

Steadyhand IRC 2009 Annual Report

Introduction

By adoption of National Instrument 81-107 *Independent Review Committee for Investment Funds*, provincial securities regulators require all mutual funds to maintain an Independent Review Committee (IRC), a group of at least three people, knowledgeable in securities, each of whom is completely independent of the manager and the fund they represent.

The manager is required to identify conflict of interest matters that arise and to request input from the fund's IRC on how to manage those conflicts.

A "conflict of interest matter" is a situation where a reasonable person would consider the manager, or any entity related to the manager, to have an interest that may conflict with the manager's ability to act in the best interests of the fund and its shareholders.

Representing the interests of the fund, and therefore of its shareholders, the IRC considers whether the manager's proposed action achieves a fair and reasonable result for the fund. If so, the IRC gives its approval; if it finds otherwise, the IRC makes a recommendation back to the manager as to an alternative course of action.

The Steadyhand IRC

We, the Steadyhand IRC, represent the interests of each of the five Steadyhand Funds* in advising Steadyhand Investment Management (the Manager) on any matters referred to it concerning the real existence of, or the potential appearance of, a conflict of interest.

We meet regularly with representatives of Steadyhand, at the call of either the Manager or the IRC Chair. We also meet separately, in-camera, to assess our own charter, policies, and performance, as well as the Manager's policies and compliance with respect to conflict of interest matters.

Securities regulations require that each IRC provide shareholders of each fund with a report describing the IRC and its activities for the year. We are happy to deliver this, our second report, to unitholders of Steadyhand Funds. The report covers each of the Fund's fiscal year ending December 31, 2009.

The Steadyhand IRC is composed of members: Rob Morris (Chair), Stephanie Venn, and Katherine Walker. We were all appointed on May 1, 2007. There has been no change in the composition of the IRC since its inception.

Collectively, we have expertise in many aspects of securities and investments, including mutual funds, investment council, securities administration, regulation and compliance, tax and financial planning, business management, marketing, product development, and financial institutions. Any of these topics may become important in understanding a specific conflict of interest matter.

The Steadyhand IRC's only responsibilities are those mandated by NI 81-107 and our Charter. Each of us is independent of the Manager and any of its affiliates. None of us, individually or collectively, holds in excess of 10% of any of the Steadyhand Funds, nor do we have any other duties or relationships which could compromise our independence. None of the members of the Steadyhand IRC serves as a member of an IRC for funds managed by another investment manager. We take care to assure that this independence continues.

IRC Expenses, Compensation and Indemnities

Securities regulations require that all expenses of an IRC are paid by the funds, not by the manager. This has the effect of protecting the independence of the committee but creates an expense to the Funds which ultimately is borne by the shareholders.

Included in an IRC's expenses are such things as facilities, accounting, and record keeping. Also, members of the IRC are entitled to be compensated, as well as indemnified by the fund it represents. In addition, members are entitled to be reimbursed for any reasonable costs incurred in connection with the performance of their duties. All these costs are allocated as operating expenses to each fund that the IRC represents.

In the case of Steadyhand Funds, the expenses are allocated to the individual Funds; each Fund is then reimbursed by the Manager in order to maintain its policy of minimizing fees that impact unitholders.

Steadyhand committee members receive an annual retainer of \$5,000 plus \$500 per meeting. The chairperson receives \$7,000 and \$500 respectively. Each member of the IRC has been indemnified through a letter agreement with Steadyhand Funds. To date, there have been no claims made under this agreement, nor have any expenses been reimbursed to committee members by the Funds or the Manager.

Conflict of Interest Matters

The central mandate of the Steadyhand IRC is to consider and respond to conflict of interest matters identified and referred to it by Steadyhand as the Manager of each of the Funds.

On several occasions, the Manager has brought matters to us for consideration. On each, we considered, found that the Manager's recommended actions were consistent with the interests of the Funds, and approved the actions.

An IRC has the authority to grant a Standing Instruction (SI). These constitute a written approval or recommendation from the IRC that permits the Manager to proceed with the specific actions set out in the SI on an ongoing basis, without having to repeatedly refer the Conflict of Interest Matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI.

The Steadyhand IRC has approved Standing Instructions for the following topics:

1. Expenses charged to the Funds;
2. Expense allocations;
3. Trade allocations;
4. Soft Dollar Arrangements;
5. Best Execution;
6. Net Asset Value and other Error Correction;
7. Voting Proxies;
8. Short-term trading and market timing;
9. Appointments and changes in sub-advisors;
10. Monitoring sub-advisors;
11. Employee Personal:
 - a. Trading;
 - b. Conflicts of Interest;
 - c. Use and Disclosure of Information;
 - d. Accepting gifts.

A number of these Standing Instructions are given effect through reference to the Manager's written policies and procedures.

As required by NI 81-107 each year the Steadyhand IRC conducts an assessment of the Manager's policies and procedures relating to conflicts of interest, as well as a self-assessment of our own independence, charter and policies, compensation, and effectiveness.

Conclusions

Having completed our independent annual review, the IRC has concluded that:

- None of the committee members has any relationship or interest that would cause a reasonable person to question the independence of any of its members;
- No changes are required in the Charter or Policies of the Steadyhand IRC including compensation;
- Steadyhand IRC has functioned effectively, operating efficiently as mandated by NI 81-107 and on behalf of the Steadyhand Funds;
- The policies and procedures, including the Standing Instructions, of the Manager are reasonable and sufficient to serve the interest of the Funds and their unitholders;
- During the period, the committee is not aware of any instance when the Manager acted in a conflict of interest matter without either bringing it to the attention and approval of the IRC or without acting consistently with written policy or Standing Instructions.

The members of the Steadyhand IRC wish to express our appreciation for the excellent and professional working relationships we have with the Manager and its team members and for their obvious dedication to serving the interests of Steadyhand investors.

On behalf of the Steadyhand Independent Review Committee:

Robert N. Morris, Chair

Date

*The five Steadyhand Funds include the Steadyhand: Savings Fund; Income Fund; Equity Fund; Global Equity Fund; and, Small-Cap Equity Fund.

This report is available on Steadyhand's website at www.Steadyhand.com or you may request a copy by contacting Steadyhand via:

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