

Annual Financial Statements of

MATCO GLOBAL EQUITY FUND

For the year ended December 31, 2023

Independent Auditor's Report

To the Unitholders of Matco Global Equity Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2023, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

/s/ Deloitte LLP

Chartered Professional Accountants
Calgary, Alberta
March 18, 2024

MATCO GLOBAL EQUITY FUND

Statements of Financial Position

As at

| | December 31, 2023 | December 31, 2022 |
|---|----------------------|----------------------|
| Assets | | |
| Investments, at fair value (Note 2) | \$119,852,024 | \$131,820,708 |
| Cash | 3,287,488 | 5,511,844 |
| Dividends receivable | 474,288 | 627,662 |
| Receivable for units purchased | - | 37,000 |
| | \$123,613,800 | \$137,997,214 |
| Liabilities | | |
| Management fee payable (Note 8) | \$ 12,358 | \$ 10,534 |
| Redemptions Payable | 10,561 | 3,424 |
| Other accrued liabilities | 53,179 | 58,568 |
| | 76,098 | 72,526 |
| Net assets attributable to holders of redeemable units | \$123,537,702 | \$137,924,688 |
| Net assets attributable to holders of redeemable units | | |
| Series F | \$ 13,695,405 | \$ 11,220,478 |
| Series O | 109,842,297 | 126,704,210 |
| Redeemable units outstanding (Note 7) | | |
| Series F | 1,063,248 | 999,825 |
| Series O | 8,480,797 | 11,236,470 |
| Net asset value attributable to holders of redeemable units | | |
| Series F | \$12.88 | \$11.22 |
| Series O | 12.95 | 11.28 |

On behalf of the Board of Matco Financial Inc., as Manager,

“signed” _____ Director
William K. Dickie

“signed” _____ Director
Jason N. Vincent

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Statements of Comprehensive Income
For the period ended December 31,

| | 2023 | 2022 |
|---|---------------------|-----------------------|
| Income | | |
| Investment Income | | |
| Dividends | \$1,468,679 | \$ 1,744,893 |
| Interest for distribution purposes | 1,271,748 | 3,995,971 |
| Realized gain (loss) on sale of investments | 3,010,636 | 3,465,101 |
| Unrealized appreciation (depreciation) of investments | 14,393,453 | (19,941,013) |
| Total investment income (loss) | 20,144,516 | (10,735,048) |
| Security lending income | 85,495 | 43,110 |
| Interest income | 128,595 | 63,771 |
| Total income (loss) | \$20,358,606 | \$(10,628,167) |
| Expenses | | |
| Withholding tax expense | \$242,116 | \$465,860 |
| Management fees (Note 8) | 145,723 | 101,222 |
| Transaction costs (Note 6) | 11,700 | 100,559 |
| Valuation fees | 30,123 | 28,212 |
| Legal and filing fees | 18,506 | 24,788 |
| Securityholder reporting costs | 28,453 | 24,385 |
| Audit fees | 17,800 | 21,029 |
| HST/ GST expense | 14,722 | 11,974 |
| Custody fees | 11,970 | 13,326 |
| Administrative fees | 7,919 | 8,971 |
| Trustee fees | 5,578 | 5,263 |
| Independent review committee fees | 3,867 | 2,112 |
| Total operating expenses | 538,477 | 807,701 |
| Increase (decrease) in net assets attributable to holders of redeemable unit | \$19,820,129 | \$(11,435,868) |
| Increase (decrease) in net assets attributable to holders of redeemable unit | | |
| Series F | \$ 1,816,429 | \$ (710,719) |
| Series O | 18,003,700 | (10,725,149) |
| Weighted average number of redeemable unit outstanding | | |
| Series F | 1,054,862 | 761,823 |
| Series O | 9,589,792 | 10,919,620 |
| Increase (decrease) in net assets attributable to holders of redeemable unit per unit | | |
| Series F | \$1.72 | \$(0.93) |
| Series O | 1.88 | (0.98) |

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units
For the period ended December 31,

| 2023 | Series F | Series O | Total Fund |
|--|--------------|----------------|----------------|
| Net assets, attributable to holders of redeemable units, beginning of period | \$11,220,478 | \$126,704,210 | \$137,924,688 |
| Increase in net assets attributable to holders of redeemable units | \$1,816,429 | \$18,003,700 | \$19,820,129 |
| Redeemable unit transactions: | | | |
| Proceeds from redeemable units issued | \$4,228,662 | \$8,647,013 | \$12,875,675 |
| Reinvestment of distributions to holders of redeemable units | 69,868 | 1,841,734 | 1,911,602 |
| Redemption of redeemable units | (3,570,164) | (43,505,446) | (47,075,610) |
| Net increase (decrease) from redeemable unit transactions | \$728,366 | \$(33,016,699) | \$(32,288,333) |
| Distributions to holders of redeemable units: | | | |
| From net investment income | \$(69,868) | \$(1,848,914) | \$(1,918,782) |
| Total distributions | (69,868) | (1,848,914) | (1,918,782) |
| Net assets, attributable to holders of redeemable units, end of period | \$13,695,405 | \$109,842,297 | \$123,537,702 |

| | Series F | Series O |
|---------------------------------------|-----------|-------------|
| Redeemable unit transactions | | |
| Redeemable units, beginning of period | 999,825 | 11,236,470 |
| Issued | 355,316 | 700,259 |
| Reinvestment of distributions | 5,878 | 153,224 |
| Redeemed | (297,771) | (3,609,156) |
| Redeemable units, end of period | 1,063,248 | 8,480,797 |

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Continued)
For the period ended December 31,

| 2022 | Series F | Series O | Total Fund |
|--|--------------|----------------|----------------|
| Net assets, attributable to holders of redeemable units, beginning of period | \$7,715,994 | \$125,216,868 | \$132,932,862 |
| Increase in net assets attributable to holders of redeemable units | \$(710,719) | \$(10,725,149) | \$(11,435,868) |
| Redeemable unit transactions: | | | |
| Proceeds from redeemable units issued | \$6,245,840 | \$33,507,753 | \$39,753,593 |
| Reinvestment of distributions to holders of redeemable units | 477,006 | 7,052,874 | 7,529,880 |
| Redemption of redeemable units | (2,030,618) | (21,216,687) | (23,247,305) |
| Net increase (decrease) from redeemable unit transactions | \$4,692,228 | \$19,343,940 | \$24,036,168 |
| Distributions to holders of redeemable units: | | | |
| From net investment income | \$(89,658) | \$(2,650,625) | \$(2,740,283) |
| From realized gains | (387,367) | (4,480,824) | (4,868,191) |
| Total distributions | (477,025) | (7,131,449) | (7,608,474) |
| Net assets, attributable to holders of redeemable units, end of period | \$11,220,478 | \$126,704,210 | \$137,924,688 |

| Redeemable unit transactions | Series F | Series O |
|---------------------------------------|-----------|-------------|
| Redeemable units, beginning of period | 594,464 | 9,607,857 |
| Issued | 538,519 | 2,821,253 |
| Reinvestment of distributions | 42,380 | 623,261 |
| Redeemed | (175,538) | (1,815,901) |
| Redeemable units, end of period | 999,825 | 11,236,470 |

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Statements of Cash Flows
For the period ended December 31,

| | 2023 | 2022 |
|---|-----------------------|-----------------------|
| Cash flow from (used in) operating activities | | |
| Increase (decrease) in net assets attributable to holders of redeemable units | \$19,820,129 | \$(11,435,868) |
| Adjustments for: | | |
| Realized (gain) loss on sale of investments | (3,010,636) | (3,465,101) |
| Unrealized (appreciation) depreciation of investments | (14,393,453) | 19,941,013 |
| Proceeds from sale of investments | 42,246,562 | 119,258,968 |
| Purchase of investments | (12,799,467) | (137,006,568) |
| (Increase) decrease in dividends receivable | 153,374 | 80,061 |
| (Increase) decrease in Income Tax Recoverable | - | 939 |
| Increase (decrease) in management fees payable | 1,824 | 3,474 |
| Increase (decrease) in other accrued liabilities | (5,389) | 3,834 |
| | \$32,012,944 | \$(12,619,248) |
| Cash flow from (used in) financing activities: | | |
| Proceeds from issue of redeemable units | \$12,706,070 | \$38,504,058 |
| Payments on redemption of redeemable units | (46,861,868) | (22,036,346) |
| Distribution paid, net of reinvestments | (7,180) | (78,594) |
| | \$(34,162,978) | \$16,389,118 |
| Net increase in cash | \$(2,150,034) | \$3,769,870 |
| Effect of exchange rate changes on cash | (74,322) | (62,834) |
| Cash, beginning of period | 5,511,844 | 1,804,808 |
| Cash, end of period | \$3,287,488 | \$5,511,844 |

Supplementary Information:

| | | |
|---------------------|-------------|-------------|
| Interest received* | \$1,400,343 | \$4,059,742 |
| Dividends received* | 1,476,330 | 1,723,732 |
| Dividends paid | (7,180) | (78,594) |

* From operating activities.

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Schedule of Investment Portfolio
As at December 31, 2023

| Description | Number of shares/ units | Average cost (\$) | Fair value (\$) |
|---|----------------------------|-------------------|------------------|
| Equities (41.8%) | | | |
| Information Technology (7.6%) | | | |
| Software & Services: | | | |
| Accenture PLC | 6,400 | 1,826,549 | 2,961,344 |
| Microsoft Corp. | 6,220 | 2,231,636 | 3,084,165 |
| | | 4,058,185 | 6,045,509 |
| Semiconductors & Semiconductor Equipment: | | | |
| Applied Materials Inc. | 15,500 | 2,333,075 | 3,312,436 |
| | | 2,333,075 | 3,312,436 |
| Total Information Technology | | 6,391,260 | 9,357,945 |
| Health Care (4.8%) | | | |
| Pharmaceuticals & Biotechnology: | | | |
| Novo Nordisk A/S | 19,590 | 1,193,406 | 2,672,256 |
| | | 1,193,406 | 2,672,256 |
| Health Care Equipment & Services: | | | |
| Cencora Inc. | 11,810 | 1,700,107 | 3,198,315 |
| | | 1,700,107 | 3,198,315 |
| Total Health Care | | 2,893,513 | 5,870,571 |
| Consumer Discretionary (8.1%) | | | |
| Automobiles & Components: | | | |
| Harley-Davidson Inc. | 42,500 | 2,158,431 | 2,064,532 |
| | | 2,158,431 | 2,064,532 |
| Consumer Services: | | | |
| Starbucks Corp. | 15,020 | 1,914,290 | 1,901,514 |
| | | 1,914,290 | 1,901,514 |
| Consumer Discretionary Distribution & Retail: | | | |
| Home Depot Inc. | 6,500 | 2,814,021 | 2,970,246 |
| Lowe's Cos., Inc. | 10,400 | 2,928,486 | 3,051,926 |
| | | 5,742,507 | 6,022,172 |
| Total Consumer Discretionary | | 9,815,228 | 9,988,218 |
| Financials (5.9%) | | | |
| Financial Services: | | | |
| FactSet Research Systems Inc. | 3,000 | 1,775,242 | 1,887,115 |
| Mastercard Inc. | 5,700 | 2,544,243 | 3,205,658 |
| S&P Global Inc. | 3,825 | 1,275,456 | 2,221,827 |
| Total Financials | | 5,594,941 | 7,314,600 |
| Consumer Staples (2.2%) | | | |
| Household & Personal Products: | | | |
| Colgate-Palmolive Co. | 25,900 | 2,677,670 | 2,722,236 |
| Total Consumer Staples | | 2,677,670 | 2,722,236 |

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY FUND

Schedule of Investment Portfolio (Continued)

As at December 31, 2023

| Description | Number of shares/ units | Average cost (\$) | Fair value (\$) |
|--|----------------------------|--------------------|----------------------|
| Industrials (11.4%) | | | |
| Capital Goods: | | | |
| Fastenal Co. | 39,300 | 2,848,509 | 3,356,445 |
| | | 2,848,509 | 3,356,445 |
| Commercial & Professional Services: | | | |
| Automatic Data Processing Inc. | 6,240 | 1,722,472 | 1,916,892 |
| Paychex Inc. | 13,840 | 1,615,141 | 2,173,689 |
| | | 3,337,613 | 4,090,581 |
| Transportation: | | | |
| Expeditors International of Washington Inc. | 14,125 | 2,142,451 | 2,369,129 |
| Landstar System Inc. | 9,930 | 2,036,551 | 2,535,595 |
| United Parcel Service Inc. | 8,400 | 2,201,006 | 1,741,517 |
| | | 6,380,008 | 6,646,241 |
| Total Industrials | | 12,566,130 | 14,093,267 |
| Energy (1.8%) | | | |
| Cheniere Energy Inc. | 10,000 | 2,024,325 | 2,250,982 |
| Total Energy | | 2,024,325 | 2,250,982 |
| Total Equities | | 41,963,067 | 51,597,819 |
| Funds (55.2%) | | | |
| BMO MSCI Emerging Markets Index ETF | 250,000 | 4,567,882 | 4,785,000 |
| Global X US Infrastructure Development ETF | 203,700 | 6,943,070 | 9,255,917 |
| High Interest Savings Account Fund | 30,000 | 1,501,800 | 1,500,300 |
| Invesco S&P 500 GARP ETF | 10,000 | 1,272,301 | 1,292,756 |
| iShares MSCI Emerging Markets ex China ETF | 83,000 | 5,471,413 | 6,064,282 |
| iShares MSCI Europe IMI Index ETF CAD-Hedged | 700,000 | 18,594,618 | 21,314,999 |
| iShares S&P US Mid-Cap Index ETF CAD-Hedged | 260,000 | 6,041,928 | 6,520,800 |
| iShares U.S. Small Cap Index ETF CAD-Hedged | 139,250 | 5,100,425 | 5,461,385 |
| Matco Canadian Equity Income Fund, Series O | 485,689 | 5,634,076 | 5,852,207 |
| WisdomTree Japan Hedged Equity Fund | 53,500 | 4,994,187 | 6,206,559 |
| Total Funds | | 60,121,700 | 68,254,205 |
| Transaction costs | | (24,909) | |
| Total Investments | | 102,059,858 | 119,852,024 |
| Cash (2.7%) | | | 3,287,488 |
| Other net assets (0.3%) | | | 398,190 |
| Net assets attributable to holders of redeemable units (100%) | | | \$123,537,702 |

The accompanying notes are integral to these financial statements.

MATCO GLOBAL EQUITY CLASS

Notes to Financial Statements

For the year ended December 31, 2023

A. REPORTING ENTITY (Note 1)

The Matco Global Equity Fund (the “Global Equity Fund”) was created on May 21, 2019 by way of amendment to the Master Trust agreement. The Matco Global Equity Class was created June 23, 2017 and commenced operations September 20, 2017.

The Global Equity Fund acquired the portfolio assets of the Matco Global Equity Class on August 9, 2019 through a tax deferred conversion from a mutual fund corporation to a mutual fund trust structure. Financial results are presented on a continuous basis.

B. INVESTMENTS IN NON-CONSOLIDATED STRUCTURED ENTITIES (Note 3)

The Global Equity Fund held the following investments in non-consolidated structured entities as at each year end.

| December 31, 2023 | Fair Value (\$) | Ownership (%) |
|--|-----------------|---------------|
| BMO MSCI Emerging Markets Index ETF | 4,785,000 | 0.4 |
| Global X US Infrastructure Development ETF | 9,255,917 | 0.2 |
| High Interest Savings Account Fund | 1,500,300 | 0.1 |
| Invesco S&P 500 GARP ETF | 1,292,756 | - |
| iShares MSCI Emerging Markets ex China ETF | 6,064,282 | 0.1 |
| iShares MSCI Europe IMI Index ETF CAD-Hedged | 21,314,999 | 15.4 |
| iShares S&P US Mid-Cap Index ETF CAD-Hedged | 6,520,800 | 5.0 |
| iShares U.S. Small Cap Index ETF CAD-Hedged | 5,461,385 | 1.0 |
| Matco Canadian Equity Income Fund, Series O | 5,852,207 | 6.6 |
| WisdomTree Japan Hedged Equity Fund | 6,206,559 | 0.2 |
| Total funds | 68,254,205 | |

| December 31, 2022 | Fair Value (\$) | Ownership (%) |
|--|-----------------|---------------|
| BMO MSCI Emerging Markets Index ETF | \$ 6,422,500 | 0.4 |
| BMO MSCI Europe High Quality Hedged to CAD Index ETF | 1,349,920 | 0.2 |
| BMO S&P 500 Hedged to CAD Index ETF | 6,297,263 | 0.4 |
| Global X US Infrastructure Development ETF | 10,014,104 | 0.2 |
| iShares Core S&P 500 ETF | 3,500,958 | - |
| iShares MSCI Emerging Markets ex China ETF | 6,624,948 | 0.2 |
| iShares MSCI Europe IMI Index ETF CAD-Hedged | 19,295,200 | 11.0 |
| iShares S&P US Mid-Cap Index ETF CAD-Hedged | 6,540,150 | 5.6 |
| iShares U.S. Small Cap Index ETF CAD-Hedged | 8,843,835 | 1.9 |
| Matco Canadian Equity Fund Series O | 3,375,563 | 4.0 |
| Matco Small Cap Fund Series O | 3,802,643 | 5.9 |
| Vanguard Mid-Cap ETF | 2,513,002 | - |
| WisdomTree Japan Hedged Equity Fund | 6,637,803 | 0.4 |
| Total funds | \$ 85,217,889 | |

C. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Note 5)

The Global Equity Fund may be exposed to a variety of financial instrument risks. The risk exposure of the Global Equity Fund is detailed as follows:

MATCO GLOBAL EQUITY CLASS

Notes to Financial Statements

For the year ended December 31, 2023

C. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Note 5) (Continued)

Financial instrument risk:

The objective of the Global Equity Fund is to achieve above-average long-term, risk-adjusted returns by investing in global equity securities. Capital will be allocated to the best global opportunities, which may include both large and small capitalization companies. The amount invested in any one country will vary depending upon the economic, investment and market opportunities within each region. The Fund will be primarily invested in equity and equity-related securities. This is an all-capitalization, global equity fund that may also invest in short term and money market securities from time to time.

Currency risk

The table below summarizes the Global Equity Fund's exposure to currency risks:

| | December 31, 2023 | | December 31, 2022 | |
|-----------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Currency Exposure (\$) | As % of Net assets (%) | Currency Exposure (\$) | As % of Net assets (%) |
| U.S. Dollar All amounts in CAD | \$ 74,731,541 | 60.5% | \$ 77,733,339 | 56.4% |

As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant, net assets for Global Equity Fund could have decreased or increased by approximately \$3,736,577 (December 31, 2022 - \$3,886,667). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

Interest rate risk

The majority of the Global Equity Fund's investments are in equities and underlying investment funds holding baskets of equities. As a result, the Fund does not have significant exposure to risk due to fluctuations in the prevailing level of market interest rates. The Global Equity Fund is exposed to interest rate risk through its cash and interest bearing investments.

The table below summarizes the Global Equity Fund's exposure to interest rate risks, categorized by the earlier of contractual re-pricing or maturity dates.

| | <1 Year | 1-5 Years | >5 Years | Total |
|-------------------------|--------------|-----------|----------|--------------|
| As at December 31, 2023 | \$ 3,287,488 | \$ - | \$ - | \$ 3,287,488 |
| As at December 31, 2022 | \$ 5,511,844 | \$ - | \$ - | \$ 5,511,844 |

If the prevailing interest rate had been raised or lowered by 1%, assuming a parallel shift in yield curve, with all other factors remaining constant, net assets for the Global Equity Fund could possibly have decreased or increased, respectively, by approximately \$32,875 (December 31, 2022 - \$55,118). The Global Equity Fund's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

MATCO GLOBAL EQUITY CLASS

Notes to Financial Statements

For the year ended December 31, 2023

C. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (Note 5) (Continued)

Other price risk

The Global Equity Fund is exposed to price risk through the following instruments comprised of equity instruments.

| | December 31, 2023 | December 31, 2022 |
|----------|-----------------------|-----------------------|
| Funds | \$ 68,254,205 | \$ 85,217,889 |
| Equities | 51,597,819 | 46,602,819 |
| | \$ 119,852,024 | \$ 131,820,708 |

If the prices of these financial instruments had increased or decreased by 5%, with all other variables held constant, this would have increased or decreased net assets of the Global Equity Fund by approximately \$5,992,601 (December 31, 2022 - \$6,591,035).

Liquidity risk

The Global Equity Fund's financial liabilities are not significant and are due within one year. The Global Equity Fund had no significant exposure to liquidity risk as at December 31, 2023 or December 31, 2022.

Fair value hierarchy

The following is a summary of financial instruments measured at fair value as at the reporting date by the levels in the fair value hierarchy:

| December 31, 2023 | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------|---|--|--|-----------------------|
| Funds | \$ 68,254,205 | \$ - | \$ - | \$ 68,254,205 |
| Equities | 51,597,819 | - | - | 51,597,819 |
| Total | \$ 119,852,024 | \$ - | \$ - | \$ 119,852,024 |

| December 31, 2022 | Quoted prices in active markets for identical assets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
|-------------------|---|--|--|-----------------------|
| Funds | \$ 85,217,889 | \$ - | \$ - | \$ 85,217,889 |
| Equities | 46,602,819 | - | - | 46,602,819 |
| Total | \$ 131,820,708 | \$ - | \$ - | \$ 131,820,708 |

There were no transfers between levels of fair value hierarchy during the years ended December 31, 2023 or December 31, 2022.

D. TRANSACTION COSTS (Note 6)

The value of broker commissions which may have been used to pay for order execution or research provided to the Manager was approximately \$1,600 (December 31, 2022 - \$15,700) for the year ended December 31, 2023.

MATCO GLOBAL EQUITY CLASS

Notes to Financial Statements

For the year ended December 31, 2023

E. MANAGEMENT FEES AND RELATED PARTY TRANSACTIONS (Note 8)

The annual management fee rates, exclusive of sales taxes is 1.15%, as a percentage of net asset value, for Series F. No management fees are charged directly to Series O. Management fees are calculated daily and paid monthly.

During the year ended December 31, 2023, management fees totaled \$145,723 (December 31, 2022 - \$101,222) Included in liabilities at December 31, 2023 in \$12,358 (December 31, 2022 - \$10,534) in respect of these fees.

F. SECURITIES LENDING (Note 9)

For the years ended December 31, 2023 and December 31, 2022, securities lending income of Global Equity Fund was as follows:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Gross securities lending income | \$ 178,920 | \$ 85,668 |
| Securities lending charges | (71,568) | (34,267) |
| Net securities lending income | 107,352 | 51,401 |
| Withholding taxes on securities lending income | (21,857) | (8,291) |
| Net securities lending income received by the Fund | \$ 85,495 | \$ 43,110 |

Securities lending charges during the year ended December 31, 2023 represents 40% (December 31, 2022 - 40%) of the gross securities lending income.

The following table summarizes the securities loaned and collateral held:

| | December 31, 2023 | December 31, 2022 |
|--|-------------------|-------------------|
| Securities loaned | \$ 8,173,824 | \$ 4,307,731 |
| Collateral received | 8,337,304 | 4,393,889 |
| Collateral percentage of securities loaned | 102% | 102% |

MATCO MUTUAL FUNDS

Notes to Financial Statements

For the year ended December 31, 2023

1. REPORTING ENTITIES

Matco Balanced Fund, Matco Fixed Income Fund, Matco Canadian Equity Income Fund, Matco Small Cap Fund and Matco Global Equity Fund are trusts, established under the laws of Alberta (each a “Trust” or “Fund” and collectively “Trusts” or “Trust Funds”). Matco Balanced Fund was established by a Master Trust Agreement on June 29, 2007, as amended June 23, 2017 to establish and include the Matco Fixed Income Fund, and as amended May 21, 2019 to establish and include the Matco Canadian Equity Fund, the Matco Small Cap Fund, and the Matco Global Equity Fund.

Matco Funds Corp. (the “Corporation”) was originally incorporated on May 17, 2007 under the Business Corporations Act (Alberta) and changed its name from MFI Funds Corp. on August 12, 2012 pursuant to filing articles of amendment. The Corporation consisted of the Matco Canadian Equity Class, Matco Small Cap Class and Matco Global Equity Class (collectively the “Corporate Class Funds”), each of which is a class of shares of the Corporation.

On August 9, 2019, the Corporate Class Funds were reorganized into separate Mutual Fund Trusts through a tax deferred conversion whereby each Corporate Class Fund sold their portfolio of securities to the equivalent Trust Fund in exchange for units of each Trust. Shareholders of each Corporate Class Fund then exchanged their shares for units of the applicable Trust Fund. The Matco Canadian Equity Class, Matco Small Cap Class, and Matco Global Equity Class (the “Terminating Funds”) reorganized into the Matco Canadian Equity Income Fund, Matco Small Cap Fund, and Matco Global Equity Fund (the “Continuing Funds”), respectively. Ownership of these funds did not change as a result of the reorganization. Results of these Funds are reported on a continuous basis.

The Corporate Class Funds and Trust Funds are each a “Fund” and are collectively “Funds”.

The Funds’ principal place of business is Suite 350, 440 - 2nd Ave SW Calgary, Alberta. Matco Financial Inc. (“Matco”) is a corporation established under the Business Corporations Act (Alberta) and is the Manager and Portfolio Manager (“Manager”) of the Funds.

RBC Investor Services Trust (“RBC IS”) is the trustee of the Funds, as well as custodian and record keeping agent to the Funds.

The Funds have multiple series of redeemable units as applicable for a Corporate Class Fund or Trust Fund. Series F and O may be issued in unlimited number out of each Fund. See Note 7.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”).

These financial statements were approved by the board of directors on March 18, 2024.

These financial statements are presented in Canadian dollars, which is the functional currency of the Funds.

During the year ended December 31, 2023, the Fund adopted the following:

Amendments to IAS 1, Presentation of Financial Statements The amendments to IAS 1 require entities to disclose material accounting policies instead of significant accounting policies. To assist in identifying material accounting policies, IFRS Practice Statement 2, Making Materiality Judgments was amended to include guidance in applying the four-step materiality process to accounting policy disclosure. The amendments to IAS 1 became effective for annual periods beginning on or after January 1, 2023 and have been applied prospectively. Since the amendments relate to the disclosure of accounting policies, the adoption of the amendments did not impact the Fund’s financial statements.

MATCO MUTUAL FUNDS

Notes to Financial Statements

For the year ended December 31, 2023

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies set out below have been consistently applied to all periods presented in these financial statements.

a) Financial instruments

Financial instruments include financial assets and financial liabilities such as debt and equity securities, investments in funds, cash, and other receivables and payables.

i. Classification

Financial instruments are classified and measured in the categories of: fair value through profit or loss (FVTPL), fair value through other comprehensive income (“FVOCI”), and amortized cost. To determine the appropriate classification and measurement category, an entity must consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments. The Funds’ business models are one in which investments in equity and fixed income securities are managed with the objective of realizing cash flows primarily through the sale of assets. Decisions are made on the basis of, and to realize the fair value of these assets.

Financial assets and liabilities are measured through FVOCI if they are held for the purpose of collecting contractual assets and selling financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Funds classify and measure financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- Equity and equity-based securities, fixed income securities, and derivative instruments

Financial assets at amortized cost:

- Cash, dividends receivable, interest receivable, subscriptions receivable, other receivables, due from broker

Financial liabilities at amortized cost:

- Management fee payable, redemptions payable and other accrued liabilities

The Funds classify all debt (fixed income) and equity investments and derivative instruments at FVTPL on initial recognition as they manage these securities on a fair value basis in accordance with their documented investment strategies. Internal reporting and performance management of investments and the Funds is on a fair value basis and the Manager receives management fees on the basis of the fair values of the Funds.

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Funds have multiple classes of redeemable units that are equally subordinate but do not have identical features and therefore, do not qualify as equity under IAS 32, Financial Instruments. The redeemable units, which are classified as financial liabilities and measured at redemption amount, provide investors with the right to require redemption, subject to available liquidity, for cash at a share or unit price based on the Fund’s valuation policies at each redemption date. The units represent the residual interest in the



MATCO MUTUAL FUNDS

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For the year ended December 31, 2023

Fund's net assets and are classified as financial liabilities. There are no differences between net asset value for accounting purposes and transaction purposes.

ii. Recognition and initial measurement

All financial assets and financial liabilities are recognized in the Statement of Financial Position of a Fund, when it becomes a party to the contractual requirements of the instrument.

Equity and fixed income securities are initially recognized on the trade date, which is the date on which the Fund becomes party to contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized in profit or loss. Financial assets and financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently measured at amortized cost.

Financial assets and financial liabilities are derecognized when the rights to receive cash flows or the benefits and rewards of ownership have expired or been substantially transferred.

iii. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund measures instruments quoted in an active market at the last trade price.

If there is no quoted price in an active market, the Fund uses valuation techniques that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

There is no difference between the net asset value ("NAV") used for pricing and NAV calculated for accounting purposes.

iv. Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

v. Impairment

A loss allowance for expected credit losses is measured on financial assets which are measured at amortized cost or FVOCI.

In determining any expected credit loss on financial assets which are measured at amortized cost or FVOCI, the Funds consider both historical analysis and forward-looking information. As at the financial statement date, all financial assets measured at amortized cost or FVOCI are due to be settled within the short term. The Funds consider the probability of default to be close to zero as



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Notes to Financial Statements

For the year ended December 31, 2023

these instruments have a low frequency of default and the counterparties are expected to have the capacity to meet their contractual obligations in the near term. Given the limited exposure of the Funds to credit risk, no loss allowance has been recognized as any such impairment will not have a significant impact on the financial statements.

b) Cash

Cash is comprised of deposits with banks and custodians.

c) Investments in unconsolidated structured entities

IFRS 10 Consolidated Financial Statements (“IFRS 10”), generally requires that other entities over which there is control or significant influence, such as subsidiaries, associates or joint ventures, be consolidated into the results of a Fund. Where the Funds have been determined to meet the criteria to be defined as “investment entities” in accordance with IFRS 10, any investments in subsidiaries, other than those which provide services to the Funds, are accounted for with other debt and equity instruments through FVTPL.

Certain Funds invest in underlying funds or exchange-traded funds (“ETFs”) which meet the definition of structured entities. These investments are subject to the terms and conditions of the respective instruments, including costs and redemptions.

A Fund’s maximum exposure to potential loss arising from investments in structured products is equal to the fair value of their investments as detailed in the Schedule of Investment Portfolio for each Fund.

d) Foreign currency translation:

Foreign currency amounts are translated into the Funds’ functional currency and expressed in Canadian dollars on the following basis:

- i. Market value of investments, other assets and liabilities at the rate of exchange prevailing at the year end date.
- ii. Value of investment transactions, income and expenses at the rates prevailing on the respective dates of such transactions.

Foreign exchange gains (losses) on completed transactions are included in, and reported with, the value of the gain or loss in respect of such transaction on the Statements of Comprehensive Income.

e) Revenue recognition

- i. Interest recognized in profit or loss represents the coupon interest received by the Fund accounted for on an accrual basis. Interest income received from underlying funds is recorded on the ex-distribution date and allocated between income, capital gains and return of capital when the information necessary for such an allocation becomes available.
- ii. Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. For quoted equity securities, this is usually the ex-dividend date. For unquoted equity securities, this is usually the date on which the shareholders approve the payment of a dividend. Dividend income may also include distributions from underlying funds or other structured products, the nature of which is expected to be dividend income. The actual classification for tax purposes may vary on obtaining actual annual allocation information.
- iii. Realized gains and losses on investments and unrealized appreciation (depreciation) in value of investments are calculated with reference to the average cost of the related investments.



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Notes to Financial Statements

For the year ended December 31, 2023

iv. Securities lending and other income is recognized when earned.

f) Transaction costs:

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the Statements of Comprehensive Income.

g) Offsetting of financial assets and financial liabilities

Financial instruments are presented at their gross amounts on the Statements of Financial Position unless there is a legal enforceable right and intent to offset and settle such instruments on a net basis. In such circumstances, instruments may be reported on a net basis on the Statements of Financial Position.

h) Net assets attributable to holders of redeemable units per unit and Increase (decrease) in net assets attributable to holders of redeemable units per unit.

Net assets attributable to holders of redeemable units per unit represents the net asset value for each series divided by the number of outstanding units of that series outstanding during the year or period. The increase (decrease) in net assets attributable to holders of redeemable units per unit in the statement of comprehensive income represents the increase (decrease) in net assets from operations attributable to each series for the year or period, divided by the weighted average number of outstanding units of that series during the year or period. The weighted average number of units outstanding is calculated from the commencement of operations for series beginning during a year or period. The Fund pays its own operating costs. Each series is then allocated its specific costs for management fees or other series specific costs. All other operating costs are allocated pro-rata based on the closing net asset value of each series on a daily basis.

i) Income taxes

The Corporation qualifies as a mutual fund corporation under the Income Tax Act (Canada) and the Alberta Corporate Tax Act. The Corporation is taxed as a single entity. As a result, net income or realized gains of one Corporate Class Fund may be reduced by losses in another.

Taxable dividends received from taxable Canadian corporations are subject to taxes at a rate of 38 1/3%. Such taxes are fully refundable upon payment of sufficient taxable dividends to shareholders on a basis of \$1.15 for every \$3 of dividends paid.

Interest and foreign dividends received, less applicable expenses, are taxed at Federal and Provincial corporate rates less applicable credits for any foreign taxes paid. An excess of interest and foreign dividends over expenses paid may result in income tax expense incurred by some or all of the Corporate Class Funds.

Part I tax on taxable capital gains is generally refundable to the extent that it is distributed to shareholders by way of a capital gains dividend, or through redemption of units.

The Funds each qualify as mutual fund trusts under the Income Tax Act (Canada) and, accordingly, are not taxed on that portion of their taxable income that is paid or allocated to holders of redeemable units. The Funds pay out sufficient net income and net realized capital gains so that they will not be subject to income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

Certain dividend and interest income received by the Funds is subject to withholding tax imposed in the country of origin. During the year the average withholding tax rate was 15%.



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Temporary differences between the tax basis of assets and liabilities and their carrying amounts may be either taxable or deductible. Taxable temporary differences give rise to deferred tax liabilities and deductible temporary differences give rise to deferred income tax assets. When the fair value of investments is greater than the related tax basis, a deferred income tax liability arises and the deferred tax liability is offset by refundable taxes generated by future payments of capital gains dividends. When the fair value of investments is less than the related tax basis, a deferred income tax asset arises and due to the uncertainty of such deferred income tax assets ultimately being realized, the temporary differences are not recognized. Any unused capital and non-capital losses represent deferred tax assets to the Corporation for which the temporary differences are not recognized as it is uncertain if they will be realized in the future.

Income that would give rise to current income tax liabilities is distributed out to shareholders of each of the Funds.

j) Mergers and acquisitions

The Funds apply the acquisition method of accounting for the merger of Funds. Under this method, the acquiring Fund is identified on the basis of the total NAV of the Continuing Fund and the Terminating Fund as well as consideration of the key aspects of the Continuing Fund such as portfolio holdings, investment objectives and strategies.

Funds may acquire assets of other Funds in exchange for securities.

h) Changes in accounting policies

In February 2021 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to require entities to disclose their material accounting policy information rather than their significant accounting policies. To support this amendment the IASB also amended IFRS Practice Statement 2 *Making Materiality Judgements*. The amendments were adopted on January 1, 2023 and did not have a significant impact on the Fund's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates are based upon information available as at the date of issuance of the financial statements. Actual results may differ materially from these estimates. Revisions to estimates are recognized prospectively. The following discusses the most significant accounting judgements that have been made in preparing the Funds' financial statements.

a) Investment entities

To determine that the Funds qualify as investment entities in accordance with IFRS 10, the Manager has made certain assumptions including assessing the business purpose of the Funds to invest for returns from capital appreciation, investment income, or both, and that performance is measured and evaluated on a fair value basis. As a result, the Funds do not consolidate their investments in subsidiaries or structured entities but measure these at FVTPL.

b) Fair value measurement of financial instruments not quoted in an active market

The Funds may hold financial instruments where fair values are not quoted in an active market. Valuation of such instruments requires the use of judgements and estimates by the Manager. The Manager uses valuation techniques as outlined in Note 3 using all available data on the individual instrument and market conditions at the date of the financial statements. Changes in these assumptions and conditions could result in changes to the reported fair value of these financial instruments.



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Notes to Financial Statements

For the year ended December 31, 2023

5. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

a) Risk Management

The Funds are exposed to a variety of risks through their activities and financial instruments. These risks include: market risk (including: currency risk, interest rate risk, and other price risk), credit risk, liquidity risk and concentration risk. The Manager and portfolio managers minimize negative consequences of these risks by continuous monitoring of the portfolios, market conditions and events relevant to each portfolio. The Manager also maintains various internal oversight and investment committees to provide additional oversight of investments and portfolio management in line with strategies and applicable regulations.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Funds are exposed to market risk primarily through their investment portfolios. The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Funds is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price-risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

c) Currency risk

Currency risk is the risk that the fair value of financial instruments denominated in currencies other than the functional currency, will fluctuate as a result of changes in foreign exchange rates. The Funds are exposed to currency risk through their holdings of assets and liabilities, including cash, short-term investments, debt and equity instruments that are denominated in currencies other than the Canadian Dollar, the functional currency.

d) Interest rate risk

Interest rate risk is the risk that changes in market interest rates will affect the future cash flows or fair values of interest bearing investments. The Funds may be exposed to interest rate risk through holdings of cash and fixed income securities.

e) Other price risk

Other price risk is the risk that the fair value or future cash flows arising from a financial instrument will fluctuate as a result of changes in market prices (other than from interest rate risk or currency risk). Changes in market prices may result from factors specific to a security, its issuer, the type of instrument, the general market or market segment of a security or securities. The Funds are generally exposed to other price risk through holdings of equity instruments or underlying funds.

f) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds.

Financial instruments that potentially subject the Funds to a concentration of credit risk consist primarily of cash, short-term investments, and interest bearing investments. The Funds limit their exposure to credit loss by placing their cash and short-term investments with high credit quality government and financial institutions. To maximize the credit quality of its investments, the Manager performs ongoing credit



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evaluations based upon factors surrounding the credit risk of investments, historical trends and other information.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

g) Liquidity risk

The Funds are exposed to liquidity risk through daily cash redemptions of units. The Funds' investments are primarily in active markets and are therefore considered readily realizable and highly liquid, minimizing this risk. Additionally, the Funds aim to have sufficient cash on hand to discharge liabilities as they become due.

The Funds may, from time to time, invest in securities that are not traded in an active market or become illiquid investments, these positions are kept to a minimum to ensure adequate liquidity to settle upcoming liabilities and potential redemptions.

h) Concentration risk

Concentration risk arises from a concentration of exposures to financial instruments with the same underlying characteristics whether: geographic, asset type, sector or counterparty. Concentration risk is mitigated through portfolio management decisions and aligned with Fund objectives. See Schedule of Investment Portfolio for allocation of investments.

i) Capital risk management

The units outstanding represent the capital of the Fund. Capital is redeemable at the option of the unitholders, respectively. The Manager has internal policies and procedures in place to monitor each Fund's capital in accordance with its objectives and strategies, to manage the outlined risks and maintain distributions as per the most recent Simplified Prospectus for the Funds or additionally per the Amended and Restated Trust Agreement for the Funds. The Funds do not have specific capital requirements other than minimum subscription requirements.

j) Fair value hierarchy

A three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Fund's investments in accordance with IFRS 13 Fair value measurement with the highest priority given to unadjusted quoted prices and the lowest priority given to unobservable inputs. The hierarchy of inputs is summarized below:

- Level 1: Unadjusted quoted prices in active markets for identical instruments;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for instruments, either directly (i.e., as price) or indirectly (i.e., derived from prices). and
- Level 3: Inputs for the instruments that are not based on observable market data (unobservable inputs).

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The Fund recognizes transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change occurred.



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The carrying values of other financial instruments including: cash, interest receivable, dividends receivable, subscriptions receivable, other receivables, management fees payable, redemptions payable, and other accrued liabilities, approximate their fair values due to the short-term nature of these instruments.

For financial instruments that trade infrequently and have little price transparency, fair value may be less objective and require varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. The Manager has an established control framework with respect to the measurement of fair values. This framework includes a portfolio valuation function, which is independent of front office management.

6. TRANSACTION COSTS

Transaction costs include brokerage commissions and other portfolio transaction costs incurred to acquire, issue or dispose of financial assets or liabilities. These costs are costs of operations and are included as an expense in the Statement of Comprehensive Income. Commissions may be paid to brokerage firms for order execution or to cover the cost of certain investment research, analysis or related goods or services provided to the Manager for the purpose of portfolio management of the Funds.

7. REDEEMABLE UNITS

The Funds may issue an unlimited number of units of each series.

The authorized capital of each Fund consists of an unlimited number of redeemable units, each representing an equal undivided interest in the net assets of the Fund. Currently, there are two series outstanding, Series F, and Series O. Each series ranks equally with respect to dividends, distributions, and return of capital in the event of liquidation, dissolution or winding up based on their respective series' net asset values. Each series pays its own fees and expenses. The general expenses that are not series specific are allocated in proportion to the weighted average units of each series for a year or period.

Series F are sold without commission and are available to investors who participate in a fee-for service or wrap program with their advisor or dealer.

Series O are sold without commission and are available to certain investors at the Manager's discretion. If investors cease to be eligible for Series O they may be switched to Series F, as applicable to their situation.

A 2% redemption fee may be charged if the units are redeemed in the first 90 days. A switch fee of up to 2% may be payable upon an exchange of redeemable units within 90 days of original purchase.

The attributes attached to the redeemable units are as follows:

The units may be redeemed daily at the net asset value per share of the respective series;

Redeemable units have no voting rights except as required by applicable securities regulations in relation to changes impacting the nature of a Fund or series of units such as: fees, investments objectives, restructuring or change in manager; and

The holders of redeemable units are entitled to receive all dividends declared by the Funds. Each series will rank equally with respect to the distributions based on their respective series net asset values.

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8. MANAGEMENT FEES AND RELATED PARTY TRANSACTIONS

The Manager earns management fees in exchange for the provision of the day-to-day administration and distribution of the Fund, investment advice and portfolio management services for the Fund; and is therefore a related party.

All fees and expenses applicable to the administration and operation of each Fund, including but not limited to: recordkeeping and communication costs, custodian fees, legal and filing fees, audit, trustee, Investment Review Committee (“IRC”) fees and expenses, applicable sales and income taxes, and bank charges are payable by each Fund.

The Manager may, at its discretion and from time to time, waive some or all of its management fee, or pay for or absorb expenses of a Fund or series during a financial period. The Manager may discontinue such waiver or absorption without notice.

9. SECURITIES LENDING

The Funds have entered into a securities lending program with its custodian, RBC IS, in order to earn additional revenue. The aggregate market value of all securities loaned by a Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 102% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund’s custodian, RBC IS, is entitled to receive.

