Quarterly Report

Steadyhand

Q1
2018

"In calmer moments, investors recognize their inability to know what the future holds. In moments of extreme panic or enthusiasm, however, they become remarkably bold in their predictions."

- Peter Bernstein

Bradley's Brief

There's probably someone like this in your family. Grumpy Uncle Fred always shows up for big family dinners. Even if you haven't seen him for a while, you know he'll be there at Easter for ham and scalloped potatoes.

Just as predictably, stock market volatility is back after being missing in action for a year. In three short months, we've had more drama than we had in all of 2017.

How does this impact what we're doing for you? Well, while the family is enduring Fred at the dinner table, we're in the kitchen doing what we always do ... just with a little more intensity.

On the investment side, Salman and I are monitoring our fund managers to make sure they're sticking to their approach. We're guided by a framework called the 7P's: people; parent (ownership and culture); philosophy; process; price; performance (long term) and passion. This research is on-going, but when markets are volatile, we gain additional insights. Adversity is good at exposing character and discipline, or lack thereof.

As for the managers, volatile markets tend to lead to changes. Price dislocations, most of which are temporary, provide opportunities for active managers like Connor, Clark & Lunn, CGOV, Edinburgh Partners and Galibier. Stocks that have held up well become relatively more expensive and are trimmed. Stocks that have been hit harder are added to. Interestingly, there was a consistent theme across all our manager calls last week. They were genuinely excited about the renewed volatility.

In addition to watching the managers, Salman and I oversee the asset allocation in the Founders Fund. We let the fund managers do the heavy lifting (security selection and trading), while our focus is on maximizing client returns over the full market cycle. Right now, our discipline is being tested as we try to navigate through mounting distortions in the market. I'm referring to the fact we have crisis-like interest rates and expanding government deficits, both stimulative measures used in recessions, at a time when jobs are tight and sales are booming in real estate, autos, restaurants and travel.

We don't know how long this disconnect will go on, but we're pretty sure too many stimulants will lead to a hangover. At this stage, everything our managers, Salman and I are doing is designed to keep you in the game while being ready for tougher, more volatile markets ahead.

As for client service, we're never barraged with calls when markets are gyrating, but phone volumes do pick up. Some clients are worried and want to talk about it, while others are looking to take advantage of lower prices. We're happy to do both, so in volatile markets it's all hands on deck to make sure you can reach us. We also increase the frequency of our blog posts to make sure you know what the team is thinking and what, if anything, you should be doing.

Needless to say, the Steadyhand experience varies widely from client to client. The core services are always there – a quarterly report and statement delivered 5-6 business days after quarter-end; access to experienced professionals 10 hours a day at 1-888-888-3147; and review meetings (in person and by phone) when you want them. Beyond that, you need to tell us where we can help and when you need advice.

In the meantime, if Uncle Fred is starting to get to you, come into the kitchen. We'll turn down the volume, turn up the coffee and help you stay on course.

Key Takeaways

Stocks

- It was a turbulent quarter for stocks. Volatility returned with a vengeance in February and equity markets around the world sold off. The U.S. market even entered correction territory (-10%). The mood of investors quickly changed, however, and stocks bounced back to end the quarter modestly lower in most regions.
- Canada lagged most developed markets, with the S&P/TSX Composite Index falling 4.5%. The energy sector was a notable area of weakness.
- Currency movements had a significant impact on foreign stock returns. Specifically, the Canadian dollar depreciated against the Yen (-8%), Euro (-5%) and U.S. dollar (-3%), which increased the value of foreign stocks in Canadian dollar terms.

Market Returns

	3M	1Y
Canada	-4.5%	1.7%
World	1.7%	10.2%

Bonds

- The Canadian bond market (FTSE TMX Canada Universe Bond Index) provided a total return (interest and capital appreciation) of 0.1% in the quarter.
- The U.S. Federal Reserve and Bank of Canada both raised short-term interest rates, and bond yields overall ended the quarter higher. The 10-year Government of Canada yield ended March at 2.1% (up from 2.0% at the beginning of the year).
- Corporate bonds performed relatively well despite the surge in market volatility.

	3M	1Y
Bonds	0.1%	1.4%

Our Funds

- Our funds had a mixed quarter, with muted gains (Global, Small-Cap) and losses (Equity, Income, Founders). Balanced clients experienced slightly negative returns. Over the past 10 years, our balanced portfolios are up roughly 6% to 7% per year.
- The stock weighting in the Founders Fund was brought down slightly, from 54% to 53%. This reflects our view that valuations remain expensive. The fund's bond weighting was increased modestly but continues to remain lower than normal.
- Our foreign stock exposure has a tilt towards Europe and Asia, rather than the U.S.
- In the context of our balanced portfolios, key transactions in the quarter included the purchase of ING GROEP (Netherlands), SINGAPORE TELECOM (Singapore) and UNI-SELECT (Canada), and the sale of BNP PARIBAS (France) and WHIRLPOOL (U.S.).

Fund Returns

	3M	1Y
Savings	0.3%	0.9%
Income	-1.3%	0.3%
Founders	-0.6%	4.8%
Equity	-1.8%	5.2%
Global	0.7%	10.6%
Small-Cap	0.4%	17.5%

Our Advice to Clients

We recommend that your equity weighting be no higher than called for in your long-term plan. In the Founders Fund, our equity exposure is below its target of 60%. Our outlook for bonds remains subdued as current yields are unattractive. As a result, we continue to recommend a below-average position in bonds. As an alternative, we suggest a healthy cash holding. In the Founders Fund, for example, 18% of the portfolio is currently held in cash.

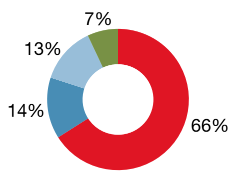
For our thoughts on asset mix and the advice we're giving clients, visit the Current Outlook page on our website, or give us a call at 1.888.888.3147.

Steadyhand Portfolios (Hypothetical)*

Compound Annualized Returns, After-fee (as of March 31, 2018)

Income Fund
Equity Fund
Global Equity Fund
Small-Cap Equity Fund

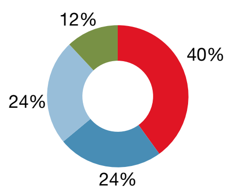
Balanced Income Portfolio (50/50)



Long-term asset mix:
Fixed Income – 50%
Cdn Equities – 30%
U.S. Equities – 10%
Overseas Equities – 10%

3M	YTD	1Y	2Y	3Y	5Y	10Y
-1.0%	-1.0%	3.4%	5.7%	3.1%	6.2%	6.3%

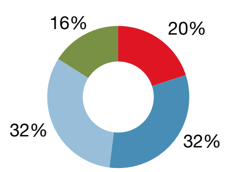
Balanced Equity Portfolio (70/30)



Long-term asset mix:
Fixed Income – 30%
Cdn Equities – 34%
U.S. Equities – 18%
Overseas Equities – 18%

3M	YTD	1Y	2Y	3Y	5Y	10Y
-0.8%	-0.8%	5.9%	8.4%	4.5%	8.1%	6.5%

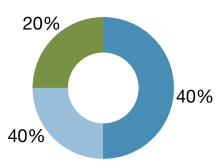
Growth Portfolio (85/15)



Long-term asset mix:
Fixed Income – 15%
Cdn Equities – 37%
U.S. Equities – 24%
Overseas Equities – 24%

3M	YTD	1Y	2Y	3Y	5Y	10Y
-0.6%	-0.6%	7.8%	10.6%	5.5%	9.5%	6.6%

Aggressive Growth Portfolio (100/0)



Long-term asset mix:
Fixed Income – 0%
Cdn Equities – 40%
U.S. Equities – 30%
Overseas Equities – 30%

3M	YTD	1Y	2Y	3Y	5Y	10Y
-0.4%	-0.4%	9.8%	12.7%	6.5%	10.9%	6.7%

Capital Market Performance (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y
Cash (FTSE TMX Canada 91 Day T-Bill Index)	0.3%	0.3%	0.8%	0.6%	0.6%	0.7%	0.9%
Cdn Bonds (FTSE TMX Canada Universe Bond Index)	0.1%	0.1%	1.4%	1.4%	1.2%	2.9%	4.4%
Cdn Stocks (S&P/TSX Composite Index)	-4.5%	-4.5%	1.7%	9.8%	4.1%	6.9%	4.5%
Cdn Small Cap Stocks (S&P/TSX SmallCap Index)	-7.7%	-7.7%	-6.6%	10.0%	4.5%	3.5%	2.0%
Global Stocks (Morningstar Developed Markets Index)	1.7%	1.7%	10.2%	14.2%	8.8%	15.3%	8.8%

*The referenced portfolios are hypothetical portfolios comprised of Steadyhand funds. Each portfolio assumes that it is rebalanced on a quarterly basis to the target fund allocation. The indicated rates of return are the historical compound annualized returns (unaudited). See the back page of this report for performance disclaimers. For further details on the portfolios, visit steadyhand.com.

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 5 funds.
- Tom Bradley manages the fund and Salman Ahmed is co-manager. They have considerable scope to adjust the portfolio to reflect their views on valuations, corporate fundamentals and investor sentiment.

The fund was down 0.6% in the quarter. Since inception (Feb 2012), it has a cumulative return of 57%, which equates to an annualized return of 7.6%.

Portfolio Specifics

- The fund posted a modest loss in the quarter. Its cautious positioning and global diversification helped it weather falling stock and bond prices.
- At home, the three largest sectors in Canada - financials, energy and materials - all posted negative returns. This impacted the Income Fund, which owns several financial and energy companies in its equity sleeve. The Income Fund was also operating in a rising interest rate environment, which hurt its fixed income returns.
- Most global equity markets posted negative returns over the period. Canadian investors, however, saw their foreign holdings increase in value as the Canadian dollar depreciated. This currency effect benefited the fund, as half of its equity investments continue to be in foreign companies.
- The global economy is experiencing broad-based growth, although we believe this activity and resulting corporate profits are already priced into today's stock prices. Our managers have struggled to find cheap stocks. As a result, we feel it prudent to have below-average exposure to the asset class at this time. The fund's current weighting in equities is 53%, which is 7% below its long-term target of 60%.
- The bond allocation has increased from 25% to 29% over the last 12 months, though it continues to be below the long-term target (35%). Bond yields may remain at low levels, or fall again, but as long-term investors we're looking further out and assessing the likelihood that they will normalize (rise) over time (when bond yields go up, prices come down). We don't view the asset class as particularly attractive, yet we also see the value in always remaining well diversified.
- Our below average weighting in both stocks and bonds has led to a higher than normal weighting in cash. Between the Savings Fund and cash held in the equity funds, it finished the period at 18%. Although cash offers little in the way of yield, it provides protection against rising interest rates and is a ready source of liquidity in volatile markets.

Fund Mix

Income	39%
Global	20%
Equity	19%
Savings	13%
Small-Cap	9%

Asset Mix

Foreign Stocks	26%
Canadian Stocks	27%
Gov't Bonds	21%
Corporate Bonds	8%
Cash & Short-term	18%

Positioning

- Refer to pages 7-15 for details on the underlying funds.

Fund size $413,586,356

Founders Fund

Attributes

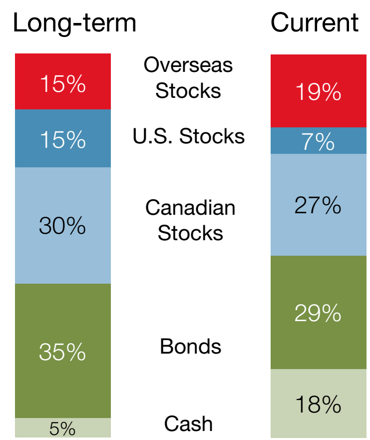
Top Stock Holdings (% of Fund)

TD Bank	1.8%
Suncor Energy	1.2%
Novartis	1.2%
Visa	1.1%
Franco-Nevada	1.0%
CN Rail	1.0%
Nutrien	0.9%
CBOE Holdings	0.9%
Novozymes	0.8%
PrairieSky Royalty	0.8%

Sector Allocation (Stocks)

Financial Services	22.3%
Industrial Goods & Svc	20.4%
Oil & Gas	10.9%
Consumer Cyclical	7.3%
Retailing	7.3%
Healthcare	7.2%
Technology	5.6%
Real Estate	4.8%
Consumer Products	3.8%
Comm. & Media	3.7%
Basic Materials	3.6%
Utilities & Pipelines	3.1%

Asset Mix



Performance

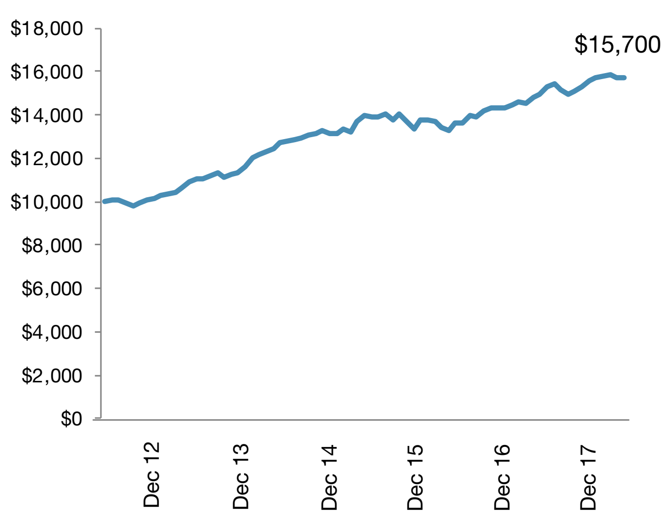
Compound Annualized Returns (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Founders Fund (after-fee)	**-0.6%**	**-0.6%**	**4.8%**	**7.3%**	**4.1%**	**7.3%**	**N/A**	**7.6%**
FTSE TMX Canada Universe Bond Index	0.1%	0.1%	1.4%	1.4%	1.2%	2.9%	N/A	3.1%
S&P/TSX Composite Index	-4.5%	-4.5%	1.7%	9.8%	4.1%	6.9%	N/A	6.6%
Morningstar Developed Markets Index*	1.7%	1.7%	10.2%	14.2%	8.8%	15.3%	N/A	15.3%

*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[1]Feb 17, 2012

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Income Fund

Market Context

- The Canadian bond market rose 0.1% in the quarter (interest and capital appreciation).
- Bond yields ended the quarter slightly higher, with the 10-year Government of Canada yield rising to 2.1% (from 2.0%).
- The Canadian stock market declined 4.5%. Energy stocks were an area of weakness.

Portfolio Specifics

- The fund lost ground in the quarter, largely due to weak performance from its equity holdings. Its bond returns were also subdued in a volatile period.
- Government bond yields rose across most maturities. Credit spreads, the premium investors demand for the increased risk of owning non-government bonds, also rose. This rise in yields led to modest price declines in many of the fund's bond holdings, which largely offset the income they generated.
- While the economy remains strong, debt levels have risen, making Canadians more sensitive to rising interest rates. The manager, Connor, Clark & Lunn, continues to position the fund defensively in light of this cautious outlook. This means holding fewer corporate bonds and more higher-quality securities than normal.
- Indeed, the manager feels bondholders aren't being adequately compensated for the additional risks they're taking, especially as interest rates start to rise and the risk of default increases. Instead, CC&L currently prefers provincial and federal government bonds. Corporate bonds comprise 19% of the fund, which is close to an all-time low. Provincial bonds make up 42% while federals comprise 13%.
- Stocks make up 24% of the fund. Sectors of focus include financial services, industrial goods, utilities and energy.
- The manager's equity strategy is focused on companies that are growing their dividend (as opposed to high dividend payers), businesses that will benefit from a rebound in capital spending, and a bias towards "value" over "growth" stocks.
- Energy and real estate holdings CRESCENT POINT, H&R REIT AND RIOCAN REIT were sold in the period. Consumer focused companies METRO and RESTAURANT BRANDS were added.
- The fund paid a distribution of $0.045/unit at the end of March. Its pre-fee yield is 2.9%.

Positioning

- The fund's bond strategy is cautious, with a focus on higher-quality securities that have good liquidity (i.e., they can be quickly and easily bought and sold).
- CC&L feels we're in the late part of the business cycle and stocks remain an attractive source of diversification and yield. They make up one-quarter of the fund.

The fund was down 1.3% in the quarter. Since inception (Feb 2007), it has a cumulative return of 81%, which equates to an annualized return of 5.5%.

Notable Stock Transactions

Buy

Canadian Natural Resources*
Maxar Technologies*
Restaurant Brands Intl.*
Metro Inc.*

*New Holding

Trim/Sell

Crescent Point Energy[1]
H&R REIT[1]
Riocan REIT[1]

[1]Position eliminated

Fund size	$89,175,767
Pre-fee Yield	2.9%
Avg Term to Matur.	10.4 yrs
Duration	7.7 yrs

Income Fund

Attributes

Top Holdings (% of Fund)

Ontario 2.85% (Jun/23)	13.0%
Quebec 3.00% (Sep/23)	5.6%
Quebec 2.75% (Sep/27)	5.0%
Canada 5.00% (Jun/37)	2.7%
Quebec 4.50% (Dec/20)	2.4%
CC&L High Yield Bond Fd	2.1%
TD Bank	2.0%
Canada 4.00% (Jun/41)	2.0%
Royal Bank	1.9%
Ontario 2.60% (Jun/27)	1.6%

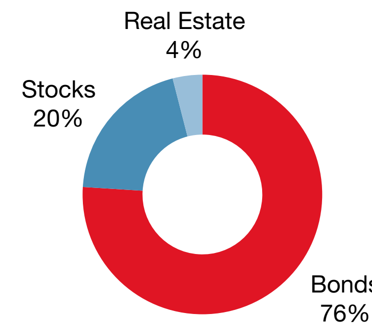
Issuer Allocation (Bonds)

Federal Government	17%
Provincial Government	57%
Corporate	26%

Rating Summary (Bonds)

AAA	20%
AA	53%
A	12%
BBB	13%
BB (or lower)	2%

Asset Mix



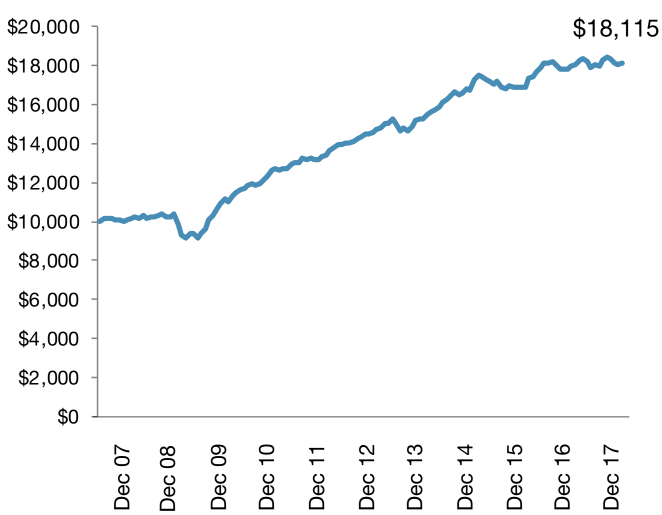
Performance

Compound Annualized Returns (as of March 31, 2018)

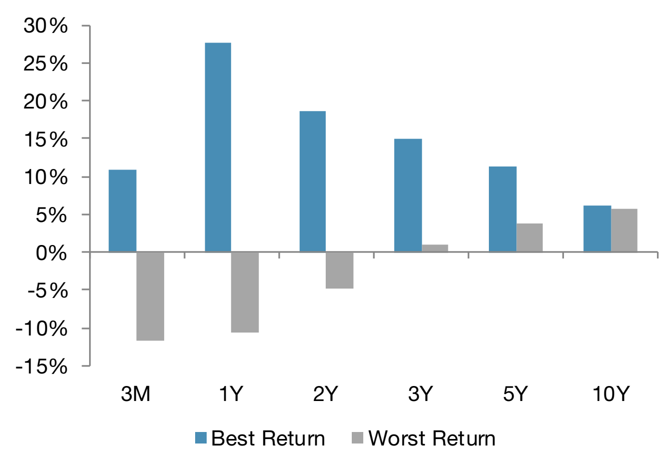
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Income Fund (after-fee)	**-1.3%**	**-1.3%**	**0.3%**	**2.2%**	**1.4%**	**3.8%**	**5.9%**	**5.5%**
FTSE TMX Canada Universe Bond Index	0.1%	0.1%	1.4%	1.4%	1.2%	2.9%	4.4%	4.5%
S&P/TSX Composite Index	-4.5%	-4.5%	1.7%	9.8%	4.1%	6.9%	4.5%	4.5%

*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) declined 4.5% in the quarter. Energy stocks were a notable area of weakness.
- Global stocks, as measured by the Morningstar Developed Markets Index, gained 1.7% in Canadian dollar terms.

The fund declined 1.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 103%, which equates to an annualized return of 6.6%.

Portfolio Specifics

- The fund holds 25 stocks, of which 14 are headquartered in Canada, 5 in the U.S., 5 overseas and 1 in Mexico.
- It was a choppy quarter, marked by an up-tick in volatility. A few holdings experienced share price declines in the neighbourhood of 10-15%, including PRARIESKY ROYALTY, FRANCO-NEVADA, ENBRIDGE, CN RAIL and CVS HEALTH.
- The loonie had a weak quarter, falling 3% against the U.S. dollar and 5% against the Euro. This boosted the returns of the fund's foreign holdings (in $Cdn terms).
- "Volatility benefits our style." The manager (CGOV Asset Management) emphasized this in our quarterly call. When stocks we own fall in price for reasons that have nothing to do with the fundamentals of the business, CGOV views it as a buying opportunity. They added to positions in each of the five stocks mentioned above.
- Energy holdings were an area of weakness. The price of oil rose in the quarter, but many energy stocks lost ground. An uncertain regulatory/political environment in Canada is hurting the sector right now, but CGOV feels there is value to be found. Global demand for oil remains strong and the industry has seen a period of under-investment, which could lead to a supply gap and, thus, higher prices. SUNCOR ENERGY and PRAIRIESKY ROYALTY are among the fund's largest holdings.
- Two holdings that have attractive long-term outlooks, continue to turn in strong operating results, and are helping to make the world a better place are ECOLAB and NOVOZYMES. Ecolab is a global leader in water treatment, while Novozymes' technology is helping to increase productivity of the world's crops.
- While there aren't a lot of bargains to be found, CGOV feels there are still good reasons to be optimistic about the fund. The global economy continues to grow and a portfolio of world-leading brands should be well positioned to grow their earnings.
- The fund currently has a cash position of 6%.

Notable Transactions

Buy

PrairieSky Royalty
Franco-Nevada
CVS Health
Keyence

Trim/Sell

Visa
CBOE Holdings

Positioning

- The manager continues to have a cautious outlook, with a focus on higher-quality businesses that generate steady profits. Several holdings have little to no debt, which should prove to be a key advantage in a weaker economic climate.
- Foreign stocks are a key part of the fund, notably in the healthcare, retailing and consumer sectors.

Fund size	$104,184,683
No. of stocks	25

Equity Fund

Attributes

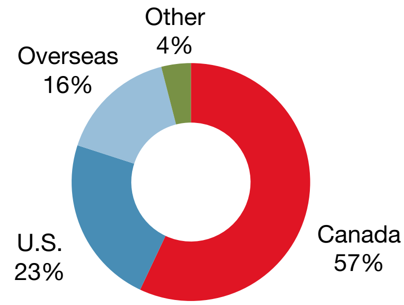
Top Stock Holdings

Visa	5.7%
TD Bank	5.4%
Suncor Energy	5.4%
Franco-Nevada	5.3%
CBOE Holdings	4.6%
Novozymes	4.4%
CCL Industries	4.4%
PrairieSky Royalty	4.3%
Nutrien	4.0%
Ecolab	3.9%

Sector Allocation (Stocks)

Industrial Goods & Svc	25.5%
Financial Services	20.5%
Oil & Gas	12.7%
Retailing	10.6%
Basic Materials	9.9%
Consumer Products	6.1%
Technology	4.9%
Healthcare	4.0%
Consumer Cyclical	4.0%
Utilities & Pipelines	1.8%

Geographic Profile (Stocks)



Performance

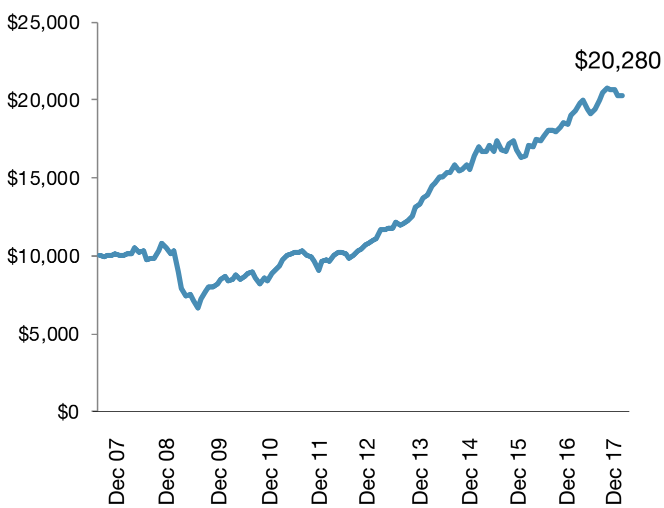
Compound Annualized Returns (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Equity Fund (after-fee)	**-1.8%**	**-1.8%**	**5.2%**	**8.9%**	**6.7%**	**11.5%**	**7.5%**	**6.6%**
S&P/TSX Composite Index	-4.5%	-4.5%	1.7%	9.8%	4.1%	6.9%	4.5%	4.5%
Morningstar Developed Markets Index*	1.7%	1.7%	10.2%	14.2%	8.8%	15.3%	8.8%	6.3%

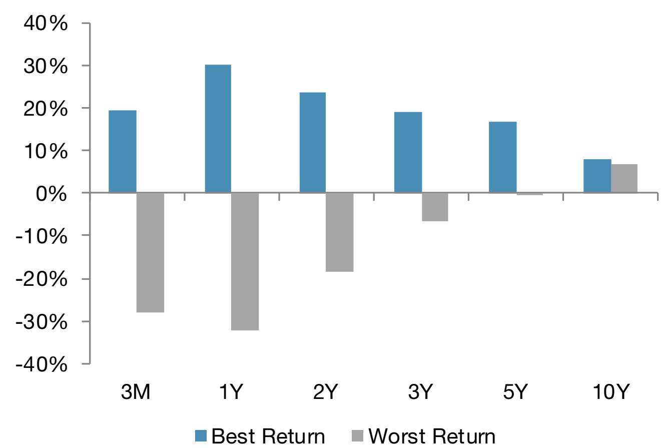
*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[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 1.7% in Canadian dollar terms in the quarter.
- Most major stock markets posted negative returns in the period, with Japanese and European markets falling more than 5%. The U.S. market lost 0.8% (in U.S. dollars).
- Canadian investors didn't experience the full extent of the declines in global equity markets as the loonie depreciated against most currencies. Our dollar fell 8% against the Yen, 5% against the Euro and 3% against the U.S. dollar.

The fund was up 0.7% in the quarter. Since inception (Feb 2007), it has a cumulative return of 46%, which equates to an annualized return of 3.4%.

Portfolio Specifics

- The fund holds 44 stocks across 17 countries. European stocks (including the U.K.) make up 48% of the fund, Asian stocks 40%, U.S. 10% and South America 2%.
- The fund held its ground in the quarter. Banks, technology and consumer stocks were positive contributors to performance, however, a weak quarter for healthcare and energy stocks offset much of the gains.
- The manager, Edinburgh Partners, added to the fund's telecom weight with the purchase of VERIZON COMMUNICATIONS and SINGAPORE TELECOM (profiled in the stock snapshot). Telecom and healthcare holdings have been increased over the last 18 months as part of the manager's cautious positioning. Stocks in these two industries are better valued and pay attractive, sustainable dividends.
- U.S. holdings have been further reduced as the market remains one of the most expensive in the world. PERKINELMER was sold late last year and WHIRLPOOL this quarter.
- Two Dutch holdings were purchased: AHOLD DELHAIZE, which operates supermarkets across Europe and the eastern U.S.; and ING GROEP, an Amsterdam-based bank. ING's digital platform gives it an advantage over other banking peers. It also has an attractive dividend yield. ING replaced BNP PARIBAS, which was sold after a run of strong performance.
- Edinburgh Partners announced that it is being purchased by Franklin Resources, the parent of Franklin Templeton. EP will operate as an independent unit within the larger group. For more details on the transaction, please see our blog.
- The fund currently has a cash position of 10%.

Notable Transactions

Buy

Ahold Delhaize*
ING Groep*
Singapore Telecom*
Verizon Communications*

*New Holding

Trim/Sell

BNP Paribas[1]
Baidu[1]
Whirlpool[1]

[1]Position eliminated

Positioning

- The fund is built much differently than the global index. It's more focused on Europe and Asia, and has only a modest weighting in U.S. stocks. This is a reflection of where the manager is currently finding better-valued securities.
- The fund is positioned to benefit from a rotation by investors out of high growth companies into more value oriented stocks. The manager believes we are in the early innings of such a rotation.

Fund size	$92,411,403
No. of stocks	44

Global Equity Fund

Attributes

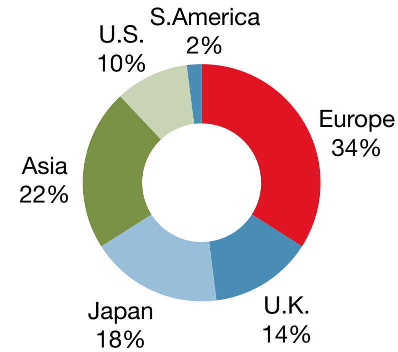
Top Stock Holdings

Roche	3.3%
Ubisoft Entertainment	2.8%
AstraZeneca	2.7%
Panasonic	2.6%
DBS Group Holdings	2.6%
Galaxy Entertainment	2.5%
Eni	2.5%
Singapore Telecom	2.5%
Shanghai Fosun	2.5%
BP	2.5%

Sector Allocation (Stocks)

Financial Services	29.7%
Healthcare	17.7%
Consumer Cyclical	11.9%
Oil & Gas	11.7%
Industrial Goods & Svc	7.6%
Technology	6.8%
Retailing	6.8%
Comm. & Media	6.5%
Consumer Products	1.3%

Geographic Profile (Stocks)



Performance

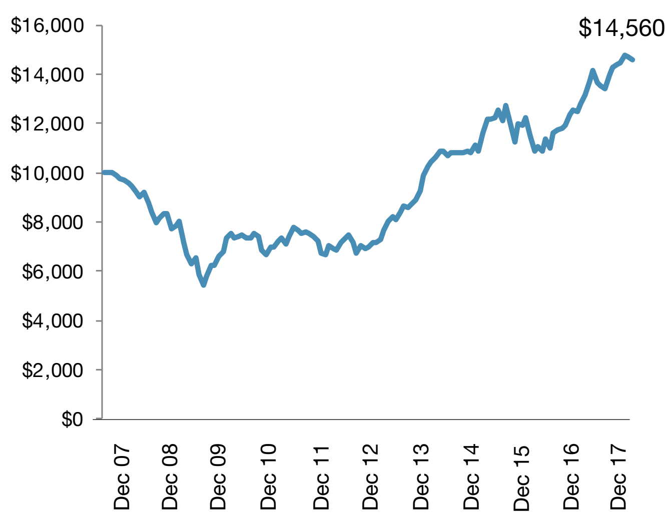
Compound Annualized Returns (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Global Equity Fund (after-fee)	**0.7%**	**0.7%**	**10.6%**	**14.7%**	**6.1%**	**12.5%**	**5.9%**	**3.4%**
Morningstar Developed Markets Index*	1.7%	1.7%	10.2%	14.2%	8.8%	15.3%	8.8%	6.3%

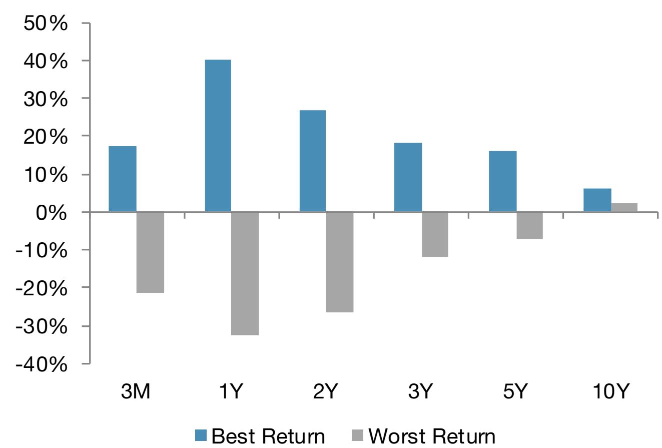
*We are now using the Morningstar Developed Markets Index as a reference for the global stock market, as it has become cost prohibitive to use the MSCI indexes.

[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 7.7% in the quarter. U.S. small-caps gained 2.7% (Russell 2000 Index) in Canadian dollar terms.
- Resource stocks, a large component of the market, were notable laggards.

The fund was up 0.4% in the quarter. Since inception (Feb 2007), it has a cumulative return of 122%, which equates to an annualized return of 7.4%.

Portfolio Specifics

- The fund consists of 23 stocks, 10 of which have a market capitalization of less than $1 billion. While the majority of holdings are Canadian companies, there are two U.S. stocks which make up 9% of the portfolio.
- The fund held up well in a challenging quarter for Canadian small-caps. It has much less exposure to resource stocks than the overall market, and several holdings saw double-digit price gains on the back of strong operating results. These included BRICK BREWING, CARGOJET, FLUOR CORPORATION and DREAM GLOBAL REIT.
- Volatility returned with a vengeance in February and March and the manager, Galibier Capital Management, was active in adding to existing holdings it felt were "on sale", which included STERICYCLE, MAXAR TECHNOLOGIES, MIDDLEBY, STANTEC and MEG ENERGY. While sharp price gyrations can be uncomfortable to watch, they can present good buying opportunities for long-term investors.
- The portfolio's U.S. exposure was brought down in the quarter, from 18% to 9%, with the sale of ECHO GLOBAL LOGISTICS, CBIZ and FLUOR. Each stock has been a great performer for the fund but the manager believes all three are now fully valued.
- One stock was added to the fund, UNI-SELECT. Uni-Select is in the auto parts and paints business. Galibier likes the company because it has a solid growth outlook in the newly-entered U.K. market. As well, the stock is cheap after falling on concerns over declining profit margins, which Galibier sees as short-term in nature.
- The manager loves unique businesses with sustainable competitive advantages. PARK LAWN is a great example. It's the fastest growing and most innovative company in the funeral and cemetery industry in Canada, which is an industry that has high barriers to entry and has traditionally been resistant to change. The stock's small market capitalization also puts it out-of-reach of many other funds.
- The fund currently has a cash position of 7%.
- The fund has gained 26.2% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The index is down 2.2% over the same period.

Notable Transactions

Buy

Uni-Select*
Stantec
Stericycle
Maxar Technologies

*New Holding

Trim/Sell

Echo Global Logistics[1]
CBIZ, Inc.[1]
Fluor Corporation[1]

[1]Position eliminated

Positioning

- The portfolio has a unique composition, with key areas of investment including capital goods, transportation, food & beverages, and consumer services. This is in contrast to the market and its focus on resource companies. The fund's positioning has produced stellar results over the past 18 months but investors should be reminded that it's likely to lag in a market driven by commodity stocks.

Fund size	$62,051,519
No. of stocks	23

Small-Cap Equity Fund

Attributes

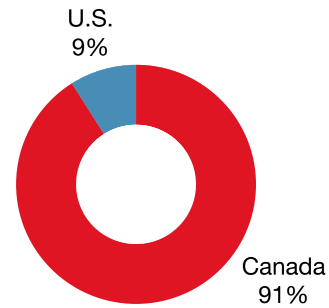
Top Stock Holdings

Brick Brewing	5.1%
Stantec	5.0%
Dream Global REIT	5.0%
Maxar Technologies	4.9%
Spin Master	4.7%
Intertape Polymer	4.6%
Liquor Stores N.A.	4.6%
Cargojet	4.6%
Winpak	4.4%
Ag Growth Intl.	4.4%

Sector Allocation (Stocks)

Industrial Goods & Svc	45.5%
Consumer Cyclical	16.8%
Technology	8.7%
Oil & Gas	8.2%
Consumer Products	5.5%
Real Estate	5.3%
Retailing	4.9%
Utilities & Pipelines	3.1%
Comm. & Media	2.0%

Geographic Profile (Stocks)



Performance

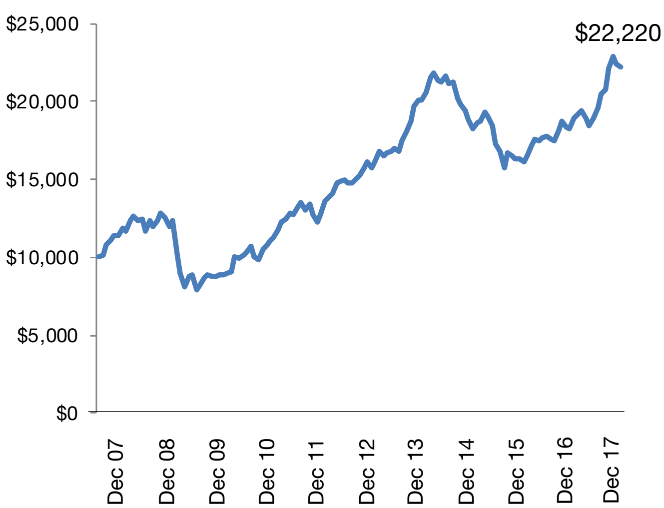
Compound Annualized Returns (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Small-Cap Equity Fund (after-fee)*	**0.4%**	**0.4%**	**17.5%**	**15.9%**	**5.9%**	**5.8%**	**6.4%**	**7.4%**
S&P/TSX SmallCap Index	-7.7%	-7.7%	-6.6%	10.0%	4.5%	3.5%	2.0%	1.3%
Russell 2000 Index ($Cdn)	2.7%	2.7%	8.3%	18.4%	9.0%	16.9%	12.4%	8.3%

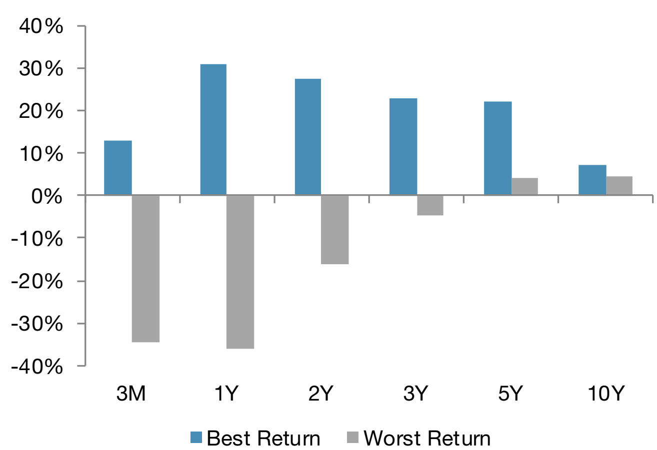
*The fund has gained 26.2% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The Canadian index is down 2.2% over the same period.

[1]Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Savings Fund

Market Context

- The Bank of Canada (BoC) raised its key lending rate by 0.25% in January. The rate now stands at 1.25%.
- In its March statement, the central bank emphasized that global growth remains solid and broad-based, but American trade policy developments are a growing source of uncertainty for Canada's economic outlook.
- The BoC indicated that higher interest rates should be expected over time, but some continued monetary policy accommodation is still necessary.

Positioning

- The manager's (Connor, Clark & Lunn) preference for corporate paper continued to add value for the fund in the first quarter.
- Corporate notes (including bank paper, floating rate notes and short-dated bonds) comprise 69% of the portfolio.
- Investments in T-Bills remain focused on provincial securities (31% of the fund).
- The pre-fee yield of the fund at the end of March was 1.6%.

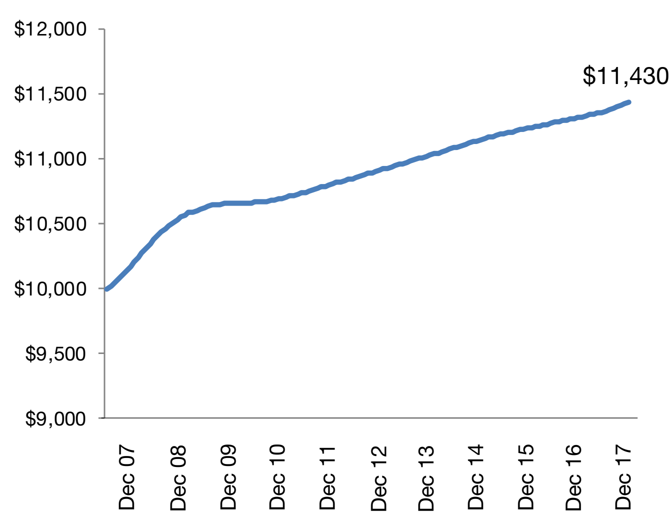
Performance

Compound Annualized Returns (as of March 31, 2018)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Savings Fund (after-fee)	**0.3%**	**0.3%**	**0.9%**	**0.8%**	**0.8%**	**0.9%**	**0.9%**	**1.2%**
FTSE TMX Canada 91 Day T-Bill Index	0.3%	0.3%	0.8%	0.6%	0.6%	0.7%	0.9%	1.3%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Stock Snapshot

Overview

Singapore Telecommunications Limited (Singtel) is one of Asia's leading communications groups. The company provides a range of services including fixed, mobile, data, internet, TV and digital solutions.

The company's businesses can be broken into three main groups: (1) it's the leading mobile service provider in Singapore; (2) it's the second largest telecom service provider in Australia, which accounts for 50% of the company's revenues; and (3) it has a minority ownership interest in leading Indonesian, Thai, Filipino, and Indian telecoms. The Indian operation, Bharti Airtel, also has a dominant presence in numerous African countries.

Singtel was held in our Global Equity Fund between 2010 and 2013. The stock priced increased 40% over the period. Singtel's price has struggled over the last several quarters despite solid operating results and a globally diversified revenue base. Edinburgh Partners, the manager of the fund, repurchased the stock in March 2018.

Investment Case

Singtel's stock has come under pressure following two high-profile acquisitions of U.S.-based digital advertisers. This business has been unprofitable thus far, but the manager expects benefits over time. The business should draw clients once Singtel is able to incorporate analytics from its large subscriber base to help with ad targeting.

The stock has also faced headwinds because of its affiliation with Bharti Airtel. New entrants in the Indian market have put pressure on profits. The manager sees this as a positive, however, since it could lead to industry consolidation over time and, in turn, less competition over pricing.

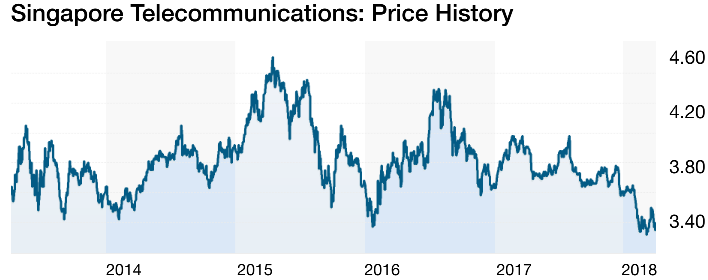
Ultimately, however, Edinburgh Partners purchased the stock for its defensive qualities. Despite some of the business challenges highlighted, Singtel generates lots of cash from its operations and pays out 60-75% of profits in dividends (current dividend yield is 5%). It also trades at a reasonable valuation in an environment where stock prices are generally elevated.

Risks to Outlook

Singtel generates enough cash flow to cover its dividend in the near term. Further pricing pressures in India, however, and a longer-than-expected return to profitability in its ad business may result in Singtel reassessing the viability of its dividend policy.

An interesting fact: Singtel has received recognition as being among the World's Most Ethical Companies by Ethisphere Institute for seven years running.

Singapore Telecommunications: Price History



Source: Reuters

Nine things you need to know about bearish markets

Special to the National Post, by Tom Bradley (February 12, 2018)

My grey hair and creaky knees should tip you off that I've been doing this awhile. I started as a stock analyst in 1983, which coincided with the beginning of a major bull market. Indeed, my whole career has had a tail wind behind it in the form of declining interest rates. As a result, bond and stock returns have been excellent.

Along the way, however, there were a few bumps in the road. As a cocky, young analyst, I sat on the edge of the trading desk and watched the market meltdown on Black Monday (1987). I was CEO of one of Canada's largest investment management firms when the tech bubble burst. And wouldn't you know it, we were just getting started with Steadyhand when the financial crisis hit.

Those were the doozies that I'll never forget, but there were lots of lesser declines along the way. This brings me to the market gyrations of the last ten days. This explosion of volatility doesn't belong on the list, at least not yet, but perhaps it's a good time to dust off some truths about bad markets.

1. Going through down markets is a necessary part of being an investor. It's not a matter of 'if' a bear market will occur, but 'when'.

2. Despite the inevitability, there's no certainty as to a bear's timing, depth, shape or character. Therefore, it's not to be avoided, at least not if you want to participate in the equally unpredictable up markets.

3. You won't know until after whether the initial declines (like last week's) turn out to be an imperceptible blip on a long-term chart (most are), or the beginning of a more fundamental adjustment. Today, many argue that a serious decline is not possible because of the strong global economy. Others point to historically high valuations, rising interest rates and excessive speculation as catalysts for a bigger selloff. Unfortunately, Mr. Market doesn't issue warnings or hand out a program.

4. Don't believe everything you read. In a highly charged market, the quality of information is generally poor. There's plenty of it, but it's more reaction than in-depth analysis.

5. There will be comparisons made to previous cycles. It's a favourite pastime of economists and commentators. From my experience, cycles are too different (economic backdrop, sector leadership, capital flows and valuation) for them to be of any use.

6. There's one thing that's the same with every bear market. It starts with bullish investor sentiment, what Warren Buffett refers to as greed, and ends with extreme bearishness (fear). Art Phillips and Bob Hager, two of the founders of Phillips, Hager & North, taught me to use investor sentiment as a contrarian indicator. For example, if my cab driver or golf buddy are recommending a stock, it's time to be careful. Investor sentiment is a gut check that makes sure you're not charging off the cliff with the herd.

7. Don't get too entrenched on one point of view. The late Peter Bernstein was my touchstone on this. He said, "In calmer moments, investors recognize their inability to know what the future holds. In moments of extreme panic or enthusiasm, however, they become remarkably bold in their predictions."

8. There's no time for gloating. Bear markets are a godsend for long-term investors. Everyone is scared and prices are down — it's a beautiful thing. But if you get too caught up celebrating a stock you shorted, or bragging about your timely selling, you'll miss the opportunity. Down markets have a way of changing relative valuations between stocks, industries and geographies. You must be ready to shift gears.

9. Don't spend all your money in one place. I'm a big believer in taking baby steps. If prices move into an attractive range, get started, but keep some buying power in reserve. Prices could get even better.

The drama of last week may not amount to anything more than a blip, but it was a good wake up call. If you found it alarming and couldn't sleep on Monday night, then you have some work to do. There's no excuse for not being prepared for the next bear market.

Steadyhand

Happy Spring!

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