

This interim 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](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 year that have affected the fund's performance and outlook. In this report, "Matco" refers to Matco Financial Inc., the Manager of the Fund.

### **Investment Objective and Strategies**

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

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

To balance current income and long-term capital appreciation, the Fund may invest in Canadian dividend-paying equities and investment grade fixed income assets. The portfolio is diversified across market capitalization, asset classes, sectors and geographic regions. This "one-stop" Fund offers diversified sources of ongoing income, preserves capital based on an institutional investment risk management process and provides lower volatility performance.

### **Risk**

The overall and specific risks of investing in the Fund are as described in the Fund's Simplified Prospectus dated June 10, 2022. 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. The risk rating of the Fund is low.

### **Results of Operations**

The Fund's net assets decreased to \$81.5 million at June 30, 2022 from \$97.5 million at December 31, 2021. Total investment loss for the period ended June 30, 2022 was \$10.4 million, prior to other income and operating expenses, down from \$3.7 million loss for the period ended June 30, 2021.

The Fund extended its duration by 0.3 years, a modest increase in its interest rate sensitivity. As part of this adjustment, the Fund reduced its exposure to corporate bonds by 1.1%. To be sure, the Fund is still positioned defensively against rising interest rates. However, the adjustment reduces the amount that the Fund is underweight on longer-term bonds. Interest rates have risen dramatically and quickly. The Matco investment team anticipates that inflation will begin to moderate either in the fourth quarter of

2022 or the first quarter of 2023. As a result, global central banks may pause or, at the very least, reduce the pace at which they are increasing their overnight interest rates. This may cause a relief rally in interest rates, allowing the Fund to benefit from this recent portfolio adjustment.

### **Recent Developments**

Inflation has continued to be stubbornly high. In 2021, global supply chain disruptions, vehicle price increases and rising oil prices were the primary sources of inflation. The Russian invasion of Ukraine has put additional upward price pressure on the price of oil and other agricultural commodities. This further intensified inflation concerns in the year's first six months. As a result, North American central banks have accelerated overnight interest rate increases. In the second quarter, the Bank of Canada and the U.S. Federal Reserve increased interest rates by 1.00% and 1.25%, respectively. It is anticipated that both central banks will continue to increase interest rates throughout the remainder of 2022. Current expectations are for overnight interest rates to end the year at approximately 3.00%. These rate increases are used as a blunt tool to begin curbing inflation. At the start of the year, Matco's expectation was for inflation to begin moving lower in the third quarter of 2022. The Russian-Ukraine conflict has extended this expectation to the end of 2022 or the first quarter of 2023. While rising interest rates negatively impact the performance of bonds, preferred shares can be positively impacted. The Fund's 14.2% allocation to preferred shares may allow the Fund to achieve capital appreciation in a rising interest rate environment.

The outlook for economic growth is also important for the Matco Fixed Income Fund. If growth remains healthy, corporate bonds will continue to perform well. The growth outlook for 2022 is for continued growth, albeit at a slower pace than 2021. Due to the slower economic growth profile, we have reduced our corporate bond weighting from 45.5% at the beginning of 2021 to 35.4% currently. The Fund also has a strong income profile of 3.1%. As the outlook for fixed income performance remains modest, maintaining a healthy level of income will remain a key focus throughout the remainder of 2022.

### **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, 2022, the Fund incurred management fees payable to Matco of \$4,865 (period ended June 30, 2021 - \$6,161). Matco, at its discretion, absorbed \$nil (period ended June 30, 2021 - \$625) of expenses for the period ended June 30, 2022. 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, 2022 or 2021.

**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 for the past six months (noted 2022), and for the five most recently completed financial years or for the periods since inception. This information is derived from the Fund's unaudited interim financial statements and audited financial statements.

**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>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	10.72	10.26	10.04	10.09	—
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>					
Total revenue	0.23	0.27	0.26	0.25	—
Total expenses	(0.13)	(0.13)	(0.11)	(0.15)	—
Net realized gains (losses)	0.07	0.39	0.05	(0.10)	—
Net unrealized gains (losses)	(0.62)	0.23	0.18	0.86	—
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.45)</b>	<b>0.76</b>	<b>0.38</b>	<b>0.86</b>	<b>—</b>
<b>Distributions<sup>(2)(3)</sup>:</b>					
From net investment income (excluding dividends)	(0.09)	(0.15)	(0.12)	(0.22)	(0.06)
From capital gains	—	(0.16)	—	—	—
Total distributions:	(0.09)	(0.31)	(0.12)	(0.22)	(0.06)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>10.72</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>	—	\$1,679	\$1,562	\$1,516	\$10
Number of shares outstanding <sup>(5)</sup>	—	157	152	151	1
Management expense ratio <sup>(6)</sup>	1.14%	1.16%	1.22%	1.33%	0.00%
Management expense ratio before absorptions <sup>(6)</sup>	1.14%	1.16%	1.22%	1.33%	0.00%
Portfolio turnover rate <sup>(7)</sup>	42.02%	57.81%	49.49%	25.99%	16.53%
Trading expense ratio <sup>(8)</sup>	0.02%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	—	\$10.72	\$10.26	\$10.04	\$10.09

<b>SERIES F</b>	<b>2022</b>	<b>2021</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>	10.10	10.67	10.22	9.98	10.07	—
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.13	0.25	0.27	0.27	0.25	0.07
Total expenses	(0.04)	(0.10)	(0.09)	(0.08)	(0.09)	(0.02)
Net realized gains (losses)	(0.05)	0.07	0.38	0.04	(0.04)	—
Net unrealized gains (losses)	(1.19)	(0.53)	0.31	0.17	—	(0.10)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(1.15)</b>	<b>(0.31)</b>	<b>0.87</b>	<b>0.40</b>	<b>0.12</b>	<b>0.05</b>
<b>Distributions<sup>(2)(3)</sup>:</b>						
From net investment income (excluding dividends)	(0.07)	(0.15)	(0.19)	(0.18)	(0.16)	(0.06)
From dividends	(0.02)	(0.01)	—	—	—	—
From capital gains	—	(0.08)	(0.15)	—	—	—
Total distributions:	(0.09)	(0.24)	(0.34)	(0.18)	(0.16)	(0.06)
<b>Net assets, end of period/year</b>	<b>8.87</b>	<b>10.10</b>	<b>10.67</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>	\$1,261,572	\$1,569,521	\$1,836,328	\$2,742,754	\$842,290	\$104,732
Number of shares outstanding <sup>(5)</sup>	142,186	155,336	171,905	268,367	84,378	10,405
Management expense ratio <sup>(6)</sup>	0.87%	0.84%	0.83%	0.83%	0.88%	0.88%
Management expense ratio before absorptions <sup>(6)</sup>	0.87%	0.84%	0.84%	0.83%	0.88%	0.88%
Portfolio turnover rate <sup>(7)</sup>	4.16%	42.02%	57.81%	49.49%	25.99%	16.53%
Trading expense ratio <sup>(8)</sup>	0.01%	0.02%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	\$8.87	\$10.10	\$10.68	\$10.22	\$9.98	\$10.07

<b>SERIES N</b>	<b>2019</b>	<b>2018</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	<b>9.93</b>	<b>—</b>
<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>0.52</b>	<b>0.14</b>
<b>Distributions<sup>(2)(3)</sup>:</b>		
From net investment income (excluding dividends)	(0.22)	(0.24)
Total distributions:	(0.22)	(0.24)
<b>Net assets, end of period/year</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>2022</b>	<b>2021</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>	<b>10.13</b>	<b>10.71</b>	<b>10.25</b>	<b>10.00</b>	<b>10.07</b>	<b>—</b>
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.13	0.25	0.27	0.27	0.24	0.06
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	—
Net realized gains (losses)	(0.05)	0.07	0.39	0.05	(0.04)	—
Net unrealized gains (losses)	(1.18)	(0.57)	0.27	0.21	(0.02)	0.05
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(1.11)</b>	<b>(0.26)</b>	<b>0.92</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)	(0.10)	(0.23)	(0.27)	(0.25)	(0.22)	(0.06)
From dividends	(0.03)	(0.01)	—	—	—	—
From capital gains	—	(0.08)	(0.16)	—	—	—
Total distributions:	(0.13)	(0.32)	(0.43)	(0.25)	(0.22)	(0.06)
<b>Net assets, end of period/year</b>	<b>8.89</b>	<b>10.13</b>	<b>10.71</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>	<b>\$80,286,105</b>	\$95,883,684	\$110,472,812	\$136,162,069	\$138,133,426	\$90,108,478
Number of shares outstanding <sup>(5)</sup>	<b>9,031,751</b>	9,468,226	10,315,843	13,283,280	13,811,660	8,949,326
Management expense ratio <sup>(6)</sup>	<b>0.13%</b>	0.11%	0.10%	0.10%	0.13%	0.15%
Management expense ratio before absorptions <sup>(6)</sup>	<b>0.13%</b>	0.11%	0.11%	0.10%	0.13%	0.15%
Portfolio turnover rate <sup>(7)</sup>	<b>4.16%</b>	42.02%	57.81%	49.49%	25.99%	16.53%
Trading expense ratio <sup>(8)</sup>	<b>0.01%</b>	0.02%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	<b>\$8.89</b>	\$10.13	\$10.71	\$10.25	\$10.00	\$10.07

- (1) This information is derived from the Fund's audited annual financial statements. Per unit amounts are for the periods for increases (decreases) and points in time for distributions, as applicable, and are not intended to be a reconciliation of opening and closing net assets.
- (2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were paid in cash/reinvested in additional units of the Fund, or both.
- (4) The information is prepared in accordance with IFRS which uses the last trade price for investments that are traded in an active market where quoted prices are readily and regularly available. For investments that are not traded in an active market, the Fund uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.
- (5) This information is provided as at and for the year shown, as applicable, except Series N for 2018 which are from inception February 6, 2018 through December 31, 2018 and Series A for 2021 which are from January 1 through December 1, 2021.
- (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, 2022, management fees totaled \$4,865 (period ended June 30, 2021 - \$6,161). Included in liabilities at June 30, 2022 is \$777 (December 31, 2021 - \$982) in respect of these fees.

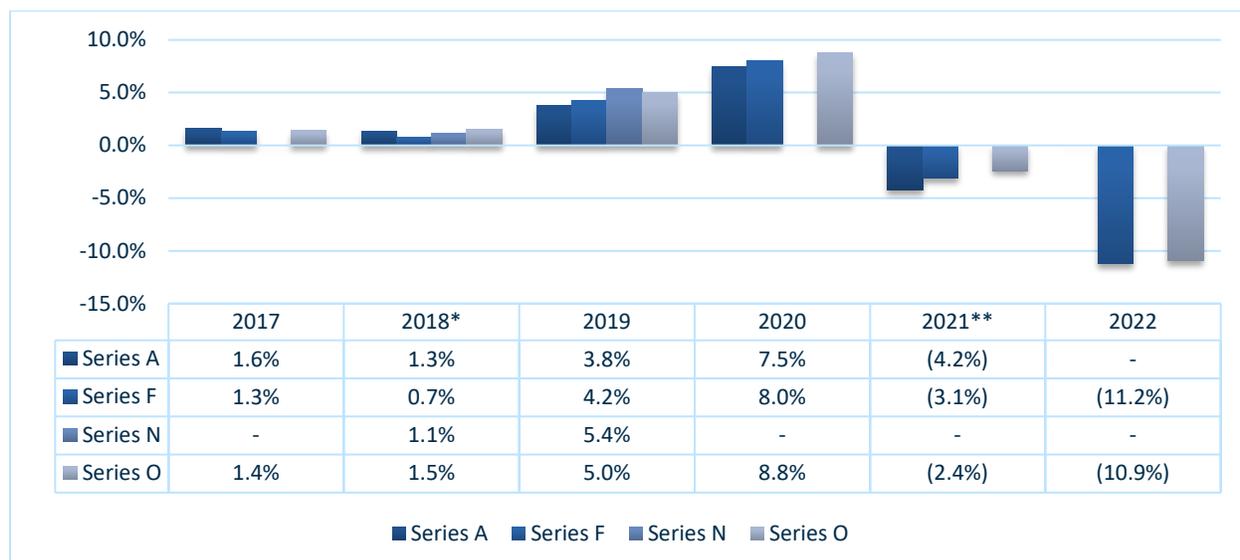
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 41.67% were used 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 past six months (noted 2022), and for the five most recently completed financial years or for the periods since inception. The charts show, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31st of the fiscal year (except as noted below).



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

\*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.

\*\*Series A returns for 2021 is from January 1, 2021 through liquidation December 1, 2021.

**Annual Compound Returns**

	Series A	Series F	Series N*	Series O	Benchmark***
1 Year	(4.2%)	(10.6%)	-	(9.9%)	(11.5%)
3 Years	2.2%	(2.5%)	-	(1.8%)	(2.4%)
Since Inception*	-	(0.2%)	-	0.5%	0.5%
Since Inception*	-	-	3.4%	-	5.4%
Since Inception**	2.3%	-	-	-	3.5%

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

\* Since inception returns for Series N are from February 6, 2018 to December 26, 2019.

\*\* Since inception returns for Series A are from September 20, 2017 to December 1, 2021.

\*\*\* The Benchmark is iShares Core Canadian Universe Bond Index ETF. Based on 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>
Corporate	35.2
Federal	32.0
Provincial	13.7
Preferred	14.3
Cash	4.5
Other Net Assets (Liabilities)	0.3

<b>Top 25 Holdings</b>	<b>% of Net Asset Value</b>
Canada Housing Trust No 1 - 1.750% Jun 15/30	7.0%
Canadian Government Bond - 3.500% Dec 01/45	7.0%
Hydro One Inc. - 5.360% May 20/36	5.4%
The Toronto-Dominion Bank - 1.888% Mar 08/28	5.2%
Canada Housing Trust No 1 - 0.388% Mar 15/24	4.7%
Province of Alberta Canada - 3.450% Dec 01/43	4.7%
Canada Housing Trust No 1 - 0.488% Sep 15/24	4.7%
Canadian Government Bond - 2.750% Dec 01/48	4.5%
Canada Housing Trust No 1 - 0.378% Sep 15/23	4.1%
Bank of Montreal - 2.370% Feb 03/25	3.8%
Royal Bank of Canada - 2.328% Jan 28/27	3.7%
Granite REIT Holdings LP - 3.062% Jun 04/27	3.1%
Bank of Nova Scotia - 1.400% Nov 01/27	3.1%
Province of Ontario Canada - 3.450% Jun 02/45	2.7%
The Toronto-Dominion Bank - 3.105% Apr 22/30	2.7%
Province of Manitoba Canada - 3.250% Sep 05/29	2.6%
The Toronto-Dominion Bank, 4.75%, Preferred share, Series 20	2.3%
Canadian Imperial Bank of Commerce - 1.100% Jan 19/26	2.2%
Province of British Columbia Canada - 2.550% Jun 18/27	2.1%
Bank of Montreal, 4%, Preferred share, Series 27	2.1%
Bank of Montreal - 3.190% Mar 01/28	2.1%
Royal Bank of Canada, 3.6%, Preferred share, Series BD	2.0%
The Toronto-Dominion Bank, 3.9%, Preferred share, Series 1	2.0%
National Bank of Canada, 3.9%, Preferred share, Series 32	2.0%
Manulife Financial Corp., 3.9%, Preferred share, Series 17	1.9%

**Total Net Asset Value** \$ 81,547,677

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.