

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.sedarplus.ca.

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 year 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 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 low.

Results of Operations

The Fund's net assets increased to \$106.6 million at December 31, 2023 from \$87.1 million at December 31, 2022. Total investment gain for the year ended December 31, 2023 was \$6.5 million, prior to other income and operating expenses, up from \$11.5 million investment loss for the year ended December 31, 2022.

The portfolio adjustments during the year were viewed as a win on two fronts: the future benefit of tax losses to offset gains, while also increasing the running cash yield of the fund. Matco moderated duration position to capitalize on the interest rate rally that appeared to be overdone. The rally in interest rates was primarily driven by the U.S. Federal Reserves pivot to communicating that they are likely to be cutting their overnight interest rate throughout 2024.

Recent Developments

Portfolio positioning is as important as ever within fixed income. After sheltering in shorter-term bonds and floating rate notes throughout 2021 and 2022, we began extending the term and duration of our bond portfolio throughout 2023. The end of the rate hiking cycle was on the horizon, and the swap market had begun pricing in future rate cuts well before central banks cracked open the door. As interest rates move lower, bond prices move higher and longer-term bonds stand to benefit the most. Historically speaking, long-duration positioning is most beneficial before the first cut, and investors must closely monitor these positions as the rate-easing cycle unfolds. Eventually, the yield curve will flatten and refocusing on medium-term bonds will be wise.

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, 2023, the Fund incurred management fees payable to Matco of \$17,204 (year ended December 31, 2022 - \$10,342).

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 years ended December 31, 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 over the five most recently completed financial years.

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

SERIES A	2021	2020	2019
Net assets, beginning of period/year⁽¹⁾⁽²⁾	10.72	10.26	10.04
Increase (decrease) from operations⁽²⁾:			
Total revenue	0.23	0.27	0.26
Total expenses	(0.13)	(0.13)	(0.11)
Net realized gains (losses)	0.07	0.39	0.05
Net unrealized gains (losses)	(0.62)	0.23	0.18
Total increase (decrease) from operations⁽²⁾:	(0.45)	0.76	0.38
Distributions⁽²⁾⁽³⁾:			
From net investment income (excluding dividends)	(0.09)	(0.15)	(0.12)
From capital gains	—	(0.16)	—
Total distributions:	(0.09)	(0.31)	(0.12)
Net assets, end of period/year	—	10.72	10.26

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	—	\$1,679	\$1,562
Number of shares outstanding ⁽⁵⁾	—	157	152
Management expense ratio ⁽⁶⁾	1.14%	1.16%	1.22%
Management expense ratio before absorptions ⁽⁶⁾	1.14%	1.16%	1.22%
Portfolio turnover rate ⁽⁷⁾	42.02%	57.81%	49.49%
Trading expense ratio ⁽⁸⁾	0.02%	0.00%	0.00%
Net asset value per unit	—	\$10.72	\$10.26

SERIES F	2023	2022	2021	2020	2019
Net assets, beginning of period/year⁽¹⁾⁽²⁾	8.65	10.10	10.67	10.22	9.98
Increase (decrease) from operations⁽²⁾:					
Total revenue	0.29	0.28	0.25	0.27	0.27
Total expenses	(0.07)	(0.08)	(0.10)	(0.09)	(0.08)
Net realized gains (losses)	(0.61)	(0.20)	0.07	0.38	0.04
Net unrealized gains (losses)	0.97	(1.25)	(0.53)	0.31	0.17
Total increase (decrease) from operations⁽²⁾:	0.58	(1.25)	(0.31)	0.87	0.40
Distributions⁽²⁾⁽³⁾:					
From net investment income (excluding dividends)	(0.21)	(0.15)	(0.15)	(0.19)	(0.18)
From dividends	(0.01)	(0.05)	(0.01)	—	—
From capital gains	—	—	(0.08)	(0.15)	—
Total distributions:	(0.22)	(0.20)	(0.24)	(0.34)	(0.18)
Net assets, end of period/year	8.94	8.65	10.10	10.67	10.22

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	\$3,268,517	\$1,715,581	\$1,569,521	\$1,836,328	\$2,742,754
Number of shares outstanding ⁽⁵⁾	365,680	198,269	155,336	171,905	268,367
Management expense ratio ⁽⁶⁾	0.86%	0.88%	0.84%	0.83%	0.83%
Management expense ratio before absorptions ⁽⁶⁾	0.86%	0.88%	0.84%	0.84%	0.83%
Portfolio turnover rate ⁽⁷⁾	76.79%	20.57%	42.02%	57.81%	49.49%
Trading expense ratio ⁽⁸⁾	0.01%	0.01%	0.02%	0.00%	0.00%
Net asset value per unit	\$8.94	\$8.65	\$10.10	\$10.68	\$10.22

SERIES N		2019
Net assets, beginning of period/year⁽¹⁾⁽²⁾		9.93
Increase (decrease) from operations⁽²⁾:		
Total revenue		0.26
Total expenses		(0.03)
Net realized gains (losses)		0.05
Net unrealized gains (losses)		0.24
Total increase (decrease) from operations⁽²⁾:		0.52
Distributions⁽²⁾⁽³⁾:		
From net investment income (excluding dividends)		(0.22)
Total distributions:		(0.22)
Net assets, end of period/year		—

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	\$—
Number of shares outstanding ⁽⁵⁾	—
Management expense ratio ⁽⁶⁾	0.26%
Management expense ratio before absorptions ⁽⁶⁾	1,239.20%
Portfolio turnover rate ⁽⁷⁾	49.49%
Trading expense ratio ⁽⁸⁾	0.00%
Net asset value per unit	\$—

SERIES O	2023	2022	2021	2020	2019
Net assets, beginning of period/year⁽¹⁾⁽²⁾	8.67	10.13	10.71	10.25	10.00
Increase (decrease) from operations⁽²⁾:					
Total revenue	0.29	0.28	0.25	0.27	0.27
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net realized gains (losses)	(0.56)	(0.18)	0.07	0.39	0.05
Net unrealized gains (losses)	0.84	(1.32)	(0.57)	0.27	0.21
Total increase (decrease) from operations⁽²⁾:	0.56	(1.23)	(0.26)	0.92	0.52
Distributions⁽²⁾⁽³⁾:					
From net investment income (excluding dividends)	(0.26)	(0.20)	(0.23)	(0.27)	(0.25)
From dividends	(0.02)	(0.06)	(0.01)	—	—
From capital gains	—	—	(0.08)	(0.16)	—
Total distributions:	(0.28)	(0.26)	(0.32)	(0.43)	(0.25)
Net assets, end of period/year	8.96	8.67	10.13	10.71	10.25

Ratios and Supplemental Data

Total net asset value ⁽⁴⁾⁽⁵⁾	\$103,329,008	\$85,384,352	\$95,883,684	\$110,472,812	\$136,162,069
Number of shares outstanding ⁽⁵⁾	11,526,304	9,845,155	9,468,226	10,315,843	13,283,280
Management expense ratio ⁽⁶⁾	0.12%	0.14%	0.11%	0.10%	0.10%
Management expense ratio before absorptions ⁽⁶⁾	0.12%	0.14%	0.11%	0.11%	0.10%
Portfolio turnover rate ⁽⁷⁾	76.79%	20.57%	42.02%	57.81%	49.49%
Trading expense ratio ⁽⁸⁾	0.01%	0.01%	0.02%	0.00%	0.00%
Net asset value per unit	\$8.96	\$8.67	\$10.13	\$10.71	\$10.25

- (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 and for the year shown, as applicable, except Series N for 2018 which are from inception February 6, 2018 through December 31, 2018 and Series A for 2021 which are from January 1 through December 1, 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 rate, exclusive of sales taxes, is 0.70% for F. No management fees are charged directly to Series O.

During the year ended December 31, 2023, management fees totaled \$17,204 (year ended December 31, 2022 - \$10,342). Included in liabilities at December 31, 2023 is \$1,782 (December 31, 2022 - \$994) in respect of these fees.

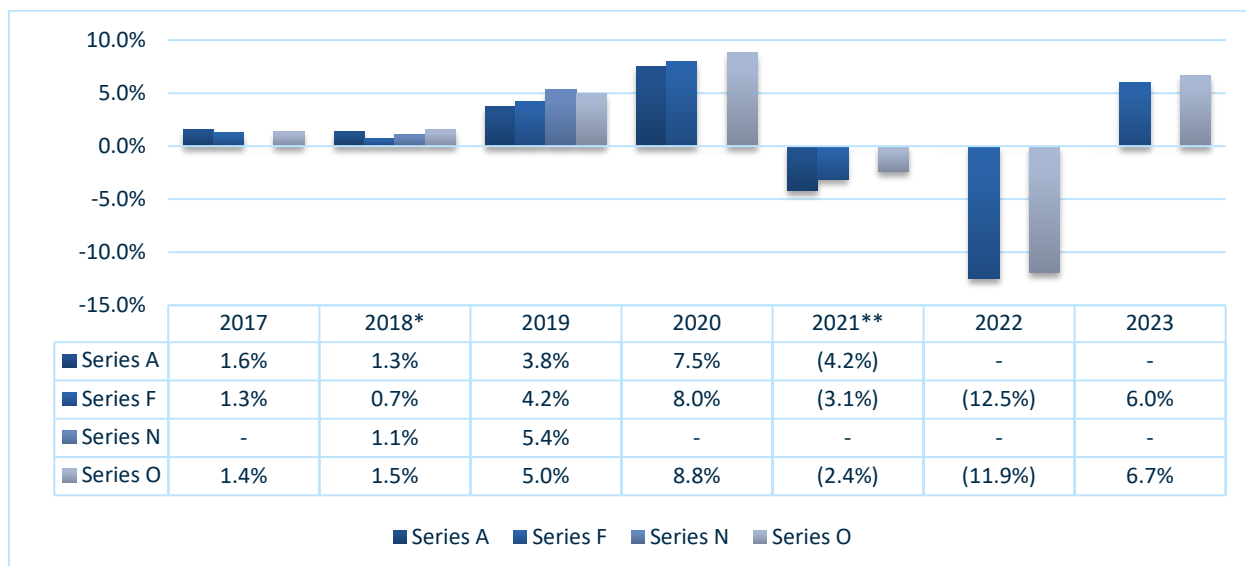
All management fees paid by Series F were applied to cover portfolio management and other services provided to the Fund by the Manager. No such fees were used to pay for external portfolio advisory fees, trailing or other sales commissions.

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 seven 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 as noted below).



The rate of return for 2017 is from inception September 20, 2017.

*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 2021 is from January 1, 2021 through liquidation December 1, 2021.

Annual Compound Returns

	Series A**	Series F	Series N*	Series O	Benchmark***
1 Year*	-	6.0%	-	6.7%	6.6%
3 Years*	-	(3.5)%	-	(2.8)%	(2.9)%
5 Years*	-	0.22%	-	1.0%	1.2%
Since Inception*	-	0.5%	-	1.2%	1.5%
Since Inception*	-	-	3.4%	-	5.4%
Since Inception**	2.3%	-	-	-	3.5%

*Since inception returns for Series F, and Series O are from September 20, 2017.

* Since inception returns for Series N are from February 6, 2018 to December 26, 2019.

** Since inception returns for Series A are from September 20, 2017 to December 1, 2021.

*** The Benchmark is iShares Core Canadian Universe Bond Index ETF. Based on 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
Federal	44.5
Corporate	30.5
Provincial	22.8
Cash	1.5
Other Net Assets (Liabilities)	0.7

Top 25 Holdings	% of Net Asset Value
Canada Housing Trust No 1 - 4.150% Jun 15/33	9.1
Canadian Government Bond - 2.750% Dec 01/48	7.9
Canadian Government Bond - 3.500% Dec 01/45	7.2
Canada Housing Trust No 1 - 3.550% Sep 15/32	7.0
The Toronto-Dominion Bank - 5.491% Sep 08/28	4.8
Province of Alberta Canada - 3.450% Dec 01/43	4.5
Hydro One Inc. - 5.360% May 20/36	4.1
Canadian Government Bond - 2.750% Jun 01/33	4.0
Canadian Government Bond - 4.500% Nov 01/25	3.5
Province of Ontario Canada - 4.050% Feb 02/32	3.5
Canadian Government Bond - 4.000% Mar 01/29	3.4
Royal Bank of Canada - 4.642% Jan 17/28	3.4
British Columbia Ferry Services Inc. - 6.250% Oct 13/34	3.3
Province of Ontario Canada - 3.450% Jun 02/45	3.1
Royal Bank of Canada - 4.930% Jul 16/25	2.8
Granite REIT Holdings LP - 3.062% Jun 04/27	2.5
The Bank of Nova Scotia - 2.950% Mar 08/27	2.5
Canada Housing Trust No 1 - 3.950% Jun 15/28	2.4
Province of Manitoba Canada - 3.250% Sep 05/29	2.3
Province of Manitoba Canada - 3.800% Sep 05/53	2.1
Bank of Montreal - 5.039% May 29/28	2.0
Bank of Montreal - 2.370% Feb 03/25	2.0
Province of British Columbia Canada - 3.200% Jun 18/32	2.0
Province of British Columbia Canada - 2.550% Jun 18/27	1.9
Hydro One Inc. - 5.540% Oct 20/25	1.9
Total Net Asset Value	\$106,597,525

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.