

INVESTMENT MANAGER COMMENTARY - Q1 2021

With the commencement of the fourth quarter came the renewed fear of a second wave of COVID-19 and inevitable lockdowns across the country. Despite the reality on the “ground”, the stock market continued to do what it does best: looking ahead and reacting on the positive news of a broader vaccine rollout in 2021. With continued government funding, we witnessed a continuation of investors putting their surplus cash to work helping to propel the Canadian market closing out the year higher than last year despite the remaining economic devastation.

The Funds’ portfolio received a particularly strong shot in the arm (excuse the pun) on the early November announcement of the success of the Pfizer-BioNTech vaccine. Value orientated stocks which we favour, had been largely underperforming growth stocks up to that point in the year, then suddenly sprung to life and for the balance of the year provided excellent rates of return.

Blue Ribbon Income Fund returned -5.1% for the year 2020, outperforming the S&P/TSX High Dividend Total Return Index that returned -7.4% over the same time period. The Fund’s performance for the fourth quarter was 12.5% compared to 13.6% of the S&P/TSX High Dividend Index.

Positions in Boralex Inc., Northland Power Inc. and Intertape Polymer Group Inc. were the greatest contributors to performance in 2020. Sectors that contributed the greatest to performance were Utilities, Industrials and Financials.

Active Share for Blue Ribbon Income Fund as of December 31, 2020 was a very high 83.3%. 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.

As we continue to navigate the market in this “new world”, we have increased optimism with the start of the rollout of the current vaccines and promise of new vaccine candidates being approved. Despite this optimism, we remain cautiously optimistic with regards to the market as we believe a disconnect still exists between the strong performance in the stock market and the bleak reality of the Canadian economy in the short to medium term. Accordingly, we expect to continue to trim those names which we believe reach levels that are ahead of their fundamental valuations and add names which we believe the market is undervaluing in a post COVID-19 vaccine world. We commence 2021 with renewed vigor and optimism for the year ahead.

Bloom Investment Counsel, Inc.

January 4, 2021

Annual Compound Returns ¹	1-Year	3-Year	5-Year	10-Year	Since Inception
Blue Ribbon Income Fund	(5.1%)	(1.1%)	5.2%	3.5%	8.9%
S&P/TSX Composite High Dividend Index	(7.4%)	1.3%	7.5%	5.1%	n.a
S&P/TSX Composite Index	5.6%	5.7%	9.3%	5.7%	6.7%

⁽¹⁾ Returns are for the periods ended December 31, 2020. Inception date September 17, 1997. The following table shows the Fund's compound return for each period indicated compared with the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Composite High Dividend Index ("Composite High Dividend 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. The Composite High Dividend Index tracks the performance, on a market-weight basis and a total return basis, of 50-75 highest dividend yielding securities within the Composite Index. Since the Fund is actively managed, the sector weightings differ from those of the two indices. For these reasons, it is not expected that the Fund's performance will mirror that of the indices. Further, the indices are 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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