



MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

**Bloom Funds Independent Review Committee
2015 Report to the Unitholders of Bloom U.S. Income & Growth Fund**

Dear Unitholder,

As Chair of the Independent Review Committee (“IRC”) for the Bloom U.S. Income & Growth Fund (the “Fund”) managed by Bloom Investment Counsel, Inc. (“Bloom” or the “Manager”) I am pleased to provide you with the annual report to unitholders of the Fund for the period ended December 31, 2015.

The IRC became operational in March of 2013, 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 have been two meetings of the IRC during the year ended December 31, 2015. 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, by calling 1-855-BLOOM18, or by visiting www.bloomfunds.ca or 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 3, 2016



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Reporting period

The information in this report covers the year ended December 31, 2015, the financial year end of the Fund.

Members of the Independent Review Committee

| <u>Name</u> | <u>First appointed in relation to the Fund</u> | <u>Date resigned</u> |
|----------------------------|--|----------------------|
| Anthony P. L. Lloyd, Chair | March 21, 2013 | |
| Lea M. Hill | March 21, 2013 | |
| Helen M. Kearns | March 21, 2013 | September 15, 2015 |
| Cameron Goodnough | February 1, 2016 | |

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 other than funds managed by the Manager, and there are no relationships that may cause a reasonable person to question an IRC member's independence.

Mr. Lloyd, Mr. Hill and Ms. Kearns were appointed by the Manager. Ms. Kearns resigned during the year and the remaining IRC members appointed Mr. Goodnough.

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 \$28,750. 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 and voting procedures
- 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

There were no conflict of interest matters referred to the IRC during the reporting period.

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.