



Corporate Overview

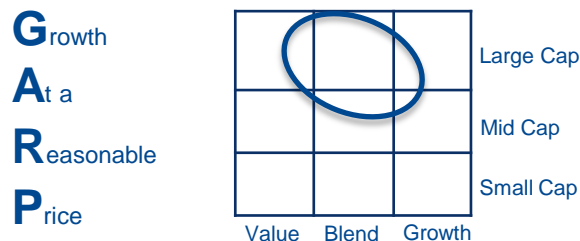
Matco Financial
400, 407 - 8 Avenue SW
Calgary, Alberta T2P 1E5

- Independent Canadian investment management firm dealing with private clients, institutions, and advisors
- Founded: 2006
- Employees: 14
- AUM: ~\$500 Million

Matco Canadian Equity Fund

- Invests primarily in larger market capitalization companies with superior fundamentals and strong management teams focused on delivering sustainable long-term earnings growth and dividend growth
- Inception: November 29, 2007
- Co-Managers: Bill Dickie, CFA and Jill Angevine, CA, CFA
- Total Assets: ~\$150 Million
- Fund Codes:
 - Series A – MAT300
 - Series F – MAT301
 - Series O – MAT302

Investment Style



Risk Profile



Key Characteristics

	Fund*	Index
Return on Equity	13.92	12.03
Price to Earnings	17.54	18.60
Dividend Yield	3.01	2.97
Beta	0.91	1.00
Quarterly Earnings Momentum	-1.51	-3.19
Quarterly Earnings Surprise	0.98	-0.15
Quarterly Estimate Revisions	-0.57	-2.25

*Does not include data for HLP.U characteristics except for dividend yield

Top Ten Holdings



Short-Term Tactics

Navigating the portfolio through volatility as concerns over global economic risks have elevated:

- On June 23rd, the UK voted themselves out of the EU, which surprised many investors who are now waiting for answers regarding the impact of a 'Brexit'
- On November 8th, the US will vote for their next president, which will either be Hilary Clinton or Donald Trump

Long-Term Strategy

Positioning the portfolio for a secular bull market with many years remaining:

- Investing in companies with strong fundamentals and visible growth profiles (organic growth and/or growth by acquisition)
- Investing in companies that will return value to shareholders through dividends and/or share repurchases

Dividend Characteristics

	Fund*
Companies that pay a dividend	100%
Companies that have increased their dividend	100%
Dividend yield	3.01%
5 year annualized dividend growth rate	9.75%
Free cash flow yield	4.32%
5 year annualized cash flow growth rate	11.58%
Payout from earnings	57.30%

*Does not include data for HLP.U characteristics except for dividend yield

Performance

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year
Matco Canadian Equity Fund*	-2.27%	2.73%	5.48%	1.90%	8.53%	6.06%	9.66%
S&P/TSX Composite Total Return Index	0.34%	5.07%	9.84%	-0.20%	8.27%	4.21%	7.54%
<i>Value Added</i>	-2.61%	-2.34%	-4.36%	+2.11%	+0.26%	+1.86%	+2.12%

As of June 30, 2016

*Series O: Gross of Fees, Net of Trading and Expenses

	2009	2010	2011	2012	2013	2014	2015
Matco Canadian Equity Fund*	32.35%	17.66%	-6.29%	8.48%	19.35%	7.82%	-1.42%
S&P/TSX Composite Total Return Index	35.05%	17.61%	-8.71%	7.19%	12.99%	10.55%	-8.32%
<i>Value Added</i>	-2.70%	+0.05%	+2.42%	+1.29%	+6.36%	-2.74%	+6.90%

*Series O: Gross of Fees, Net of Trading and Expenses

Sector Allocation

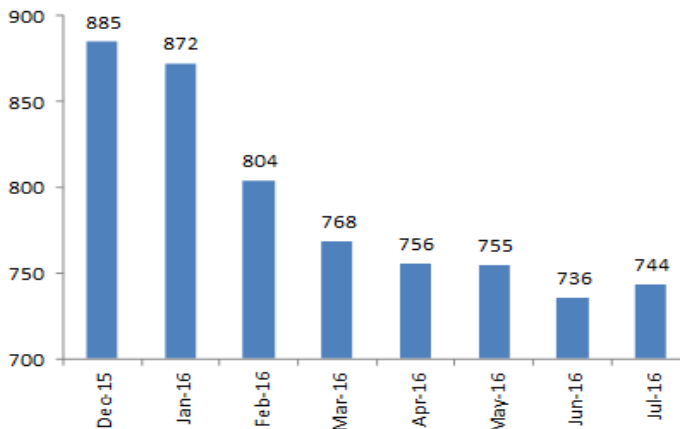
	Fund	Index
Energy	25.20	20.13
Materials	4.98	13.72
Industrials	11.38	8.39
Consumer Discretionary	6.09	6.01
Consumer Staples	6.02	4.12
Health Care	0.00	0.75
Financials	37.61	35.70
Information Technology	0.96	2.67
Telecommunication Services	6.48	5.49
Utilities	0.98	2.74

Recent Transactions

- The fund decreased its weight in CCL Industries (CCL.B) to 1.00% from 5.50%, as a depreciating Canadian dollar could negatively impact the company's financials
- The fund exited its position in Magna International (MG), as momentum in the auto cycle has decelerated and potentially peaked
- The fund initiated a position in Aecon Group (ARE) to continue to gain exposure to companies that will benefit from the government's plan to invest in infrastructure
- The fund initiated a position in Mainstreet Health Investments (HLP.U) to increase its exposure to REITs and to increase yield
- The fund initiated a position in Quebecor (QBR.B) to capitalize on near-term catalysts, which we believe to be very promising
- The fund increased its weight in the energy sector to 25.20% from 18.90% by adding to existing positions

The Bottom Line

S&P/TSX Composite Index EPS Consensus Estimates



- Earnings estimates for the S&P/TSX Composite Index have found a bottom or are close to finding a bottom. In the first quarter of 2016, earnings estimates took a dive, starting the quarter at \$885 and finishing the quarter at \$768, down 13.22%. Although earnings estimates finished the second quarter down 4.17%, the most recent data in July shows the first monthly increase in earnings estimates this year. We've witnessed significant positive earnings revisions in the materials sector this year and we expect the same in the energy sector in the second half of 2016 and into 2017. 2017 earnings estimates for the S&P/TSX Composite Index are currently above \$900, which would be approximately 20% higher from current levels.

*Source: Scotiabank GBM Portfolio Strategy, Thomson Financial