

INVESTMENT MANAGER COMMENTARY - SEPTEMBER 30, 2019

The Canadian equity market experienced downward pressure in August as volatility increased with the Fed's July rate cut (positive) that was immediately followed by escalation of trade tensions (negative). At the same time, the corresponding decrease in bond yields did favour higher yielding equities. The increase in demand for dividend paying equities had a positive impact in the quarter on our area of investment and on the market value of Blue Ribbon Income Fund ("the Fund"). The Canadian equity market's advance this year has benefitted greatly from the performance of gold stocks and a few technology stocks. Gold stocks rarely pay dividends, which is often the case for technology stocks too. Additionally, technology stocks seldom possess value characteristics. These stocks tend to be inconsistent with our approach and are therefore not held in the Fund.

While the Fund has had strong performance year-to-date, it underperformed the S&P/TSX High Dividend Total Return Index and the S&P/TSX Composite Total Return Index in the last quarter.

Positions in Allied Properties REIT, Altus Group Limited and Chemtrade Logistics Income Fund were the greatest contributors to performance in the quarter. The position that led in performance for the quarter was Altus Group Limited. We had been expecting the property tax division to report strong results upon the resumption of appeals that were previously delayed temporarily. Indeed, the division posted 30.4% growth in sales over the past year and a 67.3% increase in cash flow as measured by Earnings before Interest, Tax, Depreciation and Amortization (EBITDA). The stock's reaction to the report was very positive even though it had been strong leading up to this event. We believe the stock still represents good value when viewed on a sum-of-the-parts basis based on comparable valuation multiples of real estate, technology and services stocks, especially those in the U.S. This latter consideration should become increasingly relevant as Altus' Commercial Real Estate (CRE) business grows in the U.S. and globally.

As we head into the fourth quarter, returns have been strong thus far for the year. High yielding equities have contributed greatly to this. Prudence would suggest near-term returns could slow somewhat and still end the year with quite satisfactory results. In September, a great deal of attention was drawn to a shift in investing style with value outperforming growth and momentum. Many of our holdings possess value characteristics, and if this sentiment shift in style persists, it should be beneficial to Fund returns.

Bloom Investment Counsel, Inc.

October 2, 2019

Annual Compound Returns ¹	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Blue Ribbon Income Fund	15.8%	(0.5%)	1.7%	0.0%	6.7%	9.4%
S&P/TSX Composite Index	19.1%	7.1%	7.4%	5.3%	7.0%	6.7%

⁽¹⁾ Returns are for the periods ended September 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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