

THE MATCO CANADIAN EQUITY FUND

JUNE 2017

FOCUSED ON DIVIDEND PAYERS AND DIVIDEND GROWERS

RISK PROFILE



COMPANY OVERVIEW

Independent Canadian Investment Management Firm dealing with:

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

Specializes in Canadian Investments

AUM	\$500 Million
INCEPTION	2006
EMPLOYEES	14

FUND OVERVIEW

The Matco Canadian Equity Fund follows a quantitative investment process focused on fundamentals that will provide long-term capital appreciation and reliable dividend income. The capital appreciation component is achieved through bottom up fundamental analysis that leads to investments in companies with superior fundamentals. The dividend income component is achieved through investments in companies that pay a dividend and companies that grow their dividend. The Funds' investment style, income and growth at the right price, provides investors with strong downside protection in down markets.

TOTAL FUND ASSETS	~\$85 Million
INCEPTION	November 2007

PURCHASE OPTIONS

- » Series A (MAT300), Series F (MAT301), Series O(MAT302)

TEAM

Baron Lee, CFA
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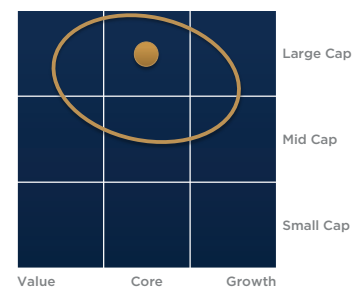
OBJECTIVE

- » 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

INVESTMENT STYLE

- » Maximize Return, Minimize Volatility

GROWTH
AT A
REASONABLE
PRICE



INVESTMENT CHARACTERISTICS

KEY CHARACTERISTICS

	Matco Canadian Equity Fund	S&P/TSX Composite TRI
Return on Equity	16.0%	12.4%
Price to Earnings	16.4	19.0
Dividend Yield	3.31%	2.92%
Beta	0.96	1.00
Quarterly Earnings Momentum	10.9%	5.6%
Quarterly Earnings Surprise	0.8%	0.5%
Quarterly Earnings Variability	9.7	8.9
Quarterly Estimate Revisions	+1.7%	-1.2%
12 Month Price Change	12.6%	8.2%

As of June 30, 2017
Source: Bloomberg and CPMS

DIVIDEND CHARACTERISTICS

	Matco Canadian Equity Fund	S&P/TSX Composite TRI
Dividend yield	3.31%	2.92%
5 year annualized dividend growth rate	5.7%	10.5%
Cash flow yield	15.2%	12.1%
5 year annualized cash flow growth rate	7.3%	7.2%
Payout from cash flow	20.8%	22.9%
Earnings yield	6.1%	5.3%
5 year annualized earnings growth rate	2.7%	2.6%
Payout from earnings	46.8%	48.9%

As of June 30, 2017
Source: CPMS

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SHORT-TERM TACTICS

Position the portfolio for a late recovery:

- » An earnings recession in 2016 provides easy year-over-year comparables for an earnings recovery in 2017
- » Rotate out of late cyclicals while high grading the portfolio's primary investment characteristics as the current cycle matures

LONG-TERM STRATEGY

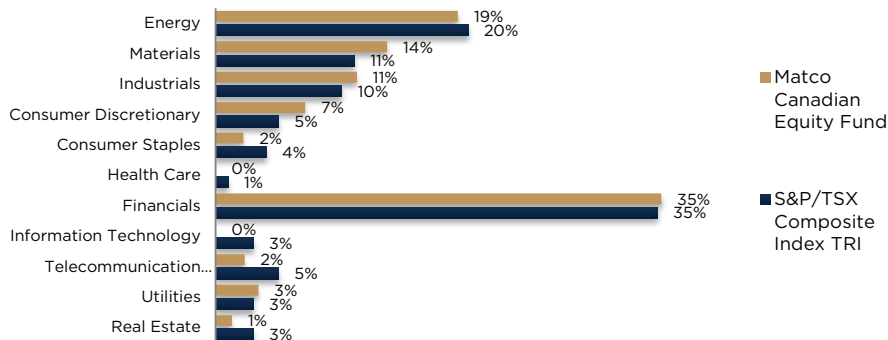
Follow a quantitative investment process focused on fundamentals:

- » 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

TOP 10 HOLDINGS



SECTOR ALLOCATION



As of June 30, 2017

PERFORMANCE

	3M	YTD	1Y	3Y	5Y	7Y	Incep
Matco Canadian Equity Fund*	-2.6%	-1.6%	+7.5%	+1.4%	+8.4%	+7.1%	+4.1%
S&P/TSX Composite TRI	-1.6%	+0.7%	+11.1%	+3.1%	+8.7%	+7.4%	+4.2%

As of June 30, 2017 *Series F

	2016	2015	2014	2013	2012	2011	2010
Matco Canadian Equity Fund*	+14.6%	-2.5%	+6.7%	+18.1%	+7.2%	-7.3%	+16.6%
S&P/TSX Composite TRI	+21.1%	-8.3%	+10.6%	+13.0%	+7.2%	-8.7%	+17.6%

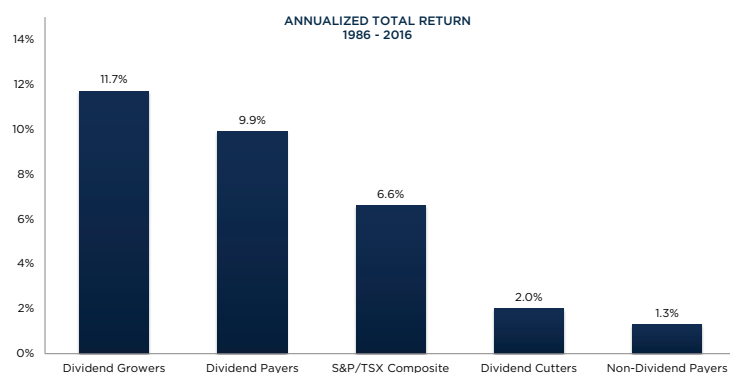
As of June 30, 2017 *Series F

RECENT TRANSACTIONS

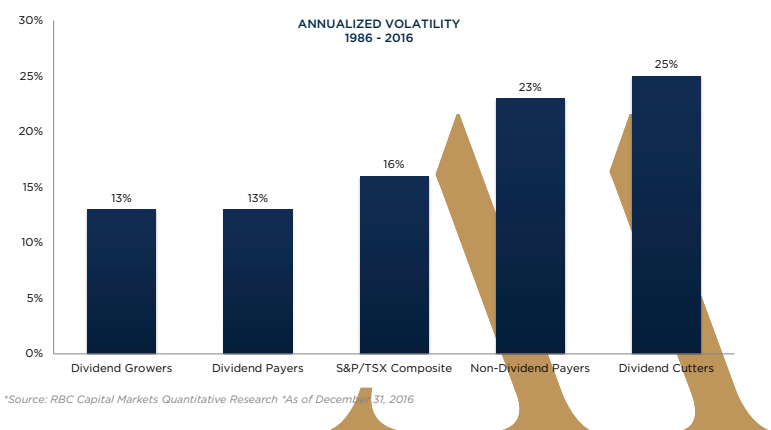
» **SELLS:** During the second quarter, the fund exited its positions in Boyd Group Income Fund (BYD.UN), Canadian National Railway (CNR), CCL Industries (CCL.B), Crescent Point Energy (CPG), Hardwoods Distribution (HWD), Lundin Mining (LUN), Tricon Capital Group (TCN) and WSP Global (WSP) to continue high grading the portfolio's characteristics in a maturing cycle. These sales along with the below purchases increased return on equity by 2.6%, decreased price to earnings by 4.5 and increased dividend yield by 0.71%.

» **BUYS:** Teck Resources (TECK.B) - After a 23.4% selloff, we initiated a position in TECK.B, which provides exposure to met coal, copper and zinc (met coal prices should bottom in the near-term and copper and zinc prices should trade higher as inventories continue to be depleted).

DIVIDEND GROWERS & DIVIDEND PAYERS - OUTPERFORM WITH HALF THE VOLATILITY



*Source: RBC Capital Markets Quantitative Research *As of December 31, 2016



*Source: RBC Capital Markets Quantitative Research *As of December 31, 2016