

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 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 Fund (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 5, 2023. 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 \$56.8 million at June 30, 2023 from \$64.2 million at December 31, 2022. Total investment loss for the Period ended June 30, 2023 was \$1.1 million, prior to other income and operating expenses, up from investment loss of \$8.9 million for the period ended June 30, 2022.

The Fund is down 2.7% (Series F) vs. the benchmark which is down 1%. The main detractor from performance was the Fund's significant underweight to gold stocks which is now a 14% weight in the benchmark and its overweight in Energy at 25% versus the benchmark at 19%.

The Fund sold its position in Absolute Software Corp. on a cash takeover, Canaccord Genuity Group Inc. on a failed management led privatization and Leon's Furniture and Constellation Software Inc. The Fund also trimmed its position in Olympia Financial Group Inc.

The Fund purchased a new position in Cascades Inc. a manufacturer of consumer tissue and toilet paper.

#### **Recent Developments**

Globally small cap stocks have continued to underperform their large cap peers. This is likely due to headlines constantly playing recession concerns and as a result, investors remain defensive with larger cap companies.

We still see significant value in our small cap holdings and on every metric, they are trading inexpensive relative to the Small Cap Index and the TSX Index. The Fund remains well diversified and has a dividend yield of over 5.8% versus 2.5% for the benchmark.

#### **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, 2023, the Fund incurred management fees payable to Matco of \$37,207 (period ended June 30, 2022 - \$35,891).

##### ***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 Period ended June 30, 2023 or 2022.

**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 2023), 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>	2022	2021	2020	2019	2018
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	10.34	9.45	9.57	13.65	16.38
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>					
Total revenue	0.25	0.52	0.41	0.70	0.69
Total expenses	(0.17)	(0.35)	(0.35)	(0.41)	(0.63)
Net realized gains (losses)	0.31	0.20	(1.21)	(0.12)	0.80
Net unrealized gains (losses)	(0.94)	0.80	0.73	0.27	(2.87)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.55)</b>	<b>1.17</b>	<b>(0.42)</b>	<b>0.44</b>	<b>(2.01)</b>
<b>Distributions<sup>(3)</sup>:</b>					
From net investment income (excluding dividends)	—	—	—	(0.13)	—
From dividends	(0.06)	(0.26)	(0.06)	(0.43)	(0.58)
From capital gains	—	—	—	(1.82)	—
Total distributions:	(0.06)	(0.26)	(0.06)	(2.38)	(0.58)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>10.34</b>	<b>9.45</b>	<b>9.57</b>	<b>13.65</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	—	\$195,724	\$178,094	\$262,821	\$142,002
Number of units outstanding <sup>(5)</sup>	—	18,920	18,842	27,451	10,405
Management expense ratio, including income taxes <sup>(6)</sup>	2.18%	2.24%	3.65%	2.23%	2.38%
Management expense ratio, excluding income taxes <sup>(6)</sup>	2.18%	2.24%	2.38%	2.36%	2.38%
Management expense ratio before absorptions <sup>(6)</sup>	2.18%	2.25%	3.70%	2.23%	2.38%
Portfolio turnover rate <sup>(7)</sup>	59.29%	41.62%	80.86%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.14%	0.16%	0.27%	0.28%	0.33%
Net asset value per unit	—	\$10.34	\$9.45	\$9.57	\$13.65

<b>SERIES F</b>	2023	2022	2021	2020	2019	2018
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	<b>9.22</b>	<b>10.37</b>	<b>9.48</b>	<b>9.58</b>	<b>15.67</b>	<b>18.66</b>
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.25	0.60	0.52	0.42	0.73	0.75
Total expenses	(0.11)	(0.26)	(0.24)	(0.27)	(0.28)	(0.49)
Net realized gains (losses)	0.08	0.08	0.21	(1.17)	(0.12)	2.30
Net unrealized gains (losses)	(0.44)	(1.06)	0.72	0.97	0.54	(5.50)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.22)</b>	<b>(0.64)</b>	<b>1.21</b>	<b>(0.05)</b>	<b>0.87</b>	<b>(2.94)</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.01)	—	—	(0.14)	—
From dividends	(0.17)	(0.44)	(0.34)	(0.11)	(0.49)	(0.66)
From capital gains	—	—	—	—	(2.10)	—
Total distributions:	(0.17)	(0.45)	(0.34)	(0.11)	(2.73)	(0.66)
<b>Net assets, end of period/year</b>	<b>8.80</b>	<b>9.22</b>	<b>10.37</b>	<b>9.48</b>	<b>9.58</b>	<b>15.67</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$5,532,975	\$6,188,457	\$5,642,401	\$5,019,615	\$5,481,993	\$4,863,144
Number of units outstanding <sup>(5)</sup>	628,400	671,112	544,097	529,731	572,442	310,443
Management expense ratio, including income taxes <sup>(6)</sup>	1.52%	1.51%	1.51%	2.83%	1.49%	1.62%
Management expense ratio, excluding income taxes <sup>(6)</sup>	1.52%	1.51%	1.51%	1.57%	1.63%	1.62%
Management expense ratio before absorptions <sup>(6)</sup>	1.52%	1.51%	1.51%	2.88%	1.49%	1.62%
Portfolio turnover rate <sup>(7)</sup>	20.44%	59.29%	41.62%	80.86%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.04%	0.14%	0.16%	0.27%	0.28%	0.33%
Net asset value per unit	\$8.80	\$9.22	\$10.37	\$9.48	\$9.58	\$15.67

<b>SERIES N</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	9.51	9.58	8.90	-
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>				
Total revenue	—	0.41	0.68	0.50
Total expenses	—	(0.21)	(0.17)	(0.15)
Net realized gains (losses)	—	(1.06)	(0.11)	(1.75)
Net unrealized gains (losses)	(0.04)	(0.91)	(1.42)	(0.52)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.04)</b>	<b>0.05</b>	<b>(1.02)</b>	<b>(1.92)</b>
<b>Distributions<sup>(3)</sup>:</b>				
From net investment income (excluding dividends)	—	—	(0.15)	—
From dividends	—	(0.14)	(0.34)	(0.38)
From capital gains	—	—	(1.20)	—
Return of capital	—	—	—	—
Total distributions:	—	(0.14)	(1.69)	(0.38)
<b>Net assets, end of period/year</b>	<b>—</b>	<b>9.51</b>	<b>9.58</b>	<b>8.90</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$—	\$55,955	\$144,066	\$2,235
Number of units outstanding <sup>(5)</sup>	—	5,883	15,034	251
Management expense ratio, including income taxes <sup>(6)</sup>	0.91%	2.13%	0.85%	0.78%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.91%	0.88%	0.97%	0.78%
Management expense ratio before absorptions <sup>(6)</sup>	1.35%	2.18%	21.28%	2,043.17%
Portfolio turnover rate <sup>(7)</sup>	41.62%	80.86%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.16%	0.27%	0.28%	0.33%
Net asset value per unit	\$—	\$9.51	\$9.58	\$8.90

<b>SERIES O</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Net assets, beginning of period/year<sup>(1)(2)</sup></b>	<b>9.30</b>	<b>10.46</b>	<b>9.55</b>	<b>9.59</b>	<b>15.95</b>	<b>18.75</b>
<b>Increase (decrease) from operations<sup>(2)</sup>:</b>						
Total revenue	0.24	0.60	0.54	0.43	0.71	0.79
Total expenses	(0.02)	(0.04)	(0.03)	(0.15)	(0.02)	(0.10)
Net realized gains (losses)	0.09	0.08	0.21	(1.11)	(0.12)	1.51
Net unrealized gains (losses)	(0.50)	(1.18)	0.62	0.80	0.23	(4.37)
<b>Total increase (decrease) from operations<sup>(2)</sup>:</b>	<b>(0.19)</b>	<b>(0.54)</b>	<b>1.34</b>	<b>(0.03)</b>	<b>0.80</b>	<b>(2.17)</b>
<b>Distributions<sup>(3)</sup>:</b>						
From net investment income (excluding dividends)	—	(0.01)	(0.01)	—	(0.16)	—
From dividends	(0.22)	(0.57)	(0.47)	(0.17)	(0.51)	(0.67)
From capital gains	—	—	—	—	(2.16)	—
Return of capital	—	—	—	—	—	—
Total distributions:	(0.22)	(0.58)	(0.48)	(0.17)	(2.83)	(0.67)
<b>Net assets, end of period/year</b>	<b>8.87</b>	<b>9.30</b>	<b>10.46</b>	<b>9.55</b>	<b>9.59</b>	<b>15.95</b>

**Ratios and Supplemental Data**

Total net asset value <sup>(4)(5)</sup>	\$51,281,829	\$58,044,546	\$59,350,516	\$46,436,619	\$46,069,198	\$30,614,447
Number of units outstanding <sup>(5)</sup>	5,779,566	6,243,620	5,675,535	4,860,152	4,804,730	1,919,675
Management expense ratio, including income taxes <sup>(6)</sup>	0.21%	0.19%	0.19%	1.58%	0.17%	0.31%
Management expense ratio, excluding income taxes <sup>(6)</sup>	0.21%	0.19%	0.19%	0.33%	0.31%	0.31%
Management expense ratio before absorptions <sup>(6)</sup>	0.21%	0.19%	0.20%	1.63%	0.17%	0.31%
Portfolio turnover rate <sup>(7)</sup>	20.44%	59.29%	41.62%	80.86%	55.96%	82.52%
Trading expense ratio <sup>(8)</sup>	0.04%	0.14%	0.16%	0.27%	0.28%	0.33%
Net asset value per unit	\$8.87	\$9.30	\$10.46	\$9.55	\$9.59	\$15.95

(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 are from inception February 6, 2018 through January 4, 2021.

(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 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, 2023, management fees totaled \$37,207 (period ended June 30, 2022 - \$35,891). Included in liabilities at June 30, 2023 is \$5,685 (December 31, 2022 - \$6,168) in respect of these fees.

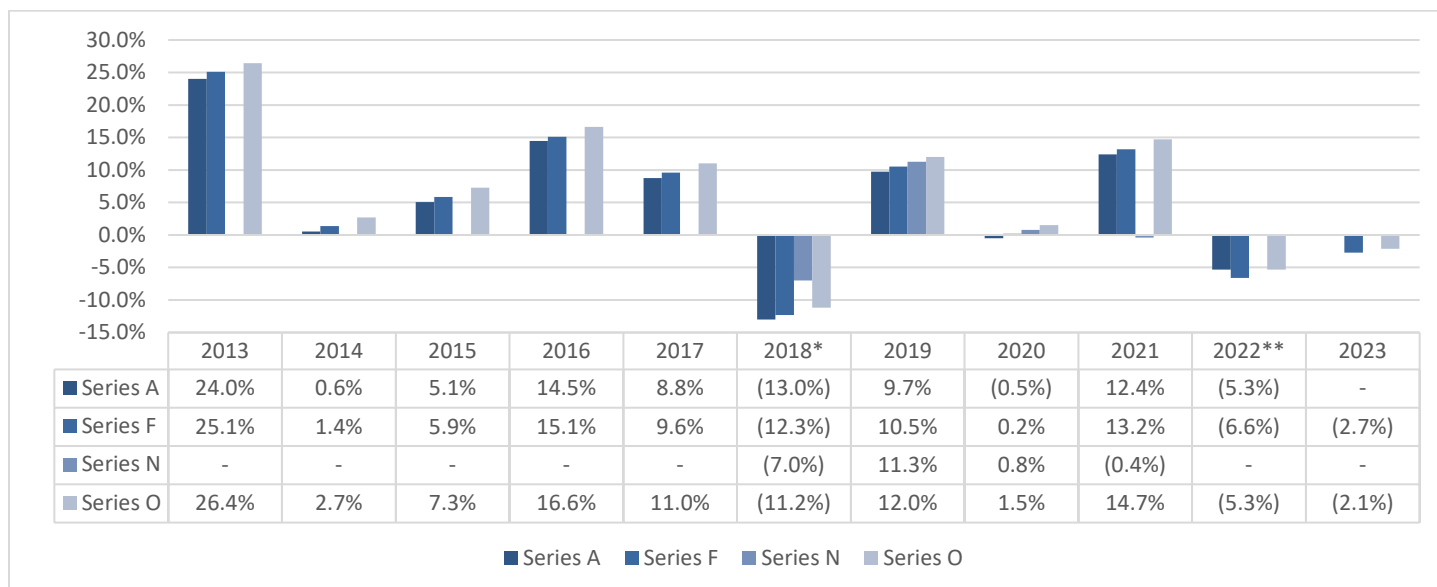
All management fees paid by Series F and N were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions. Of management fees paid on Series A, 50.00% were used to pay for trailing and other dealer sales commissions, the remaining 50.00% 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 2023), 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 as noted below).



\*The rate of return for 2018 is for the year ended December 31, 2018 except for Series N, which is from February 6, 2018 to December 31, 2018.

\*\*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	iShares S&P/TSX SmallCap Index ETF-
1 Year	-	5.1%	-	6.5%	5.1%
3 Year	-	9.4%	-	10.8%	12.7%
5 Year	-	0.1%	-	1.4%	3.5%
10 Year	-	4.5%	-	5.9%	4.9%
Since Inception*	-	-	1.3%	-	5.1%
Since Inception**	5.5%	-	-	-	4.7%

\*The since inception return for Series N, is from February 6, 2018 though January 4, 2021.

\*\*The since inception return for Series A, is from March 18, 2010 though April 29, 2022.

-The Fund benchmark is iShares S&P/TSX SmallCap 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.

**SUMMARY OF INVESTMENT PORTFOLIO**

<b>Sector Allocation</b>	<b>% of Net Asset Value</b>
Energy	28.7
Financials	17.7
Industrials	12.0
Materials	10.5
Consumer Discretionary	8.5
Real Estate	6.2
Communication Services	6.2
Information Technology	3.2
Consumer Staples	2.9
Cash	3.7
Other Net Assets (Liabilities)	0.4

<b>Top 25 Holdings</b>	<b>% of Net Asset Value</b>
Hammond Power Solutions Inc.	5.2
Pine Cliff Energy Ltd.	4.5
KITS Eyecare Ltd.	4.6
North American Construction Group Ltd.	4.0
Goeasy Ltd.	4.0
MCAN Mortgage Corp.	3.9
Park Lawn Corp.	3.9
Cascades Inc.	3.8
Information Services Corp.	3.7
PHX Energy Services Corp.	3.7
Cogeco Inc.	3.7
Mullen Group Ltd.	3.7
Labrador Iron Ore Royalty Corp.	3.6
Gear Energy Ltd.	3.6
Computer Modelling Group Ltd.	3.5
Surge Energy Inc.	3.5
Evertz Technologies Ltd.	3.2
Calian Group Ltd.	3.1
Richards Packaging Income Fund	3.1
Cardinal Energy Ltd.	3.0
The North West Co Inc.	2.9
Pason Systems Inc.	2.9
Firm Capital Mortgage Investment Corp.	2.7
Alaris Equity Partners Income	2.6
Melcor Real Estate Investment Trust	2.5
<b>Total Net Asset Value</b>	<b>\$56,814,804</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.