



Corporate Overview

Matco Financial

400.407-8th Ave SW, Calgary, Alberta T2P 1E5

AUM: ~\$500 Million Inception: 2006 14 Employees

Independent Canadian Investment Management Firm dealing with:

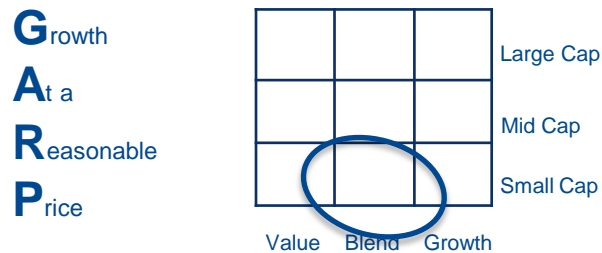
- Private Clients
- Institutions (Not-For-Profit) & Condo Boards
- Advisors

Specializes in Canadian Investments:

Matco Small Cap Fund

- Seeks to provide long-term capital appreciation and income by investing primarily in small and mid capitalization Canadian companies
- Concentrated Portfolio: 30-45 Securities
- Total Fund Assets: ~\$ 50 Million
- Inception: March 1, 2010
- Purchase options:
 - Series A (MAT400), F (MAT401) and O(MAT402)
- Portfolio Constraints:
 - Ability to invest up to 30% in U.S. Small and Mid-cap companies
 - Minimum 7 of 10 GICS sectors
 - Maximum 10% weight in any security
- Co-Managers:
 - Bill K. Dickie, CFA & Jill Angevine, CA, CFA, ICD.D

Investment Style



Characteristics

	Matco Small Cap	TSX Small Cap Index	Checklist
Market Capitalization	1,273	1,216	N/A
Return on Equity (%)	11.8	4.9	✓
Reinvestment Rate (%)	4.5	1.9	✓
Yield (%)	2.5	2.2	✓
Bottom-Line Growth (%)	-4.0	-19.6	✓
Price-to-Earnings (Trailing)	18.1	83.5	✓
Price-to-Earnings (Forward)	16.7	44.2	✓
5 Year Beta (vs TSX)	0.7	1.0	✓

* Sources: CPMS, Bloomberg

Top Ten Holdings



Key Performance Metrics

Metrics	Matco Small Cap Fund
5 Year Cumulative Return	59.7%
5 Year Dividend Income / Total Return	31.3%
Dividend Paying Companies	79.8%
Canadian Revenue Exposure	50.9% ↑
US Revenue Exposure	35.5% ↓
Global Revenue Exposure (Ex Canada/US)	13.2% ↓
Current Q1 2016 EPS Beat Ratio	65.0%
Debt/Assets	24.3%
Annual Management Teams Meetings	75+

* Sources: Bloomberg, Morningstar, Ndex Portfolio Management Software

Activity

- In consumer staples, we added Imvescor – a multi branded family restaurant franchisor in eastern Canada with a strong 3.5% dividend, attractive same store sales growth and on top of that is trading at a discount to competitors.
- We exited our position in Whistler Blackcomb locking in a 40% return as it traded on the higher end of its intrinsic value.

Outlook

- We finally see evidence that earnings are bottoming as heavy estimate revisions in Energy, Materials, and Industrials look to normalize downward revisions
- We remain as our portfolio trades an attractive valuation of 16.7x forward P/E compared to the TSX at 18.7x, and the TSX Small Cap while still generating a higher ROE and dividend yield as seen on the left.

Repeatable Process with Strong Downside Protection



Performance:

	3 Month	YTD	1 Year	3 Year	5 Year	Incept.
Matco Small Cap Fund*	4.97%	7.60%	2.46%	11.00%	9.82%	9.74%
S&P/TSX Small Cap Total Return Index	17.39%	27.47%	10.02%	8.20%	-0.17%	3.77%
S&P/TSX Composite Total Return Index	5.07%	9.84%	-0.20%	8.27%	4.21%	6.20%
	2010	2011	2012	2013	2014	2015
Matco Small Cap Fund*	N/A	-12.39%	12.69%	26.42%	2.69%	7.27%
S&P/TSX Small Cap Total Return Index	N/A	-16.43%	-3.72%	8.66%	-2.58%	-12.62%
Value Added	N/A	+4.04%	+16.41%	+17.76%	+5.27%	+19.89%

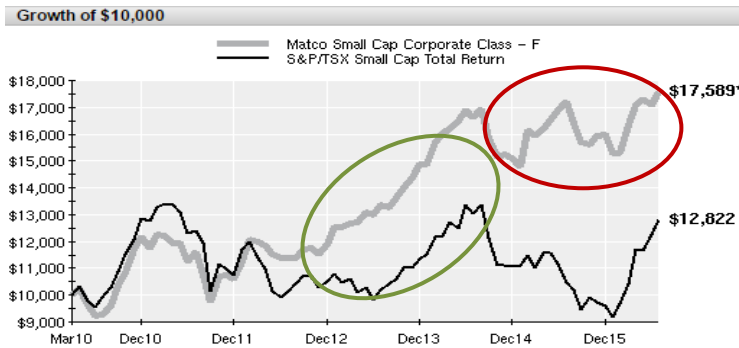
*Matco Series O Fund Returns/ Matco Small Cap Inception Date: Mar 1, 2010

GARP Style + Characteristics =

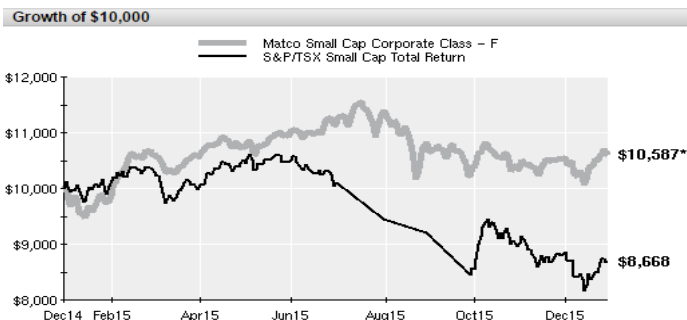
- Outperform in Slow Growth Environments/ Sideways Markets – Higher quality companies with high ROEs outperform
- Outperform in Bear/Down Markets - Lower P/E, Beta, Volatility reduces downside
- Underperform in Commodity Driven Bull Markets – Lower P/E, lower Beta companies increase less than high beta companies

Focus on Risk Adjusted Returns:

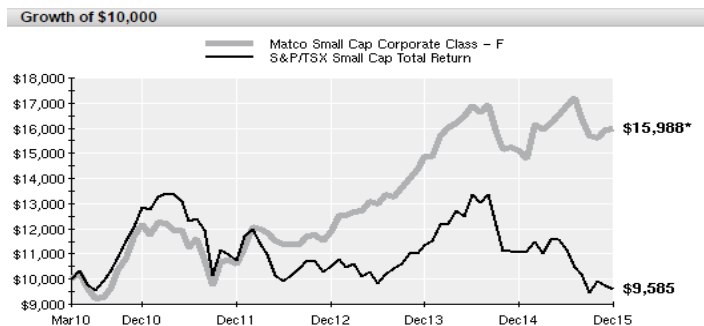
3 Year Risk Adjusted Return	Matco Small Cap Fund	TSX Small Cap Index	5 Year Risk Adjusted Return	Matco Small Cap Fund	TSX Small Cap Index
Sharpe Ratio	0.79	0.52	Sharpe Ratio	0.66	0.05



Downside Protection



Upside Capture



~Charts from Globe - Investor, Upside Downside Capture - Morningstar, Sharpe Ratio - Bloomberg

		1 Year	3 Year	5 Year
Matco Small Cap Fund Series F vs. TSX Composite Total Return Index	Upside Capture	59.93	76.22	94.50
	Downside Capture	55.67	42.23	56.20
Canadian Small/ Mid Cap Equity Category vs. TSX Composite Total Return Index	Upside Capture	87.02	90.01	91.98
	Downside Capture	97.89	78.10	86.53

Sources: Bloomberg, Morningstar