

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 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. In this report, "Matco" refers to Matco Financial Inc., the Manager of the Fund.

Investment Objective and Strategies

The objective of the Matco Balanced Fund (the "Fund") is to seek a balance of long-term capital appreciation and current income by investing in a Canadian focused portfolio of equities and fixed income instruments, diversified across investment styles and market capitalization, geographic regions, asset classes, and sectors.

The Fund utilizes a risk management framework focused on achieving long term growth while exhibiting lower volatility. Seeking to balance current income and long-term capital appreciation, the Fund invests in Canadian equities, global 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. The risk rating of the Fund has decreased from low-to-medium to low as a result of a lower standard deviation of price and returns.

Results of Operations

The Fund's net assets increased to \$198.1 million at December 31, 2019 from \$174.4 million at December 31, 2018. Total investment income for the year ended December 31, 2019 was \$19.3 million (year ended December 31, 2018 - \$5.9 million loss).

For the twelve months ending December 31, 2019, the Fund was up 9.5% (Series F), while the internal Blended Benchmark (50% iShares Core Canadian Universe Bond Index ETF, 35% iShares Core S&P/TSX Capped Composite Index ETF, 15% Vanguard Total World Stock ETF) was up 14.5%. The underperformance of 5.0% was predominantly a result of our negative security selection within the Canadian equity asset class and the fixed income asset class. The Matco Asset Mix Committee, which determines the strategic position of the firm's asset class selection, has also shifted the Fund's asset allocation more conservative over the last 24 months. This encompasses an increase in exposure to the fixed income asset class, while decreasing the exposure to equities overall. This has been a modest drag on performance as well, although the bulk of the underperformance is attributable to the underperformance of the underlying asset class strategies.

The asset allocation of the Fund is determined by the Matco Asset Mix Committee, which positions the portfolio strategically based on Matco's market outlook. The committee made one active asset allocation decision throughout 2019. The asset mix adjustment was a gradual shift, adding 5% to our Canadian Small Cap allocation while reducing our Fixed Income allocation by 5%. The recent shift is a modest reversal of the original de-risking. This is in large part a result

of the shift in central bank monetary policy action, which is likely to be supportive of risk assets and equities over the medium term. The Fund also experienced inflows which were utilized as an opportunity to rebalance back to our target asset mix weights on a few occasions throughout 2019.

The year that was 2019, from a global capital markets perspective, could be characterized as one dominated by geo-political headlines. The U.S.-China trade war, Brexit uncertainty, the Canadian Federal Election and active central banks are among the list of major events that carried us through the calendar year. However, if one was to focus in on the healthy global equity market returns that benefitted investors, it's hard to imagine that the year was accompanied by so much uncertainty. With that in mind, in order to assess what lies ahead for investors, we find it helpful to glance in the rear-view mirror and examine the developments that led to the current landscape.

Going back a full year, December of 2018 was a volatile period. Global equities were under significant pressure but managed to find solid footing in early January. The U.S. Federal Reserve (Fed) was expected to increase interest rates throughout 2019, however, concern over slowing economic data and the turbulence experienced in the equity markets caused the Fed to pivot aggressively. Jerome Powell, chair of the Federal Reserve, indicated quite clearly that the U.S. central bank was now more inclined to ease monetary policy as opposed to tightening it. This shift from the most influential central bank in the world set the stage for the remainder of the year. With the Federal Reserve to the rescue, equity markets experienced a robust first quarter and continued a positive trajectory despite a long list of economic and political concerns.

A comparison of equity market returns to economic data would present a glaring dichotomy. Although labor markets around the world were as healthy as they have been in over 40 years, global economic growth slowed materially throughout the year, driven predominantly by a slowing of manufacturing activity. This slowing of economic activity was further exacerbated by the U.S.-China trade war and a continuation of the Brexit saga. These two geo-political events have, quite amazingly, been on-going for well over two years. Brexit uncertainty has continued to weigh on economic sentiment, but it was the imposition of trade tariffs by both the U.S. and China that led to material economic impact. The International Monetary Fund estimates that the U.S.-China trade war has reduced global growth by 0.7% in 2019. Although these trade conflicts are likely to be resolved in the coming year, the collateral damage has been done and will likely linger throughout 2020.

From a more granular perspective, corporate earnings were growing at a very healthy pace in both 2017 and 2018. President Donald Trump's tax reform set the stage for a significant cash windfall benefitting U.S. corporate profits. However, investors had some concern as to whether this level of profits was sustainable, particularly as benefits from the tax cuts began to wane. Low and behold, in 2019, North American corporate earnings decelerated significantly, finishing the year in low single digits. Equity market returns and corporate earnings generally trend in the same direction, so the disconnect in 2019 is unusual and notable. Some would argue it was the decisive action by global central banks to reduce interest rates and ease financial conditions that helped propel the stock market forward.

Here in Canada, our economy is rather divided, similar to our political landscape. The western economy, namely Alberta and Saskatchewan, continues to experience benign growth, as the labor market struggles to recover from the 2014 onset of the energy downturn. Eastern Canada, though, continues to experience relatively stronger economic conditions, buoyed by a healthy labor market.

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 calendar year of 2019 was plagued with geo-political risk leading to a healthy level of volatility. However, even as global economic data slowed throughout the year, global equity markets managed to march higher, climbing the proverbial wall of worry while producing robust returns for balanced portfolios. This type of market environment is a healthy reminder for investors to stick to their investment process, focusing on diversification and portfolio construction.

With 2020 on the horizon, in absence of further macro-economic shocks, economic data may find more solid footing as a result of global central banks having significantly eased financial conditions. However, the current economic cycle remains protracted and susceptible to downside risks. Equity markets will rely on a resurgence of manufacturing activity and corporate earnings in order to carry themselves forward. A continuation of global trade conflict and potential exogenous shocks would threaten this positive outlook. On the fixed income side of the portfolio, although interest rates moved significantly lower in 2019, the introduction of new macro-economic risks could continue to push interest rates down even further. One thing is certain, the fixed income asset class and long-term duration exposure continue to be a strong hedge for equity market risk. Overall, the outlook for 2020 is cautiously optimistic. Our positioning within the fund is likely to remain conservative. Our economic compass suggests that a disciplined investment process, diversified portfolio construction and a certain level of prudence are as important as ever given the current landscape.

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 \$310,483 (year ended December 31, 2018 - \$368,783). Matco, at its discretion, absorbed \$19,305 (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 year 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 5 years.

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

SERIES A	2019	2018	2017	2016	2015
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	11.46	12.62	12.24	12.28	11.76
Increase (decrease) from operations ^{(2):}					
Total revenue	0.42	0.24	0.28	0.30	0.28
Total expenses	(0.23)	(0.24)	(0.25)	(0.23)	(0.25)
Net realized gains (losses)	0.32	0.44	0.46	1.47	0.35
Net unrealized gains (losses)	0.46	(0.98)	0.35	0.23	0.15
Total increase (decrease) from operations ^{(2):}	0.97	(0.54)	0.84	1.77	0.53
Distributions ^{(3):}					
From net investment income (excluding dividends)	(0.20)	(0.04)	(0.03)	(0.03)	(0.02)
From dividends	(0.03)	(0.06)	(0.06)	(0.04)	(0.01)
From capital gains	(0.25)	(0.42)	(0.36)	(0.68)	—
Return of capital	—	—	—	—	—
Total distributions:	(0.48)	(0.52)	(0.45)	(0.75)	(0.03)
Net assets, end of period/year	11.91	11.46	12.62	12.24	12.28
Ratios and Supplemental Data					
Total net asset value ⁽⁴⁾⁽⁵⁾	\$972,068	\$1,079,459	\$1,546,799	\$850,450	\$333,709
Number of units outstanding ⁽⁵⁾	81,586	94,166	122,545	69,474	27,186
Management expense ratio ⁽⁶⁾	2.27%	2.08%	1.94%	1.77%	2.04%
Management expense ratio before absorptions ⁽⁶⁾	2.27%	2.08%	1.94%	1.77%	2.04%
Portfolio turnover rate ⁽⁷⁾	64.60%	16.89%	163.96%	90.22%	115.30%
Trading expense ratio ⁽⁸⁾	0.04%	0.06%	0.04%	0.09%	0.02%
Net asset value per unit	\$11.91	\$11.46	\$12.62	\$12.24	\$12.28

SERIES F	2019	2018	2017	2016	2015
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	11.33	12.41	12.01	12.05	11.58
Increase (decrease) from operations ^{(2):}					
Total revenue	0.39	0.25	0.28	0.28	0.31
Total expenses	(0.14)	(0.14)	(0.15)	(0.15)	(0.14)
Net realized gains (losses)	0.31	0.41	0.45	0.93	0.28
Net unrealized gains (losses)	0.57	(1.07)	0.32	(0.19)	0.18
Total increase (decrease) from operations ^{(2):}	1.13	(0.55)	0.90	0.87	0.63
Distributions ^{(3):}					
From net investment income (excluding dividends)	(0.23)	(0.06)	(0.06)	(0.09)	(0.12)
From dividends	(0.04)	(0.08)	(0.09)	(0.07)	(0.06)
From capital gains	(0.25)	(0.42)	(0.36)	(0.17)	—
Return of capital	—	—	—	—	—
Total distributions:	(0.52)	(0.56)	(0.51)	(0.87)	(0.18)
Net assets, end of period/year	11.89	11.33	12.41	12.01	12.05
Ratios and Supplemental Data					
Total net asset value ⁽⁴⁾⁽⁵⁾	\$26,318,234	\$31,587,973	\$35,213,129	\$31,964,542	\$25,650,175
Number of units outstanding ⁽⁵⁾	2,213,729	2,787,130	2,836,378	2,662,585	2,128,089
Management expense ratio ⁽⁶⁾	1.53%	1.33%	1.15%	1.17%	1.19%
Management expense ratio before absorptions ⁽⁶⁾	1.53%	1.33%	1.15%	1.17%	1.18%
Portfolio turnover rate ⁽⁷⁾	64.60%	16.89%	163.96%	90.22%	115.30%
Trading expense ratio ⁽⁸⁾	0.04%	0.06%	0.04%	0.09%	0.02%
Net asset value per unit	\$11.89	\$11.33	\$12.41	\$12.01	\$12.05

Annual Management Report of Fund Performance
For the Year Ended December 31, 2019

MATCO BALANCED FUND

SERIES N	2019	2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾	9.16	-
Increase (decrease) from operations^{(2):}		
Total revenue	0.34	3.23
Total expenses	(0.05)	(0.04)
Net realized gains (losses)	0.26	0.03
Net unrealized gains (losses)	0.43	(3.22)
Total increase (decrease) from operations^{(2):}	0.98	-
Distributions^{(3):}		
From net investment income (excluding dividends)	(0.25)	(0.14)
From dividends	(0.03)	(0.08)
From capital gains	(0.20)	(0.34)
Return of capital	-	-
Total distributions:	(0.48)	(0.56)
Net assets, end of period/year	-	9.16
Ratios and Supplemental Data		
Total net asset value ⁽⁴⁾⁽⁵⁾	\$-	\$1,383
Number of units outstanding ⁽⁵⁾	-	151
Management expense ratio ⁽⁶⁾	0.90%	0.74%
Management expense ratio before absorptions ⁽⁶⁾	1,325.93%	9,342.18%
Portfolio turnover rate ⁽⁷⁾	64.60%	16.89%
Trading expense ratio ⁽⁸⁾	0.04%	0.06%
Net asset value per unit	\$-	\$9.16

SERIES O	2019	2018	2017	2016	2015
Net assets, beginning of period/year⁽¹⁾⁽²⁾	11.32	12.38	11.96	12.00	11.53
Increase (decrease) from operations^{(2):}					
Total revenue	0.42	0.25	0.28	0.29	0.30
Total expenses	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)
Net realized gains (losses)	0.33	0.42	0.45	0.92	0.28
Net unrealized gains (losses)	0.43	(1.07)	0.33	(0.22)	0.16
Total increase (decrease) from operations^{(2):}	1.17	(0.41)	1.04	0.96	0.72
Distributions^{(3):}					
From net investment income (excluding dividends)	(0.35)	(0.15)	(0.14)	(0.17)	(0.20)
From dividends	(0.05)	(0.10)	(0.13)	(0.11)	(0.10)
From capital gains	(0.25)	(0.42)	(0.36)	(0.70)	-
Return of capital	-	-	-	-	-
Total distributions:	(0.65)	(0.67)	(0.63)	(0.98)	(0.30)
Net assets, end of period/year	11.87	11.32	12.38	11.96	12.00
Ratios and Supplemental Data					
Total net asset value ⁽⁴⁾⁽⁵⁾	\$170,761,593	\$141,713,687	\$162,253,865	\$137,811,616	\$105,419,856
Number of units outstanding ⁽⁵⁾	14,390,522	12,523,886	13,105,062	11,521,788	8,781,664
Management expense ratio ⁽⁶⁾	0.48%	0.28%	0.10%	0.12%	0.13%
Management expense ratio before absorptions ⁽⁶⁾	0.48%	0.28%	0.10%	0.12%	0.13%
Portfolio turnover rate ⁽⁷⁾	64.60%	16.89%	163.96%	90.22%	115.30%
Trading expense ratio ⁽⁸⁾	0.04%	0.06%	0.04%	0.09%	0.02%
Net asset value per unit	\$11.87	\$11.32	\$12.38	\$11.96	\$12.00

(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 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 1.75%, 1.00% and 0.50% 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 \$310,483 (year ended December 31, 2018 - \$368,783). Included in liabilities at December 31, 2019 is \$24,892 (December 31, 2018 - \$28,265) in respect of these fees.

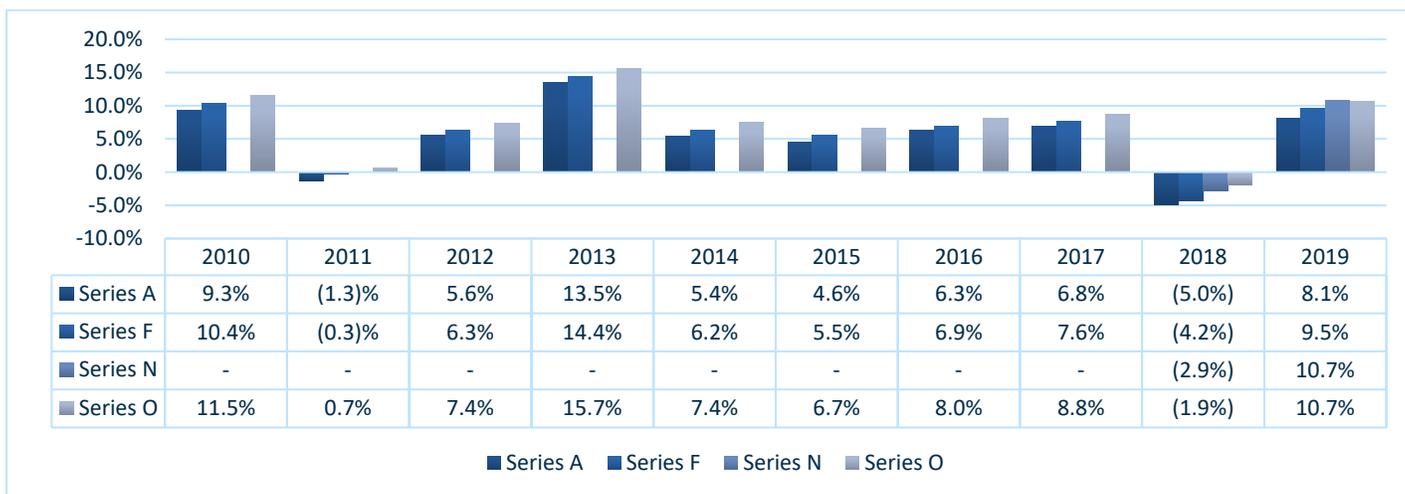
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 57.14% were used to pay for trailing and other dealer sales commissions, the remaining 42.86% 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 ten 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 2018, as noted below).



*Series N returns for 2018 is from inception February 6, 2018 to December 31, 2018 and for 2019 is from January 1, 2019 through liquidation December 26, 2019.

Annual Compound Returns

	Series A	Series F	Series N	Series O	Blended Benchmark**
1 Year	8.1%	9.5%	10.7%	10.7%	14.5%
3 Year	3.2%	4.1%	-	5.7%	5.8%
5 Year	4.1%	5.0%	-	6.4%	5.3%
10 Year	5.2%	6.1%	-	7.4%	6.4%
Since Inception*	-	-	3.9%	-	14.9%

*Since inception values are only reported for Series N as all other series have more than 10 years of available data. Since inception values for Series N are from February 6, 2018 and one year returns are through its liquidation December 26, 2019.

**The Blended Benchmark was updated from 50% FTSE TMX Canada Universe Bond Index, 35% S&P/TSX Composite Total Return Index, and 15% MSCI World Index Total Return CAD, to 50% iShares Core Canadian Universe Bond Index ETF, 25% iShares Core S&P/TSX Capped Composite Index ETF, and 15% Vanguard Total World Stock ETF, during the year. The new Blended Benchmark constituents reflect congruent allocations, risk exposures and track performance 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
Fixed Income	46.2
Canadian Equity	34.6
Global Equity	15.6
Cash	3.8
Other Net Assets (Liabilities)	(0.2)

Top Holdings*	% of Net Asset Value
Matco Fixed Income Fund, Series O	46.2
Matco Canadian Equity Fund, Series O	24.8
Matco Global Equity Fund, Series O	15.6
Matco Small Cap Fund, Series O	9.8
Cash	3.8
Other Net Assets (Liabilities)	(0.2)
Total Net Asset Value	\$ 204,307,031

*The top 25 positions are required to be disclosed in the Summary of Investment Portfolio. 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.