund paid the Manager \$432,230 of its net assets as management fees and distributed \$137,102 in management fee reductions for the six months ended June 30, 2022. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 213,748 Series A units, or 2.8% of the total Fund Series A units. The Steadyhand Founders Fund holds 100% of the total Fund Series O units and pays no management fees.

## Financial Highlights

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

<b>Series A – Net Assets Per Unit</b>	<b>Jun.30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$11.44</b>	<b>\$11.26</b>	<b>\$10.94</b>	<b>\$10.44</b>	<b>\$10.86</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.14	0.29	0.31	0.31	0.32
Total expenses (excluding distributions)	(0.06)	(0.12)	(0.15)	(0.15)	(0.14)
Realized gains (losses) for the period	(0.31)	0.11	0.20	0.35	(0.07)
Unrealized gains (losses) for the period	(1.06)	0.20	0.39	0.47	(0.22)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(1.29)</b>	<b>0.48</b>	<b>0.75</b>	<b>0.98</b>	<b>(0.11)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.21)	(0.23)	(0.20)	(0.24)
From dividends	-	(0.02)	(0.05)	(0.03)	(0.04)
From capital gains	-	(0.04)	(0.18)	(0.21)	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.09)</b>	<b>(0.27)</b>	<b>(0.46)</b>	<b>(0.44)</b>	<b>(0.28)</b>
<b>Net Assets, end of period</b>	<b>\$10.04</b>	<b>\$11.44</b>	<b>\$11.26</b>	<b>\$10.94</b>	<b>\$10.44</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$77,504	\$89,845	\$87,454	\$85,884	\$81,126
Number of units outstanding <sup>4</sup>	7,719,680	7,855,873	7,769,803	7,848,309	7,771,250
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%	1.04%	1.05%	1.04%	1.04%
Portfolio turnover rate <sup>6</sup>	127.8%	167.02%	151.66%	179.14%	216.55%
Trading expense ratio <sup>7</sup>	-	0.01%	0.02%	0.02%	0.02%
Net asset value per unit	\$10.04	\$11.44	\$11.26	\$10.94	\$10.44



<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$12.48</b>	<b>\$12.20</b>	<b>\$11.75</b>	<b>\$11.11</b>	<b>\$11.45</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.16	0.31	0.35	0.34	0.34
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	(0.35)	0.11	0.23	0.38	(0.07)
Unrealized gains (losses) for the period	(1.17)	0.24	0.31	0.40	(0.30)
<b>Total increase (decrease) from operations</b>	<b>(1.36)</b>	<b>0.66</b>	<b>0.89</b>	<b>1.12</b>	<b>(0.03)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.26)	(0.25)	(0.22)	(0.27)
From dividends	-	(0.04)	(0.06)	(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>(0.09)</b>	<b>(0.34)</b>	<b>(0.51)</b>	<b>(0.49)</b>	<b>(0.31)</b>
<b>Net Assets, end of period</b>	<b>\$11.02</b>	<b>\$12.48</b>	<b>\$12.20</b>	<b>\$11.75</b>	<b>\$11.11</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$215,913	\$214,833	\$172,538	\$178,272	\$162,505
Number of units outstanding <sup>4</sup>	19,589,564	17,212,470	14,137,498	15,170,139	14,633,038
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>	127.8%	167.02%	151.66%	179.14%	216.55%
Trading expense ratio <sup>7</sup>	-	0.01%	0.02%	0.02%	0.02%
Net asset value per unit	\$11.02	\$12.48	\$12.20	\$11.75	\$11.11

<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 or unaudited semi-annual financial statements as at June 30 for the period.

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

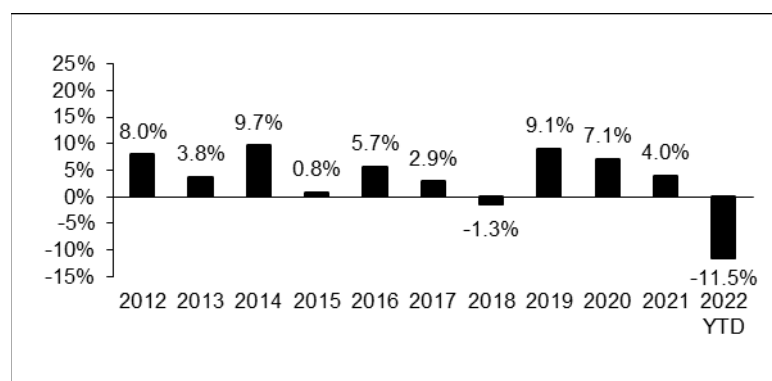
## Past Performance

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.

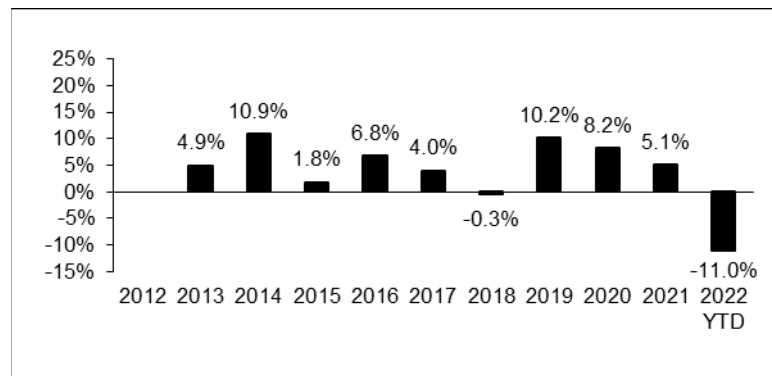
### Year-by-Year Returns

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.

## Summary of Investment Portfolio as at June 30, 2022

### Portfolio Allocation

	% of Net Assets
<b>Bonds</b>	
Provincial Bonds	25.8%
Corporate Bonds	20.4%
Federal Bonds	14.1%
Municipal Bonds	1.6%
Foreign Bonds	0.8%
	<hr/> 62.7%
<b>Equities</b>	
Financial Services	7.7%
Real Estate	3.4%
Utilities & Pipelines	3.0%
Industrial Goods & Services	2.8%
Communication & Media	1.9%
Oil & Gas	1.9%
Retailing	1.0%
Consumer Products	0.4%
Consumer Cyclical	0.4%
Basic Materials	0.4%
Technology	0.2%
	<hr/> 23.1%
Pooled Investment Funds	5.1%
Cash, Short-Term Notes & Other Assets	9.1%
<b>Total</b>	<hr/> <hr/> 100.0%

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**Top 25 Holdings**

	% of Net Assets
Province of Ontario Bond 2.150% 02 June 2031	5.3%
CC&L High Yield Bond Fund, Series I	5.1%
Province of Ontario Bond 2.050% 02 June 2030	3.6%
Government of Canada Bond 2.000% 01 Dec 2051	3.5%
Royal Bank of Canada B/A 2.430% 15 Sept 2022	2.9%
Government of Canada Bond 5.000% 01 June 2037	2.8%
Toronto-Dominion Bank B/A 2.430% 15 Sept 2022	2.5%
Province of British Columbia Bond 2.200% 18 June 2030	2.2%
Government of Canada Bond 4.000% 01 June 2041	2.1%
Province of Ontario Bond 2.600% 02 June 2027	1.8%
Royal Bank of Canada	1.7%
Government of Canada Bond 1.750% 01 Dec 2053	1.5%
Toronto-Dominion Bank	1.4%
Province of British Columbia Bond 1.550% 18 Jun 2031	1.3%
Bank of Montreal	1.2%
Government of Canada Bond 2.750% 01 Dec 2064	1.2%
Canadian Apartment Properties REIT	1.1%
Canadian Imperial Bank of Commerce C/P 2.750% 07 Mar 2025	1.0%
Province of Ontario Bond 3.750% 02 June 2032	1.0%
Canadian National Railway Co.	1.0%
TransCanada Pipelines Ltd. C/P 3.800% 05 Apr 2027	0.9%
Brookfield Infrastructure Partners LP	0.9%
Bank of Montreal C/P 4.309% 01 June 2027	0.9%
Bank of Montreal C/P 3.650% 01 Apr 2027	0.9%
Thomson Reuters Corp.	0.8%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Founders Fund**

June 30, 2022



# Steadyhand Founders Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand 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 \$554.5 million as at June 30, 2022, a decrease of \$81.1 million from \$635.6 million as of December 31, 2021. This decrease was attributable to net subscriptions of \$12.5 million and a decrease in net assets from operations of \$88.5 million less \$5.1 million in distributions to unitholders.

The Fund declined 14.0% over the first half of the year. Over the same period, the Canadian bond market (FTSE Canada Universe Bond Index) declined 12.2%, the global stock market (Morningstar Developed Markets Index) fell 18.9% in Canadian dollar terms, and the Canadian stock market (S&P/TSX Composite Index) lost 9.9%. 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 (34% global stocks, 26% Canadian stocks) and 40% fixed income (35% Canadian bonds, 5% cash).

When compared to its long-term target asset mix, the Fund slightly underperformed over the reporting period. Our modest exposure to energy stocks was one reason for this. Oil & gas stocks saw a significant rebound thanks to a 40% jump in the price of oil. Generally speaking, our fund managers (portfolio advisers) prefer to invest in businesses that generate more stable and consistent profits.

The Canadian dollar appreciated against most currencies, rising against the Euro (6%), British Pound (9%), and Japanese Yen (15%). It fell slightly against the U.S. dollar (-2%). The strength in our dollar against overseas currencies dampened the returns of these stocks — which comprise 18% the Fund — for Canadian investors. Our U.S. investments (17% of the Fund), on the other hand, benefited from a stronger greenback.

Geopolitical tensions, surging inflation, and incessant supply chain issues weighed on stocks in the first half of the year. U.S. and global markets entered correction territory in the first quarter (down 10%) while emerging markets were also weak, with Russia falling significantly and China down nearly 15%. Equities continued their downward trend in the second quarter, with global and Canadian markets turning in double-digit declines. Overall, global stocks finished the first half of the year down close to 20%, with the Canadian market down just under 10%.

The Canadian bond market had one of its worst six-month periods ever. In the first quarter, the 10-year Government of Canada bond yield rose from 1.4% to 2.4%, a significant move. The Bank of Canada also announced its first interest rate hike since 2018, increasing its key lending rate from 0.25% to 0.50%. In the second quarter, the 10-year government benchmark yield rose to 3.2%, a level not seen in over a decade. The Bank of Canada also raised its key short-term lending rate another two times, by 0.5% each time, bringing the rate to 1.5%. As a reminder, when bond yields rise, their prices fall.

With inflation continuing to rise, central banks acknowledged their monetary policies have been too stimulative for the economic conditions, and that these alarming levels of inflation necessitate policy moves into restrictive territory. The measures policymakers took in response to these conditions conveyed a sense of urgency. Interest rate volatility persisted throughout the period. Although bond yields continued to climb higher, they retracted somewhat from the peak levels reached in mid-June by period end. Both corporate and provincial bond spreads (the difference in yield between these types of securities) widened over the period, as tighter financial conditions weighed on risk assets.

The Founders Fund holds a diverse group of stocks through its investments in our underlying equity funds (Steadyhand Equity Fund, Steadyhand Global Equity Fund, Steadyhand Small-Cap Equity Fund, and Steadyhand Global Small-Cap Equity Fund). The Small-Cap Fund has been the top performer year-to-date and outperformed the small-cap market, but was down 12.3% nonetheless. The Equity Fund declined in line with its benchmark, while our two global funds trailed the market.

As for its fixed income investments, the Founders Fund's bond holdings (through its investment in the Income Fund) were down roughly 12%, which was right in line with the index's decline.

The Founders Fund's overall equity weighting ranged from 60-64% over the first half of the year. It started 2022 at 60% but we gradually increased it as the stock market declined and the level of speculation in the market subsided. We used flows into the Fund, as well as money from the cash reserve, to add to the equity weighting. At the end of June, foreign stocks made up 35% of the Fund, while Canadian stocks comprised 29% (at the end of 2021, the weightings were 34% foreign and 26% Canadian).

The Fund's overall weighting in bonds ranged from 25% at the beginning of the year to 30% of the portfolio at June 30, but remained below the long-term target of 35%. This lower-than-normal weighting benefited performance as the asset class was a weak performer. The Fund has been under-committed to bonds for

a number of years and remains so, but with yields now higher, the appeal of fixed income has improved relative to cash. We increased our bond weighting over the period as a result.

In lieu of a full bond allocation, the cash reserve was higher than normal throughout the period. That said, the cash weighting was brought down during the period, from 15% at the beginning of the year, to 6% at the end of June. The Fund's cash weighting is comprised of its investment in the Steadyhand Savings Fund and cash held in the equity funds. Cash and short-term securities provide protection against rising interest rates and are a ready source of liquidity in periods of heightened market volatility.

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

## **Recent Developments**

The first half of the year was a challenging period for investors. Decades-high inflation, rising interest rates, supply chain issues exacerbated by lockdowns in China and the war in Ukraine, and a severe selloff in high-growth technology stocks defined the period. Investor sentiment also turned extremely bearish. Most sectors of the market declined, with the lone bright spot being energy. Utilities also eked out a positive return.

Monetary policymakers aggressively stepped up their tightening measures in an attempt to prevent high inflation from becoming engrained in consumer spending patterns. The U.S. Federal Reserve and the Bank of Canada raised their respective target interest rates meaningfully and set expectations for more forceful policy actions.

We walk through each of the underlying fund holdings below.

### Income Fund

The Bank of Canada and the Fed raised their target interest rates by a total of 125 basis points (1.25%) and 150 basis points (1.50%), respectively, during the period. The Fed's latest increase, in June, was 0.75%, which represented its biggest hike since 1994. Both central banks suggested they will continue to act forcefully if needed in order to bring inflation down.

The Income Fund's portfolio adviser, CC&L, believes high inflation rates will ease, and there is evidence that this is already underway going into the third quarter of 2022. Commodity prices have softened and there are some signals that suggest we are already through the worst of the supply-chain bottlenecks. Inflation figures are still startlingly high, however, and monetary policymakers continue to believe these high levels necessitate more restrictive policies. As a result, economic growth is expected to lose momentum for the balance of 2022.

While slowing economic growth has historically led monetary policymakers to ease off tightening, CC&L believes the bar to do so is very high this cycle, as long as inflation remains vastly higher than policymakers' stated targets. As a result, we have reduced the portfolio's risk. The Income Fund's overall equity exposure remains near its target of 25%. During the period, CC&L increased the Income Fund's fixed income position (to 76%), with a corresponding increase in cash. Given their expectations for the macroeconomic environment, they will continue to look for opportunities to further trim the portfolio's equity exposure.

CC&L expects the risk of recession to rise, and while they don't anticipate a recession in 2022 given continued robust labour markets, they believe the likelihood of a recession in early 2023 has clearly increased. The Income Fund remains positioned in a way that reflects a deterioration in the economic



outlook. Its yield curve positioning is structured with a flattening bias in anticipation of an inversion in the curve. The portfolio's duration positioning has been trimmed, which reflects the opposing forces of slowing economic activity, coupled with high and rising inflation. The portfolio maintains a modest exposure to real return bonds.

The Income Fund's exposure to corporate and provincial credit has been decreased, highlighting what the adviser believes to be a weak environment for credit that is not yet reflected in credit spreads. Security selection has become more defensive, with an increase in high-quality domestic banks and a reduction in less-defensive utility holding companies.

As for the outlook for stocks, CC&L's view is predicated on their earnings outlook. This is a challenging environment for companies as inflation will drive costs higher, while central banks' efforts to slow economic growth will negatively impact companies' revenues. In CC&L's view, earnings estimates are currently too high and they expect downward earnings revisions to potentially have a negative impact on equity markets in the second half of the year. Given this challenging backdrop, CC&L also expects financial market volatility to remain high.

### Equity Fund

Few changes were made to the Equity Fund's investments, but additional shares were purchased in several existing holdings, notably Sika, Keyence, Experian, CBRE, Brookfield Renewable Partners, and CCL Industries. Two new stocks were added to the portfolio, Zoetis, and CNH Industrial. Zoetis is the world's largest producer of medicine and vaccinations for pets and livestock. Our portfolio adviser, Fiera Capital, likes the business because pet ownership has increased steadily over the past several years, and the company is innovative in bringing new products to market. CNH Industrial makes agriculture and construction equipment. The company has been a steady grower, has a strong order book, and is well positioned to benefit from a shift towards precision agriculture (farming that uses more technological innovations).

We trimmed some of our stronger performing holdings, including Nutrien, Ritchie Bros. Auctioneers, Telus, and Thomson Reuters. And two stocks were sold, Verisign, and Koninklijke Philips, to make way for Zoetis and CNH Industrial.

Fiera has been focusing on balancing the portfolio in the event of a more challenging economic environment. Companies like Visa and Ritchie Bros. see revenues increase with inflation as they charge a percentage of the overall sticker price; 70% of Brookfield Renewable's contracts adjust with inflation; and Franco-Nevada (gold) and Telus (telecom) are businesses that may hold up better in a recession.

### Global Equity Fund

The volatility presented some interesting investment opportunities in our portfolio advisor's view (Aristotle Capital Management), and a diverse group of new companies were added to the Global Equity Fund: Brookfield Asset Management (Canadian alternative investment manager), Michelin (French tire manufacturer), FMC (producer of insecticides, herbicides, and crop protection products), Dolby Laboratories (audio technologies), and Munich Re (leading provider of reinsurance).

Dassault Systèmes, Axalta Coating Systems, Bank of America, Chubb, Walgreens Boots Alliance, and Twitter were sold. The stock sales were primarily for valuation reasons and to raise capital for the new purchases, although Walgreens Boots was sold due to poor execution.

Inflation was top-of-mind for investors in the period. To help insulate the portfolio from the impact of rising costs, we own several businesses that are able to increase their pricing without losing customers. These include Microsoft, Procter & Gamble, LVMH, Alcon, KDDI, Adobe, and Amgen.

Industrial goods & services companies comprise the largest portion of the Global Equity Fund, comprising 25% of investments. The sector includes a broadly diversified mix of businesses, including: Rational (maker of commercial ovens), Rentokil (pest control services), Fanuc (automation for manufacturing), Kubota (farm and construction equipment), General Dynamics (aerospace and defence manufacturer), Honeywell (smart home and energy efficiency solutions), and Oshkosh (specialty trucks and access equipment).

Technology companies are also a key area of investment, making up 20% of the Global Equity Fund. Aristotle's focus is on highly profitable businesses, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, and Microchip Technology. We avoid speculative and early phase companies.

#### Small-Cap Equity Fund

The Small-Cap Fund's exposure to resource stocks remains much lower than their weight in the Canadian index. These stocks are inherently volatile as their fortunes are tied closely to commodity prices, which in turn are highly unpredictable. As such, our exposure to resources is more measured. The Small-Cap Fund's current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), and Ag Growth International (grain handling and storage). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.

Industrial goods & services stocks continue to make up a significant portion of the Small-Cap Fund (45%). This is a broad industry classification which includes companies such as NFI Group (maker of buses and coaches), Cargojet (air cargo services), SNC-Lavalin Group (engineering, procurement, and construction services), Savaria (a leader in accessibility products, including home elevators, stairlifts, and wheelchair lifts), Oshkosh (maker of heavy-duty trucks), and Badger Infrastructure Solutions (hydrovac and potholing services). These businesses share a common trait: they're leaders in their field and generate strong free cash flow.

Consumer-related companies are also prominent investments (27%). These include both food & beverage makers like Maple Leaf Foods, Premium Brands Holdings and Waterloo Brewing; and consumer goods companies that are more dependent on discretionary spending such as Spin Master and Sleep Country Canada. These businesses, while not flashy, are profitable and reasonably valued. As well, they do not carry large amounts of debt. These are important attributes that the Small-Cap Fund's portfolio adviser (Galibier Capital Management) looks for in an investment.

Three new companies were added to the Fund: Hudbay Minerals, Athabasca Oil, and Enghouse Systems. Hudbay mines copper, an important component in EV batteries and electric motors. Athabasca focuses on thermal and light oil in Alberta's sedimentary basin. And Enghouse develops software solutions for remote work, including call centers.

Two companies were sold: Points, and Athabasca Oil. Points received a takeover offer, as mentioned in the previous section, and we sold the stock. Athabasca rose significantly following our purchase earlier in the year and we sold it in June.

### Global Small-Cap Equity Fund

The Global Small-Cap Equity Fund's portfolio adviser (TimesSquare Capital Management) purchased a handful of new companies at attractive prices. Five stocks were added to the Fund: Grafton Group (U.K.-based builders supplies business), Viscofan (Spanish maker of sausage skins), Downer EDI (Australian infrastructure consultant), Tate & Lyle (U.K. food and beverage ingredients specialist), and WNS Holdings (India-based data analysis specialist).

Five stocks were sold to help fund the above purchases. French assisted living provider Orpea was removed from the portfolio as the company faces allegations of fraud, though unproven, which has created uncertainty around its outlook. TimesSquare felt it was appropriate to move on from the stock. Food & Life Companies (Japanese sushi chain) and Prosegur Compania de Seguridad (multinational security company) were also sold based on weaker outlooks. Zynga, the maker of popular mobile games like Words with Friends and Farmville, was acquired by Take-Two Interactive and we sold our position. And finally, ITT was also sold to make way for more attractive opportunities.

Along with the above transactions, several existing holdings were also topped up, including Kobe Bussan, Kion Group, Auto Trader Group, IPH, Totvs, and Huhtamaki. Stocks that were trimmed included Nordnet, National Vision Holdings, and Nordic Entertainment.

TimesSquare likes the insurance sector due to the solid cash flows these companies generate and the attractive valuations they're currently trading at. Insurance stocks constitute some of the largest positions in the portfolio. RenaissanceRe (American provider of reinsurance) and Steadfast Group (Australia's largest general insurance broker network) are the Global Small-Cap Equity Fund's top two holdings, and Topdanmark (property, commercial, and life insurance provider in Denmark) is also in the top 10.

Our adviser has found an increasing number of ideas in the U.K. over the last 12 months. British companies now make up 20% of the Global Small-Cap Fund (up from 12% a year ago). Holdings include home repair provider HomeServe, investment firm St. James's Place, online auto marketplace Auto Trader, telecom testing company Spirent Communications, and specialist media company Future.

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 35% of the portfolio (with overseas stocks comprising 18% and U.S. stocks 17%). Canadian equities made up 29% 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 2022 at 15%, which is higher than normal. As a reminder, this was in lieu of a full bond weighting. The weighted was brought down to 6% by the end of June.

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 \$3,964,934 of its net assets as management fees and distributed \$1,245,184 in management fee reductions for the six months ended June 30, 2022. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 277,793 units, or 0.6% 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 and unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$15.09</b>	<b>\$14.21</b>	<b>\$13.26</b>	<b>\$12.19</b>	<b>\$13.43</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.04	0.65	0.31	0.44	0.82
Total expenses (excluding distributions)	(0.06)	(0.14)	(0.12)	(0.12)	(0.13)
Realized gains for the period	-	0.13	0.09	0.19	-
Unrealized gains (losses) for the period	(2.05)	0.72	0.86	0.94	(1.33)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(2.07)</b>	<b>1.36</b>	<b>1.14</b>	<b>1.45</b>	<b>(0.64)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(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>(0.09)</b>	<b>(0.42)</b>	<b>(0.16)</b>	<b>(0.36)</b>	<b>(0.59)</b>
<b>Net Assets, end of period</b>	<b>\$12.89</b>	<b>\$15.09</b>	<b>\$14.21</b>	<b>\$13.26</b>	<b>\$12.19</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$554,530	\$635,579	\$537,471	\$496,034	\$430,049
Number of units outstanding <sup>4</sup>	43,008,146	42,123,982	37,827,583	37,410,726	35,264,752
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>	3.23%	6.46%	18.87%	17.61%	14.98%
Trading expense ratio <sup>7</sup>	-	0.08%	0.05%	0.02%	0.07%
Net asset value per unit	\$12.89	\$15.09	\$14.21	\$13.26	\$12.19

<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 or unaudited semi-annual financial statements as at June 30.

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

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

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

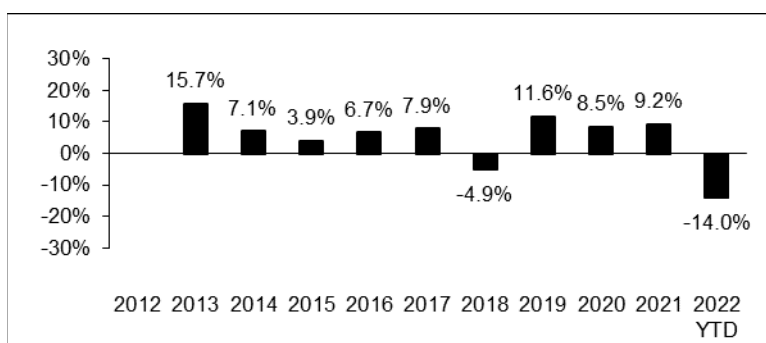
<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## Past Performance

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

### Year-by-Year Returns

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



The Fund first offered units for sale in February 2012.

## Summary of Investment Portfolio as of June 30, 2022

### Portfolio Allocation

	% of Net Assets
Pooled Investment funds	98.5%
Cash, Short-Term Notes & Other Assets	1.5%
<b>Total</b>	<b>100.0%</b>

### Top 6 Holdings

	% of Net Assets
Steadyhand Income Fund, Series O	38.8%
Steadyhand Equity Fund, Series O	21.6%
Steadyhand Global Equity Fund, Series O	21.6%
Steadyhand Small-Cap Equity Fund, Series O	6.6%
Steadyhand Global Small-Cap Equity Fund, Series O	6.2%
Steadyhand Savings Fund, Series O	3.6%
Cash & cash equivalents	1.8%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Builders Fund**

June 30, 2022





# Steadyhand Builders Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

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

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

### Risks

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

### Results of Operations

The Fund's net assets declined from \$149.0 million as of December 31, 2021 to \$137.9 million at June 30, 2022. This decrease of \$11.1 million was attributable to net subscriptions of \$17.5 million, and a \$28.3 million decrease in net assets from operations less \$0.3 million in distributions to unitholders.

The Fund declined 17.9% over the first half of the year. Over the same period, the global stock market (Morningstar Developed Markets Index) fell 18.9% in Canadian dollar terms while the Canadian stock market (S&P/TSX Composite Index) declined 9.9%. The Fund slightly trailed its blended benchmark (67% foreign stocks, 33% Canadian stocks). Our modest exposure to energy stocks played a role. Oil & gas stocks saw a significant rebound over the first six months of the year thanks to a 40% jump in the price of oil. Generally speaking, our fund managers (portfolio advisers) prefer to invest in businesses that generate more stable and consistent profits.

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

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

On a look-through basis, 61% of the Fund is invested in foreign stocks, 35% in Canadian stocks, and 4% in cash. The Steadyhand Global Equity Fund and Steadyhand Global Small-Cap Equity Fund have the most latitude to invest outside our borders. The Steadyhand Equity Fund and Steadyhand Small-Cap Equity Fund are both Canadian-centric in nature, but the managers have the flexibility to invest a portion of the funds' assets in foreign companies.

The Canadian dollar appreciated against most currencies, rising against the Euro (6%), British Pound (9%), and Japanese Yen (15%). It fell slightly against the U.S. dollar (-2%). The strength in our dollar against overseas currencies dampened the returns of these stocks — which comprise 31% the Fund — for Canadian investors. Our U.S. investments (30% of the Fund), on the other hand, benefited from a stronger greenback.

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

#### Steadyhand Global Equity Fund

Stocks saw some extreme moves as investors digested a surge in inflation and the troubling geopolitical events in Ukraine. This led to more activity in the Global Fund than usual.

Our European investments struggled. This was due to weak sentiment rather than poor fundamentals. Heineken (Dutch brewer) and Erste Group (Austrian financial services provider) were penalized as they have a portion of their sales in eastern Europe, albeit modest. Rational (German high-end oven manufacturer), Nemetschek (German vendor of software for architects), and LVMH (French maker of luxury goods) also saw their stock prices fall.

Technology stocks in particular had a weak period as the sector was out-of-favour with investors. Adobe, Qualcomm, Microchip Technology, and PayPal were down 20-40%.

Investors were quick to penalize companies with reduced near-term earnings guidance, regardless of their longer-term prospects. Cruise ship operator Carnival, uranium producer Cameco, financial services provider Erste Group, and building materials supplier Martin Marietta fall into this camp and saw significant declines.

Companies operating in more defensive industries, such as healthcare, consumer staples, and telecoms, held up better amid the market selloff. Our investments in GlaxoSmithKline (pharmaceuticals), KDDI (telecom operator), Amgen (biotech), Coca-Cola (beverages), and Otsuka Holdings (pharmaceuticals) all gained ground in the second quarter. Otsuka, which benefited from positive phase III trial results from an Alzheimer's drug that reduces agitation, was up nicely.

TotalEnergies, our lone energy holding, was a bright spot, rising over 10%. The Global Fund's portfolio adviser, Aristotle Capital, likes the oil giant because it has a growing focus on renewable energy. Total

plans to allocate 25% of its investments to renewables over the next few years. Overall, our exposure to oil & gas companies is modest (3% of the Fund), as Aristotle believes there are better opportunities elsewhere. This positioning hurt our performance in the short term, as oil stocks have been among the strongest performers so far in 2022.

### Steadyhand Equity Fund

This fund underperformed the Canadian index, but did better than the global market, due to its non-benchmark oriented composition. The portfolio was steady in a volatile first quarter, especially considering it doesn't own any oil & gas stocks (the sector gained nearly 30%). Our Canadian investments (53% of the fund) hung in well, with fertilizer producer Nutrien being a standout. The issue of food security gained prominence in the wake of the situation in Russia and Ukraine (both are large exporters of wheat and corn), and agriculture-related stocks got a boost. Franco-Nevada (gold), Metro (grocery retailer), Brookfield Renewable Partners (renewable power), and CN Rail also did well. Overseas stocks had more of a challenging start to the year. Sika (specialty chemicals), Keyence (automation sensors), and Experian (credit reporting services) were down roughly 20% in Q1. The Equity Fund's portfolio adviser, Fiera Capital, viewed the price declines as an opportunity to add to our holdings in three first-rate companies.

Performance worsened in the second quarter as markets experience a broad-based sell off. That said, the portfolio fell less than the markets in aggregate. The biggest detractors to performance in Q2 were once again Sika and Keyence. Sika fell despite delivering on its business targets while Osaka-based Keyence suffered as investors worried about the impact a recession might have on the company's core business, factory automation. The stock's decline was exacerbated by the steady depreciation of the Yen (which has lost 15% so far this year, as mentioned). Canadian holdings held up better in aggregate. Of note, heavy machinery auctioneer Ritchie Bros. Auctioneers had a good quarter, rising nearly 15%. The company benefited from the rise in oil prices. Oil and gas companies are in need of more equipment as they expand facilities to meet demand. Ritchie's revenues grow when the prices of the machines it auctions increase, limiting the impact of inflation. CCL Industries also rose in the period as the packaging company was able to sustain its profitability by passing on price increases to customers. It also announced a share buyback which signaled that the firm's executives think the stock is cheap.

### Steadyhand Small-Cap Equity Fund

This fund had a positive first quarter despite owning only 18% in energy and materials-related companies. Commodity stocks were exceptionally strong in the quarter as the price of oil, gas, and base metals surged. For context, the two resource sectors make up 50% of the Canadian small-cap market.

In the second quarter, the Small-Cap Fund held up better than the market but declined nonetheless. Our portfolio adviser, Galibier Capital Management, feels many investors are obsessing over near-term economic numbers, which is presenting good longer-run opportunities.

Base metals retreated in Q2 on signs of subsiding demand. Hudbay Minerals (copper and zinc miner) and Torex Gold Resources, our two investments in the sector, were among the portfolio's worst performers. Ag Growth International (fertilizer, seed, and grain handling) also saw a sizable decline. We bought additional shares in Hudbay and Torex based on a solid medium-term outlook for these businesses. Hudbay in particular has attractive fundamentals given its focus on copper, a key component in electric vehicles.

Our investments in the oil & gas sector were a bright spot. MEG Energy gained ground and Aathabasca Oil was up significantly before we sold it in June. Overall, commodity-related stocks make up roughly 20% of the fund, which remains modest in relation to their weight in the index (nearly 50%).

Finning, SNC-Lavalin, and Fluor were notable detractors to performance. This trio were strong performers during the reopening phase of the economic recovery, with their focus on heavy equipment (Finning) and infrastructure (SNC, Fluor), but gave up some of these gains more recently. They remain attractive businesses.

Points was a good story. The company, a leader in travel rewards programs, received a takeover offer from a private equity firm and we sold our shares. Winpak (packaging solutions) also had a good second quarter.

#### Steadyhand Global Small-Cap Equity Fund

This fund had a challenging six months. Oil & gas stocks were among the few areas that performed well in the period as the price of the commodity soared. These companies have little control over the price of their product — an important criteria for our portfolio adviser (TimesSquare Capital Management) — and tend to make up a small part of the Fund overall. Currently, we do not own any energy stocks. This positioning hurt performance in the period.

Areas of more significant investment faced headwinds, including companies in the industrial goods & services sector (36% of the Fund's equities). While the declines in the industry have been widespread, the degree to which each company is impacted has varied. For example, First Advantage, a leader in employment reference checks, doesn't face the same pressures from high oil prices as other industrial companies. On the contrary, its services have been in demand and both revenues and profits have increased over the last year. Despite the improving profitability, the stock price fell 33% over the first half of the year. Kion Group (warehouse automation equipment), Valmet (automation systems and services for the pulp and paper industry), and Rotork (industrial flow control equipment) also saw sharp declines despite solid underlying fundamentals.

Consumer cyclical, healthcare, and technology stocks also pulled back. The rise in commodity prices and constrained supply chains raised the input costs of many of these businesses.

HomeServe (home emergency repairs and improvements) and Nippon Shinyaku (pharmaceuticals) were two of the Global Small-Cap Fund's top performers. HomeServe accepted a takeover offer from Canada's Brookfield Asset Management, while Nippon Shinyaku continued to deliver solid revenue growth.

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

#### **Recent Developments**

The first half of the year was a challenging period for investors. Decades-high inflation, rising interest rates, supply chain issues exacerbated by lockdowns in China and the war in Ukraine, and a severe selloff in high-growth technology stocks defined the period. Investor sentiment also turned extremely bearish. Most sectors of the market declined, with the lone bright spot being energy. Utilities also eked out a positive return.

The market environment prompted higher than normal activity in the Builders Fund. We walk through each of the underlying fund holdings below.

### Steadyhand Global Equity Fund

The volatility presented some interesting investment opportunities in our portfolio advisor's view (Aristotle Capital Management), and a diverse group of new companies were added to the Global Equity Fund: Brookfield Asset Management (Canadian alternative investment manager), Michelin (French tire manufacturer), FMC (producer of insecticides, herbicides, and crop protection products), Dolby Laboratories (audio technologies), and Munich Re (leading provider of reinsurance).

Dassault Systèmes, Axalta Coating Systems, Bank of America, Chubb, Walgreens Boots Alliance, and Twitter were sold. The stock sales were primarily for valuation reasons and to raise capital for the new purchases, although Walgreens Boots was sold due to poor execution.

Inflation was top-of-mind for investors in the period. To help insulate the portfolio from the impact of rising costs, we own several businesses that are able to increase their pricing without losing customers. These include Microsoft, Procter & Gamble, LVMH, Alcon, KDDI, Adobe, and Amgen.

Industrial goods & services companies comprise the largest portion of the Global Equity Fund, comprising 25% of investments. The sector includes a broadly diversified mix of businesses, including: Rational (maker of commercial ovens), Rentokil (pest control services), Fanuc (automation for manufacturing), Kubota (farm and construction equipment), General Dynamics (aerospace and defence manufacturer), Honeywell (smart home and energy efficiency solutions), and Oshkosh (specialty trucks and access equipment).

Technology companies are also a key area of investment, making up 20% of the Global Equity Fund. Aristotle's focus is on highly profitable businesses, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, and Microchip Technology. We avoid speculative and early phase companies.

### Steadyhand Equity Fund

Few changes were made to the Equity Fund's investments, but additional shares were purchased in several existing holdings, notably Sika, Keyence, Experian, CBRE, Brookfield Renewable Partners, and CCL Industries. Two new stocks were added to the portfolio, Zoetis, and CNH Industrial. Zoetis is the world's largest producer of medicine and vaccinations for pets and livestock. Our portfolio adviser, Fiera Capital, likes the business because pet ownership has increased steadily over the past several years, and the company is innovative in bringing new products to market. CNH Industrial makes agriculture and construction equipment. The company has been a steady grower, has a strong order book, and is well positioned to benefit from a shift towards precision agriculture (farming that uses more technological innovations).

We trimmed some of our stronger performing holdings, including Nutrien, Ritchie Bros. Auctioneers, Telus, and Thomson Reuters. And two stocks were sold, Verisign, and Koninklijke Philips, to make way for Zoetis and CNH Industrial.

Fiera has been focusing on balancing the portfolio in the event of a more challenging economic environment. Companies like Visa and Ritchie Bros. see revenues increase with inflation as they charge a percentage of the overall sticker price; 70% of Brookfield Renewable's contracts adjust with inflation; and Franco-Nevada (gold) and Telus (telecom) are businesses that may hold up better in a recession.

### Steadyhand Small-Cap Equity Fund

The Small-Cap Fund's exposure to resource stocks remains much lower than their weight in the Canadian index. These stocks are inherently volatile as their fortunes are tied closely to commodity prices, which in turn are highly unpredictable. As such, our exposure to resources is more measured. The Small-Cap Fund's current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), and Ag Growth International (grain handling and storage). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.

Industrial goods & services stocks continue to make up a significant portion of the Small-Cap Fund (45%). This is a broad industry classification which includes companies such as NFI Group (maker of buses and coaches), Cargojet (air cargo services), SNC-Lavalin Group (engineering, procurement, and construction services), Savaria (a leader in accessibility products, including home elevators, stairlifts, and wheelchair lifts), Oshkosh (maker of heavy-duty trucks), and Badger Infrastructure Solutions (hydrovac and potholing services). These businesses share a common trait: they're leaders in their field and generate strong free cash flow.

Consumer-related companies are also prominent investments (27%). These include both food & beverage makers like Maple Leaf Foods, Premium Brands Holdings and Waterloo Brewing; and consumer goods companies that are more dependent on discretionary spending such as Spin Master and Sleep Country Canada. These businesses, while not flashy, are profitable and reasonably valued. As well, they do not carry large amounts of debt. These are important attributes that the Small-Cap Fund's portfolio adviser (Galibier Capital Management) looks for in an investment.

Three new companies were added to the Fund: Hudbay Minerals, Athabasca Oil, and Enghouse Systems. Hudbay mines copper, an important component in EV batteries and electric motors. Athabasca focuses on thermal and light oil in Alberta's sedimentary basin. And Enghouse develops software solutions for remote work, including call centers.

Two companies were sold: Points, and Athabasca Oil. Points received a takeover offer, as mentioned in the previous section, and we sold the stock. Athabasca rose significantly following our purchase earlier in the year and we sold it in June.

### Steadyhand Global Small-Cap Equity Fund

The Global Small-Cap Equity Fund's portfolio adviser (TimesSquare Capital Management) purchased a handful of new companies at attractive prices. Five stocks were added to the Fund: Grafton Group (U.K.-based builders supplies business), Viscofan (Spanish maker of sausage skins), Downer EDI (Australian infrastructure consultant), Tate & Lyle (U.K. food and beverage ingredients specialist), and WNS Holdings (India-based data analysis specialist).

Five stocks were sold to help fund the above purchases. French assisted living provider Orpea was removed from the portfolio as the company faces allegations of fraud, though unproven, which has created uncertainty around its outlook. TimesSquare felt it was appropriate to move on from the stock. Food & Life Companies (Japanese sushi chain) and Prosegur Compania de Seguridad (multinational security company) were also sold based on weaker outlooks. Zynga, the maker of popular mobile games like Words with Friends and Farmville, was acquired by Take-Two Interactive and we sold our position. And finally, ITT was also sold to make way for more attractive opportunities.

Along with the above transactions, several existing holdings were also topped up, including Kobe Bussan, Kion Group, Auto Trader Group, IPH, Totvs, and Huhtamaki. Stocks that were trimmed included Nordnet, National Vision Holdings, and Nordic Entertainment.

TimesSquare likes the insurance sector due to the solid cash flows these companies generate and the attractive valuations they're currently trading at. Insurance stocks constitute some of the largest positions in the portfolio. RenaissanceRe (American provider of reinsurance) and Steadfast Group (Australia's largest general insurance broker network) are the Global Small-Cap Equity Fund's top two holdings, and Topdanmark (property, commercial, and life insurance provider in Denmark) is also in the top 10.

Our adviser has found an increasing number of ideas in the U.K. over the last 12 months. British companies now make up 20% of the Global Small-Cap Fund (up from 12% a year ago). Holdings include home repair provider HomeServe, investment firm St. James's Place, online auto marketplace Auto Trader, telecom testing company Spirent Communications, and specialist media company Future.

The allocation of the underlying equity funds that make up the Builders Fund did not change during the reporting period. The Steadyhand Global Equity Fund (Series O) comprised 35%, Steadyhand Equity Fund (Series O) 35%, Steadyhand Small-Cap Equity Fund (Series O) 15%, and Steadyhand Global Small-Cap Equity Fund (Series O) 15%.

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 \$1,174,885 of its net assets as management fees for six months ended June 30, 2022 and distributed \$332,039 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 250,337 Series A units, or 1.9% 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 and unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2022</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>\$12.50</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)	(0.07)	(0.14)	(0.12)	(0.11)
Realized gains (losses) for the period	-	0.05	(0.01)	-
Unrealized gains (losses) for the period	(2.13)	0.90	1.08	0.65
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(2.20)</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>-</b>	<b>(0.52)</b>	<b>(0.03)</b>	<b>(0.21)</b>
<b>Net Assets, end of period</b>	<b>\$10.26</b>	<b>\$12.50</b>	<b>\$11.36</b>	<b>\$10.65</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2022</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$137,884	\$149,035	\$98,603	\$64,837
Number of units outstanding <sup>4</sup>	13,438,291	11,921,894	8,678,942	6,087,160
Management expense ratio <sup>5</sup>	1.63%	1.63%	1.63%	1.63%
Management expense ratio before waivers or absorptions	1.63%	1.63%	1.63%	1.64%
Portfolio turnover rate <sup>6</sup>	0.22%	2.43%	2.97%	0.03%
Trading expense ratio <sup>7</sup>	0.01%	0.14%	0.08%	0.02%
Net asset value per unit	\$10.26	\$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 and semi-annual financial statements as at June 30.

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

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

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

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

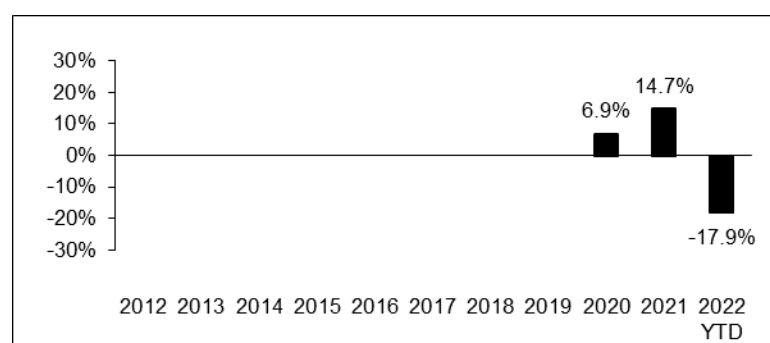
## Past Performance

The 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



## Summary of Investment Portfolio as at June 30, 2022

### Portfolio Allocation

Pooled Investment Funds	99.4%
Cash & Other Assets	0.6%
<b>Total</b>	<b>100.0%</b>

### Top 5 Holdings

	% of Net Assets
Steadyhand Equity Fund, Series O	35.2%
Steadyhand Global Equity Fund, Series O	34.6%
Steadyhand Global Small-Cap Equity Fund, Series O	14.9%
Steadyhand Small-Cap Equity Fund, Series O	14.7%
Cash & cash equivalents	0.8%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Equity Fund**

June 30, 2022



# Steadyhand Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand 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 decreased to \$264.4 million as of June 30, 2022, from \$290.3 million at the end of 2021. This decrease of \$25.9 million was mostly attributable to net sales of \$15.5 million, plus a decrease in net assets from operations of \$41.1 million over the reporting period and less distributions to unitholders of approximately \$0.3 million.

The Fund (Series A) declined 14.4% over the first half of the year. Over the same period, the S&P/TSX Composite Index fell 9.9%, while the Morningstar Developed Markets Index was down 18.9% in Canadian dollar terms.

The Canadian dollar appreciated against most currencies, rising against the Euro (6%), British Pound (9%), and Japanese Yen (15%). It fell slightly against the U.S. dollar (-2%). The strength in our dollar against overseas currencies dampened the returns of these stocks — which comprise 17% the Fund — for Canadian investors. Our U.S. investments, on the other hand, benefited from a stronger greenback.

The Fund underperformed the Canadian index, but did better than the global market, due to its non-benchmark oriented composition. The portfolio was steady in a volatile first quarter, especially

considering it doesn't own any oil & gas stocks (the sector gained nearly 30%). Our Canadian investments (53% of the fund) hung in well, with fertilizer producer Nutrien being a standout. The issue of food security gained prominence in the wake of the situation in Russia and Ukraine (both are large exporters of wheat and corn), and agriculture-related stocks got a boost. Franco-Nevada (gold), Metro (grocery retailer), Brookfield Renewable Partners (renewable power), and CN Rail also did well. Overseas stocks had more of a challenging start to the year. Sika (specialty chemicals), Keyence (automation sensors), and Experian (credit reporting services) were down roughly 20% in Q1. Our portfolio adviser, Fiera Capital, viewed the price declines as an opportunity to add to our holdings in three first-rate companies.

Performance worsened in the second quarter as markets experience a broad-based sell off. That said, the portfolio fell less than the markets in aggregate. The biggest detractors to performance in Q2 were once again Sika and Keyence. Sika fell despite delivering on its business targets while Osaka-based Keyence suffered as investors worried about the impact a recession might have on the company's core business, factory automation. The stock's decline was exacerbated by the steady depreciation of the Yen (which has lost 15% so far this year, as mentioned). Canadian holdings held up better in aggregate. Of note, heavy machinery auctioneer Ritchie Bros. Auctioneers had a good quarter, rising nearly 15%. The company benefited from the rise in oil prices. Oil and gas companies are in need of more equipment as they expand facilities to meet demand. Ritchie's revenues grow when the prices of the machines it auctions increase, limiting the impact of inflation. CCL Industries also rose in the period as the packaging company was able to sustain its profitability by passing on price increases to customers. It also announced a share buyback which signaled that the firm's executives think the stock is cheap.

Investments remain focused on best-in-class companies with high operating margins, proven products/services, and little debt — businesses like Microsoft (software and cloud services), Visa (payment services), CCL Industries, and Zoetis (animal health). These companies also have strong pricing power, meaning they can pass along rising material and labour costs to consumers — an important attribute in inflationary times.

There were some small changes to the Fund's holdings. Two stocks were purchased, and two were sold (discussed in the Recent Developments section). There were no notable changes to the major themes in the portfolio over the first half of the year. Focus remains on world-class companies that generate strong cash flows, have good growth prospects, are well financed and have proven leaders at the helm.

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

There were a few modest adjustments to the Fund's sector exposure: industrial goods & services stocks increased from 29% to 31% of the Fund's equities, and utilities and pipeline stocks increased from 4% to 6%. Conversely, technology stocks decreased from 13% to 8%. The weightings of the other sectors were largely unchanged.

The portfolio's geographic profile changed modestly over the reporting period. The weighting of Canadian stocks increased modestly, from 51% to 54%, while Overseas stocks decreased from 20% to 17%. U.S. stocks, on the other hand, remained steady at 29%.

The Fund's cash position was 2% at the end of June, which was a slight decrease from its weighting of 3% at the end 2021.

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

### **Recent Developments**

Geopolitical tensions and surging inflation weighed on stocks in the first quarter. U.S. and global markets entered correction territory (down 10%) before rebounding modestly late in March. Emerging markets were also weak, with Russia falling significantly and China down nearly 15%. The Canadian market (S&P/TSX Composite Index) was a standout, gaining 3.8%. Its heavy exposure to energy and commodity stocks played a big role. These sectors saw strong gains as the price of oil, gas, base metals, and agricultural products soared. Persistently high inflation and incessant supply chain issues continued to weigh on stocks in the second quarter. U.S. and global markets turned in double-digit declines and are down close to 20% this year. Emerging markets fared somewhat better in the quarter, with Chinese stocks recouping some of their first quarter losses. The Canadian market fell 13.2% in Q2. Mining stocks pulled back following a good start to the year, and the technology and healthcare industries were especially weak. The energy sector was the top performer, yet also declined.

Few changes were made to the Fund's investments, but additional shares were purchased in several existing holdings, notably Sika, Keyence, Experian, CBRE, Brookfield Renewable Partners, and CCL Industries. Two new stocks were added to the portfolio, Zoetis, and CNH Industrial. Zoetis is the world's largest producer of medicine and vaccinations for pets and livestock. Our portfolio adviser, Fiera Capital, likes the business because pet ownership has increased steadily over the past several years, and the company is innovative in bringing new products to market. CNH Industrial makes agriculture and construction equipment. The company has been a steady grower, has a strong order book, and is well positioned to benefit from a shift towards precision agriculture (farming that uses more technological innovations).

We trimmed some of our stronger performing holdings, including Nutrien, Ritchie Bros. Auctioneers, Telus, and Thomson Reuters. And two stocks were sold, Verisign, and Koninklijke Philips, to make way for Zoetis and CNH Industrial.

Fiera has been focusing on balancing the portfolio in the event of a more challenging economic environment. Companies like Visa and Ritchie Bros. see revenues increase with inflation as they charge a percentage of the overall sticker price; 70% of Brookfield Renewable's contracts adjust with inflation; and Franco-Nevada (gold) and Telus (telecom) are businesses that may hold up better in a recession.

Overall, the Fund is comprised of a concentrated group of businesses operating in a diverse array of industries, from information services to renewable energy to packaging. Our portfolio adviser's focus is on best-in-class companies that generate strong cash flows, have good growth prospects, and are well financed.

At the end of the reporting period, the Fund held 24 stocks, the same number it held at the end of 2021.

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, Swiss Franc, and Japanese Yen.

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.42%. For the six months ending June 30, 2022, the Fund paid gross fees of \$738,810 to the Manager and distributed \$256,916 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 146,704 Series A units, or 3.3% of the total Fund Series A units. The Steadyhand Founders Fund and Steadyhand Builders Fund hold 100% of the total Fund Series O units and pay no management fees.

## Financial Highlights

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

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$25.23</b>	<b>\$21.93</b>	<b>\$19.27</b>	<b>\$16.72</b>	<b>\$17.73</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.21	0.31	0.31	0.38	0.37
Total expenses (excluding distributions)	(0.11)	(0.22)	(0.19)	(0.18)	(0.18)
Realized gains for the period	0.42	1.16	0.69	1.22	0.39
Unrealized gains (losses) for the period	(4.10)	2.68	1.93	1.61	(1.13)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(3.58)</b>	<b>3.93</b>	<b>2.74</b>	<b>3.03</b>	<b>(0.62)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	(0.10)	(0.01)
Dividends	-	-	(0.11)	(0.16)	(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>-</b>	<b>(0.54)</b>	<b>(0.11)</b>	<b>(0.28)</b>	<b>(0.32)</b>
<b>Net Assets, end of period</b>	<b>\$21.59</b>	<b>\$25.23</b>	<b>\$21.93</b>	<b>\$19.27</b>	<b>\$16.72</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$95,971	\$114,282	\$100,297	\$99,181	\$103,720
Number of units outstanding <sup>4</sup>	4,444,290	4,529,828	4,572,919	5,147,441	6,205,195
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>	9.01%	15.46%	27.52%	29.37%	20.88%
Trading expense ratio <sup>7</sup>	0.01%	0.01%	0.03%	0.05%	0.03%
Net asset value per unit	\$21.59	\$25.23	\$21.93	\$19.27	\$16.72



<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$26.34</b>	<b>\$22.83</b>	<b>\$19.95</b>	<b>\$17.24</b>	<b>\$18.22</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.22	0.32	0.32	0.40	0.38
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	0.44	1.22	0.72	1.26	0.34
Unrealized gains (losses) for the period	(4.21)	2.89	2.67	1.55	(1.16)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(3.55)</b>	<b>4.43</b>	<b>3.71</b>	<b>3.21</b>	<b>(0.44)</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)
From capital gains	-	(0.57)	-	(0.02)	(0.22)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.85)</b>	<b>(0.33)</b>	<b>(0.50)</b>	<b>(0.52)</b>
<b>Net Assets, end of period</b>	<b>\$22.70</b>	<b>\$26.34</b>	<b>\$22.83</b>	<b>\$19.95</b>	<b>\$17.24</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec 31 2021</b>	<b>Dec 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$168,455	\$176,040	\$133,796	\$112,258	\$101,837
Number of units outstanding <sup>4</sup>	7,419,324	6,683,425	5,861,781	5,625,804	5,905,735
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions		-	-	-	0.01%
Portfolio turnover rate <sup>6</sup>	9.01%	15.46%	27.52%	29.37%	20.88%
Trading expense ratio <sup>7</sup>	0.01%	0.01%	0.03%	0.05%	0.03%
Net asset value per unit	\$22.70	\$26.34	\$22.83	\$19.95	\$17.24

<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 or unaudited semi-annual financial statements as at June 30 for the period stated.

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

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

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

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

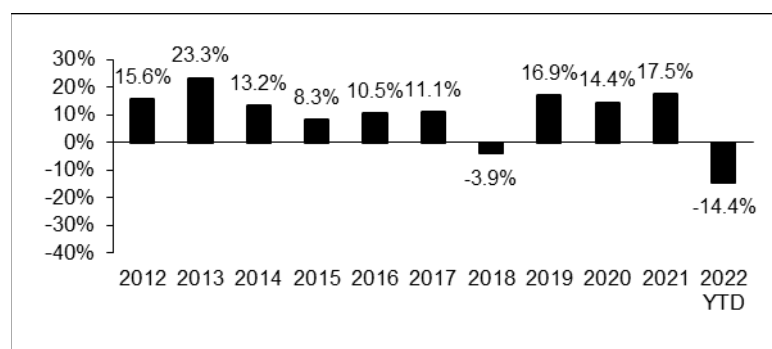
## Past Performance

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

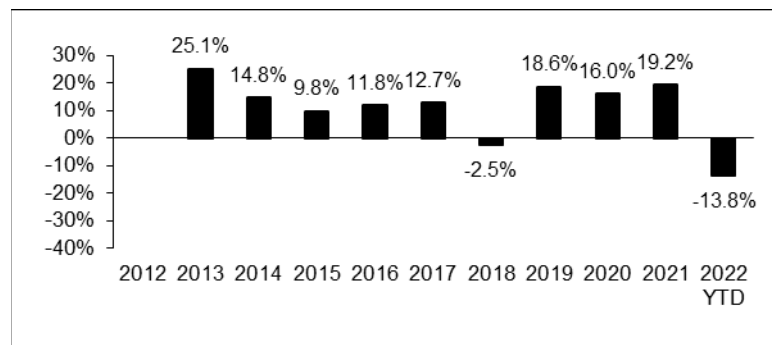
### Year-by-Year Returns

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

#### Series A



#### Series O



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

## Summary of Investment Portfolio as of June 30, 2022

### Portfolio Allocation

Equities	% of Net Assets
Industrial Goods & Services	30.8%
Financial Services	26.1%
Basic Materials	9.6%
Healthcare	8.4%
Technology	7.9%
Utilities	5.5%
Retailing	4.1%
Communications & Media	3.7%
Real Estate	2.2%
	<hr/> 98.3%
Cash, Short-term Notes & Other Assets	<hr/> 1.7%
<b>Total</b>	<hr/> <hr/> 100.0%

<b>Top 25 Holdings</b>	
	<b>% of Net Assets</b>
Franco-Nevada Corp.	6.4%
Visa Inc. Cl.A	5.9%
Brookfield Renewable Partners LP	5.5%
Toronto-Dominion Bank	5.4%
Canadian National Railway Co.	5.3%
Danaher Corp.	5.2%
CME Group Inc.	4.3%
CCL Industries Inc.	4.3%
Microsoft Corp.	4.2%
Ritchie Bros. Auctioneers Inc.	4.2%
Sika AG	4.2%
Metro Inc.	4.1%
Toromont Industries Ltd.	4.0%
Thomson Reuters Corp.	4.0%
S&P Global Inc.	3.9%
Keyence Corp.	3.7%
TELUS Corp.	3.7%
Aon PLC	3.4%
Nutrien Ltd.	3.2%
Experian PLC	3.2%
Zoetis Inc.	3.2%
CAE Inc.	2.8%
CBRE Group Inc.	2.2%
CNH Industrial NV	2.0%
Canada Treasury Bill 1.074% 07/07/2022	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**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Global Equity Fund**

June 30, 2022



# Steadyhand Global Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand 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 decreased by \$20.3 million to \$216.5 million as of June 30, 2022, from \$236.8 million at the end of 2021. This decrease was attributable to net subscriptions of \$29.3 million, a \$49.4 million decrease in net assets from operations less \$0.2 million in unitholder distributions.

The Fund declined 20.5% over the first half of the year. Over the same period, the Morningstar Developed Markets Index fell 18.9%.

Geopolitical tensions, surging inflation, and incessant supply chain issues weighed on stocks in the first half of the year. U.S. and global markets entered correction territory in the first quarter (down 10%) while emerging markets were also weak, with Russia falling significantly and China down nearly 15%. Equities continued their downward trend in the second quarter, with U.S. and global markets turning in double-digit declines. Overall, global stocks finished the first half of the year down close to close to 20%.

The Canadian dollar appreciated against most currencies, rising against the Euro (6%), British Pound (9%), and Japanese Yen (15%). It fell slightly against the U.S. dollar (-2%). The strength in our dollar against overseas currencies dampened the returns of these stocks — which comprise roughly 50% of the

Fund — for Canadian investors. Our U.S. investments, on the other hand, benefited from a stronger greenback.

Stocks saw some extreme moves as investors digested a surge in inflation and the troubling geopolitical events in Ukraine. This led to more activity in the portfolio than usual (more on this in the following section).

Our European investments struggled. This was due to weak sentiment rather than poor fundamentals. Heineken (Dutch brewer) and Erste Group (Austrian financial services provider) were penalized as they have a portion of their sales in eastern Europe, albeit modest. Rational (German high-end oven manufacturer), Nemetschek (German vendor of software for architects), and LVMH (French maker of luxury goods) also saw their stock prices fall.

Technology stocks in particular had a weak period as the sector was out-of-favour with investors. Adobe, Qualcomm, Microchip Technology, and PayPal were down 20-40%.

Investors were quick to penalize companies with reduced near-term earnings guidance, regardless of their longer-term prospects. Cruise ship operator Carnival, uranium producer Cameco, financial services provider Erste Group, and building materials supplier Martin Marietta fall into this camp and saw significant declines.

Companies operating in more defensive industries, such as healthcare, consumer staples, and telecoms, held up better amid the market selloff. Our investments in GlaxoSmithKline (pharmaceuticals), KDDI (telecom operator), Amgen (biotech), Coca-Cola (beverages), and Otsuka Holdings (pharmaceuticals) all gained ground in the second quarter. Otsuka, which benefited from positive phase III trial results from an Alzheimer's drug that reduces agitation, was up nicely.

TotalEnergies, our lone energy holding, was a bright sport, rising over 10%. Our portfolio adviser, Aristotle Capital, likes the oil giant because it has a growing focus on renewable energy. Total plans to allocate 25% of its investments to renewables over the next few years. Overall, our exposure to oil & gas companies is modest (3% of the Fund), as Aristotle believes there are better opportunities elsewhere. This positioning hurt our performance in the short term, as oil stocks have been among the strongest performers so far in 2022.

There were some adjustments to the composition of the portfolio over the first six months of the year. The largest increase in sector exposure was in healthcare, which rose from 13% of the portfolio's equities at the end of 2021 to 15% at the end of June. Conversely, the technology sector decreased from 24% to 20%. The other sectors saw only modest changes. Five stocks were purchased and six sold during the period.

From a geographic standpoint, the U.S. and Europe remain key areas of focus. American stocks make up 46% of the portfolio while European stocks make up 20%, Japanese stocks 15%, Asia-Pacific stocks 8%, Canadian stocks 6%, and U.K. stocks 5%. There were some modest changes to the geographic profile of the Fund, with the biggest being the weighting of American stocks decreasing from 50% to 46%.

The Fund held 48 stocks at the end of June, which is one fewer than it held at the beginning of the year. Its cash position increased from 2% to 4%.

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

## Recent Developments

The first half of the year was a challenging period for investors. Decades-high inflation, rising interest rates, supply chain issues exacerbated by lockdowns in China and the war in Ukraine, and a severe selloff in high-growth technology stocks defined the period. Investor sentiment also turned extremely bearish. Most sectors of the market declined, with the lone bright spot being energy. Utilities also eked out a positive return.

The volatility presented some interesting investment opportunities in our portfolio advisor's view, and a diverse group of new companies were added to the Fund: Brookfield Asset Management (Canadian alternative investment manager), Michelin (French tire manufacturer), FMC (producer of insecticides, herbicides, and crop protection products), Dolby Laboratories (audio technologies), and Munich Re (leading provider of reinsurance).

Dassault Systèmes, Axalta Coating Systems, Bank of America, Chubb, Walgreens Boots Alliance, and Twitter were sold. The stock sales were primarily for valuation reasons and to raise capital for the new purchases, although Walgreens Boots was sold due to poor execution.

Inflation was top-of-mind for investors in the period. To help insulate the portfolio from the impact of rising costs, we own several businesses that are able to increase their pricing without losing customers. These include Microsoft, Procter & Gamble, LVMH, Alcon, KDDI, Adobe, and Amgen.

Industrial goods & services companies comprise the largest portion of the portfolio, comprising 25% of investments. The sector includes a broadly diversified mix of businesses, including: Rational (maker of commercial ovens), Rentokil (pest control services), Fanuc (automation for manufacturing), Kubota (farm and construction equipment), General Dynamics (aerospace and defence manufacturer), Honeywell (smart home and energy efficiency solutions), and Oshkosh (specialty trucks and access equipment).

Technology companies are also a key area of investment, making up 20% of the portfolio. Aristotle's focus is on highly profitable businesses, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, and Microchip Technology. We avoid speculative and early phase companies.

As mentioned in the previous section, the Fund has limited exposure to resource companies, as these stocks can be highly volatile. There are times when such stocks drive the market (as has been the case this year). The Fund is likely to underperform during such periods.

Overall, the Fund continues to have a focus on quality businesses with competitive advantages, pricing power, and proven executives. Investments are spread across industries, both fast-growing and steady-eddy, in companies that have a strong market position.

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

## Related Party Transactions

### *Management Fees*

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a



daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ending by June 30, 2022 the Fund paid the Manager \$474,156 of its net assets as management fees and distributed \$181,134 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 391,446 Series A units, or 5.6% 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>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$8.83</b>	<b>\$8.36</b>	<b>\$8.53</b>	<b>\$7.84</b>	<b>\$10.52</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.07	0.12	0.13	0.21	0.31
Total expenses (excluding distributions)	(0.10)	(0.22)	(0.17)	(0.20)	(0.25)
Realized gains (losses) for the period	(0.04)	1.22	(0.48)	0.11	1.49
Unrealized gains (losses) for the period	(1.72)	0.04	0.32	0.84	(2.74)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(1.79)</b>	<b>1.16</b>	<b>(0.20)</b>	<b>0.96</b>	<b>(1.19)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	•	-	(0.07)	(0.07)	(0.11)
From dividends	-	-	-	-	-
From capital gains	•	(0.61)	-	(0.11)	(1.33)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>•</b>	<b>(0.61)</b>	<b>(0.07)</b>	<b>(0.18)</b>	<b>(1.44)</b>
<b>Net Assets, end of period</b>	<b>\$ 7.02</b>	<b>\$8.83</b>	<b>\$8.36</b>	<b>\$8.53</b>	<b>\$7.84</b>

<b><i>Series A - Ratios and Supplemental Data</i></b>	<b><i>Jun. 30 2022</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>
Net asset value (000's) <sup>4</sup>	\$48,880	\$60,651	\$58,918	\$68,833	\$81,102
Number of units outstanding <sup>4</sup>	6,959,026	6,865,089	7,050,543	8,074,139	10,349,575
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%	1.79%	1.78%	1.78%	1.78%
Portfolio turnover rate <sup>6</sup>	12.13%	154.13%	39.90%	13.55%	134.79%
Trading expense ratio <sup>7</sup>	0.01%	0.28%	0.07%	0.01%	0.22%
Net asset value per unit	\$ 7.02	\$8.83	\$8.36	\$8.53	\$7.84

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$ 9.31</b>	<b>\$8.76</b>	<b>\$8.88</b>	<b>\$8.13</b>	<b>\$10.90</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.08	0.13	0.14	0.22	0.32
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	(0.04)	1.28	(0.49)	0.11	1.51
Unrealized gains (losses) for the period	(1.83)	(0.07)	0.93	0.72	(3.06)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(1.79)</b>	<b>1.34</b>	<b>0.58</b>	<b>1.05</b>	<b>(1.23)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.12)	(0.17)	(0.19)	(0.25)
From dividends	-	(0.01)	-	-	-
From capital gains	-	(0.65)	-	(0.12)	(1.40)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.78)</b>	<b>(0.17)</b>	<b>(0.31)</b>	<b>(1.65)</b>
<b>Net Assets, end of period</b>	<b>\$ 7.47</b>	<b>\$9.31</b>	<b>\$8.76</b>	<b>\$8.88</b>	<b>\$8.13</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$167,572	\$176,165	\$161,825	\$133,296	\$99,923
Number of units outstanding <sup>4</sup>	22,440,357	18,922,448	18,454,620	15,004,429	12,291,525
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	-	-	0.01%
Portfolio turnover rate <sup>6</sup>	12.13%	154.13%	39.90%	13.55%	134.79%
Trading expense ratio <sup>7</sup>	0.01%	0.28%	0.07%	0.01%	0.22%
Net asset value per unit	\$7.47	\$9.31	\$8.76	\$8.88	\$8.13

<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 or unaudited semi-annual financial statements at June 30 for the period stated.

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

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

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

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

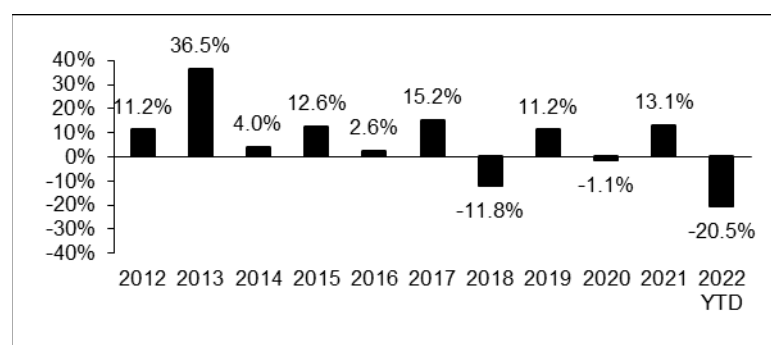
## Past Performance

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

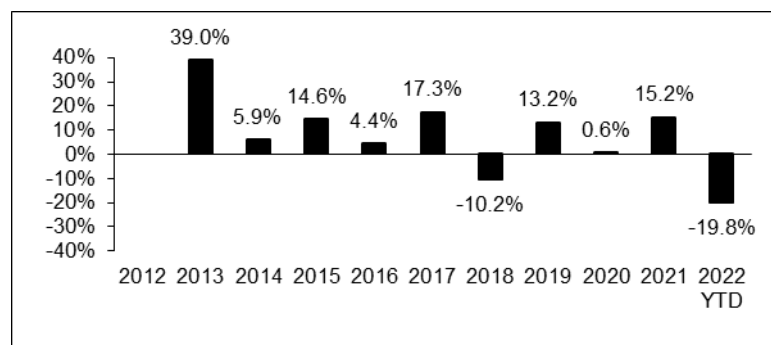
### Year-by-Year Returns

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

#### Series A



#### Series O



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

## Summary of Investment Portfolio as at June 30, 2022

### Portfolio Allocation

#### Global Equities

% of Net Assets

Industrial Goods & Services	24.0%
Technology	19.1%
Healthcare	14.0%
Financial Services	11.9%
Consumer Cyclical	11.9%
Consumer Products	5.9%

Oil & Gas	2.7%
Retailing	2.5%
Basic Materials	2.0%
Communications & Media	1.9%
	<hr/>
	95.9%
Cash & Other Assets	4.1%
	<hr/>
<b>Total</b>	<b>100.0%</b>
	<hr/>

### Top 25 Holdings

	% of Net Assets
Microsoft Corp.	4.1%
Cash & cash equivalents	4.0%
Lennar Corp.	3.0%
Danaher Corp.	2.8%
Microchip Technology Inc.	2.8%
Martin Marietta Materials Inc.	2.8%
TotalEnergies SE	2.7%
Sony Group Corp	2.7%
Samsung Electronics Co., Ltd.	2.6%
GlaxoSmithKline PLC	2.6%
Adobe Inc.	2.6%
FMC Corp.	2.4%
Amgen Inc.	2.4%
Coca-Cola Co.	2.4%
QUALCOMM Inc	2.4%
AIA Group Ltd.	2.3%
DBS Group holdings Ltd	2.2%
Oshkosh Corp.	2.2%
Otsuka Holdings Co., Ltd.	2.1%
Alcon Inc.	2.1%
LVMH MOET Hennessy Louis Vuitton SE	2.0%
Rentokil Initial PLC	2.0%
FirstCash Holdings Inc.	2.0%
General Dynamics Corp.	2.0%
Magna International Inc., NYSE	2.0%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Small-Cap Equity Fund**

June 30, 2022



# Steadyhand Small-Cap Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

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

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

### Risks

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

### Results of Operations

For the six months ended June 30, 2022, the Fund's net assets decreased to \$99.1 million, from \$113.7 million at the end of 2021. This decrease of \$14.6 million was attributable to net redemptions of \$1.3-million, coupled with a decrease in net assets from operations of \$13.1 million less \$0.2 million paid in distributions to unitholders.

The Fund (Series A) declined 12.3% over the first half of the year. Over the same period, the S&P/TSX SmallCap Index fell 14.2%. The Fund outperformed the index due to its non-benchmark oriented composition.

The Fund had a positive first quarter despite owning only 18% in energy and materials-related companies. Commodity stocks were exceptionally strong in the quarter as the price of oil, gas, and base metals surged. For context, the two resource sectors make up 50% of the Canadian small-cap market.

In the second quarter, the Fund held up better than the market but declined nonetheless. Our portfolio adviser, Galibier Capital Management, feels many investors are obsessing over near-term economic numbers, which is presenting good longer-run opportunities.

Base metals retreated in Q2 on signs of subsiding demand. Hudbay Minerals (copper and zinc miner) and Torex Gold Resources, our two investments in the sector, were among the portfolio's worst performers. Ag Growth International (fertilizer, seed, and grain handling) also saw a sizable decline. We bought additional shares in Hudbay and Torex based on a solid medium-term outlook for these businesses. Hudbay in particular has attractive fundamentals given its focus on copper, a key component in electric vehicles.

Our investments in the oil & gas sector were a bright spot. MEG Energy gained ground and Aathabasca Oil was up significantly before we sold it in June. Overall, commodity-related stocks make up roughly 20% of the fund, which remains modest in relation to their weight in the index (nearly 50%).

Finning, SNC-Lavalin, and Fluor were notable detractors to performance. This trio were strong performers during the reopening phase of the economic recovery, with their focus on heavy equipment (Finning) and infrastructure (SNC, Fluor), but gave up some of these gains more recently. They remain attractive businesses.

Points was a good story. The company, a leader in travel rewards programs, received a takeover offer from a private equity firm and we sold our shares. Winpak (packaging solutions) also had a good second quarter.

Over the reporting period, three companies were purchased (see the Recent Developments section for further details), while two were sold.

There were a few modest changes to the sector allocation of the portfolio. The Fund's basic materials holdings increased from 5% to 7% of its equities, and technology stocks increased from 0% to 3%. Industrial goods & services stocks, on the other hand, decreased from 47% to 45%, consumer cyclical stocks decreased from 17% to 15%, and consumer products stocks decreased from 14% to 12%. The other sectors were little changed.

The Fund's geographic profile was unchanged. Canadian stocks made up 88% of the Fund's equities at the end of June, the same weighting as the end of 2021, and U.S. stocks comprised 12%. The Fund's cash position decreased from 4% to 1%.

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

## **Recent Developments**

The Canadian small-cap market had a strong start to the year, gaining 8.4% in the first quarter (as measured by the S&P/TSX SmallCap Index), led by strong performance in the oil & gas and mining sectors. U.S. small-caps (Russell 2000 Index), on the other hand, fell 8.9% in Canadian dollar terms. The Canadian market reversed course sharply in the second quarter, falling 20.8%, while U.S. small-caps lost an additional 14.9%. Declines were broad-based, but mining and technology stocks were hit particularly hard.

As noted in the previous section, our exposure to resource stocks remains much lower than their weight in the Canadian index. These stocks are inherently volatile as their fortunes are tied closely to commodity prices, which in turn are highly unpredictable. As such, our exposure to resources is more measured. Our current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), and Ag Growth International (grain handling and storage). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.



Industrial goods & services stocks continue to make up a significant portion of the portfolio (45%). This is a broad industry classification which includes companies such as NFI Group (maker of buses and coaches), Cargojet (air cargo services), SNC-Lavalin Group (engineering, procurement, and construction services), Savaria (a leader in accessibility products, including home elevators, stairlifts, and wheelchair lifts), Oshkosh (maker of heavy-duty trucks), and Badger Infrastructure Solutions (hydrovac and potholing services). These businesses share a common trait: they're leaders in their field and generate strong free cash flow.

Consumer-related companies also make up a significant portion of the Fund (27%). These include both food & beverage makers like Maple Leaf Foods, Premium Brands Holdings and Waterloo Brewing; and consumer goods companies that are more dependent on discretionary spending such as Spin Master and Sleep Country Canada. These businesses, while not flashy, are profitable and reasonably valued. As well, they do not carry large amounts of debt. These are important attributes that Galibier looks for in an investment.

Three new companies were added to the portfolio: Hudbay Minerals, Athabasca Oil, and Enghouse Systems. Hudbay mines copper, an important component in EV batteries and electric motors. Athabasca focuses on thermal and light oil in Alberta's sedimentary basin. And Enghouse develops software solutions for remote work, including call centers.

Two companies were sold: Points, and Athabasca Oil. Points received a takeover offer, as mentioned in the previous section, and we sold the stock. Athabasca rose significantly following our purchase earlier in the year and we sold it in June.

The portfolio's composition — with key areas of investment being capital goods, transportation, food & beverage, and engineering services — is in contrast to the small-cap market's heavy focus on resource companies. As such, it will often be out-of-synch with the small-cap index.

With the weakness in many stocks, additional shares were purchased in several existing holdings, including Sleep Country Canada Holdings, Hammond Power Solutions, Savaria, Oshkosh, and Torex Gold Resources. MEG Energy was trimmed based on its strong performance.

With the exposure to U.S. stocks (12% of the Fund), currency fluctuations between the Canadian and U.S. dollar remain a risk of the Fund. If the loonie depreciates against the U.S. dollar, it is beneficial for returns, and vice versa.

At the end of June, the Fund held 26 stocks, which is one more than at the beginning of the year, with most holdings comprising 3-6% of the portfolio. The companies range in market capitalization from very small (e.g., Hammond Power) to medium-sized (e.g., Cargojet). Spin Master is the largest position, at 5.6%. 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, portfolio advisor, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a

daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ended June 30, 2022 the Fund paid gross fees of \$420,408 to the Manager and distributed \$154,191 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 111,798 Series A units, or 4.2% 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 and unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec 31 2021</b>	<b>Dec 31 2020</b>	<b>Dec 31 2019</b>	<b>Dec 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$18.02</b>	<b>\$15.99</b>	<b>\$15.32</b>	<b>\$13.26</b>	<b>\$16.49</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.14	0.34	0.30	0.35	0.41
Total expenses (excluding distributions)	(0.21)	(0.43)	(0.32)	(0.33)	(0.39)
Realized gains (losses) for the period	0.68	1.27	(0.41)	0.38	0.71
Unrealized gains (losses) for the period	(2.75)	1.31	1.05	2.26	(3.12)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>(2.14)</b>	<b>2.49</b>	<b>0.62</b>	<b>2.66</b>	<b>(2.39)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	•	-	(0.08)	(0.11)	(0.09)
From capital gains	•	(0.29)	-	(0.37)	(0.73)
Return of capital	-	-	-	-	-

<b>Total distributions for the period <sup>2</sup></b>	<b>•</b>	<b>(0.29)</b>	<b>(0.08)</b>	<b>(0.48)</b>	<b>(0.82)</b>
<b>Net Assets, end of period</b>	<b>\$15.79</b>	<b>\$18.02</b>	<b>\$15.99</b>	<b>\$15.32</b>	<b>\$13.26</b>

<b><i>Series A - Ratios and Supplemental Data</i></b>	<b><i>Jun. 30 2022</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>
Net asset value (000's) <sup>4</sup>	\$42,047	\$49,632	\$46,771	\$51,483	\$55,051
Number of units outstanding <sup>4</sup>	2,662,503	2,755,028	2,924,832	3,360,823	4,152,921
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>	13.04%	18.27%	32.20%	44.43%	39.56%
Trading expense ratio <sup>7</sup>	0.02%	0.05%	0.11%	0.11%	0.12%
Net asset value per unit	\$15.79	\$18.02	\$15.99	\$15.32	\$13.26

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
<b>Net Assets, beginning of period <sup>1,3</sup></b>	<b>\$19.04</b>	<b>\$16.90</b>	<b>\$16.07</b>	<b>\$13.85</b>	<b>\$17.19</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.15	0.36	0.32	0.53	0.44
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.73	1.39	(0.50)	0.64	0.69
Unrealized gains (losses) for the period	(3.08)	1.17	1.63	2.66	(3.62)
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>(2.20)</b>	<b>2.88</b>	<b>1.45</b>	<b>3.83</b>	<b>(2.49)</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.33)	(0.27)	(0.33)	(0.31)
From capital gains	-	(0.31)	-	(0.39)	(0.78)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.64)</b>	<b>(0.27)</b>	<b>(0.72)</b>	<b>(1.09)</b>
<b>Net Assets, end of period</b>	<b>\$16.84</b>	<b>\$19.04</b>	<b>\$16.90</b>	<b>\$16.07</b>	<b>\$13.85</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>	<b>Dec. 31 2018</b>
Net asset value (000's) <sup>4</sup>	\$57,024	\$64,101	\$55,345	\$52,493	\$37,824
Number of units outstanding <sup>4</sup>	3,386,557	3,366,799	3,275,173	3,265,552	2,731,433
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	0.01%	-	-	0.01%
Portfolio turnover rate <sup>6</sup>	13.04%	18.27%	32.20%	44.43%	39.56%
Trading expense ratio <sup>7</sup>	0.02%	0.05%	0.11%	0.11%	0.12%
Net asset value per unit	\$16.84	\$19.04	\$16.90	\$16.07	\$13.85

<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 or unaudited semi-annual financial statements as at June 30 for the year stated.

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

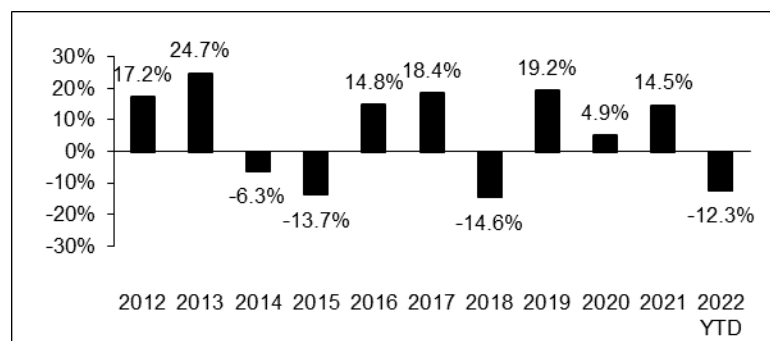
## Past Performance

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.

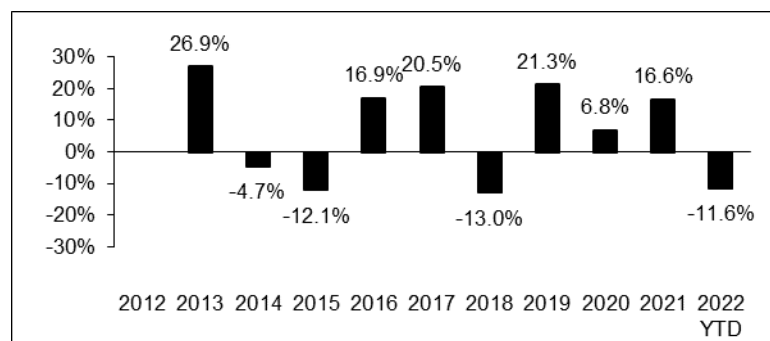
### Year-by-Year Returns

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.

## Summary of Investment Portfolio as of June 30, 2022

### Portfolio Allocation

	% of Net Assets
<b>Equities</b>	
Industrial Goods & Services	44.4%
Consumer Cyclical	14.9%
Consumer Products	11.9%
Oil & Gas	8.8%
Basic Materials	6.8%
Utilities	5.1%
Healthcare	4.1%
Technology	2.9%
	<hr/> 98.9%
Cash & Other Assets	<hr/> 1.1%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

<b>Top 25 Holdings</b>	
	<b>% of Net Assets</b>
Spin Master Corp.	5.6%
Park Lawn Corp.	5.3%
Northland Power Inc.	5.2%
MEG Energy Corp.	4.8%
Maple Leaf Foods Inc.	4.8%
Oshkosh Corp.	4.7%
SNC-Lavalin Group Inc.	4.5%
Henry Schein Inc.	4.1%
Sleep Country Canada Holdings Inc.	4.1%
Savaria Corp.	4.0%
Premium Brands Holdings Corp.	4.0%
Parkland Fuel Corp.	4.0%
AG Growth International Inc.	3.7%
Torex Gold Resources Inc.	3.6%
Fluor Corp.	3.6%
Finning International Inc.	3.6%
Boyd Group Services Inc.	3.6%
Diversified Royalty Corp.	3.4%
NFI Group Inc.	3.2%
Hudbay Minerals Inc.	3.1%
Waterloo Brewing Ltd.	3.1%
Badger Infrastructure Solution	2.9%
Enghouse Systems Ltd.	2.9%
Cargojet Inc.	2.8%
Winpak Ltd.	2.4%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Global Small-Cap Equity  
Fund**

June 30, 2022





# Steadyhand Global Small-Cap Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2022)

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

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

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The fundamental investment objective of the Steadyhand 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 dropped from \$75.4 million at December 31, 2021 to \$64.3 at June 30, 2022. This decrease of \$11.1 million was attributable to net subscriptions of \$9.9 million, and a \$21.0 million decrease in net assets from operations.

The Fund declined 26.6% over the first half of the year. Over the same period, the S&P Global SmallCap Index (\$Cdn) lost 20.6%.

The Canadian dollar appreciated against most currencies, rising against the Euro (6%), British Pound (9%), and Japanese Yen (15%). It fell slightly against the U.S. dollar (-2%). The strength in our dollar against overseas currencies dampened the returns of these stocks — which comprise roughly two-thirds of the Fund — for Canadian investors. Our U.S. investments (roughly one-third), on the other hand, benefited from a stronger greenback.

The Fund had a challenging six months. Oil & gas stocks were among the few areas that performed well in the period as the price of the commodity soared. These companies have little control over the price of their product — an important criteria for our portfolio adviser (TimesSquare Capital Management) — and tend to make up a small part of the Fund overall. Currently, we do not own any energy stocks. This positioning hurt performance in the period.

Areas of more significant investment faced headwinds, including companies in the industrial goods & services sector (36% of the Fund's equities). While the declines in the industry have been widespread, the degree to which each company is impacted has varied. For example, First Advantage, a leader in employment reference checks, doesn't face the same pressures from high oil prices as other industrial companies. On the contrary, its services have been in demand and both revenues and profits have increased over the last year. Despite the improving profitability, the stock price fell 33% over the first half of the year. Kion Group (warehouse automation equipment), Valmet (automation systems and services for the pulp and paper industry), and Rotork (industrial flow control equipment) also saw sharp declines despite solid underlying fundamentals.

Consumer cyclical, healthcare, and technology stocks also pulled back. The rise in commodity prices and constrained supply chains raised the input costs of many of these businesses.

HomeServe (home emergency repairs and improvements) and Nippon Shinyaku (pharmaceuticals) were two of the Fund's top performers. HomeServe accepted a takeover offer from Canada's Brookfield Asset Management, while Nippon Shinyaku continued to deliver solid revenue growth.

Five new stocks were purchased during the period, and five were sold (discussed in further detail in the Recent Developments section).

There were some minor adjustments to the composition of the portfolio. The largest change in sector exposure was in consumer cyclical stocks, which decreased from 17% of the portfolio's equities at the end of 2021 to 9% at the end of June. Consumer products stocks, on the other hand, rose from 5% to 12%, and industrial goods & services stocks from 32% to 36%. The other sectors saw only modest changes.

At the end of the reporting period, the Fund held 44 companies around the globe, which is the same number it held at the end of 2021. Fifteen are headquartered in the U.S., 12 in Europe, 9 in the U.K., 3 in Japan, 3 in Australia, 1 in Brazil, and 1 in India.

The Fund's cash position at the end of June was 6%, which is lower than its weighting at the end of 2021 (3%).

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

### **Recent Developments**

The first half of 2022 was a weak period for global small-cap stocks. Decades-high inflation, rising interest rates, supply chain issues exacerbated by lockdowns in China and the war in Ukraine, and a severe selloff in higher multiple stocks defined the period. Investor sentiment also turned decidedly bearish. Small-cap stocks were hit particularly hard in this environment. Most sectors of the market declined, with the lone bright spot being energy, as the price of oil rose 40%.

Volatility was elevated throughout much of the period, which allowed our portfolio adviser to purchase a handful of new companies at attractive prices. Five stocks were added to the Fund: Grafton Group (U.K.-based builders supplies business), Viscofan (Spanish maker of sausage skins), Downer EDI (Australian infrastructure consultant), Tate & Lyle (U.K. food and beverage ingredients specialist), and WNS Holdings (India-based data analysis specialist).

Five stocks were sold to help fund the above purchases. French assisted living provider Orpea was removed from the portfolio as the company faces allegations of fraud, though unproven, which has created uncertainty around its outlook. TimesSquare felt it was appropriate to move on from the stock. Food & Life Companies (Japanese sushi chain) and Prosegur Compania de Seguridad (multinational security company) were also sold based on weaker outlooks. Zynga, the maker of popular mobile games like *Words with Friends* and *Farmville*, was acquired by Take-Two Interactive and we sold our position. And finally, ITT was also sold to make way for more attractive opportunities.

Along with the above transactions, several existing holdings were also topped up, including Kobe Bussan, Kion Group, Auto Trader Group, IPH, Totvs, and Huhtamaki. Stocks that were trimmed included Nordnet, National Vision Holdings, and Nordic Entertainment.

Our portfolio adviser likes the insurance sector due to the solid cash flows these companies generate and the attractive valuations they're currently trading at. Insurance stocks constitute some of the largest positions in the portfolio. RenaissanceRe (American provider of reinsurance) and Steadfast Group (Australia's largest general insurance broker network) are the Fund's top two holdings, and Topdanmark (property, commercial, and life insurance provider in Denmark) is also in the top 10.

TimesSquare has found an increasing number of ideas in the U.K. over the last 12 months. British companies now make up 20% of the fund (up from 12% a year ago). Holdings include home repair provider HomeServe, investment firm St. James's Place, online auto marketplace Auto Trader, telecom testing company Spirent Communications, and specialist media company Future.

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

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. The Fund paid the Manager \$92,646 of its net assets as management fees for the six months

ended June 30, 2022 and distributed \$36,806 in management fee reductions. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund which include:

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

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

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

As at June 30, 2022, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 159,506 Series A units, or 16.0% 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 and unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2022</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>\$12.56</b>	<b>\$12.64</b>	<b>\$11.75</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.12	0.18	0.11	0.14
Total expenses (excluding distributions)	(0.22)	(0.49)	(0.34)	(0.43)
Realized gains for the period	(0.23)	1.46	0.12	0.30
Unrealized gains for the period	(2.94)	0.45	1.39	2.04
<b>Total increase from operations <sup>1</sup></b>	<b>(3.27)</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>•</b>	<b>(1.55)</b>	<b>-</b>	<b>(0.23)</b>
<b>Net Assets, end of period</b>	<b>\$9.23</b>	<b>\$12.56</b>	<b>\$12.64</b>	<b>\$11.75</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$9,200	\$11,618	\$8,456	\$6,142
Number of units outstanding <sup>4</sup>	997,180	924,913	668,886	522,712
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.79%	1.80%	1.80%	1.82%
Portfolio turnover rate <sup>6</sup>	24.95%	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.07%	0.20%	0.07%	0.20%
Net asset value per unit	\$9.23	\$12.56	\$12.64	\$11.75

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2022</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>\$12.83</b>	<b>\$12.92</b>	<b>\$11.87</b>	<b>\$10.00</b>
<b>Increase (decrease) from operations:</b>				
Total revenue	0.12	0.18	0.11	0.14
Total expenses (excluding distributions)	-	-	-	-
Realized gains for the period	(0.24)	1.53	0.10	0.27
Unrealized gains for the period	(3.09)	0.14	1.99	1.60
<b>Total increase from operations <sup>1</sup></b>	<b>(3.21)</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>-</b>	<b>(1.83)</b>	<b>(0.08)</b>	<b>(0.29)</b>
<b>Net Assets, end of period</b>	<b>\$ -</b>	<b>\$12.83</b>	<b>\$12.92</b>	<b>\$11.87</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2022</b>	<b>Dec. 31 2021</b>	<b>Dec. 31 2020</b>	<b>Dec. 31 2019</b>
Net asset value (000's) <sup>4</sup>	\$55,093	\$63,749	\$46,846	\$26,339
Number of units outstanding <sup>4</sup>	5,792,593	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>	24.95%	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.07%	0.20%	0.07%	0.20%
Net asset value per unit	\$9.51	\$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 or unaudited semi-annual financial statements as at June 30.

<sup>4</sup>The information is provided as at June 30 or December 31 for the year stated.

<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.

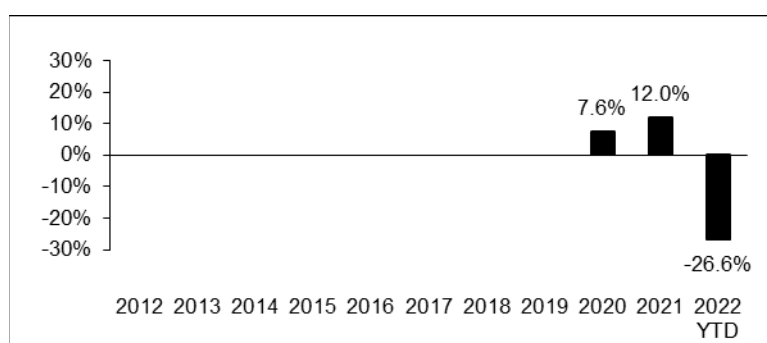
## Past Performance

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.

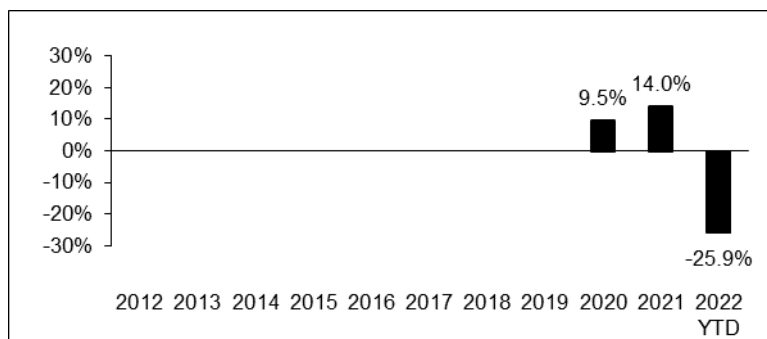
### Year-by-Year Returns

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



## Summary of Investment Portfolio as at June 30, 2022

### Portfolio Allocation

Global Equities	% of Net Assets
Industrial Goods & Services	31.5%
Financial Services	21.3%
Consumer Products	10.8%
Healthcare	9.6%
Consumer Cyclical	8.3%
Technology	7.8%
Communications and Media	3.4%
Real Estate	1.8%
	<hr/> 94.5%
Cash, Short-term Notes & Other Assets	<hr/> 5.5%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>



**Top 25 Holdings**

	% of Net Assets
Cash & cash equivalents	5.8%
RenaissanceRe Holdings Ltd.	4.1%
Steadfast Group Ltd.	3.9%
PJT Partners Inc.	3.5%
Chemed Corp.	3.5%
Kobe Bussan Co., Ltd.	3.4%
St James's Place PLC	3.1%
Topdanmark A/S	3.0%
KION Group AG	3.0%
Huhtamaki OYJ	3.0%
EMCOR Group Inc.	2.9%
IPH Ltd.	2.6%
Performance Food Group Co.	2.5%
Tate & Lyle PLC	2.5%
Viscofan SA	2.5%
Regal Rexnord Corp.	2.5%
HomeServe PLC	2.2%
Spirent Communications PLC	2.2%
First Advantage Corp.	2.2%
Electrocomponents PLC	2.1%
Nordnet AB (publ)	2.1%
TOTVS SA	2.0%
CIE Automotive SA	2.0%
Clean Harbors Inc.	2.0%
Zurn Water Solutions Corp.	2.0%

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.