

INVESTMENT MANAGER COMMENTARY - MARCH 31, 2019

The last month of 2018 was the worst December for the market since 1930. However, the first quarter saw quite a turnaround for the Canadian market with gains of 13.3%. Nearly all of this gain occurred in the first two months of the quarter. The last time the S&P/TSX Composite Index rose more than 12% in the first two months of the year was more than three decades ago in 1987 when it rose 14%. The strength and speed of the recovery may have caught market participants by surprise considering a slowing economy and earnings trends, but many stocks had become very over-sold and valuations unjustifiably compressed, in our view. It is early in the year, but on a positive note, the recovery in the Canadian market has been as good or better than the U.S. market, which is in contrast to the underperformance which has been experienced for some time.

In the quarter, Blue Ribbon Income Fund had strong performance returning 11.9% which was slightly behind that of the S&P/TSX Composite Total Return index and the S&P/TSX High Dividend Total Return Index.

Positions in Noranda Income Fund, Ag Growth International Inc. and Manulife Financial Corporation were the greatest contributors to performance in the quarter. The position that stood out the most in the quarter for its strong performance was Noranda Income Fund. Spot zinc treatment charges have increased sharply and this should be positive for the contracted pricing and negotiations underway between the Fund and Glencore PLC for concentrate purchases. This could also be partially based on market terms in what is currently a more favourable pricing environment.

We maintain that a consistent approach of investing in higher yielding common equities supplemented by growth at reasonable valuations is the right one. This is often borne out over a longer course, but has more recently been rewarding with this quarter being a near mirror image of the prior one. Some of the opportunities mentioned last quarter began in this quarter to reward this conviction. While our stance is not quite as bullish as the market, we remain cautiously optimistic on the market going into the second quarter.

Bloom Investment Counsel, Inc. April 1, 2019

Annual Compound Returns ¹	1-Year	3-Year	5-Year	10-Year	Since Inception
Blue Ribbon Income Fund	(0.2%)	5.1%	0.0%	10.1%	9.4%
S&P/TSX Composite Index	8.1%	9.3%	5.4%	9.5%	6.6%

⁽¹⁾ Returns are for the periods ended March 31, 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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