

INVESTMENT MANAGER COMMENTARY - JUNE 30, 2019

The return to monetary easing has been one of the foremost contributors to this year's strong performance thus far. It has been quite remarkable with the market currently pricing in rate cuts where just six months ago it was pricing in rate hikes. Sectors within the market generally comprised of higher yielding stocks have been beneficiaries of the shift back towards monetary easing. With the oil price (Western Canadian Select) pulling back from the April high, however, the Energy sector added to May's weakness in the Canadian market. Bank stocks within the Financial sector have at times reflected concerns around declining rates, inversion of the yield curve and increasing late-cycle credit risk.

Finally, the escalation of trade tensions broadly, but centering around the U.S. and China, reverberated through global markets including Canada. On May 5th the U.S. President said he would raise tariffs on \$200 billion worth of Chinese goods from 10% to 25%. This round of uncertainty involved the Technology sector in particular. Some insulation to the Canadian market comes from the fact that Information Technology only makes up 5% of the S&P/TSX Composite Index. In the Canadian market, the weakness in May was seen more in the Healthcare (i.e. cannabis stocks) and Consumer Discretionary sectors. The Fund's holdings are represented outside most of these recently volatile areas.

For the first six months of the year, Blue Ribbon Income Fund had strong absolute performance returning 15.6%, which matched the strong performance of the S&P/TSX High Dividend Total Return Index and was slightly lower than the very strong performance posted by the S&P/TSX Composite Total Return Index.

Positions in Noranda Income Fund, Altus Group Limited and Superior Plus Corp. were the greatest contributors to performance in the first half of the year. Noranda Income Fund had another good quarter. Spot zinc treatment charges have increased sharply and were positive for the contracted pricing and negotiations between the Fund and Glencore PLC for concentrate purchases.

The most recent measure of Active Share for Blue Ribbon Income Fund was a very high 84.0%. 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 manager's with performance that closely follows the benchmark.

With the outlook for low rates to continue and potentially go even lower in the foreseeable future there is increased demand from investors for yield and income. Accordingly, we expect this to translate into an increase in demand for dividend paying equities which should have a positive impact on our area of investment and on the market value of the Fund. Given this economic backdrop we remain cautiously optimistic going into the second half of the year.

Bloom Investment Counsel, Inc.

July 3, 2019

Annual Compound Returns ¹	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Blue Ribbon Income Fund	15.6%	1.2%	4.1%	(0.6%)	8.0%	9.5%
S&P/TSX Composite Index	16.2%	3.9%	8.4%	4.7%	7.8%	6.6%

⁽¹⁾ Returns are for the periods ended June 30, 2019. 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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You will usually pay brokerage fees to your dealer if you purchase or sell units of the Fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the units are purchased or sold on an exchange, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them.

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.

Certain statements contained herein constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this document and to other matters identified in public filings relating to the Fund, to the future outlook of the Fund and anticipated events or results and may include statements regarding the future financial performance of the Fund. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. 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.

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