



MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

BLOOM SELECT INCOME FUND

2021 ANNUAL REPORT

BLB.UN

FORWARD-LOOKING STATEMENTS

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

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Bloom Select Income Fund (the "Fund") contains financial information but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of any of the Fund's annual or interim reports, at no cost, by calling 1-855-BLOOM18 (1-877-256-6618) or by sending a request to Unitholder Information, Bloom Investment Counsel, Inc., Suite 1710, 150 York Street, Toronto, Ontario, M5H 3S5, or by visiting our website at www.bloomfunds.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, Independent Review Committee's report, or quarterly portfolio disclosure.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance, unless otherwise noted, are based on the Fund's calculation of its net asset value, which is in accordance with the terms of the Fund's declaration of trust and annual information form, and is based on closing market prices of investments. Figures presented in the financial statements and 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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

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

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objectives are to provide unitholders with an investment in an actively managed portfolio comprised primarily of Canadian dividend paying equities (common shares, real estate investment trusts (REITs) and income trusts) that exhibit low volatility at the time of investment, monthly cash distributions that have a large component of Canadian eligible dividends, and the opportunity for capital appreciation.

RECENT DEVELOPMENTS

COVID-19

The ongoing effects of the global pandemic caused by the COVID-19, a novel coronavirus, and new infection waves caused by new virus variants continue to negatively impact companies worldwide. Successful vaccination initiatives in some regions contrast with vaccine hesitancy and vaccine undersupply in others, and uncertainty around the spread and effects of new virus variants continues. The pandemic continues to have the potential to have an adverse effect on global stock markets for an indeterminate length of time. This could affect 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 successfully implemented an enhanced business continuity plan to ensure the seamless operation of the Manager in its roles as manager and portfolio advisor of the Fund during periods of pandemic related lockdown and continued work-from-home. This plan has facilitated uninterrupted work and communication from home as well as the Manager’s interaction with the Fund’s various service providers.

Inflation and interest rates

Canadian investment markets displayed some concerns about rising inflation in the latter part of the year, with associated concerns around interest rate hikes. Late in the year, the Bank of Canada somewhat softened its position on inflation and an increase in interest rates is expected in Spring of 2022. The Fund’s focus on low volatility dividend paying Canadian equities places it in a position to respond to these events, given that dividends often keep pace with inflation. These matters are further discussed in the Investment Manager’s Report below.

Russian invasion of Ukraine

In February 2022, Russian forces invaded Ukraine, resulting in an armed conflict and economic sanctions on Russia. Price volatility, trading restrictions, including the potential for extended halting of Russian market trading, and general default risk has impacted Russian securities. Disruption of Russian exports, most notably energy, could cause global energy and food prices to rise. The conflict may contribute to an increase in short-term market volatility, with European markets being most at risk. It is uncertain how long the conflict, economic sanctions and market instability will continue and whether they will escalate further. The manager is actively monitoring the situation.

INVESTMENT MANAGER



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 REITs for three TSX listed closed end funds.

INVESTMENT MANAGER'S REPORT

JANUARY 3, 2022

Fund Performance

The Fund returned, net of fees and expenses, 12.4% for the year. Remembering that the Fund is mandated as a low beta (low volatility) Fund, it performed well albeit with a lower return than that of the S&P/TSX High Dividend Total Return Index and the S&P/TSX Composite Total Return Index. This is largely due to the Fund's lack of oil & gas investments all of which are high beta after their extreme volatility over the last five or more years. For the year, positions in Bank of Nova Scotia, Park Lawn Corporation and Toronto Dominion Bank were the greatest contributors to performance. The strongest performing sectors for the Fund were Financials, Consumer Discretionary and Real Estate.

The most recent measure of Active Share for Bloom Select Income Fund was a very high 77.9%. 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.

Canadian Economy

Just as we thought the world was getting back to normal, we are now facing the Omicron-driven fourth wave of the seemingly never ending pandemic. While the outlook is now clouded by the uncertainty surrounding the Omicron variant and how it will impact the economy, one thing is certain — the economy was on a solid footing heading into the Fall. With the latest release of GDP figures it appears that growth in Q3 was much stronger than anticipated coming in at 5.4% annualized. This follows second quarter results which were revised downwards and came in much worse than previously thought, showing a contraction of 3.2% in that period compared to the previous expectation of growth of 1.1%. Strength in Q3 came from the goods and services sectors in addition to the trade sector. The services sector has room to grow as it is still 4% below pre-pandemic highs.

Canada's recovery thus far remains in an enviable position compared to other G7 countries. Similar to most G7 countries, GDP in the third quarter remained below its pre-pandemic level in real terms. However, in nominal terms it was the second best performance in the G7, exceeding pre-pandemic levels by 6.7% largely fueled by a jump in resource prices. October's real GDP came in at 0.8%, but it is expected that November figures will be negatively impacted by the B.C. floods and Omicron will weigh heavily on December figures. Despite these setbacks the economy appears to have a solid footing and is on track to post some decent gains in the final quarter of the year. With renewed pandemic restrictions across Canada the expectation is for GDP to remain flat in the first quarter of 2022. Nevertheless, while still early days, GDP in 2022 is estimated to grow around 4% with some of the economic recovery now being pushed out to 2023 when GDP is estimated to grow 3.5%.

Following four months of a slowdown, housing starts showed strength once again in November rising to 301,000 annualized units. This was slightly short of a record set earlier in the year and well above the historical average. Multi-unit properties led the surge in November with most of the strength coming from Ontario, however, only three provinces (Newfoundland, Nova Scotia and PEI) experienced declining housing starts in November.

The housing market continues to thrive on the low interest rate environment with price growth continuing to accelerate. Over the past three months prices have increased 32% on an annualized basis and 22% over the past six months, with price increases across all markets. New listings rose 3.3% in November and are now 3% above the 2019 average with the sales-to-new listings ratio soaring to 77% after a slight decline in the month. All eyes are on interest rates and their impact on the housing market. Expectations are that any increase in rates will dampen the housing market; however, a 100 basis point increase in rates may not be sufficient to do so given the strong job market, increase in wage growth and remaining low mortgage rates. It is therefore expected that in 2022 the housing market will remain robust and compare well to historical levels.

With a labour force participation rate essentially at pre-pandemic levels (65.3%) and strong employment numbers in November it is safe to say that Canada's job market is running on all cylinders. November marked the sixth straight monthly employment increase in Canada bringing the unemployment rate down to 6%. Gains in the service sector once again led the way with healthcare, trade and professional services also showing strong gains. Only two sectors declined: educational services and other services. This data implies that the government's termination of the pandemic unemployment support programs in October drove workers to take jobs that perhaps were not as appealing previously.

In its final meeting of 2021, as expected, the Bank of Canada (BoC) left its overnight rate target unchanged at 0.25%. In a more dovish statement than expected, the BoC downplayed the impacts of inflation but no longer referred to inflation as transitory and did mention that it expects that the supply chain issues will take some time to work through.

The takeaway for Canadian markets is that the BoC will be less focused on a 2% inflation rate and more tolerant of inflation being in the range of 1-3%. With the acknowledgement from both the government and the BoC that it is their joint responsibility to achieve the inflation target while keeping an eye on employment it is possibly a signal that the government recognizes its need to focus a bit less on fiscal stimulus. It is now expected that the first rate hike will not be until the spring, likely March or April, with two rate hikes around that time and two subsequent rate hikes in the latter part of 2022.

Canadian Investment Markets

As we close in on almost two years since the pandemic started, we continue to believe that equities and more specifically, dividend paying equities, are the superior asset class in the current low rate environment. After the initial shock of the pandemic in March 2020, equities have demonstrated a certain level of resilience in navigating this unpredictable environment backed by low interest rates. At this point and as demonstrated since the recent emergence of the Omicron variant, it appears that the markets have been less “reactive” with each new variant.

The Fed’s and the recent more dovish BoC’s announcements caused the yield curve to further flatten. Short-term yields edged higher while long-term yields declined. The market did not expect such a dovish tone given the uncertainty surrounding Omicron and its possible impact on the economy. At the end of 2021 the gap between the 10 year bonds and the 2 year bonds rate continued to narrow, reminiscent of the beginning of 2021, but as 2022 begins a reversal of this trend is expected.

Throughout October until mid-November, both the S&P 500 and the S&P/TSX Indices continued to reach new all-time highs. With the emergence of Omicron, global markets started to cool due to the uncertainty surrounding this new variant. However, it is important to recognize that the Canadian economy remains on a solid footing as do many global economies. This will have a direct impact on companies’ earnings providing a strong backdrop for continued corporate growth. While there is lots of chatter regarding valuation of equities, one can look to the forward P/E multiple for the S&P/TSX Composite Index which is in line with its historical average unlike its U.S. counterpart where the forward P/E multiple of the S&P 500 Index is trading over one standard deviation above its historical normal range suggesting that overall there are better investment opportunities in Canadian equities.

Most sectors of the Canadian equity market had positive returns for the year in 2021. The two sectors that struggled were: 1. Materials (+4.0%) where copper was strong, but gold somewhat lost its luster as a safe haven given the broader risk-on tone of markets; and 2. Health Care (-19.6%) with a delay in legalization of cannabis south of the border and increased cannabis supply placing pressure on pricing. Financials (+36.5%), Information Technology (+18.5%) and Energy sectors (+48.9%) represent around 55% of the S&P/TSX Composite Index and were 3 of the best performing sectors in 2021. The Energy sector performance was aided by WTI crude climbing over 45% after it fell more than 30% last year amid a global energy crisis. This strength in energy occurred against the backdrop of the reopening of the economy in the middle of the year and demand optimism from the global rollout of vaccines. The sector’s buoyancy was tempered during the last couple of months of the year with the arrival of the Omicron variant and the associated global restrictions. The Information Technology sector gained strength in the second half of the year, increasing 41% before selling off in late November with the expectation of higher interest rates on the horizon which tend to have a negative impact on growth sectors. The relatively small Real Estate sector was also exceptionally strong this year (+37.4%) largely driven by a lower interest rate environment, strong housing and rental market and hopes for a continued reopening of the economy.

For the year the S&P/TSX Composite Total Return Index had a return of 25.1% and the S&P/TSX High Dividend Total Return Index had a return of 36.1% largely driven by the substantial increase in the Energy sector.

Returns from Canadian bonds in 2021 substantially lagged that of the S&P/TSX Composite Total Return Index with long-term (30-year) Government of Canada Bonds returning -8.8% for the year. In the last quarter, however, they returned 7.9% outperforming the equity market. Mid-term (10-year) bonds provided a negative 4.6% return for the year, while short-term (5-year) bonds returned a negative 2.3% return for the same period. 90-Day Treasury Bills returned 0.1% for the year.

The Canadian dollar against its U.S. counterpart ended the quarter 0.5% stronger than it began and in the last twelve months the Loonie appreciated 0.4% against the Greenback. This annual change is one of the smallest in many years, but it does hide some amount of volatility during the twelve month period.

Outlook

The extreme volatility that we witnessed earlier in the pandemic appears to have subsided for the time being. At present, the market appears to be more focused on the possible impact from fiscal and monetary measures than the pandemic. Our strategy of taking a longer term approach has benefitted the Fund in the past and we believe that it will result in continued strength going forward.

We continue to see “value” oriented stocks gain momentum despite a slight cooling off in the latter part of the last quarter due to market frenzy over inflation. This sector of the market remains to be somewhat undervalued and with increased focus on an economic recovery we believe these stocks will gain momentum. As pandemic restrictions are eased across the country and Canadians have increased mobility we expect the economy to positively react to these changes, leading us to remain cautiously optimistic for the coming year.

RESULTS OF OPERATIONS

Distributions

During the year ended December 31, 2021 distributions totaled \$0.50 per unit. The 2021 distribution reflects a monthly rate per unit of \$0.041666, in accordance with the targeted distribution rate of 5% per annum on the subscription price of \$10 per unit as disclosed in the Fund’s Prospectus. Since inception on April 20, 2012 the Fund has paid total cash and reinvested distributions of \$4.848606 per unit.

Increase in Net Assets from Operations

The Fund’s net investment income was \$1.9 million (\$1.38 per unit) for the year ended December 31, 2021, arising from average portfolio investments during the year of \$12.1 million. The income was comprised primarily of a \$1.1 million net change in unrealized appreciation on investments, \$0.5 million dividend and distribution income and \$0.3 million in net realized gains on sales of investments during the year.

Expenses were \$0.4 million (\$0.27 per unit) for the year, the major components being management fees of \$181,037 and other administrative expenses of \$78,285.

Net Asset Value

The net asset value per unit of the Fund was \$9.66 at December 31, 2021, up by 6.7% from \$9.05 at December 31, 2020. The aggregate net asset value of the Fund increased to \$12.9 million as at December 31, 2021 from \$12.3 million at December 31, 2020, primarily due to the net investment income of \$1.9 million, net of redemption of units of \$0.3 million, cash distributions to unitholders of \$0.6 million (net of reinvested distributions) and expenses of \$0.4 million.

Liquidity

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

Investment Portfolio

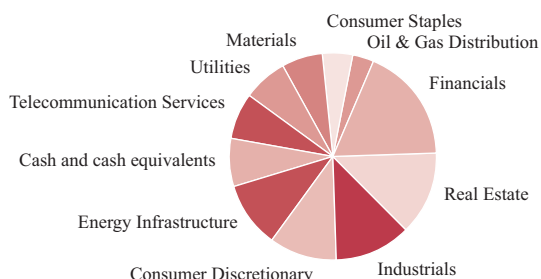
The Fund has established a portfolio comprised primarily of Canadian common equities, income trusts and REITs, each of which was selected to achieve the investment objectives of the Fund. The investment objectives of the Fund include the requirement that the Fund only invests in stocks with a beta (measurement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

On a sector basis, the Financials sector increased from 15.3% to 18.1% of the portfolio (equities plus cash and cash equivalents) over the year, due to the strong performance of the stocks held in the sector. Similarly, the Fund’s investment in the Real Estate sector increased from 11.2% to 13.2% of the portfolio, due to the strong performance of the stocks held in that sector. The Telecommunications Services sector increased from 4.7% to 7.3% of the portfolio, mainly due the increase in the Fund’s position in Rogers Communications Inc. The Fund’s cash and cash equivalents holdings have decreased from 11.0% of the portfolio to 7.5%, as the Manager has taken advantage of favorable prices by investing in several stocks during the year, creating a new position in Aecon Group Inc. and increasing the Fund’s holdings in Barrick Gold Corp. and Rogers Communications Inc. The Fund’s investment in the Utilities sector decreased from 9.2% to 6.8% due to the decline in share prices for both stocks in this sector held by the Fund. Lastly, the Consumer Discretionary sector decreased from 12.3% to 10.4% of the portfolio over the year, reflecting the sale of part of the Fund’s positions in Cineplex Inc. and Transcontinental Inc.

The Fund had unrealized appreciation of \$1.8 million in its portfolio as at December 31, 2021, with gains in most sectors, most notably the Financial Services, Utilities, Consumer Staples and Real Estate sectors, offset by significant unrealized losses in the Materials sector.

The Fund had net realized gains on sales of investments of \$0.3 million during the year ended December 31, 2021, the most significant gains being from the sale of part of the Fund’s positions in Transcontinental Inc. and Superior Plus Corp.

Portfolio Sectors



Sector	Value (thousands)	% of Total
Financials	\$ 2,354	18.1%
Real Estate	1,713	13.2%
Industrials	1,559	12.0%
Consumer Discretionary	1,356	10.4%
Energy Infrastructure	1,337	10.3%
Cash and cash equivalents	978	7.5%
Telecommunication Services	954	7.3%
Utilities	891	6.8%
Materials	839	6.5%
Consumer Staples	607	4.7%
Oil & Gas Distribution	414	3.2%
Total	\$ 13,002	100.0%

RISK

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

Current Cash Yield and Targeted Distributions

Based on current projections, the average total return required in order for the Fund to achieve its targeted monthly distributions to Unitholders is approximately 7.9%. The weighted average current cash yield on the Fund’s equity portfolio was 3.8% as at December 31, 2021, and thus the Fund is required to generate more than expected in additional returns (for instance, capital gains and securities lending income) and/or to return capital in order for the Fund to achieve its targeted monthly distributions to Unitholders.

RELATED PARTY TRANSACTIONS

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

Administration and Investment Management Fees

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

The management fee is intended to compensate the Manager for providing portfolio advisory and certain administrative services to the Fund. During the year ended December 31, 2021, management fees amounted to \$181,037.

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; administrative services provided to the Independent Review Committee (“IRC”); review and filing of tax returns; preparation, dissemination and filing of annual and interim reports; maintenance of proxy voting records and the voting of proxies; preparation of quarterly portfolio summaries; 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, 2021 the Fund expensed IRC fees of \$33,226, unitholder information costs

of \$3,675, legal fees of \$389, filing fees of \$1,117, wire service fees of \$1,187, mailing costs of \$5 and premiums for insurance coverage for members of the IRC of \$2,249, 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, 2021 the IRC consisted of three members, all of whom are independent of the Manager.

The Manager has received three 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.

Redemption of Units Held or Controlled by Access Persons

The standing instruction requires that the Manager follow its policy and procedures concerning the redemption of units held or controlled by Access Persons of the Manager, which will, in the IRC’s opinion, result in a fair and reasonable result for the Fund. Access Persons include employees, their spouses, life partners, and family members (including minor and adult children) sharing a home with an employee, as well as any others for whose accounts the employee can exercise control. The Manager will report any instances of reliance on the standing instruction to the IRC, but has not yet relied on this standing instruction.

2021 TAX INFORMATION

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

The following table outlines the breakdown of the Fund's distributions declared in 2021 on a per unit basis.

Record Date	Payment Date	Return of Capital	Total Distribution
Jan. 29, 2021	Feb. 16, 2021	\$ 0.041666	\$ 0.041666
Feb. 26, 2021	Mar. 15, 2021	\$ 0.041666	\$ 0.041666
Mar. 31, 2021	Apr. 15, 2021	\$ 0.041666	\$ 0.041666
Apr. 30, 2021	May 17, 2021	\$ 0.041666	\$ 0.041666
May 31, 2021	Jun. 15, 2021	\$ 0.041666	\$ 0.041666
Jun. 30, 2021	Jul. 15, 2021	\$ 0.041666	\$ 0.041666
Jul. 30, 2021	Aug. 16, 2021	\$ 0.041666	\$ 0.041666
Aug. 31, 2021	Sep. 15, 2021	\$ 0.041666	\$ 0.041666
Sep. 30, 2021	Oct. 15, 2021	\$ 0.041666	\$ 0.041666
Oct. 29, 2021	Nov. 15, 2021	\$ 0.041666	\$ 0.041666
Nov. 30, 2021	Dec. 15, 2021	\$ 0.041666	\$ 0.041666
Dec. 31, 2021	Jan. 17, 2022	\$ 0.041674	\$ 0.041674
Total		\$ 0.500000	\$ 0.500000

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

PAST PERFORMANCE

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

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

Annual Compound Returns

The following table shows the Fund’s annual compound return for the one, three and five years ended December 31, 2021 and the period since inception, compared with the S&P/TSX Composite Total Return Index (“TR Index”) and the S&P/TSX Composite High Dividend Total Return Index (“HD Index”). The TR Index tracks the performance, on a market weight basis and a total return basis, of a broad index of large-capitalization issuers listed on the TSX, including common equities, REITs and income trusts, and is an appropriate broad-based securities benchmark as the Fund invests in such common equities, REITs and income trusts. The HD Index is a more narrowly-based strategy index consisting of 50 to 75 stocks selected from the S&P/TSX Composite Index focusing on dividend income, and is included as it reflects the Fund’s strategy of investing in dividend paying stocks.

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

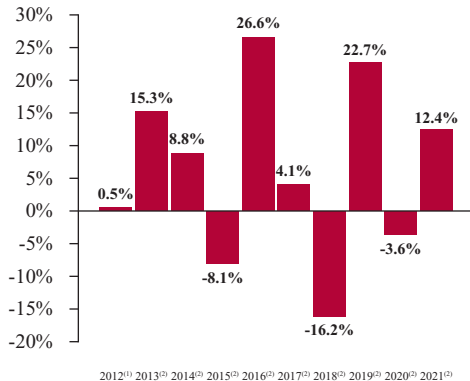
	One year	Three years	Five years	Since inception ⁽¹⁾
Bloom Select Income Fund (net of fees and expenses)	12.4%	10.0%	3.0%	5.6%
S&P/TSX Composite Total Return Index	25.1%	17.5%	10.0%	9.2%
S&P/TSX Composite High Dividend Total Return Index	36.1%	16.6%	8.8%	8.1%

⁽¹⁾ Period from April 20, 2012 (commencement of operations) to December 31, 2021

For all periods ended December 31, 2021, the Fund underperformed both the TR and HD Indices, after taking into consideration the expenses of the Fund. In addition to the effect of the deduction of management fees and expenses inherent in the Fund’s performance figures, this reflects differences in individual portfolio selections between the Fund’s portfolio and the Indices within each of the sectors, which result in different average sector returns. It may also reflect the differences in average sector weightings between the Fund’s portfolio and the Indices over these periods.

Year-by-Year Returns

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



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

⁽²⁾ Year from January 1 to December 31 of the year indicated

FINANCIAL HIGHLIGHTS

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

Net Assets Per Unit⁽¹⁾

	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Net assets per unit, beginning of period⁽²⁾	\$ 9.05	\$ 9.96	\$ 8.55	\$ 10.74	\$ 10.81
Increase from operations:⁽²⁾					
Total revenue	0.34	0.32	0.38	0.41	0.42
Total expenses	(0.27)	(0.25)	(0.25)	(0.24)	(0.23)
Net realized gains (losses)	0.25	0.77	(0.59)	0.70	0.40
Net unrealized gains (losses)	0.79	(1.39)	2.34	(2.48)	(0.18)
Total increase in net assets from operations	\$ 1.11	\$ (0.55)	\$ 1.88	\$ (1.61)	\$ 0.41
Distributions to unitholders⁽²⁾⁽³⁾					
From net investment income	–	(0.02)	(0.07)	(0.12)	(0.03)
From return of capital	(0.50)	(0.48)	(0.43)	(0.38)	(0.47)
Total distributions to unitholders	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)	\$ (0.50)
Net assets per unit, end of period⁽²⁾	\$ 9.66	\$ 9.05	\$ 9.96	\$ 8.55	\$ 10.74

⁽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⁾ \$68,241 (2020: \$72,303; 2019: \$69,426; 2018: \$72,515; 2017: \$94,184) of distributions were reinvested in units under the Fund's distribution reinvestment plan. The remainder of the distributions were paid in cash.

Ratios and Supplemental Data

For the year ended December 31	2021	2020	2019	2018	2017
Net asset value (000s) ⁽¹⁾	\$ 12,937	\$ 12,313	\$ 15,581	\$ 14,496	\$ 21,537
Number of units outstanding ⁽¹⁾	1,338,996	1,360,130	1,564,031	1,694,719	2,004,625
Management expense ratio (“MER”) ⁽²⁾	2.75%	2.82%	2.61%	2.33%	2.08%
Trading expense ratio ⁽³⁾	0.02%	0.06%	0.04%	0.04%	0.05%
Portfolio turnover rate ⁽⁴⁾	6.60%	17.78%	9.64%	6.94%	11.72%
Net asset value per Unit ⁽¹⁾	\$ 9.66	\$ 9.05	\$ 9.96	\$ 8.55	\$ 10.74
Closing market price ⁽¹⁾	\$ 9.18	\$ 8.71	\$ 9.51	\$ 8.39	\$ 10.40

⁽¹⁾ As at December 31 of the year shown

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

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

⁽⁴⁾ The Fund’s portfolio turnover rate indicates how actively the Manager manages the Fund’s portfolio investments (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 the Fund was 2.75% for the year ended December 31, 2021, down from an MER of 2.82% in the year ended December 31, 2020. The decrease is primarily due to the increase in average net asset value due to the increase in market values of investments, despite the annual redemption of units, and a slight reduction in expenses during the year.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2021

Total Net Assets (including Cash, Short Term Investments and Other Net Assets)	\$12,936,544
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Portfolio Composition	% of Portfolio	% of Total Net Assets
Financials	18.1%	18.2%
Real Estate	13.2%	13.2%
Industrials	12.0%	12.0%
Consumer Discretionary	10.4%	10.5%
Energy Infrastructure	10.3%	10.3%
Cash and cash equivalents	7.5%	7.6%
Telecommunication Services	7.3%	7.4%
Utilities	6.8%	6.9%
Materials	6.5%	6.5%
Consumer Staples	4.7%	4.7%
Oil & Gas Distribution	3.2%	3.2%
Total Investment Portfolio	100.0%	100.5%
Other Non-Debt Net Assets (Liabilities)		(0.5%)
Total Net Assets		100.0%

Top 25 Holdings	% of Portfolio	% of Total Net Assets
Cash and cash equivalents	7.5%	7.6%
Bank of Nova Scotia	5.6%	5.6%
Park Lawn Corporation	4.8%	4.8%
TD Bank Group	4.7%	4.7%
Premium Brands Holdings Corporation	4.7%	4.7%
Rogers Communications Inc. Class B	4.5%	4.6%
Intertape Polymer Group Inc.	4.2%	4.3%
Enbridge Inc.	4.0%	4.0%
Transcontinental Inc. Class A	4.0%	4.0%
Manulife Financial Corporation	3.9%	4.0%
Sun Life Financial Inc.	3.9%	3.9%
Borex Inc.	3.5%	3.5%
Superior Plus Corp.	3.5%	3.5%
Canadian Apartment Properties Real Estate Income Trust	3.5%	3.5%
Northland Power Inc.	3.4%	3.4%
Choice Properties Real Estate Income Trust	3.3%	3.3%
Altus Group Limited	3.3%	3.3%
Keyera Corp.	3.2%	3.2%
Parkland Corporation	3.2%	3.2%
Allied Properties REIT	3.1%	3.1%
Gibson Energy Inc.	3.1%	3.1%
TELUS Corporation	2.8%	2.8%
Noranda Income Fund Class A	2.8%	2.8%
Aecon Group Inc.	2.7%	2.7%
Chemtrade Logistics Income Fund	2.6%	2.6%

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

MANAGEMENT RESPONSIBILITY STATEMENT

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

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 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 14, 2022

INDEPENDENT AUDITOR'S REPORT

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

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020 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, 2021 and 2020;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 2021 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 14, 2022

STATEMENTS OF FINANCIAL POSITION

As at	December 31, 2021	December 31, 2020
Assets		
Current assets		
Investments at fair value	\$ 12,023,462	\$ 11,036,536
Cash and cash equivalents (note 5)	978,209	1,358,018
Dividends and distributions receivable	50,335	35,979
Prepaid expenses and other assets (note 10)	12,514	12,420
Total assets	13,064,520	12,442,953
Liabilities		
Current liabilities		
Distributions payable to unitholders	55,801	56,682
Accrued liabilities (note 10)	72,175	72,848
Total liabilities	127,976	129,530
Unitholders' equity (note 6)		
Unitholders' capital	7,396,608	8,166,264
Retained earnings	5,539,936	4,147,159
Net assets representing unitholders' equity	\$ 12,936,544	\$ 12,313,423
Net assets per unit	\$ 9.66	\$ 9.05

The accompanying notes are an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended	December 31, 2021	December 31, 2020
Income		
Net gain (loss) on investments		
Dividend and distribution income	\$ 455,388	\$ 475,092
Interest for distribution purposes	1,309	15,098
Net realized gain on sale of investments	341,175	1,175,820
Net change in unrealized appreciation or depreciation on investments	1,082,032	(2,136,208)
Total net gain (loss) on investments	1,879,904	(470,198)
Other income		
Securities lending income (note 12)	–	384
Foreign exchange gain on cash	177	–
Total other income	177	384
Total income (loss)	1,880,081	(469,814)
Expenses (note 9)		
Management fees (note 10)	181,037	178,220
Independent Review Committee fees (note 10)	33,226	29,343
Audit fees	28,990	28,945
Unitholder reporting costs (note 10)	27,175	30,346
Custody fees	14,419	13,428
Portfolio transaction costs (note 11)	2,931	7,665
Legal fees (note 10)	1,362	6,908
Other administrative expenses (note 10)	78,285	80,998
Total expenses	367,425	375,853
Increase (decrease) in net assets from operations	\$ 1,512,656	\$ (845,667)
Weighted average units outstanding during the year	1,358,758	1,531,087
Increase (decrease) in net assets from operations per unit (note 3(i))	\$ 1.11	\$ (0.55)

STATEMENTS OF CHANGES IN NET ASSETS

For the years ended December 31, 2021 and 2020	Unitholders' capital	Retained earnings	Total
Balance at January 1, 2020	\$ 10,121,992	\$ 5,458,665	\$ 15,580,657
Decrease in net assets from operations	–	(845,667)	(845,667)
Distributions to unitholders from income (note 8)	–	(30,191)	(30,191)
Distributions to unitholders from return of capital (note 8)	(727,535)	–	(727,535)
Reinvestment of distributions (note 8)	72,303	–	72,303
Redemptions of units (note 6)	(1,300,496)	(435,648)	(1,736,144)
Balance at December 31, 2020	\$ 8,166,264	\$ 4,147,159	\$ 12,313,423
Increase in net assets from operations	–	1,512,656	1,512,656
Distributions to unitholders from return of capital (note 8)	(678,495)	–	(678,495)
Reinvestment of distributions (note 8)	68,241	–	68,241
Redemptions of units (note 6)	(159,402)	(119,879)	(279,281)
Balance at December 31, 2021	\$ 7,396,608	\$ 5,539,936	\$ 12,936,544

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

For the years ended	December 31, 2021	December 31, 2020
Cash flows from operating activities		
Increase (decrease) in net assets from operations	\$ 1,512,656	\$ (845,667)
Adjustment for:		
Net realized gain on sale of investments	(341,175)	(1,175,820)
Net change in unrealized appreciation or depreciation on investments	(1,082,032)	2,136,208
(Increase) decrease in dividends and distributions receivable	(14,356)	9,928
(Increase) decrease in prepaid expenses and other assets	(94)	3,558
(Decrease) in accrued liabilities	(673)	(8,819)
Operating cash flows:		
Purchases of investments	(794,110)	(1,941,421)
Proceeds from sale of investments	1,209,432	3,678,143
Return of capital received	18,757	16,623
Capital gains distributions received	2,202	647
Net cash from operating activities	510,607	1,874,380
Cash flows used in financing activities		
Redemptions of redeemable units	(279,281)	(1,736,144)
Distributions paid to holders of redeemable units, net of reinvestments	(611,135)	(693,920)
Net cash used in financing activities	(890,416)	(2,430,064)
Net (decrease) in cash and cash equivalents	(379,809)	(555,684)
Cash and cash equivalents at beginning of year (note 5)	1,358,018	1,913,702
Cash and cash equivalents at end of year (note 5)	\$ 978,209	\$ 1,358,018
Interest received	\$ 1,455	\$ 16,876
Dividends and distributions received	\$ 441,032	\$ 485,020

The accompanying notes are an integral part of these financial statements

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2021		Cost	Fair Value
No. of Units/ Shares			
	Canadian Equities		
	Consumer Discretionary		
15,700	Cineplex Inc.	665,991	213,677
15,100	Park Lawn Corporation	332,780	626,650
25,400	Transcontinental Inc. Class 'A'	404,848	515,874
		1,403,619	1,356,201
	Consumer Staples		
4,800	Premium Brands Holdings Corporation	83,935	606,912
		83,935	606,912
	Energy Infrastructure		
10,600	Enbridge Inc.	476,597	523,746
17,700	Gibson Energy Inc.	345,722	396,834
14,600	Keyera Corp.	440,306	416,538
		1,262,625	1,337,118
	Financial Services		
8,100	Bank of Nova Scotia	458,382	725,355
21,200	Manulife Financial Corporation	530,958	511,132
7,200	Sun Life Financial Inc.	281,988	506,952
6,300	TD Bank Group	270,308	610,974
		1,541,636	2,354,413
	Industrial		
21,000	Aecon Group Inc.	416,434	354,480
20,900	Intertape Polymer Group Inc.	398,699	550,088
8,000	LifeWorks Inc.	252,325	204,240
34,600	Superior Plus Corp.	316,284	449,800
		1,383,742	1,558,608
	Materials		
5,900	Barrick Gold Corp.	196,211	141,895
45,200	Chemtrade Logistics Income Fund	638,927	334,480
270,800	Noranda Income Fund Class 'A'	1,098,922	362,872
		1,934,061	839,247
	Oil & Gas Distribution		
11,900	Parkland Corp.	308,461	413,763
		308,461	413,763
	Real Estate		
9,200	Allied Properties REIT	231,250	404,340
6,000	Altus Group Ltd.	45,233	425,820
7,500	Canadian Apartment Properties REIT	359,986	449,700
28,500	Choice Properties REIT	351,217	432,915
		987,686	1,712,775
	Telecommunication Services		
9,800	Rogers Communications Inc., Class 'B'	601,574	590,254
12,200	TELUS Corp.	308,754	363,438
		910,328	953,692
	Utilities		
13,100	Boralex Inc.	192,961	454,308
11,500	Northland Power Inc.	192,393	436,425
		385,354	890,733
	Total Canadian equities	10,201,447	12,023,462
	Embedded broker commissions	(13,986)	
	Total investments	10,187,461	12,023,462

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

1. GENERAL INFORMATION

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

The Fund’s investment objectives are to provide unitholders with an investment in an actively managed portfolio comprised primarily of Canadian equities (common shares, real estate investment trusts (REITs) and income trusts) that exhibit low volatility at the time of investment, monthly cash distributions that have a large component of Canadian eligible dividends, and the opportunity for capital appreciation.

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

These financial statements were authorized for issue by the Manager on March 14, 2022.

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 judgment in the process of applying the Fund’s 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, investments, cash and cash equivalents, dividends and distributions receivable, receivable for investments sold, payable for investments purchased, distributions payable to unitholders, accrued liabilities, and redemptions payable.

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

b) Fair value measurement

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

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

The Fund classifies fair value measurements within a hierarchy as described in note 14. 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 may enter 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. Any collateral pledged by the counterparty to a securities lending transactions is not recognized as the Fund does not accept the risks and rewards of ownership of that collateral. The Fund's participation in securities lending has been suspended and may be reactivated by the Manager at any time (note 12).

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 and cash equivalents

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

g) Investment transactions and income recognition

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

h) Foreign exchange

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

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

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

j) Distributions

Income and net realized capital gains (reduced by loss carryforwards, if any) earned by the Fund are distributed to unitholders through a regular monthly distribution. Any excess income and net realized capital gains not so distributed

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

during the year are distributed in December of each year to unitholders. Any excess of regular monthly distributions over actual income and net realized capital gains is characterized as a return of capital. Any distributable net realized capital gains in a year may be allocated for tax purposes to redeeming unitholders in that year, as permitted by the Fund’s declaration of trust.

k) 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.

l) Classification of redeemable units

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

m) Net assets per unit

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

4. TAXATION

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

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

Non-capital loss carry forwards may be applied against future years’ taxable income, and may be carried forward for 20 years from the year in which they are realized. As at December 31, 2021, the Fund had no non-capital losses carried forward (December 31, 2020 – nil). Capital losses incurred by the Fund may be carried forward indefinitely to apply against capital gains realized in future years. As at December 31, 2021, the Fund had \$565,848 capital losses available for carryforward (December 31, 2020 – \$830,910).

5. CASH AND CASH EQUIVALENTS

The Fund’s cash and cash equivalents as at December 31, 2021 and 2020 comprised the following:

	December 31, 2021	December 31, 2020
Cash	\$ 178,265	\$ 108,369
Cash equivalents	799,944	1,249,649
	\$ 978,209	\$ 1,358,018

Cash equivalents at December 31, 2021 comprised:

Type	Issuer	DBRS credit rating of issuer	Par Value \$	Maturity Date	Coupon	Fair value \$
Banker’s acceptance	HSBC	A/R -1/Stable	800,000	January 31, 2022	0.21%	799,944

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

Cash equivalents at December 31, 2020 comprised:

Type	Issuer	DBRS credit rating of issuer	Par Value \$	Maturity Date	Coupon	Fair value \$
Banker's acceptance	Royal Bank of Canada	AA/R- 1/Stable	650,000	February 12, 2021	0.23%	649,829
Banker's acceptance	TD Bank Group	AA/R- 1/Stable	600,000	February 16, 2021	0.24%	599,820

6. UNITHOLDERS' EQUITY

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

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

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 2021 annual redemption took place on October 28, 2021 and consisted of 28,235 units for redemption proceeds of \$279,281 payable on November 18, 2021 (2020 – annual redemption on October 29, 2020 of 212,444 units for redemption proceeds of \$1,736,144 payable on November 19, 2020).

Unit transactions of the Fund for the years ended December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Units outstanding at beginning of period	\$ 1,360,130	\$ 1,564,031
Reinvestment of distributions	7,101	8,543
Redemption of units	(28,235)	(212,444)
Units outstanding at end of period	\$ 1,338,996	\$ 1,360,130

The closing market price of the Fund's units on December 31, 2021 was \$9.18 (December 31, 2020 – \$8.71).

7. CAPITAL MANAGEMENT

For operating purposes, redeemable units issued and outstanding are considered to be the capital of the Fund. As at December 31, 2021 the Fund's capital therefore comprised net assets of \$12,936,544 (December 31, 2020 – \$12,313,423). 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, 2021, the Fund declared total distributions of \$0.50 (2020 – \$0.50) per unit, which amounted to \$678,495 (2020 – \$757,726). Under the Fund's distribution reinvestment plan ("DRIP"), unitholders may elect to reinvest monthly distributions in additional units of the Fund which are issued from treasury. In the year ended December 31, 2021,

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

distributions of \$68,241 were reinvested in 7,101 units of the Fund which were issued from treasury (year ended December 31, 2020 – distributions of \$72,303 were reinvested in 8,543 units of the Fund which were issued from treasury).

In conjunction with the annual redemption described in note 6, the Fund made no distributions of capital gains to redeeming unitholders (2020 – nil).

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 service 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 1.25% per annum of the NAV of the Fund, calculated weekly and paid monthly in arrears, plus applicable taxes.

For the year ended December 31, 2021 the Fund expensed management fees of \$181,037 (2020 – \$178,220). As at December 31, 2021, the Fund had management fees payable of \$14,502 (December 31, 2020 – \$14,075) 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, 2021 the Fund expensed the following amounts which were paid and recharged by the Manager: IRC fees of \$33,226 (2020 – \$29,343); legal fees of \$389 (2020 – \$232); filing fees of \$1,117 (2020 – \$1,035), wire service fees of \$1,187 (2020 – \$1,153) and mailing costs of \$5 (2020 – nil) (all included in ‘unitholder reporting costs’); and unitholder information costs of \$3,675 (2020 – \$8,661) and premiums for insurance coverage for members of the IRC of \$2,249 (2020 – \$865) (both included in ‘other administrative expenses’). As at December 31, 2021 the Fund owed the Manager \$505 for recharged expenses (December 31, 2020 – \$1,989) included in accrued liabilities, and was not owed any amounts by the Manager (December 31, 2020 – the Fund was owed \$2,209 for overcharged expenses included in prepaid expenses and other assets.)

Units held by the Manager and its affiliates represent 14.0% of the units outstanding at December 31, 2021 (December 31, 2020 – 13.8%).

11. PORTFOLIO TRANSACTION COSTS

During the year ended December 31, 2021 the Fund paid \$2,931 (2020 – \$7,665) 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 / Stable and a Moody’s credit rating of Aa3 / 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 Aa2 / P-1 / Stable. The Manager suspended the Fund’s participation in the securities lending program during the year ended December 31, 2020, but can reactivate the Fund’s participation at any time.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

any gains or losses in market value of the securities, the ability to sell the securities, and any dividends or distributions on the securities for which the ex-dividend dates fall within the loan period.

The Fund receives collateral of at least 102% of the value of securities on loan. Should a borrower default on a securities loan, the Fund is entitled to the associated collateral. The Fund is not exposed to the risks and rewards of ownership of the collateral therefore the collateral is not included in the Fund's Statements of Financial Position. Collateral may comprise: debt that is issued or guaranteed by the Government of Canada or a province thereof, by the Government of the United States of America or of one of the states of the United States of America or of a sovereign state of the G7 countries, or of Austria, Belgium, Denmark, Finland, the Netherlands, Spain, Sweden, Switzerland, or a permitted supranational agency of Organisation for Economic Co-ordination 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.

There were no securities loaned or collateral pledged under securities lending transactions as at December 31, 2021 and December 31, 2020.

The table below sets out a reconciliation of the gross amounts generated from securities lending transactions to the securities lending income disclosed in the Statements of Comprehensive Income for the years ended December 31, 2021 and 2020:

	December 31, 2021		December 31, 2020	
	\$	% of gross income	\$	% of gross income
Securities lending income	–	0.0%	384	70.0%
Agent fees paid to the lending agent	–	0.0%	164	30.0%
Gross securities lending income	–		548	

13. 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, 2021 and December 31, 2020.

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 may enter 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 any such transactions is considered minimal. The Fund's participation in securities lending has been suspended and may be reactivated by the Manager at any time (note 12).

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

The Fund limits its exposure to credit loss by dealing with counterparties, including the lending agent and the issuers of short-term debt instruments, of high credit quality (see notes 5 and 12). 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) Market risk and other price risk

Market risk is the possibility that investments experience losses due to factors that affect the overall performance of the financial markets. The current global pandemic caused by the outbreak of COVID 19 respiratory disease has impacted global stock markets, including stock valuations and market volatility. In general, war and occupation, terrorism and related geopolitical risks or other factors including global health risks or pandemics may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets. Those events could also have an acute effect on individual issuers or related groups of issuers. These risks could also adversely affect securities markets, inflation and other factors relating to the securities held in the Fund's portfolio.

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

The Fund is exposed to market risk and other price risk from its investment in common equities, REITs, and income trusts. As at December 31, 2021, had the prices of these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$1,202,346 (December 31, 2020 – \$1,103,654) or 9.3% (December 31, 2020 – 9.0%) 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 and its redeemable units. The Fund is exposed to liquidity risk through the annual redemption of its units, because there may be insufficient trade volumes in the markets for the securities of the Fund or because the securities may be subject to legal or contractual restrictions on their resale. The Fund receives notice of at least 22 business days prior to the date of redemption of units and has up to 15 business days after the redemption date to settle the redemptions, which provides the Manager time to liquidate securities to fund the redemptions, although there remains a risk that the required funds cannot be obtained. All of the liabilities of the Fund mature in six months or less. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. The Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

e) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to interest rate risk on its short-term debt instruments. Fluctuations in interest rates have a direct effect on the Fund's ability to earn interest income. As at December 31, 2021 and December 31, 2020, the Fund had no significant exposure to interest rate risk due to the short term nature of its short-term debt instruments, which had maturities of less than three months.

f) Currency risk

Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies. As at December 31, 2021 and December 31, 2020, the Fund had no direct exposure to currency risk since none of its financial instruments were denominated in foreign currencies.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 (continued)

g) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk, expressed in terms of percentage of net assets invested by sector, as at December 31, 2021 and December 31, 2020:

Market Segment	December 31, 2021	December 31, 2020
Consumer Discretionary	10.5%	12.4%
Consumer Staples	4.7%	3.9%
Energy Infrastructure	10.3%	9.8%
Financials	18.2%	15.4%
Industrials	12.0%	13.4%
Materials	6.5%	5.6%
Oil & Gas Distribution	3.2%	3.9%
Real Estate	13.2%	11.3%
Telecommunication Services	7.4%	4.7%
Utilities	6.9%	9.3%

14. FAIR VALUE HIERARCHY

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

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 Inputs that are unobservable. The determination of fair value require significant management judgment or estimation.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The following fair value hierarchy table presents information about the Fund's financial instruments measured at fair value as at December 31, 2021 and December 31, 2020:

December 31, 2021

	Level 1	Level 2	Level 3	Total
Equities	\$ 12,023,462	\$ -	\$ -	\$ 12,023,462
	\$ 12,023,462	\$ -	\$ -	\$ 12,023,462

December 31, 2020

	Level 1	Level 2	Level 3	Total
Equities	\$ 11,036,536	\$ -	\$ -	\$ 11,036,536
	\$ 11,036,536	\$ -	\$ -	\$ 11,036,536

There were no transfers between the levels during the years ended December 31, 2021 and December 31, 2020.

**CORPORATE
INFORMATION**

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