

This annual 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 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 annual management report 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 (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 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-to-medium.

Results of Operations

The Fund's net assets decreased to \$169.7 million at December 31, 2022 from \$214.3 million at December 31, 2021. Total investment Loss for the year ended December 31, 2022 was \$15.6 million, prior to income and operating expenses, down from \$22.2 million for year ended December 31, 2021.

Matco's Asset Mix Committee team is responsible for setting the Fund's target asset mix and remains focused on maintaining a growth tilt, favouring equities over fixed income over the long term while actively managing risk through the short term.

Recent Developments

Within the investment industry, analysts and industry experts have been debating whether a recession will take place in 2023. In fact, if you polled a long list of them, the response would be split down the middle. It's hard to remember a time when expectations were this divided. This uncertain outlook begs a couple questions? Does Matco see a recession taking place in 2023? Does it matter to investors if a recession happens or not?

In the event of a recession, a few key developments will occur. Corporate profits will decline, unemployment rates will increase, and interest rates will move lower. There isn't a recession in history where these three developments have not coincided with a recession.

Shifting our focus to the employment landscape, an important fundamental for the economy. During a recession, a landslide of layoffs take place. Although some layoffs have occurred in the higher growth and technology sectors, the job market overall has

remained very stable. Throughout 2022, net monthly job growth averaged 375,000 in the U.S. and 26,000 in Canada; data indicated a robust labor market. In December, Canadian and U.S. job growth were 110k and 223k respectively. The data continues to be a long cry from the job deterioration experienced during a recession. Last, but certainly not least, interest rates. Due to elevated inflation, global central banks increased interest rates dramatically throughout 2022. They have also communicated that they will continue to increase interest rates through the first quarter of 2023 and keep them elevated for a period beyond that. They have communicated a clear commitment to fighting inflation with the blunt force of interest rates. So why does half the investment world expect a recession if these fundamentals are a far cry from recessionary levels? The significant increase in interest rates over the last 12 months is the primary reason some industry experts are expecting a recession. Within the investment world, there's an old adage: "don't fight the fed". This refers to the notion that a tightening of financial conditions orchestrated by central banks is a preeminent event that causes an economic slowdown.

The Matco Balanced Fund will remain focused on its long-term objective to preserve and grow capital over the long-term. The Asset Mix Committee assesses the short, medium and long-term prospects of both the economy and investment markets in order to position the portfolio. Throughout 2023, the focus will be to continue monitoring Matco's Investment Horizon Indicator, along with earnings growth execution and forward-looking earnings estimate revisions. Through these factors, it will determine if shifting the investment mix more conservative to add downside protection is appropriate. Currently, a deceleration of earnings growth expectations, slower broad economic growth and tight financial conditions favor a more conservative investment mix. On the positive side of the ledger is inflation trending lower, central banks pausing their rate hiking cycles and reasonable equity market valuations. Matco's Investment Horizon Indicator has a current reading of 48. This indicates that the committee is likely to shift its investment mix more conservative throughout 2023. A continual re-assessment of the above-mentioned factors will determine if and when it will be appropriate to do so. Regardless of whether the economy is booming, slowing, or trudging through a recession, our commitment is to build portfolios that protect and grow capital over the long-term. This involves a disciplined investment process that focuses on fundamentals while removing emotion from the equation.

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 year ended December 31, 2022, the Fund incurred management fees payable to Matco of \$183,238 (year ended December 31, 2021 - \$231,241). Matco, at its discretion, absorbed \$nil (year ended December 31, 2021 - \$625) of expenses for the year ended December 31, 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 year ended December 31, 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 over the five most recently completed financial years.

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

SERIES A	2022	2021	2020	2019	2018
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	13.39	12.57	11.91	11.46	12.62
Increase (decrease) from operations ^{(2):}					
Total revenue	0.08	0.31	0.21	0.42	0.24
Total expenses	(0.10)	(0.25)	(0.22)	(0.23)	(0.24)
Net realized gains (losses)	0.07	0.48	0.09	0.32	0.44
Net unrealized gains (losses)	(0.97)	0.63	0.67	0.46	(0.98)
Total increase (decrease) from operations ^{(2):}	(0.92)	1.17	0.75	0.97	(0.54)
Distributions ^{(3):}					
From net investment income (excluding dividends)	—	(0.03)	(0.01)	(0.20)	(0.04)
From dividends	(0.02)	(0.04)	—	(0.03)	(0.06)
From capital gains	—	(0.26)	—	(0.25)	(0.42)
Total distributions:	(0.02)	(0.32)	(0.01)	(0.48)	(0.52)
Net assets, end of period/year	—	13.39	12.57	11.91	11.46

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	—	\$690,638	\$694,816	\$972,068	\$1,079,459
Number of units outstanding ⁽⁵⁾	—	51,571	55,258	81,586	94,166
Management expense ratio ⁽⁶⁾	2.09%	1.96%	2.08%	2.27%	2.08%
Management expense ratio before absorptions ⁽⁶⁾	2.09%	1.96%	2.09%	2.27%	2.08%
Portfolio turnover rate ⁽⁷⁾	13.23%	16.65%	31.24%	64.60%	16.89%
Trading expense ratio ⁽⁸⁾	0.06%	0.04%	0.07%	0.04%	0.06%
Net asset value per unit	—	\$13.39	\$12.57	\$11.91	\$11.46

SERIES F	2022	2021	2020	2019	2018
Net assets, beginning of period/year ⁽¹⁾⁽²⁾	13.38	12.56	11.89	11.33	12.41
Increase (decrease) from operations ^{(2):}					
Total revenue	0.35	0.31	0.22	0.39	0.25
Total expenses	(0.14)	(0.15)	(0.13)	(0.14)	(0.14)
Net realized gains (losses)	0.30	0.49	0.09	0.31	0.41
Net unrealized gains (losses)	(1.80)	0.61	0.47	0.57	(1.07)
Total increase (decrease) from operations ^{(2):}	(1.29)	1.26	0.65	1.13	(0.55)
Distributions ^{(3):}					
From net investment income (excluding dividends)	(0.07)	(0.06)	(0.06)	(0.23)	(0.06)
From dividends	(0.14)	(0.09)	(0.02)	(0.04)	(0.08)
From capital gains	(0.24)	(0.26)	—	(0.25)	(0.42)
Total distributions:	(0.45)	(0.41)	(0.08)	(0.52)	(0.56)
Net assets, end of period/year	11.83	13.38	12.56	11.89	11.33

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	\$16,662,317	\$20,935,669	\$25,916,670	\$26,318,234	\$31,587,973
Number of units outstanding ⁽⁵⁾	1,408,646	1,564,244	2,062,769	2,213,729	2,787,130
Management expense ratio ⁽⁶⁾	1.24%	1.22%	1.35%	1.53%	1.33%
Management expense ratio before absorptions ⁽⁶⁾	1.24%	1.22%	1.35%	1.53%	1.33%
Portfolio turnover rate ⁽⁷⁾	13.23%	16.65%	31.24%	64.60%	16.89%
Trading expense ratio ⁽⁸⁾	0.06%	0.04%	0.07%	0.04%	0.06%
Net asset value per unit	\$11.83	\$13.38	\$12.56	\$11.89	\$11.33

Annual Management Report of Fund Performance
For the Year Ended December 31, 2022

MATCO BALANCED FUND

SERIES N	2019	2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾	9.16	—
Increase (decrease) from operations⁽²⁾:		
Total revenue	0.34	3.23
Total expenses	(0.05)	(0.04)
Net realized gains (losses)	0.26	0.03
Net unrealized gains (losses)	0.43	(3.22)
Total increase (decrease) from operations⁽²⁾:	0.98	—
Distributions⁽³⁾:		
From net investment income (excluding dividends)	(0.25)	(0.14)
From dividends	(0.03)	(0.08)
From capital gains	(0.20)	(0.34)
Return of capital	—	—
Total distributions:	(0.48)	(0.56)
Net assets, end of period/year	—	9.16

Ratios and Supplemental Data		
Total net asset value ⁽⁴⁾⁽⁵⁾	\$—	\$1,383
Number of units outstanding ⁽⁵⁾	—	151
Management expense ratio ⁽⁶⁾	0.90%	0.74%
Management expense ratio before absorptions ⁽⁶⁾	1,325.93%	9,342.18%
Portfolio turnover rate ⁽⁷⁾	64.60%	16.89%
Trading expense ratio ⁽⁸⁾	0.04%	0.06%
Net asset value per unit	\$—	\$9.16

SERIES O	2022	2021	2020	2019	2018
Net assets, beginning of period/year⁽¹⁾⁽²⁾	13.35	12.54	11.87	11.32	12.38
Increase (decrease) from operations⁽²⁾:					
Total revenue	0.35	0.32	0.22	0.42	0.25
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net realized gains (losses)	0.30	0.49	0.10	0.33	0.42
Net unrealized gains (losses)	(1.69)	0.59	0.55	0.43	(1.07)
Total increase (decrease) from operations⁽²⁾:	(1.05)	1.39	0.86	1.17	(0.41)
Distributions⁽³⁾:					
From net investment income (excluding dividends)	(0.12)	(0.12)	(0.16)	(0.35)	(0.15)
From dividends	(0.23)	(0.16)	(0.05)	(0.05)	(0.10)
From capital gains	(0.24)	(0.26)	—	(0.25)	(0.42)
Total distributions:	(0.59)	(0.54)	(0.21)	(0.65)	(0.67)
Net assets, end of period/year	11.79	13.35	12.54	11.87	11.32

Ratios and Supplemental Data	2022	2021	2020	2019	2018
Total net asset value ⁽⁴⁾⁽⁵⁾	\$153,050,212	\$192,667,095	\$172,126,708	\$170,761,593	\$141,713,687
Number of units outstanding ⁽⁵⁾	12,984,083	14,432,604	13,728,663	14,390,522	12,523,886
Management expense ratio ⁽⁶⁾	0.19%	0.17%	0.29%	0.48%	0.28%
Management expense ratio before absorptions ⁽⁶⁾	0.19%	0.17%	0.30%	0.48%	0.28%
Portfolio turnover rate ⁽⁷⁾	13.23%	16.65%	31.24%	64.60%	16.89%
Trading expense ratio ⁽⁸⁾	0.06%	0.04%	0.07%	0.04%	0.06%
Net asset value per unit	\$11.79	\$13.35	\$12.54	\$11.87	\$11.32

- (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 the year shown, as applicable, except Series N 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 year ended December 31, 2022, management fees totaled \$183,238 (year ended December 31, 2021 - \$231,241). Included in liabilities at December 31, 2022 is \$13,845 (December 31, 2021 - \$19,211) in respect of these fees.

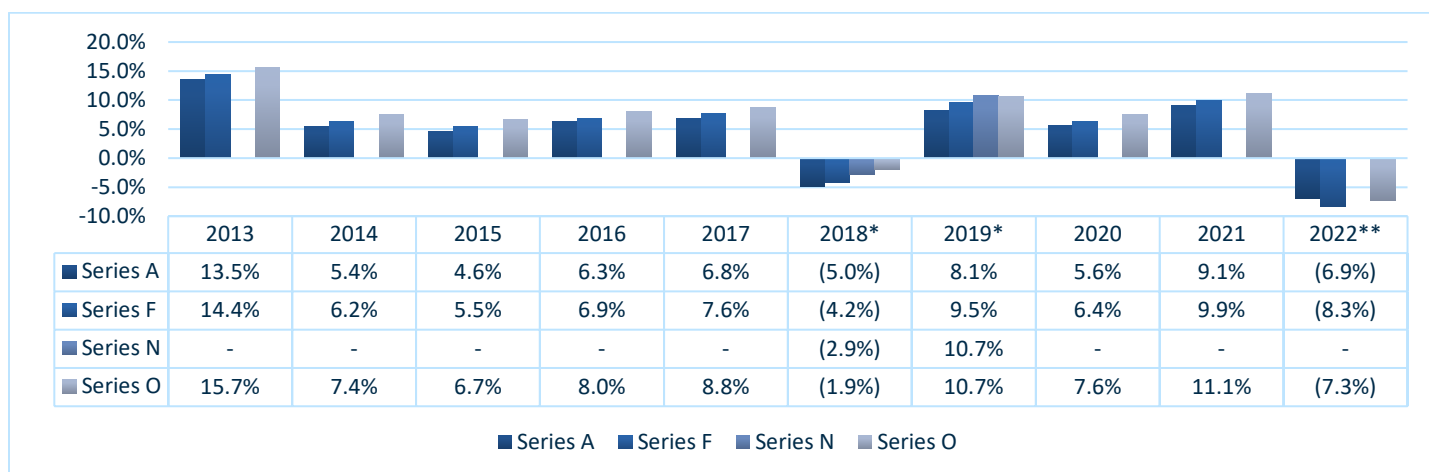
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 57.14% were used 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 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 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 January 1, 2022 through liquidation May 27, 2022.

Annual Compound Returns

	Series A	Series F	Series N	Series O	Blended Benchmark**
1 Year	(3.7)%	(8.3)%	-	(7.3)%	(9.7)%
3 Year	3.4%	2.4%	-	3.5%	2.6%
5 Year	3.0%	2.4%	-	3.5%	3.8%
10 Year	5.1%	5.2%	-	6.3%	5.3%
Since Inception ⁺	-	-	3.9%	-	14.9%

⁺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.

** The Blended Benchmark is 50% iShares Core Canadian Universe Bond Index ETF, 25% iShares Core S&P/TSX Capped Composite Index ETF, and 15% Vanguard Total World Stock ETF, during the year. The Blended Benchmark constituents reflect congruent allocations, risk exposures and track performance closely over long periods of time. 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

SUMMARY OF INVESTMENT PORTFOLIO

Sector Allocation	% of Net Asset Value
Fixed Income	40.0
Canadian Equity	29.5
Global Equity	28.8
Cash	1.8
Other Net Assets (Liabilities)	(0.1)

Top Holdings*	% of Net Asset Value
Matco Canadian Equity Income Fund, Series O	19.4
Matco Fixed Income Fund, Series O	37.4
Matco Global Equity Fund, Series O	28.9
Matco Small Cap Fund, Series O	10.0
Canada Housing Trust No 1 - 4.793% Sep 15/25	2.6
Cash	1.8
Total Net Asset Value	\$ 169,712,529

*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.

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 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.