Quarterly Report

Steadyhand

Q2
2023

"Our managers don't build portfolios that look like the index, so we're not too concerned about the U.S. market's changing look and the chatter around its makeup. Our focus is on making sure our funds are well diversified—by industry, geography, and style."

— Scott Ronalds, Steadyhand Blog, June 22

Bradley's Brief

When you look at your statement, you may be surprised at how well your portfolio has done over the last year. I say that because a year ago things looked bleak. Bonds and stocks were down a lot, interest rates were up, and commentators were calling for a recession.

At that time, we had a different take. I said in my 2nd Quarter Brief: *"I don't know when markets will bottom but know that I want to own a diverse collection of leading businesses when it does."*

I built on this message in the 3rd Quarter. *"Nobody knows when stocks will find a bottom and start to recover. It could be another 3 to 12 months, or it may have already started. What we know for sure is that most of the money will be made well before the current problems are resolved."*

Since the end of last June, the World Equity Index is up over 20%, reflecting an overly pessimistic starting point and the rise of a small group of technology-related companies. Many Canadian stocks did well too, as evidenced by our Small-Cap Fund, although the market overall was held back by weakness in two big sectors, financials and energy. Mixing in positive returns from fixed income, balanced portfolios at Steadyhand earned a 10-12% return over the past 12 months.

So, where to from here? Unfortunately, we haven't had that recession yet, at least not a broad-based one, and some of last year's issues have worsened. Relations with China have deteriorated, the outlook for commercial real estate is darker, and the U.S. banking system has wobbled. And then there's a new wild card — Artificial Intelligence.

But some factors have improved. Inflation is down meaningfully, supply chains, including energy, have adjusted to the war in Ukraine and the post-pandemic recovery, and the use of technology continues to reduce the cost of doing business.

As I process these cross currents, I find myself in a reflective mood. I'm hitting a rather sobering milestone — 40 years in the investment business. Over that time, I've changed or revised my thinking on many things, but one I feel more strongly about than ever is that investors can't predict what stock prices are going to do over the short to medium term.

In light of this belief, Salman and I endeavour to understand the current situation and then determine where our clients have the best chance of achieving an attractive return over the next 5 years. Our current assessment is:

- Fixed income yields are competitive again and will be a good contributor to portfolios.
- Non-tech, non-AI stocks already reflect a difficult economic outlook and are trading at reasonable prices.
- Excessive leverage is causing problems for some companies and property owners, and will present opportunities for well-capitalized investors.
- We can never be certain enough about the opportunities and risks to be anything but broadly diversified.

On the business front, we continue to build our team to ensure our clients are well looked after. We're delighted to have Samantha Warszawski join us. We're also excited to introduce the Steadyhand Retirement Withdrawal Program, a new initiative designed to help retirees draw a steady income from their portfolio. You can learn more about the program on our website. In the meantime, enjoy the great Canadian (hopefully smoke-free) summer.

Key Takeaways

Stocks

- Stock markets climbed higher in the second quarter, 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, generally speaking.
- The global market (Morningstar Developed Markets Index) was up 4.1% on strength in technology stocks. Canadian stocks (S&P/TSX Composite Index), which were held back by weakness in the commodity sector, rose 1.1%.
- The loonie rose slightly against the U.S. dollar and Euro, and significantly against the Japanese Yen (+11%). This reduced the value of foreign investments in $Cdn terms.

Market Returns

	3M	1Y
Canada	1.1%	10.4%
World	4.1%	21.0%

Bonds

- The Canadian bond market fell 0.7% in the quarter (interest less capital depreciation).
- Strong economic activity and stubbornly high inflation caused central banks to raise interest rates, leading to higher bond yields, and correspondingly, lower prices.
- The benchmark 10-year Government of Canada yield rose from 2.9% to 3.3%. Corporate bonds performed reasonably well, with strong inflows providing support.

	3M	1Y
Bonds	-0.7%	3.1%

Our Funds

- Our funds had a mixed quarter on the equity side, while our Income Fund fell slightly. Our balanced clients' portfolios were modestly positive. Over the past 10 years, our balanced clients have gained 5% to 6% per year.
- Our stock weighting in the Founders Fund is hugging its target of 60% based on our views on corporate fundamentals, valuations, and investor sentiment.
- In the context of our balanced portfolios, recent transactions include the purchase of Canadian Pacific Kansas City (Canada), Synaptics (U.S.), and Sopra Steria (France); and the sale of CBRE Group (U.S.), and Kennedy-Wilson (U.S.).

Fund Returns

	3M	1Y
Savings	1.1%	3.7%
Income	-0.3%	4.4%
Founders	0.4%	10.3%
Builders	0.7%	15.4%
Equity	-0.6%	9.2%
Global	2.6%	18.4%
Small-Cap	2.1%	22.6%
Global Small-Cap	-2.3%	16.0%

Our Advice to Clients

We recommend you be at or near your long-term target for stocks. In the Founders Fund, our equity weighting is 61%. We feel valuations are generally reasonable, outside of the technology sector, that is. Our focus is on profitable, well-financed companies that we believe are in a good position to improve their market leadership. Our outlook for bonds has improved as interest rates have moved significantly higher over the past year but we continue to recommend a below-average position, with cash as an alternative. In the Founders Fund, 8% of the portfolio is currently in cash.

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

Founders Fund

Fund Overview

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

The fund was up 0.4% in the quarter. Since inception (Feb 2012), it has a cumulative return of 89%, which equates to an annualized return of 5.7%.

Portfolio Specifics

- The Founders Fund's good first half was driven by an improved environment for bonds and a continuation of the stock market recovery. The fund is up 5.3% year-to-date and 10.3% over the last year. The biggest contributors were the Global and Small-Cap Equity Funds.
- Our equity managers are finding attractively priced stocks, particularly in the non-tech, non-AI parts of the market, but we continue to reduce Founders' equity weighting 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.
- Founders' equity exposure is now at 61%, down from 65% at the beginning of the year. We took advantage of on-going strength in the stock market to trim all four equity funds. Proceeds from the sales, along with new flows into the fund, were allocated to bonds (Income Fund) and cash (Savings Fund). With yields attractive again, we are gradually increasing the fund's bond weighting (31%).
- We remind clients that Founders' asset mix is important, as are the adjustments we make, but returns are primarily driven by the performance of the underlying funds. It's through these 6 funds that Founders owns a mix of bonds and stocks across a wide range of industries, geographies, and currencies.
- The largest transactions during the quarter in the underlying funds included new holdings in Canadian Pacific Kansas City (Canada), Synaptics (U.S.), and Sopra Steria (France); and the complete sale of CBRE Group (U.S.), PJT Partners (U.S.), and Kennedy-Wilson Holdings (U.S.).

Fund Mix

Income	41%
Global	21%
Equity	20%
Small-Cap	6%
Global Small-Cap	6%
Savings	6%

Asset Mix

Foreign Stocks	34%
Canadian Stocks	27%
Gov't Bonds	19%
Corporate Bonds	12%
Cash & Short-term	8%

Fund size $618,426,114

Positioning

- It's been a long time since we've found bonds attractive, but that's the case now. We will continue to increase Founders' fixed income exposure, mostly by adding to the Income Fund.
- No significant changes are anticipated on the equity side.
- For more details on the underlying funds, please review pages 8-18.

Founders Fund

Attributes

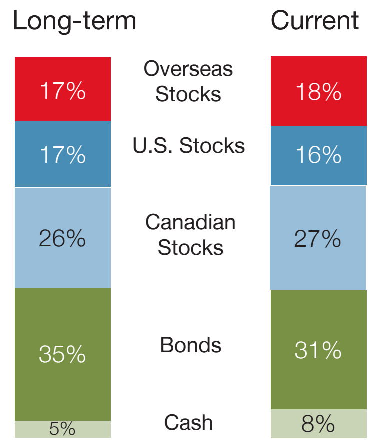
Top Stock Holdings (% of Fund)

Microsoft	1.8%
Danaher	1.5%
CN Rail	1.5%
TD Bank	1.5%
Thomson Reuters	1.3%
Franco-Nevada	1.3%
Visa	1.2%
Brookfield Renewable	1.0%
Metro	1.0%
Sika AG	1.0%

Sector Allocation (Stocks)

Industrial Goods & Svc	29.8%
Financial Services	19.4%
Technology	10.9%
Healthcare	8.4%
Consumer Cyclical	7.4%
Basic Materials	5.1%
Consumer Products	4.4%
Utilities & Pipelines	4.1%
Comm. & Media	2.9%
Retailing	2.6%
Real Estate	2.5%
Oil & Gas	2.5%

Asset Mix



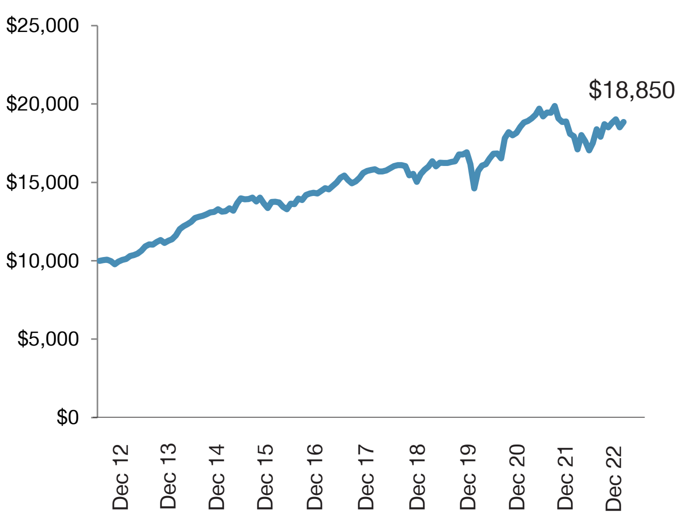
Performance

Compound Annualized Returns (as of June 30, 2023)

	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Founders Fund (after-fee)	**0.4%**	**5.3%**	**10.3%**	**5.3%**	**3.3%**	**5.4%**	**N/A**	**5.7%**
FTSE Canada Universe Bond Index	-0.7%	2.5%	3.1%	-3.7%	0.7%	2.1%	N/A	1.9%
Morningstar Developed Mkts Index ($Cdn)	4.1%	11.6%	21.0%	10.6%	8.5%	11.8%	N/A	12.3%
S&P/TSX Composite Index	1.1%	5.7%	10.4%	12.4%	7.6%	8.4%	N/A	7.5%

[1]Feb 17, 2012

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Builders Fund

Fund Overview

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

The fund was up 0.7% in the quarter. Since inception (Feb 2019), it has a cumulative return of 26%, which equates to an annualized return of 5.5%.

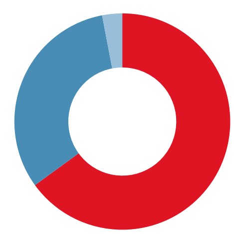
Portfolio Specifics

- The fund has gained 7.8% so far in 2023. Its performance is ahead of the Canadian market but behind the broad global index.
- Investments are allocated roughly 1/3 towards companies based in Canada and 2/3 towards foreign businesses. The bias to foreign companies reflects a broader opportunity set outside of Canada, particularly in important industries like healthcare, technology, and consumer products & services.
- 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).
- The portfolio has some exposure to commodity stocks (7%), including Franco-Nevada (gold), Interfor (lumber), Cameco (uranium), Hudbay Minerals (copper and zinc), and TotalEnergies (oil & gas), but resource companies represent a smaller component of the fund due to their inherent cyclicality.

Fund Mix

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

Asset Mix



Foreign Stocks	64%
Canadian Stocks	32%
Cash & Short-term	4%

Positioning

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

Fund size	$179,194,440

Builders Fund

Attributes

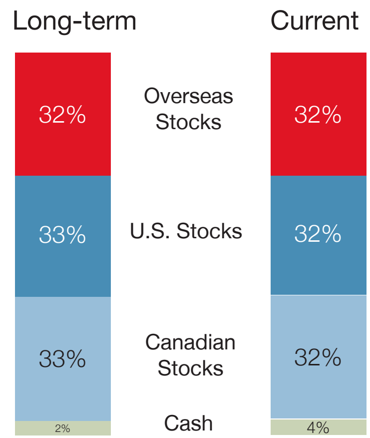
Top Stock Holdings (% of Fund)

Microsoft	3.0%
Danaher	2.6%
Franco-Nevada	2.3%
Visa	2.1%
CN Rail	1.9%
Metro	1.7%
Thomson Reuters	1.7%
Sika AG	1.7%
TD Bank	1.6%
Brookfield Renewable	1.6%

Sector Allocation (Stocks)

Industrial Goods & Svc	32.8%
Financial Services	17.2%
Technology	11.4%
Healthcare	10.2%
Consumer Cyclical	8.5%
Basic Materials	5.5%
Consumer Products	5.2%
Retailing	2.9%
Comm. & Media	2.3%
Utilities & Pipelines	2.2%
Oil & Gas	1.8%

Asset Mix



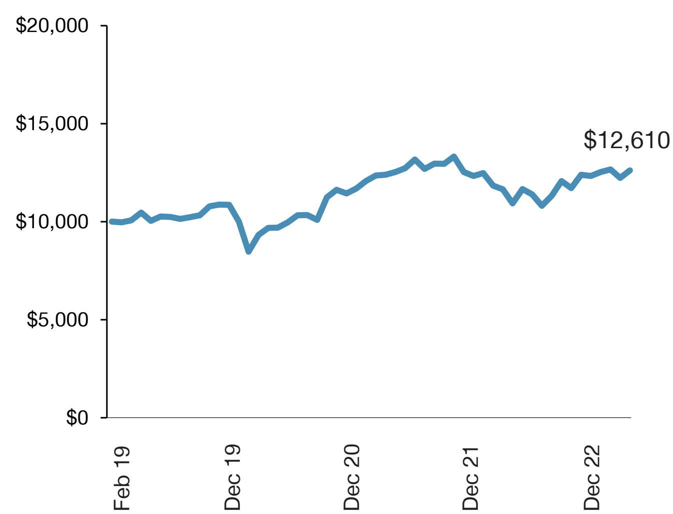
Performance

Compound Annualized Returns (as of June 30, 2023)

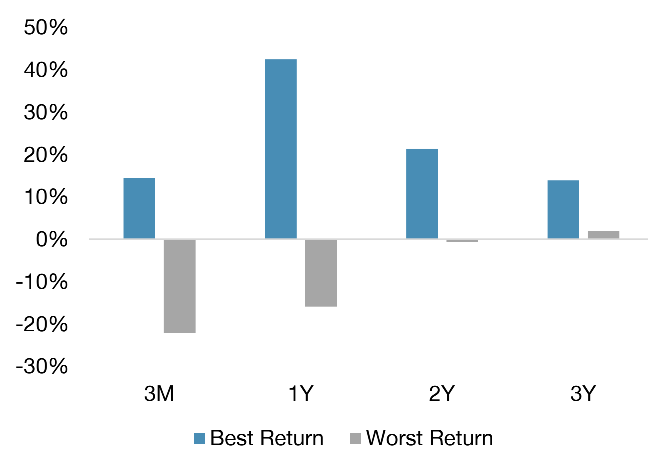
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Builders Fund (after-fee)	**0.7%**	**7.8%**	**15.4%**	**9.2%**	**N/A**	**N/A**	**N/A**	**5.5%**
Morningstar Developed Mkts Index ($Cdn)	4.1%	11.6%	21.0%	10.6%	N/A	N/A	N/A	9.9%
S&P/TSX Composite Index	1.1%	5.7%	10.4%	12.4%	N/A	N/A	N/A	9.2%

[1]Feb 15, 2019

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Income Fund

Market Context

- The Canadian bond market declined 0.7% in the quarter (interest less capital depreciation).
- Bond yields were volatile and ended the quarter higher, with the 10-year Government of Canada yield rising from 2.9% to 3.3%.
- Canadian stocks gained by 1.1%. Technology, industrials, financial services, and consumer sectors experienced positive returns, while resource stocks were weak.

The fund was down 0.3% in the quarter. Since inception (Feb 2007), it has a cumulative return of 104%, which equates to an annualized return of 4.4%.

Portfolio Specifics

- The portfolio is comprised of core bonds, dividend paying stocks and real estate investment trusts (REITs). Although the fund was down in the quarter, the different components of the portfolio all performed better than their respective markets. Both bonds and stocks have also experienced more volatility than investors are accustomed to as interest rates have risen sharply over the past 18 months.
- The most recent bond yield fluctuations reflect a change in interest rate expectations. Investors were expecting rates to decline by the end of the year. This pushed bond yields lower (and prices higher). The market is now starting to price in higher interest rates for longer. Yields have adjusted upward leading to lower bond prices.
- Our manager, Connor, Clark & Lunn, has positioned the portfolio defensively in response to the economic headwinds. They prefer bonds issued by governments (federal, provincial and municipal) over corporations. That said, corporate bonds remain an important component of the fund, with a focus on companies with strong balance sheets in the insurance, banking, and utilities sectors.
- The equity portion (24%) gained despite holding little in the best performing sector, technology. Energy holding ARC Resources, Tim Hortons operator Restaurant Brands International and vehicle fleet manager Element Fleet Management rose higher while consumer companies George Weston and Saputo declined.
- Within REITs, CC&L's bias is towards those with exposure to residential and industrial properties. We're staying away from office space given the increasing vacancy rates.
- Higher interest rates have meant that the portfolio is generating more coupon income. The fund paid a distribution of $0.06/unit at the end of June.

Notable Stock Transactions

Buy

Stella-Jones*
West Fraser Timber*
RB Global*
Boardwalk REIT*
Killam Apartment REIT*

*New holding

Trim/Sell

Gibson Energy[1]
Magna International[1]
Shaw Communications[1]
Northland Power[1]
Hyrdro One

[1]Position eliminated

Positioning

- Our manager believes a recession is likely within the next year, and that monetary policymakers are approaching the end of their interest rate hiking cycles.
- Stocks make up 24% of the fund and remain an important source of diversification.

Fund size	$76,355,470
Pre-fee Yield	4.4%
Avg Term to Matur.	9.3 yrs
Duration (Bonds)	7.1 yrs

Income Fund

Attributes

Top Holdings (% of Fund)

Canada 3.75% (May/25)	9.2%
CC&L High Yield Bond Fd	5.0%
Ontario 2.70% (Jun/29)	4.0%
Canada 1.75% (Dec/53)	3.6%
Ontario 2.15% (Jun/31)	3.1%
Canada 3.50% (Dec/45)	3.0%
Royal Bank	1.8%
B.C. 2.20% (Jun/30)	1.6%
Canada 2.00% (Dec/51)	1.6%
Quebec 1.50% (Sep/31)	1.5%

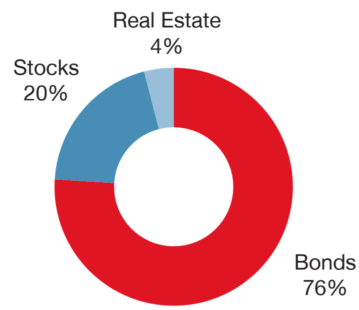
Issuer Allocation (Bonds)

Federal Government	26%
Provincial Government	38%
Corporate	36%

Rating Summary (Bonds)

AAA	29%
AA	33%
A	18%
BBB	17%
BB (or lower)	3%

Asset Mix



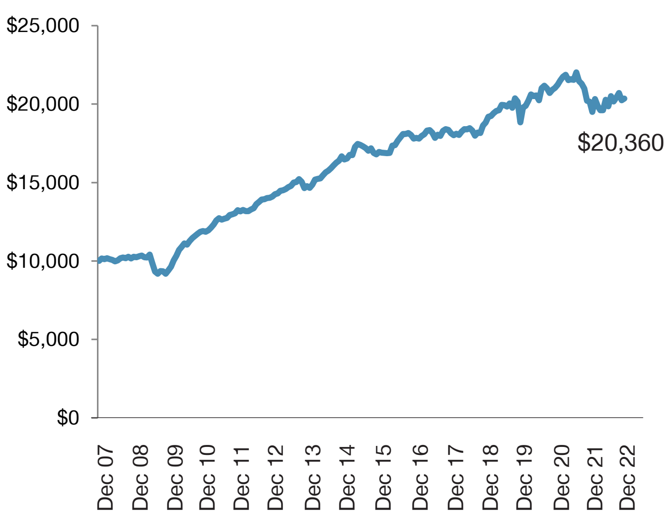
Performance

Compound Annualized Returns (as of June 30, 2023)

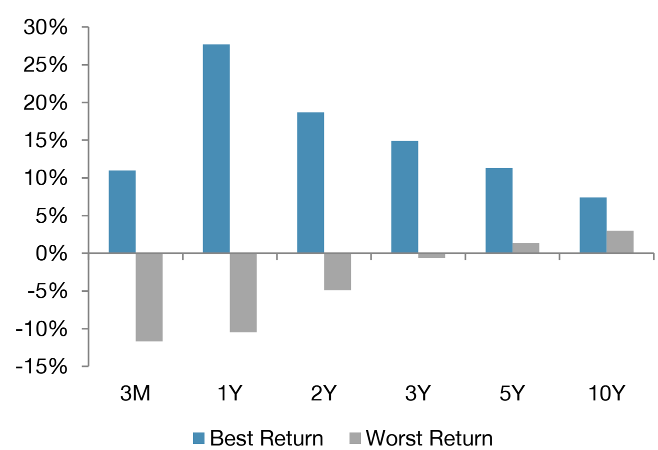
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep*
Income Fund (after-fee)	**-0.3%**	**2.5%**	**4.4%**	**0.2%**	**2.0%**	**3.3%**	**4.7%**	**4.4%**
FTSE Canada Universe Bond Index	-0.7%	2.5%	3.1%	-3.7%	0.7%	2.1%	3.2%	3.3%
S&P/TSX Composite Index	1.1%	5.7%	10.4%	12.4%	7.6%	8.4%	5.4%	5.8%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Equity Fund

Market Context

- The Canadian stock market (S&P/TSX Composite Index) rose 1.1% in the quarter. Technology and industrial stocks were strong while resource stocks lagged.
- Global stocks, as measured by the Morningstar Developed Markets Index, gained 4.1% in Canadian dollar terms.

The fund was down 0.6% in the quarter. Since inception (Feb 2007), it has a cumulative return of 192%, which equates to an annualized return of 6.8%.

Portfolio Specifics

- The fund holds 24 stocks of which 13 are headquartered in Canada, 6 overseas, and 5 in the U.S.
- The portfolio had a soft quarter (-0.6%) and is up 5.9% in 2023. 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 manager, 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. Although Brookfield had a weak quarter, it is up 12% this year. The renewable energy company is a good allocator of capital and has a promising long-term outlook.
- Canadian Pacific Kansas City was added to the fund. 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. We also continue 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.
- Microsoft was our top performer, rising 18%. 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, also had a strong quarter, rising 16%.
- Commercial real estate firm CBRE was sold. The company is fighting an uphill battle with higher interest rates and Fiera feels there are better opportunities elsewhere.

Notable Transactions

Buy

Canadian Pacific Kansas City*
Danaher
HDFC Bank

*New holding

Trim/Sell

CBRE Group[1]
CCL Industries
Thomson Reuters
Microsoft
Keyence

[1]Position eliminated

Positioning

- 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.
- The fund is comprised of a concentrated group of best-in-class businesses operating in a range of industries with solid long-term demand profiles. Focus is on companies that generate steady profits and are well financed.

Fund size	$100,871,139
No. of stocks	24

Equity Fund

Attributes

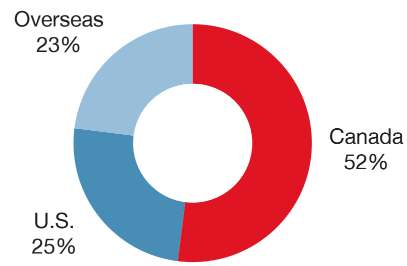
Top Stock Holdings

Franco-Nevada	6.5%
Visa	6.0%
CN Rail	5.5%
Danaher	5.1%
Metro	4.8%
Thomson Reuters	4.8%
Sika AG	4.8%
TD Bank	4.7%
Brookfield Renewable	4.6%
S&P Global	4.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	33.2%
Financial Services	28.3%
Technology	8.7%
Basic Materials	8.4%
Healthcare	8.1%
Retailing	5.0%
Utilities & Pipelines	4.8%
Comm. & Media	3.5%

Geographic Profile (Stocks)



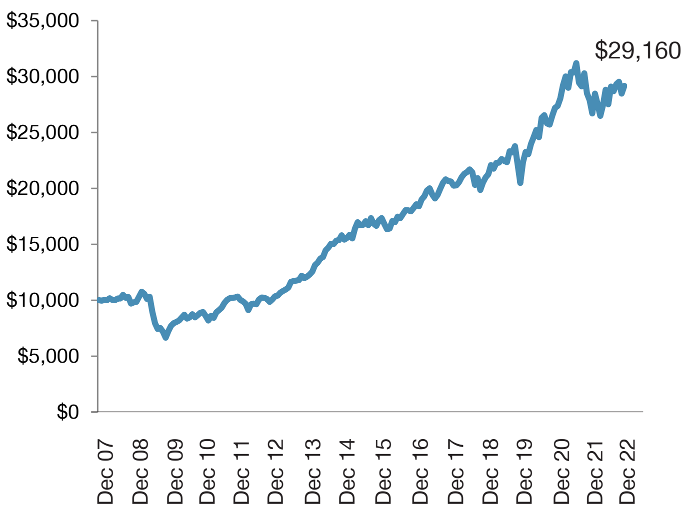
Performance

Compound Annualized Returns (as of June 30, 2023)

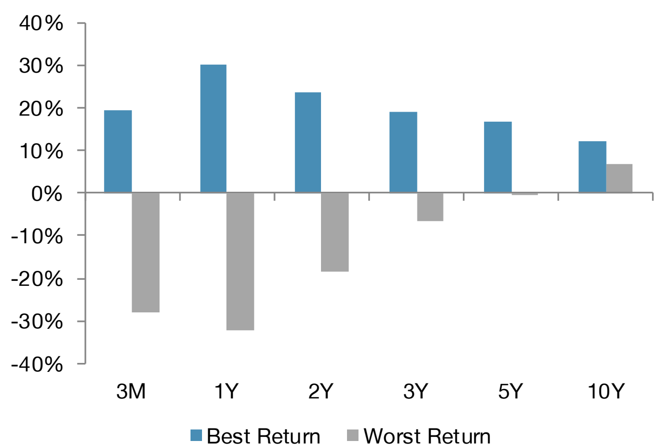
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Equity Fund (after-fee)	**-0.6%**	**5.9%**	**9.2%**	**8.1%**	**6.5%**	**9.3%**	**7.0%**	**6.8%**
S&P/TSX Composite Index	1.1%	5.7%	10.4%	12.4%	7.6%	8.4%	5.4%	5.8%
Morningstar Developed Mkts Index ($Cdn)	4.1%	11.6%	21.0%	10.6%	8.5%	11.8%	9.2%	7.1%

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Global Equity Fund

Market Context

- Global stocks, as measured by the Morningstar Developed Markets Index, were up 4.1% in Canadian dollar terms in the second quarter. Tech stocks led the way.
- The Canadian dollar rose slightly against the U.S. dollar and Euro, and moved significantly higher against the Japanese Yen (+11%). This served to reduce the value of the fund's foreign investments in Canadian dollar terms.

The fund was up 2.6% in the quarter. Since inception (Feb 2007), it has a cumulative return of 49%, which equates to an annualized return of 2.5%.

Portfolio Specifics

- The fund owns 48 stocks, of which 20 are domiciled in the U.S., 12 in Europe, 8 in Japan, 3 in Canada, 3 in Asia Pacific, and 2 in the U.K. Companies range in size from mega-cap MICROSOFT to small-cap FIRSTCASH HOLDINGS.
- The portfolio had a positive second quarter and is up 8.5% over the first half of 2023. 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 (+18%). Software maker ADOBE also benefited (+27%), 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. Our manager, Aristotle Capital, is wary of the valuations and run-up that this group of stocks has seen.
- Our healthcare investments had a solid quarter. Pharmaceutical maker OTSUKA HOLDINGS moved higher (+25%) on the FDA's approval of one of its drugs that treats agitation in Alzheimer's patients. ALCON (eye care products) and MEDTRONIC (medical device specialist) also advanced, with the latter gaining support from investors as elective surgeries are picking up following a COVID-driven drought.
- Canadian uranium leader CAMECO has been a positive story this year (+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 impacts 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.
- Trading activity was minimal, with no new stock purchases or sales.

Notable Transactions

Buy

Brookfield Corp.

Trim/Sell

Adobe
Martin Marietta
Microsoft

Positioning

- Investments are spread across industries, both fast-growing and steady-eddy, in companies that have a strong market position. Aristotle looks for quality businesses with competitive advantages, pricing power, and proven executives.

Fund size	$53,145,746
No. of stocks	48

Global Equity Fund

Attributes

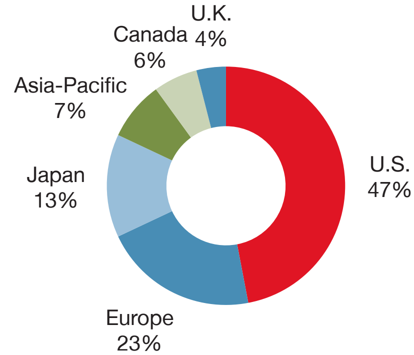
Top Stock Holdings

Microsoft	4.6%
Lennar	4.2%
Microchip Technology	3.5%
Martin Marietta	3.1%
Adobe	2.8%
MunichRe	2.7%
Samsung Electronics	2.7%
Rentokil	2.6%
Sony Group	2.6%
FirstCash Holdings	2.5%

Sector Allocation (Stocks)

Industrial Goods & Svc	25.4%
Technology	20.6%
Consumer Cyclical	14.6%
Financial Services	13.6%
Healthcare	12.3%
Consumer Products	5.6%
Oil & Gas	2.5%
Basic Materials	2.4%
Comm. & Media	1.8%
Retailing	1.2%

Geographic Profile (Stocks)



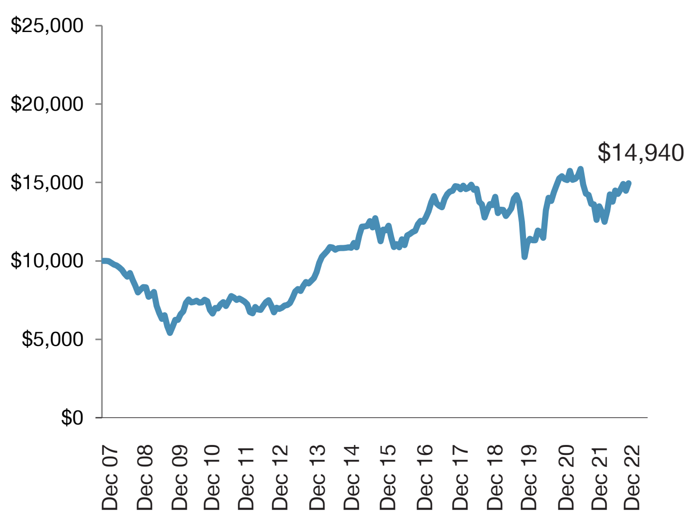
Performance

Compound Annualized Returns (as of June 30, 2023)

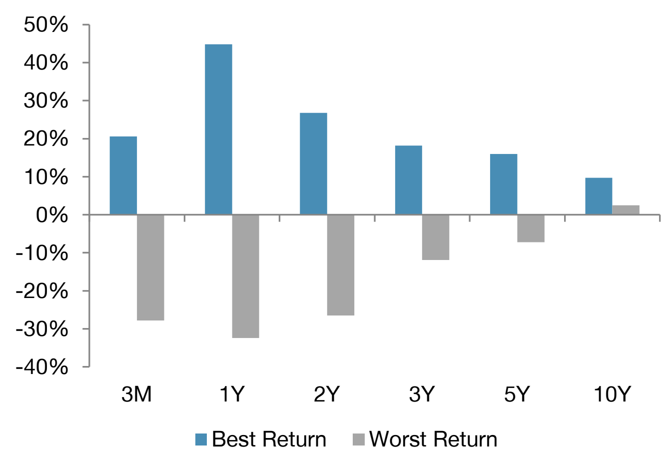
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Global Equity Fund (after-fee)	**2.6%**	**8.5%**	**18.4%**	**9.7%**	**0.4%**	**5.7%**	**4.5%**	**2.5%**
Morningstar Developed Mkts Index ($Cdn)*	4.1%	11.6%	21.0%	10.6%	8.5%	11.8%	9.2%	7.1%

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Small-Cap Equity Fund

Market Context

- The Canadian small-cap market (S&P/TSX SmallCap Index) declined 4.6% in the quarter. U.S. small-caps (Russell 2000 Index) rose 2.9% in Canadian dollar terms.
- Resource stocks were weak, dragging the commodity-heavy market lower.

Portfolio Specifics

- The fund consists of 25 companies, ranging from very small (Hammond Power) to medium-sized businesses (Spin Master). While the majority of holdings are Canadian, there are three U.S. stocks which make up 14% of the portfolio.
- The fund was up slightly in the quarter and has had an excellent year thus far, gaining 14.0% while the small-cap market is negative.
- Our industrial holdings have been the key drivers of performance this year. Two investments in particular — Hammond Power Solutions and Generac Holdings — have 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 in the first half of 2023 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.
- Our manager, Galibier Capital, likes to search for great businesses that dominate niche markets, which is what led us to Savaria. The company, 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.
- Two disappointments this year have been Aritzia and Oshkosh Corp. We discussed Aritzia's inventory problems last quarter, and it had another challenging period as its margins have weakened. The company's growth in the U.S. has been fantastic, however, and it has a lot of runway in this key market. 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.

Positioning

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

The fund was up 2.1% in the quarter. Since inception (Feb 2007), it has a cumulative return of 191%, which equates to an annualized return of 6.7%.

Notable Transactions

Buy

Aritzia
Oshkosh Corp.
Badger Infrastructure Solutions
Torex Gold Resources

Trim/Sell

Boyd Group Services
Hammond Power Solutions
Generac Holdings
SNC-Lavalin Group
MEG Energy

Fund size	$47,209,491
No. of stocks	25

Small-Cap Equity Fund

Attributes

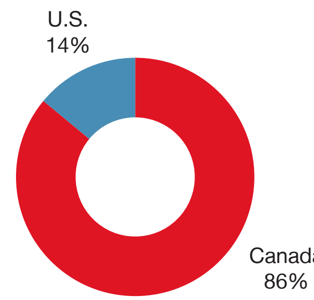
Top Stock Holdings

Sleep Country Canada	5.1%
Spin Master	5.1%
Premium Brands Holdings	5.0%
Oshkosh	5.0%
Savaria	4.8%
Interfor	4.8%
Finning International	4.8%
MEG Energy	4.5%
Henry Schein	4.2%
Boyd Group Services	4.2%

Sector Allocation (Stocks)

Industrial Goods & Svc	45.4%
Consumer Cyclical	14.5%
Basic Materials	11.2%
Consumer Products	9.3%
Oil & Gas	7.9%
Healthcare	4.4%
Retailing	3.8%
Utilities & Pipelines	3.5%

Geographic Profile (Stocks)



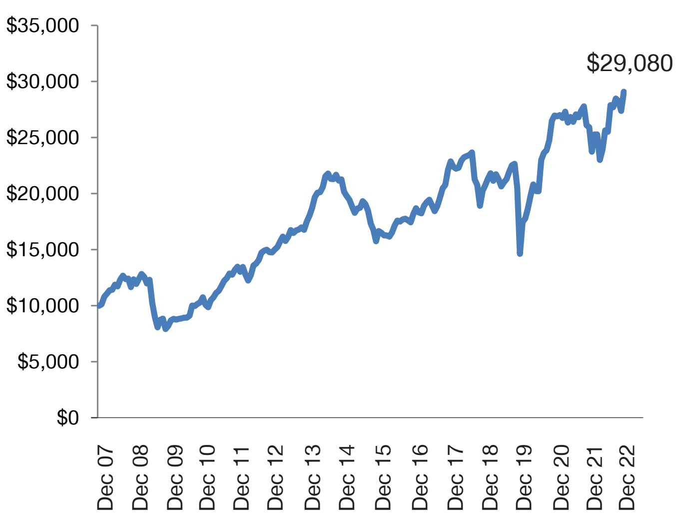
Performance

Compound Annualized Returns (as of June 30, 2023)

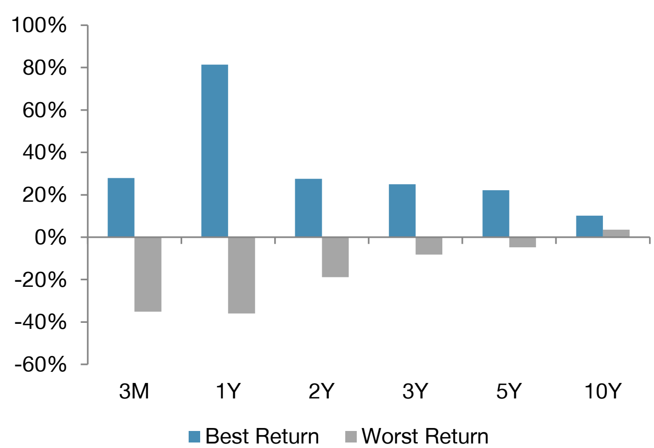
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Small-Cap Equity Fund (after-fee)*	**2.1%**	**14.0%**	**22.6%**	**15.9%**	**4.6%**	**5.7%**	**5.8%**	**6.7%**
S&P/TSX SmallCap Index	-4.6%	-0.3%	5.3%	12.7%	3.4%	4.9%	2.6%	2.4%
Russell 2000 Index ($Cdn)	2.9%	5.6%	15.2%	9.8%	4.3%	10.7%	10.4%	7.6%

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Global Small-Cap Equity Fund

Market Context

- The global small-cap market (S&P Global SmallCap Index) rose 0.9% in Canadian dollar terms in the first quarter.
- The technology and industrial sectors were areas of strength, while utilities and resource stocks had a weak quarter.

Portfolio Specifics

- The portfolio is currently invested in 46 companies. Fifteen are based 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 had a negative quarter (-2.3%) and is up 4.2% over the first half of the year. There was a change in sentiment in the spring. With the economy softening, investors now 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. These companies were impacted by the likelihood of fewer large-scale expenditures as businesses batten down the hatches. The slowdown didn't impact Azek, however. The manufacturer of outdoor wood products continued to see strong demand as housing construction remains healthy in the U.S.
- 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.
- Three new stocks were purchased: Synaptics is a U.S.-based technology company that makes touch displays used in tablets, laptops and phones; French technology firm Sopra Steria is a European leader in consulting and digital services; and Japan-based Nakanishi makes a range of dental equipment. These holdings replaced PJT Partners (boutique investment bank), Zurn Elkay Water Solutions (water equipment) and Kennedy-Wilson (real estate). The three operate in different industries but face headwinds in a softening economic environment.

Positioning

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

The fund was down 2.3% in the quarter. Since inception (Feb 2019), it has a cumulative return of 23%, which equates to an annualized return of 4.8%.

Notable Transactions

Buy

Synaptics*
Nakanishi*
Sopra Steria Group*
Encompass Health
Visteon

*New holding

Trim/Sell

PJT Partners[1]
Zurn Elkay Water Solutions[1]
Kennedy-Wilson Holdings[1]
Saab
Kobe Bussan

[1]Position eliminated

Fund size	$11,593,141
No. of stocks	46

Global Small-Cap Equity Fund

Attributes

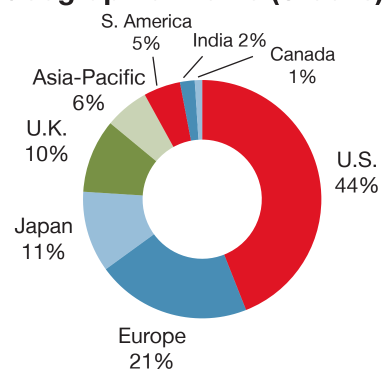
Top Stock Holdings

Chemed	4.4%
Casella Waste Systems	3.9%
Performance Food Group	3.4%
Clean Harbors	3.4%
Steadfast Group	3.2%
Emcor Group	2.9%
Exponent	2.8%
Internet Initiative Japan	2.7%
Tate & Lyle	2.7%
RenaissanceRe	2.7%

Sector Allocation (Stocks)

Industrial Goods & Svc	39.1%
Financial Services	15.1%
Healthcare	13.5%
Consumer Products	10.6%
Consumer Cyclical	9.4%
Technology	8.4%
Comm. & Media	2.8%
Retailing	1.1%

Geographic Profile (Stocks)



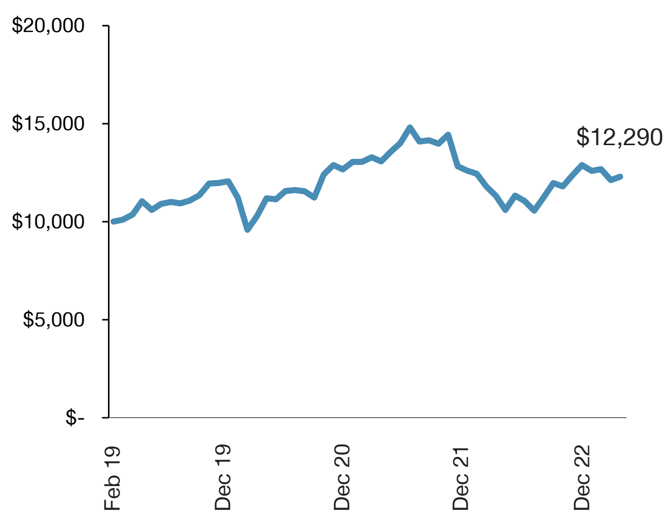
Performance

Compound Annualized Returns (as of June 30, 2023)

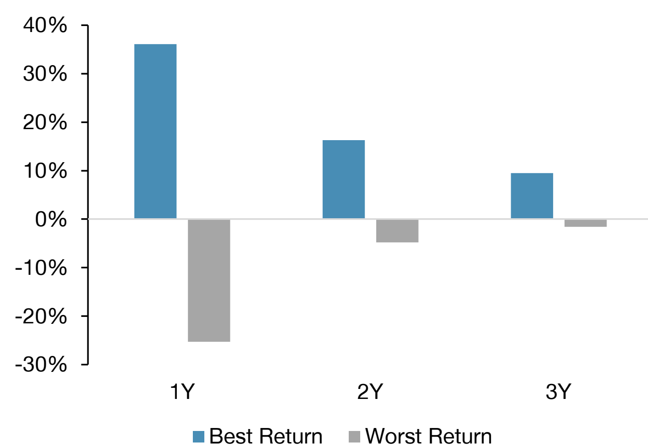
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep[1]
Global Small-Cap Equity Fund (after-fee)	**-2.3%**	**4.2%**	**16.0%**	**3.4%**	**N/A**	**N/A**	**N/A**	**4.8%**
S&P Global SmallCap Index ($Cdn)	0.9%	5.0%	15.6%	9.0%	N/A	N/A	N/A	6.1%

[1]Feb 15, 2019

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Savings Fund

Market Context

- The Bank of Canada raised its short-term lending rate by 0.25% in June, to 4.75%. It noted that while prices are coming down globally, inflation still remains stubbornly high, and interest rates may have to rise further to restore price stability.
- Economic activity in Canada has been stronger than expected this year, with growth in consumption surprisingly robust. Further, unemployment remains low and excess demand in the economy is more persistent than policymakers anticipated. The Bank expects CPI to ease to around 3% in the summer (from nearly 4.5% in April), but concerns have increased that inflation could get stuck above the 2% target.
- Short-term interest rates are at their highest levels since 2008 and have been welcomed by savers, who are receiving a better yield on their cash.

The fund was up 1.1% in the quarter. Since inception (Feb 2007), it has a cumulative return of 23%, which equates to an annualized return of 1.3%.

Positioning

- Corporate paper makes up 52% of the portfolio, while T-Bills comprise 48%.
- The pre-fee yield of the portfolio at the end of June was 5.0%.
- The 'One Simple Fee' of the fund will increase from 0.20% to 0.45% as of July 1.

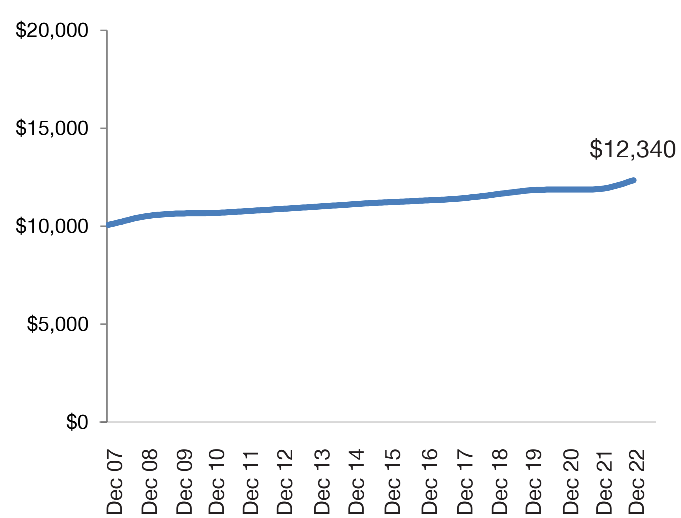
Performance

Compound Annualized Returns (as of June 30, 2023)

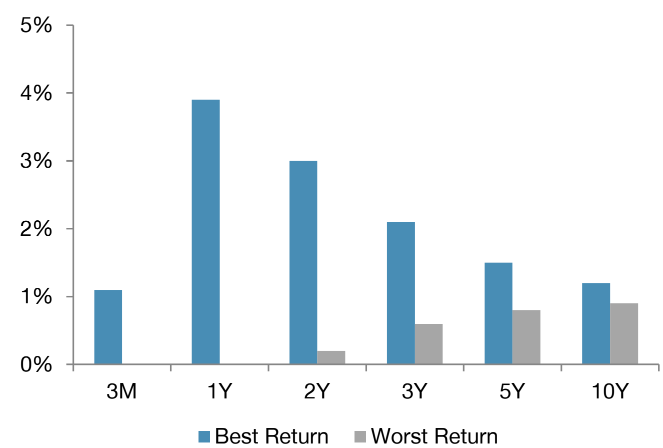
	3M	YTD	1Y	3Y	5Y	10Y	15Y	Incep*
Savings Fund (after-fee)	**1.1%**	**2.2%**	**3.7%**	**1.4%**	**1.5%**	**1.2%**	**1.1%**	**1.3%**
FTSE Canada 91 Day T-Bill Index	1.0%	2.1%	3.7%	1.4%	1.5%	1.1%	1.1%	1.4%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Don't trust anything you can't prove and other lessons learned from an investing legend

Special to the National Post, by Tom Bradley, May 27, 2023

It's not often you get a chance to talk to someone who's been involved in a profession for more than 70 years. But the Vancouver investment community has such a person. Michael Ryan has been a pillar of insight, integrity and sound counsel since the early 1950s, and on June 1, the CFA Society Vancouver is launching an award in his honour: the Michael Ryan Award of Excellence.

Think about it. Ryan started out when luxury cars had fins, the Rolling Stones were in grade school and the NHL had six teams. His career provides a perspective on how things have changed, particularly regarding ethics and the availability of information, and how investing principles have remained the same.

Things were primitive back when he graduated from the University of British Columbia in 1952 with a degree in finance. His first job with a tiny brokerage firm, HJ Bird, lasted exactly a day, but he quickly got a job down the street at Hall Securities. Everything was done on paper and blackboards. Being near a ticker tape machine was a real edge. There was very little business reporting in the newspapers (the Financial Post was a weekly) and prospecting for new clients was done through the mail.

As Ryan recalls, brokerage firms were "a dime a dozen." In Vancouver, there were "a few national (investment) houses and three local firms trying to do a job for individual investors, and 40 firms trying to do a job on investors." Forbes magazine once called Vancouver the "Scam Capital of the World."

Ryan had an analytical bent early on. He read the Wall Street Journal as a youngster and went "halfers" on a set of nine investment books from Barron's with his school chum, Art Phillips, co-founder of Phillips, Hager & North. "We learned as we went," he said.

He began doing security analysis when few others did. It was rare to talk to company management or even read an annual report. He tells the story of going to see a company and the CEO sliding the annual report across the table and grumbling, "Read this." Ryan shocked him by saying he already had and had a question about one of the notes in the auditor's report. "We became very good friends after that."

In those days, investors got an edge by getting information nobody else had. Today, there are rules against that, and company information is a commodity. Investment results weren't rigorously recorded, either. Few people knew what mutual funds were, and their results were reported once a year. Closed-end funds were more common.

Ryan made several other stops along the way, including setting up Ryan Investments, where he trained Murray Leith of Leith Wheeler Investment Counsel. He didn't have a mentor himself, but mentored many industry notables including Leith, Bill Wheeler and Ken Shields.

Initially, his teachings were about security analysis and markets, but he became an invaluable consultant on management issues. "It was great having Mike around when there was a tough decision to make," Wheeler said.

In the 1950s and '60s, it was easier to differentiate your firm than it is today. Ryan Investments' big edge was U.S. stocks. His small team had the U.S. market to themselves while everyone else was touting mining stocks.

Ryan also worked for Pemberton Securities twice (the second time after it bought his firm) and spent many years at Leith Wheeler. He was at the centre of some important investment milestones, most notably the creation of the Portfolio Management Foundation at UBC, which gives aspiring investors real money to manage and a professional committee to report to (many Canadian business schools have used the UBC template). In mid-May, he was bursting with pride when he told me the initial stake of $300,000 in 1986 had grown to more than $10 million.

A lot has changed during Ryan's career, but his approach to investing is timeless. He believes you shouldn't trust anything you can't prove. "Most portfolio managers and analysts waste about 80 per cent of their time," he said. "They're looking at metrics and things that really aren't that important." He didn't accept commonly accepted indicators unless he could prove them. "There are too many loose ideas around. You have to ask questions."

Along the way, he developed a penchant for growth stocks, and learned from Phillips to pay attention to what is now called momentum. Phillips believed a majority of his holdings should be in uptrends. Ryan remembers him saying, "It doesn't matter if I like the stock. What matters is that others like it."

As is typical, Ryan is looking ahead, even at 93 years of age. He believes years from now people will be talking about how primitive our work on governance was. "Corporate governance is incredibly important, and we have very poor tools to get at it." I think you'll agree, he has the perspective to say that.

Steadyhand

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