

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling toll free: 1.877.539.5743 by writing to us at 350, 440-2nd Avenue SW, Calgary AB T2P 5E9 or by visiting our website at www.matcofinancialinc.com or SEDAR at www.sedar.com.

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

This annual management report of fund performance presents management's view of the significant factors and developments during the year that have affected the fund's performance and outlook. In this report, "Matco" refers to Matco Financial Inc., the Manager of the Fund.

Investment Objective and Strategies

The objective of the Matco Fixed Income Fund (the "Fund") is to provide an optimal level of income with some potential for capital appreciation while preserving capital by investing primarily in Canadian dollar-denominated investment grade debt instruments. These securities will consist of bonds and debentures and may also include real return bonds, mortgage-backed securities and asset-backed securities. The debt obligations will be issued or guaranteed by, Canadian federal, provincial or municipal governments, Canadian chartered banks, Canadian loan or trust companies or Canadian corporations.

Within the context of optimal income, the Fund may also invest in income generating common and preferred equities, as well as foreign currency denominated fixed income instruments from Canadian or foreign issuers.

To balance current income and long-term capital appreciation, the Fund may invest 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 and specific risks of investing in the Fund are as described in the Fund's Simplified Prospectus dated June 21, 2019. There were no material changes to the Fund during the period that affected the overall level of risk associated with an investment in the Fund.

Results of Operations

The Fund's net assets decreased slightly to \$138.9 million at December 31, 2019 from \$139.0 million at December 31, 2018. Total investment income for the year ended December 31, 2019 was \$7.4 million, prior to other income and operating expenses, up from \$2.2 million for the year ended December 31, 2018.

The Fund returned 4.2% (Series F) underperforming the iShares Core Canadian Universe Bond Index ETF (the "Benchmark") which returned 6.8% for the twelve months ending December 31, 2019. Although the decrease in interest rates through the first two quarters of 2019 positively impacted the Fund's absolute performance, the second half the year saw interest rates gradually increase, leading to modest capital depreciation of bond holdings within the Fund. Overall, the decrease of interest rates through 2019 allowed the fixed income asset class to produce returns greater than the running yield or income produced within the sector. This was in large part due to global central banks reducing their overnight

lending rates, to ease financial conditions globally. The Fund however underperformed the benchmark due to the Fund's shorter duration position throughout the majority of 2019.

The portfolio was active in the second half of 2019. A number of trades were executed, predominantly in an effort to increase the Fund's duration, while also increasing its running yield. The Fund's duration now sits at approximately 7.8 years, up from 4.5 years at the end of December 2018.

The Fund experienced no unusual trends in redemptions or sales. The Fund had no significant changes to the components of revenue or expenses.

Recent Developments

The outlook for interest rates has been materially impacted by three predominant factors in 2019. First and foremost, central bankers around the world have shifted to a monetary policy easing stance and have lowered their overnight lending rates, which has put downward pressure on interest rates globally. Secondly, global economic data has shown material signs of slowing. This has been evident in global manufacturing data and other leading economic indicators. Lastly, geo-political risks, such as the Brexit developments and U.S.-China trade war, have created a cloud of economic uncertainty, which has caused some risk off sentiment in markets further weighing on interest rates. Although interest rates moved significantly lower in 2019, the introduction new macro-economic risks could continue to push interest rates down even further. Making investment decisions based on geo-political outcomes is a challenging endeavor, and therefore we are focused more on economic fundamentals. Our view is that reversing the course of slowing economic data will be difficult, even in light of central banks attempting to stimulate the economy. As such, our outlook is for interest rates to continue to grind lower through 2020.

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. There are potential direct and indirect effects on the value of the investments in our portfolios, and we will continue to monitor the impact COVID-19 has on them.

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 year ended December 31, 2019, the Fund incurred management fees payable to Matco of \$12,651 (year ended December 31, 2018 - \$4,764. Matco, at its discretion, absorbed \$19,274 (year ended December 31, 2018 - \$5,219) of expenses for the year ended December 31, 2019. There is no obligation nor guarantee that the Manager will continue to absorb expenses in future periods.

Investment Review Committee

An Investment Review Committee ("IRC") has been established by the Manager in accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* ("NI 81-107"). The IRC must review and approve conflict of interest matters as referred by the Manager. The Fund did not refer any related party transactions or conflict of interest matters to the IRC during the years ended December 31, 2019 or 2018.

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 three years.

The Fund's Net Assets per Unit ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

SERIES A	2019	2018	2017
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	10.04	10.09	—
Increase (decrease) from operations ^{(2):}			
Total revenue	0.26	0.25	—
Total expenses	(0.11)	(0.15)	—
Net realized gains (losses)	0.05	(0.10)	—
Net unrealized gains (losses)	0.18	0.86	—
Total increase (decrease) from operations ^{(2):}	0.38	0.86	—
Distributions ^{(2)(3):}			
From net investment income (excluding dividends)	(0.12)	(0.22)	(0.06)
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
Total distributions:	(0.12)	(0.22)	(0.06)
Net assets, end of period/year	10.26	10.04	10.09
Ratios and Supplemental Data			
Total net asset value ⁽⁴⁾⁽⁵⁾	\$1,562	\$1,516	\$10
Number of shares outstanding ⁽⁵⁾	152	151	1
Management expense ratio ⁽⁶⁾	1.22%	1.33%	0.00%
Management expense ratio before absorptions ⁽⁶⁾	1.22%	1.33%	0.00%
Portfolio turnover rate ⁽⁷⁾	49.49%	25.99%	16.53%
Trading expense ratio ⁽⁸⁾	0.00%	0.00%	0.00%
Net asset value per unit	\$10.26	\$10.04	\$10.09

SERIES F	2019	2018	2017
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	9.98	10.07	—
Increase (decrease) from operations ^{(2):}			
Total revenue	0.27	0.25	0.07
Total expenses	(0.08)	(0.09)	(0.02)
Net realized gains (losses)	0.04	(0.04)	—
Net unrealized gains (losses)	0.17	—	(0.10)
Total increase (decrease) from operations ^{(2):}	0.40	0.12	0.05
Distributions ^{(2)(3):}			
From net investment income (excluding dividends)	(0.18)	(0.16)	(0.06)
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
Total distributions:	(0.18)	(0.16)	(0.06)
Net assets, end of period/year	10.22	9.98	10.07
Ratios and Supplemental Data			
Total net asset value ⁽⁴⁾⁽⁵⁾	\$2,742,754	\$842,290	\$104,732
Number of shares outstanding ⁽⁵⁾	268,367	84,378	10,405
Management expense ratio ⁽⁶⁾	0.83%	0.88%	0.88%
Management expense ratio before absorptions ⁽⁶⁾	0.83%	0.88%	0.88%
Portfolio turnover rate ⁽⁷⁾	49.49%	25.99%	16.53%
Trading expense ratio ⁽⁸⁾	0.00%	0.00%	0.00%
Net asset value per unit	\$10.22	\$9.98	\$10.07

SERIES N	2019	2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾	9.93	—
Increase (decrease) from operations⁽²⁾:		
Total revenue	0.26	0.25
Total expenses	(0.03)	(0.03)
Net realized gains (losses)	0.05	(0.08)
Net unrealized gains (losses)	0.24	—
Total increase (decrease) from operations⁽²⁾:	0.52	0.14
Distributions⁽²⁾⁽³⁾:		
From net investment income (excluding dividends)	(0.22)	(0.24)
From dividends	—	—
From capital gains	—	—
Return of capital	—	—
Total distributions:	(0.22)	(0.24)
Net assets, end of period/year	—	9.93
Ratios and Supplemental Data		
Total net asset value ⁽⁴⁾⁽⁵⁾	\$—	\$1,499
Number of shares outstanding ⁽⁵⁾	—	151
Management expense ratio ⁽⁶⁾	0.26%	0.25%
Management expense ratio before absorptions ⁽⁶⁾	1,239.20%	9,023.67%
Portfolio turnover rate ⁽⁷⁾	49.49%	25.99%
Trading expense ratio ⁽⁸⁾	0.00%	0.00%
Net asset value per unit	\$—	\$9.93

SERIES O	2019	2018	2017
Net assets, beginning of period/year⁽¹⁾⁽²⁾	10.00	10.07	—
Increase (decrease) from operations⁽²⁾:			
Total revenue	0.27	0.24	0.06
Total expenses	(0.01)	(0.01)	—
Net realized gains (losses)	0.05	(0.04)	—
Net unrealized gains (losses)	0.21	(0.02)	0.05
Total increase (decrease) from operations⁽²⁾:	0.52	0.17	0.11
Distributions⁽²⁾⁽³⁾:			
From net investment income (excluding dividends)	(0.25)	(0.22)	(0.06)
From dividends	—	—	—
From capital gains	—	—	—
Return of capital	—	—	—
Total distributions:	(0.25)	(0.22)	(0.06)
Net assets, end of period/year	10.25	10.00	10.07
Ratios and Supplemental Data			
Total net asset value ⁽⁴⁾⁽⁵⁾	\$136,162,069	\$138,133,426	\$90,108,478
Number of shares outstanding ⁽⁵⁾	13,283,280	13,811,660	8,949,326
Management expense ratio ⁽⁶⁾	0.10%	0.13%	0.15%
Management expense ratio before absorptions ⁽⁶⁾	0.10%	0.13%	0.15%
Portfolio turnover rate ⁽⁷⁾	49.49%	25.99%	16.53%
Trading expense ratio ⁽⁸⁾	0.00%	0.00%	0.00%
Net asset value per unit	\$10.25	\$10.00	\$10.07

- (1) This information is derived from the Fund's audited annual financial statements. Per unit amounts are for the periods for increases (decreases) and points in time for distributions, as applicable, and are not intended to be a reconciliation of opening and closing net assets.
- (2) 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.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.
- (4) 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.
- (5) This information is provided as at and for the year shown, as applicable, except Series N for 2018 which are from inception February 6, 2018 through December 31, 2018.
- (6) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the year/period.
- (7) 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.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year/period.

Management Fees

The annual management fee rates, exclusive of sales taxes, are 1.20%, 0.70% and 0.35% for Series A, F and N respectively. No management fees are charged directly to Series O.

During the year ended December 31, 2019, management fees totaled \$12,651 (year ended December 31, 2018 - \$4,764). Included in liabilities at December 31, 2019 is \$1,642 (December 31, 2018 - \$500) in respect of these fees.

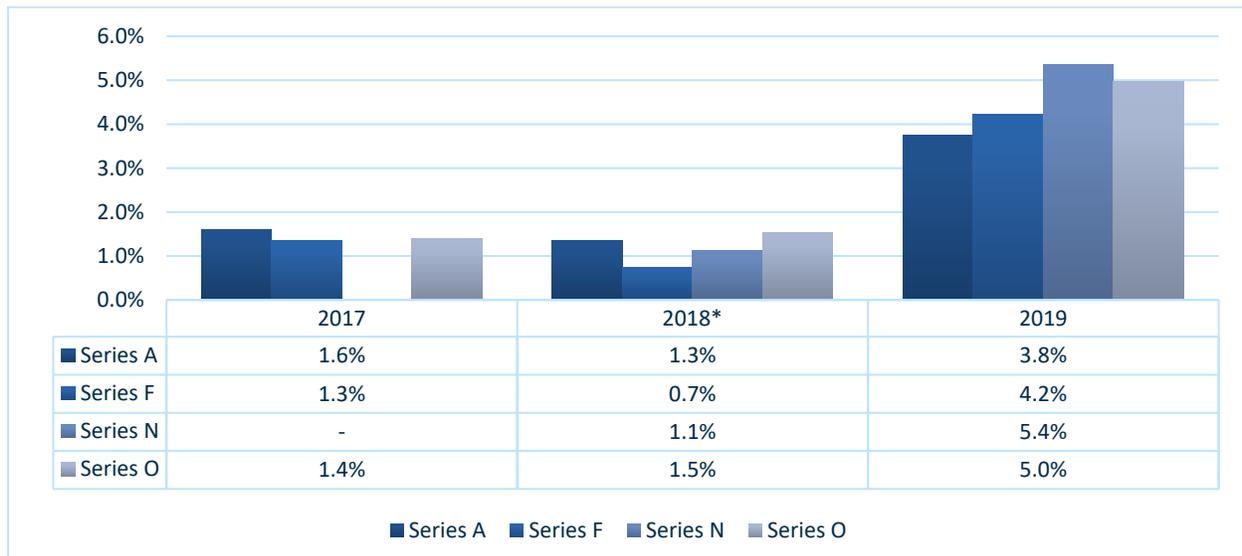
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 41.67% were used to pay for trailing and other dealer sales commissions, the remaining 58.33% covered portfolio management and other services provided to the Fund by the Manager.

PAST PERFORMANCE

This section shows how the Fund has performed in the past. The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account: sales, redemption, and distribution or other optional charges, that would have reduced returns or performance. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

Year-By-Year Returns

The bar charts that follow show the performance of each series of the Fund for the three most recently completed financial years. The charts show, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31st of the fiscal year (except as noted below).



The rate of return for 2017 is from inception September 20, 2017.

*The rate of return for 2018 represents performance for the year ended December 31, 2018 except Series N which is from February 6, 2018 to December 31, 2018.

Annual Compound Returns

	Series A	Series F	Series N*	Series O	Benchmark**
1 Year*	3.8%	4.2%	5.4%	5.0%	6.8%
Since Inception*	2.9%	2.8%	-	3.5%	4.5%
Since Inception*	-	-	3.4%	-	5.4%

*Since inception returns for Series A, Series F, and Series O are from September 20, 2017.

* Since inception returns for Series N are from February 6, 2018 and one year returns are through its liquidation December 26, 2019.

** The Benchmark of the Fund was updated to the iShares Core Canadian Universe Bond Index ETF from the iShares Canadian Bond Index ETF during the year. The performance, allocations and risk exposures of the two indices track closely over long periods of time. Given Matco's private client investor base, who often look at ETFs as a substitute for active investment solutions, the ETF better fulfills the investable portion of the benchmark suitability criteria. Matco has chosen to be consistent across all mandates by benchmarking against ETFs for this reason.

SUMMARY OF INVESTMENT PORTFOLIO

Sector Allocation	% of Net Asset Value
Provincial	36.9
Corporate	35.0
Federal	26.1
Cash	1.6
Other Net Assets (Liabilities)	0.4

Top 25 Holdings	% of Net Asset Value
TELUS Corp. - 4.850% Apr 05/44	8.0
Canada Housing Trust No 1 - 2.173% Mar 15/21	7.5
Province of Alberta - 2.900% Dec 01/28	7.4
Dollarama Inc. - 3.550% Nov 06/23	7.1
Province of Quebec - 2.750% Sep 01/27	6.4
Province of Alberta - 3.450% Dec 01/43	5.8
Canadian Government Bond - 3.500% Dec 01/45	5.1
Bank of Nova Scotia - 2.873% Jun 04/21	5.1
Bank of Montreal - 3.400% Apr/23/2021	5.1
Canadian Government Bond - 1.500% Jun 01/26	5.0
Province of Manitoba - 3.250% Sep 05/29	4.9
Canadian Government Bond - 2.250% Jun 01/29	4.9
Royal Bank of Canada - 1.968% Mar 02/22	4.6
Canadian Government Bond - 0.750% Mar 01/21	3.6
Enbridge Inc. - 4.570% Mar 11/44	3.0
Province of Alberta - 2.550% Jun 01/27	3.0
Province of British Columbia - 2.550% Jun 18/27	3.0
Province of Ontario - 3.450% Jun 02/45	2.9
Bell Canada Inc. - 3.550% Mar 02/26	2.1
Province of British Columbia - 4.950% Jun 18/40	2.0
Cash	1.6
Province of Quebec - 3.500% Dec 01/45	1.5

Total Net Asset Value \$ 138,906,385

The top 25 positions are required to be disclosed. As at the reporting date, the Fund held fewer than 25 positions. All positions are therefore presented.

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.