

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 Canadian Equity Income Fund (the "Fund") is to achieve superior risk-adjusted returns through long-term capital appreciation by investing primarily in securities of mid to large market capitalization Canadian companies with strong fundamentals. This Fund utilizes Matco's investment management expertise with an overlay of non-proprietary management in pursuit of a Growth at a Reasonable Price (GARP) style. Matco seeks to maintain a portfolio that is well diversified between sectors, style and market capitalization. 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 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 medium.

### **Results of Operations**

The Fund's net assets decreased to \$81 million at June 30, 2022 from \$90 million at December 31, 2021. Total investment loss for the Period ended June 30, 2022 was \$6.5 million, prior to other income and operating expenses, down from \$11.9 million investment gain for the period ended June 30, 2021.

The top two performance contributors for the quarter were Ritchie Brothers Auctioneers Inc., and Loblaw's Company Ltd. The three sectors detracting from performance were Financials, Communication Services and Consumer Discretionary. The top companies detracting from performance were Canadian Western Bank, Rogers Communications Inc. and BRP Inc.

## **Recent Developments**

We expect the Bank of Canada to aggressively raise interest rates given their public stance against inflation. Although the central bank is in a difficult position to control inflation while not engineering a recession, we do not believe a recession will occur in 2023. Our thesis is based on recent 'green shoots' of falling prices for semiconductor chips, shipping container prices, and food input costs. We expect inflation to start falling in 2023, and the pace till then will be moderate increases rather than run away as we experienced in the late 1970s/early 80s. Canadian calendar 2022 corporate earnings are expected at 28% year over year. However, 2023 earnings are currently estimated at 6% year over year. Thus, a recession is already well discounted by investors, given the peak to trough decline of 17% of the Canadian stock market and reduced earnings expectations heading into 2023.

The Fund continues to be positioned for a rising rate environment, with the largest sector weights being Financials, Industrials, Telecommunications, and Energy. However, investor sentiment toward equities remains negative, given daily headlines of a pending recession. For long-term investors, this is the time to take advantage of recession fear by buying high-quality dividend-paying companies with sustainable dividends.

## **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 \$20,178 (period ended June 30, 2021 - \$20,218). 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 the *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. 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>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>12.09</b>	<b>10.06</b>	<b>10.26</b>	<b>9.44</b>	<b>11.47</b>	<b>11.08</b>
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.10	0.36	0.37	0.69	0.40	0.37
Total expenses	(0.13)	(0.29)	(0.27)	(0.27)	(0.30)	(0.23)
Net realized gains (losses)	0.89	0.76	(1.06)	0.02	0.62	0.56
Net unrealized gains (losses)	(1.01)	1.39	0.71	1.24	(2.08)	0.20
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.15)</b>	<b>2.22</b>	<b>(0.25)</b>	<b>1.68</b>	<b>(1.36)</b>	<b>0.90</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.08)	—	(0.21)	—	—
From dividends	—	—	—	(0.36)	(0.38)	(0.33)
From capital gains	—	(0.08)	—	(0.28)	—	(0.23)
Total distributions:	—	(0.16)	—	(0.85)	(0.38)	(0.56)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>12.09</b>	<b>10.06</b>	<b>10.26</b>	<b>9.44</b>	<b>11.47</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	—	\$18,223	\$59,053	\$72,881	\$71,167	\$130,255
Number of shares outstanding <sup>(5)</sup>	—	1,507	5,869	7,104	7,540	11,357
Management expense ratio, including income taxes <sup>(6)</sup>	<b>1.86%</b>	1.96%	2.34%	2.08%	1.96%	1.96%
Management expense ratio, excluding income taxes <sup>(6)</sup>	<b>1.86%</b>	1.96%	1.97%	1.97%	1.96%	1.96%
Management expense ratio before absorptions <sup>(6)</sup>	<b>1.86%</b>	1.96%	2.35%	2.08%	1.96%	1.96%
Portfolio turnover rate <sup>(7)</sup>	<b>38.79%</b>	56.01%	88.72%	51.65%	53.68%	49.80%
Trading expense ratio <sup>(8)</sup>	<b>0.02%</b>	0.07%	0.15%	0.09%	0.12%	0.12%
Net asset value per share	—	\$12.09	\$10.06	\$10.26	\$9.44	\$11.47

<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>	<b>12.14</b>	<b>10.14</b>	<b>10.28</b>	<b>9.99</b>	<b>12.05</b>	<b>11.55</b>
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.18	0.39	0.38	0.70	0.40	0.39
Total expenses	(0.10)	(0.19)	(0.19)	(0.18)	(0.19)	(0.16)
Net realized gains (losses)	0.74	1.00	(1.11)	0.02	0.89	0.58
Net unrealized gains (losses)	(1.80)	1.16	0.69	1.28	(2.42)	0.25
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.98)</b>	<b>2.36</b>	<b>(0.23)</b>	<b>1.82</b>	<b>(1.32)</b>	<b>1.06</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.22)	—	(0.21)	—	—
From dividends	(0.12)	—	(0.02)	(0.38)	(0.40)	(0.34)
From capital gains	—	(0.08)	—	(0.30)	—	(0.24)
Total distributions:	(0.12)	(0.30)	(0.02)	(0.89)	(0.40)	(0.58)
<b>Net assets, end of period/year</b>	<b>11.13</b>	<b>12.14</b>	<b>10.14</b>	<b>10.28</b>	<b>9.99</b>	<b>12.05</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	<b>\$3,609,845</b>	\$3,901,509	\$3,399,578	\$4,930,883	\$7,809,396	\$23,584,776
Number of shares outstanding <sup>(5)</sup>	<b>324,317</b>	321,476	335,217	479,755	781,596	1,956,976
Management expense ratio, including income taxes <sup>(6)</sup>	<b>1.17%</b>	1.20%	1.59%	1.33%	1.22%	1.20%
Management expense ratio, excluding income taxes <sup>(6)</sup>	<b>1.17%</b>	1.20%	1.22%	1.22%	1.22%	1.20%
Management expense ratio before absorptions <sup>(6)</sup>	<b>1.17%</b>	1.20%	1.60%	1.33%	1.22%	1.20%
Portfolio turnover rate <sup>(7)</sup>	<b>38.79%</b>	56.01%	88.72%	51.65%	53.68%	49.80%
Trading expense ratio <sup>(8)</sup>	<b>0.02%</b>	0.07%	0.15%	0.09%	0.12%	0.12%
Net asset value per share	<b>\$11.13</b>	\$12.14	\$10.14	\$10.28	\$9.99	\$12.05

Interim Management Report of Fund Performance  
For the Period ended June 30, 2022

**MATCO CANADIAN EQUITY INCOME FUND**

<b>SERIES N</b>	<b>2019</b>	<b>2018</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	8.56	—
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>		
Total revenue	0.70	0.56
Total expenses	(0.10)	(0.09)
Net realized gains (losses)	0.02	(1.04)
Net unrealized gains (losses)	1.16	0.12
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>1.78</b>	<b>(0.45)</b>
<b>Distributions<sup>(3)</sup>:</b>		
From net investment income (excluding dividends)	(0.24)	—
From dividends	(0.36)	(0.34)
From capital gains	(0.25)	—
Total distributions:	(0.85)	(0.34)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>8.56</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$—	\$1,293
Number of shares outstanding <sup>(5)</sup>	—	151
Management expense ratio, including income taxes <sup>(6)</sup>	0.70%	0.62%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.56%	0.62%
Management expense ratio before absorptions <sup>(6)</sup>	1,384.48%	7,962.49%
Portfolio turnover rate <sup>(7)</sup>	51.65%	53.68%
Trading expense ratio <sup>(8)</sup>	0.09%	0.12%
Net asset value per share	\$—	\$8.56

<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>	12.23	10.22	10.28	11.64	13.89	13.19
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.18	0.40	0.37	0.69	0.51	0.46
Total expenses	(0.01)	(0.03)	(0.06)	(0.04)	(0.03)	(0.04)
Net realized gains (losses)	0.78	1.08	(1.10)	0.02	0.49	0.66
Net unrealized gains (losses)	(1.82)	0.97	0.52	1.07	(2.72)	0.40
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.87)</b>	<b>(0.27)</b>	<b>(0.27)</b>	<b>1.74</b>	<b>(1.75)</b>	<b>1.48</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.34)	—	(0.24)	—	—
From dividends	(0.18)	—	(0.05)	(0.44)	(0.46)	(0.40)
From capital gains	—	(0.08)	—	(0.35)	—	(0.28)
Total distributions:	(0.18)	(0.42)	(0.05)	(1.03)	(0.46)	(0.68)
<b>Net assets, end of period/year</b>	<b>11.21</b>	<b>12.23</b>	<b>10.22</b>	<b>10.28</b>	<b>11.64</b>	<b>13.89</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$77,538,746	\$86,124,814	\$67,718,730	\$82,799,523	\$67,829,516	\$79,825,309
Number of shares outstanding <sup>(5)</sup>	6,916,748	7,044,686	6,628,953	8,058,012	5,827,929	5,747,073
Management expense ratio, including income taxes <sup>(6)</sup>	0.12%	0.15%	0.54%	0.28%	0.17%	0.15%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.12%	0.15%	0.18%	0.17%	0.17%	0.15%
Management expense ratio before absorptions <sup>(6)</sup>	0.12%	0.15%	0.55%	0.28%	0.17%	0.15%
Portfolio turnover rate <sup>(7)</sup>	38.79%	56.01%	88.72%	51.65%	53.68%	49.80%
Trading expense ratio <sup>(8)</sup>	0.02%	0.07%	0.15%	0.09%	0.12%	0.12%
Net asset value per share	\$11.21	\$12.23	\$10.22	\$10.28	\$11.64	\$13.89

- (1) This information is derived from the Fund's audited 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 Series N results for 2018 which are from inception February 6, 2018 through December 31, 2018.
- (6) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net asset value during the year/period.
- (7) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- (8) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year/period.

### Management Fees

The annual management fee rates, exclusive of sales taxes, are 1.75%, 1.00% and 0.50% for Series A, F and N respectively. No management fees are charged directly to Series O.

During the Period ended June 30, 2022, management fees totaled \$20,178 (period ended June 30, 2021 - \$20,218). Included in liabilities at June 30, 2022 is \$3,245 (December 31, 2021 - \$3,228) in respect of these fees.

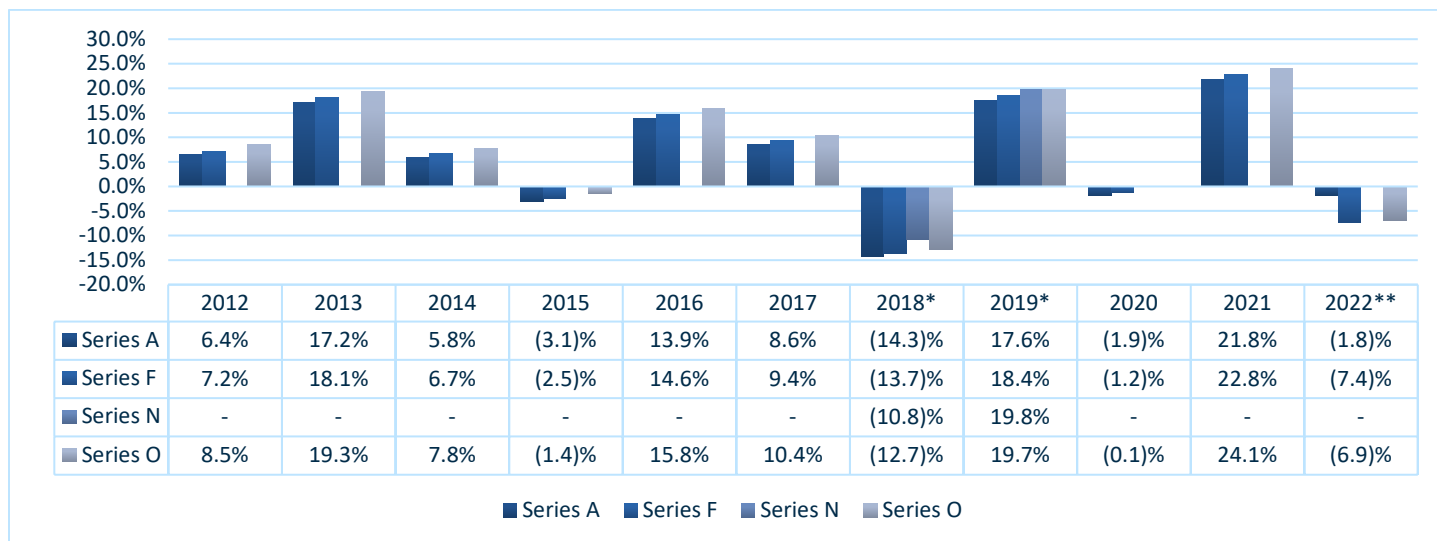
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 57.14% were used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

### PAST PERFORMANCE

This section shows how the Fund has performed in the past. The performance information shown assumes that all distributions made by the investment fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account: sales, redemption, and distribution or other optional charges, that would have reduced returns or performance. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

#### Year-By-Year Returns

The bar charts that follow show the performance of each series of the Fund for the past six months (noted 2022), and 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).



\*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 2022 is from January 1, 2022 through liquidation May 27, 2022.

#### Annual Compound Returns

	Series A	Series F	Series N	Series O	Benchmark*
1 Year	5.1%	(1.8)%	-	(0.8)%	(2.8)%
3 Year	7.9%	5.8%	-	7.0%	8.4%
5 Year	5.7%	5.0%	-	6.1%	7.9%
10 Year	6.7%	6.7%	-	7.8%	8.2%
Since Inception <sup>†</sup>	-	-	3.5%	-	9.4%

\*The Benchmark is iShares Core S&P/TSX Capped Composite 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.

<sup>†</sup>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 December 26, 2019.

**SUMMARY OF INVESTMENT PORTFOLIO**

<b>Sector Allocation</b>	<b>% of Net Asset Value</b>
Financials	32.4
Industrials	21.7
Communication Services	12.6
Energy	9.6
Consumer Staples	6.8
Consumer Discretionary	6.1
Materials	3.9
Utilities	2.8
Information Technology	2.2
Cash	1.5
Other Net Assets (Liabilities)	0.4

<b>Top 25 Holdings</b>	<b>% of Net Asset Value</b>
Ritchie Bros Auctioneers Inc.	4.1%
ATS Automation Tooling Systems Inc.	3.9%
Nutrien Ltd.	3.9%
Great-West Lifeco Inc.	3.8%
Rogers Communications Inc.	3.7%
Waste Connections Inc.	3.5%
Loblaw Cos Ltd.	3.5%
BCE Inc.	3.5%
Bank of Nova Scotia	3.5%
The Toronto-Dominion Bank	3.5%
Canadian National Railway Co.	3.4%
TC Energy Corp.	3.4%
Thomson Reuters Corp.	3.4%
Canadian Pacific Railway Ltd.	3.4%
Royal Bank of Canada	3.4%
Metro Inc.	3.3%
Enbridge Inc.	3.2%
BRP Inc.	3.2%
Canadian Western Bank	3.1%
Canadian Imperial Bank of Commerce	3.1%
Bank of Montreal	3.1%
National Bank of Canada	3.0%
IGM Financial Inc.	3.0%
Gibson Energy Inc.	3.0%
Restaurant Brands International Inc.	3.0%
<b>Total Net Asset Value</b>	<b>\$81,148,591</b>

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.