

DEC 31 | **INCOME FINANCIAL TRUST**
2023 | **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.

INCOME FINANCIAL TRUST

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2023

This is the annual Management Report of Fund Performance (MRFP) for the year ended December 31, 2023. 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 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 or www.sedarplus.com.

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, 2029 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.

RISK

The risks of investing in the Trust remain as discussed in the Annual Information form dated March 22, 2024. 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.

RESULTS OF OPERATIONS

North American markets continued to experience macroeconomic headwinds and bouts of volatility during the year ended December 31, 2023. After aggressive tightening of monetary policies beginning in early 2022, central banks moderated their pace of interest rate increases during the early months of 2023 as record high inflationary pressures began to abate. As a result, market expectations that the monetary tightening cycle would soon end helped improve market sentiment in the early months of the year. The global economy continued to slow during the year and inflation eased further as the year progressed. In the United States, growth was stronger than expected, led by robust consumer and government spending. In Canada, economic growth stalled through the middle quarters of 2023, with higher interest rates restraining spending, and the labour market eased, despite wage growth.

In March 2023, regulators abruptly closed certain U.S. regional banks due to liquidity and solvency concerns. Later that month, Credit Suisse was taken over by UBS Group at the behest of regulators in Switzerland. These events led to widespread and significant declines in the market prices of financial services companies globally and highlighted the risks associated with the historical pace of increase in interest rates that had occurred over the last year.

Markets were also buffeted by the ongoing developments surrounding the U.S. debt ceiling and the potential adverse consequences that could result if the U.S. defaulted on its obligations. In early June 2023, U.S. lawmakers passed legislation to suspend the nation's debt ceiling through January 1, 2025, averting a U.S. default just days ahead of the deadline.

Though the spread between the 10-year and 2-year treasury yield narrowed near the end of the year, the yield curve continued to be 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 and reflected market expectations for a decline in longer-term interest rates as a result of a deteriorating economic performance.

In December, the U.S. Federal Reserve signaled its intention to reduce rates by at least 75 basis points in 2024 and the Bank of Canada left its rates unchanged citing the persistence of underlying inflation. This improved market sentiment into the end of the year and gave a lift to the financial services stocks held in the portfolio.

The net assets per unit finished at \$6.97 as at December 31, 2023 after the payment of \$0.97 in distributions during the year.

On October 27, 2023, the Trust announced that it had extended its termination date from January 1, 2024 to January 1, 2029. In connection with the term extension, the February 2024 annual redemption date was advanced to December 2023. There were no redemptions tendered in connection with the December 2023 redemption right. Further extensions for additional terms of five years may be made in the discretion of the manager of the Trust with the next following February annual redemption date being advanced to December 31 of the year immediately prior to the year in which the term is extended.

During the year ended December 31, 2023, 114,000 units were sold through an at-the-market equity program at an average selling price of \$11.37 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$1,295,914, \$1,263,516 and \$32,398, respectively.

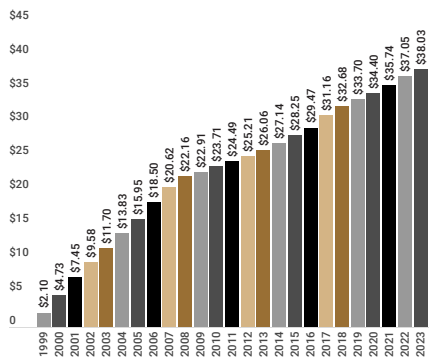
The portfolio was weighed 45.9% in Canadian financial services stocks 54.1% in U.S. financial services stocks as at December 31, 2023.

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 \$0.97 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



38.03

Cumulative total of distributions paid since inception

RECENT DEVELOPMENTS

Financial markets 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. The investment portfolio of the Trust has been subject to these market fluctuations and may continue to experience significant volatility as these situations evolve. On October 27, 2023, the Trust announced that it had extended its termination date from January 1, 2024 to January 1, 2029. In connection with the term extension, the February 2024 annual redemption date was advanced to December 2023. There were no redemptions tendered in connection with the December 2023 redemption right. Further extensions for additional terms of five years may be made in the discretion of the manager of the Trust with the next following February annual redemption date being advanced to December 31 of the year immediately prior to the year in which the term is extended.

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				
	2023	2022	2021	2020	2019
Net assets per unit, beginning of year	7.53	8.09	6.92	8.21	7.64
Increase (decrease) from operations					
Total revenue	0.29	0.25	0.23	0.26	0.28
Total expenses	(0.14)	(0.15)	(0.18)	(0.16)	(0.17)
Realized gains (losses) for the year	(0.03)	0.12	0.19	0.29	0.29
Unrealized gains (losses) for the year	0.22	(0.72)	1.51	(1.01)	1.19
Total increase (decrease) from operations ⁽¹⁾	<u>0.34</u>	<u>(0.50)</u>	<u>1.75</u>	<u>(0.62)</u>	<u>1.59</u>
Distributions ⁽²⁾					
Canadian dividends	(0.09)	(0.04)	-	(0.09)	(0.11)
Return of Capital	<u>(0.88)</u>	<u>(1.27)</u>	<u>(1.34)</u>	<u>(0.61)</u>	<u>(0.91)</u>
Total annual distributions	<u>(0.97)</u>	<u>(1.31)</u>	<u>(1.34)</u>	<u>(0.70)</u>	<u>(1.02)</u>
Net assets per unit, end of year	<u>6.97</u>	<u>7.53</u>	<u>8.09</u>	<u>6.92</u>	<u>8.21</u>

- (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 unitholders.

RATIOS AND SUPPLEMENTAL DATA

	2023	Years ended December 31			2019
	2023	2022	2021	2020	2019
Net asset value (millions) ⁽¹⁾	\$23.3	\$24.4	\$20.3	\$15.6	\$19.1
Number of units outstanding	3,349,070	3,235,070	2,514,970	2,260,970	2,323,488
Management expense ratio ⁽²⁾	2.50%	3.28%	3.42%	2.19%	1.87%
Portfolio turnover rate ⁽³⁾	2.15%	9.45%	6.07%	6.01%	0.00%
Trading expense ratio ⁽⁴⁾	0.02%	0.03%	0.01%	0.04%	0.01%
Closing market price (TSX)	\$7.32	\$11.60	\$15.07	\$7.76	\$9.08

(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, 2023 was 1.71% (December 31, 2022 - 1.70%).

(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.

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.

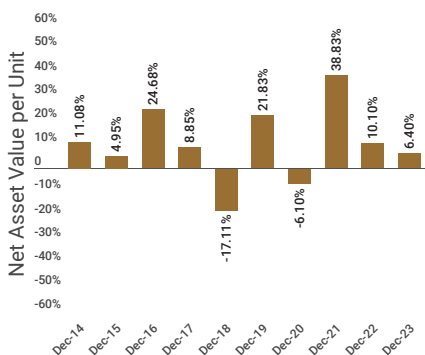
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required 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, 2023 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, 2023 and since inception:

	One year	Three years	Five years	Ten years	Since inception
Income Financial	6.40%	17.60%	13.22%	9.33%	6.70%

MARKET INDICES

S&P/TSX Capped Financials Index	13.86%	12.09%	11.68%	9.25%	9.66% ⁽¹⁾
S&P 500 Financials Index	9.51%	12.07%	11.28%	12.47%	4.56%
S&P MidCap 400 Financials Index	5.63%	13.07%	11.00%	12.42%	7.48%

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

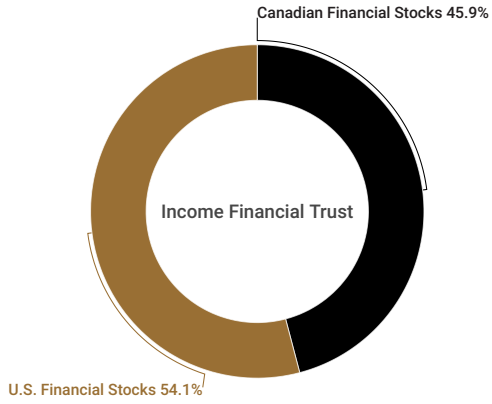
SUMMARY OF INVESTMENT PORTFOLIO
All holdings as at December 31, 2023

Name	Weighting (%)
Goldman Sachs Group Inc.	9.6
Royal Bank of Canada	6.0
Sun Life Financial Inc.	5.2
TMX Group Inc.	4.8
Guardian Capital Group Ltd.	4.3
National Bank of Canada	3.9
American Express Company	3.8
Toronto-Dominion Bank	3.7
Bank of America	3.5
Canadian Imperial Bank of Commerce	3.4
Morgan Stanley	3.3
Manulife Financial Corporation	3.1
Wells Fargo & Co.	3.1
Huntington Bancshares, Inc.	2.8
Citigroup Inc.	2.6
Janus Henderson Group PLC	2.5
State Street Corporation	2.4
Regions Financial Corp.	2.4
Bank of Nova Scotia	2.3
Texas Capital BancShares Inc.	2.3
Intact Financial Corp.	2.2
Synovus Financial	2.1
J.P. Morgan Chase & Co.	1.9
First Horizon National	1.8
Zions Bancorporation	1.7
US Bancorp.	1.6
Franklin Resources Inc.	1.5
AGF Management Ltd., Class 'B'	1.3
Truist Financial Corp.	1.3
Fiera Sceptre Inc.	1.1
CI Financial Corp.	1.1
East West Bancorp Inc.	1.0
IGM Financial Inc.	0.9
Fifth Third Bancorporation	0.5
Total long positions as a percentage of net assets	95.0
Cash	6.2
Other net assets (liabilities)	-1.2
	100.0

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

PORTFOLIO BREAKDOWN

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



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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The material accounting policy information applicable to the Trust is 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)

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, 2023 and 2022, 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 Accounting Standards).

What we have audited

The Trust's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- 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, 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 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.

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
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"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.

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 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.

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 Christina Fox.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 25, 2024

INCOME FINANCIAL TRUST
STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31

	2023 (\$)	2022 (\$)
ASSETS		
Current Assets		
Investments (note 5)	22,207,320	21,359,788
Cash	1,448,103	3,310,155
Interest, dividends and other receivables	58,052	57,149
Total assets	<u>23,713,475</u>	<u>24,727,092</u>
LIABILITIES		
Current liabilities		
Written Options	120,297	8,784
Fees and other accounts payable	52,221	48,321
Distributions payable	196,189	312,993
	<u>368,707</u>	<u>370,098</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	<u>23,344,768</u>	<u>24,356,994</u>
Number of redeemable units outstanding (note 6)	3,349,070	3,235,070
Net assets per unit	\$6.97	\$7.53

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

	2023	2022
	(\$)	(\$)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	(97,124)	375,460
Net change in unrealized appreciation/depreciation	759,216	(2,197,619)
Dividends	839,506	724,473
Interest for distribution purposes	106,619	32,001
Net gain (loss) on investments and derivatives	1,608,217	(1,065,685)
Other gain (loss)		
Realized gain (loss) on currency	13,324	(12,314)
Change in unrealized gain (loss) in the value of currency	(45,389)	49,665
	<u>1,576,152</u>	<u>(1,028,334)</u>
EXPENSES (note 9)		
Management fees	177,672	174,353
Service fee	-	13,732
Audit fees	33,432	30,624
Independent Review Committee fees	4,064	4,077
Trustees expense	5,000	5,000
Custodian fees	31,715	25,956
Legal fees	30,227	25,296
Unitholder reporting costs	23,386	18,302
Other operating expenses	46,847	55,876
Harmonized sales tax	44,460	40,916
Transaction costs	4,954	6,286
Withholding taxes	56,280	49,914
Total expenses	<u>458,037</u>	<u>450,332</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>1,118,115</u>	<u>(1,478,666)</u>
Increase (decrease) in net assets attributable to holders per redeemable unit (note 7)	0.34	(0.50)

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

	2023	2022
	(\$)	(\$)
Net assets attributable to holders of redeemable units		
- Beginning of year	24,356,994	20,348,413
Increase (decrease) in net assets attributable to holders of redeemable units	1,118,115	(1,478,666)
Gross proceeds on issuance of redeemable units	1,295,914	9,770,340
Issuance costs on issue of redeemable units	<u>(182,700)</u>	<u>(366,531)</u>
Net proceeds on issuance of redeemable units	<u>1,113,214</u>	<u>9,403,809</u>
Distributions to unitholders (note 10)⁽¹⁾		
Canadian dividends	(320,332)	(130,161)
Return of capital	<u>(2,923,223)</u>	<u>(3,786,401)</u>
	<u>(3,243,555)</u>	<u>(3,916,562)</u>
Change in net assets attributable to holders of redeemable units	<u>(1,012,226)</u>	<u>4,008,581</u>
Net assets attributable to holders of redeemable units		
- End of year	<u>23,344,768</u>	<u>24,356,994</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

	2023 (\$)	2022 (\$)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	1,118,115	(1,478,666)
Adjustment for:		
Change in unrealized (gain) loss in the value of currency	45,389	(49,665)
Net realized (gain) loss on investments and derivatives	97,124	(375,460)
Net change in unrealized appreciation/depreciation of investments and derivatives	(759,216)	2,197,619
Purchase of investments, net of option premiums	(285,280)	(6,305,918)
Proceeds from sale of investments, net of option premiums	211,353	1,874,552
(Increase) decrease in interest, dividends and other receivables	(903)	(5,933)
Increase (decrease) in fees and other accounts payable	3,900	(14,065)
Net cash flows from (used in) operating activities	<u>430,482</u>	<u>(4,157,536)</u>
Cash flows from (used in) financing activities		
Gross proceeds on issuance of redeemable units	1,295,914	9,770,340
Issuance costs on issue of redeemable units	(182,700)	(366,531)
Distributions paid to holders of redeemable units	<u>(3,360,359)</u>	<u>(3,924,856)</u>
Net cash flows from (used in) financing activities	<u>(2,247,145)</u>	<u>5,478,953</u>
Change in unrealized gain (loss) in the value of currency	<u>(45,389)</u>	<u>49,665</u>
Net increase (decrease) in cash	<u>(1,862,052)</u>	<u>1,371,082</u>
Cash at beginning of the year	<u>3,310,155</u>	<u>1,939,073</u>
Cash at end of the year	<u>1,448,103</u>	<u>3,310,155</u>
Supplementary information		
Dividends received, net of withholding taxes*	782,590	668,216
Interest received*	106,619	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, 2023

No. of shares (contracts)	Description	Average Cost (\$)	Fair Value (\$)
Canadian Common Equities			
40,000	AGF Management Ltd., Class 'B'	687,648	308,400
8,400	Bank of Nova Scotia	499,169	541,800
12,500	Canadian Imperial Bank of Commerce	692,177	797,500
16,900	CI Financial Corp.	542,111	251,134
41,500	Fiera Sceptre Inc.	407,906	252,735
22,800	Guardian Capital Group Ltd.	214,801	1,009,128
6,100	IGM Financial Inc.	187,687	213,561
2,500	Intact Financial Corp.	167,036	509,650
25,000	Manulife Financial Corporation	568,232	732,000
9,000	National Bank of Canada	568,589	909,000
10,400	Royal Bank of Canada	1,105,184	1,393,600
17,800	Sun Life Financial Inc.	786,163	1,223,216
35,000	TMX Group Inc.	323,015	1,121,750
10,200	Toronto-Dominion Bank	695,560	873,324
	Total Canadian Common Equities (45.9%)	<u>7,445,278</u>	<u>10,136,798</u>
U.S. Common Equities			
3,600	American Express Company	736,863	889,296
18,300	Bank of America	870,088	812,470
9,000	Citigroup Inc.	613,016	610,459
2,500	East West Bancorp Inc.	93,721	237,183
2,500	Fifth Third Bancorporation	131,485	113,696
22,500	First Horizon National	253,576	420,106
9,100	Franklin Resources Inc.	176,624	357,458
4,400	Goldman Sachs Group Inc.	1,419,956	2,238,176
39,295	Huntington Bancshares, Inc.	460,645	659,079
2,000	J.P. Morgan Chase & Co.	150,205	448,588
14,600	Janus Henderson Group PLC	691,835	580,435
6,200	Morgan Stanley	393,126	762,349
21,900	Regions Financial Corp.	171,632	559,643
5,500	State Street Corporation	387,477	561,763
10,000	Synovus Financial	244,680	496,453
6,200	Texas Capital BancShares Inc.	145,047	528,371
6,152	Truist Financial Corp.	236,019	299,496
6,600	US Bancorp.	337,869	376,656
11,000	Wells Fargo & Co.	794,698	713,917
7,000	Zions Bancorporation	208,391	404,928
	Total U.S. Common Equities (54.6%)	<u>8,516,953</u>	<u>12,070,522</u>
	Total Equities (100.5%)	<u>15,962,231</u>	<u>22,207,320</u>

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

AS AT DECEMBER 31, 2023

No. of contracts (shares)	Description	Premiums Received (\$)	Fair Value (\$)
Call Options written			
Canadian call options written			
(16)	Canadian Imperial Bank of Commerce @ \$66 February 2024	(672)	(736)
(30)	Royal Bank of Canada @ \$135 January 2024	(210)	(3,360)
(10)	Sun Life Financial Inc. @ \$72 February 2024	(530)	(325)
(10)	Toronto-Dominion Bank @ \$87 January 2024	(870)	(225)
	Total Canadian options written (0.0%)	<u>(2,282)</u>	<u>(4,646)</u>
U.S. call Options written			
(5)	American Express Company @ \$175 January 2024	(1,332)	(8,241)
(5)	American Express Company @ \$185 February 2024	(3,174)	(5,324)
(20)	Bank of America @ \$32 January 2024	(1,292)	(5,327)
(20)	Bank of America @ \$37 February 2024	(870)	(699)
(10)	Citigroup Inc. @ \$50 February 2024	(2,426)	(3,633)
(5)	Fifth Third Bancorporation @ \$36 February 2024	(791)	(626)
(10)	Goldman Sachs Group Inc. @ \$355 January 2024	(7,187)	(43,810)
(10)	Morgan Stanley @ \$82.5 January 2024	(1,899)	(14,768)
(55)	Regions Financial Corp. @ \$17 January 2024	(3,264)	(18,493)
(6)	US Bancorp. @ \$40 January 2024	(593)	(2,927)
(20)	Wells Fargo & Co. @ \$45 January 2024	(2,769)	(11,803)
	Total U.S. options written (-0.5%)	<u>(25,597)</u>	<u>(115,651)</u>
	less adjustment for transaction costs	(11,110)	
	Total Investments (100.0%)	<u>15,923,242</u>	<u>22,087,023</u>

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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 Quadrainvest Capital Management Inc. (“Quadrainvest” or “Manager”). RBC Investor Services Trust (the Trustee) is the trustee and acts as custodian of the assets of the Trust. 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.

On October 27, 2023, the Trust announced that it had extended its termination date from January 1, 2024 to January 1, 2029. In connection with the term extension, the February 2024 annual redemption date was advanced to December 2023. There were no redemptions tendered in connection with the December 2023 redemption right. Further extensions for additional terms of five years may be made in the discretion of Quadrainvest with the next following February annual redemption date being advanced to December 31 of the year immediately prior to the year in which the term is extended.

2. Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). 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 Quadrainvest, on March 22, 2024.

3. Material accounting policy information

The following is a summary of material accounting policy information applicable to 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 fair value

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

through profit and loss 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 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 under IFRS Accounting Standards, 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.

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023, the Trust had \$13,657,108 (December 31, 2022-\$13,593,116) 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.

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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.

The following table illustrates the classification of the Trust's financial instruments within the fair value hierarchy as at December 31, 2023 and December 31, 2022:

Financial assets and liabilities at fair value as at December 31, 2023

	Level 1	Level 2	Level 3	Total
Equities	\$22,207,320	-	-	\$22,207,320
Options	(\$120,297)	-	-	(\$120,297)
	<u>\$22,087,023</u>	<u>-</u>	<u>-</u>	<u>\$22,087,023</u>

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	(\$8,784)	-	-	(\$8,784)
	<u>\$21,351,004</u>	<u>-</u>	<u>-</u>	<u>\$21,351,004</u>

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, 2023 and 2022.

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).

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023, 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 \$2,049,000 (December 31, 2022-\$2,087,000). Similarly, had the prices on the respective stock exchanges for these equity securities decreased by 10%, with all other variables held constant, net assets attributable to holders or redeemable units would have decreased by approximately \$2,155,000 (December 31, 2022-\$2,131,000).

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, 2023 and 2022.

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, 2023, 57% of the net assets attributable to holders of redeemable units (December 31, 2022-55%) 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 \$665,514 (December 31, 2022-\$666,950).

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. 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, 2023 and 2022, 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

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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.

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

	December 31, 2023	December 31, 2022
Canadian common equities	43.3%	37.9%
U.S. common equities	51.7%	49.9%
Canadian call options written	0.0%	0.0%
U.S. call options written	-0.5%	0.0%
Other assets less liabilities	5.5%	12.2%
	<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, 2023 was \$7.32 (December 31, 2022-\$11.60) 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.

Number of Units	2023	2022
Issued and outstanding - beginning of year	3,235,070	2,514,970
Issued during the year	114,000	720,100
Redeemed during the year	-	-
Issued and outstanding - end of year	<u>3,349,070</u>	<u>3,235,070</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, 2023, 114,000 units were sold through the ATM Program at an average selling price of \$11.37 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$1,295,914, \$1,263,516 and \$32,398, respectively.

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

During the year ended December 31, 2022, 720,100 units were sold through 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.

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, 2023 and 2022 is calculated as follows:

	2023	2022
Increase (decrease) in net assets attributable to holders of redeemable units	\$1,118,115	(\$1,478,666)
Weighted average units outstanding	3,330,583	2,985,537
Increase (decrease) in net assets attributable to holders per redeemable unit	\$0.34	(\$0.50)

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 \$177,672 (December 31, 2022-\$174,353) incurred in the year ended December 31, 2023 include the administration fee and investment management fee. As at December 31, 2023, \$16,957 (December 31, 2022-\$15,006) was payable to the Manager with respect to management and administrative fees. No performance fees were paid in 2023 or 2022.

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 were \$NIL (December 31, 2022-\$NIL).

Total brokerage commissions paid during the year by Income Financial for its portfolio transactions was \$4,954 (December 31, 2022-\$6,286). 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, 2023 amounted to \$NIL (December 31, 2022-\$1,041). For the year ended December 31, 2023, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for the audit of the financial statements of the Trust were \$24,313. Fees for other services, which pertained largely to the issuance of units of the Trust, were \$50,739.

10. Distributions

Distributions per unit to unitholders for the years ended December 31, 2023 and 2022 and cumulative distributions since inception are shown below:

	2023	2022
Total distribution per unit	\$0.9741	\$1.3113
Cumulative distributions per unit since inception	\$38.0274	\$37.0534

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

As at December 31, 2023 and December 31, 2022, 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.

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.

Independent Review Committee

Gordon Currie,
Former 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,
Director and Portfolio Manager,
Quadravest Capital Management Inc.

Peter Cruickshank,
Director,
Quadravest Capital Management Inc.

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