



# Matco Canadian Funds Recap Matco Small Cap Fund & Matco Canadian Equity Income Fund



With the majority of second quarter earnings reported in Canada, here's a quick summary and highlights for the Matco Canadian Funds: Matco Small Cap Fund and Matco Canadian Equity Income Fund.

## **Matco Small Cap Fund - Portfolio Highlights:**

**Information Services Corporation** – provides registry and information management services

- ◆ 26% year over year earnings growth
- ◆ beat earnings expectations by 44%

**Calian Group Ltd.** – operates in the advanced technology, health, learning and information technology segments

- ◆ 32% year over year earnings growth
- ◆ beat earnings expectations by 47%

**Leon's Furniture Limited** – Canada's largest retailer of furniture and major appliances and owns The Brick brand

- ◆ 17% year over year earnings growth
- ◆ beat earnings expectations by 81%

## Second Quarter

- ◆ 60% of companies beat expectations
- ◆ 18% average earnings beat
- ◆ 14% year over year earnings growth rate

## First Quarter

- ◆ 71% of companies beat expectations
- ◆ 57% average earnings beat
- ◆ 76% year over year earnings growth rate

### **Matco Canadian Equity Income Fund – Portfolio Highlights:**

**TFI International Inc.** – provides transportation and logistics across North America

- ◆ 44% year over year earnings growth
- ◆ beat earnings expectations by 46%

**Canadian Tire Corporation Limited** – owns banners such as Mark's, SportChek, Party City, Atmosphere, and PartsSource

- ◆ 26% year over year earnings growth
- ◆ beat earnings expectations by 44%

**Gibson Energy Inc.** – owns oil storage and processing facilities and pipeline infrastructure

- ◆ 25% year over year earnings growth
- ◆ beat earnings expectations by 26%

## Second Quarter

- ◆ 69% of companies beat expectations
- ◆ 12% average earnings beat
- ◆ 31% year over year earnings growth rate

## First Quarter

- ◆ 81% of companies beat expectations
- ◆ 30% average earnings beat
- ◆ 21% year over year earnings growth rate

Source: all figures from CPMS and Bloomberg

## **The Bottom Line**

Strong corporate earnings have driven stock markets globally year to date. Both funds continue to perform well with significantly lower commodity exposure, a higher dividend yield and trading at almost less than half the valuation of the Canadian stock market.

Matco Funds have a substantially different composition than the market indexes as a result of our proprietary M-factor investment process. The Matco Small Cap Fund has an Active Share of 91% and the Matco Canadian Equity Income Fund has an Active Share of 73%. Active Share measures the percentage of a fund's portfolio that differs from the benchmark index, and was designed to quantify the degree of active management.

Please reach out to me for more information on Matco funds.

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