

TSX:RBN.UN

Blue Ribbon Income Fund Annual Report 2023

**VALUE
INTEGRITY
PERFORMANCE**

THE FOUNDATION FOR EXCELLENCE

MANAGEMENT REPORT OF FUND PERFORMANCE

March 18, 2024

This annual management report of fund performance for Blue Ribbon Income Fund (the “Fund”) contains financial highlights but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of the audited annual or unaudited interim financial statements, at no cost, by calling 1-866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.blueribbonincomefund.com or SEDAR at www.sedar.com. Unitholders may also contact Brompton Funds by using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, Independent Review Committee’s report, or quarterly portfolio disclosure.

THE FUND

The Fund is a mutual fund trust managed by Blue Ribbon Fund Management Ltd. (the “Administrator”). Brompton Funds Limited (“Brompton”) is the sub-administrator of the Fund and provides administrative services to the Fund on behalf of the Administrator. The Fund’s portfolio is actively managed by Bloom Investment Counsel, Inc. (“Bloom” or the “Investment Manager”). The units of the Fund are traded on the Toronto Stock Exchange (“TSX”) under the symbol RBN.UN. The units are RRSP, DPSP, RRIF, RESP, TFSA and FHSA eligible.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objectives are to provide unitholders with high monthly distributions, together with the opportunity for capital appreciation.

RECENT DEVELOPMENTS

Market Conditions

Monetary policy response to persistently higher levels of inflation over Bank of Canada’s 2% target rate has led to higher interest rates and fluctuations in securities prices. The Fund’s Net Asset Value reflecting the value of the Fund’s portfolio based on the most recent valuation date can be found on the Fund’s webpage at www.blueribbonincomefund.com.

RISKS

Risks associated with an investment in the units of the Fund are discussed in the Fund’s 2023 annual information form, which is available on the Fund’s website at www.blueribbonincomefund.com or on SEDAR at www.sedar.com. There were no changes to the risks during the year ended December 31, 2023 that could materially affect an investment in the units of the Fund as they were discussed.

RESULTS OF OPERATIONS

Distributions

Cash distributions for the year ended December 31, 2023, amounted to \$0.48 per unit, unchanged from 2022. This reflected monthly cash payments of \$0.04 per unit in 2023. Since inception on September 17, 1997, the Fund has paid total cash distributions of \$21.33 per unit.

The Fund has a distribution reinvestment plan, which allows unitholders to automatically reinvest monthly distributions, commission free, in additional units of the Fund. Pursuant to this plan, during the year ended December 31, 2023, 33,706 units were acquired in the market at an average price of \$7.63 per unit and no units were issued from treasury.

Revenue and Expenses

The Fund earned revenue of \$0.34 per unit in 2023, compared to \$0.32 per unit in 2022. Expenses in 2023, amounted to \$0.12 per unit, compared to \$0.11 per unit in 2022.

Net Asset Value

The Net Asset Value per unit of the Fund was \$7.83 at December 31, 2023, up 2.6% from \$7.63 at December 31, 2022. The aggregate Net Asset Value of the Fund was \$66.7 million at December 31, 2023 down from \$72.9 million at December 31, 2022.

Investment Portfolio

As at December 31, 2023, the Fund's investment portfolio included 24 securities across 9 sectors compared to 27 securities across 9 sectors at December 31, 2022. The investment weightings and a detailed listing of the Fund's security holdings is provided in the financial statements.

For the year ended December 31, 2023, the Fund's portfolio recorded a net realized loss of \$3.1 million and a net change in unrealized gain of \$7.1 million. The Financials, Industrials and Energy sectors saw notable gains, resulting in a combined net gains of \$5.8 million. However, the losses in the Utilities, Real Estate and Consumer Discretionary sectors detracted the Funds overall performance.

Portfolio Sectors

Net Gains (Losses) by Sector (millions)	% of Net Asset Value as of 31-Dec-23	Realized \$	Change in Unrealized \$	Total \$
Communication Services	3.8	-	(0.2)	(0.2)
Consumer Discretionary	12.2	(2.2)	1.2	(1.0)
Consumer Staples	5.9	0.2	0.4	0.6
Energy	18.2	0.3	0.9	1.2
Financials	28.1	-	3.0	3.0
Industrials	13.5	1.8	(0.2)	1.6
Materials	4.9	(3.2)	4.1	0.9
Real Estate	4.5	(0.1)	(0.6)	(0.7)
Utilities	6.3	0.1	(1.5)	(1.4)
Cash, short-term investments & other net assets (liabilities)	2.6	-	-	-
Total	100.0	(3.1)	7.1	4.0

Liquidity and Capital Resources

The Fund terminated its 364-day revolving credit facility on February 17, 2023. During 2023, there were no borrowings under the facility.

To provide liquidity for unitholders, units of the Fund are listed on the TSX under the symbol RBN.UN. Investors may redeem their units at Net Asset Value, less applicable costs, in accordance with the Fund's redemption provisions.

RELATED PARTY TRANSACTIONS

Related party transactions consist of services provided by the Administrator and the Investment Manager pursuant to administration and investment management agreements. See the Administration and Investment Management Fees section below.

ADMINISTRATION AND INVESTMENT MANAGEMENT FEES

Pursuant to an administration agreement, the Administrator provides management and administrative services to the Fund, for which it is paid an administration fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund. For the year ended December 31, 2023, these expenses amounted to \$0.10 million (2022 – \$0.04 million). The administration fee is used by the Administrator to cover certain costs to administer the Fund including the cost of the sub-administrator and for profit. For the year ended December 31, 2023, administration fees amounted to \$0.40 million (2022 – \$0.45 million).

Bloom Investment Counsel, Inc., the Investment Manager of the Fund, receives an investment management fee equal to 0.50% per annum of the Net Asset Value of the Fund, plus applicable taxes. For the year ended December 31, 2023, investment management fees amounted to \$0.40 million (2022 – \$0.45 million).

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements which have been prepared in accordance with IFRS Accounting Standards. *The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit.* The increase (decrease) in Net Assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Assets per Unit¹

	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
For the year ended December 31					
Net Assets per unit, beginning of year ²	7.63	8.71	7.71	8.74	7.67
Increase (decrease) from operations:³					
Total revenue	0.34	0.32	0.30	0.30	0.37
Total expenses	(0.12)	(0.11)	(0.13)	(0.11)	(0.15)
Realized gains (losses)	(0.33)	0.20	0.39	-	(0.96)
Unrealized gains (losses)	0.75	(1.01)	0.91	(0.73)	2.40
Total increase (decrease) in Net Assets from operations	0.64	(0.60)	1.47	(0.54)	1.66
Distributions to unitholders:²					
Investment income	0.21	0.16	0.12	0.16	0.19
Return of capital	0.27	0.32	0.36	0.35	0.41
Total distributions to unitholders	0.48	0.48	0.48	0.51	0.60
Net Assets per unit, end of year²	7.83	7.63	8.71	7.71	8.74

¹ The financial information was prepared in accordance with IFRS Accounting Standards.

² Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

³ The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

Ratios and Supplemental Data (Based on Net Asset Value)

As at December 31	2023	2022	2021	2020	2019
Net Asset Value (\$) (000s)	66,666	72,940	89,238	86,531	111,887
Number of units outstanding (in 000s)	8,516	9,564	10,248	11,217	12,806
Management expense ratio ("MER") ¹	1.53%	1.28%	1.45%	1.44%	1.76%
Trading expense ratio ²	0.02%	0.02%	0.02%	0.06%	0.05%
Portfolio turnover rate ³	14.25%	16.29%	14.41%	12.08%	15.73%
Net Asset Value per unit (\$)	7.83	7.63	8.71	7.71	8.74
Closing market price – units (\$)	7.45	7.36	8.68	7.48	8.30

¹ MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the period.

² The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

³ The Fund's portfolio turnover rate indicates how actively the Fund's Investment Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of such investments during the period.

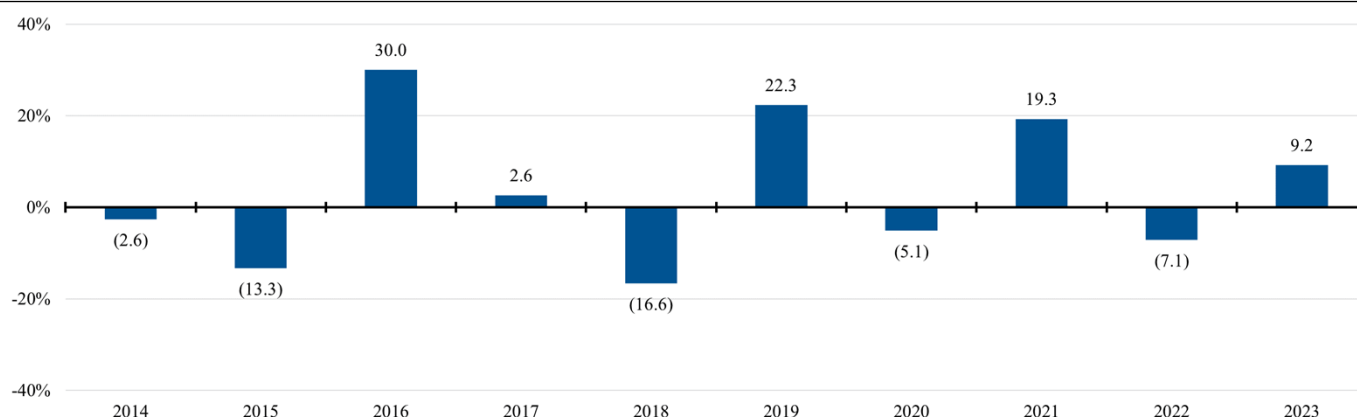
PAST PERFORMANCE

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on Net Asset Value per unit and assumes that cash distributions made by the Fund was reinvested (at Net Asset Value per unit) in additional units of the Fund.

The bar chart shows the Fund's return for the years ended December 31, 2014 to December 31, 2023. The chart shows, in percentage terms, how an investment held in a unit of the Fund on the first day of each fiscal period would have changed by the last day of the fiscal period.

Year-by-Year Return

Returns (%)



The following table shows the Fund's compound return for each period indicated compared with the S&P/TSX Total Return Composite Index ("Composite Index") and the S&P/TSX High Dividend Total Return Index ("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. Furthermore, 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.

Annual Compound Returns

	1-Year %	3-Year %	5-Year %	10-Year %
Blue Ribbon Income Fund	9.2	6.6	7.0	2.8
S&P/TSX High Dividend Total Return Index	7.0	13.6	11.3	6.6
S&P/TSX Composite Total Return Index	11.8	9.7	11.3	7.6

The Fund returned 9.2% in 2023, outperforming the High Dividend Index. The Fund's 14% allocation to the Industrials sector played a role in outperforming the High Dividend Index, which has a 1.2% weighting and was one of the Fund's top-performing sectors. The Fund's underperformance compared to the Composite Index can be attributed to its lack of Information Technology positions, a top-contributing sector for the Composite Index. Please see the Portfolio Manager's report for a detailed discussion of the economy, markets, Fund performance and outlook.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

Total Net Asset Value	\$ 66,666,087
Portfolio Composition	% of Net Asset Value
Financials	28.1
Energy	18.2
Industrials	13.5
Consumer Discretionary	12.2
Utilities	6.3
Consumer Staples	5.9
Materials	4.9
Real Estate	4.5
Communication Services	3.8
Total Investments	97.4
Cash	2.8
Other net assets (liabilities)	(0.2)
Total Net Asset Value	100.0

Top 25 Holdings	% of Net Asset Value
goeasy Ltd.	6.2
Ag Growth International Inc.	6.1
Premium Brands Holdings Corp.	5.9
Parkland Corporation	5.7
Manulife Financial Corporation	5.5
Sun Life Financial Inc.	5.0
Chemtrade Logistics Income Fund	4.9
Transcontinental Inc.	4.6
Toronto-Dominion Bank	4.5
Enbridge Inc.	4.4
Keyera Corp.	4.4
Canadian Tire Corp.	4.2
TFI International Inc.	3.8
Bank of Nova Scotia	3.8
Gibson Energy Inc.	3.7
Superior Plus Corp.	3.6

SUMMARY OF INVESTMENT PORTFOLIO (cont'd)

Top 25 Holdings (cont'd)	% of Net Asset Value
Boralex Inc.	3.4
Park Lawn Corporation	3.4
Propel Holdings Inc.	3.1
Northland Power Inc.	2.9
Cash	2.8
Altus Group Limited	2.6
Telus Corporation	1.9
Allied Properties REIT	1.9
Rogers Communications Inc.	1.9
Total	100.2

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available on the Fund's website at www.bromptongroup.com within 60 days of each quarter end.

2023 TAX INFORMATION

The following information is applicable to holders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold units as capital property outside of an RRSP, DPSP, RRIF, RESP, TFSA or FHSA. Unitholders should receive a T3 slip from their investment dealer providing this information. T3 supplementary slips for holdings of the Fund will indicate Other Income (Investment Income and Non-Investment Income) in Box 26, Foreign Non-Business Income in Box 25, Capital Gains in Box 21 and Eligible Dividend Income in Box 49. Dividend income is subject to the standard gross-up and federal dividend tax credit rules. The return of capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is reported on the T3 supplementary slips in Box 42.

The following table outlines the breakdown in the Fund's distributions declared in 2023 on a per unit basis.

Record Date	Payment Date	Eligible Dividends \$	Return of Capital \$	Total Distributions \$
31-Jan-23	14-Feb-23	0.01755	0.02245	0.04000
28-Feb-23	14-Mar-23	0.01755	0.02245	0.04000
31-Mar-23	17-Apr-23	0.01755	0.02245	0.04000
28-Apr-23	12-May-23	0.01755	0.02245	0.04000
31-May-23	14-Jun-23	0.01755	0.02245	0.04000
30-Jun-23	17-Jul-23	0.01755	0.02245	0.04000
31-Jul-23	15-Aug-23	0.01755	0.02245	0.04000
31-Aug-23	15-Sep-23	0.01755	0.02245	0.04000
29-Sep-23	16-Oct-23	0.01755	0.02245	0.04000
31-Oct-23	14-Nov-23	0.01755	0.02245	0.04000
30-Nov-23	14-Dec-23	0.01755	0.02245	0.04000
29-Dec-23	15-Jan-24	0.01755	0.02245	0.04000
		0.21060	0.26940	0.48000

This information is of a general nature and does not constitute legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors with respect to their individual circumstances.

INVESTMENT MANAGER

Bloom Investment Counsel, Inc.

For over 35 years, Bloom Investment Counsel has been managing segregated investment portfolios for wealthy individuals, foundations, corporations, institutions and trusts. In addition to its conventional investment management business, Bloom currently manages specialty high-income equity portfolios, comprised of dividend paying common equity securities, income trusts and real estate investment trusts, for three TSX listed closed end funds.



INVESTMENT MANAGER'S REPORT

January 2, 2024

Canadian Economy

It came as no surprise that the Bank of Canada (BoC) held interest rates flat at 5% during the fourth quarter of 2023. The Canadian economy is now at a point where it needs to prove that it can successfully ward off the impact of past rate hikes and other economic setbacks to successfully result in a soft landing. While inflation remains sticky it appears that either a tremendous rebound in the economy, a dramatically weaker Canadian dollar or a further increase in inflation are the only drivers which would cause the BoC to return to hiking interest rates. With the current economic backdrop, rate cuts are a more likely scenario in the second half of 2024.

November's Canadian Consumer Price Index (CPI) data somewhat disappointingly remained in the 3% range, highlighting that the inflation fight is not over yet. However, the underlying trend is lower and despite an expected higher result in December, it appears that the BoC's 3.3% expectation for the average inflation rate in the fourth quarter may be correct. Price increases were seen in 7 of the 8 categories surveyed with recreation, shelter and alcohol/tobacco leading the way. More moderate results were seen in food, transportation, and health/personal care. Regionally, Quebec, Ontario, and British Columbia all experienced annual inflation rates higher than the national average with below average inflation in Alberta. Despite this slight disappointment, it must be noted that inflation is a lagging indicator and while it highlights past economic conditions the overall trend is slowing which is a positive sign for rate cuts this year.

There is no doubt that the Canadian economy is struggling with Q3 GDP falling at a 1.1% annual rate, clearly missing expectations for a 0.1% increase. On the positive side, Q2 GDP was revised significantly upward from -0.2% to 1.4% thereby avoiding at least one definition of a recession (two consecutive quarters of declining GDP). However, growth has slowed year-over-year to 0.5%, the weakest level, excluding the pandemic period, since 2015. The biggest decline was seen in business investment with both construction and machinery and equipment declining. Consumer spending was essentially flat and government spending and residential construction both surprised on the upside. Expectations are for 0.5% GDP growth in 2024.

With a slowdown in real GDP growth combined with a strong 3% increase in population growth, real GDP per capita was a weak 2.5%, levels usually witnessed during recessionary periods. Likewise, per-capita disposable income after inflation continues to decline and is now in-line with pre-COVID levels. On the positive side, at 3.1%, Canadian household credit growth has continued to ease, reporting the lowest rate on record since 1991. This is a far cry from the cycle peak at 8.6% in May 2022. Similarly, residential mortgage growth has declined to 3.5% year-over-year, significantly lower than the double-digit figures experienced in early 2022 and consumer loan growth has halved from a 4.4% level in 2022 to the current 2.2% level.

On the employment front not much changed with November's statistics. There was a decent increase (25,000) in Canadian employment; however, the unemployment rate continues to rise reaching 5.8%, up 0.8% since April. The current restrictive monetary environment and surging immigration make it challenging for the economy to keep pace with population growth. Weak domestic demand has resulted in an increase in employees being laid off. With a lag between the impacts of monetary policy on the employment rate it is expected that unemployment will get worse before we see improvement. This slackening on the supply side is expected to negatively impact wage growth but on the other hand, it is expected to temper inflation.

Canadian retail sales rose 0.7% in October, slightly below the flash estimate of 0.8% but marking a second consecutive monthly increase. While this may not sound so impressive, it is remarkable how well the Canadian consumer has fared during a period of immense economic headwinds. However, estimates for November are for flat nominal sales. October's results were largely driven by clothing and accessories (+2.4%) and general merchandise (+2.0%) with autos increasing 1.2%. It is likely that vehicle sales growth will continue to slow given the impact of higher-rate financing and the continued rise in inventories. It is expected that this slowing momentum will continue, resulting in flat real consumer spending in 2024. An impressive nine of ten provinces posted gains in the month with Alberta being the exception. It is interesting to highlight that a significant gap between Canadian and U.S. retail sales remains with U.S. nominal sales increasing more than 30% from pre-pandemic levels compared to a roughly 20% increase in Canada.

Mortgage rates appear to have peaked with Canadian housing affordability at the worst level since the 1980s, which is expected to put pressure on housing prices. In October, housing starts rose slightly demonstrating resilience in a challenging market but are still expected to show a decline in 2023 from each of the past two years. Canadian existing home sales, on the other hand, are now at the low end of the pre-pandemic range with demand weakened by high financing rates.

Canadian Investment Markets

The investing community was not surprised by the BoC's decision to hold rates at the end of the year. The markets appear priced for a rate cut sooner rather than later; however, the BoC is not quite as bullish and is waiting to see more fulsome data before committing to any easing in its monetary policy. One must not forget that this economic cycle is different from any over the past 40 years as the level of inflation from the start was much higher and the economy, thus far, has been surprisingly resilient to interest rate hikes. The stock market underestimated the speed at which interest rates would climb and is possibly overestimating the pace at which they will decline. Assuming the economy cooperates with the most recent tightening policies, we expect a more dovish tone from the BoC at its January meeting with interest rates remaining flat until the middle of 2024 after which time we expect to see the slow start of an easing in Canada's monetary policy.

Canada is expected to trail other global economies due to heavily indebted consumers who continue to digest this past year's rate hikes. Household consumption will have to slow but there remains some cushion available to households due to an increase in home values partially offsetting the impact of a 45% increase in mortgage rates, providing some financial flexibility. This, coupled with the uncertainty of a possible Canadian election, could result in a bumpier ride in the Canadian stock market than its U.S. counterpart.

2023 was a challenging year for Canadian investors with the market experiencing few of the tailwinds that helped other markets despite it generating a mid-single digit return for the year. The traditional outperforming sectors in the S&P/TSX Composite Index such as Financials, lagged in 2023 and the market demonstrated minimal breadth with gains generated from Information Technology, a relatively small sector of the market. The S&P/TSX Composite Index trades at roughly a 30% discount to its U.S. peers with the Canadian market trading in the 13x Price/Earnings range compared to the U.S. market which is in the 19x Price/Earnings range. This is one of the widest discounts in 30-40 years. The Magnificent Seven (Apple, Alphabet, Amazon, Meta Platforms, Microsoft, Nvidia and Tesla) continue to dominate the U.S. market at around 30% of the S&P 500 Index, making it increasingly difficult for the Canadian market to close the relative valuation gap. Going forward, we believe the Canadian market's breadth will widen with several sectors benefitting from an expected decline in interest rates.

As we have continuously highlighted, the speed at which the stock market adjusts to news flow continues to surprise investors with 2023 being no exception. This was further highlighted earlier in the year with the market's reaction to the U.S. regional banking crisis. On the other hand, one can argue that the combined impact from high inflation and interest rates had less of an impact on the stock market than most investors would have expected.

The S&P/TSX Composite Index increased 7.3% in the quarter with the S&P/TSX Composite High Dividend Index increasing 5.9%. For the year, the S&P/TSX Composite Index increased 8.1% with the S&P/TSX Composite High Dividend Index increasing 1.3%. With a higher proportion of resource and interest rate sensitive stocks and a lack of mega cap growth stocks, the Canadian market lagged the U.S. market throughout 2023.

The top performing sectors in the quarter were: Information Technology +24.0%, Financials +12.8% and Real Estate +10.7%. The Information Technology sector was predominantly impacted by a rebound in Shopify's stock price after falling sharply in 2022. As the market started to focus on the prospect for rate cuts in 2024, interest rate sensitive sectors such as the Financials and Real Estate started to show gains in the latter half of the quarter. The three worst performing sectors in the quarter were Energy, Materials and Health Care.

In the fourth quarter, after a long period of negative returns, the Canadian bond market performed impressively. This followed the U.S. Fed and the BoC providing the appearance of a policy pivot on the direction of interest rates at the start of that quarter. While administered rates will not fall for several months, the market prices of bonds reacted quite violently to the perceived pivot. Long-term (30-year) Government of Canada Bonds appreciated in value by 19.1%, mid-term (10-year) bonds by 9.0% and short-term (5-year) bonds by 5.8%. These extremely strong returns wiped out the losses of the prior nine months, so that returns over the last twelve months were quite positive. Respectively these were 9.0%, 5.1% and 4.2%, but still below the 2023 return of the S&P/TSX index. 90-Day Treasury Bills returned 1.3% for the last quarter and 4.7% for the last year.

During the last quarter the Loonie appreciated in value by 2.2% to \$1.3226 against its U.S. counterpart. In 2023, our currency appreciated by 2.3%. Over those twelve months there was a reasonable amount of volatility influenced by the price of oil, interest rates and the ongoing lack of Canadian competitiveness compared to the U.S. with the Loonie seeing a high of \$1.3111 and a low of \$1.3881.

Blue Ribbon Income Fund Performance

For the year, Blue Ribbon Income Fund outperformed the S&P/TSX Composite High Dividend Index.

The best performing stocks in the Fund for the year were Parkland Corporation, goeasy Ltd. and Noranda Income Fund. Sectors that contributed the greatest positive performance to the Fund were Financials, Energy and Industrials.

The most recent measure of Active Share for Blue Ribbon Income Fund was a very high 82.5%. Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. Bloom believes 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.

Blue Ribbon Income Fund Portfolio Changes

With our customized approach to investment management, tailoring the Fund's portfolio, for the year we added to positions for Blue Ribbon Income Fund in Barrick Gold Corporation, TELUS Corporation and Ag Growth International Inc. We also trimmed the Fund's position in Ag Growth International Inc., TFI International Inc., Premium Brands Holdings Corporation, Parkland Corporation, Barrick Gold Corporation, Chemtrade Logistics Income Fund and Canadian Tire Corporation Limited. We sold the Fund's position in Cineplex Inc. and Noranda Income Fund.

Outlook

This past year was a challenging year for Canadian dividend paying equities with increased competition from rising interest rates and bond yields. Now, with a more favourable fundamental backdrop, this sector of the market has several catalysts. The key catalyst is the reversal of fund flows that had previously chased high yielding money market funds and short-term deposits such as Treasury bills and GICs. In particular, lower interest rates and a normalization of the yield curve are key drivers for this change. Not only do we expect dividend-paying equities to be the beneficiary of lower interest rates, but we also expect them to remain less volatile than the remainder of the market as has been the case over many decades.

Valuations for Canadian equities are much more compressed than their U.S. counterparts and, accordingly, yields on Canadian dividend-paying equities remain very attractive. This is particularly apparent in interest rate sensitive sectors such as Telecommunications and Utilities whose stock prices have been overly punished by the economic backdrop.

2023 proved to be a volatile and somewhat complicated market for investors. The year saw a continuation of the struggle between interest rate hikes and inflation which to many investors' surprise demonstrated more resiliency than expected for numerous companies' earnings. As we start 2024, inflation appears to be coming under control and administered interest rates should be at their peak. The expectation for a soft landing and a reduction in rates over the next couple of years is expected to be positive for the equity market and in particular dividend-paying equities. However, with current macroeconomic events and the uncertainty of the timing of rate cuts, 2024 could prove to be more challenging than many investors expect. We remain focused on quality dividend-paying stocks which have, as previously noted, proved over many decades to be less volatile than, and to outperform, non-dividend paying stocks. As always, we remain patient and prudent in our approach to investing and look forward to another rewarding year.

FORWARD-LOOKING STATEMENTS

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. 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, except as required by law.

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of Blue Ribbon Income Fund (the “Fund”) have been prepared by Blue Ribbon Fund Management Limited (the “Administrator” of the Fund) and approved by the Board of Directors of the Administrator. The Administrator is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Administrator maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with IFRS Accounting Standards and include certain amounts that are based on estimates and judgements. The material accounting policy information applicable to the Fund are described in note 3 to the financial statements.

The Board of Directors of the Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of a majority of independent directors.

The Administrator, with the approval of its Board of Directors, has appointed PricewaterhouseCoopers LLP as the auditor of the Fund. It has audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable it to express to unitholders its opinion on the financial statements. The auditor has full and unrestricted access to the Audit Committee to discuss its findings.

(Signed) “Mark A. Caranci”

(Signed) “Ann P. Wong”

Mark A. Caranci

President

Blue Ribbon Fund Management Ltd.

March 18, 2024

Ann P. Wong

Chief Financial Officer

Blue Ribbon Fund Management Ltd.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustee of Blue Ribbon Income Fund (the Fund)

OUR OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of comprehensive income for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Pitts.

(Signed) "PricewaterhouseCoopers LLP"

**Chartered Professional Accountants,
Licensed Public Accountants**

Toronto, Ontario

March 18, 2024

Blue Ribbon Income Fund - Annual Report 2023

STATEMENTS OF FINANCIAL POSITION

As at December 31	2023	2022
Assets		
Investments	\$ 64,954,333	\$ 71,788,291
Cash	1,861,311	1,232,252
Income receivable	325,489	322,465
Prepaid expenses	-	46,991
Total assets	67,141,133	73,389,999
Liabilities		
Distributions payable to unitholders (note 6)	340,623	382,567
Accounts payable and accrued liabilities (note 7)	134,423	66,964
Total liabilities (excluding Net Assets attributable to holders of redeemable units)	475,046	449,531
Net Assets attributable to holders of redeemable units	\$ 66,666,087	\$ 72,940,468
Redeemable units outstanding (note 4)	8,515,572	9,564,164
Net Assets attributable to holders of redeemable units per unit	\$ 7.83	\$ 7.63

Approved on behalf of Blue Ribbon Income Fund by the Board of Directors of Blue Ribbon Fund Management Ltd., the Administrator.

(Signed) "Mark A. Caranci"

(Signed) "M. Paul Bloom"

Mark A. Caranci
Director

M. Paul Bloom
Director

Blue Ribbon Income Fund - Annual Report 2023

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31	2023	2022
Income		
Securities lending income (note 9)	\$ 25,398	\$ 106,977
Net gain (loss) on foreign exchange on cash	17	(72)
Net gain (loss) on investments:		
Interest income for distribution purposes	283,447	120,982
Dividend income	2,902,946	2,980,967
Net realized gain (loss) on sale of investments	(3,095,744)	2,050,632
Net change in unrealized gain (loss) on investments	7,091,022	(10,251,842)
Total net gain (loss) on investments	7,181,671	(5,099,261)
Total income (loss), net	7,207,086	(4,992,356)
Expenses		
Administration and investment management fees (note 7)	798,034	900,350
Audit fees	21,569	31,655
Trustee fees	8,903	8,729
Independent Review Committee fees (note 7)	25,491	25,773
Custodial fees	8,421	10,591
Legal fees	4,969	4,057
Unitholder reporting costs	33,566	13,714
Other administrative expenses (note 7)	211,454	61,812
Interest and bank charges	9,053	-
Transaction costs	14,661	19,887
Total expenses	1,136,121	1,076,568
Increase (decrease) in Net Assets attributable to holders of redeemable units	\$ 6,070,965	\$ (6,068,924)
Increase (decrease) in Net Assets attributable to holders of redeemable units per unit¹	\$ 0.64	\$ (0.60)

¹ Based on the weighted average number of redeemable units outstanding during the year (note 4).

Blue Ribbon Income Fund - Annual Report 2023

STATEMENTS OF CASH FLOWS

For the years ended December 31	2023	2022
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable units	\$ 6,070,965	\$ (6,068,924)
Adjustments for:		
Net realized (gain) loss on sale of investments	3,095,744	(2,050,632)
Net change in unrealized (gain) loss on investments	(7,091,022)	10,251,842
Decrease (increase) in income receivable	(3,024)	(24,958)
Decrease (increase) in prepaid expense	46,991	(46,991)
Increase (decrease) in accounts payable and accrued liabilities	67,459	(150,681)
Purchase of investments	(56,766,329)	(47,559,455)
Proceeds from sale of investments	67,595,565	56,020,902
Cash provided by (used in) operating activities	13,016,349	10,371,103
Cash flows from financing activities:		
Amounts paid for redemptions of redeemable units (note 4)	(7,838,435)	(5,386,331)
Distributions paid to holders of redeemable units (note 6)	(4,548,855)	(4,892,451)
Proceeds from reinvestment of distributions to holders of redeemable units (note 6)	-	22,377
Cash provided by (used in) financing activities	(12,387,290)	(10,256,405)
Net increase (decrease) in cash	629,059	114,698
Cash, beginning of year	1,232,252	1,117,554
Cash, end of year	\$ 1,861,311	\$ 1,232,252
Supplemental information:¹		
Interest received (\$)	278,086	115,144
Dividends received (\$)	2,905,283	2,961,847
Interest paid (\$)	(1,555)	-

¹ Included in cash flows from operating activities.

Blue Ribbon Income Fund - Annual Report 2023

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31	2023	2022
Net Assets attributable to holders of redeemable units, beginning of year	\$ 72,940,468	\$ 89,238,434
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable units	6,070,965	(6,068,924)
Distributions to holders of redeemable units (note 6):		
Net investment income	(1,977,407)	(1,607,912)
Return of capital	(2,529,504)	(3,257,176)
Total	(4,506,911)	(4,865,088)
Redeemable unit transactions:		
Redemption of redeemable units (note 4)	(7,838,435)	(5,386,331)
Reinvestment of distributions to holders of redeemable units (note 6)	-	22,377
Net increase (decrease) from redeemable unit transactions	(7,838,435)	(5,363,954)
Net increase (decrease) in Net Assets attributable to holders of redeemable units	(6,274,381)	(16,297,966)
Net Assets attributable to holders of redeemable units, end of year	\$ 66,666,087	\$ 72,940,468

Blue Ribbon Income Fund - Annual Report 2023

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

	Number of Units/Shares	Cost ¹ \$	Carrying Value \$	% of Net Assets
Communication Services				
Rogers Communications Inc.	20,000	1,242,348	1,240,600	
Telus Corporation	49,930	1,421,419	1,177,349	
		2,663,767	2,417,949	3.8
Consumer Discretionary				
Canadian Tire Corp.	20,100	1,888,763	2,828,472	
Park Lawn Corporation	114,800	2,606,905	2,266,152	
Transcontinental Inc.	223,000	3,479,204	3,055,100	
		7,974,872	8,149,724	12.2
Consumer Staples				
Premium Brands Holdings Corp.	41,900	2,882,664	3,939,857	
		2,882,664	3,939,857	5.9
Energy				
Enbridge Inc.	61,400	2,773,840	2,928,780	
Gibson Energy Inc.	122,200	2,533,095	2,459,886	
Keyera Corp.	92,400	1,282,112	2,959,572	
Parkland Corporation	89,500	3,154,020	3,822,545	
		9,743,067	12,170,783	18.2
Financials				
Bank of Nova Scotia	38,800	2,383,100	2,502,600	
goeasy Ltd.	26,000	1,989,936	4,109,560	
Manulife Financial Corporation	125,400	2,391,001	3,671,712	
Propel Holdings Inc.	161,400	1,617,374	2,093,358	
Sun Life Financial Inc.	48,300	2,048,389	3,319,176	
Toronto-Dominion Bank	35,100	1,629,913	3,005,262	
		12,059,713	18,701,668	28.1
Industrials				
Ag Growth International Inc.	80,900	3,618,310	4,087,068	
Superior Plus Corp.	249,900	3,065,270	2,406,537	
TFI International Inc.	14,200	217,542	2,559,408	
		6,901,122	9,053,013	13.5
Materials				
Chemtrade Logistics Income Fund	386,000	3,809,474	3,288,720	
		3,809,474	3,288,720	4.9

Blue Ribbon Income Fund - Annual Report 2023

SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2023

	Number of Units/Shares	Cost ¹ \$	Carrying Value \$	% of Net Assets
Real Estate				
Allied Properties REIT	61,700	1,721,832	1,245,106	
Altus Group Limited	41,300	998,223	1,740,382	
		2,720,055	2,985,488	4.5
Utilities				
Boralex Inc.	68,000	952,654	2,290,240	
Northland Power Inc.	81,300	1,257,025	1,956,891	
		2,209,679	4,247,131	6.3
Embedded broker commission		(1,155)		
Total Investments		50,963,258	64,954,333	97.4
Cash			1,861,311	2.8
Other net assets (liabilities)			(149,557)	(0.2)
Net Assets attributable to holders of redeemable units			66,666,087	100.0

¹ Where applicable, distributions received from investment trusts as a return of capital are used to reduce the adjusted cost base of the investments in the portfolio.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. GENERAL INFORMATION

Blue Ribbon Income Fund (the “Fund”) is a mutual fund trust created under the laws of the Province of Ontario on July 11, 1997, pursuant to an amended and restated declaration of trust. The address of the Fund’s registered office is Bay Wellington Tower, Brookfield Place, Suite 2930, 181 Bay Street, Toronto, Ontario, M5J 2T3. Computershare Trust Company of Canada is the Trustee and Blue Ribbon Fund Management Ltd. (the “Administrator”) is responsible for managing the affairs of the Fund. Bloom Investment Counsel, Inc. manages the Fund’s portfolio. CIBC Mellon Trust Company is the custodian of the Fund’s assets and prepares the weekly valuations of the Fund. The Fund is listed on the Toronto Stock Exchange under the symbol RBN.UN and commenced operations on September 17, 1997. The Fund aims to provide a high level of monthly distributions and the opportunity to participate in capital gains by actively managing a portfolio of publicly listed or traded securities, including income trusts, royalty trusts, real estate investment trusts, common shares, preferred securities and debt instruments.

These financial statements were approved on behalf of Blue Ribbon Income Fund by the Board of Directors of Blue Ribbon Fund Management Ltd., the Administrator, on March 11, 2024.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

a) Financial Instruments

The Fund’s portfolio of investments is managed, and performance is evaluated, on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“FVOCI”). The contractual cash flows of the Fund’s debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the objective of the Fund’s business model. Consequently, all investments are measured at fair value through profit or loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

The Fund’s obligation for Net Assets attributable to holders of redeemable units is measured assuming the redemption of units at Net Asset Value (“NAV”) on the valuation date. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument’s effective interest rate. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its published Net Asset Value. The carrying values of the Fund’s financial assets and liabilities that are not carried at FVTPL approximate their fair values due to their short-term nature.

b) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

c) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Administrator determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and option pricing models. Refer to note 12 for further information about the Fund's fair value measurements.

d) Cash

Cash is comprised of demand deposits with financial institutions. Bank overdrafts are included under Current Liabilities in the Statements of Financial Position.

e) Transaction Costs

Transactions costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

f) Investment Transactions and Income and Expense Recognition

Investment transactions are accounted for as of the trade date. Net realized gain (loss) on the sale of investments and net change in unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities. Dividend income is recognized on the ex-dividend date.

Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received and is accounted for on an accrual basis. Interest income includes interest from cash and cash equivalents. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities.

Distributions received from investment trusts, including investment trusts managed by the Manager, are recorded as income, capital gains or a return of capital based on the nature of the underlying allocations. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trusts.

g) Income Taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund distributes to its unitholders sufficient net income and net capital gains so that it is not subject to income taxes and, in substance, is exempt from Canadian taxes on these sources of income. Accordingly, the Fund does not record any Canadian income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses and other temporary differences has not been reflected in the Statements of Financial Position as a deferred income tax asset or liability. The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

h) Foreign Exchange

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as "Net gain (loss) on foreign exchange on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss)" and "Net change in unrealized gain (loss)" in the Statements of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

i) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

j) Classification of Redeemable Units by the Fund

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, units of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities. The Funds' outstanding redeemable units' entitlement includes an obligation to distribute any net income and net realized capital gains on a monthly basis in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the units' only contractual obligation. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirement of IAS 32.

4. REDEEMABLE UNITS**Authorized**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Asset Value of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund by the last business day of October for redemption on the second last business day of November ("Annual Redemption Date"). Redemption of tendered units is settled based on the Net Asset Value per unit on the Annual Redemption Date, less associated costs of the redemption, including brokerage costs. Units tendered for redemption are redeemed effective the Annual Redemption Date of each year and are settled on or before the tenth business day in December, subject to the Administrator's right to suspend redemptions in certain circumstances. For purposes of calculating the Net Asset Value per unit, the value of the securities that make up the portfolio is equal to the weighted average trading price of such securities over the last three business days of November.

The Fund received approval from the Toronto Stock Exchange for a normal course issuer bid program for a year from December 5, 2021 to December 4, 2022. Pursuant to this issuer bid, the Fund was permitted to purchase up to 1,104,800 units for cancellation. The Fund may only repurchase units when the Net Asset Value per unit exceeds the trading price per unit. Subsequent to the expiry of the existing term on December 4, 2022, the Fund did not extend its normal course issuer bid program with Toronto Stock Exchange.

Issued

	2023 Number of Units	2022 Number of Units
Redeemable units, outstanding at January 1	9,564,164	10,248,253
Redeemable units issued under the distribution reinvestment plan	-	2,724
Redemption of redeemable units	(1,048,592)	(686,813)
Redeemable units, outstanding at December 31	8,515,572	9,564,164
Weighted average number of redeemable units outstanding	9,463,338	10,183,942

On December 31, 2023, the Fund's closing market price per unit on the Toronto Stock Exchange was \$7.45 (December 31, 2022 – \$7.36).

5. CAPITAL MANAGEMENT

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable units. The Fund's objective in managing its capital is to seek long-term capital appreciation by investing in an actively managed portfolio consisting primarily of North American exchange-listed equities. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders or return capital to unitholders.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

6. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Administrator, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. The Fund does not have a fixed distribution amount and will be set at the Administrator's sole discretion and may depend on a various factors, including the Administrator's assessment of current market conditions, the Fund's capacity to generate sufficient distributable cash and any other factors that the Administrator, in its discretion, deems relevant.

For the year ended December 31, 2023, the Fund declared total cash distributions of \$0.48 (year ended December 31, 2022 – \$0.48) per unit, which amounted to \$4,506,911 (year ended December 31, 2022 – \$4,865,088).

Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. Such reinvestments occur through issuances from treasury or market purchases.

On January 24, 2024, the Fund declared monthly cash distributions of \$0.04 per unit for the record dates January 31, 2024, February 29, 2024 and March 28, 2024, respectively.

7. RELATED PARTY TRANSACTIONS

a) Administration and Investment Management Fees

Pursuant to a management agreement, the Administrator provides management and administrative services to the Fund. The Fund pays an administration fee equal to 0.50% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes.

For year ended December 31, 2023, the administration fee amounted to \$399,017 (year ended December 31, 2022 - \$450,175), with \$29,898 payable to the Administrator as of December 31, 2023 (December 31, 2022 - \$33,482).

The Administrator is also reimbursed for all of its general and administrative expenses that relate to the operations of the Fund which is included as part of Other administrative expenses in the Statements of Comprehensive Income. For the year ended December 31, 2023 the Fund reimbursed the Administrator \$107,299 (year ended December 31, 2022 - Fund received \$42,287).

Bloom Investment Counsel, Inc. is the Investment Manager of the Fund and is paid an investment management fee equal to 0.50% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. For the year ended December 31, 2023, the investment management fees amounted to \$399,017 (year ended December 31, 2022 - \$450,175), with \$29,898 payable to the Investment Manager as of December 31, 2023 (December 31, 2022 - \$33,482).

b) Independent Review Committee Fees

The total remuneration paid to members of the Independent Review Committee during the year ended December 31, 2023 was \$25,491 (year ended December 31, 2022 - \$25,773) and consisted only of fees. As at December 31, 2023 and 2022, the Fund had no prepaid Independent Review Committee fees).

8. SOFT DOLLAR COMMISSIONS

For the years ended December 31, 2023 and 2022, there were no soft dollar commissions paid. Research and system related services received in return for commissions generated with specific dealers are generally referred to as soft dollar commissions.

9. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Trust Company (and certain of its affiliates). The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund receives collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies.

The market values of the securities on loan and the related collateral at December 31, 2023 were \$2.3 million (December 31, 2022 – \$11.9 million) and \$2.4 million (December 31, 2022 – \$12.5 million), respectively. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Trust Company (and certain of its affiliates), is entitled to receive. The securities lending income is detailed below:

Blue Ribbon Income Fund - Annual Report 2023

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

For the years ended December 31	2023 \$	2022 \$
Gross securities lending income	39,316	171,021
Securities lending charges	(11,794)	(51,304)
Net securities lending income	27,522	119,717
Withholding taxes on securities lending income	(2,124)	(12,740)
Net securities lending income received by the Fund	25,398	106,977
Securities lending charges % of gross income	30.0%	30.0%

10. LOAN PAYABLE

The Fund had a 364-day renewable revolving credit facility. The revolving credit facility provided funding for working capital and investment purposes. It provided for maximum borrowings of \$5.0 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage and was secured by a first-priority security interest over all of the Fund's assets. There were no amounts drawn against this facility in the years ended December 31, 2023 and 2022. The credit facility was terminated as of February 17, 2023.

11. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Administrator attempts to minimize the potential adverse effects of these risks by, but not limited to, employing a professional, experienced investment manager; by regularly monitoring of the Fund's positions and market events; and by regular rebalancing of the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Administrator also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

a) Concentration Risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, whether it is geographical allocation, asset type, sector or industry. The Schedule of Investment Portfolio presents the securities held as of December 31, 2023, and categorizes them based on sector. The table below summarizes the Fund's concentration risk as at December 31, 2022:

As at	December 31, 2022 ¹
Investment Sector	% of Net Assets
Communication Services	2.9
Consumer Discretionary	14.4
Consumer Staples	5.3
Energy	17.8
Financials	21.5
Industrials	15.6
Materials	7.8
Real Estate	5.3
Utilities	7.8
Cash & other net assets (liabilities)	1.6
Total	100.0

¹ The presentation and classification of comparative figures from the prior year in the concentration risk disclosure have been revised to align with the current year's presentation and classification.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

b) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices other than those arising from interest rate risk or currency risk. These changes can result from factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The maximum risk of loss resulting from financial instruments is equivalent to their fair value. The Investment Manager mitigates this risk through the careful selection of securities within the parameters of the investment strategy.

The Fund is exposed to other price risk from its investment in equity securities. The below table summarizes the estimated impact on NAV resulting from a $\pm 10\%$ change in the quoted prices for equity securities with all other variables held constant. In practice, the actual trading results may differ, and the difference could be material.

	+ 10% Impact		-10% Impact	
	\$	%	\$	%
As at December 31, 2023	6,495,433	9.7	(6,495,433)	(9.7)
As at December 31, 2022	7,178,829	9.8	(7,178,829)	(9.8)

c) Currency Risk

Currency risk is the risk that the value of financial instruments denominated in a currency other than the Canadian dollar, which is the Fund's functional and reporting currency, will fluctuate due to changes in foreign exchange rates. As at December 31, 2023 and 2022, the Fund had no currency risk exposure.

d) Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of other assets represent the maximum credit risk exposure, as they will be settled in the short term.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Fund has entered into a securities lending program with its custodian; see note 9. Credit risk associated with these transactions is considered minimal as all counterparties have sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

e) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its annual redemptions. For the annual redemption, the Fund receives notice at least 20 business days prior to the date of redemption and has up to 10 business days following the date of redemption to settle the redemptions. This timeframe allows the Investment Manager to sell securities, although there may not be sufficient time to sell the securities at a reasonable price. As at December 31, 2023 and 2022, all of the Fund's other financial liabilities had maturities of less than three months.

f) Interest Rate Risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. Interest bearing investments are namely, bonds, money market investments, short-term investments, debentures and mortgages or other income-producing securities, whose value increases if interest rates fall and decreases if interest rates rise. There is minimal sensitivity to changes in interest rates for money market securities, since these tend to be short-term in nature. As at December 31, 2023 and 2022, the Fund did not have significant exposure to interest rate risk.

12. FAIR VALUE MEASUREMENT

The Fund classifies its financial instruments measured at fair value within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

Blue Ribbon Income Fund - Annual Report 2023

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. This level includes, but is not limited to, publicly traded equities, exchange-traded funds, and traded options.

Level 2: Inputs other than quoted prices, that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes, but is not limited to, fixed income securities, short-term investments, and foreign currency forward contracts.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

All fair value measurements are recurring. The carrying values of other financial assets and liabilities approximate their fair values due to their short-term nature.

Fair values are classified as level 1 when the related security or derivative is actively traded, and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3. For the periods ending December 31, 2023, and 2022, there were no significant transfers between Level 1, Level 2, and Level 3 for each Fund.

The following table categorizes the Fund's financial instruments within the fair value hierarchy.

Assets and liabilities at fair value as at December 31, 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	64,954,333	-	-	64,954,333
Total	64,954,333	-	-	64,954,333

Assets and liabilities at fair value as at December 31, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	71,788,291	-	-	71,788,291
Total	71,788,291	-	-	71,788,291

13. INCOME TAXES

As at December 31, 2023, the Fund had \$15,917,616 in capital loss carryforwards (December 31, 2022 - \$13,390,295) and no non-capital losses carryforwards (December 31, 2022 - \$nil). The capital losses can be carried forward for an indefinite period.

14. FEES PAID TO THE AUDITOR

For the year ended December 31, 2023, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to the Fund were \$25,948. Fees for other services were \$8,314.

CORPORATE INFORMATION

Independent Review Committee

Raj Kothari, BComm, MBA,
FCPA/FCA

Patricia Meredith, BMath, MBA,
PhD, FCPA/FCA

Ken S. Woolner, BSc, PEng

Directors and Officers of Blue Ribbon Fund Management Ltd.

M. Paul Bloom, BA (Hons)
Executive Vice President and Chairman

Mark A. Caranci, BComm, CPA, CA
President and Director

Adina Bloom Somer, BA (Hons),
MBA, CIM
Director

Directors and Officers of Brompton Funds Limited

Mark A. Caranci, BComm, CPA, CA
Director, President and
Chief Executive Officer

Christopher S.L. Hoffmann, LLB, MS
Director

Raymond R. Pether, BA, MBA
Director

Ann P. Wong, BA, MAcc, CPA, CA, CFA
Director, Chief Financial Officer and
Chief Compliance Officer

Laura Lau, BAsC (Hons), CFA, DMS
Senior Vice President and
Chief Investment Officer

Christopher Cullen, BAsC, MBA, CFA
Senior Vice President

Michelle L. Tiraborelli, BSc, MBA
Senior Vice President

Michael D. Clare, BComm (Hons),
CPA, CA, CFA
Senior Vice President and
Senior Portfolio Manager

Kathryn A.H. Banner, BA, MA
Senior Vice President and
Corporate Secretary

Manith Phanvongsa, BA
Senior Vice President

Directors and Officers of Bloom Investment Counsel, Inc.

M. Paul Bloom, BA (Hons)
Director, President, Secretary and
Portfolio Manager

Adina Bloom Somer, BA (Hons),
MBA, CIM
Vice President, Director, and
Portfolio Manager

Beverly Lyons, BComm, FCPA,
FCA, ICD.D
Independent Director

Fiona E. Mitra, BA (Hons),
CPA, CA
Chief Financial Officer

Trustee

Computershare Trust Company
of Canada

Custodian

CIBC Mellon Trust Company

Auditor

PricewaterhouseCoopers LLP

Website

www.blueribbonincomefund.com