

INVESTMENT MANAGER COMMENTARY - Q2 2021

Canada made significant headway in its vaccination rollout towards the end of the second quarter. This has provided a sense of hopefulness amongst Canadians with the expectation for increased consumer demand as the country continues to reopen. While this optimism has been somewhat priced into the market, we believe there is still room for growth in the more “value” oriented sectors of the market.

For the first six months of the year Blue Ribbon Income Fund’s performance exceeded that of the S&P/TSX Composite Total Return index but underperformed the S&P/TSX High Dividend Total Return Index mainly due to its lack of oil & gas holdings.

The best performing stocks in the Fund for the first half of the year were TFI International Inc., Keyera Corp. and Ag Growth International Inc. Sectors that contributed the greatest positive performance to the Fund were Industrials, Financials and Consumer Discretionary.

The most recent measure of Active Share for Blue Ribbon Income Fund was a very high 81.8%. 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 managers with performance that closely follows the benchmark.

The extreme volatility that we witnessed earlier in the pandemic appears to have subsided for the time being. At present, the market appears to be more focused on the possible impact from fiscal and monetary measures than the pandemic. Our strategy of taking a longer-term approach has benefitted the Fund in the past and we believe that it will result in continued strength going forward.

We continue to see “value” oriented stocks gain momentum despite a slight cooling off in the latter part of the quarter due to market frenzy over inflation. This sector of the market remains to be somewhat undervalued and with increased focus on an economic recovery we believe these stocks will gain momentum. As pandemic restrictions are eased across the country and Canadians have increased mobility, we expect the economy to positively react to these changes leading us to remain cautiously optimistic for the remainder of the year.

Bloom Investment Counsel, Inc.

July 2, 2021

Annual Compound Returns ¹	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception
Blue Ribbon Income Fund	18.4%	42.6%	6.3%	6.0%	4.6%	9.4%
S&P/TSX Composite High Dividend Index	25.6%	47.8%	10.1%	9.5%	7.1%	7.8%
S&P/TSX Composite Index	17.3%	33.9%	10.8%	10.8%	7.4%	7.2%

⁽¹⁾ Returns are for the periods ended June 30, 2021 and are unaudited. 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") (together the "Indices"). 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 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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