



Quarterly Report

March 31, 2011



Steadyhand Update

It's been a remarkable three months on the news front – revolutions in Egypt and Libya, earthquake in Japan and on-going denial in the U.S. In face of this turmoil, stock markets went up and client returns were good. As we've said many times, the linkage between headlines and portfolio returns is anything but precise. Markets look forward and have an unpredictable variable that news stories don't – valuation.

With all of this going on, there's been no change to our investment strategy since last report. In our view, caution is advised. In most portfolios, this translates into holding fewer bonds (Income Fund) and more cash (Savings Fund), although every situation is different. The long-term prospect for bond returns is modest to say the least - a reasonable forecast would be 2-4%, with some bumps along the way.

Stock valuations have moved up and our fund managers are now telling us that "*things aren't as cheap as they were last year.*" Despite this, we still expect stocks to provide the best returns over the next 3-5 years and our clients should be at, or near, their long-term allocation. What gives us added comfort is the fact that our funds are positioned cautiously and don't look at all like the overall market. They're holding a disproportionately large number of high-quality companies (defendable market position, predictable earnings, strong cash flows, bullet-proof balance sheet) and have little in the way of mining and gold exposure. As a result, our valuations are considerably cheaper than index-like portfolios.

If you have questions about how your portfolio fits into this scenario, don't hesitate to call us at 1-888-888-3147.

On the company front, we had by far the busiest 'RRSP/TFSA/year-end reckoning' season ever. Chris, Scott and David provided considerably more advice than in previous years, while we also increased our client base by 15%. Most encouraging was the fact that the new clients came from a variety of referral sources – existing clients, financial planners, other investment firms, my Globe and Mail column, the website and third party endorsements (Morningstar, Gordon Pape and Rob Carrick to name a few).

While we're delighted with the response to Steadyhand, we've been bluntly reminded of how important it is to provide good investment results. Our balanced clients have done well over the last 1, 2, 3 and 4 years, but we're taking heat from those who are focused on the Global Equity Fund – it was flat over the last year and down 7% per annum over 4 years. Whether the heat is due to poor foreign returns in general or our fund specifically (both are factors), we think it's a poor time to change course. The Canadian dollar has more buying power in foreign markets than ever and our manager, Edinburgh Partners, continues to do what's made them successful, which is buying undervalued, underappreciated stocks. The foreign component is arguably the cheapest part of our portfolios today and is in the best position to provide superior returns in the coming years. From an asset allocation perspective, we think it's a better time to lighten up on our top-ranked Income Fund than our disappointing Global Equity Fund.



As always, if you have comments or questions, pointed or otherwise, don't hesitate to call or email us.

Go Canucks Go.

James



Takeaways

If you only have a few minutes to read this report, there are a few key takeaways we'd like to leave with you.

1. **Global stock markets brushed off a string of negative shocks** and pushed forward in the first quarter of 2011. Uprisings in North Africa, lingering sovereign debt issues in Europe and a devastating natural disaster in Japan failed to derail the market rally that is now two years strong. The Canadian market (S&P/TSX Composite Index) gained 5.6% and the MSCI World Index rose 2.5% (in Canadian dollars). After a strong start to the year, the Japanese market lost ground following the powerful earthquake and tsunami that struck on March 11th. The Canadian dollar rose against the U.S. dollar (2%) and the yen (4%), but depreciated against the euro (-3%).
2. **The bond market lost ground**, as interest in government-issued securities faded. The DEX Universe Bond Index, a broad measure of the Canadian bond market, declined 0.3% in the quarter. That said, corporate bonds continued to perform well, with spreads tightening further (and prices rising). The Bank of Canada left its key short-term lending rate unchanged (at 1.0%), but an increase(s) is expected later in the year.
3. **We continue to have a positive outlook for stocks, but are advising caution towards bonds.** Many companies have delivered impressive earnings and have seen strong share price gains, prompting some observers to question if a retrenchment is in store. Our equity funds have had their share of winners, but also own a number of companies that have yet to participate in the rally despite turning in strong operating performance. We feel there are still good opportunities for select stocks. Bonds, on the other hand, are trading near historically low yields and are faced with a pending rise in interest rates. We feel there is still value in corporate bonds, but our outlook for government securities is more subdued. Investors with a balanced asset mix may want to lighten up on their bond weighting (Income Fund) and hold a small cash reserve (Savings Fund).
4. Our clients with a **balanced asset mix** experienced returns in the 2½ - 3% range in the quarter, depending on their asset mix. Over the past year, the range is 10-11%.
5. **We recently published a paper on how to assess investment performance.** The report, titled *How Is My Portfolio Doing ... And What Should I do About it?*, is available on steadyhand.com. A supplementary report that assesses the performance of one of our hypothetical balanced portfolios is also available on the site.
6. **Your quarterly statement is available on the website.** In addition to your account information, the statement shows the performance of your account(s), your anniversary date as a client (which becomes important in five years) and what you paid us in fees during the quarter.

For further details and analysis on our funds, we encourage you to read the pages that follow.



Steadyhand Savings Fund

The Bank of Canada left its key short-term lending rate unchanged in the first quarter. The rate has stood at 1.0% since September, 2010.

In its March statement, the central bank noted that the recovery in Canada is proceeding slightly faster than expected. Consumption growth remains strong and business investment continues to expand rapidly. Yet, the export sector continues to face challenges from the effects of the strong loonie.

Inflation has been consistent with the Bank's expectations, although global inflationary pressures continue to rise.

The manager of the fund (CC&L) feels that the Bank will increase its target short-term rate later this year with further measured increases as the global economy continues to recover.

It has been a tough environment to add value in a money market portfolio. That said, CC&L made some adjustments in the quarter. With the proceeds from maturing notes and new capital inflows, the manager increased the fund's weighting in bank paper and provincial T-Bills. These securities continue to offer a modest yield advantage over Government of Canada T-Bills. CC&L also shortened the term to maturity of the fund, as they foresee a coming increase in short-term rates, as mentioned.

The pre-fee yield of the fund at the end of March was 1.1%.

Because the yield of the portfolio remains low, we have maintained a reduced fee on the fund (0.2%) to help provide a reasonable yield for unitholders. The full fee (0.65%) may be restored with our discretion at a future date.

Top 10 Holdings

Prov. of Ontario T-Bills 0.97% (04/06/11)	13.2%
Govt. of Canada T-Bills 0.95% (04/14/11)	8.6%
Prov. of Quebec T-Bills 0.99% (06/10/11)	7.1%
Govt. of Canada T-Bills 0.91% (06/09/11)	5.1%
Bank of Montreal B/A 1.11% (06/08/11)	5.1%
Bank of Nova Scotia BDN 1.11% (06/10/11)	4.1%
TD Bank BDN 1.14% (07/11/11)	4.1%
GE Capital C/P 1.20% (05/12/11)	4.1%
TD Bank B/A 1.21% (08/29/11)	4.0%
Royal Bank B/A 1.32% (10/03/11)	4.0%

Issuer Allocation

Government Notes	34.1%
Corporate Notes	65.9%

Yield

7-day Yield*	0.9%
--------------	------

**This is an annualized historical yield (net of fees) based on the seven day period ended on March 31, 2011, and does not represent an actual one year return.*

Fund Size

Total Net Assets	\$4,920,928
------------------	-------------

Annualized Compound Returns

	3 M	YTD	1 YR	2 YR	3 YR	4 YR	Incept.*
Savings Fund	0.2%	0.2%	0.7%	0.5%	0.9%	1.7%	1.7%
DEX 91 Day T-Bill Index	0.3%	0.3%	0.8%	0.6%	1.2%	2.0%	2.1%

*February 13, 2007

The Savings Fund is powered by:





Steadyhand Income Fund

The bond market declined slightly in the first quarter as interest in government-issued securities faded. Dividend-paying stocks had a strong start to the year as yield remains a popular theme.

The manager, CC&L, feels that the Bank of Canada will start to increase its key short-term lending rate in the summer. Indeed, many observers are pricing a rate increase into their forecasts. Yet, CC&L doesn't foresee a material change in the 'belly' of the yield curve (bonds with terms to maturities of 5-8 years).

The manager believes that this relatively benign interest rate environment will continue to favour corporate bonds. The spread (difference in yield) between corporate and government bonds remains somewhat wide relative to historic levels and a tightening toward more normal levels would be beneficial for corporate bond prices. These securities comprise 38% of the fund.

Federal government bonds continue to account for a small portion of the portfolio (4%). CC&L is seeing much greater value in provincial bonds, which make-up 23% of the fund and offer a yield advantage of roughly 0.75% over 'Canadas'. This is a large spread given the prevailing low interest rate environment. The tradeoff with provincials is that they aren't as liquid as Canadas. This is a compromise CC&L is comfortable with.

While the outlook for the bond market as a whole isn't overly exciting, the manager is finding opportunities in individual securities. An example is *Cameco* (a Canadian uranium producer). Following the nuclear incident in Japan, uranium companies have been under pressure. After the earthquake, investors began selling *Cameco* bonds, leading to a rise in yields, such that spreads were substantially wider than comparable securities (such as *Suncor Energy*). CC&L believes there will still be long-term growth

in demand for uranium, and supply remains tight. Further, *Cameco* is a leading producer and is not likely to close its doors anytime soon. Viewing investors' over-reaction as an opportunity, CC&L purchased the bonds late in the quarter.

The majority of the portfolio's bonds are highly-rated (single-A or higher). CC&L has been looking at the high yield sector, but is not finding a lot of value and holds few high yield bonds.

In the quarter, the manager modestly increased the portfolio's weighting in income-equities. Dividend-paying stocks and REITs now make up 30% of the fund.

With income trusts no longer receiving beneficial tax status (REITs notwithstanding), most trusts have converted back to corporations. A majority of the businesses in the fund that were previously trusts have maintained attractive dividend payout levels.

A theme in the income-equity portion of the portfolio is dividend growth. The manager focuses on companies that are leaders in increasing their dividend, which are not necessarily the stocks with the highest current yields. CC&L continues to feel good about the banks (*TD* and *Royal Bank* are the largest positions) and real estate securities (apartment REITs in particular), but are more cautious towards the materials sector.

The fund's pre-fee yield at the end of March was 4.2%. This represents a yield advantage of roughly 0.8% over a Government of Canada 10-year bond.

CC&L's outlook for the bond market remains subdued, but they feel they can add value and provide a steady stream of income through an emphasis on corporate bonds and stocks with growing dividends.



Income Fund - Portfolio Characteristics

Top 10 Holdings

Province of Ontario 4.40% (06/02/19)	5.6%
Province of Ontario 4.30% (03/08/17)	4.0%
Government of Canada 4.00% (06/01/17)	3.4%
Bank of Nova Scotia BDN 1.13% (06/07/11)	3.3%
RBC Yield Curve Note 1.124% (08/25/11)	3.0%
Bank of Montreal B/A 1.13% (06/20/11)	2.9%
TD Capital Trust 7.243% (12/31/18)	2.3%
TD Bank	2.1%
Bank of Montreal 3.979% (07/08/16)	2.0%
Royal Bank	2.0%

Issuer Allocation (Bonds)

Federal Government Bonds	5.7%
Provincial Government Bonds	35.3%
Corporate Bonds	59.0%

Rating Summary (Bonds)

AAA	13.7%
AA	37.3%
A	38.6%
BBB	10.4%
BB (or lower)	0.0%

Asset Mix

Bonds	69.5%
Dividend-paying Equities	25.6%
REITs & Income Trusts	4.9%

Portfolio Summary (Bonds)

Average Term to Maturity	8.7 yrs
Duration	6.1 yrs

Fund Size

Total Net Assets \$47,551,846

Yield

Pre-fee Yield 4.2%

Annualized Compound Returns

	3 M	YTD	1 YR	2 YR	3 YR	4 YR	Incept.*
Income Fund	2.2%	2.2%	9.4%	17.5%	8.3%	6.4%	6.5%
DEX Universe Bond Index	-0.3%	-0.3%	5.1%	5.1%	5.1%	5.2%	5.3%
S&P/TSX Composite Index	5.6%	5.6%	20.4%	30.8%	5.0%	4.7%	4.9%

*February 13, 2007

Stock Snapshot



Toronto-Dominion Bank (TD: TSX) provides personal and commercial banking and wealth management services in Canada and the U.S. Founded in 1855, the company has long been an important fixture in the Canadian banking industry. CC&L likes the company because of its retail focus and strong operational performance. TD remains one of the manager's top stock holdings because its earnings quality is very high. The company has less of a focus on volatile trading and investment banking activities and more of an emphasis on retail banking. TD recently led the charge among the Big 5 banks with an 8% dividend increase, re-establishing a growth trend that the manager expects to continue for many years. The stock has a weight of 2.1% in the fund (6.7% of the income-equity component).

The Income Fund is powered by: **Connor, Clark & Lunn**
INVESTMENT MANAGEMENT LTD.



Steadyhand Equity Fund

The Canadian and U.S. stock markets had a good start to the year, as investors continued to show confidence in equities.

Steady as she goes would be a good descriptor for the bulk of holdings in the portfolio, as they continue to rebound from the economic downturn. The balanced mix of businesses that the manager (CGOV) owns has been turning in strong operating results, which is reflective of their solid fundamentals.

Home Capital Group, for example, posted another quarter of record earnings and continued to exceed their stated performance objectives.

TD Bank also produced strong revenue growth, driven by its consumer-banking division, and was the first of the Big 5 banks to increase its dividend (by 8%) since the credit crisis.

Oracle grew its revenues at a faster pace than expected and claimed market share gains from its rivals. The software maker increased its dividend by 20%.

Birchcliff Energy, Potash Corp, TMX Group, Asia Pacific Breweries and several other holdings fall into the same boat – i.e., they have been producing strong operating results and have been rewarded with rising share prices.

There were a few exceptions, notably in the technology sector. *Cisco Systems* saw its stock price slide, despite good earnings, as management has disappointed on its near-term goals. *Research in Motion* has produced excellent operating results but has been under pressure as investors continue to speculate on the impact its new operating software and tablet (PlayBook) will have on consumers. Both of these stocks are exceptionally cheap in CGOV's view. The manager is not going to throw in the

towel based on short-term issues and negative sentiment. Rather, these are the opportunities they get excited about – owning valuable franchises at a discount to their true value.

The 'high-quality' theme we have highlighted in recent reports remains in place, and there were few changes made to the portfolio in the quarter. Positions in a few stronger performing stocks were trimmed (*Ritchie Bros., Home Capital Group, Pason Systems*), while holdings that have lagged were topped up (*Unilever, Novartis*). No stocks were removed from or added to the portfolio.

The fund's foreign holdings have been a slight drag on performance thus far in 2011, but CGOV likes the balance and enhanced global reach these businesses bring to the portfolio. Further, with the Canadian dollar trading above par, they are buying them at sale prices.

As rising commodity prices continue to grab headlines, inflation has become a timely topic. About 25% of the fund is invested in commodity producers and several other holdings benefit from the ability to pass-through rising costs to consumers. As a result, CGOV feels the portfolio is well positioned to withstand an environment of rising prices. We posted a [blog](#) in the quarter in which CGOV illustrates how certain holdings are positioned to deal with inflation.

On balance, the portfolio is not as cheap as it has been in the past (early 2009 for example). Strong operating results have translated into solid price gains for many holdings. Yet, there are a handful of positions that have yet to participate in the rally despite their strong results. Gord O'Reilly and the team at CGOV are confident that their 25 businesses offer good upside potential and a more attractive risk/reward balance than the resource-heavy Canadian market as a whole.



Equity Fund - Portfolio Characteristics

Top 10 Holdings

Suncor Energy	6.6%
Crescent Point Energy	6.1%
Birchcliff Energy	4.7%
TD Bank	4.6%
Unilever	4.2%
Home Capital Group	4.0%
Oracle	3.9%
Pason Systems	3.9%
CAE	3.9%
Research in Motion	3.9%

Asset Mix

Equities	95.6%
Cash & Short-term	4.4%

Fund Size

Total Net Assets	\$33,440,956
------------------	--------------

Sector Allocation (Equities)

Energy	22.2%
Financials	16.2%
Consumer Staples	15.9%
Industrials	15.2%
Materials	11.8%
Information Technology	11.3%
Health Care	4.0%
Telecommunication Services	3.4%

Geographic Profile (Equities)

Canada	62.0%
U.S.	25.8%
Overseas	12.2%

Concentration

Number of stocks	25
------------------	----

Annualized Compound Returns

	3 M	YTD	1 YR	2 YR	3 YR	4 YR	Incept.*
Equity Fund	4.9%	4.9%	15.2%	18.8%	1.2%	0.5%	0.6%
S&P/TSX Composite Index	5.6%	5.6%	20.4%	30.8%	5.0%	4.7%	4.9%
MSCI World Index (\$Cdn)	2.5%	2.5%	9.1%	16.1%	-1.5%	-4.6%	-4.7%

*February 13, 2007

Stock Snapshot

ORACLE Oracle Corporation (ORCL: NASDAQ) is the world's leading developer of database software. The company has a large customer base (370,000+) in a diverse array of industries across the globe. Oracle also offers a wide variety of industry-specific applications and consulting services. CGOV likes the company for a number of reasons, namely: (1) it has a large recurring revenue base; (2) it's the dominant player in an industry that has high switching costs; (3) it has developed strong cross-selling capabilities; and (4) it's executing well on key new products. The stock also trades at a low multiple (13-14X next year's forecasted earnings) relative to historic levels. Oracle has a weight of 3.9% in the fund.

The Equity Fund is powered by: 



Steadyhand Global Equity Fund

Global stock markets were faced with rising oil and food prices, lingering sovereign debt issues, political unrest in North Africa and a devastating natural disaster in the first quarter of the year. Yet, despite the headwinds, most markets held their ground (Japan notwithstanding).

The Canadian dollar rose against the U.S. dollar and yen, but depreciated slightly against the euro and British pound. The impact of currency movements on performance has thus far been modest in 2011.

The manager, Edinburgh Partners Limited (EPL), has a sharp eye on valuations, as always. They are not so much concerned about the headlines as they are about what has and has not been factored into stock prices.

It's evident that the emerging markets will continue to grow at a good pace and the world's eyes are on China and the resources it's consuming. It's also a consensus view that Europe is down and out and Japan is a stagnant market. In EPL's view, this is all factored into stock prices. The opportunities and dangers arise from what is not factored into prices.

EPL continues to find value in Europe and Japan, where the scars are clear but the healing is being overlooked. A number of stocks are cheap. The manager's interest lies in companies that can improve margins domestically and expand their reach in emerging markets. Holdings such as *Unilever*, *Vodafone*, *Heineken* (see Stock Snapshot), *Bridgestone*, and *Yamaha* are good examples.

Edinburgh Partners is more cautious towards resources and China as they feel investors are paying too high a premium for these themes. It's dangerous to confuse a good story with a good investment without reference to price.

We'd be remiss if we didn't discuss Japan this quarter. The destruction caused by the earthquake and tsunami was horrific. However, in evaluating the potential impact on corporate earnings over a 5-year forecast horizon, EPL does not see a major impact on most holdings. They believe the share price declines in the days following the disaster were excessive and expect to see sustained appreciation when the nuclear threat abates and sentiment improves.

In fact, most holdings have bounced back following the post-quake selloff. Half of the fund's Japanese stocks actually gained ground in the quarter (*Bridgestone*, *Yamaha*, *Kajima* and *Mitsubishi*). EPL purchased additional shares in *Panasonic* and initiated a new position in *Ricoh* after they were able to assess the damage (or lack thereof) to the firms' operations. The manager continues to believe that Japanese stocks offer some of the best value to investors today.

A few changes were made to the portfolio. Three European stocks were purchased – *Heineken*, *Unilever* and *Telecom Italia*. Each has recently undergone a phase of restructuring and has attractive emerging market exposure. *General Electric*, *ConocoPhillips* and *Yara* were sold as they reached the manager's valuation targets.

Several of the turnaround opportunities and unloved businesses that EPL has invested in are beginning to show improved operating results and share price gains (*Gazprom*, *UBS*, *Applied Materials*, *Aviva*, *Zimmer*, *Time Warner Cable*). It's the first step towards value being recognized.



Global Equity Fund - Portfolio Characteristics

Top 10 Holdings

Gazprom	3.7%
Samsung Electronics	3.1%
Mitsubishi Corp.	3.0%
ENI	3.0%
Petrobras	3.0%
Yamaha Motor	3.0%
Sanofi-Aventis	3.0%
Telecom Italia	2.9%
Vodafone	2.8%
Bridgestone	2.7%

Asset Mix

Equities	97.6%
Cash & Short-term	2.4%

Fund Size

Total Net Assets	\$19,663,290
------------------	--------------

Concentration

Number of stocks	40
------------------	----

Annualized Compound Returns

	3 M	YTD	1 YR	2 YR	3 YR	4 YR	Incept.*
Global Equity Fund	1.0%	1.0%	-0.1%	13.8%	-2.8%	-6.9%	-6.7%
MSCI World Index (\$CDN)	2.5%	2.5%	9.1%	16.1%	-1.5%	-4.6%	-4.7%

*February 13, 2007

Stock Snapshot



Heineken (HEIN: AS) is the No. 3 global brewer. The company has the world's most valuable premium brand and a leading portfolio of labels, including Amstel, Strongbow, and Kingfisher. Edinburgh Partners likes the company because of its strong brand status, powerful cash flows, and the fact that it's being aggressive on the growth and consolidation fronts. Along with improving margins in Europe, EPL sees strong earnings growth coming from the emerging markets. Heineken recently purchased the beer business of FEMSA (Dos Equis, Tecate and Sol), which broadens its access to higher growth markets in Latin America. The stock has been weighed down by weak European growth, but over half of the company's earnings now come from emerging markets where profitability is higher. Heineken has a weight of 2.6% in the fund.

Sector Allocation (Equities)

Information Technology	19.0%
Consumer Discretionary	15.2%
Financials	14.4%
Energy	12.7%
Telecommunication Services	12.4%
Industrials	10.6%
Health Care	8.3%
Consumer Staples	7.4%

Geographic Profile (Equities)

Europe	23.4%
Japan	23.3%
U.S.	20.2%
U.K.	16.5%
Asia (ex-Japan)	9.7%
Other	6.9%

The Global Equity Fund is powered by:





Steadyhand Small-Cap Equity Fund

Commodities continued to push the small-cap market forward in the first quarter, although gold and base metals lost some of their steam. In a change of pace, forestry stocks led the pack (gaining nearly 30% as a group) while oil & gas, technology and financial-related stocks also turned in strong performance.

The portfolio's tight collection of businesses continue to perform well from an operating perspective. From specialty surgical hospitals (*Medical Facilities*) to alternative financing (*Alaris Royalty Corp.*) to helicopter services (*Canadian Helicopters*), revenues and profitability are steadily on the rise.

The energy holdings in particular have been delivering on all fronts. That said, *Pacific Rubiales* was sold and *Total Energy Services* was trimmed in the quarter, as the two stocks have had strong gains with the former now looking expensive from a valuation standpoint. (Note: Total Energy Services shows up as the largest holding on p.12, as we report the Top 10 positions with a 60 day lag. As of March 31st, the stock had a weight of roughly 5%.)

The manager, Wil Wutherich, continues to like oil companies with international operations. *Coastal Energy* (Thailand), for example, offers a lower price point for production and reserve growth than many Canadian companies. The manager also likes the prospects for *Palliser Oil & Gas*, a specialty junior holding that is exploiting a niche in the market (extracting heavy oil through a process known as high volume lift).

As for the mining sector, Wutherich remains skeptical and is not willing to chase resources at any price. He feels that many investors are extrapolating growth from the peak of the cycle and money is rushing into the sector with little regard for price. The single gold company in the

portfolio, *Primero Mining*, is a unique situation in that it is working through a tax issue and trades at a much lower valuation than its peers.

Wil provides a more in-depth review of his thinking and outlook for the resource sector in a [podcast](#) we recorded in late March.

With the sale of one of the portfolio's larger positions (*Pacific Rubiales*), the fund's cash level has risen. Further, another core holding may disappear due to a takeover (*Badger Daylighting*). The manager is looking at a few opportunities where some of the cash is likely to be invested, but it will be a function of valuation.

The fund's happy hunting ground remains companies with a market capitalization under \$1 billion. Over half the companies in the portfolio have a market cap under \$500 million.

A few holdings have gotten slightly ahead of their fundamentals due to sharp price gains and have been trimmed back. Yet, others have seen little appreciation despite strong operating results and positive outlooks (*Glacier Media*, *Iridium Communications* and *Calian Technology* are examples). In other words, while the portfolio has steadily advanced over the past two years, it is by no means expensive on balance.

Further, because of the fund's aversion toward the more speculative areas of the market (mining and metals), it is much better positioned to weather a downturn in commodity prices than many of its peers.



Small-Cap Equity Fund - Portfolio Characteristics

Top 10 Holdings¹

Total Energy Services	9.5%
Canadian Helicopters	9.3%
Coastal Energy	6.1%
Alaris Royalty Corp.	5.9%
Badger Daylighting	5.8%
Stantec	5.5%
Medical Facilities	5.4%
Evertz Technologies	5.3%
Easyhome	5.0%
Glacier Media	4.9%

Asset Mix

Equities	88.5%
Cash & Short-term	11.5%

Fund Size

Total Net Assets	\$19,271,246
------------------	--------------

Sector Allocation (Equities)

Industrials	24.4%
Information Technology	21.6%
Consumer Discretionary	15.6%
Energy	14.6%
Financials	6.7%
Health Care	6.3%
Materials	5.8%
Consumer Staples	5.0%

Geographic Profile (Equities)

Canada	83.9%
U.S.	16.1%

Concentration

Number of Stocks	17
------------------	----


Annualized Compound Returns

	3 M	YTD	1 YR	2 YR	3 YR	4 YR	Incept.*
Small-Cap Equity Fund	4.6%	4.6%	24.0%	24.8%	2.3%	4.3%	6.1%
BMO Small Cap Index	3.7%	3.7%	33.7%	57.5%	12.1%	6.6%	7.1%

¹Note: The Top 10 Holdings for the Small-Cap Fund are as of January 31, 2011.

*February 13, 2007

Stock Snapshot



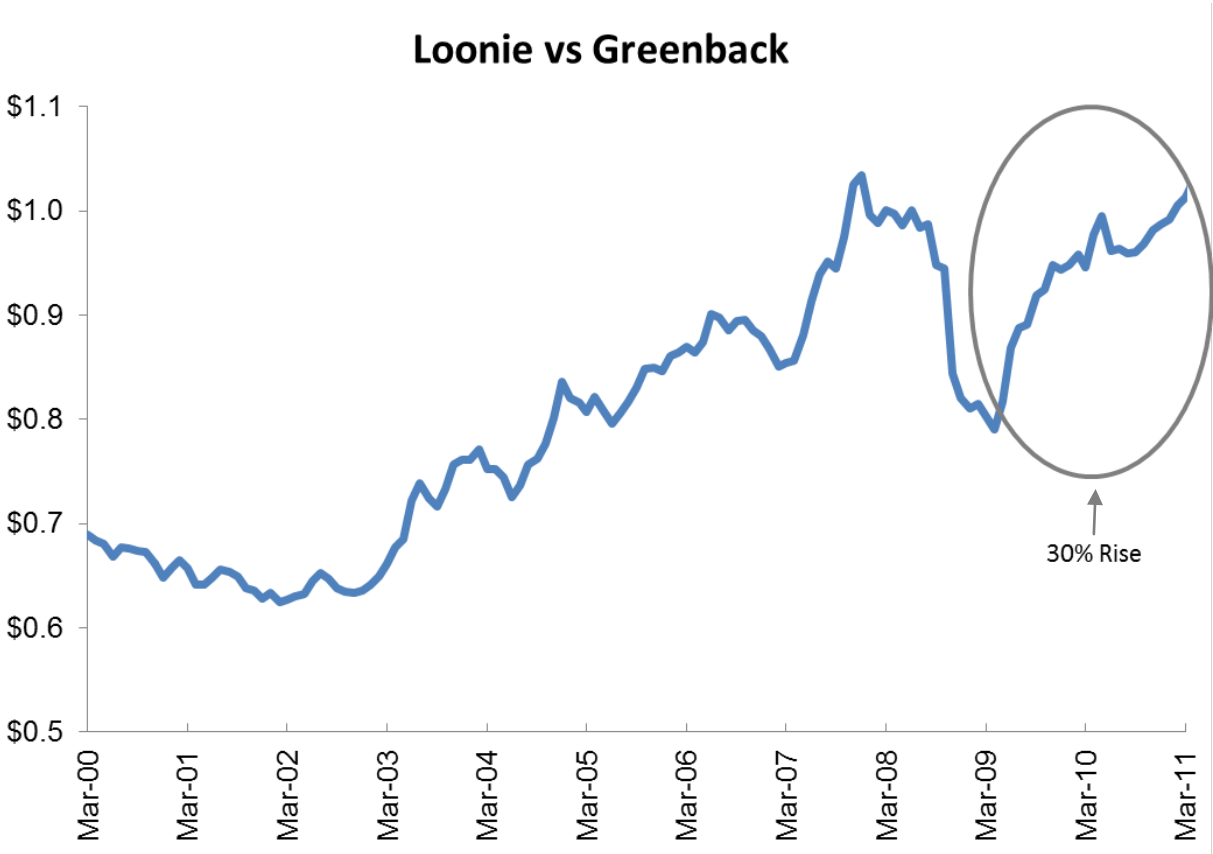
Iridium Communications (IRDM: NASDAQ) is a U.S.-based satellite communications company. Through its 66 low-earth orbiting satellites, Iridium offers the world's only communications network that covers the entire earth, including oceans and airways. A variety of industries rely on Iridium's communication solutions, notably aviation, government and marine-related businesses. Wil Wutherich likes the company because it has good growth prospects and is better positioned than any competitor. Perceived issues surrounding the company's financing of its new fleet of satellites have weighed on the stock, but the manager believes the company is in a good financial position to execute on its plans. While it's evident that patience will be required with the stock, the reward/risk profile is compelling. Iridium has a weight of 4.4% in the fund.

The Small-Cap Equity Fund is powered by:





A Loonie Rise



The Canadian dollar has gained 30% on the U.S. greenback over the past two years, and has risen over 65% since early 2002. This rise has increased our standard of living (U.S.-produced goods and services are cheaper), but has had a significant negative impact on foreign equity returns. Yet, currency movements aren't always a one-way street. What's more, our dollar goes a lot further in buying foreign stocks today than it has in the past, which is why our portfolio managers feel all the more comfortable buying U.S. stocks at today's exchange rate.

Capital Market Returns

(as of March 31, 2011)

	3 M	YTD	1 YR	2 YR	3 YR	5 YR
DEX 91 Day T-Bill Index	0.3%	0.3%	0.8%	0.6%	1.2%	2.5%
DEX Universe Bond Index	-0.3%	-0.3%	5.1%	5.1%	5.1%	5.3%
S&P/TSX Composite Index	5.6%	5.6%	20.4%	30.8%	5.0%	6.0%
BMO Small Cap Blended Index	3.7%	3.7%	33.7%	57.5%	12.1%	7.1%
S&P 500 Index (\$Cdn)	3.0%	3.0%	10.5%	15.5%	0.4%	-1.1%
MSCI World Index (\$Cdn)	2.5%	2.5%	9.1%	16.1%	-1.5%	-1.0%

Required Disclosures

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

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

Published on April 7, 2011, by Steadyhand Investment Funds Inc.