

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 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 Small Cap Fund (the "Fund") is to seek long-term capital appreciation by investing primarily in small to mid capitalization Canadian companies.

The Fund focuses on companies that are profitable, have strong balance sheets, are attractively priced and reinvest excess earnings back into the company. Other characteristics include strong, reasonable multiples, predictability, analyst recognition and market participation. The Fund will generally be 100% exposed to stocks.

### 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

For the first six months ended June 30, 2020, the Fund returned -21.2% (Series F) compared to a -14.0% return for the iShares S&P/TSX Small Cap Index ETF, the Fund's Benchmark.

The Fund outperformed its benchmark during the first quarter equity market selloff due its significantly lower exposure to the Energy, Materials, and Industrial sectors. These sectors were the hardest hit during the mid-February to March end sell off. However, during the second quarter these sectors rallied significantly causing the Fund to underperform. Small cap gold stocks had a significant rally in June causing the Index, which has a material weight in gold stocks, to increase 5.6% in one month. Based on our M-Factor investment process, small cap gold companies do not meet several of our investment criteria, especially our return on equity and dividend standards within those criteria.

In mid-January we sold three energy companies, Birchcliff Energy Ltd, Enerflex Ltd, and Tamarack Valley Energy Ltd on concerns that the sector would take longer than expected to rebound. We also sold Caledonia Mining Corp as we saw better opportunities in new positions. During the quarter we increased our real estate exposure through new positions in Melcor REIT and Morguard REIT, both companies which have dividend yields of over 8%. We also purchased Richards Packaging Income Fund (which operates a packaging company servicing the food & beverage, healthcare and cosmetics industries), yielding 3%, and Olympia Financial Group Inc (which operates a trust company in nine provinces) yielding over 6%.

During the second quarter, the Fund eliminated a number of positions due to dividend suspensions and/or deteriorating fundamentals. The Fund sold Boston Pizza Royalties Income Fund, A&W Royalties Income Fund, Chesswood Group Ltd, Chorus Aviation Inc and Badger Daylighting Ltd. We added several new positions based on positive investment characteristics, investing in Information Services Corp., Yellow Pages Ltd, Cascades Inc, Canacol Energy Ltd and Labrador Iron Ore Royalty Corp.

Through June 30, 2020, large capitalization companies have outperformed small cap companies as investors fled to safety during the market downturn and the rebound. Most small cap companies are more domestically focused and are not as geographically diversified as the large cap companies. Given the significant global equity rally since the late March market low, the Fund remains well positioned with a dividend yield of 4.4%, as of June 30, 2020.

The Fund has underperformed, year to date as a result of not owning Shopify and its significant overweight in financial and communication sectors. Despite the attractive valuations and high dividend yields in these sectors, they continue to be out of favour for investors. We will continue to hold on to our positions since, we believe that investors will rotate out of high valuation companies into these sectors in the coming quarters.

The Fund's net assets decreased to \$40.2 million at June 30, 2020 from \$52.0 million at December 31, 2019. The Fund earned investment income from dividends of \$0.9 million (period ended June 30, 2019 - \$1.0 million) and provided a decrease in net assets attributable to holders of redeemable shares of \$10.1 million (period ended June 30, 2019 - \$6.0 million increase) for the period ended June 30, 2020. As a result of the prior tax structure, the Matco Funds Corp., the Fund incurred a tax expense of \$519,527 (period ended June 30, 2019 - \$45,007) during the period ended June 30, 2020.

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

On August 9, 2019, a conversion of the Matco Canadian Equity Class (the "Class") into the Fund was completed on a tax deferred basis whereby the Class exchanged its assets for units of a separate newly established Trust and shareholders then exchanged their shares of the Class for units of the separate Fund. This conversion was undertaken to change the tax structure of the Fund from a combined mutual fund corporation, the Matco Funds Corp., into a stand-alone mutual fund trust. The results of the predecessor terminating fund, the Matco Canadian Equity Class, and continuing fund, Matco Canadian Equity Fund, are presented on a continuous basis. Details of the conversion are outlined in the Management Proxy Circular date May 20, 2019. No changes to investment objectives or fees were made.

### Recent Developments

The investment team's strategic long-term investment outlook has not changed, the investment team believes that the current economic cycle to be in the late stages. With that said, earnings are expected to increase in 2020 and earnings growth has a positive correlation to equity prices; thus, we expect modest returns in Canada.

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 period ended June 30, 2020, the Fund incurred management fees payable to Matco of \$30,402 (period ended June 30, 2019 - \$37,890). Matco, at its discretion, absorbed \$24,679 (period ended June 30, 2019 - \$9,505) of expenses for the period 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. During the year ended December 31, 2019, the IRC approved the conversion of the Fund from a mutual fund corporation into a stand-alone mutual fund trust. 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 five 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>2016</b>	<b>2015</b>
<b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>	9.57	13.65	16.38	15.83	14.04	13.59
<b>Increase (decrease) from operations</b> <sup>(2):</sup>						
Total revenue	0.19	0.70	0.69	0.45	0.39	0.30
Total expenses	(0.21)	(0.41)	(0.63)	(0.41)	(0.37)	(0.38)
Net realized gains (losses)	(0.93)	(0.12)	0.80	1.25	(0.40)	1.11
Net unrealized gains (losses)	(1.17)	0.27	(2.87)	(1.10)	2.32	(0.27)
<b>Total increase (decrease) from operations</b> <sup>(2):</sup>	<b>(2.12)</b>	<b>0.44</b>	<b>(2.01)</b>	<b>0.19</b>	<b>1.94</b>	<b>0.76</b>
<b>Distributions</b> <sup>(3):</sup>						
From net investment income (excluding dividends)	—	(0.13)	—	—	—	—
From dividends	—	(0.43)	(0.58)	(0.37)	(0.24)	(0.23)
From capital gains	—	(1.82)	—	(0.44)	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	—	(2.38)	(0.58)	(0.81)	(0.24)	(0.23)
<b>Net assets, end of period/year</b>	<b>7.52</b>	<b>9.57</b>	<b>13.65</b>	<b>16.38</b>	<b>15.83</b>	<b>14.04</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	<b>\$199,680</b>	\$262,821	\$142,002	\$211,511	\$462,730	\$219,430
Number of units outstanding <sup>(5)</sup>	<b>26,557</b>	27,451	10,405	12,911	29,237	15,627
Management expense ratio, including income taxes <sup>(6)</sup>	<b>4.83%</b>	2.23%	2.38%	2.31%	2.22%	2.39%
Management expense ratio, excluding income taxes <sup>(6)</sup>	<b>2.37%</b>	2.36%	2.38%	2.31%	2.22%	2.39%
Management expense ratio before absorptions <sup>(6)</sup>	<b>4.83%</b>	2.23%	2.38%	2.31%	2.22%	2.39%
Portfolio turnover rate <sup>(7)</sup>	<b>35.01%</b>	55.96%	82.52%	76.27%	50.33%	64.59%
Trading expense ratio <sup>(8)</sup>	<b>0.27%</b>	0.28%	0.33%	0.33%	0.37%	0.22%
Net asset value per unit	<b>\$7.52</b>	\$9.57	\$13.65	\$16.38	\$15.83	\$14.04

<b>SERIES F</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>	9.58	15.67	18.66	17.89	15.79	15.16
<b>Increase (decrease) from operations</b> <sup>(2):</sup>						
Total revenue	0.19	0.73	0.75	0.56	0.43	0.35
Total expenses	(0.17)	(0.28)	(0.49)	(0.33)	(0.33)	(0.29)
Net realized gains (losses)	(0.96)	(0.12)	2.30	1.14	(0.47)	0.97
Net unrealized gains (losses)	(1.08)	0.54	(5.50)	0.30	2.75	(0.26)
<b>Total increase (decrease) from operations</b> <sup>(2):</sup>	<b>(2.02)</b>	<b>0.87</b>	<b>(2.94)</b>	<b>1.67</b>	<b>2.38</b>	<b>0.77</b>
<b>Distributions</b> <sup>(3):</sup>						
From net investment income (excluding dividends)	—	(0.14)	—	—	—	—
From dividends	—	(0.49)	(0.66)	(0.42)	(0.28)	(0.26)
From capital gains	—	(2.10)	—	(0.50)	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	—	(2.73)	(0.66)	(0.92)	(0.28)	(0.26)
<b>Net assets, end of period/year</b>	<b>7.55</b>	<b>9.58</b>	<b>15.67</b>	<b>18.66</b>	<b>17.89</b>	<b>15.79</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	<b>\$4,121,159</b>	\$5,481,993	\$4,863,144	\$11,423,741	\$10,687,176	\$5,065,563
Number of units outstanding <sup>(5)</sup>	<b>545,926</b>	572,442	310,443	612,097	597,310	320,906
Management expense ratio, including income taxes <sup>(6)</sup>	<b>4.08%</b>	1.49%	1.62%	1.55%	1.59%	1.59%
Management expense ratio, excluding income taxes <sup>(6)</sup>	<b>1.62%</b>	1.63%	1.62%	1.55%	1.59%	1.59%
Management expense ratio before absorptions <sup>(6)</sup>	<b>4.08%</b>	1.49%	1.62%	1.55%	1.59%	1.59%
Portfolio turnover rate <sup>(7)</sup>	<b>35.01%</b>	55.96%	82.52%	76.27%	50.33%	64.59%
Trading expense ratio <sup>(8)</sup>	<b>0.27%</b>	0.28%	0.33%	0.33%	0.37%	0.22%
Net asset value per unit	<b>\$7.55</b>	\$9.58	\$15.67	\$18.66	\$17.89	\$15.79

Interim Management Report of Fund Performance  
For the Period Ended June 30, 2020

**MATCO SMALL CAP FUND**

<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>	9.58	8.90	-
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>			
Total revenue	0.19	0.68	0.50
Total expenses	(0.14)	(0.17)	(0.15)
Net realized gains (losses)	(0.83)	(0.11)	(1.75)
Net unrealized gains (losses)	(0.96)	(1.42)	(0.52)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(1.74)</b>	<b>(1.02)</b>	<b>(1.92)</b>
<b>Distributions<sup>(3)</sup>:</b>			
From net investment income (excluding dividends)	—	(0.15)	—
From dividends	—	(0.34)	(0.38)
From capital gains	—	(1.20)	—
Return of capital	—	—	—
Total distributions:	—	(1.69)	(0.38)
<b>Net assets, end of period/year</b>	<b>7.58</b>	<b>9.58</b>	<b>8.90</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value <sup>(4)(5)</sup>	\$44,569	\$144,066	\$2,235
Number of units outstanding <sup>(5)</sup>	5,883	15,034	251
Management expense ratio, including income taxes <sup>(6)</sup>	3.16%	0.85%	0.78%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.75%	0.97%	0.78%
Management expense ratio before absorptions <sup>(6)</sup>	91.93%	21.28%	2,043.17%
Portfolio turnover rate <sup>(7)</sup>	35.01%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.27%	0.28%	0.33%
Net asset value per unit	\$7.58	\$9.58	\$8.90

<b>SERIES O</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	9.59	15.95	18.75	17.74	15.45	14.64
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.22	0.71	0.79	0.56	0.42	0.33
Total expenses	(0.13)	(0.02)	(0.10)	(0.10)	(0.11)	(0.08)
Net realized gains (losses)	(0.93)	(0.12)	1.51	1.14	(0.37)	0.99
Net unrealized gains (losses)	(1.07)	0.23	(4.37)	0.31	2.68	(0.23)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(1.91)</b>	<b>0.80</b>	<b>(2.17)</b>	<b>1.91</b>	<b>2.62</b>	<b>1.01</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.16)	—	—	—	—
From dividends	—	(0.51)	(0.67)	(0.42)	(0.27)	(0.25)
From capital gains	—	(2.16)	—	(0.50)	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	—	(2.83)	(0.67)	(0.92)	(0.27)	(0.25)
<b>Net assets, end of period/year</b>	<b>7.61</b>	<b>9.59</b>	<b>15.95</b>	<b>18.75</b>	<b>17.74</b>	<b>15.45</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value <sup>(4)(5)</sup>	\$35,833,449	\$46,069,198	\$30,614,447	\$56,691,710	\$52,075,481	\$33,263,049
Number of units outstanding <sup>(5)</sup>	4,710,039	4,804,730	1,919,675	3,023,424	2,935,143	2,152,915
Management expense ratio, including income taxes <sup>(6)</sup>	2.85%	0.17%	0.31%	0.24%	0.28%	0.28%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.39%	0.31%	0.31%	0.24%	0.28%	0.28%
Management expense ratio before absorptions <sup>(6)</sup>	2.85%	0.17%	0.31%	0.24%	0.28%	0.28%
Portfolio turnover rate <sup>(7)</sup>	35.01%	55.96%	82.52%	76.27%	50.33%	64.59%
Trading expense ratio <sup>(8)</sup>	0.27%	0.28%	0.33%	0.33%	0.37%	0.22%
Net asset value per unit	\$7.61	\$9.59	\$15.95	\$18.75	\$17.74	\$15.45

(1) This information is derived from the Fund's audited annual financial statements and unaudited semi-annual financial statements. Per share 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 shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional shares 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 for 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 2.00%, 1.25% and 0.65% for Series A, F and N respectively. No management fees are charged directly to Series O.

For the period ended June 30, 2020, management fees totaled \$30,402 (period ended June 30, 2019 - \$37,890). Included in liabilities at June 30, 2020 is \$4,914 (December 31, 2019 - \$6,709) in respect of these fees.

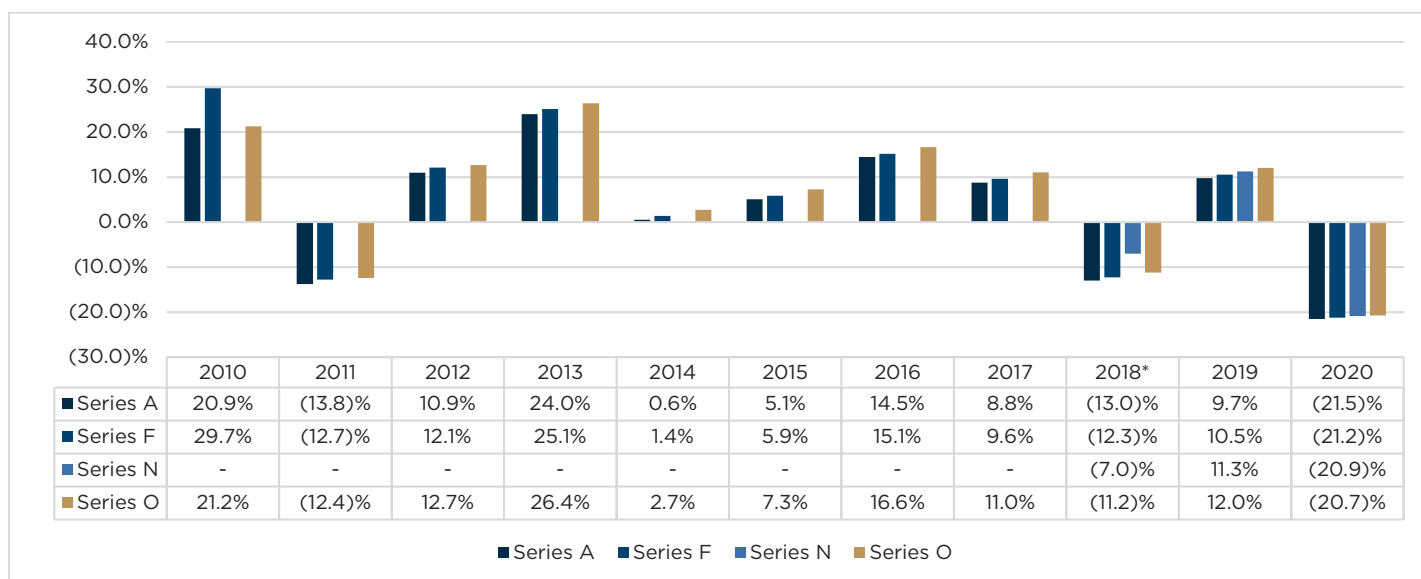
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 50.00% were used to pay for trailing and other dealer sales commissions, the remaining 50.00% 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 31<sup>st</sup> of the fiscal year (except 2018 as noted below) or through June 30, 2020.



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

**Annual Compound Returns**

	Series A	Series F	Series N*	Series O	iShares S&P/TSX SmallCap Index ETF
1 Year	(25.5)%	(25.0)%	(24.5)%	(24.0)%	(9.6)%
3 Year	(5.0)%	(4.3)%	-	(3.0)%	(4.2)%
5 Year	(2.5)%	(1.8)%	-	(0.5)%	(0.1)%
10 Year	4.4%	5.3%	-	6.4%	1.4%
Since Inception*	-	-	(8.0)%	-	(5.8)%

\*The since inception return for Series N, is from February 6, 2018 to December 31, 2018.

**SUMMARY OF INVESTMENT PORTFOLIO**

<b>Sector Allocation</b>	<b>% of Net Asset Value</b>
Real Estate	16.3
Financials	14.6
Materials	13.8
Consumer Discretionary	9.6
Information Technology	9.2
Communication Services	8.3
Industrials	7.0
Consumer Staples	6.6
Energy	6.1
Cash	4.5
Utilities	3.3
Other net assets (liabilities)	0.7

<b>Top 25 Holdings</b>	<b>% of Net Asset Value</b>
Goeasy Ltd.	4.2
Richards Packaging Income Fund	4.0
Northview Apartment Real Estate Investment Trust	3.9
Absolute Software Corp.	3.9
Labrador Iron Ore Royalty Corp.	3.9
Yellow Pages Ltd.	3.7
Calian Group Ltd.	3.6
Bridgemarq Real Estate Services Inc.	3.5
North West Co Inc.	3.5
Transcontinental Inc.	3.4
Caribbean Utilities Ltd.	3.3
Leon's Furniture Ltd.	3.3
Canacol Energy Ltd.	3.2
Olympia Financial Group Inc.	3.2
Cascades Inc.	3.2
High Liner Foods Inc.	3.1
Constellation Software Inc.	3.1
Keg Royalties Income Fund	3.1
Information Services Corp.	3.1
Alaris Royalty Corp.	3.1
First National Financial Corp.	3.0
Morguard REIT	2.9
Melcor REIT	2.9
Computer Modelling Group Ltd.	2.8
Interpape Polymer Group Inc.	2.7

<b>Total Net Asset Value</b>	<b>\$ 40,198,857</b>
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**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.