2016 INTERIM REPORT

BLUE RIBBON INCOME FUND

RBN.UN

Actively managed, broadly diversified portfolio of income-producing securities.

Management Report of Fund Performance

August 9, 2016

This interim management report of fund performance for Blue Ribbon Income Fund (the "Fund") contains financial highlights but does not contain the interim financial statements of the Fund. The unaudited interim financial statements follow this report. You may obtain a copy of the audited annual or unaudited interim financial statements, at no cost, by calling 1-866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.blueribbonincomefund.com or SEDAR at www.sedar.com. Unitholders may also contact Brompton Funds by 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 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.

The Fund

Blue Ribbon Income Fund is a closed-end investment trust managed by Blue Ribbon Fund Management Ltd. (the "Administrator"). Brompton Funds Limited ("Brompton") is the sub-administrator of the Fund and provides administrative services to the Fund on behalf of the Administrator. The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol RBN.UN. The Fund's portfolio is actively managed by Bloom Investment Counsel, Inc. ("Bloom" or the "Investment Manager"). The Fund is RRSP, DPSP, RRIF, RESP and TFSA eligible. The Fund has in place a distribution reinvestment plan.

Investment Objectives and Strategies

The Fund's investment objectives are to provide unitholders with high monthly distributions and low management fees, together with the opportunity for capital appreciation.

Recent Developments

On March 8, 2016, the Fund announced a reduction in monthly distributions to $0.05 per unit per month for record dates from April to June 2016, down from the previous level of $0.07 per unit per month. The Administrator believes that the revised distribution level is more appropriate given current market conditions.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund's 2015 annual information form, which is available on the Fund's website at www.blueribbonincomefund.com or on SEDAR at www.sedar.com. There were no changes during the period ended June 30, 2016 that materially affected the risks associated with an investment in the units of the Fund.

Results of Operations

Distributions and Changes in Net Assets from Operations

During the period ended June 30, 2016, the Fund declared $0.36 per unit in cash distributions, $0.06 per unit lower than in the same period of 2015, reflecting a decrease in monthly distributions from $0.07 per unit to $0.05 per unit effective from the April 29, 2016 distribution record date. Since inception in September 1997, the Fund has paid total cash distributions of $17.28 per unit.

Total revenue from the Fund's portfolio was $0.23 per unit during the first six months of 2016, compared to $0.26 per unit in the same period of 2015. Expenses were $0.08 per unit in the interim period of 2016, down from $0.10 per unit in the same period of 2015.

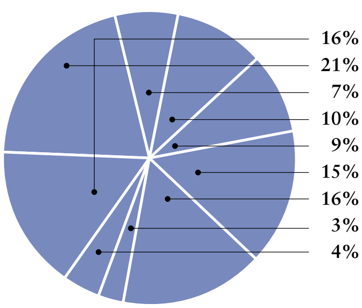
Net Asset Value

The Net Asset Value per unit of the Fund was $9.22 at June 30, 2016, up 9.5% from $8.42 at December 31, 2015, due to an increase in the value of the Fund's portfolio. The aggregate Net Asset Value of the Fund was $207.3 million at June 30, 2016, compared to $191.2 million at December 31, 2015. The $16.1 million increase reflected $22.5 million in gains in the portfolio and net income of $3.4 million, partially offset by the payment of cash distributions of $8.1 million and unit repurchases of $1.7 million under the Fund's normal course issuer bid program.

Investment Portfolio

At June 30, 2016, the Fund owned 33 dividend-paying equities and REITs compared to 31 at December 31, 2015. During the first six months of 2016, five stocks were purchased: Altus Group Ltd., Corus Entertainment Inc., Intertape Polymer Group Inc., Manulife Financial Corp. and Premium Brands Holdings Corp. Three stocks were also sold: Progressive Waste Solutions Ltd., Telus Corporation and RioCan REIT. The Fund had a net realized and unrealized gain of $22.5 million during the first six months of 2016 primarily due to gains in the oil and gas; pipes, power, utilities and infrastructure; and real estate sectors. The portfolio's investment weighting is shown in the accompanying pie chart, and a detailed listing of the Fund's security holdings is provided in the financial statements.

Portfolio Sectors



Net Gains (Losses) by Sector (millions)	Realized	Unrealized	Total
Oil and gas	$ —	$ 6.2	$ 6.2
Pipes, power, utilities and infrastructure	—	5.3	5.3
Industrial	2.1	(1.1)	1.0
Real estate	2.5	2.8	5.3
Materials	(1.0)	2.9	1.9
Financial	—	1.1	1.1
Consumer staples and discretionary	0.4	1.7	2.1
Healthcare	(0.1)	(1.0)	(1.1)
Information technology	—	0.1	0.1
Telecommunication services	—	0.6	0.6
Total	$ 3.9	$ 18.6	$ 22.5

Liquidity and Capital Resources

The Fund has a 364-day revolving credit facility which provides for maximum borrowings of $15 million, with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate, plus a fixed percentage. The facility can be used to invest in additional portfolio investments and for working capital purposes. During the six months ended June 30, 2016, there were no borrowings under the facility.

To provide liquidity for unitholders, units of the Fund are listed on the TSX under the symbol RBN.UN. The Fund's normal course issuer bid program allows it to purchase its units on the TSX for cancellation if they trade below Net Asset Value per unit. As a result, purchases under the issuer bid program are accretive to the Net Asset Value per unit at the time of purchase. During the first six months of 2016, 211,400 units were purchased for cancellation at an average cost of $8.23 per unit.

Related Party Transactions

Related party transactions consist of services provided by the Administrator and the Investment Manager pursuant to administration and investment management agreements. See the Administration and Investment Management Fees section below.

Administration and Investment Management Fees

Pursuant to an administration agreement, the Administrator provides management and administrative services to the Fund, for which it is paid an administration fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund. For the first six months of 2016, these expenses amounted to $0.2 million (2015 – $0.2 million). The administration fee is used by the Administrator to cover the cost to administer the Fund and for profit. The Fund also pays to the Administrator a service fee equal to 0.40% per annum of the Net Asset Value of the Fund, which is in turn paid by the Administrator to the investment dealers based on the proportionate number of units held by clients of each dealer at the end of each calendar quarter. For the first six months of 2016, administration fees amounted to $0.5 million (2015 – $0.5 million) and service fees were $0.4 million (2015 – $0.5 million).

Bloom Investment Counsel, Inc., the Investment Manager of the Fund, receives an investment management fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. For the first six months of 2016, investment management fees amounted to $0.5 million (2015 – $1.5 million).

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements and unaudited interim financial statements. *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*. The increase (decrease) in Net Assets from operations is based on 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)]

For the period/year ended	**June 30, 2016**	December 31 2015	2014	2013	2012	2011
Net Assets per unit, beginning of period/year[(2)]	**$ 8.42**	$ 10.61	$ 11.68	$ 10.96	$ 11.28	$ 11.09
Increase (decrease) from operations:[(3)]						
Total revenue	**0.23**	0.49	0.61	0.62	0.66	0.71
Total expenses	**(0.08)**	(0.19)	(0.21)	(0.20)	(0.21)	(0.20)
Realized gains (losses)	**0.17**	—	0.37	0.03	0.50	0.35
Unrealized gains (losses)	**0.83**	(1.64)	(0.96)	1.15	(0.49)	(0.04)
Total increase (decrease) in Net Assets from operations	**$ 1.15**	$ (1.34)	$ (0.19)	$ 1.60	$ 0.46	$ 0.82
Distributions to unitholders:[(2) (4)]						
From net investment income	**$ n/a**	$ 0.24	$ 0.24	$ 0.27	$ 0.23	$ 0.47
From capital gains	**n/a**	—	0.28	0.01	0.52	—
Return of capital	**n/a**	0.61	0.32	0.56	0.06	0.19
Total distributions to unitholders	**$ 0.36**	0.85	$ 0.84	$ 0.84	$ 0.81	$ 0.66
Net Assets per unit, end of period/year	**$ 9.22**	$ 8.42	$ 10.61	$ 11.68	$ 10.93	$ 11.28

(1) For the years from 2013 and onwards, the accounting information was prepared in accordance with IFRS. Prior to 2013, the accounting information was prepared in accordance with Canadian GAAP and the Net Assets per unit presented in the financial statements differed from the Net Asset Value calculated for daily Net Asset Value purposes. The difference was primarily a result of investments being valued at bid prices for financial statement purposes and at closing prices for daily Net Asset Value purposes. Figures for 2013 have been restated as a result of the transition to IFRS.

(2) Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

(3) The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

(4) Allocation for tax purposes for the period ended June 30, 2016 are not available until year end 2016.

Ratios and Supplemental Data (Based on Net Asset Value)

		December 31				
As at	**June 30, 2016**	2015	2014	2013	2012	2011
Net Asset Value (000s)	**$ 207,331**	$ 191,212	$ 276,561	$ 305,194	$ 266,686	$ 236,652
Number of units outstanding	**22,490,116**	22,701,516	26,070,633	26,124,864	24,324,241	20,915,178
Management expense ratio ("MER")[(1)]	**1.79%**	1.79%	1.90%	2.21%	2.80%	1.84%
Trading expense ratio[(2)]	**0.10%**	0.11%	0.04%	0.03%	0.05%	0.05%
Portfolio turnover rate[(3)]	**14.88%**	33.74%	31.74%	3.11%	12.92%	4.94%
Net Asset Value per unit	**$ 9.22**	$ 8.42	$ 10.61	$ 11.68	$ 10.96	$ 11.31
Closing market price	**$ 8.88**	$ 7.96	$ 10.35	$ 11.43	$ 11.27	$ 10.79

(1) 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 stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the period. Please see the Expense Ratio section following this table for further discussion of the calculation.

(2) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's Investment Manager manages its portfolio investments. 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.

Expense Ratio

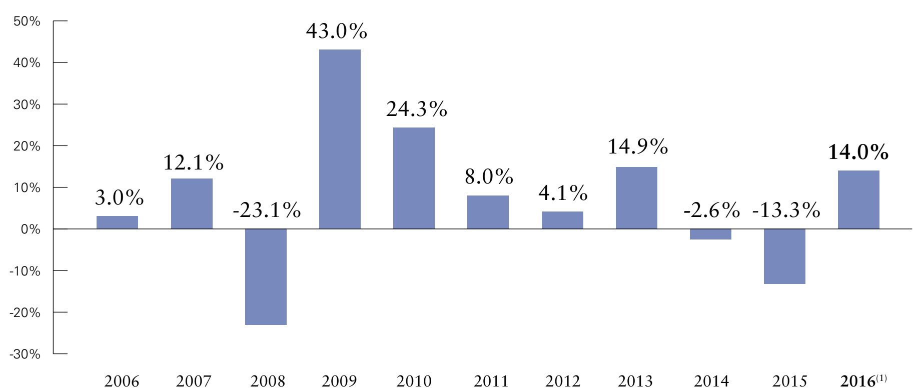
The Fund's MER was 1.79% for the six months ended June 30, 2016, unchanged from 2015.

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 cash distributions made by the Fund and deemed distributions based on the intrinsic value of the rights/warrants at approximately the exercise date of the rights/warrants in the periods shown were reinvested (at Net Asset Value per unit) in additional units of the Fund.

The bar chart shows the Fund's return for the periods ended December 31, 2006 through June 30, 2016. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have changed by the last day of the fiscal period.

Year-by-Year Returns



(1) Period from January 1, 2016 to June 30, 2016.

The following table shows the Fund's compound return for each period indicated compared with the S&P/TSX Composite Index ("Composite Index"). The Composite 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 stocks, REITs and income trust units. Since the Fund is actively managed, the sector weightings differ from those of the Composite Index. In addition, the Fund's portfolio contains predominantly high-dividend-paying securities, whereas the Composite Index does not necessarily focus on this type of investment. For these reasons, it is not expected that the Fund's performance will mirror that of the Composite Index. Further, the Composite 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.

Compound Returns

	Six Months Ended June 30, 2016	Since Inception[1]
Blue Ribbon Income Fund	**14.0%**	10.4%
S&P/TSX Composite Index	**9.8%**	6.3%

[1] Period from September 16, 1997 (commencement of operations) to June 30, 2016 (annualized return).

Since inception and during the first six months of 2016, the Fund has outperformed the Composite Index, even after taking into account administration costs, due to the long-term value of investing in high-income equities, coupled with careful security selection by the Investment Manager. In the interim period of 2016, the Fund had a higher weighting in energy and energy-related sectors than the Composite Index, which helped the Fund's performance.

Summary of Investment Portfolio

As at June 30, 2016

Total Net Asset Value	$ 207,331,038

Portfolio Composition	% of Portfolio	% of Net Asset Value
Pipes, power, utilities and infrastructure	20.6%	20.7%
Oil and gas	14.8%	14.9%
Consumer staples and discretionary	14.8%	14.9%
Financial	14.5%	14.6%
Real estate	9.9%	9.9%
Materials	8.3%	8.3%
Industrial	6.3%	6.3%
Cash and short-term investments	4.0%	4.0%
Information technology	3.8%	3.8%
Healthcare	3.0%	3.0%
Total investment portfolio	100.0%	100.4%
Other net liabilities		(0.4%)
Total Net Asset Value		100.0%

Top 25 Holdings	% of Portfolio	% of Net Asset Value
InnVest REIT	5.2%	5.2%
Boralex Inc.	4.9%	4.9%
Chemtrade Logistics Income Fund	4.6%	4.6%
The Toronto-Dominion Bank	4.5%	4.5%
EnerCare Inc.	4.4%	4.4%
Veresen Inc.	4.3%	4.3%
Vermilion Energy Inc.	4.2%	4.3%
Cash and short-term investments	4.0%	4.0%
Keyera Corp.	4.0%	4.0%
The Bank of Nova Scotia	3.9%	3.9%
Superior Plus Corp.	3.8%	3.8%
DH Corporation	3.8%	3.8%
Sun Life Financial Inc.	3.6%	3.6%
ARC Resources Ltd.	3.2%	3.2%
Premium Brands Holdings Corp.	3.1%	3.1%
Extendicare Inc.	3.0%	3.0%
Corus Entertainment Inc.	2.9%	2.9%
Allied Properties REIT	2.7%	2.7%
AltaGas Ltd.	2.7%	2.7%
Loblaw Companies Ltd.	2.5%	2.6%
Manulife Financial Corporation	2.4%	2.4%
Northland Power Inc.	2.4%	2.4%
Peyto Exploration & Development Corp.	2.4%	2.4%
TransForce Inc.	2.4%	2.4%
Noranda Income Fund	2.3%	2.3%
Total	**87.2%**	**87.4%**

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.bromptongroup.com within 60 days of each quarter end.

Investment Manager

Bloom Investment Counsel, Inc.

Bloom Investment Counsel, Inc. ("Bloom") was established in 1985 and specializes in the management of segregated investment portfolios for wealthy individuals, corporations, institutions and trusts. In addition to its conventional investment management business, Bloom currently manages specialty high-yield equity portfolios comprised of dividend-paying common equity securities, income trusts, and real estate investment trusts. Bloom currently manages four TSX-listed, closed-end portfolios.

BLOOM
INVESTMENT COUNSEL, INC.

Investment Manager's Report

July 5, 2016

Canadian Economy

Canadian GDP for the month of April, the most recent figure released, was in line with consensus expectations, posting 0.1% growth. This followed the 2.4% annualized pace of growth in the first quarter of 2016. The manufacturing industry and the public sector were once again strong contributors to this very modest growth figure, offsetting the weak resource sector. The consensus view for growth in the second quarter is for a contraction due to the tragic and devastating wildfires that wreaked havoc in Northern Alberta. This contraction and subsequent recovery in the third quarter are both expected, and many observers remain focused on the outlook for 2017 with federal infrastructure spending to start and anticipated stabilization in resource prices to provide some tailwinds for growth.

The direct economic consequences of Brexit will be unclear for some time due to the two-year negotiation period from the date the exit is formally triggered; however, the UK accounts for a modest 2.5% of Canadian trade, suggesting that the direct risk to the Canadian economy is minimal. While investors have since realized this, with the TSX Composite mostly recovering back to levels before the vote, the big concern in our view is the potential for more protectionist trade policies given the rumblings of other European countries' desires to have a similar referendum.

While its formal update has yet to incorporate the short-term impact of the Alberta wildfires, the Bank of Canada (BoC) revised its GDP forecast higher after incorporating the Federal Government's $30 billion deficit projected for 2017. While it was positive for the growth outlook, higher global uncertainty will likely lead the BoC to maintain its benchmark rate at 0.5% unless there is another significant downturn in financial and commodity markets. The economy will likely undergo a multi-year restructuring that will see the commodity sector make up a smaller share of economic activity, while the weak Canadian dollar should boost exports in other sectors.

Supporting our view of lower-for-longer interest rates are inflationary pressures that remain very subdued in Canada (as well as in the US). The most recent headline inflation in May came in at 1.5%, down from 1.7% in April, dragged down by lower gasoline prices – a factor that should keep this rate well below 2% until the latter part of this year. Core CPI inflation, the BoC's operational target for monetary policy, remained relatively stable at 1.9%, modestly lower than April's 2.0%. We expect this figure to remain close to the BoC's target throughout the year, as the relatively low level of the Canadian dollar should continue to make imported goods more expensive.

Concerns over Canada's overheated housing market continued to grow over the past quarter as home prices hit further all-time highs. Once again, Vancouver and Toronto posted the largest gains, driving up national home prices by 9% year-over-year in May. Warnings about the financial stability risk of rising homes prices and elevated household debt were again raised by the OECD and were also recently highlighted by both the Prime Minister and Minister of Finance as growing areas of concern. While we do not believe Canada to be close to the severely overheated housing market of 2007/08, we are growing more cautious, particularly as the Canadian economy has become more exposed to a downturn in jobs and economic shocks. With that said, housing starts have declined for each of the last three months to $188.5k as of May, down from the $217.2k in January.

In addition to the already low cost of financing, another key variable for the broader housing market is job growth or general unemployment, the latter sitting at 6.9% as of May. The employment figure was up 14,000 from April, with full-time jobs offsetting part-time jobs, a positive development from the opposite trend we saw earlier in the year.

Oil prices have continued to fluctuate owing to lingering concerns of oversupply. Since the beginning of the year, the price of a barrel of oil, as measured by the one-year forward strip for WTI in Canadian dollars, increased by 14.8% from $57.31 to $65.80. Furthermore, the Canadian AECO natural gas 12-month forward strip price increased from $2.40/GL to $2.66/GL since the beginning of the year. Canadian spot oil and gas prices at the end of June 2016 stood at $62.42/barrel and $1.84/GL, respectively. We believe that a return to long-term equilibrium prices will likely be a lengthy, two-part process as: (1) the daily oversupply must be erased; and (2) global storage inventories must return to normal levels.

Canadian Investment Markets

Since the beginning of the year, the S&P/TSX has outperformed most developed-country markets, mainly owing to the significant rebound in resource prices. However our expectations are somewhat tempered given that it is unlikely we will see the return of a booming commodity sector for some while.

We continue to believe that the performance of the S&P/TSX for the remainder of 2016 will likely depend upon the magnitude of recovery in global growth. As emerging market economies adjust to challenges brought by China's rebalancing coupled with the Eurozone's and Japan's ongoing struggles, this growth remains fairly muted. With that said, the Brexit decision may lead central banks in most major economies to assist growth by keeping monetary policy highly accommodative.

On the earnings front, S&P/TSX forward estimates have decreased 8% since the beginning of the year and are down 9% over the last 12 months. The market has decreased its expectations as consensus earnings growth for the next 12 to 18 months has fallen below 10%, from above 10% at the end of last year.

The S&P/TSX Composite Total Return Index since the beginning of the year had a return of 9.8%. The best performing sectors since the beginning of the year were materials (up 52.3%), energy (up 19.3%) and utilities (up 17.3%). The worst performing sectors since the beginning of the year were healthcare (down 72.3%), information technology (down 5.7%) and consumer discretionary (up 0.1%).

Bond market returns since the beginning of the year mostly underperformed the S&P/TSX Composite Total Return Index. Long-Term (30-year) Government of Canada Bonds returned 10.2% since the beginning of the year, Mid-term (10-year) bonds provided a 4.6% return, short-term (5-year) bonds returned 1.7%, while 90-day Treasury Bills returned 0.2% since the beginning of the year.

The Canadian dollar since the beginning of the year increased by 6.7% against the US dollar but, on a longer term basis, the trailing 12-month performance of the loonie versus the US dollar was -3.4%.

The Blue Ribbon Income Fund Portfolio

Blue Ribbon Income Fund since the beginning of the year significantly outperformed the broader market but slightly underperformed the S&P/TSX High Dividend Total Return Index with a total return of 14.0%. Positions in InnVest Real Estate Investment Trust, Boralex Inc., and Veresen Inc. were the greatest contributors to performance since the beginning of the year.

Portfolio Changes

Since the beginning of the year, new positions were initiated in Altus Group Ltd., Corus Entertainment Inc., Intertape Polymer Group, Manulife Financial Corp., and Premium Brands Holdings. Additional shares were purchased in Bonavista Energy Corp., Chemtrade Logistics Income Fund, Gibson Energy Inc., Transcontinental Inc., Veresen Inc. and Vermilion Energy Inc.

The positions in The Bank of Nova Scotia, Extendicare Inc., InnVest REIT, Loblaw Companies Limited, Morguard REIT, Noranda Income Fund, Northland Power Inc., Progressive Waste Solutions Limited, RioCan REIT, Telus Corporation, and Transforce Inc., among others, were either trimmed or sold outright since the beginning of the year.

Outlook

Common equity income securities, in which our firm specializes, were generally stronger than the broader market since the beginning of the year aided by strength in oil and gas securities. While it is encouraging to see this improvement, the price of oil will likely not appreciate meaningfully from current levels in the near term given that the supply from the US (and other non-OPEC nations) has already declined significantly from the beginning of the year.

We continue to believe one of the best strategies in this type of environment is to own shares in stable, dividend-paying and resilient companies with strong balance sheets and an inherent competitive advantage that are able to grow and thrive in any macro environment.

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 and we assume no obligation to update or revise them to reflect new events or circumstances.

Notice

The accompanying unaudited financial statements of Blue Ribbon Income Fund for the period ended June 30, 2016 have been prepared by management and have not been reviewed by the external auditors of the Fund.

//signed// "Mark A. Caranci'

//signed// "Craig T. Kikuchi"

Mark A. Caranci
Chief Executive Officer
Blue Ribbon Fund Management Ltd.

Craig T. Kikuchi
Chief Financial Officer
Blue Ribbon Fund Management Ltd.

August 9, 2016

Statements of Financial position (Unaudited)

As at	June 30, 2016	December 31, 2015
Assets		
Current assets		
Investments	**$ 204,695,171**	$ 189,651,675
Cash	**3,389,047**	2,795,278
Income receivable	**956,175**	1,041,107
Total assets	**209,040,393**	193,488,060
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**584,849**	686,625
Distributions payable to unitholders (note 7)	**1,124,506**	1,589,106
Total liabilities excluding Net Assets attributable to holders of redeemable units	**1,709,355**	2,275,731
Net Assets attributable to holders of redeemable units	**$ 207,331,038**	$ 191,212,329
Redeemable units outstanding (note 5)	**22,490,116**	22,701,516
Net Assets attributable to holders of redeemable units per unit	**$ 9.22**	$ 8.42

The accompanying notes are an integral part of these financial statements.

Statements of Comprehensive Income (Unaudited)

For the six months ended June 30	2016	2015
Income		
Securities lending income (note 10)	**$ 39,442**	$ 53,982
Net gain (loss) on investments:		
Dividend income	**5,186,568**	6,749,192
Interest for distribution purposes	**26,323**	67,983
Net realized gain (loss) on sale of investments (note 9)	**3,947,172**	(14,694,408)
Net change in unrealized gain (loss) on investments	**18,639,348**	(866,508)
Total net gain (loss) on investments	**27,799,411**	(8,743,741)
Total income (loss), net	**27,838,853**	(8,689,759)
Expenses		
Administration and investment management fees (note 8)	**1,072,846**	1,482,585
Service fees (note 8)	**380,808**	487,981
Audit fees	**14,760**	23,325
Independent review committee fees (note 8)	**14,919**	15,041
Trustee fees	**3,790**	3,648
Custodial fees	**10,325**	12,448
Legal fees	**5,249**	1,526
Unitholder reporting costs	**16,239**	22,044
Interest and bank charges	**14,101**	54,258
Other administrative expenses (note 8)	**221,486**	298,340
Transaction costs	**97,329**	127,959
Total expenses	**1,851,852**	2,529,155
Withholding taxes	**(11)**	—
Increase (decrease) in Net Assets attributable to holders of redeemable units	**$ 25,986,990**	$ (11,218,914)
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit[1]	**$ 1.15**	$ (0.43)

[1] Based on the weighted average number of redeemable units outstanding during the period (note 5).

The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows (Unaudited)

For the six months ended June 30	2016	2015
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable units	**$ 25,986,990**	$ (11,218,914)
Adjustments for:		
Net realized (gain) loss on sale of investments (note 9)	**(3,947,172)**	14,694,408
Net change in unrealized (gain) loss on investments	**(18,639,348)**	866,508
Decrease in income receivable	**84,932**	221,549
Decrease in accounts payable and accrued liabilities	**(101,776)**	(227,298)
Purchase of investments (note 9)	**(44,296,371)**	(62,682,318)
Proceeds from sale of investments (note 9)	**51,839,395**	66,856,872
Cash provided by (used in) operating activities	**10,926,650**	8,510,807
Cash flows from financing activities:		
Distributions paid to holders of redeemable units, net (note 7)	**(8,593,346)**	(10,924,867)
Proceeds from reinvestment of distributions to holders of redeemable units	**—**	241,608
Amounts received from issuance upon treasury offering, net (note 5)	**—**	161,186
Amounts paid for repurchase of redeemable units (note 5)	**(1,739,535)**	(2,074,575)
Cash provided by (used in) financing activities	**(10,332,881)**	(12,596,648)
Net increase (decrease) in cash	**593,769**	(4,085,841)
Cash, beginning of period	**2,795,278**	13,042,565
Cash, end of period	**$ 3,389,047**	$ 8,956,724
Supplemental information:[1]		
Interest received	**$ 19,612**	$ 56,133
Dividends received	**5,278,211**	6,982,591

[1] Included in cash flows from operating activities.

The accompanying notes are an integral part of these financial statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

For the six months ended June 30	2016	2015
Net Assets attributable to holders of redeemable units, beginning of period	**$ 191,212,329**	$ 276,560,623
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable units	**25,986,990**	(11,218,914)
Distributions to holders of redeemable units: (note 7)		
Distributions paid to holders of redeemable units	**(8,128,746)**	(10,912,316)
Redeemable unit transactions:		
Proceeds from issuance of units upon treasury offering, net (note 5)	**—**	161,186
Reinvestments of distributions to holders of redeemable units (note 7)	**—**	241,608
Repurchase of redeemable units (note 5)	**(1,739,535)**	(2,074,577)
Net decrease from redeemable unit transactions	**(1,739,535)**	(1,671,783)
Net increase (decrease) in Net Assets attributable to holders of redeemable units	**16,118,709**	(23,803,013)
Net Assets attributable to holders of redeemable units, end of period	**$ 207,331,038**	$ 252,757,610
Distributions per redeemable unit (note 7)	**$ 0.36**	$ 0.42

The accompanying notes are an integral part of these financial statements.

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2016		Cost	Carrying Value	% of Portfolio
No. of Units/ Shares	**Consumer Staples and Discretionary**			
449,900	Corus Entertainment Inc.	$ 4,891,435	$ 5,992,668	
529,600	EnerCare Inc.	2,565,543	9,056,160	
76,600	Loblaw Companies Ltd.	3,596,370	5,293,826	
117,800	Premium Brands Holdings Corp.	6,403,133	6,408,320	
236,500	Transcontinental Inc.	3,586,037	4,141,115	
		21,042,518	**30,892,089**	**15.1%**
	Financial			
129,200	The Bank of Nova Scotia	7,931,290	8,179,652	
285,100	Manulife Financial Corp.	5,276,649	5,037,717	
177,900	Sun Life Financial Inc.	7,538,993	7,550,076	
170,000	The Toronto-Dominion Bank	7,890,070	9,431,600	
		28,637,002	**30,199,045**	**14.8%**
	Healthcare			
764,700	Extendicare Inc.	7,314,327	6,224,658	
		7,314,327	**6,224,658**	**3.0%**
	Industrial			
10,300	Intertape Polymer Group Inc.	190,393	217,124	
743,400	Superior Plus Corp.	9,113,706	7,924,644	
204,500	TransForce Inc.	1,542,103	4,905,955	
		10,846,202	**13,047,723**	**6.4%**
	Information Technology			
244,800	DH Corporation	6,256,336	7,860,528	
		6,256,336	**7,860,528**	**3.8%**
	Materials			
534,700	Chemtrade Logistics Income Fund	5,882,117	9,539,048	
240,000	Labrador Iron Ore Royalty Corp.	6,889,823	2,978,400	
1,828,800	Noranda Income Fund	8,395,548	4,736,592	
		21,167,488	**17,254,040**	**8.4%**
	Oil and Gas			
299,500	ARC Resources Ltd.	5,978,942	6,621,945	
1,068,900	Bonavista Energy Corp.	17,099,053	3,527,370	
204,700	Crescent Point Energy Corp.	8,050,167	4,177,927	
141,700	Peyto Exploration & Development Corp.	4,443,334	4,914,156	
1,100,700	Trinidad Drilling Ltd.	3,980,719	2,795,778	
214,400	Vermilion Energy Inc.	4,857,236	8,820,416	
		44,409,451	**30,857,592**	**15.1%**
	Pipes, Power, Utilities and Infrastructure			
179,200	AltaGas Ltd.	3,541,115	5,626,880	
524,900	Boralex Inc.	6,713,580	10,219,803	
306,100	Gibson Energy Inc.	6,339,876	4,588,439	
211,700	Keyera Corp.	2,251,599	8,366,384	
226,300	Northland Power Inc.	3,492,392	5,023,860	
820,900	Veresen Inc.	7,661,212	8,988,855	
		29,999,774	**42,814,221**	**20.9%**
	Real Estate			
147,400	Allied Properties REIT	4,560,246	5,701,432	
127,500	Altus Group Ltd.	2,677,497	2,839,425	
1,547,600	InnVest REIT	7,306,419	10,786,772	
83,350	Morguard REIT	818,127	1,227,746	
		15,362,289	**20,555,375**	**10.0%**
	Short-Term Investments			
5,000,000	The Toronto-Dominion Bank Bankers' Acceptance – *0.83%, due July 4, 2016*	4,989,900	4,989,900	
		4,989,900	**4,989,900**	**2.5%**
	Total Investments	**$ 190,025,287**	**$ 204,695,171**	**100.0%**

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements (Unaudited)

June 30, 2016 and 2015

1. GENERAL INFORMATION

Blue Ribbon Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on July 11, 1997, pursuant to an amended and restated declaration of trust. The address of the Fund's registered office is Bay Wellington Tower, Brookfield Place, Suite 2930, 181 Bay Street, Toronto, Ontario, M5J 2T3. Computershare Trust Company of Canada is the Trustee and Blue Ribbon Fund Management Ltd. (the "Administrator") is responsible for managing the affairs of the Fund. Bloom Investment Counsel, Inc. manages the Fund's portfolio. CIBC Mellon Global Securities Services Company is the custodian of the Fund's assets and prepares the weekly valuations of the Fund. The Fund is listed on the Toronto Stock Exchange under the symbol RBN.UN and commenced operations on September 17, 1997. The Fund aims to provide a high level of monthly distributions and the opportunity to participate in capital gains by actively managing a portfolio of publicly listed or traded securities, including income trusts, royalty trusts, real estate investment trusts, common shares, preferred securities and debt instruments.

These financial statements were approved on behalf of Blue Ribbon Income Fund by the Board of Directors of Blue Ribbon Fund Management Ltd., the Administrator, on August 9, 2016.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

a) Financial Instruments

The Fund's investments in debt and equity securities are designated at fair value through profit or loss ("FVTPL") at inception. As a result of such designation, the Fund's investments are measured at FVTPL. The Fund's obligation for Net Assets attributable to holders of redeemable units is measured assuming the redemption of units at Net Asset Value on the valuation date. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments are the same as those used in measuring its published Net Asset Value. The carrying values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their fair value amounts due to their short-term nature.

b) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

c) 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 and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Administrator determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize 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.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and option pricing models. Refer to note 13 for further information about the Fund's fair value measurements.

d) Cash

Cash is comprised of demand deposits with financial institutions.

e) Transaction Costs

Transactions costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

f) Investment Transactions and Income and Expense Recognition

Investment transactions are accounted for on the trade date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight line basis.

Realized gain (loss) on sale of investments and unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities, with the exception of zero coupon bonds. Dividend income and dividend expense on securities sold short are recognized on the ex-dividend date and interest income for distribution purposes is accrued as earned.

g) Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund distributes to its unitholders sufficient net income and net capital gains so that it is not subject to income taxes and, in substance, is exempt from Canadian taxes on these sources of income. Accordingly, the Fund does not record any Canadian income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. The Fund may incur 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.

h) Foreign Exchange

The financial statements are presented in Canadian dollars, which is the functional currency of the Fund. The fair values of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the 11 a.m. (Toronto time) rate of exchange on each valuation date. Investments, income and expenses denominated in foreign currencies are translated at the rate of exchange prevailing on the date of such transactions.

i) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

j) Redeemable Units

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, the Fund classifies its redeemable units as liabilities. The Fund's redeemable units do not meet the criteria in IAS 32 for classification as equity as the Fund has more than one contractual obligation to its unitholders.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Classification and Measurement of Financial Instruments and Application of Fair Value Option

In classifying and measuring financial instruments held by the Fund, the Administrator is required to make judgements about the classification of financial instruments and the applicability of the fair value option to its investments which are not held for trading. The fair value option has been applied to the Fund's investments in debt and equity securities as the investments are managed on a fair value basis in accordance with the Fund's investment strategy.

5. REDEEMABLE UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Asset Value 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 redeemed at the option of unitholders by tendering units of the Fund by the last business day of October for redemption on the second last business day of November ("Redemption Valuation Date"). Redemption of tendered units is settled based on the Net Asset Value per unit on the Redemption Valuation Date, less associated costs of the redemption, including brokerage costs. Units tendered for redemption are redeemed effective the Redemption Valuation Date of each year and are settled on or before the tenth business day in December, subject to the Administrator's right to suspend redemptions in certain circumstances. For purposes of calculating the Net Asset Value per unit, the value of the securities that make up the portfolio are equal to the weighted average trading price of such securities over the last three business days of November.

The Fund received approval from the Toronto Stock Exchange for a normal course issuer bid program for the period from December 3, 2014 to December 2, 2015. Pursuant to this issuer bid, the Fund was permitted to purchase up to 2,557,700 units for cancellation. The Fund renewed the issuer bid program for the period from December 3, 2015 to December 2, 2016, which allows the Fund to purchase up to 2,562,700 units for cancellation. The Fund may only repurchase units when the Net Asset Value per unit exceeds its trading price.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2016 and 2015

Issued

	2016	2015
	Number of Units	Number of Units
Units, outstanding at January 1	**22,701,516**	26,070,633
Redeemable units issued under the distribution reinvestment plan	**—**	23,892
Repurchase of redeemable units	**(211,400)**	(203,200)
Units, outstanding at June 30	**22,490,116**	25,891,325

During the period ended June 30, 2016, 211,400 units were repurchased for cancellation pursuant to the normal course issuer bid program at an average cost of $8.23 per unit (six month period ended June 30, 2015 – 203,200 units at an average cost of $10.21 per unit).

The weighted average number of units outstanding for the period ended June 30, 2016 was 22,601,824 units (six month period ended June 30, 2015 – 26,006,634).

On June 30, 2016, the Fund's closing market price per unit was $8.88 (December 31, 2015 – $7.96).

6. CAPITAL MANAGEMENT

The Fund's objective in managing its capital is to seek long-term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed securities. The Fund's capital is comprised of Net Assets attributable to holders of redeemable units and securities sold short. In order to manage its capital structure, the Fund may return capital to unitholders, increase or decrease its level of leverage or purchase units for cancellation.

7. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Administrator, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the period ended June 30, 2016, the Fund declared total distributions of $0.36 (six month period ended June 30, 2015 – $0.42) per unit, which amounted to $8,128,746 (six month period ended June 30, 2015 – $10,912,316). Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions by purchasing additional units of the Fund, which may be issued from treasury or purchased in the open market. For the period ended June 30, 2016, no units were issued by the Fund pursuant to the distribution reinvestment plan (six month period ended June 30, 2015 – 23,892).

8. RELATED PARTY TRANSACTIONS

a) Administration, Investment Management and Service Fees

Pursuant to a management agreement, the Administrator provides management and administrative services to the Fund, for which it is paid an administration fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. For the period ended June 30, 2016, the management fees amounted to $536,423 (six month period ended June 30, 2015 – $741,293), with $94,477 payable to the Administrator as of June 30, 2016 (December 31, 2015 – $87,215).

The Administrator is also reimbursed for all general and administrative expenses that relate to the operations of the Fund. These expenses amounted to $159,398 and $216,222 for the six month periods ended June 30, 2016 and 2015, respectively.

The Fund also pays to the Administrator a service fee equal to 0.40% per annum of the Net Asset Value of the Fund. The service fee is in turn paid by the Administrator to the investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter. For the period ended June 30, 2016, the service fees amounted to $380,808 (six month period ended June 30, 2015 – $487,981), with $207,338 payable as of June 30, 2016 (December 31, 2015 – $191,179).

Bloom Investment Counsel, Inc. is the Investment Manager of the Fund and is paid an investment management fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. For the period ended June 30, 2016, the investment management fees amounted to $536,423 (six month period ended June 30, 2015 – $741,293), with $94,477 payable to the Investment Manager as of June 30, 2016 (December 31, 2015 – $87,215).

b) Independent Review Committee Fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2016 was $14,919 (six month period ended June 30, 2015 – $15,041) and consisted only of fixed fees. As at June 30, 2016, there was $2,496 in Independent Review Committee fees payable (December 31, 2015 – nil).

9. INVESTMENT TRANSACTIONS

For the period ended June 30	2016	2015
Proceeds from sale of investments	$ 51,839,395	$ 68,502,725
Less cost of investments sold:		
Investments at cost, beginning of period	193,621,139	228,385,372
Investments purchased during the period	44,296,371	67,330,978
Investments at cost, end of period	(190,025,287)	(212,519,217)
Cost of investments sold during the period	$ 47,892,223	$ 83,197,133
Net realized gain (loss) on sale of investments	**$ 3,947,172**	$ (14,694,408)

10. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Global Securities Services Company. The Fund will receive collateral of at least 105% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies. The market values of the securities on loan and the related collateral at June 30, 2016 were $39 million (December 31, 2015 – $40.8 million) and $41 million (December 31, 2015 – $43.2 million), respectively.

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Global Securities Services Company, is entitled to receive.

For the periods ended June 30, 2016 and 2015, securities lending income was as follows:

	2016	2015
Gross securities lending income	$ 56,338	$ 77,114
Securities lending charges	(16,896)	(23,132)
Net securities lending income	39,442	53,982
Withholding taxes on securities lending income	(11)	—
Net securities lending income received by the Fund	**$ 39,431**	$ 53,982

During the period ended June 30, 2016, securities lending charges represented 30% (six month period ended June 30, 2015 – 30%) of the gross securities lending income.

11. LOAN PAYABLE

Effective February 17, 2015, pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving credit facility. The revolving credit facility provides for maximum borrowings of $15 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. There were no borrowings under this facility at June 30, 2016. The credit facility is secured by a first-priority security interest over all of the Fund's assets. There were no amounts drawn against this facility in the period ended June 30, 2016 (six month period ended June 30, 2015 – nil).

12. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2016, and groups the securities by market segment. The following summary presents the market segments held by the Fund as at December 31, 2015. Significant risks that are relevant to the Fund are discussed below.

As at	December 31, 2015
Investment Sector	% of Portfolio
Consumer staples and discretionary	15.1%
Financial	14.8%
Healthcare	3.0%
Industrial	6.4%
Information technology	3.9%
Materials	8.4%
Oil and gas	15.1%
Pipe, power, utilities, and infrastructure	20.9%
Real estate	10.0%
Short-term investments	2.4%
Total	100.0%

The Administrator attempts to minimize the potential adverse effects of these risks on the Fund's performance by employing a professional, experienced investment manager who diversifies the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Administrator also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is primarily comprised of Canadian equities.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2016 and 2015

a) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result 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 securities present a risk of loss of capital. The Investment Manager attempts to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in equity securities. As at June 30, 2016, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased by approximately $20 million or 9.63% (December 31, 2015 – approximately $18.3 million or 9.55%) of total Net Assets. In practice, the actual trading results may differ, and the difference could be material.

b) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. As at June 30, 2016 and December 31, 2015, the Fund had no currency risk exposure.

c) Credit Risk

Credit risk is the risk that the 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 income receivable and amounts receivable for securities sold represents the maximum credit risk exposure, as they will be settled in the short term.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Fund has entered into a securities lending program with its custodian; see note 10. Credit risk associated with these transactions is considered minimal as all counterparties have sufficient, approved credit and the value of cash or securities held as collateral must be at least 105% of the fair value of the securities loaned.

d) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its annual redemptions. For the annual redemption, the Fund receives notice at least 20 business days prior to the date of redemption and has up to 10 business days following the date of redemption to settle the redemptions, which provides the Investment Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price.

As at June 30, 2016 and December 31, 2015, the entire Fund's financial liabilities, other than the redeemable units, had maturities of less than three months.

13. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The Fund classifies its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets at fair value as at June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 199,705,271	$ —	$ —	$ 199,705,271
Short-term investments	—	4,989,900	—	4,989,900
Total investments	**$ 199,705,271**	**$ 4,989,900**	**$ —**	**$ 204,695,171**

Assets at fair value as at December 31, 2015	Level 1	Level 2	Level 3	Total
Equities	$ 182,655,595	$ —	$ —	$ 182,655,595
Short-term investments	—	6,996,080	—	6,996,080
Total investments	$ 182,655,595	$ 6,996,080	$ —	$ 189,651,675

There were no transfers of financial assets and liabilities between the levels during the six month period ended June 30, 2016 and the year ended December 31, 2015.

All fair value measurements above are recurring. The carrying values of cash, income receivable, distributions payable to unitholders and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3. The Fund's policy is to recognize 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.

a) Equities

The Fund's investments in equity securities are classified as level 1 when the security is actively traded and a reliable price is observable. The net gain from equity securities for the period ended June 30, 2016 was $22,586,520 (six month period ended June 30, 2015 – loss of $15,560,916).

b) Short-Term Investments

The Fund's short-term investments are classified as level 2 as they are not actively traded.

14. FUTURE ACCOUNTING CHANGES

IFRS 9, *Financial Instruments*

The final version of IFRS 9, *Financial Instruments*, was issued by the IASB in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to a hedge accounting. The new, single principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, it is available for early adoption. In addition, the own credit risk changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

15. INCOME TAXES

As at December 31, 2015, the Fund had no capital losses carried forward (December 31, 2014 – nil) and no non-capital losses carried forward (December 31, 2014 – nil).

Corporate Information

Independent Review Committee

James W. Davie, BComm, MBA

Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

Directors of Blue Ribbon Fund Management Ltd.

M. Paul Bloom, BA (Hons)
Executive Vice President and Chairman

Mark A. Caranci, BComm, CPA, CA
President and Director

Adina Bloom Somer, BA (Hons), MBA, CIM
Director

Directors and Officers of Brompton Funds Limited

Mark A. Caranci, BComm, CPA, CA
Director, President and
Chief Executive Officer

Christopher S.L. Hoffmann, LLB, MS
Director

Craig T. Kikuchi, BA, CPA, CA, CFA
Director and Chief Financial Officer

Raymond R. Pether, BA, MBA
Director

Christopher Cullen, BASc, MBA, CFA
Senior Vice President

Laura Lau, BASc (Hons), CFA, DMS
Senior Vice President and
Senior Portfolio Manager

Michael D. Clare, BComm (Hons), CPA, CA, CFA
Vice President and Portfolio Manager

Jason P. Goletz, BA
Vice President, Sales and Marketing

Michelle L. Tiraborelli, BSc, MBA
Vice President

Ann P. Wong, BA, MAcc, CPA, CA, CPA (Delaware), CFA
Vice President and Controller

Kathryn A.H. Banner, BA, MA
Vice President and Corporate Secretary

Directors and Officers of Bloom Investment Counsel, Inc.

M. Paul Bloom, BA (Hons)
Director, President, Secretary
and Portfolio Manager

Adina Bloom Somer, BA (Hons), MBA, CIM
Vice President, Director, and
Portfolio Manager

Fiona E. Mitra, BA (Hons), CPA, CA
Chief Financial Officer

Sara N. Gottlieb, BA (Hons), CFA
Vice President, Portfolio Manager
(on sabbatical)

Eli Papakirykos, BA (Hons), CFA
Vice President, Portfolio Manager

Trustee

Computershare Trust Company
of Canada

Custodian

CIBC Mellon Global Securities
Services Company

Auditor

PricewaterhouseCoopers LLP

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