Quarterly Report

Steadyhand

Q1
2020

“With every bear market, there are always unknowable concerns, and every time we’re told this bear market is different.”

— Bob Hager

Bradley's Brief

It feels like I've spent my whole career doing one of two things — either talking down people's return expectations (as I did in my last Brief) or talking them up (as I'm about to do now). Rarely am I in between. My direction changed quickly this time because the coronavirus turned everything on its head and our clients' portfolios declined significantly.

Before I talk about the future, it's important to understand some of the factors that caused the meltdown to be so swift and powerful. The biggest one was the nature of the threat. We haven't seen anything like the coronavirus before and weren't prepared. It isn't a war being waged in distant lands but rather is impacting our families' welfare here and now. And it's a crisis from which there's no gain for the pain. The economic legacy will be a net negative to the world's wealth.

But there were other factors at work. The virus hit at a time when investors were complacent about risk. As the 11-year bull market matured, the rewards increasingly went to those who were using more debt and taking more risk. In some cases, this involved investing in securities and products that weren't easily tradable.

Debt and illiquidity made for severe, broad-based declines and dislocation. We had secure, government-backed securities trading erratically and for a time, lower rated bonds were holding up better than higher quality issues. And the daily moves in stocks were head spinning, with some small-cap stocks (illiquid) down over 25%.

We know that many of you are finding it difficult to reconcile owning financial assets with what's going on around you. It's important to remember, however, that while the stock market impacts our daily lives, it doesn't mirror them. It has already adjusted to what we're reading today and is estimating what the future will look in 12-18 months.

How do we manage your money through this turbulent and unpredictable time? Well, be assured that our fund managers are doing everything they can to understand the risks that our companies face. They're stress testing each one to see how much dislocation they can sustain and when necessary, are adjusting the companies' long-term outlooks to reflect the new reality.

Salman and I, in addition to monitoring our managers and trying to assess the impacts of the coronavirus, are focusing on what we know about markets and investor behaviour. In this regard, there are some important things we can act on.

The starting point for tomorrow's returns is today, not six weeks ago. We can't be fighting yesterday's war. The risks and rewards are vastly different and must be assessed rationally.

Stock markets consistently overreact in times of crisis. We'll only know in hindsight whether the adjustment in March was too much or too little, but we can see now that the reaction in certain areas of the market was excessive.

Stock market bottoms can't be predicted with any precision. Our strategies for what's ahead can at best be 'approximately right'.

The market will bottom well before the pandemic and economic plague are declared over. If we wait for certainty, we risk missing out on a bulk of the price recovery.

And last but not least, *be greedy when others are fearful.* This Warren Buffett axiom is an excellent risk management tool. When others are running for the exits, we know the risks are in plain view and it's a good time to invest. We just don't know if it's the best time.

Key Takeaways

Stocks

- Stocks declined sharply as the coronavirus spread rapidly around the world and governments effectively shut down many industries in an attempt to try to slow the spread. The American market (S&P 500 Index) had its worst first quarter ever, falling 20%. European, Asian and emerging market stocks also saw significant declines.
- The Canadian market (S&P/TSX Composite Index) fell 20.9%. The energy sector had one of its worst quarters on record, as the price of oil fell more than 60%.
- The loonie depreciated substantially against the U.S. dollar (-9%), Japanese Yen (-9%) and Euro (-7%). This softened the losses of foreign stocks for Canadian investors.

Market Returns

	3M	1Y
Canada	-20.9%	-14.2%
World	-14.2%	-5.8%

Bonds

- Bonds did their job this quarter, providing valuable diversification for balanced investors. The FTSE Canada Universe Bond Index provided a total return of 1.6%.
- The far-reaching spread and fallout of the coronavirus caused investors to flee to the safety of government bonds, pushing yields down to record lows in North America (reminder: when yields fall, bond prices rise). The 10-year Government of Canada bond yield fell from 1.6% to 0.7%.
- Corporate bonds did not fare as well, as investors worried about the fear of default in a more fragile economy. Indeed, some high yield bonds dropped significantly.

	3M	1Y
Bonds	1.6%	4.5%

Our Funds

- Our funds had a challenging quarter. All our equity funds saw double-digit declines. The Equity Fund held up the best, while the Small-Cap Equity Fund fell the most. Our balanced clients' portfolios were down 12-14%. Over the past 10 years, our balanced returns were roughly 5% per year.
- The stock weighting in the Founders Fund was increased late in the quarter from 57% to 64% as valuations became more attractive following the market selloff.
- A number of stock transactions took place in the quarter, as our managers looked to strengthen our portfolios. The Global Equity Fund was the most active.

Fund Returns

	3M	1Y
Savings	0.4%	1.7%
Income	-4.7%	-1.9%
Founders	-12.9%	-8.7%
Builders	-22.1%	-15.9%
Equity	-11.8%	-3.7%
Global	-27.8%	-24.5%
Small-Cap	-35.1%	-31.5%
Global Small-Cap	-20.0%	-7.5%

Our Advice to Clients

We recommend that your equity weighting be at, or slightly above, your long-term target. In the Founders Fund, our stock weighting is 64%, which is above our target. We feel valuations are attractive following the sharp decline in the market. Our outlook for bonds remains subdued as current yields are unattractive. As a result, we recommend a below-average position in the asset class, with cash as an alternative. In the Founders Fund, for example, 9% 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.

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.
- Steadyhand CIO Tom Bradley manages the fund and Salman Ahmed is co-manager. 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.

Portfolio Specifics

- In the first quarter, the Founders was down 12.9% (after fee) which was reflective of the meltdown in stock prices in March.
- The fund went through two phases during the quarter. In February, we reduced the equity content as a percentage of the fund, taking it from the low 60's to the mid-50's. This more cautious stance was prompted by feedback from our fund managers ("it's tough to find cheap stocks") and our own valuation work. As well, investor sentiment was becoming increasingly bullish. The second phase came after the markets took a hit in March. This time, we moved the other way, using cash (mostly from the Savings Fund) to invest in the equity funds. This buying, along with a partial recovery in the market, increased the equity weighting to 64%.
- These adjustments enhanced returns in the quarter, but the fund's overall return was, and always is, driven by the performance of the underlying funds. This quarter, the fixed income securities in the Savings and Income Funds (T-bills, short-term notes and bonds) did their job, providing a modest positive return. The equity funds were more mixed. The Equity and Global Small-Cap Equity Funds accorded themselves relatively well, despite being down. The Global Equity and Small-Cap Equity Funds, however, felt the full brunt of the bear market.
- Our fund managers were also more active than normal in the quarter. They purchased a number of new stocks that moved into their buy range, including Alimentation Couche-Tard, Toromont, Dairy Farm International, and Nippon Shinyaku. On the sell side, several stocks were sold because they either held up better during the declines (such as Dollarama, Takeda and Imperial Brands) or because our investment thesis was compromised by the coronavirus (Bankia, Ovintiv).

Positioning

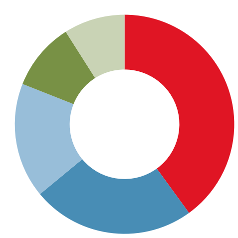
- The Founders is always seeking a balance between reward and risk. That balance has shifted towards offence in recent weeks. When the recovery comes, we've positioned the fund to go back up with more stocks and corporate bonds than it went down with.
- For more details on the underlying funds, please review pages 8-18.

The fund was down 12.9% in the quarter. Since inception (Feb 2012), it has a cumulative return of 46%, which equates to an annualized return of 4.8%.

Fund Mix

Income	35%
Global	25%
Equity	23%
Small-Cap	7%
Global Small-Cap	5%
Cash	4%
Savings	1%

Asset Mix



Foreign Stocks	40%
Canadian Stocks	24%
Gov't Bonds	17%
Corporate Bonds	10%
Cash & Short-term	9%

Fund size	$430,166,524

Founders Fund

Attributes

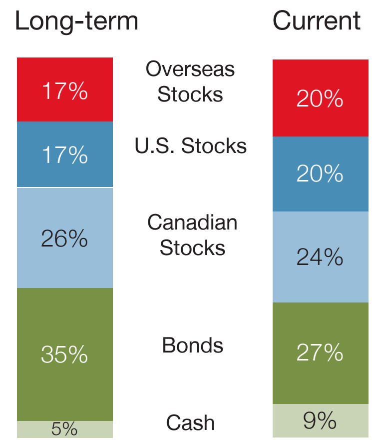
Top Stock Holdings (% of Fund)

TD Bank	1.8%
Franco-Nevada	1.8%
CN Rail	1.7%
Visa	1.5%
Keyence	1.3%
CME Group	1.3%
Heiwa Real Estate	1.3%
Zimmer Biomet	1.2%
Telus	1.2%
Bayer	1.2%

Sector Allocation (Stocks)

Financial Services	20.4%
Industrial Goods & Svc	19.3%
Healthcare	12.4%
Consumer Products	6.7%
Technology	6.4%
Oil & Gas	5.9%
Real Estate	5.3%
Basic Materials	5.3%
Utilities & Pipelines	5.0%
Comm. & Media	4.9%
Consumer Cyclical	4.8%
Retailing	3.6%

Asset Mix



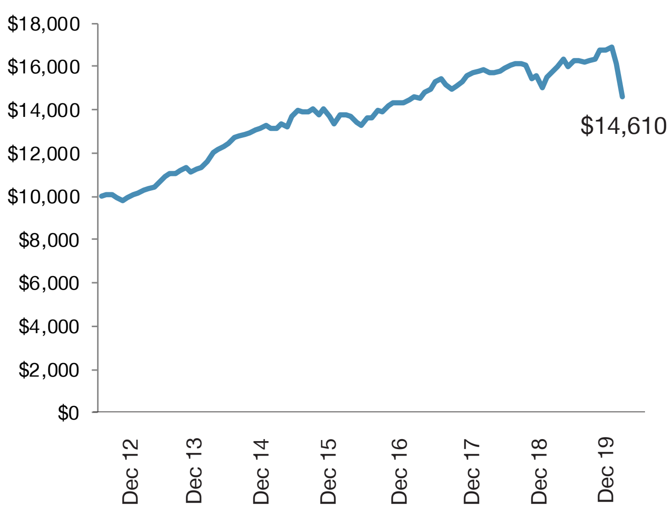
Performance

Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Founders Fund (after-fee)	**-12.9%**	**-12.9%**	**-8.7%**	**-3.5%**	**-0.8%**	**1.0%**	**N/A**	**4.8%**
FTSE Canada Universe Bond Index	1.6%	1.6%	4.5%	4.9%	3.7%	2.7%	N/A	3.5%
S&P/TSX Composite Index	-20.9%	-20.9%	-14.2%	-3.7%	-1.9%	0.9%	N/A	4.0%
Morningstar Developed Mkts Index ($Cdn)	-14.2%	-14.2%	-5.8%	0.4%	3.6%	5.3%	N/A	8.6%

[1]Feb 17, 2012

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Builders Fund

Fund Overview

- The Builders Fund 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. It's an all-stock portfolio designed for growth-oriented investors.
- The underlying fund mix is managed by Salman Ahmed, with Tom Bradley as co-manager, and is a reflection of their views on market valuations.

The fund was down 22.1% in the quarter. Since inception (Feb 2019), it has a cumulative return of -15%, which equates to an annualized return of -13.8%.

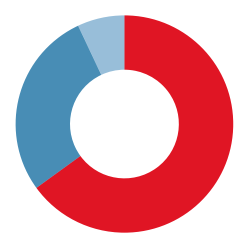
Portfolio Specifics

- Stocks around the world experienced a sharp fall as investors incorporated the economic impacts of the coronavirus into their forecasts. Holdings in our funds were no exception. All our equity funds experienced negative returns in the period.
- In keeping with its growth objective, the fund holds 15% of its assets in each of our two small-cap funds. Smaller companies can experience more pronounced fluctuations over shorter periods and this impacted performance in the quarter. Over the long run, however, these companies provide the opportunity for superior returns.
- All our managers responded to the volatility by adding to existing positions and making new purchases. They also trimmed or sold certain stocks when their outlook changed. For example, our Equity Fund manager, Fiera Capital, bought four new stocks and sold four. Meanwhile our Global Equity Fund manager, Velanne Asset Management, also bought four new companies and eliminated ten.
- The fund continues to be diversified across industries and looks different than most Canadian portfolios. The largest sector weight, industrial goods & services, includes a diverse assortment of companies. Holdings include CN Rail, Konecranes (manufactures lifting equipment), Teleperformance (outsourced customer service), and Winpak (packaging).
- Other important sectors are also diverse in their makeup. In financial services, the fund owns TD Bank, Topdanmark (insurance), Artisan Partners (asset management), and Experian (credit ratings), among others. It's a far cry from owning five Canadian banks and insurers.
- In healthcare, holdings include Philips (diagnostic equipment), Zimmer Biomet (medical devices and joint replacement specialist), Orpea (nursing care) and Henry Schein (dental equipment).
- Investors should expect the fund to stay fully invested in our underlying funds. The current 7% cash holding reflects the higher-than-normal cash positions our managers are holding as they have been more active of late both selling and buying stocks.

Fund Mix

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

Asset Mix



Foreign Stocks	65%
Canadian Stocks	28%
Cash & Short-term	7%

Positioning

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

Fund size $61,277,837

Builders Fund

Attributes

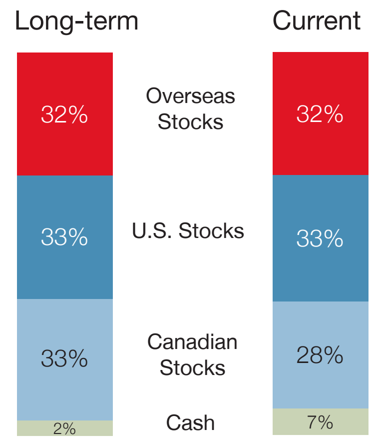
Top Stock Holdings (% of Fund)

Franco-Nevada	2.6%
Visa	2.2%
TD Bank	1.9%
Keyence	1.9%
CME Group	1.9%
CN Rail	1.8%
Sika	1.8%
Heiwa Real Estate	1.7%
Zimmer Biomet	1.7%
Bayer	1.6%

Sector Allocation (Stocks)

Industrial Goods & Svc	21.6%
Financial Services	18.7%
Healthcare	13.9%
Technology	7.8%
Consumer Products	7.2%
Oil & Gas	6.1%
Basic Materials	5.9%
Consumer Cyclical	5.8%
Comm. & Media	3.6%
Utilities & Pipelines	3.5%
Retailing	3.1%
Real Estate	2.8%

Asset Mix



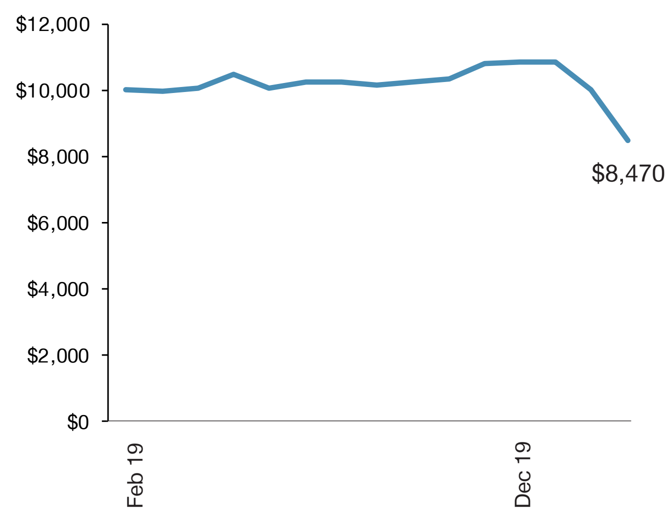
Performance

Compound Annualized Returns (as of March 31, 2020)

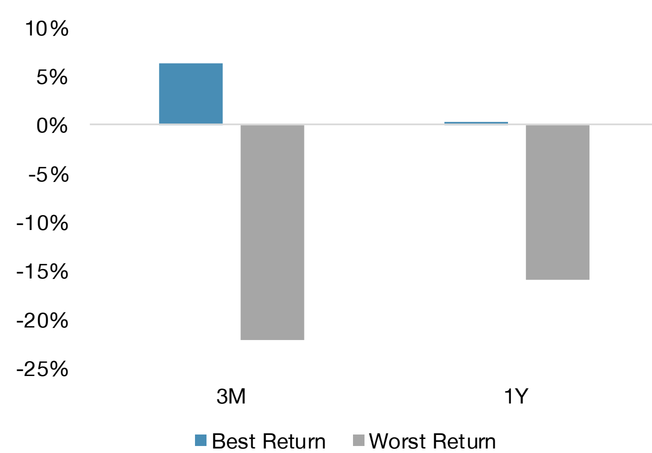
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Builders Fund (after-fee)	**-22.1%**	**-22.1%**	**-15.9%**	**N/A**	**N/A**	**N/A**	**N/A**	**-13.8%**
Morningstar Developed Mkts Index ($Cdn)	-14.2%	-14.2%	-5.8%	N/A	N/A	N/A	N/A	-5.7%
S&P/TSX Composite Index	-20.9%	-20.9%	-14.2%	N/A	N/A	N/A	N/A	-11.1%

[1]Feb 15, 2019

Growth of $10,000 Since Inception



Best and Worst Annualized Returns



Income Fund

Market Context

- The Canadian bond market gained 1.6% in the quarter (interest and capital appreciation).
- Investors fled to the safety of government bonds against a deteriorating economic backdrop. The 10-year Government of Canada bond yield fell from 1.6% to 0.7%.
- Canadian stocks declined by 20.9%. Every sector of the market was down but declines were most severe in the energy sector.

The fund was down 4.7% in the quarter. Since inception (Feb 2007), it has a cumulative return of 88%, which equates to an annualized return of 4.9%.

Portfolio Specifics

- Bonds comprise 77% of the portfolio and proved to be defensive in the quarter. Government bonds, in particular, benefited from investors' shift into safer investments.
- Not all areas of the bond market performed well, however. The spread that investors demand for taking more risk increased (the extra yield compared to a similar Government of Canada bond), resulting in lower returns for the fund's corporate, and even provincial, bond holdings.
- The manager, Connor, Clark & Lunn, is slowly shifting the portfolio to take advantage of opportunities created by the volatility, while balancing the need for safety in light of the uncertainty. For example, the majority of the bonds owned are government-issued, although the weight is tilted toward provincials.
- The corporate portion of the portfolio is invested in high-quality bonds like banks and utilities. The manager has also added to telecoms, which could see a positive impact from more people working from home.
- The fund's dividend stocks and REIT holdings fared better than the market, but still posted negative returns as investors came to grip with the economic realities of the coronavirus.
- CC&L has been adding to stocks to keep their weighting close to the fund's long-term target (25%).
- The stock component of the fund continues to be focused on defensive companies that generate strong cash flows. The manager added to positions in grocery retailers Empire and Loblaw Companies along with telecoms Telus and Shaw. CC&L will look to act opportunistically if high-quality equities fall further.
- The fund paid a distribution of $0.045/unit at the end of March.

Notable Stock Transactions

Buy

WSP Global*
Open Text*
InterRent REIT*
Loblaw Companies

*New holding

Trim/Sell

Algonquin Power & Utilities[1]
Canadian Natural Resources[1]
Chartwell Retirement Residences[1]

[1]Position eliminated

Positioning

- The fund's bond strategy remains defensive, but the manager is seeing pockets of opportunity emerge in corporate bonds.
- Stocks remain an important source of diversification and yield. The manager has a current bias towards larger cap, lower volatility stocks.

Fund size	$78,910,147
Pre-fee Yield	3.8%
Avg Term to Matur.	11.0 yrs
Duration (Bonds)	8.2 yrs

Income Fund

Attributes

Top Holdings (% of Fund)

CHT 2.55% (Dec/23)	6.0%
Quebec 3.50% (Dec/48)	5.4%
Ontario 2.60% (Jun/25)	4.8%
Ontario 4.70% (Jun/37)	3.2%
CC&L High Yield Bond Fd	2.9%
Ontario 3.50% (Jun/24)	2.9%
RBC DN 1.825% (Dec/20)	2.2%
Ontario 2.70% (Dec/29)	2.0%
Canada 1.25% (Mar/25)	1.9%
Royal Bank	1.8%

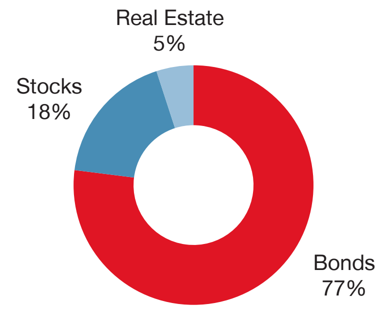
Issuer Allocation (Bonds)

Federal Government	14%
Provincial Government	44%
Corporate	42%

Rating Summary (Bonds)

AAA	14%
AA	55%
A	18%
BBB	11%
BB (or lower)	2%

Asset Mix



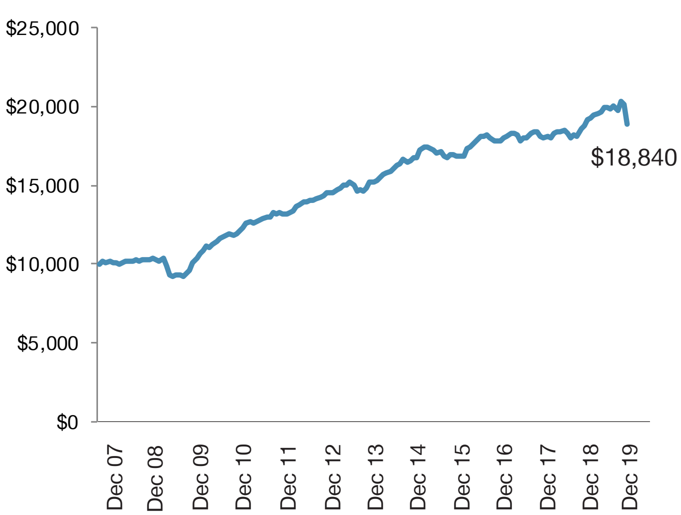
Performance

Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Income Fund (after-fee)	**-4.7%**	**-4.7%**	**-1.9%**	**2.0%**	**1.4%**	**1.6%**	**4.7%**	**4.9%**
FTSE Canada Universe Bond Index	1.6%	1.6%	4.5%	4.9%	3.7%	2.7%	4.3%	4.6%
S&P/TSX Composite Index	-20.9%	-20.9%	-14.2%	-3.7%	-1.9%	0.9%	4.1%	3.2%

*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) fell 20.9% in the first quarter. All sectors of the market lost ground, with energy being the hardest hit.
- Global stocks, as measured by the Morningstar Developed Markets Index, declined 14.2% in Canadian dollar terms.

The fund was down 11.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 105%, which equates to an annualized return of 5.6%.

Portfolio Specifics

- The fund holds 24 stocks, of which 13 are headquartered in Canada, 6 in the U.S., and 5 overseas.
- In what was an awful quarter for stocks, the fund held up well relative to the broader market. A number of companies proved to be resilient, notably Franco-Nevada (gold), Microsoft (software and cloud services), and Experian (credit reporting).
- The manager's (Fiera Capital) focus has always been on best-in-class businesses that are well financed. As the coronavirus upended many companies' near-term revenue and profit outlooks, Fiera's work in the quarter centered around making sure the businesses we own will come out the other side of the pandemic in decent financial shape. The manager is confident that the portfolio is well positioned in this respect. Indeed, many holdings stand to benefit from their strong balance sheets and business models to become even stronger. Danaher, Philips, Visa and Microsoft are examples.
- The market selloff in the quarter was indiscriminate and panic-based at times, and resulted in steep declines in quality companies with solid long-term prospects. Case in point: Nutrien and Verisign. Both are leaders in their field. Nutrien produces an essential product (fertilizer) to feed the planet, while Verisign enables the security and stability of key internet infrastructure. Nutrien dropped as much as 40% and Verisign 30% before rebounding somewhat. Fiera saw this as an opportunity and added to both positions (Verisign was first bought early in the year).
- The broad pullback led to new opportunities too. Alimentation Couche-Tard and Toromont were purchased at an attractive discount. Couche-Tard operates 15,000 convenience stores across North America, Europe and Asia. Its short-term profits will be impacted by the coronavirus, but the company has solid long-term prospects and experienced operators at the helm. Likewise, Toromont (the leading Caterpillar dealer in eastern Canada) will see a hit to near-term profits, but stands to benefit from a likely increase in infrastructure spending as a stimulus measure to combat the downturn.
- A few holdings that held up relatively well were sold to make room for better opportunities, including Dollarama and Christian Hansen.
- The fund currently has a cash position of 7%.

Notable Transactions

Buy

Alimentation Couche-Tard*
Toromont*
Verisign*
Brookfield Renewable Partners*

*New holding

Trim/Sell

Dollarama[1]
Christian Hansen[1]
Croda International[1]
CVS Health[1]

[1]Position eliminated

Positioning

- The fund is comprised of two dozen businesses operating in a diverse array of industries with a focus on profitable, best-in-class companies that are well financed.

Fund size	$83,991,829
No. of stocks	24

Equity Fund

Attributes

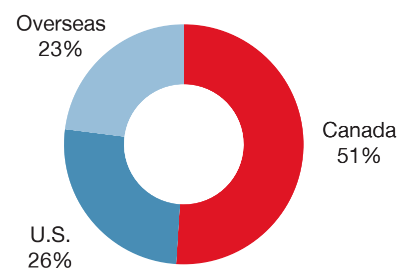
Top Stock Holdings

Franco-Nevada	7.4%
Visa	6.1%
TD Bank	5.5%
Keyence	5.4%
CME Group	5.3%
CN Rail	5.2%
Sika	5.0%
CCL Industries	4.4%
Experian	4.2%
Nutrien	4.1%

Sector Allocation (Stocks)

Financial Services	26.0%
Industrial Goods & Svc	23.0%
Basic Materials	12.3%
Technology	11.8%
Healthcare	11.3%
Utilities & Pipelines	4.2%
Comm. & Media	3.9%
Oil & Gas	3.7%
Consumer Cyclical	2.0%
Retailing	1.8%

Geographic Profile (Stocks)



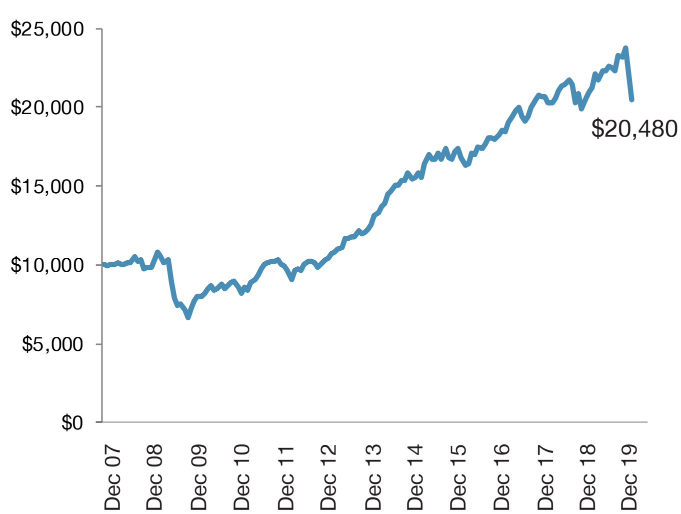
Performance

Compound Annualized Returns (as of March 31, 2020)

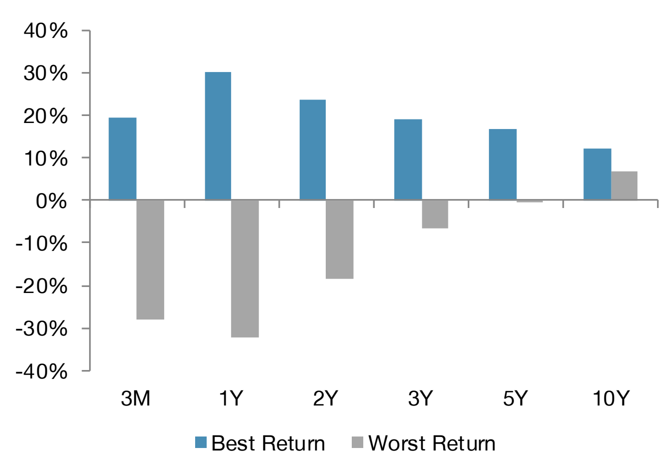
	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Equity Fund (after-fee)	**-11.8%**	**-11.8%**	**-3.7%**	**0.5%**	**2.0%**	**4.2%**	**8.7%**	**5.6%**
S&P/TSX Composite Index	-20.9%	-20.9%	-14.2%	-3.7%	-1.9%	0.9%	4.1%	3.2%
Morningstar Developed Mkts Index ($Cdn)	-14.2%	-14.2%	-5.8%	0.4%	3.6%	5.3%	10.3%	5.5%

[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 down 14.2% in Canadian dollar terms in the first quarter.
- Stocks declined sharply as the coronavirus spread rapidly around the world and governments effectively shut down many industries in an attempt to try to slow the spread. The American market (S&P 500 Index) had its worst first quarter ever, falling 20%. European, Asian and emerging market stocks also saw significant declines.

The fund was down 27.8% in the quarter. Since inception (Feb 2007), it has a cumulative return of 2%, which equates to an annualized return of 0.2%.

Portfolio Specifics

- The fund holds 50 stocks, of which 20 are based in the U.S., 14 in Europe, 9 in Asia, 5 in the U.K., and 2 in Canada.
- Many holdings experienced significant declines in the quarter. Energy investments were the most impacted, as the price of oil dropped more than 60%. Demand for oil fell as countries enacted quarantines and other measures to prevent the spread of the coronavirus. This was paired with an increase in supply from Saudi Arabia to put pressure on oil producers in the U.S. and Russia. The manager, Velanne Asset Management, responded by increasing the quality of its energy holdings. It eliminated Ovintiv, trimmed Northern Ocean and added to Shell and Schlumberger.
- The fund also owns companies experiencing temporary headwinds or transitioning their business. A turnaround can take longer in this environment and these stocks dropped more than the market. For example, Zimmer Biomet, a leader in artificial knees and hips, declined 33% as health care operators delay non-essential surgeries.
- The deteriorating economic environment prompted significant activity in the fund. The manager sold 10 holdings in the quarter. Legg Mason and Allergan were acquired while Ovintiv, Bankia, Eutelsat, Sealed Air and SES were sold after Velanne concluded their business models would be materially impacted by the coronavirus. Takeda, GS Home Shopping and Imperial Brands were sold because they held up better than others and Velanne felt there were better opportunities elsewhere.
- The broad market decline has also created opportunities. The manager initiated four new positions in the period. Cerved Group provides credit research to Italian banks, which becomes important in an economic slowdown. Dairy Farm International establishes western retail brands in Asia. Howmet Aerospace is one of only a few suppliers of precision casting for the auto and aerospace industries. And Argo Group was bought after a change in leadership resulted in a significant reduction in costs.
- The fund currently has a cash position of 6%.

Notable Transactions

Buy

Cerved Group*
Dairy Farm International*
Argo Group*
Howmet Aerospace*
Zimmer Biomet

*New holding

Trim/Sell

Allergan[1]
Legg Mason[1]
Ovintiv[1]
Bankia[1]
Sealed Air[1]
Eutelsat Communications[1]
GS Home Shopping[1]
Imperial Brands[1]

[1]Position eliminated

Fund size	$47,723,904
No. of stocks	50

Positioning

- The fund is focused on quality companies that generate large amounts of cash flow but are facing temporary headwinds and are trading below their true value. Key areas of investment include healthcare, financial services and oil & gas services.

Global Equity Fund

Attributes

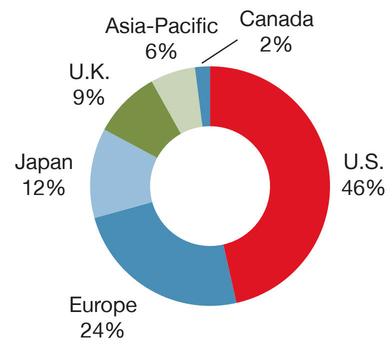
Top Stock Holdings

Heiwa Real Estate	4.8%
Zimmer Biomet	4.7%
Bayer	4.4%
Medtronic	4.0%
Alleghany Corporation	3.7%
Walt Disney Company	3.5%
Discovery, Inc.	3.2%
Vistra energy	3.1%
Mowi	3.0%
Chugoku Marine Paints	2.9%

Sector Allocation (Stocks)

Healthcare	19.5%
Financial Services	18.7%
Industrial Goods & Svc	12.4%
Consumer Products	11.4%
Oil & Gas	8.9%
Comm. & Media	6.4%
Real Estate	5.3%
Consumer Cyclical	5.2%
Retailing	4.6%
Utilities & Pipelines	3.4%
Technology	2.3%
Basic Materials	1.9%

Geographic Profile (Stocks)



Performance

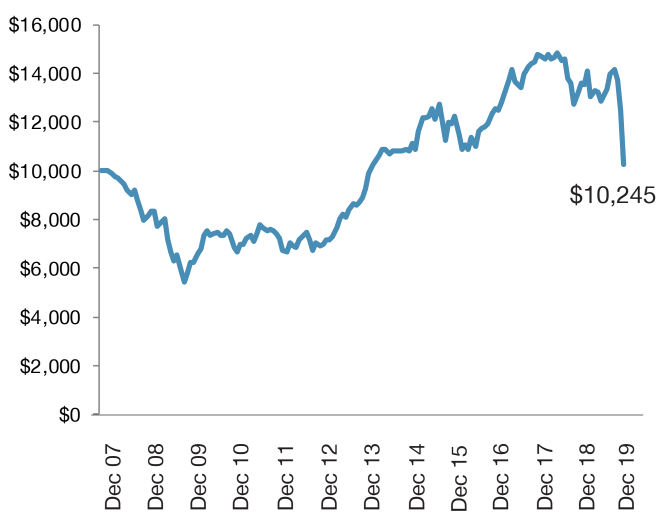
Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Global Equity Fund (after-fee)	**-27.8%**	**-27.8%**	**-24.5%**	**-16.1%**	**-8.0%**	**-3.4%**	**3.1%**	**0.2%**
Morningstar Developed Mkts Index ($Cdn)*	-14.2%	-14.2%	-5.8%	0.4%	3.6%	5.3%	10.3%	5.5%

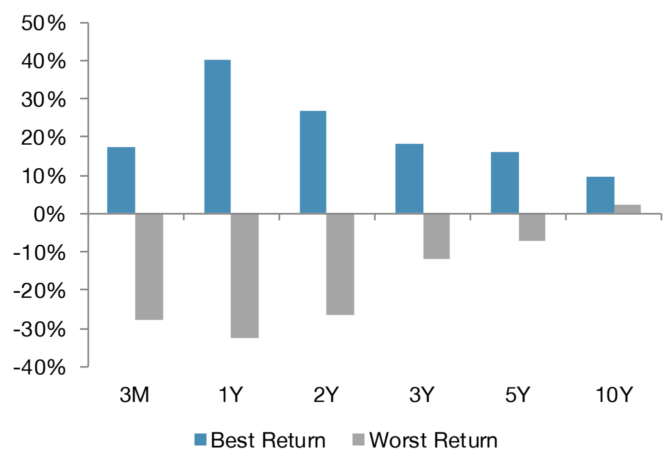
*The fund has declined 29.8% since September 30, 2018, which is Velanne's starting date as portfolio advisor. The index is down 5.6% over the same period.

[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 38.1% in the first quarter. U.S. small-caps (Russell 2000 Index) fell 24.2% in Canadian dollar terms.
- Energy stocks had their worst quarter on record as the price of oil fell by two-thirds.

Portfolio Specifics

- The fund consists of 25 companies, ranging from very small (Waterloo Brewing) to medium-sized businesses (Finning). While the majority of holdings are Canadian, there are four U.S. stocks which make up 17% of the portfolio.
- The fund had a difficult quarter as small-cap stocks were hit particularly hard by the swift virus-led selloff. These stocks are less liquid than their larger counterparts, meaning there are fewer buyers and sellers and wider bid-ask spreads.
- A few holdings saw significant declines. Ag Growth International, Spin Master, Fluor, Interfor and Sleep Country Canada fell more than 50%. While these companies faced some supply side issues and other problems in the quarter, all of them will still have a relevant business model in the post-virus economy. They are trading at deeply discounted prices and have strong upside potential. Additional shares were purchased in each stock.
- Energy companies had a devastating quarter, as the price of oil fell to a multi-decade low as a result of the global slowdown and a surge in supply brought on by Saudi Arabia and Russia. The fund has much less exposure to oil than the market in general and has a focus on tertiary services (Pason Systems, Parkland Fuel), which tend to be less volatile than producers. Nonetheless, its holdings did not avoid the downturn.
- A prolonged economic shutdown will hurt some industries more than others in the short term (e.g. airlines, hotels, restaurants), yet even certain companies that are well positioned in this environment saw price declines. Examples include Winpak (makes packaging materials for perishable foods and health care applications), Park Lawn (funeral and cemetery services), and Intertape Polymer (makes tapes, adhesives and packaging products used for shipping goods). At today's lower stock prices, these businesses look even more attractive.
- Stocks that held up well in the turmoil included Northland Power (renewable power), Maple Leaf Foods (consumer packaged meats), and Cargojet (overnight air cargo). These are all mid-cap stocks which offer products/services that are still seeing good demand. Stantec (engineering services) also held its value.
- The fund currently has a cash position of 8%.

Positioning

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

The fund was down 35.1% in the quarter. Since inception (Feb 2007), it has a cumulative return of 46%, which equates to an annualized return of 2.9%.

Notable Transactions

Buy

Ag Growth International
Parkland Fuel
Spin Master
Fluor
Oshkosh Corporation

*New holding

Trim/Sell

SNC-Lavalin[1]
Cargojet
Premium Brands Holdings

[1]Position eliminated

Fund size	$31,875,227
No. of stocks	25

Small-Cap Equity Fund

Attributes

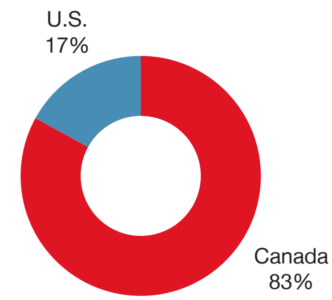
Top Stock Holdings

Maple Leaf Foods	6.7%
Winpak	5.6%
Northland Power	5.3%
Oshkosh Corp.	4.8%
Premium Brands Hldgs.	4.8%
Stantec	4.2%
Parkland Fuel	4.2%
Waterloo Brewing	4.1%
Intertape Polymer	4.0%
NFI Group	4.0%

Sector Allocation (Stocks)

Industrial Goods & Svc	47.3%
Consumer Products	16.9%
Consumer Cyclical	12.7%
Oil & Gas	8.4%
Utilities & Pipelines	5.8%
Healthcare	4.3%
Basic Materials	2.8%
Retailing	1.8%

Geographic Profile (Stocks)



Performance

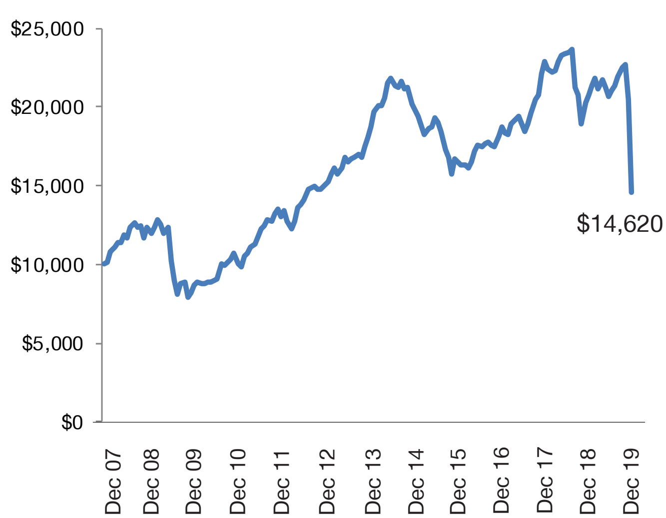
Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Small-Cap Equity Fund (after-fee)*	**-35.1%**	**-35.1%**	**-31.5%**	**-18.9%**	**-8.2%**	**-4.8%**	**3.6%**	**2.9%**
S&P/TSX SmallCap Index	-38.1%	-38.1%	-35.2%	-20.3%	-15.9%	-6.2%	-2.2%	-2.3%
Russell 2000 Index ($Cdn)	-24.2%	-24.2%	-19.3%	-7.6%	-2.6%	2.0%	10.5%	5.7%

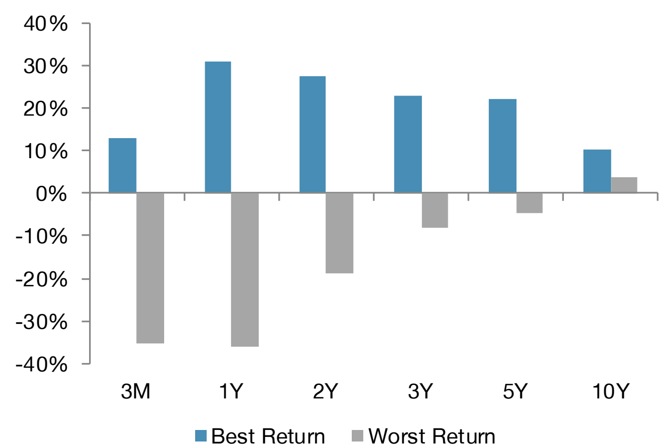
*The fund has declined 16.9% since September 30, 2016, which is Galibier's starting date as portfolio advisor. The Canadian index is down 37.8% over the same period.

[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) fell 28.4% in the first quarter in Canadian dollar terms.
- Every sector of the market saw a double-digit decline with energy, consumer discretionary and financial stocks the hardest hit.

The fund was down 20.0% in the quarter. Since inception (Feb 2019), it has a cumulative return of -4%, which equates to an annualized return of -3.7%.

Portfolio Specifics

- The fund is managed by New York-based TimesSquare Capital Management, which specializes in small-cap investing. The portfolio is expected to hold between 40-50 stocks around the globe. It's currently invested in 43 companies. Eighteen are in the U.S., 11 in Europe, 8 in Japan, 4 in the U.K., and 2 in Australia.
- The fund had a challenging quarter as there was no escaping the broad market selloff. And while it declined 7.5% over its first 12 months, it fared much better than the index (-19.7%).
- In this unprecedented environment where many businesses are forced to temporarily curb their operations, the manager is keeping a close eye on the balance sheets of the companies we own to make sure they can manage through a period of lower revenues. They are confident in the portfolio's ability to weather this storm.
- The hardest hit holdings in the quarter included WEX (payment processing and fleet management), National Vision Holdings (optical retailer), Challenger Financial (provider of annuities and insurance) and Performance Food Group (food service and distribution). Each company is a leader in its industry. While their revenues are taking a hit from the impact of the coronavirus, they have solid business models and offer products and services that will see a rebound in demand once daily life normalizes. Additional shares were purchased in each stock.
- Two holdings benefited specifically from the quarantine measures that have been put in place around much of the world: Kobe Bussan and Zynga. Kobe Bussan is a low-cost grocery chain in Japan that's seeing strong business as people stock up on food; and Zynga is a video game developer with a focus on mobile and web-based games (a solace for many people confined to home), including the popular *FarmVille* and *Words with Friends*.
- Four companies were purchased: Clean Harbors (waste disposal and environmental services), Bodycote (specialty heat treatment of metals), Nippon Shinyaku (pharmaceuticals), and Zynga (see above). Conversely, two holdings were sold based on strong performance, Altran Technologies (which was acquired) and Nordson.
- The fund currently has a cash position of 3%.

Notable Transactions

Buy

Bodycote*
Nippon Shinyaku*
Clean Harbors*
Zynga*
Performance Food Group

*New holding

Trim/Sell

Altran Technologies[1]
Nordson[1]
Apollo Global Management

[1]Position eliminated

Positioning

- The fund invests in businesses with a clear competitive edge, a record of consistent earnings growth, and management that has clear goals and a record of success.

Fund size	$6,188,715
No. of stocks	43

Global Small-Cap Equity Fund

Attributes

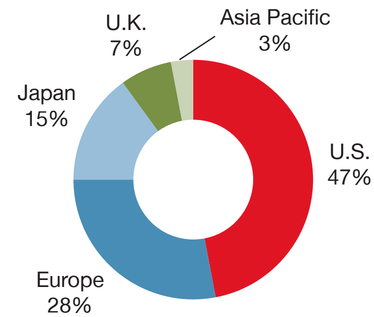
Top Stock Holdings

Teleperformance	5.0%
RenaissanceRe	4.0%
Topdanmark	3.8%
Gartner	3.4%
Kobe Bussan	3.3%
Orpea	3.2%
Nordic Entertainment	3.2%
Kennedy-Wilson	3.2%
RPM International	3.2%
Chemed	3.0%

Sector Allocation (Stocks)

Financial Services	20.3%
Technology	17.9%
Industrial Goods & Svc	17.8%
Healthcare	16.1%
Consumer Cyclical	9.8%
Real Estate	6.2%
Consumer Products	4.8%
Retailing	4.2%
Oil & Gas	2.9%

Geographic Profile (Stocks)



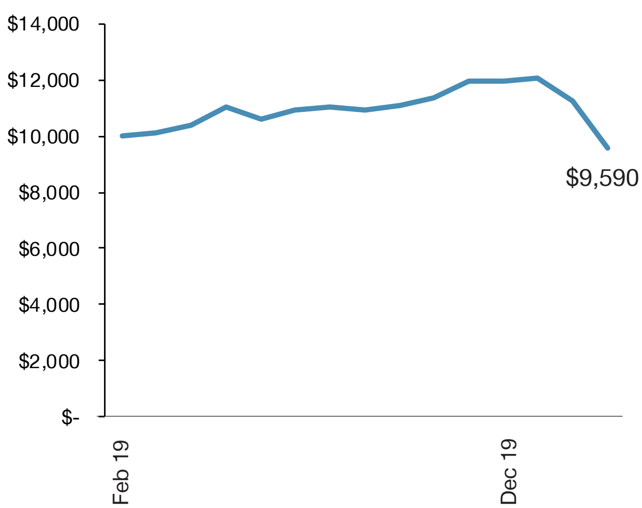
Performance

Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep[1]
Global Small-Cap Equity Fund (after-fee)	**-20.0%**	**-20.0%**	**-7.5%**	**N/A**	**N/A**	**N/A**	**N/A**	**-3.7%**
S&P Global SmallCap Index ($Cdn)	-28.4%	-28.4%	-19.7%	N/A	N/A	N/A	N/A	-18.9%

[1]Feb 15, 2019

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Savings Fund

Market Context

- The Bank of Canada lowered its key lending rate three times in the first quarter, with a cumulative easing of 1.5%. The rate now stands at 0.25%.
- Central banks around the globe took extreme measures to alleviate the strains for individuals and businesses resulting from the curb in economic activity caused by the coronavirus. These measures included substantial interest rate cuts, large scale asset purchases, and unprecedented fiscal stimulus and quantitative easing programs.
- A global recession is now the base case scenario, and short-term policy rates will likely remain anchored at extremely low levels.

Positioning

- The manager (Connor, Clark & Lunn) maintained its preference for corporate paper in the quarter. These securities, which include bank paper, floating rate notes and short-dated bonds, comprise 70% of the fund.
- Investments in T-Bills remain focused on provincial securities (30% of the fund).
- The pre-fee yield of the fund at the end of March was 0.8%.

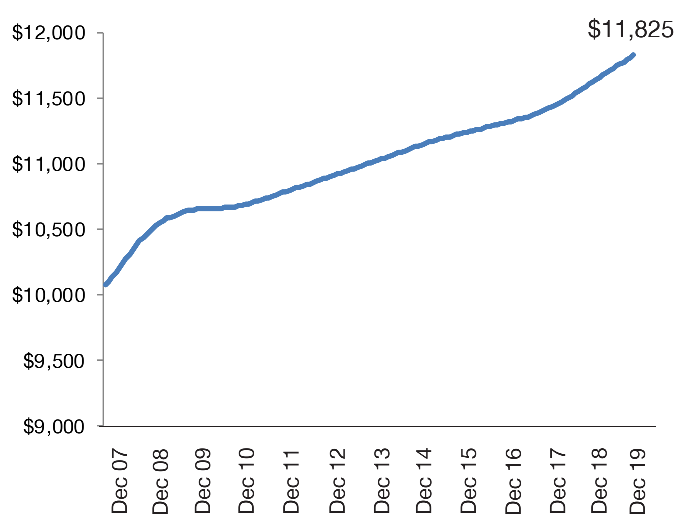
Performance

Compound Annualized Returns (as of March 31, 2020)

	3M	YTD	1Y	2Y	3Y	5Y	10Y	Incep*
Savings Fund (after-fee)	**0.4%**	**0.4%**	**1.7%**	**1.7%**	**1.5%**	**1.2%**	**1.0%**	**1.3%**
FTSE Canada 91 Day T-Bill Index	0.7%	0.7%	1.9%	1.7%	1.4%	1.0%	1.0%	1.3%

*Feb 13, 2007

Growth of $10,000 Since Inception



Best and Worst Annualized Returns

Leaning on a legend
by Tom Bradley, March 19, 2020

When we're going through times like this, I look for inspiration from people I trust, respect and know have been through it before. My favourite go-to person is Bob Hager, who was my friend, mentor and former business partner at PH&N. Bob passed away in 2011 but I know he would've found the virus crisis interesting. He was at his best when markets were at their worst.

We are following Bob's playbook this time, as we did in the market pullbacks of 2008, 2011, 2016 and 2018.

"With every bear market, there are always unknowable concerns, and every time we're told that this bear market is different."

The impact of the coronavirus is like nothing we've seen before, both in human and economic terms. And it's scarier than most crises because it's hitting close to home and has the potential to profoundly change how we live in the years to come.

As we've talked about in previous updates, however, investing isn't about positive news or perfect information. Rather, it's about comparing the potential reward to the risk being taken, and assessing how much of the bad (or good) news is already factored into securities' prices.

The declines in the stock market are unprecedented in their speed, although not in their depth. It's our view that the stock prices have largely adjusted to (1) the economic valley we're heading into, and (2) a less robust environment on the other side. We don't know what either looks like, but like Bob, we're pretty sure people are still going to need goods and services.

"My best trades turned out to be the ones when my hand was shaking as I gave Janice the blue ticket."

Janice was our stock trader at PH&N and a blue ticket is a buy order.

Bob is referring to how hard it is to stick to your discipline when the news is bad and others around you are hiding under the table. But adhering to your process can prove very rewarding, especially when others are abandoning theirs.

As many charts demonstrate, there have always been strong recoveries after bear markets.

Keep in mind that hindsight is 20/20. In each case, we're able to look back and identify the bottom or trough of the market. In real time, that's not possible.

"Make sure you go up with more than you went down with."

In the Founders Fund (and in the advice we provide clients), we're living up to this edict. Going back up with less in stocks than you went down with is a formula for poor long-term returns.

We don't know when the market will bottom, so we're adding to stocks gradually, doing most of our buying on down days. We took our time getting started, but last Thursday, which was a particularly weak day, we began shifting money from the Savings Fund into the four equity funds held in the Founders. Unfortunately (or fortunately depending on your perspective), markets were even lower yesterday when we took another step in that direction.

"If you wait for certainty, you'll miss the market."

The Founders has a target stock allocation of 60%. A week ago, we were at 56% and today we're at 63%. With the divergence in valuation between safe assets (expensive) and risky assets (cheap), our intention is to continue increasing the stock weighting. When and how quickly we move will depend on how things play out. (Note: Salman has provided some detail on how our fund managers are putting this money to work, and will keep doing so as things evolve.)

In this update, I've talked about the Founders Fund because it accounts for more than half of our clients' assets (and is my favourite fund) but be assured, we bring the same disciplines to the Builders Fund. Salman generally keeps this fund fully invested which means there isn't as much to do at times like this, but he's using inflows to rebalance the fund holdings and keep them on target (35% Equity; 35% Global Equity; 15% Small-Cap Equity; and 15% Global Small-Cap Equity).

Bob rarely got it exactly right, and that was never his intention. We don't expect to either. Rather, we think our clients will be well served if we get it approximately right by making hard (and lonely) decisions based on imperfect information and going back up with more stocks than we went down with..

Steadyhand

State of the Union

Check out our annual State of the Union blog for an update on all things Steadyhand, including how our investors have fared, details about our client base, and a recap of some notable events.

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