

**DEC 31** | **INCOME FINANCIAL TRUST**  
**2022** | **ANNUAL REPORT**



This report may contain forward-looking statements about the Trust. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Trust action, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Trust and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Trust. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Trust currently anticipates that subsequent events and developments may cause the Trust’s views to change, the Trust does not undertake to update any forward-looking statements.

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# INCOME FINANCIAL TRUST

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2022

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This is the annual Management Report of Fund Performance (MRFP) for the year ended December 31, 2022. This MRFP contains financial highlights but does not contain the complete financial statements of Income Financial Trust (“the Trust”). The annual financial statements and accompanying notes are attached to this report.

Investors may also obtain a copy of the Trust’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure by visiting our website at [www.quadravest.com](http://www.quadravest.com) or by writing to the Trust at Investor Relations, 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2.

These reports are available to view and download at [www.quadravest.com](http://www.quadravest.com) or [www.sedar.com](http://www.sedar.com).

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### INVESTMENT OBJECTIVES AND STRATEGIES

The Trust’s goal is to provide monthly distributions at an annual rate of 10% (based on the volume weighted average market price (VWAP) of Income Financial’s units over the last 3 trading days of the previous month). The Trust has a scheduled termination date of January 1, 2024 which may be extended thereafter at the Trust’s discretion for additional terms of five years each. The units trade on the Toronto Stock Exchange under the symbol INC.UN.

The portfolio is actively managed and is invested in North American financial services companies whose shares are included in the S&P/TSX Capped Financials Index, the S&P 500 Financials Index or the S&P MidCap 400 Financials Index. Many of the leading financial services companies in North America, in the banking, insurance, brokerage, investment management and/or specialty finance sectors, are held within the portfolio.

In order to generate additional income above the dividend and interest income earned in the portfolio, the Trust writes covered call options on some or all of the underlying securities in the portfolio. This conservative strategy is designed to enhance the income in the portfolio by enabling the Trust to earn strong income in times of volatile markets while reducing the effects of market corrections. In addition, this source of income is treated as capital gains and as such receives a more favourable tax treatment relative to other sources of income.

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### RISK

The risks of investing in the Trust remain as discussed in the Annual Information form dated March 24, 2023. In addition, note 5 of the financial statements (“Management of Financial Risk”) contains disclosure on specific types of risks related to the financial investments held by the Trust.

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## RESULTS OF OPERATIONS

After generally peaking in the early months of the year, North American markets continued to experience significant macroeconomic headwinds and geopolitical instability throughout the year ended December 31, 2022.

Inflation rates reached the highest levels in decades in large part due to the ongoing after-effects of supply chain disruptions and labour shortages caused by the pandemic which were further exacerbated by prolonged lockdowns across China and the rising costs of energy, food and other commodities caused by the Russian invasion of Ukraine. The U.S. Federal Reserve and the Bank of Canada's respective sustained low interest rate monetary policies and quantitative easing measures implemented during the pandemic and the surging demand as the North American economies emerged from the pandemic together created significant inflationary conditions.

In an effort to slowdown demand and reign in multi-decade record-high inflation, both the U.S. Federal Reserve and the Bank of Canada focused on significant monetary tightening beginning in March 2022. The U.S. Federal Reserve and Bank of Canada raised target borrowing rates at a record pace pushing borrowing costs to their highest levels since 2008. The fiscal year ended with both central banks acknowledging that their aggressive rate hikes were beginning to slowdown demand and that inflationary pressures, albeit at high levels, were beginning to decline.

As a result of the tightening of monetary policies, bond market rates and mortgage reached levels not seen for over 15 years which impacted interest rate sensitive sectors in the economy. The yield curve inverted during the year, with shorter term maturities yielding more than longer term maturities, which generally adversely impacted the earnings potential of financial services companies.

In response to these factors, most market participants increasingly began to factor in a higher probability of a global recession which weighed heavily on market prices across a broad range of sectors.

Against this backdrop, the portfolio securities generally tracked the broader market, reaching highs in early 2022 and then experiencing bouts of volatility during the remainder of the year.

The net assets per unit finished at \$7.53 as at December 31, 2022 after the payment of \$1.31 in distributions during the year.

During the year ended December 31, 2022, 720,100 units were sold through an at-the-market equity program (the "ATM Program") at an average selling price of \$13.57 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$9,770,340, \$9,526,082 and \$244,258, respectively. The issuances of units were accretive to the net asset value of the Trust.

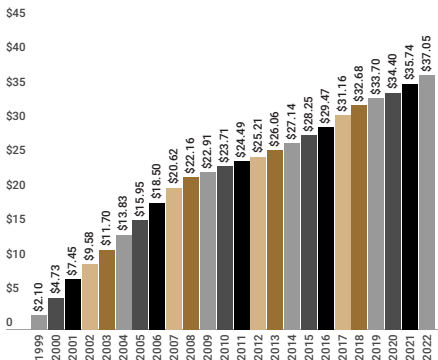
The portfolio was weighed 43% in Canadian financial services stocks 57% in U.S. financial services stocks as at December 31, 2022.

At various times during the year, increased volatility in financial markets created opportunities for the Trust to add higher option premiums through the covered call writing program.

## Distributions

The distributions paid during the year include 12 monthly payments for a total of \$1.31 per unit. The variable monthly distribution policy is determined by applying a 10% annualized rate on the volume weighted average market price of the Trust's units over the last 3 trading days of the preceding month.

## Cumulative Distributions since inception



37.05

Cumulative total of distributions paid since inception

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## RECENT DEVELOPMENTS

Financial and equity markets have experienced volatility in response to significant macroeconomic factors, including central bank responses to inflation levels and geopolitical events and tensions, including military events in Ukraine and Russia.

In addition, in early March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. These closures have led to widespread and significant declines in the market prices of financial services companies in the United States and Canada including companies held in the investment portfolio of the Trust.

The investment portfolio of the Trust has been subject to these market fluctuations and may continue to experience volatility as these situations evolve.

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## RELATED PARTY TRANSACTIONS

Quadravest Capital Management Inc. ("Quadravest") as investment manager and manager earns fees from the Trust as described below in the Management fees section.

## FINANCIAL HIGHLIGHTS

The following tables show selected financial information about the Trust and are intended to help you understand the Trust's financial performance for the past five years. This information is derived from the Trust's audited annual financial statements. The information in the following table 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 Trust's net assets per unit

	Years ended December 31				
	2022	2021	2020	2019	2018
Net assets per unit, beginning of year	8.09	6.92	8.21	7.64	10.77
Increase (decrease) from operations					
Total revenue	0.25	0.23	0.26	0.28	0.30
Total expenses	(0.15)	(0.18)	(0.16)	(0.17)	(0.20)
Realized gains (losses) for the year	0.12	0.19	0.29	0.29	0.53
Unrealized gains (losses) for the year	(0.72)	1.51	(1.01)	1.19	(2.24)
Total increase (decrease) from operations <sup>(1)</sup>	<u>(0.50)</u>	<u>1.75</u>	<u>(0.62)</u>	<u>1.59</u>	<u>(1.61)</u>
Distributions <sup>(2)</sup>					
Canadian dividends	(0.04)	-	(0.09)	(0.11)	(0.08)
Return of Capital	<u>(1.27)</u>	<u>(1.34)</u>	<u>(0.61)</u>	<u>(0.91)</u>	<u>(1.44)</u>
Total annual distributions	<u>(1.31)</u>	<u>(1.34)</u>	<u>(0.70)</u>	<u>(1.02)</u>	<u>(1.52)</u>
Net assets per unit, end of year	7.53	8.09	6.92	8.21	7.64

- (1) Total increase (decrease) from operations is before the payment of distributions and is calculated based on the weighted average number of units outstanding during the year.
- (2) Distributions are based on the number of units outstanding on the record date for each distribution and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors. .

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## RATIOS AND SUPPLEMENTAL DATA

	2022	Years ended December 31			2018
	2021	2020	2019	2018	
Net asset value (millions) <sup>(1)</sup>	\$24.4	\$20.3	\$15.6	\$19.1	\$17.7
Number of units outstanding	3,235,070	2,514,970	2,260,970	2,323,488	2,323,488
Management expense ratio <sup>(2)</sup>	3.28%	3.42%	2.19%	1.87%	1.81%
Portfolio turnover rate <sup>(3)</sup>	9.45%	6.07%	6.01%	0.00%	0.00%
Trading expense ratio <sup>(4)</sup>	0.03%	0.01%	0.04%	0.01%	0.01%
Closing market price (TSX)	\$11.60	\$15.07	\$7.76	\$9.08	\$9.99

(1) This information is provided as at December 31.

(2) Management expense ratio is based on the total expenses (excluding commissions and other portfolio transaction costs and withholding tax) of the Trust for the stated year, including unit issuance costs, and is expressed as an annualized percentage of the average net asset value during the year. Excluding unit issuance costs, the management expense ratio for the year ended December 31, 2022 was 1.70% (December 31, 2021 - 2.08%).

(3) The Trust's portfolio turnover rate indicates how actively Quadravest manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in its portfolio once in the course of the year. The Trust employs a covered call writing strategy which can cause the portfolio turnover rate to be higher than conventional mutual funds. The higher the Trust's portfolio turnover rate in a year, the greater the trading costs payable by the Trust in the year and the greater 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 Trust.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value during the year.

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## MANAGEMENT FEES

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable monthly in arrears at an annual rate of 0.65% of the Trust's net asset value, calculated as at each month-end valuation date.

Pursuant to the management agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate equal to 0.1% of the net asset value of the Trust, calculated as at each month-end valuation date. Effective June 1, 2022, the Trust discontinued the payment of the service fee which was paid to dealers whose clients hold units of the Trust at a rate of 0.25% per annum paid quarterly.

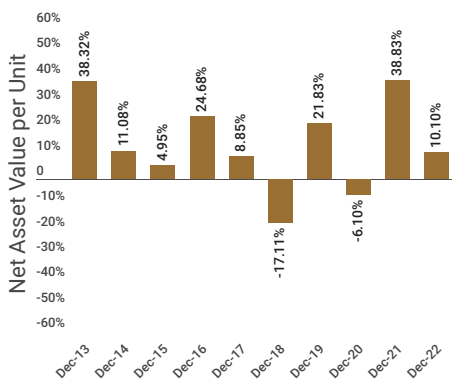
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required by the Trust, which includes all operational services, financial accounting, unitholder reporting and regulatory reporting.

## PAST PERFORMANCE

### Year-by-Year Returns

The past performance of the net asset value per unit for the year ended December 31, 2022 and for each 12 month period ended December 31 over the last 10 years is presented in the bar chart below. Each bar in the chart reflects the change in percentage terms of how a unit would have increased or decreased during the applicable year. In respect to the charts displayed below, please note the following:

- The performance information shown assumes that all cash distributions made by the Trust during the years shown were reinvested in the applicable additional securities of the Trust;
- The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and,
- Past performance of the Trust does not necessarily indicate how it will perform in the future.



## ANNUAL COMPOUND PERFORMANCE

The following table shows the Trust's annual compound return for the one, three, five, and ten year years ended December 31, 2022 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Income Financial	10.10%	12.80%	7.71%	12.24%	6.71%

## MARKET INDICES

S&P/TSX Capped Financials Index	-9.38%	7.93%	6.73%	10.43%	9.48% <sup>(1)</sup>
S&P 500 Financials Index	-4.41%	7.39%	8.06%	15.67%	4.36%
S&P MidCap 400 Financials Index	3.72%	9.80%	7.82%	15.17%	7.56%

(1) Annual compound return is from the index launch date of October 2, 2000, post inception of the Trust on February 4, 1999.



**SUMMARY OF INVESTMENT PORTFOLIO**  
**All holdings as at December 31, 2022**

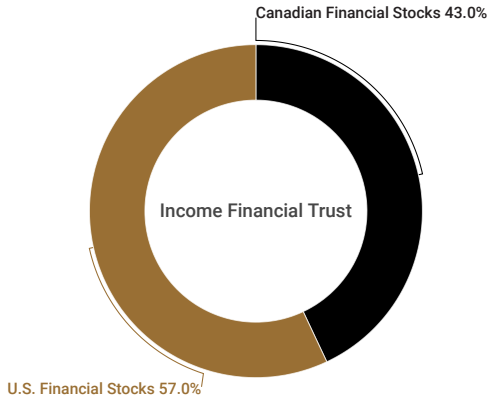
<b>Name</b>	<b>Weighting (%)</b>
Goldman Sachs Group Inc.	8.4
Royal Bank of Canada	4.9
Sun Life Financial Inc.	4.6
TMX Group Inc.	3.9
Toronto-Dominion Bank	3.7
Guardian Capital Group Ltd.	3.6
Bank of America	3.4
National Bank of Canada	3.4
Morgan Stanley	3.2
Huntington Bancshares, Inc.	3.1
First Horizon National	3.1
American Express Company	3.0
Regions Financial Corp.	2.6
Wells Fargo & Co.	2.5
Citigroup Inc.	2.5
Manulife Financial Corporation	2.5
Canadian Imperial Bank of Commerce	2.4
State Street Corporation	2.4
Bank of Nova Scotia	2.3
Synovus Financial	2.1
Texas Capital BancShares Inc.	2.1
Intact Financial Corp.	2.0
US Bancorp.	1.9
Zions Bancorporation	1.9
Janus Henderson Group PLC	1.9
Truist Financial Corp.	1.7
J.P. Morgan Chase & Co.	1.5
Fiera Sceptre Inc.	1.5
Franklin Resources Inc.	1.3
AGF Management Ltd., Class 'B'	1.2
IGM Financial Inc.	0.9
CI Financial Corp.	0.9
East West Bancorp Inc.	0.9
Fifth Third Bancorporation	0.5
<b>Total long positions as a percentage of net assets</b>	<b>87.8</b>
Cash	13.6
Other net assets (liabilities)	-1.4
	100.0

The summary of investment portfolio may change due to ongoing portfolio transactions of the Trust.  
 Updates are available quarterly.

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## PORTFOLIO BREAKDOWN

The following pie chart shows the composition of the Trust's holdings between Canadian and U.S. financial services companies.



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**INCOME FINANCIAL TRUST**  
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The financial statements of Income Financial Trust (the "Trust") and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors of the Manager of the Trust, Quadravest Capital Management Inc. (the "Manager").

The Trust maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies applicable to the Trust are described in note 3 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfils its responsibilities for financial reporting and has reviewed and approved these financial statements.

The Manager with the approval of its Board of Directors has appointed PricewaterhouseCoopers LLP as the independent auditor of the Trust. They have audited the financial statements of the Trust in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.



**WAYNE FINCH**

Chief Executive Officer, President and Director  
Quadravest Capital Management Inc.



**SILVIA GOMES**

Chief Financial Officer  
Quadravest Capital Management Inc.



## Independent auditor's report

To the Unitholders and Trustee of Income Financial Trust (the Trust)

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### Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2022 and 2021 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### What we have audited

The Trust's financial statements comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of comprehensive income/(loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flow for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 Trust 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.

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### Other information

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

PricewaterhouseCoopers LLP  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

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### **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, 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 Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

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

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### **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 Trust'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 Trust'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 Trust 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 Joseph Pinizzotto.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario  
March 24, 2023

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**INCOME FINANCIAL TRUST**  
**STATEMENTS OF FINANCIAL POSITION**

AS AT DECEMBER 31

	2022 (\$)	2021 (\$)
<b>ASSETS</b>		
Current Assets		
Investments (note 5)	21,359,788	18,744,065
Cash	3,310,155	1,939,073
Interest, dividends and other receivables	57,149	51,216
Total assets	<u>24,727,092</u>	<u>20,734,354</u>
<b>LIABILITIES</b>		
Current liabilities		
Written Options	8,784	2,268
Fees and other accounts payable	48,321	62,386
Distributions payable	312,993	321,287
	<u>370,098</u>	<u>385,941</u>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<u><b>24,356,994</b></u>	<u><b>20,348,413</b></u>
Number of redeemable units outstanding (note 6)	3,235,070	2,514,970
Net assets per unit	\$7.53	\$8.09

Approved on behalf of the Manager, Quadvest Capital Management Inc.



**WAYNE FINCH**

Director



**PETER CRUICKSHANK**

Director

The accompanying notes are an integral part of these financial statements.

**INCOME FINANCIAL TRUST**  
**STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)**

FOR THE YEARS ENDED DECEMBER 31

	2022 (\$)	2021 (\$)
<b>INCOME</b>		
<b>Net gain (loss) on investments and derivatives</b>		
Net realized gain (loss)	375,460	500,309
Net change in unrealized appreciation/depreciation	(2,197,619)	3,451,916
Dividends	724,473	533,605
Interest for distribution purposes	32,001	-
<b>Net gain (loss) on investments and derivatives</b>	<b>(1,065,685)</b>	<b>4,485,830</b>
<b>Other gain (loss)</b>		
Realized gain (loss) on currency	(12,314)	(69,326)
Change in unrealized gain (loss) in the value of currency	49,665	32,520
	<b>(1,028,334)</b>	<b>4,449,024</b>
<b>EXPENSES (note 9)</b>		
Management fees	174,353	136,577
Service fee	13,732	45,996
Audit fees	30,624	24,419
Independent Review Committee fees	4,077	4,268
Trustees expense	5,000	5,000
Custodian fees	25,956	25,901
Legal fees	25,296	21,935
Unitholder reporting costs	18,302	16,768
Other operating expenses	55,876	40,826
Harmonized sales tax	40,916	46,268
Transaction costs	6,286	1,689
Withholding taxes	49,914	33,941
<b>Total expenses</b>	<b>450,332</b>	<b>403,588</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>(1,478,666)</b>	<b>4,045,436</b>
<b>Increase (decrease) in net assets attributable to holders per redeemable unit (note 7)</b>	<b>(0.50)</b>	<b>1.75</b>

The accompanying notes are an integral part of these financial statements.



**INCOME FINANCIAL TRUST**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS**  
**FOR THE YEARS ENDED DECEMBER 31**

	2022 (\$)	2021 (\$)
<b>Net assets attributable to holders of redeemable units</b>		
- Beginning of year	20,348,413	15,643,471
Increase (decrease) in net assets attributable to holders of redeemable units	(1,478,666)	4,045,436
Gross proceeds on issuance of redeemable units	9,770,340	4,031,182
Issuance costs on issue of redeemable units	(366,531)	(248,408)
Net proceeds on issuance of redeemable units	<u>9,403,809</u>	<u>3,782,774</u>
<b>Distributions to unitholders (note 10)<sup>(1)</sup></b>		
Canadian dividends	(130,161)	-
Return of capital	<u>(3,786,401)</u>	<u>(3,123,268)</u>
	<u>(3,916,562)</u>	<u>(3,123,268)</u>
<b>Change in net assets attributable to holders of redeemable units</b>	<u>4,008,581</u>	<u>4,704,942</u>
<b>Net assets attributable to holders of redeemable units</b>		
- End of year	<u>24,356,994</u>	<u>20,348,413</u>

(1) Characterization of distributions is based on the tax treatment that is received by unitholders.

The accompanying notes are an integral part of these financial statements.

**INCOME FINANCIAL TRUST**  
**STATEMENTS OF CASH FLOW**

FOR THE YEARS ENDED DECEMBER 31

	2022 (\$)	2021 (\$)
<b>Cash flows from (used in) operating activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(1,478,666)	4,045,436
Adjustment for:		
Change in unrealized (gain) loss in the value of currency	(49,665)	(32,520)
Net realized (gain) loss on investments and derivatives	(375,460)	(500,309)
Net change in unrealized appreciation/depreciation of investments and derivatives	2,197,619	(3,451,916)
Purchase of investments, net of option premiums	(6,305,918)	(1,001,344)
Proceeds from sale of investments, net of option premiums	1,874,552	1,139,537
(Increase) decrease in interest, dividends and other receivables	(5,933)	(9,519)
Increase (decrease) in fees and other accounts payable	(14,065)	4,768
<b>Net cash flows from (used in) operating activities</b>	<b><u>(4,157,536)</u></b>	<b><u>194,133</u></b>
<b>Cash flows from (used in) financing activities</b>		
Gross proceeds on issuance of redeemable units	9,770,340	4,031,182
Issuance costs on issue of redeemable units	(366,531)	(248,408)
Redemptions of redeemable units		-
Distributions paid to holders of redeemable units	(3,924,856)	(2,943,292)
<b>Net cash flows from (used in) financing activities</b>	<b><u>5,478,953</u></b>	<b><u>839,482</u></b>
Change in unrealized gain (loss) in the value of currency	49,665	32,520
Net increase (decrease) in cash	1,371,082	1,066,135
Cash at beginning of the year	1,939,073	872,938
<b>Cash at end of the year</b>	<b><u>3,310,155</u></b>	<b><u>1,939,073</u></b>
<b>Supplementary information</b>		
Dividends received, net of withholding taxes*	668,216	490,370
Interest received*	32,001	-

\* Included as part of Cash Flows from Operating Activities

The accompanying notes are an integral part of these financial statements.

**INCOME FINANCIAL TRUST**  
**SCHEDULE OF PORTFOLIO INVESTMENTS**

AS AT DECEMBER 31, 2022

No. of shares (contracts)	Description	Average Cost (\$)	Fair Value (\$)
<b>Canadian Common Equities</b>			
40,000	AGF Management Ltd., Class 'B'	687,648	282,800
8,400	Bank of Nova Scotia	499,169	557,256
10,600	Canadian Imperial Bank of Commerce	591,060	580,562
16,900	CI Financial Corp.	542,111	228,319
41,500	Fiera Sceptre Inc.	407,906	360,220
22,800	Guardian Capital Group Ltd.	214,801	885,324
6,100	IGM Financial Inc.	187,687	230,580
2,500	Intact Financial Corp.	167,036	487,275
25,000	Manulife Financial Corporation	568,232	603,750
9,000	National Bank of Canada	568,589	821,070
9,400	Royal Bank of Canada	986,285	1,196,620
17,800	Sun Life Financial Inc.	786,163	1,118,730
7,000	TMX Group Inc.	323,015	948,640
10,200	Toronto-Dominion Bank	695,560	894,234
	<b>Total Canadian Common Equities (43.0%)</b>	<b><u>7,225,262</u></b>	<b><u>9,195,380</u></b>
<b>U.S. Common Equities</b>			
3,600	American Express Company	736,863	720,702
18,300	Bank of America	895,728	821,235
10,000	Citigroup Inc.	681,128	612,848
2,500	East West Bancorp Inc.	93,721	223,229
2,500	Fifth Third Bancorporation	131,485	111,140
22,500	First Horizon National	253,576	746,921
9,100	Franklin Resources Inc.	176,624	325,269
4,400	Goldman Sachs Group Inc.	1,419,956	2,047,169
39,295	Huntington Bancshares, Inc.	460,645	750,728
2,000	J.P. Morgan Chase & Co.	150,205	363,400
14,600	Janus Henderson Group PLC	691,835	465,282
6,700	Morgan Stanley	424,830	771,830
21,900	Regions Financial Corp.	171,632	639,763
5,500	State Street Corporation	387,477	578,073
10,000	Synovus Financial	244,680	508,787
6,200	Texas Capital BancShares Inc.	145,047	506,649
7,152	Truist Financial Corp.	274,383	416,989
8,000	US Bancorp.	409,538	472,718
11,000	Wells Fargo & Co.	794,698	615,409
7,000	Zions Bancorporation	208,391	466,267
	<b>Total U.S. Common Equities (57.0%)</b>	<b><u>8,752,442</u></b>	<b><u>12,164,408</u></b>
	<b>Total Equities (100.0%)</b>	<b><u>15,977,704</u></b>	<b><u>21,359,788</u></b>

The accompanying notes are an integral part of these financial statements.

**INCOME FINANCIAL TRUST**  
**SCHEDULE OF PORTFOLIO INVESTMENTS (CONTINUED...)**

AS AT DECEMBER 31, 2022

No. of contracts (shares)	Description	Premiums Received (\$)	Fair Value (\$)
	<b>Call Options written</b>		
	<b>Canadian call options written</b>		
(4)	Canadian Imperial Bank of Commerce @ \$65 January 2023	(484)	-
(14)	Canadian Imperial Bank of Commerce @ \$56 February 2023	(2,128)	(1,708)
(5)	CI Financial Corp. @ \$15 January 2023	(106)	(23)
(75)	Manulife Financial Corporation @ \$24.50 February 2023	(3,900)	(4,125)
(30)	Royal Bank of Canada @ \$132 January 2023	(2,850)	(765)
(10)	Sun Life Financial Inc. @ \$64 February 2023	(1,190)	(1,040)
(10)	Toronto-Dominion Bank @ \$93 January 2023	(900)	(60)
	<b>Total Canadian options written (0.0%)</b>	<u>(11,558)</u>	<u>(7,721)</u>
	<b>U.S. call Options written</b>		
(10)	Bank of America @ \$39 January 2023	(1,449)	(47)
(5)	Citigroup Inc. @ \$50 January 2023	(1,355)	(129)
(10)	Morgan Stanley @ \$92.50 January 2023	(4,363)	(562)
(5)	US Bancorp. @ \$45 January 2023	(711)	(305)
(10)	Wells Fargo & Co. @ \$50 January 2023	(1,331)	(20)
	<b>Total U.S. options written (0.0%)</b>	<u>(9,209)</u>	<u>(1,063)</u>
	less adjustment for transaction costs	<u>(11,121)</u>	
	<b>Total Investments (100.0%)</b>	<u>15,945,816</u>	<u>21,351,004</u>

The accompanying notes are an integral part of these financial statements.

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**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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**1. Establishment of Trust**

Income Financial Trust (“Income Financial” or the “Trust”) is an investment trust established under the laws of the Province of Ontario on January 27, 1999. The manager and investment manager of Income Financial is Quadrevest Capital Management Inc. (“Quadrevest” or “Manager”). RBC Investor Services Trust (the Trustee) is the trustee and acts as custodian of the assets of the Trust. The termination date of the Trust is January 1, 2024 and may be extended thereafter at the discretion of the Manager for additional terms of five years each. Unitholders will be provided with a special retraction right in connection with any such extension. The Trust’s principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Trust’s investment objective is to provide unitholders with a stable stream of monthly distributions by investing in a diversified portfolio consisting primarily of common shares issued by corporations whose shares are included in the S&P/TSX Capped Financials Index, the S&P 500 Financials Index or the S&P MidCap 400 Financials Index. The Trust employs an active covered call writing program to enhance the income earned from the portfolio.

**2. Basis of presentation**

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss (“FVTPL”).

These financial statements were approved on behalf of the Trust by the Board of Directors of Quadrevest, on March 24, 2023.

**3. Summary of significant accounting policies**

The following is a summary of the significant accounting policies followed by the Trust.

**Investments and financial instruments**

The Trust classifies its investments, including derivatives, based on both the Trust’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Trust is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Trust has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“FVOCI”). Consequently, all investments, including derivatives are measured at fair value through profit or loss.

The Trust’s obligations for net assets attributable to holders of redeemable units are presented at the redemption amount. All other financial assets and liabilities are recognized initially at fair value and subsequently measured at amortized cost, which approximates fair value.

The Trust recognizes regular purchases and sales of financial instruments on the trade date, which is the date on which it commits to purchase or sell the instrument. Transaction costs, such as brokerage commissions, related to financial assets and financial liabilities at FVTPL are expensed as incurred and transaction costs related to financial instruments not at FVTPL are included in the carrying amounts thereof. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Trust has transferred substantially all the risks and rewards of ownership of the asset. Dividends are recognized as income on the ex-dividend date. Realized gains and losses

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**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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and unrealized appreciation and depreciation are determined on an average cost basis. The cost of investments is determined using the average cost method.

Written option premiums received by the Trust are, so long as the options are outstanding, reflected as a liability, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration or exercise of the option are included in net realized gain (loss) on investments and derivatives in the Statements of Comprehensive Income/(Loss). The Trust is obligated to distribute taxable income annually, for which investors may demand cash payment. As a result, the ongoing redemption feature is not its redeemable units' only contractual obligation and therefore, the units have been presented as financial liabilities at the value of the net assets to which they're entitled, which is equal to the annual redemption amount. The net asset value of the Trust is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process unitholder transactions. For financial reporting purposes, net assets of the Trust is determined as the difference between the aggregate amount of the Trust's assets and the aggregate amount of its liabilities ("net assets attributable to holders of redeemable units").

### **Valuation of investments**

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 shares) are based on the last traded prices at the close of trading on the reporting date. The Trust 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 Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Trust'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 Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs. Refer to note 5 for further information about the Trust's fair value measurements.

### **Cash**

Cash is comprised of demand deposits with a financial institution.

### **Translation of foreign currencies**

The Trust's functional and presentation currency is Canadian dollars. The fair value of investments and other assets and liabilities in foreign currencies are translated into the Trust's functional currency at the rates of exchange prevailing at the end of the year. Purchases and sales of investments, income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions.

### **Management fees, administration fees and performance fees**

Management fees and administration fees are accrued by the Trust over time, as services are rendered by Quadravest. At each measurement date, the Trust recognizes an expense and financial liability based on the amount, if any, of performance fees expected to be paid based on the net asset value of the Trust. Refer to note 9 for further information about the calculation of management, administration fees and performance fees, if any, of the Trust.

### **Increase (decrease) in net assets attributable to holders per redeemable unit**

Increase (decrease) in net assets attributable to holders per redeemable unit is based on the increase or decrease in net assets attributable to holders of redeemable units divided by the weighted average number of such units outstanding during the year. Refer to note 7 for the calculation.

### **Taxation**

The Trust qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Trust's net income for tax purposes and sufficient net capital gains realized in any year are required to be distributed to unitholders such that no income tax is payable by the Trust. As a result, the Trust has determined that it is in substance not taxable. Consequently, the tax benefit of capital and non-capital losses and other temporary differences have not been reflected in the Statements of Financial Position as deferred income tax assets or liabilities. As at December 31, 2022, the Trust had \$13,593,116 (December 31, 2021-\$13,951,345) of unused capital losses which have no expiry.

The Trust currently incurs 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/(Loss).

## **4. Critical Accounting Estimates and Judgements**

The preparation of these financial statements include estimates and assumptions by management based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, income and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these financial statements were prepared. The Trust's most significant estimates involve the measurement of investments and derivatives at fair value as described in note 5.

## **5. Management of Financial Risk**

The Trust classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The three levels of the fair value hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs that are unobservable for the asset or liability.

**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

The following table illustrates the classification of the Trust's financial instruments within the fair value hierarchy as at December 31, 2022 and December 31, 2021:

Financial assets and liabilities at fair value as at December 31, 2022				
	Level 1	Level 2	Level 3	Total
Equities	\$21,359,788	-	-	\$21,359,788
Options	<u>(\$8,784)</u>	<u>-</u>	<u>-</u>	<u>(\$8,784)</u>
	<b>\$21,351,004</b>	<b>-</b>	<b>-</b>	<b>\$21,351,004</b>
Financial assets and liabilities at fair value as at December 31, 2021				
	Level 1	Level 2	Level 3	Total
Equities	\$18,744,065	-	-	\$18,744,065
Options	<u>(\$2,268)</u>	<u>-</u>	<u>-</u>	<u>(\$2,268)</u>
	<b>\$18,741,797</b>	<b>-</b>	<b>-</b>	<b>\$18,741,797</b>

All fair value measurements above are recurring and fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. There were no transfers or reclassifications between levels for the years ended December 31, 2022 and 2021.

The Trust's investment activities expose it to a variety of financial risks: market risk (including price risk, interest rate risk and currency risk), credit risk and liquidity risk.

Any sensitivity analysis presented below may differ from actual results and the difference could be material.

**Market Risk**

All securities investments present a risk of loss of capital. The portfolio companies were selected from the S&P/TSX Capped Financials index, the S&P 500 Financials index or the S&P MidCap 400 Financials index and are among the largest financial services companies in North America. The market risk is affected by three main components: price risk, interest rate risk and currency risk.

**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).

The Manager manages market price risk by limiting investment in any one portfolio company to no more than 10% of the net asset value of the Trust at the time of purchase.

In addition, the supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during years in which a particular portfolio company has a covered call option written against that position.

The Trust is exposed to other price risk from its investment in equity securities and written options. As at December 31, 2022, had the prices on the respective stock exchanges for these equity securities increased by 10%, with all other variables held constant, net assets attributable to holders or redeemable units would have increased by approximately \$2,087,000 (December 31, 2021-\$1,856,000). Similarly, had the prices on the respective stock exchanges for these equity



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**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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securities decreased by 10%, with all other variables held constant, net assets attributable to holders or redeemable units would have decreased by approximately \$2,131,000 (December 31, 2021-\$1,873,000).

**Interest rate risk**

Interest rate risk is the risk that the fair value of interest bearing investments will fluctuate due to changes in market interest rates. The majority of the Trust's financial assets and liabilities are non interest bearing. As a result, the Trust is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates and considers interest rate risk insignificant as at December 31, 2022 and 2021.

**Currency risk**

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Trust's reporting currency, will fluctuate due to changes in exchange rates. As at December 31, 2022, 55% of the net assets attributable to holders of redeemable units (December 31, 2021-54%) are invested in U.S. dollar denominated assets which includes U.S. dollar cash. As a result, the net assets attributable to holders of redeemable units will be affected by changes in the U.S. dollar relative to the Canadian dollar. The Trust has not entered into currency hedging contracts. If the Canadian dollar appreciated/depreciated by 5% against the U.S. dollar, the net assets attributable to the holders of redeemable units would decrease/increase by approximately \$666,950 (December 31, 2021-\$548,733).

**Credit risk**

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All of the Trust's transactions are in listed securities and options and are settled and paid for using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment (consistent with previous year). Payment is made on purchases only once the securities have been received by the broker. Cash is held with a reputable and regulated financial institution. As at December 31, 2022 and 2021, the Trust did not have significant credit risk exposure.

**Liquidity risk**

Liquidity risk is the risk that the Trust may not be able to settle its obligations on time or at a reasonable price. The Trust is exposed to liquidity risk primarily through its monthly and annual redemptions. The Trust receives adequate notice for all redemption requests. The Trust is invested in highly liquid large capitalization investments that trade on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange. All units are redeemable on a monthly and annual basis but are scheduled to be redeemed upon termination of the Trust on the termination date. As at December 31, 2022 and 2021, all other financial liabilities are payable within three months from the end of the year.

**Concentration risk**

The portfolio holdings are concentrated in the financial services sector and as such will be exposed to the specific factors that affect this sector. An individual portfolio holding may represent no more than 10% of the net asset value of the Trust at the time of purchase.

**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

**The Trust's investment portfolio is concentrated in the following segments as at:**

	December 31, 2022	December 31, 2021
Canadian Common Equities	37.9%	38.7%
U.S. Common Equities	49.9%	53.5%
Canadian Call Options written	0.0%	0.0%
U.S. Call Options written	0.0%	0.0%
Other Assets less Liabilities	12.2%	7.8%
	<u>100.0%</u>	<u>100.0%</u>

**6. Redeemable Units**

Income Financial is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of Income Financial.

Income Financial units trade on the Toronto Stock Exchange under the symbol "INC.UN". The trading price of Income Financial units on December 31, 2022 was \$11.60 (December 31, 2021-\$15.07) per unit. Units may be surrendered for redemption at any time, but will be redeemed only on the last day of each month. Units redeemed in the month of February will receive the February month-end net asset value. Units retracted in any other month will be retracted at a 2% discount to that month's net asset value.

<b>Number of Units</b>	<b>2022</b>	<b>2021</b>
Issued and outstanding - beginning of year	2,514,970	2,260,970
Issued during the year	720,100	254,000
Redeemed during the year	-	-
Issued and outstanding - end of year	<u>3,235,070</u>	<u>2,514,970</u>

On August 20, 2021, the Trust commenced an at-the-market equity program (the "ATM Program") which allows the Trust to issue units to the public from time to time, at the Trust's discretion. Any units sold in the ATM Program will be sold through the TSX or any other marketplace in Canada on which the units are listed, quoted or otherwise traded at the prevailing market price at the time of sale.

During the year ended December 31, 2022, 720,100 units were sold through an at-the-market equity program (the "ATM Program") at an average selling price of \$13.57 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$9,770,340, \$9,526,082 and \$244,258, respectively.

During the year ended December 31, 2021, 254,000 units were sold through the ATM Program at an average selling price of \$15.87 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$4,031,182, \$3,930,402 and \$100,780, respectively.

**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**7. Increase (decrease) in net assets attributable to holders per redeemable unit**

The increase (decrease) in net assets attributable to holders per redeemable unit for the years ended December 31, 2022 and 2021 is calculated as follows:

	2022	2021
Increase (decrease) in net assets attributable to holders of redeemable units	(\$1,478,666)	\$4,045,436
Weighted average Class A shares outstanding	2,985,537	2,308,878
Increase (decrease) in net assets attributable to holders per redeemable unit	(\$0.50)	\$1.75

**8. Capital Management**

The Trust considers its capital to be its net assets attributable to holders of redeemable units. The Trust's current objectives in managing capital are to provide a steady stream of monthly distributions at an annual rate of 10% based on the volume weighted average market price (VWAP) of Income Financial's units over the last three trading days of the preceding month.

In order to manage its capital, the Trust may adjust the distributions paid to unitholders or return capital to unitholders.

**9. Expenses**

The Trust is responsible for all expenses incurred in connection with the operation and administration of the Trust, including, but not limited to, accounting and administration fees, custodian fees, transfer agent fees, trustee fees, legal and audit expenses, fees payable to the Trust's independent review committee, regulatory filing and stock exchange fees, costs of reporting to unitholders and costs and expenses arising as a result of complying with all applicable laws, regulations and policies.

Pursuant to the administration agreement, Quadravest is entitled to an administration fee payable monthly in arrears at an annual rate of 0.10% of the net asset value of the Trust calculated as at each month-end valuation date. Effective June 1, 2022, the Trust discontinued the payment of the service fee which was paid to dealers whose clients hold units of the Trust at a rate of 0.25% per annum paid quarterly. Quadravest provides key management personnel to the Trust.

Pursuant to the terms of the investment management agreement, Quadravest is entitled to a base management fee payable monthly in arrears at an annual rate equal to 0.65% of the transactional net asset value of the Trust calculated as at each month-end valuation date. In addition, Quadravest is also entitled to receive a performance fee subject to the achievement of certain pre-established total return thresholds.

Total management fees of \$174,353 (December 31, 2021-\$136,577) incurred in the year ended December 31, 2021 include the administration fee and investment management fee. As at December 31, 2022, \$15,006 (December 31, 2021-\$14,837) was payable to the Manager with respect to management and administrative fees. No performance fees were paid in 2022 or 2021. In addition, Quadravest will receive the monthly redemption fee, if any, of 2% of the net asset value on monthly retractions. Redemption fees paid for the year ended December 31, 2022 were \$NIL (December 31, 2021-\$NIL).

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**INCOME FINANCIAL TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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Total brokerage commissions paid during the year by Income Financial for its portfolio transactions was \$6,286 (December 31, 2021-\$1,689). Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of portfolio transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the year ended December 31, 2022 amounted to \$1,041 (December 31, 2021-\$232).

**10. Distributions**

Distributions per unit to unitholders for the years ended December 31, 2022 and 2021 and cumulative distributions since inception are shown below:

	2022	2021
Total distribution per unit	\$1.3113	\$1.3439
Cumulative distributions per unit since inception	\$37.0534	\$35.7420

**11. Reconciliation of net asset value per unit to net assets attributable to holders of redeemable units per unit**

As at December 31, 2022 and December 31, 2021, there were no differences between net asset value per unit used for transactional purposes and net assets attributable to holders of redeemable units per unit for financial reporting purposes.

**12. Subsequent event**

In early March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. These closures have led to widespread and significant declines in the market prices of financial services companies in the United States and Canada including companies held in the investment portfolio of the Trust.

The investment portfolio of the Trust has been subject to these market fluctuations and may continue to experience volatility as these situations evolve.





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## **QUADRAVEST CAPITAL MANAGEMENT INC.**

Quadravest Capital Management Inc. was formed in 1997 and is focused on the creation and management of enhanced yield products for retail investors. The investment strategy combines fundamental based equity investing with covered call writing. Guided by four key principles, Quadravest sets attainable investment objectives that allow the team to stay focused on a long-term investment strategy.

The four principles – innovation in financial products, discipline in investment management, solid results for investors, and excellence in client service – form the foundation of Quadravest. Each member of the firm’s tight-knit team is committed to upholding these principles, ensuring a coherence and dedication that is unique to the Trust.

Quadravest has raised over \$2.5 billion in initial public offerings.

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### **Independent Review Committee**

Gordon Currie,  
Executive Vice President  
and Chief Legal Officer,  
George Weston Limited

John Steep,  
President, S. Factor Consulting Inc.

Michael W. Sharp,  
Retired Partner,  
Blake, Cassels & Graydon LLP

### **Board of Directors of Manager**

Wayne Finch,  
Director, President, Chief Executive and  
Chief Investment Officer, Quadravest  
Capital Management Inc.

Laura Johnson,  
Chief Investment Strategist,  
Managing Director and Portfolio Manager,  
Quadravest Capital Management Inc.

Peter Cruickshank,  
Managing Director,  
Quadravest Capital Management Inc.

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## **CORPORATE DETAILS**

### **Auditor**

PricewaterhouseCoopers LLP  
18 York Street, Suite 2600  
Toronto, Ontario M5J 0B2

### **Legal Counsel**

Blake, Cassels & Graydon LLP  
Commerce Court West, Suite 4000  
Toronto, Ontario M5L 1A9

### **Transfer Agent**

Computershare Investor Service Inc.  
100 University Avenue  
Toronto, Ontario M5J 2Y1

### **Custodian**

RBC Investor Services Trust  
155 Wellington St. West  
Toronto, Ontario M5V 3L3



200 Front Street West  
Suite 2510, Toronto, ON  
M5V 3K2

Tel: 416.304.4443

Toll: 877.4QUADRA

or 877.478.2372

Fax: 416.304.4441

[info@quadinvest.com](mailto:info@quadinvest.com)

[www.quadinvest.com](http://www.quadinvest.com)