JUNE 30
2026

INCOME FINANCIAL TRUST

SEMI-ANNUAL REPORT
(UNAUDITED)

INCOME
FINANCIAL

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.

This is the semi-annual Management Report of Fund Performance (MRFP) for the period ended June 30, 2026. 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 23, 2026. 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 generated positive returns during the six months ended June 30, 2026, despite periods of volatility driven by geopolitical developments, inflation concerns and uncertainty regarding the outlook for economic growth and interest rates. Canadian equities demonstrated resilience in a challenging economic environment, supported by generally favourable corporate earnings and strong performance in select sectors, including financials and energy. In the United States, equity market performance was supported by continued economic growth, consumer spending and generally favourable corporate earnings results, particularly among technology and artificial intelligence-related companies.

Monetary policy remained an important influence on market conditions during the period. Both the Bank of Canada and the U.S. Federal Reserve maintained their policy interest rates throughout the six months ended June 30, 2026. In Canada, economic activity was weak for much of the period, although there were signs of improvement in the second quarter. Consumer spending increased modestly, while housing activity remained weak, business investment was uneven and exports weakened early in the period before showing signs of recovery. Employment levels were largely unchanged during the period, while the unemployment rate remained in the 6.5% to 7% range. Higher energy prices contributed to inflationary pressures and increased uncertainty regarding the economic outlook.

In the United States, economic activity remained relatively resilient, supported by strong capital investment and productivity growth. Significant investment in data centres and artificial intelligence infrastructure contributed to economic growth and supported equity market performance during the period. Labour market conditions remained stable, with job gains generally keeping pace with labour force growth and the unemployment rate changing little during the period. Inflation remained above the Federal Reserve's target, reflecting, in part, supply shocks that contributed to price increases in certain sectors, including energy.

The conflict in the Middle East, higher energy prices, supply chain disruptions and continued uncertainty regarding U.S. trade policy contributed to elevated economic uncertainty during the period. Against this backdrop, uncertainty regarding the timing and extent of future interest rate changes remained an important factor influencing investor sentiment and financial markets throughout the period.

Performance within the U.S. financial sector was mixed, with returns varying significantly across banking, insurance and capital markets businesses. Canadian financial institutions generally outperformed their U.S. counterparts, with the major Canadian banks generating strong returns during the period.

As at June 30, 2026, net assets of the Trust were $32.9 million (December 31, 2025–$31.2 million) and net assets per unit of the Trust were $10.76 (December 31, 2025–$9.78). During the period ended June 30, 2026, redemptions totalled $1.2 million.

During the period ended June 30, 2026, the Trust issued 100 units under its at-the-market equity program (the "ATM Program") at an average price of $9.83 per unit, for gross proceeds of $983, net proceeds of $959 and commissions of $24.

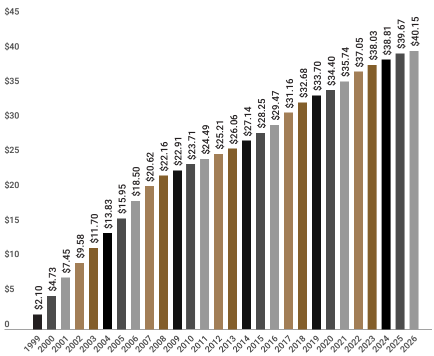
The portfolio was weighted 45.3% in Canadian financial services stocks and 54.7% in U.S. financial services stocks as at June 30, 2026.

The covered call writing program continued to provide additional income and supplemented the dividend income earned in the portfolio.

Distributions

The distributions paid during the period include 6 monthly payments for a total of $0.4768 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



40.15

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

		Years ended December 31				
	June 30, 2026	**2025**	**2024**	**2023**	**2022**	**2021**
Net assets per unit, beginning of period	9.78	8.70	6.97	7.53	8.09	6.92
Increase (decrease) from operations						
Total revenue	0.13	0.27	0.28	0.29	0.25	0.23
Total expenses	(0.08)	(0.19)	(0.14)	(0.14)	(0.15)	(0.18)
Realized gains (losses) for the period	0.76	0.41	0.28	(0.03)	0.12	0.19
Unrealized gains (losses) for the period	0.62	1.46	2.09	0.22	(0.72)	1.51
Total increase (decrease) from operations[1]	1.43	1.95	2.51	0.34	(0.50)	1.75
Distributions[2]						
Canadian dividends	N/A	(0.06)	(0.14)	(0.09)	(0.04)	-
Return of capital	N/A	(0.80)	(0.64)	(0.88)	(1.27)	(1.34)
Foreign income	N/A	-	(0.00)	-	-	-
Total distributions	(0.48)	(0.86)	(0.78)	(0.97)	(1.31)	(1.34)
Net assets per unit, end of period	10.76	9.78	8.70	6.97	7.53	8.09

(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, allocations for tax purposes are not available until year end).

Ratios and Supplemental Data

	June 30, 2026	Years ended December 31 2025	2024	2023	2022	2021
Net asset value (millions)[1]	$32.9	$31.2	$29.2	$23.3	$24.4	$20.3
Number of units outstanding	3,056,255	3,184,455	3,358,370	3,349,070	3,235,070	2,514,970
Management expense ratio[2]	1.54%	1.97%	1.60%	2.50%	3.28%	3.42%
Portfolio turnover rate[3]	0.41%	0.45%	1.15%	2.15%	9.45%	6.07%
Trading expense ratio[4]	0.02%	0.01%	0.03%	0.02%	0.03%	0.01%
Closing market price (TSX)	$10.29	$9.28	$8.64	$7.32	$11.60	$15.07

(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 year, including unit issuance costs, and is expressed as an annualized percentage of the average net asset value during the year. Excluding unit issuance costs, the management expense ratio for the period ended June 30, 2026 was 1.54% (December 31, 2025-1.97%).

(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.

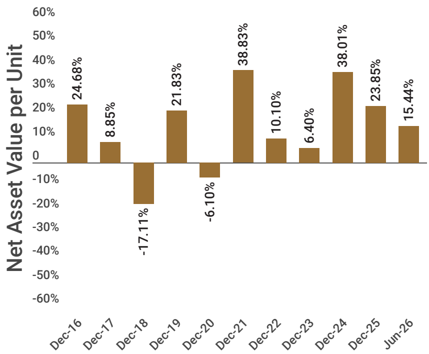
Past Performance
Year-by-Year Returns

The past performance of the net asset value per unit for the six month period ended June 30, 2026 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:

a) 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;

b) The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance; and,

c) Past performance of the Trust does not necessarily indicate how it will perform in the future.



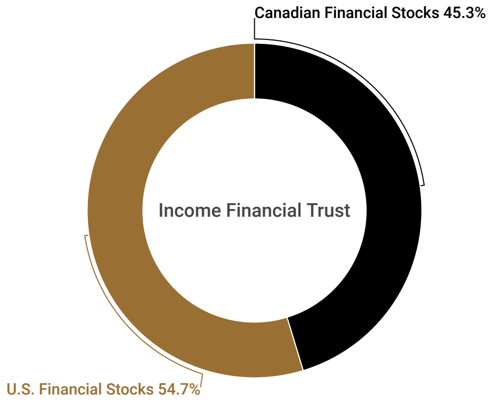
Summary of Investment Portfolio
All holdings as at June 30, 2026

Name	Weighting (%)
Goldman Sachs Group Inc.	5.9
Royal Bank of Canada	5.8
Canadian Imperial Bank of Commerce	5.2
TMX Group Inc.	4.8
Toronto-Dominion Bank	4.8
National Bank of Canada	4.7
Morgan Stanley	4.2
Citigroup Inc.	4.2
Sun Life Financial Inc.	4.2
State Street Corporation	4.0
Manulife Financial Corporation	3.9
Janus Henderson Group PLC	3.3
Bank of Nova Scotia	3.1
American Express Company	3.1
Huntington Bancshares, Inc.	3.0
Bank of America Corp.	2.8
Texas Capital Bancshares Inc.	2.8
AGF Management Ltd., Class 'B'	2.5
First Horizon National	2.3
Wells Fargo & Co.	2.3
Pinnacle Financial Partners, Inc.	2.3
JPMorgan Chase & Co.	2.3
Intact Financial Corp.	2.2
Regions Financial Corp.	2.1
Zions Bancorporation	2.1
U.S. Bancorp	1.6
IGM Financial Inc.	1.5
East West Bancorp Inc.	1.4
Truist Financial Corp.	1.3
Franklin Resources Inc.	1.3
Fiera Capital Corporation	0.7
Fifth Third Bancorp	0.4
Total long positions as a percentage of net assets	**96.1**
Cash	4.7
Other net assets (liabilities)	-0.8
	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.

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2026 AND DECEMBER 31, 2025 (UNAUDITED)

	2026 ($)	2025 ($)
ASSETS		
Current assets		
Investments (note 5)	31,612,694	30,733,129
Cash	1,547,469	688,996
Interest, dividends and other receivables	50,918	50,706
	33,211,081	**31,472,831**
LIABILITIES		
Current liabilities		
Written options	27,068	9,067
Fees and other accounts payable	52,987	62,191
Distributions payable	248,076	247,337
	328,131	**318,595**
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS	**32,882,950**	**31,154,236**
Number of redeemable units outstanding (note 6)	3,056,255	3,184,455
Net assets per unit	$10.76	$9.78

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

Peter Cruickshank

WAYNE FINCH
Director

PETER CRUICKSHANK
Director

Income Financial Trust
Statements of Comprehensive Income / (Loss)
For the six month periods ended June 30 (unaudited)

	2026 ($)	2025 ($)
INCOME		
Net gain (loss) on investments and derivatives		
Net realized gain (loss)	2,368,266	441,920
Net change in unrealized appreciation/depreciation	1,882,177	1,067,629
Dividends	387,651	417,542
Interest for distribution purposes	13,967	23,639
Net gain (loss) on investments and derivatives	**4,652,061**	**1,950,730**
Other gain (loss)		
Realized gain (loss) on currency	435	50,187
Change in unrealized gain (loss) in the value of currency	43,454	(88,512)
	4,695,950	**1,912,405**
EXPENSES (note 9)		
Management fees	114,755	102,921
Audit fees	14,949	12,201
Independent Review Committee fees	1,071	1,154
Trustee expenses	2,472	2,472
Custodian fees	3,307	12,251
Legal fees	24,577	27,569
Unitholder reporting costs	14,083	15,158
Other operating expenses	44,324	27,910
Harmonized sales tax	17,260	17,947
Transaction costs	2,762	1,036
Withholding taxes	26,904	26,500
Total expenses	**266,464**	**247,119**
Increase (decrease) in net assets attributable to holders of redeemable units	**4,429,486**	**1,665,286**
Increase (decrease) in net assets attributable to holders per redeemable unit (note 7)	**1.43**	**0.51**

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)

	2026 ($)	2025 ($)
Net assets attributable to holders of redeemable units - Beginning of period	**31,154,236**	**29,214,503**
Increase (decrease) in net assets attributable to holders of redeemable units	4,429,486	1,665,286
Gross proceeds on issuance of redeemable units	983	147,633
Issuance costs on issue of redeemable units	(24)	(14,251)
Net proceeds on issuance of redeemable units	959	133,382
Distributions to holders of redeemable units	(1,475,985)	(1,367,948)
Redemption of redeemable units	(1,225,746)	(1,500,349)
Change in net assets attributable to holders of redeemable units	**1,728,714**	**(1,069,629)**
Net assets attributable to holders of redeemable units - End of period	**32,882,950**	**28,144,874**

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)

	2026 ($)	2025 ($)
Cash flows from (used in) operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	4,429,486	1,665,286
Adjustment for:		
Change in unrealized (gain) loss in the value of currency	(43,454)	88,512
Net realized (gain) loss on investments and derivatives	(2,368,266)	(441,920)
Net change in unrealized appreciation/depreciation of investments and derivatives	(1,882,177)	(1,067,629)
Purchase of investments, net of option premiums	3,111	(23,039)
Proceeds from sale of investments, net of option premiums	3,385,768	874,280
(Increase) decrease in interest, dividends and other receivables	(212)	4,701
Increase (decrease) in fees and other accounts payable	(9,204)	(13,271)
Net cash flows from (used in) operating activities	**3,515,052**	**1,086,920**
Cash flows from (used in) financing activities		
Gross proceeds on issuance of redeemable units	983	147,633
Issuance costs on issue of redeemable units	(24)	(14,251)
Distributions paid to holders of redeemable units	(1,475,246)	(1,397,416)
Amounts paid on redemption of redeemable units	(1,225,746)	(1,500,349)
Net cash flows from (used in) financing activities	**(2,700,033)**	**(2,764,383)**
Change in unrealized gain (loss) in the value of currency	43,454	(88,512)
Net increase (decrease) in cash	858,473	(1,765,975)
Cash at beginning of the period	688,996	2,140,593
Cash at end of the period	**1,547,469**	**374,618**
Supplementary information		
Dividends received, net of withholding taxes*	361,416	395,665
Interest received*	13,967	23,639

* Included as part of Cash Flows from operating activities

SCHEDULE OF PORTFOLIO INVESTMENTS

AS AT JUNE 30, 2026 (UNAUDITED)

No. of shares (contracts)	Description	Average Cost ($)	Fair Value ($)
	Canadian Common Equities		
40,000	AGF Management Ltd., Class 'B'	687,648	806,400
8,400	Bank of Nova Scotia	499,169	1,035,468
10,500	Canadian Imperial Bank of Commerce	581,429	1,714,860
41,500	Fiera Capital Corporation	407,906	218,705
6,100	IGM Financial Inc.	187,687	482,998
2,500	Intact Financial Corp.	167,036	731,775
22,500	Manulife Financial Corporation	511,409	1,294,200
6,900	National Bank of Canada	435,918	1,544,979
6,500	Royal Bank of Canada	690,740	1,908,920
12,400	Sun Life Financial Inc.	547,664	1,380,740
34,300	TMX Group Inc.	316,555	1,592,549
9,200	Toronto-Dominion Bank	627,368	1,586,448
	Total Canadian Common Equities (45.3%)	**5,660,529**	**14,298,042**
	U.S. Common Equities		
2,100	American Express Company	429,837	1,007,768
11,500	Bank of America Corp.	548,308	929,659
7,000	Citigroup Inc.	476,790	1,389,970
2,500	East West Bancorp Inc.	93,721	457,863
1,500	Fifth Third Bancorp	78,891	119,962
20,800	First Horizon National	234,417	756,632
9,100	Franklin Resources Inc.	176,624	429,534
1,360	Goldman Sachs Group Inc.	438,896	1,951,427
39,295	Huntington Bancshares, Inc.	460,645	988,438
1,600	JPMorgan Chase & Co.	120,164	743,035
14,600	Janus Henderson Group PLC	691,835	1,076,073
4,700	Morgan Stanley	298,015	1,393,897
16,400	Regions Financial Corp.	128,528	702,674
5,500	State Street Corporation	387,477	1,323,402
5,237	Pinnacle Financial Partners, Inc.	244,680	749,533
6,200	Texas Capital Bancshares Inc.	145,047	908,295
6,152	Truist Financial Corp.	236,019	434,834
6,000	U.S. Bancorp	307,154	514,152
6,400	Wells Fargo & Co.	462,370	750,367
7,000	Zions Bancorporation	208,391	687,137
	Total U.S. Common Equities (54.8%)	**6,167,809**	**17,314,652**
	Total Equities (100.1%)	**11,828,338**	**31,612,694**

No. of contracts (shares)	Description	Premiums Received ($)	Fair Value ($)
	Call options written		
	Canadian call options written		
(4)	Canadian Imperial Bank of Commerce @ $162 July 2026	(388)	(1,310)
(4)	Canadian Imperial Bank of Commerce @ $163 July 2026	(308)	(1,066)
(25)	Manulife Financial Corp. @ $59.50 July 2026	(775)	(588)
(10)	Royal Bank of Canada @ $290 July 2026	(2,510)	(6,600)
(10)	Sun Life Financial Inc. @ $114 July 2026	(920)	(575)
	Total Canadian options written (0.0%)	**(4,901)**	**(10,139)**
	U.S. call options written		
(4)	Bank of America Corp. @ $60 July 2026	(273)	(224)
(10)	Citigroup Inc. @ $135 July 2026	(4,720)	(10,641)
(10)	Wells Fargo & Co. @ $80 July 2026	(2,656)	(6,064)
	Total U.S. options written (-0.1%)	**(7,649)**	**(16,929)**
	Less adjustment for transaction costs	(7,277)	
	Total Investments (100.0%)	**11,808,511**	**31,585,626**

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 termination date of the Trust is January 1, 2029 and may be extended thereafter at the discretion of the Manager for additional terms of five years each. Unitholders will be provided with a special retraction right in connection with any such extension. The Trust's principal office is located at 200 Front Street West, Suite 2510, Toronto, Ontario M5V 3K2. The Trust's investment objective is to provide unitholders with a stable stream of monthly distributions by investing in a diversified portfolio consisting primarily of common shares issued by corporations whose shares are included in the S&P/TSX Capped Financials Index, the S&P 500 Financials Index or the S&P MidCap 400 Financials Index. The Trust employs an active covered call writing program to enhance the income earned from the portfolio.

2. Basis of presentation

These financial statements have been prepared in 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, 2025, 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 20, 2026.

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, such as brokerage commissions, related to financial assets and financial liabilities at FVTPL are expensed as incurred and transaction costs related to financial instruments not at FVTPL are included in the carrying amounts thereof. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Trust has transferred substantially all the risks and rewards of ownership of the asset. Dividends are recognized as income on the ex-dividend date. Realized gains and losses 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 are entitled, which is equal to the annual redemption amount.

The net asset value of the Trust is determined in accordance with requirements of law, including National Instrument 81-106, Investment Fund Continuous Disclosure, and is used to process unitholder transactions. For financial reporting purposes, net assets of the Trust is determined as the difference between the aggregate amount of the Trust's assets and the aggregate amount of its liabilities ("net assets attributable to holders of redeemable units").

Valuation of investments

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

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs. Refer to note 5 for further information about the Trust's fair value measurements.

Cash

Cash is comprised of demand deposits with a financial institution.

Translation of foreign currencies

The Trust's functional and presentation currency is Canadian dollars. The fair value of investments and other assets and liabilities in foreign currencies are translated into the Trust's functional currency at the rates of exchange prevailing at the end of the 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 period 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, 2026, the Trust had $13,951,754 (December 31, 2025-$13,951,754) 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).

Accounting standards adopted during the period

Effective January 1, 2026, the Trust adopted the amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments clarify the requirements for the recognition and derecognition of financial assets and financial liabilities, including a new exception for certain financial liabilities settled through electronic payment systems. They also provide additional guidance on assessing the contractual cash flow characteristics of financial assets with contingent features and introduce new disclosure requirements for financial instruments with contractual terms that may change cash flows. The adoption of these amendments had no effect on the Trust's financial statements.

Accounting standards issued not yet effective

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 categorization of performance activities by operating, financing and investing, 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.

4. Critical Accounting Estimates and Judgements

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

5. Management of Financial Risk

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

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

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

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

The following table illustrates the classification of the Trust's financial instruments within the fair value hierarchy as at June 30, 2026 and December 31, 2025:

	Financial assets and liabilities at fair value as at June 30, 2026			
	Level 1	Level 2	Level 3	Total
Equities	$31,612,694	-	-	$31,612,694
Options	($27,068)	-	-	($27,068)
	$31,585,626	**-**	**-**	**$31,585,626**

	Financial assets and liabilities at fair value as at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Equities	$30,733,129	-	-	$30,733,129
Options	($9,067)	-	-	($9,067)
	$30,724,062	**-**	**-**	**$30,724,062**

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, 2026 or the year ended December 31, 2025.

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

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

Market Risk

All securities investments present a risk of loss of capital. The portfolio companies were selected from the S&P/TSX Capped Financials Index, the S&P 500 Financials Index or the S&P MidCap 400 Financials Index and are among the largest financial services companies in North America.

The market risk is affected by three main components: price risk, interest rate risk and currency risk.

Price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk).

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

In addition, the supplemental covered call writing program generates an additional stream of income to the portfolio which may also help mitigate against market price declines during 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, 2026, 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 of redeemable units would have increased by approximately $3,080,000 (December 31, 2025–$3,000,000). 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 of redeemable units would have decreased by approximately $3,146,000 (December 31, 2025–$3,068,000).

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, 2026 and December 31, 2025.

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, 2026, 56% of the net assets attributable to holders of redeemable units (December 31, 2025-55%) are invested in U.S. dollar denominated assets which includes U.S. dollar cash. As a result, the net assets attributable to holders of redeemable units will be affected by changes in the U.S. dollar relative to the Canadian dollar. The Trust has not entered into currency hedging contracts. If the Canadian dollar appreciated/depreciated by 5% against the U.S. dollar, the net assets attributable to the holders of redeemable units would decrease/increase by approximately $925,369 (December 31, 2025-$859,647).

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, 2026 and December 31, 2025, the Trust did not have significant credit risk exposure.

Liquidity risk

Liquidity risk is the risk that the Trust may not be able to settle its obligations on time or at a reasonable price. The Trust is exposed to liquidity risk primarily through its monthly and annual redemptions. The Trust receives adequate notice for all redemption requests. The Trust is invested in highly liquid large capitalization investments that trade on the Toronto Stock Exchange ("TSX") and the New York Stock Exchange. All units are redeemable on a monthly and annual basis but are scheduled to be redeemed upon termination of the Trust on the termination date. As at June 30, 2026 and December 31, 2025, 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, 2026	December 31, 2025
Canadian common equities	43.4%	45.6%
U.S. common equities	52.7%	53.1%
Canadian call options written	0.0%	0.0%
U.S. call options written	(0.1%)	0.0%
Other assets less liabilities	4.0%	1.3%
	100.0%	100.0%

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, 2026 was $10.29 (December 31, 2025-$9.28) 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.

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.

Unit Transactions

Unit transactions during the periods ended June 30, 2026 and 2025 are summarized in the following tables.

Unit Transactions	June 30, 2026	June 30, 2025
Beginning of period	3,184,455	3,358,370
Issued	100	17,700
Redeemed	(128,300)	(169,915)
End of period	3,056,255	3,206,155

Units issued under ATM Program	June 30, 2026	June 30, 2025
Number of Units issued	100	17,700
Selling price per Unit	$9.83	$8.34
Gross proceeds	$983	$147,633
Net proceeds	$959	$145,656
Agents' fees and issuance costs	$24	$1,977

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, 2026 and 2025 is calculated as follows:

	2026	2025
Increase (decrease) in net assets attributable to holders of redeemable units	$4,429,486	$1,665,286
Weighted average redeemable units outstanding	3,106,580	3,248,585
Increase (decrease) in net assets attributable to holders per redeemable unit	$1.43	$0.51

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 $114,755 (June 30, 2025-$102,921) incurred in the period ended June 30, 2026 include the administration fee and investment management fee. As at June 30, 2026, $22,929 (December 31, 2025-$22,696) was payable to the Manager with respect to management and administrative fees. No performance fees were paid during the period ended June 30, 2026 and the year ended December 31, 2025. In addition, Quadravest will receive the monthly redemption fee, if any, of 2% of the net asset value on monthly retractions. Redemption fees paid for the period ended June 30, 2026 were $3,605 (June 30, 2025-$NIL).

Total brokerage commissions paid during the period by Income Financial for its portfolio transactions was $2,762 (June 30, 2025-$1,036). 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, 2026 amounted to $NIL (June 30, 2025-$NIL).

10. Distributions

Distributions per unit to unitholders for the periods ended June 30, 2026 and 2025 and cumulative distributions since inception are shown below:

	June 30, 2026	June 30, 2025
Total distributions per unit	$0.4768	$0.4208
Cumulative distributions per unit since inception	$40.1500	$39.2292

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

As at June 30, 2026 and December 31, 2025, 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.

NOTES

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,
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