

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 Balanced Fund's (the "Fund") is to seek a balance of long-term capital appreciation and current income by investing in a Canadian focused portfolio of equities and fixed income instruments, diversified across investment styles and market capitalization, geographic regions, asset classes, and sectors.

The Fund utilizes a risk management framework focused on achieving long term growth while exhibiting lower volatility. Seeking to balance current income and long-term capital appreciation, the Fund invests in Canadian equities, global 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 29, 2007 and commenced operations on November 29, 2007. The Fund's net assets decreased to \$179.1 million at June 30, 2018 from \$199.0 million at December 31, 2017. Total investment income for the period ended June 30, 2018 was \$1.6 million, prior to operating expenses (Period ended June 30, 2017 - \$3.6 million).

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

The Fund generated a 1.7% return (Series F) in the second quarter of 2018 while our internal Blended Benchmark (50% FSE TMX Canada Universe Bond Index, 35% TSX Composite Total Return Index, 15% MSCI World Index Total Return CAD) generated a 2.8% return. The 1.1% underperformance was mainly attributable to our weaker relative returns within the Canadian equity market and our lower allocation to Canadian equities. This leaves the Fund up 0.4% (Series F) for the year through June 30, 2018, while our internal benchmark is up 1.5% year to date. Although the general market volatility experienced in the first half of this year has created a challenging environment to generate returns, the Fund continues to exhibit resilience and strong downside protection in spite of the challenging market conditions.

The Fund has now fully transitioned to a "Fund-of-Funds" investment solution and holds each of Matco's internally managed investment funds. The asset allocation of the Fund is determined by

the Asset Mix Committee, which positions the portfolio strategically based on its market outlook. The committee made one active decision in the second quarter of 2018. The committee reduced our Canadian small cap exposure by 5% at the beginning of the quarter, while further increasing our fixed income exposure by 5%. This asset mix adjustment is a continued gradual shift in the direction of de-risking the overall positioning of the fund.

Recent Developments

Three dominant themes plagued global capital markets throughout the year through June 30, 2018 and contributed to the on-going market volatility we have observed so far this year: geo-political tensions, the prospect and threat of a trade war and a continuation of increasing interest rates. The silver lining that has helped support markets and off-set these adverse themes was a solid earnings season, particularly for US domiciled companies, which have managed to exceed expectations with strong corporate earnings. Although this is a positive for markets, stock prices did not react as favorably as one would expect. This is a strong indication that macro-economic concerns caused by the protectionist political actions of President Trump and the geo-political risks are currently a stronger force, significant enough to weigh on investor sentiment.

Despite the aforementioned risks, markets remain relatively on track, thanks to signs that the global economy continues to expand, and earnings growth remains healthy. We are cognizant that the current economic expansion is well into its tenth year, and from a historical perspective this would suggest that we are in the later stages of the secular expansionary cycle. Our investment process is fundamentally driven, with a focus both on earnings and economics. Our observations and research continue to suggest a positive environment for the remainder of 2018. However, as we progress through the later innings of this economic cycle, our focus is on de-risking our portfolios to ensure the greatest risk-adjusted returns for investors.

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 \$198,528 (including sales taxes) (period ended June 30, 2017 - \$189,946).

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	2016	2015	2014	2013
Net assets, beginning of period/year⁽¹⁾⁽²⁾	12.62	12.24	12.28	11.76	11.21	9.95
Increase (decrease) from operations^{(2):}						
Total revenue	0.05	0.28	0.3	0.28	0.30	0.30
Total expenses	(0.12)	(0.25)	(0.23)	(0.25)	(0.25)	(0.22)
Net realized gains (losses)	0.35	0.46	1.47	0.35	1.19	0.49
Net unrealized gains (losses)	(0.27)	0.35	0.23	0.15	0.16	0.74
Total increase (decrease) from operations^{(3):}	0.01	0.84	1.77	0.53	1.40	1.31
Distributions^{(3):}						
From net investment income (excluding dividends)	—	(0.03)	(0.03)	(0.02)	(0.04)	(0.05)
From dividends	—	(0.06)	(0.04)	(0.01)	(0.02)	(0.04)
From capital gains	—	(0.36)	(0.68)	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	-	(0.45)	(0.75)	(0.03)	(0.06)	(0.09)
Net assets, end of period/year	12.62	12.62	12.24	12.28	11.76	11.21

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$1,427,476	\$1,546,799	\$850,450	\$333,709	\$374,340	\$287,966
Number of units outstanding ⁽⁵⁾	113,097	122,545	69,474	27,186	31,837	25,693
Management expense ratio ⁽⁶⁾	2.01%	1.94%	1.77%	2.04%	2.00%	2.06%
Management expense ratio before absorptions ⁽⁶⁾	2.01%	1.94%	1.77%	2.04%	2.00%	2.06%
Portfolio turnover rate ⁽⁷⁾	6.58%	163.96%	90.22%	115.30%	237.24%	138.62%
Trading expense ratio ⁽⁸⁾	0.05%	0.04%	0.09%	0.02%	0.07%	0.05%
Net asset value per unit	\$12.62	\$12.62	\$12.24	\$12.28	\$11.76	\$11.21

SERIES F	2018	2017	2016	2015	2014	2013
Net assets, beginning of period/year⁽¹⁾⁽²⁾	12.41	12.01	12.05	11.58	11.04	9.79
Increase (decrease) from operations^{(2):}						
Total revenue	0.06	0.28	0.28	0.31	0.29	0.29
Total expenses	(0.07)	(0.15)	(0.15)	(0.14)	(0.15)	(0.14)
Net realized gains (losses)	0.33	0.45	0.93	0.28	0.79	0.45
Net unrealized gains (losses)	(0.32)	0.32	(0.19)	0.18	(0.26)	0.83
Total increase (decrease) from operations^{(3):}	-	0.9	0.87	0.63	0.67	1.43
Distributions^{(3):}						
From net investment income (excluding dividends)	—	(0.06)	(0.09)	(0.12)	(0.09)	(0.09)
From dividends	—	(0.09)	(0.07)	(0.06)	(0.06)	(0.07)
From capital gains	—	(0.36)	(0.17)	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	-	(0.51)	(0.87)	(0.18)	(0.15)	(0.16)
Net assets, end of period/year	12.46	12.41	12.01	12.05	11.58	11.04

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$34,442,279	\$35,213,129	\$31,964,542	\$25,650,175	\$20,346,555	\$30,931,655
Number of units outstanding ⁽⁵⁾	2,763,958	2,836,378	2,662,585	2,128,089	1,757,267	2,802,352
Management expense ratio ⁽⁶⁾	1.27%	1.15%	1.17%	1.19%	1.21%	1.27%
Management expense ratio before absorptions ⁽⁶⁾	1.27%	1.15%	1.17%	1.18%	1.21%	1.27%
Portfolio turnover rate ⁽⁷⁾	6.58%	163.96%	90.22%	115.30%	237.24%	138.62%
Trading expense ratio ⁽⁸⁾	0.05%	0.04%	0.09%	0.02%	0.07%	0.05%
Net asset value per unit	\$12.46	\$12.41	\$12.01	\$12.05	\$11.58	\$11.04

SERIES N	2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾	-
Increase (decrease) from operations⁽²⁾:	
Total revenue	0.05
Total expenses	-
Net realized gains (losses)	0.12
Net unrealized gains (losses)	(0.17)
Total increase (decrease) from operations⁽³⁾:	-
Distributions⁽³⁾:	
From net investment income (excluding dividends)	-
From dividends	(0.05)
From capital gains	-
Return of capital	-
Total distributions:	(0.05)
Net assets, end of period/year	10.12
Ratios and Supplemental Data	
Total net asset value ⁽¹⁾	\$10
Number of units outstanding ⁽¹⁾	1
Management expense ratio ⁽²⁾	0.20%
Management expense ratio before absorptions ⁽²⁾	0.20%
Portfolio turnover rate ⁽³⁾	6.58%
Trading expense ratio ⁽⁴⁾	0.05%
Net asset value per unit	\$10.12

SERIES O	2018	2017	2016	2015	2014	2013
Net assets, beginning of period/year⁽¹⁾⁽²⁾	12.38	11.96	12.00	11.53	10.99	9.75
Increase (decrease) from operations⁽²⁾:						
Total revenue	0.05	0.28	0.29	0.30	0.30	0.30
Total expenses	-	(0.02)	(0.03)	(0.02)	(0.03)	(0.03)
Net realized gains (losses)	0.35	0.45	0.92	0.28	0.7	0.42
Net unrealized gains (losses)	(0.29)	0.33	(0.22)	0.16	-0.15	0.89
Total increase (decrease) from operations⁽³⁾:	0.11	1.04	0.96	0.72	0.82	1.58
Distributions⁽³⁾:						
From net investment income (excluding dividends)	-	(0.14)	(0.17)	(0.20)	(0.17)	(0.16)
From dividends	(0.05)	(0.13)	(0.11)	(0.10)	(0.11)	(0.11)
From capital gains	-	(0.36)	(0.70)	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions:	(0.05)	(0.63)	(0.98)	(0.30)	(0.28)	(0.27)
Net assets, end of period/year	12.44	12.38	11.96	12	11.53	10.99
Ratios and Supplemental Data						
Total net asset value ⁽⁵⁾	\$143,274,766	\$162,253,865	\$137,811,616	\$105,419,856	\$94,858,536	\$70,146,599
Number of units outstanding ⁽⁵⁾	11,514,076	13,105,062	11,521,788	8,781,664	8,229,959	6,382,053
Management expense ratio ⁽⁶⁾	0.22%	0.10%	0.12%	0.13%	0.17%	0.20%
Management expense ratio before absorptions ⁽⁶⁾	0.22%	0.10%	0.12%	0.13%	0.17%	0.20%
Portfolio turnover rate ⁽⁷⁾	6.58%	163.96%	90.22%	115.30%	237.24%	138.62%
Trading expense ratio ⁽⁸⁾	0.05%	0.04%	0.09%	0.02%	0.07%	0.05%
Net asset value per unit	\$12.44	\$12.38	\$11.96	\$12.00	\$11.53	\$10.99

- (1) This information is derived from the Fund's audited annual and unaudited semi-annual and 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.
- (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 1.75%, 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, 2018, management fees totaled \$198,528 (including sales taxes) (period ended June 30, 2017 - \$189,946). Included in liabilities at June 30, 2018 in \$30,942 (December 31, 2017 - \$31,472) in respect of these fees.

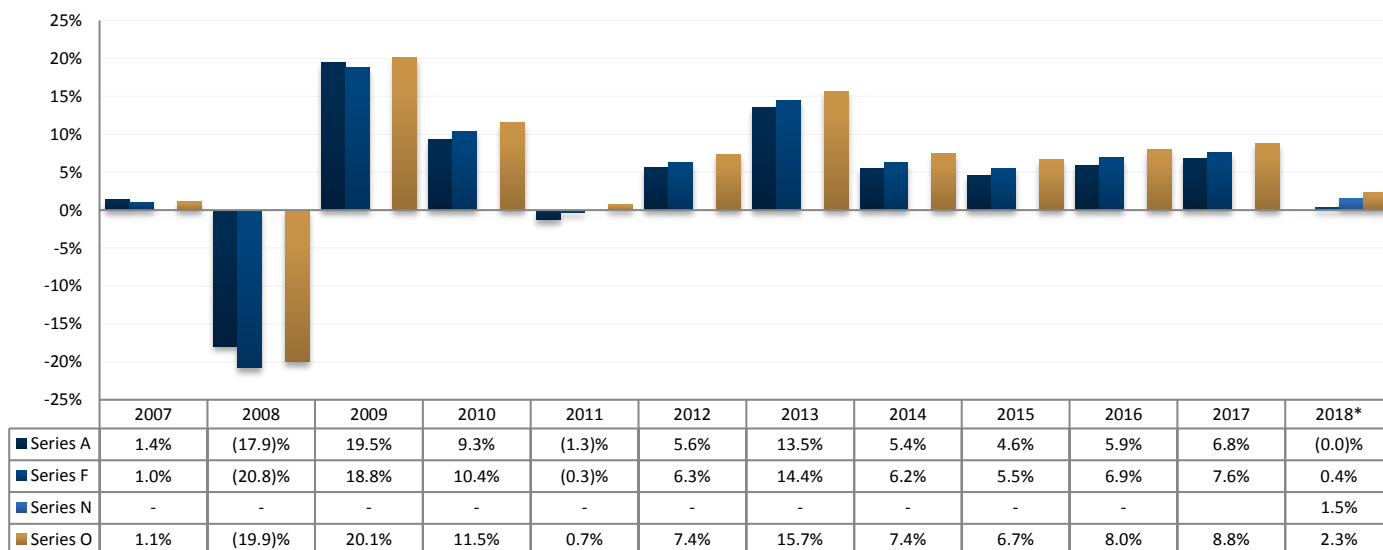
All management fees were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions.

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

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 31st of the fiscal year (except for 2018 as noted below).



*The rate of return for 2018 represents performance for the six month period ended June 30, 2018 except Series N which is from February 6, 2018 to June 30, 2018.

Annual Compound Returns

	Series A	Series F	Series N	Series O	Blended Benchmark**
6 Month*	0.0%	0.4%	-	2.3%	1.5%
1 Year	5.7%	6.5%	-	9.1%	5.7%
3 Year	4.6%	5.5%	-	7.1%	4.9%
5 Year	6.4%	7.3%	-	8.7%	4.0%
10 Year	4.6%	5.2%	-	6.5%	5.1%
Since Inception	N/A	N/A	1.5%	N/A	1.8%

*The rate of return for 2018 is for the six months ended June 30, 2018 except for Series N, which is from inception February 6, 2018 to June 30, 2018.

Since inception values are only reported for Series N as all other series have more than 10 years of available data.

**The Blended Benchmark is comprised of: 50% FSE TMX Canada Universe Bond Index, 35% TSX Composite Total Return Index, 15% MSCI World Index Total Return CAD

SUMMARY OF INVESTMENT PORTFOLIO

Sector Allocation	% of Net Asset Value
Fixed Income	45.6
Canadian Equity	30.4
Global Equity	19.9
Cash	4.2
Other Net Assets (Liabilities)	(0.1)

Top Holdings*	% of Net Asset Value
Matco Fixed Income Fund, Series O	45.6
Matco Canadian Equity Class, Series O	25.0
Matco Global Equity Class, Series O	19.9
Matco Small Cap Class, Series O	5.4
Cash	4.2
Other Net Assets (Liabilities)	(0.1)
Total Net Asset Value	\$179,144,531

*The top 25 positions are required to be disclosed in the Summary of Investment Portfolio. As at the reporting date, the Fund held fewer than 25 positions. All positions are therefore presented.

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.