

Financial Statements of

MATCO FUNDS CORP.

Consisting of Matco Canadian Equity Fund (formerly Matco Canadian Equity Income Fund) Matco Small Cap Fund and Matco Global Equity Fund classes of redeemable shares of Matco Funds Corp.

For the years ended December 31, 2017 and 2016



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Matco Funds Corp. (the "Funds") being:

Matco Canadian Equity Fund
Matco Small Cap Fund
Matco Global Equity Fund

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position as at December 31, 2017 and December 31, 2016 (December 31, 2017 only for the Matco Global Equity Fund), the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares, and cash flow for the years then ended (as at December 31, 2017 and for the period from September 20, 2017 to December 31, 2017 only for the Matco Global Equity Fund), and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that



are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2017 and December 31, 2016 (December 31, 2017 only for the Matco Global Equity Fund), and their financial performance and their cash flows for the years then ended (as at December 31, 2017 and for the period from September 20, 2017 to December 31, 2017 only for the Matco Global Equity Fund) in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

March 21, 2018
Calgary, Canada

MATCO CANADIAN EQUITY FUND

Statements of Financial Position

As at	December 31, 2017	December 31, 2016
Assets		
Investments, at fair value (note 4)	\$ 101,668,790	\$ 83,158,186
Cash	1,535,001	1,817,012
Dividends receivable	396,575	205,331
Other receivables	984	-
	<u>103,601,350</u>	<u>85,180,529</u>
Liabilities		
Management fee payable	20,450	18,269
Other accrued liabilities	40,562	37,607
	<u>61,012</u>	<u>55,876</u>
Net assets attributable to holders of redeemable shares	<u>\$103,540,338</u>	<u>\$ 85,124,653</u>
Net assets attributable to holders of redeemable shares:		
Series A	\$ 130,255	\$ 136,831
Series F	23,584,774	21,019,238
Series O	79,825,309	63,968,584
Redeemable shares outstanding (note 6):		
Series A	11,357	12,351
Series F	1,956,976	1,819,626
Series O	5,747,073	4,851,116
Net asset value attributable to holders of redeemable shares per share:		
Series A	\$ 11.47	\$ 11.08
Series F	\$ 12.05	\$ 11.55
Series O	\$ 13.89	\$ 13.19

See accompanying notes to financial statements.

On behalf of the Directors of Matco Funds Corp.:

Jason Vincent (signed) Director

William K. Dickie (signed) Director

MATCO CANADIAN EQUITY FUND

Statements of Comprehensive Income
Years ended December 31

	2017	2016
Investment income:		
Dividends	\$ 3,007,544	\$ 2,470,959
Interest for distribution purposes and other income	1,261	6,056
Securities lending income (note 9)	8,559	6,490
Realized gain on sale of investments	4,373,140	4,797,644
Change in unrealized appreciation of investments	2,449,354	6,109,400
Total investment income	9,839,858	13,390,549
Expenses:		
Management and trailer fees (note 8)	245,962	206,738
Transaction costs (note 5)	111,115	106,262
Valuation fees	36,091	36,161
Custody fees	24,157	24,088
Legal and filing fees	24,837	23,174
Securityholder reporting costs	23,056	20,522
Audit fees	17,371	12,063
Administrative fees	6,758	11,919
Independent review committee	6,772	7,289
Total operating expenses	496,559	448,216
Increase in net assets attributable to holders of redeemable shares	\$ 9,343,299	\$ 12,942,333
Increase in net assets attributable to holders of redeemable shares:		
Series A	\$ 10,367	\$ 14,454
Series F	2,090,028	2,664,649
Series O	7,242,904	10,263,230
Weighted average number of redeemable shares outstanding:		
Series A	11,560	18,343
Series F	1,977,018	1,784,070
Series O	4,895,417	5,088,200
Increase in net assets attributable to holders of redeemable shares per share:		
Series A	\$ 0.90	\$ 0.79
Series F	1.06	1.49
Series O	1.48	2.02

See accompanying notes to financial statements.

MATCO CANADIAN EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares
Years ended December 31

2017	Series A	Series F	Series O	Total Fund
Net assets, beginning of year	\$ 136,831	\$ 21,019,238	\$ 63,968,584	\$ 85,124,653
Increase in net assets attributable to holders of redeemable shares	10,367	2,090,028	7,242,904	9,343,299
Transactions attributable to holders of redeemable shares:				
Issue of redeemable shares	-	3,121,895	19,381,161	22,503,056
Redemption of redeemable shares	(16,842)	(2,626,691)	(10,767,340)	(13,410,873)
Redeemable shares issued on reinvestment of distribution	5,916	1,124,049	3,651,961	4,781,926
Total contribution and redemption by holders of redeemable shares	(10,926)	1,619,253	12,265,782	13,874,109
Dividends declared to holders of redeemable shares:				
From dividends	(3,551)	(674,916)	(2,154,997)	(2,833,464)
From capital gains	(2,466)	(468,829)	(1,496,964)	(1,968,259)
Total dividends	(6,017)	(1,143,745)	(3,651,961)	(4,801,723)
Net assets, end of year	\$ 130,255	\$ 23,584,774	\$ 79,825,309	\$103,540,338
Distributions per share to holders of redeemable shares				
From dividends	\$0.33	\$0.34	\$0.40	
From capital gains	\$0.23	\$0.24	\$0.28	
2016	Series A	Series F	Series O	Total Fund
Net assets, beginning of year	\$ 353,302	\$ 18,450,291	\$ 38,114,403	\$ 56,917,996
Increase in net assets attributable to holders of redeemable shares	14,454	2,664,649	10,263,230	12,942,333
Transactions attributable to holders of redeemable shares:				
Issue of redeemable shares	159,576	1,758,133	37,236,143	39,153,852
Redemption of redeemable shares	(390,418)	(1,843,172)	(21,645,192)	(23,878,782)
Redeemable shares issued on reinvestment of distribution	3,207	494,593	1,530,090	2,027,890
Total contribution and redemption by holders of redeemable shares	(227,635)	409,554	17,121,041	17,302,960
Dividends declared to holders of redeemable shares:				
From dividends	(3,290)	(505,256)	(1,530,090)	(2,038,636)
Net assets, end of year	\$ 136,831	\$ 21,019,238	\$ 63,968,584	\$ 85,124,653
Distributions per share to holders of redeemable shares				
From dividends	\$0.27	\$0.28	\$0.32	

See accompanying notes to financial statements.

MATCO CANADIAN EQUITY FUND

Statements of Cash Flow
Years ended December 31

	2017	2016
Cash flow from (used in) operating activities:		
Dividends received	\$ 2,816,300	\$ 2,394,296
Interest and other income received	8,836	12,546
Proceeds from sale of investments	42,969,661	54,744,445
Purchase of investments	(54,769,305)	(71,549,810)
Operating expenses paid	(379,868)	(341,010)
	<u>(9,354,376)</u>	<u>(14,739,533)</u>
Cash flow from (used in) financing activities:		
Proceeds from issue of redeemable shares	22,503,056	39,153,852
Dividend paid to shareholders	(19,797)	(10,746)
Payments on redemption of redeemable shares	(13,410,873)	(23,957,103)
	<u>9,072,386</u>	<u>15,186,003</u>
Net increase (decrease) in cash	(281,990)	446,470
Effect of exchange rate changes on cash	(21)	(13,973)
Cash, beginning of year	1,817,012	1,384,515
Cash, end of year	<u>\$ 1,535,001</u>	<u>\$ 1,817,012</u>

See accompanying notes to financial statements.

MATCO SMALL CAP FUND

Statements of Financial Position

As at	December 31, 2017	December 31, 2016
Assets		
Investments, at fair value (note 4)	\$ 61,845,144	\$ 61,310,773
Cash	6,267,425	576,243
Subscriptions receivable	-	100
Dividends receivable	254,834	127,659
Due from broker	14,169	1,262,440
	<u>68,381,572</u>	<u>63,277,215</u>
Liabilities		
Management fee payable	11,782	12,008
Redemptions payable	-	2,972
Other accrued liabilities	42,828	36,844
	<u>54,610</u>	<u>51,824</u>
Net assets attributable to holders of redeemable shares	<u>\$ 68,326,962</u>	<u>\$ 63,225,391</u>
Net assets attributable to holders of redeemable shares:		
Series A	\$ 211,511	\$ 462,730
Series F	11,423,741	10,687,179
Series O	56,691,710	52,075,482
Redeemable shares outstanding (note 6):		
Series A	12,911	29,237
Series F	612,097	597,310
Series O	3,023,424	2,935,143
Net asset value attributable to holders of redeemable shares per share:		
Series A	\$ 16.38	\$ 15.83
Series F	\$ 18.66	\$ 17.89
Series O	\$ 18.75	\$ 17.74

See accompanying notes to financial statements.

On behalf of the Directors of Matco Funds Corp.:

Jason Vincent (signed) Director

William K. Dickie (signed) Director

MATCO SMALL CAP FUND

Statements of Comprehensive Income
Years ended December 31

	2017	2016
Investment income:		
Dividends	\$ 1,501,955	\$ 1,124,662
Interest for distribution purposes and other income	310,642	98,615
Security lending income (note 9)	146,860	43,756
Realized gain (loss) on sale of investments	3,984,252	(1,191,626)
Change in unrealized appreciation of investments	1,065,038	8,092,291
Total investment income	7,008,747	8,167,698
Expenses:		
Transaction costs (note 5)	203,138	181,925
Management and trailer fees (note 8)	143,006	115,802
Valuation fees	36,140	36,165
Securityholder reporting costs	32,133	27,742
Legal and filing fees	26,853	23,197
Audit fees	17,099	19,658
Custody fees	19,572	15,369
Administrative fees	7,716	11,613
Independent review committee	7,499	4,321
Total operating expenses	493,156	435,792
Increase in net assets attributable to holders of redeemable shares	\$ 6,515,591	\$ 7,731,906
Increase in net assets attributable to holders of redeemable shares:		
Series A	\$ 3,612	\$ 47,105
Series F	996,409	1,172,494
Series O	5,515,570	6,512,307
Weighted average number of redeemable shares outstanding:		
Series A	19,111	24,338
Series F	598,040	492,394
Series O	2,911,886	2,489,089
Increase in net assets attributable to holders of redeemable shares per share:		
Series A	\$ 0.19	\$ 1.94
Series F	\$ 1.67	\$ 2.38
Series O	\$ 1.89	\$ 2.62

See accompanying notes to financial statements.

MATCO SMALL CAP FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares
Years ended December 31

2017	Series A	Series F	Series O	Total Fund
Net assets, beginning of year	\$ 462,730	\$ 10,687,179	\$ 52,075,482	\$63,225,391
Increase in net assets attributable to holders of redeemable shares	3,612	996,409	5,515,570	6,515,591
Transactions attributable to holders of redeemable shares:				
Issue of redeemable shares	6,225	594,334	4,663,909	5,264,468
Redemption of redeemable shares	(260,610)	(851,608)	(5,563,251)	(6,675,469)
Redeemable shares issued on reinvestment of distributions	9,479	531,799	2,653,981	3,195,259
Total contribution and redemption by holders of redeemable shares	(244,906)	274,525	1,754,639	1,784,258
Dividends declared to holders of redeemable shares:				
From dividends	(4,551)	(245,031)	(1,216,954)	(1,466,536)
From capital gains	(5,374)	(289,341)	(1,437,027)	(1,731,742)
	(9,925)	(534,372)	(2,653,981)	(3,198,278)
Net assets, end of year	\$ 211,511	\$11,423,741	\$56,691,710	\$68,326,962
Distributions per share to holders of redeemable shares				
From dividends	\$0.37	\$0.42	\$0.42	
From capital gains	\$0.44	\$0.50	\$0.50	
2016	Series A	Series F	Series O	Total Fund
Net assets, beginning of year	\$ 219,430	\$ 5,065,563	\$ 33,263,049	\$38,548,042
Increase in net assets attributable to holders of redeemable shares	47,105	1,172,494	6,512,307	7,731,906
Transactions attributable to holders of redeemable shares:				
Issue of redeemable shares	384,405	5,054,073	16,513,556	21,952,034
Redemption of redeemable shares	(187,832)	(604,259)	(4,213,430)	(5,005,521)
Redeemable shares issued on reinvestment of distributions	6,736	162,057	791,503	960,296
Total contribution and redemption by holders of redeemable shares	203,309	4,611,871	13,091,629	17,906,809
Dividends declared to holders of redeemable shares:				
From dividends	(7,114)	(162,749)	(791,503)	(961,366)
Net assets, end of year	\$ 462,730	\$ 10,687,179	\$ 52,075,482	\$63,225,391
Distributions per share to holders of redeemable shares				
From dividends	\$0.24	\$0.28	\$0.27	

See accompanying notes to financial statements.

MATCO SMALL CAP FUND

Statements of Cash Flow
Years ended December 31

	2017	2016
Cash flow from (used in) operating activities:		
Dividends received	\$ 1,374,780	\$ 1,087,296
Interest and other income received	443,333	142,371
Proceeds from sale of investments	50,483,405	30,556,082
Purchase of investments	(44,896,209)	(49,924,391)
Operating expenses paid	(284,259)	(240,211)
	<u>7,121,050</u>	<u>(18,378,853)</u>
Cash flow from (used in) financing activities:		
Proceeds from issue of redeemable shares	5,202,873	21,970,584
Dividend paid to shareholders	(3,019)	(1,070)
Payments on redemption of redeemable shares	(6,616,746)	(5,080,819)
	<u>(1,416,892)</u>	<u>16,888,695</u>
Net increase (decrease) in cash	5,704,158	(1,490,158)
Effect of exchange rate changes on cash	(12,976)	(18,106)
Cash, beginning of year	576,243	2,084,507
Cash, end of year	<u>\$ 6,267,425</u>	<u>\$ 576,243</u>

See accompanying notes to financial statements.

MATCO GLOBAL EQUITY FUND

Statement of Financial Position

As at	December 31, 2017
Assets	
Investments, at fair value (note 4)	\$ 44,555,975
Cash	3,284,086
Subscriptions receivable	1,100,000
Dividends receivable	248,815
	<u>49,188,876</u>
Liabilities	
Management fee payable	483
Other accrued liabilities	29,067
	<u>29,550</u>
Net assets attributable to holders of redeemable shares	<u>\$ 49,159,326</u>
Net assets attributable to holders of redeemable shares:	
Series A	\$ 11
Series F	1,034,242
Series O	48,125,073
	<u>49,159,326</u>
Redeemable shares outstanding (note 6):	
Series A	1
Series F	97,831
Series O	4,541,765
	<u>4,639,607</u>
Net asset value attributable to holders of redeemable shares per share:	
Series A	\$ 10.59
Series F	\$ 10.57
Series O	\$ 10.60

See accompanying notes to financial statements.

On behalf of the Directors of Matco Funds Corp.:

Jason Vincent (signed) Director

William K. Dickie (signed) Director

MATCO GLOBAL EQUITY FUND

Statement of Comprehensive Income

For the period from September 20, 2017 to December 31, 2017

	2017
Investment income:	
Dividends	\$ 356,913
Interest for distribution purposes and other income	48,716
Realized gain (loss) on sale of investments	(146,449)
Change in unrealized appreciation of investments	1,935,377
<u>Total investment income</u>	<u>2,194,557</u>
Expenses:	
Management fees (note 8)	853
Transaction costs (note 5)	14,128
Valuation fees	9,992
Custody fees	3,691
Securityholder reporting costs	2,500
Audit fees	10,309
Legal and filing fees	2,500
Administrative fees	751
Independent review committee	1,067
<u>Total operating expenses</u>	<u>45,791</u>
Increase in net assets attributable to holders of redeemable shares before tax expense	2,148,766
Withholding tax expense	(37,514)
<u>Increase in net assets attributable to holders of redeemable shares</u>	<u>\$ 2,111,252</u>
Increase (decrease) in net assets attributable to holders of redeemable shares:	
Series A	\$ 1
Series F	(6,345)
Series O	2,117,596
Weighted average number of redeemable shares outstanding:	
Series A	1
Series F	24,043
Series O	3,838,042
Increase (decrease) in net assets attributable to holders of redeemable shares per share:	
Series A	\$ 0.59
Series F	\$ (0.26)
Series O	\$ 0.55

See accompanying notes to financial statements.

MATCO GLOBAL EQUITY FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares
For the period from September 20, 2017 to December 31, 2017

2017	Series A	Series F	Series O	Total Fund
Net assets, beginning of period	\$ -	\$ -	\$ -	\$ -
Increase in net assets attributable to holders of redeemable shares	1	(6,345)	2,117,596	2,111,252
Transactions attributable to holders of redeemable shares:				
Issue of redeemable shares	10	1,040,587	46,007,477	47,048,074
Total contribution and redemption by holders of redeemable shares	10	1,040,587	46,007,477	47,048,074
Net assets, end of year	\$ 11	\$ 1,034,242	\$ 48,125,073	\$ 49,159,326

See accompanying notes to financial statements.

MATCO GLOBAL EQUITY FUND

Statement of Cash Flow

For the period from September 20, 2017 to December 31, 2017

	2017
Cash flow from (used in) operating activities:	
Dividends received	\$ 70,584
Interest and other income received	48,716
Proceeds from sale of investments	3,840,504
Purchase of investments	(46,398,108)
Operating expenses paid	(2,113)
	<u>(42,440,417)</u>
Cash flow from (used in) financing activities:	
Proceeds from issue of redeemable shares	45,948,074
	<u>45,948,074</u>
Net increase in cash	3,507,657
Effect of exchange rate changes on cash	(223,571)
Cash, beginning of period	-
Cash, end of year	<u>\$ 3,284,086</u>

See accompanying notes to financial statements.

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

1. Reporting entity:

Matco Funds Corp. (the "Corporation") was incorporated on May 17, 2007 under the Business Corporations Act (Alberta) and changed its name from MFi Funds Corp. on August 12, 2012 pursuant to filing articles of amendment, and consists of the Matco Canadian Equity Fund (formerly Matco Canadian Equity Income Fund), Matco Small Cap Fund and Matco Global Equity Fund (each a "Fund" and collectively the "Funds"), each of which is a class of shares of the Corporation. Effective May 20, 2016, the Matco Energy Equity Fund, which previously had been a Fund of the Corporation was terminated and all liquid investments were sold for cash. The few remaining shareholders converted their shares into shares of the Matco Small Cap Fund. Matco Global Equity Fund commenced operations effective September 20, 2017. The Funds' principal place of business is Suite 400, 407-8th Ave SW Calgary, Alberta. Matco Financial Inc. ("Matco") is the Manager and Portfolio Adviser ("Manager") of the Funds. RBC Investor Services Trust supplies trustee, custodian and record keeping services to the Funds. The Funds have multiple series of redeemable shares; A, F, N and O all of which can be issued in unlimited number.

2. Basis of presentation:

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

These financial statements were approved by the board of directors on March 21, 2018.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for investments which are measured at fair value through profit or loss.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the functional currency of the Funds.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

3. Significant accounting policies:

The significant accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Financial assets and financial liabilities:

(i) Recognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized on the trade date, which is the date on which the Fund becomes party to contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets and financial liabilities not at fair value through profit or loss are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently measured at amortized cost.

(ii) Classification

The Fund classifies financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- Held for trading: derivative financial instruments
- Designated as fair value through profit or loss: debt and equity investments:

Financial assets at amortized cost:

- Loans and receivables: cash, dividends receivable, due from broker, other receivables and subscriptions receivable.

Financial liabilities at amortized cost:

- Other liabilities: management fee payable, redemptions payable and other accrued liabilities

A financial instrument is classified as held for trading if:

- it is acquired or incurred principally for the purpose of selling in the near term;
- on initial recognition, it is part of a portfolio that is managed together and for which there is evidence of a recent pattern of short-term profit taking; or
- it is a derivative, other than a designated and effective hedging instrument

The Fund designates all debt and equity investments at fair value through profit or loss on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis.

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as “active” if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at the last trade price.

If there is no quoted price in an active market, the Fund uses valuation techniques that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

There is no difference between the net asset value (“NAV”) used for pricing and NAV calculated for accounting purposes.

(iv) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

(v) Specific instruments

Cash comprise deposits with banks.

Redeemable shares:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Funds have multiple classes of redeemable shares that do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable shares, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a share price based on the Fund’s valuation policies at each redemption date. The shares represent the residual interest in the Fund’s net assets. There are no differences between net asset value for accounting purposes and transaction purposes.

MATCO FUNDS CORP.

Notes to Financial Statements
Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(b) Revenue recognition:

(i) Interest recognized in profit or loss represents the coupon interest received by the Fund accounted for on an accrual basis. Income received from income trusts is recorded on the ex-distribution date and allocated between income, capital gains and return of capital when the information necessary for such an allocation becomes available.

(ii) Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend.

(iii) Realized gains and losses on investments and unrealized appreciation (depreciation) in value of investments are calculated with reference to the average cost of the related investments.

(c) Transaction costs:

Transaction costs are expensed and are included in "Transaction costs" in the statements of comprehensive income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

(d) Foreign exchange:

Foreign currency amounts are expressed in Canadian dollars on the following basis:

(i) Market value of investments, other assets and liabilities at the rate of exchange prevailing at the period end date.

(ii) Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

(e) Net assets attributable to holders of redeemable shares per share and increase (decrease) in net assets attributable to holders of redeemable shares per share:

Net assets attributable to holders of redeemable shares per share represents the net asset value for each series divided by the number of outstanding shares of that series at period end. The increase (decrease) in net assets attributable to holders of redeemable shares per share in the statement of comprehensive income represents the increase (decrease) in net assets from operations attributable to each series for the period, divided by the weighted average number of outstanding shares of that series during the period. Each Fund pays its own operating costs. Each series is then allocated its specific costs for management fees based on the Prospectus and all other operating costs are allocated based on each Series A, F and O pro-rata share of closing net asset value on a daily basis.

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Years ended December 31, 2017 and 2016

3. Significant accounting policies (continued):

(f) Income taxes:

The Corporation qualifies as a "mutual fund corporation" under the Income Tax Act (Canada) and the Alberta Corporate Tax Act.

Interest and foreign dividends received, less applicable expenses, are taxed at Federal and Provincial corporate rates less applicable credits for any foreign taxes paid. Taxable dividends received from taxable Canadian corporations are subject to taxes that are fully refundable upon payment of sufficient taxable dividends to shareholders.

The Corporation is also subject to tax at full corporate rates on 50% of capital gains realized, less allowable capital losses claimed. This tax is generally refundable to the extent that it distributes its capital gains to shareholders by way of a capital gains dividend, or through redemption of shares.

Certain dividend and interest income received by the Fund is subject to withholding tax imposed in the country of origin. During the period the average withholding tax rate was 15%.

Temporary differences between the tax basis of assets and liabilities and their carrying amounts may be either taxable or deductible. Taxable temporary differences give rise to deferred tax liabilities and deductible temporary differences give rise to deferred income tax assets. When the fair value of investments is greater than the related tax basis, a deferred income tax liability arises and the deferred tax liability is offset by refundable taxes generated by future payments of capital gains dividends. When the fair value of investments is less than the related tax basis, a deferred income tax asset arises and due to the uncertainty of such deferred income tax assets ultimately being realized, the temporary differences are not recognized. Any unused capital and non-capital losses represent deferred tax assets to the Corporation for which the temporary differences are not recognized as it is uncertain if they will be realized in the future.

Income that would give rise to current income tax liabilities is distributed out to shareholders.

(g) Future accounting change:

3. Significant accounting policies (continued):

(g) Future accounting change:

IFRS 9, published in July 2014, replaces the existing guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting years beginning on or after January 1, 2018, with early adoption permitted.

The new classification and measurement approach reflects the business model in which the assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through profit or loss (FVTPL), or

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Years ended December 31, 2017 and 2016

recognised in other comprehensive income (fair value through other comprehensive income (FVTOCI). The standard eliminates the existing categories of held to maturity, loans and receivables and available for sale. For financial liabilities two measurement categories continue to exist – FVTPL and amortized cost.

IFRS 9 replaces the ‘incurred loss’ model with a forward-looking ‘expected credit loss’ (ECL) model.

Based on its assessment, the Manager does not believe the new classification requirements will have a material impact on its accounting for debt and equity investments. The Manager manages these assets and evaluates their performance based on fair value. The assets are neither held to collect contractual cash or to sell financial assets. The Manager is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the business model’s objective. Therefore, the financial assets must be measured at fair value through profit or loss and the new impairment model does not apply. These financial assets are derecognized when the right to receive the cash flow from the asset has expired or the fund has transferred substantially all risks and rewards of ownership.

Other financial assets, such as cash and receivables, are classified as amortized cost. Other receivables are contractual obligations from unitholders, trade settlements, or interest and dividend payments. The estimated impairment is calculated based on the twelve-month ECL model reflecting the short-term maturities of the exposures. As the credit risk is low, the Manager does not expect to recognize an impairment for these assets.

Classification of financial liabilities under IFRS 9 is measured at amortized cost. No impact is expected due to this change.

The Manager plans to adopt IFRS 9 beginning January 1, 2018.

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Years ended December 31, 2017 and 2016

4. Financial instruments:

(a) Investments:

The fair values of financial assets and financial liabilities that are traded on active markets are based on quoted market prices. For all other financial instruments, the Funds determine fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

A three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's investments. The hierarchy of inputs is summarized below:

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for instruments, either directly (i.e., as price) or indirectly (i.e., derived from prices) (Level 2). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Inputs for the instruments that are not based on observable market data (unobservable inputs) (Level 3). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on the quoted prices for similar instruments but of which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.

The fair values of other financial instruments approximate their cost due to the short-term nature of these items.

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Years ended December 31, 2017 and 2016

4. Financial instruments (continued):

(b) Fair value hierarchy (continued):

The following is a summary of investments in the Matco Canadian Equity Fund measured at fair value as at December 31, 2017:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Public equity securities	\$101,668,790	-	-	\$ 101,668,790
Total investments	\$101,668,790	-	-	\$ 101,668,790

The following is a summary of investments in the Matco Canadian Equity Fund measured at fair value as at December 31, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Public equity securities	\$ 83,158,156	\$ -	\$ -	\$ 83,158,156
Total investments	\$ 83,158,156	\$ -	\$ -	\$ 83,158,156

There were no transfers between levels during the year ended December 31, 2017 and year ended December 31, 2016.

The following is a summary of investments in the Matco Small Cap Fund measured at fair value as at December 31, 2017:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Public equity securities	\$59,788,654	\$ 1,906,240	\$ 15,000	\$ 61,845,144
Total investments	\$59,788,654	\$ 1,906,240	\$ 15,000	\$ 61,845,144

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Years ended December 31, 2017 and 2016

4. Financial instruments (continued):

(b) Fair value hierarchy (continued):

The following is a summary of investments in the Matco Small Cap Fund measured at fair value as at December 31, 2016:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Public equity securities	\$ 61,295,773	\$ -	\$ 15,000	\$ 61,310,773
Total investments	\$ 61,295,773	\$ -	\$ 15,000	\$ 61,310,773

There were no transfers between levels during the year ended December 31, 2017 and year ended December 31, 2016.

During the year ended December 31, 2017, the reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

	Public equity securities	Private securities	Total
Beginning balance, January 1, 2017	\$ -	\$ 15,000	\$ 15,000
Purchases	-	-	-
Ending balance, December 31, 2017	\$ -	\$ 15,000	\$ 15,000

The following is a summary of investments in the Matco Global Equity Fund measured at fair value as at December 31, 2017:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Public equity securities	\$ 44,555,975	\$ -	\$ -	\$ 44,555,975
Total investments	\$ 44,555,975	\$ -	\$ -	\$ 44,555,975

There were no transfers between levels during the period ended December 31, 2017.

5. Commission and other transaction costs:

The Fund paid the following amounts in brokerage commissions and other transaction costs for portfolio transactions during the period.

	2017	2016
Matco Canadian Equity Class	\$ 111,115	\$ 106,262
Matco Small Cap Class	\$ 203,138	\$ 181,925
Matco Global Equity Class	\$ 14,128	-

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Years ended December 31, 2017 and 2016

6. Redeemable shares:

The Funds may issue an unlimited number of shares of each series.

The authorized capital of each Fund consists of an unlimited number of redeemable shares, each representing an equal undivided interest in the net assets of the Fund. Currently, there are three series outstanding, Series A, Series F and Series O. Each series ranks equally with respect to dividends and return of capital in the event of liquidation, dissolution or winding up based on their respective series' net asset values. Each series pays its own fees and expenses. The general expenses that are not series specific are allocated in proportion to the annual weighted average units of each series.

Series A are sold under the front-end sales charge option. A commission ranging from 0% to 6% is paid by the investor to the dealer with a 2% redemption fee being charged if the shares are redeemed in the first 90 days. A switch fee of up to 2% is payable upon an exchange of redeemable shares within 90 days of original purchase.

Series F is sold without commission provided the purchaser is enrolled in a fee-for service or wrap program with the dealer. A 2% redemption fee is charged if the Series F is redeemed in the first 90 days. A switch fee of up to 2% is payable upon an exchange of redeemable shares within 90 days of original purchase.

Series O are sold without commission and are available to certain investors at the Portfolio Manager's discretion. A 2% redemption fee is charged if the units are redeemed in the first 90 days. A switch fee of up to 2% is payable upon an exchange of redeemable shares within 90 days of original purchase.

The attributes attached to the redeemable shares are as follows:

- The shares may be redeemed daily at the net asset value per share of the respective series;
- Redeemable shares have no voting rights; and
- The holders of redeemable shares are entitled to receive all dividends declared by the Fund. Each series will rank equally with respect to the distributions based on their respective series net asset values.

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

6. Redeemable shares (continued):

Changes in outstanding shares of the Matco Canadian Equity Fund for the year ended December 31, 2017 and December 31, 2016 were as follows:

Year ended December 31, 2017	Series A	Series F	Series O
Redeemable shares, beginning of year	12,351	1,819,626	4,851,116
Subscriptions	-	265,522	1,432,923
Redemptions	(1,511)	(221,714)	(800,719)
Dividends reinvested	517	93,542	263,753
Redeemable shares, end of year	11,357	1,956,976	5,747,073

Year ended December 31, 2016	Series A	Series F	Series O
Redeemable shares, beginning of year	35,444	1,787,022	3,267,908
Subscriptions	14,484	159,268	3,195,730
Redemptions	(37,864)	(169,112)	(1,727,588)
Dividends reinvested	287	42,448	115,066
Redeemable shares, end of year	12,351	1,819,626	4,851,116

Changes in outstanding shares of the Matco Small Cap Fund for the year ended December 31, 2017 and for the year ended December 31, 2016, were as follows:

Year ended December 31, 2017	Series A	Series F	Series O
Redeemable shares, beginning of year	29,237	597,310	2,935,143
Subscriptions	401	33,999	263,028
Redemptions	(17,323)	(48,575)	(320,642)
Dividends reinvested	596	29,363	145,895
Redeemable shares, end of year	12,911	612,097	3,023,424

Year ended December 31, 2016	Series A	Series F	Series O
Redeemable shares, beginning of year	15,627	320,906	2,152,915
Subscriptions	25,716	302,765	1,004,658
Redemptions	(12,538)	(35,555)	(267,731)
Dividends reinvested	432	9,194	45,301
Redeemable shares, end of year	29,237	597,310	2,935,143

Changes in outstanding shares of the Matco Global Equity Fund for the period ended December 31, 2017 were as follows:

Year ended December 31, 2017	Series A	Series F	Series O
Redeemable shares, beginning of period	-	-	-
Subscriptions	1	97,831	4,541,765
Redeemable shares, end of year	1	97,831	4,541,765

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Notes to Financial Statements

Years ended December 31, 2017 and 2016

7. Financial instruments and associated risk:

Canadian Equity Fund

The investment objective of the Matco Canadian Equity Fund is to seek long-term capital appreciation by investing in a portfolio of large, mid and small cap Canadian equities and U.S equities.

The Manager's approach is strategic and incorporates active investment management allowing for investments in all sectors and market capitalizations within the Canadian market. The Fund's sector and security holdings can, and will, differ from the applicable fund benchmark (S&P/TSX Composite).

Small Cap Fund

The investment objective of the Matco Small Cap Fund is to seek long-term capital appreciation by investing in a portfolio of small and mid-cap Canadian equities and some U.S. equities, that exhibit strong growth attributes. Companies are expected to be profitable and have a strong propensity to reinvest their excess earnings back into growing the company larger.

The Manager's approach is strategic and incorporates active investment management allowing for investments in small and mid-cap sectors and market capitalizations within the Canadian market. The Fund's sector and security holdings can, and will, differ from the applicable fund benchmark.

Global Equity Fund

The objective of the Matco Global Equity Fund is to achieve above-average long-term, risk-adjusted returns by investing in global equity securities. Capital will be allocated to the best global opportunities, which may include both large and small capitalization companies. The amount invested in any one country will vary depending upon the economic, investment and market opportunities within each region. The Fund will be primarily invested in equity and equity-related securities. This is an all-capitalization, global equity fund that may also invest in short term and money market securities from time to time.

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Notes to Financial Statements

Years ended December 31, 2017 and 2016

7. Financial instruments and associated risk (continued):

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Funds is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price-risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

At December 31, 2017, The Fund's market risk is affected by two main components: changes in actual market prices and interest rates. If the global stock exchanges at December 31, 2017 had increased or decreased by 5%, with all other variables held constant, this would have increased or decreased net assets of the Matco Canadian Equity Fund by approximately \$5,083,440 (December 31, 2016 - \$4,033,172), the net assets of the Matco Small Cap Fund by approximately \$3,092,257 (December 31, 2016 - \$1,532,769) and the net assets of the Matco Global Equity Fund by approximately \$2,227,799.

Interest rate risk

The majority of the Fund's investments are in equities. As a result, the Funds are not subject to significant amounts of risk due to fluctuations in the prevailing level of market interest rates. Any excess cash and cash equivalents are invested in short-term investments with minimal sensitivity to changes in interest rates.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

Financial instruments that potentially subject the Funds to a concentration of credit risk consist primarily of cash and cash equivalents and short-term investments. The Funds limit their exposure to credit loss by placing their cash and cash equivalents and short-term investments with high credit quality government and financial institutions. To maximize the credit quality of its investments, the Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of investments, historical trends and other information.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

7. Financial instruments and associated risk (continued):

Liquidity risk

The Funds are exposed to daily cash redemptions of shares. The Funds' investments are considered readily realizable and highly liquid, therefore this risk is considered minimal.

The Funds have minimal financial liabilities, all of which are due within one month.

Currency risk

The Funds hold assets and liabilities, including cash, short-term investments and equities that are denominated in currencies other than the Canadian Dollar, the functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

The table below summarizes the Matco Canadian Equity Fund's exposure to currency risks:

	December 31, 2017		December 31, 2016	
	Currency exposure (\$)	As % of Net assets (%)	Currency exposure (\$)	As % of Net assets (%)
US dollar	\$ 26,663	0.03%	\$ 2,297,520	2.7%
All amounts in CAD\$				

As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets for Matco Canadian Equity Fund could have decreased or increased by approximately \$1,333 (December 31, 2016 - \$114,876). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

The table below summarizes the Matco Small Cap Fund's exposure to currency risks:

	December 31, 2017		December 31, 2016	
	Currency exposure (\$)	As % of Net assets (%)	Currency exposure (\$)	As % of Net assets (%)
US dollar	\$ 932,343	1.4%	\$ 3,335,083	5.3%
All amounts in CAD\$				

As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets for Matco Small Cap Fund could have decreased or increased by approximately \$46,617 (December 31, 2016 - \$166,754). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

The table below summarizes the Matco Global Equity Fund's exposure to currency risks:

	December 31, 2017	
	Currency exposure (\$)	As % of Net assets (%)
US dollar	\$ 27,543,161	56.0%
All amounts in CAD\$		

MATCO FUNDS CORP.

Notes to Financial Statements

Years ended December 31, 2017 and 2016

7. Financial instruments and associated risk (continued):

Currency risk

As at December 31, 2017, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets for Matco Global Equity Fund could have decreased or increased by approximately \$1,377,188. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

8. Management fees and expenses

The Series A shares paid a monthly management fee to the Manager of 1/12 of 0.75% for the Matco Canadian Equity Fund, 1/12 of 1.00% for the Matco Small Cap Fund and 1/12 of 1.15% for the Matco Global Equity Fund. Series F shares paid a monthly management fee to the manager of 1/12 of 1.00% for the Matco Canadian Equity Fund, 1/12 of 1.25% for the Matco Small Cap Fund and 1/12 of 1.15% for the Matco Global Equity Fund of the average net asset value of the series. No management fee is charged to the Series O shares. Instead, the investors pay a management fee directly to the Manager in an amount determined through negotiation with the Manager.

For the years ended December 31, 2017 and December 31, 2016, management fee and trailer fee expense of Matco Canadian Equity Fund was as follows:

	December 31, 2017	December 31, 2016
Management fees paid to manager	\$ 244,593	\$ 204,743
Trailer fees paid to third party	1,369	1,995
Management and trailer fees	\$ 245,962	\$ 206,738

For the years ended December 31, 2017 and December 31, 2016, management fee and trailer fee expense of Matco Small Cap Fund was as follows:

	December 31, 2017	December 31, 2016
Management fees paid to manager	\$ 139,860	\$ 112,008
Trailer fees paid to third party	3,146	3,794
Management and trailer fees	\$ 143,006	\$ 115,802

For the period ended December 31, 2017, management fee expense of Matco Global Equity Fund was as follows:

	December 31, 2017
Management fees paid to manager	\$ 853
Trailer fees paid to third party	-
Management and trailer fees	\$ 853

All fees and expenses applicable to the administration and operation of each Fund, including recordkeeping and communication costs, custodian fees, legal and filing fees, audit, applicable taxes and bank charges are payable by each Fund.

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Notes to Financial Statements

Years ended December 31, 2017 and 2016

9. Securities lending

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional revenue. The aggregate market value of all securities loaned by the Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 102% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

For the years ended December 31, 2017 and December 31, 2016, securities lending income of Matco Canadian Equity Fund was as follows:

	December 31, 2017	December 31, 2016
Gross securities lending income	\$ 16,960	\$ 20,513
Securities lending charges	(7,333)	(10,256)
Net securities lending income	9,627	10,257
Withholding taxes on securities lending income	(1,068)	(3,767)
Net securities lending income received by the Fund	\$ 8,559	\$ 6,490

The following table summarizes the securities loaned and collateral held as at December 31, 2017 and December 31, 2016.

	December 31, 2017	December 31, 2016
Securities loaned	\$ 18,127,792	\$ 6,534,724
Collateral received	18,490,355	6,665,425
Collateral percentage of securities loaned	102%	102%

Securities lending charges during the period ended December 31, 2017 represents 43% (2016 – 50%) of the gross securities lending income.

For the years ended December 31, 2017 and December 31, 2016, securities lending income of Matco Small Cap Fund was as follows:

	December 31, 2017	December 31, 2016
Gross securities lending income	\$ 285,976	\$ 97,514
Securities lending Charges	(129,931)	(48,757)
Net securities lending income	156,045	48,757
Withholding taxes on securities lending income	(9,185)	(5,001)
Net securities lending income received by the Fund	\$ 148,860	\$ 43,756

Securities lending charges during the years ended December 31, 2017 represents 45% (2016 – 50%) of the gross securities lending income.

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Notes to Financial Statements

Years ended December 31, 2017 and 2016

The following table summarizes the securities loaned and collateral held as at December 31, 2017 and December 31, 2016.

	December 31, 2017	December 31, 2016
Securities loaned	\$ 10,206,843	\$ 17,140,437
Collateral received	10,410,983	17,483,264
Collateral percentage of securities loaned	102%	102%

10. Subsequent events

Subsequent to the year end Matco Investments Ltd., a related party, on January 30, 2018 disposed of 932,966.794 Class F Shares of the Matco Canadian Equity Fund for proceeds of \$11,402,254 and on February 21, 2018 disposed of 314,080.814 Class F shares of the Matco Small Cap Fund for proceeds of \$5,615,953.

MATCO CANADIAN EQUITY FUND

Schedule of Investment Portfolio

As at December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Equities:			
Energy:			
ARC Resources Ltd.	65,000	1,417,018	958,750
Canadian Natural Resources Ltd.	26,000	985,138	1,167,920
Enbridge Inc.	19,000	1,035,215	934,040
Peyto Exploration & Development Corp.	92,000	2,999,834	1,382,760
Suncor Energy Inc.	25,000	914,449	1,153,750
Whitecap Resources Inc.	397,000	3,889,361	3,553,150
Total energy		11,241,015	9,150,370
Materials:			
First Quantum Minerals Ltd.	70,000	1,065,519	1,232,700
HudBay Minerals Inc.	103,000	791,936	1,146,390
Intertape Polymer Group Inc.	152,000	3,236,280	3,266,480
Labrador Iron Ore Royalty Corp.	170,000	2,887,139	4,624,000
Norbord Inc.	72,000	3,545,937	3,063,600
Tec Resources Ltd.	33,000	901,725	1,084,710
Total materials		12,428,536	14,417,880
Industrials:			
Capital Goods:			
Russel Metals Inc.	116,000	2,917,532	3,383,720
		2,917,532	3,383,720
Commercial Services & Supplies:			
New Flyer Industries Inc.	29,000	1,093,399	1,566,000
		1,093,399	1,566,000
Transportation:			
Chorus Aviation Inc.	395,000	2,953,646	3,811,750
		2,953,646	3,811,750
Total industrials		6,964,577	8,761,470
Consumer discretionary:			
Retailing:			
Dollarama Inc.	30,000	2,660,716	4,711,500
Quebecor Inc.	168,000	3,105,930	3,981,600
Total consumer discretionary		5,766,646	8,693,100
Consumer staples:			
Food and Staples Retailing:			
Metro Inc.	64,000	2,734,778	2,576,000
North West Co. Inc.	108,000	3,279,431	3,247,560
		6,014,209	5,823,560
Total consumer staples		6,014,209	5,823,560

MATCO CANADIAN EQUITY FUND

Schedule of Investment Portfolio (continued)

As at December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Financials:			
Banks:			
Bank of Montreal	29,000	1,866,651	2,917,110
Bank of Nova Scotia	52,000	2,963,601	4,218,240
Canadian Imperial Bank of Commerce	25,000	2,350,849	3,063,500
Canadian Western Bank	76,000	2,486,228	2,983,000
First National Financial Corp.	38,000	1,083,543	1,094,400
Laurentian Bank of Canada	53,000	3,117,848	2,996,090
National Bank of Canada	54,000	3,195,569	3,386,880
Royal Bank of Canada	59,000	4,254,123	6,056,350
Toronto-Dominion Bank	87,000	4,787,237	6,407,550
		26,105,649	33,123,120
Diversified Financials:			
Gluskin Sheff + Associates Inc.	71,000	1,166,906	1,182,150
		1,166,906	1,182,150
Insurance:			
Great-West Lifeco Inc.	95,000	3,342,252	3,334,500
Manulife Financial Corp.	244,000	5,025,954	6,397,680
		8,368,206	9,732,180
Total financials		35,640,761	44,037,450
Information technology:			
Evertz Technologies Ltd.	180,550	3,316,999	3,286,010
Total information technology		3,316,999	3,286,010
Telecommunication services:			
BCE Inc.	50,000	2,809,137	3,019,000
Rogers Communications Inc.	20,000	1,303,400	1,281,000
Total telecommunication services		4,112,537	4,300,000
Utilities:			
Northland Power Inc.	137,000	3,034,907	3,198,950
Total utilities		3,034,907	3,198,950
Total equities		88,520,187	101,668,790
Transaction costs		(77,920)	
Total investment portfolio		\$ 88,442,267	\$ 101,668,790

MATCO SMALL CAP FUND

Schedule of Investment Portfolio

December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Equities:			
Energy:			
Enerflex Ltd.	105,000	1,510,847	1,610,700
TORC Oil & Gas Ltd.	188,000	1,025,497	1,417,520
Virginia Hills Oil Corp. – Warrants, due April 27,2018	18,240	-	-
WestMan Exploration Ltd.	300,000	75,000	15,000
Total energy		2,611,344	3,043,220
Materials:			
Intertape Polymer Group Inc.	101,900	1,943,171	2,189,831
Labrador Iron Ore Royalty Corp.	53,400	1,097,504	1,452,480
Lucara Diamond Corp.	677,500	1,871,923	1,903,775
Total materials		4,912,598	5,546,086
Industrial:			
Capital Goods:			
New Flyer Industries Inc.	54,500	2,184,098	2,943,000
Wajax Corp.	76,300	1,809,949	1,882,321
		3,994,047	4,825,321
Commercial Services and Supplies:			
Boyd Group Income Fund	23,800	1,098,990	2,401,182
Calian Group Ltd.	66,500	1,872,898	2,131,325
		2,971,888	4,532,507
Transportation:			
Cargojet Inc.	26,000	1,173,599	1,524,900
Chorus Aviation Inc.	315,500	2,341,184	3,044,575
		3,514,783	4,569,475
Total industrials		10,480,718	13,927,303
Consumer discretionary:			
Automobiles & Components:			
Chesswood Group Ltd.	145,100	1,523,488	1,665,748
		1,523,488	1,665,748
Retailing:			
BMTC Group Inc.	10,400	168,093	173,680
Goeasy Ltd.	59,300	1,860,578	2,202,995
Namaste Technologies Inc.	644,000	225,400	1,906,240
		2,254,071	4,282,915
Restaurants:			
Invescor Restaurant Group Inc.	759,000	2,169,884	3,286,470
Keg Royalties Income Fund	73,500	1,635,408	1,469,265
		3,805,292	4,755,735
Total consumer discretionary		7,582,851	10,704,398

MATCO SMALL CAP FUND

Schedule of Investment Portfolio (continued)

December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Consumer staples:			
Food and Staples Retailing:			
Andrew Peller Ltd.	116,000	1,288,926	1,809,600
North West Co. Inc.	64,200	1,962,222	1,930,494
Total consumer staples		3,251,148	3,740,094
Financials:			
Banks:			
Firm Capital Mortgage Investment Corp.	130,000	1,657,786	1,693,900
Laurentian Bank of Canada	29,800	1,392,397	1,684,594
		3,050,183	3,378,494
Diversified Financials:			
Gluskin Sheff + Associates Inc.	129,000	2,248,384	2,147,850
Tricon Capital Group Inc.	122,000	1,065,116	1,409,100
		3,313,500	3,556,950
Real Estate:			
Brookfield Real Estate Services Inc.	120,000	2,055,791	1,982,400
Dream Global Real Estate Investment Trust	210,000	2,291,374	2,566,200
Northview Apartment Real Estate Investment Trust	83,000	2,068,509	2,074,170
NorthWest Healthcare Properties REIT	196,500	2,110,941	2,234,205
		8,526,615	8,856,975
Total financials		14,890,298	15,792,419
Information technology:			
Technology hardware & equipment:			
Evertz Technologies Ltd.	115,450	2,121,005	2,101,190
Total information technology		2,121,005	2,101,190
Healthcare Services:			
CanniMed Therapeutics Inc.	10,875	129,038	245,231
CannTrust Holdings Inc.	105,000	527,551	960,750
CannTrust Holdings Inc. Private Placement	15,000	75,000	137,250
Canopy Growth Corp.	6,900	88,719	205,206
Cronos Group Inc.	73,300	232,781	713,942
Extendicare Inc.	67,500	698,261	617,625
Hydropharmacy Corp.	150,000	391,680	613,500
ICC Labs Inc.	130,000	149,236	132,600
Maricann Group Inc.	334,000	888,806	885,100
MedReleaf Corp.	52,000	514,103	1,104,480
Total health care services		3,695,175	5,615,684
Utilities:			
Borex Inc.	58,500	886,621	1,374,750
Total utilities		886,621	1,374,750
Total equities		50,431,758	61,845,144
Transaction costs		(102,439)	
Total investment portfolio		\$ 50,329,319	\$ 61,845,144

See accompanying notes to financial statements.

MATCO GLOBAL EQUITY FUND

Schedule of Investment Portfolio

December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Equities:			
Energy:			
Alliance Holdings GP LP	21,000	698,973	704,894
Alliance Resource Partners LP	30,000	695,754	740,490
Enterprise Products Partners LP	16,000	511,342	531,449
Total energy		1,906,069	1,976,833
Materials:			
NewMarket Corp.	1,000	513,397	497,908
Total materials		513,397	497,908
Industrials:			
Capital Goods:			
Entergy Corp.	7,000	670,241	713,840
		670,241	713,840
Commercial Services & Supplies:			
Deluxe Corp.	9,000	756,182	866,486
Dun & Bradstreet Corp.	5,000	676,856	741,806
		1,433,038	1,608,292
Total industrials		2,103,279	2,322,132
Consumer Discretionary:			
Consumer Durables & Apparel:			
Garmin Ltd.	10,000	641,154	746,379
Sturm Ruger & Co Inc.	11,000	641,293	769,746
		1,282,447	1,516,125
Diversified Consumer Services:			
Capella Education Co.	7,000	582,102	678,845
H&R Block Inc.	22,000	696,820	722,748
		1,278,922	1,401,593
Retail:			
Nutrisystem Inc.	12,000	758,489	790,859
TJX Cos Inc.	6,000	537,246	574,801
		1,295,735	1,365,660
Total consumer discretionary		3,857,104	4,283,378
Consumer Staples:			
Food Beverages and Tobacco:			
Altria Group Inc.	9,000	687,606	805,255
Philip Morris International Inc.	6,000	849,568	794,241
		1,537,174	1,599,496
Total consumer staples		1,537,174	1,599,496

MATCO GLOBAL EQUITY FUND

Schedule of Investment Portfolio (continued)

December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Financials:			
Diversified Financials:			
Federated Investors Inc.	15,000	543,837	678,094
Moody's Corp.	4,000	678,127	739,789
S&P Global Inc.	4,000	764,120	848,995
		1,986,084	2,266,878
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Total financials		1,986,084	2,266,878
Information Technology:			
Semiconductors & Semiconductor Equipment:			
Broadcom Ltd:	2,000	609,647	643,763
Skyworks Solutions Inc.	6,000	735,510	713,802
		1,345,157	1,357,565
Software and Services:			
Accenture PLC	4,000	679,901	767,253
Apple Inc.	4,000	773,517	848,143
Logitech International SA	15,000	667,331	632,236
Paychex Inc.	10,000	736,394	853,005
Seagate Technology PLC	15,000	610,602	786,348
		3,467,745	3,886,985
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Total information technology		4,812,902	5,244,550
Health Care:			
Health Care Equipment & Services:			
AmerisourceBergen Corp.	5,000	493,140	575,227
		493,140	575,227
Pharmaceuticals, Biotechnology & Life Sciences:			
Bristol-Myers Squibb Co.	10,000	782,076	767,804
Eli Lilly & Co.	6,000	603,709	634,942
GlaxoSmithKline PLC	13,000	635,813	577,745
		2,021,598	1,980,491
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Total health care		2,514,738	2,555,718
Utilities:			
Southern Co.	9,000	551,212	542,287
Total utilities		551,212	542,287
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Total equities		19,781,959	21,289,180

MATCO GLOBAL EQUITY FUND

Schedule of Investment Portfolio (continued)

December 31, 2017

Description	Number of common shares	Cost (\$)	Fair value (\$)
Index Funds:			
iShares Core MSCI Emerging Markets IMI Index ETF	265,000	6,990,700	7,361,700
iShares Currency Hedged MSCI Japan ETF	88,000	3,762,316	3,676,039
iShares MSCI Europe IMI Index ETF CAD-Hedged	457,000	11,186,236	11,356,449
Matco Canadian Equity Fund	28,918	400,000	401,663
iShares S&P Latin America 40 Index Fund	11,000	463,118	470,944
Total index funds		22,802,370	23,266,795
Transaction costs (note 5)		(13,633)	
Total investments (bonds, equities and securities)		42,570,696	44,555,975
Total investment portfolio		\$ 42,570,696	\$ 44,555,975

See accompanying notes to financial statements.