

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 11, 2021. 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 increased to \$67.2 million at June 30, 2021 from \$51.7 million at December 31, 2020. Total investment gain for the period ended June 30, 2021 was \$9.5 million (period ended June 30, 2020 - \$9.5 million loss).

Year to date ending June 30th, the Fund is up 16.5% versus the benchmark at 19.8%. The benchmark performance is due to its large 41% weight in the resource sectors (energy at 17% and materials at 24%). The Matco Small Cap Fund has significantly lower resource exposure, as is appropriate for a well diversified portfolio. The Fund outperformed despite its significant underweight in the Energy sector and outperformance during the quarter was driven by holdings in Real Estate and Communications Services. The top three performance contributors were Information Services Corporation, Yellow Pages Limited, and Morguard Real Estate Investment Trust. The top three detractors were MCAN Mortgage Corporation, Jaguar Mining Inc., and Cascades Inc.

#### **Recent Developments**

During the period, small cap stocks globally outperformed their large cap peers. The MSCI All Country Small Cap Index was up 5% (in US dollars) versus the MSCI All Country Large Cap Index which was up 3% (in US dollars). Investors continue to rotate into small cap stocks in anticipation of higher domestic and global growth over the next year as life starts to normalize after COVID. Canadian and U.S. economies remain in 'Goldilocks' mode - 'not too hot, not too cold' - meaning despite the strong economic recovery interest rates remain low for now. Small cap stocks remain in the 'sweet spot' of investing, benefiting from pricing power, strong pent-up consumer demand, relative low valuations, and most importantly faster earnings growth than larger companies. Recent headlines about inflation have on some days spooked investors to hit the sell button. We believe that in the short-term, inflation remains well contained to a few select industries. So far there has been no evidence of wage inflation, which is the key indicator of sustaining and rising inflation. We believe that the Matco Small Cap Fund is well positioned to benefit from the 'Goldilocks' economy. If inflation does increase, small cap companies have the pricing power to push through higher costs, increasing their profit margins in the process. The Fund's underlying investment characteristics remain very attractive. As of June 30th, the Fund had a dividend yield at 4.1%, high return on equity at 28% and a low valuation with a trailing price to earnings ratio of 9.8 times.

#### **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, 2021, the Fund incurred management fees payable to Matco of \$37,957 (period ended June 30, 2020 - \$30,402). Matco, at its discretion, absorbed \$2,485 (period ended June 30, 2020 - \$24,679) of expenses for the period ended June 30, 2021. 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, 2021 or year ended December 31, 2020.

**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>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>	9.45	9.57	13.65	16.38	15.83	14.04
<b>Increase (decrease) from operations</b> <sup>(2):</sup>						
Total revenue	0.22	0.41	0.70	0.69	0.45	0.39
Total expenses	(0.21)	(0.35)	(0.41)	(0.63)	(0.41)	(0.37)
Net realized gains (losses)	0.14	(1.21)	(0.12)	0.80	1.25	(0.40)
Net unrealized gains (losses)	1.36	0.73	0.27	(2.87)	(1.10)	2.32
<b>Total increase (decrease) from operations</b> <sup>(2):</sup>	<b>1.51</b>	<b>(0.42)</b>	<b>0.44</b>	<b>(2.01)</b>	<b>0.19</b>	<b>1.94</b>
<b>Distributions</b> <sup>(3):</sup>						
From net investment income (excluding dividends)	—	—	(0.13)	—	—	—
From dividends	(0.09)	(0.06)	(0.43)	(0.58)	(0.37)	(0.24)
From capital gains	—	—	(1.82)	—	(0.44)	—
Total distributions:	(0.09)	(0.06)	(2.38)	(0.58)	(0.81)	(0.24)
<b>Net assets, end of period/year</b>	<b>10.86</b>	<b>9.45</b>	<b>9.57</b>	<b>13.65</b>	<b>16.38</b>	<b>15.83</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$202,059	\$178,094	\$262,821	\$142,002	\$211,511	\$462,730
Number of units outstanding <sup>(5)</sup>	18,599	18,842	27,451	10,405	12,911	29,237
Management expense ratio, including income taxes <sup>(6)</sup>	2.25%	3.65%	2.23%	2.38%	2.31%	2.22%
Management expense ratio, excluding income taxes <sup>(6)</sup>	2.25%	2.38%	2.36%	2.38%	2.31%	2.22%
Management expense ratio before absorptions <sup>(6)</sup>	2.26%	3.70%	2.23%	2.38%	2.31%	2.22%
Portfolio turnover rate <sup>(7)</sup>	25.68%	80.86%	55.96%	82.52%	76.27%	50.33%
Trading expense ratio <sup>(8)</sup>	0.13%	0.27%	0.28%	0.33%	0.33%	0.37%
Net asset value per unit	\$10.86	\$9.45	\$9.57	\$13.65	\$16.38	\$15.83

<b>SERIES F</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net assets, beginning of period/year</b> <sup>(1)(2)</sup>	9.48	9.58	15.67	18.66	17.89	15.79
<b>Increase (decrease) from operations</b> <sup>(2):</sup>						
Total revenue	0.22	0.42	0.73	0.75	0.56	0.43
Total expenses	(0.14)	(0.27)	(0.28)	(0.49)	(0.33)	(0.33)
Net realized gains (losses)	0.15	(1.17)	(0.12)	2.30	1.14	(0.47)
Net unrealized gains (losses)	1.30	0.97	0.54	(5.50)	0.30	2.75
<b>Total increase (decrease) from operations</b> <sup>(2):</sup>	<b>1.53</b>	<b>(0.05)</b>	<b>0.87</b>	<b>(2.94)</b>	<b>1.67</b>	<b>2.38</b>
<b>Distributions</b> <sup>(3):</sup>						
From net investment income (excluding dividends)	—	—	(0.14)	—	—	—
From dividends	(0.13)	(0.11)	(0.49)	(0.66)	(0.42)	(0.28)
From capital gains	—	—	(2.10)	—	(0.50)	—
Total distributions:	(0.13)	(0.11)	(2.73)	(0.66)	(0.92)	(0.28)
<b>Net assets, end of period/year</b>	<b>10.89</b>	<b>9.48</b>	<b>9.58</b>	<b>15.67</b>	<b>18.66</b>	<b>17.89</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$6,528,815	\$5,019,615	\$5,481,993	\$4,863,144	\$11,423,741	\$10,687,176
Number of units outstanding <sup>(5)</sup>	599,562	529,731	572,442	310,443	612,097	597,310
Management expense ratio, including income taxes <sup>(6)</sup>	1.51%	2.83%	1.49%	1.62%	1.55%	1.59%
Management expense ratio, excluding income taxes <sup>(6)</sup>	1.51%	1.57%	1.63%	1.62%	1.55%	1.59%
Management expense ratio before absorptions <sup>(6)</sup>	1.52%	2.88%	1.49%	1.62%	1.55%	1.59%
Portfolio turnover rate <sup>(7)</sup>	25.68%	80.86%	55.96%	82.52%	76.27%	50.33%
Trading expense ratio <sup>(8)</sup>	0.13%	0.27%	0.28%	0.33%	0.33%	0.37%
Net asset value per unit	\$10.89	\$9.48	\$9.58	\$15.67	\$18.66	\$17.89

Interim Management Report of Fund Performance  
For the Period Ended June 30, 2021

**MATCO SMALL CAP FUND**

<b>SERIES N</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	9.51	9.58	8.90	-
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>				
Total revenue	—	0.41	0.68	0.50
Total expenses	—	(0.21)	(0.17)	(0.15)
Net realized gains (losses)	—	(1.06)	(0.11)	(1.75)
Net unrealized gains (losses)	(0.04)	(0.91)	(1.42)	(0.52)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.04)</b>	<b>0.05</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	—	(0.14)	(0.34)	(0.38)
From capital gains	—	—	(1.20)	—
Total distributions:	—	(0.14)	(1.69)	(0.38)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>9.51</b>	<b>9.58</b>	<b>8.90</b>

**Ratios and Supplemental Data**

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>	0.02%	3.16%	0.85%	0.78%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.02%	0.75%	0.97%	0.78%
Management expense ratio before absorptions <sup>(6)</sup>	0.03%	91.93%	21.28%	2,043.17%
Portfolio turnover rate <sup>(7)</sup>	25.68%	35.01%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.13%	0.27%	0.28%	0.33%
Net asset value per unit	—	\$7.58	\$9.58	\$8.90

<b>SERIES O</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	9.55	9.59	15.95	18.75	17.74	15.45
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.22	0.43	0.71	0.79	0.56	0.42
Total expenses	(0.02)	(0.15)	(0.02)	(0.10)	(0.10)	(0.11)
Net realized gains (losses)	0.15	(1.11)	(0.12)	1.51	1.14	(0.37)
Net unrealized gains (losses)	1.26	0.80	0.23	(4.37)	0.31	2.68
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>1.61</b>	<b>(0.03)</b>	<b>0.80</b>	<b>(2.17)</b>	<b>1.91</b>	<b>2.62</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	—	(0.16)	—	—	—
From dividends	(0.19)	(0.17)	(0.51)	(0.67)	(0.42)	(0.27)
From capital gains	—	—	(2.16)	—	(0.50)	—
Total distributions:	(0.19)	(0.17)	(2.83)	(0.67)	(0.92)	(0.27)
<b>Net assets, end of period/year</b>	<b>10.99</b>	<b>9.55</b>	<b>9.59</b>	<b>15.95</b>	<b>18.75</b>	<b>17.74</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$60,514,926	\$46,436,619	\$46,069,198	\$30,614,447	\$56,691,710	\$52,075,481
Number of units outstanding <sup>(5)</sup>	5,508,322	4,860,152	4,804,730	1,919,675	3,023,424	2,935,143
Management expense ratio, including income taxes <sup>(6)</sup>	0.20%	1.58%	0.17%	0.31%	0.24%	0.28%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.20%	0.33%	0.31%	0.31%	0.24%	0.28%
Management expense ratio before absorptions <sup>(6)</sup>	0.21%	1.63%	0.17%	0.31%	0.24%	0.28%
Portfolio turnover rate <sup>(7)</sup>	25.68%	80.86%	55.96%	82.52%	76.27%	50.33%
Trading expense ratio <sup>(8)</sup>	0.13%	0.27%	0.28%	0.33%	0.33%	0.37%
Net asset value per unit	\$10.99	\$9.55	\$9.59	\$15.95	\$18.75	\$17.74

(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 unit outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of unit outstanding over the financial period.

(3) Distributions were paid in cash/reinvested in additional unit 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, 2021 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, 2021, management fees totaled \$37,957 (period ended June 30, 2020 - \$30,402). Included in liabilities at June 30, 2021 is \$6,883 (December 31, 2020 - \$5,575) 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.

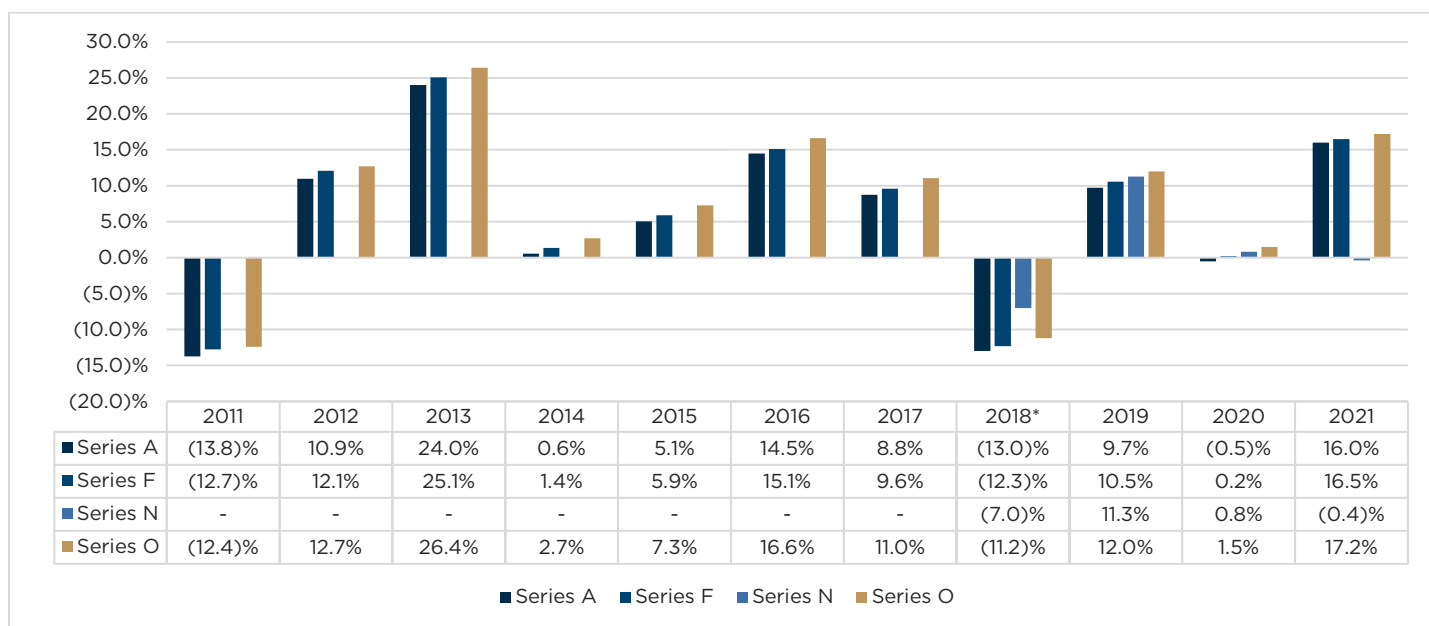
**PAST PERFORMANCE**

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 and the recent period. 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, 2021.

\*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	47.0%	48.1%	27.0%	50.0%	57.9%
3 Year	11.1%	13.6%	(0.5)%	18.1%	31.4%
5 Year	28.6%	33.5%	-	42.6%	43.5%
10 Year	87.1%	102.5%	-	127.7%	40.9%
Since Inception*	-	-	1.3%	-	5.1%

\*Since inception returns for Series A, Series F, and Series O, respectively are from March 18, 2010, March 1, 2010, and March 17, 2010, respectively.

\*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 to January 5, 2021.

The Fund benchmark is iShares S&P/TSX SmallCap Index ETF. 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**

<b>Sector Allocation</b>	<b>% of Net Asset Value</b>
Financials	21.9
Materials	16.7
Industrials	14.9
Real Estate	13.2
Communication Services	9.9
Energy	6.6
Information Technology	5.3
Consumer Discretionary	3.4
Health Care	3.2
Consumer Staples	2.8
Cash	1.6
Other net assets (liabilities)	0.5

<b>Top 25 Holdings</b>	<b>% of Net Asset Value</b>
Chesswood Group Ltd.	4.0
Intertape Polymer Group Inc.	3.9
iShares S&P/TSX Capped Energy Index ETF	3.6
Yellow Pages Ltd.	3.6
Morguard Real Estate Investment Trust	3.5
Labrador Iron Ore Royalty Corp.	3.5
Transcontinental Inc.	3.5
Information Services Corp.	3.5
Western Forest Products Inc.	3.5
Leon's Furniture Ltd.	3.4
Bridgemarq Real Estate Services	3.4
Corus Entertainment Inc.	3.4
MCAN Mortgage Corp.	3.3
Goeasy Ltd.	3.3
Richards Packaging Income Fund	3.2
PFB Corp.	3.2
Extendicare Inc.	3.2
First National Financial Corp.	3.2
Computer Modelling Group Ltd.	3.0
Firm Capital Mortgage Investment Corp.	2.9
Cogeco Inc.	2.9
Bird Construction Inc.	2.9
Doman Building Materials Group Ltd.	2.8
Melcor Real Estate Investment Trust	2.8
The North West Co Inc.	2.8

<b>Total Net Asset Value</b>	<b>\$ 67,245,800</b>
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The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available on our website at [www.matcofinancialinc.com](http://www.matcofinancialinc.com) or can be requested by calling 1.877.539.5743 or by writing to us at 350, 440-2nd Avenue SW, Calgary AB T2P 5E9.

**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.