INVESTMENT MANAGER COMMENTARY - SEPTEMBER 30, 2018

The S&P/TSX continues to deliver one of the worst year-to-date results in the G7 on a currency-adjusted basis, and the performance in the most recent quarter widened that result, particularly relative to the U.S. The performance gap over the past quarter likely reflects the items we had highlighted within our last update, neither of which were particularly bullish for the Canadian economy and equity market. First, the escalation in trade tensions (prior to the new deal just signed) was likely feared to have hit Canada disproportionately hard. Second, we continue to see evidence that soft housing market conditions are reducing credit growth more meaningfully, which could lead to less future overall consumer purchasing activity.

Furthermore we note that one of the dominant sectors of the S&P/TSX, Canadian oil and gas equities, have once again become out of favour. Negative headlines on heavy-light oil price differentials, pipeline issues and oversupply have driven fund flows out of the sector and current valuations are trading close to where they were over two years ago when WTI oil prices were approximately half their current value. This is in contrast to a U.S. energy market that has been moving forward with new investments, however, we believe recent progress on commercial deployment of LNG Canada facilities can start to reverse the weak sentiment on the Canadian Energy sector.

Canadian High Income Equity Fund outperformed the S&P/TSX High Dividend Total Return Index and the S&P/TSX Composite Total Return Index in the last quarter. The outperformance was in part due to the portfolio's holdings in Enercare Inc. Enercare recently announced that it has agreed to be acquired by Brookfield Infrastructure and its institutional partners for $29/share (a 53% premium to the last closing price prior to the acquisition announcement), and the investment was sold outright prior to the end of the quarter (a very successful investment for the portfolio: average cost was $6.23/share).

The portfolio had a number of other strong performers during the last quarter such as Cineplex Inc., AG Growth International Inc., TFI International Inc. and Gibson Energy Inc., all of which returned at least 15% during that period.

With a tentative USMCA announced to supersede NAFTA, the deal will likely remove a big cloud of uncertainty over Canadian assets and hopefully see some flows reverting back toward Canada from both domestic and global investors. We maintain a moderately positive outlook for the Canadian equity market as we approach the end of the year.

Bloom Investment Counsel, Inc. October 3rd, 2018

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Annual Compound Returns[1]	1-Year	3-Year	5-Year	Since Inception
Canadian High Income Equity Fund	(3.7%)	7.8%	3.0%	5.0%
S&P/TSX Composite Index	5.9%	9.7%	7.8%	6.9%

[3]Returns are for the periods ended September 30, 2018. The 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. Since the Fund is actively managed, the sector weightings differ from those of the Composite Index. In addition, the Fund's portfolio contains predominantly higher 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, fund expenses and trading commissions, whereas the performance of the Fund is calculated after deducting such fees and expenses.

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There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the Fund. You can find more detailed information about the Fund in the public filings available at www.sedar.com. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account certain fees such as redemption costs or income taxes payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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