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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Savings Fund**

June 30, 2023



# Steadyhand Savings Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 \$91.6 million as of June 30, 2023, from \$72.2 million at the end of 2022. This increase was attributable to net sales of \$19.4 million.

The Fund produced a return of 2.2% for the six months ended June 30, 2023. Over the same period, the FTSE Canada 91 Day T-Bill Index rose 2.1%.

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

It was a strong period for money market investors, relative to the returns produced over the last several years. Our portfolio adviser, Connor, Clark & Lunn (CC&L), noted that during the first quarter of 2023, monetary policymakers faced the ongoing challenge of persistently strong inflation, while at the same time confronting heightened financial stresses. Still, central banks cautiously pressed ahead with interest rate increases to prevent inflation from becoming entrenched. The U.S. Federal Reserve ("Fed") raised its target interest rate by 0.25% in February, and then pushed forward with another increase of 0.25% in

March despite unfolding U.S. regional bank stresses. The Fed's interest rate increase in March was scaled down from the 0.5% hike that was anticipated earlier in the quarter. The Fed's target range ended the quarter at 4.75%-5.0%. The Bank of Canada was an outlier among developed market central banks. In January, it raised its target interest rate by 0.25% to 4.5%, but then formally moved to a neutral stance. Given that various measures of inflation decelerated more in Canada relative to other regions, the Bank left its policy rate unchanged in March (in line with its neutral stance) after hiking rates at each of its prior eight meetings.

In the second quarter, resilient economic activity and stubbornly high inflation prompted a number of central banks to raise interest rates further, to the surprise of bond markets in a number of cases. CC&L noted that labour markets remained robust despite restrictive policy measures, while a buildup of excess cash continued to support consumer demand. In Canada, these factors – combined with a rebound in the housing market – resulted in the Bank of Canada shifting away from its neutral stance and raising its target overnight interest rate by another 0.25%, to 4.75%. The Bank noted “that monetary policy was not sufficiently restrictive to bring supply and demand back into balance,” suggesting the potential for more interest rate increases at future meetings. The Fed raised its target interest rate by a further 0.25% in May, to 5.0%-5.25%, and left interest rates unchanged at its June meeting. Updated projection materials, however, pointed to expectations for further tightening in 2023, indicating the Fed's inaction in June was only slowing the pace of interest rate increases, rather than pausing to assess the impact of the already-higher interest rates over time.

The higher short-term interest rates — which are at their highest levels since 2008 — have been welcomed by savers, who are now receiving a better return on their cash. Indeed, the Fund now has a higher yield (5.0% at the end of June) than it did at the beginning of the year (4.5%), and money market funds have become a more attractive option for many short-term savers and investors who have a strategic cash allocation in their portfolio.

Investments in T-Bills comprise 48% 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, as the former provided a modest yield advantage for the Fund over the reporting period.

On the credit front, the Fund maintained a healthy weighting in bank paper as well as corporate paper. These investments make up 52% of the portfolio (as of June 30) and 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 0.5% and 0.75%, respectively, during the period. The key lending rates currently stand at 4.75% (Canada) and 5.0%-5.25% (U.S.).

Interest rates exhibited significant volatility during the first quarter in response to shifts in the overarching narrative. CC&L noted that in January, the prevailing expectation was that monetary tightening cycles were nearing completion. In February, however, this perception gave way to an expectation that further rate hikes would be required in response to very robust economic activity early in the year. The narrative changed again in March, with forecasts for interest rate reductions in response to the strains within the banking sector.

During the second quarter, strong economic data and aggressive central bank activity led to interest rates resuming their upward climb. CC&L reported that market expectations for future interest rate increases grew, while expectations for monetary easing were pushed further out. Yield curves inverted (whereby short-term rates are higher than long-term rates) to their deepest levels since 1990.

Economic releases were generally robust during the period, with the economy bolstered by a combination of fiscal support and the continued drawdown of consumer and business savings that had accumulated during the pandemic. Our adviser continues to believe that a recession is the most likely scenario within the next year, as evidence of slowing economic momentum builds globally, excess cash savings are depleted and central banks raise interest rates further to combat inflationary pressures. CC&L has, however, extended its expected timing for the recession. As central banks have resumed their interest rate increases, it also believes the risk of a deeper downturn has increased. Regardless, CC&L continues to believe that monetary policymakers are approaching the end of their interest rate hiking cycles.

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 investments helped boost the Fund's yield without exposing it to undue risk.

The Fund's investments in Treasury Bills remained focused on provincial, rather than federal T-Bills, based on their attractive relative yield spreads. That said, the Fund modestly increased its holdings in federal T-Bills during the period, and these securities make up 9% of the Fund (provincial T-Bills comprise 39%). The largest investments are currently in securities issued by Ontario, B.C., and Manitoba.

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. In late April, we announced that we will be increasing the One Simple Fee effective July 1, 2023, from 0.20% to 0.45%.

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 0.65%. The 'One Simple Fee' was temporarily reduced from 0.65% to 0.20%. The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time. This fee is calculated daily and paid monthly based on the net asset value of units of the Fund. For the period ended June 30, 2023, the Fund paid gross fees of \$50,092 to the Manager and distributed \$16,921 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, 2023 Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 301,210 Series A units, or 5.7% 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 semi-annual unaudited financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$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	0.23	0.20	0.02	0.10	0.20
Total expenses (excluding distributions)	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.22</b>	<b>0.18</b>	<b>0.01</b>	<b>0.08</b>	<b>0.18</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.22)	(0.18)	-	(0.08)	(0.18)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.22)</b>	<b>(0.18)</b>	<b>(0.01)</b>	<b>(0.08)</b>	<b>(0.18)</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 2023</b>	<b>Dec. 31 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>	\$52,632	\$46,893	\$43,844	\$46,488	\$33,260
Number of units outstanding <sup>4</sup>	5,263,256	4,689,326	4,384,455	4,648,810	3,235,969
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%	0.20%
Portfolio turnover rate <sup>6</sup>	-	-	-	76.45	-
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 2023</b>	<b>Dec. 31 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>\$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	0.23	0.24	0.03	0.19	0.19
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	-	-	-	-	-
Unrealized gains for the period	-	-	-	-	-
<b>Total increase from operations <sup>1</sup></b>	<b>0.23</b>	<b>0.24</b>	<b>0.03</b>	<b>0.19</b>	<b>0.19</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.23)	(0.19)	(0.03)	(0.09)	(0.19)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.23)</b>	<b>(0.19)</b>	<b>(0.03)</b>	<b>(0.09)</b>	<b>(0.19)</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 2023</b>	<b>Dec. 31 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>	\$38,927	\$25,348	\$591	\$590	\$54,947
Number of units outstanding <sup>4</sup>	3,892,729	2,534,841	59,123	58,973	5,494,685
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	-
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 unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the periods 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 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.

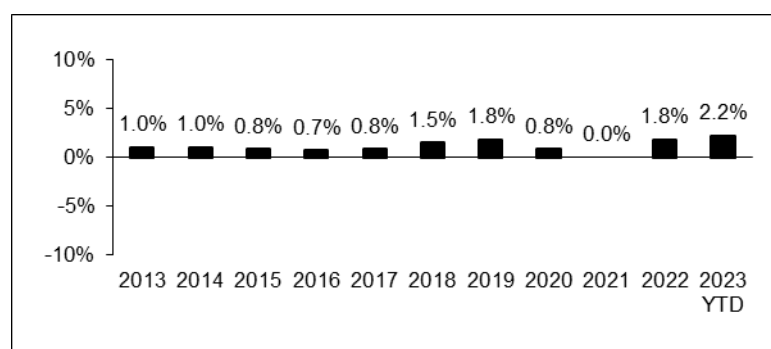
## Past Performance

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.

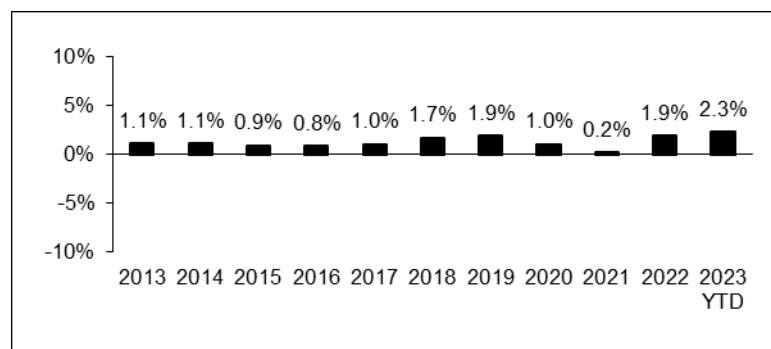
### Year-by-Year Returns

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, 2023

### Portfolio Allocation

	% of Net Assets
Bankers Acceptances	35.3%
Government Treasury Bills	34.3%
Corporate Notes	16.2%
Provincial Promissory Notes	13.4%
Total Investments	99.2%
Cash, Short-term Notes & Other Assets	0.8%
<b>Total</b>	<b>100.0%</b>

### Top 25 Holdings

	% of Net Assets
Province of British Columbia PN 5.049% 07 Nov 2023	8.3%
Province of Ontario TBill 4.560% 11 Oct 2023	5.3%
Royal Bank of Canada BA 4.779% 11 Jul 2023	4.9%
Government of Canada TBill 4.605% 28 Mar 2024	4.7%
Government of Canada TBill 4.639% 09 Nov 2023	4.4%
Bank of Montreal B/A 4.668% 04 Jul 2023	4.2%
Toronto-Dominion Bank B/A 4.851% 28 Aug 2023	4.2%
Province of Manitoba TBill 4.972% 20 Sep 2023	3.9%
Toronto-Dominion Bank B/A 5.021% 11 Sep 2023	3.6%
Bank of Nova Scotia B/A 4.722% 14 Jul 2023	3.3%
Honda Canada Finance Inc. C/P 4.822% 02 Aug 2023	3.2%
Province of Quebec TBill 4.704% 17 Nov 2023	3.2%
Royal Bank of Canada B/A 4.992% 14 Aug 2023	2.8%
Bank of Nova Scotia B/A 5.100% 21 Sep 2023	2.8%
Canadian Imperial Bank of Commerce B/A 4.791% 24 Aug 2023	2.5%
Province of New Brunswick TBill 4.512% 10 Aug 2023	2.5%
Province of Ontario TBill 4.521% 23 Aug 2023	2.5%
National Bank of Canada B/A 4.769% 16 Aug 2023	2.5%
Canadian Imperial Bank of Commerce B/A 4.749% 09 Aug 2023	2.4%
Hydro One Inc. C/P 4.917% 18 Jul 2023	2.2%
TransCanada Pipelines Limited C/P 5.050% 01 Aug 2023	2.2%
Suncor Energy Inc. C/P 5.041% 01 Aug 2023	2.2%
Province of British Columbia P/N 4.971% 13 Oct 2023	2.2%
Province of Saskatchewan P/N 4.522% 11 Jul 2023	1.8%
Hydro One Inc. C/P 4.781% 20 Jul 2023	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, 2023



# Steadyhand Income Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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

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

### Risks

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

### Results of Operations

Over the year, the Fund's net assets increased to \$329.3 million as of June 30, 2023, from \$300.6 million at the end of 2022. This increase of \$28.7 million was attributable to net subscriptions of \$23.4 million, a increase in net assets from operations of \$9.0 million less \$3.7 million in distributions to unitholders.

The Fund rose 2.5% over the first half of the year. Over the same period, the FTSE Canada Universe Bond Index gained 2.5%, while the S&P/TSX Capped Composite Index rose 5.7%.

The Fund's performance was driven by both the bond component of the portfolio (roughly three-quarters of its assets), and the stock component (one-quarter of its assets). The bond component was up 3.1% (before fees) over the period, which was ahead of the index. Its stock investments were also up 3.1% in aggregate, which was behind the index. When compared to a blended benchmark of stocks and bonds, the Fund's performance was slightly behind.

Financial markets experienced notable volatility in March, but investors welcomed a more stable market environment in the second quarter. Our portfolio adviser, Connor, Clark & Lunn (CC&L), noted that investor sentiment improved in response to several factors, including the resolution of the U.S. debt ceiling discussions, as well as growing enthusiasm regarding artificial intelligence (AI) that helped to bolster the outlook for the technology sector. Another positive driver was the economic resilience observed in both the U.S. and Canada. Data releases were generally robust, which defied widely predicted recession expectations. This led investors to believe that a recession may begin later than previously anticipated. Persistently strong inflation figures, however, prompted many central banks to implement further interest rate increases. Nevertheless, equity market volatility decreased significantly, while bond market volatility also fell from its unusually high levels.

The Bank of Canada and the U.S. Federal Reserve ("Fed") raised their target interest rates by a total of 25 basis points (0.25%) and 50 basis points, respectively, during the first quarter. 10-year government bond yields dropped by 0.4% in both Canada and the U.S., and credit spreads (the difference in yield between corporate and government bonds) tightened initially but then widened later in the quarter. This decline in yields led to price gains in the Fund's bond holdings (when yields fall, prices rise).

In the second quarter, The Bank of Canada and Fed each raised their target interest rates an additional 0.25%. The Government of Canada 10-year yield rose 0.4%, causing a decline in bond prices. The Fund's bond investments declined in the quarter but held up better than the overall bond market.

The equity portion of the portfolio (24% at June 30) rose over the first half but trailed the market. Holdings in financials (TD Bank, BMO) and oil & gas (Tourmaline) hurt performance early on as these sectors lagged. Performance was also held back by our minimal exposure to technology stocks, which have been the top performers so far in 2023. Tim Hortons operator Restaurant Brands International and vehicle fleet manager Element Fleet Management were strong performers for us, while Brookfield Renewable Partners and Nutrien were among the biggest detractors.

Real estate investment trusts (REITs) lagged the market in the period, as they tend to be interest rate sensitive investments and were hurt by a further increase in short-term rates. Our holdings comprise 4% of the Fund and weighed on performance. CC&L's bias is towards companies with exposure to residential and industrial properties and it's staying away from office space given increasing vacancy rates.

Overall, fixed income investments comprised 76% of the Fund at the end of June, which was slightly higher than their weighting at the beginning of the year (75%).

The Fund's stock component started the year at 25% of assets. The weighting was trimmed modestly 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. Government bonds (federal and provincial) were increased a little, while corporate bonds were trimmed a touch.

The Fund's pre-fee yield at the end of June was 4.4%, which was an increase from its yield of 4.1% at the end of 2022.

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

## Recent Developments

In the view of our portfolio adviser, the first quarter of the year was a whirlwind for global financial markets. There was positive market sentiment early on that was largely driven by strong economic data, China's economic reopening and subdued inflation releases. This sentiment was short-lived, however, as unusually strong economic and inflation data caused greater uncertainty regarding the end of central bank interest rate increases, as well as the probability and timing of a recession. In March, financial markets experienced a significant shock when a confluence of factors led to a bank run across U.S. regional banks that ultimately resulted in the second- and third-largest American bank failures in history. The turbulence spilled into Europe with the collapse of Credit Suisse. The chaos was largely limited to the financial sector, however, and global stock markets turned in solid gains. In the second quarter, resilient economic data, better-than-expected corporate earnings, and investor enthusiasm for developments in artificial intelligence supported further global stock market gains.

Central banks raised short-term interest rates over the period to try to curb inflation (as mentioned in the previous section), with the Bank of Canada raising its key lending rate a total of 0.5%. The rate now sits at 4.75%. Bond yields were volatile but ended the period little changed, with the 10-year Government of Canada benchmark finishing the period close to where it started, at 3.3%. In this environment, the bond market turned in a positive return, rising 2.5%. This was a welcome development for fixed income investors considering the market fell more than 10% in 2022.

Economic releases were generally robust during the period, with the economy bolstered by a combination of fiscal support and the continued drawdown of consumer and business savings that had accumulated during the pandemic. Our adviser continues to believe that a recession is the most likely scenario within the next year, as evidence of slowing economic momentum builds globally, excess cash savings are depleted and central banks raise interest rates further to combat inflationary pressures. CC&L has, however, extended its expected timing for the recession. As central banks have resumed their interest rate increases, it also believes the risk of a deeper downturn has increased. Regardless, it continues to believe that monetary policymakers are approaching the end of their interest rate hiking cycles.

The portfolio's positioning remains defensive, and CC&L continues to find opportunities amid heightened bond market volatility. The portfolio's yield curve positioning, which benefited from further inversion, has been moved to a slight steepening bias as CC&L believes the yield curve inversion has become excessive. Looking ahead, we expect to position the portfolio for a broader steepening of the yield curve as we approach a recession.

The Fund's exposure to corporate and provincial credit remains lower than normal, as CC&L expects credit spreads to widen as slowing economic momentum is expected to weigh on earnings. Security selection remains defensively positioned. Within domestic banks, the portfolio has shifted toward more senior bank debt within the capital structure.

As for stocks, the Fund's positioning reflects an air of caution. CC&L anticipates declining profit margins, sticky wages (with diminished pricing power) and further negative earnings revisions in the coming few quarters. Focus is on companies with the ability to deliver strong fundamentals in a lower-growth, elevated-inflation environment. Clean balance sheets are increasingly important, given the high interest rate environment. Given its view that the slowdown will be relatively mild compared to the prior two recessions, CC&L will look to increase positions in more cyclical areas of the market as valuation opportunities arise. Over the medium term, its economic outlook is quite positive, given the more stable starting point for consumer balance sheets, pent-up demand for capital spending, the productivity-enhancing impact of AI, and the infrastructure spending required for clean energy and onshoring activity.

The Fund paid distributions totaling \$0.12/unit over the first half of the year (\$0.046/unit at the end of March and \$0.06/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 \$402,614 of its net assets as management fees and distributed \$132,029 in management fee reductions for the six months ended June 30, 2023. 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, 2023, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 221,376 Series A units, or 3.0% 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 unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$10.03</b>	<b>\$11.44</b>	<b>\$11.26</b>	<b>\$10.94</b>	<b>\$10.44</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.19	0.31	0.29	0.31	0.31
Total expenses (excluding distributions)	(0.06)	(0.11)	(0.12)	(0.15)	(0.15)
Realized gains (losses) for the period	0.06	(0.53)	0.11	0.20	0.35
Unrealized gains (losses) for the period	0.08	(0.78)	0.20	0.39	0.47
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.27</b>	<b>(1.11)</b>	<b>0.48</b>	<b>0.75</b>	<b>0.98</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.12)	(0.25)	(0.21)	(0.23)	(0.20)
From dividends	-	(0.03)	(0.02)	(0.05)	(0.03)
From capital gains	-	-	(0.04)	(0.18)	(0.21)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.12)</b>	<b>(0.28)</b>	<b>(0.27)</b>	<b>(0.46)</b>	<b>(0.44)</b>
<b>Net Assets, end of period</b>	<b>\$10.17</b>	<b>\$10.03</b>	<b>\$11.44</b>	<b>\$11.26</b>	<b>\$10.94</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$76,356	\$76,917	\$89,845	\$87,454	\$85,884
Number of units outstanding <sup>4</sup>	7,509,537	7,665,518	7,855,873	7,769,803	7,848,309
Management expense ratio <sup>5</sup>	1.04%	1.04%	1.04%	1.04%	1.04%
Management expense ratio before waivers or absorptions	1.05%	1.05%	1.04%	1.05%	1.04%
Portfolio turnover rate <sup>6</sup>	136.59%	247.25%	167.02%	151.66%	179.14%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.01%	0.02%	0.02%
Net asset value per unit	\$10.17	\$10.03	\$11.44	\$11.26	\$10.94

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$11.06</b>	<b>\$12.48</b>	<b>\$12.20</b>	<b>\$11.75</b>	<b>\$11.11</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.20	0.34	0.31	0.35	0.34
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.06	(0.58)	0.11	0.23	0.38
Unrealized gains (losses) for the period	0.05	(0.83)	0.24	0.31	0.40
<b>Total increase (decrease) from operations</b>	<b>0.31</b>	<b>(1.07)</b>	<b>0.66</b>	<b>0.89</b>	<b>1.12</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.12)	(0.27)	(0.26)	(0.25)	(0.22)
From dividends	-	(0.04)	(0.04)	(0.06)	(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>(0.12)</b>	<b>(0.31)</b>	<b>(0.34)</b>	<b>(0.51)</b>	<b>(0.49)</b>
<b>Net Assets, end of period</b>	<b>\$11.28</b>	<b>\$11.06</b>	<b>\$12.48</b>	<b>\$12.20</b>	<b>\$11.75</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$252,930	\$223,728	\$214,833	\$172,538	\$178,272
Number of units outstanding <sup>4</sup>	22,416,760	20,220,329	17,212,470	14,137,498	15,170,139
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.01%	0.01%	0.01%	-	0.01%
Portfolio turnover rate <sup>6</sup>	136.59%	247.25%	167.02%	151.66%	179.14%
Trading expense ratio <sup>7</sup>	0.01%	0.02%	0.01%	0.02%	0.02%
Net asset value per unit	\$11.28	\$11.06	\$12.48	\$12.20	\$11.75

<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 unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 for the period.

<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 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.



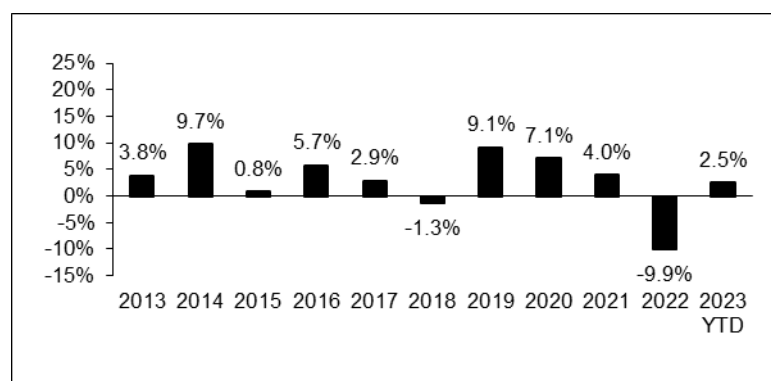
## Past Performance

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.

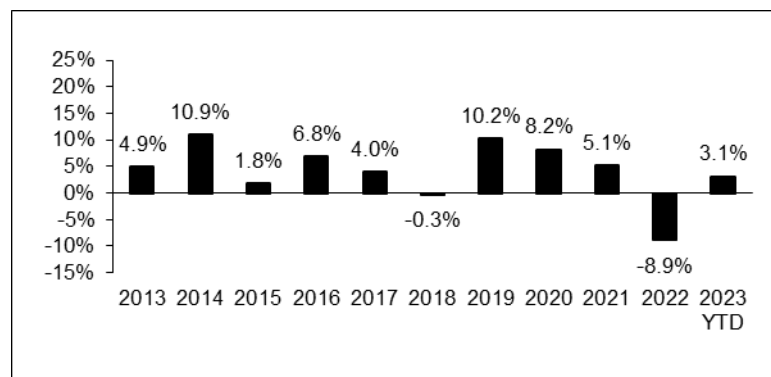
### Year-by-Year Returns

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, 2023

### Portfolio Allocation

	% of Net Assets
<b>Bonds</b>	
Provincial Bonds	23.1%
Corporate Bonds	22.0%
Federal Bonds	19.1%
Municipal Bonds	4.0%
	<hr/> 68.2%
<b>Equities</b>	
Financial Services	7.1%
Real Estate	3.8%
Industrial Goods & Services	3.2%
Utilities & Pipelines	2.1%
Oil & Gas	2.8%
Communication & Media	1.3%
Basic Materials	1.0%
Technology	0.6%
Retailing	0.6%
Consumer Cyclical	0.6%
Consumer Staples	0.5%
Consumer Products	0.2%
	<hr/> 23.8%
Pooled Investment Funds	5.0%
Cash, Short-Term Notes & Other Assets	3.0%
<b>Total</b>	<hr/> <hr/> 100.0%

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**Top 25 Holdings**

	% of Net Assets
Government of Canada Bond 3.750% 01 May 2025	9.2%
CC&L High Yield Bond Fund, Series I	5.0%
Province of Ontario Bond 2.700% 02 Jun 2029	4.0%
Government of Canada Bond 1.750% 01 Dec 2053	3.6%
Province of Ontario Bond 2.150% 02 Jun 2031	3.1%
Government of Canada Bond 3.500% 01 Dec 2045	3.0%
Royal Bank of Canada	1.8%
Province of British Columbia Bond 2.200% 18 Jun 2030	1.6%
Government of Canada Bond 2.000% 01 Dec 2051	1.6%
Province of Quebec Bond 1.500% 01 Sep 2031	1.5%
Toronto-Dominion Bank	1.3%
Province of Alberta Bond 3.900% 01 Dec 2033	1.2%
Province of British Columbia Bond 1.550% 18 Jun 2031	1.2%
Province of Quebec Bond 1.900% 01 Sep 2030	1.1%
Canadian Apartment Properties REIT	1.1%
Royal Bank of Canada C/P 5.235% 02 Nov 2026	1.0%
Province of Ontario Bond 2.050% 02 Jun 2030	0.9%
Canadian National Railway Co.	0.9%
Thomson Reuters Corp.	0.9%
National Bank of Canada C/P 2.580% 03 Feb 2025	0.8%
Toronto-Dominion Bank C/P 2.667% 09 Sep 2025	0.8%
Enbridge Inc.	0.8%
Province of Ontario Bond 3.600% 08 Mar 2028	0.8%
Royal Bank of Canada B/A 5.169% 25 Sep 2023	0.8%
Bank of Montreal C/P 3.650% 01 Apr 2027	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, 2023



# Steadyhand Founders Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 \$618.4 million as at June 30, 2023, an increase of \$32.4 million from \$586.0 million as of December 31, 2022. This increase was attributable to net subscriptions of \$5.2 million plus increases in net assets from operations of \$32.5 million less \$5.3 million in distributions to unitholders.

The Fund rose 5.3% over the first half of the year. Over the same period, the Canadian bond market (FTSE Canada Universe Bond Index) gained 2.5%, the global stock market (Morningstar Developed Markets Index) rose 11.6% in Canadian dollar terms, and the Canadian stock market (S&P/TSX Composite Index) rose 5.7%. 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 lighter exposure to technology stocks was one reason for this. These stocks, particularly mega-cap American companies with exposure to artificial intelligence (AI), saw significant gains over the period. A common characteristic of these stocks is that they currently trade at notably higher valuations than stocks in other sectors, generally speaking. Our fund managers (portfolio advisers) prefer to invest in businesses that trade at more reasonable valuations.

Stock markets overall had a strong first half. Although headwinds persisted in the form of higher interest rates and inflation — and a regional banking crisis that started in the U.S. and spilled into Europe — investors focused more on corporate fundamentals (solid) and a likely end to the rate hiking cycle. Technology stocks were big winners, as noted above, but consumer cyclical and communication services stocks were also strong. Interest rate sensitive sectors such as utilities and real estate were weak. The energy sector also pulled back, as commodity prices weakened.

The Bank of Canada and the U.S. Federal Reserve (“Fed”) raised their target interest rates by a total of 25 basis points (0.25%) and 50 basis points, respectively, during the first quarter. 10-year government bond yields dropped by 0.4% in both Canada and the U.S., and credit spreads (the difference in yield between corporate and government bonds) tightened initially but then widened later in the quarter. This decline in yields led to price gains in the Fund’s bond holdings (when yields fall, prices rise).

In the second quarter, The Bank of Canada and Fed each raised their target interest rates an additional 0.25%. The Government of Canada 10-year yield rose 0.4%, causing a decline in bond prices. The Fund’s bond investments declined in the quarter but held up better than the overall bond market.

The Canadian dollar appreciated against most major currencies over the first half of the year, notably the Japanese Yen (+12%). It gained 2% against the U.S. dollar and 1% against the Euro. It fell modestly against the British Pound (-3%). The strength in our dollar against foreign currencies dampened the returns of these stocks for Canadian investors.

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 and Global Fund have been the top performers year-to-date, with the Small-Cap Fund significantly outpacing the market. The Equity Fund and Global Small-Cap Fund turned in positive results but trailed their respective markets.

As for its fixed income investments, the Founders Fund’s bond holdings (through its investment in the Steadyhand Income Fund) fared well over the six-month period and were slightly ahead of the index’s gain. Strong security selection in both government and corporate bonds was the primary driver of performance.

The Founders Fund’s overall equity weighting ranged from 61-65% over the first half of the year. It started 2023 at 65% but we gradually decreased it due to higher stock prices and an uncertain profit outlook. This combination has led to less compelling valuations. Also moderating our enthusiasm is a shift in investor sentiment. The indicators we look at show that investors are generally bullish again. This isn’t a concern yet (sentiment is a contrarian indicator) but is a shift from extreme pessimism for most of last year. At the end of June, foreign stocks made up 34% of the Fund, while Canadian stocks comprised 27% (at the end of 2022, the weightings were 37% foreign and 28% Canadian).

The Fund’s overall weighting in bonds ranged from 29% at the beginning of the year to 31% of the portfolio at June 30, but remained below the long-term target of 35%. 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. 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 (it ranged from 6-8%). 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**

Stock markets had a good first quarter. In a reversal from last year, technology and consumer cyclical stocks were the top performers, while the energy sector lagged. Canadian stocks (S&P/TSX Composite Index) rose 4.6% in Q1, a solid return to be sure, but behind that of the global market (the Morningstar Developed Markets Index was up 7.2%) due to weakness in oil & gas and bank stocks, which are bigger components of the TSX.

Markets climbed higher in the second quarter, generally speaking, driven by enthusiasm around the growing implementation and prospects of AI and a resolution (albeit temporary) to the U.S. debt ceiling standoff. Mega-cap technology stocks were the big winners, but industrial and consumer cyclical stocks were also strong. Utilities, resources, and real estate stocks were weak. Canadian stocks were held back by weakness in the commodity sector, but still rose modestly in the quarter.

Central banks raised short-term interest rates over the period to try to curb inflation, with the Bank of Canada raising its key lending rate a total of 0.5%. The rate now sits at 4.75%. Bond yields were volatile but ended the period little changed, with the 10-year Government of Canada benchmark finishing the period close to where it started, at 3.3%. In this environment, the bond market turned in a positive return, rising 2.5%. This was a welcome development for fixed income investors considering the market fell more than 10% in 2022.

Economic releases were generally robust during the period, with the economy bolstered by a combination of fiscal support and the continued drawdown of consumer and business savings that had accumulated during the pandemic. Our fixed income adviser (Connor, Clark & Lunn) continues to believe that a recession is the most likely scenario within the next year, as evidence of slowing economic momentum builds globally, excess cash savings are depleted and central banks raise interest rates further to combat inflationary pressures. CC&L has, however, extended its expected timing for the recession. As central banks have resumed their interest rate increases, it also believes the risk of a deeper downturn has increased. Regardless, it continues to believe that monetary policymakers are approaching the end of their interest rate hiking cycles.

We walk through each of the underlying fund holdings below.

### **Income Fund**

The Fund's positioning remains defensive, and our portfolio adviser (CC&L) continues to find opportunities amid heightened bond market volatility. The portfolio's yield curve positioning, which benefited from further inversion, has been moved to a slight steepening bias as CC&L believes the yield curve inversion has become excessive. Looking ahead, we expect to position the portfolio for a broader steepening of the yield curve as we approach a recession.

The Fund's exposure to corporate and provincial credit remains lower than normal, as CC&L expects credit spreads to widen as slowing economic momentum is expected to weigh on earnings. Security selection remains defensively positioned. Within domestic banks, the portfolio has shifted toward more senior bank debt within the capital structure.

As for income-equities, the Fund's positioning reflects an air of caution. CC&L anticipates declining profit margins, sticky wages (with diminished pricing power) and further negative earnings revisions in the coming few quarters. Focus is on companies with the ability to deliver strong fundamentals in a lower-growth, elevated-inflation environment. Clean balance sheets are increasingly important, given the high interest rate environment. Given its view that the slowdown will be relatively mild compared to the prior two recessions, CC&L will look to increase positions in more cyclical areas of the market as valuation opportunities arise. Over the medium term, its economic outlook is quite positive, given the more stable starting point for consumer balance sheets, pent-up demand for capital spending, the productivity-enhancing impact of AI, and the infrastructure spending required for clean energy and onshoring activity.

### Equity Fund

Few changes were made to the Fund's investments, but additional shares were purchased in several existing holdings, notably HDFC Bank, S&P Global, and Danaher. One new stock was added to the portfolio, Canadian Pacific Kansas City. The recent merger of the two railways (CP Rail and Kansas City Southern) creates the only network that spans North America. Our portfolio adviser, Fiera Capital, likes the merger and believes CPKC will be able to attract new customers thanks to its direct route to Mexico. Fiera also continues to like CN Rail, which remains one of our largest holdings. The companies are both high-quality operations that share similarities. Fiera is a fan of the railway business because of its high barriers to entry, consistent revenue streams, and stable demand. As we build our position in CPKC, we will likely bring down our weighting in CN.

We trimmed a number of holdings, including Franco-Nevada, RB Global, CCL Industries, Microsoft, and Thomson Reuters. Commercial real estate firm CBRE was removed from the portfolio. The company is fighting an uphill battle with higher interest rates and Fiera feels there are better opportunities elsewhere.

Fiera feels it's prudent to have a defensive bias in the portfolio as we adapt to the reality of higher interest rates and a slowing economy. Businesses that are well financed and generate consistent profits are favoured. Examples include Metro, Microsoft, CN Rail, Visa, and Telus.

Overall, the Equity Fund is comprised of a concentrated group of businesses operating in a diverse array of industries, from information services to renewable energy to railways.

### Global Equity Fund

The U.S. market had an excellent first half (up 16.9% in U.S. dollars), but returns were largely driven by one sector, technology. More specifically, seven stocks propelled the market higher: Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta, and Tesla. The enthusiasm around artificial intelligence (AI) helped drive these stocks and there's likely an element of FOMO at play. This 'group of seven' have risen between 40% to 200% this year. The other 493 companies that comprise the broad U.S. index haven't moved at all, in aggregate. The American market, in the meantime, has become increasingly top-heavy. The biggest seven companies are all tech related and account for over one-quarter of the index. Our portfolio adviser, Aristotle Capital, believes there are better investment opportunities outside the mega-cap tech stocks.



Trading activity was minimal in the period. No new stocks were purchased, although we added to our existing position in Brookfield Corp. We trimmed a few holdings based on strong performance, including LVMH, Cameco, Lennar, Microsoft, and Martin Marietta.

Industrial goods & services companies comprise the largest portion of the Global Fund, comprising 25% of investments. The sector includes a broadly diversified mix of businesses, including Rational (maker of commercial ovens), Kubota (farm and construction equipment), Rentokil (pest control services), Fanuc (automation for manufacturing), General Dynamics (aerospace and defence manufacturer), Assa Abloy (door security solutions), and Oshkosh (specialty trucks and access equipment). These businesses provide goods and services that are essential around the world.

Technology companies are also a key area of investment, making up 21% of the portfolio. Aristotle's focus is on businesses that generate consistent profits and trade at reasonable valuations, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, Dolby Laboratories, and Microchip Technology. We avoid speculative and early phase companies.

The Global Fund has limited investments in resource companies (our two holdings are Cameco and TotalEnergies), as these stocks can be highly volatile.

#### Small-Cap Equity Fund

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 SNC-Lavalin Group (engineering, procurement, and construction services), Oshkosh Corp. (maker of heavy-duty trucks), Cargojet (air cargo services), Badger Infrastructure Solutions (hydrovac and potholing services), and NFI Group (maker of buses and coaches). These businesses share a common trait: they're leaders in their field and generate strong free cash flow. Many of our investments in the sector turned in solid operating results in the first half, which was a reflection of the continued strong demand for their products and services.

Consumer-related companies (staples and cyclicals) also make up a significant portion of the Fund (24% combined). These include food makers and distributors like Premium Brands Holdings and Maple Leaf Foods; and consumer goods companies that are more dependent on discretionary spending such as Spin Master (maker of toys and games) and Sleep Country Canada (mattress and bedding accessories specialist). These stocks are currently the Small-Cap Fund's two largest holdings. While not flashy, they're profitable and reasonably valued. As well, they do not carry large amounts of debt. These are important attributes that our portfolio adviser, Galibier Capital, looks for in an investment.

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. This helped performance, as energy and commodity stocks had a weak period. Our current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), Ag Growth International (grain handling and storage), and Interfor (lumber). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.

One new company was added to the portfolio: Interfor. Long-term fund owners will be familiar with the name, as we've owned it in the past. The lumber producer has fallen on concerns about a slowdown

in the economy and housing construction. Galibier sees the economy as a short-term concern while the shortage of housing remains a long-term opportunity.

Two companies were sold: Waterloo Brewing, and Enghouse Systems. The Fund was forced to say goodbye to Waterloo Brewing, as the company was purchased by Danish brewer Carlsberg. Although it was bought for a nice premium, Galibier was disappointed with the price and unsuccessfully lobbied for an increase to what Carlsberg paid. Software developer Enghouse Systems remains a company with strong prospects, but its price rose nicely in the first quarter and Galibier concluded there were better opportunities elsewhere.

#### Global Small-Cap Equity Fund

Nine new stocks were added to the Global Small-Cap Fund. Among the new additions are two Japanese health-related companies that share a relationship. Rohto Pharmaceutical Co. is a leader in high-quality eye drops and has several popular skin care lines. Matsukiyo Cocokara is a large retail pharmacy that carries Rohto products and others. Our adviser, TimesSquare Capital, believes both businesses have a promising trajectory, thanks to ever-increasing screen times (eye drops) and the return of Chinese tourists to Japan, who are big purchasers of both companies' products. Other purchases were: Synaptics, a U.S.-based technology company that makes touch displays used in tablets, laptops and phones; French technology firm Sopra Steria, which is a European leader in consulting and digital services; Japan-based Nakanishi, a maker of a range of dental equipment; Weir Group, which supplies processing equipment for mineral excavation; ESAB, a world leader in welding and cutting equipment; Ag Growth International, a Canadian leader in fertilizer, grain, and seed storage; and Arcos Dorados Holdings, a Latin American McDonald's franchise owner.

To fund the above purchases, eight stocks were sold. RS Group and Charles River Laboratories were successful investments that are now less compelling, while we moved on from National Vision Holdings, Spirent Communications, Future, PJT Partners, Zurn Elkay Water Solutions, and Kennedy-Wilson due to weaker outlooks.

Japan represents an increasing area of interest to TimesSquare. Our adviser believes the digitisation of the economy still has plenty of runway relative to western economies, and the country is poised to benefit from a return of Chinese and overseas visitors. Further, Japanese corporations have shown positive signs that they're more willing to incorporate shareholder-friendly initiatives. Three new Japanese companies were purchased during the period, and TimesSquare is looking closely at others.

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 made up 34% of the portfolio at the end of June, while Canadian equities made up 27%.

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 2023 at 6%. The weighting was increased slightly, to 8%, 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 areas 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 \$4,085,528 of its net assets as management fees and distributed \$1,335,856 in management fee reductions for the six months ending June 30, 2023. 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, 2023, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 369,446 units, or 0.8% 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 or unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$13.39	\$15.09	\$14.21	\$13.26	\$12.19
<b>Increase (decrease) from operations:</b>					
Total revenue	0.08	0.43	0.65	0.31	0.44
Total expenses (excluding distributions)	(0.06)	(0.12)	(0.14)	(0.12)	(0.12)
Realized gains for the period	0.09	0.01	0.13	0.09	0.19
Unrealized gains (losses) for the period	0.63	(1.74)	0.72	0.86	0.94
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.74</b>	<b>(1.42)</b>	<b>1.36</b>	<b>1.14</b>	<b>1.45</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	(0.09)	(0.14)	(0.14)	(0.14)	(0.14)
From dividends	-	-	-	-	-
From capital gains	-	(0.06)	(0.28)	(0.02)	(0.22)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>(0.09)</b>	<b>(0.20)</b>	<b>(0.42)</b>	<b>(0.16)</b>	<b>(0.36)</b>
<b>Net Assets, end of period</b>	<b>\$14.01</b>	<b>\$13.39</b>	<b>\$15.09</b>	<b>\$14.21</b>	<b>\$13.26</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$618,425	\$585,994	\$635,579	\$537,471	\$496,034
Number of units outstanding <sup>4</sup>	44,145,230	43,771,763	42,123,982	37,827,583	37,410,726
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>	7.02%	5.20%	6.46%	18.87%	17.61%
Trading expense ratio <sup>7</sup>	0.01%	0.03%	0.08%	0.05%	0.02%
Net asset value per unit	\$14.01	\$13.39	\$15.09	\$14.21	\$13.26

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

<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 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.

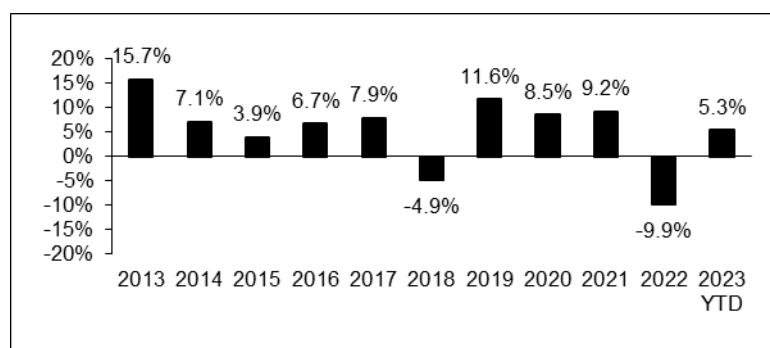
<sup>7</sup>The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

## 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, 2023

### Portfolio Allocation

% of Net Assets

Pooled Investment funds	99.4%
Cash, Short-Term Notes & Other Assets	0.6%
<b>Total</b>	<b>100.0%</b>

**Top 7 Holdings**

	<b>% of Net Assets</b>
Steadyhand Income Fund, Series O	40.7%
Steadyhand Global Equity Fund, Series O	20.5%
Steadyhand Equity Fund, Series O	20.4%
Steadyhand Savings Fund, Series O	6.3%
Steadyhand Small-Cap Equity Fund, Series O	6.0%
Steadyhand Global Small-Cap Equity Fund, Series O	5.7%
Cash & cash equivalents	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 Builders Fund**

June 30, 2023



# Steadyhand Builders Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 stood at \$179.2 million as at June 30, 2023, an increase of \$23.3 million from \$155.9 million as of December 31, 2022. This increase was attributable to net subscriptions of \$11.0 million plus an increase in net assets from operations of \$12.7 million and \$0.4 million in distributions to unitholders.

The Fund gained 7.8% over the first half of the year. Over the same period, the global stock market (Morningstar Developed Markets Index) rose 11.6% in Canadian dollar terms while the Canadian stock market (S&P/TSX Composite Index) gained 5.7%. The Fund trailed its blended benchmark (67% foreign stocks, 33% Canadian stocks). Our lighter exposure to technology stocks was one reason for this. These stocks, particularly mega-cap American companies with exposure to artificial intelligence (AI), saw significant gains over the period. Generally speaking, our fund managers (portfolio advisers) prefer to invest in businesses that trade at more reasonable valuations.

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



- Steadyhand Equity Fund (Series O): 35%
- Steadyhand Global 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, 64% of the Fund is invested in foreign stocks, 32% 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 major currencies, notably the Japanese Yen (+12%). It gained 2% against the U.S. dollar and 1% against the Euro. It fell modestly against the British Pound (-3%). The strength in our dollar against foreign currencies dampened the returns of these stocks for Canadian investors.

Stock markets had a strong first half. Although headwinds persisted in the form of higher interest rates and inflation — and a regional banking crisis that started in the U.S. and spilled into Europe — investors focused more on corporate fundamentals (solid) and a likely end to the rate hiking cycle. Technology stocks were big winners, as noted above, but consumer cyclical and communication services stocks were also strong. Interest rate sensitive stocks such as utilities and real estate were weak, generally speaking. The energy sector also pulled back, as commodity prices weakened.

The Builders 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 and Global Fund have been the top performers year-to-date, with the Small-Cap Fund significantly outpacing the market. The Equity Fund and Global Small-Cap Fund turned in positive results but trailed their respective markets.

The largest area of investment, industrial goods & services (33% of the portfolio), includes a diverse mix of companies such as railways CN Rail and Canadian Pacific Kansas City, Rentokil (pest control), Saab (aerospace, defence, and radar specialist) and Savaria (home elevators and mobility products). Many holdings in the sector have performed well in 2023 after a challenging 2022.

Financial services companies make up 17% of the fund. Large holdings are Visa, TD Bank, and S&P Global. We also own a group of leading insurance companies, including RenaissanceRe, AIA Group, and Steadfast. CME Group (derivatives marketplace), Mitsubishi UFJ Financial Group (global financial services), FirstCash Holdings (pawn stores), and St. James's Place (asset management) provide additional diversification.

The technology sector is another important area of investment, comprising 11%. Our focus is on established industry leaders. Microsoft is our largest holding and is owned in both the Equity and Global Equity Funds. Other investments include Samsung Electronics (diversified technology), Qualcomm (chips for smartphones and high-tech devices), Synaptics (human interface hardware and software), and Adobe (software). Not owning some of the mega-cap companies with growing exposure to AI, such as Apple, Alphabet, Nvidia, Meta, Amazon, and Tesla, held back our performance. Our portfolio advisers are wary of the valuations that these stocks trade at.

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

### **Recent Developments**

Stock markets had a good first quarter. In a reversal from last year, technology and consumer cyclical stocks were the top performers, while the energy sector lagged. Canadian stocks (S&P/TSX Composite Index) rose 4.6% in Q1, a solid return to be sure, but behind that of the global market (the Morningstar Developed Markets Index was up 7.2%) due to weakness in oil & gas and bank stocks, which are bigger components of the TSX.

Markets climbed higher in the second quarter, generally speaking, driven by enthusiasm around the growing implementation and prospects of AI and a resolution (albeit temporary) to the U.S. debt ceiling standoff. Mega-cap technology stocks were the big winners (as previously noted), but industrial and consumer cyclical stocks were also strong. Utilities, resources, and real estate stocks were weak. Canadian stocks were held back by weakness in the commodity sector, but still rose modestly in the quarter.

The market environment presented opportunities and prompted some activity in the Builders Fund. We walk through each of the underlying fund holdings below.

#### Steadyhand Equity Fund

Few changes were made to the Equity Fund's investments, but additional shares were purchased in several existing holdings, notably HDFC Bank, S&P Global, and Danaher. One new stock was added to the portfolio, Canadian Pacific Kansas City. The recent merger of the two railways (CP Rail and Kansas City Southern) creates the only network that spans North America. Our portfolio adviser, Fiera Capital, likes the merger and believes CPKC will be able to attract new customers thanks to its direct route to Mexico. Fiera also continues to like CN Rail, which remains one of our largest holdings. The companies are both high-quality operations that share similarities. Fiera is a fan of the railway business because of its high barriers to entry, consistent revenue streams, and stable demand. As we build our position in CPKC, we will likely bring down our weighting in CN.

We trimmed a number of strong-performing holdings, including Franco-Nevada, RB Global, CCL Industries, Microsoft, and Thomson Reuters. Commercial real estate firm CBRE was removed from the portfolio. The company is fighting an uphill battle with higher interest rates and Fiera feels there are better opportunities elsewhere.

Fiera feels it's prudent to have a defensive bias in the portfolio as we adapt to the reality of higher interest rates and a slowing economy. Businesses that are well financed and generate consistent profits are favoured. Examples include Metro, Microsoft, CN Rail, Visa, and Telus.

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 railways.

#### Steadyhand Global Equity Fund

The U.S. market had an excellent first half (up 16.9% in U.S. dollars), but returns were largely driven by one sector, technology. More specifically, seven stocks propelled the market higher: Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta, and Tesla. The enthusiasm around artificial intelligence (AI) helped drive these stocks and there's likely an element of FOMO at play. This 'group of seven' have risen between 40% to 200% this year. The other 493 companies that comprise the broad U.S. index haven't moved at all, in aggregate. The American market, in the meantime, has become increasingly top-heavy. The biggest

seven companies are all tech related and account for over one-quarter of the index. Our portfolio adviser, Aristotle Capital, believes there are better investment opportunities outside the mega-cap tech stocks.

Trading activity was minimal in the period. No new stocks were purchased, although we added to our existing position in Brookfield Corp. We trimmed a few holdings based on strong performance, including LVMH, Cameco, Lennar, Microsoft, and Martin Marietta.

Industrial goods & services companies comprise the largest portion of the Global Fund, comprising 25% of investments. The sector includes a broadly diversified mix of businesses, including: Rational (maker of commercial ovens), Kubota (farm and construction equipment), Rentokil (pest control services), Fanuc (automation for manufacturing), General Dynamics (aerospace and defence manufacturer), Assa Abloy (door security solutions), and Oshkosh (specialty trucks and access equipment). These businesses provide goods and services that are essential around the world.

Technology companies are also a key area of investment, making up 21% of the portfolio. Aristotle's focus is on businesses that generate consistent profits and trade at reasonable valuations, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, Dolby Laboratories, and Microchip Technology. We avoid speculative and early phase companies.

The Fund has limited investments in resource companies (our two holdings are Cameco and TotalEnergies), as these stocks can be highly volatile. There are times when such stocks drive the market, and during such periods the Fund may underperform given its modest exposure.

#### Steadyhand Small-Cap Equity Fund

Industrial goods & services stocks continue to make up a significant portion of the Fund (45%). This is a broad industry classification which includes companies such as SNC-Lavalin Group (engineering, procurement, and construction services), Oshkosh Corp. (maker of heavy-duty trucks), Cargojet (air cargo services), Badger Infrastructure Solutions (hydrovac and potholing services), and NFI Group (maker of buses and coaches). These businesses share a common trait: they're leaders in their field and generate strong free cash flow. Many of our investments in the sector turned in solid operating results in the first half, which was a reflection of the continued strong demand for their products and services.

Consumer-related companies (staples and cyclicals) also make up a significant portion of the Fund (24% combined). These include food makers and distributors like Premium Brands Holdings and Maple Leaf Foods; and consumer goods companies that are more dependent on discretionary spending such as Spin Master (maker of toys and games) and Sleep Country Canada (mattress and bedding accessories specialist). These stocks are currently the Small-Cap Fund's two largest holdings. While not flashy, they're profitable and reasonably valued. As well, they do not carry large amounts of debt. These are important attributes that our portfolio adviser, Galibier Capital, looks for in an investment.

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. This helped performance, as energy and commodity stocks had a weak period. Our current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), Ag Growth International (grain handling and storage), and Interfor (lumber). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.

One new company was added to the portfolio: Interfor. Long-term fund owners will be familiar with the name, as we've owned it in the past. The lumber producer has fallen on concerns about a slowdown in the economy and housing construction. Galibier sees the economy as a short-term concern while the shortage of housing remains a long-term opportunity.

Two companies were sold: Waterloo Brewing, and Enghouse Systems. The Fund was forced to say goodbye to Waterloo Brewing, as the company was purchased by Danish brewer Carlsberg. Although it was bought for a nice premium, Galibier was disappointed with the price and unsuccessfully lobbied for an increase to what Carlsberg paid. Software developer Enghouse Systems remains a company with strong prospects, but its price rose nicely in the first quarter and Galibier concluded there were better opportunities elsewhere.

#### Steadyhand Global Small-Cap Equity Fund

Nine new stocks were added to the Global Small-Cap Fund. Among the new additions are two Japanese health-related companies that share a relationship. Rohto Pharmaceutical Co. is a leader in high-quality eye drops and has several popular skin care lines. Matsukiyo Cocokara is a large retail pharmacy that carries Rohto products and others. Our adviser, TimesSquare Capital, believes both businesses have a promising trajectory, thanks to ever-increasing screen times (eye drops) and the return of Chinese tourists to Japan, who are big purchasers of both companies' products. Other purchases were: Synaptics, a U.S.-based technology company that makes touch displays used in tablets, laptops and phones; French technology firm Sopra Steria, which is a European leader in consulting and digital services; Japan-based Nakanishi, a maker of a range of dental equipment; Weir Group, which supplies processing equipment for mineral excavation; ESAB, a world leader in welding and cutting equipment; Ag Growth International, a Canadian leader in fertilizer, grain, and seed storage; and Arcos Dorados Holdings, a Latin American McDonald's franchise owner.

To fund the above purchases, eight stocks were sold. RS Group and Charles River Laboratories were successful investments that are now less compelling, while we moved on from National Vision Holdings, Spirent Communications, Future, PJT Partners, Zurn Elkay Water Solutions, and Kennedy-Wilson due to weaker outlooks.

Japan represents an increasing area of interest to TimesSquare. Our adviser believes the digitization of the economy still has plenty of runway relative to western economies, and the country is poised to benefit from a return of Chinese and overseas visitors. Further, Japanese corporations have shown positive signs that they're more willing to incorporate shareholder-friendly initiatives. Three new Japanese companies were purchased during the period, and TimesSquare is looking closely at others.

The allocation of the underlying equity funds that make up the Builders Fund did not change during the reporting period. The Steadyhand Equity Fund (Series O) comprised 35%, Steadyhand Global 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 \$1,388,062 of its net assets as management fees for the six months ended June 30, 2023 and distributed \$400,795 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, 2023, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 232,471 Series A units, or 1.5% 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 2023</b>	<b>Dec. 31 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>\$10.75</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	-	0.44	0.88	0.19	0.51
Total expenses (excluding distributions)	(0.07)	(0.13)	(0.14)	(0.12)	(0.11)
Realized gains (losses) for the period	0.01	-	0.05	(0.01)	-
Unrealized gains (losses) for the period	0.92	(1.65)	0.90	1.06	0.65
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.86</b>	<b>(\$1.34)</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)	(0.02)	(0.03)	(0.07)
From capital gains	-	(0.21)	(0.50)	-	(0.09)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.23)</b>	<b>(0.52)</b>	<b>(0.03)</b>	<b>(0.21)</b>
<b>Net Assets, end of period</b>	<b>\$11.59</b>	<b>\$10.75</b>	<b>\$12.50</b>	<b>\$11.36</b>	<b>\$10.65</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$179,195	\$155,873	\$149,035	\$98,603	\$64,837
Number of units outstanding <sup>4</sup>	15,461,926	14,494,938	11,921,894	8,678,942	6,087,160
Management expense ratio <sup>5</sup>	1.63%	1.63%	1.63%	1.63%	1.63%
Management expense ratio before waivers or absorptions	1.63%	1.63%	1.63%	1.63%	1.64%
Portfolio turnover rate <sup>6</sup>	1.00%	0.63%	2.43%	2.97%	0.03%
Trading expense ratio <sup>7</sup>	0.01%	0.07%	0.14%	0.08%	0.02%
Net asset value per unit	\$11.59	\$10.75	\$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 unaudited semi-annual financial statements as at June 30.

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

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

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

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

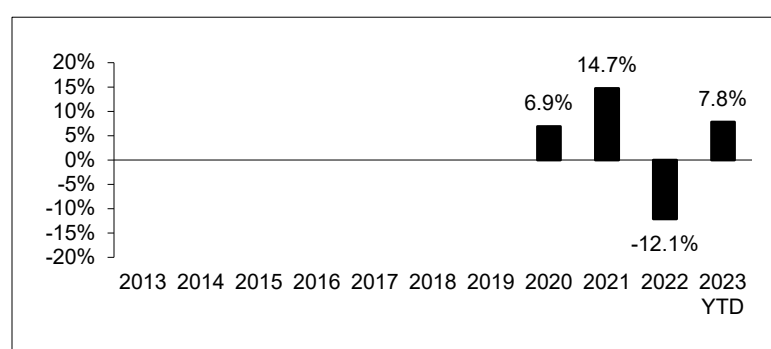
## Past Performance

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

### Year-by-Year Returns

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

#### Series A



## Summary of Investment Portfolio as at June 30, 2023

### Portfolio Allocation

	% of Net Assets
Pooled Investment Funds	99.6%
Cash & Other Assets	0.4%
<b>Total</b>	<b>100.0%</b>

### Top 5 Holdings

	% of Net Assets
Steadyhand Equity Fund, Series O	34.9%
Steadyhand Global Equity Fund, Series O	34.8%
Steadyhand Small-Cap Equity Fund, Series O	15.1%
Steadyhand Global Small-Cap Equity Fund, Series O	14.7%
Cash & cash equivalents	0.5%

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, 2023





# Steadyhand Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 increased to \$289.4 million as of June 30, 2023, from \$277.8 million at the end of 2022. This increase of \$11.6 million was attributable to an increase in net assets from operations of \$18.1 million over the reporting period less net redemptions of \$6.2 million and distributions to unitholders of approximately \$0.3 million.

The Fund (Series A) rose 5.9% over the first half of the year. Over the same period, the S&P/TSX Composite Index gained 5.7%, while the Morningstar Developed Markets Index was up 11.6% in Canadian dollar terms.

The Canadian dollar appreciated against most major currencies, notably the Japanese Yen (+12%). It gained 2% against the U.S. dollar and 1% against the Euro. It fell modestly against the British Pound (-3%). The strength in our dollar against foreign currencies dampened the returns of these stocks — which comprise 48% the Fund — for Canadian investors.

The Fund outperformed the Canadian index, but trailed the global market, due to its non-benchmark oriented composition. The portfolio had a strong first quarter, with many holdings proving to be resilient

amidst the turmoil in the banking sector and the ongoing impacts of high inflation. Top performers in Q1 included Keyence (factory automation), Brookfield Renewable Partners (renewable power), and Microsoft (software and cloud services), all rising 20%+. It was nice to see these stocks recoup some lost ground after sliding in 2022, but more importantly, they continue to turn in strong operating results. The three stocks are also examples of businesses that are 'growing under their own weight' rather than through speculation or hype. This is a dominant theme in the portfolio.

The turbulence in the banking sector resulting from the high-profile collapse of Silicon Valley Bank (and European giant Credit Suisse) was a defining characteristic of the first quarter. We don't own any U.S. banks, and our exposure to the sector overall is modest, with our two holdings being TD Bank and HDFC Bank (India). Both saw moderate declines. The falling prices prompted us to add to HDFC, which remains a well-run business with attractive long-term growth potential.

The portfolio had a soft second quarter. Our Canadian holdings lagged our foreign investments, with Nutrien and Brookfield Renewable Partners the biggest laggards in Q2. Nutrien (-20%) is our smallest position. Our portfolio adviser, Fiera Capital, trimmed the holding last year after it had a strong run. The fertilizer company has fallen out of favour as it has reported lower margins this year and investors have been fretting over weaker economic growth. Fiera believes Nutrien's earnings have bottomed and may look to add to our position if the price weakness persists. Brookfield gave back some of its gains from the first quarter and ended the period up 12%. The renewable energy company is a good allocator of capital and has a promising long-term outlook.

Microsoft has been one of our top performers this year, rising more than 40%. The software giant has gained popularity thanks to its partnership with OpenAI and its enhanced search engine. S&P Global, the world's foremost provider of credit ratings, benchmarks, and market analytics, has also been a solid performer, rising 20%.

Technology stocks were the biggest contributors to the market's rise over the first half of the year, with artificial intelligence (AI) being a dominant theme. In particular, mega-cap U.S. tech stocks with exposure to AI did exceptionally well. Microsoft, one of our key holdings, was among them. We do not own any of the other companies in the space (which include Apple, Alphabet, Meta, Amazon and Nvidia), however, and this held back the Fund's performance. Fiera believes many of these stocks are expensive and have a higher level of risk associated with them.

There were some small changes to the Fund's holdings. One stock was purchased, and one was 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, steady profits, and are well financed.

Foreign stocks continued to make up a significant part of the Fund over the reporting period (48% 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.), Sika AG (Switzerland), S&P Global (U.S.), and HDFC Bank (India).

There were a few modest adjustments to the Fund's sector exposure: industrial goods & services stocks increased from 31% to 33% of the Fund's equities, and financial services stocks increased from 26% to 28%. Conversely, basic materials stocks decreased from 10% to 8%, and real estate stocks from 2% to 0%. The weightings of the other sectors were largely unchanged.

The portfolio's geographic profile changed slightly over the reporting period. The weighting of Canadian stocks held steady at 52%, while U.S. stocks decreased from 30% to 25%, and Overseas stocks increased from 18% to 23%.

The Fund's cash position was 3% at the end of June, which was a slight decrease from its weighting of 4% at the end 2022.

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

### **Recent Developments**

Stock markets had a good first quarter. Although headwinds persisted in the form of higher interest rates and inflation — and a regional banking crisis that started in the U.S. and spilled into Europe — investors focused more on corporate fundamentals (solid) and a likely end to the rate hiking cycle. In a reversal from last year, technology and consumer cyclical stocks were the top performers, while the energy sector lagged. Canadian stocks (S&P/TSX Composite Index) rose 4.6% in Q1, a solid return to be sure, but behind that of the global market (the Morningstar Developed Markets Index was up 7.2%) due to weakness in oil & gas and bank stocks, which are bigger components of the TSX.

Stock markets climbed higher in the second quarter, generally speaking, driven by enthusiasm around the growing implementation and prospects of Artificial Intelligence (AI) and a resolution (albeit temporary) to the U.S. debt ceiling standoff. Mega-cap technology stocks were the big winners, but industrial and consumer cyclical stocks were also strong. Utilities, resources, and real estate stocks were weak. Canadian stocks were held back by weakness in the commodity sector, but still rose modestly in the quarter.

Few changes were made to the Fund's investments, but additional shares were purchased in several existing holdings, notably HDFC Bank, S&P Global, and Danaher. One new stock was added to the portfolio, Canadian Pacific Kansas City. The recent merger of the two railways (CP Rail and Kansas City Southern) creates the only network that spans North America. Fiera likes the merger and believes CPKC will be able to attract new customers thanks to its direct route to Mexico. Our portfolio adviser also continues to like CN Rail, which remains one of our largest holdings. The companies are both high-quality operations that share similarities. Fiera is a fan of the railway business because of its high barriers to entry, consistent revenue streams, and stable demand. As we build our position in CPKC, we will likely bring down our weighting in CN.

We trimmed a number of holdings, including Franco-Nevada, RB Global, CCL Industries, Microsoft, and Thomson Reuters. And commercial real estate firm CBRE was removed from the portfolio. The company is fighting an uphill battle with higher interest rates and Fiera feels there are better opportunities elsewhere.

Our manager feels it's prudent to have a defensive bias in the portfolio as we adapt to the reality of higher interest rates and a slowing economy. Businesses that are well financed and generate consistent profits are favoured. Examples include Metro, Microsoft, CN Rail, Visa, and Telus.

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 railways.

At the end of the reporting period, the Fund held 24 stocks, the same number it held at the end of 2022.

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, British Pound, Swiss Franc, Japanese Yen, and Australian dollar.

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 month ending June 30, 2023, the Fund paid gross fees of \$715,421 to the Manager and distributed \$254,975 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, 2023, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 148,520 Series A units, or 3.4% 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 or unaudited semi-annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$21.57</b>	<b>\$25.23</b>	<b>\$21.93</b>	<b>\$19.27</b>	<b>\$16.72</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.21	0.40	0.31	0.31	0.38
Total expenses (excluding distributions)	(0.10)	(0.21)	(0.22)	(0.19)	(0.18)
Realized gains for the period	0.34	0.78	1.16	0.69	1.22
Unrealized gains (losses) for the period	0.90	(3.84)	2.68	1.93	1.61
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>1.35</b>	<b>(2.87)</b>	<b>3.93</b>	<b>2.74</b>	<b>3.03</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	(0.10)
Dividends	-	(0.04)	-	(0.11)	(0.16)
From capital gains	-	(0.65)	(0.54)	-	(0.02)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.69)</b>	<b>(0.54)</b>	<b>(0.11)</b>	<b>(0.28)</b>
<b>Net Assets, end of period</b>	<b>\$22.86</b>	<b>\$21.57</b>	<b>\$25.23</b>	<b>\$21.93</b>	<b>\$19.27</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$100,871	\$96,831	\$114,282	\$100,297	\$99,181
Number of units outstanding <sup>4</sup>	4,413,236	4,488,282	4,529,828	4,572,919	5,147,441
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>	3.66%	19.04%	15.46%	27.52%	29.37%
Trading expense ratio <sup>7</sup>	-%	0.02%	0.01%	0.03%	0.05%
Net asset value per unit	\$22.86	\$21.57	\$25.23	\$21.93	\$19.27

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$22.49</b>	<b>\$26.34</b>	<b>\$22.83</b>	<b>\$19.95</b>	<b>\$17.24</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.22	0.42	0.32	0.32	0.40
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains for the period	0.35	0.80	1.22	0.72	1.26
Unrealized gains (losses) for the period	0.96	(3.76)	2.89	2.67	1.55
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>1.53</b>	<b>(2.54)</b>	<b>4.43</b>	<b>3.71</b>	<b>3.21</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.05)	(0.01)	(0.01)	(0.19)
From dividends	-	(0.35)	(0.27)	(0.32)	(0.29)
From capital gains	-	(0.68)	(0.57)	-	(0.02)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.08)</b>	<b>(0.85)</b>	<b>(0.33)</b>	<b>(0.50)</b>
<b>Net Assets, end of period</b>	<b>\$24.00</b>	<b>\$22.49</b>	<b>\$26.34</b>	<b>\$22.83</b>	<b>\$19.95</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$188,510	\$180,964	\$176,040	\$133,796	\$112,258
Number of units outstanding <sup>4</sup>	7,855,187	8,045,690	6,683,425	5,861,781	5,625,804
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	-	-	-
Portfolio turnover rate <sup>6</sup>	3.66%	19.04%	15.46%	27.52%	29.37%
Trading expense ratio <sup>7</sup>	-%	0.02%	0.01%	0.03%	0.05%
Net asset value per unit	\$24.00	\$22.49	\$26.34	\$22.83	\$19.95

<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.

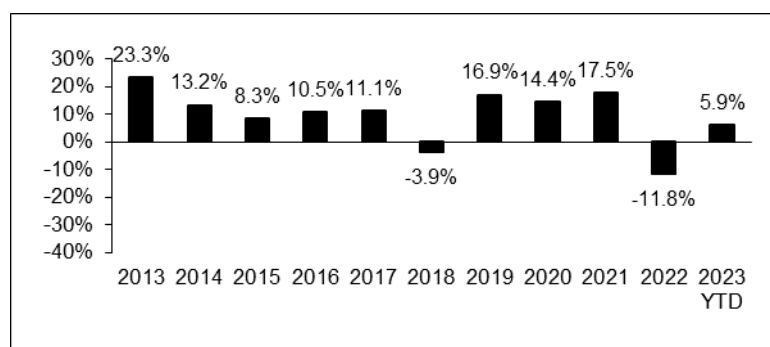
## Past Performance

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.

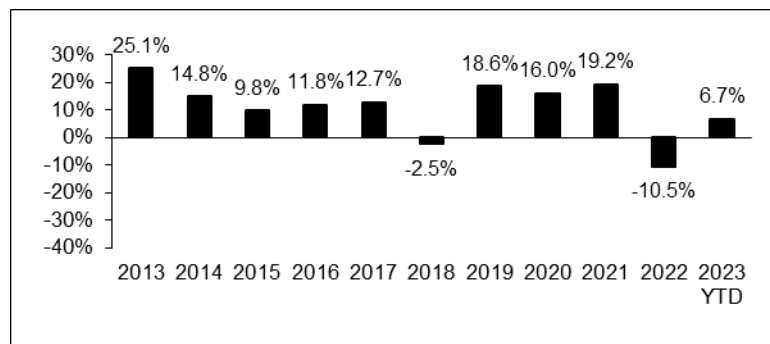
### Year-by-Year Returns

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, 2023

### Portfolio Allocation

<b>Equities</b>	<b>% of Net Assets</b>
Industrial Goods & Services	31.9%
Financial Services	27.2%
Technology	8.3%
Basic Materials	8.1%
Healthcare	7.7%
Retailing	4.8%
Utilities	4.6%
Communications & Media	3.3%
	<hr/> 95.9%
Cash, Short-term Notes & Other Assets	4.1%
<b>Total</b>	<hr/> <hr/> 100.0%



Top 25 Holdings	
	% of Net Assets
Franco-Nevada Corp.	6.5%
Visa Inc. Cl. A	6.0%
Canadian National Railway Co.	5.5%
Danaher Corp.	5.0%
Metro Inc.	4.8%
Thomson Reuters Corp.	4.8%
Sika AG	4.7%
The Toronto-Dominion Bank	4.7%
Brookfield Renewable Partners LP	4.6%
S&P Global Inc.	4.5%
HDFC Bank Ltd.	4.2%
Keyence Corp.	4.2%
Microsoft Corp.	4.1%
Aon PLC	4.1%
Toromont Industries Ltd.	3.8%
CCL Industries Inc.	3.8%
CME Group	3.7%
TELUS Corp.	3.3%
RB Global Inc.	2.9%
CSL Ltd	2.7%
CNH Industrial NV	2.4%
CAE Inc.	2.3%
Canadian Pacific Kansas City Ltd.	1.7%
Nutrien Ltd.	1.5%
Farm Credit Corp C/P 5.122% 20 Jul 2023	1.4%

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 Equity Fund**

June 30, 2023



# Steadyhand Global Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 increased \$8.0 million to \$242.2 million as of June 30, 2023, from \$234.2 million at the end of 2022. This increase was attributable to a \$21.5 million increase in net assets from operations less net redemptions of \$13.4 million and \$0.1 million in unitholder distributions.

The Fund rose 8.5% over the first half of the year. Over the same period, the Morningstar Developed Markets Index gained 11.6%.

Stock markets had a strong first half. Although headwinds persisted in the form of higher interest rates and inflation — and a regional banking crisis that started in the U.S. and spilled into Europe — investors focused more on corporate fundamentals (solid) and a likely end to the rate hiking cycle. Mega-cap technology stocks were big winners, as enthusiasm around artificial intelligence (AI) caught fire. Consumer cyclical and communication services stocks were also strong. Interest rate sensitive stocks such as utilities and real estate were weak, generally speaking. The energy sector also pulled back, as commodity prices weakened.

The Canadian dollar appreciated against most major currencies, notably the Japanese Yen (+12%). It gained 2% against the U.S. dollar and 1% against the Euro. It fell modestly against the British Pound (-3%). The strength in our dollar against foreign currencies dampened the returns of these stocks for Canadian investors.

The Fund had a good first quarter. In spite of the challenges brought on by higher input and labour costs, many holdings continued to turn in strong results. Our technology investments were an area of strength, with Microsoft, Qualcomm (semiconductors related to wireless technology) and Dolby Laboratories (audio technologies) turning in double-digit returns. Nemetschek (software for architects and engineers), Samsung Electronics (semiconductors) and Adobe (software developer) were also strong performers.

The banking turmoil in the U.S. led to a period of chaos and declines in the financial sector. Broader markets held up well, though, in an encouraging sign that investors believe the contagion will be limited. The Fund doesn't have any exposure to U.S. banks, which helped performance. Our portfolio adviser, Aristotle Capital, is wary of the pace of asset growth and real estate exposure of many American banks. Our investments that were most directly impacted include Erste Group (financial services provider in central and eastern Europe) and DBS Group Holdings (Singaporean multinational bank), although both stocks ended the first quarter little changed.

The portfolio had a positive second quarter but trailed the broader global market. Artificial intelligence (AI) was the dominant theme in Q2, with the enthusiasm around the emerging technology propelling the largest tech stocks significantly higher. Microsoft, our biggest holding, was among them. Software maker Adobe also benefited, as its image generating software, Firefly, is well positioned for growth as the use of AI becomes more prevalent in the creative community. Not owning the other mega-cap tech companies held back our performance, however. Aristotle is wary of the valuations and run-up that this group of stocks has seen.

Canadian uranium leader Cameco has been a positive story this year, up 30%. The world is warming up to the notion that nuclear power will be an essential part of the energy transition. Uranium mining is heavily regulated, and Cameco has the licensed capacity to produce over 30 million pounds of fuel concentrates annually.

An investment that has disappointed this year is DSM-Firmenich. DSM is a Dutch company involved in nutrition (food & beverage ingredients), health (vitamins & probiotics), and beauty (perfumes and cosmetics). The company has felt the impact of inflation in the form of higher input costs and has turned in weaker than expected earnings. Aristotle continues to believe in its growth outlook, however.

There were minimal changes to the composition of the portfolio over the first six months of the year. The largest increase in sector exposure was in technology, which rose from 19% of the portfolio's equities at the end of 2022 to 21% at the end of June (attributable to strong performance from our holdings). The other sectors were little changed. No new stocks were purchased, and one was sold during the period.

From a geographic standpoint, the U.S. and Europe remain key areas of focus. American stocks make up 47% of the portfolio while European stocks make up 23%. Japanese stocks comprise 13%, Asia-Pacific stocks 7%, Canadian stocks 6%, and U.K. stocks 4%. There were little changes to the geographic profile of the Fund, with most regional weightings remaining fairly constant throughout the period.

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 held steady at 2%.

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

## Recent Developments

The first half of 2023 was a solid period for investors. Following a tough 2022, markets rebounded despite the challenges posed by decades-high inflation, higher interest rates, and the ongoing war in Ukraine. Unemployment remained low in the developed world, economic activity was healthy, and company earnings were good, by and large.

The U.S. market had an excellent first half (up 16.9% in U.S. dollars), but returns were largely driven by one sector, technology. More specifically, seven stocks propelled the market higher: Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta, and Tesla. The enthusiasm around artificial intelligence (AI) helped drive these stocks and there's likely an element of FOMO at play. This 'group of seven' have risen between 40% to 200% this year. The other 493 companies that comprise the broad U.S. index haven't moved at all, in aggregate. The American market, in the meantime, has become increasingly top-heavy. The biggest seven companies are all tech related and account for over one-quarter of the index. Aristotle believes there are better investment opportunities outside the mega-cap tech stocks.

While European markets were not as strong, they also turned in double digit returns, as did Japan. Asian and Canadian markets saw mid-single digit gains, on the other hand. The domestic market was held back by weakness in the energy sector.

Trading activity was minimal in the period. No new stocks were purchased, although we added to our existing position in Brookfield Corp. We trimmed a few holdings based on strong performance, including LVMH, Cameco, Lennar, Microsoft, and Martin Marietta.

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), Kubota (farm and construction equipment), Rentokil (pest control services), Fanuc (automation for manufacturing), General Dynamics (aerospace and defence manufacturer), Assa Abloy (door security solutions), and Oshkosh (specialty trucks and access equipment). These businesses provide goods and services that are essential around the world.

Technology companies are also a key area of investment, making up 21% of the portfolio. Aristotle's focus is on businesses that generate consistent profits and trade at reasonable valuations, such as Microsoft, Adobe, Samsung Electronics, Qualcomm, Dolby Laboratories, and Microchip Technology. We avoid speculative and early phase companies.

The Fund has limited investments in resource companies (our two holdings are Cameco and TotalEnergies), as these stocks can be highly volatile. There are times when such stocks drive the market, and during such periods the Fund may underperform given its modest exposure.

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, British Pound, and South Korean Won. 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 changes over the reporting period to the manager, accounting policies or investment review committee of the Fund.

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the Manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ended June 30, 2023, the Fund paid the Manager \$466,673 of its net assets as management fees and distributed \$181,355 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, 2023, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 393,746 Series A units, or 6.2% of the total Fund Series A units. The Steadyhand Founders Fund and Steadyhand Builders Fund hold 100% of the total Fund Series O units and pay no management fees.

## Financial Highlights

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

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$ 7.66</b>	<b>\$ 8.83</b>	<b>\$8.36</b>	<b>\$8.53</b>	<b>\$7.84</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.09	0.13	0.12	0.13	0.21
Total expenses (excluding distributions)	(0.10)	(0.19)	(0.22)	(0.17)	(0.20)
Realized gains (losses) for the period	0.01	(0.07)	1.22	(0.48)	0.11
Unrealized gains (losses) for the period	0.68	(0.98)	0.04	0.32	0.84
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.68</b>	<b>(1.11)</b>	<b>1.16</b>	<b>(0.20)</b>	<b>0.96</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.01)	-	(0.07)	(0.07)
From dividends	-	-	-	-	-
From capital gains	-	-	(0.61)	-	(0.11)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.01)</b>	<b>(0.61)</b>	<b>(0.07)</b>	<b>(0.18)</b>
<b>Net Assets, end of period</b>	<b>\$ 8.31</b>	<b>\$ 7.66</b>	<b>\$8.83</b>	<b>\$8.36</b>	<b>\$8.53</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$ 53,145	\$ 50,553	\$60,651	\$58,918	\$68,833
Number of units outstanding <sup>4</sup>	6,395,935	6,602,323	6,865,089	7,050,543	8,074,139
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%	1.79%	1.78%	1.78%
Portfolio turnover rate <sup>6</sup>	0.61%	17.33%	154.13%	39.90%	13.55%
Trading expense ratio <sup>7</sup>	-%	0.04%	0.28%	0.07%	0.01%
Net asset value per unit	\$ 8.31	\$ 7.66	\$8.83	\$8.36	\$8.53

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$ 8.06</b>	<b>\$ 9.31</b>	<b>\$8.76</b>	<b>\$8.88</b>	<b>\$8.13</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.09	0.14	0.13	0.14	0.22
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	0.01	(0.08)	1.28	(0.49)	0.11
Unrealized gains (losses) for the period	0.68	(0.98)	(0.07)	0.93	0.72
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.78</b>	<b>(0.92)</b>	<b>1.34</b>	<b>0.58</b>	<b>1.05</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.15)	(0.12)	(0.17)	(0.19)
From dividends	-	(0.01)	(0.01)	-	-
From capital gains	-	-	(0.65)	-	(0.12)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(0.16)</b>	<b>(0.78)</b>	<b>(0.17)</b>	<b>(0.31)</b>
<b>Net Assets, end of period</b>	<b>\$ 8.83</b>	<b>\$ 8.06</b>	<b>\$9.31</b>	<b>\$8.76</b>	<b>\$8.88</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$ 189,042	\$ 183,679	\$176,165	\$161,825	\$133,296
Number of units outstanding <sup>4</sup>	21,413,984	22,780,795	18,922,448	18,454,620	15,004,429
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	0.61%	17.33%	154.13%	39.90%	13.55%
Trading expense ratio <sup>7</sup>	-%	0.04%	0.28%	0.07%	0.01%
Net asset value per unit	\$ 8.83	\$ 8.06	\$9.31	\$8.76	\$8.88

<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 unaudited semi-annual financial statements as at June 30 or audited annual financial statements as at December 31 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 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.



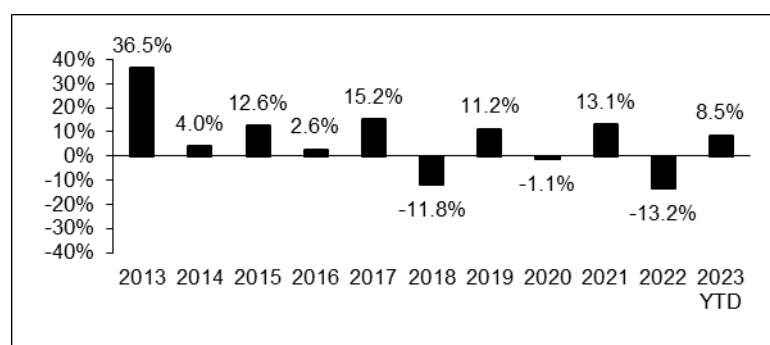
## Past Performance

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.

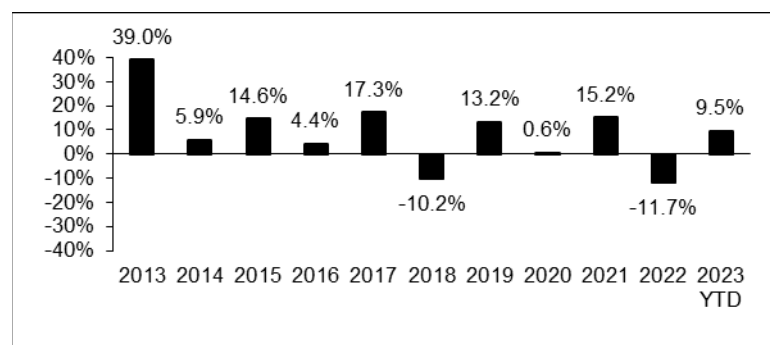
### Year-by-Year Returns

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, 2023

### Portfolio Allocation

Global Equities	% of Net Assets
Industrial Goods & Services	25.0%
Technology	20.2%
Consumer Cyclical	14.3%
Financial Services	13.3%
Healthcare	12.0%
Consumer Products	5.5%
Oil & Gas	2.5%
Basic Materials	2.4%
Communications & Media	1.8%
Retailing	1.2%
	<hr/> 98.2%
Cash, Short-term Notes & Other Assets	<hr/> 1.8%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

**Top 25 Holdings**

	% of Net Assets
Microsoft Corp.	4.6%
Lennar Corp.	4.2%
Microchip Technology Inc.	3.5%
Martin Marietta Materials Inc.	3.1%
Adobe Inc.	2.8%
Muenchener Rueckversicherungs-Gesellschaft AG	2.7%
Samsung Electronics Co., Ltd.	2.7%
Rentokil Initial PLC	2.6%
Sony Group Corp.	2.6%
FirstCash Holdings Inc.	2.5%
TotalEnergies SE	2.5%
Danaher Corp.	2.4%
LVMH Moet Hennessy Louis Vuitton SE	2.4%
Cameco Corp.	2.4%
Alcon Inc.	2.3%
DBS Group Holdings Ltd.	2.1%
Dolby Laboratories Inc.	2.1%
FMC Corp.	2.1%
AIA Group Ltd.	2.0%
Coca-Cola Co.	2.0%
Amgen Inc.	2.0%
Otsuka Holdings Co., Ltd.	2.0%
Nemetschek SE	2.0%
Oshkosh Corp.	1.9%
RPM International Inc.	1.9%

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

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**Steadyhand**

# Semi-Annual Management Report of Fund Performance

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**Steadyhand Small-Cap Equity Fund**

June 30, 2023



# Steadyhand Small-Cap Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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, 2023, the Fund's net assets increased to \$111.3 million, from \$106.3 million at the end of 2022. This \$5.0 million increase was attributable to an increase in net assets from operations of \$15.1 million less net redemptions of \$10.0 million and \$0.1 million paid in unitholder distributions.

The Fund (Series A) rose 14.0% over the first half of the year. Over the same period, the S&P/TSX SmallCap Index declined 0.3%. The Fund outperformed the index due to its non-benchmark oriented composition.

The portfolio has had an excellent year thus far, turning in a double-digit return while the small-cap market is negative. Our industrial goods & services holdings were the key drivers of performance over the first half. Two investments in particular — Hammond Power Solutions and Generac Holdings — turned in strong operating results and are benefiting from the electrification trend that's taking hold globally. Hammond's transformers are being used in many applications that are seeing strong secular growth, notably EV charging. The stock is up 140% this year. Generac (+45%) is likewise experiencing

solid demand for its back-up generators, as households and businesses look to avoid costly power disruptions caused by extreme weather events, which are becoming more frequent.

Other noteworthy performers include engineering firm SNC-Lavalin, which has turned in great earnings and has seen its stock gain over 40%; and collision repair specialist Boyd Group Services, which is up 20%. Boyd is a benefactor of the increasing sophistication of vehicle bumpers and windshields (which are using ever more sensors), as they require more labour and costs to repair.

Two disappointments this year have been Aritzia and Oshkosh Corp. Fashion house Aritzia has faced inventory problems and weaker margins, and investors have soured on the stock. The company's growth in the U.S. has been fantastic, however, and it has a lot of runway in this key market. Our portfolio adviser, Galibier Capital, likes the company's longer-term outlook. Oshkosh, which makes specialty trucks and vehicles, suffered a setback as it lost a military contract. The company's other products continue to perform well. We added to both stocks in the period.

Over the reporting period, one company was purchased and two were sold (see the Recent Developments section for further details).

There were a few modest changes to the sector allocation of the portfolio. The Fund's basic materials holdings increased from 7% to 11% of its equities, and retailing stocks increased from 2% to 4%. Industrial goods & services stocks, on the other hand, decreased from 47% to 45%, and consumer products stocks decreased from 12% to 9%. The other sectors were little changed.

The Fund's geographic profile was unchanged. Canadian stocks made up 86% of the Fund's equities at the end of June, the same weighting as the end of 2022, and U.S. stocks comprised 14%. The Fund's cash position increased from 3% to 5%.

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

### **Recent Developments**

The Canadian small-cap market had a flat first half (-0.3%). U.S. small-caps, as measured by the Russell 2000 Index, were up 5.6% in Canadian dollar terms. The domestic market was negatively impacted by weak performance from the real estate, utilities, consumer staples, and energy sectors. Industrials, consumer discretionary, and technology stocks, on the other hand, performed well.

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 SNC-Lavalin Group (engineering, procurement, and construction services), Oshkosh Corp. (maker of heavy-duty trucks), Cargojet (air cargo services), Badger Infrastructure Solutions (hydrovac and potholing services), and NFI Group (maker of buses and coaches). These businesses share a common trait: they're leaders in their field and generate strong free cash flow. Many of our investments in the sector turned in solid operating results in the first half, which was a reflection of the continued strong demand for their products and services.

Our portfolio adviser likes to search for great businesses that dominate niche markets, which is what led us to Savaria, another industrial company. The firm, which we've owned for a few years now, is a global leader in accessibility products for households, including stair lifts and elevators. As more seniors are choosing to stay in their own homes for longer, Savaria is well positioned. The company is one of the Fund's biggest holdings.

Consumer-related companies (staples and cyclicals) also make up a significant portion of the Fund (24% combined). These include food makers and distributors like Premium Brands Holdings and Maple Leaf Foods; and consumer goods companies that are more dependent on discretionary spending such as Spin Master (maker of toys and games) and Sleep Country Canada (mattress and bedding accessories specialist). These stocks are currently our two largest holdings. While not flashy, they're 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.

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. This helped performance, as energy and commodity stocks had a weak period. Our current investments include MEG Energy (oil & gas producer), Torex Gold Resources (gold miner), Hudbay Minerals (copper and zinc miner), Ag Growth International (grain handling and storage), and Interfor (lumber). These investments provide exposure to a diverse group of first-class resource companies, without too much exposure to a single commodity.

One new company was added to the portfolio: Interfor. Long-term fund owners will be familiar with the name, as we've owned it in the past. The lumber producer has fallen on concerns about a slowdown in the economy and housing construction. Galibier sees the economy as a short-term concern while the shortage of housing remains a long-term opportunity.

Two companies were sold: Waterloo Brewing, and Enghouse Systems. The Fund was forced to say goodbye to Waterloo Brewing, as the company was purchased by Danish brewer Carlsberg. Although it was bought for a nice premium, Galibier was disappointed with the price and unsuccessfully lobbied for an increase to what Carlsberg paid. Software developer Enghouse Systems remains a company with strong prospects, but its price rose nicely in the first quarter and Galibier concluded there were better opportunities elsewhere.

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. The most recent period was a good example of this.

With the exposure to U.S. stocks (14% 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 25 stocks, which is one fewer than at the beginning of the year. Most holdings comprise 3-6% of the portfolio. Companies range in market capitalization from very small (e.g., Hammond Power) to medium-sized (e.g., Cargojet). Sleep Country Canada is the largest position, at 5.1%. A notable feature of the Fund continues to be that there are no "filler" stocks, and each holding has an important impact on performance.

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

## **Related Party Transactions**

### ***Management Fees***

Steadyhand Investment Management Ltd. is the manager of the Fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The Fund relies on the positive recommendation or approval of the independent review committee to proceed with the transactions. The annualized net management fee for the units of the Fund is 1.78%. For the six months ended June 30, 2023, the Fund paid gross fees of \$414,929 to the Manager and distributed \$155,491 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, 2023, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 117,076 Series A units, or 4.5% 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 unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec 31 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>\$15.83</b>	<b>\$18.02</b>	<b>\$15.99</b>	<b>\$15.32</b>	<b>\$13.26</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.16	0.30	0.34	0.30	0.35
Total expenses (excluding distributions)	(0.21)	(0.41)	(0.43)	(0.32)	(0.33)
Realized gains (losses) for the period	1.07	1.07	1.27	(0.41)	0.38
Unrealized gains (losses) for the period	1.26	(1.89)	1.31	1.05	2.26
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>2.28</b>	<b>(0.93)</b>	<b>2.49</b>	<b>0.62</b>	<b>2.66</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.08)	(0.11)
From capital gains	-	(1.13)	(0.29)	-	(0.37)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.13)</b>	<b>(0.29)</b>	<b>(0.08)</b>	<b>(0.48)</b>
<b>Net Assets, end of period</b>	<b>\$18.04</b>	<b>\$15.83</b>	<b>\$18.02</b>	<b>\$15.99</b>	<b>\$15.32</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$47,209	\$44,118	\$49,632	\$46,771	\$51,483
Number of units outstanding <sup>4</sup>	2,616,586	2,786,456	2,755,028	2,924,832	3,360,823
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>	10.05%	28.02%	18.27%	32.20%	44.43%
Trading expense ratio <sup>7</sup>	0.01%	0.08%	0.05%	0.11%	0.11%
Net asset value per unit	\$18.04	\$15.83	\$18.02	\$15.99	\$15.32

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$16.75</b>	<b>\$19.04</b>	<b>\$16.90</b>	<b>\$16.07</b>	<b>\$13.85</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.17	0.32	0.36	0.32	0.53
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	1.14	1.13	1.35	(0.50)	0.64
Unrealized gains (losses) for the period	1.30	(2.17)	1.17	1.63	2.66
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>2.61</b>	<b>(0.72)</b>	<b>2.88</b>	<b>1.45</b>	<b>3.83</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	-	-	-	-
From dividends	-	(0.27)	(0.33)	(0.27)	(0.33)
From capital gains	-	(1.21)	(0.31)	-	(0.39)
Return of capital	-	-	-	-	-
<b>Total distributions for the period <sup>2</sup></b>	<b>-</b>	<b>(1.48)</b>	<b>(0.64)</b>	<b>(0.27)</b>	<b>(0.72)</b>
<b>Net Assets, end of period</b>	<b>\$19.26</b>	<b>\$16.75</b>	<b>\$19.04</b>	<b>\$16.90</b>	<b>\$16.07</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$64,076	\$62,222	\$64,101	\$55,345	\$52,493
Number of units outstanding <sup>4</sup>	3,326,330	3,713,650	3,366,799	3,275,173	3,265,552
Management expense ratio <sup>5</sup>	-	-	-	-	-
Management expense ratio before waivers or absorptions	-	-	0.01%	-	-
Portfolio turnover rate <sup>6</sup>	10.05%	28.02%	18.27%	32.20%	44.43%
Trading expense ratio <sup>7</sup>	0.01%	0.08%	0.05%	0.11%	0.11%
Net asset value per unit	\$19.26	\$16.75	\$19.04	\$16.90	\$16.07

<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 unaudited semi-annual financial statements as at June 30, or audited annual financial statements as at December 31 for the year 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 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.

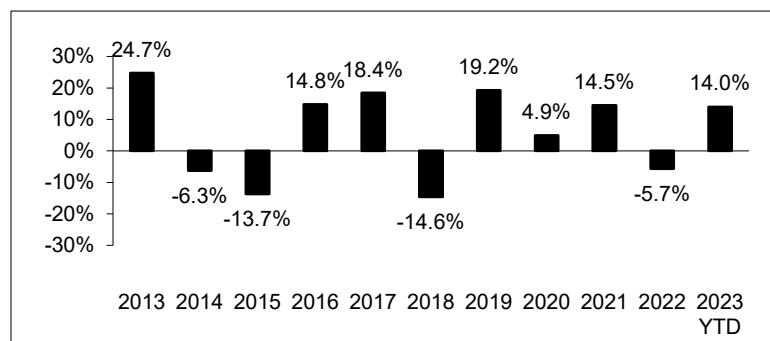
## Past Performance

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.

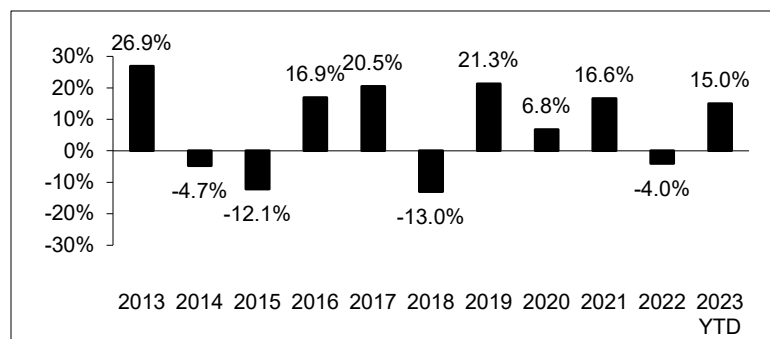
### Year-by-Year Returns

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, 2023

### Portfolio Allocation

	% of Net Assets
<b>Equities</b>	
Industrial Goods & Services	43.1%
Consumer Cyclical	13.8%
Basic Materials	10.7%
Consumer Products	8.9%
Oil & Gas	7.5%
Healthcare	4.2%
Retailing	3.6%
Utilities	3.3%
	<hr/> 95.1%
Cash, Short-term Notes & Other Assets	<hr/> 4.9%
<b>Total</b>	<hr/> <b>100.0%</b> <hr/>

<b>Top 25 Holdings</b>	
	<b>% of Net Assets</b>
Sleep Country Canada Holdings Inc.	5.1%
Spin Master Corp.	5.1%
Premium Brands Holdings Corp.	5.0%
Oshkosh Corp.	5.0%
Savaria Corp.	5.0%
Cash & cash equivalents	4.9%
Interfor Corp.	4.8%
Finning International Inc.	4.8%
MEG Energy Corp.	4.4%
Henry Schein Inc.	4.2%
Boyd Group Services Inc.	4.2%
Generac Holdings Inc.	4.2%
Hammond Power Solutions Inc.	4.0%
Torex Gold Resources Inc.	3.8%
Maple Leaf Foods Inc.	3.8%
Park Lawn Corp.	3.6%
Aritzia Inc.	3.6%
Diversified Royalty Corp.	3.3%
Northland Power Inc.	3.3%
Parkland Corp.	3.1%
Badger Infrastructure Solutions Ltd.	3.0%
SNC-Lavalin Group Inc.	2.8%
AG Growth International Inc.	2.6%
NFI Group Inc.	2.3%
Hudbay Minerals Inc.	2.1%

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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 Global Small-Cap Equity  
Fund**

June 30, 2023



# Steadyhand Global Small-Cap Equity Fund

## Semi-Annual Management Report of Fund Performance (June 30, 2023)

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 increased from \$72.6 million at December 31, 2022 to \$72.9 at June 30, 2023. This \$0.3 million increase was attributable to a \$3.6 million increase in net assets from operations offset by net redemptions of \$3.3 million.

The Fund rose 4.2% over the first half of the year. Over the same period, the S&P Global SmallCap Index (\$Cdn) gained 5.0%.

Stock markets had a strong first half. Although headwinds persisted in the form of higher interest rates and inflation — and a regional banking crisis that started in the U.S. and spilled into Europe — investors focused more on corporate fundamentals (solid) and a likely end to the rate hiking cycle. Mega-cap technology stocks were big winners, as enthusiasm around artificial intelligence (AI) caught fire. Small-cap stocks trailed their larger counterparts, but turned in positive results nonetheless. The technology,

industrial, and consumer discretionary sectors performed the best, while energy, financials, and utilities were the main laggards.

The Canadian dollar appreciated against most major currencies, notably the Japanese Yen (+12%). It gained 2% against the U.S. dollar and 1% against the Euro. It fell modestly against the British Pound (-3%). The strength in our dollar against foreign currencies dampened the returns of these stocks for Canadian investors.

The Fund had a strong first quarter. Many of our European holdings were rewarded for turning in solid cash flows and growth. While some forecasters feared that a winter energy crisis would plague the region and weigh on stocks, households did a good job of cutting back energy consumption and the crisis never materialized. SAAB (maker of aircraft and radar systems) was a standout, gaining over 50% in Q1. Valmet (pulp & paper solutions), Interpump Group (high pressure water pumps), and Kion (warehouse automation equipment) all rebounded nicely.

Banks have never comprised a large part of the Fund, which was a beneficial feature in Q1. On the heels of the regional banking crisis in the U.S., many smaller lenders saw big pullbacks. One of Europe's venerable institutions, Credit Suisse, also collapsed. Of our financial services investments, the only direct bank holding is FinecoBank (Italian online specialist), which fared relatively well in the downturn. Our other holdings in the sector are focused on insurance and asset management. Steadfast Group (insurance), Nordnet (internet broker), and St. James's Place (asset manager) all gained ground. Our portfolio adviser, TimesSquare Capital, likes the outlook for our investments, but trimmed some exposure as a defensive move.

The second quarter was more challenging, as there was a change in investor sentiment in the spring. With the economy softening, investors started to expect interest rates to decline later this year, which buoyed more speculative areas of the market. Indeed, the most expensive stocks (as measured by price-to-earnings) performed best. By contrast, our portfolio is comprised of businesses with a track record of steady earnings trading at reasonable prices. The slowing global economy had a negative impact on heavy industrials like Valmet and Saab (a top performer earlier in the year, as noted above). These companies were impacted by the likelihood of fewer large-scale expenditures as businesses batten down the hatches.

The increased excitement around AI had a mixed impact on the portfolio. Indian business process operator WNS declined 20% as investors feared its services could be replaced by AI. Latin American McDonald's franchisee Arcos Dorados, however, benefited. Its increased use of AI in digital ordering has led to improved sales.

Clean Harbors (hazardous waste disposal), Encompass Health (post-acute healthcare) and Casella Waste Systems (waste management) also performed well. These businesses provide services essential in any economic environment.

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

There were some adjustments to the composition of the portfolio. The largest change in sector exposure was in financial services stocks, which decreased from 26% of the portfolio's equities at the end of 2022



to 15% at the end of June. Industrial goods & services stocks, on the other hand, rose from 35% to 39%, and healthcare stocks from 8% to 14%. The other sectors saw only modest changes.

At the end of the reporting period, the Fund held 46 companies around the globe, which is one more than it held at the end of 2022. Fifteen are headquartered in the U.S., 13 in Europe, 6 in Japan, 5 in the U.K., 3 in South America, 2 in Australia, 1 in India, and 1 in Canada.

The Fund's cash position at the end of June was 3%, which is lower than its 5% weighting at the end of 2022.

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

### **Recent Developments**

The first half of 2023 was a solid period for investors. Following a tough 2022, markets rebounded despite the challenges posed by decades-high inflation, higher interest rates, and the ongoing war in Ukraine. Unemployment remained low in the developed world, economic activity was healthy, and company earnings were good, by and large.

Small-cap markets weren't as robust as large caps, as investor attention was focused primarily on the biggest tech companies, particularly those that are incorporating artificial intelligence into their offerings. That said, many smaller companies turned in good returns in the period.

Nine new stocks were added to the Fund. Among the new additions are two Japanese health-related companies that share a relationship. Rohto Pharmaceutical Co. is a leader in high-quality eye drops and has several popular skin care lines. Matsukiyo Cocokara is a large retail pharmacy that carries Rohto products and others. Our adviser believes both businesses have a promising trajectory, thanks to ever-increasing screen times (eye drops) and the return of Chinese tourists to Japan, who are big purchasers of both companies' products. Other purchases were: Synaptics, a U.S.-based technology company that makes touch displays used in tablets, laptops and phones; French technology firm Sopra Steria, which is a European leader in consulting and digital services; Japan-based Nakanishi, a maker of a range of dental equipment; Weir Group, which supplies processing equipment for mineral excavation; ESAB, a world leader in welding and cutting equipment; Ag Growth International, a Canadian leader in fertilizer, grain, and seed storage; and Arcos Dorados Holdings, a Latin American McDonald's franchise owner.

To fund the above purchases, eight stocks were sold. RS Group and Charles River Laboratories were successful investments that are now less compelling, while we moved on from National Vision Holdings, Spirent Communications, Future, PJT Partners, Zurn Elkay Water Solutions, and Kennedy-Wilson due to weaker outlooks.

Japan represents an increasing area of interest to TimesSquare. Our adviser believes the digitisation of the economy still has plenty of runway relative to western economies, and the country is poised to benefit from a return of Chinese and overseas visitors. Further, Japanese corporations have shown positive signs that they're more willing to incorporate shareholder-friendly initiatives. Three new Japanese companies were purchased during the period, and TimesSquare is looking closely at others.

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, Japanese

Yen, British Pound, 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 \$97,861 of its net assets as management fees for the six months ended June 30, 2023 and distributed \$39,357 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, 2023, Steadyhand Investment Management Ltd., and its affiliates, subsidiaries, officers and directors owned 162,350 Series A units, or 15.0% 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 unaudited semi-annual and audited annual financial statements.

<b>Series A – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$10.27</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	0.10	0.17	0.18	0.11	0.14
Total expenses (excluding distributions)	(0.21)	(0.34)	(0.49)	(0.34)	(0.43)
Realized gains (losses) for the period	(0.02)	(0.67)	1.46	0.12	0.30
Unrealized gains (losses) for the period	0.58	(1.34)	0.45	1.39	2.04
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.45</b>	<b>(2.18)</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>-</b>	<b>(1.55)</b>	<b>-</b>	<b>(0.23)</b>
<b>Net Assets, end of period</b>	<b>\$10.70</b>	<b>\$10.27</b>	<b>\$12.56</b>	<b>\$12.64</b>	<b>\$11.75</b>

<b>Series A - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$11,593	\$10,047	\$11,618	\$8,456	\$6,142
Number of units outstanding <sup>4</sup>	1,083,279	978,145	924,913	668,886	522,712
Management expense ratio <sup>5</sup>	1.78%	1.78%	1.78%	1.78%	1.78%
Management expense ratio before waivers or absorptions	1.80%	1.80%	1.80%	1.80%	1.82%
Portfolio turnover rate <sup>6</sup>	31.82%	42.20%	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.04%	0.17%	0.20%	0.07%	0.20%
Net asset value per unit	\$10.70	\$10.27	\$12.56	\$12.64	\$11.75

<b>Series O – Net Assets Per Unit</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>\$10.49</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	0.11	0.18	0.18	0.11	0.14
Total expenses (excluding distributions)	-	-	-	-	-
Realized gains (losses) for the period	(0.02)	(0.70)	1.53	0.10	0.27
Unrealized gains (losses) for the period	0.49	(1.38)	0.14	1.99	1.60
<b>Total increase (decrease) from operations <sup>1</sup></b>	<b>0.58</b>	<b>(1.90)</b>	<b>1.85</b>	<b>2.20</b>	<b>2.01</b>
<b>Distributions :</b>					
From investment income (excluding dividends)	-	(0.19)	(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>(0.19)</b>	<b>(1.83)</b>	<b>(0.08)</b>	<b>(0.29)</b>
<b>Net Assets, end of period</b>	<b>\$11.03</b>	<b>\$10.49</b>	<b>\$12.83</b>	<b>\$12.92</b>	<b>\$11.87</b>

<b>Series O - Ratios and Supplemental Data</b>	<b>Jun. 30 2023</b>	<b>Dec. 31 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>	\$61,290	\$62,545	\$63,749	\$46,846	\$26,339
Number of units outstanding <sup>4</sup>	5,557,220	5,961,263	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>	31.82%	42.20%	62.62%	33.27%	32.20%
Trading expense ratio <sup>7</sup>	0.04%	0.17%	0.20%	0.07%	0.20%
Net asset value per unit	\$11.03	\$10.49	\$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 unaudited semi-annual financial statements as at June 30, or audited annual financial statements as at December 31.

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

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

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

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

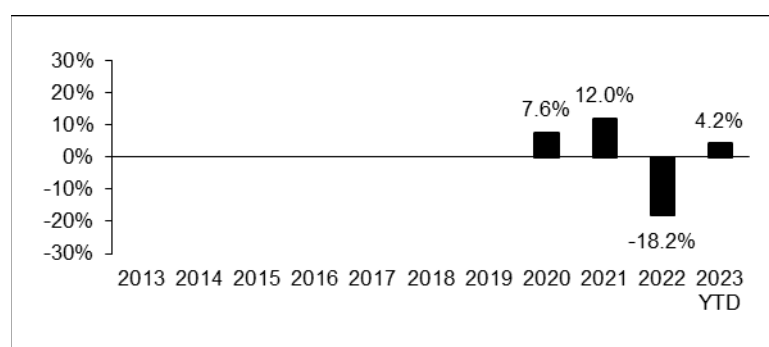
## Past Performance

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

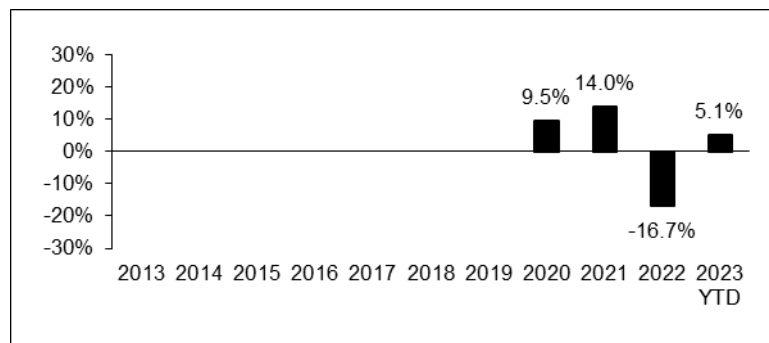
### Year-by-Year Returns

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

#### Series A



#### Series O



## Summary of Investment Portfolio as at June 30, 2023

### Portfolio Allocation

Global Equities	% of Net Assets
Industrial Goods & Services	37.8%
Financial Services	14.6%
Healthcare	13.1%
Consumer Products	10.3%
Consumer Cyclical	9.2%
Technology	8.2%
Communications and Media	2.7%
Retailing	1.1%
	<hr/> 97.0%
Cash, Short-term Notes & Other Assets	<hr/> 3.0%
<b>Total</b>	<hr/> <hr/> 100.0%

**Top 25 Holdings**

	% of Net Assets
Chemed Corp.	4.4%
Casella Waste Systems Inc.	3.9%
Performance Food Group Co.	3.4%
Clean Harbors Inc.	3.4%
Steadfast Group Ltd.	3.1%
Cash & cash equivalents	3.0%
EMCOR Group Inc.	2.9%
Exponent Inc.	2.8%
Internet Initiative Japan Inc.	2.7%
Tate & Lyle PLC	2.7%
RenaissanceRe Holdings Ltd.	2.7%
TOTVS SA	2.7%
The AZEK Co., Inc.	2.5%
Encompass Health Corp..	2.5%
IPH Ltd	2.5%
Visteon Corp.	2.4%
Regal Rexnord Corp.	2.4%
First Advantage Corp.	2.4%
Esab Corp.	2.3%
Viscofan SA	2.3%
Saab AB	2.3%
Valmet OYJ	2.2%
Rohto Pharmaceutical Co., Ltd.	2.2%
Rotork PLC	2.1%
St James's Place PLC	2.1%

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