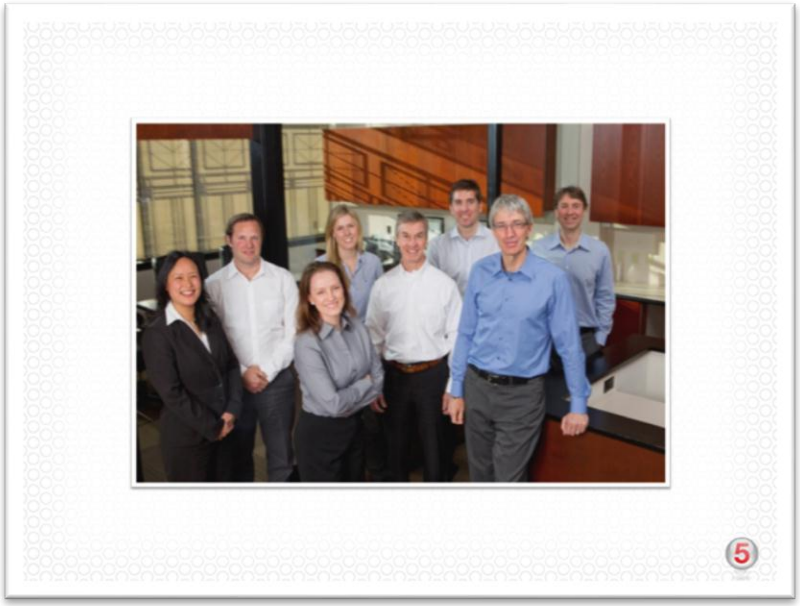
Where to From Here?

February 2012

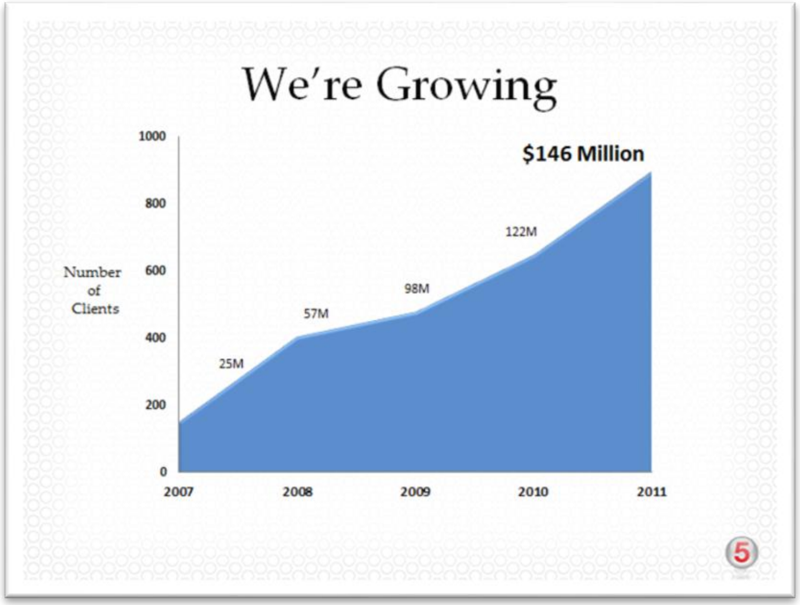
In this condensed summary of our recent *'Where to From Here?'* client presentation, we provide a brief update on our company, an assessment of the investment climate, and an overview of how our funds have performed and are currently positioned. We also offer some advice on how investors should position their portfolios going forward.

Part I – Steadyhand Update & Overview



The past few years have been an extremely volatile period in the capital markets. Our team, on the other hand, has remained remarkably stable. And we continue to eat our own cooking, with 80% of our financial assets, on average, invested in our funds.

We're marking our fifth anniversary this spring. While we probably couldn't have picked a worse time to start an investment company, we've made some great strides since 2007 and have built a strong foundation for the next five years and well beyond.



Our assets under management grew by 20% in 2011 and our number of clients increased by 40%. We now manage more than $145 million on behalf of nearly 1,000 clients.

MORNINGSTAR Stewardship Grade

	Overall Grade	Corporate Culture	Manager Incentives	Fees
Capital International Asset Management (Canada), Inc.	A	A	A	A
Steadyhand Investment Funds	**A**	**A**	**A**	**B**
Leith Wheeler Investment Counsel Ltd.	A	A	A	C
Mawer Investment Management Ltd.	A	A	B	B
Beutel, Goodman & Company Ltd.	B	A	C	B
Brandes Investment Partners & Co.	B	B	A	C
Invesco Canada Ltd.	B	B	A	C
Manulife Mutual Funds	B	B	A	D
CI Investments Inc.	B	B	B	C
TD Asset Management Inc.	B	B	B	C
Chou Associates Management Inc.	B	C	A	B
Dynamic Funds (Goodman & Co., Inv. Counsel Ltd.)	C	C	B	D
Northwest & Ethical Investments L.P.	C	C	B	D
Investors Group (I.G. Investment Management, Ltd.)	C	C	B	F
RBC Global Asset Management Inc.	C	C	C	A
BMO Investments Inc.	C	C	C	C
Fidelity Investments Canada ULC	C	C	C	C
Mackenzie Financial Corporation	C	C	C	C
National Bank Securities Inc.	C	C	C	C
AGF Management Ltd	C	C	C	D
Standard Life Mutual Funds Ltd.	C	C	C	D
CIBC Asset Management Inc.	C	C	D	C
Scotia Asset Management L.P.	C	C	D	C
Franklin Templeton Investments Corp.	C	C	D	D
Sprott Asset Management Inc.	D	C	F	F
Fiera Sceptre	D	D	D	D

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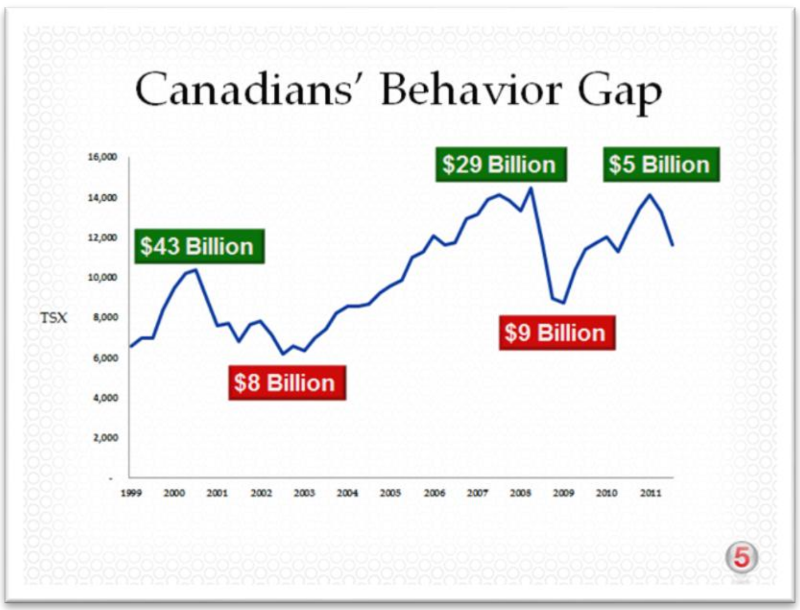
We received a top *Stewardship Grade* from Morningstar once again. Of 26 Canadian fund companies graded, Steadyhand was one of four to receive an "A" grade in 2011. The grades are designed to help investors further research, identify and compare fund companies that do a good job – or a poor job – of aligning their interests with those of fund shareholders.

Our clients are **better** investors. We know, it's a bold statement. But Steadyhand investors have been behaving exceptionally well. They've maintained a long-term focus and stuck to their plans. Many of our clients took advantage of the weakness in the markets during the summer months to rebalance their portfolios, in accordance with their Strategic Asset Mix (SAM), by lightening up on bonds and purchasing stocks.



This chart show equity mutual fund net sales (green) and redemptions (red) in Canada against the rise and fall of the TSX Composite Index since the tech wreck of 1999. Clearly, Canadian investors have an unfortunate tendency to buy high and sell low. Our clients have maintained a much steadier hand. Purchases in our equity funds far exceeded redemptions in the turbulent summer months, and all of 2011 for that matter.

Part II – The Investment Climate

Debt is dominating the economic landscape, particularly in Europe and the U.S. The developed world is drowning in it after many years of overspending by households, companies, states, countries, etc. It's a gloomy topic, but it's not all dark. Deleveraging is occurring and economies are adjusting.

Misery Loves Company

	U.S.	Europe	China	Canada
GDP Growth - 2011	1.7%	1.4%	9.2%	2.3%
Current Account Balance (% of GDP)	-3.1%	-0.5%	2.9%	-2.9%
Budget Balance (% of GDP)	-8.7%	-4.1%	-1.8%	-4.0%
Debt (% of GDP)	94%	80%	33%	84%

Source: The Economist, CIA World Factbook

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The Economic Stat Sheet. Key takeaways:

- Slow growth
- Europe's deficits and debt are not as bad as those of the U.S. The United States has a fiscal crisis; Europe has a liquidity crisis
- China continues to be an important driver of growth

China will continue to be a story worth watching. The government won't allow a slowdown and keeps pumping liquidity into the economy (similar to the Bush/Greenspan era in the U.S. 10 years ago). An enormous mis-allocation of capital is occurring, which has led to an over-built real estate market and infrastructure the country isn't ready for.

Canada has been puffing out its chest, but is it warranted? We've had the benefit of a housing and resource boom, yet we're running a trade deficit and have a high level of consumer debt. Further, our economy isn't as diversified or competitive as our neighbours to the south.

Big picture economic conclusions:

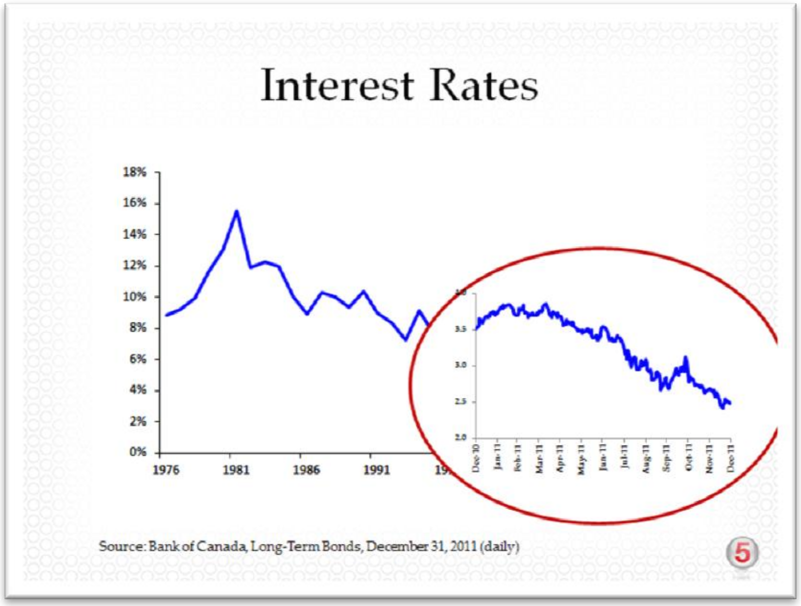
1. Growth will be slower as we go through a period of deleveraging, but we'll muddle through the current problems.
2. High levels of debt will cause more shocks and extreme outcomes. Investors should be prepared to take advantage of dislocations in the markets.
3. Governments need to stay ahead of the situation and make difficult/unpopular decisions. Many European countries that haven't addressed their problems have dug themselves into a deeper hole and have been penalized with higher borrowing rates.

Capital Market Returns

Annualized Returns to December 31, 2011

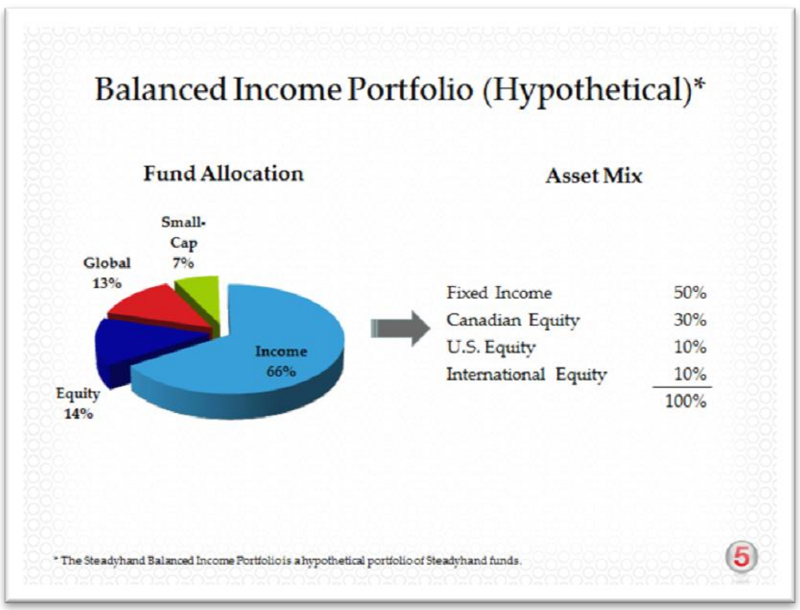
Index	1 Year	3 Year	5 Year	10 Year
5-year Average GIC	1.9%	1.9%	2.4%	2.8%
DEX Universe Bond	9.7%	7.3%	6.4%	6.5%
S&P/TSX Composite	-8.7%	13.2%	1.3%	7.0%
MSCI World ($Cdn)	-2.9%	5.0%	-4.5%	-0.4%

Bonds have been the top performing asset class over the past five years, as the world's debt problems came to light and investors fled to safety. Global stocks have been hit the hardest and have produced a negative return over the past 10 years. It's important to look forward, however. With interest rates hovering near historic lows and stock valuations at the lower end of their historic range, equities present the more compelling opportunity.

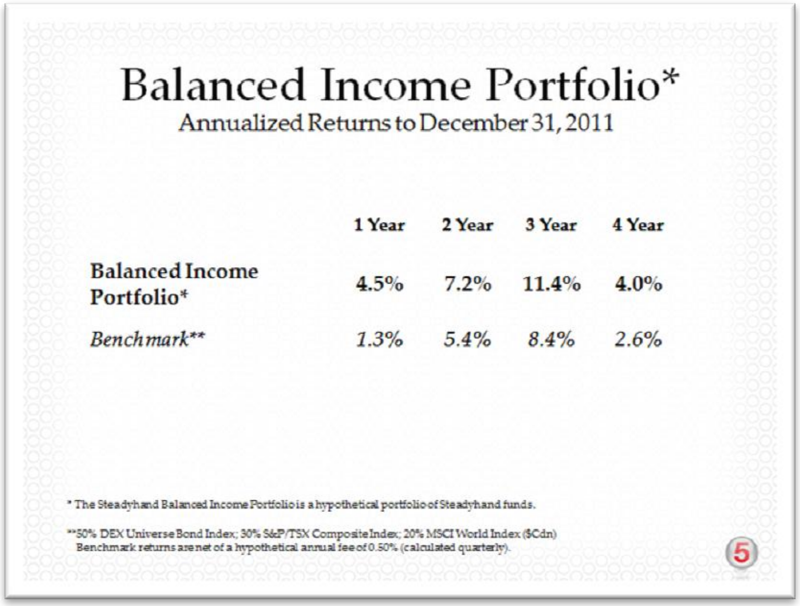


The bull market for bonds has been in place for over 30 years now, as interest rates have declined steadily. 10-Year Government of Canada bond yields finished the year below 2% for the first time in more than a century. Interest rates have little room to fall further, however, and bond investors should be prepared for lower returns going forward, especially from government bonds.

Part III – The Funds



Our Hypothetical Balanced Income Portfolio is a model portfolio comprised of four Steadyhand funds. It has an asset mix of 50% bonds and 50% stocks, and is used by many of our clients. It is a useful indicator of how our investors have fared overall.



Balanced Income Portfolio*

Annualized Returns to December 31, 2011

	1 Year	2 Year	3 Year	4 Year
Balanced Income Portfolio*	4.5%	7.2%	11.4%	4.0%
*Benchmark***	*1.3%*	*5.4%*	*8.4%*	*2.6%*

* The Steadyhand Balanced Income Portfolio is a hypothetical portfolio of Steadyhand funds.

**50% DEX Universe Bond Index; 30% S&P/TSX Composite Index; 20% MSCI World Index ($Cdn)
Benchmark returns are net of a hypothetical annual fee of 0.50% (calculated quarterly).

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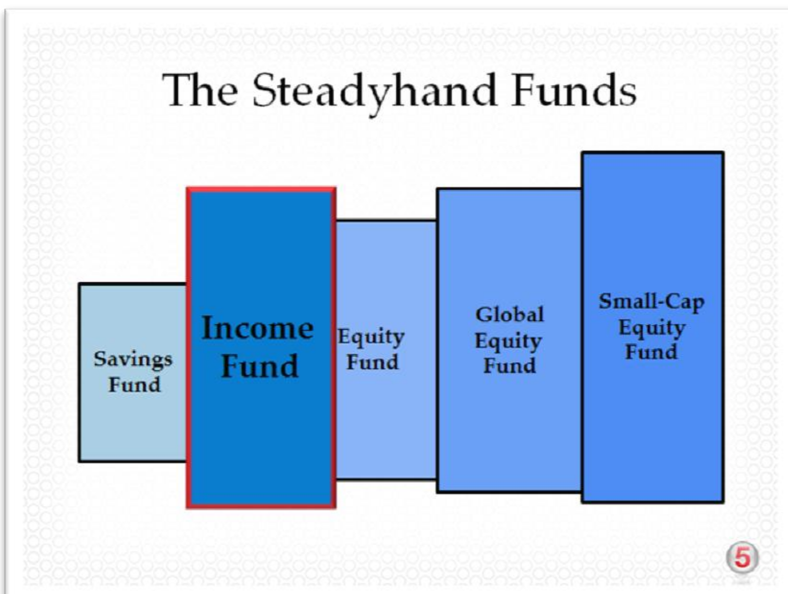
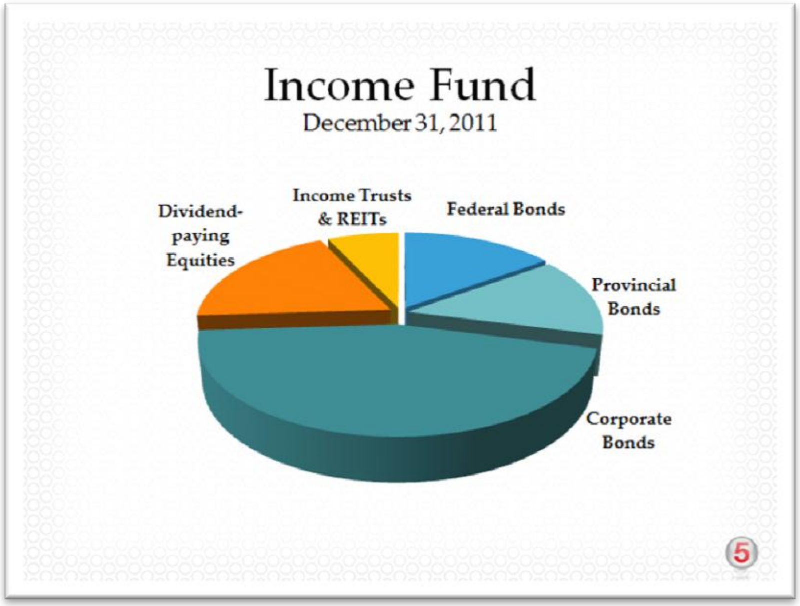
Over all time periods measured, the Portfolio has outpaced its benchmark and provided a strong annualized return, all things considered.



The Income Fund holds roughly three-quarters of its assets in bonds and one-quarter in income-equities such as dividend-paying stocks and Real Estate Investment Trusts (REITs).



The manager, CC&L, has an emphasis on corporate bonds, as they feel these securities currently offer greater value than government bonds. The income-equity component of the fund adds some inflation protection and additional yield for the portfolio.

Income Fund

Annualized Returns to December 31, 2011

	1 Year	3 Year	4 Year	Inception*
Income Fund	7.2%	13.3%	7.3%	6.5%
DEX Universe Bond Index	*9.7%*	*7.3%*	*7.1%*	*6.5%*
S&P/TSX Composite Index	*-8.7%*	*13.2%*	*-0.7%*	*1.1%*

**February 13, 2007*

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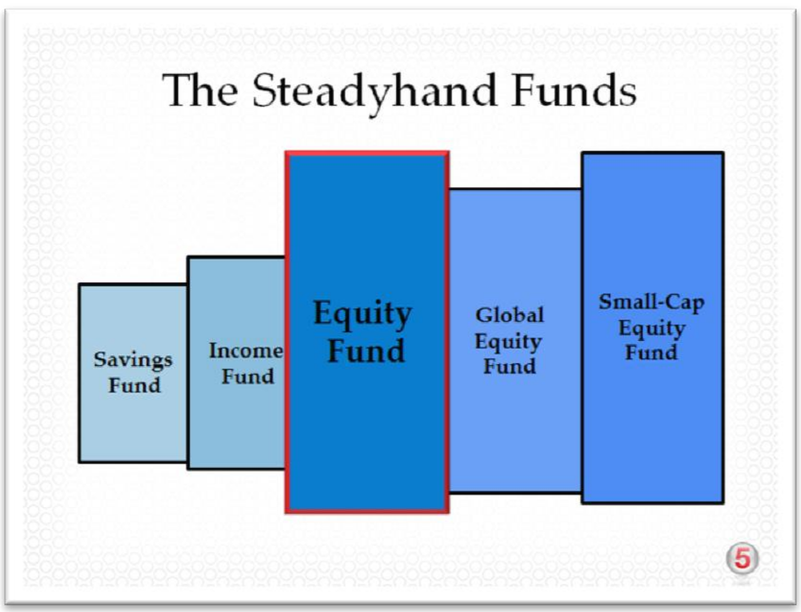
The fund has consistently added value in all areas – bonds, income-equities and asset mix. Its heavy corporate bond weighting hurt returns in 2008, but the manager stuck to their guns and it paid off handsomely when the corporate market subsequently rebounded. The fund's mix of companies with growing dividends and avoidance of highly cyclical businesses helped performance in 2011.

The manager is cautious about interest rates. They feel that rates are fundamentally too low and are poised to rise, although they are uncertain of the timing. They have positioned the fund with a short duration as a result. CC&L feels that high quality corporate bonds offer much better value. Spreads (the difference in yield between government and corporate bonds) remain wide based on historic levels and have room to tighten (which would be positive for corporate bond prices). The manager is also seeing value in the U.S. high yield market. On the equity side, they favour companies with strong balance sheets and rising dividends.



The Equity Fund is Canada-centric, currently holding roughly 55% of its assets in Canadian stocks and 45% in U.S. and overseas companies. The manager, CGOV, looks for the best that Canada has to offer and complements these holdings with companies that aren't available in our market for greater diversification and long-term return potential.

Industry Sector Returns

One-Year Total Return to December 31, 2011

S&P/TSX Composite Index	**-8.7%**
Materials	-21.2%
Energy	-14.8%
Financials	-3.8%
Telecom Services	23.1%

The Canadian market had a tough year as a result of its emphasis on resources. More ‘defensive’ companies such as telecoms and consumer-oriented stocks performed much better.

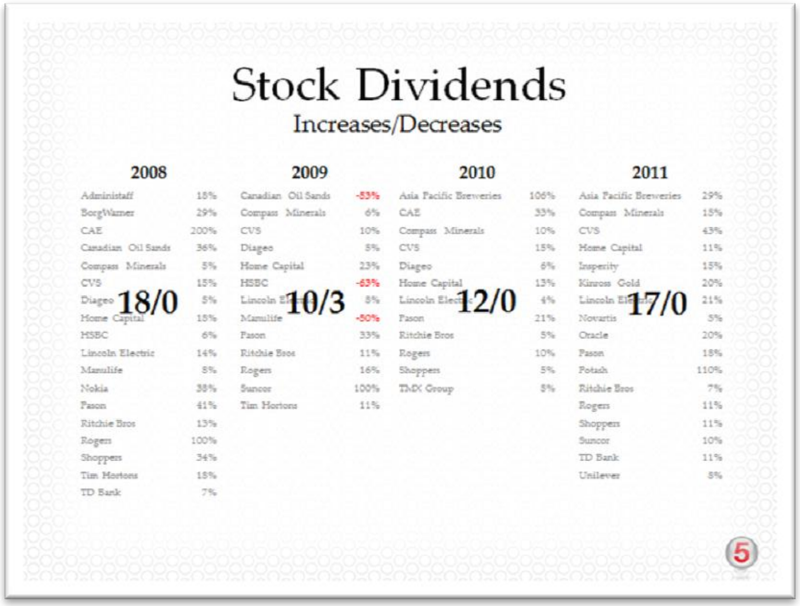
Equity Fund

Annualized Returns to December 31, 2011

	1 Year	3 Year	4 Year	Inception*
Equity Fund	-1.3%	8.6%	-1.6%	-0.8%
S&P/TSX Composite Index	*-8.7%*	*13.2%*	*-0.7%*	*1.1%*
MSCI World Index ($Cdn)	*-2.9%*	*5.0%*	*-3.8%*	*-5.0%*

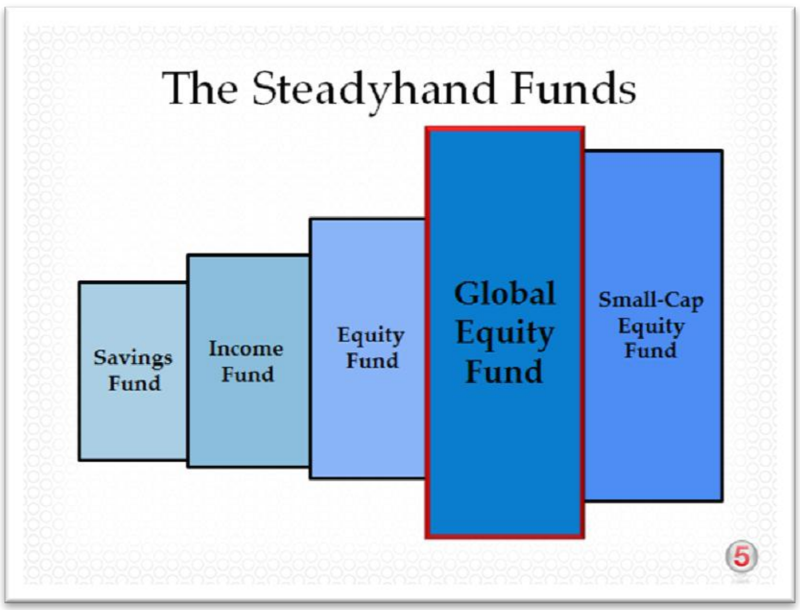
**February 13, 2007*

The Equity Fund performed relatively well in 2011. It was light on mining-related companies and had a focus on strong cash generating, high-quality businesses. The fund’s consumer staples holdings such as CVS Caremark, Asia Pacific Breweries and Unilever were strong performers. RIM and Manulife were the biggest disappointments from both an operating and share price perspective and were removed from the portfolio.



The manager favours companies that have the cash flow and financial strength to pay rising dividends. Over half of the fund's holdings increased their dividend in 2011, by an average of 11% (there were no dividend cuts).

CGOV continues to focus on steady businesses that are leaders in their field. In particular, they like companies that have growing exposure to the emerging markets.



The Global Equity Fund is our 'go anywhere' fund. Currently, 40% of the portfolio is invested in Europe (including the U.K.), 35% in Asia (with an emphasis on Japan) and 20% in the U.S.

Global Equity Fund
Annualized Returns to December 31, 2011

	1 Year	3 Year	4 Year	Inception*
Global Equity Fund	-7.5%	1.8%	-5.9%	-7.4%
MSCI World Index ($Cdn)	-2.9%	5.0%	-3.8%	-5.0%

*February 13, 2007

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It's been a weak environment for global equities over the past several years, and the fund's performance reflects this. It ran into some bad luck in 2011 with the impact of the Japanese earthquake and European debt crisis on share prices. It also had light exposure to U.S. companies (relative to the market as a whole), which performed well.

Further, the fund has not been rewarded for focusing on stocks with low valuations and high dividend yields as of yet.

Equity Returns
Annual Return to December 31, 2011

MSCI World Index (Cdn $)	**-2.9%**
United States	4.4%
United Kingdom	1.5%
Europe	-8.5%
Japan	-12.3%
Emerging Markets	-16.3%

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EPL's bottom-up investment approach has driven them towards Europe and Japan, and away from the U.S. This hurt returns in 2011.

A mixed bag: The U.S. and U.K. were among the top performing markets, while Japan and the emerging markets suffered the biggest setbacks.

Geographic Allocation

Percent of Assets

	Dec. 31, 2011	Change from Dec. 2010
U.S.	19.1%	-8.2%
Japan	20.4%	+0.4%
U.K.	18.7%	+2.7%
Europe	22.8%	+3.7%
Asia (Ex-Japan)	14.7%	+5.1%

The manager, Edinburgh Partners Limited, made some adjustments in the year. Of note, the fund's weighting in U.S. stocks was reduced as EPL felt there was better value in Europe and Asia, two regions where exposure was increased.

As for the fund's strategy, EPL is sticking to their guns. Their focus remains on value-oriented stocks with low P/E's and high dividend yields. They are finding value in unloved regions, including Europe, Asia and the emerging markets.

The 4 P's

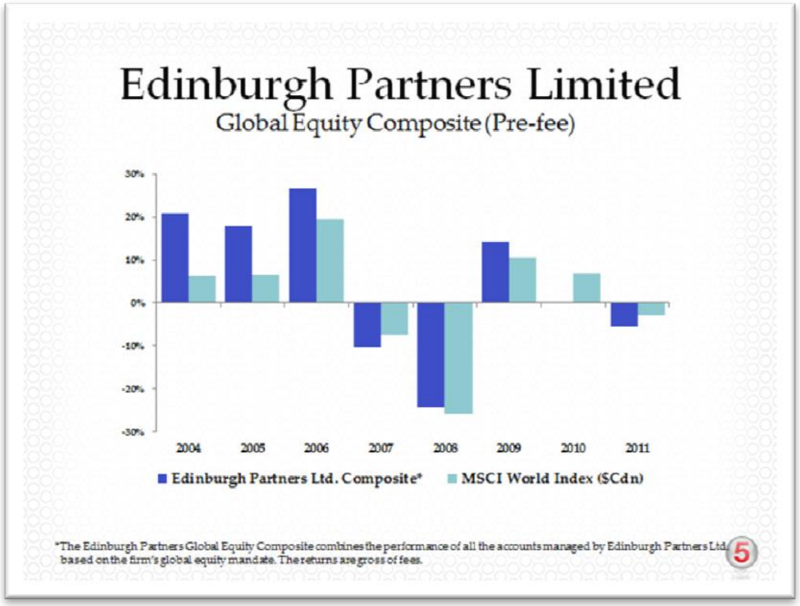
People

Philosophy

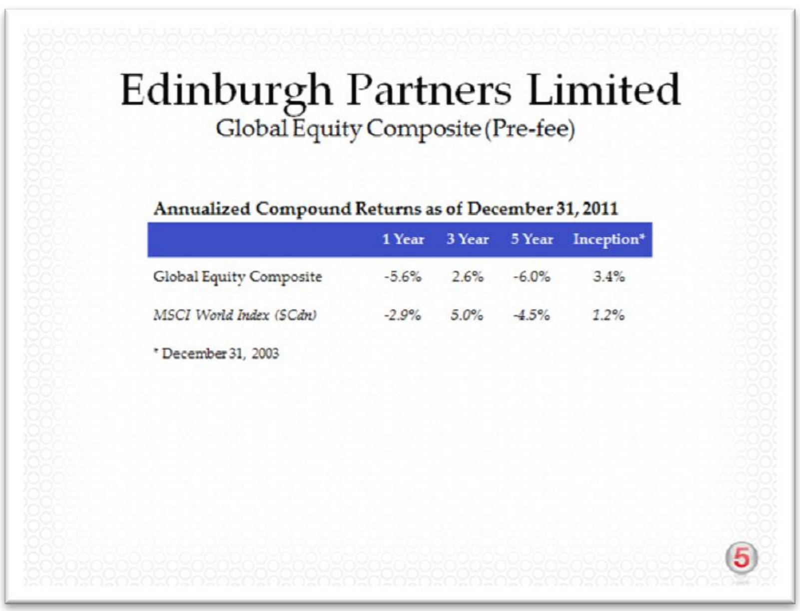
Process

Performance (long-term)

The fund's weak performance has understandably prompted concern among unitholders. We continue to monitor the manager closely, focusing on four areas: people, philosophy, process and long-term performance. The key people remain in place, and EPL's investment philosophy hasn't changed. They've made a few refinements to their process, which we approve of. As for performance, their longer term numbers are still ahead of the benchmark. Our assessment is that they are a strong, experienced team and further patience in required.



EPL's annual returns (for their Global Equity Composite) in comparison to the MSCI World Index.

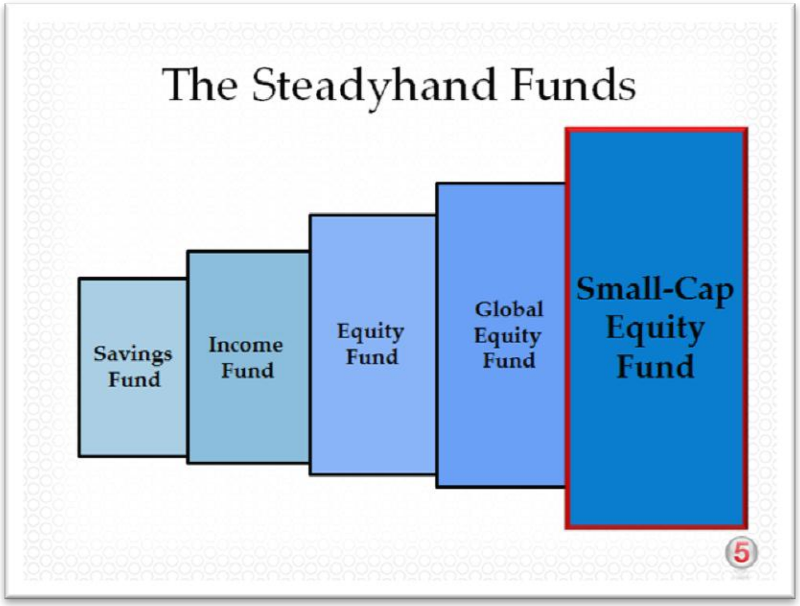


Annualized Compound Returns as of December 31, 2011

	1 Year	3 Year	5 Year	Inception*
Global Equity Composite	-5.6%	2.6%	-6.0%	3.4%
MSCI World Index ($Cdn)	*-2.9%*	*5.0%*	*-4.5%*	*1.2%*

* December 31, 2003

The manager's annualized performance since their inception in 2003.



The Small-Cap Fund invests in a limited number of small and medium-sized companies primarily in Canada, but with some U.S. exposure. The manager is not deterred by under-followed or thinly-traded companies.

Small-Cap Equity Fund

Annualized Returns to December 31, 2011

	1 Year	3 Year	4 Year	Inception*
Small-Cap Equity Fund	12.7%	16.4%	2.6%	6.8%
BMO Small Cap Index	*-14.4%*	*27.6%*	*2.6%*	*1.9%*
S&P/TSX Composite Index	*-8.7%*	*13.2%*	*-0.7%*	*1.1%*

**February 13, 2007*

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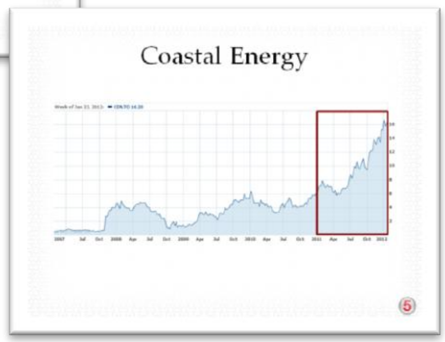
The fund had a strong year, especially in the context of the small cap market. It had light exposure to mining companies, precious metals and other cyclical stocks, which was an important factor in its performance.

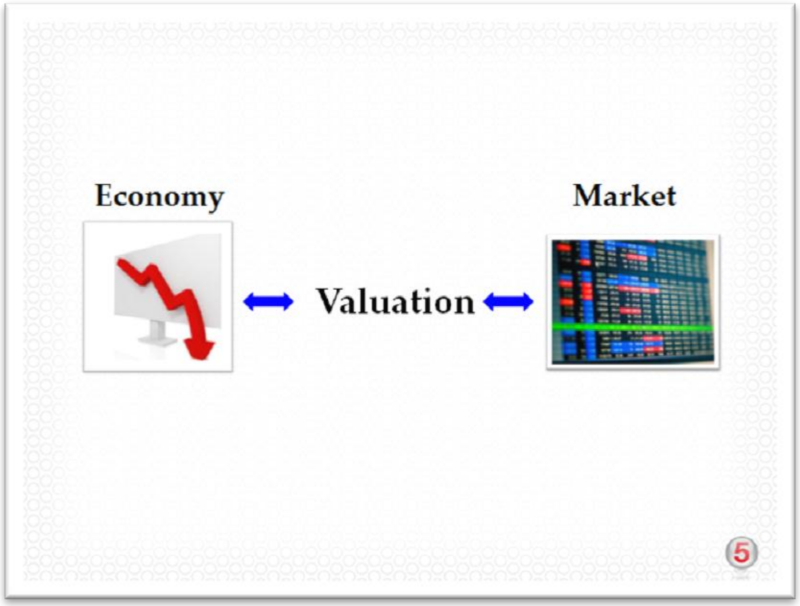


Good returns came from a variety of sources. Canadian Helicopters and Coastal Energy, the fund's two largest holdings at year end, each had a very good year and were strong contributors to performance. Other stocks that performed well were Alaris Royalty Corp., Hibbett Sports and Total Energy Services. On the other side of the ledger, Easyhome and Evertz Technologies disappointed.

The manager's (Wutherich & Company) focus has been on profitable companies that generate strong free cash flow and trade at reasonable valuations.

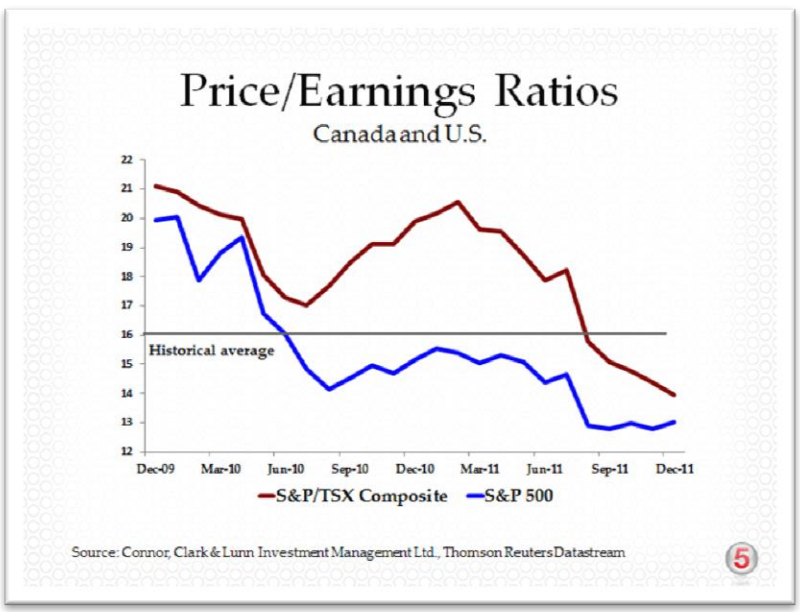
Wutherich's strategy going forward will be more of the same. He favours businesses in the industrial, consumer-related, energy and technology sectors with strong management, and avoids speculative companies with erratic earnings.

Part IV – Where to From Here?

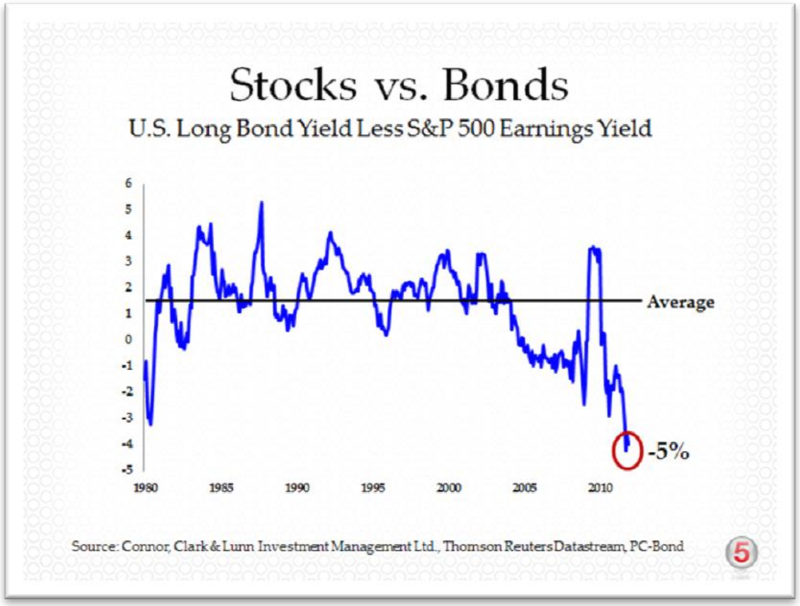


It's important to remember that the economy doesn't equal the market over the short term. A key example: investors who exited stocks in late 2008 based on a weak economic outlook paid a dear price.

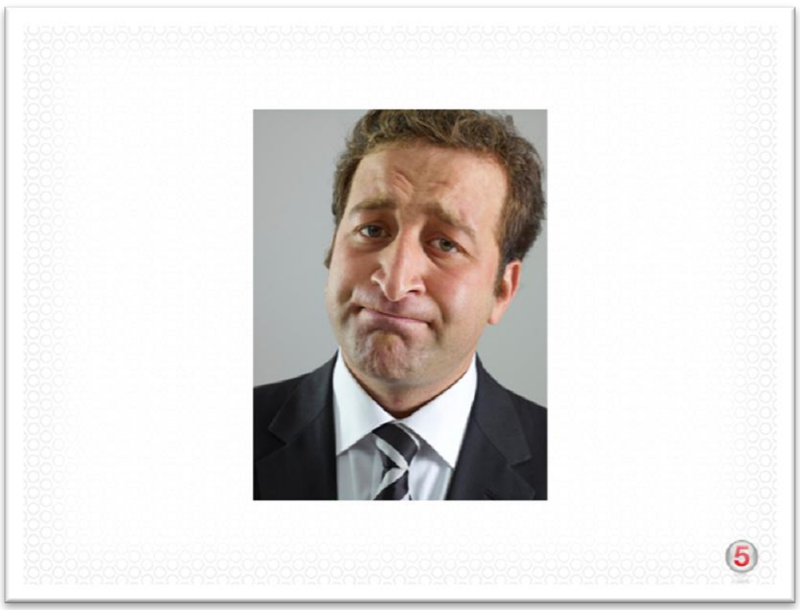
We're driven by valuation at Steadyhand, not short-term economic news. It's a motherhood statement, but investors are well advised to maintain a long-term focus and tune out the short-term noise.



Stock valuations are low based on historic measures, as they are already factoring in much of the bad economic news. While we expect a period of deleveraging and slow economic growth, it doesn't mean that stocks are undesirable. In fact, valuations for many U.S. and European stocks are as low as they've been in decades.

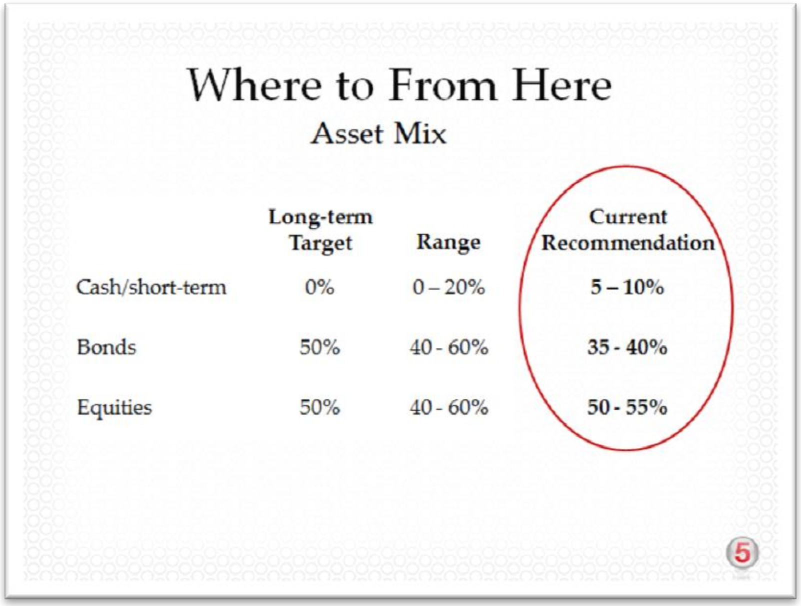


Relative to bonds, stocks look even more attractive. The gap in valuation between the two asset classes has never been wider. Investors are paying much more for safety than for corporate earnings.



Many investors are still fearful of the market and remain under-invested. In other words, there's still a healthy amount of anxiety and cash on the sidelines. While it may sound perverse, this is good news for stock investors. A reversal in sentiment or a shift from cash and bonds to equities would provide a boost for the market. As Warren Buffett says, *you want to be greedy when others are fearful and fearful when others are greedy*.

Determining your Strategic Asset Mix (your portfolio's breakdown between stocks and bonds) is the most important investment decision you'll make. It weighs your time horizon and investment objectives against your tolerance for risk. All investment decisions should be made in the context of your SAM.



In sum, we recommend that clients take advantage of the current environment and shade their portfolio towards equities, in the context of their long-term targets. We advise a lighter weighting in bonds and a modest cash reserve to take advantage of any extreme events. This slide shows how clients with a SAM of 50% stocks / 50% bonds may want to position their portfolio.

Required Disclosures

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The performance data provided for the Steadyhand Savings Fund assumes reinvestment of distributions only and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The indicated rates of return for the funds other than the Savings Fund are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the funds will be able to maintain their net asset value per security at a constant amount or that the full amount of your investment in the funds will be returned to you. Past performance may not be repeated.

Steadyhand Investment Management Ltd. is the manager of the Steadyhand funds. Steadyhand Investment Funds Inc. (SIFI) is the principal distributor of the funds.

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