

JUNE 30 | **INCOME FINANCIAL TRUST**
2025 | **SEMI-ANNUAL REPORT**
(UNAUDITED)



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
SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2025

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended June 30, 2025. This MRFP contains financial highlights but does not contain the complete financial statements of Income Financial Trust (“the Trust”). The semi-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 20, 2025. 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 equity markets delivered mixed performance over the six-month period ended June 30, 2025.

In Canada, equity markets saw modest gains, largely propelled by the energy sector's robust performance, benefiting from recovering global demand and stable commodity prices. The Bank of Canada implemented two rate cuts early in the period, reducing the overnight rate from 3.75% to 3.25% by March 2025. These cuts were in response to moderating inflation and persistent economic softness, particularly evident in subdued consumer demand and business investment, alongside the uncertainty surrounding U.S. trade tariffs and their potential impact on the Canadian economy.

U.S. equity markets experienced volatility during the period, reflecting persistent inflation, a strong labour market, and rising geopolitical and trade tensions. The U.S. Federal Reserve held its policy rate steady at 4.25% to 4.50% throughout the period, following its most recent cut in December 2024, as it continued to monitor inflation trends and economic resilience.

A key factor for the Canadian and U.S. economies was the escalation of global trade policy tensions. New tariffs implemented since January 2025 impacted the outlook for merchandise trade, fostering a cautious investment environment and raising concerns about cross-border commerce. Equity markets, particularly in the U.S., experienced notable volatility during the period, predominantly driven by U.S. trade policy and its implications for economic growth and inflation.

The net assets per unit finished the period at \$8.78 as at June 30, 2025 after the payment of \$0.42 in distributions during the period.

During the period ended June 30, 2025, 17,700 units were sold through an at-the-market equity program (the "ATM Program") at an average selling price of \$8.34 per unit. Gross proceeds, net proceeds and commissions on the units sales were, \$147,633, \$145,656 and \$1,977, respectively.

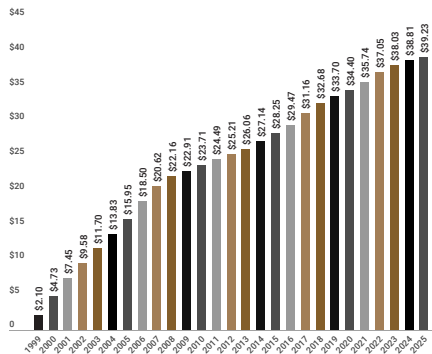
The portfolio was weighed 47.3% in Canadian financial services stocks 52.7% in U.S. financial services stocks as at June 30, 2025.

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 period include 6 monthly payments for a total of \$0.42 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



39.23

Cumulative total of distributions paid since inception

RECENT DEVELOPMENTS

Escalating global military tensions and continued uncertainty in global trade relations may contribute to market volatility and could impact the Trust's investment portfolio.

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 semi-annual financial statements and previous 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

	June 30, 2025	Years ended December 31				
		2024	2023	2022	2021	2020
Net assets per unit, beginning of period	8.70	6.97	7.53	8.09	6.92	8.21
Increase (decrease) from operations						
Total revenue	0.14	0.28	0.29	0.25	0.23	0.26
Total expenses	(0.08)	(0.14)	(0.14)	(0.15)	(0.18)	(0.16)
Realized gains (losses) for the period	0.15	0.28	(0.03)	0.12	0.19	0.29
Unrealized gains (losses) for the period	0.30	2.09	0.22	(0.72)	1.51	(1.01)
Total increase (decrease) from operations ⁽¹⁾	<u>0.51</u>	<u>2.51</u>	<u>0.34</u>	<u>(0.50)</u>	<u>1.75</u>	<u>(0.62)</u>
Distributions ⁽²⁾						
Canadian dividends	(0.07)	(0.14)	(0.09)	(0.04)	-	(0.09)
Return of Capital	(0.35)	(0.64)	(0.88)	(1.27)	(1.34)	(0.61)
Foreign Income	(0.00)	(0.00)	-	-	-	-
Total annual distributions	<u>(0.42)</u>	<u>(0.78)</u>	<u>(0.97)</u>	<u>(1.31)</u>	<u>(1.34)</u>	<u>(0.70)</u>
Net assets per unit, end of period	8.78	8.70	6.97	7.53	8.09	6.92

- (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 period.
- (2) Distributions are based on the number of units outstanding on the record date for each distribution and were paid in cash. Characterization of distributions is based on the tax treatment that is received by investors (for semi-annual periods ended June 30, it is based on the actual characterization for the most recently completed annual period and will be updated at year end).

RATIOS AND SUPPLEMENTAL DATA

	June 30, 2025	2024	Years ended December 31			2020
			2023	2022	2021	
Net asset value (millions) ⁽¹⁾	\$28.1	\$29.2	\$23.3	\$24.4	\$20.3	\$15.6
Number of units outstanding	3,206,155	3,358,370	3,349,070	3,235,070	2,514,970	2,260,970
Management expense ratio ⁽²⁾	1.65%	1.60%	2.50%	3.28%	3.42%	2.19%
Portfolio turnover rate ⁽³⁾	0.25%	1.15%	2.15%	9.45%	6.07%	6.01%
Trading expense ratio ⁽⁴⁾	0.01%	0.03%	0.02%	0.03%	0.01%	0.04%
Closing market price (TSX)	\$8.46	\$8.64	\$7.32	\$11.60	\$15.07	\$7.76

(1) This information is provided as at June 30 or 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 period, including unit issuance costs, and is expressed as an annualized percentage of the average net asset value during the period. Excluding unit issuance costs, the management expense ratio for the period ended June 30, 2025 was 1.60% (December 31, 2024-1.60%).

(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 period. 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 period, the greater the trading costs payable by the Trust in the period and the greater chance of an investor receiving taxable capital gains in the period. 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 period.

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.

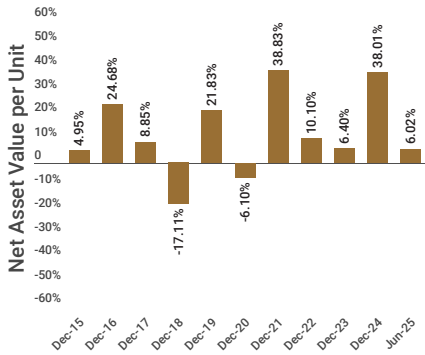
The base management fee was used by Quadravest to provide investment analysis, make investment decisions, and make brokerage arrangements for the purchase and sale of securities including the covered call writing program. The administration fee was used to provide or arrange administrative services required 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, 2024 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.



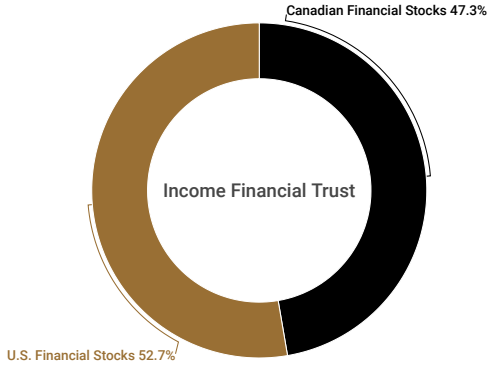
SUMMARY OF INVESTMENT PORTFOLIO
All holdings as at June 30, 2025

Name	Weighting (%)
Goldman Sachs Group Inc.	8.6
TMX Group Inc.	7.2
Sun Life Financial Inc.	5.7
Royal Bank of Canada	4.7
National Bank of Canada	4.5
American Express Company	4.0
Manulife Financial Corporation	3.9
Canadian Imperial Bank of Commerce	3.7
Guardian Capital Group Ltd.	3.5
Toronto-Dominion Bank	3.3
Bank of America	3.3
Morgan Stanley	3.2
Huntington Bancshares, Inc.	3.2
Wells Fargo & Co.	3.1
Citigroup Inc.	2.9
State Street Corporation	2.8
Intact Financial Corp.	2.8
Janus Henderson Group PLC	2.7
J.P. Morgan Chase & Co.	2.5
Synovus Financial	2.5
Texas Capital BancShares Inc.	2.4
First Horizon National	2.3
Bank of Nova Scotia	2.2
AGF Management Ltd., Class 'B'	1.9
Regions Financial Corp.	1.9
Zions Bancorporation	1.8
CI Financial Corp.	1.7
US Bancorp.	1.3
Truist Financial Corp.	1.3
East West Bancorp Inc.	1.2
Franklin Resources Inc.	1.1
Fiera Sceptre Inc.	0.9
IGM Financial Inc.	0.9
Fifth Third Bancorporation	0.3
Total long positions as a percentage of net assets	99.3
Cash	1.3
Other net assets (liabilities)	-0.6
	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 interim financial statements of Income Financial Trust (the "Trust") have been prepared by Quadravest Capital Management Inc. (the "Manager" of the Trust) and been approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these interim financial statements and the other sections of the semi-annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, and may include certain amounts that are based on estimates and judgments. 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 interim financial statements.



WAYNE FINCH

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



SILVIA GOMES

Chief Financial Officer
Quadravest Capital Management Inc.

INCOME FINANCIAL TRUST
STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2025 (UNAUDITED) AND DECEMBER 31, 2024

	2025 (\$)	2024 (\$)
ASSETS		
Current Assets		
Investments (note 5)	27,988,858	27,346,162
Cash	374,618	2,140,593
Interest, dividends and other receivables	53,217	57,918
Total assets	<u>28,416,693</u>	<u>29,544,673</u>
LIABILITIES		
Current liabilities		
Written Options	5,253	20,865
Fees and other accounts payable	46,944	60,215
Distributions payable	<u>219,622</u>	<u>249,090</u>
	<u>271,819</u>	<u>330,170</u>
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	<u>28,144,874</u>	<u>29,214,503</u>
Number of redeemable units outstanding (note 6)	3,206,155	3,358,370
Net assets per unit	\$8.78	\$8.70

Approved on behalf of the Manager, Quadravest 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 SIX MONTH PERIODS ENDED JUNE 30 (UNAUDITED)

	2025	2024
	(\$)	(\$)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	441,920	(105,014)
Net change in unrealized appreciation/depreciation	1,067,629	2,290,010
Dividends	417,542	439,993
Interest for distribution purposes	23,639	25,264
Net gain (loss) on investments and derivatives	1,950,730	2,650,253
Other gain (loss)		
Realized gain (loss) on currency	50,187	33,619
Change in unrealized gain (loss) in the value of currency	(88,512)	9,443
	<u>1,912,405</u>	<u>2,693,315</u>
EXPENSES (note 9)		
Management fees	102,921	91,994
Audit fees	12,201	13,432
Independent Review Committee fees	1,154	1,154
Trustees expense	2,472	2,493
Custodian fees	12,251	22,559
Legal fees	27,569	16,045
Unitholder reporting costs	15,158	14,290
Other operating expenses	27,910	41,290
Harmonized sales tax	17,947	17,374
Transaction costs	1,036	4,532
Withholding taxes	26,500	28,698
Total expenses	<u>247,119</u>	<u>253,861</u>
Increase (decrease) in net assets attributable to holders of redeemable units	<u>1,665,286</u>	<u>2,439,454</u>
Increase (decrease) in net assets attributable to holders per redeemable unit (note 7)	0.51	0.73

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 SIX MONTH PERIODS ENDED JUNE 30 (UNAUDITED)

	2025 (\$)	2024 (\$)
Net assets attributable to holders of redeemable units		
- Beginning of period	29,214,503	23,344,768
Increase (decrease) in net assets attributable to holders of redeemable units	1,665,286	2,439,454
Gross proceeds on issuance of redeemable units	147,633	42,783
Issuance costs on issue of redeemable units	(14,251)	(781)
Net proceeds on issuance of redeemable units	<u>133,382</u>	<u>42,002</u>
Distributions to unitholders (note 10)¹		
Canadian dividends	(239,410)	(124,272)
Return of capital	(1,127,041)	(1,134,060)
Foreign income, net	(1,497)	-
	<u>(1,367,948)</u>	<u>(1,258,332)</u>
Unitholder transactions		
Redemption of redeemable units	(1,500,349)	-
Change in net assets attributable to holders of redeemable units	<u>(1,069,629)</u>	<u>1,223,124</u>
Net assets attributable to holders of redeemable units		
- End of period	<u>28,144,874</u>	<u>24,567,892</u>

(1) The tax characterization of distributions is an estimate only based on the actual characterization for the respective most recently completed annual period. Actual year-end characterization will differ.

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

INCOME FINANCIAL TRUST
STATEMENTS OF CASH FLOW

FOR THE SIX MONTH PERIODS ENDED JUNE 30 (UNAUDITED)

	2025 (\$)	2024 (\$)
Cash flows from (used) in operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	1,665,286	2,439,454
Adjustment for:		
Change in unrealized (gain) loss in the value of currency	88,512	(9,443)
Net realized (gain) loss on investments and derivatives	(441,920)	105,014
Net change in unrealized appreciation/depreciation of investments and derivatives	(1,067,629)	(2,290,010)
Purchase of investments, net of option premiums	(23,039)	15,116
Proceeds from sale of investments, net of option premiums	874,280	156,551
(Increase) decrease in interest, dividends and other receivables	4,701	(466)
Increase (decrease) in fees and other accounts payable	(13,271)	(6,904)
Net cash flows from (used in) operating activities	<u>1,086,920</u>	<u>409,312</u>
Cash flows from (used in) financing activities		
Gross proceeds on issuance of redeemable units	147,633	42,783
Issuance costs on issue of redeemable units	(14,251)	(781)
Distributions paid to holders of redeemable units	(1,397,416)	(1,245,116)
Amounts paid on redemption of redeemable units	(1,500,349)	-
Net cash flows from (used in) financing activities	<u>(2,764,383)</u>	<u>(1,203,114)</u>
Change in unrealized gain (loss) in the value of currency	<u>(88,512)</u>	<u>9,443</u>
Net increase (decrease) in cash	(1,765,975)	(784,359)
Cash at beginning of the period	<u>2,140,593</u>	<u>1,448,103</u>
Cash at end of the period	<u>374,618</u>	<u>663,744</u>
Supplementary information		
Dividends received, net of withholding taxes*	395,665	410,950
Interest received*	23,639	25,264

* 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 JUNE 30, 2025 (UNAUDITED)

No. of shares (contracts)	Description	Average Cost (\$)	Fair Value (\$)
Canadian Common Equities			
40,000	AGF Management Ltd., Class 'B'	687,648	528,800
8,400	Bank of Nova Scotia	499,169	632,520
10,900	Canadian Imperial Bank of Commerce	603,579	1,053,594
15,400	CI Financial Corp.	493,994	488,026
41,500	Fiera Sceptre Inc.	407,906	266,430
22,800	Guardian Capital Group Ltd.	214,801	986,100
6,100	IGM Financial Inc.	187,687	262,422
2,500	Intact Financial Corp.	167,036	791,625
25,000	Manulife Financial Corporation	568,232	1,088,500
9,000	National Bank of Canada	568,589	1,264,680
7,400	Royal Bank of Canada	786,381	1,328,078
17,800	Sun Life Financial Inc.	786,163	1,612,858
35,000	TMX Group Inc.	323,015	2,020,200
9,200	Toronto-Dominion Bank	627,368	921,472
	Total Canadian Common Equities (47.3%)	6,921,568	13,245,305
U.S. Common Equities			
2,600	American Express Company	532,179	1,131,644
14,200	Bank of America	677,041	916,867
7,000	Citigroup Inc.	476,790	813,023
2,500	East West Bancorp Inc.	93,721	344,468
1,500	Fifth Third Bancorporation	78,891	84,183
22,500	First Horizon National	253,576	650,866
9,100	Franklin Resources Inc.	176,624	296,144
2,500	Goldman Sachs Group Inc.	806,793	2,414,310
39,295	Huntington Bancshares, Inc.	460,645	898,637
1,800	J.P. Morgan Chase & Co.	135,185	712,047
14,600	Janus Henderson Group PLC	691,835	773,758
4,700	Morgan Stanley	298,015	903,355
16,400	Regions Financial Corp.	128,528	526,325
5,500	State Street Corporation	387,477	798,054
10,000	Synovus Financial	244,680	706,128
6,200	Texas Capital BancShares Inc.	145,047	671,715
6,152	Truist Financial Corp.	236,019	360,875
6,000	US Bancorp.	307,154	370,461
8,000	Wells Fargo & Co.	577,962	874,589
7,000	Zions Bancorporation	208,391	496,104
	Total U.S. Common Equities (52.7%)	6,916,553	14,743,553
	Total Equities (100.0%)	13,838,121	27,988,858

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

AS AT JUNE 30, 2025 (UNAUDITED)

No. of contracts (shares)	Description	Premiums Received (\$)	Fair Value (\$)
	Call Options written		
	Canadian call options written		
(4)	Canadian Imperial Bank of Commerce @ \$95 August 2025	(404)	(1,114)
(4)	Canadian Imperial Bank of Commerce @ \$95 July 2025	(200)	(846)
(25)	Manulife Financial Corp. @ \$44 July 2025	(575)	(1,013)
(25)	Manulife Financial Corp. @ \$46 July 2025	(1,943)	(113)
(5)	Royal Bank of Canada @ \$180 July 2025	(392)	(678)
(10)	Sun Life Financial Inc. @ \$90 July 2025	(1,104)	(1,305)
	Total Canadian options written (0.0%)	<u>(4,618)</u>	<u>(5,069)</u>
	U.S. call Options written		
(2)	Bank of America Corp. @ \$50 August 2025	(211)	(184)
	Total U.S. options written (0.0%)	<u>(211)</u>	<u>(184)</u>
	less adjustment for transaction costs	<u>(10,047)</u>	
	Total Investments (100.0%)	13,823,245	27,983,605

INCOME FINANCIAL TRUST

NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

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 Quadravest Capital Management Inc. (“Quadravest” 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 Quadravest 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”), as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards.

These financial statements were approved on behalf of the Trust by the Board of Directors of Quadravest, on August 19, 2025.

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 (“FVTPL”).

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,

INCOME FINANCIAL TRUST

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such as brokerage commissions, related to financial assets and financial liabilities at fair value 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, 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.

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FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

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 period. 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 period. 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 June 30, 2025, the Trust had \$12,709,733 (December 31, 2024-\$12,709,733) 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.

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NOTES TO FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

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 June 30, 2025 and December 31, 2024:

Financial assets and liabilities at fair value as at June 30, 2025

	Level 1	Level 2	Level 3	Total
Equities	\$27,988,858	-	-	\$27,988,858
Options	(\$5,253)	-	-	(\$5,253)
	<u>\$27,983,605</u>	<u>-</u>	<u>-</u>	<u>\$27,983,605</u>

Financial assets and liabilities at fair value as at December 31, 2024

	Level 1	Level 2	Level 3	Total
Equities	\$27,346,162	-	-	\$27,346,162
Options	(\$20,865)	-	-	(\$20,865)
	<u>\$27,325,297</u>	<u>-</u>	<u>-</u>	<u>\$27,325,297</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 period ended June 30, 2025 or the year ended December 31, 2024.

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).

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FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)

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 periods 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 June 30, 2025, 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 \$2,762,000 (December 31, 2024-\$2,660,000). 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 \$2,796,000 (December 31, 2024-\$2,723,000).

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 June 30, 2025 and December 31, 2024.

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 June 30, 2025, 53% of the net assets attributable to holders of redeemable units (December 31, 2024-58%) 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 \$747,647 (December 31, 2024-\$845,854).

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 June 30, 2025 and December 31, 2024, 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

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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 June 30, 2025 and December 31, 2024, all other financial liabilities are payable within three months from the end of the period.

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:

	June 30, 2025	December 31, 2024
Canadian common equities	46.9%	41.9%
U.S. common equities	52.4%	51.8%
Canadian call options written	0.0%	0.0%
U.S. call options written	0.0%	0.0%
Other assets less liabilities	0.7%	6.3%
	<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 June 30, 2025 was \$8.46 (December 31, 2024-\$8.64) 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	June 30, 2025	June 30, 2024
Issued and outstanding - beginning of period	3,358,370	3,349,070
Issued during the period	17,700	5,700
Redeemed during the period	(169,915)	-
Issued and outstanding - end of period	<u>3,206,155</u>	<u>3,354,770</u>

The Trust may issue units to the public from time to time, at the Trust's discretion, through an at-the-market equity program (the "ATM Program"). 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 period ended June 30, 2025, 17,700 units were sold through the ATM Program at an average selling price of \$8.34 per unit. Gross proceeds, net proceeds and commissions on the units sales were, \$147,633, \$145,656 and \$1,977, respectively.

INCOME FINANCIAL TRUST
NOTES TO FINANCIAL STATEMENTS**FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2025 AND 2024 (UNAUDITED)**

During the year ended December 31, 2024, 9,300 units were sold through the ATM Program at an average selling price of \$7.68 per unit. Gross proceeds, net proceeds and commissions on the unit sales were \$71,445, \$70,282 and \$1,163, 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 periods ended June 30, 2025 and 2024 is calculated as follows:

	June 30, 2025	June 30, 2024
Increase (decrease) in net assets attributable to holders of redeemable units	\$1,665,286	\$2,439,454
Weighted average redeemable units outstanding	3,248,585	3,352,803
Increase (decrease) in net assets attributable to holders per redeemable unit	\$0.51	\$0.73

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.

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 \$102,921 (June 30, 2024-\$91,994) incurred in the period ended June 30, 2025 include the administration fee and investment management fee. As at June 30, 2025, \$19,233 (December 31, 2024-\$21,337) was payable to the Manager with respect to management and administrative fees. No performance fees were paid during the period ended June 30, 2025 and the year ended December 31, 2024. In addition, Quadravest will receive the monthly redemption

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fee, if any, of 2% of the net asset value on monthly retractions. Redemption fees paid for the period ended June 30, 2025 were \$NIL (June 30, 2024-\$NIL).

Total brokerage commissions paid during the period ended June 30, 2025 by Income Financial for its portfolio transactions was \$1,036 (June 30, 2024-\$4,532). 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 period ended June 30, 2025 amounted to \$NIL (June 30, 2024-\$NIL).

10. Distributions

Distributions per unit to unitholders for the periods ended June 30, 2025 and 2024 and cumulative distributions since inception are shown below:

	June 30, 2025	June 30, 2024
Total distributions per unit	\$0.4208	\$0.3753
Cumulative distributions per unit since inception	\$39.2292	\$38.4027

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

As at June 30, 2025 and December 31, 2024, there were no differences between net asset value per unit used for transactional purposes and net assets attributable to holders of redeemable units per unit for financial reporting purposes.

12. New IFRS Accounting Standard

In April 2024, the International Accounting Standards Board issued IFRS 18, "Presentation and Disclosure in Financial Statements", which replaces IAS 1, "Presentation of Financial Statements", and aims to improve the quality of financial reporting. IFRS 18 introduces requirements to present new defined categories and subtotals in the statement of comprehensive income (loss), adopt a structured approach to summarizing expenses (such as by nature or by function), and include a dedicated note disclosing management-defined performance measures used outside the financial statements. It also provides enhanced guidance on the aggregation and disaggregation of information within both the primary financial statements and the notes. This standard is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Trust is currently assessing the impact of these new requirements.

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,
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