



## Independent Review Committee's 2009 Report to Unitholders MFi Funds

December 31, 2009

Dear Investor:

The members of the Independent Review Committee are proud to serve the interests of the MFi Funds and the investors who place their trust in the professional expertise of Matco Financial Inc., the manager of the funds.

The Independent Review Committee of the MFi Funds was established in 2007 to provide the specific role of reviewing mutual fund conflict of interest matters identified and referred to us by Matco Financial Inc. and to provide our approval or recommendation(s). Our focus is on the question of whether the managers proposed action achieves a fair and reasonable result for the mutual fund and its unitholders.

The Independent Review Committee has established a written Charter pursuant to the provisions of the new *National Instrument 81-107, Independent Review Committee for Investment Funds*. The Charter can viewed on Matco Financial Inc.'s website at [www.matcofinancialinc.com](http://www.matcofinancialinc.com)

At least once per year the Independent Review Committee will also review and assess the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the MFi Funds. The Independent Review Committee members also assumes the responsibility for reviewing and self assessment of; committee independence, compensation, and effectiveness.

We are pleased to publish the third annual report to unitholders of the MFi Funds under the requirements of the National Instrument 81-107 as designed by the Canadian securities regulators. This report covers the period January 1, 2009 to December 31, 2009.

We commend Matco Financial Inc. for its accomplishments in 2009 and look forward to the continuation of open communications and an effective working relationship for the benefit of the MFi Funds.

(signed) Alan Akers

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Alan Akers  
Chair of the Independent Review Committee

## Members of the Independent Review Committee

<b>Name</b>	<b>Background</b>	<b>Residence</b>	<b>First Appointment</b>
Alan Akers Chairperson	Chartered Accountant	Calgary	November 2007
*Bob Wilkinson Member	Retired investment Banker	Calgary	March 2009
Lorne Gartner Member	Retired Investment Banker	Calgary	November 2007

\*George Morgan resigned from his position on the IRC effective March 2009.

## Holdings of Securities

### (a) MFi Funds

As at Dec 31, 2009, the percentage of units or shares of each series of the MFi family of funds (the "Funds") beneficially owned, directly or indirectly, in aggregate, by all members of the Independent Review Committee did not exceed 10 per cent.

### (b) Manager and Service Providers

As at Dec 31, 2009, no member of the Independent Review Committee beneficially owned, directly or indirectly, any class or series of voting or equity securities of Matco Financial Inc. (the "Manager") or in any person or company that Matco has advised provides services to the Funds or the Manager.

## Compensation and Indemnities

The annualized aggregate compensation paid by the Funds to the Independent Review Committee in 2009 was \$21,000. This amount was allocated among the Funds. No indemnities were paid on behalf of the Independent Review Committee for the period.

Compensation of the Independent Review Committee was set by the committee in 2009. At least annually, the Independent Review Committee and the Manager will review compensation levels of the Independent Review Committee and the Manager will make a recommendation regarding such compensation to the Independent Review Committee. In conducting such review and making such recommendation, consideration will be given to the following:

- (1) The best interest of the Funds
- (2) The number, nature, and complexity of the Funds
- (3) The nature and extent of the workload of each member
- (4) The fact that each Fund must pay its reasonable allocation of the compensation

- (5) The goal that compensation should fairly reflect the general and specific benefits accruing to the Fund

### **Conflict of Interest Matters**

The Independent Review Committee is not aware of any instance in which the Manager acted in a conflict of interest matter during the 2009 year or of any instance in which the Manager acted in a conflict of interest matter but did not meet a condition imposed by the Independent Review Committee.

The Independent Review Committee has relied upon reports and/or certifications provided by the Manager in fulfilling its duties under the Independent Review Committee's Charter. For the 2009 year, the Manager has advised that it has complied with its related policies and procedures and has reported periodically to the Independent Review Committee. Copies of the current policies and procedures were reviewed by the Independent Review Committee in 2009.

The Independent Review Committee understands that the Manager is currently in the process of reviewing and evaluating certain internal policies and procedures and expects to implement or amend a number of such policies and procedures. Such evaluations are currently being undertaken with respect to the effectiveness of, and need for, the following types of policies:

- (1) Inter-Fund Trading Policy
- (2) Key Person Policy

To date, the Independent Review Committee has not had the opportunity to review any of the policies and procedures noted above, however it intends to do so once the Manager has completed its review and evaluation.

### **MFi Funds:**

MFi Balanced Fund (Series A, F, O)

MFi Canadian Equity Class Fund (Series A, F, O)\*

MFi Energy Class Fund (Series A, F, O)\*

MFi Small Cap Fund (Series A, F, O)\* (formerly Matco Focus Growth Fund)

\* MFi Funds Corp. (Corporate Class)