

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 Small Cap Class (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 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 December 17, 2008 and commenced operations on March 1, 2010. The Fund's net assets decreased to \$41.3 million at June 30, 2018 from \$68.3 million at December 31, 2017. Total investment income for the period ended June 30, 2018 was a loss of \$1.0 million, prior to operating expenses (period ended June 30, 2018 - loss of \$2.3 million).

In second quarter, the Fund experienced a 4.8% return (Series F) compared to a 6.6% return for the S&P/TSX Small Cap Total Return Index (the "Index"). The small cap space performed well in the second quarter after a slow start to the year. During the first quarter, the Fund was able to insulate the downside by outperforming the S&P/TSX Small Cap Index by 2.8% with performance of -4.9% (Series F) versus the Index at -7.7%, however the Fund underperformed in the second quarter by 1.8% as the market bounced back, with commodities leading the charge.

Overall, the portfolio Fund has been performing to expectations as we have shifted to more defensive and quality characteristics over the last few quarters. Our top five performing companies in the quarter were CannaRoyalty Corp Warrants, MedReleaf Corp., Canfor Pulp Products Inc., Hydrotech Corp. and Transcontinental Inc.

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

Recent Developments

We continue to believe the Fund is well positioned for market volatility as the global trade wars unravels. Many investors believe that small cap companies don't pay dividends; however, the Fund has an overall dividend yield of 3.8%, compared to the Index at 1.8%, with 86.9% of our holdings paying a dividend. We continue to favor quality and defensive characteristics as illustrated by our return on equity sitting at 19.4%, more than double the index of 7.8%, despite having almost half of the valuation on a price to earnings multiple basis.

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 \$49,248 (including sales taxes) (period ended June 30, 2017 - \$73,208).

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⁾	16.38	15.83	14.04	13.59	13.71	11.31
Increase (decrease) from operations ^{(2):}						
Total revenue	0.33	0.45	0.39	0.30	0.36	0.47
Total expenses	(0.18)	(0.41)	(0.37)	(0.38)	(0.40)	(0.31)
Net realized gains (losses)	1.72	1.25	(0.40)	1.11	2.28	(0.23)
Net unrealized gains (losses)	(2.00)	(0.10)	2.32	(0.27)	(0.20)	2.82
Total increase (decrease) from operations ^{(3):}	(0.13)	0.19	1.94	0.76	2.04	2.75
Distributions ^{(3):}						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	(0.37)	(0.24)	(0.23)	(0.19)	(0.32)
From capital gains	—	(0.44)	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	-	(0.81)	(0.24)	(0.23)	(0.19)	(0.32)
Net assets, end of period/year	16.26	16.38	15.83	14.04	13.59	13.71

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$172,196	\$211,511	\$462,730	\$219,430	\$252,825	\$233,699
Number of units outstanding ⁽⁵⁾	10,591	12,911	29,237	15,627	18,609	17,050
Management expense ratio ⁽⁶⁾	2.26%	2.31%	2.22%	2.39%	2.43%	2.38%
Management expense ratio before absorptions ⁽⁶⁾	2.26%	2.31%	2.22%	2.39%	2.43%	2.59%
Portfolio turnover rate ⁽⁷⁾	40.90%	76.27%	50.33%	64.59%	79.02%	19.11%
Trading expense ratio ⁽⁸⁾	0.17%	0.33%	0.37%	0.22%	0.31%	0.13%
Net asset value per unit	\$16.26	\$16.38	\$15.83	\$14.04	\$13.59	\$13.71

SERIES F	2018	2017	2016	2015	2014	2013
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	18.66	17.89	15.79	15.16	15.17	12.41
Increase (decrease) from operations ^{(2):}						
Total revenue	0.35	0.56	0.43	0.35	0.36	0.53
Total expenses	(0.14)	(0.33)	(0.33)	(0.29)	(0.32)	(0.25)
Net realized gains (losses)	2.98	1.14	(0.47)	0.97	1.76	(0.27)
Net unrealized gains (losses)	(4.13)	0.30	2.75	(0.26)	(1.43)	3.12
Total increase (decrease) from operations ^{(3):}	(0.94)	1.67	2.38	0.77	0.37	3.13
Distributions ^{(3):}						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	(0.42)	(0.28)	(0.26)	(0.22)	(0.37)
From capital gains	—	(0.50)	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	-	(0.92)	(0.28)	(0.26)	(0.22)	(0.37)
Net assets, end of period/year	18.59	18.66	17.89	15.79	15.16	15.17

Ratios and Supplemental Data

Total net asset value ⁽⁵⁾	\$5,609,503	\$11,423,741	\$10,687,176	\$5,065,563	\$3,975,763	\$4,911,941
Number of units outstanding ⁽⁵⁾	301,730	612,097	597,310	320,906	262,338	323,823
Management expense ratio ⁽⁶⁾	1.50%	1.55%	1.59%	1.59%	1.65%	1.52%
Management expense ratio before absorptions ⁽⁶⁾	1.50%	1.55%	1.59%	1.59%	1.65%	1.80%
Portfolio turnover rate ⁽⁷⁾	40.90%	76.27%	50.33%	64.59%	79.02%	19.11%
Trading expense ratio ⁽⁸⁾	0.17%	0.33%	0.37%	0.22%	0.32%	0.13%
Net asset value per unit	\$18.59	\$18.66	\$17.89	\$15.79	\$15.16	\$15.17

SERIES N		2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾		-
Increase (decrease) from operations^{(2):}		
Total revenue		0.04
Total expenses		—
Net realized gains (losses)		0.27
Net unrealized gains (losses)		0.69
Total increase (decrease) from operations^{(2):}		1.00
Distributions^{(3):}		
From net investment income (excluding dividends)		(0.05)
From dividends		—
From capital gains		—
Return of capital		—
Total distributions:		(0.05)
Net assets, end of period/year		10.53
Ratios and Supplemental Data		
Total net asset value ⁽⁵⁾		\$11
Number of units outstanding ⁽⁵⁾		1
Management expense ratio ⁽⁶⁾		0.00%
Management expense ratio before absorptions ⁽⁶⁾		0.00%
Portfolio turnover rate ⁽⁷⁾		40.90%
Trading expense ratio ⁽⁸⁾		0.17%
Net asset value per unit		\$10.53

SERIES O	2018	2017	2016	2015	2014	2013
Net assets, beginning of period/year⁽¹⁾⁽²⁾	18.75	17.74	15.45	14.64	14.46	11.7
Increase (decrease) from operations^{(2):}						
Total revenue	0.39	0.56	0.42	0.33	0.34	0.51
Total expenses	(0.02)	(0.10)	(0.11)	(0.08)	(0.10)	(0.08)
Net realized gains (losses)	2.47	1.14	-0.37	0.99	1.51	-0.29
Net unrealized gains (losses)	(3.13)	0.31	2.68	(0.23)	(1.53)	3.14
Total increase (decrease) from operations^{(2):}	(0.29)	1.91	2.62	1.01	0.22	3.28
Distributions^{(3):}						
From net investment income (excluding dividends)	—	—	—	—	—	—
From dividends	—	(0.42)	(0.27)	(0.25)	(0.21)	(0.33)
From capital gains	—	(0.50)	—	—	—	—
Return of capital	—	—	—	—	—	—
Total distributions:	-	(0.92)	(0.27)	(0.25)	(0.21)	(0.33)
Net assets, end of period/year	18.80	18.75	17.74	15.45	14.64	14.46
Ratios and Supplemental Data						
Total net asset value ⁽⁵⁾	\$35,468,541	\$56,691,710	\$52,075,481	\$33,263,049	\$33,911,826	\$28,802,664
Number of units outstanding ⁽⁵⁾	1,886,543	3,023,424	2,935,143	2,152,915	2,316,320	1,991,567
Management expense ratio ⁽⁶⁾	0.21%	0.24%	0.28%	0.28%	0.34%	0.45%
Management expense ratio before absorptions ⁽⁶⁾	0.21%	0.24%	0.28%	0.28%	0.34%	0.50%
Portfolio turnover rate ⁽⁷⁾	40.90%	76.27%	50.33%	64.59%	79.02%	19.11%
Trading expense ratio ⁽⁸⁾	0.17%	0.33%	0.37%	0.22%	32.00%	0.13%
Net asset value per unit	\$18.80	\$18.75	\$17.74	\$15.45	\$14.64	\$14.46

(1) This information is derived from the Fund's audited annual and unaudited semi-annual and 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, 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 2.00%, 1.25% and 0.65% 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 \$49,248 (including sales taxes) (period ended June 30, 2017 - \$73,208). Included in liabilities at June 30, 2018 is \$6.162 (December 31, 2017 - \$11,782) in respect of these fees.

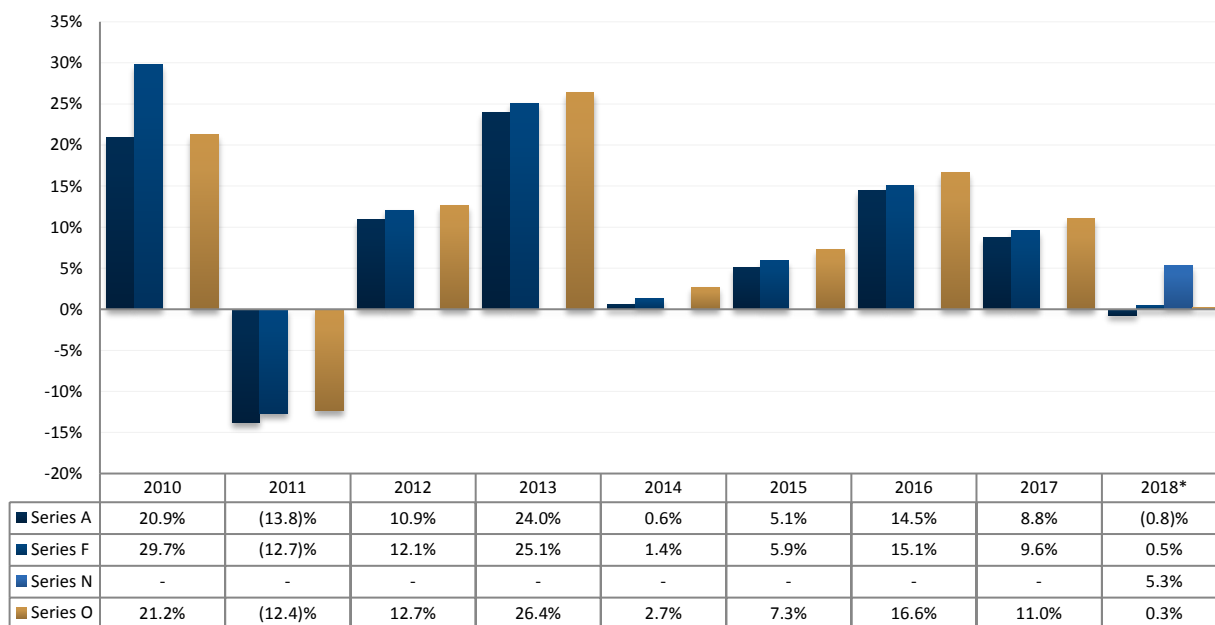
All management fees were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions.

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).



Annual Compound Returns

	Series A	Series F	Series N	Series O	S&P/TSX Composite Total Return Index
6 Month*	(0.8)%	0.5%	-	0.3%	(1.7)%
1 Year	13.4%	14.3%	-	15.8%	5.4%
3 Year	5.2%	5.9%	-	7.3%	6.5%
5 Year	8.3%	8.7%	-	10.5%	5.4%
Since Inception**	7.9%	9.6%	-	9.8%	4.0%
Since Inception Series N*	-	-	5.3%	-	4.0%

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

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

SUMMARY OF INVESTMENT PORTFOLIO

Sector Allocation	% of Net Asset Value
Industrials	15.7
Consumer Discretionary	15.5
Real Estate	15.0
Materials	12.1
Financials	10.4
Information Technology	9.4
Health Care	8.1
Consumer Staples	6.7
Energy	4.8
Cash	2.0
Other net assets (liabilities)	0.3

Top 25 Holdings	% of Net Asset Value
Canfor Pulp Products Inc.	5.9
Dream Global Real Estate Investment Trust	4.3
Goeasy Ltd.	4.0
Constellation Software Inc.	4.0
Transcontinental Inc.	3.8
Labrador Iron Ore Royalty Corp.	3.7
Gluskin Sheff + Associates Inc.	3.7
North West Co., Inc.	3.7
Brookfield Real Estate Services Inc.	3.6
Firm Capital Mortgage Investment Corp.	3.6
Northview Apartment Real Estate Investment Trust	3.6
NorthWest Healthcare Properties Real Estate Investment Trust	3.5
Calian Group Ltd.	3.5
BMTC Group Inc.	3.5
MTY Food Group Inc.	3.1
Wajax Corp.	3.0
Chorus Aviation Inc.	2.8
Evertz Technologies Ltd.	2.8
Cogeco Inc.	2.7
Computer Modelling Group Ltd.	2.7
Intertape Polymer Group Inc.	2.4
TORC Oil & Gas Ltd.	2.4
Laurentian Bank of Canada	2.4
Enerflex Ltd.	2.3
Boyd Group Income Fund	2.3
Total Net Asset Value	\$41,250,251

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.