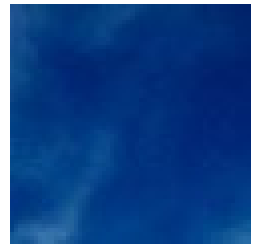
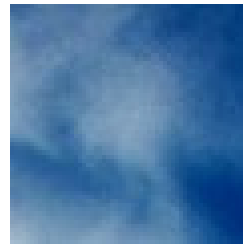




Artemis

Investment Management



2023

ENERGY INCOME FUND

ANNUAL REPORT

DECEMBER 31, 2023

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MANAGEMENT REPORT OF FUND PERFORMANCE

MANAGEMENT REPORT OF FUND PERFORMANCE

This annual management report of fund performance for Energy Income Fund (the “Fund”) contains financial highlights but does not contain the complete annual financial statements of the Fund. You may obtain a copy of the annual financial statements, at no cost, by calling (416) 934-7455, or by sending a request to Investor Relations, Artemis Investment Management Limited, 1325 Lawrence Avenue E., Suite 200, Toronto, ON, M3A 1C6, Canada or by visiting our website at www.artemisfunds.ca or the Fund’s SEDAR+ profile at www.sedarplus.com. Holders of units (“Unitholders”) may also contact us using one of these methods to request a copy of the Fund’s interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

THE FUND

The Fund is a closed-end investment trust. Artemis Investment Management Limited is the investment fund manager of the Fund (“Artemis” or the “Manager”). The Fund has one class of units (each, a “Unit”) outstanding. The Units trade on the Toronto Stock Exchange (“TSX”) under the symbol ENI.UN. The Fund’s portfolio is managed by Vestcap Investment Management Inc. (the “Portfolio Advisor”).

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objective is to provide Unitholders with monthly cash distributions and achieve a total return on a portfolio (the “Portfolio”) of securities (the “Portfolio Securities”) that is greater than the total return provided by the benchmark index, as selected by the Manager from time to time. For the year ended December 31, 2011 and subsequent periods, the benchmark index used was the S&P/TSX Capped Energy Index.

The Fund invests its assets in the Portfolio without reference to any specific issuer or security, among several asset classes including oil and gas securities, energy securities, other resource securities, and cash and short-term investments.

Effective March 4, 2024, the Unitholders approved amendments to the investment objective and strategy of the Fund, as further described below in “Recent Developments”.

RISKS

There are a number of risks associated with an investment in the Fund. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the Portfolio Securities which have a direct effect on the Net Asset Value (“NAV”) of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the Portfolio Securities. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates, interest rates and general business operation risks, any of which may affect the issuers’ income and as a result reduce the value of its securities. Diversification and active management by the Portfolio Advisor of the Portfolio Securities may reduce these risks.

There were no changes in the period ended December 31, 2023 that materially affected the risks associated with an investment in Units of the Fund. For a list of risks, see the Fund’s Annual Information Form dated March 22, 2024 on the Fund’s SEDAR+ profile at www.sedarplus.ca.

RESULTS OF OPERATIONS

The NAV of the Fund decreased from \$5.20 million to \$3.99 million from January 1, 2023, to December 31, 2023. Total revenue per Unit for the period ended December 31, 2023 was \$0.064, compared to \$0.061 for 2022. Operations for the period resulted in a decrease in NAV per Unit of \$0.180 compared to an increase of \$0.206 for 2022.

Total administrative expenses for the year ended December 31, 2023 were \$0.025 per Unit, compared to \$0.023 in 2022. On a per Unit basis, management fees for the year decreased slightly from \$0.015 to \$0.014 during 2023. Investment management fees on a per Unit basis also decreased slightly for the year to \$0.008 (2022 — \$0.009). On a per Unit basis, legal fees increased to \$0.029, compared to \$0.005, reflecting efforts in reviewing the Fund’s investment objectives, strategy, and fee structure to assess potential opportunities for growth. Excluding the expenses discussed above, all other expenses of the Fund for the year ended December 31, 2023, were \$0.046 per Unit (2022 — \$0.039).

MANAGEMENT REPORT OF FUND PERFORMANCE

The performance of energy sector equities over the course of 2023 was subdued by weaker than anticipated crude oil demand growth. The sector lagged the broader markets and other sectors, weighed down by a 6.9% decline in West Texas Intermediate crude oil prices and a slowdown in global oil demand growth over the year. Weakness in global manufacturing and industrial demand was largely responsible. Although demand from China has been supportive over the year, it is expected to slow going forward as their economy continues to experience decelerating growth. On the supply side, global production has not been dialed back sufficiently to counter weakened demand. U.S. production continues to hover around all-time highs, largely counteracting supply-cuts from OPEC. Going into 2024, global oil production rates remain high in the face of weaker consumption demand and expected softening of global economic growth. That said, valuations remain at or near historical cyclical lows. Debt levels for the sector have been significantly reduced over the last three years. Select companies with strong cash generation profiles at lower crude prices are in an advantageous position to direct free cash flow toward increased returns of capital to shareholders while modestly increasing production rates. We continue to favor the Canadian heavy oilsands producers for their low production costs and limited forward capex to maintain current production rates and return capital to shareholders. The outlook and performance of holdings in the renewable energy and utilities sectors have been affected by the current elevated interest rate environment. We anticipate an improvement in these sectors as the U.S. Federal Reserve begins to normalize benchmark interest rates in the latter half of this year.

The NAV per Unit, after distributions to Unitholders, decreased by 14.93% for the year ended December 31, 2023. During 2023, the Fund paid total distributions of \$0.12 per Unit. There were no unusual trends in redemptions for the year ended December 31, 2023, with 259,287 Units redeemed.

TRADING PREMIUM/DISCOUNT

In 2023, the Fund traded at an average discount to its NAV per Unit of 16.96%, compared to an average discount of 23.55% for 2022.

RECENT DEVELOPMENTS

Monthly Distributions for 2024

On January 15, 2024, the Fund announced distributions for 2024 of \$0.01 per Unit per month. Unitholders of record on the last day of each month will be paid distributions on the 15th day (or first business date thereafter) of the ensuing month.

Redemptions

The maximum number of Units redeemable in a year pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the first business day of a calendar year, less the number of Units repurchased for cancellation or otherwise redeemed by the Fund during the preceding twelve-month period. The public float as determined on January 3, 2023, was 2,591,624 Units and 10% of the public float was 259,162 Units. For the year ended December 31, 2023, 259,162 Units were redeemed at a price of \$1.6295 per Unit pursuant to the annual redemption privilege.

Private Placement

On January 26, 2024, the Fund announced the closing of a private placement effective January 26, 2024. Units issued pursuant to the private placement issued at a price of \$1.68, which reflects the Fund's NAV per Unit of \$1.68 on January 18, 2024. The Fund raised \$1,174,986.96 through the issuance of 699,397 Units. As per the TSX restrictions, all the Units of the Fund issued pursuant to the private placement will be subject to a four month hold period from the date of closing of the private placement.

Unitholder Meeting

On March 4, 2024, the Fund announced that Unitholders had approved an extraordinary resolution authorizing amendments to the Fund's declaration of trust. These include (i) an amendment to the Fund's investment strategy to permit investments in any US listed company in addition to existing asset classes, (ii) an amendment to the Fund's investment objectives to focus on preserving and potentially enhancing the Fund's net asset value without reference to a benchmark, and (iii) an amendment to the fees payable to the Manager to consist of 2% of the average net asset value of the Fund per year plus taxes, and a performance fee of 20% above an 8% hurdle rate on the Fund's returns, subject to a cap on the Fund's total expense ratio of 2.5% excluding the performance fee, extraordinary expenses and taxes.

As part of the updated investment strategy and objectives, the Manager intends to assume the investment management role for the Fund in the near future. However, until further notice, during the transitional phase, the current Portfolio Advisor will continue to serve under the existing investment management agreement. The investment management fee to the Portfolio Advisor will be borne by the Manager during this transition.

MANAGEMENT REPORT OF FUND PERFORMANCE

RELATED PARTY TRANSACTIONS

The Manager is entitled to receive a management fee of 0.70% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly. For the year ended December 31, 2023, management fees totaled \$37,057 (2022 — \$42,645), of which \$2,524 was payable as at December 31, 2023 (2022 — \$3,613).

The Portfolio Advisor receives a fee of 0.40% per annum of the average NAV of the Fund, plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the year ended December 31, 2023, investment management fees totaled \$21,176 (2022 — \$24,369), of which \$1,442 was payable at December 31, 2023 (2022 — \$2,065).

Administrative expenses for the year ended December 31, 2023 totaled \$64,651 (2022 — \$65,544). As part of these expenses, the Fund pays a general overhead cost to Artemis of \$5,000 per month plus applicable taxes to cover related administrative salaries, employee benefits, general overhead, and office supplies.

For redemptions or repurchases, the Manager is entitled to receive a fee per Unit of 5% of the NAV per Unit plus applicable taxes. For the year ended December 31, 2023, fees in the amount of \$25,294 (2022 — \$30,167) were paid to the Manager.

MANAGEMENT REPORT OF FUND PERFORMANCE

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

The Fund's Net Assets per Unit ⁽¹⁾

For the Period Ended	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Net Assets per Unit, Beginning of Year	\$ 2.01	\$ 1.93	\$ 2.02	\$ 2.12	\$ 2.01
Increase (decrease) from operations:					
total revenue	0.06	0.06	0.04	0.08	0.10
total expenses (excluding distributions)	(0.13)	(0.09)	(0.12)	(0.10)	(0.09)
realized gains (losses) for the year	0.03	0.14	0.05	(0.06)	(0.04)
unrealized gains (losses) for the year	(0.15)	0.10	0.06	0.10	0.26
Total Increase (decrease) from operations ⁽²⁾	\$ (0.18)	\$ 0.21	\$ 0.04	\$ 0.02	\$ 0.23
Distributions:					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	0.12	0.12	0.12	0.12	0.12
Total Annual Distributions ⁽³⁾	0.12	0.12	0.12	0.12	0.12
Net Assets at the end of each period shown	\$ 1.71	\$ 2.01	\$ 1.93	\$ 2.02	\$ 2.12

(1) The financial statements of the Fund have been prepared in accordance with IFRS. This information is derived from the Fund's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of Units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of Units outstanding over the financial period.

(3) Distributions were paid in cash or Units, or both.

MANAGEMENT REPORT OF FUND PERFORMANCE

RATIOS AND SUPPLEMENTAL DATA

For the Period Ended	31-Dec-23	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19
Total net asset value (\$ 000's) ⁽¹⁾	\$ 3,992	\$ 5,199	\$ 5,542	\$ 6,443	\$ 7,468
Number of Units outstanding (000's) ⁽¹⁾	2,339	2,592	2,872	3,183	3,526
Management expense ratio ⁽²⁾	6.45%	4.59%	5.82%	5.33%	4.45%
Trading expense ratio ⁽³⁾	0.03%	0.02%	0.05%	0.13%	0.07%
Portfolio turnover ratio ⁽⁴⁾	17.53%	4.90%	22.51%	54.39%	9.06%
Net asset value per Unit	\$ 1.71	\$ 2.01	\$ 1.93	\$ 2.02	\$ 2.12
Closing market price	\$ 1.49	\$ 1.45	\$ 1.58	\$ 1.45	\$ 1.71

(1) This information is provided as at the date shown.

(2) Management expense ratio is based on total expenses (excluding commissions and other Portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.

(3) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets during the period.

(4) The Fund's Portfolio turnover rate indicates how actively the Portfolio Advisor manages the Portfolio. A Portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the Portfolio Securities once in the course of the year. The higher the Fund's Portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in a year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT REPORT OF FUND PERFORMANCE

MANAGEMENT FEES

The Manager is entitled to receive a management fee of 0.70% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly, in exchange for management services provided to the Fund. The Portfolio Advisor receives a fee of 0.40% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services to the Fund.

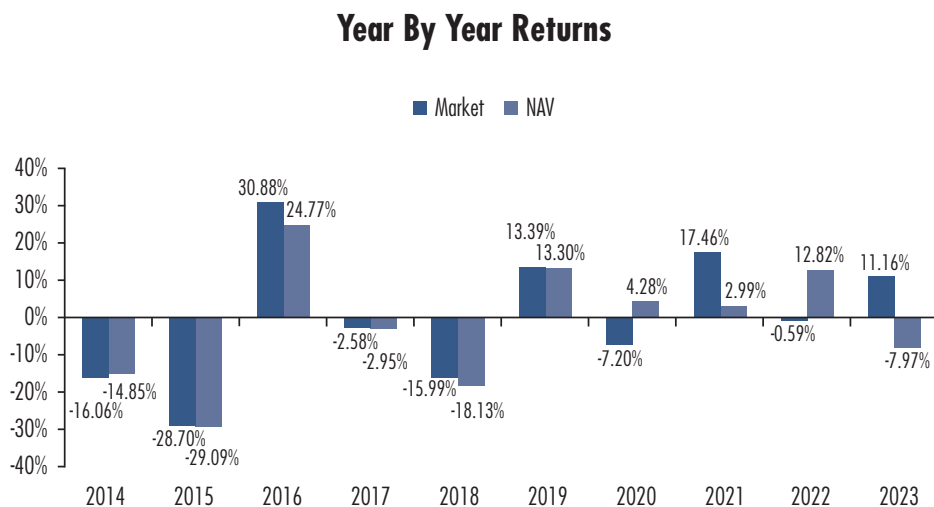
PAST PERFORMANCE

The Fund's performance numbers represent the annual compound total returns over the period indicated to December 31, 2023. Total returns are based upon both the Fund's change in market price or net assets per Unit plus the reinvestment of all distributions in additional Units on the reinvestment dates for the year.

Returns do not take into account sales, redemptions or income taxes payable. Past performance of the Fund does not necessarily indicate how it will perform in the future.

The total return of the Fund for the period ended December 31, 2023 was negative 7.97% measured in terms of its NAV. The total return of the market price per Unit for the period ended December 31, 2023, was positive 11.16%.

The following chart shows the Fund's performance as at the date shown and illustrates how the Fund's performance has changed. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each period.



The Fund commenced operations as of October 2005. For 2023 and prior years, this represents the annual return, unadjusted for the exercise of warrants, for the twelve-month period ended December 31.

MANAGEMENT REPORT OF FUND PERFORMANCE

ANNUAL COMPOUND RETURNS

The following table presents the annual compound returns for the Fund based on market price and net assets per Unit for the periods indicated to December 31, 2023. For the year ended December 31, 2011 and subsequent periods, the returns are compared to the S&P/TSX Capped Energy Index due to the widespread conversion of oil and gas royalty trusts to corporations. The S&P/TSX Capped Energy Index is a market capitalization weighted total return index of corporations which are classified in the energy sector of the Global Industry Classification Standards.

	1-Year	3-Year	5-Year	10-Year
Energy Income Fund (Market Price)	11.16%	8.89%	6.05%	(1.41)%
Energy Income Fund (Net Assets)	(7.97)%	0.65%	2.78%	(4.10)%
S&P/TSX Capped Energy Index ⁽¹⁾	(0.39)%	38.56%	11.91%	(1.18)%

(1) Prior to 2011, the annual compound returns for the Fund based on market price and net assets per Unit were compared to the S&P/TSX Capped Energy Trust Index and therefore will not match the current comparison to the S&P/TSX Capped Energy Index's compound returns. Under the Fund's Declaration of Trust, the change in the benchmark index used to measure against the return of the Portfolio may be selected and changed by the Manager from time to time.

For all periods ended December 31, 2023, the Fund underperformed the S&P/TSX Capped Energy Index the "Index") after taking into consideration the expenses of the Fund. In addition to the effect of the deduction of management fees and expenses inherent in the Fund's performance figures, this reflects differences in individual portfolio selections between the Fund's portfolio and the Index.

MANAGEMENT REPORT OF FUND PERFORMANCE

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

Total Net Assets: \$3,992,118

The major Portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. The Summary of Investment Portfolio may change due to ongoing Portfolio transactions of the Fund. Quarterly updates are available at www.artemisfunds.ca.

Portfolio by Sector	% of Aggregate NAV
Canadian Equities	
Oil & Gas Corporations	49.10%
Utilities	13.10%
Total Canadian Equities	62.20%
International Equities (U.S.)	37.10%
Cash	3.50%
Other Assets, Net of Liabilities	(2.80)%
Total Net Assets	100.00%

TOP HOLDINGS (as a % of Total NAV of the Fund)

As at December 31, 2023

Top Positions as a % of NAV			
Canadian Natural Resources Ltd.	19.91%	Exxon Mobil Corp.	7.34%
Parkland Corp. Canada	14.34%	Freehold Royalties Ltd.	5.52%
Chevron Corp.	13.43%	Brookfield Renewable Corp.	5.19%
First Solar Inc.	11.38%	NextEra Energy Inc.	5.02%
Trican Well Service Ltd.	9.29%	Other assets, net of liabilities	0.65%
Northland Power Inc.	7.93%	% of Total Net Assets	100.00%

MANAGEMENT REPORT OF FUND PERFORMANCE

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent the Manager's or Portfolio Advisor's expectations regarding future events. By their nature, forward-looking statements must be based on assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. Readers of this document are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Actual results may differ materially from the Manager's or Portfolio Advisor's expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to: market and general economic conditions, interest rates, foreign exchange rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's prospectus, Annual Information Form and other investor documentation. The foregoing list of factors is not exhaustive and when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, neither the Fund nor the Manager undertakes, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Financial Statements of

ENERGY INCOME FUND

And Independent Auditor's Report thereon

Years ended December 31, 2023 and 2022





KPMG LLP

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Toronto, ON M5H 2S5
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Telephone 416 777 8500
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Energy Income Fund

Opinion

We have audited the financial statements of Energy Income Fund (the Fund), which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive income (loss) for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance to be filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



We obtained the Management Report of Fund Performance to be filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Paula Foster.

Toronto, Canada

March 19, 2024

ENERGY INCOME FUND

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

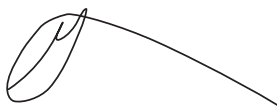
	2023	2022
Assets		
Financial assets at fair value through profit or loss (note 4)	\$ 3,965,548	\$ 4,975,028
Cash	138,462	398,736
Dividends receivable	16,519	14,851
Other receivables	4,394	2,323
	<u>4,124,923</u>	<u>5,390,938</u>
Liabilities		
Distributions payable	23,388	25,916
Redemptions payable	124	—
Management fees and investment management fees payable (note 8)	3,966	5,678
Accounts payable and accrued liabilities (note 8)	105,327	159,957
	<u>132,805</u>	<u>191,551</u>
Net assets attributable to holders of redeemable units	<u>\$ 3,992,118</u>	<u>\$ 5,199,387</u>
Number of redeemable units outstanding (note 7)	<u>2,338,790</u>	<u>2,591,624</u>
Net assets attributable to holders of redeemable units per unit	<u>\$ 1.71</u>	<u>\$ 2.01</u>

See accompanying notes to financial statements.

On behalf of Energy Income Fund by
the Board of Directors of Artemis Investment Management Limited:



Trevor Maunder
Director



Gavin Swartzman
Director

ENERGY INCOME FUND

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Years ended December 31, 2023 and 2022

	2023	2022
Income:		
Dividends	\$ 158,857	\$ 151,209
Interest income for distribution purposes	14,721	6,092
Foreign exchange gain (loss) on cash	(10,130)	16,541
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss:		
Net realized gain on sale of investments	80,244	407,004
Change in unrealized appreciation (depreciation) in value on investments	(383,414)	273,351
	(139,722)	854,197
Expenses:		
Administrative (note 8)	64,651	65,544
Management fees (note 8)	37,057	42,645
Unitholder servicing fees	19,404	37,226
Custody, valuation and transfer fees	21,347	34,438
Audit fees	45,987	13,730
Independent review committee fees	22,376	14,815
Regulatory and listing fees	7,494	9,077
Investment management fees (note 8)	21,176	24,369
Legal fees	73,855	15,649
Interest	62	186
Portfolio transaction costs (note 9)	1,251	934
	314,660	258,613
Operating profit (loss) before taxes	(454,382)	595,584
Withholding taxes/reclaims	8,785	5,983
Increase (decrease) in net assets attributable to holders of redeemable units from operations	\$ (463,167)	\$ 589,601
Weighted average number of units outstanding	2,573,233	2,857,243
Increase (decrease) in net assets attributable to holders of redeemable units from operations per unit⁽¹⁾	\$ (0.18)	\$ 0.21

(1) Based on the weighted average number of units outstanding during the years.

See accompanying notes to financial statements.

ENERGY INCOME FUND

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

Years ended December 31, 2023 and 2022

	2023	2022
Net assets attributable to holders of redeemable units, beginning of year	\$ 5,199,387	\$ 5,542,155
Increase (decrease) in net assets attributable to holders of redeemable units from operations	(463,167)	589,601
Redeemable unit transactions (note 7):		
Reinvested distributions	9,858	10,540
Redemption of redeemable units	(447,756)	(603,570)
	(437,898)	(593,030)
Distributions to holders of redeemable units:		
Return to holders of redeemable units	(306,204)	(339,339)
Net decrease in net assets attributable to holders of redeemable units for the year	(1,207,269)	(342,768)
Net assets attributable to holders of redeemable units, end of year	\$ 3,992,118	\$ 5,199,387
Distributions per unit	\$ 0.12	\$ 0.12

See accompanying notes to financial statements.

ENERGY INCOME FUND

STATEMENTS OF CASH FLOWS

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from (used in) operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units from operations	\$ (463,167)	\$ 589,601
Adjustments for:		
Net realized gain on sale of investments	(80,244)	(407,004)
Portfolio transaction costs	1,251	934
Foreign exchange loss (gain) on cash	10,130	(16,541)
Change in unrealized appreciation (depreciation) in value of investments	383,414	(273,351)
Purchases of investments	(851,682)	(275,000)
Proceeds from sale of investments	1,556,741	1,655,872
Increase in dividends receivable	(1,668)	(776)
Decrease (increase) in other receivables	(2,071)	14
Decrease in management fees and investment management fees payable	(1,712)	(304)
Decrease in accounts payable and accrued liabilities	(54,630)	(30,875)
	496,362	1,242,570
Cash flows used in financing activities:		
Distributions paid to holders of redeemable units, net of reinvested distributions	(298,874)	(331,601)
Amounts paid for redeemable units redeemed	(447,632)	(603,570)
	(746,506)	(935,171)
Foreign exchange gain (loss) on cash	(10,130)	16,541
Net increase (decrease) in cash	(260,274)	323,940
Cash, beginning of year	398,736	74,796
Cash, end of year	<u>\$ 138,462</u>	<u>\$ 398,736</u>
Supplemental information:		
Dividends received, net of withholding taxes	\$ 148,404	\$ 156,416
Interest received, net of withholding taxes	14,721	6,092
Interest paid	(62)	(186)

See accompanying notes to financial statements.

ENERGY INCOME FUND

SCHEDULE OF INVESTMENTS

December 31, 2023				
Number of shares	Investments owned	Average cost	Fair value	% of net assets
	Canadian equities			
	Oil and gas corporations:			
9,200	Canadian Natural Resources Ltd.	\$ 289,996	\$ 794,832	19.9
16,100	Freehold Royalties Ltd.	235,694	220,409	5.5
13,400	Parkland Corp. Canada	345,724	572,314	14.4
90,000	Trican Well Service Ltd.	289,014	370,800	9.3
		1,160,428	1,958,355	49.1
	Utilities:			
5,459	Brookfield Renewable Corp.	341,966	207,237	5.2
13,149	Northland Power Inc.	297,025	316,496	7.9
		638,991	523,733	13.1
	Total Canadian equities	1,799,419	2,482,088	62.2
	U.S. equities			
2,725	Chevron Corp.	324,328	535,960	13.4
2,222	Exxon Mobil Corp.	238,080	292,934	7.3
2,000	First Solar Inc.	251,220	454,337	11.4
2,500	NextEra Energy Inc.	253,012	200,229	5.0
	Total U.S. equities	1,066,640	1,483,460	37.1
	Transaction costs	(2,013)		
	Total investments	<u>\$ 2,864,046</u>	3,965,548	99.3
	Other assets, net of liabilities		26,570	0.7
	Total net assets attributable to holders of redeemable units		\$ 3,992,118	100.0

See accompanying notes to financial statements.

ENERGY INCOME FUND

Notes to Financial Statements

Years ended December 31, 2023 and 2022

1. THE FUND:

Description of the Fund:

Energy Income Fund (the “Fund”) is a closed-end investment trust. Artemis Investment Management Limited (“Artemis” or the “Manager”) is the investment fund manager of the Fund. The Fund has one class of units (each, a “Unit”) outstanding. The Units trade on the Toronto Stock Exchange (“TSX”) under the symbol ENI.UN. The Fund’s portfolio is managed by Vestcap Investment Management Inc. (the “Portfolio Advisor”).

The address of the Fund’s registered office is 1325 Lawrence Avenue East, Suite 200, Toronto, ON, M3A 1C6, Canada.

The financial statements were authorized for issue by the Manager on March 19, 2024.

2. INVESTMENT OBJECTIVES OF THE FUND:

The Fund’s investment objectives are to provide the unitholders with monthly cash distributions and to achieve a total return on the portfolio that is greater than the total return provided by the benchmark index, as selected by the Manager from time to time. The benchmark index is the S&P/TSX Capped Energy Trust Index.

3. MATERIAL ACCOUNTING POLICY INFORMATION:

These financial statements have been prepared in compliance with IFRS Accounting Standards.

(a) Cash:

Cash includes cash at bank.

(b) Financial instruments:

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular purchases and sales of financial assets are recognized at their trade date. The Fund’s investments and derivative assets and liabilities are measured at fair value through profit or loss (“FVTPL”). The Fund’s obligation for net assets attributable to holders of redeemable Units is presented at the redemption amount. All other financial assets and liabilities are classified as and measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, on the accrual basis based on the bond coupon rate. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders.

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(i) Classification and measurement:

The Fund classifies and measures its financial instruments as either amortized cost, fair value through other comprehensive income (“FVOCI”) or FVTPL. To determine the appropriate classification and measurement category, an entity considers the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments.

The Fund’s business model is one in which financial assets are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets’ fair values and assets are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. The Fund measures at FVTPL all financial assets currently held at fair value. Debt securities are measured at FVTPL under

IFRS 9, Financial Instruments ("IFRS 9"), as the Fund does not hold the assets to collect contractual cash flows based on their business model. Collection of the contractual cash flows is not integral to achieving the Fund's business model objective but is instead incidental to it.

Loans as well as trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, these are classified and measured at amortized cost under IFRS 9.

(ii) Impairment:

The Fund recognizes a loss allowance for expected credit losses on financial assets which are measured at amortized costs or FVOCI. Financial assets held by the Fund, which are measured at FVTPL, are not subject to impairment requirements.

With respect to loans and receivables, the Fund considers both historical analysis and forward looking information in determining any expected credit loss. As at the financial statement date, all loans and receivables are due to be settled within the short term. The Fund considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligation in the near term. Given the limited exposure of the Fund to credit risk, no loss allowance has been recognized as any such impairment does not have a significant impact on the financial statements.

(c) 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 are based on quoted market prices at the close of trading on the reporting date. The Fund 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. See note 6 for a description of each fair value hierarchy level.

(d) Investment transactions and income recognition:

- (i) Investment transactions are accounted for on the trade date;
- (ii) Interest income for distribution purposes is recognized on an accrual basis based on the bond coupon rate;
- (iii) Dividend income is recorded on the ex-dividend date; and
- (iv) Realized gains and losses on investments and unrealized appreciation or depreciation of investments are calculated using the average cost of the related investments.

(e) Foreign currency translation:

The functional and presentation currency of the Fund is the Canadian dollar.

The fair value of investments and other assets and liabilities denominated in foreign currencies is translated into Canadian dollars at the rates prevailing on each valuation date.

Purchases and sales of investments, and income and expenses denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions. Realized exchange gains (losses) on investments, and unrealized exchange gains (losses) on investments, if any, are included in net realized gain on sale of investments and change in unrealized appreciation (depreciation) in value of investments in the statements of comprehensive income (loss).

(f) Distributions:

Distributions to unitholders are recorded by the Fund when declared.

(g) Increase (decrease) in net assets attributable to holders of redeemable Units from operations per Unit:

Increase (decrease) in net assets attributable to holders of redeemable Units from operations per Unit represents the net increase (decrease) in net assets attributable to holders of redeemable Units from operations divided by the average Units outstanding during the years.

(h) Changes in accounting policies:

The Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The Manager reviewed the accounting policies and made updates to the information disclosed in Note 3 in certain instances in line with the amendments.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. These financial statements include estimates and assumptions by management that affect the reported amount of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these results. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

(a) Fair value measurement of derivatives and securities not quoted in an active market:

Fair values of instruments not quoted in active markets are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 6 for further information about the fair value measurement of the Fund's financial instruments.

(b) Business model assessment:

The Fund considered its business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments and concluded that collection of the contractual cash flows is not integral to achieving the Fund's business model objective. Respectively, the Fund measures all investments at FVTPL and all other financial assets and liabilities at amortized cost.

5. INCOME TAXES:

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada) and is subject to applicable federal and provincial taxes on the amount of net income for tax purposes for the year; to the extent such net income for tax purposes has not been paid or made payable to unitholders in the year.

The Fund may be liable to pay income or profits tax on income or gains derived from investments in the U.S. and other foreign countries. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the statements of comprehensive income (loss).

As of December 31, 2023, the Fund had non-capital losses of approximately \$1,205,591 (2022 — \$1,131,679) that will start to expire in 2033, and capital losses of approximately \$21,518,686 (2022 — \$21,518,686). Capital losses can be carried forward indefinitely and offset against capital gains in future years.

ENERGY INCOME FUND

Notes to Financial Statements

Years ended December 31, 2023 and 2022

6. FAIR VALUE DISCLOSURES:

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1 — inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date;
- Level 2 — inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active; and
- Level 3 — inputs that are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

The following tables illustrate the classification of the Fund's assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2023 and 2022:

2023	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equities	\$3,965,548	\$—	\$—	\$3,965,548

2022	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:				
Equities	\$4,966,528	\$8,500	\$—	\$4,975,028

There were no transfers between levels during the years ended December 31, 2023 and 2022.

All fair value measurements above are recurring. The carrying values of cash, dividends receivable, other receivables, distributions payable, management fees and investment management fees payable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case, it is classified as Level 3.

As of December 31, 2023 and 2022, the Fund had no securities that were classified as Level 3 financial instruments.

7. UNITS ISSUED AND OUTSTANDING:

(a) Authorized:

The authorized capital of the Fund consists of an unlimited number of trust Units which are transferable redeemable Units of beneficial interest.

The Fund's redeemable Units entitle unitholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the NAV of the Fund, amongst other contractual rights. These redeemable Units involve multiple contractual obligations on the part of the Fund and therefore meet the criteria for classification as financial liabilities. The Fund's obligation for net assets attributable to unitholders is measured at FVTPL, with fair value being the redemption amount as of the reporting date.

ENERGY INCOME FUND

Notes to Financial Statements

Years ended December 31, 2023 and 2022

The following Unit transactions took place during the years ended December 31, 2023 and 2022:

(b) Units issued and outstanding:

	2023	2022
Units, beginning of year	2,591,624	2,871,822
Issued under distribution reinvestment plan ("DRIP")	6,453	6,984
Units redeemed	(259,287)	(287,182)
Units, end of year	2,338,790	2,591,624

(c) Redemptions and retractions:

The maximum number of Units redeemable in a year pursuant to the annual redemption privilege is 10% of the public float of the Fund as determined on the first business day of a calendar year, less the number of Units repurchased for cancellation or otherwise redeemed by the Fund during the preceding 12-month period. The Fund did not repurchase any Units for cancellation during the years ended December 31, 2023 and 2022.

Unitholders are entitled to retract their Units outstanding on the second last business day of each month at an amount equal to (a) the lesser of: (i) 90% of the weighted average trading price of a Unit on the TSX during the preceding 15 trading days and (ii) the closing market price on the TSX on that day, less (b) any retraction costs.

Unitholders are also entitled to retract their Units outstanding on the second to last business day of each November (the "Annual Redemption Date") at an amount equal to 100% of the NAV per Unit determined as of the Annual Redemption Date less any retraction costs.

Pursuant to an annual redemption in November 2023, 259,162 Units (2022 – 287,182) were redeemed in the amount of \$447,599 (2022 – \$603,570).

(d) Distribution reinvestment plan:

Units issued under the DRIP program will be issued at the applicable 5-day volume-weighted average trading price of the Units.

8. RELATED PARTY TRANSACTIONS:

The Fund is responsible for all expenses incurred on its behalf. Artemis generally has all expenses incurred by the Fund paid directly by the Fund.

The Manager is entitled to receive a management fee of 0.70% per annum of the average NAV of the Fund plus applicable taxes, calculated and payable monthly. For the year ended December 31, 2023, management fees totaled \$37,057 (2022 – \$42,645), of which \$2,524 was payable as at December 31, 2023 (2022 – \$3,613).

The Portfolio Advisor receives a fee of 0.40% per annum of the average NAV of the Fund, plus applicable taxes, calculated and payable monthly, in exchange for providing investment management services. For the year ended December 31, 2023, investment management fees totaled \$21,176 (2022 – \$24,369), of which \$1,442 was payable at December 31, 2023 (2022 – \$2,065).

Administrative expenses for the year ended December 31, 2023 totaled \$64,651 (2022 – \$65,544). As part of these expenses, the Fund pays a general overhead cost to Artemis. Artemis receives \$5,000 per month plus applicable taxes to cover related administrative salaries, employee benefits, general overhead, and office supplies.

For redemptions or repurchases, the Manager is entitled to receive a fee per Unit of 5% of the NAV per Unit plus applicable taxes. For the year ended December 31, 2023, fees in the amount of \$25,294 (2022 – \$30,167) were paid to the Manager.

9. PORTFOLIO TRANSACTION COSTS:

For the year ended December 31, 2023, the Fund incurred portfolio transaction costs of \$1,251 (2022 — \$934) of which soft dollar commissions were \$816 (2022 — \$612). These costs are recorded separately in the statements of comprehensive income (loss) as an expense for the year.

10. FINANCIAL RISK MANAGEMENT:

The Fund aims to provide unitholders with monthly distributions primarily through investments in energy-related companies. As a result, the Fund is exposed to the risk of being invested, on a concentrated basis, in these asset classes. The Fund's Manager uses a disciplined, fundamental approach in its investment selection and portfolio management approach which consists of an intensive and ongoing research process of investment opportunities. The Manager purchases and holds securities for the Fund for the short to medium term and also determines the timing of when to rotate the Fund's portfolio in order to enhance the Fund's portfolio performance and/or limit risk.

(a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in being invested in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities through diversification of the investment portfolio. The Manager monitors the Fund's overall market positions on a weekly basis and positions are maintained within established ranges.

The most significant exposure to market risk is from equity securities. As at December 31, 2023, had the prices on the benchmark index raised (lowered) by 5%, with all other variables held constant, net assets attributable to holders of redeemable Units would have increased (decreased) by approximately \$70,976 (2% of NAV) (2022 — \$94,278, 2% of NAV). In practice, the actual results may differ and the difference could be material. The benchmark index is the S&P/TSX Capped Energy Index.

(b) Foreign currency risk:

Foreign currency risk is the risk that the value of investments denominated in currencies, other than the functional currency of the Fund, will fluctuate due to changes in foreign exchange rates. The schedule of investments identifies all investments denominated in foreign currencies. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the Fund's functional currency in determining fair value.

As at December 31, 2023, the Fund invested approximately 64.9% (2022 — 86.2%) of the net assets in U.S. currency. As at December 31, 2023, if the Canadian dollar had strengthened (weakened) by 5%, with all other variables held constant, net assets attributable to holders of redeemable Units would have decreased (increased) by \$129,597 (3.2% of NAV) (2022 — \$224,197, 4.3% of NAV). In practice, the actual results may differ and the difference could be material.

(c) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments.

As at December 31, 2023, the Fund had approximately 100% of the investment portfolio in equity securities (2022 — 100%). Cash and short-term investments earn minimal interest. As at December 31, 2023 and 2022, the majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to a significant amount of interest rate risk.

(d) Credit risk:

Credit risk is the risk that an issuer or a counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund. All transactions in listed securities are settled (paid for) upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only

ENERGY INCOME FUND

Notes to Financial Statements

Years ended December 31, 2023 and 2022

made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. Credit risk exposure for over-the-counter derivative instruments is based on the Fund's unrealized gain of the contractual obligations with the counterparty as at the reporting date. The credit exposure of other assets is represented by their carrying amount.

The Fund's cash is mainly held with Royal Bank of Canada, which is rated AA as at December 31, 2023 (2022 — AA) based on DBRS (originally known as Dominion Bond Rating Service) ratings. The Manager monitors the financial position on a quarterly basis. As at December 31, 2023 and 2022, the Fund had no significant exposure to credit risk.

(e) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial obligations. The Fund is exposed to a monthly redemption of Units at which time the Units of the Fund are redeemed at the current transactional net assets per Unit. Liquidity risk is managed by investing the Fund's assets in investments that can be readily disposed of.

The Fund's liquid investments are considered to be in excess of the redemption requirements. Therefore, as at December 31, 2023 and 2022, the Fund's liquidity risk is considered minimal.

(f) Concentration risk:

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk:

Sector	Percentage of net assets	
	2023	2022
Canadian equities:		
Oil and gas corporations	49.1	23.5
Information technology	—	3.7
Utilities	13.1	13.3
U.S. equities	37.1	55.2
Other assets, net of liabilities	0.7	4.3
	100.0	100.0

11. CAPITAL MANAGEMENT:

The Fund's capital is its net assets attributable to holders of redeemable Units. The Manager maintains the Fund's capital in accordance with its investment objectives, strategies and restrictions as detailed in the amended and restated Declaration of Trust as of March 7, 2014.

12. SUBSEQUENT EVENTS:

(a) Monthly distributions for 2024:

On January 15, 2024, the Fund announced distributions for 2024 of \$0.01 per Unit per month. Unitholders of record on the last day of each month will be paid distributions on the 15th day (or first business date thereafter) of the ensuing month.

(b) Private placement:

On January 26, 2024, the Fund announced the closing of a private placement effective January 26, 2024. Units issued pursuant to the private placement issued at a price of \$1.68, which reflects the Fund's NAV per Unit of \$1.68 on January 18, 2024. The Fund raised \$1,174,986.96 through the issuance of 699,397 Units. As per the TSX restrictions, all the Units of the Fund issued pursuant to the private placement will be subject to a four month hold period from the date of closing of the private placement.

(c) Unitholder meeting:

On March 4, 2024, the Fund announced that Unitholders had approved an extraordinary resolution authorizing amendments to the Fund's declaration of trust. These include (i) an amendment to the Fund's investment strategy to permit investments in any US listed company in addition to existing asset classes, (ii) an amendment to the Fund's investment objectives to focus on preserving and potentially enhancing the Fund's net asset value without reference to a benchmark, and (iii) an amendment to the fees payable to the Manager to consist of 2% of the average net asset value of the Fund per year plus taxes, and a performance fee of 20% above an 8% hurdle rate on the Fund's returns, subject to a cap on the Fund's total expense ratio of 2.5% excluding the performance fee, extraordinary expenses and taxes.

As part of the updated investment strategy and objectives, the Manager intends to assume the investment management role for the Fund in the near future. However, until further notice, during the transitional phase, the current Portfolio Advisor will continue to serve under the existing investment management agreement. The investment management fee to the Portfolio Advisor will be borne by the Manager during this transition.

CORPORATE INFORMATION

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AUDITOR

KPMG LLP

Bay Adelaide Centre

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Toronto, Ontario M5H 2S5

STOCK EXCHANGE

The Toronto Stock Exchange

Energy Income Fund Units: **ENI.UN**

INDEPENDENT REVIEW COMMITTEE

Peter Chodos

John Mills

Michael Newman

DIRECTORS OF THE MANAGER/TRUSTEE

Trevor Maunder — Director

Gavin Swartzman — Director

OFFICERS OF THE MANAGER/TRUSTEE

Trevor Maunder — Chief Executive Officer,

Chief Financial Officer and Secretary

Sean Lawless — Chief Compliance Officer

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TSX Trust Company

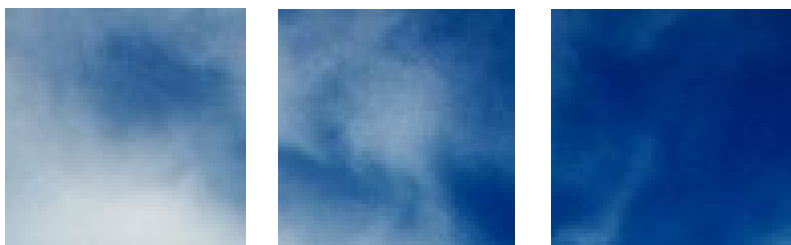
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