



MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

## **BLOOM SELECT INCOME FUND**

## **ANNUAL INFORMATION FORM**

**Units**

**For the financial year ended December 31, 2023**

**March 11, 2024**

## **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 expectations of the Manager (as defined herein) regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “should”, “will”, and similar expressions have been used to identify these forward-looking statements. These statements reflect the Manager’s current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties.

In particular, this annual information form may contain forward-looking statements pertaining to distributable cash and distributions. 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 the Manager believes to be reasonable assumptions, no assurance can be given 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 and the Manager assumes no obligation to update or revise them to reflect new events or circumstances.

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## GLOSSARY OF TERMS

In this Annual Information Form, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**Additional Distribution**” has the meaning ascribed thereto in section 3.2 of this Annual Information Form.

“**Annual Redemption Amount**” means a redemption price per Unit surrendered for redemption on the Annual Redemption Date that is 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 provided, however, that for the purpose of calculating NAV used in connection with a 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.

“**Annual Redemption Date**” means the second last Business Day of October of each year.

“**Applicable Law**” means in respect of any person, property, transaction or event, all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that person, property, transaction or event and, whether or not having the force of law, all applicable requirements, requests, official directives, rules, consents, approvals, authorizations, guidelines, orders and policies of any governmental authority having or purporting to have authority over that person, property, transaction or event.

“**Business Day**” means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

“**CDS**” means CDS Clearing and Depository Services Inc., or its nominee, as applicable.

“**CDS Participant**” means a participant in CDS.

“**Circular**” has the meaning ascribed thereto in section 1.0 of this Annual Information Form.

“**Class**” has the meaning ascribed thereto in section 3.1 of this Annual Information Form.

“**Class Expenses**” in respect of any Class means the expenses of the Fund that are only charged to that Class.

“**Common Expenses**” means those expenses of the Fund other than Class Expenses.

“**Common Unit**” means a transferable common unit of the Fund following Conversion.

“**Conversion**” means the conversion of the Fund to an open-ended mutual fund, including an exchange traded fund, as described in section 3.4 of this Annual Information Form.

“**CRA**” means the Canada Revenue Agency.

“**Custodian**” means CIBC Mellon Trust Company in its capacity as custodian under the Custodian Agreement, as appointed from time to time by the Trustee.

“**Custodian Agreement**” means the master custodian agreement entered into by the Fund and the Custodian and certain of its affiliates as of April 20, 2012, as it may be amended from time to time.

**“Declaration of Trust”** means the declaration of trust governing the Fund, as it may be amended, restated or modified from time to time, as described in sections 1.0 and 1.1 of this Annual Information Form.

**“Distribution Date”** means a date on which the Fund makes a distribution, which date shall be within 15 Business Days following each Record Date for Distribution.

**“Equity Repurchase Rules”** has the meaning ascribed thereto in section 14.2 of this Annual Information Form.

**“Extraordinary Resolution”** means a resolution passed by the affirmative vote of at least 66<sup>2/3</sup>% of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

**“Fund”** means Bloom Select Income Fund.

**“Fund Property”** means the property and assets of the Fund.

**“Income Tax Act”** means the *Income Tax Act* (Canada), or successor statutes, and the regulations promulgated thereunder, as now or hereafter amended.

**“Investment Objectives”** means the investment objectives of the Fund as set forth in the Declaration of Trust as described in section 1.1.1 of this Annual Information Form.

**“Investment Policy”** means the Investment Objectives, Investment Strategies and Investment Restrictions.

**“Investment Strategies”** means the investment strategies of the Fund as set forth in the Declaration of Trust as described in section 1.1.2 of this Annual Information Form.

**“Investment Restrictions”** means the investment restrictions of the Fund as set forth in the Declaration of Trust, as described in section 2.0 of this Annual Information Form.

**“IRC”** means the independent review committee established by the Manager for the Fund pursuant to NI 81-107.

**“Management Agreement”** means any agreement respecting the management and administration of the Fund between the Trustee and a third party appointed by the Trustee to act as manager of the Fund, as it may be amended from time to time and until the Trustee appoints such third party, shall mean the provisions of the Declaration of Trust pursuant to which the Manager will perform management functions for the Fund.

**“Management Fee”** means the fee payable to the Manager pursuant to the Declaration of Trust, as described in section 8.1.1 of this Annual Information Form.

**“Manager”** means the manager of the Fund, Bloom Investment Counsel, Inc., and any successor thereto or assignee thereof.

**“Net Asset Value”** or **“NAV”** means, at any time, the net asset value of the Fund determined in accordance with section 5.0 of this Annual Information Form.

**“Net Asset Value per Unit”** or **“NAV per Unit”** means the net asset value divided by the number of Units then outstanding.

**“Net Change in Non-Portfolio Assets”** means:

- (i) the aggregate of all income accrued by the Fund on a Valuation Date, including any cash dividends, distributions, interest and compensation; plus or minus
- (ii) any change in the value of any non-portfolio assets or liabilities stated in any foreign currency accrued on that Valuation Date, including any cash, accrued dividends, interest, receivables or payables; plus or minus
- (iii) any gain or loss resulting from transfers of currencies accrued on that Valuation Date; and plus or minus any other items accrued on that Valuation Date determined by the Manager to be relevant in determining the Net Change in Non-Portfolio Assets.

“**Net Portfolio Transactions**” means the impact of portfolio transactions and the adjustments to the assets of the Fund as a result of a stock dividend, stock split or other corporate act recorded on that Valuation Date.

“**NI 41-101**” means National Instrument 41-101 *General Prospectus Requirements* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-102**” means National Instrument 81-102 *Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Notice Period**” means the period from September 15<sup>th</sup> until 5:00 p.m. (Toronto time) on the last Business Day in September of each year.

“**Ordinary Resolution**” means a resolution passed by the affirmative vote of at least 50% of the votes cast either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**Plan Agent**” means TSX Trust Company in its capacity as plan agent under the Reinvestment Plan.

“**Plan Trust**” has the meaning ascribed thereto in section 11.0 of this Annual Information Form.

“**Portfolio**” means the portfolio of the Fund comprised of Portfolio Securities, the securities of which are to be acquired and adjusted by the Fund in accordance with the Investment Policy.

“**Portfolio Manager**” means the initial portfolio manager, Bloom Investment Counsel, Inc., appointed pursuant to the Declaration of Trust or such other portfolio manager as may be appointed from time to time by the Manager on behalf of the Fund.

“**Portfolio Securities**” means the securities acquired and managed by the Fund, comprised of publicly listed or traded Canadian securities, including dividend paying common equity securities, units of income trusts, REITs, and limited partnerships, preferred and debt securities, non-dividend paying equities, and foreign securities.

“**Record Date for Distribution**” means, prior to the Conversion, the last Business Day of each month, commencing in May 2012 and, after the Conversion, such date as determined by the Manager.

“**Reinvestment Plan**” means the distribution reinvestment plan adopted by the Fund that commenced with the July 31, 2012 Distribution Date.

“**REITs**” means real estate investment trusts.

“**SIFT Rules**” means the provisions of the Income Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership” as those terms are defined in the Income Tax Act.

“**Tax Proposals**” means all specific proposals to amend the Income Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

“**Termination Date**” means the date the Fund is terminated pursuant to the Declaration of Trust as described in section 3.5 of this Annual Information Form.

“**Total Assets**” means the aggregate value of the assets of the Fund calculated in accordance with the Declaration of Trust as described in section 4.0 of this Annual Information Form.

“**Trustee**” means Bloom Investment Counsel, Inc., in its capacity as trustee under the Declaration of Trust.

“**TSX**” means the Toronto Stock Exchange.

“**Unitholders**” means the holders of the Units.

“**Units**” means transferable, redeemable trust units of the Fund, each Unit representing the proportionate interest of a Unitholder in the capital of the Fund.

“**Valuation Date**” means Thursday of each week and the last Business Day of each month and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value and Net Asset Value per Unit.

“**Valuation Time**” means 4:00 p.m. (Toronto time), or such other time as the Manager deems appropriate, on each Valuation Date.



## **1.0 NAME, FORMATION AND HISTORY**

Bloom Select Income Fund is a closed-end investment trust with a registered office located at Suite 1710, Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario M4P 1E4. The Fund was established under the laws of the Province of Ontario pursuant to a declaration of trust dated March 22, 2012, as amended and restated effective March 7, 2014 and as further amended and restated effective October 23, 2015 (the “Declaration of Trust”).

On October 23, 2015, Unitholders approved amendments to the Declaration of Trust, including: (i) amendments allowing for conversion to an open-ended mutual fund trust, including an exchange-traded fund, in certain circumstances, (ii) amendments allowing for termination of the Fund in the event that the Fund’s Net Asset Value falls beneath \$15 million for 10 consecutive Business Days, and (iii) such changes as necessary to effect the merger of the Fund with Bloom Income & Growth Canadian Fund, all as set out in the Fund’s information circular dated August 21, 2015 (the “Circular”), which can be found under the Fund’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Effective September 22, 2014, the Fund became subject to the requirements of NI 81-102. Accordingly, the terms of any agreements entered into prior to September 2014, should be considered in conjunction with NI 81-102.

### **1.1 Declaration of Trust**

#### **1.1.1 Investment Objectives**

The Declaration of Trust provides that the Investment Objectives of the Fund are to provide Unitholders with an investment in an actively managed portfolio comprised mainly 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.

#### **1.1.2 Investment Strategies**

The Fund invests its assets in an actively managed, diversified portfolio comprised of Portfolio Securities. During the Fund’s inception period, the Portfolio Manager built a portfolio comprised primarily of high distribution securities such as TSX-listed eligible high dividend paying common equity securities, income trusts and REITs, focusing on undervalued investments that are less volatile (with a lower Beta) than the TSX as a whole; that is, they possessed a Beta of less than 1 at the time of investment. However, the Manager may continue to hold securities that do not maintain a Beta of less than 1.

Volatility is a measure of the historical variation in the return of a financial instrument observed over a specific period of time or the relative rate at which the price of a security moves up and down and is generally used to assess the risk of an investment for variation of price of a security over time. Generally, if the price of a stock moves up and down rapidly over short time periods, it has high volatility, whereas if the price almost never changes, it has low volatility.

Beta is a measure of volatility of a security in comparison to the market as a whole. It reflects the tendency of a security’s returns to respond to changes in the market. A Beta of 1.0 indicates that the security’s price has historically moved with the market. A Beta of less than 1.0 means that the security has historically been less volatile than the market. A Beta of greater than 1.0 indicates that the security’s price has historically been more volatile than the market. Beta information is obtained from a nationally recognized data service provider selected by the Manager.

The Portfolio Manager may supplement the portfolio with preferred securities and, to a lesser extent, debt securities, non-dividend paying equities and foreign securities in order to enhance the Fund's ability to seek to maintain a high level of monthly distributions along with the opportunity for capital growth.

The Fund does not intend to borrow money or employ other forms of leverage to acquire Portfolio Securities. However, the Fund may employ leverage for a limited time in an amount up to 20% of the net assets of the Fund determined at the time of borrowing in connection with funding redemptions. Accordingly, at the time of borrowing, the maximum amount of leverage that the Fund could employ is 1.20:1. The Fund will repay such indebtedness within 90 days following the Annual Redemption Date in respect of which the indebtedness has been incurred.

### **1.1.3 General**

The Declaration of Trust also provides for the administration of the Fund and governs matters including, without limitation, the powers of the Trustee, the issue and sale of Units, the registration and transfer of Units, the redemption and repurchase of Units, distributions to Unitholders, the provision of management and administration, investment management and custodial services to the Fund, the limitation on the liability of the Unitholders, the Trustee and other parties, and the termination of the Fund.

Bloom Investment Counsel, Inc. is the Manager, Portfolio Manager and Trustee of the Fund, CIBC Mellon Trust Company is the custodian of the assets of the Fund, and TSX Trust Company is the transfer agent and registrar of the Fund.

## **2.0 INVESTMENT RESTRICTIONS**

The Fund is a non-redeemable investment fund and is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. While the Fund is subject to the standard investment fund restrictions and practices contained in securities legislation, including NI 81-102, it is not subject to all of the investment restrictions and operating policies that apply to mutual funds under such legislation. These are designed in part to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund is managed in accordance with such applicable requirements and restrictions as well as the Investment Restrictions set out in the Declaration of Trust.

The Investment Restrictions set out in the Declaration of Trust, subject to any additional or supplemental investment restrictions contained in applicable securities legislation, provide that the Fund may not:

- (i) acquire a security that has a Beta equal to or greater than 1.0 at the time of investment. However, the Manager may continue to hold securities that do not maintain a Beta of less than or equal to 1.0;
- (ii) invest more than 10% of the Total Assets in the securities of any single issuer, other than securities issued or guaranteed by the Government of Canada or a province or territory thereof;
- (iii) purchase a security of an issuer for the purpose of exercising control over, or management of such issuer;
- (iv) invest more than 10% of Total Assets in "illiquid assets" as such term is defined in NI 81-102;

- (v) borrow or enter into leverage transactions except in connection with the funding of redemptions and then only in respect of amounts not exceeding 20% of NAV of the Fund determined at the time such leverage is obtained;
- (vi) for a period of more than 90 days have less than 80% of NAV of the Fund invested in cash, money market instruments or publicly listed or traded securities of issuers domiciled in Canada, including dividend paying common equity securities, income trusts, REITs, and limited partnerships;
- (vii) guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Fund and in compliance with the provisions of Applicable Law (including, without limitation, NI 81-102);
- (viii) purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or any of its affiliates, any officer, director or shareholder of the Manager, any person, trust, firm or corporation managed by the Manager or any of its affiliates or any firm or corporation in which any officer, director or shareholder of the Manager may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities, pursuant to a non-pre-arranged trade, and the purchase price approximates the prevailing market price or is approved by the IRC;
- (ix) own securities of an issuer if as a result of such ownership the Manager would, either directly or indirectly, hold or exercise control or direction over greater than 19.99% of the securities of such issuer, subject to NI 81-102 which currently provides that the Fund may not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than 10% of (a) the votes attaching to the outstanding voting securities of such issuer, or (b) the outstanding equity securities of such issuer;
- (x) engage in securities lending that does not constitute a “securities lending arrangement” for purposes of the Income Tax Act;
- (xi) invest in or hold (A) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Income Tax Act, (B) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to the rules in section 94.2 of the Income Tax Act, or (C) any interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” for the purposes of section 94 of the Income Tax Act;
- (xii) invest in any security that is a “tax shelter investment” within the meaning of section 143.2 of the Income Tax Act;
- (xiii) invest in any security of an issuer that would be a “foreign affiliate” of the Fund for purposes of the Income Tax Act;

- (xiv) make or hold any investments that would result in the Fund itself being subject to the SIFT Rules;
- (xv) make any investment or conduct any activity that would result in the Fund failing to qualify as a “unit trust” or a “mutual fund trust” within the meaning of the Income Tax Act. Under the current statutory definition of a “unit trust” in the Income Tax Act, among other requirements:
  - A. at least 80% of the property of the Fund, at all times, must consist of any combination of (a) shares, (b) any property that, under the terms or conditions of which or under an agreement, is convertible into, is exchangeable for or confers a right to acquire shares, (c) cash, (d) bonds, debentures, mortgages, hypothecary claims, notes and other similar obligations, (e) marketable securities, (f) real property situated in Canada and interests in such real property, or immovables situated in Canada and real rights in such immovables, and (g) rights to and interests in – or, for civil law, rights in or to – any rental or royalty computed by reference to the amount or value of production from a natural accumulation of petroleum or natural gas in Canada, from an oil or gas well in Canada or from a mineral resource in Canada;
  - B. not less than 95% of the income from the Fund (determined without reference to subsections 39(2), 49(2.1) and 104(6) of the Income Tax Act) for each year must be derived from, or from the disposition of, investments described in (A) above; and
  - C. not more than 10% of the property of the Fund may consist of bonds, securities or shares in the capital stock of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality; and
- (xvi) acquire or hold any property that would be “taxable Canadian property” if the definition of that term in the Income Tax Act were read without reference to paragraph (b) of such definition.

If a percentage restriction on investment or use of assets or borrowing or financing arrangements set forth above as an investment restriction is adhered to at the time of the transaction, later changes to the market value of the investment or Total Assets will not be considered a violation of the investment restrictions (except for the restrictions in paragraphs (ii), (iii), (xiv) and (xv) above which must be complied with at all times and which may necessitate the selling of investments from time to time). If the Fund receives from an issuer subscription rights to purchase securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund’s holdings of securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of securities of that issuer on exercise of these rights, the Fund has sold at least as many securities of the same class and value as would result in the restriction being complied with.

Following the Conversion, the investment restrictions of the Fund will remain substantially similar as described above, except as may be necessary to comply with Applicable Law.

### 3.0 DESCRIPTION OF SECURITIES

#### 3.1 The Units

The Fund is currently authorized to issue an unlimited number of a single Class of transferable, redeemable units of beneficial interest, each of which evidences the proportionate ownership interest of a Unitholder in the capital of the Fund. On or after the Conversion, the Manager shall have the sole discretion in determining whether the capital of the Fund shall be divided into one or more additional Classes of Units and the attributes which shall attach to each such Class of Units. Except as set forth herein, no Unit of a Class shall have any rights, preference or priorities over any other Unit of such Class. Any amendment to the Declaration of Trust to create a new Class will not require notice to existing Unitholders of the existing Classes. Units are freely transferable, except as restricted by the Trustee in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licences, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authority.

The terms of the Units following Conversion will be set out in a prospectus and annual information form filed in connection with the Conversion. The specific terms of the Units following Conversion will depend on the type of open-ended mutual fund the Fund converts to, all as described in the Circular.

Except as otherwise provided for in this Annual Information Form, each Unit entitles the Unitholder to the same rights and obligations as any other Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder, except that to the extent that any of them holds Units from time to time, none of the Trustee or the Manager, if any, any insider of the Fund (as defined in the *Securities Act* (Ontario)), any affiliate of the Trustee or the Manager, if any, and any director or officer of such persons who hold Units shall be entitled to vote the Units held by them on an Extraordinary Resolution to be adopted by Unitholders. On redemption of Units, however, the Fund may, in its sole discretion, allocate and designate payable to the redeeming Unitholder any capital gains realized by the Fund to permit or facilitate the redemption. Any such allocations will reduce the redemption price otherwise payable to such Unitholder.

Under the rules in the Income Tax Act, the ability of the Fund to deduct capital gains allocated to redeeming Unitholders may be restricted. The Fund expects to limit the allocation of capital gains to redeeming Unitholders to the extent necessary to avoid any denied deductions under such rules. Such rules are discussed below under the heading “Canadian Federal Income Tax Considerations – Taxation of the Fund.”

There shall be no pre-emptive rights attaching to Units, and there shall be no liability for future calls or assessments attaching to Units. The Trustee may in its discretion subdivide the Units outstanding at any time so that the number of outstanding Units may be increased, or consolidate the Units outstanding at any time so that the number of outstanding Units may be decreased.

Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any (other than distributions to a redeeming Unitholder of capital gains realized to facilitate the redemption). Any Additional Distributions payable in Units will increase the aggregate adjusted cost base of a Unitholder’s Units. Immediately after a *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will automatically be consolidated so that each Unitholder will hold, after the consolidation, the same number of outstanding Units as the Unitholder held before the non-cash distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. On termination or liquidation of the Fund, Unitholders of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of

all debts, liabilities and liquidation expenses of the Fund. The Declaration of Trust permits fractions of Units to be issued in respect of Unit distributions.

Pursuant to NI 81-102, the Fund must not (i) issue conventional warrants or rights (as defined in NI 81-102), or (ii) enter into a position in a specified derivative (as defined in NI 81-102), the underlying interest of which is a security of the Fund.

On December 16, 2004, the Trust Beneficiaries' Liability Act, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the *Securities Act* (Ontario), and (ii) the trust is governed by the laws of Ontario. The Fund is a reporting issuer in each of the provinces and territories of Canada, and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

At no time may persons who are non-residents of Canada or partnerships which are not "Canadian partnerships" for the purposes of the Income Tax Act (or any combination thereof) ("non-residents") be the beneficial owners of a majority of the Units and the Trustee shall inform the registrar and transfer agent of the Fund of this restriction. The Trustee may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units then outstanding are, or may be, non-residents, or that such a situation is imminent, the Trustee may make a public announcement thereof. If the Trustee determines that 45% or more of the Units then outstanding are beneficially held by non-residents, the Trustee shall send a notice to such non-resident Unitholders, chosen in inverse order to the order of acquisition or in such other manner as the Trustee may consider equitable and practicable, requiring them to dispose of their Units or a portion thereof within a specified period of not less than 30 days to residents of Canada or partnerships which are "Canadian partnerships" for the purposes of the Income Tax Act. If the Unitholders receiving such notice have not disposed of the specified number of Units or provided the Trustee with satisfactory evidence that they are not non-residents within such period, the Trustee may, on behalf of such Unitholders, dispose of such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such disposition, the affected Unitholders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of disposition of such Units.

Notwithstanding the foregoing, the Trustee may determine not to take any of the actions described above if the Trustee has been advised by legal counsel that the failure to take any such actions would not adversely impact the status of the Fund as a mutual fund trust for purposes of the Income Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the Fund as a mutual fund trust for purposes of the Income Tax Act.

### **3.2 Distributions**

In accordance with the Investment Objectives, the Trustee will endeavour to declare and make payable monthly distributions to Unitholders of record on the Record Date for Distribution. Such distributions may consist of net income, net realized capital gains and returns of capital. Distributions to which Unitholders are entitled shall be determined by the Trustee.

The Fund will not have a fixed monthly distribution. At least annually, the Trustee will determine and communicate the expected distribution rate for the following 12 months. If the Trustee determines that it is in the best interest of the Unitholders, it may amend the targeted distribution amount. The Trustee will review such distribution policy from time to time and the distribution amount may change. Distributions are currently targeted to be 5.0% per annum on the subscription price of \$10.00 per unit (\$0.041666 per Unit per month or \$0.50 per Unit per annum).

Distributions will be made to Unitholders who were Unitholders of record as of 5:00 p.m. (Toronto time) on the relevant Record Date for Distribution. The amounts to be paid to a Unitholder shall be the amounts determined by the Trustee divided by the total number of Units outstanding at 5:00 p.m. (Toronto time) on the applicable Record Date for Distribution multiplied by the number of Units held by the Unitholder as of 5:00 p.m. (Toronto time) on the applicable Record Date for Distribution. Distributions will be paid to such Unitholders within fifteen (15) days of the Record Date for Distribution.

Distributions will be paid out of revenue generated by the Portfolio and, if required, out of capital. Future distribution rates will be determined from time to time by the Manager. There can be no assurance that the Fund will make any distribution in any particular month.

If, in any taxation year after the distributions made in the year to Unitholders, if any, there would otherwise remain in the Fund additional net income or net realized capital gains, the Fund will be required to pay or make payable one or more special year-end distributions (“Additional Distributions”) in such year to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under the Income Tax Act (after taking into account all available deductions, credits and refunds). Such Additional Distributions may be paid in the form of Units and/or cash. Any Additional Distributions payable in Units of the Fund will increase the aggregate adjusted cost base of a Unitholder’s Units.

Immediately following payment of such an Additional Distribution in Units, the number of Units outstanding will be automatically consolidated such that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax is required to be withheld in respect of the distribution. See section 11.0 of this Annual Information Form.

### **3.2.1 Distribution Reinvestment Plan**

The Reinvestment Plan provides that all monthly cash distributions made by the Fund shall, at the election of each Unitholder, be automatically reinvested in additional Units on each such Unitholder’s behalf in accordance with the terms of the Reinvestment Plan (as described below).

Notwithstanding the foregoing, Unitholders who are not residents of Canada will not be able to participate in the Reinvestment Plan and Unitholders who cease to be residents of Canada will be required to terminate such Unitholders’ participation in the Reinvestment Plan.

In order to participate in the Reinvestment Plan, a Unitholder must enroll in the Reinvestment Plan through his or her CDS Participant in sufficient time for notice to be provided to CIBC Mellon Trust Company in its capacity as Plan Agent, as described below. Once a Unitholder has enrolled in the Reinvestment Plan, participation continues automatically until the Fund terminates, unless terminated earlier in accordance with the terms of the Reinvestment Plan.

A Unitholder may elect to become a participant in the Reinvestment Plan for a distribution by giving notice of the Unitholders’ decision to become a Reinvestment Plan participant for the relevant Record Date for Distribution to the Plan Agent via the Unitholder’s dealer/CDS Participant through which such Unitholder holds its Units, which notice shall be provided to the CDS Participant no later than 4:00 p.m. (Toronto time) on such Record Date for Distribution or otherwise in accordance with such CDS Participant’s customary procedures. The CDS Participant will be required to provide notice to CDS in accordance with CDS’s customary procedures. CDS in turn will provide a single notice to the Plan Agent prior to 10:00 a.m. (Toronto Time) on the Business Day immediately following the relevant Record Date for Distribution.

Subject to the foregoing, all monthly cash distributions will be automatically reinvested in additional Units on behalf of those Unitholders who are residents of Canada and who elect to participate in the Reinvestment

Plan. Such distributions due to Reinvestment Plan participants will be paid to the Plan Agent and applied to the purchase of Units from treasury at a price equal to NAV per Unit as at the Distribution Date on behalf of Reinvestment Plan participants. No fractional Units will be issued under the Reinvestment Plan, and Reinvestment Plan participants that would otherwise be entitled to a fractional Unit will receive cash in lieu of that fraction.

The automatic reinvestment of distributions under the Reinvestment Plan will not relieve Reinvestment Plan participants of any income tax considerations applicable to distributions by the Fund. If a Unitholder participates in the Reinvestment Plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased. See section 11.3 of this Annual Information Form.

The Manager, on behalf of the Fund, will be able to terminate the Reinvestment Plan at any time in its sole discretion, upon not less than 30 days' notice to: (i) the Reinvestment Plan participants via the CDS Participants through which the Reinvestment Plan participants hold their Units, (ii) the Plan Agent, and (iii) if necessary, the TSX. The Manager, on behalf of the Fund, also reserves the right to amend or suspend the Reinvestment Plan at any time in its sole discretion, provided that any amendment to the Reinvestment Plan is subject to prior approval of any exchange upon which the Units are listed and posted for trading, but such action shall have no retroactive effect that would prejudice the interest of the Reinvestment Plan participants. All Reinvestment Plan participants will be sent written notice of any such amendment, suspension or termination, which notice may be given by the Fund by issuing a press release or in any other manner the Manager determines to be appropriate.

### **3.3 Amending the Declaration of Trust**

#### **3.3.1 Amendment of the Declaration of Trust by the Trustee**

(1) The Declaration of Trust provides that the Trustee is entitled to amend the Declaration of Trust without the consent of or notice to Unitholders for the following purposes, including to:

- (a) make any change or correction which is of a typographical nature or is required to cure or correct a clerical omission, mistake or manifest error contained in the Declaration of Trust;
- (b) amend the existing provisions or add any provisions which are for the protection or benefit of the Unitholders;
- (c) cure an ambiguity or correct any administrative difficulty in the Declaration of Trust;
- (d) supplement any provision which may be defective or inconsistent with another provision;
- (e) maintain the status of the Fund as a "unit trust" and a "mutual fund trust" for the purposes of the Income Tax Act or to respond to amendments to the Income Tax Act or to the interpretation thereof;
- (f) comply with Applicable Law (as defined in the Declaration of Trust) including rules and policies of Canadian securities regulatory authorities;
- (g) conform the Declaration of Trust with current market practice within the securities or investment fund industries;
- (h) change the name of the Fund;



- (i) add a redemption right prior to the Conversion;
- (j) effect the Conversion and allow the Fund to be offered as a mutual fund or an exchange-traded fund; and
- (k) from and after the effective date of the Conversion, delete any provisions which have application only prior to the effective date of the Conversion,

provided that such amendments may be made only if they will not materially adversely affect the interest of any Unitholder.

The Declaration of Trust may also be amended by the Trustee without the consent of the Unitholders for the purpose of changing the Fund's taxation year-end as permitted under the Income Tax Act or providing the Fund with the right to acquire Units from any Unitholder for the purpose of maintaining the status of the Fund as a "mutual fund trust" for purposes of the Income Tax Act.

In addition, the Manager may, without obtaining Unitholder approval, merge the Fund with another fund or funds, provided that such merger complies with the requirements of NI 81-102 (a "Permitted Merger").

Any amendments made by the Trustee without the consent of the Unitholders must be disclosed to beneficial holders of Units in the next regularly scheduled report to Unitholders.

### **3.3.2 Amendment of the Declaration of Trust with Approval by the Unitholders**

In addition to the requirements set out in NI 81-102, the Declaration of Trust provides that the following matters and related changes to the Declaration of Trust, other than those described in section 3.3.1 of this Annual Information Form, may only be undertaken with the approval of the Unitholders by an Extraordinary Resolution:

- (a) a change in the Investment Objectives of the Fund;
- (b) a change in the Investment Restrictions of the Fund;
- (c) a change in the basis of the calculation of a fee or expense that is charged to the Fund (including the management fee or fixed administration charge) or directly to the Unitholders by the Fund or the Manager in connection with the holding of Units (or any securities of the Fund) in a way which could result in an increase in charges to the Fund or the Unitholders unless Unitholder approval for such a change is not required under NI 81-102 or an exemption from such requirement is obtained;
- (d) a change of the Manager of the Fund, other than a change resulting in an affiliate of such person assuming such position, except as described in the Prospectus (as defined in the Declaration of Trust);
- (e) a change in the Trustee of the Fund, other than a change resulting in an affiliate of such person assuming such position, except as described in the Prospectus;
- (f) a reorganization (other than a Permitted Merger) with, or transfer of assets to, a mutual fund trust, if
  - (i) the Fund ceases to continue after the reorganization or transfer of assets; and

- (ii) the transaction results in Unitholders becoming securityholders in the mutual fund trust;
- (g) a reorganization (other than a Permitted Merger) with, or acquisition of assets of, a mutual fund trust, if
  - (i) the Fund continues after the reorganization or acquisition of assets;
  - (ii) the transaction results in the securityholders of the mutual fund trust becoming unitholders of the Fund; and
  - (iii) the transaction would be a significant change to the Fund
 except in the case of the Conversion;
- (h) a termination of the Fund, except as described in the Prospectus or in connection with a Permitted Merger;
- (i) an amendment, modification or variation in the provisions or rights attaching to the Units;
- (j) the issuance of additional Units, other than: (i) for net proceeds equal to or greater than 100% of the most recently calculated NAV per Unit calculated immediately prior to the pricing of such issuance, (ii) by way of Unit distribution, or (iii) pursuant to the Reinvestment Plan; and
- (k) a reduction in the frequency of calculating the NAV per Unit.

Certain matters relating to the Fund require approval by the Unitholders pursuant to NI 81-102 (as may be amended from time to time), which currently provides that a resolution passed by an Ordinary Resolution at a meeting called and held for such purpose is needed by the following:

- a) the introduction of a fee or expense, to be charged to the Fund or directly to the Unitholders by the Fund or the Manager in connection with the holding of Units (or any securities of the Fund) that could result in an increase in charges to the Fund or to the Unitholders unless Unitholder approval for such a change is not required under NI 81-102 or an exemption from such requirement is obtained;
- b) the Fund decreases the frequency of the calculation of its Net Asset Value per Unit;
- c) the Fund implements any of the following:
  - i. a restructuring into a mutual fund, except in the case of the Conversion; or
  - ii. a restructuring into an issuer that is not an investment fund.

Following the Conversion, matters relating to the Fund which require approval by the Unitholders will be as set out in NI 81-102.

Except for changes described above to the Declaration of Trust which require the approval of Unitholders or changes described above which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

In addition to the foregoing, NI 81-102 may require that Unitholder approval be obtained for a reorganization that is a Permitted Merger if the reorganization conditions set out in NI 81-102 are not met.

### **3.4 Conversion**

At a meeting held on October 8, 2015, the Fund received Unitholder approval for an amendment to the Declaration of Trust relating to the Conversion. The amendment provides that the Fund will convert into an open-ended mutual fund at the discretion of the Manager and not earlier than October 2016. Once the Manager determines to proceed with the Conversion and all of the conditions of the Conversion (including obtaining a receipt for the final prospectus of the Fund) have been met, the Conversion will occur automatically. The Units will be converted into Common Units.

The Manager will issue a press release announcing the effective date of the Conversion as soon as reasonably practicable after the Manager determines to proceed with the Conversion and all of the conditions for the Conversion have been met and, in any event, at least ten days prior to the Conversion.

### **3.5 Termination of the Fund**

The Fund does not have a fixed Termination Date. The Fund may be terminated at any time by the Manager provided that the prior approval of Unitholders has been obtained by a majority vote at a meeting of Unitholders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the Fund without the approval of Unitholders (a) if, in the opinion of the Manager, it is no longer economically practical to continue the Fund or it would be in the best interests of the Fund, (b) in connection with a Permitted Merger, and (c) in the event that the Fund's Net Asset Value falls beneath \$15 million for 10 consecutive Business Days. The Fund will provide notice to Unitholders of no less than 30 days and no more than 60 days of the Termination Date. The Fund will issue a press release at least 10 Business Days in advance of the Termination Date.

Unless the Fund is ceasing to continue as a result of a reorganization with, or a transfer of assets to, another issuer under which the Unitholders would become securityholders in the other issuer, the Fund must not terminate unless the Fund first issues and files a news release that discloses the termination. The Fund must not terminate earlier than 15 days or later than 90 days after the filing of such news release.

Immediately prior to the termination of the Fund, including on the Termination Date, the Manager will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund's liabilities, distribute the net assets of the Fund to the Unitholders pro rata as soon as practicable after the date of termination. Any unliquidated assets may be distributed *in specie* rather than in cash, subject to compliance with any securities or other laws applicable to such distributions.

## **4.0 VALUATION OF ASSETS INCLUDING PORTFOLIO SECURITIES**

Pursuant to the Declaration of Trust, the Total Assets on any Valuation Date are calculated as follows:

- (a) the value of any cash on hand or on deposit, bills, demand note, account receivable, prepaid expense, distribution, dividend, or other amount received (or declared to holders of record on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, dividend, or other amounts received (or declared to holders of record on a date before the Valuation Date as of which the Total Assets are being determined, and to be received) or interest accrued and not yet

received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;

- (b) the value of any security that is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), plus, in the case of listed securities, for greater certainty, accrued interest, as calculated in accordance with market practice, as at the Valuation Date on which the Total Assets are being determined, all as reported by any means in common use. For the purpose of calculating NAV used in connection with a 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;
- (c) the value of any security which is traded over the counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities;
- (d) the value of any security or other asset for which a market quotation is not readily available will be its fair value on the Valuation Date on which the Total Assets are being determined as determined by the Manager;
- (e) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Fund from the Custodian on the Valuation Date on which the Total Assets are being determined;
- (f) where a covered clearing corporation option, option on future or over-the-counter option is written, the premium received by the Fund shall be reflected as a derivative liability that shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the NAV. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their current market value;
- (g) the value of any futures contract, or forward contract, shall be the gain or loss with respect thereto that would be realized if, at the valuation time on a Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out in accordance with its terms unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying securities;
- (h) short term investments shall be valued at cost plus accrued interest which approximates fair value; and
- (i) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at fair market value as determined by the Manager.

If a security cannot be valued under the foregoing principles or if the foregoing principles are at any time considered by the Manager to be inappropriate under the circumstances for any reason, then notwithstanding such principles, the Manager may make such valuation as it considers fair and reasonable.

The Manager has not exercised its discretion to deviate from the valuation practices noted above during the year ended December 31, 2023, or any prior year.

## **5.0 CALCULATION OF NET ASSET VALUE**

Pursuant to the Declaration of Trust, the NAV on a Valuation Date will be equal to the aggregate fair value of the Total Assets of the Fund less the aggregate fair value of the liabilities of the Fund, including any income, net realized capital gains or other amounts made payable to Unitholders on or before such Valuation Date, expressed in Canadian dollars. The NAV per Unit on any day will be obtained by dividing the NAV on such day by the number of Units then outstanding.

The NAV per Unit is calculated at 4.00 p.m. (Toronto time) on each Valuation Date. The NAV and NAV per Unit are available on request, at no cost, at [www.bloomfunds.ca](http://www.bloomfunds.ca). The Fund also makes the NAV per Unit available to the financial press for publication on a weekly basis.

Following Conversion, the Class NAV of a Class of Units on any Valuation Date shall be determined by the following calculation:

- a) the Class NAV previously calculated for that Class; plus
- b) the increase in the assets attributable to that Class as a result of the issue of Units of, or change of Units into, that Class since the previous calculation; minus
- c) the decrease in the assets attributable to that Class as a result of the redemption of Units of, or change of Units out of, that Class since the previous calculation; plus or minus
- d) the proportionate share of Net Change in Non-Portfolio Assets attributable to that Class since the previous calculation; plus or minus
- e) the proportionate share of the Net Portfolio Transactions attributable to that Class since the previous calculation; plus or minus
- f) the proportionate share of market appreciation or depreciation of the portfolio assets attributable to that Class since the previous calculation; minus
- g) any Class Expenses attributable to that Class since the previous calculation; minus
- h) any Common Expenses attributable to that Class since the previous calculation.

On any Valuation Date that a distribution is paid to Unitholders of a Class, a second Class NAV per Unit shall be calculated for that Class, which shall be equal to the first Class NAV per Unit calculated on that Valuation Date minus the amount of distribution.

Subject to the terms of the Declaration of Trust, the Class NAV per Unit of each Class shall be made without taking into account any issuance, change or redemption of Units of that Class to be processed by the Fund immediately after the Valuation Time on the Valuation Date.

Each Class NAV per Unit will remain in effect until the time as at which the next determination of the Class NAV per Unit of that Class is made.

The NAV, Class NAV, NAV per Unit and Class NAV per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The NAV per Unit or Class NAV per Unit determined in accordance with the principles set out above may differ from net assets per Unit determined under Canadian generally accepted accounting principles.

## **5.1 Reporting of Net Asset Value**

The net asset value per Unit, as of the most recent Valuation Date, will be provided by the Manager to Unitholders on request and will be available electronically at any time to Unitholder at [www.bloomfunds.ca](http://www.bloomfunds.ca).

## **6.0 PURCHASES OF FUND UNITS**

### **6.1 General**

The Units are listed for trading on the TSX under the symbol BLB.UN and may be purchased through the facilities of the TSX. Registration of interests in and transfers of the Units are made only through CDS and the Units must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled are made or delivered by, CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, Unitholders receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the securities are purchased. A dealer may make provision in arrangements that it has with an investor that will require the investor to compensate the dealer for any losses suffered by the dealer in connection with a failed settlement of a purchase of Units by such investor.

### **6.2 Issuer Bid**

The Declaration of Trust provides that, subject to applicable regulatory requirements and limitations, the Manager may, in its sole discretion, from time to time, purchase Units in the open market on behalf of the Fund for cancellation.

There is currently no normal course issuer bid program for the Fund.

Unitholders may obtain a copy of the Fund's notice of intention to make a normal course issuer bid by contacting the Manager.

## **7.0 REDEMPTION OF SECURITIES**

### **7.1 Unitholder redemption**

Currently, Units may be surrendered annually for redemption during the "Notice Period" subject to the Fund's right to suspend redemptions as set out in section 7.2 of this Annual Information Form. Units properly surrendered for redemption during the Notice Period will be redeemed on the Annual Redemption Date and the Unitholder will receive within 15 Business Days immediately following such Annual Redemption Date 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, if any. Redemption proceeds will be paid no later than the 15<sup>th</sup> Business Day immediately following an Annual Redemption Date. For the purpose of calculating NAV used in connection with a 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.

A Unitholder who desires to exercise redemption privileges thereunder must do so by causing a CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the redemption deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the redemption date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expenses associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the owner's instructions will not give rise to any obligations or liability on the part of the Fund or the Manager to the CDS Participant or to the Unitholder.

Subject to NI 81-102, the Manager may, without the approval of Unitholders, change the redemption rights attached to the Units on not less than 30 days' notice to Unitholders by increasing the number of times in each year that Units may be redeemed by Unitholders (at a redemption price per Unit to be determined by the Manager), so long as such change does not result in the Fund being a mutual fund for securities law purposes.

Pursuant to the Declaration of Trust of the Fund, the Fund may allocate and designate as payable any capital gains realized by the Fund to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder. Under the rules in the Income Tax Act, the ability of the Fund to deduct capital gains allocated to redeeming Unitholders may be restricted. The Fund expects to limit the allocation of capital gains to redeeming Unitholders to the extent necessary to avoid any denied deductions under such rules. Such rules are discussed below under the heading "Canadian Federal Income Tax Considerations – Taxation of the Fund."

These redemption rights are subject to change following any Conversion, and such changes will be set out in a prospectus and annual information form filed in connection with the Conversion.

## **7.2 Suspension of Redemptions**

Subject to 81-102, which, subject to certain exceptions, requires the approval of a securities regulatory authority in connection with a suspension of redemption rights, the Declaration of Trust permits the Manager to suspend the redemption of Units or payment of redemption proceeds during any period when normal trading is suspended on stock exchanges or other markets on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the Fund and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund.

From and after Conversion, the Manager may suspend the redemption of any Class of Units or may postpone the payment upon redemption: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with prior permission of the securities regulatory authorities where required, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Custodian to determine the value of the assets of the Fund.

The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

The Manager may from time to time prescribe redemption procedures which are not inconsistent herewith or with the *Securities Act* (Ontario). Written notice of such redemption procedures shall be given to Unitholders. Such procedures may include but are not limited to the establishment of:

- a) any required method of transmission of a redemption request including any required forms for redemption requests;
- b) any required documentation or evidence relating to the authority of any person to submit a redemption request;
- c) any requirements for the surrender of certificates, if any, representing the Units to be redeemed; and
- d) a systematic redemption programme.

Redemption requests will be processed in the order in which they are received.

Redemption requests specifying a forward date or specific price will not be processed, and redemption requests will not be processed before payment has been received for the Units which are the subject of the redemption request.

## **8.0 RESPONSIBILITY FOR FUND OPERATIONS**

### **8.1 Manager**

The Declaration of Trust provides that the Trustee shall act as, or shall appoint or retain a manager to manage the business and affairs of the Fund. The Trustee will act as the Manager pursuant to the terms of the Declaration of Trust.

Bloom Investment Counsel, Inc. was incorporated on May 30, 1985 under the laws of Ontario and is the Manager of the Fund. The address, phone number and website of the Manager are: Suite 1710, Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario M4P 1E4; 1-855-BLOOM18 (1-855-256-6618); and



[www.bloomfunds.ca](http://www.bloomfunds.ca). You can also contact the Manager by e-mail at [info@bloomfunds.ca](mailto:info@bloomfunds.ca). The Manager specializes in the management of segregated investment portfolios for wealthy individuals, corporations, institutions and trusts.

Pursuant to the Declaration of Trust, the Manager is responsible for the execution of the investment decisions of the Fund in accordance with the Investment Objectives, Investment Strategy and Investment Restrictions and for arranging for portfolio transactions. The Manager is also responsible for providing and arranging for the provision of required management and administrative services to the Fund, and may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so.

The Manager is also the Portfolio Manager of the Fund. The Manager markets and distributes Units of the Fund through registered dealers and brokers.

### **8.1.1 Management Fee**

Pursuant to the terms of the Fund's Declaration of Trust, the Manager receives a Management Fee aggregating to 1.25% per annum of the NAV of the Fund, calculated daily and payable monthly in arrears. No additional fee is payable to the Manager in its capacity as the Portfolio Manager.

### **8.1.2 Termination of the Manager**

The Manager may be terminated at any time by the Trustee on 30 days' written notice with the approval of the Unitholders by an Extraordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such Extraordinary Resolution.

In the event the Manager is in material breach or default of the provisions of the Declaration of Trust or the Management Agreement and, if capable of being cured, such breach or default has not been cured within 30 days' notice of such breach or default to the Manager, the Trustee shall give notice thereof to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor Manager.

The Manager is deemed to have resigned if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors or in the event the Manager, or the general partner of the Manager if the Manager is a limited partnership, ceases to be a resident of Canada for purposes of the Income Tax Act or ceases to carry out its functions of managing the Fund in Canada.

The Manager may resign (i) upon 60 days' notice to Unitholders and the Fund; and (ii) upon 20 Business Days' written notice to the Fund if the Fund is in breach or default of the provisions of the Declaration of Trust or the Management Agreement and, if capable of being cured, such breach or default has not been cured within 20 Business Days' notice of such breach or default to the Fund.

In the event that the Manager is terminated as provided above, the Trustee shall promptly appoint a successor Manager to carry out the activities of the Manager.

If, within 90 days from the notice of resignation or removal of the Manager, the Trustee has not appointed a replacement manager, the Units will be redeemed and the Fund terminated.

Any subsequent Manager so appointed will be subject to removal or termination with the approval of the Unitholders by an Extraordinary Resolution approved at a meeting of Unitholders called for that purpose in accordance with the provisions set forth in the Declaration of Trust.

### 8.1.3 Directors and Officers of the Manager

The name, municipality of residence, position and office held with the Manager, current principal occupation and principal occupation in the last 5 years of each of the directors and executive officers of the Manager are as follows:

<u>Name and Municipality of Residence and Position with the Manager</u>	<u>Principal Occupation and Positions Held During the Last 5 Years</u>
M. PAUL BLOOM Toronto, Ontario Director, President, Secretary, Ultimate Designated Person, Chief Compliance Officer and Portfolio Manager	Director, President, Secretary, Ultimate Designated Person, Chief Compliance Officer and Portfolio Manager of the Manager since May 1985.
ADINA BLOOM SOMER Toronto, Ontario Director, Vice-President and Portfolio Manager	Director of the Manager since August 2011; Vice-President of the Manager and Portfolio Manager since May 2010.
BEVERLY LYONS Jerusalem, Israel Director	Director of the Manager since August 2011; Director and Management Consultant since July 2008.
FIONA E. MITRA Toronto, Ontario Chief Financial Officer	Chief Financial Officer of the Manager since June 2011.

### 8.1.4 Independent Review Committee

The members of the IRC are Cameron Goodnough, Lea M. Hill, and Anthony P. L. Lloyd. Mr. Lloyd is the Chair of the IRC and is the primary IRC member who interacts with the Manager.

The mandate and responsibilities of the IRC are set out in its charter. The IRC is responsible for carrying out those responsibilities required to be undertaken by an IRC under NI 81-107, in particular:

- (a) reviewing and providing input into the Manager's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Manager;
- (b) approving or disapproving each conflict of interest matter referred by the Manager to the IRC for its approval;
- (c) providing its recommendation as to whether the Manager's proposed action on a conflict of interest matter referred by the Manager to the IRC for its recommendation achieves a fair and reasonable result for the Fund;
- (d) together with the Manager, providing orientation to new members of the IRC as required by NI 81-107;
- (e) conducting regular assessments as required by NI 81-107; and

- (f) reporting to the Unitholders of the Fund, to the Manager and to regulators as required by NI 81-107.

The Independent Review Committee prepares a report at least annually of its activities for Unitholders which is available on the Fund's website [www.bloomfunds.ca](http://www.bloomfunds.ca), or at the Unitholder's request at no cost, by contacting Bloom Select Income Fund at [info@bloomfunds.ca](mailto:info@bloomfunds.ca).

## **8.2 Portfolio Manager**

The Declaration of Trust appoints the Manager as initial Portfolio Manager. The Portfolio Manager makes investment decisions with respect to the Fund Property, in accordance with the Investment Policy and subject to the Investment Restrictions.

### **8.2.1 Principal Investment Managers**

The principal investment managers of Bloom Investment Counsel, Inc. who are responsible for the investment management of the Fund are M. Paul Bloom and Adina Bloom Somer. The municipalities of residence, position with the Manager, principal occupation and positions held during the last 5 years of each of the foregoing individuals are as detailed in section 8.1.3 of this Annual Information Form.

Paul Bloom has overall responsibility for overseeing the investment management activities of the Portfolio Manager. Ms. Bloom Somer has extensive day-to-day management responsibilities for the Portfolio.

Investment decisions are made on a team basis by Mr. Bloom and Ms. Bloom Somer with input from the firm's investment analyst, where applicable. Investment decisions are not subject to the oversight, approval or ratification of a committee. The ultimate responsibility for all decisions and their consequences resides with Mr. Bloom.

## **8.3 Brokerage Arrangements**

The Manager is responsible for selecting members of securities exchanges, brokers and investment dealers for the execution of transactions in respect of the Fund's investments. The primary consideration in all Portfolio transactions is the prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers, the Manager considers the dealer's reliability, the quality of its execution services on a continuing basis and its financial condition. Although the Manager receives investment research from certain brokers, the Manager has no soft dollar or other brokerage arrangements. The Manager's allocation of brokerage business is based on decisions made by the portfolio managers of the Manager in accordance with the Manager's policies and procedures.

## **8.4 Trustee**

The Manager also acts as Trustee of the Fund pursuant to the provisions of the Declaration of Trust. The Trustee is responsible for certain aspects of the day-to-day management of the Fund as described in the Declaration of Trust, including calculating, or arranging for the calculation of NAV, net income and net realized capital gains of the Fund, and executing instruments on behalf of the Fund.

Pursuant to the Declaration of Trust, the Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust except in cases of wilful misconduct, bad faith, negligence or the disregard of its obligations or duties or breach of its standard of care and duty. The Declaration of Trust provides that the Trustee will not be liable

in any way for any default, failure or defect in any of the securities of the Portfolio if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Trustee and each of its directors, officers, and employees will be indemnified by the Fund for all liabilities and expenses reasonably incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Trustee or any of its officers, directors or employees in the exercise of its duties under the Declaration of Trust, except those resulting from such person's wilful misconduct, bad faith, negligence, disregard of such person's obligations or duties or breach of their standard of care in relation to the matter in respect of which indemnification is claimed.

The Trustee of the Fund may resign upon 60 days' notice to Unitholders. The Trustee may be removed by Extraordinary Resolution approved at a duly called meeting of Unitholders called for such purpose or by the Manager (if the Manager is then not the Trustee), if the Trustee has committed certain events of bankruptcy or insolvency or is in material breach or default of its obligations under the Declaration of Trust which breach has not been cured within 30 days after notice thereof has been given to the Trustee. Any such resignation or removal shall become effective only upon the acceptance of appointment by a successor. The Trustee shall be deemed to have resigned without notice if the Trustee ceases to: (i) be resident in Canada for the purposes of the Income Tax Act, (ii) carry out its functions of managing the Fund in Canada, or (iii) exercise the main powers and discretions of the trustee of the Fund in Canada. If the Trustee resigns or is deemed to resign, its successor may be appointed by the Manager. The successor must be a resident in Canada for purposes of the Income Tax Act and approved by Unitholders at the meeting at which the Trustee's removal was approved if the Trustee is removed by Unitholders. If no successor has been appointed within 60 days, the Trustee or any Unitholder may apply to a court of competent jurisdiction for the appointment of a successor.

The address of the Trustee is Suite 1710, Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario, M4P 1E4.

## **8.5 Custodian**

The Manager has appointed CIBC Mellon Trust Company as Custodian of the Fund pursuant to the Custodian Agreement. The Custodian's principal place of business in respect of the Fund is Toronto, Ontario.

In the Custodian Agreement, the Custodian covenants, when carrying out its duties in respect of the safekeeping of and dealing with the assets of the Fund, to exercise, at a minimum, the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. The Custodian agrees to hold, or direct its sub-custodians to hold, for the account of the Fund, all securities, collateral security and other non-cash property (other than securities which are held in a book-based system). The Fund may employ sub-custodians as considered appropriate in the circumstances.

Pursuant to the Custodian Agreement, the Custodian is indemnified out of the Fund's assets in certain circumstances, including from and against any direct loss, liability, claim or expense (including reasonable legal counsel fees and disbursements) suffered or incurred by the Custodian arising from or in connection with the performance of its duties under the agreement except with respect to any costs, expenses, damages, liabilities and losses resulting primarily from bad faith, wilful default, fraud or negligence of the Custodian or any of its employees, directors or officers. The address of the Custodian is One York Street, Suite 500, Toronto, Ontario, M5J 0B6.

### **8.5.1 Custodian Fees**

In consideration for its services, the Fund pays to the Custodian such compensation as agreed upon in writing between the Manager and the Custodian, from time to time, and reimburses the Custodian for all reasonable costs and expenses incurred by the Custodian on behalf of the Fund.

### **8.5.2 Termination of the Custodian Agreement**

The Custodian Agreement may be terminated by either party without penalty at any time on 90 days' prior written notice. Prior notice is not required and termination will be immediate if either party is declared bankrupt or becomes insolvent or proceedings for the appointment of a receiver for that party are commenced, and such status is not cured within 30 days, or the Manager has resigned, has been replaced or has otherwise been terminated as the manager of the Fund.

### **8.6 Valuation Services**

The Manager, on behalf of the Fund, has appointed CIBC Mellon Global Securities Services Company in Toronto, Ontario to provide the Fund with valuation services. Such services include the calculation of the Fund's Net Asset Value, calculated in accordance with the Fund's valuation parameters described in section 4.0 of this Annual Information Form.

### **8.7 Auditor, Registrar and Transfer Agent**

The auditor of the Fund is PricewaterhouseCoopers LLP ("PwC"), Chartered Professional Accountants, Toronto, Ontario. The auditor of the Fund can be changed by an Ordinary Resolution of the Unitholders. TSX Trust Company is the registrar and transfer agent for the Units. The register and transfer ledger are kept by the Registrar and Transfer Agent at its offices located in Toronto.

## **9.0 CONFLICTS OF INTEREST**

### **9.1 Principal Holders of Securities and Affiliated Entities**

As of the date hereof, Mr. Bloom owns 100% of the voting securities and preferred shares of the Manager. He is also a trustee and, along with Ms. Bloom Somer, a beneficiary of a trust that owns the common share capital of the Manager. Mr. Bloom and Ms. Bloom Somer accordingly benefit from the fees paid to the Manager under the terms of the Declaration of Trust, as described herein and disclosed in the audited financial statements of the Fund.

The Declaration of Trust acknowledges that the Trustee may act as the Manager. The services of the Custodian and the officers and directors of the Custodian are not exclusive to the Fund. The Custodian and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in any other activity.

The Manager and its directors and officers engage in the promotion, management or investment management of one or more funds or trusts with investment objectives similar to the Fund. The Manager acts as the investment advisor or manager for other funds and may in the future act as the investment advisor to other funds which are considered competitors of the Fund. The services of the Manager are not exclusive to the Fund. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Fund and the Manager, as applicable.

No person or entity that provides services to the Fund or the Manager in relation to the Fund is an affiliated entity of the Manager.

## **9.2 Securities Held by Members of the Independent Review Committee**

As at February 28, 2024, the members of the IRC did not hold any securities of the Manager or the Fund. In addition, the percentage of securities of each class or series of voting securities beneficially owned, directly or indirectly, in aggregate, by all members of the IRC in any service provider or in any one or more Canadian chartered bank which provides a loan facility or other credit to the Fund or the Manager is less than 1%.

## **10.0 FUND GOVERNANCE**

The Manager supports good governance practices for the Fund. The Fund is administered by the Manager and consequently, the board of directors (the “Board”) referred to is the board of directors of the Manager. The Board is responsible for the overall stewardship of the business and affairs of the Fund. Details regarding the names, principal occupations and committee memberships of the Board members are set out in section 8.1.3 of this Annual Information Form. The Board believes that the number of directors is appropriate. The Board includes one director, Ms. Lyons, who is independent of the Manager.

The responsibilities of the Board include review of the Fund’s financial statements and the annual audit performed by PwC, the auditor of the Fund, and oversight of internal controls and of the Fund’s compliance with tax laws and regulations. PwC reports to the Board and the Board and PwC have direct communication channels to discuss and review specific issues as appropriate.

The Board is responsible for developing the Fund’s approach to governance issues. To ensure the proper management of the Fund and compliance with regulatory requirements, the Board has adopted policies, procedures and guidelines relating to business practices, risk management control and internal conflicts of interest. As part of managing its business practices, the Board has adopted a whistleblower policy, a privacy policy and a proxy voting policy. The whistleblower policy establishes a procedure for the receipt, retention and treatment of complaints or concerns regarding accounting, compliance or any other matters pertaining to the Manager’s business as a Portfolio Manager and an Investment Fund Manager. The privacy policy dictates the manner in which the Fund and the Manager may collect, use and disclose personal information regarding the Unitholders. The proxy voting policy is described in section 10.2 of this Annual Information Form. As part of its risk management, the Board has adopted a disclosure policy. The disclosure policy sets out guidelines that aim to ensure that complete, accurate and balanced information is disclosed to the public in a timely, orderly and broad-based manner in accordance with securities laws and regulations. As part of managing potential internal conflicts of interest, the Board has adopted a code of business ethics, an insider trading policy and a conflicts of interest policy. The code of business ethics and insider trading policy address, among other things, ethical business practices, the handling of material information and purchasing or selling of securities by insiders. The conflicts of interest policy provides guidance and procedures to be followed in the identification and reporting of conflicts of interest matters, as required by NI 81-107.

In accordance with NI 81-107, the Manager has appointed the IRC to deal with potential conflict of interest matters between the Manager and the Fund. See section 8.1.4 of this Annual Information Form.

The Manager maintains a website for the Fund at [www.bloomfunds.ca](http://www.bloomfunds.ca). The Manager has a unitholder information line to respond to inquiries from Unitholders, which is 1-855-BLOOM18 (1-855-256-6618).

## 10.1 Composition of the Independent Review Committee

As indicated in section 8.1.4 of this Annual Information Form, the IRC is comprised of three members, who were appointed by the Manager in accordance with NI 81-107. Subsequent to this initial appointment by the Manager, the IRC shall, taking into consideration any recommendation of the Manager, fill vacancies of the IRC, provided that if for any reason the IRC has no members, the Manager shall fill the vacancies.

## 10.2 Proxy Voting Policy

The Portfolio is managed by Bloom Investment Counsel, Inc. and, pursuant to the Declaration of Trust, the Manager is authorized to exercise all rights and privileges incidental to ownership for the Portfolio. The Fund has adopted the Manager's proxy voting policy (the "Proxy Voting Policy"), which provides general guidance, in compliance with applicable legislation, for the voting of proxies. The ultimate decision as to how to cast a vote rests with the Manager, based on what the Manager believes to be in the best interests of the Fund and in accordance with the Fund's Investment Objectives, Investment Policies and Investment Restrictions.

Generally:

- (a) the Manager will vote with management on routine issues such as the election of directors, reappointment of auditors and the acceptance of the auditor's report. Any votes against management proposals requires the approval of two portfolio managers;
- (b) non-routine matters including executive compensation, stock options, director compensation and shareholder rights plans are reviewed on a case by case basis. The Manager believes that matters relating to a company's labour practices, environmental policies and non-discrimination policies are management issues and that management is in the best position to determine appropriate practices in the context of a company's business; and
- (c) where the Manager is aware of an actual, potential, or perceived conflict of interest between its interests and the interests of the Unitholders, the Manager may choose to seek out and follow the voting recommendation of an independent proxy research and voting service.

The policies and procedures that the Fund follows when voting proxies relating to Portfolio Securities are available on request, at no cost, by calling 416-861-9941 or toll free at 1-855-BLOOM18 (1-855-256-6618) or by writing to the Manager at Suite 1710, Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario M4P 1E4.

The Fund's proxy voting record for the period ended June 30 of each year is available free of charge to any Unitholder upon request at any time after August 31 of that year. The Fund makes its proxy voting record available on its website at [www.bloomfunds.ca](http://www.bloomfunds.ca).

## 10.3 Short-Term Trades

The Fund's Units trade on the TSX. The Fund does not have policies and procedures in place to monitor, detect and deter short-term trading given that:

- (a) the Fund is a closed-end investment trust;
- (b) Unitholders are only permitted to redeem Units on an annual basis;

- (c) the Annual Redemption Amount is based on the NAV per Unit on the second last Business Day in October, minus any costs associated with the redemption, including brokerage costs;
- (d) for the purpose of calculating the Annual Redemption Amount the value of any security is equal to the weighted average trading price over the last three Business Days prior to the Annual Redemption Date; and
- (e) redemptions require more than 4 weeks to process from the date that a holder notifies CDS of their redemption request to the date that the redemption proceeds are paid out.

## **11.0 CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Income Tax Act generally applicable to a Unitholder who is an individual (other than a trust), who holds Units and who, for the purposes of the Income Tax Act, and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units as capital property. Generally, the Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units and all other "Canadian securities" as defined in the Income Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Income Tax Act. This summary does not apply to a Unitholder who has entered or will enter into a "derivative forward agreement", as defined in the Income Tax Act, in respect of Units.

This summary is based on the facts set out in this Annual Information Form, the current provisions of the Income Tax Act, all Tax Proposals, and an understanding of the current published administrative policies and assessing practices of the CRA publicly available prior to the date hereof.

This summary assumes that the Tax Proposals will be enacted as currently proposed although no assurance can be given that the Tax Proposals will be enacted in the form publicly announced or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law or administrative policy and assessing practice, whether by way of legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations.

This summary also assumes that none of the issuers of the Portfolio Securities will be foreign affiliates of the Fund or of any Unitholders and that none of the Portfolio Securities will be a "tax shelter investment" within the meaning of section 143.2 of the Income Tax Act. Further, this summary assumes that none of the Portfolio Securities will be an "offshore investment fund property" that would require the Fund to include amounts in the Fund's income pursuant to section 94.1 of the Income Tax Act, an interest in a trust which would require the Fund to report income in connection with such interest pursuant to the rules in section 94.2 of the Income Tax Act, or an interest in a non-resident trust other than an exempt foreign trust as defined in section 94 of the Income Tax Act.

This summary is also based on the assumption that the Fund will at no time be a SIFT trust as defined in the SIFT Rules. Provided that the Fund does not hold "non-portfolio property" as defined in the SIFT Rules, it will not be a SIFT trust. Based upon its investment restrictions, as described in section 2.0 of this Annual Information Form, the Fund should not hold any "non-portfolio properties". This summary is also based on



the assumption that the Fund will at no time be a “covered entity” for purposes of the Equity Repurchase Rules.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary according to the status of the investor, the province or provinces in which the investor resides or carries on business and, generally, the investor’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to constitute advice to any particular investor. Investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based on their particular circumstances.

The Units are qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax-free savings accounts, registered education savings plans and first home savings accounts (collectively, “Plan Trusts”). During 2023, the Fund did not deviate from the rules under the Income Tax Act that apply to the status of the Units qualifying for inclusion in such Plan Trusts. For further details related to the status of Units as qualified investments, see the discussion in section 11.3.1 of this Annual Information Form.

### **11.1 Status of the Fund**

This summary is based on the assumption that the Fund qualifies at all times as a “unit trust” and a “mutual fund trust” both within the meaning of the Income Tax Act. In order to so qualify, the Fund must satisfy various requirements including minimum distribution requirements relating to the Units. In addition, the Fund may not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, at that time, substantially all of its property consists of property other than “taxable Canadian property” within the meaning of the Income Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition). The Fund has made an election so that it qualified under the Income Tax Act as a mutual fund trust from the commencement of its first taxation year. In the event the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below would in some respects be materially and adversely different.

### **11.2 Taxation of the Fund**

The taxation year of the Fund is generally the calendar year. The Fund will be subject to tax in each taxation year under Part I of the Income Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year. An amount will be considered to be payable to a Unitholder of the Fund in a taxation year if it is paid to the Unitholder in that year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount. The Fund intends to make distributions to Unitholders as described in section 3.2 of this Annual Information Form and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Income Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism.

With respect to an issuer that is a trust resident in Canada whose units are included in the Portfolio and held as capital property for the purposes of the Income Tax Act, and that is not subject in a taxation year to tax under the SIFT Rules, the Fund is required to include in its income such portion of the net income and the taxable portion of net realized capital gains of such issuer as is paid or becomes payable to the Fund in the year, notwithstanding that certain of such amounts may be reinvested in additional units of the issuer. Provided that appropriate designations are made by the issuer, any net taxable capital gains realized by the

issuer and taxable dividends received by the issuer from taxable Canadian corporations that are paid or become payable to the Fund and are designated by the issuer in respect of the Fund will effectively retain their character as such in the hands of the Fund.

The Fund is generally required to reduce the adjusted cost base of the units of such issuer structured as a trust resident in Canada to the extent that all amounts paid or payable in a year by such issuer to the Fund exceed the sum of the amounts included in the income of the Fund for the year plus the Fund's share of the non-taxable portion of capital gains of such issuer for the year, the taxable portion of which was designated in respect of the Fund for the year. To the extent that the adjusted cost base to the Fund of the unit of such issuer would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the Fund and the Fund's adjusted cost base of such unit is increased by the amount of such deemed capital gain to zero.

Under the SIFT Rules, each issuer in the Portfolio that is a "SIFT trust" as defined under the SIFT Rules (which will generally include income trusts, other than certain REITs, the units of which are listed or traded on a stock exchange or other public market) will be subject to a special tax in respect of (i) income from business carried on in Canada, and (ii) certain income from and capital gains from the disposition of "non-portfolio properties" (collectively, "Non-Portfolio Earnings"). Non-Portfolio Earnings that are distributed by a SIFT trust to its unitholders are taxed at a rate that is equivalent to the federal general corporate tax rate plus a prescribed amount on account of provincial corporate tax. Any Non-Portfolio Earnings that become payable to a beneficiary by a SIFT trust are taxed as a taxable dividend received by such beneficiary from a taxable Canadian corporation and are deemed to be an "eligible dividend" eligible for the enhanced gross-up and dividend tax credit rules under the Income Tax Act.

In computing its income for tax purposes, the Fund is required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a Portfolio Security and all interest that accrues (or is deemed to accrue) to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and excluding any interest that accrued prior to the time of the acquisition of the indebtedness of the Fund.

The Fund is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing Units. Such issue expenses paid by the Fund and not reimbursed are deductible by the Fund rateably over a five-year period subject to reduction in any taxation year which is less than 365 days. Generally, the Fund is also entitled to deduct reasonable administrative expenses subject to the limitations in the Income Tax Act. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules in the Income Tax Act.

Upon the actual or deemed disposition of a Portfolio Security, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition, net of any amounts included as interest on the disposition of the Portfolio Security and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Fund purchases the Portfolio Securities with the objective of receiving distributions and income thereon and takes the position that gains and losses realized on the disposition thereof are capital gains and capital losses.

The Fund has made an election under subsection 39(4) of the Income Tax Act so that all Portfolio Securities that are "Canadian securities" (as defined in the Income Tax Act) are deemed to be capital property to the Fund. One-half of the amount of any capital gain (a "taxable capital gain") realized by the Fund in a taxation year on the disposition of Portfolio Securities that are capital property of the Fund must be included in

computing the Fund's income for the year, and one-half of the amount of any capital loss (an "allowable capital loss") realized by the Fund in a taxation year must be deducted against any taxable capital gains realized by the Fund in the year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted by the Fund in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Income Tax Act.

A loss realized by the Fund on a disposition of capital property will be a suspended loss for purposes of the Income Tax Act if the Fund, or a person affiliated with the Fund, acquires a property (a "substituted property") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund, or a person affiliated with the Fund, owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund's capital gains until the substituted property is disposed of and is not reacquired by the Fund, or a person affiliated with the Fund, within 30 days before and after the disposition.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Income Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Income Tax Act based on the redemptions of Units during the year (the "Capital Gains Refund"). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale or other disposition of Portfolio Securities in connection with the redemption of Units.

Pursuant to the Declaration of Trust of the Fund, the Fund may allocate and designate as payable any capital gains realized by the Fund to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. However, the Fund generally will not be entitled to a deduction in computing its income in respect of the amount allocated to redeeming Unitholders in respect of the taxable portion of such capital gains to the extent that such capital gains are greater than the gain that would otherwise have been realized by the redeeming Unitholder on the redemption (as determined by the Trustee using reasonable efforts to obtain the information required to determine the Unitholder's cost amount). As a result, the taxable component of distributions by the Fund to non-redeeming Unitholders may be adversely affected. The Fund intends, to the extent possible, to administer the redemption of Units in such a manner that no deduction by the Fund should be denied as a result of this limitation.

### **11.3 Taxation of Unitholders**

A Unitholder is generally required to include in computing income for a particular taxation year of the Unitholder such portion of the net income of the Fund for that particular taxation year, including the taxable portion of any net realized capital gains, as is paid or becomes payable to the Unitholder (whether in cash or in Units or reinvested in additional Units pursuant to the Reinvestment Plan). Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and the taxable dividends, if any, received or deemed to be received by the Fund on shares of taxable Canadian corporations as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Income Tax Act. Amounts designated as taxable dividends from taxable Canadian corporations are subject to the gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit applicable to designated eligible dividends.

Under the Income Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions of income for the year to the extent necessary to enable the Fund to utilize, in the taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. Such amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. The non-taxable portion of the Fund's net realized capital gains, the

taxable portion of which was designated to a Unitholder for a taxation year, paid or payable in the year will not be included in the Unitholder's income for the year. Any other amount in excess of the Unitholder's share of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero.

Any losses of the Fund for purposes of the Income Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

On the disposition or deemed disposition of a Unit (whether on a sale, redemption or otherwise), a Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount of capital gains made payable by the Fund to the Unitholder which represent capital gains realized by the Fund in connection with its disposition of securities in order to fund the redemption) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The aggregate cost of Units acquired as a distribution of income or capital gains from the Fund will generally be equal to the amount of the distribution. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base of Units to a Unitholder. See section 3.2 of this Annual Information Form. Any additional Units acquired by a Unitholder on the reinvestment of distributions will generally have a cost equal to the amount reinvested. If a Unitholder participates in the Reinvestment Plan and the Unitholder acquires a Unit from the Fund at a price that is less than the then fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased.

The NAV per Unit of the Fund, in part, reflects any income and gains of the Fund that have been earned or been realized, but have not been made payable at the time Units were acquired. Accordingly, a Unitholder of the Fund who acquires Units of the Fund, including on a distribution of Units or a reinvestment in additional Units pursuant to the Reinvestment Plan, may become taxable on the Unitholder's share of such income and gains of the Fund. In particular, an investor who acquires Units of the Fund at any time in the year but prior to a distribution being paid or made payable will have to pay tax on the entire distribution (to the extent it is a taxable distribution) notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units.

If, at any time, the Fund delivers Portfolio Securities to any Unitholder on the termination of the Fund, the Unitholder's proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received. The cost of any property distributed by the Fund *in specie* will generally be equal to the fair market value of such property at the time of the distribution. Such distributed property may or may not be a qualified investment for Plan Trusts. If such distributed property is not a qualified investment for Plan Trusts, such Plan Trusts (and, in the case of certain Plan Trusts, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income in the year of disposition and one-half of any capital loss (an "allowable capital loss") realized must be deducted from taxable capital gains of the Unitholder for that year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the

three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains in accordance with the provisions of the Income Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains, as well as taxable capital gains realized by the Unitholder on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

The Conversion, if it occurs, will not result in a disposition of Units by Unitholders.

### **11.3.1 Eligibility for Investment**

Provided that, at all relevant times, the Fund qualifies as a mutual fund trust within the meaning of the Income Tax Act or the Units are listed on a "designated stock exchange" within the meaning of the Income Tax Act (which includes the TSX), the Units will be qualified investments under the Income Tax Act for Plan Trusts.

Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a trust governed by a tax free savings account ("TFSA"), registered disability savings plan ("RDSP"), registered education savings plan ("RESP"), registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), or first home savings account ("FHSA", and TFSAs, RDSPs, RESPs, RRSPs, RRIFs, and FHSAs being collectively referred to as "Registered Plans"), the holder of the TFSA, RDSP or FHSA, the subscriber of the RESP, or the annuitant of the RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Income Tax Act.

The Units will generally not be a "prohibited investment" for trusts governed by a Registered Plan unless the holder of the TFSA, RDSP or FHSA, the subscriber of the RESP, or the annuitant of the RRSP or RRIF, as applicable, (i) does not deal at arm's length with the Fund for purposes of the Income Tax Act, or (ii) has a "significant interest" as defined in the Income Tax Act in the Fund. Generally, a holder, subscriber, or annuitant, as the case may be, will not have a significant interest in the Fund unless the holder, subscriber, or annuitant, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder, subscriber, or annuitant, as the case may be, does not deal at arm's length. In addition, the Units will not be a "prohibited investment" if the Units are "excluded property" as defined in the Income Tax Act for trusts governed by a Registered Plan.

Holders, subscribers or annuitants should consult their own tax advisors with respect to whether Units would be prohibited investments, including with respect to whether the Units would be "excluded property".

## **12.0 REMUNERATION OF DIRECTORS, OFFICERS, IRC MEMBERS AND TRUSTEES**

The Manager is paid the Management Fee as disclosed in section 8.1.1 of this Annual Information Form. The directors and officers of the Manager do not receive any fees from the Fund.

Each member of the IRC currently receives \$12,000 per annum (\$14,500 for the Chair of the IRC) from the Fund and the Fund pays the expenses of the IRC members and the Board incurred on behalf of the Fund. No such expenses were paid in 2023.

The Trustee does not receive any remuneration from the Fund in its capacity as Trustee.

### **13.0 MATERIAL CONTRACTS**

The Fund and/or the Manager, on behalf of the Fund, is party to the Declaration of Trust and the Custodian Agreement. Copies of these material contracts may be accessed by prospective or existing Unitholders at [www.sedar.com](http://www.sedar.com) under the Fund's profile. They are also available at the Fund's office during normal business hours. Details regarding each of these contracts are provided in section 1.1 of this Annual Information Form, in the case of the Declaration of Trust, and in section 8 of this Annual Information Form, in the case of the Custodian Agreement.

### **14.0 OTHER MATERIAL INFORMATION**

#### **14.1 International Information Reporting**

The Income Tax Act includes provisions which implement the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS Provisions") and the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA Provisions", and collectively with the CRS Provisions, the "International Information Exchange Legislation"). Pursuant to the International Information Exchange Legislation, certain "Canadian financial institutions" (as defined in the International Information Exchange Legislation) are required to have procedures in place to identify accounts held by residents of foreign countries or by certain entities the "controlling persons" of which are resident in a foreign country (or, in the case of the U.S., of which the holder or any such controlling person is a citizen) and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral basis with the countries in which the account holder or any such controlling person is resident (or of which such holder or person is a citizen, where applicable), where such countries (including the U.S.) have agreed to a bilateral information exchange with Canada to which the International Information Exchange Legislation applies. Under the International Information Exchange Legislation, Unitholders may be required to provide certain information regarding their tax status for the purpose of such information exchange, unless the investment is held within a Plan Trust (other than a FHSA). The Department of Finance (Canada) has released certain Tax Proposals which would also exempt FHSAs from the CRS Provisions; however, there can be no assurance that such Tax Proposals will be enacted as proposed. Further, on February 1, 2024 the CRA and the Internal Revenue Service signed a competent authority agreement stating that they intend to update an annex to the IGA Provisions to exclude FHSAs from being reportable accounts under the IGA Provisions.

#### **14.2 Risk Factors**

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund could be materially adversely affected.

#### **No Assurances on Achieving Objectives**

There can be no assurance that the Fund will be able to achieve its Investment Objectives. Furthermore, there can be no assurance that the Fund will be able to pay distributions in the short or long term, nor is there any assurance that the NAV of the Fund will appreciate or be preserved. It is possible that, due to declines in the market value of the assets in the Portfolio, the Fund will have insufficient assets to achieve its distribution, capital preservation and growth objectives.

The Fund will not use leverage to pursue its investment objectives and accordingly, based on the current projections for 2024, the Portfolio will be required to generate an average total return of approximately 9.9% in order for the Fund to achieve its targeted monthly distributions for the Units. Based on the

composition of the Portfolio as at February 29, 2024, the Portfolio has a weighted average current cash yield of approximately 5.0% and accordingly, the Portfolio will be required to generate additional returns in excess of its current cash yield through the sale of securities or other returns in order for the Fund to achieve its initial targeted monthly distributions for the Units. If the return on the Portfolio (including capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund monthly distributions and the Manager returns a portion of the capital of the Fund to ensure the distribution is paid, the NAV per Unit would be reduced.

### **Volatile Markets**

Market prices of investments held by the Fund will go up or down, sometimes rapidly or unpredictably. The Fund's investments are subject to changes in general market conditions, market fluctuations and risks inherent in the securities markets. Investment markets can be volatile and prices of investments can change substantially due to various factors including, but not limited to, economic growth or recession, changes in interest rates, changes in actual or perceived creditworthiness of issuers and general market liquidity. Even if general economic conditions do not change, the value of an investment in the Fund could decline if the particular industries, sectors or companies in which the Fund invests do not perform well or are adversely affected by events. In addition, legal, political, regulatory and tax changes may also cause fluctuations in markets and securities prices. These market conditions and further volatility or illiquidity in capital markets may also adversely affect the prospects of the Fund and the value of the Portfolio Securities. A substantial decline in the North American equities markets could be expected to have a negative effect on the Fund and the market price of the Units.

### **Market Disruptions**

War and occupation, terrorism and related geopolitical risks or other factors including global health risks or pandemics may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. For example, the COVID-19 outbreak and the conflict between Russia and Ukraine caused increased volatility in the global financial markets and disruptions in the global economy.

The risks and factors listed above could negatively affect the worldwide economy, including the issuers in which the Fund invests, which could adversely affect the value of the securities in the Portfolio and in turn, the Net Asset Value of the Units.

### **Loss of Investment**

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

### **No Guaranteed Return**

There can be no guarantee that an investment in the Fund will earn any positive return in the short or long term.

### **Performance and Marketability of Portfolio Securities**

The NAV of the Fund will vary in accordance with the value of the securities included in the Portfolio. The Portfolio Securities will be purchased at their prevailing market price, but such prices will vary, potentially substantially, over time. The Fund and the Manager have no control over the factors that affect the value of the assets in the Portfolio, such as general economic and market conditions, political conditions and fluctuations in interest and exchange rates, and factors unique to issuers of the Portfolio Securities and their businesses, such as liquidity and funding conditions, legal and compliance risks, operational risks, tax-

related risks, changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, and other events that may affect the value of their securities. In the case of resource-oriented royalty and income trusts, such factors include the financial performance of the respective issuers, commodity prices, exchange rates, interest rates, the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector and other financial market conditions. In the case of REITs, such factors include the quality of the REIT's property portfolio, the perception of and the abilities of the REIT's advisor, the prospects for the Canadian and U.S. commercial real estate market and the economy in general, including the level and likely direction of interest rates.

There can be no assurance that an adequate market will exist for securities acquired by the Fund. Securities issued by issuers who are not reporting issuers in all provinces may be subject to an indefinite hold period under certain provincial securities legislation. The issuers of securities which the Fund may acquire may have limited operating histories. The Manager cannot predict whether the securities held by the Fund will trade at a discount to, a premium to, or at their net asset value.

### **Distributions**

The Fund intends to make monthly cash distributions. The Fund will not have a fixed monthly distribution amount. The Manager will review such distribution policy from time to time and accordingly, the distribution amount will be subject to change.

If the return on the Portfolio (including net realized capital gains from the sale of securities in the Portfolio) is less than the amount necessary to fund the monthly distributions, the Manager will return a portion of the capital of the Fund to Unitholders to ensure the distribution is paid, and accordingly the NAV per Unit would be reduced.

### **Sensitivity to Interest Rates**

It is anticipated that the market price for Units and the value of the Portfolio Securities at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units and increase the costs of borrowing to the Fund, if any.

### **Investments in Equity Securities**

The Fund is subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. In addition, issuers of equity securities may reduce or eliminate dividends.

The Fund is concentrated in equity securities which have a Beta of less than 1.0 at the time of investment and accordingly may be concentrated in equity securities in specialized industries or market sectors. As a result, changes that affect any such specialized industries or market sectors will have a greater effect on the Fund than a more broadly diversified portfolio, which may have a negative impact on the value of the Units.

### **Commodity Price Fluctuations**

The operations and financial condition of the issuers of certain of the Portfolio Securities which will be held by the Fund and, accordingly, the amount of distributions paid on such securities will be dependent on commodity prices applicable to such issuers. Prices for commodities may vary and are determined by supply and demand factors including weather and general economic and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial condition of the issuers of



such securities and the amount of distributions paid on such securities. In addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions paid on such securities.

### **Oil and Gas Energy Investments**

Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy related investments. A decline in oil and gas prices could have an adverse effect on the operations and financial condition of the issuers of such securities and the amount of distributions paid on such investments.

### **Real Estate Investments**

Investments in REITs are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto may also depend on the credit and financial stability of the tenants. A REIT's income and funds available for distributions to its securityholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

### **Composition of Portfolio**

The composition of the Fund's Portfolio may vary widely from time to time and may from time to time be concentrated by type of security, commodity, industry or geography, resulting in the Fund's Portfolio being less diversified than anticipated.

### **Reliance on the Manager**

The Manager will manage the Portfolio in a manner consistent with the Investment Policy of the Fund. The officers of the Manager who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios; however, there can be no certainty that such individuals will continue to be employees of the Manager until the termination of the Fund. The performance of the Fund (and therefore the return to Unitholders) will be dependent, among other things, on the ability of the Manager to successfully execute the Investment Policy of the Fund.

### **Trading at a Discount**

The Units may trade in the market at a discount to the NAV per Unit and there can be no assurance that the Units will trade at a price equal to the NAV per Unit. Units will be redeemable at 100% of the NAV per Unit on an Annual Redemption Date less any costs and expenses associated with the redemption. For the purpose of calculating NAV used in connection with a 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. While the redemption right provides Unitholders the option of annual liquidity at the NAV per Unit, there can be no assurance that it will reduce trading discounts of the Units.

## **Not a Trust Company**

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation.

## **Nature of the Units**

The Units share certain attributes common to both equity securities and debt instruments. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. The Units represent a fractional interest in the assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

## **Illiquid Securities**

There can be no assurance that an adequate market will exist for the assets included in the Portfolio and it cannot be predicted whether the assets included in the Portfolio will trade at a discount or premium to the latest price at which they are valued in the Portfolio. Certain Portfolio Securities may trade infrequently or no market for them may exist at all, which may make it difficult for the Manager to value such securities or to dispose of them at an acceptable price, if at all, when it wants to.

If the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the Portfolio Securities prior to the termination of the Fund, Unitholders may, subject to applicable securities laws, receive distributions of securities in specie upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration. In addition, if the Manager determines that it is appropriate to acquire certain securities for the Portfolio, the Manager may be unable to acquire such securities in quantities or at prices which are acceptable to the Manager, if the market for such securities is particularly illiquid.

## **Taxation of the Fund**

If the Fund ceases to qualify as a mutual fund trust under the Income Tax Act, the income tax considerations described in section 11.0 of this Annual Information Form would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA will not be changed in a manner which adversely affects the Fund or the Unitholders.

In determining its income for tax purposes, the Fund will treat gains and losses realized on the disposition of securities held by it as capital gains and capital losses in accordance with the CRA’s published administrative practice. The CRA’s practice is not to grant advance income tax rulings on the character of items as capital or income and no advance income tax ruling has been applied for, or received from, the CRA. If some or all of the transactions undertaken by the Fund were treated on income rather than capital account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase.

The SIFT Rules apply to a mutual fund trust that is a SIFT trust. Further, pursuant to certain Tax Proposals released on November 28, 2023 (the “**Equity Repurchase Rules**”), a trust that is a “covered entity” for purposes of the Equity Repurchase Rules (which includes, among other things, a trust that is a SIFT trust), is proposed to be subject to a 2% tax on the value of the trust’s equity repurchases (i.e. redemptions and repurchases for cancellation) in a taxation year (net of cash subscriptions received by the trust in that taxation year). The Fund should not be a SIFT trust for the purposes of the SIFT Rules because the Fund should not hold “non-portfolio property”, as defined in the SIFT Rules, based on its investment restrictions,

as described in section 2.0 of this Annual Information Form. If the SIFT Rules or the Equity Repurchase Rules were to apply to the Fund, they may have an adverse impact on the Fund including on the distributions received by Unitholders.

Pursuant to rules in the Income Tax Act, if the Fund experiences a “loss restriction event” (i) it will be deemed to have a year-end for tax purposes (which would result in an unscheduled distribution of the Fund’s net income and net realized capital gains, if any, at such time to Unitholders so that the Fund is not liable for income tax on such amounts under Part I of the Income Tax Act), and (ii) it will become subject to the loss restriction rules generally applicable to a corporation that experiences an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund will be subject to a loss restriction event if a Unitholder becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Fund, as those terms are defined in the affiliated persons rules contained in the Income Tax Act, with certain modifications. Generally, a majority-interest beneficiary of the Fund is a beneficiary in the income or capital, as the case may be, of the Fund whose beneficial interests, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Fund. Please see Section 11.3 of this Annual Information Form for the tax consequences of an unscheduled or other distribution to Unitholders. Trusts that qualify as “investment funds” as defined in the rules in the Income Tax Act relating to loss restriction events are generally excepted from the application of such rules. An “investment fund” for this purpose includes a trust that meets certain conditions, including satisfying certain of the conditions necessary to qualify as a “mutual fund trust” for purposes of the Income Tax Act, not using any property in the course of carrying on a business and complying with certain asset diversification requirements. If the Fund were not to qualify as an “investment fund”, it could potentially have a loss restriction event and thereby become subject to the related tax consequences described above.

### **Status of the Fund**

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-ended mutual funds. As a result, some of the protections provided to investors in mutual funds under these laws will not be available to investors in the Fund and certain restrictions imposed on mutual funds do not apply to the Fund.

### **Conflicts of Interest**

The Manager and its directors and officers and their respective affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives to those of the Fund. Although none of the directors or officers of the Manager devote his or her full time to the business and affairs of the Fund, each devotes as much time as is necessary to supervise the management of (in the case of the directors), or to manage the business and affairs of (in the case of officers), the Fund and the Manager, as applicable.

### **Changes in Legislation**

There can be no assurance that income tax laws and government incentive programs relating to the natural resource or real estate industries will not be changed in a manner which adversely affects the distributions received by the Fund or by the Unitholders. Any such changes could have a negative effect upon the value of the Portfolio and upon the investment opportunities available to the Portfolio.

### **Redemptions**

The purpose of the annual redemption right is to prevent Units from trading at a substantial discount to the NAV per Unit and to provide investors with the ability to realize on their investment without such trading

discount once per year. While the redemption right provides investors the option of annual liquidity, there can be no assurance that it will reduce trading discounts. There is a risk that the Fund may incur significant redemptions if Units trade at a significant discount to their NAV per Unit, thereby providing arbitrage traders an opportunity to profit from the difference between the applicable NAV per Unit and the discounted market price at which the Units are purchased. 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 the circumstances described under “Redemption of Securities – Suspension of Redemptions”.

### **No Ownership Interest in Portfolio Securities**

An investment in Units does not constitute an investment by Unitholders in the Portfolio Securities. Unitholders will not own the securities held by the Fund.

### **Cyber Security**

As business is increasingly carried out using the internet and other technologies, the Manager, the Fund, CDS, the Fund’s service providers (including fund accountants, custodians, and transfer agents), the TSX and other exchanges on which the Fund’s units are listed, as well as issuers in which the Fund invests, are subject to various cyber security risks. Each of these entities is susceptible to these risks both directly and indirectly through third party service providers. Cyber security may be threatened unintentionally or by intentional attacks such as unauthorized access to (hacking of) systems resulting in the theft of assets or information, the corruption of data, or operational disruption, and denial-of-service attacks on websites to make network services unavailable to users. Cyber security breaches may impact the Fund’s ability to calculate its NAV, value its Portfolio, trade in securities or calculate redemption proceeds. Cyber security risks faced by investee issuers may cause the Fund’s investment in such companies to decrease in value. Other consequences could include disclosure of confidential information (including breaches of privacy laws), regulatory fines and penalties, reputational damage, expenses relating to compensation costs for financial losses suffered, and additional compliance costs. Cyber attacks may cause recordkeeping breaches, including fund accounting records, custodial records, records of Fund Unit ownership, and other data whose availability, accuracy and completeness are necessary to the Fund’s operations. Substantial costs may be incurred by the Fund in order to resolve or prevent cyber incidents in the future. Unlike many other types of risks faced by the Fund, these risks typically are not covered by insurance and substantial costs could be incurred by the Fund in the prevention or remediation of cyber attacks. While the Manager has put in place policies, procedures and controls to prevent and detect cyber security threats, and has business continuity plans in place to deal with the adverse operational impacts of successful cyber attacks, such policies, procedures, controls and plans have inherent limitations, including the possibility that specific threats may not have been identified, the controls in place may fail to prevent a cyber attack from succeeding, and that efforts to remediate the effects of a successful attack may not be successful. Furthermore, while the Manager enquires about the cyber security systems and controls in use by the Fund’s service providers in carrying out its responsibility to monitor such service providers, the Manager has no input into such systems and controls. The Manager has no control over systems and controls put in place by issuers in which the Fund invests, exchanges on which the Fund is listed, or other third parties involved in the Fund’s operations. The Fund and its Unitholders could be negatively impacted as a result.

## **ANNUAL INFORMATION FORM FOR BLOOM SELECT INCOME FUND**

Manager: Bloom Investment Counsel, Inc.

Address: Suite 1710, Yonge Eglinton Centre, 2300 Yonge Street, Toronto, Ontario M4P 1E4

Telephone: (416) 861-9941

Email: [info@bloomfunds.ca](mailto:info@bloomfunds.ca)

Website: [www.bloomfunds.ca](http://www.bloomfunds.ca)

### **ADDITIONAL INFORMATION:**

Additional information about the Fund is available in the Fund's management report of fund performance and financial statements. Copies of these documents may be obtained at no cost by calling collect at (416) 861-9941 or toll-free at 1-855-BLOOM18 (1-855-256-6618), or directly from your dealer.

Copies of these documents and other information about the Fund, such as information circulars and material contracts, are also available on the Fund's website at [www.bloomfunds.ca](http://www.bloomfunds.ca) or under the Fund's profile on SEDAR at [www.sedar.com](http://www.sedar.com).