

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling toll free: 1.877.539.5743 by writing to us at 400, 407-8th Avenue SW, Calgary AB T2P 1E5 or by visiting our website at www.matcofinancialinc.com or SEDAR at 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 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 23, 2018. 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 was established June 23, 2017 and commenced operations on September 20, 2017. The Fund's net assets increased to \$124.5 million at June 30, 2018 from \$90.2 million at December 31, 2017. Total investment income for the period ended June 30, 2018 was \$1.0 million, prior to operating expenses.

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

The second quarter of 2018 ended June 30th, was volatile for interest rates. Using the Canadian 10 year interest rate as a proxy, yields increased 0.43% through the first half of the quarter and then rallied back 0.35% in the second half of the quarter. In the bond market, this would represent a fairly sizeable move in yields. Once the dust had settled, the front end of the curve moved higher while the long end decreased representing a 20 basis point flattening of the yield curve.

A flattening yield curve is typically a sign post that we are in the late stages of an economic expansion.

The Fund's activity in the current year to June 30, 2018 was light. In the first quarter, trades were executed to modestly extend duration while removing exposure in the belly of the yield curve, which is most susceptible to the negative impact of increasingly interest rates. During the second quarter, purchase in-flows into the Fund led to an accumulation of cash that was deployed into a provincial floating rate note. This type of instrument is insulated from the impact of increasing interest rates while contributing to the overall running yield of the fund. The Fund now holds a 37% position in a combination of floating rate notes, an important component of its overall curve positioning strategy.

Although a healthy economy, increasing oil prices and increasing interest rates would typically be an environment lending to an appreciating currency, the Canadian dollar depreciated approximately 1.8% in the second quarter leaving it 4.5% lower on the year to June 30, 2018. The main contributing factors are the continued trade negotiations and the relatively larger increases in U.S. interest rates we have observed over the last 24 months.

Recent Developments

Bank of Canada Governor, Stephen Poloz continues to reiterate that future monetary policy action will be data dependent. On that front, economic data in Canada remains healthy, however the combination of a softening Canadian housing market and the escalating trade negotiations between the U.S. and many of its trading partners represent risks to the growth of the Canadian economy. Governor Poloz will continue to evaluate the contrast of a healthy domestic economy with the geo-political risks facing the global economy. Overall, this lends to our forecast of one additional rate hike in Canada for the remainder of 2018.

Overall, our outlook for the Canadian bond market is balanced, with income levels improving, somewhat offset by rate increases which may lead to some price depreciation.

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, 2018, the Fund incurred management fees payable to Matco of \$1,879 (including sales taxes).

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 most recent period.

The Fund's Net Assets per Unit ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾

| SERIES A | 2018 | 2017 |
|--|--------------|--------------|
| Net assets, beginning of period/year ⁽¹⁾⁽²⁾ | 10.09 | — |
| Increase (decrease) from operations ^{(2):} | | |
| Total revenue | — | — |
| Total expenses | — | — |
| Net realized gains (losses) | — | — |
| Net unrealized gains (losses) | — | — |
| Total increase (decrease) from operations ^{(3):} | — | — |
| Distributions ^{(3):} | | |
| From net investment income (excluding dividends) | 0.11 | 0.06 |
| From dividends | — | — |
| From capital gains | — | — |
| Return of capital | — | — |
| Total distributions: | 0.11 | 0.06 |
| Net assets, end of period/year | 10.08 | 10.09 |

Ratios and Supplemental Data

| | | |
|--|----------------|---------|
| Total net asset value ⁽⁵⁾ | \$10.00 | \$10.00 |
| Number of shares outstanding ⁽⁵⁾ | 1 | 1 |
| Management expense ratio ⁽⁶⁾ | 0.00% | 0.00% |
| Management expense ratio before absorptions ⁽⁶⁾ | 0.00% | 0.00% |
| Portfolio turnover rate ⁽⁷⁾ | 13.31% | 16.53% |
| Trading expense ratio ⁽⁸⁾ | 0.00% | 0.00% |
| Net asset value per unit | \$10.08 | \$10.09 |

| SERIES F | 2018 | 2017 |
|--|--------------|--------------|
| Net assets, beginning of period/year ⁽¹⁾⁽²⁾ | 10.07 | — |
| Increase (decrease) from operations ^{(2):} | | |
| Total revenue | 0.11 | 0.07 |
| Total expenses | (0.04) | (0.02) |
| Net realized gains (losses) | (0.01) | — |
| Net unrealized gains (losses) | 0.03 | (0.10) |
| Total increase (decrease) from operations ^{(3):} | 0.09 | 0.05 |
| Distributions ^{(3):} | | |
| From net investment income (excluding dividends) | 0.08 | 0.06 |
| From dividends | — | — |
| From capital gains | — | — |
| Return of capital | — | — |
| Total distributions: | 0.08 | 0.06 |
| Net assets, end of period/year | 10.08 | 10.07 |

Ratios and Supplemental Data

| | | |
|--|------------------|-----------|
| Total net asset value ⁽⁵⁾ | \$721,359 | \$104,732 |
| Number of shares outstanding ⁽⁵⁾ | 72,009 | 10,405 |
| Management expense ratio ⁽⁶⁾ | 0.84% | 0.88% |
| Management expense ratio before absorptions ⁽⁶⁾ | 0.84% | 0.88% |
| Portfolio turnover rate ⁽⁷⁾ | 13.31% | 16.53% |
| Trading expense ratio ⁽⁸⁾ | 0.00% | 0.00% |
| Net asset value per unit | \$10.02 | \$10.07 |

| SERIES N | 2018 |
|---|----------------|
| Net assets, beginning of period/year⁽¹⁾⁽²⁾ | — |
| Increase (decrease) from operations⁽²⁾: | |
| Total revenue | — |
| Total expenses | — |
| Net realized gains (losses) | — |
| Net unrealized gains (losses) | — |
| Total increase (decrease) from operations⁽³⁾: | — |
| Distributions⁽³⁾: | |
| From net investment income (excluding dividends) | 0.12 |
| From dividends | — |
| From capital gains | — |
| Return of capital | — |
| Total distributions: | 0.12 |
| Net assets, end of period/year | 10.03 |
| Ratios and Supplemental Data | |
| Total net asset value ⁽⁵⁾ | \$10 |
| Number of shares outstanding ⁽⁵⁾ | 1 |
| Management expense ratio ⁽⁶⁾ | 0.00% |
| Management expense ratio before absorptions ⁽⁶⁾ | 0.00% |
| Portfolio turnover rate ⁽⁷⁾ | 13.31% |
| Trading expense ratio ⁽⁸⁾ | 0.00% |
| Net asset value per unit | \$10.03 |

| SERIES O | 2018 | 2017 |
|---|----------------------|--------------|
| Net assets, beginning of period/year⁽¹⁾⁽²⁾ | 10.07 | — |
| Increase (decrease) from operations⁽²⁾: | | |
| Total revenue | 0.13 | 0.06 |
| Total expenses | (0.01) | — |
| Net realized gains (losses) | (0.01) | — |
| Net unrealized gains (losses) | (0.02) | 0.05 |
| Total increase (decrease) from operations⁽³⁾: | 0.09 | 0.11 |
| Distributions⁽³⁾: | | |
| From net investment income (excluding dividends) | 0.10 | 0.06 |
| From dividends | — | — |
| From capital gains | — | — |
| Return of capital | — | — |
| Total distributions: | 0.10 | 0.06 |
| Net assets, end of period/year | 10.04 | 10.07 |
| Ratios and Supplemental Data | | |
| Total net asset value ⁽⁵⁾ | \$123,817,915 | \$90,108,478 |
| Number of shares outstanding ⁽⁵⁾ | 12,338,118 | 8,949,326 |
| Management expense ratio ⁽⁶⁾ | 0.10% | 0.15% |
| Management expense ratio before absorptions ⁽⁶⁾ | 0.10% | 0.15% |
| Portfolio turnover rate ⁽⁷⁾ | 13.31% | 16.53% |
| Trading expense ratio ⁽⁸⁾ | 0.00% | 0.00% |
| Net asset value per unit | \$10.04 | \$10.07 |

- (1) This information is derived from the Fund's audited annual 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 the year shown, except June 30, 2018 which is for the six months year ended, as applicable and Series N which is from February 6, 2018 through June 30, 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 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 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, 2018, management fees totaled \$1,879 (including sales taxes). Included in liabilities at June 30, 2018 in \$420 (December 31, 2017 - \$61) in respect of these fees.

All management fees 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.

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

In Accordance with National Instrument 81-102, performance cannot be shown until one year after the Fund's inception.

Annual Compound Returns

In Accordance with National Instrument 81-102, performance cannot be shown until one year after the Fund's inception.

SUMMARY OF INVESTMENT PORTFOLIO

| Sector Allocation | % of Net Asset Value |
|--------------------------------|-----------------------------|
| Provincial | 38.6 |
| Corporate | 28.1 |
| Federal | 27.5 |
| Cash | 5.4 |
| Other Net Assets (Liabilities) | 0.4 |

| Top 25 Holdings | % of Net Asset Value |
|--|-----------------------------|
| Province of Quebec - 2.151% Oct 13/24 | 6.9 |
| Canada Housing Trust No. 1 - 1.627% Mar 15/21 | 5.6 |
| Cash | 5.4 |
| Canadian Government Bond - 1.500% Jun 01/26 | 5.4 |
| Province of Manitoba - 3.250% Sep 05/29 | 5.4 |
| Canada Housing Trust No. 1 - 1.417% Sep 15/20 | 5.2 |
| Canadian Government Bond - 3.500% Dec 01/45 | 4.6 |
| Bank of Nova Scotia - 2.873% Jun 04/21 | 4.5 |
| Bank of Montreal - 3.400% Apr 23/21 | 4.5 |
| Province of Ontario - 1.674% Oct 27/21 | 4.3 |
| Province of Ontario - 1.900% Mar 16/21 | 4.3 |
| Royal Bank of Canada - 1.968% Mar 02/22 | 4.0 |
| Canada Housing Trust No. 1 - 1.412% Mar 15/20 | 4.0 |
| Loblaw Cos Ltd.- 5.220% Jun 18/20 | 4.0 |
| Province of Quebec - 1.845% Apr 19/22 | 3.9 |
| Province of Alberta - 2.550% Jun 01/27 | 3.6 |
| Province of Ontario - 3.450% Jun 02/45 | 3.2 |
| Toronto-Dominion Bank - 3.226% Jul 24/24 | 3.1 |
| Province of Alberta - 3.450% Dec 01/43 | 2.8 |
| Province of British Columbia- 2.550% Jun 18/17 | 2.7 |
| Canada Housing Trust No. 1 - 1.870% Sep 15/21 | 2.7 |
| Cadillac Fairview Finance Trust - 4.310% Jan 25/21 | 2.7 |
| Bell Canada Inc.- 3.550% Mar 02/26 | 1.8 |
| Dollarama Inc.- 2.337% Jul 22/21 | 1.8 |
| Canadian Utilities Ltd.- 3.122% Nov 09/22 | 1.8 |
| Total Net Asset Value | \$124,539,294 |

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.