Matco Balanced Fund

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
For the Period Ended June 30, 2017

TABLE OF CONTENTS

This Interim Management Report of Fund Performance ("**MRFP**") contains financial highlights but does not contain either the interim or annual financial statements of the Matco Balanced Fund (the "**Fund**"). You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-877-539-5743, by writing to us at 400, 407-8th Avenue SW, Calgary AB T2P 1E5 or by visiting our website at www.matcofinancialinc.com or SEDAR at www.sedar.com.

Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

A NOTE ON FORWARD LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Management Discussion of Fund Performance

This management discussion of Fund performance presents management's view of the significant factors and developments during the period that have affected the Fund's performance and outlook. For information on the Fund's longer-term performance, please refer to the *Past Performance* section of this report. In this report, "**Matco**" refers to Matco Financial Inc., the manager of the Fund.

Investment Objective and Strategies

Seeking to balance current income and long-term capital appreciation, the Fund invests in Canadian dividend-paying equities and investment grade fixed income assets. The portfolio is diversified across market capitalization, asset classes, sectors and geographic regions. This "one-stop" Fund offers diversified sources of ongoing income, preserves capital based on an institutional investment risk management process and provides lower volatility performance.

Risk

The overall risks of investing in the Fund are as described in the Fund's Prospectus. There were no material changes to the Fund during the year that affected the overall level of risk associated with an investment in the Fund.

Results of Operations

The Fund commenced operations on June 29, 2007 and was first offered to the public via prospectus on November 29, 2007. The Fund's net assets increased over the past six months to $186.3 Million as at June 30, 2017 up from $170.6 Million as at December 31, 2016. Within the period there was a net income on investments of $3.6 Million attributable to investment performance, including both unrealized gains/losses and income. The Fund's performance is discussed below.

The fund experienced no unusual trends in redemptions or sales. From an asset mix perspective, since December 31, 2016, the Fund decreased its Canadian equity exposure from 36.4% to 28.6%, increased its global equity exposure from 24.4% to 31.3%, while its fixed income exposure remained relatively unchanged.

In the first six months of 2017, the Fund's Series F units generated a return of +1.5% relative to an internal benchmark of +2.5%. Unlike the index returns, the Fund's return is net of fees and expenses paid by the Series. Please refer to the *Past Performance* section of the report for the returns of other series offered by the Fund and to the *Related Party Transactions – Management Fees* section of the report for the varying management fees payable by each series.

Taking a look back at the second quarter of 2017, volatility continues to remain in check, globally speaking. It might not feel that way in Canada and we would like to discuss why. Fund flows, where investors are allocating their capital, have ignored the strong fundamentals in Canada. First quarter GDP growth, which is released in the second quarter as it takes time to compile the data, was the strongest of the G7 countries. This print was two full percentage points higher than the US. Net job growth has also been robust and is the strongest it's been since the recovery began in 2009. Add to that mix corporate earnings growth, which is recovering from its low in the summer of 2016 and it becomes puzzling as to why the Canadian equity market has been one of the weakest performers in 2017.

So if the vitals still look fairly strong, where are the negative symptoms coming from? A strong dose of negative sentiment related to trade, housing and energy have left foreign investors disinterested in the Canadian market. The US Trump administration's protectionist platform has been threatening the outlook for Canada even though very little legislation has actually been affected or passed in congress. Investors continue to argue that the Canadian housing market is teetering on imbalances that will lead to a correction. Lastly, although OPEC put in production quota cuts to stabilize the energy sector, the increased shale production in the US which has proved to be very elastic has caused the sector to struggle significantly in 2017.

US economic fundamentals remain strong, with the economy operating at or very close to full capacity. Unemployment remains low, job growth continues to trend well and some economic optimism as a result of the Trumponomics platform continues to linger. However, the US is eight years into an economic expansion. In the last forty-five years, the longest expansion has been approximately ten and a half years, the shortest being seven and a half years, with an overall average expansion of eight and a half years. Dating back to 1850, at ninety-six months, the current economic expansion is the third longest. US job growth remains solid, but is gradually declining.

With that in mind, we remain constructive on the US equity market for the next twelve months and our positioning would reflect the same. We are cognisant that it is always best to sit down before the music stops and we are mindful that the US equity song is likely singing one of its last verses.

From a global perspective, the second quarter was a fairly strong quarter for global capital markets. Global equities continue to be a strong source of return potential and diversification. Emerging markets, developed global markets and the S&P 500 have performed well year to date, while S&P/TSX is flat.

Shifting our focus across the pond, Europe appears to be reaching an economic inflection point, further bolstered by accommodative monetary policy. Compared to our comments on the US economy, Europe appears to be trailing the US by two to three years, from both an economic and monetary policy perspective, potentially lending to a longer runway for continued expansion. The European Purchasing Mangers' Index (PMI), a general barometer for economic health, has improved markedly over recent months. Combine this with strong business and economic sentiment, which is translating into an upward trend in capital goods orders and the landscape in Europe begins to appear quite favorable. This is a fundamental shift in our outlook since last quarter, which has translated in the early stages of shifting some of our equity exposure from the US market to the European market.

The strength and breadth of positive Canadian economic data previously mentioned, has caused the Bank of Canada Governor, Stephen Poloz, to change his rhetoric from neutral to more hawkish. On Tuesday, June 13th, he was quoted in a CBC radio interview saying that the economic recovery from weak oil prices appeared to be widening. Elaborating further he said, "What that suggests to us is that the interest rate cuts we put in place in 2015 have largely done their work." This interview was a day after Senior Deputy Governor, Carolyn Wilkins, released a statement titled "Canadian economy showing encouraging signs". This change in tone would suggest the Bank of Canada is likely to return the overnight rate from 0.50% to 1.00% within the coming twelve months.

This has put upward pressure on interest rates here in Canada and does in turn dampen the outlook for the Canadian bond market; however, it also reinforces our defensive positioning with respect to interest rates. Bonds remain a strong risk management tool when positioned correctly, which includes both duration and yield curve exposure.

The recent change in tone has also caused the interest rate differential between US Treasury yields and Canadian Government of Canada yields to narrow. This differential is one of the driving forces of the Canadian dollar which has recently appreciated in sympathy to the rise in interest rates.

Pulling it all together, we remain cautiously optimistic for the balance of 2017. With respect to the Canadian market, it is only a matter of time before positive economic fundamentals take centre stage over the negative headlines that have been hindering market performance. These fundamentals, along with valuation, will force investors to change their tune; therefore remaining disciplined and patient will reward those who do not abandon the Canadian market.

As the US economy approaches full capacity, the risk of a US market downturn is gradually increasing. Canada's underperformance year to date leaves it better poised to bear the brunt of a downturn, with downside risk more limited given the gap in market valuations.

Related Party Transactions

Management Fees

Matco provides the Fund with investment management services, including managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, making brokerage arrangements for the purchase and sale of the investment portfolio and providing other services. In return, Matco receives a management fee based on the net assets of the Fund, calculated on a daily basis. For the period ended June 30, 2017, the Fund paid Matco management fees of $173,310 (2016 - $148,349) (including GST). The management and administration fee for Series O units is negotiated with and paid by the unitholder to Matco as manager. The sales commission under the Front Load option is negotiated with and paid by the holder directly to the dealer.

Annual Rate	Series A (FL)	Series F
Management fees	1.75%	1.00%
Trailer (included in management fee)	1.00%	Nil
Front Load (FL) sales commission – up to 6%		

Note: The serving commission changed from 1.25% to 1.00% effective August 12, 2011

Administration Services

The Fund paid $67,329 (2016 - $61,132) to RBC Investor Services Trust for valuation, custodian, recordkeeping, unitholder, and trustee services. This amount excludes costs paid through the Fund's investment in other mutual funds and portfolios managed by third parties.

Portfolio Transaction Services

The Fund incurred trading costs of $65,787 (2016 - $76,687) through securities transactions conducted through RBC

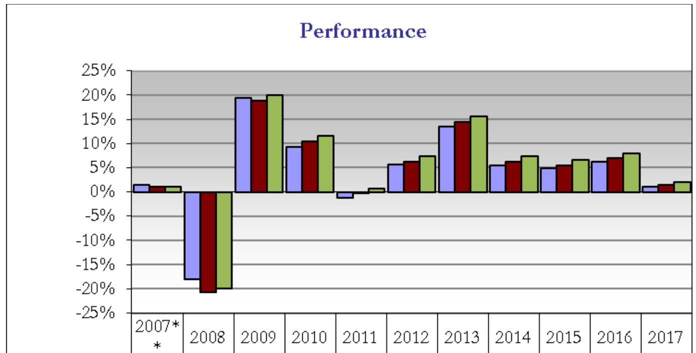
Investor Services and TD Waterhouse Investor Services. RBC Investor Services also provides portfolio transaction services to the Fund when the Fund invests directly in securities of third party mutual funds. The Fund paid no brokerage commissions on these investment transactions.

Past Performance

The indicated rates of return are the historical annual compound total returns, including changes in unit value and assuming reinvestment of all distributions. They do not take into account sales, redemption, and distribution or optional charges, or income taxes payable by any investor that would have reduced returns. The past performance of the Fund is not necessarily an indication of how it will perform in the future. As the Fund may not currently be held inside of a registered plan, income and capital gains distributions paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation. The past performance of the Fund is set out in the following charts and the compound returns table.

Year-By-Year Returns

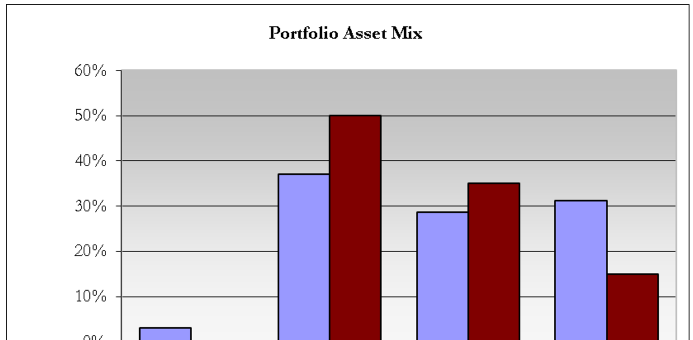
The bar charts that follow show the performance of each series of the Fund for the period ended December 31, 2007, the years ended December 31, 2008 to December 31, 2016, plus the interim period to June 30, 2017. The charts show, in percentage terms, how an investment made on January 1 would have increased or decreased by the end of the period in each fiscal year and June 30, 2017 (except for 2007 as noted below) after all fees and expenses.



	2007**	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Series "A"	1.42%	-17.94	19.50%	9.32%	-1.27%	5.59%	13.53%	5.45%	4.84%	6.29%	1.06%
Series"F"	1.01%	-20.77	18.78%	10.41%	-0.34%	6.26%	14.43%	6.23%	5.52%	6.91%	1.45%
Series"O"	1.10%	-19.94	20.05%	11.56%	0.69%	7.38%	15.65%	7.45%	6.65%	8.04%	1.98%

** The rate of return for the period from inception (June 29, 2007 – December 31, 2007). The Fund was prospectus qualified as at November 29, 2007. Rates of Return are after all fees and expenses assume reinvestment of all distributions at net asset value.

Portfolio Asset Mix



	Cash	Fixed Income	Cdn. Equities	Global Equities
Fund	3.02%	37.14%	28.61%	31.23%
Benchmark	0	50%	35%	15.00%

Summary of Investment Portfolio (at June 30, 2017)

Effective Portfolio Allocation

Equities	**59.9%**
Canada	28.6%
United States	21.6%
United Kingdom	1.4%
China	1.3%
France	0.7%
Other	6.3%
Fixed Income	**37.1%**
Canada	37.1%
Cash and equivalents	**3.0%**
TOTAL	**100.0%**

Top 25 Holdings

		% of NAV
1	iShares Core S&P 500 Index ETF	19.6
2	Matco Canadian Equity Fund - Series O	16.9
3	Matco Small Cap Fund - Series O	11.8
4	iShares MSCI Europe IMI Index ETF	4.9
5	iShares Core MSCI Emerging Markets IMI Index ETF	4.8
6	Canada Housing Trust No. 1 - 2.400% 15DE22	3.0
7	Government of Canada - 1.500% 1JN26	2.7
8	Canada Housing Trust No. 1 - 0.874% 15SE20	2.5
9	Province of Manitoba - 3.250% 5SE29	2.1
10	iShares Dow Jones US Financial Sector Index Fund	2.0
11	Canada Housing Trust No. 1 - 1.084% 15MR21	2.0
12	Province of Alberta - 3.100% 1JN24	1.9
13	Province of Ontario - 1.353% 16MR21	1.9
14	Bank of Nova Scotia – 2.873% 4JN21	1.8
15	Choice Properties Real Estate Inv Trust – 3.498% 8FE21	1.8
16	Toronto-Dominion Bank – 2.563% 24JN20	1.8
17	Royal Bank of Canada – 1.968% 2MR22	1.8
18	Bank of Montreal – 3.400% 23AP21	1.8
19	Loblaw Cos Ltd. - 5.220% 18JN20	1.6
20	Toronto-Dominion Bank – 3.226% 24JL24	1.3
21	Province of British Colombia - 2.850% 18JN25	1.2
22	Province of Ontario - 3.450% 2JN45	1.2
23	Cadillac Fairview Finance Trust - 4.310% 25JA21	1.1
24	Brookfield Asset Management. – 5.300% 1MR21	1.1
25	Capital Power Corp. – 4.850% 21FE19	0.9
	TOTAL	**93.5**

The simplified prospectuses and other information about the underlying funds are available on such funds' websites or on the SEDAR website at www.sedar.com.

The investments and percentages outlined herein may have changed by the time you purchase units of this Fund. The top 25 holdings are made available quarterly, 60 days after quarter-end and may be obtained by contacting your registered representative or by contacting Matco toll free at 1.877.539.5743 or by email at matco@matcofinancial.ca.

The Fund held no short positions at the end of the period.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance over the past four periods. This information is derived from the Fund's audited annual and unaudited interim financial statements.

MATCO BALANCED FUND – Series A

Net Assets per Unit

	2017	2016	2015	2014	2013
Net Assets, beginning of year (1) (3)	$ 12.24	$ 12.28	$ 11.76	$ 11.21	$ 9.95
Increase (decrease) from operations:					
total revenue	0.11	0.30	0.28	0.30	0.30
total expenses	(0.13)	(0.23)	(0.25)	(0.25)	(0.22)
realized gains (losses) for the year	0.27	1.47	0.35	1.19	0.49
unrealized gains (losses) for the year	(0.15)	0.23	0.15	0.16	0.74
Total increase (decrease) from operations (1)	0.10	1.77	0.53	1.40	1.31
Distributions :					
from income (excluding dividends)	-	(0.03)	(0.02)	(0.04)	(0.05)
from dividends	-	(0.04)	(0.01)	(0.02)	(0.04)
from capital gains	-	(0.68)	-	-	-
return of capital	-	-	-	-	-
Total annual distributions (2)	-	(0.75)	(0.03)	(0.06)	(0.09)
Net Assets, end of year	$ 12.37	$ 12.24	$ 12.28	$ 11.76	$ 11.21

Ratios and Supplemental Data

	2017	2016	2015	2014	2013
Net asset value end of year (1)	1,647,102	850,450	333,709	374,340	287,966
Number of units outstanding (1)	133,157	69,474	27,186	31,837	25,693
Management expense ratio (%) (2)	1.97	1.77	2.04	2.00	2.06
Management expense ratio before waivers or absorptions (%)	1.97	1.77	2.04	2.00	2.06
Portfolio turnover rate (%) (3)	68.45	90.22	115.30	237.24	138.62
Trading expense ratio (%) (4)	0.04	0.09	0.02	0.07	0.05
Net asset value per unit end of year (5)	12.37	12.24	12.28	11.76	11.21

MATCO BALANCED FUND – Series F

Net Assets per Unit

	2017	2016	2015	2014	2013
Net Assets, beginning of year (1) (3)	$ 12.01	$ 12.05	$ 11.58	$ 11.04	$ 9.79
Increase (decrease) from operations:					
total revenue	0.10	0.28	0.31	0.29	0.29
total expenses	(0.07)	(0.15)	(0.14)	(0.15)	(0.14)
realized gains (losses) for the year	0.25	0.92	0.28	0.79	0.45
unrealized gains (losses) for the year	(0.10)	(0.19)	0.18	(0.26)	0.83
Total increase (decrease) from operations (1)	0.18	0.86	0.63	0.67	1.43
Distributions :					
from income (excluding dividends)	(0.02)	(0.09)	(0.12)	(0.09)	(0.09)
from dividends	(0.01)	(0.07)	(0.06)	(0.06)	(0.07)
from capital gains	-	(0.71)	-	-	-
return of capital	-	-	-	-	-
Total annual distributions (2)	(0.03)	(0.87)	(0.18)	(0.15)	(0.16)
Net assets, end of year	$ 12.15	$ 12.01	$ 12.05	$ 11.58	$ 11.04

Ratios and Supplemental Data

	2017	2016	2015	2014	2013
Net asset value end of year (1)	34,367,529	31,964,542	25,650,175	20,346,555	30,931,655
Number of units outstanding (1)	2,828,470	2,662,585	2,128,089	1,757,267	2,802,352
Management expense ratio (%) (2)	1.16	1.16	1.18	1.21	1.27
Management expense ratio before waivers or absorptions (%)	1.16	1.16	1.18	1.21	1.27
Portfolio turnover rate (%) (3)	68.45	90.22	115.30	237.24	138.62
Trading expense ratio (%) (4)	0.04	0.09	0.02	0.07	0.05
Net asset value per unit end of year (5)	12.15	12.01	12.05	11.58	11.04

MATCO BALANCED FUND – Series O

Net Assets per Unit

	2017	2016	2015	2014	2013
Net Assets, beginning of year (1) (3)	$ 11.96	$ 12.00	$ 11.53	$ 10.99	$ 9.75
Increase (decrease) from operations:					
total revenue	0.10	0.29	0.30	0.30	0.30
total expenses	(0.01)	(0.03)	(0.02)	(0.03)	(0.03)
realized gains (losses) for the year	0.25	0.92	0.28	0.70	0.42
unrealized gains (losses) for the year	(0.11)	(0.22)	0.16	(0.15)	0.89
Total increase (decrease) from operations (1)	0.23	0.96	0.72	0.82	1.58
Distributions :					
from income (excluding dividends)	(0.07)	(0.17)	(0.20)	(0.17)	(0.16)
from dividends	(0.02)	(0.11)	(0.10)	(0.11)	(0.11)
from capital gains	-	(0.70)	-	-	-
return of capital	-	-	-	-	-
Total annual distributions (2)	(0.09)	(0.98)	(0.30)	(0.28)	(0.27)
Net assets, end of year	$ 12.11	$ 11.96	$ 12.00	$ 11.53	$ 10.99

Ratios and Supplemental Data

	2017	2016	2015	2014	2013
Net asset value end of year (1)	150,299,075	137,811,616	105,419,856	94,858,536	70,146,599
Number of units outstanding (1)	12,413,971	11,521,788	8,781,664	8,229,959	6,382,053
Management expense ratio (%) (2)	0.10	0.12	0.13	0.17	0.20
Management expense ratio before waivers or absorptions (%)	0.10	0.12	0.13	0.17	0.20
Portfolio turnover rate (%) (3)	68.45	90.22	115.30	237.24	138.62
Trading expense ratio (%) (4)	0.04	0.09	0.02	0.07	0.05
Net asset value per unit end of year (5)	12.11	11.96	12.00	11.53	10.99

NAV per Share Notes

(1) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
(2) Distributions were paid in cash/reinvested in additional units of the Fund, or both.
(3) The information is prepared in accordance with IFRS which uses the last trade price for investments that are traded in an active market where quoted prices are readily and regularly available. For investments that are not traded in an active market, the Fund uses valuation techniques that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs

Ratio and Supplemental Data Notes

(1) This information is provided as at June 30, 2017 and as at December 31 for the other years.
(2) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period.
(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.
(5) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.