STEADYHAND
INVESTMENT FUNDS INC.

Semi-Annual Management Report of Fund Performance

June 30, 2011

Steadyhand Savings Fund

Steadyhand **Savings Fund**

Semi-annual Management Report of Fund Performance (June 30, 2011)

This semi-annual management report of fund performance contains financial highlights, but does not contain the complete unaudited semi-annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Funds Inc., 1747 West 3rd Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at www.steadyhand.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The fundamental investment objective of the Savings Fund is to provide a stable level of current income and capital preservation through investing in a portfolio of Treasury Bills and short-term debt instruments issued by Canadian corporations and the government.

Given the fund's emphasis on capital preservation, it is managed conservatively. The portfolio's average term to maturity will not exceed 90 days, and the portfolio adviser only invests in debt instruments with high credit ratings.

Risk

The primary risks associated with an investment in the fund are interest rate risk and credit risk. The other risks are outlined in the simplified prospectus. There were no changes to the fund over the reporting period that affected its overall level of risk.

Results of Operations

Over the six months ending June 30th, the fund's net assets increased to $6.3 million as of June 30, 2011, from $3.2 million at the end of 2010. This increase was attributable to net subscriptions of approximately $3.1 million.

The fund advanced 0.5% in 2010. Over the same period, the DEX 91 Day T-Bill Index also gained 0.5%. The fund's return is net of fees, whereas the return of the index does not include any costs or fees. The portfolio advisor (CC&L) kept the average term to maturity of the portfolio close to 91 days (the maximum permitted) throughout the winter and spring because the money market was pricing in an aggressive rate hike by the Bank of Canada. In the summer, expectations of a rate hike diminished and the 1-3 month T-Bill curve flattened. At that time, CC&L shortened the term to maturity. The advisor added value through their investments in higher yielding bank and commercial paper.

The Bank of Canada was the first of the G7 countries to raise interest rates in the year, increasing the key short-term lending rate by three-quarters of a percent, to 1.0% (the rate was increased by 0.25% on three separate occasions in June, July and September). Because the fund invests in short-term debt instruments, its yield rose as a result. At the end of 2009, the fund had a yield (pre-fee) of 0.3%. By December 31, 2010 the yield had risen to 1.1%.

The global economic recovery, while bumpy and uneven, gained a more solid footing late in the year. In Canada, domestic demand surpassed its pre-recession peak supported by strong employment gains. GDP growth was disappointing, however, due to weak net exports resulting in part from a strong Canadian dollar. The second round of quantitative easing in the United States increased investors' optimism, which translated into a shift from bonds to stocks. The Federal Reserve left its key lending rate unchanged in the year, however.

Given the short-term nature of the fund's investments, there were several changes to the portfolio's specific assets as a number of securities matured over the reporting period. The portfolio advisor invested the majority of the fund's assets in corporate notes over the first half of the year, but increased the portfolio's weighting in provincial T-Bills in the second half as the spreads on these securities widened and they began to look more attractive. As well, CC&L eliminated the fund's exposure to bank-sponsored asset backed commercial paper (ABCP) late in the year, as spreads declined to levels not seen since 2007.

The majority of the fund's assets were invested in AAA-rated securities in the year. The advisor maintained a healthy weighting in Bankers' Acceptances (BAs) and high-quality corporate paper in order to enhance the portfolio's yield.

There were no unusual trends in revenues or expenses over the reporting period.

Recent Developments

The economic recovery proceeded at a moderate pace in 2010, enabling the Bank of Canada to increase its key short-term lending rate from a historically low level of 0.25% at the beginning of the year to 1.0% by the end of the summer. The rate was left unchanged in the fourth quarter.

With the short-term rate still at an exceptionally low level, there is still plenty of stimulus in place to fuel the recovery. The Bank remains cautious in its tone and has indicated on a number of occasions that any further increase in rates would need to be carefully considered.

The advisor feels that the corporate and provincial sectors continue to offer attractive valuations in the context of the fundamental environment. Consequently, they intend to maintain a high level of exposure to bankers' acceptances and high-quality corporate paper until they see a clear indication of corporate re-leveraging.

CC&L anticipates they will extend the term of the portfolio as much as possible (the maximum average term is three months) as yields rise in anticipation of Bank of Canada rate hikes later this year and will take advantage of any back-ups that occur if they think the market is too aggressive in pricing in central bank tightening.

The fund's composition was altered modestly in the year. Adjustments to the portfolio's structure included an increase in its exposure to provincial T-Bills and a reduction in its exposure to asset backed commercial paper. Given the conservative investment objective of the fund, the advisor does not stretch for yield and will continue to invest the fund's assets in high-quality money market securities.

In response to the extremely low interest rate environment, we temporarily reduced the fee on the Savings Fund in 2009 to help maintain a positive yield for investors. The 'One Simple Fee' of the fund, which is a fixed fee that includes the fee for Steadyhand's services as manager and all of the fund's operating expenses, was temporarily reduced from 0.65% to 0.20%, and currently remains at this level.

The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time.

There were no changes over the reporting period to the portfolio advisor, accounting policies or investment review committee of the fund.

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to disclosures in the financial statements.

Related Party Transactions

Management Fees

Steadyhand Investment Management Ltd. is the manager of the Fund. The Fund pays a fee of 0.65% (at an annual rate) to the manager and portfolio adviser, in aggregate, for managing the Fund and providing the Fund with administrative services including fund accounting and unitholder record keeping. The 'One Simple Fee' was temporarily reduced from 0.65% to 0.20%. The amount of this waiver is determined by us, in our discretion, and the full fees may be restored by us at any time. This fee is calculated daily and paid monthly based on the net asset value of units of the Fund. The manager pays all of the Fund's operating expenses (and is not reimbursed by the Fund for such expenses) with the exception of brokerage charges. For the six months ended June 30, 2011, the Fund paid gross fees of $4,432 to the manager.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2011 Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 132,950 units, or 21.1% of the total fund units.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date that it was seeded. This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011 and audited annual financial statements as at December 31, 2010.

The Fund's Net Asset Value (NAV) per Unit	June 30, 2011	Dec. 31 2010
Net Asset Value, beginning of year[1,3]	**10.00**	**10.00**
Increase (decrease) from operations		
Total revenue	0.06	0.06
Total expenses	(0.01)	(0.01)
Realized gains (losses) for the period	-	-
Unrealized gains (losses) for the period	-	-
Total increase (decrease) from operations[1]	**0.05**	**0.05**
Distributions:		
From income (excluding dividends)	(0.05)	(0.05)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions for the period[2]	(0.05)	(0.05)
Net asset value, end of the period	**10.00**	**10.00**

[1]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
[2]Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[3]This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011, and audited annual financial statements as at December 31, 2010, and the net assets presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.

Ratios and Supplemental Data	June 30, 2011	Dec. 31, 2010
Net assets (000's) [1]	$6,304	$3,171
Number of units outstanding[1]	630,381	317,096
Management expense ratio[2]	0.20%	0.20%
Management expense ratio before waivers or absorptions	0.31%	0.30%
Portfolio turnover ratio[3]	-	-
Trading expense ratio[4]	-	-
Transactional net asset value, end of the period	$10.00	$10.00

[1]The information is provided as at June 30 or December 31 of the period shown.
[2]Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
[3]The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
[4]The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional units of the fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the fund will perform in the future.

Year-by-Year Returns

The bar chart below shows the fund's annual performance for each of the year's shown, and illustrates how the fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

The fund first offered units for sale in April 2007.

Annual Compound Returns

The following table shows the fund's annual compound total return for the past one-year, three-year, and five-year periods ended on December 31, 2010, and since the inception of the fund, compared with the DEX 91 Day T-Bill Index.

	1 YR	**3 YR**	**5 YR**	**Since Inception**
Steadyhand Savings Fund	0.5%	1.2%	N/A	1.8%
DEX 91 Day T-Bill Index	0.5%	1.5%	2.6%	2.2%

The DEX 91 Day T-Bill Index measures the performance attributable to 91 day treasury bills.

A discussion of the relative performance of the fund as compared to the indices can be found in the Results of Operations section.

Summary of Investment Portfolio as at June 30, 2011

Portfolio Allocation	
Short Term Paper	% of Net Assets
Corporate Notes	68.8%
Government Notes	30.9%
	99.7%
Cash, Short-term Notes & Other Assets	0.3%
Total	100.0%

Top 25 Holdings

	% of Net Assets
Province of Ontario T/B 1.092% 24 Aug 2011	8.7%
Province of British Columbia T/B 1.108% 19 Aug 2011	7.9%
Province of British Columbia T/B 1.071% 17 Oct 2011	7.1%
Bank of Nova Scotia BDN 1.160% 12 Sept 2011	6.3%
Province of Ontario T/B 1.049% 6 Jul 2011	5.6%
Manulife Bank of Canada BDN 1.177% 1 Sept 2011	4.8%
Royal Bank of Canada B/A 1.118% 6 Sept 2011	4.8%
GE Capital Canada Funding Co. C/P 1.211% 07 Sept 2011	4.8%
National Bank of Canada B/A 1.150% 29 Sept 2011	4.0%
Toronto Dominion Bank BDN 1.150% 11 Jul 2011	3.2%
Brookfield Asset Management Inc. C/P 1.279% 20 Jul 2011	3.2%
Toronto Dominion Bank B/A 1.229% 29 Aug 2011	3.2%
Royal Bank of Canada B/A 1.229% 03 Oct 2011	3.2%
HSBC Bank Canada B/A1.350% 15 Nov 2011	3.2%
Canadian Imperial Bank of Commerce B/A 1.601% 16 Feb 2012	3.1%
Enbridge Inc. C/P 1.149% 11 Aug 2011	2.4%
Suncor Energy Inc. C/P 1.180% 23 Aug 2011	2.4%
Bank of Nova Scotia B/A 1.301% 21 Oct 2011	2.4%
TELUS Corp. C/P 1.360% 28 Nov 2011	2.4%
Enbridge Pipeline C/P 1.190% 12 Jul 2011	1.6%
Province of British Columbia T/B 1.039% 20 Jul 2011	1.6%
Canadian Imperial Bank of Commerce B/A 1.201% 19 Jul 2011	1.6%
Inter Pipeline Corridor Inc. C/P 1.299% 19 Jul 2011	1.6%
Enterprise Rent-A-Car Canada Ltd C/P 1.290% 8 Aug 2011	1.6%
Canadian Imperial Bank of Commerce B/A 1.150% 31 Aug 2011	1.6%

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available (60 days after each quarter end) upon request.

STEADYHAND
INVESTMENT FUNDS INC.

Semi-Annual Management Report of Fund Performance

June 30, 2011

Steadyhand Income Fund

Steadyhand **Income Fund**

Semi-annual Management Report of Fund Performance (June 30, 2011)

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Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The fundamental investment objective of the Income Fund is to provide a reasonably stable level of income, modest capital growth, and some long-term preservation of capital.

The fund invests primarily in bonds, but also holds a significant portion of its assets in Real Estate Investment Trusts (**"REITs"**), income trusts and other income-producing securities for added yield and diversification. The bond portion of the fund is primarily invested in medium to high quality corporate and government bonds of Canadian and foreign issuers. The fund may also invest in derivatives for hedging purposes to protect against losses or for non-hedging purposes as a substitute for direct investment or to generate income.

Risk

The primary risks associated with an investment in the fund are interest rate risk, credit risk and market risk. The other risks are outlined in the simplified prospectus. There were no significant changes to the fund over the reporting period that affected its overall level of risk.

Results of Operations

Over the year, the fund's net assets increased to \$49.5 million as of June 30, 2011, from \$45.4 million at the end of 2010. This increase was attributable to net sales of \$3.4 million and an increase in net assets from operations of \$1.7 million less \$1 million in distributions to unitholders.

The fund gained 3.6% over the first half of the year. Over the same period, the DEX Universe Bond Index rose 2.2% while the S&P/TSX Capped Composite Index gained 0.2%.

The bond market declined slightly in the first quarter as interest in government-issued securities faded, but as concerns resurfaced over U.S. economic growth and debt problems in Europe, and supply shocks from the Japanese earthquake hit the global economy, investors fled to the safety of government bonds in the second quarter.

The fund's fixed income component outperformed the bond index due to its sector allocation and interest rate strategies. From an industry perspective, the portfolio advisor (Connor, Clark & Lunn) avoided the telecom sector, which was a rewarding strategy as these bonds didn't perform well reflecting ongoing regulatory challenges and heavy issuance. As for interest rate strategies, the portfolio has sizeable exposure to the mid-area of the yield curve – in other words, bonds with terms to maturities of 7-10 years, which performed well during the period. As well, the portfolio's heavy weighting in corporate bonds (40%) contributed to the fund's performance. Although overall credit spreads (the difference in yield between corporate and government bonds) widened slightly during the spring, the higher yields offered on corporate bonds compensated for the wider spreads.

On the topic of corporate bonds, the advisor remains constructive on the overall sector. Corporate balance sheets are strong and are underleveraged, allowing more room for further borrowing without compromising quality. As well, CC&L feels that valuations continue to offer attractive risk/reward metrics from a fundamental and historical spread basis.

Provincial bonds turned in strong performance over the reporting period as investors focused on less risky assets. As a group, the yield on the portfolio's provincial holdings was 4.0% at the end of June, and the advisor holds a diversified range of securities with varying term to maturity, issued by a number of provinces.

At June 30th, fixed income investments comprised 71% of the portfolio's assets (down from 73% at the end of 2010), while income-equities made up 29% (up from 27%).

The fund's income-equity component (which consists of dividend-paying stocks and REITs) outperformed the S&P/TSX Composite Index by a wide margin over the first half of the year, gaining over 7%, while the index was up 0.2%. The equity component's limited exposure to economic-sensitive sectors of the market and its emphasis on income-oriented securities led to strong gains early in the year and helped limit the downside when the market retreated in the spring.

The portfolio advisor made a few tactical changes to the portfolio's assets over the first half of the year. Of note, they reduced the fund's exposure to federal bonds, or "Canadas". These securities comprised less than 2% of the fund at June 30th (down from roughly 8% at the end of the year). The advisor continues to prefer the prospects for provincial bonds, which is where the fund's government holdings have been focused. Provincials comprise roughly 20% of the fund.

The fund's pre-fee yield at the end of June was 4.4%. This was an increase from its year-end level of 4.1%. The fund's yield is still attractive in relation to the Government of Canada benchmark 10-year bond, which stood at roughly 3.1% at June 30th.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

Recent Developments

While stock markets had a good start to the year, slowing global growth and heightened concerns about the debt problems in Europe led investors away from equities in the spring. The bond market was a key beneficiary as investors fled to safety, and in turn pushed fixed income yields lower and bond prices higher.

The fund has performed well so far this year. Its fixed income investments benefitted from the overall risk aversion and its income-equities outperformed the broader market, due primarily to its focus on high-quality, dividend-paying companies – which weathered the downturn much better than cyclical stocks (such as mining and commodity-related companies) – and strong performance in its real estate-related holdings.

Federal bonds now have extremely low yields and the portfolio advisor sees little room for further declines (and, consequently, price gains) and has a cautious outlook for Canadas. Their focus in the government sector is on provincial bonds. These securities offer a yield advantage of 0.5% - 0.75% over federal bonds, which 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 the advisor is comfortable with.

The majority of the fixed income portion of the portfolio (67%) continues to be invested in corporate bonds. CC&L feels that supportive liquidity conditions are expected to prevail for the foreseeable future, despite the uncertainty associated with recent tightening by a number of emerging market central banks (especially China). While the problems in Europe have added a small volatility premium, which has led to modestly wider credit spreads, the advisor does not view the challenges created by the Greek debt situation as a harbinger of a liquidity crisis, and feels the interest rate premium will dissipate over time. Credit spreads remain above average and a tightening to more normal levels would be positive for corporate bond prices.

The largest corporate bond weightings in the portfolio continue to be in the financial and insurance sectors. The advisor has also been adding to exposure in the infrastructure sector, more specifically to Public-Private Partnerships (P3) projects.

The bulk of the portfolio’s bonds are highly rated (single-A or higher). The advisor modestly increased the fund’s weighting in BBB-rated bonds (from 11% to 14%) but high yield bonds still comprise a small portion of its assets.

CC&L doesn’t think that bond yields will fall much further from current levels, and that further gains in bond prices will require evidence that we are heading toward a double-dip recession, which they don’t foresee. The term to maturity of the portfolio has been shortened and liquidity has been increased (through holding more cash and equivalent securities) in anticipation of a rising interest rate environment.

A few new stocks were added to the portfolio, including Cervus Equipment, Primaris Retail REIT, North West Company and Reitmans. A theme in this portion of the portfolio is dividend growth. The advisor focuses on companies that are leaders in increasing their dividend, which are not necessarily the stocks with the highest yields. CC&L continues to feel good about the banks, where they have concentrated their exposure in the larger, higher-quality institutions (Royal Bank, TD Bank and Bank of Nova Scotia), which they believe have better growth profiles. They also continue to like REITs, which turned in very strong performance as interest rates moved lower and the end of the income trust era left the market with a greater scarcity of income-oriented investments. In keeping with their target price discipline, however, they trimmed a few holdings.

There were no material changes over the reporting period to the portfolio advisor, accounting policies or investment review committee of the fund.

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards (“IFRS”) will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds’ current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to disclosures in the financial statements.

Related Party Transactions

Management Fees

Steadyhand Investment Management Ltd. is the manager of the fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The annualized net management fee for the units of the Fund is 1.00%. The Fund paid the Manager $236,847 of its net assets as management fees for the six months ended June 30, 2011. The

Fund does not reimburse the Manager for operating costs incurred in administering the Fund. The Manager paid all operating expenses except brokerage charges.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2011, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 432,664 units, or 8.9% of the total fund units.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual financial statements at June 30, 2011 and audited annual financial statements at December 31, 2010.

The Fund's Net Asset Value (NAV) per Unit	June 30, 2011	Dec. 31, 2010
Net Asset Value, beginning of year[1,3]	**10.25**	**10.00**
Increase (decrease) from operations		
Total revenues	0.23	0.48
Total expenses	(0.04)	(0.08)
Realized gains (losses) for the period	0.21	0.60
Unrealized gains (losses) for the period	(0.01)	0.09
Total increase (decrease) from operations[1]	**0.39**	**1.09**
Distributions:		
From income (excluding dividends)	(0.20)	(0.34)
From dividends	-	(0.01)
From capital gains	-	(0.49)
Return of capital	-	-
Total distributions for the period[2]	**(0.20)**	**(0.83)**
Net asset value, end of the period	**$10.41**	**$10.25**

[1]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
[2]Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[3]This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011, and audited annual financial statements as at December 31, 2010, and the net assets presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.

Ratios and Supplemental Data	June 30, 2011	Dec.31, 2010
Net assets (000's) [1]	$49,623	$42,426
Number of units outstanding[1]	4,756,965	4,427,290
Management expense ratio[2]	1.00%	1.00%
Management expense ratio before waivers or absorptions	1.01%	1.01%
Portfolio turnover ratio[3]	118.49%	247.12%
Trading expense ratio[4]	0.05%	0.09%
Transactional net asset value per unit	$10.43	$10.26

[1]The information is provided as at June 30 or December 31 of the period shown.
[2]Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
[3]The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

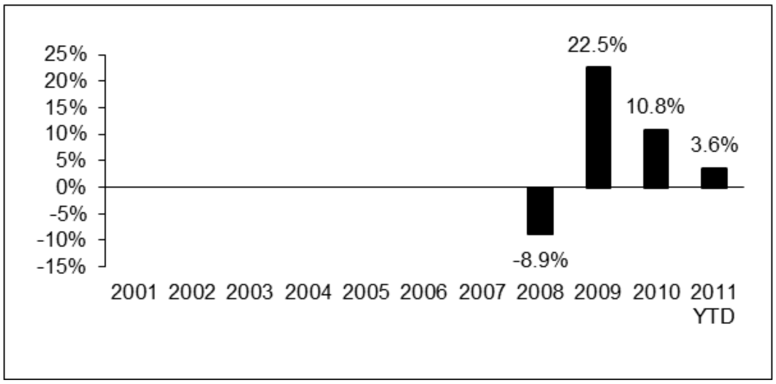
[4]The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional units of the fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the fund will perform in the future.

Year-by-Year Returns

The bar chart below shows the fund's annual performance for each of the year's shown, and illustrates how the fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



The fund first offered units for sale in April 2007.

Summary of Investment Portfolio as at June 30, 2011

Portfolio Allocation	
Bonds	% of Net Assets
Federal Bonds	1.6%
Provincial Bonds	16.5%
Corporate Bonds	40.2%
Mortgage Backed Securities	1.3%
	59.6%
Equities	
Energy	6.0%
Industrials	1.1%
Commercial Services & Supplies	0.6%
Consumer Discretionary	3.2%
Consumer Staples	0.3%
Health Care	0.4%
Financials	12.6%
Retailing	0.3%
Telecommunication Services	1.8%
Utilities	2.3%
	28.6%
Cash, Short-Term Notes & Other Assets	11.8%
Total	100.0%

Top 25 Holdings

	% of Net Assets
Canadian Imperial Bank of Commerce C/P 1.139% 6 Sept 2011	4.3%
Province of Ontario Canada 4.400% 02 Jun 2019	4.1%
Royal Bank of Canada C/P 1.124% 25 Aug 2011	2.9%
TD Capital Trust C/P III FRN 7.243% 31 Dec 2018	2.8%
Bank of Nova Scotia BDN 1.072% 6 Sept 2011	2.6%
TD Capital Trust C/P FRN 5.763% 18 Dec 2106	2.1%
Province of Ontario 4.650% 02 Jun 2041	2.0%
Bank of Nova Scotia	1.7%
Toronto-Dominion Bank	1.7%
Royal Bank of Canada	1.6%
Canadian Imperial Bank of Commerce C/P 3.150% 02 Nov 2020	1.5%
Province of Quebec 6.250% 01 Jun 2032	1.5%
Citigroup Finance Canada C/P 6.750% 22 Sept 2014	1.4%
AON Finance C/P 4.760% 08 Mar 2018	1.4%
Manulife Financial C/P 7.768% 08 Apr 2019	1.4%
Cameco Corp. C/P 5.670% 02 Sep 2019	1.4%
Thomson Reuters Corp.	1.2%
Province of Quebec 4.250% 01 Dec 2021	1.2%
Peyto Exploration & Development Corp.	1.2%
Province of British Columbia 5.700% 18 Jun 2029	1.2%
TELUS Corp.	1.2%
GE Capital Canada Funding Co. C/P 5.530% 17 Aug 2017	1.1%
TMX Group Inc.	1.1%
Bank of Montreal C/P 3.979% 08 Jul 2021	1.1%
Royal Bank of Canada C/P FRN 3.180% 02 Nov 2020	1.1%

The summary of investment portfolio may change due to ongoing portfolio transactions of the fund. Quarterly updates are available (60 days after each quarter end) upon request.

STEADYHAND
INVESTMENT FUNDS INC.

Semi-Annual Management Report of Fund Performance

June 30, 2011

Steadyhand Equity Fund

Steadyhand **Equity Fund**

Semi-annual Management Report of Fund Performance (June 30, 2011)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Funds Inc., 1747 West 3rd Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at www.steadyhand.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The fundamental investment objective of the Equity Fund is to provide long-term capital growth by investing primarily in a concentrated, yet well-diversified portfolio of North American equities. The fund also invests a small portion of its assets in overseas equities for added diversification.

The portfolio advisor looks for companies that have a history of profitability, a sustainable competitive advantage and are run by management teams that are committed to increasing shareholder value. As part of their investment process and discipline, the portfolio advisor invests in a maximum of 25 stocks.

Risk

The primary risks associated with an investment in the fund are market risk, concentration risk, foreign market risk and currency risk. The other risks are outlined in the simplified prospectus. There were no material changes to the fund over the reporting period that affected its overall level of risk.

Results of Operations

Over the six months, the fund's net assets increased to $33.9 million as of June 30, 2011, from $30.8 million at the end of 2010. This increase was attributable to net sales of $2.3 million over the year and $0.8 million from increased net assets from operations.

The fund gained 2.8% over the first half of the year. Over the same period, the S&P/TSX Composite Index rose 0.2%, while the MSCI World Index gained 2.4% in Canadian dollar terms. The fund outperformed the S&P/TSX Composite Index due in part to its lighter exposure to resource and mining stocks, which were among the weaker performing sectors of the market. In general, foreign markets performed better than the Canadian market, and the fund's foreign holdings (which comprised 40% of the portfolio at the end of June) were positive contributors to performance on balance. The loonie appreciated slightly against the U.S. dollar (+3%), which dampened returns in Canadian dollar terms.

Equity markets had a good start to the year, but slid in the second quarter. In Canada, commodity-related stocks were the hardest hit, while more defensive stocks in the health care, telecom, industrial and consumer-related sectors performed well. Blue-chip U.S. and foreign businesses, many of which have deep cash reserves and pay attractive dividends, started to garner more attention from investors. The fund's focus on high-quality, stable cash generating businesses contributed to its outperformance during the reporting period.

Some of the fund's smaller-cap holdings produced solid gains based on strong internal growth. In particular, *Asia Pacific Breweries* gained over 50% and has been the fund's top performer this year. *CAE* and *Birchcliff Energy* also turned in strong gains, while *TMX Group* benefitted from merger & acquisition talk.

The fund's technology holdings had a weak first half of the year. In aggregate, these stocks make-up roughly 10% of the portfolio. *Research in Motion (RIM)* lost ground, with its share price sliding over 50%. *Cisco Systems* also lost over 20%. These two stocks have been the largest detractors to performance thus far in 2011.

CGOV Asset Management, the fund's portfolio advisor, continues to maintain healthy exposure to consumer-related stocks. They like the defensive nature, strong cash generating abilities, financial strength and dividend payouts of companies such as *Unilever*, *CVS Caremark*, *Shoppers Drug Mart* and *Asia Pacific Breweries*. Each of these companies has raised their dividend this year, and quite substantially in the case of *Asia Pacific* and *CVS*. Stocks in the Consumer Staples sector comprise 18% of the portfolio (at June 30th). As the sector makes up less than 3% of the S&P/TSX Composite Index, this is a key difference in the composition of the fund relative to the Canadian market.

There were not a lot of changes to the portfolio's composition during the first half of the year. No new companies were added to the fund and none were removed. Consumer-related stocks saw their weight in the fund increase (from 14% to 18%) due to strong performance, while the weighting of technology stocks decreased (from 13% to 10%) due to steep share price declines in *RIM* and *Cisco*. The portfolio advisor added to existing positions in *TD Bank*, *Crescent Point Energy*, *Novartis*, *Asia Pacific Breweries* and *Cisco Systems*, while *Ritchie Bros. Auctioneers*, *TMX Group* and *Shoppers Drug Mart* were trimmed.

The fund's geographic profile changed modestly over the reporting period. Exposure to Canadian stocks declined from 64% to 59%, while overseas stocks rose from 10% to 14% of the fund's equities. The weighting in U.S. stocks (27%) was largely unchanged from the beginning of the year. The fund's cash position decreased from 5% to 4%.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

Recent Developments

Stock markets advanced modestly over the first half of the year, but not without notable volatility. The S&P/TSX Composite Index declined nearly 10% in the spring and the S&P 500 was down over 5%, but both markets rallied strongly in late June and ended the first six months of the year in positive territory. Fears concerning a slowdown in global economic growth and the consequences of a European sovereign debt default weighed on stocks as investors fled to the perceived safety of bonds, but it was commodity-related stocks that took the greatest hits. Many defensive companies (e.g., consumer-related) turned in solid gains.

The portfolio advisor (CGOV) remains cautious and has the portfolio positioned with a defensive tilt. Their focus is on companies that generate steady profits and pay rising dividends. The fund has little exposure to mining-related companies, which have been among the most volatile stocks so far this year.

The fund's composition did not change materially over the reporting period. CGOV continues to hold a well-balanced portfolio of companies, with a mix of steady cash generating consumer-oriented businesses (e.g., *Unilever*, *CVS*, *Shoppers Drug Mart*, *Asia Pacific Breweries*), energy-focused stocks (e.g., *Suncor Energy*, *Crescent Point Energy*, and *Potash Corp.*), and higher growth companies (e.g., *Research in Motion*, *Cisco Systems*, *Oracle*).

At the end of June, the fund held 25 stocks, the same number as at the beginning of the year. Turnover in the fund was low over the first half of the year, consistent with the portfolio advisor's strategy of investing in stocks for the long run.

In holdings where management teams have not delivered (*RIM*, *Cisco*), the portfolio advisor's patience is getting thinner, but CGOV will not sell a business on negative sentiment if the fundamentals are strong.

The strategic position of the fund was largely unchanged, and it continues to be well diversified across a number of economic sectors. Energy and consumer staples stocks comprise roughly 20% of the portfolio (each), with stocks in the financial, industrial, materials and technology sectors each making up 10-15% of the fund. The only notable change to the portfolio's sector composition over the first half of the year was an increase in the fund's exposure to the consumer staples sector from 14% to 18%, which is attributable to price appreciation and the purchase of additional shares in *Unilever* and *Asia Pacific Breweries.*

Emphasis remains on companies that generate plenty of cash, have a stable revenue base, a history of dividend growth, and are leaders in their field. While the portfolio isn't expensive, nor is it excessively cheap. It's more broadly diversified and defensively positioned than the Canadian market overall, however, which is concentrated largely in two sectors (resources and financials).

As 40% of the fund's companies are domiciled outside of Canada, the impact of currency fluctuations remains a risk of the fund. More specifically, the fund has exposure to the U.S. dollar, euro and British pound.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the fund.

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to disclosures in the financial statements.**Related Party Transactions**

Management Fees

Steadyhand Investment Management Ltd. is the manager of the fund. The fund pays a fee of 1.35% (at an annual rate) to the manager and portfolio adviser, in aggregate, for managing the fund and providing the fund with administrative services including fund accounting and unitholder record keeping. This fee is calculated daily and paid monthly based on the net asset value of units of the fund. The manager pays all of the fund's operating expenses (and is not reimbursed by the fund for such expenses) with the exception of brokerage charges. For the six months ending June 30, 2011, the fund paid gross fees of $220,840 to the manager.

As at June 30, 2011, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 266,344 units, or 7.7% of the total fund units.

Financial Highlights

The following tables show selected key financial information about the fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011 and audited annual financial statements as at December 31, 2010.

The Fund's Net Asset Value (NAV) per Unit	June 30, 2011	Dec. 31, 2010
Net Asset Value, beginning of year[1,3]	**9.54**	**8.61**
Increase (decrease) from operations		
Total revenue	0.11	0.18
Total expenses	(0.04)	(0.09)
Realized gains (losses) for the period	0.17	0.25
Unrealized gains (losses) for the period	0.03	0.66
Total increase (decrease) from operations[1]	**0.27**	**1.00**
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	(0.05)
From capital gains	-	-
Return of capital	-	-
Total distributions for the period[2]	**-**	**(0.05)**
Net asset value, end of the period	**9.80**	**9.54**

[1]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
[2]Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[3]This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011 and audited annual financial statements as at December 31, 2010, and the net assets presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.

Ratios and Supplemental Data	June 30, 2011	Dec. 31, 2010
Net assets (000's)[1]	$33,977	$30,787
Number of units outstanding[1]	3,459,658	3,222,819
Management expense ratio[2]	1.35%	1.35%
Management expense ratio before waivers or absorptions	1.37%	1.37%
Portfolio turnover ratio[3]	6.33%	37.72%
Trading expense ratio[4]	0.02%	0.04%
Transactional net asset value per unit	$9.82	$9.55

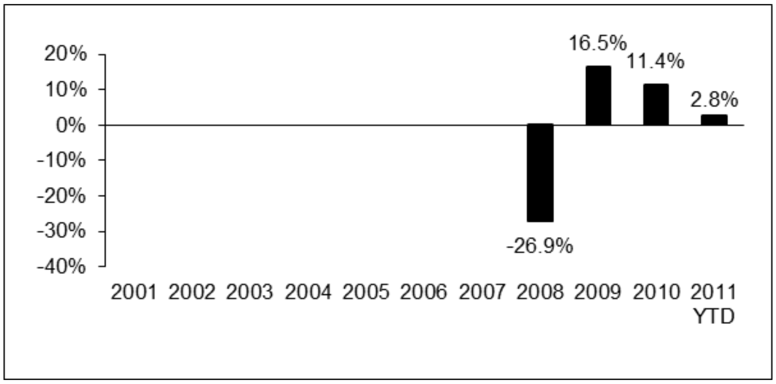
[1]The information is provided as at June 30 or December 31 of the period shown.
[2]Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
[3]The fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
[4]The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional units of the fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the fund will perform in the future.

Year-by-Year Returns

The bar chart below shows the fund's annual performance for each of the year's shown, and illustrates how the fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



The fund first offered units for sale in April 2007.

Summary of Investment Portfolio as at June 30, 2011

Portfolio Allocation	
Equities	% of Net Assets
Energy	20.6%
Materials	12.8%
Industrials	13.3%
Consumer Staples	17.4%
Health Care	4.4%
Financials	15.0%
Information Technology	9.2%
Telecommunication Services	3.5%
	96.2%
Cash, Short-term Notes & Other Assets	3.8%
Total	100.0%

Top 25 Holdings

	% of Net Assets
Crescent Point Energy Corp.	6.0%
Suncor Energy Inc.	6.0%
Asia Pacific Breweries Ltd.	5.0%
Birchcliff Energy Ltd	4.8%
Unilever PLC SP	4.6%
Toronto-Dominion Bank	4.6%
Novartis ADR	4.4%
CVS Corp.	4.0%
Nalco Holding Co.	4.0%
CAE Inc.	3.9%
Oracle Corp.	3.9%
Shoppers Drug Mart Corp.	3.8%
Pason Systems Inc.	3.8%
Home Capital Group Inc.	3.8%
Lincoln Electric Holdings Inc.	3.7%
Manulife Financial Corp.	3.5%
Rogers Communications Inc. Class B	3.5%
Potash Corp. of Saskatchewan	3.4%
Compass Minerals International Inc.	3.4%
Insperity Inc.	3.4%
Cisco Systems Inc.	3.2%
TMX Group Inc.	3.2%
Canada Treasury Bill 0.939% 13 October 2011	2.8%
Ritchie Bros. Auctioneers Inc.	2.3%
Research in Motion	2.1%

The summary of investment portfolio may change due to ongoing portfolio transactions of the fund. Quarterly updates are available (60 days after each quarter end) upon request.

STEADYHAND
INVESTMENT FUNDS INC.

Semi-Annual Management Report of Fund Performance

June 30, 2011

Steadyhand Global Equity Fund

Steadyhand **Global Equity Fund**

Semi-annual Management Report of Fund Performance (June 30, 2011)

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Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The fundamental investment objective of the Global Equity Fund is to provide long-term capital growth by investing in a concentrated, yet well-diversified portfolio of equities around the globe, with a focus on the developed world.

The portfolio adviser looks for companies that have a proven ability to generate strong and stable cash flows, can be expected to gain market share over the long term, and trade at reasonable valuations. Stocks are not included in the fund by reference to their weight in an index or by their market capitalization. The manager simply looks for the best risk-adjusted opportunities.

Risk

The primary risks associated with an investment in the fund are foreign market risk, concentration risk and currency risk. The other risks are outlined in the simplified prospectus. There were no changes to the fund over the reporting period that affected its overall level of risk.

Results of Operations

Over the past six months, the fund's net assets decreased to $20.7 million as of June 30, 2011, from $25.3 million at the end of 2010. This decrease was attributable to net redemptions of $4.8 million.

The fund declined 0.6% over the first half of the year. Over the same period, the MSCI World Index ($Cdn) gained 2.4%. Global stock markets faced a number of headwinds in the first six months of 2011, including political unrest and revolutionary activity in North Africa, lingering sovereign debt issues in Europe, and a devastating natural disaster in Japan. Yet, despite these issues, most markets held their ground. The Canadian dollar appreciated slightly against the U.S. dollar (+3%) and the yen (+3%), but depreciated against the euro (-5%) and was largely unchanged against the British pound. The impact of currency movements on returns was modest during the period.

The fund underperformed the index over the reporting period. Investors have been favouring high-growth companies that have lofty revenue projections. The portfolio advisor, Edinburgh Partners Limited (EPL), believes that at some point, the benefits of operational leverage will begin to diminish and when this occurs, these stocks will be vulnerable to investor disappointment. The portfolio is focused instead on companies whose long-term profit forecasts are achievable in a slower growth environment.

An area of weakness for the portfolio was European financials. Concerns over possible sovereign debt defaults had an immediate effect on banks and insurance companies, reflecting fears of potential fund raising. Japanese equities (which comprised nearly one-quarter of the fund's investments at the end of

June) also had a rough period, as the after-effects of the earthquake and tsunami worked their way through the system.

Mature technology companies (such as *Cisco*, *Intel*, *Applied Materials* and *Microsoft*) have been an area of concentration in the portfolio. Many of these companies have seen their share prices lag as they have been viewed by investors as ‘unfashionable’ compared to higher growth businesses in the sector. These companies, however, have massive balance sheet strength and do not have overstated or unrealistic growth expectations. The portfolio advisor believes they represent compelling value.

European and U.S. luxury good companies, automotive and engineering companies have all shown strong share price performance recently. The portfolio has had little exposure to these businesses, which was a contributing factor to the fund’s underperformance, as EPL feels their valuations are not attractive in a world where corporate profit margins are close to peak levels and revenue growth is likely to slow.

Among the fund’s stronger performing stocks over the period were *Time Warner Cable*, *Zimme*r, *Bridgestone* and *Sanofi-Aventis*. These top performers are based in a variety of geographic regions and there is no systematic pattern among them.

The portfolio advisor added six new companies across a broad range of industries to the portfolio (*Heineken*, *Unilever*, *Telecom Italia*, *Ricoh*, *Microsoft*, *Dongfeng Motor*). Conversely, four positions were liquidated (*General Electric*, *ConocoPhillips*, *Yara* and *Time Warner Cable*). The most notable change to the composition of the portfolio was its reduced exposure to the U.S. (from 29% to 21%) as three positions were sold. The fund’s exposure to Europe (excluding the U.K.) increased from 17% to 22%, as the portfolio advisor purchased three new companies in the region and is finding attractive valuations as a result of the negative sentiment.

The fund’s strategy was not materially altered during the first half of the year. EPL’s central discipline is that time horizon is the key market imperfection, and they continue to focus on securities that are undervalued based on short-term factors. Technology, consumer-related and financial stocks continue to comprise the greatest weighting in the portfolio. Exposure to industrial and energy-related stocks was decreased modestly over the reporting period, while the portfolio’s exposure to the consumer staples and technology sectors was increased.

The fund held 41 stocks at the end of June (up from 39 at year-end), and its cash position decreased from 5% to 3% over the first half of the year.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

Recent Developments

Global equity markets rose modestly over the first half of the year, although there were some sharp divergences within various market segments. High growth companies with a focus on increased consumption in the emerging markets fared well, while the share prices of companies with more modest growth forecasts and low valuations lagged behind.

The fund remains well diversified across industry sectors, and saw little change to its strategic position over the reporting period. Adjustments came in the form of a reduction in the number and weighting of U.S. holdings, and an increase in the fund’s exposure to European equities and consumer staples companies, notably those with growing exposure to emerging markets (such as *Heineken* and *Unilever*).

On the subject of emerging markets, the portfolio has noteworthy exposure (directly and indirectly). Specifically, roughly 30% of the underlying holdings’ revenues are generated in the Asia-Pacific region (excluding Japan). Over the first half of the year, emerging market share prices continued to show signs of weakness. This created an opportunity to invest in *Dongfeng Motor*, a Chinese-listed automobile manufacturer.

Japanese stocks continue to comprise close to 25% of the portfolio's assets. Japan is the cheapest major market in the world in the portfolio advisor's view. While the destruction caused by the earthquake and tsunami was horrific, EPL does not see a major impact on corporate earnings over a 5-year forecast horizon for most of the fund's holdings in the region. The advisor purchased additional shares in *Panasonic* and added *Ricoh* to the portfolio after they were able to assess the damage (or lack thereof) to the firms' operations.

EPL continues to find value in Europe, and added three new holdings in the region to the portfolio, as mentioned. Earnings have started to recover in some of the unfashionable businesses, such as banking and insurance, and the advisor feels that perceptions will eventually change, leading to share price appreciation.

As for the fund's U.S. holdings, the average valuation has risen, driven by the appreciation of *Time Warner Cable*, *ConocoPhillips*, and *Zimmer*. As stock prices rose to EPL's target levels, positions were trimmed or sold, and as a consequence, the proportion of the portfolio invested in American companies has been reduced.

EPL feels strongly that investors are overpaying for high-growth stocks. The advisor currently has much more of a value oriented focus. The portfolio is concentrated in stocks with low price-to-earnings (P/E) multiples, low price-to-book value ratios, and higher dividend yields.

Valuation differences between growth and value stocks look to be unsustainable in EPL's view. While the timing of the reversal can't be predicted, history suggests that when the axis tilts, it can happen fast.

An ongoing risk for investors in the fund is the impact of currency fluctuations. All of the fund's holdings are denominated in foreign currencies. The greatest exposure lies in the U.S. dollar, euro, yen and British pound. If the Canadian dollar strengthens against these currencies, the fund's returns will be dampened. Conversely, a depreciation of the loonie would boost returns.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the fund.

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to disclosures in the financial statements.

Related Party Transactions

Management Fees

Steadyhand Investment Management Ltd. is the manager of the fund. The Manager provides the Fund with investment management services, including fund accounting and unitholder record keeping. In return, the Manager receives a management fee based on the net assets of the Fund, calculated on a daily basis. The annualized net management fee for the units of the Fund is 1.70%. For the six months ended June 30, 2011, the Fund paid the Manager $175,226 of its net assets as management fees. The Fund does not reimburse the Manager for operating costs incurred in administering the Fund. The Manager paid all operating expenses except brokerage charges.

The Fund does not directly or indirectly pay fees, sales commissions or trailing commissions, nor does it provide any non-monetary benefits to registered dealers for distributions of units of the Fund. If a broker charges you a commission or fee, that is a matter between you and the dealer.

As at June 30, 2011, Steadyhand Investment Funds Inc. and its affiliates, subsidiaries, officers and directors owned 296,065 units, or 10.3% of the total Fund units.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's June 30, 2011 unaudited semi-annual financial statements and December 31, 2010 audited annual financial statements.

The Fund's Net Asset Value (NAV) per Unit	June 30, 2011	Dec.31, 2010
Net Asset Value, beginning of year[1,3]	**7.26**	**7.33**
Increase (decrease) from operations		
Total revenue	0.11	0.17
Total expenses	(0.05)	(0.08)
Realized gains (losses) for the period	0.35	0.07
Unrealized gains (losses) for the period	(0.29)	(0.12)
Total increase (decrease) from operations[1]	**0.12**	**0.04**
Distributions:		
From income (excluding dividends)	-	(0.04)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions for period[2]	-	**(0.04)**
Net asset value, end of the period	**7.22**	**7.26**

[1]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
[2]Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[3]This information is derived from the Fund's unaudited semi-annual financial statements as at June 30, 2011, and audited annual financial statements as at December 31, 2010, and the net assets presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.

Ratios and Supplemental Data	June 30, 2011	Dec. 31, 2010
Net assets (000's)[1]	$25,273	$25,273
Number of units outstanding[1]	3,478,177	3,478,177
Management expense ratio[2]	1.70%	1.70%
Management expense ratio before waivers or absorptions	1.72%	1.72%
Portfolio turnover ratio[3]	30.08%	21.33%
Trading expense ratio[4]	0.18%	0.11%
Transactional net asset value per unit	7.23	7.27

[1]The information is provided as at June 30 or December 31 of the period shown.
[2]Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
[3]The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

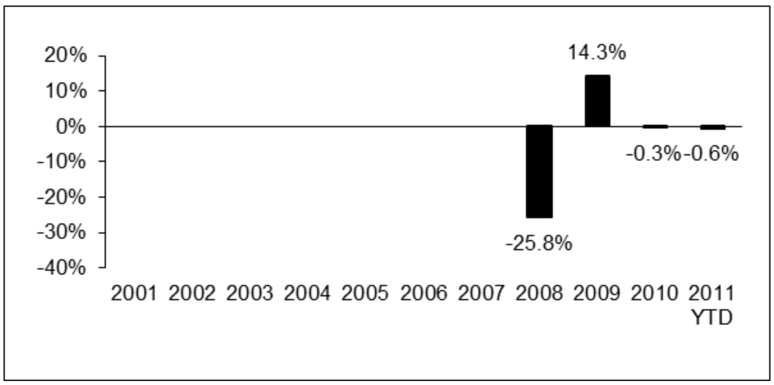
[4]The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional units of the fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the fund will perform in the future.

Year-by-Year Returns

The bar chart below shows the fund's annual performance for each of the year's shown, and illustrates how the fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



The fund first offered units for sale in May 2007.

Summary of Investment Portfolio as at June 30, 2011

Portfolio Allocation	
Global Equities	% of Net Assets
Energy	9.9%
Industrials	9.1%
Consumer Discretionary	14.1%
Consumer Staples	7.7%
Health Care	7.6%
Financials	15.3%
Information Technology	21.4%
Telecommunication Services	12.3%
	97.4%
Cash, Short-term Notes & Other Assets	2.6%
Total	100.0%

Top 25 Holdings

	% of Net Assets
Cash & cash equivalents	4.4%
Sanofi-Aventis	2.9%
Yamaha Motor Co.Ltd.	2.9%
Gazprom OAO	2.9%
Unilever	2.8%
Telecom Italia	2.7%
Cisco Systems Inc.	2.7%
Samsung Electronics Co. Ltd.	2.7%
China Mobile Ltd.	2.7%
Dongfeng Motor Group Co. Ltd.	2.6%
Mitsubishi Corp	2.6%
Bridgestone Corp.	2.5%
Microsoft Corp.	2.5%
Fujitsu Ltd.	2.5%
Tesco PLC	2.5%
ENI Sp.A.	2.5%
Aviva PLC	2.5%
Vodafone Group PLC	2.5%
Singapore Telecom	2.4%
Heineken	2.4%
Bank of America	2.4%
GlaxoSmithKline PLC	2.4%
Ricoh Co.	2.4%
HSBC Holdings	2.4%
Zimmer Holdings Inc.	2.4%

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STEADYHAND
INVESTMENT FUNDS INC.

Semi-Annual Management Report of Fund Performance

June 30, 2011

Steadyhand Small-Cap Equity Fund

Steadyhand **Small-Cap Equity Fund**

Semi-annual Management Report of Fund Performance (June 30, 2011)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete unaudited semi-annual financial statements of the investment fund. You can get a copy of the unaudited semi-annual financial statements at your request, and at no cost, by calling 1-888-888-3147, by writing to us at Steadyhand Investment Funds Inc., 1747 West 3rd Avenue, Vancouver, BC, V6J 1K7 or by visiting our website at www.steadyhand.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The fundamental investment objective of the Small-Cap Equity Fund is to provide long-term capital growth by investing primarily in a concentrated portfolio of small and medium sized companies in Canada and the U.S., with an emphasis on Canadian equities.

The portfolio adviser looks for companies that have products or services that are easy to understand, proven track records of growing revenues, and experienced management teams.

Risk

The primary risks associated with an investment in the fund are market risk, concentration risk and small capitalization risk. The other risks are outlined in the simplified prospectus. There were no material changes to the fund over the reporting period that affected its overall level of risk.

Results of Operations

Over the first six months of the year, the fund's net assets increased to $19.1 million as of June 30, 2011, from $17.2 million at the end of 2010. This increase was attributable to net sales of $0.7 million and appreciation of investments of $1.1 million.

The fund gained 6.6% over the first half of the year. Over the same period, the BMO Small Cap Blended Index fell 4.2%. The fund outperformed the index due to its non-benchmark oriented composition. Resource stocks, which comprise a large portion of the index (over 50%), suffered large setbacks in the spring as concerns over slowing economic growth spooked investors. Relative to the index, the fund has much less exposure to energy and commodity-related stocks (less than 20% of the portfolio), which contributed to its outperformance. The bulk of the portfolio is invested in companies that generate more stable revenues and trade at reasonable valuations.

The fund's assets remain concentrated in industrial, technology and consumer-related companies. Given its small number of holdings (at the end of June it held 16 stocks), its performance may deviate significantly from that of the index, as has been the case so far in 2011.

As negative sentiment and fear spread through the markets in the second quarter, the index suffered its worst quarterly decline since the end of 2008. The materials sector (which comprises metals, minerals, gold, paper & forestry stocks) was hit the hardest, dropping more than 12% over the first half of the year. Financial and consumer discretionary stocks were among the strongest performers, while the industrials, information technology and utilities sectors all posted modest gains.

A number of the portfolio's key holdings have delivered strong operating results, notably Alaris Royalty Corp., Canadian Helicopters, Badger Daylighting and Hibbett Sports. Canadian Helicopters, the fund's largest holding, has gained roughly 50% year-to-date. The firm recently acquired a New Zealand company that looks to be a good fit at an attractive price. Alaris Royalty and Coastal Energy also saw their share prices rise more than 30%.

On the downside, Primero Mining, Evertz Technologies and Easyhome saw the largest price declines and were the greatest detractors to performance. The portfolio advisor, Wutherich & Company, remains comfortable with each of these companies.

While turnover was low over the first half of the year, there were a few changes worth noting. Pacific Rubiales Energy and Palliser Oil & Gas were both sold. Pacific Rubiales had a sharp run-up in its stock price in 2010 and its valuation started to look expensive, so the position was sold in the first quarter. Palliser also saw its price run up quickly and was sold for the same reason. Total Energy Services, the fund's largest holding at the end of 2010, was trimmed based on strong performance. Some profits were also taken in Alaris Royalty, Hibbett Sports, and Canadian Helicopters. Conversely, additional shares were purchased in Calian Technologies, Primero Mining, Shoppers Drug Mart and Iridum Communications. No new companies were added to the fund.

As a result of the sales in the fund's energy holdings, the sector now comprises 13% of the fund's equities as compared to 23% at the end of the year. This shift represents the most notable change to the portfolio's structure.

The fund's geographic profile was little changed over the reporting period, with Canadian stocks comprising 79% of the portfolio (down from 82%), and U.S. companies making up 21% (up from 18%). The fund's cash position increased over the first half of the year, from 6% to 13%.

The portfolio advisor's focus remains on companies that largely create their own destinies. They tend to have stable or growing earnings, healthy balance sheets and franchises they should be able to exploit profitably for many years.

There were no unusual trends in redemptions, sales, revenues or expenses over the reporting period.

Recent Developments

While large gains in commodity-related stocks drove the small-cap market sharply higher in 2009 and 2010, a pullback in the resource sector was the primary contributing factor to the market's decline over the first six months of the year.

The fund weathered the downturn in commodity prices well, reflecting its focus on less cyclical companies. The portfolio advisor remains wary of the mining sector and feels that the inherent cyclicality, lofty forecasts and ongoing financing requirements of many of these companies calls for caution. At current valuations, Wutherich feels the risks outweigh the rewards.

Turnover has been low in 2011, with no new companies added to the portfolio (two holdings were sold, as noted in the previous section), and the fund's strategy has not changed course. The advisor continues to focus on businesses that generate strong free cash flow and do not depend on the capital markets for their survival. Preference is given to companies that offer a product or service that is easy to understand and whose management teams have a lot of skin in the game.

Stocks in the industrials sector (Canadian Helicopters, Badger Daylighting, Stantec) comprise the largest portion of the portfolio, making up 24% of its equity investments (up from 21% at the end of 2010). Technology and consumer-related stocks comprise over 40% of the fund, which is roughly the same weighting as the beginning of the year.

A notable shift in the portfolio occurred in its energy holdings (as mentioned in the previous section). With the sale of Pacific Rubiales and Palliser, the fund now has less exposure to oil & gas producers. Additional shares of Coastal Energy were purchased, however, and the stock is now the second biggest position in the portfolio. All said, the fund's energy holdings make up 13% of the portfolio, a 10% decline from the end of 2010. The reduction was based on valuations rather than a negative outlook for the sector – in other words, the advisor felt that some holdings were looking expensive and sales and/or trims were warranted.

Calian Technologies, Iridium Communications and Primero Mining were among the fund's smallest holdings at the end of 2010. Additional shares were purchased in each company over the first six months of the year. More specifically, Calian now has a weight of 4.8% (from 2.0%), Iridium comprises 6.4% (from 4.4%) and Primero 4.9% (from 3.6%). The latter company (Primero) is the fund's only direct exposure to gold.

Roughly one-fifth of the portfolio continues to be invested in U.S.-listed companies (largely unchanged from year-end). The impact of currency fluctuations between the Canadian dollar and U.S. dollar remains a risk for this portion of the fund (a rise in the loonie against the U.S. dollar will dampen returns, while a decline in the Canadian dollar will have a positive impact on returns).

At June 30th, the fund held 16 stocks (down from 18 at the end of 2010). The market capitalization range of the portfolio remains diverse. The weighted average market cap of its holdings is roughly $1.1 billion (a decrease from $1.5 billion at the end of 2010), with the range spanning from under $100 million (Easyhome) to over $8 billion (Shoppers Drug Mart). However, 75% of the fund's holdings have a market cap of under $1 billion.

There were no changes over the reporting period to the manager, portfolio advisor, accounting policies or investment review committee of the fund.

The Canadian Accounting Standards Board confirmed that the International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations as Canadian GAAP for investment funds effective January 1, 2013. The Funds will adopt IFRS on January 1, 2013. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Funds' current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact, if any, on NAV of the Funds. Management has presently determined that there will be no significant impact to NAV per Unit as a result of the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions is expected to relate to disclosures in the financial statements.

Related Party Transactions

Management Fees

Steadyhand Investment Management Ltd. is the manager of the fund. The fund pays a fee of 1.70% (at an annual rate) to the manager and portfolio adviser, in aggregate, for managing the fund and providing the fund with administrative services including fund accounting and unitholder record keeping. This fee is calculated daily and paid monthly based on the net asset value of units of the fund. The manager pays all of the fund's operating expenses (and is not reimbursed by the fund for such expenses) with the exception of brokerage charges. For the six months ended June 30, 2011, the fund paid gross fees of $159,901 to the manager.

As at June 30, 2011, Steadyhand Investment Management Ltd. and its affiliates, subsidiaries, officers and directors owned 163,006 units, or 10.2% of the total fund units.

Financial Highlights

The following tables show selected key financial information about the fund and are intended to help you understand the Fund's financial performance since the date of inception. This information is derived from the Fund's unaudited semi-annual financial statements at June 30, 2011 and audited annual financial statements at December 31, 2010.

The Fund's Net Asset Value (NAV) per Unit	June 30, 2011	Dec.31, 2010
Net Asset Value, beginning of year[1,3]	**11.25**	**9.30**
Increase (decrease) from operations		
Total revenue	0.16	0.29
Total expenses	(0.09)	(0.16)
Realized gains (losses) for the period	1.18	0.69
Unrealized gains (losses) for the period	(0.48)	1.32
Total increase (decrease) from operations[1]	**0.77**	**2.14**
Distributions:		
From income (excluding dividends)	-	(0.03)
From dividends	-	(0.10)
From capital gains	-	-
Return of capital	-	-
Total distributions for the period[2]	**-**	(0.13)
Net asset value, end of the period	**11.99**	**11.25**

[1]Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
[2]Distributions were paid in cash/reinvested in additional units of the Fund, or both.
[3]This information is derived from the Fund's unaudited semi-annual financial statements at June 30, 2011 and audited annual financial statements as at December 31, 2010, and the net assets presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in Note 2 of the notes to the financial statements.

Ratios and Supplemental Data	June 30, 2011	Dec. 31, 2010
Net assets (000's)[1]	$19,182	$17,295
Number of units outstanding[1]	1,594,886	1,532,204
Management expense ratio[2]	1.70%	1.70%
Management expense ratio before waivers or absorptions	1.73%	1.73%
Portfolio turnover ratio[3]	26.70%	44.65%
Trading expense ratio[4]	0.20%	0.29%
Transactional net asset value per unit	$12.03	$11.29

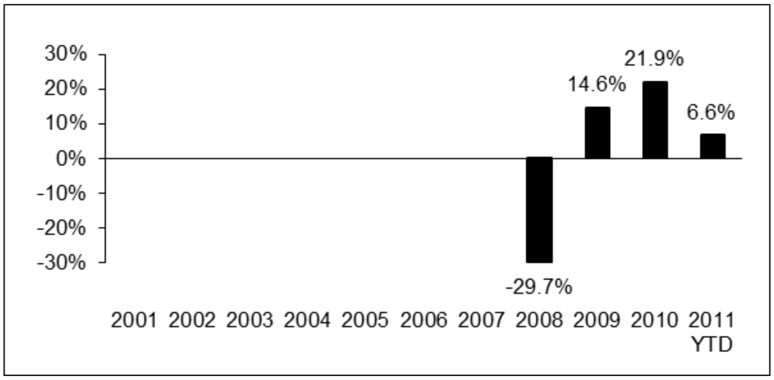
[1]The information is provided as at June 30 or December 31 of the period shown.
[2]Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
[3]The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
[4]The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

Past Performance

The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional units of the fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the fund will perform in the future.

Year-by-Year Returns

The bar chart below shows the fund's annual performance for each of the year's shown, and illustrates how the fund's performance has changed from year to year. The chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.



The fund first offered units for sale in April 2007.

Summary of Investment Portfolio as at June 30, 2011

Portfolio Allocation	
Equities	% of Net Assets
Energy	11.3%
Materials	5.0%
Industrials	21.1%
Consumer Discretionary	13.7%
Consumer Staples	5.7%
Health Care	5.1%
Financials	4.9%
Information Technology	13.5%
Telecommunications	6.4%
	86.7%
Cash, Short-term Notes & Other Assets	13.3%
Total	100.0%

Top 25 Holdings	
	% of Net Assets
Cash and cash equivalents	11.2%
Canadian Helicopters Income Fund	10.7%
Coastal Energy Co.	6.7%
Iridium Communications Inc.	6.4%
Shoppers Drug Mart Corp.	5.7%
Badger Daylighting Inc.	5.5%
Hibbett Sports Inc.	5.2%
Stantec Inc.	5.2%
Medical Facilities Corp.	5.1%
Primero Mining Corp.	5.0%
MacDonald Dettwiler & Associates	5.0%
Alaris Royalty Corp.	4.9%
Calian Technologies Ltd.	4.8%
Total Energy Services	4.6%
Glacier Media Inc.	4.4%
easyhome Ltd.	4.1%
Evertz Technologies Ltd.	3.7%

The summary of investment portfolio may change due to ongoing portfolio transactions of the fund. Quarterly updates are available (60 days after each quarter end) upon request.