



MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

**Bloom Funds Independent Review Committee  
2012 Report to Unitholders**

Dear Unitholder,

As Chair of the Independent Review Committee ("IRC") for the Bloom Select Income Fund (the "Fund") managed by Bloom Investment Counsel, Inc. ("Bloom" or the "Manager") I am pleased to provide you with the first annual report to unitholders of the Fund for the period ended December 31, 2012.

The IRC became operational prior to the launch of the Fund, pursuant to the provisions of National Instrument 81-107, Independent Review Committee for Investment Funds ("NI 81-107"). Under NI 81-107, the IRC reviews potential conflict of interest matters referred to us by Bloom and makes recommendations on whether Bloom's proposed course of action achieves a fair and reasonable result for the Fund. We also review Bloom's policies and procedures with respect to conflict of interest matters.

There has been one meeting of the IRC during the period from the launch of the Fund on April 20 to December 31, 2012. The IRC has received the support necessary in fulfilling its duties, enabling us to have meaningful oversight in conflict of interest matters.

Unitholders in the Fund may request a copy of this report free of charge by emailing Bloom at [ir@bloomfunds.ca](mailto:ir@bloomfunds.ca), by calling 1-855-BLOOM18, or by visiting [www.bloomfunds.ca](http://www.bloomfunds.ca) or [www.sedar.com](http://www.sedar.com).

Sincerely,

A handwritten signature in blue ink, appearing to read "APL", with a stylized flourish at the end.

Anthony P. L. Lloyd  
Chair of the Bloom Funds Independent Review Committee

March 25, 2013



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## **Bloom Funds Independent Review Committee 2012 Report to Unitholders**

### **Reporting period**

The information in this report covers the period from April 20, 2012, the date of commencement of the Fund, to December 31, 2012, the financial period end of the Fund.

### **Members of the Independent Review Committee**

<u>Name</u>	<u>First appointed</u>
Anthony P. L. Lloyd, Chair	October 11, 2011
Lea M. Hill	October 11, 2011
Helen M. Kearns	October 11, 2011

As at the date of this report, none of the members of the IRC serve as a member of an independent review committee for other investment funds, and there are no relationships that may cause a reasonable person to question an IRC member's independence.

All members of the IRC were appointed by the Manager and there have been no changes in composition of the IRC during the reporting period.

### **Holdings of securities by IRC members**

#### **Fund**

As at the date of this report, the members of the IRC did not own units of the Fund.

#### **Manager**

As at the date of this report, the members of the IRC did not own securities of the Manager.

#### **Service providers**

As at the date of this report, the members of the IRC beneficially owned, directly or indirectly, less than 1% of any voting or equity securities of a person or company providing services to the Fund or to the Manager.

### **Compensation and indemnities**

The aggregate compensation payable to the members of the IRC for the reporting period was \$22,732. No amounts were paid or payable by the Fund during the reporting period pursuant to certain indemnities given by the Fund to each individual member of the IRC.



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The initial compensation of the IRC members was determined by the Manager and approved by the IRC. In making this determination and approval, the Manager and IRC considered the following factors:

- The best interests of the Fund and its unitholders;
- The nature and complexity of the Fund;
- The nature and extent of the workload that is required of each IRC member, including the commitment of time and energy that is expected of each IRC member; and
- Industry best practices, including industry averages and surveys on IRC compensation.

The IRC reviews its compensation at least annually, and will establish its own compensation after considering the factors outlined above as well as any recommendations from the Manager.

### **Conflict of interest matters**

The IRC reviews all conflict of interest matters identified and referred to it by the Manager and makes recommendations on whether the Manager's proposed course of action in addressing the conflict of interest matter achieves a fair and reasonable result for the Fund. This includes the provision of standing instructions to the Manager to follow established policies and procedures in relation to certain regularly occurring conflict of interest matters, as well as individual consideration of specific conflict of interest matters brought to its attention.

### **Positive recommendations and standing instructions**

The Manager relied on the following positive recommendations and standing instructions during the reporting period:

- Allocation of investment opportunities
- Use of client brokerage commissions
- Proxy voting
- Personal trading
- Error correction policy re portfolio management
- Gratuities from suppliers
- Fund valuation, calculation of net asset value ("NAV") and NAV error correction
- Allocation of fund expenses and charging of expenses of related entities to the funds
- Business entertainment and gifts

In these matters, the Manager may proceed only if they are in compliance with established policies and procedures. These policies and procedures have been reviewed by the IRC.



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The policies and procedures with respect to conflict of interest matters will be reviewed and assessed annually by the Manager. The results of this review and assessment will be reported to the IRC.

**Recommendations**

In all conflict of interest matters referred to the IRC, the IRC gave a positive recommendation as to whether the Manager's proposed action achieves a fair and reasonable result for the Fund.

**Compliance**

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter during the reporting period and did not meet a condition imposed by the IRC in its approval, recommendation or standing instructions. The Manager has an obligation to notify the IRC of any such instance.