

This interim management report of fund performance contains financial highlights but does not contain either the interim or annual financial statements of the investment fund. You can get a copy of the interim or 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](http://www.matcofinancialinc.com) or SEDAR at [www.sedar.com](http://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 interim management report 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 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 17, 2020. 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 to \$114.2 million at June 30, 2020 from \$138.9 million at December 31, 2019. Total investment income for the period ended June 30, 2020 was \$9.0 million, prior to other income and operating expenses, up from \$6.8 million for the period ended June 30, 2019.

The Fund returned 7.0% (Series F) underperforming the iShares Core Canadian Universe Bond Index ETF (the "Benchmark") which returned 7.4% for the six months ending June 30, 2020. The 0.4% outperformance can be attributed to the Fund's relative overweight in the corporate bond sector. This brings the Fund's performance to 7.0% year to date, a very strong result given the economic landscape.

During the second quarter, corporate bond credit spreads narrowed significantly, allowing the corporate sector to contribute to the Fund's strong performance.

The portfolio was active in the first half of 2020, predominantly in the corporate sector of the bond market. In early April, the Fund increased its corporate allocation by 6% to capitalize on wider credit spreads. However, as spreads narrowed and recovered, the Fund took profits on this trade by reducing the added exposure. The Fund also executed rebalance trades to preserve its target duration while maintaining overall yield greater than the benchmark.

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 the Canadian bond market has been altered by the economic implications of the COVID-19 pandemic. The pandemic caused economic activity to grind to a halt in the first quarter. In response, global central banks lowered interest rates and injected monetary stimulus into the economy. These factors have led to two primary outcomes relevant to the bond market. First, interest rates around the world dropped significantly, a positive for bond performance. Second, although credit spreads had widened significantly in the first quarter, they have since narrowed, allowing the performance of the corporate bond sector to recover; also, a positive for bond performance. These two factors have driven the healthy performance year to date. Looking forward, heightened economic uncertainty means global interest rates are likely to remain low for a significant period, a positive for the bond market. Global central banks have committed to leaving their overnight rates unchanged which gives this outcome a high probability. The predominant risk is a resurgence of COVID-19 cases causing a delay in the re-opening of the economy and credit spreads to widen, or at least remain volatile. Overall, the bond market continues to be a safe haven for investor assets seeking preservation of capital and as a risk management tool offsetting the volatility within the equity portion of their portfolio.

### 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, 2020, the Fund incurred management fees payable to Matco of \$6,928 (period ended June 30, 2019 - \$5,949). Matco, at its discretion, absorbed \$nil (period ended June 30, 2019 - \$8,944) of expenses for the year ended June 30, 2020. 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 period ended June 30, 2020 or year ended December 31, 2019.

**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 and the recent period.

**The Fund's Net Assets per Unit** <sup>(1)(2)(3)(4)</sup>

| <b>SERIES A</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b>  | <b>2017</b>  |
|--|--------------|--------------|--------------|--------------|
| <b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>    | 10.26        | 10.04        | 10.09        | —            |
| <b>Increase (decrease) from operations</b> <sup>(2):</sup>       |              |              |              |              |
| Total revenue  | 0.13         | 0.26         | 0.25         | —            |
| Total expenses   | (0.06)       | (0.11)       | (0.15)       | —            |
| Net realized gains (losses)                                      | 0.23         | 0.05         | (0.10)       | —            |
| Net unrealized gains (losses)                                    | 0.39         | 0.18         | 0.86         | —            |
| <b>Total increase (decrease) from operations</b> <sup>(2):</sup> | <b>0.69</b>  | <b>0.38</b>  | <b>0.86</b>  | <b>—</b>     |
| <b>Distributions</b> <sup>(2)(3):</sup>                          |              |              |              |              |
| From net investment income (excluding dividends)                 | (0.09)       | (0.12)       | (0.22)       | (0.06)       |
| From dividends   | —            | —            | —            | —            |
| From capital gains   | —            | —            | —            | —            |
| Return of capital  | —            | —            | —            | —            |
| Total distributions:   | (0.09)       | (0.12)       | (0.22)       | (0.06)       |
| <b>Net assets, end of period/year</b>                            | <b>10.85</b> | <b>10.26</b> | <b>10.04</b> | <b>10.09</b> |

**Ratios and Supplemental Data**

|  |         |         |         |         |
|--|---------|---------|---------|---------|
| Total net asset value <sup>(4)(5)</sup>                    | \$1,667 | \$1,562 | \$1,516 | \$10    |
| Number of shares outstanding <sup>(5)</sup>                | 154     | 152     | 151     | 1       |
| Management expense ratio <sup>(6)</sup>                    | 1.24%   | 1.22%   | 1.33%   | 0.00%   |
| Management expense ratio before absorptions <sup>(6)</sup> | 1.24%   | 1.22%   | 1.33%   | 0.00%   |
| Portfolio turnover rate <sup>(7)</sup>                     | 28.83%  | 49.49%  | 25.99%  | 16.53%  |
| Trading expense ratio <sup>(8)</sup>                       | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| Net asset value per unit                                   | \$10.85 | \$10.26 | \$10.04 | \$10.09 |

| <b>SERIES F</b>  | <b>2020</b>  | <b>2019</b>  | <b>2018</b> | <b>2017</b>  |
|--|--------------|--------------|-------------|--------------|
| <b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>    | 10.22        | 9.98         | 10.07       | —            |
| <b>Increase (decrease) from operations</b> <sup>(2):</sup>       |              |              |             |              |
| Total revenue  | 0.13         | 0.27         | 0.25        | 0.07         |
| Total expenses   | (0.04)       | (0.08)       | (0.09)      | (0.02)       |
| Net realized gains (losses)                                      | 0.22         | 0.04         | (0.04)      | —            |
| Net unrealized gains (losses)                                    | 0.46         | 0.17         | —           | (0.10)       |
| <b>Total increase (decrease) from operations</b> <sup>(2):</sup> | <b>0.77</b>  | <b>0.40</b>  | <b>0.12</b> | <b>0.05</b>  |
| <b>Distributions</b> <sup>(2)(3):</sup>                          |              |              |             |              |
| From net investment income (excluding dividends)                 | (0.11)       | (0.18)       | (0.16)      | (0.06)       |
| From dividends   | —            | —            | —           | —            |
| From capital gains   | —            | —            | —           | —            |
| Return of capital  | —            | —            | —           | —            |
| Total distributions:   | (0.11)       | (0.18)       | (0.16)      | (0.06)       |
| <b>Net assets, end of period/year</b>                            | <b>10.82</b> | <b>10.22</b> | <b>9.98</b> | <b>10.07</b> |

**Ratios and Supplemental Data**

|  |             |             |           |           |
|--|-------------|-------------|-----------|-----------|
| Total net asset value <sup>(4)(5)</sup>                    | \$1,534,414 | \$2,742,754 | \$842,290 | \$104,732 |
| Number of shares outstanding <sup>(5)</sup>                | 141,776     | 268,367     | 84,378    | 10,405    |
| Management expense ratio <sup>(6)</sup>                    | 0.84%       | 0.83%       | 0.88%     | 0.88%     |
| Management expense ratio before absorptions <sup>(6)</sup> | 0.84%       | 0.83%       | 0.88%     | 0.88%     |
| Portfolio turnover rate <sup>(7)</sup>                     | 28.83%      | 49.49%      | 25.99%    | 16.53%    |
| Trading expense ratio <sup>(8)</sup>                       | 0.00%       | 0.00%       | 0.00%     | 0.00%     |
| Net asset value per unit                                   | \$10.82     | \$10.22     | \$9.98    | \$10.07   |

| <b>SERIES N</b>   | <b>2020</b> | <b>2019</b> | <b>2018</b> |
|---|-------------|-------------|-------------|
| <b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>    | —           | 9.93        | —           |
| <b>Increase (decrease) from operations<sup>(2)</sup>:</b>       |             |             |             |
| 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        | —           |
| <b>Total increase (decrease) from operations<sup>(2)</sup>:</b> | <b>—</b>    | <b>0.52</b> | <b>0.14</b> |
| <b>Distributions<sup>(2)(3)</sup>:</b>                          |             |             |             |
| From net investment income (excluding dividends)                | —           | (0.22)      | (0.24)      |
| From dividends  | —           | —           | —           |
| From capital gains  | —           | —           | —           |
| Return of capital   | —           | —           | —           |
| Total distributions:  | —           | (0.22)      | (0.24)      |
| <b>Net assets, end of period/year</b>                           | <b>—</b>    | <b>—</b>    | <b>9.93</b> |
| <b>Ratios and Supplemental Data</b>                             |             |             |             |
| Total net asset value <sup>(4)(5)</sup>                         | \$—         | \$—         | \$1,499     |
| Number of shares outstanding <sup>(5)</sup>                     | —           | —           | 151         |
| Management expense ratio <sup>(6)</sup>                         | —           | 0.26%       | 0.25%       |
| Management expense ratio before absorptions <sup>(6)</sup>      | —           | 1,239.20%   | 9,023.67%   |
| Portfolio turnover rate <sup>(7)</sup>                          | —           | 49.49%      | 25.99%      |
| Trading expense ratio <sup>(8)</sup>                            | —           | 0.00%       | 0.00%       |
| Net asset value per unit  | —           | \$—         | \$9.93      |

| <b>SERIES O</b>   | <b>2020</b>   | <b>2019</b>   | <b>2018</b>   | <b>2017</b>  |
|---|---------------|---------------|---------------|--------------|
| <b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>    | 10.25         | 10.00         | 10.07         | —            |
| <b>Increase (decrease) from operations<sup>(2)</sup>:</b>       |               |               |               |              |
| Total revenue   | 0.14          | 0.27          | 0.24          | 0.06         |
| Total expenses  | (0.01)        | (0.01)        | (0.01)        | —            |
| Net realized gains (losses)                                     | 0.22          | 0.05          | (0.04)        | —            |
| Net unrealized gains (losses)                                   | 0.39          | 0.21          | (0.02)        | 0.05         |
| <b>Total increase (decrease) from operations<sup>(2)</sup>:</b> | <b>0.74</b>   | <b>0.52</b>   | <b>0.17</b>   | <b>0.11</b>  |
| <b>Distributions<sup>(2)(3)</sup>:</b>                          |               |               |               |              |
| From net investment income (excluding dividends)                | (0.16)        | (0.25)        | (0.22)        | (0.06)       |
| From dividends  | —             | —             | —             | —            |
| From capital gains  | —             | —             | —             | —            |
| Return of capital   | —             | —             | —             | —            |
| Total distributions:  | (0.16)        | (0.25)        | (0.22)        | (0.06)       |
| <b>Net assets, end of period/year</b>                           | <b>10.90</b>  | <b>10.25</b>  | <b>10.00</b>  | <b>10.07</b> |
| <b>Ratios and Supplemental Data</b>                             |               |               |               |              |
| Total net asset value <sup>(4)(5)</sup>                         | \$112,703,040 | \$136,162,069 | \$138,133,426 | \$90,108,478 |
| Number of shares outstanding <sup>(5)</sup>                     | 10,394,267    | 13,283,280    | 13,811,660    | 8,949,326    |
| Management expense ratio <sup>(6)</sup>                         | 0.11%         | 0.10%         | 0.13%         | 0.15%        |
| Management expense ratio before absorptions <sup>(6)</sup>      | 0.11%         | 0.10%         | 0.13%         | 0.15%        |
| Portfolio turnover rate <sup>(7)</sup>                          | 28.83%        | 49.49%        | 25.99%        | 16.53%       |
| Trading expense ratio <sup>(8)</sup>                            | 0.00          | 0.00%         | 0.00%         | 0.00%        |
| Net asset value per unit  | \$10.90       | \$10.25       | \$10.00       | \$10.07      |

- (1) This information is derived from the Fund's audited annual financial statements and unaudited semi-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 June 30, 2020 which is for the six months then ended. Series N results for 2018 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 period ended June 30, 2020, management fees totaled \$6,928 (period ended June 30, 2019 - \$5,949). Included in liabilities at June 30, 2020 is \$960 (December 31, 2019 - \$1,642) in respect of these fees.

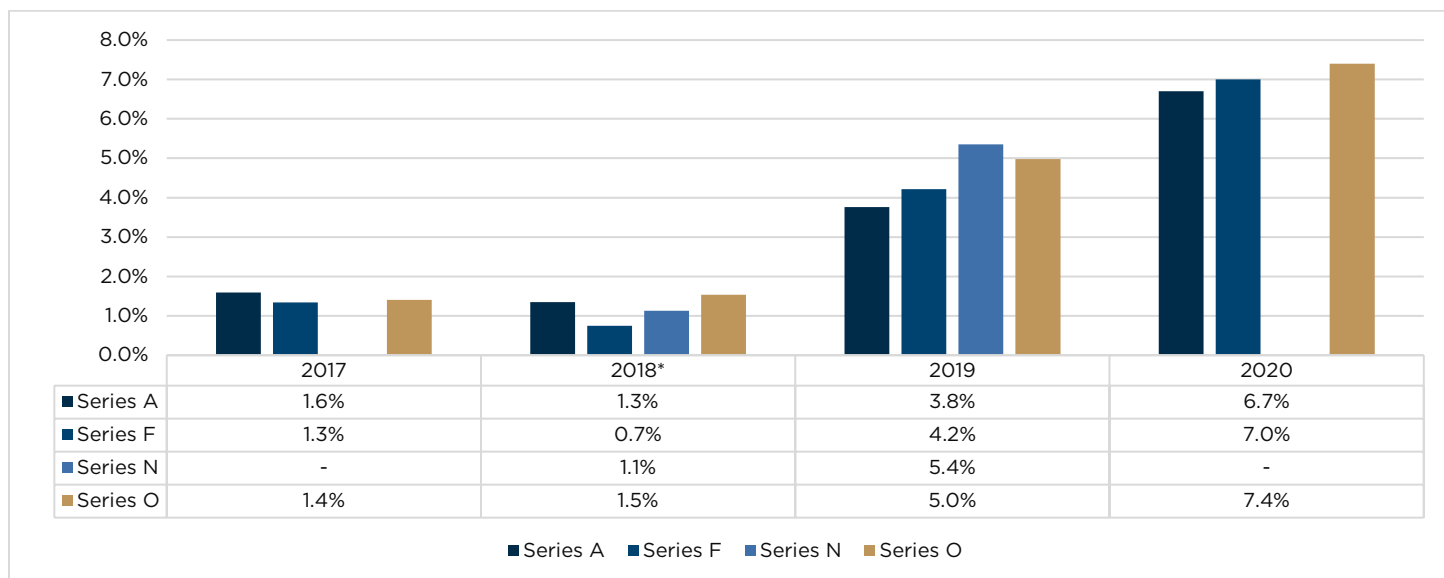
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 41.67% were used 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) or through June 30, 2020.



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 O | Benchmark** |
|------------------|----------|----------|----------|-------------|
| 1 Year           | 6.4%     | 6.8%     | 7.6%     | 7.7%        |
| Since Inception* | 4.8%     | 4.8%     | 5.5%     | 6.4%        |

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

\*\* The Benchmark of the Fund is the iShares Core Canadian Universe Bond Index ETF.

**SUMMARY OF INVESTMENT PORTFOLIO**

| <b>Sector Allocation</b>       | <b>% of Net Asset Value</b> |
|--------------------------------|-----------------------------|
| Provincial                     | 31.3                        |
| Corporate                      | 37.7                        |
| Federal                        | 28.3                        |
| Cash                           | 2.5                         |
| Other Net Assets (Liabilities) | (0.2)                       |

| <b>Top 25 Holdings</b>                          | <b>% of Net Asset Value</b> |
|---|-----------------------------|
| Canadian Government Bond - 3.500% Dec 01/45     | 9.4%                        |
| Province of Alberta - 2.900% Dec 01/28          | 7.5%                        |
| Dollarama Inc. - 3.550% Nov 06/23               | 6.9%                        |
| Bank of Montreal - 2.370% Feb 03/25             | 5.9%                        |
| Hydro One Inc. - 5.36% May 20/36                | 5.5%                        |
| Canadian Government Bond - 1.250% Mar 01/25     | 5.1%                        |
| Province of Alberta - 3.450% Dec 01/43          | 5.1%                        |
| Bank of Nova Scotia - 2.873% Jun 04/21          | 5.0%                        |
| Canadian Government Bond - 1.500% Jun 01/26     | 5.0%                        |
| Province of British Columbia - 2.550% Jun 18/27 | 4.9%                        |
| Royal Bank of Canada - 1.968% Mar 02/22         | 4.9%                        |
| Canadian Government Bond - 2.250% Jun 01/29     | 4.9%                        |
| Canadian Government Bond - 0.750% Mar 01/21     | 3.9%                        |
| Royal Bank of Canada - 2.328% Jan 28/27         | 3.4%                        |
| Province of Ontario - 3.450% Jun 02/45          | 3.1%                        |
| Enbridge Inc. - 4.570% Mar 11/44                | 3.1%                        |
| Province of Alberta - 2.550% Jun 01/27          | 3.0%                        |
| Province of Manitoba - 3.250% Sep 05/29         | 2.5%                        |
| Province of British Columbia - 4.950% Jun 18/40 | 2.1%                        |
| Province of Quebec - 3.500% Dec 01/45           | 1.6%                        |
| Province of Quebec - 2.750% Sep 01/27           | 1.5%                        |
| Hydro One Inc. - 2.16% Feb 28/30                | 1.5%                        |
| 407 International Inc. - 6.47% July 27/29       | 1.5%                        |

**Total Net Asset Value** \$ 114,239,121

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.