



MANAGED BY BLOOM INVESTMENT COUNSEL, INC.

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND)

BUA.UN

2013 ANNUAL REPORT

FORWARD-LOOKING STATEMENTS

Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Bloom U.S. Income & Growth Fund (the "Fund") contains financial information but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of any of the Fund's annual or interim reports, at no cost, by calling 1-855-BLOOM18 or by sending a request to Investor Relations, Bloom Investment Counsel, Inc., Suite 1710, 150 York Street, Toronto, Ontario, M5H 3S5, or by visiting our website at www.bloomfunds.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, Independent Review Committee's report, or quarterly portfolio disclosure.

In accordance with National Instrument 81-106, all figures presented in this management report of fund performance, unless otherwise noted, are based on the Fund's calculation of its Net Asset Value, which is in accordance with the terms of the Fund's declaration of trust, and is based on closing market prices of investments. Figures presented in the financial statements and certain figures presented in the Financial Highlights section of this management report of fund performance are based on Net Assets calculated using Canadian generally accepted accounting principles which require the use of the last bid price for investment valuation.

All figures are stated in Canadian dollars unless otherwise noted.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

For the period from commencement of operations on March 21, 2013 to December 31, 2013

THE FUND

Bloom U.S. Income & Growth Fund is a closed-end investment trust managed by Bloom Investment Counsel, Inc. (“Bloom” or the “Manager”). Bloom provides administrative services to the Fund and actively manages the Fund’s portfolio. The Class A units of the Fund trade on the Toronto Stock Exchange (“TSX”) under the symbol BUA.UN and are designed for investors who wish to make their investments in Canadian dollars. The Class U units of the Fund are designed for investors who wish to make their investments in U.S. dollars and are not listed on the Toronto Stock Exchange, but may be converted to Class A units on a monthly basis. The units of the Fund are RRSP, DPSP, RRI, RESP, RDSP and TFSA eligible. The Fund has a distribution reinvestment plan (“DRIP”) allowing Class A unitholders to automatically reinvest their monthly distributions in additional Class A units of the Fund.

RECENT DEVELOPMENTS

Inception and reorganization

The Fund commenced operations on March 21, 2013 under the name Bloom U.S. Advantaged Income & Growth Fund. The Fund was set up to achieve certain tax advantages for unitholders, and was part of a structure comprising the Fund, a counterparty and BUIG Trust, a trust also managed by the Manager. Immediately upon its commencement, the Fund entered into forward purchase and sale agreements (“Forward Agreements”) with the counterparty in order to gain exposure to a portfolio of U.S. stocks (the “Portfolio”) held by BUIG Trust. However, the Federal budget dated March 21, 2013 introduced certain measures which precluded the unitholders of the Fund from obtaining the envisaged tax advantages going forward. In response to this, the Fund completed a reorganization on April 26, 2013, which included the termination of the Forward Agreements, the termination of BUIG Trust and the acquisition of the Portfolio by the Fund, resulting in operational cost savings through the avoidance of counterparty fees. The Fund also changed its name to Bloom U.S. Income & Growth Fund.

Prior to the reorganization, BUIG Trust generated its own income and realized and unrealized gains and losses, and bore its own expenses, including management fees. These were incorporated into the Net Asset Value of the Fund via changes in the value of the Forward Agreements. Upon termination of the Forward Agreements the Fund realized a net gain. Therefore the income, expenses, gains and losses of BUIG Trust are not incorporated directly into the income, expenses, gains and losses of the Fund, but their effects on the Net Asset Value of the Fund are represented by the realized gain on the termination of the Forward Agreements.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objectives are to provide unitholders with exposure to an actively managed portfolio comprised primarily of publicly traded high dividend paying U.S. common equity securities, including REITs, stable monthly cash distributions, and the opportunity for capital appreciation.

RISK

Risks associated with an investment in units of the Fund are discussed in the prospectus for the Fund’s initial public offering, which is available on the Fund’s website at www.bloomfunds.ca or on SEDAR at www.sedar.com. Changes to the Fund which have affected certain of these risks are discussed below.

Effect of Reorganization

Many of the risk factors outlined in the Fund’s offering prospectus relate and/or refer to BUIG Trust. In all instances these risk factors now apply to the Fund directly.

Investments in U.S. Mortgage REITs

The Fund was invested in U.S. mortgage REITs, but has divested such investments for the time being due to the Manager’s assessment of the risks associated with them. This risk factor is therefore not applicable until such time as the Fund invests in U.S. mortgage REITs again.

No Assurances on Achieving Objectives

Based on current projections, the average total return required in order for the Fund to achieve its targeted monthly distributions to Unitholders is approximately 7.6%. The weighted average current cash yield on the Fund’s equity portfolio was 5.2% as at December 31, 2013, thus the Fund is required to generate additional returns (for instance, capital gains and securities lending income) in order for the Fund to achieve its targeted monthly distributions to Unitholders.

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Composition of Portfolio

The composition of the Fund's investment portfolio has changed over the period ended December 31, 2013, due to the investment over the initial months of the Fund of the proceeds of the initial public offering. This mitigates the risks associated with the composition of the portfolio in terms of diversification.

Counterparty Risk and Early Termination of Forward Agreement

Both of these risk factors no longer apply as the Fund has terminated the Forward Agreements.

Trading Price of Class A Units

During the period ended December 31, 2013 the Fund's Class A units have at various times traded at a discount and at a premium to net asset value.

Taxation of the Fund

The risk associated with the characterization of the Fund's income, gains or losses with regards to the acquisition and disposal of Canadian securities under the Forward Agreements no longer applies.

INVESTMENT MANAGER



The manager was established in 1985 and specializes in the management of segregated investment portfolios for wealthy individuals, corporations, institutions and trusts. In addition to its conventional investment management business, the Manager currently manages specialty high-income equity portfolios comprised of dividend paying common equity securities, income trusts and real estate investment trusts.

INVESTMENT MANAGER'S REPORT

January 30, 2014

The U.S. economy

The current economic focus is on the U.S. Federal Reserve's continuation to implement the tapering of quantitative easing policies initiated during the last down-turn. The "Fed" has been able to contemplate these changes after recent U.S. economic data has finally shown some signs of decent and sustainable growth.

U.S. fourth quarter GDP came in as expected, matching the consensus at 3.2%. For the full year, GDP rose 1.9%, the fourth consecutive yearly increase. The contribution from increasing inventories again was a significant factor in the quarter's results, as it was in the third quarter. The government shut-down in November is estimated to have trimmed 0.3 points or an approximate 1% negative impact which makes the results even more impressive. Overall, these results will have little immediate impact as they were simply in-line with consensus but do lend support for continued slow but steady growth through 2014.

The soft December Consumer Price Index data may signal that inflation is tracking well below the 2% level targeted by the Federal Reserve. Core prices were held in check, rising by only 0.1% for the month and by 1.7% for the full year, primarily due to a record decline in the monthly cost of prescription drugs. When including the impact of energy and food prices, Headline inflation actually caused a greater increase, 0.3% for the month of December but still acted as a drag on the full year, rising by only 1.5% for the previous 12 months.

The U.S. jobless rate has fallen from 7.6% to 6.7% over the previous 12 months. Normally this improvement might precipitate wage inflation but there is currently a very large pool of potential workers, estimated currently at 6.1 million persons who are able to work but are not "actively seeking work" and so are not counted in the labour force calculation. The labour force, composed only of those "actively seeking work" currently sits at 10.4 million, slightly below the pre-recession 12.2 million average but with such a large number, 6.1 million, sitting on the sidelines, the risk to wage inflation appears limited.

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The U.S. Housing market continues to work through the pains of the economic downturn as home prices continue to rebound. The percent of homeowners whose mortgage is greater than the market value of their home has declined from 31% in 2012 to 21% currently, though still at a staggering 10 million owners. The glut of unsold homes on the market reached a peak in 2010 of over 2 million units or 2% of the national housing inventory. While still above historical averages, this burden to price recovery, has been reduced significantly and is on pace to normalize during 2014.

U.S. investment markets

The S&P 500 Total Return Index for the last quarter rose 10.5% and year-to-date returned 32.4%. The best performing sector for the quarter was Industrials (up 13.5%) followed by Information Technologies (up 13.3%). The weakest performing sector for the quarter was Utilities (up 2.8%) followed by Telecommunication Services (up 5.5%).

Bond market returns for the quarter and for the year significantly under-performed the S&P 500, NASDAQ and Dow Jones indices. Long-Term (30-year) U.S. Treasury Bonds returned negative 4.0% in the most recent quarter and are down 14.6% since the beginning of the year. Mid-term (10-year) bonds provided negative 2.9% and negative 8.7% returns for the same periods, while short-term (5-year) bonds also fell 1.4% in the quarter and down 3.8% for the year. 90-Day Treasury Bills returns are currently essentially zero for both periods.

The U.S. Dollar against the Canadian Dollar rose by 3.2% last quarter and since the commencement of 2013 it rose by 6.9%. Generally improving economic conditions have been driving a resurgent U.S. dollar.

U.S. domestic oil production continues to surge, averaging almost 8.2 million barrels per day in September 2013. In 2012, daily production rose by 1.0 million, the fastest gain on record at the time. In 2013, daily production surpassed that record, up almost 2.0 million barrels versus the prior year, equating to a 30% production gain year over year. The impact of oil's value accounted for approximately 16% of the rise in nominal GDP over the last year when coupled with the double-digit oil price increase over the same period.

Outlook

We expect that the U.S. economy will show reasonable growth, in the order of 2.5%, in 2014 which should typically have a positive effect on equity returns. What must be judged is whether this is already factored into current equity values and prices. Equities have certainly been buoyant for some while making a short-term correction quite likely. Nevertheless, our focus remains on investments which provide both income and growth, but assuming an environment where we expect interest rates to eventually rise, we are seeking greater growth opportunities from our investments than we had previously while interest rates were benign.

RESULTS OF OPERATIONS

The Fund commenced operations on March 21, 2013 so no comparative information is presented.

Distributions

During the period from inception on March 21, 2013 to December 31, 2013, distributions totaled \$0.47 per Class A unit and US\$0.47 per Class U unit. The 2013 distribution reflects a monthly rate per unit of \$0.05 per Class A unit and US\$0.05 per Class U unit, in accordance with the targeted distribution rate of 6% per annum on the subscription price of \$10 per unit as disclosed in the Fund's Prospectus.

Allocation of income, expenses, gains and losses between classes of the Fund

The income, expenses, gains and losses of the Fund are generally allocated between Class A and Class U on the basis of the Classes' relative Net Asset Values. However there are certain transactions which are class specific and are allocated to a particular class. These include: certain expenses of Class A relating to its listing on the TSX and its distribution reinvestment plan (DRIP); the unrealized and realized gains and losses on the foreign currency forward contracts which relate to the hedging of the US dollar value of the portion of the net assets attributable to the Class A units, and which are allocated to Class A; and the realized gain or loss on the termination of each of the Forward Agreements, which were allocated to the Class to which that Forward Agreement related.

Increase in Net Assets from Operations

Total revenue from the Fund's portfolio was \$1.2 million net of withholding taxes (\$0.29 per Class A unit and \$0.31 per Class U unit) for the period ended December 31, 2013, comprised primarily of dividend income. Expenses were \$0.8 million (\$0.18 per Class A unit and \$0.20 per Class U unit) for the period, the major components being management fees of \$476,798 and other administrative expenses of \$86,783.

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The Fund had total net realized losses of \$1.6 million (\$0.41 per Class A unit and \$0.18 per Class U unit) which includes net realized gains on settlement of the forward agreements of \$0.2 million, net realized losses on foreign currency forward contracts of \$0.7 million and net realized losses on sale of investments of \$1.2 million.

In addition, the Fund had total net unrealized gains of \$4.5 million (\$1.07 per Class A unit and \$1.29 per Class U unit) which includes unrealized appreciation on portfolio investments of \$5.0 million and unrealized appreciation on foreign currency of \$0.1 million, offset by unrealized depreciation on foreign currency forward contracts of \$0.6 million.

Net Asset Value

The Net Asset Value per unit of Class A units of the Fund was \$9.61 at December 31, 2013, up by 3.0% from \$9.33 (issue price per Class A unit less issue costs per Class A unit) at inception. The Net Asset Value per unit of Class U units of the Fund was US\$9.79 at December 31, 2013, up by 4.9% from US\$9.33 (issue price per Class U unit less issue costs per Class U unit) at inception.

The aggregate Net Asset Value of the Fund increased from \$38.1 million at March 21, 2013 to \$39.9 million as of December 31, 2013, primarily due to unrealized gains on the portfolio of \$5.0 million, offset by distributions to unitholders of \$2.0 million and realized losses on sale of investments of \$1.2 million. There was a redemption of 1,000 Class U units under the monthly redemption option during the period.

Liquidity

To provide liquidity for unitholders, Class A units of the Fund are listed on the TSX under the symbol BUA.UN. Class U units are not listed on the TSX but are convertible to Class A units on a monthly basis. The Fund received approval from the TSX on June 25, 2013 for a normal course issuer bid program from June 27, 2013 to June 26, 2014, allowing the Fund to purchase for cancellation up to 361,271 Class A units on the TSX if they trade below the Class A Net Asset Value per unit. 57,900 Class A units were purchased and cancelled by the Fund under this normal course issuer bid in the period ended December 31, 2013 at a cost of \$517,699, including commissions, or \$8.94 per unit.

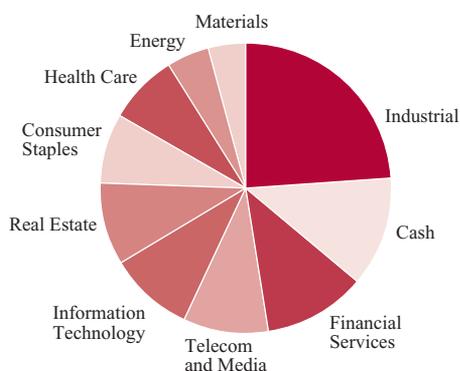
Investment Portfolio

The Fund has established a portfolio invested in U.S. equities and income trusts, each of which was selected to achieve the investment objectives of the Fund. During the period to December 31, 2013, a portion of the portfolio was held in cash, until suitable investment opportunities present themselves. By the end of the period, 88% of the portfolio was invested in equity securities.

The Fund has invested primarily in the industrial and financial services sectors. The Fund's largest individual holdings by market value as at December 31, 2013 are in cash, TAL International Group, Inc. and Pitney Bowes Inc. (industrial), New York Community Bancorp, Inc. (financial services) and PDL Biopharma, Inc. (health care). The breakdown of the portfolio by market value is shown in the pie chart as well as in the Summary of Investment Portfolio below.

The Fund had net unrealized gains of \$5.0 million in its portfolio as at December 31, 2013, with the industrial sector holdings contributing gains of \$2.9 million, the financial services sector contributing gains of \$0.9 million and the information technology sector contributing gains of \$0.8 million.

Portfolio Sectors



Sector	Value (thousands)	% of Total
Industrial	\$ 9,798	24.0%
Cash	5,013	12.3%
Financial Services	4,584	11.2%
Telecom and Media	3,903	9.6%
Information Technology	3,823	9.4%
Real Estate	3,787	9.3%
Consumer Staples	3,164	7.8%
Health Care	3,090	7.6%
Energy	2,001	4.9%
Materials	1,573	3.9%
Total	\$ 40,737	100.0%

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RELATED PARTY TRANSACTIONS

Related party transactions consist of administrative and investment management services provided by the Manager pursuant to the Fund's Declaration of Trust, Fund expenses paid by the Manager and recharged to the Fund, and the purchase by the Fund of BUIG Trust's portfolio of investments.

Administration and Investment Management Fees

Pursuant to the Fund's Declaration of Trust, the Manager provides investment management and administrative services to the Fund, for which it is paid an annual management fee aggregating to 1.55% per annum of the Net Asset Value of the Fund. The management fee is comprised of 1.15% per annum of the Net Asset Value of the Fund, calculated weekly and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the service fee of 0.4% per annum of the Net Asset Value of the Fund, calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes.

Prior to the reorganization of the Fund, the Manager was entitled to an annual management fee aggregating to 0.80% per annum of the Net Asset Value of the Fund, comprised of 0.40% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the service fee of 0.40% per annum of the Net Asset Value of the Fund, calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes. The Manager was also entitled to an annual management fee of 0.75% per annum of the Net Asset Value of BUIG Trust, calculated and payable monthly in arrears, plus applicable taxes.

The management fee is used by the Manager to cover the cost to administer the Fund, including the management of the portfolio and the payment of service fees. The Manager pays the service fee to the registered investment dealers based on the proportionate number of units held by clients of each dealer at the end of each calendar quarter. For the period ended December 31, 2013, management fees charged directly to the Fund amounted to \$476,798 including service fees of \$130,473, and management fees charged to BUIG Trust prior to the reorganization of the Fund amounted to \$29,653.

Other Expenses Recharged to the Fund

On an ongoing basis the Manager pays on behalf of the Fund, and subsequently recharges to the Fund, certain expenses of the Fund. For the period ended December 31, 2013 the Fund expensed investor relations costs of \$15,205, Independent Review Committee fees of \$26,377 and insurance premiums of \$453 which were paid and recharged by the Manager. The Manager also recharged \$56,516 of costs relating to the initial public offering of the Fund, which the Manager paid on the Fund's behalf prior to the completion of the offering.

Prior to the reorganization of the Fund, the Manager did not pay any expenses on behalf of BUIG Trust.

Purchase by the Fund of BUIG Trust's investments

As part of the reorganization of the Fund described in Note 1, the Fund purchased each of the securities in the Portfolio from BUIG Trust at its fair value, being its market value at the time of acquisition by the Fund.

INDEPENDENT REVIEW COMMITTEE

Prior to the Fund's launch, the Independent Review Committee ("IRC") for the Fund was established pursuant to National Instrument 81-107 ("NI 81-107") and became operational. The IRC provides independent oversight regarding actual and perceived conflicts of interest involving the Fund and performs all other functions required of an independent review committee under NI 81-107. Costs and expenses, including the remuneration of IRC members, the costs of legal and other advisors to, and legal and other services for, IRC members, and insurance costs are chargeable to the Fund. As at December 31, 2013 the IRC consisted of three members, all of whom are independent of the Manager.

The Manager has received two standing instructions from the IRC with respect to related party transactions:

Allocation of Fund Expenses and Charging Expenses of Related Entities to the Funds

The standing instruction requires that the Manager follow its policy regarding the charging of expenses of related parties to the Fund, which will, in the IRC's opinion, result in a fair and reasonable result for the Fund. The Manager reports any instances of reliance on the standing instruction to the IRC and the IRC reviews the transactions to confirm compliance with the standing instruction. The Manager relies on the standing instruction on an ongoing basis in charging to the Fund expenses which are payable by the Fund as per the Fund's Declaration of Trust and Annual Information Form, but which have been paid by the Manager. These expense charges are measured on an accrual basis at the monetary value of the expenses incurred.

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The Decision to Re-open a Fund

The standing instruction requires that the Manager follow its policy and procedures concerning fund re-openings, which will, in the IRC's opinion, result in a fair and reasonable result for the Fund. The Manager will report any instances of reliance on the standing instruction to the IRC, but has not yet relied on this standing instruction.

2013 TAX INFORMATION

The following information is applicable to holders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold shares as capital property outside of an RRSP, DPSP, RRIIF, RESP, RDSP or TFSA. Unitholders should receive a T3 slip from their investment dealer providing this information. T3 supplementary slips for holdings of the Fund will indicate Foreign Non-Business Income in Box 25, Foreign Non-Business Income Tax Paid in Box 34, and Capital Gains in Box 21. The return of capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is reported on the T3 supplementary slips in Box 42.

The following table outlines the breakdown in the Fund's distributions declared in 2013 on a per unit basis.

Class A

Record Date	Payment Date	Foreign Non-Business Income	Foreign Non-Business Income Tax Paid	Return of Capital	Total Distribution
April 30, 2013	May 15, 2013	\$ 0.00866	\$ (0.00581)	\$ 0.06489	\$ 0.06774
May 31, 2013	Jun. 17, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Jun. 28, 2013	Jul. 15, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Jul. 31, 2013	Aug. 15, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Aug. 30, 2013	Sep. 16, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Sep. 30, 2013	Oct. 15, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Oct. 31, 2013	Nov. 15, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Nov. 29, 2013	Dec. 16, 2013	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Dec. 31, 2013	Jan. 15, 2014	\$ 0.00640	\$ (0.00429)	\$ 0.04789	\$ 0.05000
Total		\$ 0.05982	\$ (0.04011)	\$ 0.44803	\$ 0.46774

Class U

Record Date	Payment Date	Foreign Non-Business Income	Foreign Non-Business Income Tax Paid	Return of Capital	Total Distribution
April 30, 2013	May 15, 2013	US\$ 0.02124	US\$ (0.00588)	US\$ 0.05238	US\$ 0.06774
May 31, 2013	Jun. 17, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Jun. 28, 2013	Jul. 15, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Jul. 31, 2013	Aug. 15, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Aug. 30, 2013	Sep. 16, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Sep. 30, 2013	Oct. 15, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Oct. 31, 2013	Nov. 15, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Nov. 29, 2013	Dec. 16, 2013	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Dec. 31, 2013	Jan. 15, 2014	US\$ 0.01568	US\$ (0.00434)	US\$ 0.03866	US\$ 0.05000
Total		US\$ 0.14666	US\$ (0.04058)	US\$ 0.36166	US\$ 0.46774

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

PAST PERFORMANCE

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

Annual Compound Returns

The following table shows the Fund's annual compound return for the period since inception, compared with the S&P 500 Total Return Index ("Index"). The Index tracks the performance, on a market weight basis and a total return basis, of a

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broad index of large-capitalization issuers listed on the S&P 500, including common stocks and REITs. Since the Fund is actively managed, the sector weightings differ from those of the Index. In addition, the Fund's portfolio contains predominantly high dividend paying securities, whereas the Index does not necessarily focus on this type of investment. As well, the Fund may invest in issuers that are not included in the Index. For these reasons it is not expected that the Fund's performance will mirror that of the Index. Further, the Index is calculated without the deduction of fees and fund expenses, whereas the performance of the Fund is calculated after deducting all applicable fees and expenses.

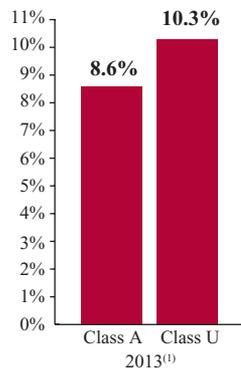
	Since inception⁽¹⁾
Bloom U.S. Income & Growth Fund Class A	8.6%
S&P 500 Total Return Index in Canadian dollars	25.0%
Bloom U.S. Income & Growth Fund Class U	10.3%
S&P 500 Total Return Index in US dollars	20.5%

⁽¹⁾ Period from March 21, 2013 (commencement of operations) to December 31, 2013

During the period ended December 31, 2013 the Fund has underperformed relative to the Index, after taking into account the expenses of the Fund. This reflects the differences in average sector weightings between the Fund's portfolio and the Index over the year, particularly in the cash and short term, the telecom and media and the industrials sectors, where the Fund was overweight compared to the Index and the information technology and consumer staples sectors, where the Fund was underweight compared to the Index. Most significantly, the Fund's investment in its equity portfolio did not reach 85% of its total assets until well into the fourth quarter of the year. It also reflects differences in individual portfolio selections between the Fund's portfolio and the Index within each of the sectors, which result in different average sector returns.

Year-by-Year Returns

The bar chart shows the Fund's performance for the period. It shows, in percentage terms, how a Canadian dollar investment in Class A and a US dollar investment in Class U held on the first day of the period would have changed by the last day of the period.



⁽¹⁾ Period from March 21, 2013 (commencement of operations) to December 31, 2013

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FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period. *The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit, because the increase in Net Assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.*

Net Assets Per Unit⁽¹⁾

	For the period from March 21, 2013 to December 31, 2013		
	Class A	Class U	
Net Assets per unit, beginning of period⁽¹⁾⁽²⁾	\$ 10.00	\$ 10.23	US\$10.00
Unit issue expense⁽³⁾	(0.67)	(0.69)	(0.67)
Increase from operations:⁽²⁾			
Total revenue	0.29	0.31	0.30
Total expenses	(0.18)	(0.20)	(0.19)
Net realized losses	(0.42)	(0.19)	(0.18)
Net unrealized gains	1.03	1.26	1.21
Total increase in Net Assets from operations¹⁾	\$ 0.72	\$ 1.18	US\$ 1.14
Distributions to unitholders⁽²⁾⁽⁴⁾			
From net investment income	(0.02)	(0.11)	(0.10)
From return of capital	(0.45)	(0.38)	(0.37)
Total distributions to unitholders	\$ (0.47)	\$ (0.49)	US\$ (0.47)
Net Assets per unit, end of period⁽¹⁾⁽²⁾	\$ 9.57	\$ 10.32	US\$ 9.71

⁽¹⁾ This information is derived from the Fund's audited annual financial statements. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for weekly Net Asset Value purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for weekly Net Asset Value purposes.

⁽²⁾ Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time. The increase in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

⁽³⁾ Unit issue expense of \$2,496,135 for Class A and \$324,698 (US\$317,428) for Class U were incurred in connection with the issuance of Fund units. Unit issue expense per unit is based on the number of units issued at the time the expenses were incurred.

⁽⁴⁾ \$105,688 of distributions was reinvested in units under the Fund's Class A Distribution Reinvestment Plan. The remainder of the distributions was paid in cash.

BLOOM U.S. INCOME & GROWTH FUND
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Ratios and Supplemental Data

For the fiscal period ended December 31	2013⁽¹⁾	
	Class A	Class U
Net Asset Value (000s) ⁽²⁾	\$ 35,698	\$4,203 (US\$3,956)
Number of units outstanding ⁽²⁾	3,713,316	404,106
Management expense ratio (“MER”) ⁽³⁾	11.96%	12.24%
Trading expense ratio ⁽⁴⁾	0.17%	0.17%
Portfolio turnover rate ⁽⁵⁾	28.90%	28.90%
Net Asset Value per Unit ⁽²⁾	\$ 9.61	\$ 10.40 (US\$9.79)
Closing market price ⁽²⁾	\$ 9.45	N/A

⁽¹⁾ Period from inception on March 21, 2013 to December 31, 2013

⁽²⁾ As at December 31 of the year shown

⁽³⁾ MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Class for the period, including one-time unit issue expense for that Class relating to the Fund’s initial public offering. Unit issue expense is added to annualized ongoing expenses and expressed as a percentage of the average Net Asset Value of the Class during the period. The MER excluding unit issue expense, which is more representative of the ongoing efficiency of the Fund, is 2.56% for Class A and 2.64% for Class U.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average Net Asset Value of the Fund during the period.

⁽⁵⁾ The Fund’s portfolio turnover rate indicates how actively the Manager manages the Fund’s portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

BLOOM U.S. INCOME & GROWTH FUND
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SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2013

Total Net Asset Value (including Cash, Short Term Investments and Other Net Assets) – Class A	\$35,698,332
Total Net Asset Value (including Cash, Short Term Investments and Other Net Assets) – Class U	US\$3,955,645

Portfolio Composition	% of Equity Portfolio	% of Total Net Asset Value
Industrial	27.4%	24.6%
Financial	12.8%	11.5%
Telecom and Media	10.9%	9.8%
Information Technology	10.7%	9.6%
Real Estate	10.6%	9.5%
Consumer Staples	8.9%	7.9%
Health Care	8.7%	7.7%
Energy	5.6%	5.0%
Materials	4.4%	3.9%
Total Investment Portfolio	100.0%	89.5%
Cash		12.6%
Other Non-Debt Net Assets (Liabilities)		(2.1%)
Total Net Asset Value		100.0%

Top 25 Holdings	% of Equity Portfolio	% of Total Net Asset Value
Cash	N/A	12.5%
TAL International Group, Inc.	7.7%	6.8%
New York Community Bancorp, Inc.	6.7%	6.0%
PDL Biopharma, Inc.	6.5%	5.8%
Pitney Bowes Inc.	6.3%	5.6%
First Financial Bancorp	6.1%	5.5%
Intel Corporation	5.8%	5.2%
CenturyLink, Inc.	5.7%	5.1%
Ship Finance International Limited	5.6%	5.0%
R. R. Donnelley & Sons Company	5.1%	4.6%
Kraft Foods Group, Inc.	5.0%	4.4%
Intersil Corporation	4.9%	4.4%
Weyerhaeuser Company	4.2%	3.8%
Seaspan Corporation	4.1%	3.7%
Senior Housing Properties Trust	3.2%	2.8%
Tronox Limited	2.7%	2.4%
National CineMedia, Inc.	2.7%	2.4%
Verizon Communications Inc.	2.6%	2.3%
Windstream Corporation	2.6%	2.3%
General Electric Company	2.5%	2.2%
Eli Lilly and Company	2.1%	1.9%
Ryman Hospitality Properties, Inc.	1.7%	1.6%
Aircastle Limited	1.7%	1.5%
CatchMark Timber Trust, Inc.	1.7%	1.5%
EPR Properties	1.5%	1.3%

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Monthly updates are available on the Fund's website at www.bloomfunds.ca.

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of Bloom U.S Income & Growth Fund (the “Fund”) have been prepared by Bloom Investment Counsel, Inc.(the “Manager” of the Fund) and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in note 2 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills 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 the external firm of PricewaterhouseCoopers LLP as the auditor of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. They have full and unrestricted access to the Board of Directors to discuss their findings.

Signed



M. Paul Bloom
President and Chief Executive Officer
Bloom Investment Counsel, Inc.

Signed



Fiona E. Mitra
Chief Financial Officer
Bloom Investment Counsel, Inc.

March 6, 2014

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Bloom U.S. Income & Growth Fund (the "Fund"):

We have audited the accompanying financial statements of the Fund, which comprise the statements of investments and net assets as at December 31, 2013, the statements of operations and retained earnings and changes in net assets for the period from March 21, 2013 (commencement of operations) to December 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2013 and the results of its operations and the changes in its net assets for the period from March 21, 2013 (commencement of operations) to December 31, 2013, in accordance with Canadian generally accepted accounting principles.

Signed



PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario

March 6, 2014

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

STATEMENT OF NET ASSETS

As at December 31	2013
Assets	
Investments at fair value (cost: \$30,662,828)	\$ 35,535,615
Cash	5,013,330
Investment income receivable	70,180
Prepaid expenses and other assets	51,684
Total Assets	40,670,809
Liabilities	
Distributions payable to unitholders	207,134
Accrued liabilities (note 9)	187,718
Unrealized loss on foreign currency forward contracts (note 12)	562,784
Total Liabilities	957,636
Unitholders' equity (note 5)	
Unitholders' capital	36,646,193
Contributed surplus	6,671
Retained earnings	3,060,309
Net Assets representing unitholders' equity	\$ 39,713,173
Net Assets per class representing unitholders' equity	
Class A	\$ 35,540,893
Class U	\$ 4,172,280
	39,713,173
Net Assets per Unit (note 3)	
Class A	\$ 9.57
Class U (US\$9.71)	\$ 10.32

Approved on behalf of Bloom U.S. Income & Growth Fund by the Board of Directors of Bloom Investment Counsel, Inc., the Manager

Signed



M. Paul Bloom
Director

Signed



Beverly Lyons
Director

The accompanying notes are an integral part of these financial statements

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the period from March 21 (commencement of operations) to December 31	2013
Investment income	
Dividend income	\$ 1,352,635
Withholding taxes	(178,378)
Securities lending income (note 11)	43,874
	1,218,131
Expenses (Note 8)	
Management fees (note 9)	476,798
Legal fees	67,893
Unitholder reporting costs	42,902
Audit fees	32,984
Independent review committee fees	26,377
Forward agreement fees	19,995
Custody fees	15,340
Other administrative expenses	86,783
	769,072
Net investment income	449,059
Transaction costs (note 10)	(51,379)
Net realized loss on sale of investments	(1,235,976)
Net realized gain on settlement of forward purchase and sale contracts	174,152
Net realized loss on foreign currency forward contracts	(693,835)
Net realized gain on foreign currency	159,597
Unrealized appreciation of investments	4,872,787
Unrealized depreciation on foreign currency forward contracts	(562,784)
Unrealized appreciation on foreign currency	70,816
Increase in net assets from operations	3,182,437
Class A	2,656,445
Class U	525,992
Total increase in net assets from operations	3,182,437
Retained earnings, beginning of period	–
Distributions to unitholders from income	(122,128)
Retained earnings, end of period	\$ 3,060,309
Increase in net assets from operations per unit	
Class A	\$ 0.72
Class U (US\$1.14)	\$ 1.18

The accompanying notes are an integral part of these financial statements

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

STATEMENT OF CHANGES IN NET ASSETS

For the period from March 21 (commencement of operations)
to December 31

	2013		
	Class A	Class U	Total
Net assets, beginning of period	\$ -	\$ -	\$ -
Increase in net assets from operations (note 2e)	2,656,445	525,992	3,182,437
Distributions to unitholders (note 7)			
From income	(73,147)	(48,981)	(122,128)
From return of capital	(1,662,363)	(166,984)	(1,829,347)
	(1,735,510)	(215,965)	(1,951,475)
Capital unit transactions (note 5)			
Proceeds from units issued, net of issuance costs	34,485,295	4,522,044	39,007,339
Redemptions of Units	-	(9,580)	(9,580)
Surplus of par value over redemption proceeds of units redeemed	-	414	414
Repurchase and cancellation of units	(522,219)	-	(522,219)
Surplus of par value over repurchase cost of units cancelled	8,851	-	8,851
Surplus of repurchase cost over par value of units cancelled	(2,594)	-	(2,594)
Class U units converted to Class A units	650,625	(650,625)	-
Increase in net assets for the period	34,619,958	3,862,253	38,482,211
Net assets, end of period	\$ 35,540,893	\$ 4,172,280	\$ 39,713,173

The accompanying notes are an integral part of these financial statements

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

STATEMENT OF INVESTMENTS

As at December 31, 2013		Cost	Fair Value	% of net assets
No. of Units/ Shares				
	Equities			
	Consumer Staples and Discretionary			
31,000	Kraft Foods Group, Inc.	\$ 1,764,296	\$ 1,774,672	
45,000	National CineMedia Inc.	812,970	953,381	
21,000	Regal Entertainment Group	405,591	431,747	
		2,982,857	3,159,800	7.96%
	Energy			
115,000	Ship Finance International Limited	1,912,586	1,955,000	
		1,912,586	1,955,000	4.92%
	Financial Services			
118,000	First Financial Bancorp	1,843,085	2,184,033	
134,000	New York Community Bancorp, Inc.	1,825,713	2,396,171	
		3,668,798	4,580,204	11.53%
	Health Care			
14,000	Eli Lilly and Company	741,181	758,476	
260,000	PDL Biopharma, Inc.	2,149,196	2,326,025	
		2,890,377	3,084,501	7.77%
	Industrial			
30,000	Aircastle Limited	416,217	597,975	
30,000	General Electric Company	755,326	893,138	
91,153	Pitney Bowes Inc.	1,450,546	2,255,638	
85,000	R.R. Donnelley & Sons Company	1,113,282	1,831,538	
60,000	Seaspan Corporation	1,313,764	1,415,250	
45,000	TAL International Group, Inc.	1,804,862	2,723,400	
		6,853,997	9,716,939	24.47%
	Information Technology			
75,000	Intel Corporation	1,812,232	2,067,891	
144,000	Intersil Corporation Class 'A'	1,162,713	1,754,910	
		2,974,945	3,822,801	9.63%
	Materials			
40,000	CatchMark Timber Trust, Inc., Class 'A'	576,109	590,750	
40,000	Tronox Limited Class 'A'	866,168	979,625	
		1,442,277	1,570,375	3.95%
	Real Estate			
10,000	Entertainment Properties Trust	535,897	509,788	
14,000	Ryman Hospitality Properties, Inc.	552,910	602,586	
48,000	Senior Housing Properties Trust	1,438,069	1,133,220	
45,000	Weyerhaeuser Company	1,298,243	1,499,878	
		3,825,119	3,745,472	9.43%
	Telecom and Media			
60,000	CenturyLink, Inc.	2,294,615	2,029,800	
18,000	Verizon Communications Inc.	882,595	939,229	
110,000	Windstream Corporation	963,902	931,494	
		4,141,112	3,900,523	9.82%
	Total Global Equities	\$ 30,692,068	\$ 35,535,615	89.48%
	Embedded Broker Commissions	(29,240)		
	Total Portfolio	\$ 30,662,828	\$ 35,535,615	
	Other Assets, Net of Liabilities		4,177,558	10.52%
	Net Assets		\$ 39,713,173	100.00%

The accompanying notes are an integral part of these financial statements

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. ESTABLISHMENT OF THE FUND

Bloom U.S. Income & Growth Fund (the “Fund”) is a closed-end investment trust established under the laws of the province of Ontario pursuant to a Declaration of Trust, as amended and restated on April 25, 2013. The manager and trustee of the Fund is Bloom Investment Counsel, Inc. (the “Manager”). CIBC Mellon Trust Company is the custodian of the Fund and CIBC Mellon Global Securities Services Company is the administrator of the Fund.

The Class A units of the Fund are listed on the Toronto Stock Exchange under the symbol BUA.UN. Class U units are designed for investors wishing to make their investments in US dollars and are not listed on the Toronto Stock Exchange, but may be converted to Class A units on a monthly basis. The Fund commenced operations on March 21, 2013 and reorganized its structure effective April 26, 2013.

Reorganization of the Fund

The Fund commenced operations on March 21, 2013 under the name Bloom U.S. Advantaged Income & Growth Fund. The Fund was set up to achieve certain tax advantages for unitholders, and was part of a structure comprising the Fund, a counterparty and BUIG Trust, a trust also managed by the Manager. Immediately upon its commencement, the Fund entered into forward purchase and sale agreements (“Forward Agreements”) with the counterparty in order to gain exposure to a portfolio of U.S. stocks (the “Portfolio”) held by BUIG Trust. However, the Federal budget dated March 21, 2013 introduced certain measures which precluded the unitholders of the Fund from obtaining the envisaged tax advantages going forward. In response to this, the Fund completed a reorganization on April 26, 2013, which included the termination of the Forward Agreements, the termination of BUIG Trust and the acquisition of the portfolio by the Fund, resulting in operational cost savings, including the avoidance of counterparty fees. The Fund also changed its name to Bloom U.S. Income & Growth Fund.

Prior to the reorganization, BUIG Trust generated its own income and realized and unrealized gains and losses, and bore its own expenses, including management fees. These were incorporated into the net assets of the Fund via changes in the value of the Forward Agreements. Upon termination of the Forward Agreements the Fund realized a net gain, which is included in the Statement of Operations and Retained Earnings. Therefore the income, expenses, gains and losses of BUIG Trust are not incorporated directly into the income, expenses, gains and losses of the Fund, but their effects are represented by the realized gain on the termination of the Forward Agreements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), and include estimates and assumptions made by management that may affect the reported amounts of assets, liabilities, income and expenses during the reporting periods. Actual results could vary from these estimates.

National Instrument 81-106 – “Investment Fund Continuous Disclosure” (“NI 81-106”) requires all investment funds to calculate the net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be determined using the last bid price for securities held in a long position and the last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net assets calculated based on Canadian GAAP (“Net Assets”) and net asset value calculated based on NI 81-106 (“Net Asset Value”, or “NAV”). A comparison between GAAP Net Assets per unit and Net Asset Value per unit is provided in Note 3.

a) Valuation of investments

For financial reporting purposes, investments and derivatives are deemed held for trading and are valued at estimated fair value. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their bid prices. Investments held with no available bid or ask prices are valued at their closing sale prices.

Investments held that are not traded in an active market are valued based on the results of valuation techniques using observable market inputs where possible, on such basis and in such manner established by the Manager.

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (continued)

b) Cash and short-term investments

Cash and short-term investments consist of cash and short-term debt instruments with original maturities of less than three months. Short-term investments are valued at amortized cost. Due to their short term nature, amortized cost approximates fair value for short-term investments.

c) Foreign currency forward contracts

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The market value of such contract will fluctuate with changes in currency exchange rates. The contract is marked-to-market and the change in market value is recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed.

d) Investment transactions and income recognition

Investment transactions are recorded on the trade date. Dividend income and distributions from underlying funds are recognized on the ex-dividend or ex-distribution date and interest income is recognized on an accrual basis. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis.

e) Allocation of income, expenses, gains and losses between classes

The income, expenses, gains and losses of the Fund are generally allocated between Class A and Class U on the basis of the Classes' relative Net Asset Values. However there are certain transactions which are class specific and are allocated to a particular class. These include: certain expenses of Class A relating to its listing on the TSX and its distribution reinvestment plan (DRIP); the unrealized and realized gains and losses on the foreign currency forward contracts which relate to the hedging of the US dollar value of the portion of the net assets attributable to the Class A units, and which are allocated to Class A; and the realized gain or loss on the termination of each of the Forward Agreements, which were allocated to the Class to which that Forward Agreement related.

f) Foreign exchange

The functional currency of the Fund is the Canadian dollar. Any currency other than the Canadian dollar represents foreign currency to the Fund. Purchases and sales of investments in foreign currencies are translated into the Fund's reporting currency using the exchange rate prevailing on the trade date. Income on foreign investments is recorded net of withholding tax and is translated at the prevailing exchange rate on the transaction date. The quoted fair value of investments and other assets and liabilities denominated in foreign currencies is translated at the period-end exchange rate.

g) Increase (decrease) in net assets from operations

Increase (decrease) in net assets from operations per unit for each class of units in the statement of operations represents the increase (decrease) in net assets from operations of each class for the period divided by the weighted average number of units of the class outstanding during the period.

h) Distributions

Income and net realized capital gains (reduced by loss carryforwards, if any) earned by the Fund are distributed to participants through a regular monthly distribution. Any excess income and net realized capital gains not so distributed during the year are distributed in December of each year to participants. Any excess of regular monthly distributions over actual income and net realized capital gains is characterized as a return of capital.

i) Transaction costs

Transaction costs are expensed and are included in 'Transaction costs' in the statement of operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

j) Financial instruments

Investments are designated as held for trading and are recorded at estimated fair value. Investment income receivable and amounts due from investment dealers are designated as loans and receivables and recorded at amortized cost. Similarly, distributions payable, accrued liabilities and amounts due to investment dealers are designated as financial liabilities and

BLOOM U.S. INCOME & GROWTH FUND
(FORMERLY BLOOM U.S. ADVANTAGED INCOME & GROWTH FUND) – 2013 ANNUAL REPORT

NOTES TO FINANCIAL STATEMENTS

December 31, 2013 (continued)

are recorded at amortized cost. Given their short-term nature, amortized cost approximates fair value for these assets and liabilities.

k) Issuance costs

Issuance costs incurred in connection with the offering of units, which include agent's fees and other expenses of the offering, are charged to equity.

3. COMPARISON OF NET ASSETS PER UNIT AND NET ASSET VALUE PER UNIT

In accordance with NI 81-106, a comparison of the Net Assets per unit and the Net Asset Value ("NAV") per unit as at December 31, 2013 is as follows:

	<u>Class A</u>	<u>Class U</u>
Net Assets per unit	\$ 9.57	\$ 10.32 (US\$9.71)
Net Asset Value per unit	\$ 9.61	\$ 10.40 (US\$9.79)

4. INCOME TAXES

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada) and accordingly is subject to income tax on its income, including net realized capital gains, which is not paid or payable to the Fund's unitholders. The Fund's taxation year end is December 31. No provision for income taxes has been recorded in the accompanying financial statements as all net income and net realized capital gains of the Fund for the year are distributed to the unitholders to the extent necessary to reduce income taxes payable to nil.

Non-capital loss carryforwards may be applied against future years' taxable income, and may be carried forward for 20 years from the year in which they are realized. As at December 31, 2013, the Fund had no non-capital losses carried forward. Capital losses incurred by the Fund may be carried forward indefinitely to apply against capital gains realized in future years. As at December 31, 2013, the Fund had \$1,793,331 in capital losses available for carryforward.

5. UNITHOLDERS' EQUITY

The Fund is authorized to issue an unlimited number of classes or series of Units. Initially, two classes of Units, designated as Class A Units and Class U Units, were created and authorized for issuance. The Class A units are designed for investors wishing to make their investments in Canadian dollars, and the Class U Units are designed for investors wishing to make their investment in U.S. dollars. Each Unit of a class entitles the holder to one vote at all meetings of the Unitholders and at all meetings of holders of that class, and to participate equally with respect to any and all distributions to the class made by the Fund.

A holder of Class U Units may convert such Class U Units into Class A Units on a monthly basis by delivering a notice and surrendering such Class U Units by 3:00 p.m. (Toronto time) at least ten business days prior to the first business day of each month (the Conversion Date). For each Class U Unit so converted, a holder will receive that number of Class A Units equal to the Net Asset Value per unit of a Class U Unit converted to Canadian dollars using the Bank of Canada closing rate (the Reference Exchange Rate) as at the close of trading on the business day immediately preceding the Conversion Date divided by the Net Asset Value per unit of a Class A Unit as at the close of trading on the business day immediately preceding the Conversion Date. No fraction of a Class A Unit will be issued upon any conversion of Class U Units and any fractional amounts will be rounded down to the nearest whole number of Class A Units.

Commencing in 2014, Class A units and Class U units may be surrendered for redemption annually at the option of the unitholder during the period from September 15 until 5.00 p.m. (Toronto time) on the last business day in September, subject to the Fund's right to suspend redemptions in certain circumstances. Units properly surrendered for redemption will be redeemed on the second last business day of October (the Annual Redemption Date) and the redeeming unitholder will receive a redemption price per unit equal to 100% of the Net Asset Value per unit of the relevant class as determined on the Annual Redemption Date, less any costs and expenses incurred by the Fund in order to fund such redemption, including brokerage costs and less any net realized capital gains or income of the Fund that is distributed to unitholders concurrently with the redemption proceeds.

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In addition, Class A units and Class U units may also be redeemed on the second last business day of each month other than a month in which an Annual Redemption date occurs (Monthly Redemption Date). Unitholders surrendering Class A units for redemption will receive a redemption price per Class A unit equal to the lesser of: (a) 94% of the weighted average trading price on the TSX for the 10 trading days immediately preceding the Monthly Redemption Date (market price) of a Class A unit; and (b) 100% of the closing market price of a Class A unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs and less any net realized capital gains or income of the Fund that is distributed to unitholders concurrently with the redemption proceeds. Unitholders surrendering a Class U unit for redemption will receive in U.S. dollars an amount equal to the U.S. dollar equivalent of the product of: (a) Class A monthly redemption amount; and (b) a fraction, the numerator of which is the most recently calculated Net Asset Value per unit of a Class U unit and the denominator of which is the most recently calculated Net Asset Value per unit of a Class A unit. For such purpose, the Fund will utilize the Reference Exchange Rate current at, or as nearly as practicable to, the Monthly Redemption Date in respect of a monthly redemption of Class U units.

On March 21, 2013, the Fund issued 3,600,000 Class A units and 473,556 Class U units at a price of \$10.00 per Class A and U.S.\$10.00 per Class U unit for proceeds, net of issuance costs, of \$33,555,390 for Class A units and \$4,522,044 (U.S.\$4,418,312) for Class U units. On April 19, 2013, the Fund exercised its over-allotment option for the issuance of an additional 98,143 Class A units at \$10 per unit for proceeds, net of issuance costs, of \$929,905. Total issuance costs were \$2,496,135 for Class A units and \$324,698 (U.S.\$317,428) for Class U units.

The Fund received approval from the TSX on June 25, 2013 for a normal course issuer bid program from June 27, 2013 to June 26, 2014, allowing the Fund to purchase for cancellation up to 361,271 Class A units on the TSX if they trade below Net Asset Value per unit. During the period ended December 31, 2013, the Fund purchased 57,900 units for cancellation.

When units of the Fund are redeemed or purchased for cancellation at a price per unit which is lower than the average cost per unit, the difference is included in contributed surplus on the statement of net assets. If the redemption or purchase price is greater than the average cost per unit, the difference is first charged to contributed surplus until the entire account is eliminated, and the remaining amount is charged to retained earnings (deficit) in the statement of net assets.

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Unit transactions and movements in unitholders' equity of the Fund for the period ended December 31, 2013 were as follows:

	Number of Units	Unitholders' capital	Contributed surplus	Retained earnings	Total
Class A					
Beginning of period	–	\$ –	\$ –	\$ –	\$ –
Increase in net assets from operations		–	–	2,656,445	2,656,445
Initial public offering, net of issuance cost	3,698,143	34,485,295	–	–	34,485,295
Distributions to unitholders from return of capital	–	(1,662,363)	–	–	(1,662,363)
Distributions to unitholders from income	–	–	–	(73,147)	(73,147)
Repurchase and cancellation of units	(57,900)	(522,219)	6,257	–	(515,962)
Class U units Converted to Class A units	73,073	650,625	–	–	650,625
End of period	<u>3,713,316</u>	<u>\$ 32,951,338</u>	<u>\$ 6,257</u>	<u>\$ 2,583,298</u>	<u>\$ 35,540,893</u>
Class U					
Beginning of period	–	\$ –	\$ –	\$ –	\$ –
Increase in net assets from operations		–	–	525,992	525,992
Initial public offering, net of issuance cost	473,556	4,522,044	–	–	4,522,044
Distributions to unitholders from return of capital	–	(166,984)	–	–	(166,984)
Distributions to unitholders from income	–	–	–	(48,981)	(48,981)
Redemptions of units	(1,000)	(9,580)	414	–	(9,166)
Class U units Converted to Class A units	(68,450)	(650,625)	–	–	(650,625)
End of period	<u>\$ 404,106</u>	<u>\$ 3,694,855</u>	<u>\$ 414</u>	<u>\$ 477,011</u>	<u>\$ 4,172,280</u>
Total					
Beginning of period		\$ –	\$ –	\$ –	\$ –
Increase in net assets from operations		–	–	3,182,437	3,182,437
Initial public offering, net of issuance cost		39,007,339	–	–	39,007,339
Distributions to unitholders from return of capital		(1,829,347)	–	–	(1,829,347)
Distributions to unitholders from income		–	–	(122,128)	(122,128)
Redemptions of units		(9,580)	414	–	(9,166)
Repurchase and cancellation of units		(522,219)	6,257	–	(515,962)
Class U units Converted to Class A units		–	–	–	–
End of period		<u>\$ 36,646,193</u>	<u>\$ 6,671</u>	<u>\$ 3,060,309</u>	<u>\$ 39,713,173</u>

Units held by the Manager and its affiliates represent 2.8% of the Class A units outstanding at December 31, 2013.

6. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with monthly cash distributions and the opportunity to participate in gains in the value of the investment portfolio. The Fund's capital includes unitholders' equity of \$39,713,173. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing, or purchase units for cancellation.

7. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared on the Fund's behalf by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month, payable by the fifteenth business day of the following month. For the period ended December 31, 2013, the Fund declared total distributions of \$0.47 per Class A unit and US\$0.47 per Class U unit, which amounted to \$1,735,510 for Class A units and US\$207,841 for Class U units. Under the Fund's distribution reinvestment plan ("DRIP"), unitholders may elect to reinvest monthly distributions in additional units of the Fund which are purchased

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in the open market. For the period ended December 31, 2013 distributions of \$105,688 were reinvested in 11,628 Class A units of the Fund which were purchased on the open market.

8. EXPENSES

Management fees and other reasonable expenses incurred in the operations of the Fund are charged as expenses in the statement of operations of the Fund and include the costs of the Independent Review Committee and compliance with National Instrument 81-107, the costs of preparing and distributing financial statements and other reports to unitholders, accounting, valuation, custodial, transfer agent and registrar, audit, legal, regulatory and other professional fees, insurance premiums, and other expenses, including taxes.

9. RELATED PARTY TRANSACTIONS

In accordance with the Declaration of Trust, the Manager is entitled to an annual management fee aggregating to 1.55% per annum of the Net Asset Value of the Fund, comprised of 1.15% per annum of the Net Asset Value of the Class A and U units of the Fund, calculated and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the service fee of 0.40% per annum of the Net Asset Value of the Fund, calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes.

Prior to the reorganization of the Fund, the Manager was entitled to an annual management fee aggregating to 0.80% per annum of the Net Asset Value of the Fund, comprised of 0.40% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus an amount to be paid by the Manager to registered dealers equal to the service fee of 0.40% per annum of the Net Asset Value of the Fund, calculated quarterly and paid as soon as practicable after the end of each calendar quarter, plus applicable taxes. The Manager was also entitled to an annual management fee of 0.75% per annum of the Net Asset Value of BUIG Trust, calculated and payable monthly in arrears, plus applicable taxes.

For the period ended December 31, 2013 the Fund expensed management fees of \$476,798, including HST. As at December 31, 2013, the Fund had management fees payable of \$ 85,400 included in accrued liabilities. In addition, prior to the reorganization, BUIG Trust expensed and paid management fees of \$29,653.

On an ongoing basis, the manager pays on behalf of the Fund and subsequently recharges to the Fund, certain expenses of the Fund. For the period ended December 31, 2013, the Fund expensed investor relations costs of \$15,205, independent review committee fees of \$26,377 and insurance premiums of \$453, which were paid and recharged by the manager. The Manager also recharged \$56,516 of costs relating to the initial public offering of the Fund, which the Manager paid on the Fund's behalf prior to the completion of the offering, and which are included in issuance costs.

As part of the reorganization of the Fund described in Note 1, the Fund purchased each of the securities in the Portfolio from BUIG Trust at its fair value, being its market value at the time of acquisition by the Fund. The purchase of these securities was accounted for on a trade date basis.

10. BROKERAGE COMMISSIONS ON SECURITIES TRANSACTIONS

The Fund paid \$51,379 in brokerage commissions and other transaction costs for portfolio transactions. There are no soft dollar commissions.

11. SECURITIES LENDING

The Fund has entered into a securities lending program with CIBC Mellon Global Securities Services Company, which has a DBRS credit rating of AA / R-1 / Stable and a Moody's credit rating of Aa3 / P-1 / Stable, as lending agent. Securities lending transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities and collateral on a specified future date. Income is earned in the form of fees paid by the counterparty and is recognised on the accrual basis in the statement of operations.

The Fund receives collateral of at least 102% of the value of securities on loan. Collateral may comprise: cash; debt that is issued or guaranteed by the Government of Canada or a province thereof, by the Government of the United States of America or of one of the states of the United States of America or of a sovereign state of the G7 countries, or of Austria, Denmark, Finland, Netherlands, Sweden or Switzerland, or a permitted supranational agency of Organisation for Economic Coordination and Development countries; debt that is issued or guaranteed by a financial institution whose

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short-term debt is rated A-1 or R-1 or equivalent and includes bankers acceptances, banker bearer deposit notes, or irrevocable letters of credit; corporate debt or corporate commercial paper; or convertible securities.

The aggregate market value of securities loaned and collateral held under securities lending transactions as at December 31, 2013 are as follows:

As at December 31, 2013			
Securities Loaned	Collateral held		
\$ 8,397,410	\$ 8,857,166		

12. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund has entered into rolling 90 day foreign currency forward contracts, with a financial institution which has a DBRS credit rating of AA / R-1 / Stable, and a Moody's credit rating of Aa3 / P-1 / Stable, in the management of currency risk associated with its investment in foreign securities. The objective is to protect the Class A unit holders of the Fund from the possibility of capital losses on U.S. currency denominated investments due to increases in the value of the Canadian dollar. Substantially all of the U.S. dollar value of the portfolio attributable to the Class A Units is hedged back to the Canadian dollar through its U.S. denominated foreign currency forward contract. However, credit and market risks associated with foreign currency forward contracts potentially expose the Fund to losses.

As at December 31, 2013, the Fund held the following foreign currency forward contract:

SALE		PURCHASE					Unrealized gain	
Notional value	Currency	Notional value	Currency	Fair value CAD	Settlement date	(loss) CAD		
(33,200,000)	USD	34,760,400	CAD	35,323,184	January 28, 2014	(562,784)		
Net unrealized loss on foreign currency forward contracts.							(562,784)	

13. FINANCIAL INSTRUMENTS

a) Risk management

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at December 31, 2013, and groups the securities by asset type and market segment. Significant risks that are relevant to the Fund are discussed below.

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, and experienced portfolio managers, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio within the constraints of the investment objectives and restrictions. The Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment objectives and restrictions, internal guidelines and securities regulations.

The Fund's investment portfolio is comprised primarily of U.S. equities and income trusts.

b) Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of the Fund's assets represents the maximum credit risk exposure as at December 31, 2013.

All transactions in listed securities are settled upon delivery using approved brokers. The trade will fail if either party fails to meet its obligations. 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 a purchase once the securities have been received by the broker.

The Fund enters into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities at a future date. All

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counterparties are subject to a stringent examination of creditworthiness which includes a financial assessment of the company, a review of qualitative factors including management and corporate governance, comparison to similar companies and consideration of ratings assigned by external ratings agencies, and the value of collateral must be at least 102% of the fair value of the securities loaned. Therefore credit risk associated with these transactions is considered minimal.

The Fund also enters into foreign currency forward contracts whereby the Fund contracts to sell a specified amount of U.S. currency for a specified amount of Canadian currency at a specified future date. The counterparty is a high credit quality major Canadian bank, therefore credit risk associated with these contracts is considered minimal.

The Fund limits its exposure to credit loss by dealing with counterparties, including the lending agent, and foreign currency forward contract counterparty, of high credit quality. To maximize the credit quality of its investments, the Fund's Manager performs ongoing credit evaluations based upon factors surrounding the credit risk of counterparties, historical trends and other information. Given that the Fund is primarily invested in equities, credit risk is not considered significant.

e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All investments present a risk of loss of capital. The Manager aims to moderate this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Fund's investment objectives and strategy. The maximum other price risk resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in income trusts and equity securities. As at December 31, 2013, had the prices of these securities increased or decreased by 10%, with all other variables held constant, net assets would have increased or decreased by approximately \$3,553,562 or 8.95% of total net assets. In practice, the actual trading results may differ and the impact could be material.

d) Liquidity risk

Liquidity risk is the risk that the investments held by the Fund cannot be readily converted into cash when required. The Fund is exposed to liquidity risk through the monthly and annual redemption of its units, because there maybe insufficient trade volumes in the markets for the securities of the Fund or because the securities may be subject to legal or contractual restrictions on their resale. The Fund receives notice of at least 33 business days prior to the date of an annual redemption of units and at least 22 business days prior to a monthly redemption date, and has up to 16 business days after the annual or monthly redemption date to settle the redemptions, which provides the Manager time to liquidate securities to fund the redemptions, although there remains a risk that the required funds cannot be obtained. All liabilities of the Fund mature in twelve months or less. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. The Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the Fund is considered minimal.

e) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The Fund is exposed to interest rate risk on its short-term investments. Fluctuations in interest rates have a direct effect on the Fund's ability to earn interest income. As at December 31, 2013, the Fund had no significant exposure to interest rate as it did not hold significant interest bearing securities.

f) Currency risk

Currency risk arises on financial instruments denominated in foreign currencies. Fluctuations in foreign exchange rates impact the valuation of assets and liabilities denominated in foreign currencies. The Fund is invested primarily in publicly traded U.S. securities denominated in U.S. dollars and limits the currency risk associated with the Class A units through the use of rolling 90 day foreign currency forward contracts. Substantially all of the U.S. dollar value of net assets attributable to the Class A Units is covered by a foreign currency forward contract in which the Fund sells the US dollars for a specified amount of Canadian dollars at a future date. The Fund's Class U Units are redeemable in U.S. dollars, therefore not subject to substantial foreign currency exposure. The net assets attributable to the Class U units exclude

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unrealized gains or losses from foreign currency forward contract. As at December 31, 2013, the Fund's direct exposure to currency risk associated with the Class A units was as follows.

December 31, 2013

Currency	Class A currency risk exposed holdings*	Fair value of foreign currency forward contract	Net Class A exposure	As a percentage of Class A net assets
U.S. dollars	35,946,822	(35,323,184)	\$ 623,638	1.75%

* Amounts include monetary and non-monetary items.

As at December 31, 2013 had the U.S. dollar exchange rate increased or decreased by 5% with all other variables held constant, the net exposure to currency risk associated with the Class A units would have increased or decreased the net assets of the Fund attributable to the Class A units by \$31,182 or 0.09%. In practice, the actual exchange rate fluctuations may differ and the impact could be material.

g) Fair value hierarchy

CPA Canada Handbook Section 3862, "Financial Instruments – Disclosures" ("Section 3862") establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are considered to be less active.
- Level 3 Inputs that are unobservable. The determination of fair value require significant management judgment or estimation.

The Fund's financial instruments recorded at fair value have been categorized based upon this fair value hierarchy. The following fair value hierarchy table presents information about the Fund's financial instruments measured at fair value as of December 31, 2013:

December 31, 2013	Level 1	Level 2	Level 3	Total
Equities	\$ 35,535,615	\$ –	\$ –	\$ 35,535,615
Foreign currency forward contract	–	(562,784)	–	(562,784)
Total Financial Instruments	\$ 35,535,615	\$ (562,784)	\$ –	\$ 34,972,831

There were no transfers between the levels during the period.

14. CHANGE IN BASIS OF ACCOUNTING – TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

The Fund will adopt IFRS as published by the International Accounting Standards Board ("IASB") for the fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, including comparative financial information, for the interim period ending June 30, 2014.

Management has been monitoring developments in the IFRS conversion program and has been assessing the likely impacts on implementation decisions, internal controls, information systems and training.

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In May 2011, the IASB issued IFRS 13 Fair Value Measurement (“IFRS 13”), which defines fair value, sets out a single framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 only applies when IFRS requires or permits fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, IFRS 13 requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. IFRS 13 allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in elimination of the differences between the Net Assets per unit and NAV per unit at the financial statements reporting dates.

The manager estimates that the application of IFRS 13 to the financial statements as at December 31, 2013 would result in Net Assets per unit which is not materially different from NAV per unit. A comparison of Net Assets per unit and NAV per unit can be found in Note 3.

In addition, a Statement of Cash Flows will now be included in the financial statements in accordance with the requirements of IFRS 1 First-time adoption of International Financial Reporting Standards, and prepared in line with IAS 7 Statement of Cash Flows. The criteria contained within IAS 32 – Financial Instruments presentation may also require security holders’ equity to be classified as a liability within the Fund’s Statements of Net Assets unless certain conditions are met. The Manager is currently assessing the Fund’s security holders’ structure to confirm classification.

Other than the impact due to IFRS 13 noted above, management has determined that the impact of IFRS to the financial statements would be limited to additional note disclosures, the inclusion of a statement of cash flows, and potential modifications to presentation including unitholders’ equity. However, this present determination is subject to change resulting from the issuance of new standards and/or new interpretations of existing standards.

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