

THE MATCO SMALL CAP FUND

JUNE 2017

SMALLER COMPANIES BUT GREATER GROWTH POTENTIAL

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

Seeks to provide long-term capital appreciation and income by investing primarily in small and mid capitalization Canadian companies

CONCENTRATED PORTFOLIO 25-40 Securities

TOTAL FUND ASSETS ~\$60 Million

INCEPTION March 2010

PURCHASE OPTIONS

Series A (MAT400), F (MAT401) and O(MAT402)

PORTFOLIO CONSTRAINTS

- » Ability to invest up to 30% in US Small & Mid-cap companies
- » Minimum 6 of 10 GICS sectors
- » Maximum 10% weight in any security

TEAM

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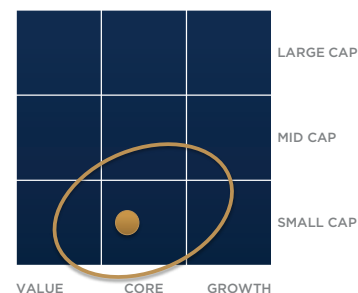
OBJECTIVE

- » To focus on long-term capital appreciation through investments in small to mid-cap Canadian companies that have strong balance sheets, are attractively priced, and reinvest excess earnings back into the company.

INVESTMENT STYLE

- » Maximize Return, Minimize Volatility

GROWTH
AT A
REASONABLE
PRICE



INVESTMENT CHARACTERISTICS

PRIMARY - PORTFOLIO CHARACTERISTICS

	Matco Small Cap Fund	TSX Small Cap Total Return Index
Market Capitalization (M)	1,252	1,421
Return on Equity	14.2%	8.1%
Price to Earnings (Trailing)	18.4	34.2
Price to Earnings (Forward)	16.4	20.3
Dividend Yield	3.5%	2.4%
Beta	0.6	1.00
Quarterly Earnings Momentum	7.2%	28.6%
Quarterly Earnings Surprise	0.9%	-0.6%
Quarterly Earnings Variability	10.5	14.2
Quarterly Estimate Revisions	+0.8%	2.1%
12 Month Price Change	17.3%	8.5%

AS of June 30, 2017 Source: CPMS, Bloomberg

SECONDARY - KEY PERFORMANCE METRICS

	Matco Small Cap Fund
7 Year Cumulative Return (Series F)	90.5%
Dividend Paying Companies	81.9%
Canadian Revenue Exposure	52.9% ↑
US Revenue Exposure	28.4% ↓
Global Revenue Exposure (Ex Canada/US)	11.4%
Current Q1 2017 EPS Beat Ratio	64.9%
Debt/Assets	32.2%
Annual Management Teams Meetings	70+

Sources: Bloomberg, Morningstar, RBC NAV, Matco Financial Inc, June 30, 2017

For more information contact:

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ACTIVITY

- » Early in Q2 we significantly decreased our health care weight. This was due to some of the medical cannabis companies getting ahead of themselves when the liberals announced recreational cannabis legislation being tabled.
- » We also increased our industrials weight as we continue to find companies with attractive dividends and positive earnings profiles, resulting from increased government infrastructure spending. Our consumer discretionary weights were also increased, since we are continuing to see favorable earnings profiles, with oil and gas remaining lower for longer.

OUTLOOK

- » Fundamentals continue to improve in Canada despite the negative performance in Canadian small caps so far in 2017 but we believe performance will catch up to the fundamentals over the short term. Canadian first quarter GDP growth was greater than all other G7 countries, the labour market is the best we have seen since 2009, confirming that the Canadian economy is healthy. Portfolio characteristics remain very attractive with a 14.2% Return on Equity, 3.5% dividend yield and earnings growing 7.2% (Quarterly Earnings Momentum).

TOP 10 HOLDINGS



PERFORMANCE

	3M	YTD	1Y	3Y	5Y	7Y	Incep
Matco Small Cap Fund*	-4.5%	-4.5%	2.9%	1.3%	9.0%	9.6%	8.9%
TSX Small Cap Index	-5.5%	-4.1%	4.2%	-1.3%	5.6%	4.2%	3.9%
TSX Composite Index	-1.6%	0.7%	11.0%	3.1%	8.7%	7.4%	7.0%

*As of June 30, 2017 Series F Index Values = Total Return

	2016	2015	2014	2013	2012	2011	2010
Matco Small Cap Fund*	15.1%	5.9%	1.4%	25.1%	12.1%	-12.8%	29.7%*
TSX Small Cap Index	38.5%	-12.6%	-2.6%	8.7%	-3.7%	-16.4%	28.8%**
TSX Composite Index	21.1%	-8.3%	10.6%	13.0%	7.2%	-8.7%	17.6%**

*Not Full Year - Matco Small Cap Fund Series F inception is March 1, 2010
**Index Data is Full Year Return

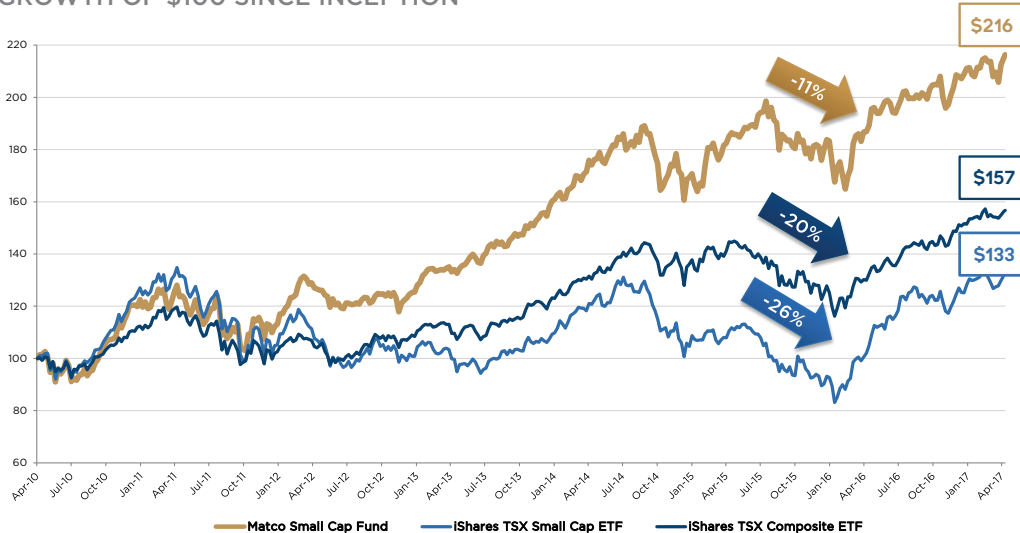
5-YEAR TRAILING	Standard Deviation	Return	Sharpe Ratio	Sortino Ratio
Matco Small Cap Series F	9.84	9.04	0.86	1.48
TSX Completion	8.74	7.00	0.74	1.21
TSX Venture Composite	19.6	-8.43	-0.39	-0.51

*As of June 30, 2017
*Series F Data Morningstar

	5 Year
Matco Small Cap Fund Series F vs. TSX Composite Total Return Index	79.70 Upside Capture Downside Capture 44.48
Canadian Small/ Mid Cap Equity Category vs. TSX Composite Total Return Index	88.99 Upside Capture Downside Capture 68.32

*As of June 30, 2017
*Series F Data Morningstar

GROWTH OF \$100 SINCE INCEPTION



As of March 31, 2017

Matco Fund Returns are Series F. Matco Fund returns are calculated after management fees and operating expenses have been deducted. In comparison, the index returns do not incur management fees or operating expenses. Index returns are supplied by a third party. We believe the data to be accurate, however, we cannot guarantee its accuracy.

Mutual funds are not guaranteed, their values change frequently, and past performance is not indicative of future performance. The commentary is intended for information purposes only and does not constitute an offer to buy or sell our products or services, nor is it intended as investment and/or financial advice on any subject matter and is provided for your information only. Every effort has been made to ensure the accuracy of its contents.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Performance returns for the Matco Mutual Funds are calculated by Matco Financial Inc. These returns are historical simple returns for the 3 month, YTD and 1 year periods, and annualized compounded total returns for periods after 1 year. They include changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns.

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