

Company Overview

Matco Financial

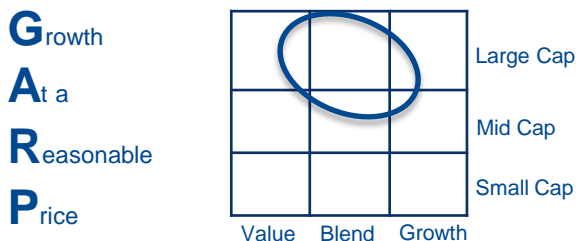
400, 407 - 8 Avenue SW, Calgary, Alberta T2P 1E5
Independent Canadian investment management firm dealing with private clients, institutions, and advisors

- **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: ~\$95 Million
- Fund Codes:
 - Series A - MAT300
 - Series F - MAT301
 - Series O - MAT302

Investment Style



Risk Profile



Key Characteristics

	Fund*	Index
Return on Equity	13.48	11.76
Price to Earnings	18.82	20.19
Dividend Yield	2.89	2.82
Beta	0.91	1.00
Quarterly Earnings Momentum	-1.50	-2.13
Quarterly Earnings Surprise	2.40	0.82
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

Positioning the portfolio for an earnings trough that will be followed by an earnings recovery:

- Over the past few months, we have witnessed earnings estimates for 2016 and 2017 bounce off their lows in July and begin to stabilize
- An earnings recovery will be a primary driver of equity returns going forward and we believe the energy sector will do most of the heavy lifting

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	2.89%
5 year annualized dividend growth rate	10.12%
Free cash flow yield	3.36%
5 year annualized cash flow growth rate	9.29%
Payout from earnings	45.30%

*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	Inception
Matco Canadian Equity Fund*	0.20%	5.41%	8.29%	11.77%	8.85%	10.19%	5.40%
S&P/TSX Composite Total Return Index	1.22%	5.45%	10.80%	14.21%	8.00%	8.05%	3.90%
<i>Value Added</i>	-1.02%	-0.04%	-2.51%	-2.44%	+0.85%	+2.14%	+1.50%

As of September 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

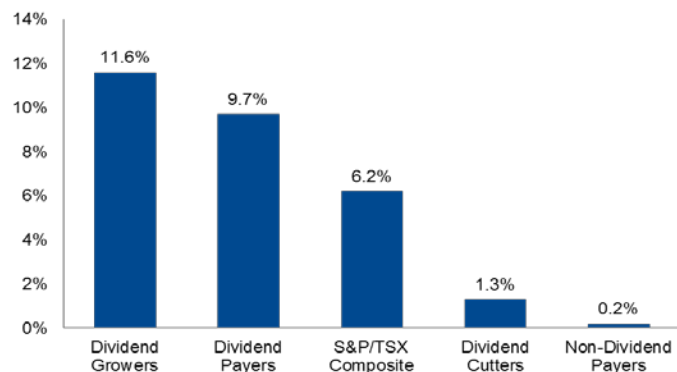
	Fund	Index
Energy	24.13	20.84
Materials	6.68	12.81
Industrials	13.28	8.87
Consumer Discretionary	6.18	5.25
Consumer Staples	6.10	4.12
Health Care	0.00	0.80
Financials	31.13	33.22
Real Estate	5.55	3.19
Information Technology	0.80	2.86
Telecommunication Services	4.47	5.28
Utilities	1.02	2.75

Recent Transactions

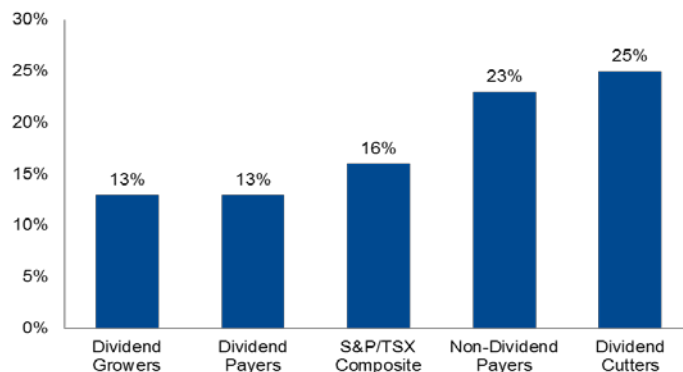
- The fund exited its position in Brookfield Asset Management and sale proceeds were rotated into companies in the real estate sector with lower valuations and higher dividend yields
- The fund exited its position in Telus because of the downturn in western Canada, increased competition from the Shaw Communications/Wind Mobile deal and a higher payout ratio that puts the balance sheet at risk
- The fund trimmed its positions in both railway companies, Canadian National Railway and Canadian Pacific Railway, after significant price appreciation from their 52 week lows
- The fund added to its positions in Intertape Polymer Group, Aecon Group, New Flyer Industries, Mainstreet Health Investments and Tricon Capital Group to improve the portfolio's key characteristics

Dividend Growers and Dividend Payers – Outperform With Half the Volatility

Annualized Total Return
1986 - 2016



Annualized Volatility
1986 - 2016



*Source: RBC Capital Markets Quantitative Research

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