



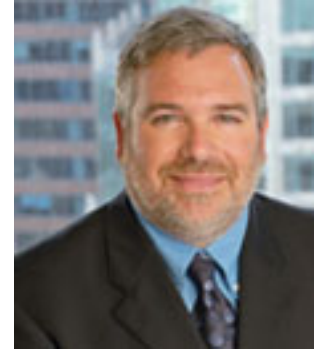
2010 Sustainability Report

MATRIX
ASSET MANAGEMENT INC.



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Message from President and CEO

2010 was a transformational year for our company with the completion of the business combination between SEAMARK Asset Management Ltd. and GrowthWorks Ltd. in January 2010 to form Matrix Asset Management Inc. I am very pleased that as part of this transformation we have considered not only our performance as shown on the balance sheet but also our sustainability performance in terms of our social, economic and environmental impacts. I am very proud to be able to share with our stakeholders Matrix Asset Management's first Sustainability Report.

Sustainability was a key pillar in the creation of GrowthWorks Ltd. in 1999. Our focus on placing venture capital in small and medium sized enterprises was driven by the desire to support regional economic development in industries with both high growth potential and positive local level impacts including quality job creation. In addition, the investment management approach embraced at GrowthWorks recognizes that information about a company's management of environmental and social issues often sheds light on issues that have financial implications.

This philosophy that information is power is one that informs the investment management approach across our diversified asset management company. We recognize that, often, the information that does not show up on the balance sheet is the information that can differentiate one company from another. We incorporate this belief in the way that we invest and manage our assets and in the way that we manage our own operations.

It is for this reason that, at Matrix Asset Management, we believe that the information derived from evaluating and reporting on our sustainability performance will help make us a healthier and more successful company.

A stylized, handwritten signature in black ink, appearing to be 'DL'.

David Levi
President & CEO

About Matrix Asset Management Inc.

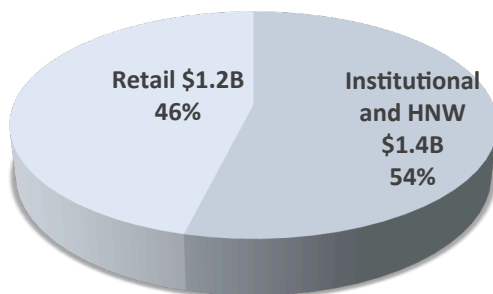
Matrix Asset Management Inc. ("Matrix") is a diversified, asset and wealth management company with offices across Canada. The company is committed to delivering responsible and sustainable growth in a manner that maintains and enhances confidence and trust in our integrity and meets or exceeds industry standards for corporate governance, ethical behavior and best practices. We are dedicated to delivering consistent returns and remaining open and accessible to all our partners.

ORGANIZATIONAL PROFILE

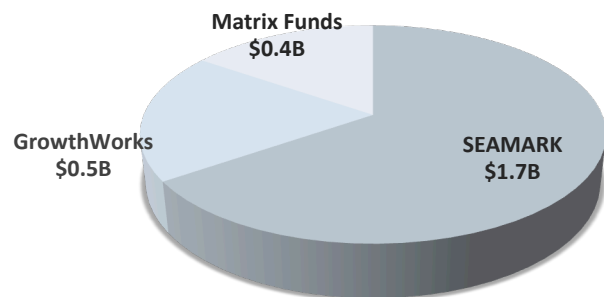
The company manages approximately \$2.6 billion in assets through three operating divisions:

- ❖ Institutional asset management, operated through SEAMARK, which offers portfolio management to institutional and high net worth private clients, including through managed portfolio advisory ("wrap") programs of leading Canadian investment dealers.
- ❖ Fund management, which manages a family of mutual funds and specialty funds recently expanded and re-branded as "Matrix Funds" (formerly Mavrix Funds and SEAMARK Mutual Funds) and distributed through investment dealers and financial planners across Canada.
- ❖ Venture capital and private equity, operated through GrowthWorks, which manages funds in the venture capital and private equity sector for individual and institutional investors.

AUM BY SEGMENT
 (AS OF DECEMBER 31, 2010)



AUM BY UNIT
 (AS OF DECEMBER 31, 2010)



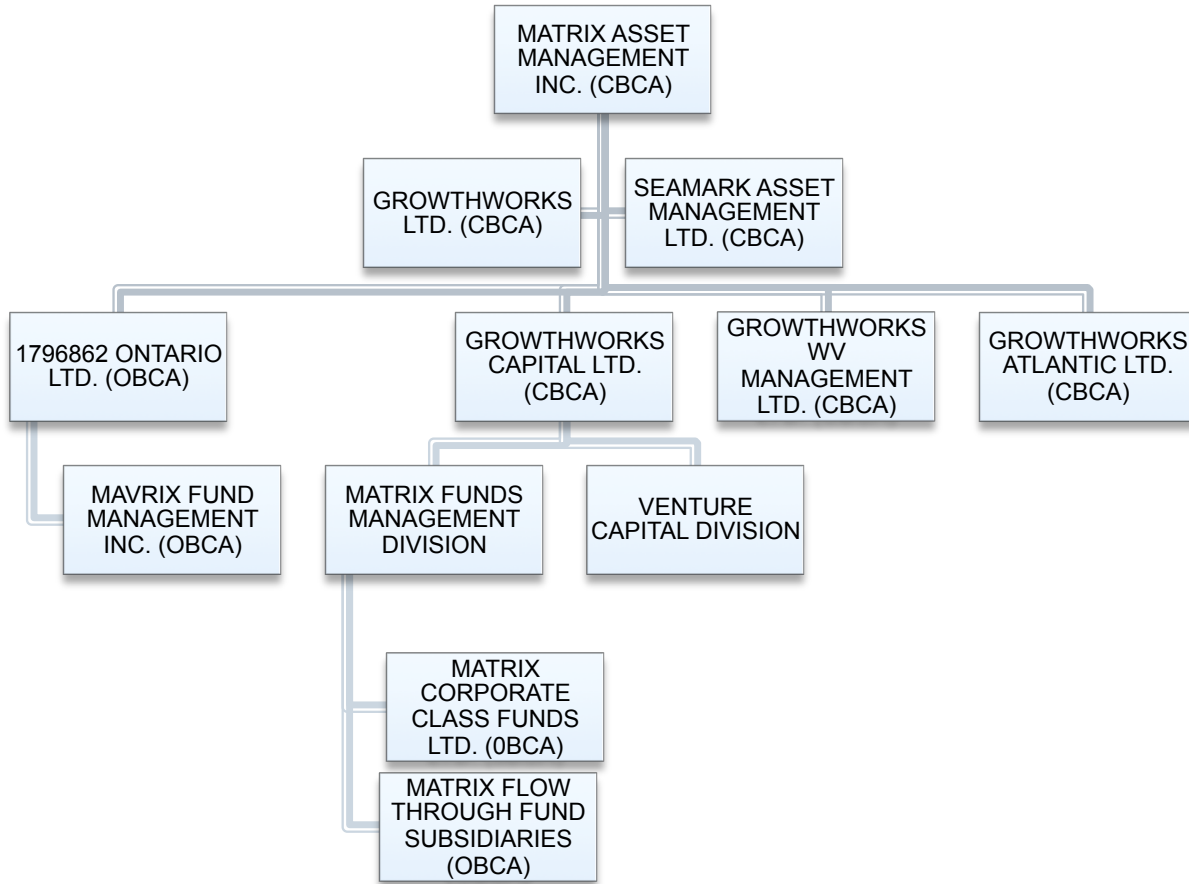
Matrix is a medium-sized investment firm with approximately 125 employees in offices located in six cities across Canada. We are listed under the trading symbol "MTA" on the Toronto Stock Exchange ("TSX"). The company's head office is in Halifax.

Matrix typically earns revenues from fees based on the net asset value of assets managed for clients. In the venture capital/private equity division, the Company can also generate revenue from carried interest payments, incentive participation dividends paid by managed funds on particularly successful investments. The Company's

main expenses include compensation of staff, trailer fees, office rent and amortizations of past commissions paid to dealers.

FIGURE 1: MATRIX ASSET MANAGEMENT CORPORATE STRUCTURE

(See Appendix 1 for chart with notes)



CORPORATE GOVERNANCE

Matrix Asset Management is governed by a Board of Directors, which currently consists of seven directors. Each of the directors, with the exception of Mr. Barrie who has served as a director of SEAMARK Asset Management Ltd. since November 23, 2009, was first elected to the Board on January 15, 2010 upon the completion of the Business Combination, and they are to serve until their successors are elected or appointed, subject to earlier resignation or removal. Five of the seven board members are non-executive members including the Board Chair. There are two committees of the Board of Directors: the Audit Committee and the Governance and Compensation Committee. The table below provides the names and related information concerning each director of the Company.

TABLE 1: COMPANY DIRECTORS AND EXECUTIVE OFFICERS

NAME, PROVINCE, COUNTRY OF RESIDENCE	PRINCIPAL OCCUPATION	PRESENT POSITION WITH COMPANY
Brent W. Barrie Nova Scotia, Canada	Chief Executive Officer of SEAMARK	Matrix – Director SEAMARK – Director, Chief Executive Officer
Lawrence I. Bell British Columbia, Canada	Corporate Director	Matrix – Director, Chair of the Board and Chair of the Governance & Compensation Committee
David Levi British Columbia, Canada	President & Chief Executive Officer of Matrix and GrowthWorks	Matrix – Director, President and Chief Executive Officer GrowthWorks – Director, President and Chief Executive Officer SEAMARK – Director
G. Peter Marshall Nova Scotia, Canada	Corporate Director	Matrix – Director
Dale G. Parker British Columbia, Canada	Corporate Director	Matrix – Director and Chair of the Audit Committee
D. Stephen Rankin Nova Scotia, Canada	Corporate Director	Matrix – Director
John T. Shields British Columbia, Canada	Corporate Director	Matrix – Director

CONDUCT AND ETHICS

Matrix promotes an open and positive work environment and encourages employees to communicate with senior management and the board of directors regarding any concerns and/or suggestions that they may have. Routine employee communication to the Board is facilitated through quarterly senior management board reports. Any activities related to the companies sustainability performance would be included in the board

report prepared by the Vice President of Human Resources.

Additionally, the Matrix Code of Business Conduct and Ethics outlines the process by which employees can submit concerns regarding violations of the Code either to a member of the senior management team or if more appropriate directly to either the Chair of the Audit Committee or the Chair of the Governance Committee. The Code of Business Conduct and Ethics also outlines mechanisms by which employees can submit concerns anonymously to ensure confidentiality.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In May 2009, GrowthWorks established a Corporate Social Responsibility Committee to identify and make recommendations on strategic initiatives for the company to pursue and to help the company better understand and improve its sustainability performance. The CSR Committee maintained its role through the business combination to form Matrix Asset Management. The committee meets every eight weeks and is made up of staff members from across the country.

REPORT PARAMETERS

This report outlines Matrix Asset Management's sustainability performance across the three operating divisions for the period ending December 31, 2010. The feedback we receive from our stakeholders on this report will inform our decision regarding the future reporting cycle. Key performance indicators were identified based on relevance to our core business and areas where our business generates major impacts.

Economic Performance

As a diversified asset management company, we make important contributions to the Canadian economy as capital providers to business and as fund managers for individual and institutional investors helping to protect and grow the savings of Canadians. Additionally, our operations sustain and create jobs, generate taxes and support businesses in the communities where we work.

TABLE 2: MATRIX’S ECONOMIC CONTRIBUTION

Direct Economic Value Generated	2010 (in \$ thousands)
Total Revenue	36,481
Operating Costs	33,593
Salaries & Benefits	16,199
Dividends Paid	929
Total Donations	27

REGIONAL ECONOMIC DEVELOPMENT AND VENTURE CAPITAL

GrowthWorks is the division of Matrix Asset Management that manages funds in the venture capital and private equity sector. GrowthWorks specializes in the management and growth of regionally based venture capital funds in sectors that offer both high growth potential and positive local level impacts. In addition to being one of the largest managers of retail venture capital funds in Canada, GrowthWorks is also the largest retail venture capital investor in Canadian “green technology.” We believe that supporting start-up companies that are developing green technology solutions offers our investors high growth potential while also contributing to a sustainable Canadian economy. Additionally, our regionally focused funds help support local business development and quality job creation.

The funds managed through GrowthWorks Capital are labour sponsored investment funds. Investors in these funds are eligible for both provincial and federal tax credits. A 15% federal tax credit is available to individuals in all provinces except for Alberta and Prince Edward Island. Provincial tax credits range from 15% to 25% depending on the province.

RESPONSIBLE INVESTMENT APPROACH

Approximately 15% of our total AUM are subject to either positive or negative screening based on environmental or social criteria.

In addition to promoting regional economic development, Matrix has incorporated responsible investment approaches into our asset management strategies through the application of a social and ethical review for all of our private equity and venture capital investments, the establishment of a screened fund option and through the consideration of material environmental, social and governance (ESG) issues as part of our overall risk management processes.

The social review that we apply to all of our private equity and venture capital investments requires analysts to look at the risks and opportunities related to social and environmental criteria. These criteria are: product impact, business ethics, environmental impact, employee relations, community relations, diversity, corporate governance and human rights. In addition to conducting this review as a process in screening potential investments, the criteria included in the social review are incorporated into ongoing dialogue with the companies in which we invest, which represents approximately 13% of our total AUM.

The Matrix Sierra Equity Fund is a positively screened fund that invests primarily in medium to large Canadian companies that embrace corporate conduct that minimizes the environmental impact of their business operations while contributing to the social and economic progress of the communities in which they operate. The Fund identifies companies that exemplify sustainable best practices through strong corporate stewardship. The sustainability screens ensure the companies are convincingly represented in one or more of the following factors: environmental impact, social progress, and economic progress.

Finally, as part of our risk management processes our portfolio managers consider environmental, social and corporate governance factors in instances where these considerations are clearly material to investment outcomes. We believe that this kind of enhanced analysis is an important tool in improving and refining our risk management processes.

COLLABORATION ON RESPONSIBLE INVESTMENT

Matrix Asset Management Inc. is a signatory to the United Nation's **Principles for Responsible Investment** (PRI), an initiative to develop and promote best practice in the area of responsible investment. Established in April 2006, the Principles reflect the view that environmental, social and corporate governance (ESG) issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors. The Principles provide a voluntary framework by which investors can incorporate ESG issues into their decision-making practices.

For more information on the PRI see:
www.unpri.org

Matrix Asset Management is also an investor signatory to the **Carbon Disclosure Project** (CDP). The CDP aims to enhance disclosure of climate change information so as to allow investors to incorporate climate-related investment risks and opportunities into investment decision-making processes. The CDP requests information on the risks and opportunities of climate from the world's largest companies on behalf of institutional investors and then provides this information to investor signatories to support enhanced investment analysis on climate change.

For more information on the CDP see:
www.cdproject.net

Environmental Performance

A key priority that was identified for the CSR Committee when it was formed in May 2009 was to begin to understand and measure the environmental impacts of our operations in order to identify strategies to improve our environmental performance and reduce our overall footprint. In support of this objective, members of the CSR Committee participated in the Climate Smart Training program in 2010, which is designed to help small and mid-sized businesses to measure their carbon emissions and plan reductions. Table 4 provides a summary of the priority areas that Matrix has established to reduce its greenhouse gas emissions and overall environmental footprint based on the areas where our operations have the most environmental impact.

TABLE 4: IMPROVING OUR ENVIRONMENTAL PERFORMANCE

Key Performance Indicator	Major Impact Areas	Reduction/Improvement Strategy
Materials Used	Paper Usage	<ul style="list-style-type: none"> - Raise employee awareness around ways to reduce paper usage (i.e. Tip of the Week in staff e-news)
Greenhouse Gas Emissions	Staff Travel (air and ground)	<ul style="list-style-type: none"> - Reduce Air Travel by holding more meetings on videoconference. - Encourage staff to commute to work by bike or public transportation - In Vancouver we have implemented a program with Translink where staff are offered a discount on monthly passes.
	Office Energy Use	<ul style="list-style-type: none"> - Engage with building managers on energy reduction and efficiency initiatives
	Paper Sourcing	<ul style="list-style-type: none"> - Development of a paper procurement policy that would require the company to purchase Forest Stewardship Council (FSC) Certified paper or alternatively paper with a large recycled content.

In 2010, our CO2 emissions were 751.3 metric tons based on energy used from office operations, travel by air and ground and paper consumption.

As a financial services company, the primary material that we consume is paper. In 2010, we consumed 8.53 tons of paper across all of our operations. Currently, only the Winnipeg office uses paper with recycled content. One of our goals for 2011 is to introduce a paper procurement policy across the company that would require the company to use paper that is FSC certified or alternatively paper with a large recycled content.

As a company with offices across the country, one of the biggest impacts of our operations is air travel. Data from 2009 indicates that our CO2 emissions from air travel were 641.85 metric tons or approximately 85% of our total CO2 emissions for 2010. One of the ways that our company is trying to reduce our carbon emissions as a result of air travel is by utilizing more video conferencing technology so as to reduce the need for in-person meetings and subsequent travel.

Social Performance

At Matrix, we believe that the most important differentiating factor for any business is the people that work there. Because we recognize this, we make great strides to create a positive working environment with policies and practices that support and reward our employees.

One of the ways that we support our employees by facilitating their efforts for on-going education and capacity building. Each employee allocated an education allowance of \$4,000 annually, and in addition 5 paid education days. In 2010, we spent approximately \$80,000 per year on employee training and education, which is an average of \$695 per employee. In addition to supporting employees' on-going education efforts we also have policies in place to support and reward employees who volunteer in the community and participate in charitable activities. Each Matrix employee is given 2 paid volunteer days per year along with an annual corporate donation of \$100 per employee to a charity where that employee volunteers. Matrix employees are encouraged to pool their resources and participate in charitable activities as a team in order to build solidarity among our staff.



We are honoured be recognized for the fifth consecutive year as an employer of choice. Most recently, GrowthWorks was selected as one of the Top 55 Employers in British Columbia for 2011. Part of an annual competition organized by the editors of Canada's Top 100 Employers, the regional designation recognizes exceptional places to work in British Columbia.

As of December 31, 2010, Matrix had a total of 125 staff members, with 115 permanent employees and 10 temporary employees. Table 5 provides a breakdown of our staff complement by our regional offices.

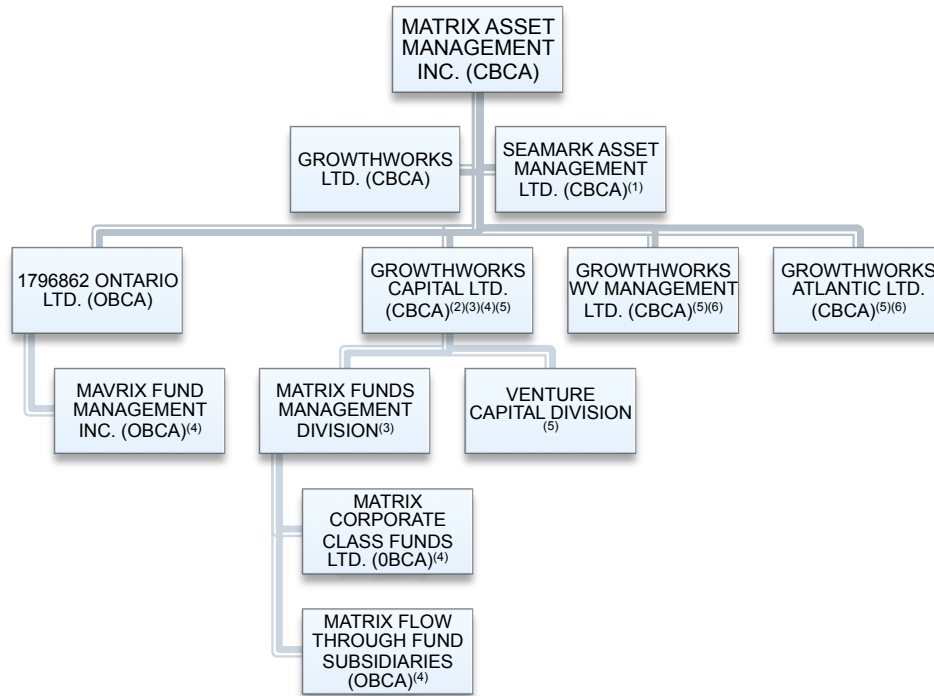
TABLE 5: MATRIX EMPLOYEES BY REGION AND OPERATING DIVISION

OFFICE	GROWTHWORKS	MATRIX FUNDS	SEAMARK	TOTAL
Vancouver	54	0	0	54
Winnipeg/Sask	4	0	0	4
Toronto	13	19	1	33
Montreal	0	3	0	3
Atlantic	8	0	23	31
Total	79	22	24	125
Temporary	6	2	2	10
Permanent	73	20	22	115

We offer our employees an excellent benefits package which includes employer paid premiums for our group health plan (extended health, dental, short and long term disability, life insurance), a fitness reimbursement program (50% reimbursement, up to \$500 annually), education allowance (up to \$4000 annually), 3 weeks paid vacation to start, 5 personal days per year, up to 35 paid sick days per year with conversion to vacation if unused, maternity and parental leave top up to 93%, employee computer loan program, and reimbursed child

care while on business travel. We believe that offering an extensive benefits package supports our employees and helps to ensure that as a company we attract and retain quality people.

APPENDIX 1 – MATRIX CORPORATE ORGANIZATIONAL CHART



Notes:

“CBCA” means the Canada Business Corporations Act and “OBCA” means the Ontario Business Corporations Act.

(1) SEAMARK is registered under securities laws as follows: (a) portfolio manager – all provinces; (b) exempt market dealer – all provinces; (c) investment fund manager – Nova Scotia.

(2) Growth Works Capital Ltd. is registered under securities laws as follows: (a) portfolio manager – British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia; (b) exempt market dealer – British Columbia and Ontario; (c) mutual fund dealer – British Columbia, Saskatchewan, Ontario and Nova Scotia; (d) investment fund manager – British Columbia, Saskatchewan, Manitoba, Ontario, and Nova Scotia.

(3) Matrix Funds Management is, under management agreements effective July 22, 2010, the manager of the Matrix Funds, which include mutual funds, corporate class funds and flow through limited partnerships, and is a division of Growth Works Capital Ltd. See “General Development of the Business – Matrix Funds”.

(4) In connection with its Matrix Funds Management division, Growth Works Capital Ltd. owns all of the common shares of Matrix Corporate Class Funds Ltd., a corporate mutual fund of which the public owns all of the other shares. Five other Growth Works Capital Ltd. subsidiaries are general partners of Matrix Funds Management managed flow through limited partnerships: Mavrix Explore 2009 – I FT Management Limited; Mavrix Explore 2009 – II FT Management Limited; Mavrix Explore 2010 – I FT Management Limited; Mavrix Québec 2009 Ltd.; Mavrix Québec 2010 Ltd., and; Matrix 2011-I National and Québec Flow Through Management Limited. Ownership of some subsidiaries is being transferred from Mavrix Fund Management Inc., the former manager of some of the Matrix Funds.

(5) The Venture Capital Division of Growth Works Capital Ltd. specializes in the management of regionally based venture capital funds. Growth Works Capital Ltd. is the manager of Working Opportunity Fund (EVCC) Ltd. and provides management and investment management services to GrowthWorks Canadian Fund Ltd., GrowthWorks Commercialization Fund Ltd. and GrowthWorks Atlantic Venture Fund Ltd. GrowthWorks WV Management Ltd. is the manager of GrowthWorks Canadian Fund Ltd. and GrowthWorks Commercialization Fund Ltd. Growth Works Atlantic Ltd. is the manager of Growth Works Atlantic Venture Fund Ltd. Management services are provided under management agreements between members of the Venture Capital Division and the venture capital funds.

(6) Matrix’s wholly-owned subsidiary, Growth Works Ltd., holds all of the equity securities and slightly less than half of the voting securities of each of GrowthWorks WV Management Ltd. and Growth Works Atlantic Ltd., with the remainder of the voting securities being held by David Levi and Working Enterprises Ltd. The voting securities of those two entities held by David Levi and Working Enterprises Ltd. are voting only and have no economic participation of any kind. The voting arrangement is to provide additional comfort to the sponsor of the particular venture capital funds managed by those entities. Mr. Levi is the President and CEO.

APPENDIX 2: GLOBAL REPORTING INITIATIVE INDEX

The following table provides the indicators that are covered in Matrix Asset Management’s 2010 Sustainability Report. You can find more information on the GRI on their website at: www.globalreporting.org

DISCLOSURE #	G3 INDICATOR	PAGE
<i>ECONOMIC PERFORMANCE INDICATORS</i>		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.	6
EC4	Significant financial assistance received from government	6
<i>ENVIRONMENTAL PERFORMANCE INDICATORS</i>		
EN1	Materials used by weight or volume	8
EN16	Total direct and indirect greenhouse gas emissions by weight	9
EN29	Significant environmental impacts of transporting products and other goods and materials used for organization’s operations and transporting members of the workforce	9
<i>SOCIAL PERFORMANCE INDICATORS</i>		
LA1	Total workforce by employment type, employment contract and region	10
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations	10
LA10	Average hours of training per year per employee by employee category	10
<i>FINANCIAL SERVICES SECTOR SUPPLEMENT INDICATORS</i>		
FS10	Percentage and number of companies held in the institution’s portfolio with which the reporting organization has interacted on ESG issues	6
FS11	Percentage of assets subject to positive and negative environmental or social screening	7



FOR MORE INFORMATION CONTACT:

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