

**INVESTMENT MANAGER COMMENTARY - SEPTEMBER 30, 2017**

Since the beginning of 2017, the S&P/TSX has underperformed most developed country markets, particularly owing to Energy, and to a lesser extent Materials. However, as we noted previously, the Canadian economy remains sound and will likely lead the way in terms of real GDP growth for the G7 countries, corporate profits have rebounded, and global economic momentum has strengthened, albeit moderately. Furthermore, the past several months have given us more evidence that Canada is moving alongside the global economy that is also benefiting from increases in trade volumes and industrial output.

As expected, stronger commodity prices have recently begun to help lift Canadian equities but the S&P/TSX is currently trading at the largest discount to the S&P 500 in nearly 15 years, at more than a two multiple point discount. This valuation opportunity is now widespread, with most TSX sectors trading one to two standard deviations below their historical norms relative to the U.S. market.

Blue Ribbon Income Fund last quarter underperformed the broader market, but outperformed the S&P/TSX High Dividend Index owing to some relatively strong performers that hold a larger weighting in the Blue Ribbon Income Fund portfolio relative to that particular index. Positions in Labrador Iron Ore Royalty Corporation, Altus Group Limited, Superior Plus Corporation, Chemtrade Logistics Income Fund and Toronto Dominion Bank were the greatest contributors to performance last quarter.

We continue to actively seek additional new investments that are attractive from both an income and growth perspective. We remain disciplined and patient with our valuation approach and continue to seek and own companies that are able to prosper in many economic environments.

Bloom Investment Counsel, Inc. October 4th, 2017

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