MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

BLOOM U.S. INCOME & GROWTH FUND

2019 ANNUAL REPORT

BUA.UN

FORWARD-LOOKING STATEMENTS

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

MANAGEMENT REPORT OF FUND PERFORMANCE

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

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

All figures are stated in Canadian dollars unless otherwise noted.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

Bloom U.S. Income & Growth Fund is a closed-end investment trust managed by Bloom Investment Counsel, Inc. ("Bloom" or the "Manager"). Bloom provides administrative services to the Fund and actively manages the Fund's portfolio. The Class A units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol BUA.UN and are designed for investors who wish to make their investments in Canadian dollars. The Class U units of the Fund are designed for investors who wish to make their investments in U.S. dollars and are not listed on the Toronto Stock Exchange, but may be converted to Class A units on a monthly basis. The units of the Fund are RRSP, DPSP, RRIF, RESP, RDSP and TFSA eligible. The Fund has a distribution reinvestment plan ("DRIP") allowing Class A unitholders to automatically reinvest their monthly distributions in additional Class A units of the Fund.

RECENT DEVELOPMENTS

The Investment Manager's Report included below was written as of January 2, 2020 and should be read with that in mind. Since then, the international emergence and spread of the novel coronavirus causing COVID 19 have negatively impacted global stock markets and may continue to do so for some time, affecting the valuation of the Fund's investment portfolio and consequently the net asset value and net asset value per unit of the Fund. The negative effects on the Fund of this coronavirus and any other epidemics and pandemics that may arise in the future could be complex and cannot necessarily be foreseen at the present time. The Manager continues to monitor events as they unfold and has enhanced its business continuity plan to reflect the potential effects of the outbreak on employees and/or service providers, including quarantine, hospitalization, and the need to amend methods of communication, as they relate to the Manager's role as manager and portfolio adviser of the Fund.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund's investment objectives are to provide unitholders with exposure to an actively managed portfolio comprised primarily of publicly traded high dividend paying U.S. common equity securities, including REITs, stable monthly cash distributions, and the opportunity for capital appreciation.

Hedging of Foreign Currency

The Fund was established to enable Canadian investors to participate in the U.S. securities market. Investors were provided with the option of Class A or Class U units in order to allow the investor to choose the investment vehicle that matched their approach to currency fluctuation risk. Class A units were, and through their listing on the TSX, are, the option for investors who wish to manage their exposure to the effect of currency fluctuations. Accordingly, the Class A units are denominated in Canadian dollars and substantially all of the U.S. dollar denominated net asset value attributable to the Class A units is hedged in accordance with the Fund's declaration of trust through the use of foreign currency forward contracts (hedges). Class U units were the option for investors who wanted to invest in U.S. dollars without the hedging of currency fluctuations. Class U units are accordingly denominated in U.S. dollars.

The Fund's portfolio and its income are denominated in U.S. dollars, whereas the Class A units of the Fund are priced in Canadian dollars. The Fund hedges the Class A units' currency risk by entering into foreign currency forward contracts to sell U.S. dollars and buy Canadian dollars at a set rate at a set future date.

Under these contracts, which generally have a duration of approximately 30 days, the Fund agrees to pay a fixed U.S. dollar amount in return for a fixed Canadian dollar amount at a fixed future date. The objective is to shelter the Class A unitholders of the Fund from potential fluctuations in the Canadian dollar value of U.S. currency denominated investments due to changes in the value of the Canadian dollar. This means that the Class A unitholders are substantially protected from capital losses when the Canadian dollar strengthens, but conversely do not fully participate in the capital gains available when the Canadian dollar weakens.

In the year ended December 31, 2019, the Canadian dollar strengthened by 5.0% and Class A earned net realized gains on its foreign currency forward contracts of $42,224; these gains substantially offset the corresponding decrease in the Canadian dollar value of the U.S. dollar denominated assets of Class A, principally investments, which is included in the net change in unrealized appreciation or depreciation on non-derivative investments and the net realized loss on sale of non-derivative investments. (Since inception on March 21, 2013, the Canadian dollar has weakened by 21.0% and the Fund suffered net realized losses on its foreign currency forward contracts of $7.3 million; these losses substantially offset the corresponding increase in the Canadian dollar value of the U. S. dollar denominated assets of Class A.)

INVESTMENT MANAGER

BLOOM
INVESTMENT COUNSEL, INC.

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

INVESTMENT MANAGER'S REPORT

JANUARY 2, 2020

Fund Performance
The Fund's return was significantly ahead of the S&P 500 Total Return Index for the year at 36.9% for Class A and 36.4% for Class U. Positions in Seaspan Corporation, Catchmark Timber Trust Inc. and Aircastle Limited were the greatest contributors to performance. In November, Aircastle announced an agreement to be acquired for a significant premium of 41% over the volume weighted average price of the preceding 20 trading days, and the Fund realized the gains on this stock by selling its position. The strongest performing sectors for the Fund were Industrials, Financials and Materials.

Information Technology was the leading sector in the S&P 500 this year and by a significant amount, returning 17.2% more than the second highest performing sector (Communication Services). There was only one Information Technology (Intel Corp.) holding in the Fund and it still generated strong absolute performance. Dividend paying stocks are not as typical of the Information Technology as other sectors. Indeed, looking at the "FANG" group of stocks (Facebook, Amazon, Netflix, Google) plus Microsoft and Apple, only the latter two pay dividends and the yields on these stocks are barely above 1%.

The most recent measure of Active Share for Bloom U.S. Income & Growth Fund was a very high 97.7%. Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. We believe this high Active Share gives the Fund a greater ability to take advantage of upside opportunities or protect against downside risk very distinctly in comparison to the great number of less active managers with performance that closely follows the benchmark.

The U.S. Economy
Annual growth for the U.S. economy in 2019 is expected to be 2.3%, which is slightly less than growth of 2.9% in 2018. Housing has emerged as a positive contributor, as permits hit a 12-year high on builder optimism. Consumer spending is also going well gauged by real disposable income being up 3.1% year over year, yet savings rates are running conservatively close to 8%. Income growth has been absent for some time and this improvement is quite encouraging. However, an offsetting negative is that it is quite common now to hear companies mention labour shortages on quarterly earnings calls. A deal reached recently in Washington ensures funding for the remainder of the fiscal year (no government shutdowns) and this government spending should add to growth during this time. Growth is not expected to be below 2% in 2020.

Trade tensions have been the focal point in the news and markets. Unfortunately, perception is not always reality and it is important to understand some facts regarding this issue. The trade situation between the U.S. and China attracts the vast majority of headlines. Over the last 12 months total trade flows between the U.S. and China were $580 billion; consider over the same time flows between the U.S. and Canada/Mexico were $1.2 trillion or more than twice as much. The USMCA trade deal between the latter three receives significantly less attention but is economically much more impactful. On December 19th the House of Congress in the U.S. approved the new USMCA agreement, though the Senate was postponing addressing this because of impeachment proceedings.

The November ISM Manufacturing Index of 48.1 was at a contractionary level below 50 and came in slightly below consensus of 49.4. November was the fourth straight month below the expansion level. Inventories, new orders and employment all showed reduced expectations. While manufacturing is stuck in a mild recession, it is not surprising considering trade pressure. Fortunately, manufacturing only accounts for one-fifth of U.S. GDP.

The U.S. Leading Economic Index declined in October for the third consecutive month. The six-month growth rate turned negative for the first time since May 2016. These leading indicators suggest the economy could weaken in the near term though growth should continue albeit at a moderating rate.

Total nonfarm payroll employment for November was well-above consensus indicating that a tight labour force environment remains intact. Indications are that the Federal Reserve is very data-dependent as reports are released and the strength in this job report points to a very low risk of any imminent recession. Therefore, the Fed should be much less likely to pursue additional interest rate cuts in the near-term.

U.S. Investment Markets

The S&P 500 Total Return Index posted a very strong return for the year 2019 of 31.5%, the highest annual return since 2013, although it should be kept in perspective that the very weak fourth quarter of 2018 made for a low starting point. The month of May was cautionary with its sharp 6.4% decline. This is best attributed to the negative implications of trade at the time, but the Federal Reserve's monetary accommodation with an interest rate decrease in late July is really what caused an abrupt positive reversal followed by another in late October. This was further helped by a shift in sentiment for the better towards likely impacts of the trade dispute between the U.S. and China – what is being referred to as "Phase 1" of an agreement. The U.S. equity market took its cue from this for the second half and especially finishing the year closing at consecutive record levels.

The impeachment proceedings concerning the U.S. President had little if any effect on the market in the year. In recent years the market has taken its direction from tax cuts, monetary policy and protectionist trade developments. The U.S. market was down 4.4% in 2018 while S&P 500 earnings were up 22.7%. This compares to an increase in the index of 31.5% in 2019 while earnings are likely to eke out just the most modest of gains for the year. This means that expansion and compression of valuation multiples have played a large part in market rallies and pullbacks and have been strongly connected to tax cuts, monetary policy and trade tensions.

Our reflections last year included an important observation that the breadth of weakness in investment returns across assets classes was virtually unprecedented. It was the first year of losses for both the S&P 500 and 10-year Treasury in modern times. The direct opposite occurred in 2019 with strong double-digit returns well above historical averages for both the U.S. equity market and treasuries. The historical relationship that has held fairly consistently of stock performance being inversely correlated to bonds or treasuries has not held consecutively in the two most recent years. As a result, investors have not been able to rely as greatly on the portfolio diversification benefits of fixed income.

Unicorns (privately held startups valued at over $1 billion) and Initial Public Offerings (IPOs) received great attention in 2019. Even with the backdrop of strong public markets many IPOs did poorly. Among these were Lyft, SmileDirectClub and Uber, all of which are down significantly since their debuts. Other high profile deals like WeWork failed or were withdrawn.

The U.S. market has also been rightly characterized in recent years as being quite concentrated in its leadership. The "FANG" stocks represents this. These mega-cap stocks also attract heavy passive investment flows. Adding stocks like Microsoft and Apple to this group, these two stocks along with Facebook greatly exceeded the returns of the benchmark. This concentrated group of stocks continues to be a factor in driving market returns.

The best performing sectors for the year were Information Technology, Communication Services and Financials while the worst performing sectors were Energy, Healthcare and Materials.

Since the beginning of 2019 the U.S. dollar decreased by 4.8% against the Canadian dollar and was down 1.9% in the final quarter. Reasons for relative weakness in the U.S. dollar against the Loonie include more accommodative monetary policy in the U.S., resilient oil prices and approval of the USMCA trade agreement. The U.S. dollar increased in value against most global currencies in 2019 and only a handful were stronger. With approval of USMCA, among the handful and not surprisingly topping the list were Mexico and Canada.

Outlook

The historically high return posted by the market in 2019 could be a justifiable reason to temper near-term forward expectations. However, a mitigating consideration should also be kept in mind that the S&P 500 was only up approximately 10% at the end of 2019 from its closing level at the end of September 2018. The equity market in the U.S. should face uncertainty and challenge through the next year as it weighs the outcome of the U.S. presidential election. Combining these considerations with a low interest rate environment that is demonstrating strong persistence and empirical evidence supporting outperformance over the long-term, we believe that higher yielding equities will continue to reward the Fund in investment returns.

We continue to steadfastly follow a disciplined fundamental approach emphasizing yield and high income, that is focused, mindful of value and market capitalization agnostic, which allows for an unconstrained opportunity set of investment opportunities in stocks. Given our view on the market we believe these attributes will help drive positive prospective returns for the Fund.

RESULTS OF OPERATIONS

Distributions

During the year ended December 31, 2019 distributions totaled $0.60 per Class A unit and US$0.60 per Class U unit. The 2019 distribution reflects a monthly rate per unit of $0.05 per Class A unit and US$0.05 per Class U unit, in accordance with the targeted distribution rate of 6% per annum on the subscription price of $10 per unit as disclosed in the Fund's Prospectus. Since inception on March 21, 2013, the Fund has paid total cash and reinvested distributions of $4.06774 per Class A unit and US$4.06774 per Class U unit.

Allocation of Income, Expenses, Gains and Losses Between Classes of the Fund

The income, expenses, gains and losses of the Fund are generally allocated between Class A and Class U on the basis of the Classes' relative net asset values. However there are certain transactions which are class specific and are allocated to a particular class. These include certain expenses of Class A relating to its distribution reinvestment plan (DRIP), certain expenses of Class U relating to the Class U conversion privilege, fees charged by the Canadian Depository for Securities which are specific to each of the classes, and the unrealized and realized gains and losses on the foreign currency forward contracts which relate to the hedging of the U.S. dollar denominated net asset value attributable to the Class A units, and which are allocated to Class A.

Increase in Net Assets from Operations

The Fund's net investment income was $3.6 million ($2.57 per Class A unit and $3.10 per Class U unit) for the year ended December 31, 2019, arising from average portfolio investments during the year of $10.1 million. The net income was comprised primarily of $1.6 million net change in unrealized appreciation or depreciation on non-derivative investments, $1.1 million net realized gains on sales of non-derivative investments, dividend and distribution income of $0.5 million and net change in unrealized appreciation or depreciation on foreign currency forward contracts of $0.4 million during the year.

Expenses were $0.4 million ($0.26 per Class A unit and $0.51 per Class U unit) for the year ended December 31, 2019, the major components being management fees of $135,817, other administrative expenses of $115,636 and withholding taxes of $29,310.

Net Asset Value

The net asset value per unit of Class A units of the Fund was $8.15 at December 31, 2019, up by 26.4% from $6.45 at December 31, 2018. The net asset value per unit of Class U units of the Fund was US$8.15 at December 31, 2019, up by 26.2% from US$6.46 at December 31, 2018. In Canadian dollar terms, the net asset value of Class U units was $10.57 at December 31, 2019, up by 19.7% from $8.83 at December 31, 2018.

The aggregate net asset value of the Fund increased from $9.42 million at December 31, 2018 to $9.97 million as at December 31, 2019, primarily due to the net investment income of $3.6 million offset by redemptions of units of $1.8 million and distributions to unitholders of $0.8 million.

Investment Portfolio

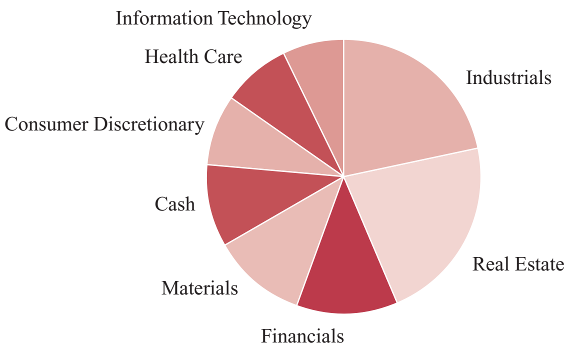
The Fund has established a portfolio invested in U.S. equities, each of which was selected to achieve the investment objectives of the Fund.

During the year ended December 31, 2019 the percentage of the portfolio (equities and cash) invested in cash has increased from 2.2% to 9.7% reflecting proceeds from the sales of the Fund's position in Aircastle Limited and part of its holding in Comcast Corp. which have yet to be reinvested. The Industrials sector has decreased from 24.2% to 21.9% of the portfolio, reflecting the sale of Aircastle Limited and part of the Fund's holding in Seaspan Corporation, offet by strong returns on Seaspan Corporation and FLY Leasing Limited. The Financials sector has decreased from 14.9% to 11.9% of the portfolio, partially due to the sale of some of the Fund's holding of New York Community Bancorp Inc. and weakness in the share price of First Financial Bancorp.

The Fund had net unrealized appreciation of $2.4 million on its portfolio as at December 31, 2019, with unrealized appreciation of $0.9 million on Real Estate holdings, $0.5 million on Health Care holdings, $0.5 million on Information Technology holdings and $0.4 million on Financials holdings.

The Fund had net realized gains on sales of non-derivative investments of $1.1 million during the year ended December 31, 2019, the most significant gain being from the sale of the Fund's position in Aircastle Limited with smaller gains on the sales of holdings in Intel Corporation, Ryman Hospitality Properties Inc., and Eli Lilly and Company.

Portfolio Sectors



Sector		Value (thousands)	% of Total
Industrials	$	2,187	21.9%
Real Estate		2,178	21.8%
Financials		1,188	11.9%
Materials		1,131	11.3%
Cash		964	9.7%
Consumer Discretionary		820	8.2%
Health Care		801	8.0%
Information Technology		714	7.2%
Total	**$**	**9,982**	**100.0%**

Liquidity
To provide liquidity for unitholders, Class A units of the Fund are listed on the TSX under the symbol BUA.UN. Class U units are not listed on the TSX but are convertible to Class A units on a monthly basis.

The Fund received approval from the TSX on June 27, 2017 for a normal course issuer bid program from June 29, 2017 to June 28, 2018, allowing the Fund to purchase for cancellation up to 160,328 Class A units on the TSX if they trade below the Class A Net Asset Value per unit. No units were purchased and cancelled by the Fund under this normal course issuer bid in the year ended December 31, 2019.

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

Current Cash Yield and Targeted Distributions
Based on current projections, the average total return required in order for the Fund to achieve its targeted monthly distributions to Unitholders is approximately 10.6%. The weighted average current cash yield on the Fund's equity portfolio was 4.1% as at December 31, 2019 and thus the Fund is required to generate additional returns (for instance, capital gains and securities lending income) and/or to return capital in order for the Fund to achieve its targeted monthly distributions to Unitholders.

RELATED PARTY TRANSACTIONS
Related party transactions consist of administrative and investment management services provided by the Manager pursuant to the Fund's declaration of trust, and Fund expenses paid by the Manager and recharged to the Fund.

Administration and Investment Management Fees
Pursuant to the Fund's declaration of trust, the Manager provides investment management and administrative services to the Fund, for which it is paid an annual management fee of 1.15% per annum of the net asset value of the Fund, calculated weekly and payable monthly in arrears, plus applicable taxes.

The management fee is intended to compensate the Manager for providing portfolio advisory and certain administrative services to the Fund. For the year ended December 31, 2019, management fees charged directly to the Fund amounted to $135,817.

Services received by the Fund in consideration of the management fee, as an approximate percentage of the management fee, comprise portfolio advisory services (70%) and administrative services (30%). Administrative services include: appointment and monitoring of service providers; administration related to the payment of fund expenses and the deposit of fund receipts; payment of the service fee; administrative services provided to the IRC; review and filing of tax returns; preparation, dissemination and filing of annual and interim reports; maintenance of proxy voting records and the voting of proxies; preparation of monthly portfolio summaries; administration of the Fund's foreign currency forward contracts; regulatory reporting; and maintenance of the information on the Fund's website.

Other Expenses Recharged to the Fund
On an ongoing basis the Manager pays on behalf of the Fund, and subsequently recharges to the Fund, certain expenses of the Fund. For the year ended December 31, 2019 the Fund expensed unitholder information costs of $17,888, IRC fees of $27,442 and premiums for insurance coverage for members of the IRC of $438 which were paid and recharged by the Manager.

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

INDEPENDENT REVIEW COMMITTEE

Prior to the Fund's launch, the IRC for the Fund was established pursuant to NI 81-107 and became operational. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Fund and performs all other functions required of an independent review committee under NI 81-107. Costs and expenses, including the remuneration of IRC members, the costs of legal and other advisors to, and legal and other services for, IRC members, and insurance costs are chargeable to the Fund. As at December 31, 2019 the IRC consisted of three members, all of whom are independent of the Manager.

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

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

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

2019 TAX INFORMATION

The following information is applicable to holders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold shares as capital property outside of an RRSP, DPSP, RRIF, RESP or TFSA. Unitholders should receive a T3 slip from their investment dealer providing this information. T3 supplementary slips for holdings of the Fund will indicate Foreign Non-Business Income in Box 25, Foreign Non-Business Income Tax Paid in Box 34, and Capital Gains in Box 21. The Return of Capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is reported on the T3 supplementary slips in Box 42. The following table outlines the breakdown of the Fund's distributions declared in 2019 on a per unit basis.

Class A

Record Date	Payment Date	Return of capital	Total Distribution
Jan. 31, 2019	Feb. 15, 2019	$ 0.05	$ 0.05
Feb. 28, 2019	Mar. 15, 2019	$ 0.05	$ 0.05
Mar. 29, 2019	Apr. 15, 2019	$ 0.05	$ 0.05
Apr. 30, 2019	May 15, 2019	$ 0.05	$ 0.05
May 31, 2019	Jun. 17, 2019	$ 0.05	$ 0.05
Jun. 28, 2019	Jul. 15, 2019	$ 0.05	$ 0.05
Jul. 31, 2019	Aug. 15, 2019	$ 0.05	$ 0.05
Aug. 30, 2019	Sep. 16, 2019	$ 0.05	$ 0.05
Sep. 30, 2019	Oct. 15, 2019	$ 0.05	$ 0.05
Oct. 31, 2019	Nov. 15, 2019	$ 0.05	$ 0.05
Nov. 29, 2019	Dec. 16, 2019	$ 0.05	$ 0.05
Dec. 31, 2019	Jan. 15, 2020	$ 0.05	$ 0.05
Total		**$ 0.60**	**$ 0.60**

Class U

Record Date	Payment Date	Return of Capital	Total Distribution
Jan. 31, 2019	Feb. 15, 2019	US$ 0.05	US$ 0.05
Feb. 28, 2019	Mar. 15, 2019	US$ 0.05	US$ 0.05
Mar. 29, 2019	Apr. 15, 2019	US$ 0.05	US$ 0.05
Apr. 30, 2019	May 15, 2019	US$ 0.05	US$ 0.05
May 31, 2019	Jun. 17, 2019	US$ 0.05	US$ 0.05
Jun. 28, 2019	Jul. 15, 2019	US$ 0.05	US$ 0.05
Jul. 31, 2019	Aug. 15, 2019	US$ 0.05	US$ 0.05
Aug. 30, 2019	Sep. 16, 2019	US$ 0.05	US$ 0.05
Sep. 30, 2019	Oct. 15, 2019	US$ 0.05	US$ 0.05
Oct. 31, 2019	Nov. 15, 2019	US$ 0.05	US$ 0.05
Nov. 29, 2019	Dec. 16, 2019	US$ 0.05	US$ 0.05
Dec. 31, 2019	Jan. 15, 2020	US$ 0.05	US$ 0.05
Total		**US$ 0.60**	**US$ 0.60**

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

PAST PERFORMANCE

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

Annual Compound Returns

The following table shows the Fund's annual compound return for the one and three year periods ended December 31, 2019 and the period since commencement of operations on March 21, 2013, compared with the S&P 500 Total Return Index ("Index"). The Index tracks the performance, on a market weight basis and a total return basis, of a broad index of large-capitalization issuers listed on the S&P 500, including common stocks and REITs, and is an appropriate benchmark as the Fund invests in such common stocks and REITs. Since the Fund is actively managed, the sector weightings differ from those of the Index. Also, the Fund's portfolio contains predominantly high dividend paying securities, whereas the Index does not necessarily focus on this type of investment. As well, the Fund may invest in issuers that are not included in the Index. For these reasons it is not expected that the Fund's performance will mirror that of the Index. Further, the Index is calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

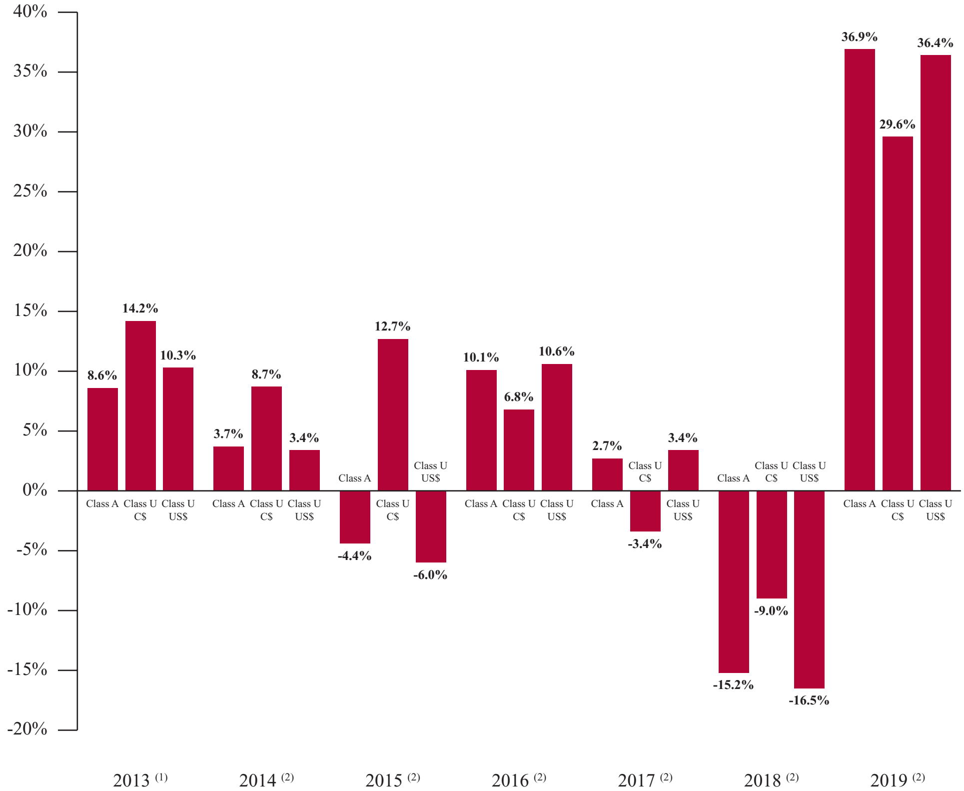
	One year	Three years	Five years	Since inception[1]
Bloom U.S. Income & Growth Fund Class A (net of fees and expenses)	36.9%	6.1%	4.7%	5.2%
Bloom U.S. Income & Growth Fund Class U in C$ (net of fees and expenses)	29.6%	4.7%	4.1%	8.8%
S&P 500 Total Return Index in Canadian dollars	25.2%	13.9%	14.2%	17.7%
Bloom U.S. Income & Growth Fund Class U in US$ (net of fees and expenses)	36.4%	5.9%	4.3%	5.2%
S&P 500 Total Return Index in US dollars	31.5%	15.3%	11.7%	13.6%

[1] Period from March 21, 2013 (commencement of operations) to December 31, 2019

During the one year period ended December 31, 2019 the Class A of Fund outperformed relative to the Index and for the three and five year periods ended December 31, 2019 and since inception, Class A of the Fund underperformed relative to the Index after taking into account the expenses of the Fund. Class U of the Fund also outperformed the index for one year and underperformed the index for all other periods. In addition to the effect of the deduction of management fees and expenses inherent in the Fund's performance figures, this reflects differences in individual portfolio selections between the Fund's portfolio and the Index within each of the sectors, which result in different average sector returns. It may also reflect differences in average sector weightings between the Fund's portfolio and the Index over these periods.

Year-by-Year Returns

The bar chart shows the Fund's performance for each fiscal period since commencement of operations on March 21, 2013. It shows, in percentage terms, how a Canadian dollar investment in Class A and a US dollar investment in Class U held on the first day of the fiscal period would have changed by the last day of the fiscal period.



(1) Period from March 21, 2013 (commencement of operations) to December 31, 2013
(2) Year from January 1 to December 31 of the year indicated

FINANCIAL HIGHLIGHTS

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

Net Assets Per Unit – Class A

For the fiscal period ended	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Net Assets per unit, beginning of period(2)(3)	$ 6.45	$ 8.20	$ 8.58	$ 8.37	$ 9.36
Increase from operations:(3)					
Total revenue	0.34	0.33	0.35	0.64	0.43
Total expenses	(0.26)	(0.27)	(0.28)	(0.27)	(0.27)
Net realized gains (losses)	0.86	0.52	0.16	0.83	0.05
Net unrealized gains (losses)	1.37	(1.72)	(0.01)	(0.47)	(0.59)
Total increase in net assets from operations(2)	$ 2.31	$(1.14)	$ 0.22	$ 0.73	$(0.38)
Distributions to unitholders(3)(5)					
From net investment income	–	–	–	(0.14)	(0.01)
From return of capital	(0.60)	(0.60)	(0.60)	(0.46)	(0.59)
Total distributions to unitholders	$(0.60)	$(0.60)	$(0.60)	$(0.60)	$(0.60)
Net assets per unit, end of period(2)(3)	$ 8.15	$ 6.45	$ 8.20	$ 8.58	$ 8.37

Net Assets Per Unit – Class U

For the fiscal period ended Expressed in (currency)[4]	December 31, 2019		December 31, 2018		December 31, 2017		December 31, 2016		December 31, 2015	
	C$	US$[4]	C$	US$[4]	C$	US$[4]	C$	US$[4]	C$	US$[4]
Net Assets per unit, beginning of period[1][2]	$ 8.83	$ 6.46	$10.39	$ 8.29	$11.54	$ 8.61	$11.61	$ 8.36	$11.02	$ 9.51
Increase from operations:[2]										
Total revenue	0.45	0.34	0.43	0.33	0.47	0.36	0.83	0.63	0.55	0.44
Total expenses	(0.51)	(0.38)	(0.45)	(0.35)	(0.47)	(0.36)	(0.37)	(0.28)	(0.34)	(0.27)
Net realized gains (losses)	1.16	0.87	1.02	0.79	0.07	0.06	1.19	0.90	1.68	0.33
Net unrealized gains (losses)	1.49	1.13	(1.20)	(0.93)	(0.42)	(0.32)	(1.06)	(0.80)	(0.43)	(0.88)
Total increase in net assets from operations[2]	$ 2.59	$ 1.96	$(0.20)	$(0.16)	$(0.35)	$(0.26)	$ 0.59	$ 0.45	$ 1.46	$(0.38)
Distributions to unitholders[2][3]										
From net investment income	–	–	–	–	–	–	(0.10)	(0.08)	–	–
From return of capital	(0.79)	(0.60)	(0.78)	(0.60)	(0.78)	(0.60)	(0.69)	(0.52)	(0.77)	(0.60)
Total distributions to unitholders	$(0.79)	$(0.60)	$(0.78)	$(0.60)	$(0.78)	$(0.60)	$(0.79)	$ (0.60)	$(0.77)	$(0.60)
Net assets per unit, end of period[1][2]	$10.57	$ 8.15	$ 8.83	$ 6.46	$10.39	$ 8.29	$11.54	$ 8.61	$11.61	$ 8.36

[1] This information is derived from the Fund's financial statements, to which International Financial Reporting Standards apply.

[2] Net assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase in net assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

[3] $72,603 (2018: $102,351; 2017: $118,853; 2016: $186,101; 2015: $212,557) of distributions was reinvested in units under the Fund's Class A Distribution Reinvestment Plan. The remainder of the distributions was paid in cash.

[4] Class U Net Assets per unit are translated into US$ at the exchange rate in effect at the measurement date. Class U increases from operations are translated into US$ at the average exchange rate for the period. Class U distributions are paid in US$.

Ratios and Supplemental Data

For the fiscal period ended	December 31, 2019 Class A	December 31, 2019 Class U	December 31, 2018 Class A	December 31, 2018 Class U	December 31, 2017 Class A	December 31, 2017 Class U	December 31, 2016 Class A	December 31, 2016 Class U	December 31, 2015 Class A	December 31, 2015 Class U
Net asset value (000s)[1]	$ 9,321	$ 649 (US$501)	$ 8,765	$ 658 (US$481)	$ 12,224	$ 1,229 (US$981)	$ 15,169	$ 1,609 (US$1,200)	$ 18,879	$ 2,144 (US$1,543)
Number of units outstanding[1]	1,142,954	61,460	1,359,927	74,510	1,490,496	118,260	1,768,014	139,406	2,255,000	184,656
Management expense ratio ("MER")[2]	3.12%	4.78%	3.00%	3.99%	2.98%	3.78%	2.79%	2.92%	2.39%	2.40%
Trading expense ratio[3]	0.07%	0.07%	0.04%	0.04%	0.09%	0.09%	0.07%	0.07%	0.12%	0.10%
Portfolio turnover rate[4]	1.57%	1.57%	3.73%	3.73%	5.89%	5.89%	8.34%	8.34%	2.95%	2.95%
Net asset value per Unit[1]	$ 8.15	$ 10.57 (US$8.15)	$ 6.45	$ 8.83 (US$6.46)	$ 8.20	$ 10.39 (US$8.29)	$ 8.58	$ 11.54 (US$8.61)	$ 8.37	$ 11.61 (US$8.36)
Closing market price[1]	$ 7.76	N/A	$ 6.27	N/A	$ 7.99	N/A	$ 8.26	N/A	$ 8.06	N/A

(1) As at December 31 of the year shown

(2) MER is based on the requirements of NI 81-106 and includes the total expenses (excluding withholding taxes, commissions and other portfolio transaction costs) of the Class for the period. Unit issue expense is added to annualized ongoing expenses and expressed as a percentage of the average net asset value of the Class during the period.

(3) The trading expense ratio represents total commissions, including commissions on unit repurchases of Class A units under its normal course issuer bid, and other portfolio transaction costs expressed as an annualized percentage of the average net asset value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Manager manages the Fund's portfolio investments (i.e. how often the Fund's portfolio investments are bought and sold). A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

Management Expense Ratio

The MER of Class A of the Fund was 3.12% for the year ended December 31, 2019, up from an MER of 3.00% in the year ended December 31, 2018. The MER of Class U of the Fund was 4.78% for the year ended December 31, 2019, up from an MER of 3.99% in the year ended December 31, 2018. The increases are primarily due to the decrease in net asset value through the annual redemption of units which, when paired with fixed costs, caused the MER to increase.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2019

Total Net Assets[1] (including Cash and Other Net Assets) – Class A	$9,320,525
Total Net Assets[1] (including Cash and Other Net Assets) – Class U	$649,388
	Or US$500,781

Portfolio Composition	% of Portfolio	% of Total Net Assets[1]
Industrials	21.9%	21.9%
Real Estate	21.8%	21.8%
Financials	11.9%	11.9%
Materials	11.3%	11.4%
Cash	9.7%	9.7%
Consumer Discretionary	8.2%	8.2%
Health Care	8.0%	8.0%
Information Technology	7.2%	7.2%
Total Investment Portfolio	100.0%	100.1%
Other Non-Debt Net Assets (Liabilities)		(0.1%)
Total Net Assets	100.0%	100.0%

Top 25 Holdings*	% of Portfolio	% of Total Net Assets[1]
Cash	9.7%	9.7%
Seaspan Corporation	8.9%	8.9%
Eli Lilly and Company	8.0%	8.0%
Weyerhaeuser Company	7.3%	7.3%
Intel Corporation	7.2%	7.2%
Ryman Hospitality Properties, Inc.	7.0%	7.0%
First Financial Bancorp	6.8%	6.8%
SFL Corporation Ltd.	6.7%	6.8%
FLY Leasing Limited ADR	6.3%	6.3%
EPR Properties	6.0%	6.0%
CatchMark Timber Trust, Inc. Class A	5.8%	5.8%
Tronox Holdings plc	5.5%	5.5%
New York Community Bancorp Inc.	5.1%	5.1%
Comcast Corp. Class A	4.4%	4.4%
National CineMedia Inc.	3.8%	3.8%
Iron Mountain Inc.	1.6%	1.6%

*The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Monthly updates are available on the Fund's website at **www.bloomfunds.ca***

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

(1) Net assets attributable to holders of redeemable units.

MANAGEMENT RESPONSIBILITY STATEMENT

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 3 to the financial statements.

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

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

Signed

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

Signed

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

March 10, 2020

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustee of Bloom U.S. Income & Growth Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2019 and 2018;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the 2019 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 10, 2020

STATEMENTS OF FINANCIAL POSITION

As at		December 31, 2019		December 31, 2018
Assets				
Current assets				
Investments at fair value	**$**	**9,018,706**	$	9,541,808
Cash		**963,582**		218,757
Dividends and distributions receivable		**11,428**		13,769
Prepaid expenses and other assets		**10,103**		10,863
Unrealized appreciation on foreign currency forward contracts (note 13)		**181,567**		–
Total assets		**10,185,386**		9,785,197
Liabilities				
Current liabilities				
Redemptions payable		**71,438**		–
Distributions payable to holders of redeemable units		**61,133**		73,085
Accrued liabilities (note 10)		**82,902**		89,959
Unrealized depreciation on foreign currency forward contracts (note 13)		**–**		199,801
Total liabilities		**215,473**		362,845
Net assets attributable to holders of redeemable units (note 6)	**$**	**9,969,913**	$	9,422,352
Net assets attributable to holders of redeemable units per class				
Class A	**$**	**9,320,525**	$	8,764,735
Class U	**$**	**649,388**	$	657,617
Net assets attributable to holders of redeemable units per unit				
Class A	**$**	**8.15**	$	6.45
Class U	**$**	**10.57**	$	8.83
Class U in U.S.$	**$**	**8.15**	$	6.46

The accompanying notes are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended		**December 31, 2019**		December 31, 2018
Income				
Net gain on investments and derivatives				
Dividend and distribution income	**$**	**466,763**	$	519,726
Net realized gain on sale of non-derivative investments		**1,143,684**		1,202,324
Net change in unrealized appreciation or depreciation on non-derivative investments		**1,564,148**		(2,178,392)
Net realized gain (loss) on foreign currency forward contracts		**42,224**		(434,312)
Net change in unrealized appreciation or depreciation on foreign currency forward contracts (note 13)		**381,368**		(477,391)
Total net gain on investments and derivatives		**3,598,187**		(1,368,045)
Other income				
Securities lending income (note 12)		**8,495**		10,643
Foreign exchange gain (loss) on cash		**(9,432)**		103,329
Total other income		**(937)**		113,972
Total income		**3,597,250**		(1,254,073)
Expenses (Note 10)				
Management fees (note 10)		**135,817**		174,491
Withholding taxes		**29,310**		38,764
Audit fees		**29,247**		30,399
Independent Review Committee fees (note 10)		**27,442**		34,569
Unitholder reporting costs		**22,140**		28,456
Portfolio transaction costs (note 11)		**7,572**		5,536
Custody fees		**7,904**		19,275
Legal fees		**6,732**		4,406
Other administrative expenses		**115,636**		98,802
Total expenses		**381,800**		434,698
Net income		**3,215,450**		(1,688,771)
Gain on redemption of redeemable units (note 6)		**17,239**		3,696
Net gain on repurchase and cancellation of redeemable units (note 6)		**–**		4,953
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**$**	**3,232,689**	$	(1,680,122)
Class A		**3,053,950**		(1,659,492)
Class U		**178,739**		(20,630)
Total increase (decrease) in net assets attributable to holders of redeemable units from operations	**$**	**3,232,689**	$	(1,680,122)
Weighted average redeemable units outstanding during the year				
Class A		**1,324,873**		1,454,483
Class U		**68,963**		101,434
Increase (decrease) in net assets attributable to holders of redeemable units per unit from operations (note 3k)				
Class A	**$**	**2.31**	$	(1.14)
Class U	**$**	**2.59**	$	(0.20)
Class U in U.S.$	**$**	**1.96**	$	(0.16)

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31, 2019 and 2018

	Class A	Class U	Total
Net assets attributable to holders of redeemable units at January 1, 2018	$ 12,224,157	$ 1,228,592	$ 13,452,749
Decrease in net assets attributable to holders of redeemable units from operations	(1,659,492)	(20,630)	(1,680,122)
Distributions to holders of redeemable units (note 8)			
Distributions to holders of redeemable units from return of capital	(864,683)	(78,329)	(943,012)
Decrease from distributions to holders of redeemable units	(864,683)	(78,329)	(943,012)
Redeemable unit transactions (note 6)			
Redemptions of redeemable units	(1,027,105)	(48,128)	(1,075,233)
Repurchase and cancellation of redeemable units	(332,030)	–	(332,030)
Class U redeemable units converted to Class A redeemable units	423,888	(423,888)	–
Net Decrease from redeemable unit transactions	(935,247)	(472,016)	(1,407,263)
Net Decrease in net assets attributable to holders of redeemable units	(3,459,422)	(570,975)	(4,030,397)
Net assets attributable to holders of redeemable units at December 31, 2018	$ 8,764,735	$ 657,617	$ 9,422,352
Increase in net assets attributable to holders of redeemable units from operations	**3,053,950**	**178,739.00**	**3,232,689**
Distributions to holders of redeemable units (note 8)			
Distributions to holders of redeemable units from return of capital	**(784,580)**	**(54,216)**	**(838,796)**
Decrease from distributions to holders of redeemable units	**(784,580)**	**(54,216)**	**(838,796)**
Redeemable unit transactions (note 6)			
Redemptions of redeemable units	**(1,757,306)**	**(89,026)**	**(1,846,332)**
Class U redeemable units converted to Class A redeemable units	**43,726**	**(43,726)**	**–**
Net Decrease from redeemable unit transactions	**(1,713,580)**	**(132,752)**	**(1,846,332)**
Net Increase (decrease) in net assets attributable to holders of redeemable units	**555,790**	**(8,229.00)**	**547,561**
Net assets attributable to holders of redeemable units at December 31, 2019	**$ 9,320,525**	**$ 649,388**	**$ 9,969,913**

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the years ended		December 31, 2019		December 31, 2018
Cash flows from (used in) operating activities				
Increase (decrease) in net assets attributable to holders of redeemable units from operations	**$**	**3,232,689**	$	(1,680,122)
Adjustment for:				
Unrealized foreign exchange (gain) loss on cash		**19,276**		(19,335)
Gain on redemption of redeemable units		**(17,239)**		(3,696)
Net gain on repurchase and cancellation of redeemable units		**–**		(4,953)
Net realized (gain) on sale of non-derivative investments		**(1,143,684)**		(1,202,324)
Net change in unrealized appreciation or depreciation on investments		**(1,564,148)**		2,178,392
Net realized (gain) loss on foreign currency forward contracts		**(42,224)**		434,312
Net change in unrealized appreciation or depreciation on foreign currency forward contracts		**(381,368)**		477,391
Decrease in dividends and distributions receivable		**2,341**		5,515
Decrease in prepaid expenses and other assets		**760**		3,462
Decrease in accrued liabilities		**(7,057)**		(5,597)
Operating cash flows:				
Purchases of investments and derivatives		**(157,805)**		(439,435)
Proceeds from sale of investments and derivatives		**3,388,739**		2,543,483
Net proceeds received (paid) on settlements of foreign currency forward contracts		**42,224**		(434,312)
Net cash from operating activities		**3,372,504**		1,852,781
Cash flows used in financing activities				
Repurchase of redeemable units for cancellation		**–**		(327,077)
Redemptions of redeemable units		**(1,757,655)**		(1,071,537)
Distributions paid to holders of redeemable units		**(776,823)**		(849,299)
Distributions reinvested on behalf of holders of redeemable units		**(73,925)**		(102,561)
Net cash used in operating activities		**(2,608,403)**		(2,350,474)
Unrealized foreign exchange gain (loss) on cash		**(19,276)**		19,335
Net increase (decrease) in cash		**764,101**		(497,693)
Cash at beginning of year		**218,757**		697,115
Cash at end of year	**$**	**963,582**	$	218,757
Dividends and distributions received	**$**	**469,517**	$	526,215
Withholding taxes paid	**$**	**29,723**	$	39,737

The accompanying notes are an integral part of these financial statements

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2019

No. of Units/ Shares		Cost	Fair value
	Equities		
	Consumer Discretionary		
7,500	Comcast Corporation Class 'A'	$ 340,299	$ 437,361
40,500	National CineMedia Inc.	714,568	382,859
		1,054,867	**820,220**
	Financials		
20,500	First Financial Bancorp.	320,197	676,281
32,800	New York Community Bancorp., Inc.	446,891	511,251
		767,088	**1,187,532**
	Health Care		
4,700	Eli Lilly and Company	294,102	801,030
		294,102	**801,030**
	Industrials		
24,700	Fly Leasing Limited ADR	413,804	627,783
48,100	Seaspan Corporation	796,484	886,330
35,700	SFL Corporation Limited	593,733	673,114
		1,804,021	**2,187,227**
	Information Technology		
9,200	Intel Corporation	222,300	714,016
		222,300	**714,016**
	Materials		
39,107	CatchMark Timber Trust, Inc. Class 'A'	548,290	581,667
37,100	Tronox Holdings PLC, Class 'A'	637,768	549,410
		1,186,058	**1,131,077**
	Real Estate		
6,500	EPR Properties	368,178	595,416
6,200	Ryman Hospitality Properties, Inc.	244,860	696,733
18,600	Weyerhaeuser Company	549,130	728,411
3,800	Iron Mountain Inc.	158,063	157,044
		1,320,231	**2,177,604**
	Total equities	**$ 6,648,667**	**$ 9,018,706**
	Embedded broker commissions	**(10,947)**	
	Total investments	**$ 6,637,720**	**$ 9,018,706**

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

1. GENERAL INFORMATION

Bloom U.S. Income & Growth Fund (the "Fund") is a closed-end investment trust established under the laws of the province of Ontario pursuant to a declaration of trust dated February 25, 2013, as amended and restated on April 25, 2013. The address of the Fund's principal place of business is 150 York Street, Toronto, Ontario. The Fund invests in equity securities of U.S. companies. The financial statements are presented in Canadian dollars.

The Fund's investment objectives are to provide unitholders with exposure to an actively managed portfolio consisting primarily of publicly traded high dividend paying U.S. common securities, stable cash distributions, and the opportunity for capital appreciation.

The Class A units of the Fund are listed on the Toronto Stock Exchange ("TSX") under the symbol BUA.UN. Class U units are designed for investors wishing to make their investments in U.S. dollars and are not listed on the TSX, but may be converted to Class A units on a monthly basis. The Fund commenced operations on March 21, 2013 and reorganized its structure on April 26, 2013.

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

These financial statements were authorized for issue by the Manager on March 10, 2020.

2. BASIS OF PRESENTATION

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial instruments

The Fund's financial instruments include, where applicable, non-derivative investments, cash, dividends and distributions receivable, receivable for investments sold, payable for investments purchased, distributions payable to holders of redeemable units, accrued liabilities, redemptions payable, derivative assets and liabilities (unrealized appreciation and depreciation on foreign currency forward contracts) and obligation for net assets attributable to unitholders of redeemable units.

The Fund recognizes, classifies and measures financial instruments in accordance with IFRS 9. IFRS 9 requires financial instruments to be recognized initially at their fair value and then classified as subsequently as measured at amortized cost, measured at fair value with changes in fair value taken through other comprehensive income or measured at fair value with changes in fair value recognized in profit and loss ("FVTPL") based on the Fund's business model for managing financial assets in accordance with the Fund's documented investment strategy and the contractual cash flow characteristics of the financial assets. Assessment and decision on the business model approach used is an accounting judgment.

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

The Fund's investments and derivative assets and liabilities are measured at FVTPL. The Fund's obligation for net assets attributable to holders of redeemable units represents a financial liability and is measured at FVTPL, with fair value being the redemption amount as of the reporting date. All other financial instruments are measured at amortized cost (which is the amount to be received or paid, discounted where appropriate at the contract's effective interest rate). Amortization and changes in fair value are recognized in the Statements of Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (continued)

b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

The fair value of financial assets and liabilities that are not traded in an active market (which include the Fund's foreign currency forward contracts), is determined using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions at each reporting date. Valuation techniques may include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and make the maximum use of observable inputs.

The Fund classifies fair value measurements within a hierarchy as described in note 15. The Fund recognizes transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

c) Impairment of financial assets at amortized cost

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

d) Derecognition of financial assets and liabilities

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

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

e) Offsetting

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

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

f) Cash

Cash consist of deposits with financial institutions.

g) Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These are over-the-counter derivatives and are valued at FVTPL. The fair value of the buy side of a contract is netted with the fair value of the sell side of the contract when there is a contractual ability to

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (continued)

settle on a net basis. The fair value is recorded as an unrealized appreciation or depreciation on foreign currency forward contracts in the Statements of Financial Position.

The fair value of such contracts will fluctuate with changes in currency exchange rates, and the change in fair value is included as 'Net change in unrealized appreciation or depreciation on foreign currency forward contracts' in the Statements of Comprehensive Income. When the contract is closed, the Fund reverses any previously recognized change in unrealized appreciation or depreciation and records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed, which is included as 'Net realized gain (loss) on foreign currency forward contracts' in the Statements of Comprehensive Income.

h) Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend and distribution income are recognized when the right to receive payment is established, which is generally on the ex-dividend or ex-distribution date. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis.

i) Allocation of income, expenses, gains and losses between classes

The income, expenses, gains and losses of the Fund are generally allocated between Class A and Class U on the basis of the Classes' relative net asset values. However there are certain transactions which are class specific and are allocated to a particular class. These include: certain expenses of Class A relating to its distribution reinvestment plan ("DRIP"); certain expenses of Class U relating to the Class U conversion privilege; and the unrealized and realized gains and losses on the foreign currency forward contracts which relate to the hedging of the US dollar denominated value of the net assets attributable to the Class A units, and which are allocated to Class A.

j) Foreign exchange

The functional and presentation currency of the Fund is the Canadian dollar. Any currency other than the Canadian dollar represents foreign currency to the Fund. Proceeds received from the issuance of, and redemption proceeds payable on the redemption of, the Fund's Class A units are denominated in Canadian dollars. Proceeds received from the issuance of, and redemption proceeds payable on the redemption of, the Fund's Class U Units are denominated in U.S. dollars. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that the transactions occur. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as 'Foreign exchange gain (loss) on cash' and those relating to investment and derivatives are presented within 'Net realized gain (loss) on sale of non-derivative investments', 'Net change in unrealized appreciation or depreciation on non-derivative investments', 'Net realized gain (loss) on foreign currency forward contracts' and 'Net unrealized appreciation or depreciation on foreign currency forward contracts', as applicable, in the Statements of Comprehensive Income.

k) Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit

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

l) Distributions

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

m) Portfolio transaction costs

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

n) Classification of obligation to holders of redeemable units
The Manager is required by IAS 32, *Financial Instruments: Presentation* (IAS 32) to assess whether the obligation to holders of redeemable units represents a liability of the Fund or equity of the Fund. The Fund has multiple obligations, being those under the monthly redemption option and those under the annual redemption option, to deliver cash or other financial instruments to the unitholders. The Class A units and Class U units do not have identical features. As a result, the obligation to unitholders is classified as a liability.

o) Net assets attributable to holders of redeemable units per unit
The net assets attributable to holders of redeemable units per unit is calculated by dividing the net assets attributable to holders of redeemable units of a particular class by the total number of units of that particular class outstanding at the end of the period.

p) Redemption or repurchase for cancellation of units
When units of the Fund are redeemed or repurchased for cancellation at a price per unit which is higher or lower than the net asset value per unit at the time, the difference is included in the Statements of Comprehensive Income as 'Gain (loss) on redemption of redeemable units' or 'Net gain (loss) on repurchase and cancellation of redeemable units'.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS
The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Assessment of functional currency
The Manager is required to make a significant judgment about the functional currency of the Fund. The Manager assessed the primary indicators (including the currencies in which income is received and in which expenses are paid) and secondary indicators (including the currency in which funds from financing activities are raised) as prescribed by IFRS, and as a result of this assessment has concluded that the functional currency of the Fund is the Canadian dollar.

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

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

Non-capital loss carry forwards may be applied against future years' taxable income, and may be carried forward for 20 years from the year in which they are realized. As at December 31, 2019, the Fund had no non-capital losses carried forward (December 31, 2018 – $303,702). Capital losses incurred by the Fund may be carried forward indefinitely to apply against capital gains realized in future years. As at December 31, 2019, the Fund had $1,628,011 in capital losses available for carryforward (December 31, 2018 – $1,964,726).

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

6. REDEEMABLE UNITS
The Fund is authorized to issue an unlimited number of classes or series of units. Initially, two classes of units, designated as Class A units and Class U units, were created and authorized for issuance. The Class A units are designed for investors wishing to make their investments in Canadian dollars, and the Class U units are designed for investors wishing to make their investment in U.S. dollars. Each unit of a class entitles the holder to one vote at all meetings of the unitholders and at all meetings of holders of that class, and to participate equally with respect to any and all distributions to the class made by the Fund.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

A holder of Class U units may convert such Class U units into Class A units on a monthly basis by delivering a notice and surrendering such Class U units by 3:00 p.m. (Toronto time) at least ten business days prior to the first business day of each month (the "Conversion Date"). For each Class U unit so converted, a holder will receive that number of Class A units equal to the net asset value ("NAV") per unit of a Class U unit converted to Canadian dollars using the Bank of Canada closing rate as at the close of trading on the business day immediately preceding the Conversion Date divided by the NAV per unit of a Class A unit as at the close of trading on the business day immediately preceding the Conversion Date. No fraction of a Class A unit will be issued upon any conversion of Class U units and any fractional amounts will be rounded down to the nearest whole number of Class A units.

Class A units and Class U units may be surrendered for redemption annually at the option of the unitholders during the period from September 15 until 5:00 p.m. (Toronto time) on the last business day in September, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption will be redeemed on the second last business day of October (the "Annual Redemption Date") and the redeeming unitholders will receive a redemption price per unit equal to 100% of the Net Asset Value per unit of the relevant class as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption, including brokerage costs and less any net realized capital gains or income of the Fund that is distributed to unitholders concurrently with the redemption proceeds.

The 2019 annual redemption took place on October 30, 2019 and consisted of 212,668 Class A units for redemption proceeds of $1,675,427 and 2,000 Class U units for proceeds of US$15,779 ($20,796), payable on November 20, 2019 (2018 – annual redemption on October 30, 2018 of 140,420 Class A units for proceeds of $1,027,105 and 1,050 Class U units for proceeds of US$7,678 ($10,083), payable on November 20, 2018).

In addition, Class A units and Class U units may also be redeemed on the second last business day of each month other than a month in which an Annual Redemption date occurs ("Monthly Redemption Date"). Units must be surrendered for redemption prior to 5:00 p.m. on the last business day of the month preceding the Monthly Redemption Date. Unitholders surrendering Class A units for redemption will receive a redemption price per Class A unit equal to the lesser of: (a) 94% of the weighted average trading price on the TSX for the 10 trading days immediately preceding the Monthly Redemption Date (market price) of a Class A unit; and (b) 100% of the closing market price of a Class A unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income of the Fund that is distributed to unitholders concurrently with the redemption proceeds. Unitholders surrendering a Class U unit for redemption will receive in U.S. dollars an amount equal to the U.S. dollar equivalent of the product of: (a) Class A monthly redemption amount; and (b) a fraction, the numerator of which is the most recently calculated NAV per unit of a Class U unit and the denominator of which is the most recently calculated NAV per unit of a Class A unit. For such purpose, the Fund will utilize the exchange rate current at, or as nearly as practicable to, the Monthly Redemption Date in respect of a monthly redemption of Class U units.

For the year ended December 31, 2019, 10,000 Class A units were redeemed under the monthly redemption option for proceeds of $71,438, and 6,750 Class U units were redeemed under the monthly redemption option for proceeds of US$46,531 ($61,432) (2018 – no Class A units were redeemed under the monthly redemption option, and 3,500 Class U units were redeemed under the monthly redemption option for proceeds of US$26,617 ($34,349)).

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

The Fund has received approval from the TSX for normal course issuer bid ("NCIB") programs between specified dates, allowing the Fund to purchase Class A units for cancellation on the TSX if they trade below NAV per unit. The maximum

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

number of Class A units which can be purchased and cancelled is specified for each NCIB. Class A units purchased and cancelled by the Fund for the year ended December 31, 2019 and 2018 were as follows:

				Units purchased and cancelled	
Approval date	**Start date**	**End date**	**Maximum units**	**2019**	2017
June 27, 2017	June 29, 2017	June 28, 2018	160,328	**–**	41,200
				–	41,200

Unit transactions of the Fund for the year ended December 31, 2019 and 2018 were as follows:

	2019		2018	
	Class A	**Class U**	Class A	Class U
Units outstanding at beginning of year	**1,359,927**	**74,510**	1,490,496	118,260
Redemptions	**(222,668)**	**(8,750)**	(140,420)	(4,550)
Class U units converted to Class A	**5,695**	**(4,300)**	51,051	(39,200)
Repurchase and cancellation of units	**–**	**–**	(41,200)	–
Units outstanding at end of year	**1,142,954**	**61,460**	1,359,927	74,510

The closing market price of the Fund's Class A units on December 31, 2019 was $7.76 (December 31, 2018: $6.27).

7. CAPITAL MANAGEMENT

For operating purposes, redeemable units issued and outstanding are considered to be the capital of the Fund. As at December 31, 2019 the Fund's capital therefore comprised net assets attributable to holders of redeemable units of $9,969,913 (December 31, 2018 – $9,422,352). The Fund's objectives in managing its capital are to provide unitholders with monthly cash distributions and the opportunity to participate in gains in the value of the investment portfolio. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing if applicable, or purchase units for cancellation.

8. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared on the Fund's behalf by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month, payable by the fifteenth business day of the following month. For the year ended December 31, 2019, the Fund declared total distributions of $0.60 (2018 – $0.60) per Class A unit and US$0.60 (2018 – US$0.60) per Class U unit, which amounted to $784,580 (2018 – $864,683) for Class A units and US$40,974 ($54,216) (2018 – US$60,424 ($78,329)) for Class U units. Under the Fund's distribution reinvestment plan ("DRIP"), unitholders may elect to reinvest monthly distributions on Class A units in additional Class A units of the Fund which are purchased on the open market. For the year ended December 31, 2019, distributions of $72,603 were reinvested in 9,752 Class A units of the Fund which were purchased on the open market (2018 – $102,351 reinvested in 12,964 Class A units of the Fund).

In conjunction with the annual redemption described in note 6, the Fund made no distributions of capital gains to redeeming unitholders (2018 – $64,855)

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

9. EXPENSES
Management fees and other reasonable expenses incurred in the operations of the Fund are charged as expenses in the Statements of Comprehensive Income of the Fund, and include expenses paid by the manager on behalf of the Fund and subsequently recharged to the Fund as described in note 10.

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

10. RELATED PARTY TRANSACTIONS
In accordance with the Declaration of Trust, the Manager is entitled to an annual management fee of 1.15% per annum of the NAV of the Fund, calculated weekly and paid monthly in arrears, plus applicable taxes. Prior to April 1, 2018 the Manager was entitled to 1.55% per annum of the NAV of the Fund, comprised of 1.15% per annum of the NAV of the Fund, calculated weekly and payable monthly in arrears, plus an amount which was paid by the Manager to registered dealers equal to the service fee of 0.40% per annum of the NAV of the Fund, calculated quarterly and paid after the end of each calendar quarter, plus applicable taxes.

For the year ended December 31, 2019, the Fund expensed management fees of $135,817 (2018 – $174,491). As at December 31, 2019, the Fund had management fees payable of $10,566 (December 31, 2018 – $10,479) included in accrued liabilities.

On an ongoing basis, the Manager pays on behalf of the Fund, and subsequently recharges to the Fund, certain expenses of the Fund. For the year ended December 31, 2019 the Fund expensed IRC fees of $27,442 (2018 – $34,569) and legal fees of $nil (2018 – $128), as well as unitholder information costs of $17,888 (2018 – $12,723) and premiums for insurance coverage for members of the IRC of $438 (2018 – $799) (both included in 'Other administrative expenses') which were paid and recharged by the Manager. As at December 31, 2019 the Fund owed the Manager $314 for recharged expenses (December 31, 2018 – $1,703) included in accrued liabilities.

Units held by the Manager and its affiliates represent 11.7% of the Class A units outstanding at December 31, 2019 (December 31, 2018 – 9.9%).

11. PORTFOLIO TRANSACTION COSTS
During the year ended December 31, 2019 the Fund paid $7,572 (2018 – $5,536) in brokerage commissions and other portfolio transaction costs. There are no soft dollar commissions.

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

The Fund receives collateral of at least 102% of the value of securities on loan. Should a borrower default on a securities loan, the Fund is entitled to the associated collateral. The Fund is not exposed to the risks and rewards of ownership of the

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

collateral therefore the collateral is not included in the Fund's Statements of Financial Position. Collateral may comprise: debt that is issued or guaranteed by the Government of Canada or a province thereof, by the Government of the United States of America or of one of the states of the United States of America or of a sovereign state of the G7 countries, or of Austria, Belgium, Denmark, Finland, the Netherlands, Spain, Sweden, or Switzerland, or a permitted supranational agency of Organisation for Economic Coordination and Development countries; debt that is issued or guaranteed by a financial institution whose short-term debt is rated A-1 or R-1 or equivalent and includes bankers acceptances, banker bearer deposit notes, or irrevocable letters of credit; corporate debt or corporate commercial paper; or convertible securities.

The aggregate fair value of securities loaned (which equals their carrying amount) and the aggregate fair value of the associated collateral under securities lending transactions as at December 31, 2019 and 2018 are as follows:

2019		2018	
Fair value of securities loaned	**Fair value of collateral**	Fair value of securities loaned	Fair value of collateral
$ 1,992,170	**$ 2,098,608**	$ 2,518,849	$ 2,677,749

As at December 31, 2019, the collateral consisted of debt that is issued or fully and unconditionally guaranteed as to the principal and interest by the government of Canada, a province of Canada, the government of the United States of America or the government of Germany or France. (December 31, 2018, the collateral consisted of debt that is issued or fully and unconditionally guaranteed as to the principal and interest by the government of Canada, a province of Canada, the government of the United States of America or the government of Austria, the Netherlands, Germany or France.)

The table below sets out a reconciliation of the gross amounts generated from securities lending transactions to the securities lending income disclosed in the Statements of Comprehensive Income for the year ended December 31, 2019 and 2018:

	2019		2018	
	$	**% of gross income**	$	% of gross income
Securities lending income	**$ 8,495**	**57.8%**	$ 10,643	61.6%
Agent fees paid to the lending agent	**3,592**	**24.4%**	4,512	26.1%
Withholding tax	**2,608**	**17.7%**	2,128	12.3%
Gross securities lending income	**$ 14,695**		$ 17,283	

13. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund was established to enable Canadian investors to participate in the U.S. securities market. Investors were provided with the option of Class A or Class U units in order to allow the investor to choose the investment vehicle that matched their approach to currency fluctuation risk. Class A units were, and through their listing on the TSX, are, the option for investors who do not wish to be exposed to the effect of currency fluctuations. Accordingly, the Class A units are denominated in Canadian dollars and substantially all of the U.S dollar denominated value of the net assets attributable to Class A is hedged in accordance with the Fund's declaration of trust through the use of foreign currency forward contracts (hedges). Class U units were the option for investors who wanted to invest in U.S. dollars without the hedging of currency fluctuations. Class U units are accordingly denominated in U.S. dollars.

The Fund's portfolio and its income are denominated in U.S. dollars, whereas the Class A units of the Fund are priced in Canadian dollars. The Fund hedges the Class A units' currency risk by entering into foreign currency forward contracts to sell U.S. dollars and buy Canadian dollars at a set rate at a set future date.

To achieve the required hedge, the Fund has entered into rolling foreign currency forward contracts with terms of approximately one month, with a financial institution which has a DBRS credit rating of AA / R-1 / Stable, and a Moody's credit rating of Aa2 / P-1 / Stable. Under these contracts, the Fund agrees to pay a fixed U.S. dollar amount in return for a

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

fixed Canadian dollar amount at a fixed future date. The objective is to shelter the Class A unitholders of the Fund from potential fluctuations in the Canadian dollar value of U.S. currency denominated investments due to changes in the value of the Canadian dollar. This means that the Class A unitholders are substantially protected from capital losses when the Canadian dollar strengthens, but conversely may not fully participate in the capital gains available when the Canadian dollar weakens.

The Fund is subject to enforceable master netting arrangements in the form of International Swaps and Derivatives Association agreements with the counterparty to the foreign currency forward contracts. The value of the amount to be received (purchased) by the Fund, which represents a financial asset of the Fund, is offset with the value of the amount to be paid (sold) by the Fund, which represents a financial liability to the Fund, and the net amount is presented as unrealized appreciation or depreciation on foreign currency forward contract in the Statements of Financial Position.

As at December 31, 2019, the Fund held the following foreign currency forward contract:

Gross financial liability			Gross financial asset			Unrealized
Notional value	**Currency**	**Fair value CAD**	**Notional value**	**Currency**	**Settlement date**	**depreciation**
(6,200,000)	USD	(8,039,633)	8,221,200	CAD	January 8, 2020	181,567

As at December 31, 2018, the Fund held the following foreign currency forward contract:

Gross financial liability			Gross financial asset			Unrealized
Notional value	**Currency**	**Fair value CAD**	**Notional value**	**Currency**	**Settlement date**	**appreciation**
(7,100,000)	USD	(9,695,590)	9,495,789	CAD	January 9, 2019	(199,801)

14. RISK ASSOCIATED WITH FINANCIAL INSTRUMENTS

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

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

b) Credit risk
The Fund is exposed to credit risk, which is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's assets represents the maximum credit risk exposure as at December 31, 2019 and 2018.

All transactions in listed securities are settled upon delivery using approved brokers. The trade will fail if either party fails to meet its obligations. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Fund enters into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities at a future date. All counterparties are subject to a stringent examination of creditworthiness which includes a financial assessment of the company, a review of qualitative factors including management and corporate governance, comparison to similar companies and consideration of ratings assigned by external ratings agencies, and the value of collateral must be at least 102% of the fair value of the securities loaned. Therefore credit risk associated with these transactions is considered minimal.

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

The Fund also enters into foreign currency forward contracts as described in note 13.

The Fund limits its exposure to credit loss by dealing with counterparties, including the lending agent and foreign currency forward contract counterparty, of high credit quality (see notes 12 and 13). To maximize the credit quality of its investments, the Fund's Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information. Given that the Fund is primarily invested in equities, credit risk is not considered significant.

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

The Fund is exposed to price risk from its investment in equity securities. As at December 31, 2019 had the prices of these securities increased or decreased by 10%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately $901,871 (December 31, 2018 – $954,181) or 9.0% (December 31, 2018 – 10.1%) of net assets. In practice, the actual results may differ and the impact could be material.

d) Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Fund is exposed to liquidity risk through the monthly and annual redemption of its units and targeted monthly distributions, because there may be insufficient trade volumes in the markets for the securities of the Fund or because the securities may be subject to legal or contractual restrictions on their resale. The Fund receives notice of at least 21 business days prior to the date of an annual redemption of units and at least 19 business days prior to a monthly redemption date, and has up to 15 business days after the annual or monthly redemption date to settle the redemptions, which provides the Manager time to liquidate securities to fund the redemptions, although there remains a risk that the required funds cannot be obtained. All other liabilities of the Fund mature in year or less. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of.

e) Interest rate risk
Interest rate risk arises on interest-bearing financial instruments. As at December 31, 2019 and, 2018, the Fund had no significant exposure to interest rate risk as it did not hold any interest bearing securities.

f) Currency risk
Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies.

The Fund is invested primarily in publicly traded U.S. securities denominated in U.S. dollars and limits the currency risk associated with the Class A units through the use of hedging via foreign currency forward contracts as described in note 13. While substantially all of the U.S. dollar value of net assets attributable to the Class A units is hedged, the remaining unhedged amount could expose Class A to potential losses and gains.

The Fund's Class U units are redeemable in U.S. dollars, and are therefore only subject to Canadian dollar exposure with respect to certain administrative expenses. The net assets attributable to the Class U units exclude unrealized gains or losses from foreign currency forward contract.

As at December 31, 2019, the Fund's direct exposure to currency risk associated with the Class A units, after the effects of the foreign currency forward contract hedge, was as follows:

	Class A currency risk exposed holdings			
Currency	**Monetary**	**Non-monetary**	**Net Class A exposure**	**As a percentage of Class A net assets**
U.S. dollars	$ (7,264,585)	$ 8,441,958	$ 1,177,373	12.63%

NOTES TO FINANCIAL STATEMENTS
December 31, 2019 (continued)

As at December 31, 2018, the Fund's direct exposure to currency risk associated with the Class A units, after the effects of the foreign currency forward contract hedge, was as follows:

	Class A currency risk exposed holdings		Net Class A	As a percentage of
Currency	**Monetary**	**Non-monetary**	**exposure**	**Class A net assets**
U.S. dollars	$ (9,551,877)	$ 8,888,662	$ (663,215)	(7.57%)

As at December 31, 2019 had the U.S. dollar exchange rate increased or decreased by 5% with all other variables held constant, the net unhedged exposure to currency risk associated with the Class A units would have increased or decreased the net assets of the Fund attributable to the Class A units by $58,869 or 0.63% (December 31, 2018 – $33,161 or 0.38%). In practice, the actual exchange rate fluctuations may differ and the impact could be material.

g) Concentration risk

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

Market Segment	**2019**	2018
Consumer Discretionary	**8.2%**	8.6%
Financials	**11.9%**	15.5%
Health Care	**8.0%**	9.7%
Industrials	**21.9%**	25.1%
Information Technology	**7.2%**	9.0%
Materials	**11.3%**	10.6%
Real Estate	**21.8%**	22.8%

15. FAIR VALUE HIERARCHY

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2019 (continued)

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy table presents information about the Fund's financial instruments measured at fair value as of December 31, 2019 and 2018:

December 31, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	**$ 9,018,706**	**$ –**	**$ –**	**$ 9,018,706**
Unrealized appreciation on foreign currency forward contract	**–**	**181,567**	**–**	**181,567**
	$ 9,018,706	**181,567**	**$ –**	**$ 9,200,273**

December 31, 2018	Level 1	Level 2	Level 3	Total
Equities	$ 9,541,808	$ –	$ –	$ 9,541,808
Unrealized depreciation on foreign currency forward contract	–	(199,801)	–	(199,801)
	$ 9,541,808	(199,801)	$ –	$ 9,342,007

The measurement of the gross financial liability arising under the Fund's foreign exchange forward contracts as disclosed in note 13 uses Level 2 inputs, being the current USD spot exchange rate and the current 30 day USD forward exchange rate. An interpolation is performed to obtain the fair value of the liability as of the reporting date.

There were no transfers between the levels during the years ended December 31, 2019 and 2018.

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