

Steadyhand

15 YEARS

Q3 2022

“Investors tend to reduce their return expectations after significant declines, which runs counter to what’s happening inside their portfolio. Potential returns are increasing because prices drop more than the value of the underlying companies.”

- Tom Bradley, The National Post, October 1st



Bradley's Brief



If you've been a client for a while, you're used to our name, but when we started in 2007, it wasn't something that rolled off the tongue (even mine). We picked it because we believe that to achieve good long-term returns, not only must our funds do well and our fees stay low, but our clients must do the right things.

Staying on plan is difficult at market cycle extremes when investors are scared (or euphoric), emotions are high, and mistakes come with big consequences. We're at one of those times now. Markets are down significantly, and the headlines are anything but rosy.

I think we've lived up to our name when we've been tested previously, but it was never obvious we were doing the right things until months later. To provide a steady hand, there are a few disciplines we adhere to.

First, *we use the word 'when', not 'if'*. We don't hedge on this. By acknowledging that our funds will go down, we're prepared to do our best work when it's most needed.

We focus on buying businesses, not trading stocks. One of our core beliefs is that the short-term direction of the market (or a stock) can't be predicted ... ever. We understand economic trends and fads as well as anyone, but we don't get caught up in them.

We focus on strong companies that make something we need. By owning businesses that we know will be around after a recession or crisis, we're able to buy low when others hesitate. Sketchier companies provide better returns at certain times, but they don't always survive the tough times.

Our starting point for assessing reward and risk is TODAY. We're sensitive to our clients' disappointment when

recent returns are poor, but as investors we must have short memories. Future returns start now, not six months or a year ago. Being dogmatic about this means we often get excited about opportunities when our clients are least happy.

We never lose sight of the price we're paying. Valuation is not the only determinant of how a security will perform, but it's the most important one. And it's a good risk management tool – i.e. it helps limit the damage when we do something stupid.

And finally, *we do the opposite of what our hairdresser tells us to do.* No knock on hairdressers, but the mood of investors is also a good risk check. If everyone is excited and optimistic, we know to be careful. When people swear they'll never own another stock, we look for opportunities to do some buying.

Nobody knows when stocks will find a bottom and start to recover. It could be another 3 to 12 months, or it may have already started. What we know for sure is that most of the money will be made well before the current problems are resolved. So, our fund managers will continue to do the heavy lifting, buying quality companies on your behalf and selling when warranted.

Our biggest ask is that you stick to your plan. In doing so, if you need a steady hand, sounding board, or outlet for your frustration, lean on us.



Key Takeaways

Stocks

- Stock markets did a ‘round trip’ in the third quarter. After climbing by double-digits early in the summer, they reversed course and ended the period down slightly in most cases. Interest rate sensitive sectors such as communication services and real estate were the hardest hit, with technology stocks also broadly lower.
- The Canadian market (S&P/TSX Composite Index) fell 1.4%. The energy sector lost ground as the price of oil fell 25%, while industrial stocks were an area of strength.
- The loonie depreciated against the U.S. dollar (-6%), was up a little on the British Pound (+2%) and was largely unchanged against the Euro and Japanese Yen. All said, currencies had a modestly positive impact on performance for Canadian investors.

Bonds

- The Canadian bond market (FTSE Canada Universe Bond Index) rose 0.5%. While short-term interest rates moved higher, this was offset by a fall in long-term rates.
- The benchmark 10-year Government of Canada yield finished the quarter where it started, at 3.2% (although it briefly dropped to 2.6% in July). The Bank of Canada increased its key lending rate by a total of 1.75%, bringing the rate to 3.25%.
- Yield curves are now inverted (i.e. short-term yields are higher than long-term yields) by levels not seen in decades.

Our Funds

- Our funds were mostly flat in the third quarter, although our Small-Cap Fund saw a larger decline. Our balanced clients’ portfolios were also flat or down slightly. Over the past 10 years, our balanced returns were 5% to 6% per year.
- We continue to have an above average stock weighting in the Founders Fund (63%) based on our views on corporate fundamentals, valuations, and investor sentiment.
- In the context of our balanced portfolios, key transactions included the purchase of HDFC BANK (India), ARITZIA (Canada), and SAAB (Sweden); and the sale of EXPERIAN (Ireland), WINPAK (Canada), and KADOKAWA (Japan).

Our Advice to Clients

We recommend you be at or above your long-term target for stocks. In the Founders Fund, our stock weighting is 63%. We feel speculation has subsided and valuations are reasonable following the market declines this year. Our focus is on profitable, well-financed companies that we feel are in a good position to improve their market leadership. Our outlook for bonds has improved (yields are higher) but we continue to recommend a below-average position, with cash as an alternative. In the Founders Fund, 7% of the portfolio is currently in cash.

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

Market Returns

	3M	1Y
Canada	-1.4%	-5.4%
World	0.0%	-13.4%

	3M	1Y
Bonds	0.5%	-10.5%

Fund Returns

	3M	1Y
Savings	0.6%	0.9%
Income	0.5%	-8.9%
Founders	-0.4%	-11.3%
Builders	-1.1%	-14.8%
Equity	-0.8%	-8.7%
Global	-1.0%	-17.6%
Small-Cap	-3.1%	-12.7%
Global Small-Cap	-0.4%	-25.1%



Founders Fund

Fund Overview

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

Portfolio Specifics

- The Founders Fund was virtually unchanged in the quarter (-0.4%), but the road to get there was anything but dull. Markets rallied dramatically from mid-June to early August and then proceeded to give back all the gains and plumb new lows. Year to date, Founders is down 14.3%.
- This year's market declines reflect two things: an over-exuberant 2021 and an uncertain economic outlook in 2022 due to high inflation, supply chain and COVID disruptions (still), and the war in Ukraine. The economy has been deteriorating and a recession now seems probable, although how stocks react to it is less of a sure thing. Stock prices have adjusted a lot already (it will be a highly anticipated recession), rampant speculation has turned to widespread fear (a good counter indicator), and valuations in many parts of the market are attractive again. In other words, expected 5-year returns for stocks and bonds are better than they've been since the spring of 2020.
- As noted in our last report, Founders has a full allocation to stocks after significant buying in the second quarter. We used flows into the fund, as well as money from the cash reserve, to add to the Equity and Global Equity Funds. This pattern continued late in the third quarter, as the fund did some rebalancing to offset market declines. As a result, the asset mix is little changed from June 30.
- As usual, we remind investors that the fund's asset mix is important, as are the adjustments we make, but returns are primarily driven by the performance of the underlying funds. Through these six funds, Founders owns a mix of bonds and stocks across a wide range of industries, geographies, and currencies.
- The largest transactions during the quarter (in the underlying funds) included the purchase of HDFC BANK (India), ARITZIA (Canada), and SAAB (Sweden); and the sale of EXPERIAN (Ireland), WINPAK (Canada), and KADOKAWA (Japan).

Positioning

- Founders holds more in stocks than its long-term average. This positioning reflects the considerable retrenchment we've had in stock prices, better valuations relative to long-term potential, and an unusually high degree of bearishness amongst individual and institutional investors.
- For more details on the underlying funds, please review pages 8-18.

The fund was down 0.4% in the quarter. Since inception (Feb 2012), it has a cumulative return of 70%, which equates to an annualized return of 5.1%.

Fund Mix

Income	39%
Equity	22%
Global	22%
Small-Cap	6%
Global Small-Cap	6%
Savings	4%
Cash	1%



Asset Mix



Foreign Stocks	34%
Canadian Stocks	29%
Gov't Bonds	17%
Corporate Bonds	13%
Cash & Short-term	7%

Fund size \$560,700,271



Founders Fund

Attributes

Top Stock Holdings (% of Fund)

Danaher	1.9%
TD Bank	1.8%
Microsoft	1.7%
CN Rail	1.6%
Franco-Nevada	1.4%
Thomson Reuters	1.4%
Brookfield Renewable	1.3%
Visa	1.2%
CCL Industries	1.0%
Telus	1.0%

Sector Allocation (Stocks)

Industrial Goods & Svc	28.7%
Financial Services	19.6%
Technology	10.1%
Healthcare	8.7%
Consumer Cyclical	6.6%
Basic Materials	5.2%
Consumer Products	4.8%
Utilities & Pipelines	4.8%
Comm. & Media	3.3%
Real Estate	2.9%
Retailing	2.9%
Oil & Gas	2.4%

Asset Mix

Long-term		Current
17%	Overseas Stocks	17%
17%	U.S. Stocks	17%
26%	Canadian Stocks	29%
35%	Bonds	30%
5%	Cash	7%

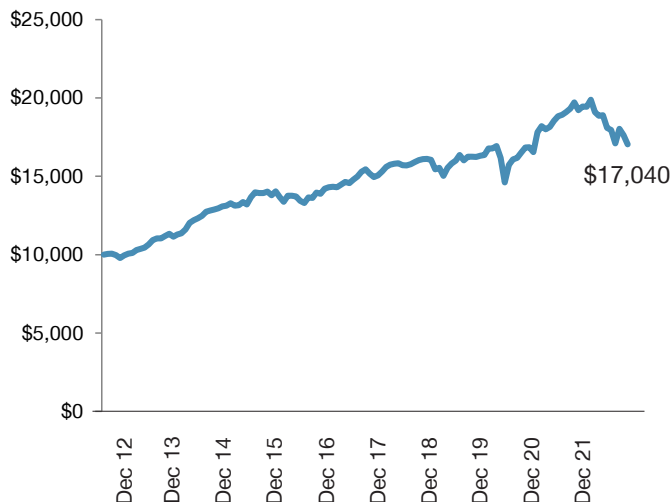
Performance

Compound Annualized Returns (as of September 30, 2022)

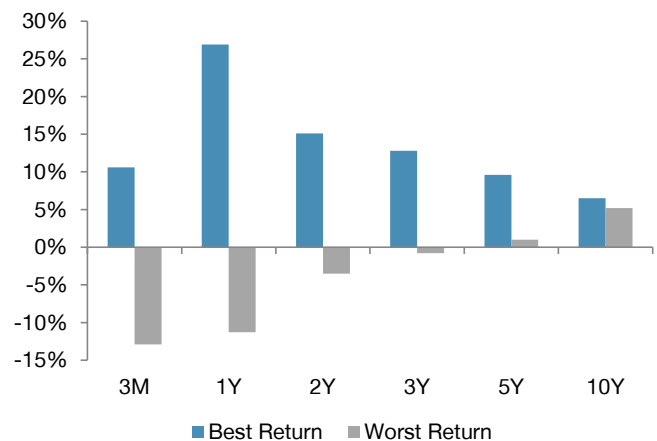
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Founders Fund (after-fee)	-0.4%	-14.3%	-11.3%	1.5%	2.2%	5.2%	N/A	5.1%
FTSE Canada Universe Bond Index	0.5%	-11.8%	-10.5%	-2.5%	0.7%	1.7%	N/A	1.9%
Morningstar Developed Mkts Index (\$Cdn)	0.0%	-18.9%	-13.4%	5.8%	7.3%	12.3%	N/A	11.7%
S&P/TSX Composite Index	-1.4%	-11.1%	-5.4%	6.6%	6.5%	7.3%	N/A	6.9%

¹Feb 17, 2012

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Builders Fund

Fund Overview

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

The fund was down 1.1% in the quarter. Since inception (Feb 2019), it has a cumulative return of 8%, which equates to an annualized return of 2.2%.

Portfolio Specifics

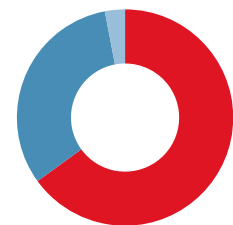
- Stock markets around the world have experienced significant declines in 2022. The fund has performed in line with global markets but has trailed Canada.
- Investments are allocated roughly 1/3 towards companies based in Canada and 2/3 towards foreign businesses. The bias to foreign companies reflects a broader opportunity set outside of Canada, particularly in important industries like healthcare, technology, and consumer products and services.
- The largest sector weight, industrial goods & services (31% of the portfolio), includes a diverse mix of companies such as REGAL REXNORD (manufacturer of motors, bearings, and gearing), RITCHIE BROS. AUCTIONEERS (heavy equipment auctioneer), SAAB (aerospace, defence, and radar specialist) and SAVARIA (home elevators and mobility products). Many stocks in the sector declined in the quarter despite continuing to produce good operating results—a tireless theme this year.
- Financial services companies make up 17% of the fund. Large holdings are TD BANK, VISA, and BROOKFIELD ASSET MANAGEMENT. We also own a group of leading insurance companies, including RENAISSANCERe, TOPDANMARK, AIA GROUP, and MUNICH RE GROUP. As a group, our investments were largely flat in the quarter.
- The technology sector is another important area of investment, comprising 11%. MICROSOFT is the largest holding and is owned in both the Equity and Global Equity Funds. Other investments include SAMSUNG ELECTRONICS (diversified technology), QUALCOMM (chips), ENGHOUSE SYSTEMS (enterprise software solutions), and TOTVS (management software). The industry had a better quarter but has been one of the worst performing sectors this year.
- The portfolio has some exposure to commodity stocks, including FRANCO-NEVADA (gold), NUTRIEN (fertilizers), CAMECO (uranium), HUBBAY MINERALS (copper and zinc), and TOTALENERGIES (oil & gas), but resource companies are not a prominent feature of the fund due to their inherent cyclicity. This positioning helped the fund in Q3, as energy and mining stocks fared poorly, generally speaking.

Fund Mix

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



Asset Mix



Foreign Stocks	60%
Canadian Stocks	35%
Cash & Short-term	5%

Positioning

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

Fund size \$140,356,596



Builders Fund

Attributes

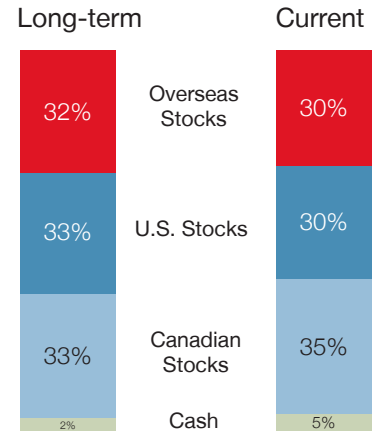
Top Stock Holdings (% of Fund)

Danaher	3.1%
Microsoft	2.7%
Franco-Nevada	2.2%
Visa	1.9%
Brookfield Renewable	1.9%
TD Bank	1.9%
CN Rail	1.9%
CCL Industries	1.6%
Thomson Reuters	1.5%
Metro	1.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	31.2%
Financial Services	16.9%
Technology	11.4%
Healthcare	9.8%
Consumer Cyclical	8.1%
Basic Materials	5.6%
Consumer Products	5.5%
Retailing	3.1%
Utilities & Pipelines	2.8%
Comm. & Media	2.5%
Oil & Gas	2.1%
Real Estate	1.0%

Asset Mix



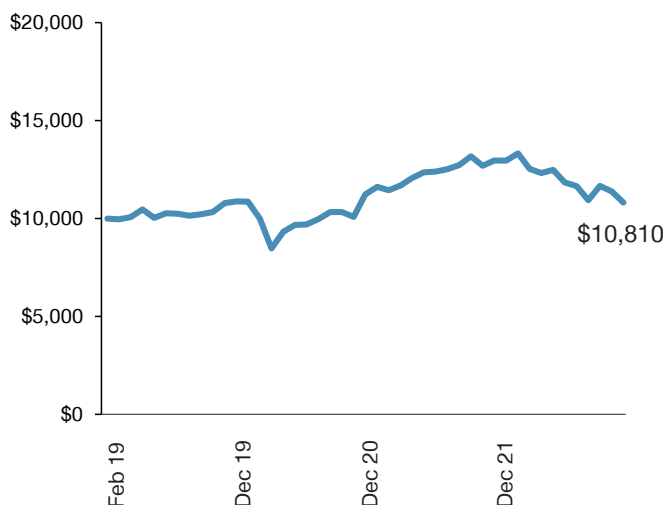
Performance

Compound Annualized Returns (as of September 30, 2022)

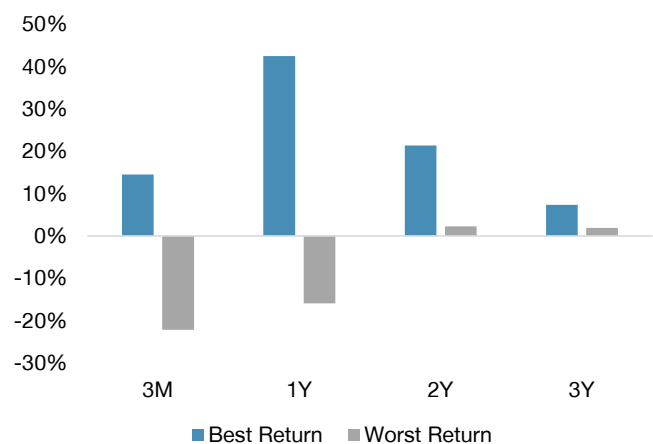
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Builders Fund (after-fee)	-1.1%	-18.8%	-14.8%	1.9%	N/A	N/A	N/A	2.2%
Morningstar Developed Mkts Index (\$Cdn)	0.0%	-18.9%	-13.4%	5.8%	N/A	N/A	N/A	6.8%
S&P/TSX Composite Index	-1.4%	-11.1%	-5.4%	6.6%	N/A	N/A	N/A	7.8%

¹Feb 15, 2019

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Income Fund

Market Context

- The Canadian bond market rose 0.5% in the quarter (interest and capital appreciation).
- Bond yields were little changed, with the 10-year Government of Canada finishing the quarter where it started, at 3.2% (although it dropped to 2.6% in July).
- Canadian stocks fell 1.4%. Interest rate sensitive stocks such as communication services, utilities, and real estate companies were the hardest hit.

Portfolio Specifics

- Bonds moved modestly higher in the quarter following steep declines in the first half of the year. Short-term yields rose in response to higher central bank policy rates — the Bank of Canada increased its key lending rate by a total of 1.75% — but longer-term yields fell as the economic outlook worsened. Our bond strategy factored in a ‘flattening’ of the yield curve (a rise in short-term rates and a fall in long-term rates), which played out in the quarter and benefited the fund.
- Our manager, Connor, Clark & Lunn, expects the Bank of Canada to raise interest rates further this year to contain inflation, which has risen sharply but is showing signs of peaking. A recession is increasingly plausible in 2023, which would alleviate some inflationary pressures and allow the central bank to re-evaluate its restrictive monetary policy. This view is factored into our fixed income strategy: we expect short-term yields to face more upside pressure relative to longer-term yields, and have positioned the portfolio accordingly.
- The environment for credit (corporate and provincial bonds) remains difficult given the slowing economy. Our corporate bond focus is on stable companies in more defensive industries, such as utilities, telecoms, and insurance.
- While it’s been a tough year for bonds, prevailing yields are more attractive than they were at the beginning of the year and the fund is generating a higher income stream (current pre-fee yield is 4.0%), which will benefit investors going forward.
- The equity portion of the portfolio (24%) continued to hold up better than the overall market. Our strategy remains conservative, with investments focused on dependable cash generating businesses with strong balance sheets and a history of dividend growth. We bought additional shares in steady-eddy holdings GEORGE WESTON (food processing and distribution) and HYDRO ONE (electricity transmission). We’re also looking for buying opportunities in quality, deeply discounted companies such as FINNING INTERNATIONAL (Caterpillar dealer), which we added to in the quarter.
- Of note, the fund increased its distribution to \$0.06/unit at the end of September.

Positioning

- Our manager believes economic growth will continue to slow, driven by high interest rates and inflation. Our focus is on stable, defensive companies as a result.
- Stocks make up 24% of the fund and remain an important source of diversification.

The fund was up 0.5% in the quarter. Since inception (Feb 2007), it has a cumulative return of 96%, which equates to an annualized return of 4.4%.

Notable Stock Transactions

Buy

CCL Industries*
 Manulife Financial*
 Finning International
 George Weston
 Hydro One

*New holding

Trim/Sell

Empire Company¹
 Open Text¹
 Maple Leaf Foods
 Bank of Nova Scotia
 Power Corp.

¹Position eliminated

Fund size	\$77,494,049
Pre-fee Yield	4.0%
Avg Term to Matur.	9.7 yrs
Duration (Bonds)	7.3 yrs



Income Fund

Attributes

Top Holdings (% of Fund)

Ontario 2.15% (Jun/31)	5.1%
CC&L High Yield Bond Fd	5.0%
Canada 1.75% (Dec/53)	4.7%
Ontario 2.05% (Jun/30)	3.6%
Canada 5.00% (Jun/37)	2.8%
B.C. 2.20% (Jun/30)	2.2%
Canada 4.00% (Jun/41)	2.1%
Canada 1.50% (May/24)	2.0%
Royal Bank	1.8%
TD Bank	1.5%

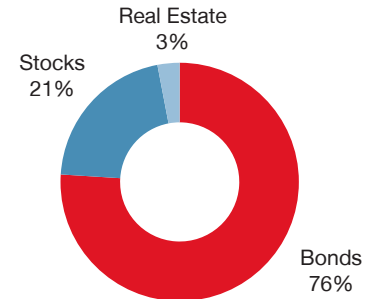
Issuer Allocation (Bonds)

Federal Government	20%
Provincial Government	37%
Corporate	43%

Rating Summary (Bonds)

AAA	28%
AA	31%
A	17%
BBB	21%
BB (or lower)	4%

Asset Mix



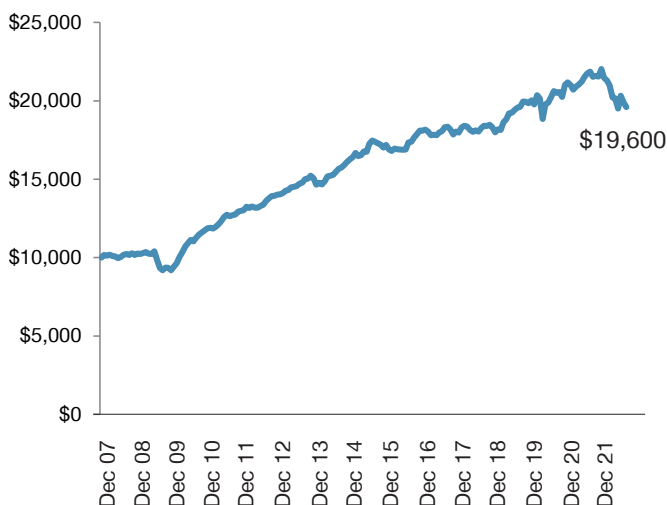
Performance

Compound Annualized Returns (as of September 30, 2022)

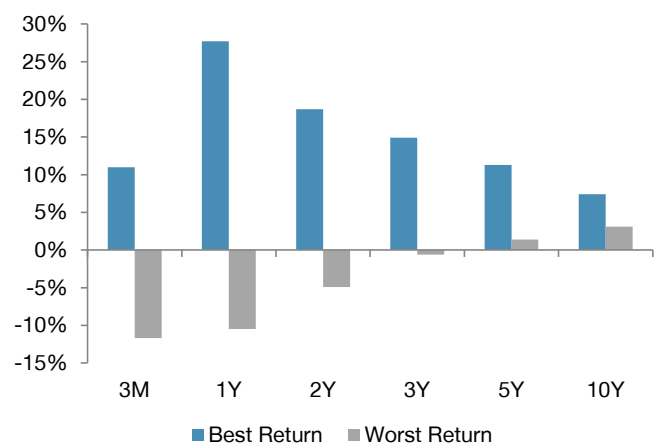
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep*
Income Fund (after-fee)	0.5%	-11.0%	-8.9%	-0.6%	1.8%	3.1%	4.5%	4.4%
FTSE Canada Universe Bond Index	0.5%	-11.8%	-10.5%	-2.5%	0.7%	1.7%	3.4%	3.3%
S&P/TSX Composite Index	-1.4%	-11.1%	-5.4%	6.6%	6.5%	7.3%	4.9%	5.3%

*Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Equity Fund

Market Context

- The Canadian stock market (S&P/TSX Composite Index) fell 1.4% in the third quarter. The communications, real estate, and energy sectors were especially weak.
- Global stocks, as measured by the Morningstar Developed Markets Index, were flat with the index posting a 0.0% return in Canadian dollar terms.

Portfolio Specifics

- The fund holds 24 stocks, of which 12 are headquartered in Canada, 7 in the U.S., and 5 overseas.
- The portfolio declined modestly in Q3 (-0.8%), largely in line with the markets. Our Canadian investments were stronger than our American holdings, but a surging U.S. dollar (+6%) boosted the returns of the latter. Volatility accelerated in August when investor sentiment turned sour once again on heightened inflation concerns.
- Our manager, Fiera Capital, has been pleased with the operating performance of our holdings and feels our business' results are not being reflected in their share prices. Companies such as CN RAIL (railways), CCL INDUSTRIES (packaging), METRO (groceries), TELUS (telecom), and ZOETIS (animal health) have turned in steady profits. To be sure, these are boring businesses but they're well run, have strong demand, and revenues that should hold up relatively well in an economic slowdown.
- Potash producer NUTRIEN was our top performing stock in the quarter and is up 45% over the past year. The business continues to turn in good numbers and the long-term outlook for fertilizers remains compelling. That said, we trimmed the stock given its run up in price. On the flip side, CAE (maker of flight simulators) was our worst performer, down 33%, after announcing a disappointing quarterly profit.
- We don't own any oil & gas producers, which was advantageous in the period as the price of oil fell 25%. Nevertheless, this positioning has worked against us this year given the energy sector's rise. Fiera continues to believe there are better opportunities elsewhere, but would revisit certain oil stocks at the right price.
- One new stock was purchased, HDFC BANK. The company is India's largest private sector bank and is among the largest in the world by market cap. HDFC has a good record of underwriting and an excellent growth outlook. To fund the purchase, we sold EXPERIAN, the Dublin-based consumer credit reporting company. Experian was a solid investment for us—we owned it for 10 years—but Fiera felt it was a good time to switch some of our European exposure to a faster-growing market.

The fund was down 0.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 165%, which equates to an annualized return of 6.4%.

Notable Transactions

Buy

HDFC Bank*
 Zoetis
 Metro
 Telus
 *New holding

Trim/Sell

Experian¹
 Nutrien
 Ritchie Bros. Auctioneers
¹Position eliminated

Positioning

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

Fund size	\$95,077,171
No. of stocks	24



Equity Fund

Attributes

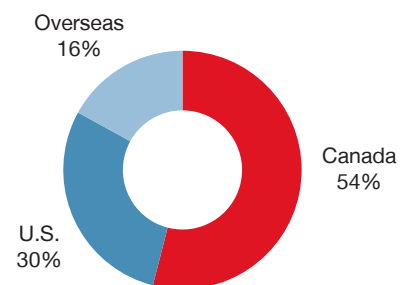
Top Stock Holdings

Franco-Nevada	6.3%
Danaher	5.9%
Visa	5.6%
Brookfield Renewable	5.4%
TD Bank	5.4%
CN Rail	5.3%
CCL Industries	4.6%
Thomson Reuters	4.4%
Metro	4.4%
CME Group	4.0%

Sector Allocation (Stocks)

Industrial Goods & Svc	31.0%
Financial Services	24.9%
Basic Materials	9.9%
Healthcare	9.9%
Technology	7.9%
Utilities & Pipelines	5.6%
Retailing	4.6%
Comm. & Media	4.0%
Real Estate	2.2%

Geographic Profile (Stocks)



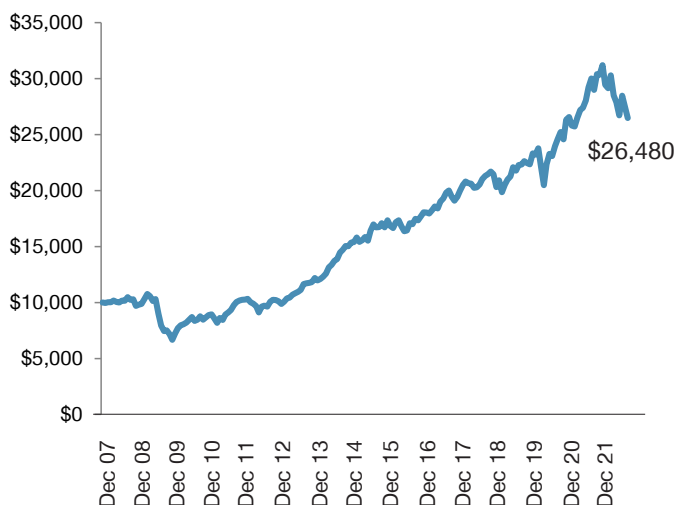
Performance

Compound Annualized Returns (as of September 30, 2022)

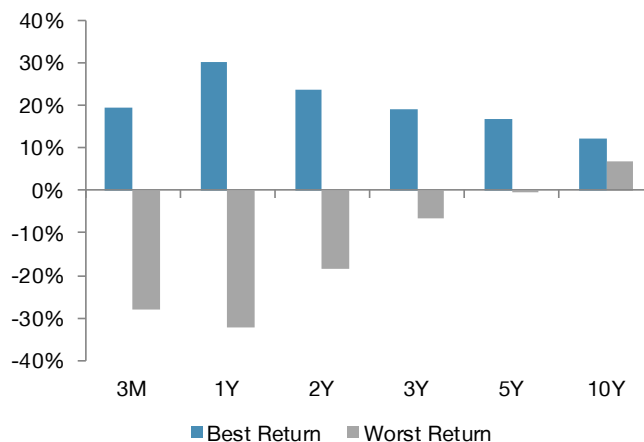
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Equity Fund (after-fee)	-0.8%	-15.1%	-8.7%	5.7%	5.8%	9.5%	6.6%	6.4%
S&P/TSX Composite Index	-1.4%	-11.1%	-5.4%	6.6%	6.5%	7.3%	4.9%	5.3%
Morningstar Developed Mkts Index (\$Cdn)	0.0%	-18.9%	-13.4%	5.8%	7.3%	12.3%	7.6%	6.8%

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Global Equity Fund

Market Context

- Global stocks, as measured by the Morningstar Developed Markets Index, were flat in the quarter (0.0%) in Canadian dollar terms.
- The Canadian dollar depreciated against the U.S. dollar (-6%), was up a little on the British Pound (+2%) and was largely unchanged against the Euro and Japanese Yen. All said, currency movements had a modestly positive impact on performance.

Portfolio Specifics

- The fund owns 49 stocks, of which 19 are domiciled in the U.S., 11 in Europe, 9 in Japan, 4 in the U.K., 3 in Asia Pacific, and 3 in Canada. Companies range in size from mega-cap MICROSOFT to small-cap FIRSTCASH HOLDINGS.
- Performance was flat in the third quarter. Our U.S. investments fared better than our overseas holdings, on balance, with a strong dollar being a contributing factor.
- CAMECO and PAN PACIFIC INTERNATIONAL were standouts in the quarter. Canadian uranium producer Cameco saw a recovery in its stock price (+35%) as the world is starting to adopt a more accepting view of nuclear power. Tokyo-based retailer Pan Pacific (+20%) is poised to benefit from a return of tourism to Japan following two long years of travel restrictions, and investors are embracing its potential.
- ADOBE, RATIONAL, and AIA GROUP were key detractors to performance. Adobe's purchase of interface design firm Figma was not well received by investors; Rational was hampered by parts shortages for its commercial ovens; and insurer AIA was dragged down by ongoing geopolitical turmoil in Hong Kong and China.
- Many European companies turned in solid operating results, yet soaring inflation and the war in Ukraine weighed on investor sentiment. Our manager, Aristotle Capital, is encouraged by the resilient earnings of holdings such as MICHELIN (the tire company is delivering robust profits), LVMH (the luxury goods retailer continues to see strong demand), and SYMRISE (the producer of flavours and fragrances has achieved excellent sales growth this year). While their stock prices have disappointed, Aristotle believes these companies have good upside.
- QUALCOMM, DOLBY LABORATORIES, and MICROSOFT are examples of technology holdings whose fundamentals and market position remain strong and growing, yet their stock prices have languished. Likewise, our investments in the consumer staples space—COCA-COLA, PROCTER & GAMBLE, and HEINEKEN—are down on the year despite showing good pricing power and steady revenue growth.
- The only new name, HALEON (consumer health products), was a spin-off from GSK.

Positioning

- Our manager looks for 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.

The fund was down 1.0% in the quarter. Since inception (Feb 2007), it has a cumulative return of 25%, which equates to an annualized return of 1.4%.

Notable Transactions

Buy

Haleon*
Brookfield Asset Mgmt.

*New holding

Trim/Sell

N/A

Fund size	\$48,295,012
No. of stocks	49



Global Equity Fund

Attributes

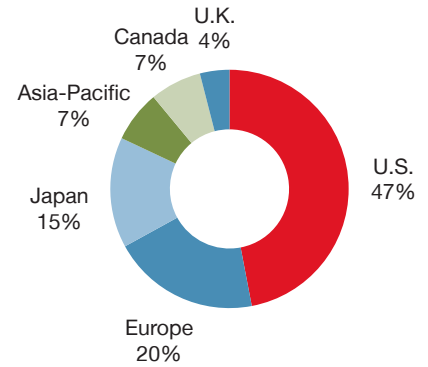
Top Stock Holdings

Microsoft	3.9%
Lennar	3.3%
Martin Marietta	3.1%
Microchip Technology	3.1%
Danaher	3.0%
Cameco	2.7%
TotalEnergies	2.6%
DBS Group Holdings	2.6%
FMC Corporation	2.6%
Amgen	2.4%

Sector Allocation (Stocks)

Industrial Goods & Svc	25.6%
Technology	19.3%
Healthcare	13.5%
Financial Services	12.8%
Consumer Cyclical	12.1%
Consumer Products	6.4%
Basic Materials	2.8%
Retailing	2.8%
Oil & Gas	2.7%
Comm. & Media	2.0%

Geographic Profile (Stocks)



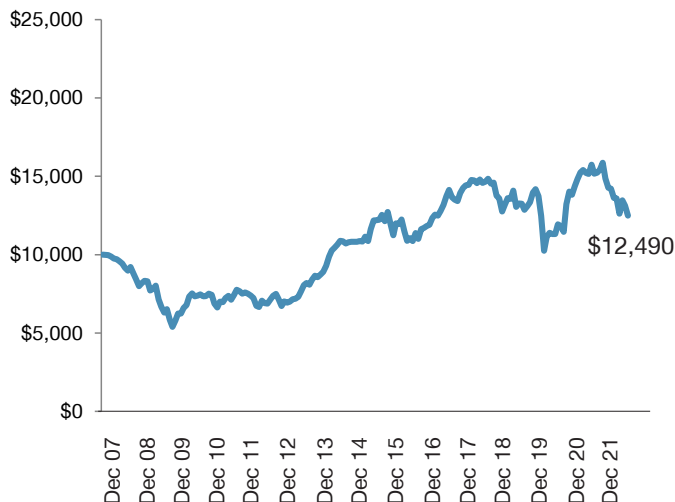
Performance

Compound Annualized Returns (as of September 30, 2022)

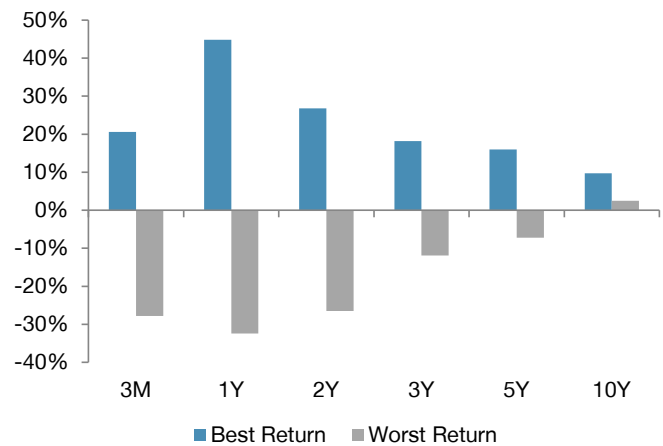
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Global Equity Fund (after-fee)	-1.0%	-21.3%	-17.6%	-1.5%	-2.2%	5.7%	2.1%	1.4%
Morningstar Developed Mkts Index (\$Cdn)*	0.0%	-18.9%	-13.4%	5.8%	7.3%	12.3%	7.6%	6.8%

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Small-Cap Equity Fund

Market Context

- The Canadian small-cap market (S&P/TSX SmallCap Index) fell 2.5% in the quarter. U.S. small-caps (Russell 2000 Index) gained 4.0% in Canadian dollar terms.
- Oil companies and real estate stocks were among the weakest performers.

Portfolio Specifics

- The fund consists of 26 companies, ranging from very small (HAMMOND POWER) to medium-sized businesses (SPIN MASTER). While the majority of holdings are Canadian, there are three U.S. stocks which make up 12% of the portfolio.
- Small-cap stocks have been especially volatile in 2022, with the third quarter being no exception. While the price swings have been unnerving for investors, they've also led to opportunities. Our manager, Galibier Capital, has done more buying than selling of late, and is intrigued by some of the deals they're finding.
- Energy companies across Canada struggled in the quarter. The fund is less exposed to oil-related stocks than the market, but wasn't immune as MEG ENERGY and PARKLAND FUEL gave back some of their gains. Galibier was able to mitigate some of the weakness by trimming these positions when the stocks were flying high.
- PARK LAWN (funeral and cremation services) was among our top performing holdings in 2021 but has struggled this year (-40%) as demand for its services has fallen and bulk sales to religious denominations have also slowed. Nonetheless, the company's operations are sound and its valuation is attractive.
- BOYD GROUP SERVICES (collision repair) was our top performer in the quarter (+25%). It has seen steady demand and has been successful in passing along higher supply and labour costs to insurers, which in turn are passing them to customers in the form of higher premiums.
- ARITZIA was added to the portfolio early in the summer. The Vancouver-based fashion house has seen its profile increase with a successful expansion in the U.S. The purchase had an immediate impact on performance as the stock rose on strong earnings. We also added to existing holdings CARGOJET and TOREX GOLD RESOURCES. Both stocks have solid fundamentals and are 20% cheaper than they were at the beginning of the year.
- Packaging company WINPAK was sold after a rebound in the stock. While there is nothing inherently wrong with the company, Galibier feels there are better opportunities in faster-growing businesses, such as recent purchases Aritzia and ENGHOUSE SYSTEMS.

The fund was down 3.1% in the quarter. Since inception (Feb 2007), it has a cumulative return of 130%, which equates to an annualized return of 5.5%.

Notable Transactions

Buy

Aritzia*
Torex Gold Resources
Cargojet

*New holding

Trim/Sell

Winpak¹
Spin Master

¹Position eliminated

Positioning

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

Fund size	\$40,574,389
No. of stocks	26



Small-Cap Equity Fund

Attributes

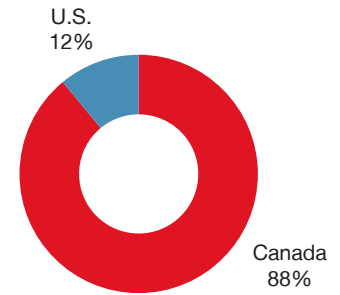
Top Stock Holdings

Spin Master	5.6%
Northland Power	5.6%
SNC-Lavalin Group	4.8%
Boyd Group Services	4.6%
Oshkosh	4.4%
Savaria	4.3%
MEG Energy	4.3%
Sleep Country Canada	4.2%
Ag Growth International	4.1%
Torex Gold Resources	4.0%

Sector Allocation (Stocks)

Industrial Goods & Svc	44.5%
Consumer Cyclical	13.8%
Consumer Products	10.2%
Oil & Gas	7.8%
Basic Materials	7.5%
Utilities & Pipelines	5.6%
Healthcare	3.9%
Retailing	3.7%
Technology	3.0%

Geographic Profile (Stocks)



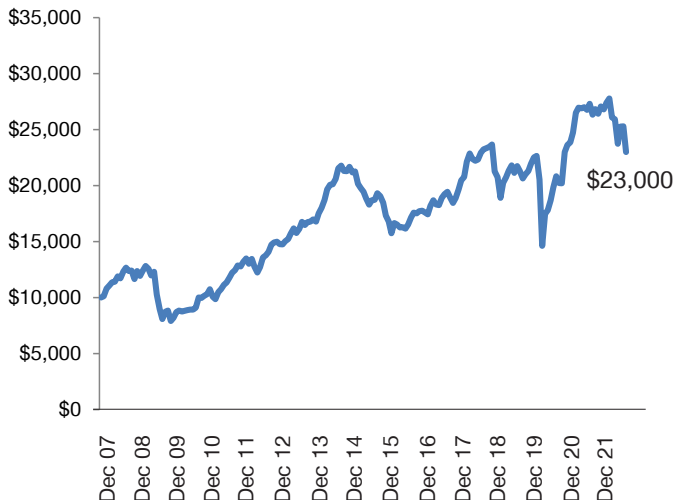
Performance

Compound Annualized Returns (as of September 30, 2022)

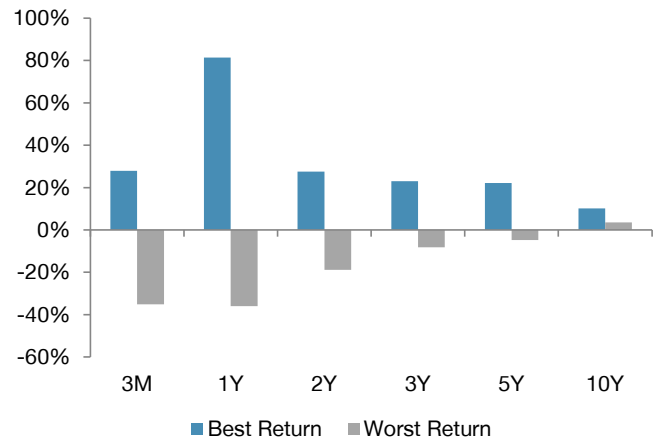
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Small-Cap Equity Fund (after-fee)*	-3.1%	-15.0%	-12.7%	3.1%	3.2%	3.9%	4.3%	5.5%
S&P/TSX SmallCap Index	-2.5%	-16.3%	-13.8%	6.5%	2.4%	3.2%	1.8%	2.0%
Russell 2000 Index (\$Cdn)	4.0%	-19.0%	-17.7%	5.5%	5.5%	12.2%	8.7%	7.6%

¹Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Global Small-Cap Equity Fund

Market Context

- The global small-cap market (S&P Global SmallCap Index) declined 3.2% in the third quarter in Canadian dollar terms.
- Communications and real estate stocks were notable sectors of weakness.

Portfolio Specifics

- The portfolio is currently invested in 46 companies. Sixteen are based in the U.S., 13 in Europe, 8 in the U.K., 3 in Japan, 3 in Australia, 2 in Brazil, and 1 in India.
- The fund declined slightly in the quarter (-0.4%), but held up better than the market. It's been a challenging year for the portfolio. Two of our largest areas of investment, industrials and financial services, have faced persistent headwinds. Specifically, our investments in KION GROUP (warehouse automation and handling equipment), HUHTAMAKI (food packaging and containers), and VALMET (automation systems for the pulp and paper industry) have disappointed on the earnings front. As well, ST. JAMES'S PLACE (wealth management) and RENAISSANCERE (reinsurance) have struggled. The former's performance is tied to financial markets while RenaissanceRe was hit by fears of increasing claims from hurricanes in the quarter.
- There were some notable positive developments to report. CLEAN HARBORS (environmental services) reported strong revenue growth and raised its earnings guidance, which led to a 25% uptick in the stock. REGAL REXNORD (maker of electric motors) saw a similar gain on improvements in its profit margins. And NATIONAL VISION HOLDINGS (optical retailer) gained 20% as traffic to its stores improved.
- It was an active quarter for stock purchases, with five new businesses added to the portfolio. SAAB is a Swedish aerospace and defence company with a growing radar and surveillance business. As European nations increase their security capabilities, the company is in a favourable position. PATRIA INVESTMENTS is a leader in alternative asset management in Latin America. VISTEON is an automotive electronics supplier and a leader in dashboard screens. INTERNET INITIATIVE JAPAN is a leading internet service provider. And ZENKOKU HOSHO is a Japanese mortgage company (which we've owned in the past). The broad weakness in the market allowed our manager, TimesSquare Capital, to buy these companies at discounted prices.
- Three positions were exited in the period. KADOKAWA was sold after it was revealed that the company's executives were involved in a bribery scandal. We moved on from NIPPON SHINYAKU as the firm has struggled to get to the final stage of drug releases, while GRAFTON GROUP was sold based on a deteriorating consumer spending outlook in the U.K.

The fund was down 0.4% in the quarter. Since inception (Feb 2019), it has a cumulative return of 6%, which equates to an annualized return of 1.5%.

Notable Transactions

Buy

Saab*
Visteon*
Patria Investments*
Internet Initiative Japan*
Zenkoku Hosho*
*New holding

Trim/Sell

Nippon Shinyaku¹
Kadokawa¹
Grafton Group¹
St. James's Place
Amplifon
¹Position eliminated

Positioning

- The fund invests in businesses with a clear competitive edge, a record of consistent top line (revenue) and bottom line (earnings) growth, and management that has experience, clear goals and integrity.

Fund size	\$9,156,173
No. of stocks	46



Global Small-Cap Equity Fund

Attributes

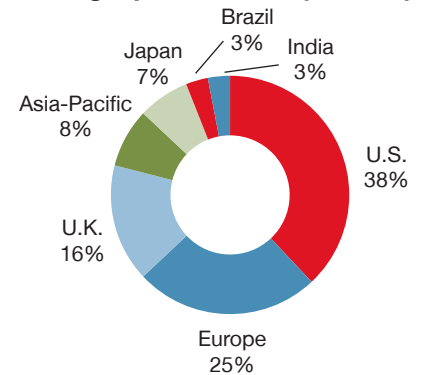
Top Stock Holdings

RenaissanceRe	3.9%
Steadfast Group	3.6%
PJT Partners	3.5%
Kobe Bussan	3.5%
Chemed	3.4%
EMCOR Group	3.4%
Regal Rexnord	3.2%
IPH	3.0%
Topdanmark	2.9%
FinecoBank	2.8%

Sector Allocation (Stocks)

Industrial Goods & Svc	35.1%
Financial Services	24.4%
Consumer Products	11.6%
Consumer Cyclical	10.1%
Healthcare	7.4%
Technology	7.0%
Comm. & Media	2.8%
Real Estate	1.6%

Geographic Profile (Stocks)



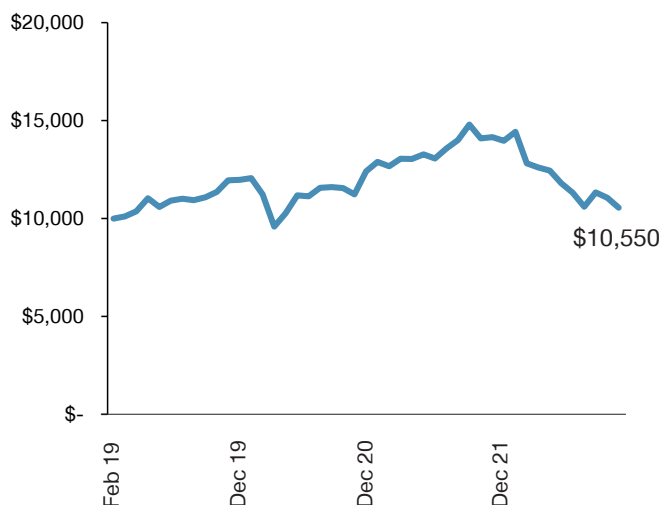
Performance

Compound Annualized Returns (as of September 30, 2022)

	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep ¹
Global Small-Cap Equity Fund (after-fee)	-0.4%	-26.8%	-25.1%	-1.6%	N/A	N/A	N/A	1.5%
S&P Global SmallCap Index (\$Cdn)	-3.2%	-23.2%	-21.9%	2.2%	N/A	N/A	N/A	2.2%

¹Feb 15, 2019

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Savings Fund

Market Context

- Central banks reconfirmed their commitment to contain inflation in the quarter by further raising interest rates to slow economic growth.
- The Bank of Canada raised its key lending rate by 1.0% in July (its largest single increase since 1998), and again by 0.75% in September, bringing the rate to 3.25%. Further, the Bank signaled further increases are to come. The U.S. Federal Reserve also increased its target rate on two occasions, by 0.75% each time, taking it to 3.25% as well. It's expected that this restrictive monetary policy (i.e. higher rates) will remain in place until inflation moderates.
- While higher interest rates have led to a sharp decline in bond prices this year, they have been welcomed by savers, who are now receiving a better yield on their cash.

The fund was up 0.6% in the quarter. Since inception (Feb 2007), it has a cumulative return of 20%, which equates to an annualized return of 1.2%.

Positioning

- Corporate paper makes up 57% of the portfolio, while T-Bills comprise 43%.
- Exposure to bank paper was modestly increased to help enhance the fund's yield.
- The pre-fee yield of the portfolio at the end of September was 3.8%.

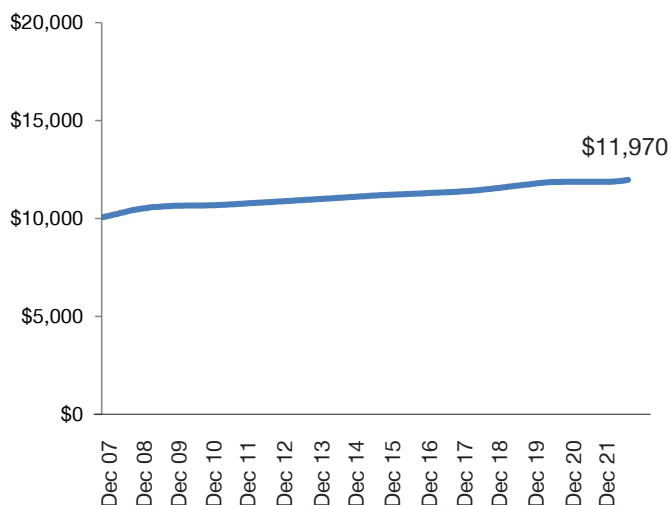
Performance

Compound Annualized Returns (as of September 30, 2022)

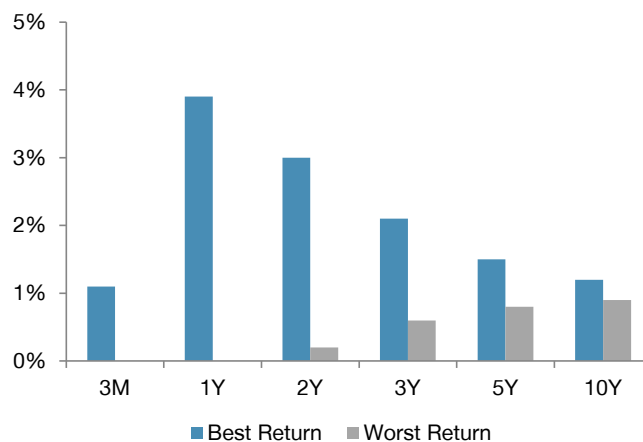
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep*
Savings Fund (after-fee)	0.6%	0.9%	0.9%	0.7%	1.0%	1.0%	1.1%	1.2%
FTSE Canada 91 Day T-Bill Index	0.5%	0.8%	0.9%	0.8%	1.0%	0.9%	1.1%	1.2%

*Feb 13, 2007

Growth of \$10,000 Since Inception



Best and Worst Annualized Returns



Things to watch for in a bear market

Special to the National Post, by Tom Bradley, October 1, 2022

It's getting discouraging. The mid-year stock market rally is over, we're now back below the June lows, and it feels like it's going lower. At least, that's what I hear in almost every investment presentation I watch. Phrases such as "stocks have further to go" and "a recession is inevitable" roll off tongues as easily as talking about the weather.

Whether you agree with this sentiment or not, it's a hard time to make investment decisions. The noise is high, emotions are higher and recent losses are hard to ignore. In this context, here are a few thoughts that may help balance the commentary and lower the temperature.

First of all, it's important to understand that the media's negative bias gets even more negative in bear markets. Economists with the gloomiest forecasts get the most attention, as do companies that miss on quarterly earnings. It's harder to find the good news and opportunities. Reports of companies doing well are buried or completely ignored.

In bear markets, predictions tend to be bold and confident, even though the situation is rapidly changing, and the quality of information is poor. Everyone has a view or statistic to show how overvalued the market is. The late economist Peter Bernstein said market bottoms (and tops) are defined by a "switch from doubt to certainty."

Comparisons with other cycles are also common. They're a favourite pastime of economists and commentators, but are of little use. I heard a portfolio manager recently say, "The only people who pick bottoms are liars."

There's another bias to keep in mind. It's a positive one and involves anchoring on a stock's previous high. The high price is viewed as being the value of the company, even if it was reached at a time of near-zero interest rates, extreme speculation and above-average valuations. In other words, a stock isn't necessarily cheap because it's down 30% from its 2021 high.

There are other numbers to be careful of. Last week, a major brokerage firm lowered the price-to-earnings multiple (P/E) used in its market forecast. I'm sure higher interest rates are a factor, but the thinking is flawed. Putting a low multiple on low earnings is overdoing it.

Most assuredly, corporate profits — the denominator in a P/E — will go down in a weak economy, possibly by a lot, but the

appropriate multiple on those depressed earnings is higher, not lower. Cyclical stocks, in particular, will carry multiples well above their historical range when they start to rebound.

In a similar vein, investors tend to reduce their return expectations after significant declines, which runs counter to what's happening inside their portfolio. Potential returns are increasing because prices drop more than the value of the underlying companies.

Remember, stocks are valued on their expected earnings and dividends over the next 20 years or more. In a discounted cash-flow calculation, a commonly used valuation tool, the first few quarters, even years, have a small impact on the final value.

Discouraging news and red ink always push sentiment indicators into bearish territory. The AAI Investor Sentiment Survey indicator, which measures how individual investors in the United States are feeling, currently shows 61% of investors are bearish compared to the historical average of 31%. Only 20% are bullish compared to the average of 38%.

This contrarian indicator has shifted decisively from greed and speculation in 2021 to fear and frustration in 2022. Warren Buffett is no doubt doing some buying.

Most investors, however, don't follow Buffett's lead. They hang in with the stocks they own, but don't do any buying. They say: "I'm not doing anything. I'm holding off until things settle down." Unfortunately, waiting for certainty means registered retirement savings plan contributions get delayed, bonus cheques sit in the chequing account too long and opportunities to average down are missed.

Yes, procrastinating beats selling out, but rebalancing is even better. A few small purchases will enable a portfolio to go up with as much or more invested in stocks (percentage wise) than it went down with.

At times like these, the people who are gloating at dinner parties are the ones who saw it all coming and sold their stocks. The question to ask them is when are they getting back in? It's the hardest investment decision there is, and it's why bailing out of the market tends to result in short-term peace and long-term pain.

Steadyhand



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