MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

BLOOM SELECT INCOME FUND

2018 ANNUAL REPORT

BLB.UN

FORWARD-LOOKING STATEMENTS

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof, unless otherwise indicated, and we assume no obligation to update or revise them to reflect new events or circumstances.

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Bloom Select Income Fund (the "Fund") contains financial information but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of any of the Fund's annual or interim reports, at no cost, by calling 1-855-BLOOM18 (1-855-256-6618) or by sending a request to Unitholder Information, Bloom Investment Counsel, Inc., Suite 1710, 150 York Street, Toronto, Ontario, M5H 3S5, or by visiting our website at www.bloomfunds.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, Independent Review Committee's report, or quarterly portfolio disclosure.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance, unless otherwise noted, are based on the Fund's calculation of its net asset value, which is in accordance with the terms of the Fund's declaration of trust and annual information form, and is based on closing market prices of investments. Figures presented in the financial statements and certain figures presented in the Financial Highlights section of this management report of fund performance are based on net assets calculated using International Financial Reporting Standards which require the use of a price between the last bid and ask prices for investment valuation, which may differ from the closing market price. The remaining figures presented in the Financial Highlights section are based on net assets calculated using previously applicable Canadian generally accepted accounting principles which required the use of the last bid price for investment valuation, which differed from the closing market price.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

Bloom Select Income Fund is a closed-end investment trust managed by Bloom Investment Counsel, Inc. ("Bloom" or the "Manager"). Bloom provides administrative services to the Fund and actively manages the Fund's portfolio. The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol BLB.UN. The units of the Fund are RRSP, DPSP, RRIF, RESP, RDSP and TFSA eligible. This Fund has a distribution reinvestment plan ("DRIP") allowing unitholders to automatically reinvest their monthly distributions in additional units of the Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objectives are to provide unitholders with an investment in an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment, monthly cash distributions that have a large component of Canadian eligible dividends, and the opportunity for capital appreciation.

RECENT DEVELOPMENTS

There were no recent developments to report.

INVESTMENT MANAGER

BLOOM
INVESTMENT COUNSEL, INC.

The manager was established in 1985 and specializes in the management of segregated investment portfolios for wealthy individuals, foundations, corporations, institutions and trusts. In addition to its conventional investment management business, the Manager currently manages specialty high-income equity portfolios comprised of dividend paying common equity securities, income trusts and real estate investment trusts for four TSX listed closed end funds and one open ended mutual fund.

INVESTMENT MANAGER'S REPORT

JANUARY 2, 2019

Canadian economy

The strength of the Canadian economy in the second quarter was not maintained in the most recent monthly GDP results with Real GDP growing at a 2% annualized rate in the third quarter. These numbers indicate slowing growth in the Canadian economy, which now looks unlikely to achieve 2% growth for the second half of 2018. New risks have appeared with a significant pullback in the price of oil. Even if this were to prove short-term in nature, the anticipation of slowly rising interest rates will likely result in economic growth at a rate below 2% for 2019.

On November 21st, Canada's Finance Minister released a fiscal update. To the dismay of Albertans and the energy sector, the government opted for across-the-board measures instead of targeted assistance to the energy sector. An additional headwind for Canada's energy sector is that the United States recently became a net exporter of energy surpassing Saudi Arabia and Russia in production. With this growing supply south of the border, the easing of sanctions restricting Iranian exports, and oil and gas transport issues in Canada, there does not appear to be any potential for a quick resolution and it is left to OPEC+ (Saudi and Russia) to restrict supply to boost prices.

In Canada the sectors that have historically borne the brunt of trade actions (autos, forestry, manufacturing, steel and aluminum, agriculture) continue to face challenges and make adjustments. Although the USMCA trade agreement was signed by US/Mexico/Canada, there is uncertainty around its implementation due to the recent U.S. election resulting in a Democrat-majority Congress. If tariffs of 25% in some cases continue to be imposed and remain in place they will add to inflationary pressures. However, inflation has remained near a very manageable 2%.

Housing starts for November came in above consensus at 216,000 with a gain in the generally higher value single-detached homes. Building activity troughed in September but picked up in October and November. Though the plight of the indebted household sector is well known, Canadian banks are still guiding to mid-single digit growth in consumer lending for 2019.

New motor vehicle sales in Canada are expected to decline 9.4% over last year based on November data from auto dealers. Housing investment and autos are the most sensitive components of consumer spending to rate hikes. The full effect of rate hikes in 2018 will be better seen in 2019 due to the associated lag.

As recently as October the Bank of Canada was taking an aggressive stance signaling it was no longer likely to be gradual in raising interest rates. At that point it looked like two rate hikes in a row were possible. However, with the retreat in oil prices the Bank of Canada may be required to take a more measured approach facing the risk of raising rates too quickly. Canada's monetary policy is very much tethered to that of the U.S. Federal Reserve. With lowered rate hike expectations in the U.S., this may have an impact on Canada.

The 2 – 10 Year Government Bond Yield Curve continues to flatten in Canada and the U.S. Empirically an inverted curve has proven to be a very reliable predictor of recessions in the last 70 years. An inversion of this part of the yield curve has preceded each of the last nine recessions dating back to 1955. Markets are closely watching for potential inversion in the yield curve for signs of a slowdown or trying to gauge the timing to the end of this cycle.

Canadian investment markets

After a very strong return in 2016 and one more in-line with long-run historical average in 2017, the Canadian equity market had a very challenging 2018. Investors experienced negative returns for the year with the S&P/TSX Composite Index struggling to make it into positive territory briefly in the mid part of the year. Canadian investors have justifiably been feeling left out as the domestic market has underperformed other markets, most notably the United States. Regretfully Canadian markets have participated fully in the downside, but had less participation in positive markets leading up to it.

The start of the year saw the Canadian and non-Canadian markets impacted in February by the outlook for interest rate increases and the return of volatility, which had been very subdued throughout much of 2017. The Canadian energy sector in this country continued to face significant challenges. Weakness into year-end was attributable to a confluence of factors. These include geopolitical issues, concerns over nearing the end of the economic cycle and the effect this will have on earnings in addition to tax loss selling. While the year started with concern over rising interest rates there was a shift in the fourth quarter as central bank tightening is now expected to moderate and the long end of the yield curve continues to flatten.

When weakness began at the latter part of the year it was widely ascribed to trade tensions. For Canada this was evident in industries that could be adversely impacted by the elimination of NAFTA and its replacement with the USMCA trade deal. With significant exposure to resources Canada is also heavily impacted by China and trade tariffs between it and the United States. Mixed signals between a possible truce one day followed by dashed hopes the next has helped sustain volatility in the market.

Equities have not been the only asset class to have difficulty performing this year. Based on third party research it appears that none of the broad asset classes tracked are forecast to post a return of greater than 5% for 2018. Evidently, this phenomenon has not been observed since 1972.

West Texas Intermediate Crude peaked for the year at over $75 at the beginning of October, but rapidly depreciated by about 39% by the end of December. For Canada, the greater issue was Western Canada Select's steep discount to WTI near $30 in February. It improved by narrowing to the $15 level mid-year, but worsened again to a level near $50 towards October due to egress (pipeline) issues. Developments across various pipeline projects all contributed negatively including Kinder Morgan's Trans Mountain (being purchased by the Canadian government), Enbridge's Line 3 and TransCanada's Keystone XL in addition to untimely seasonal outages reducing demand at refineries in the U.S. Towards the end of the year Alberta's Premier announced plans to buy rail cars to transport more crude and to curtail production. This caused the discount to improve and narrow back to the $15 level.

Energy companies are working independently and with the Alberta government in building refining and petrochemical facilities; however, we do not believe this is a short term solution. Foreign energy companies have sold assets and decided to invest capital elsewhere (ConocoPhillips, Statoil); however, on the positive side, some domestic producers are fundamentally seeing value as indicated by mergers and acquisitions. We find the following to be positive considerations: firstly, when prices were weak in February 2016 (WTI $27, WCS $13) a majority of Canadian energy stocks traded at meaningfully higher prices in most cases than they did nearing year end 2018 with WTI at $46 and WCS at $31; and secondly, the $40 billion LNG Canada project in Kitimat could be a potential catalyst for the sector.

The S&P/TSX Composite Index for the year returned −8.9%. The best performing sectors for all of last year were Information Technology (up 13.0%), Real Estate (up 2.0%) and Consumer Staples (up 2.0%), while the worst performing sectors for the year were Energy (down 18.3%), Consumer Discretionary (down 16.0%) and Healthcare (down 15.9%).

Earnings season for the third quarter had a pronounced sensitivity further proving how emotional the market is, punishing the stocks of those companies that had even modestly missed expectations and in certain cases that had not beat expectations by as much as people had grown accustomed. We have noticed that the market is also focusing on fundamentals to a far lesser degree than emotions particularly with selling pressure being brought to bear against small and mid-cap stocks. This is creating numerous stock-specific opportunities on a fundamentally undervalued basis. Increasingly, dividend yields in many cases have become very compelling and many high income equities offer yields significantly above their historical averages.

Fund performance

The Fund returned negative 16.2% for the year, compared to negative 8.9% for its primary benchmark, the S&P/TSX Composite Total Return Index, and negative 10.8% for the S&P/TSX High Dividend Total Return Index. In a year when the overall market fell dramatically, positions in EnerCare Inc., Parkland Fuel Corporation and Allied Properties REIT showed strong returns and contributed positively to the Fund's performance. The Fund's communication services and health care sectors were the strongest performers for the Fund.

Outlook

In what turned out to be a volatile year, 2018 performance ended up with bookend quarters. The first quarter was down mid-single digits in line with the market, with two low-single digit positive results in the second and third quarter with significant outperformance in the third quarter. The fourth and final quarter ended on a negative note along with the market.

The year ended on a down note with particular weakness in oil and natural gas stocks in addition to small and mid-cap stocks. Common equity income securities that are the area of our investment focus underperformed relative to sectors and individual securities where we are typically less likely to be represented, such as the Financials sector which represents 34.2% of the S&P/TSX index and also some of the more prominent names in the index. We seek to add value and continue to believe that investment opportunities that are potentially not yet included in the index due to their size have the potential for more meaningful upside.

History has proven that dividend paying securities have significantly outperformed non-dividend payers over many years. We maintain our longer-term, patient stance while guiding our disciplined fundamental approach and focus on valuation. Capitalizing on such opportunities requires patience and resolve, as elevated volatility could continue in the near-term and as imbalances in energy prices adjust. However, we believe our focus on dividend paying common equities will prove to be a good strategy in such an environment.

RESULTS OF OPERATIONS

Distributions

During the year ended December 31, 2018 distributions totaled $0.50 per unit. The 2018 distribution reflects a monthly rate per unit of $0.041666, in accordance with the targeted distribution rate of 5% per annum on the subscription price of $10 per unit as disclosed in the Fund's Prospectus. Since inception on April 20, 2012 the Fund has paid total cash and reinvested distributions of $3.348606 per unit.

Increase in Net Assets from Operations

The Fund's net investment loss was $2.7 million ($1.37 per unit) for the year ended December 31, 2018, arising from average portfolio investments during the year of $17.7 million. The loss was comprised primarily of net unrealized losses for the year of $4.8 million, offset by $1.4 million in net realized gains on sales of investments and $0.8 million in dividend and distribution income during the year.

Expenses were $0.5 million ($0.24 per unit) for the year, the major components being management fees of $261,960 and other administrative expenses of $65,441.

Net Asset Value

The net asset value per unit of the Fund was $8.55 at December 31, 2018, down by 20.4% from $10.74 at December 31, 2017. The aggregate net asset value of the Fund decreased from $21.5 million at December 31, 2017 to $14.5 million as at

December 31, 2018, primarily due to the net investment loss of $2.7 million, the redemption of units of $2.6 million, and cash distributions to unitholders of $0.9 million (net of reinvested distributions).

Liquidity
To provide liquidity for unitholders, units of the Fund are listed on the TSX under the symbol BLB.UN.

The Fund received approval from the TSX on May 18, 2017 for a normal course issuer bid program from May 24, 2017 to May 23, 2018, allowing the Fund to purchase for cancellation up to 217,623 units on the TSX if they trade below net asset value per unit. 27,400 units were purchased and cancelled by the Fund under this normal course issuer bid in the year ended December 31, 2018 at a cost of $273,046 or $9.97 per unit.

The Fund received approval from the TSX on May 18, 2018 for a normal course issuer bid program from May 24, 2018 to May 23, 2019, allowing the Fund to purchase for cancellation up to 179,729 units on the TSX if they trade below net asset value per unit. 17,000 units were purchased and cancelled by the Fund under this normal course issuer bid in the year ended December 31, 2018 at a cost of $165,762 or $9.75 per unit.

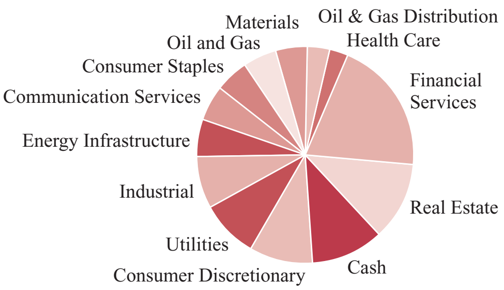
Investment Portfolio
The Fund has established a portfolio comprised primarily of Canadian equities, income trusts and real estate investment trusts (REITs), each of which was selected to achieve the investment objectives of the Fund. The investment objectives of the Fund include the requirement that the Fund only invests in stocks with a Beta (measurement of volatility) of less than 1.0 at the time of purchase, which affects the selection of investments.

It should be noted that, as a percentage of the portfolio (equities and cash and short-term investments), cash and short-term investments has increased from 2.0% to 10.8% reflecting the Manager's more cautious stance towards the end of the year. The consumer discretionary sector has decreased from 16.0% to 9.4% of the portfolio, resulting primarily from the cash acquisition of EnerCare Inc. during the year. Investment in the financial services sector has risen from 13.9% to 20.1%, largely due to the addition of a position in Manulife Financial Corp. Investment in the energy infrastructure sector has fallen from 11.6% to 5.6% due to the sale of the Fund's position in AltaGas Ltd. and the trimming of the Fund's positions in Gibson Energy Inc. and Keyera Corp.

The Fund had unrealized appreciation of $1.1 million in its portfolio as at December 31, 2018, with the consumer discretionary, oil and gas and materials sector holdings showing the greatest unrealized losses, together contributing $2.9 million in losses. Of the sectors displaying unrealized gains, the real estate, consumer staples and financial services sectors showed the largest gains, totaling $1.7 million.

The Fund had net realized gains on sales of investments of $1.4 million during the year ended December 31, 2018, the most significant gains being from cash acquisition of the Fund's position in EnerCare Inc. and the sale of holdings in TD Bank Groups, Boralex Inc. and Loblaw Companies Limited.

Portfolio Sectors



Sector		Value (thousands)	% of Total
Financial Services	$	2,917	20.0%
Real Estate		1,727	11.8%
Consumer Discretionary		1,363	9.4%
Utilities		1,272	8.7%
Industrial		1,121	7.7%
Energy Infrastructure		808	5.5%
Communication Services		766	5.3%
Consumer Staples		734	5.0%
Oil and Gas		730	5.0%
Materials		680	4.7%
Oil & Gas Distribution		505	3.5%
Health Care		380	2.6%
Cash		1,570	10.8%
Total	**$**	**14,573**	**100.0%**

RISK

Risks associated with an investment in units of the Fund are discussed in the Fund's annual information form, which is available on the Fund's website at www.bloomfunds.ca or on SEDAR at www.sedar.com. Changes to the Fund which have affected certain of these risks are discussed below.

Current Cash Yield and Targeted Distributions

Based on current projections, the average total return required in order for the Fund to achieve its targeted monthly distributions to Unitholders is approximately 9.3%. The weighted average current cash yield on the Fund's equity portfolio was 5.0% as at December 31, 2018, and thus the Fund is required to generate more than expected in additional returns (for instance, capital gains and securities lending income) and/or to return capital in order for the Fund to achieve its targeted monthly distributions to Unitholders.

RELATED PARTY TRANSACTIONS

Related party transactions consist of administrative and investment management services provided by the Manager pursuant to the Fund's Declaration of Trust, and Fund expenses paid by the Manager and recharged to the Fund.

Administration and Investment Management Fees

Pursuant to the Fund's declaration of trust, the Manager provides investment management and administrative services to the Fund, for which it is paid an annual management fee.

The management fee is intended to compensate the Manager for providing portfolio advisory and certain administrative services to the Fund. During the year ended December 31, 2018, management fees amounted to $261,960.

Services received by the Fund in consideration of the management fee, as an approximate percentage of the management fee, comprise portfolio advisory services (86%) and administrative services (14%). Administrative services include: appointment and monitoring of service providers; administration related to the payment of fund expenses and the deposit of fund receipts; administrative services provided to the IRC; review and filing of tax returns; preparation, dissemination and filing of annual and interim reports; maintenance of proxy voting records and the voting of proxies; preparation of quarterly portfolio summaries; administration of the Fund's normal course issuer bid; regulatory reporting; and maintenance of the information on the Fund's website.

Other expenses recharged to the Fund

On an ongoing basis the Manager pays on behalf of the Fund, and subsequently recharges to the Fund, certain expenses of the Fund. For the year ended December 31, 2018 the Fund expensed Independent Review Committee ("IRC") fees of $34,569, unitholder information costs of $20,929, legal fees of $211 and premiums for insurance coverage for members of the IRC of $1,549, which were paid and recharged by the Manager.

The Fund pays for all other ordinary expenses incurred in connection with the operation and administration of the Fund, including: all costs of portfolio transactions, fees payable to third party services providers, custodial fees, legal, accounting, audit and valuation fees and expenses, expenses of the members of the IRC, expenses related to compliance with National

Instrument ("NI") 81-107, fees and expenses relating to the voting of proxies by a third party, costs of reporting to unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, taxes, brokerage commissions, costs and expenses relating to the issue of units of the Fund, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies, extraordinary expenses that the Fund may incur and all amounts paid on account of indebtedness.

INDEPENDENT REVIEW COMMITTEE

Prior to the Fund's launch, the IRC for the Fund was established pursuant to NI 81-107 and became operational. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Fund and performs all other functions required of an independent review committee under NI 81-107. Costs and expenses, including the remuneration of IRC members, the costs of legal and other advisors to, and legal and other services for, IRC members, and insurance costs, are chargeable to the Fund. As at December 31, 2018 the IRC consisted of three members, all of whom are independent of the Manager.

The Manager has received two standing instructions from the IRC with respect to related party transactions:

Allocation of Fund Expenses and Charging Expenses of Related Entities to the Funds

The standing instruction requires that the Manager follow its policy regarding the charging of expenses of related parties to the Fund, which will, in the IRC's opinion, result in a fair and reasonable result for the Fund. The Manager reports any instances of reliance on the standing instruction to the IRC and the IRC reviews the transactions to confirm compliance with the standing instruction. The Manager relies on the standing instruction on an ongoing basis in charging to the Fund expenses which are payable by the Fund as per the Fund's declaration of trust and annual information form, but which have been paid by the Manager. These expense charges are measured on an accrual basis at the monetary value of the expenses incurred.

The Decision to Re-open a Fund

The standing instruction requires that the Manager follow its policy and procedures concerning fund re-openings, which will, in the IRC's opinion, result in a fair and reasonable result for the Fund. The Manager will report any instances of reliance on the standing instruction to the IRC, but has not yet relied on this standing instruction.

2018 TAX INFORMATION

The following information is applicable to unitholders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold shares as capital property outside of an RRSP, DPSP, RRIF, RESP or TFSA. Unitholders should receive a T3 slip from their investment dealer providing this information. T3 supplementary slips for holdings of the Fund will indicate Other Income (Investment Income and Non-Investment Income) in Box 26, Foreign Non-Business Income in Box 25, Capital Gains in Box 21 and Eligible Dividend Income in Box 49. Dividend income is subject to the standard gross-up and federal dividend tax credit rules. The Return of Capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is reported on the T3 supplementary slips in Box 42.

The following table outlines the breakdown of the Fund's distributions declared in 2018 on a per unit basis.

Record Date	Payment Date	Income	Return of Capital	Total Distribution
Jan. 31, 2018	Feb. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Feb. 28, 2018	Mar. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Mar. 30, 2018	Apr. 16, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Apr. 30, 2018	May 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
May 31, 2018	Jun. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Jun. 29, 2018	Jul. 16, 1018	$ 0.0096008	$ 0.0320652	$ 0.041666
Jul. 31, 2018	Aug. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Aug. 31, 2018	Sep. 17, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Sep. 28, 2018	Oct. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Oct. 31, 2018	Nov. 15, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Nov. 30, 2018	Dec. 17, 2018	$ 0.0096008	$ 0.0320652	$ 0.041666
Dec. 31, 2018	Jan. 15, 2019	$ 0.0096026	$ 0.0320714	$ 0.041674
Total		**$ 0.1152114**	**$ 0.3847886**	**$ 0.500000**

This information is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors with respect to their individual circumstances.

PAST PERFORMANCE

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on net asset value per unit and assumes that distributions made by the Fund in the period were reinvested at net asset value per unit in additional units of the Fund.

All past performance for periods prior to the Fund's merger with Bloom Income & Growth Canadian Fund on October 23, 2015 are for the Fund only.

Annual Compound Returns

The following table shows the Fund's annual compound return for the one, three and five years ended December 31, 2018 and the period since inception, compared with the S&P/TSX Composite Total Return Index ("TR Index") and the S&P/TSX Composite High Dividend Total Return Index ("HD Index"). The TR Index tracks the performance, on a market weight basis and a total return basis, of a broad index of large-capitalization issuers listed on the TSX, including common stocks, REITs and income trust units, and is an appropriate broad-based securities benchmark as the Fund invests in such common stocks, REITs and income trusts. The HD Index is a more narrowly-based strategy index consisting of 50 to 75 stocks selected from the S&P/TSX Composite Index focusing on dividend income, and is included as it reflects the Fund's strategy of investing in dividend paying stocks.

Since the Fund is actively managed, the sector weightings differ from those of the TR Index and the HD Index (together, the "Indices"). The Fund's portfolio contains predominantly high dividend paying securities, whereas the TR Index does not necessarily focus on this type of investment. Also, the Fund invests in stocks displaying low volatility at the time of purchase, whereas neither of the Indices focus on low volatility stocks. As well, the Fund may invest in issuers that are not included in the Indices. For these reasons it is not expected that the Fund's performance will mirror that of the Indices. Further, the Indices are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

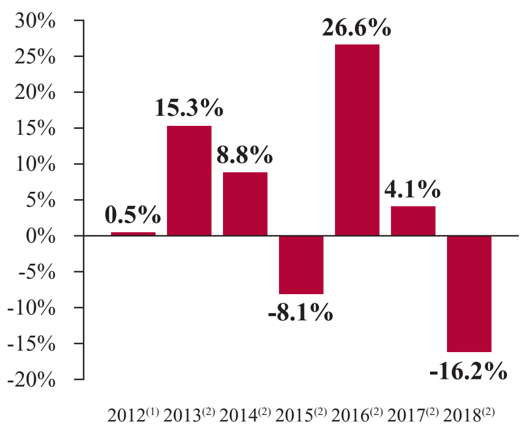
	One year	Three years	Five years	Since inception[(1)]
Bloom Select Income Fund (net of fees and expenses)	−16.2%	3.4%	2.0%	3.8%
S&P/TSX Composite Total Return Index	−8.9%	6.4%	4.1%	5.6%
S&P/TSX Composite High Dividend Total Return Index	−10.8%	7.3%	2.1%	2.1%

[(1)] Period from April 20, 2012 (commencement of operations) to December 31, 2018

During the one, three and five years ended December 31, 2018 and for the period since inception, the Fund underperformed the Index, after taking into account the expenses of the Fund. In addition to the effect of the deduction of management fees and expenses inherent in the Fund's performance figures, this reflects differences in individual portfolio selections between the Fund's portfolio and the Index within each of the sectors, which result in different average sector returns. It may also reflect the differences in average sector weightings between the Fund's portfolio and the Index over these periods.

Year-by-Year Returns

The bar chart shows the Fund's performance for each fiscal period since inception. It shows, in percentage terms, how an investment held on the first day of the fiscal period would have changed by the last day of the fiscal period.



[(1)] Period from April 20, 2012 (commencement of operations) to December 31, 2012
[(2)] Year from January 1 to December 31 of the year indicated

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the fiscal periods indicated. *The information in the following tables is presented in accordance with NI 81-106 and, as a result, does not act as a continuity of opening and closing net assets per unit, because the increase in Net Assets from operations is based on weighted average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.*

All financial highlights for periods prior to the Fund's merger with Bloom Income & Growth Canadian Fund on October 23, 2015 are for the Fund only.

Net Assets Per Unit[1]

	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Net assets per unit, beginning of period[2]	$ 10.74	$ 10.81	$ 8.98	$ 10.28	$ 9.91
Increase from operations:[2]					
Total revenue	0.41	0.42	0.43	0.46	0.46
Total expenses	(0.24)	(0.23)	(0.22)	(0.25)	(0.27)
Net realized gains (losses)	0.70	0.40	1.19	0.48	0.73
Net unrealized gains (losses)	(2.48)	(0.18)	0.89	(1.60)	0.05
Total increase in net assets from operations	$ (1.61)	$ 0.41	$ 2.29	$ (0.91)	$ 0.97
Distributions to unitholders[2][3]					
From net investment income	(0.12)	(0.03)	–	–	–
From return of capital	(0.38)	(0.47)	(0.50)	(0.50)	(0.50)
Total distributions to unitholders	$ (0.50)	$ (0.50)	$ (0.50)	$ (0.50)	$ (0.50)
Net assets per unit, end of period[2]	$ 8.55	$ 10.74	$ 10.81	$ 8.98	$ 10.28

[1] This information is derived from the Fund's financial statements, to which International Financial Reporting Standards apply.
[2] Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.
[3] $72,515 (2017: 94,184; 2016: $112,769; 2015: 134,344; 2014: $186,465) of distributions were reinvested in units under the Fund's distribution reinvestment plan. The remainder of the distributions were paid in cash.

Ratios and Supplemental Data

For the fiscal period ended December 31	2018	2017	2016	2015	2014
Net asset value (000s)[1]	$ 14,496	$ 21,537	$ 25,807	$ 28,343	$ 25,864
Number of units outstanding[1]	1,694,719	2,004,625	2,386,883	3,155,539	2,514,948
Management expense ratio ("MER")[2]	2.33%	2.08%	2.16%	2.46%	2.44%
Trading expense ratio[3]	0.04%	0.05%	0.09%	0.09%	0.11%
Portfolio turnover rate[4]	6.94%	11.72%	15.07%	14.18%	3.42%
Net asset value per Unit[1]	$ 8.55	$ 10.74	$ 10.81	$ 8.98	$ 10.28
Closing market price[1]	$ 8.39	$ 10.40	$ 10.20	$ 8.35	$ 9.62

(1) As at December 31 of the year shown

(2) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the period. Total expenses are expressed as an annualized percentage of the average net asset value during the period.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average Net Asset Value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Manager manages the Fund's 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 year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

Management Expense Ratio

The MER of the Fund was 2.33% for the year ended December 31, 2018, up from an MER of 2.08% in the year ended December 31, 2017. The increase is primarily due to the decrease in net asset value through the annual redemption of units and the unrealized losses on investments which, when paired with fixed costs, caused the MER to increase.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2018

Total Net Assets (including Cash, Short Term Investments and Other Net Assets)	$14,496,009

Portfolio Composition	% of Portfolio	% of Total Net Assets
Financial Services	20.0%	20.1%
Real Estate	11.8%	11.9%
Consumer Discretionary	9.4%	9.4%
Utilities	8.7%	8.8%
Industrial	7.7%	7.7%
Energy Infrastructure	5.5%	5.6%
Communication Services	5.3%	5.3%
Consumer Staples	5.0%	5.1%
Oil and Gas	5.0%	5.0%
Materials	4.7%	4.7%
Oil & Gas Distribution	3.5%	3.5%
Health Care	2.6%	2.6%
Cash	10.8%	10.8%
Total Investment Portfolio	100.0%	100.5%
Other Non-Debt Net Assets (Liabilities)		(0.5%)
Total Net Assets		100.0%

Top 25 Holdings*	% of Portfolio	% of Total Net Assets
Cash	10.8%	10.8%
Bank of Nova Scotia	6.8%	6.9%
Allied Properties REIT	6.3%	6.4%
Altus Group Limited	5.5%	5.6%
Manulife Financial Corporation	5.3%	5.4%
Shaw Communications Inc. Class B	5.3%	5.3%
Premium Brands Holdings Corporation	5.0%	5.1%
Northland Power Inc.	5.0%	5.1%
TD Bank Group	4.6%	4.6%
Intertape Polymer Group Inc.	4.0%	4.0%
Vermilion Energy Inc.	4.0%	4.0%
Transcontinental Inc. Class A	3.9%	4.0%
Boralex Inc.	3.7%	3.7%
Superior Plus Corp.	3.7%	3.7%
Cineplex Inc.	3.5%	3.5%
Parkland Fuel Corporation	3.5%	3.5%
Sun Life Financial Inc.	3.3%	3.3%
Keyera Corp.	3.3%	3.3%
Extendicare Inc.	2.6%	2.6%
Noranda Income Fund Class A	2.4%	2.4%
Gibson Energy Inc.	2.3%	2.3%
Chemtrade Logistics Income Fund	2.3%	2.3%
Corus Entertainment Inc. Class B	1.9%	1.9%
Bonterra Energy Corp.	1.0%	1.0%

*The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available on the Fund's website at **www.bloomfunds.ca** within 60 days of each quarter end.*

* Securities legislation requires the Fund's top 25 holdings to be presented. However, the Fund currently has less than 25 holdings.

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of Bloom Select Income Fund (the "Fund") have been prepared by Bloom Investment Counsel, Inc. (the "Manager" of the Fund) and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 4 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Manager, with the approval of its Board of Directors, has appointed the external firm of PricewaterhouseCoopers LLP as the auditor of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditor has had full and unrestricted access to the Board of Directors to discuss their findings.

Signed

M. Paul Bloom
President and Chief Executive Officer
Bloom Investment Counsel, Inc.

Signed

Fiona E. Mitra
Chief Financial Officer
Bloom Investment Counsel, Inc.

March 5, 2019

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustee of Bloom Select Income Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the 2018 Annual Report.

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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer Kelenc.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 5, 2019

STATEMENTS OF FINANCIAL POSITION

As at		December 31, 2018		December 31, 2017
Assets				
Current assets				
Investments at fair value	**$**	**13,003,194**	$	21,198,105
Cash and cash equivalents (note 6)		**1,571,277**		439,509
Dividends and distributions receivable		**62,852**		68,633
Prepaid expenses and other assets		**14,234**		20,380
Total assets		**14,651,557**		21,726,627
Liabilities				
Current liabilities				
Distributions payable to unitholders		**70,626**		83,541
Accrued liabilities (note 11)		**84,922**		105,654
Total liabilities		**155,548**		189,195
Unitholders' equity (note 7)				
Unitholders' capital		**11,670,689**		14,554,488
Retained earnings		**2,825,320**		6,982,944
Net assets representing unitholders' equity	**$**	**14,496,009**	$	21,537,432
Net assets per unit	**$**	**8.55**	$	10.74

Approved on behalf of Bloom Select Income Fund by the Board of Directors of Bloom Invesment Counsel, Inc. , the Manager and Trustee of the Fund.

Signed

M. Paul Bloom

M. Paul Bloom
Director

Signed

Beverly Lyons

Beverly Lyons
Director

The accompanying notes are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended	**December 31, 2018**	December 31, 2017
Income		
Net gain (loss) on investments		
Dividend and distribution income	**$ 767,950**	$ 937,643
Interest for distribution purposes	**15,514**	23,040
Net realized gain on sale of investments	**1,359,325**	926,442
Net change in unrealized appreciation or depreciation on investments	**(4,812,083)**	(416,157)
Total net gain (loss) on investments	**(2,669,294)**	1,470,968
Other income		
Securities lending income (note 13)	**5,835**	4,394
Total other income	**5,835**	4,394
Total income (loss)	**(2,663,459)**	1,475,362
Expenses (note 10)		
Management fees (note 11)	**261,960**	336,257
Independent Review Committee fees (note 11)	**34,569**	33,098
Unitholder reporting costs	**33,015**	25,285
Audit fees	**30,158**	28,309
Custody fees	**18,848**	16,400
Legal fees	**2,405**	1,253
Transaction costs (note 12)	**7,867**	12,035
Other administrative expenses	**65,441**	71,446
Total expenses	**454,263**	524,083
Increase (decrease) in net assets from operations	**$ (3,117,722)**	$ 951,279
Weighted average units outstanding during the year	**1,931,439**	2,294,070
Increase (decrease) in net assets from operations per unit (note 4(i))	**$ (1.61)**	$ 0.41

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2018 and 2017	**Unitholders' capital**	**Retained earnings**	**Total**
Balance at January 1, 2017	$ 18,431,233	$ 7,375,796	$ 25,807,029
Increase in net assets from operations	–	951,279	951,279
Distributions to unitholders from income		(57,336)	(57,336)
Distributions to unitholders from return of capital	(1,075,158)	–	(1,075,158)
Reinvestment of distributions	94,184	–	94,184
Redemptions of units	(2,136,184)	(991,152)	(3,127,336)
Repurchase and cancellation of units	(759,587)	(295,643)	(1,055,230)
Balance at December 31, 2017	$ 14,554,488	$ 6,982,944	$ 21,537,432
Decrease in net assets from operations	**–**	**(3,117,722)**	**(3,117,722)**
Distributions to unitholders from income	**–**	**(219,747)**	**(219,747)**
Distributions to unitholders from return of capital	**(733,922)**	**–**	**(733,922)**
Reinvestment of distributions	**72,515**	**–**	**72,515**
Redemptions of units	**(1,904,249)**	**(699,489)**	**(2,603,738)**
Repurchase and cancellation of units	**(318,143)**	**(120,666)**	**(438,809)**
Balance at Decemeber 31, 2018	**$ 11,670,689**	**$ 2,825,320**	**$ 14,496,009**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the years ended		December 31, 2018		December 31, 2017
Cash flows from operating activities				
Increase (decrease) in net assets from operations	**$**	**(3,117,722)**	$	951,279
Adjustment for:				
Net realized gain on sale of investments		**(1,359,325)**		(926,442)
Net change in unrealized appreciation or depreciation on investments		**4,812,083**		416,157
Decrease in dividends and distributions receivable		**5,781**		15,959
Decrease in prepaid expenses and other assets		**6,146**		6,527
(Increase) in accrued liabilities		**(20,732)**		(23,389)
Operating cash flows:				
Purchases of investments		**(1,229,647)**		(2,559,620)
Proceeds from sale of investments		**5,943,684**		4,427,820
Return of capital received		**28,116**		32,012
Capital gains distributions received		**–**		1,209
Net cash from operating activities		**5,068,384**		2,341,512
Cash flows used in financing activities				
Repurchase of units for cancellation		**(438,809)**		(1,055,230)
Redemptions of redeemable units		**(2,603,738)**		(3,127,336)
Distributions paid to holders of redeemable units, net of reinvestments		**(894,069)**		(1,054,221)
Net cash used in financing activities		**(3,936,616)**		(5,236,787)
Net increase (decrease) in cash and cash equivalents		**1,131,768**		(2,895,275)
Cash and cash equivalents at beginning of year (note 6)		**439,509**		3,334,784
Cash and cash equivalents at end of year (note 6)	**$**	**1,571,277**	$	439,509
Interest received	**$**	**14,336**	$	24,299
Dividends and distributions received	**$**	**773,731**	$	953,602

The accompanying notes are an integral part of these financial statements

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2018		Cost	Fair Value
No. of Units/ Shares			
	Canadian Equities		
	Communication Services		
31,000	Shaw Communications Inc. Class 'B'	$ 775,456	$ 766,010
		775,456	**766,010**
	Consumer Discretionary		
20,000	Cineplex Inc.	848,397	508,800
59,000	Corus Entertainment Inc. Class 'B'	627,152	280,840
29,700	Transcontinental Inc. Class 'A'	534,511	573,210
		2,010,060	**1,362,850**
	Consumer Staples		
9,800	Premium Brands Holdings Corporation	171,368	733,628
		171,368	**733,628**
	Energy Infrastructure		
17,700	Gibson Energy Inc.	345,722	330,636
18,500	Keyera Corp.	547,587	477,485
		893,309	**808,121**
	Financial Services		
14,600	Bank of Nova Scotia	826,219	993,530
40,200	Manulife Financial Corp.	1,006,816	778,674
10,600	Sun Life Financial Inc.	415,149	480,074
9,800	TD Bank Group	420,480	665,028
		2,668,664	**2,917,306**
	Health Care		
59,900	Extendicare Inc.	507,441	380,365
		507,441	**380,365**
	Industrial		
34,500	Intertape Polymer Group Inc.	658,244	583,740
55,500	Superior Plus Corp.	505,555	537,240
		1,163,799	**1,120,980**
	Materials		
31,300	Chemtrade Logistics Income Fund	529,673	328,024
270,800	Noranda Income Fund Class 'A'	1,098,624	352,040
		1,628,297	**680,064**
	Oil and Gas		
23,000	Bonterra Energy Corp.	1,062,723	148,580
20,200	Vermilion Energy Inc.	924,497	580,952
		1,987,220	**729,532**
	Oil and Gas Distribution		
14,300	Parkland Fuel Corp.	370,672	505,362
		370,672	**505,362**
	Real Estate		
20,800	Allied Properties REIT	586,465	921,856
34,000	Altus Group Ltd.	256,321	804,780
		842,786	**1,726,636**
	Utilities		
32,000	Boralex Inc.	471,354	538,880
33,800	Northland Power Inc.	565,469	733,460
		1,036,823	**1,272,340**
	Total Canadian equities	**$ 14,055,895**	**$ 13,003,194**
	Embedded broker commissions	**(18,009)**	
	Total investments	**$ 14,037,886**	**$ 13,003,194**

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1. GENERAL INFORMATION
Bloom Select Income Fund (the "Fund") is a closed-end investment trust established under the laws of the province of Ontario pursuant to a declaration of trust dated March 22, 2012. The declaration of trust was amended and restated as of October 23, 2015 at the time of the Fund's merger with Bloom Income & Growth Canadian Fund. The Fund is listed on the Toronto Stock Exchange ("TSX") under the symbol BLB.UN and commenced operations on April 20, 2012. The address of the Fund's principal place of business is 150 York Street, Toronto, Ontario. The Fund invests in equity securities of Canadian companies. The financial statements are presented in Canadian dollars.

The Fund's investment objectives are to provide unitholders with an investment in an actively managed portfolio comprised primarily of Canadian equity securities that exhibit low volatility at the time of investment, monthly cash distributions that have a large component of Canadian eligible dividends, and the opportunity for capital appreciation.

The manager and trustee of the Fund is Bloom Investment Counsel, Inc. (the "Manager"). CIBC Mellon Trust Company is the custodian of the Fund and CIBC Mellon Global Securities Services Company is the administrator of the Fund.

These financial statements were authorized for issue by the Manager on March 5, 2019.

2. BASIS OF PRESENTATION
These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit and loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the funds significant accounting policies. Actual results could differ from those estimates.

3. ADOPTION OF NEW ACCOUNTING STANDARD
Effective January 1, 2018, the Fund adopted IFRS 9 Financial Instruments – Classification and Measurement ("IFRS 9"). The new standard requires financial instruments to be recognized initially at their fair value and then classified as subsequently measured at amortized cost, measured at fair value with changes in fair value taken through other comprehensive income or measured at fair value with changes in fair value recognized in profit and loss ("FVTPL") based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment. IFRS 9 also introduces a new expected credit loss impairment model.

The adoption of IFRS 9 has been applied retrospectively and did not result in a change to the measurement of financial instruments, in either the current or prior year.

The portfolio of investments is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess performance and to make decisions. The Fund's financial assets and liabilities previously classified as FVTPL continue to be classified as FVTPL. The Fund holds investments which had previously been designated at FVTPL. On adoption of IFRS 9 these investments are mandatory classified as FVTPL.

Other financial assets which were held for collection will continue to be measured at amortized cost. The classification and measurement of financial liabilities remain generally unchanged and they continue to be measured at amortized cost. There was no material impact from the application of the new credit impairment model.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
a) Financial instruments

The Fund's financial instruments include, where applicable, investments, cash and cash equivalents, dividends and distributions receivable, receivable for investments sold, payable for investments purchased, distributions payable to unitholders, accrued liabilities, and redemptions payable.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 (continued)

The Fund recognizes, classifies and measures financial instruments in accordance with IFRS 9.

The Fund recognizes financial instruments at fair value, plus transaction costs in the case of financial instruments measured at amortized cost, upon initial recognition. Purchases and sales of financial instruments are recognized on their respective trade dates.

The Fund's investments are measured at FVTPL. All other financial instruments are measured at amortized cost (which is the amount to be received or paid, discounted where appropriate at the contract's effective interest rate). Amortization and changes in fair value are recognized in the Statements of Comprehensive Income.

b) 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.

The fair value of financial assets traded in active markets (which includes the Fund's investments) is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for investment valuation where that price falls between the latest bid and ask prices. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The Fund classifies fair value measurements within a hierarchy as described in note 14(h). The Fund recognizes transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

c) Impairment of financial assets at amortized cost

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

d) Derecognition of financial assets and liabilities

The Fund derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership are transferred, or in which these risks and rewards are neither transferred nor retained but the Fund does not retain control of the asset. On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received is included in the Statements of Comprehensive Income. The Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Fund enters into securities lending transactions in which it lends investments to counterparties, but since the Fund retains all of the risks and rewards of ownership, the investments are not derecognized. Collateral pledged by the counterparty to a securities lending transactions is not recognized as the Fund does not accept the risks and rewards of ownership of that collateral.

e) Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position only when the Fund has a legal right to offset the amounts and it intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, e.g. for gains and losses arising from a group of similar transactions, such as realized gains and losses on investments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 (continued)

f) Cash and cash equivalents

Cash and cash equivalents consist of deposits with financial institutions and short-term debt instruments with maturities of less than three months from the date of acquisition that are highly liquid, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

g) Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend and distribution income are recognized when the right to receive payment is established, which is generally on the ex-dividend or ex-distribution date. Interest for distribution purposes shown in the Statements of Comprehensive Income represents coupon interest received by the Fund and is recognized on a time-proportionate basis. Interest income includes interest from cash and cash equivalents. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis.

h) Foreign exchange

The functional and presentation currency of the Fund is the Canadian dollar. Amounts received by the Fund on an offering of its units and amounts payable on redemption are received or paid in Canadian dollars. Any currency other than the Canadian dollar represents foreign currency to the Fund. Purchases and sales of investments in foreign currencies are translated into the Fund's functional currency using the exchange rate prevailing on the trade date. Income on foreign investments is translated at the prevailing exchange rate on the transaction date. The quoted fair value of investments and other assets and liabilities denominated in foreign currencies is translated at the period-end exchange rate.

i) Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit represents the increase (decrease) in net assets from operations for the period divided by the weighted average number of units outstanding during the period.

j) Distributions

Income and net realized capital gains (reduced by loss carryforwards, if any) earned by the Fund are distributed to participants through a regular monthly distribution. Any excess income and net realized capital gains not so distributed during the year are distributed in December of each year to unitholders. Any excess of regular monthly distributions over actual income and net realized capital gains is characterized as a return of capital. Any distributable net realized capital gains in a year may be allocated for tax purposes to redeeming unitholders in that year, as permitted by the Fund's declaration of trust.

k) Transaction costs on investment transactions

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

l) Classification of redeemable units

The Manager is required by IAS 32, Financial Instruments: Presentation ("IAS 32") to assess whether the redeemable units represent a liability of the Fund or equity of the Fund. The Fund does not have any obligation, other than on redemption of the units, to deliver cash or other financial instruments to the unitholders, since the Fund may pay its regular monthly distributions and any distributions it is required by its Declaration of Trust to make sure that it does not become liable for income tax, in units rather than cash. Total expected cash flows attributable to the units over their lives are based substantially on net income, the change in net assets or the change in the fair value of assets over that time. As a result of these facts, the redeemable units meet the criteria of IAS 32 to be classified as equity.

m) Net assets per unit

The net assets per unit is calculated by dividing the net assets representing unitholders' equity by the total number of units outstanding at the end of the period.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (continued)

5. TAXATION
The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and accordingly is subject to income tax on its income, including net realized capital gains, which is not paid or payable to the Fund's unitholders, less any income that can be retained by the use of tax credits available to the Fund. The Fund's taxation year end is December 31. No provision for income taxes has been recorded in the accompanying financial statements as the Fund has determined that it is in substance not taxable since all net income and net realized capital gains of the Fund for the year are distributed to the unitholders to the extent necessary to reduce income taxes payable to nil.

Since the Fund does not record income taxes, the tax assets or liabilities related to capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as a deferred income tax asset or liabilities.

Non-capital loss carry forwards may be applied against future years' taxable income, and may be carried forward for 20 years from the year in which they are realized. As at December 31, 2018, the Fund had no non-capital losses carried forward (December 31, 2017 – nil). Capital losses incurred by the Fund may be carried forward indefinitely to apply against capital gains realized in future years. As at December 31, 2018, the Fund had $884,667 capital losses available for carryforward (December 31, 2017 – $1,663,003).

6. CASH AND CASH EQUIVALENTS
The Fund's cash and cash equivalents as at December 31, 2018 and 2017 comprised the following:

	December 31, 2018	December 31, 2017
Cash	**574,989**	439,509
Cash equivalents	**996,288**	–
	1,571,277	439,509

Cash equivalents at December 31, 2018 comprised:

Type	**Issuer**	**DBRS, credit rating of issuer**	**Par value $**	**Maturity date**	**Coupon**	**Fair value $**
Banker's acceptance	TD Bank Group	AA / R-1 / Stable	1,000,000	March 5, 2019	2.16%	996,288

7. UNITHOLDERS' EQUITY
The Fund is authorized to issue an unlimited number of a single class of transferable and redeemable units each of which represents an equal, undivided interest in the net asset value ("NAV") of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund.

Units may be surrendered for redemption annually at the option of the unitholder during the period from September 15 until 5.00 p.m. (Toronto time) on the last business day in September, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption will be redeemed on the second last business day in October of each year (the Annual Redemption Date) and the redeeming unitholder will receive a redemption price per unit equal to 100% of the NAV per unit as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption. For the purpose of calculating the NAV used in connection with the redemption of units, the value of the securities held by the Fund will be equal to the weighted average trading price of such securities over the last three business days preceding the Annual Redemption Date.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (continued)

If a significant number of units are redeemed, the trading liquidity of the units could be significantly reduced. In addition, the expenses of the Fund would be spread among fewer units resulting in a potentially lower distribution per unit. The Manager has the ability to terminate the Fund if, in its opinion, it would be in the best interests of the unitholders to do so. The Manager may also suspend the redemption of units in certain circumstances.

The 2018 annual redemption took place on October 30, 2018 and consisted of 272,777 units for redemption proceeds of $2,603,738 payable on November 20, 2018 (2017 – annual redemption on October 30, 2017 of 289,840 units for redemption proceeds of $3,127,336 payable on November 20, 2017).

The Fund has received approval from the TSX for normal course issuer bid ("NCIB") programs between specified dates, allowing the Fund to purchase units for cancellation on the TSX if they trade below NAV per unit. The maximum number of units which can be purchased and cancelled is specified for each NCIB. Units purchased and cancelled by the Fund for the years ended December 31, 2018 and 2017 were as follows:

				Units purchased and cancelled	
Approval date	**Start date**	**End date**	**Maximum units**	**2018**	2017
May 19, 2016	May 24, 2016	May 23, 2017	292,752	**–**	36,200
May 18, 2017	May 24, 2017	May 23, 2018	217,623	**27,400**	65,000
May 18, 2018	May 24, 2018	May 23, 2019	179,729	**17,000**	—
				44,400	101,200

Unit transactions of the Fund for the years ended December 31, 2018 and 2017 were as follows:

	2018	2017
Units outstanding at beginning of year	**2,004,625**	2,386,883
Reinvestment of distributions	**7,271**	8,782
Redemption of units	**(272,777)**	(289,840)
Repurchase and cancellation of units	**(44,400)**	(101,200)
Units outstanding at end of year	**1,694,719**	2,004,625

The closing market price of the Fund's units on December 31, 2018 was $8.39 (December 31, 2017: $10.40).

8. CAPITAL MANAGEMENT

Units issued and outstanding are considered to be the capital of the Fund. The Fund's capital therefore comprises net assets of $14,496,009 (December 31, 2017 – $21,537,432). The Fund's objectives in managing its capital are to provide unitholders with monthly cash distributions and the opportunity to participate in gains in the value of the investment portfolio. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing if applicable, or purchase units for cancellation.

9. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared on the Fund's behalf by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month, payable by the fifteenth business day of the following month. For the year ended, December 31, 2018, the Fund declared total distributions of $0.50 (2017 – $0.50) per unit, which amounted to $953,669 (2017 – $1,132,494). Under the Fund's distribution reinvestment plan ("DRIP"), unitholders may elect to reinvest monthly distributions in additional units of the Fund which are issued from treasury. In the year ended December 31, 2018, distributions of $72,515 were reinvested in 7,271 units of the Fund which were issued from treasury (year ended December 31, 2017 – distributions of $94,184 were reinvested in 8,782 units of the Fund which were issued from treasury).

In conjunction with the annual redemption described in note 7, the Fund made distributions of capital gains to redeeming unitholders in the amount of $616,290 (2017 – $370,654).

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (continued)

10. EXPENSES

Management fees and other reasonable expenses incurred in the operations of the Fund are charged as expenses in the Statements of Comprehensive Income of the Fund, and include expenses paid by the Manager on behalf of the Fund and subsequently recharged to the Fund as described in note 11.

The Fund pays for all other expenses incurred in connection with the operation and administration of the Fund, including: all costs of portfolio transactions, fees payable to third party services providers, custodial fees, legal, accounting, audit and valuation fees and expenses, expenses of the members of the Independent Review Committee (“IRC”), expenses related to compliance with National Instrument 81-107, fees and expenses relating to the voting of proxies by a third party, costs of reporting to unitholders, registrar, transfer and distribution agency costs, printing and mailing costs, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, taxes, brokerage commissions, costs and expenses relating to the issue of units of the Fund, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies and all amounts paid on account of indebtedness.

11. RELATED PARTY TRANSACTIONS

In accordance with the Declaration of Trust, the Manager is entitled to an annual management fee of 1.25% per annum of the Net Asset Value (“NAV”) of the Fund, calculated weekly and paid monthly in arrears.

For the year ended December 31, 2018 the Fund expensed management fees of $261,960 (2017 – $336,257). As at December 31, 2018, the Fund had management fees payable of $16,647 (December 31, 2017 – $24,543) included in accrued liabilities.

On an ongoing basis, the Manager pays on behalf of the Fund, and subsequently recharges to the Fund, certain expenses of the Fund. For the year ended December 31, 2018 the Fund expensed IRC fees of $34,569 (2017 – $33,098) and legal fees of $211 (2017 – $730), as well as unitholder information costs of $20,929 (2017 – $17,072) and premiums for insurance coverage for members of the IRC of $1,549 (2017 – $329) (both included in ‘other administrative expenses’) which were paid and recharged by the Manager. As at December 31, 2018 the Fund owed the Manager $2,557 for recharged expenses (December 31, 2017 – $1,492) included in accrued liabilities.

Units held by the Manager and its affiliates represent 11.1% of the units outstanding at December 31, 2018 (December 31, 2017 – 9.3%).

12. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

During the year ended December 31, 2018 the Fund paid $7,867 (2017 – $12,035) in brokerage commissions and other transaction costs for portfolio transactions. There are no soft dollar commissions.

13. SECURITIES LENDING

The Fund has entered into a securities lending program with CIBC Mellon Global Securities Services Company, (as administrator), which has a DBRS credit rating of AA / R-1 / Positive and a Moody’s credit rating of A1 / P-1 / Stable, and BNY Mellon (as lending agent), which has DBRS credit rating of AA / R-1 / Stable and a Moody’s credit rating of Aa1 / P-1 / Stable. Securities lending transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities and collateral on a specified future date. Income is earned in the form of fees paid by the counterparty and is recognised on the accrual basis in the Statements of Comprehensive Income. The Fund retains the risks and rewards of ownership of the securities loaned, and therefore these securities do not qualify for derecognition and therefore remain in the Statements of Financial Position of the Fund during the loan period. The risks and rewards of ownership include any gains or losses in market value of the securities, the ability to sell the securities, and any dividends or distributions on the securities for which the ex-dividend dates fall within the loan period.

The Fund receives collateral of at least 102% of the value of securities on loan. Should a borrower default on a securities loan, the Fund is entitled to the associated collateral. The Fund is not exposed to the risks and rewards of ownership of the collateral therefore the collateral is not included in the Fund’s Statements of Financial Position. Collateral may comprise: debt that is issued or guaranteed by the Government of Canada or a province thereof, by the Government of the United States of America or of one of the states of the United States of America or of a sovereign state of the G7 countries, or of Austria, Belgium, Denmark, Finland, the Netherlands, Spain, Sweden, Switzerland, or a permitted supranational agency of Organisation for Economic Coordination and Development countries; debt that is issued or guaranteed by a financial institution whose short-term debt is rated A-1 or R-1 or equivalent and includes bankers acceptances, banker bearer deposit notes, or irrevocable letters of credit; corporate debt or corporate commercial paper; or convertible securities.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (continued)

The aggregate fair value of securities loaned (which equals their carrying amount) and the aggregate fair value of the collateral under securities lending transactions as at December 31, 2018 and 2017 are as follows:

2018		2017	
Fair value of securities loaned	**Fair value of collateral**	Fair value of securities loaned	Fair value of collateral
$547,247	**$574,624**	$2,597,056	$2,729,677

As at December 31, 2018 and 2017, the collateral consisted of debt that is issued or fully and unconditionally guaranteed as to the principal and interest by government of Canada or a province of Canada.

The table below sets out a reconciliation of the gross amounts generated from securities lending transactions to the securities lending income disclosed in the Statements of Comprehensive Income for the years ended December 31, 2018 and 2017:

	2018		2017	
	$	**% of gross income**	$	% of gross income
Securities lending income	**5,835**	**70.0%**	4,394	70.0%
Agent fees paid to the lending agent	**2,499**	**30.0%**	1,882	30.0%
Gross securities lending income	**8,334**		6,276	

14. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

a) Risk factors
The Fund's investment activities expose it to a variety of risks associated with financial instruments.

The Manager seeks to maximize the returns derived for the level of risk to which the Fund is exposed and to minimize potential adverse effects on the Fund's performance by employing professional and experienced portfolio managers, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objectives and restrictions. The Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment objectives and restrictions, internal guidelines and securities regulations.

b) Credit risk
The Fund is exposed to credit risk, which 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 Fund. The carrying amount of the Fund's assets represents the maximum credit risk exposure as at December 31, 2018 and 2017.

All transactions in listed securities are settled upon delivery using approved brokers. The trade will fail if either party fails to meet its obligations. 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 Fund enters into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities at a future date. All counterparties are subject to a stringent examination of creditworthiness which includes a financial assessment of the company, a review of qualitative factors including management and corporate governance, comparison to similar companies and consideration of ratings assigned by external ratings agencies, and the value of collateral must be at least 102% of the fair value of the securities loaned. Therefore credit risk associated with these transactions is considered minimal.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018 (continued)

The Fund limits its exposure to credit loss by dealing with counterparties, including the lending agent and the issuers of short-term debt instruments, of high credit quality (see notes 6 and 13). To maximize the credit quality of its investments, the Fund's Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information. Given that the Fund is primarily invested in equities, credit risk is not considered significant.

c) Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The Manager aims to moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy. The Fund's investment objectives include the requirement that its portfolio securities must exhibit low price volatility at the time of purchase, which may further reduce other price risk. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to price risk from its investment in income trusts and equity securities. As at December 31, 2018, had the prices of these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately $1,300,319 (December 31, 2017 – $2,119,811) or 9.0% (December 31, 2017 – 9.8% of total net assets). In practice, the actual results may differ and the impact could be material.

d) Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities and its redeemable units. The Fund is exposed to liquidity risk through the annual redemption of its units, because there may be insufficient trade volumes in the markets for the securities of the Fund or because the securities may be subject to legal or contractual restrictions on their resale. The Fund receives notice of at least 22 business days prior to the date of redemption of units and has up to 15 business days after the redemption date to settle the redemptions, which provides the Manager time to liquidate securities to fund the redemptions, although there remains a risk that the required funds cannot be obtained. All of the liabilities of the Fund mature in six months or less. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. The Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

e) Interest rate risk
Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to interest rate risk on its short-term debt instruments. Fluctuations in interest rates have a direct effect on the Fund's ability to earn interest income. As at December 31, 2018 and 2017, the Fund had no significant exposure to interest rate risk due to the short term nature of its short-term debt instruments, which had maturities of less than three months.

f) Currency risk
Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies. As at December 31, 2018 and 2017, the Fund had no direct exposure to currency risk since none of its financial instruments were denominated in foreign currencies.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 (continued)

g) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk, expressed in terms of percentage of net assets invested by sector, as at December 31:

Market Segment	2018	2017
Communication Services	**5.3%**	–
Consumer Discretionary	**9.4%**	16.0%
Consumer Staples	**5.1%**	8.8%
Energy Infrastructure	**5.6%**	11.6%
Financial Services	**20.1%**	13.9%
Health Care	**2.6%**	2.5%
Industrial	**7.7%**	10.4%
Materials	**4.7%**	4.7%
Oil and Gas	**5.0%**	5.9%
Oil & Gas Distribution	**3.5%**	1.8%
Real Estate	**11.9%**	10.7%
Telecommunication Services	**–**	4.1%
Utilities	**8.8%**	8.1%

h) Fair value hierarchy

The Fund classifies fair value measurements within a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and

Level 3 Inputs that are unobservable. The determination of fair value require significant management judgment or estimation.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy table presents information about the Fund's financial instruments measured at fair value as of December 31, 2018 and 2017:

December 31, 2018

	Level 1	Level 2	Level 3	Total
Equities	**$ 13,003,194**	**$ –**	**$ –**	**$ 13,003,194**
	$ 13,003,194	**$ –**	**$ –**	**$ 13,003,194**

December 31, 2017

	Level 1	Level 2	Level 3	Total
Equities	$ 21,198,105	$ –	$ –	$ 21,198,105
	$ 21,198,105	$ –	$ –	$ 21,198,105

There were no transfers between the levels during the years ended December 31, 2018 and 2017.

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