BROMPTON FUNDS

Third Quarter Report 2004

Q3

A COMMITMENT TO

EXCELLENCE

Brompton is regarded as one of the finest and most highly respected providers of financial products and services to individual and institutional clients in Canada.

Through a disciplined commitment to excellence, Brompton has grown its assets under management to over $1.6 billion in less than three years, establishing a solid foundation that will continue to deliver strong financial returns to its investors and clients. Brompton's success has been achieved by offering financial products to the public which combine excellent value, integrity and superior performance. Brompton's management and directors are a well respected group of accomplished business leaders who maintain the highest levels of corporate governance. The extensive experience, track record and integrity of its people are Brompton's most valuable assets.

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Message to Equityholders

We are pleased to provide the 2004 Third Quarter Report for our Brompton Funds and an introductory report for our newest fund, Brompton Equal Weight Oil & Gas Income Fund, which closed subsequent to quarter end.

Buoyed by favourable market conditions, all of our funds provided positive total returns to unitholders during the quarter. Over the period, prices for preferred securities outpaced most other fixed income investments, the S&P TSX index returned approximately 2%, including dividends, and the income trust sector performed particularly well, returning over 11%, including distributions. While a few individual income trusts reduced or eliminated distribution payments, distributions for the market as a whole increased during the quarter. Brompton's exposure to the poorer performing trusts was limited because of our focus on broad diversification. Cash flows generated by our funds remained strong during the quarter, resulting in cash distributions being at or higher than at the start of the period. All but one of our funds experienced growth in net asset value over the quarter.

Highlights for the quarter included the first rebalancing for Brompton Equal Weight Income Fund (EWI.UN). 43 new income funds were added and two were deleted, bringing the total number of income trusts in the portfolio to 107. Both Brompton Equal Weight Income Fund and Business Trust Equal Weight Income Fund increased their distribution rates during the quarter and Flaherty & Crumrine Preferred Income Fund continued to pay out distributions at a higher rate than was originally targeted in its final prospectus. In addition, a number of the Funds have achieved substantial gains in the value of their portfolios enabling them to pay out special cash distributions to unitholders of record at the end of the year.

Brompton continued to provide investors with innovative, timely, and well-conceived products. We noted the strong economic fundamentals for the oil and gas trust sector and during the third quarter we developed a fund that would invest an equal amount in all of the more senior conventional oil and gas income trusts with float capitalizations greater than $500 million and that paid a regular distribution. Brompton Equal Weight Oil & Gas Income Fund was marketed throughout the quarter and achieved the maximum offering size. The Fund closed on October 7, raising $417 million, and began trading on the TSX under the symbol OGF.UN.

The breakdown of distributions for tax purposes will be provided to unitholders as soon as possible following receipt of the information from each Fund's individual holdings, generally no later than the second week of March. This information will also be posted on our website as soon as it is available.

While values and distributions may vary with changing markets and for reasons particular to the underlying investments, we continue to believe in the long-term fundamentals of our funds and the sectors in which they invest.

Respectfully submitted on behalf of the Board of Directors of the Managers,

Signed: Peter A. Braaten

Peter A. Braaten
Chairman

Signed: R. Pether

Raymond R. Pether
Chief Executive Officer

BROMPTON VIP INCOME TRUST

We are pleased to provide the unaudited financial results of Brompton VIP Income Trust for the three and nine months ended September 30, 2004. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund invests in a broadly diversified portfolio of income trusts and high-yield debt in order to deliver a high level of monthly distributions to investors. The Fund is managed by Brompton VIP Management Limited and the portfolio is actively managed by MFC Global Investment Management, a subsidiary of Manulife Financial Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

During the period ended September 30, 2004, the Fund distributed $0.25 per unit per quarter and a total of $0.75 per unit year to date. Since inception, the Fund has paid distributions at or exceeding its original objectives. In addition, the Fund has achieved substantial gains in the value of its portfolio. As a result, the Fund has declared a special cash distribution of $0.10 per unit (in addition to the previously announced distribution of $0.08333 per unit) payable to unitholders of record at the close of business on December 31, 2004.

In 2003, approximately 41% of the distributions were classified as a return of capital for tax purposes. Based on information available at the date of writing, assuming no additional capital gains or losses for the balance of 2004, and using 2003 tax allocations for the Fund's investments, it is expected that the Fund's return of capital should be approximately 50% for 2004. The final 2004 breakdown of distributions for tax purposes will be available to unitholders in early March 2005.

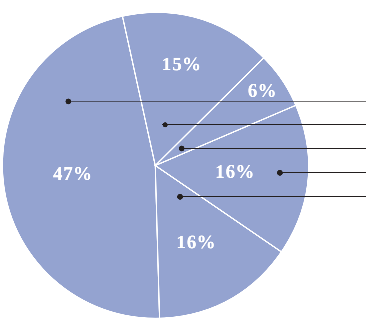
Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 46 income funds and 54 fixed income investments, which provide diversification by issuer, industry concentration, and asset type. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded gains (realized and unrealized) of $5.0 million in the third quarter due to a sharp turn around in the fixed income and income trust markets. Realized and unrealized gains of $8.1 million were recorded for the nine-month period ended September 30, 2004.

The table below provides a breakdown of gains or losses by sector and by quarter for 2004.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Business funds	$ 5.8	$ (1.8)	$ 1.1	$ 5.1
Oil and gas funds	0.2	0.2	2.4	2.8
Power and pipeline funds	0.1	(0.8)	0.3	(0.4)
Real estate investment trusts	1.5	(1.6)	0.8	0.7
Fixed income securities and foreign exchange	0.2	(0.7)	0.4	(0.1)
Total for the period	$ 7.8	$ (4.7)	$ 5.0	$ 8.1
Cumulative gains, beginning of period	18.8	26.6	21.9	18.8
Cumulative gains, end of period	$ 26.6	$ 21.9	$ 26.9	$ 26.9

Net Asset Value

During the third quarter, the net asset value of the Fund increased by $0.54 per unit. This compares with a decrease of $0.50 per unit in the second quarter and a gain of $0.85 per unit in the first quarter of the year. For the nine months ended September 30, 2004, the Fund's net asset value increased by $0.89 per unit or 7.8% to $12.25, broken down as follows:

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.23	$ 0.26	$ 0.24	$ 0.73
Net realized gain (loss) on investments	0.13	(0.01)	(0.05)	0.07
Net realized gain (loss) on loans payable	(0.03)	—	0.02	(0.01)
Net change in unrealized gain on investments	0.78	(0.46)	0.48	0.80
Net change in unrealized gain on loans payable	(0.01)	(0.05)	0.10	0.04
Results of operations	1.10	(0.26)	0.79	1.63
Capital transactions	–	0.01	–	0.01
Less: distributions	(0.25)	(0.25)	(0.25)	(0.75)
Increase (decrease) in net asset value	$ 0.85	$ (0.50)	$ 0.54	$ 0.89

Liquidity and Capital Resources

As of September 30, 2004, the Fund had borrowings of Cdn$22.4 million under its credit facility, which represented 16.8% of total assets. These borrowings were comprised of US$13.0 million (Cdn$16.4 million) at 3.89% fixed until 2008, US$1.8 million (Cdn$2.3 million) based on LIBOR, Cdn$3.4 million based on the bankers' acceptance rate and Cdn$0.3 million based on the prime rate. The amount of US dollar borrowings is approximately equal to the market value of the US dollar-denominated assets of the Fund which provides a foreign exchange hedge. The fixed interest rate on a portion of the loans reduces the Fund's exposure to rising interest rates until 2008. The borrowings have been used to invest in additional portfolio investments to enhance the overall net yield earned by the Fund.

The Fund's normal course issuer bid allows it to purchase for cancellation up to 918,400 units from November 6, 2003 to November 5, 2004 during periods when the units trade below net asset value per unit. In such situations, purchases under the issuer bid are accretive for the Fund. A total of 400 units were purchased in the third quarter and 127,500 units since the bid was implemented, at an average price of $10.99 and $11.07, respectively. To provide liquidity, units of the Fund are listed on the TSX under the symbol VIP.UN. In addition, unitholders may redeem units of the Fund on the last business day of December of each year at the then current net asset value.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 14,822 and 48,915 units, respectively, were acquired in the market at an average price of $11.74 and $11.30 per unit.

Management Expense Ratio

The Fund has a low management fee for an actively managed fund of 0.85% of net asset value per annum. Combined with the 0.40% service fee and general and administrative expenses, the management expense ratio of the Fund is 1.55% based on net assets and 1.26% based on total assets.

Outlook

The Fund's two principal objectives are to maintain a high level of monthly distributions and to maintain net asset value per unit. The Fund has exceeded these objectives since inception, particularly with respect to the substantial cumulative gains in net asset value it has achieved. We continue to believe in the long-term fundamentals of the sectors in which the Fund invests and in the total return they will provide, although values of the underlying investments may fluctuate over time.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton VIP Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton VIP Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

PORTFOLIO MANAGER'S REPORT

Canadian Equities – Income Trusts

There were a few changes to the portfolio during the quarter. Some profits were taken in BFI Waste Management and Livingston International. The Fund continued to reduce its position in Advanced Fibre Income Fund during the quarter and eliminated the remaining position by quarter end. Armtech and CML Healthcare were introduced to the Fund while the weight in the Yellow Pages position was increased. The Fund continues to be well diversified with about 15% of the portfolio in each of the Oil and Gas, REIT and US High-Yield Bonds and the remainder in the Business Trust sector of the market. The Fund continues to favour the Business Trust sector due to its ability to grow distributions with potential increases in interest rates.

High-Yield Review

The Fund's overweight in Gaming and Financial Services boosted performance, but its underweight in Services and Utilities detracted from performance during the quarter. However, looking at Utilities in particular, Fund performance was boosted when the bonds of Ba3/B+ rated independent power producer Cogentrix were guaranteed by Aa3/A+ rated Goldman Sachs as part of an earlier acquisition. In reversal of last quarter's experience, performance was also boosted by the Fund's overweight in BB bonds as those issues slightly outperformed lower-rated bonds during the quarter. We expect that relationship to hold over the long term. The Fund added to holdings in the Leisure and Services sectors during the quarter and executed swaps in Health Care and Telecommunications to enhance returns. CP Ships is one of the larger high-yield positions in the portfolio and, while its common stock has come under pressure due to the accounting restatement news, its bonds have held their value. We remain comfortable with the credit strength of this issuer. At quarter end, the yield-to-worst ("YTW") of the bond component was 9.06% on a book value basis or 6.85% on a market value basis. The portfolio market yield tightened 63 bps during the quarter.

MFC Global Investment Management

Investment Highlights

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003
Net asset value per unit	$ 12.25	$ 11.71	$ 12.21	$ 11.36
Quarterly distributions per unit	$ 0.25	$ 0.25	$ 0.25	$ 0.25
Market price per unit	$ 11.87	$ 11.30	$ 11.58	$ 11.20
Total assets (millions)	$ 133	$ 130	$ 135	$ 131

Statement of Net Assets (Unaudited)

	Sept. 30, 2004	Dec. 31, 2003
Assets		
Investments, at market value (cost 2004 – $104,017,359; 2003 – $109,858,621)	$ 130,409,830	$ 129,013,553
Cash and short-term investments	1,576,989	556,299
Distributions and interest receivable	1,354,512	1,364,413
Other receivables	—	66,414
Deferred financing costs (note 8)	51,713	73,601
Total assets	133,393,044	131,074,280
Liabilities		
Accounts payable and accrued liabilities	302,712	329,361
Distributions payable to unitholders (note 4)	746,329	756,345
Amounts payable for securities purchased	200,000	—
Redemptions payable to unitholders	—	5,435,518
Loans payable (note 8)	22,422,367	21,451,464
Total liabilities	23,671,408	27,972,688
Net assets representing unitholders' equity	$ 109,721,636	$ 103,101,592
Units outstanding (note 3)	8,956,302	9,076,502
Net asset value per unit	$ 12.25	$ 11.36

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	2004	2003
Income				
Distributions from income funds	$ 2,320,453	$ 2,428,050	$ 6,897,495	$ 7,441,464
Interest income	436,319	551,982	1,527,840	1,671,419
	2,756,772	2,980,032	8,425,335	9,112,883
Expenses				
Management fee (note 5)	243,978	229,566	723,741	664,708
Service fee (note 5)	109,915	99,782	319,855	293,188
General and administrative	61,118	66,279	171,385	196,571
Interest and bank charges (note 8)	216,934	226,329	654,876	688,628
	631,945	621,956	1,869,857	1,843,095
Net investment income	2,124,827	2,358,076	6,555,478	7,269,788
Net realized gain (loss) on sale of investments and futures contracts (notes 6 & 7)	(464,238)	337,924	605,259	2,487,459
Net realized gain (loss) on loans payable (note 8)	179,930	(56,880)	(104,044)	(56,880)
Net change in unrealized gain on investments and futures contracts (note 7)	4,310,045	612,022	7,237,539	7,961,186
Net change in unrealized gain on loans payable (note 8)	969,286	181,616	402,711	379,696
Results of operations	$ 7,119,850	$ 3,432,758	$ 14,696,943	$ 18,041,249
Results of operations per unit[1]	$ 0.79	$ 0.37	$ 1.63	$ 1.86

[1] Based on the weighted average number of units outstanding for the period (note 3).

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

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Cash flows from operating activities:				
Results of operations	**$ 7,119,850**	$ 3,432,758	**$ 14,696,943**	$ 18,041,249
Adjustments to reconcile net cash provided by (used in) operations:				
Net realized gain (loss) on sale of investments and futures contracts	**464,238**	(337,924)	**(605,259)**	(2,487,459)
Net realized gain (loss) on loans payable	**(179,930)**	56,880	**104,044**	56,880
Net change in unrealized gain on investments and futures contracts	**(4,310,045)**	(612,022)	**(7,237,539)**	(7,649,294)
Net change in unrealized gain on loans payable	**(969,286)**	(181,616)	**(402,711)**	(379,696)
Amortization of deferred financing costs	**10,324**	10,463	**30,748**	36,837
Decrease (increase) in distributions and interest receivable	**(116,168)**	(100,459)	**9,901**	(36,633)
Decrease in variation margin receivable on futures contracts	**—**	—	**—**	133,720
Increase (decrease) in accounts payable and accrued liabilities	**41,788**	(36,199)	**(26,649)**	10,305
Purchase of investments (note 6)	**(3,902,732)**	(5,494,325)	**(10,556,371)**	(24,764,728)
Proceeds from sale of investments (note 6)	**5,225,276**	9,191,786	**17,202,892**	30,045,196
Cash provided by operating activities	**3,383,315**	5,929,342	**13,215,999**	13,006,377
Cash flows from financing activities:				
Increase (decrease) in loans payable	**(202,024)**	311,715	**1,269,570**	397,378
Deferred financing costs paid	**—**	(7,780)	**(8,860)**	(104,150)
Distributions paid to unitholders (note 4)	**(2,239,020)**	(2,412,980)	**(6,751,707)**	(7,240,262)
Proceeds from distribution reinvestment plan (note 4)	**—**	—	**66,414**	287,391
Repurchase of units (note 3)	**(4,396)**	(1,347,317)	**(1,335,208)**	(2,114,552)
Amounts paid for redemption of units	**—**	—	**(5,435,518)**	(1,426,237)
Cash used in financing activities	**(2,445,440)**	(3,456,362)	**(12,195,309)**	(10,200,432)
Net increase in cash and short-term investments	**937,875**	2,472,980	**1,020,690**	2,805,945
Cash and short-term investments, beginning of period	**639,114**	1,298,198	**556,299**	965,233
Cash and short-term investments, end of period	**$ 1,576,989**	$ 3,771,178	**$ 1,576,989**	$ 3,771,178
Supplemental information:				
Interest paid	**$ 203,632**	$ 277,297	**$ 623,820**	$ 643,934

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Net assets – beginning of period	**$ 104,845,169**	$ 99,917,217	**$ 103,101,592**	$ 90,690,064
Operations:				
Results of operations	**7,119,850**	3,432,758	**14,696,943**	18,041,249
Unitholder transactions:				
Distributions to unitholders (note 4)	**(2,238,987)**	(2,401,980)	**(6,741,691)**	(7,245,245)
Proceeds from distribution reinvestment plan (note 4)	**—**	—	**—**	229,162
Repurchase of units (note 3)	**(4,396)**	(1,347,317)	**(1,335,208)**	(2,114,552)
	(2,243,383)	(3,749,297)	**(8,076,899)**	(9,130,635)
Net increase (decrease) in net assets	**4,876,467**	(316,539)	**6,620,044**	8,910,614
Net assets – end of period	**$ 109,721,636**	$ 99,600,678	**$ 109,721,636**	$ 99,600,678
Distributions per unit	**$ 0.24999**	$ 0.24999	**$ 0.74997**	$ 0.74581

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost (USD)	Cost (CDN)	Market Value (USD)	Market Value (CDN)	% of Portfolio
No. of Units	**Business Funds**					
458,126	Davis + Henderson Income Fund		$ 4,831,239		$ 8,910,551	
274,455	Livingston International Income Fund		2,963,641		5,104,863	
228,200	BFI Canada Income Fund		2,279,633		4,986,170	
326,000	Energy Savings Income Fund		2,010,875		4,955,200	
275,000	Connors Bros. Income Fund		3,258,115		4,468,750	
235,000	Gateway Casinos Income Fund		2,609,500		4,074,900	
206,360	Chemtrade Logistics Income Fund		2,872,025		3,982,748	
110,000	Superior Plus Income Fund		2,142,200		3,021,700	
211,300	TimberWest Forest Corp.		2,820,477		2,958,200	
276,887	Westshore Terminals Income Fund		1,722,935		2,478,139	
196,000	The Keg Royalties Income Fund		1,955,700		2,332,400	
90,500	North West Company Fund		1,715,445		2,262,500	
25,000	Fording Canadian Coal Trust		1,150,247		1,763,750	
130,000	Boston Pizza Royalties Income Fund		1,332,840		1,761,500	
119,000	Cineplex Galaxy Income Fund		1,190,070		1,511,300	
134,000	Osprey Media Income Fund		1,340,000		1,299,800	
151,750	Sun Gro Horticulture Income Fund		1,528,302		1,198,825	
50,000	Sleep Country Income Fund		602,000		936,000	
225,000	Specialty Foods Group Income Fund		2,261,600		697,500	
56,712	Armtec Infrastructure Income Fund		567,120		646,517	
50,000	Yellow Pages Income Fund		564,000		605,500	
43,000	Medical Facilities Corporation		430,000		513,850	
46,000	Hardwoods Distribution Income Fund		460,000		501,400	
39,000	CML Healthcare Income Fund		426,270		456,300	
23,000	IBI Income Fund		237,438		231,150	
			43,271,672		61,659,513	47.3%
No. of Units	**Oil and Gas Funds**					
306,385	ARC Energy Trust		3,858,386		5,162,587	
175,100	Shiningbank Energy Income Fund		2,678,701		3,827,686	
150,400	Advantage Energy Income Fund		1,580,130		3,233,600	
101,780	Focus Energy Trust		1,226,449		1,840,182	
32,417	Canadian Oil Sands Trust		1,393,641		1,771,589	
215,000	Viking Energy Royalty Trust		1,551,333		1,427,600	
29,180	Enerplus Resources Fund		766,192		1,201,924	
38,000	Bonavista Energy Trust		674,720		983,820	
			13,729,552		19,448,988	14.9%
No. of Units	**Real Estate Investment Trusts**					
313,400	RioCan REIT		3,887,260		5,171,100	
147,400	Summit REIT		2,232,334		2,608,980	
182,500	Northern Property REIT		2,017,703		2,555,000	
132,225	H&R REIT		1,850,838		2,313,938	
178,000	O&Y REIT		1,945,541		2,278,400	
175,000	Borealis Retail REIT		1,779,250		2,210,250	
125,000	InnVest REIT		1,243,800		1,412,500	
60,000	Cominar REIT		828,000		950,400	
50,000	Chartwell Seniors Housing REIT		570,255		607,500	
57,700	Canadian Hotel Income Properties REIT		527,701		583,924	
			16,882,682		20,691,992	15.9%
No. of Units	**Power and Pipeline Funds**					
290,000	Pembina Pipeline Income Fund		3,321,644		3,616,300	
236,000	Algonquin Power Income Fund		2,280,880		2,291,560	
120,000	Northland Power Income Fund		1,352,900		1,428,000	
			6,955,424		7,335,860	5.6%
Par Value ($)	**Fixed Income Investments**					
US 650,000	Rogers Wireless Communications Inc. – *9.625%, due May 1, 2011*	$ 657,313	1,058,930	$ 728,000	921,321	
US 650,000	Allied Waste Industries, Inc. – *9.25%, due May 1, 2021*	691,971	982,942	702,000	888,416	
US 650,000	Compagnie Generale de Geophysique – *10.625%, due November 15, 2007*	682,500	1,085,585	691,600	875,255	
US 600,000	Western Financial Bank – *9.625%, due May 15, 2012*	597,108	937,937	681,000	861,840	
US 535,000	Brand Services Inc. – *12%, due October 15, 2012*	616,646	821,760	609,900	771,859	
US 500,000	CP Ships Limited – *10.375%, due July 15, 2012*	571,235	768,932	569,400	720,604	
US 500,000	MGM Mirage Inc. – *6.75%, due February 1, 2008*	538,205	709,893	520,000	658,086	
US 400,000	Lyondell Chemical Company – *11.125%, due July 15, 2012*	412,872	633,837	466,000	589,747	
US 400,000	Park Place Entertainment Corporation – *8.125%, due May 15, 2011*	404,000	644,097	464,000	587,215	
CDN 800,000	Calpine Canada Energy Finance ULC – *8.75%, due October 15, 2007*	—	635,000	—	584,000	
US 400,000	United Surgical Partners Holdings, Inc. – *10%, due December 15, 2011*	401,375	640,464	459,000	580,888	
US 400,000	Rite Aid Corporation – 12.5%, *due September 15, 2006*	461,712	630,410	456,000	577,091	
US 410,000	Intrawest Corporation – 10.5%, *due February 1, 2010*	420,250	663,995	444,850	562,980	
CDN 450,000	Avenor Inc. – 10.85%, *due November 30, 2014*	—	500,647	—	539,899	
CDN 355,000	BC Telecom Inc. – *11.9%, due November 22, 2015*	—	542,618	—	538,156	
US 400,000	Nextel Communications Inc. – *6.875%, due October 31, 2013*	405,436	531,524	418,000	529,000	
US 375,000	CITGO Petroleum Corporation – *7.875%, due May 15, 2006*	379,091	535,351	395,625	500,683	
US 335,000	Lear Corporation – 8.11%, *due May 15, 2009*	346,725	552,784	387,168	489,980	
US 450,000	Charter Communications Holdings, LLC – 10.75%, *due October 1, 2009*	454,500	729,336	371,250	469,836	
US 300,000	Western Oil Sands Inc. – *8.375%, due May 1, 2012*	300,750	470,102	347,250	439,462	
US 300,000	Ingram Micro Inc. – *9.875%, due August 15, 2008*	321,915	469,767	329,625	417,157	
US 300,000	Alliance Imaging Inc. – *10.375%, due April 15, 2011*	309,840	425,349	327,375	414,310	
US 300,000	Iron Mountain Inc. – *7.75%, due January 15, 2015*	312,000	454,678	319,500	404,343	
US 300,000	Tembec Industries Inc. – *8.5%, due February 1, 2011*	307,500	472,043	315,000	398,648	
US 300,000	Buckeye Technologies Inc. – *8%, due October 15, 2010*	286,032	381,880	295,500	373,970	
US 250,000	Georgia Pacific Corp. – *8.125%, due May 15, 2011*	225,238	349,167	290,000	367,010	
US 250,000	D.R. Horton, Inc. – *8.5%, due April 15, 2012*	241,250	378,835	283,750	359,100	
US 300,000	Amkor Technology Inc. – 9.25%, due February 15, 2008	320,001	460,987	280,500	354,987	
US 250,000	Owens Brockway Glass Container Inc. – *8.75%, due November 15, 2012*	262,558	377,707	278,750	352,772	
US 250,000	Foot Locker Inc. – *8.5%, due January 15, 2022*	260,000	360,360	267,500	338,535	
US 250,000	Unisys Corporation – *6.875%, due March 15, 2010*	258,200	349,758	261,875	331,416	
US 250,000	Healthsouth Corporation – *8.375%, due October 1, 2011*	240,303	316,551	249,688	315,992	
US 200,000	Teekay Shipping Corporation – *8.875%, due July 15, 2011*	221,242	300,799	227,250	287,596	
US 174,000	Columbia/HCA Healthcare Corporation – *9%, due December 15, 2014*	204,366	275,568	212,234	268,593	
US 200,000	Echostar Broadband Corporation – *10.375%, due October 1, 2007*	200,500	319,757	210,876	266,874	
CDN 250,000	Shaw Communications Inc. – *7.5%, due November 20, 2013*	—	250,000	—	258,522	
CDN 250,000	Dundee Bancorp Inc. – *6.7%, due September 24, 2007*	—	249,375	—	254,375	
US 167,000	IPC Acquisition Corp. – *11.5%, due December 15, 2009*	167,678	266,117	184,535	233,538	
US 175,000	Healthsouth Corporation – *7%, due June 15, 2008*	177,217	228,894	178,500	225,901	
US 150,000	Legrand SA – *8.5%, due February 15, 2025*	152,432	206,849	172,500	218,307	
US 150,000	Iron Mountain Inc. – *8.625%, due April 1, 2013*	162,191	244,910	163,500	206,918	
CDN 200,000	Hudson's Bay Company – *7.5%, due June 15, 2007*	—	200,000	—	205,500	
CDN 200,000	Intrawest Corporation – *6.875%, due October 15, 2009*	—	200,000	—	200,000	
US 170,000	United Rentals Inc. – *7%, due February 15, 2014*	170,000	223,652	151,300	191,478	
US 125,000	Cogentrix Energy Inc. – *8.75%, due October 15, 2008*	126,570	165,090	145,658	184,338	
US 125,000	Las Vegas Sands, Inc. – *11%, due June 15, 2010*	141,526	193,905	145,313	183,900	
US 106,000	Columbia/HCA Healthcare Corporation – *8.36%, due April 15, 2024*	128,018	169,205	118,484	149,948	
US 110,000	Dollar Financial Group – *9.75%, due November 15, 2011*	118,881	158,576	117,150	148,259	
US 220,000	Finova Group Inc. – *7.5%, due November 15, 2009*	46,059	69,568	110,825	140,255	
US 100,000	Royal Caribbean Cruises – *6.875%, due December 1, 2013*	101,193	133,119	107,000	135,414	
US 100,000	Century Aluminum Co. – *7.5%, due August 15, 2014*	100,000	133,450	105,750	133,832	
US 100,000	Resolution Performance Products LLC – *9.5%, due April 15, 2010*	100,557	131,227	103,750	131,301	
US 125,000	Triton PCS Holdings Inc. – *8.75%, due November 15, 2011*	100,031	158,670	85,625	108,363	
US 25,000	Charter Communications Holdings, LLC – *11.75%, due January 15, 2010*	19,625	26,072	20,313	25,707	
		14,124,612	23,178,029	14,770,669	21,273,477	16.3%
	Total	**$ 14,124,612**	**$ 104,017,359**	**$ 14,770,669**	**$ 130,409,830**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Brompton VIP Income Trust (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on October 25, 2001, pursuant to an amended and restated declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton VIP Management Limited (the "Manager") is responsible for managing the affairs of the Fund. MFC Global Investment Management, a subsidiary of Manulife Financial Corporation, provides the portfolio management for the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on February 19, 2002 when it issued 9,600,000 units at $10.00 per unit through an initial public offering. An additional 275,000 units at $10.00 per unit were issued on March 19, 2002 through the exercise of the over-allotment option.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2003. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption at any time during December of any year, but at least five business days prior to December 31. Redemption of surrendered units will be effected at net asset value on December 31 of each year and will be settled on or before the twentieth business day following such effective date.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program from November 6, 2003 to November 5, 2004. Pursuant to the issuer bid, the Fund may purchase up to 918,400 of its units for cancellation when the net asset value per unit exceeds its trading price. During the three and nine months ended September 30, 2004, 400 units (2003 – 132,000) and 120,200 units (2003 – 207,900), respectively, were purchased for cancellation at an average price of $10.99 and $11.11, respectively.

The weighted average number of units outstanding for the nine months ended September 30, 2004 was 8,996,175 (2003 – 9,727,193).

4. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three months ended September 30, 2004, the Fund declared total distributions of $0.24999 per unit (2003 – $0.24999). Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, no units (2003 – nil and 24,010) were issued by the Fund pursuant to the reinvestment plan.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.85% per annum of the net asset value of the Fund plus applicable taxes. The Manager is responsible for paying fees to MFC Global Investment Management, the portfolio manager for the Fund. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three and nine months ended September 30 were as follows:

	Three Months Ended Sept. 30		**Nine Months Ended Sept. 30**	
	2004	2003	**2004**	2003
Proceeds from sale of investments and futures contracts	**$ 5,225,276**	$ 8,845,948	**$ 17,202,892**	$ 30,172,517
Less cost of investments sold:				
Investments at cost – beginning of period	**105,604,141**	113,561,805	**109,858,621**	112,808,436
Investments purchased during the period	**4,102,732**	5,539,747	**10,756,371**	25,470,150
Investments at cost – end of period	**(104,017,359)**	(110,593,528)	**(104,017,359)**	(110,593,528)
Cost of investments sold during the period	**5,689,514**	8,508,024	**16,597,633**	27,685,058
Net realized gain (loss) on sale of investments and futures contracts	**$ (464,238)**	$ 337,924	**$ 605,259**	$ 2,487,459

7. FUTURES CONTRACTS

During the nine months ended September 30, 2003, the Fund used currency futures contracts to hedge foreign exchange risks associated with its US dollar fixed income investments and realized gains in the amount of $2,800,954 on futures contracts that were closed out. During the nine months ended September 30, 2004, the Fund hedged its US dollar exposure by borrowing in US dollars.

8. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving term credit facility and a five-year non-revolving term credit facility ("Term Credit Facility"). The revolving credit facility provides for maximum borrowings of Cdn$7.0 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage. At September 30, 2004, the Fund had a bankers' acceptance in the amount of $3.4 million, a loan of $0.3 million at the prime rate of interest, and a US dollar loan in the amount of Cdn$2.3 million (US$1.8 million) outstanding under this facility. In addition, the Fund has borrowings of US$13.0 million under its Term Credit Facility at September 30, 2004, which represents Cdn$16.4 million at a fixed rate of interest of 3.89% through to May 28, 2008. During the three and nine months ended September 30, 2004, the Fund realized a foreign exchange gain (loss) in the amount of $179,930 and ($104,044), respectively, on the repayment of borrowings in US dollars under the revolving term credit facility. At September 30, 2004, borrowings in US dollars had an unrealized foreign exchange gain of $1,503,134 (2003 – $379,696). The credit facilities are secured by a first-ranking and exclusive charge on all of the Fund's assets.

Costs incurred to establish the credit facilities and renewal fees are deferred and amortized over the term of the facilities. For the three and nine months ended September 30, 2004, the Fund has recorded amortization of these costs in the amounts of $10,324 (2003 – $10,463) and $30,748 (2003 – $36,837), respectively.

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

BROMPTON MVP INCOME FUND

We are pleased to provide the unaudited financial results of Brompton MVP Income Fund for the three and nine months ended September 30, 2004. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund utilizes an active asset and sector allocation process to invest in a diversified portfolio of income trusts and high-yield debt with a focus on business funds in order to deliver a high level of monthly distributions to investors. The Fund is managed by Brompton MVP Management Limited and the portfolio is actively managed by MFC Gloval Investment Management, a subsidiary of Manulife Financial Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

During the period ended September 30, 2004, the Fund distributed $0.23751 per unit per quarter and a total of $0.71253 per unit year to date. Since inception, the Fund has paid distributions at or exceeding its original objectives. In addition, the Fund has achieved substantial gains in the value of its portfolio. As a result, the Fund has declared a special cash distribution of $0.10 per unit (in addition to the previously announced distribution of $0.07917 per unit) payable to unitholders of record at the close of business on December 31, 2004.

In 2003, approximately 35% of the distributions made by the Fund were classified as a return of capital for tax purposes. As a result of the $6.8 million in profits realized on the sale of certain positions of the Fund in 2004, it is expected that the Fund's return of capital will be approximately 6% for 2004. This estimate is based on information available at the date of writing, assumes no additional capital gains or losses for the balance of 2004 and uses 2003 tax allocations for the Fund's investments. Based on the foregoing assumptions, capital gains should represent about 36% of total distributions and will be taxable at the favourable capital gains rate. The final 2004 breakdown of distributions for tax purposes will be available to unitholders in early March 2005.

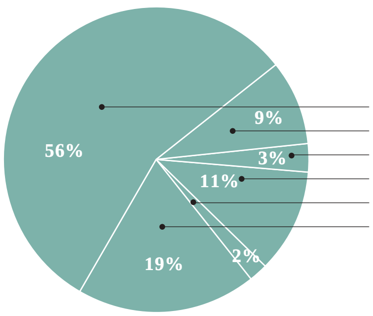
Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 33 income funds, 48 fixed income investments and one equity investment, which provide diversification by issuer, industry concentration, and asset type. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded gains (realized and unrealized) of $4.1 million in the third quarter due to a sharp turn around in the fixed income and income trust markets. Realized and unrealized gains of $7.6 million were recorded for the nine-month period ended September 30, 2004.

The table below provides a breakdown of these gains or losses by sector and by quarter for 2004.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Business funds	$ 5.4	$ (1.4)	$ 2.5	$ 6.5
Oil and gas funds	(0.1)	0.2	1.0	1.1
Power and pipeline funds	—	(0.4)	0.1	(0.3)
Real estate investment trusts	0.5	(0.6)	0.2	0.1
Equities	0.3	—	—	0.3
Fixed income securities and foreign exchange	0.1	(0.5)	0.3	(0.1)
Total for the period	$ 6.2	$ (2.7)	$ 4.1	$ 7.6
Cumulative gains, beginning of period	17.3	23.5	20.8	17.3
Cumulative gains, end of period	$ 23.5	$ 20.8	$ 24.9	$ 24.9

Net Asset Value

During the third quarter, the net asset value of the Fund increased by $0.79 per unit. This compares with a decrease of $0.38 per unit in the second quarter and a gain of $0.89 per unit in the first quarter of the year. For the nine months ended September 30, 2004, the Fund's net asset value grew by $1.30 per unit or 11% to $13.12, broken down as follows:

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.21	$ 0.25	$ 0.24	$ 0.70
Net realized gain on investments	0.11	0.76	0.22	1.09
Net realized gain (loss) on loans payable	—	(0.02)	0.01	(0.01)
Net change in unrealized gain on investments	0.85	(1.09)	0.34	0.10
Net change in unrealized gain on loans payable	(0.04)	(0.04)	0.12	0.04
Results of operations	1.13	(0.14)	0.93	1.92
Capital transactions	—	—	0.09	0.09
Less: distributions	(0.24)	(0.24)	(0.23)	(0.71)
Increase (decrease) in net asset value	$ 0.89	$ (0.38)	$ 0.79	$ 1.30

Liquidity and Capital Resources

As of September 30, 2004, the Fund had borrowings of Cdn$15.9 million under its credit facility, which represented 18.9% of total assets. These borrowings were comprised of US$10.5 million (Cdn$13.3 million) at 2.78% fixed until 2005 and Cdn$2.6 million based on the bankers' acceptance rate. The amount of US dollar borrowings is approximately equal to the market value of the US dollar-denominated assets of the Fund, which provides a foreign exchange hedge. The borrowings have been used to invest in additional portfolio investments to enhance the overall net yield earned by the Fund.

The Fund's normal course issuer bid allows it to purchase for cancellation up to 664,000 units from November 5, 2003 to November 4, 2004 during periods when the units trade below net asset value per unit. In such situations, purchases under the issuer bid are accretive to the net asset value of the Fund. A total of 1,000 units were purchased in the third quarter and 53,300 units since the bid was implemented, at an average price of $11.74 and $11.50, respectively. To provide liquidity, units of the Fund are listed on the TSX under the symbol MVP.UN. In addition, unitholders may redeem units of the Fund on June 30 of each year at the then current net asset value.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 10,589 and 23,759 units, were acquired in the market at an average price of $12.23 and $11.97 per unit, respectively.

Management Expense Ratio

The Fund has a low management fee for an actively managed fund of 0.85% of net asset value per annum. Combined with the 0.40% service fee and general and administrative expenses, the management expense ratio of the Fund is 1.62% based on net assets and 1.29% based on total assets.

Outlook

The Fund's two principal objectives are to maintain a high level of monthly distributions and to maintain net asset value per unit. The Fund has exceeded these objectives since inception, particularly with respect to the substantial cumulative gains in net asset value it has achieved. We continue to believe in the long-term fundamentals of the sectors in which the Fund invests and in the total return they will provide, although values of the underlying investments may fluctuate over time. Based on current levels of distributions received from the underlying portfolio we expect the Fund will maintain its level of distribution payment.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton MVP Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton MVP Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

PORTFOLIO MANAGER'S REPORT

Canadian Equities – Income Trusts

During the quarter, the Fund added the Brick Income Fund, CAP REIT and IBI Engineering on the Income Trust side. On the Equity side, the Fund eliminated positions in Power Financial and Russel Metals and added a position in BCE. The Fund continues to be heavily focused on the Business Trusts category of the market with about 60% of the Fund in that category. The remaining components of the Fund include Oil and Gas at just under 10%, REITs at 11%, US High-Yield Debt at 19% and Special Situation Equities at about 2%.

High-Yield Review

The Fund's overweight in Gaming and Financial Services boosted performance, but its underweight in Services and Utilities detracted from performance during the quarter. However, looking at Utilities in particular, Fund performance was boosted when the bonds of Ba3/B+ rated independent power producer Cogentrix were guaranteed by Aa3/A+ rated Goldman Sachs as part of an earlier acquisition. In reversal of last quarter's experience, performance was also boosted by the Fund's overweight in BB bonds as those issues slightly outperformed lower-rated bonds during the quarter. We expect that relationship to hold over the long-term. The Fund added to holdings in the Leisure and Services sectors during the quarter and executed swaps in Health Care and Telecommunications to enhance returns. CP Ships is one of the larger high-yield positions in the portfolio and while its common stock has come under pressure due to the accounting restatement news, its bonds have held their value. We remain comfortable with the credit strength of this issuer. At quarter end, the yield-to-worst ("YTW") of the bond component was 8.71% on a book value basis or 7.42% on a market value basis. The portfolio market yield tightened 24 bps during the quarter.

MFC Global
Investment Management

Investment Highlights

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003
Net asset value per unit	**$ 13.12**	$ 12.33	$ 12.71	$ 11.82
Quarterly distributions per unit	**$ 0.23751**	$ 0.23751	$ 0.23751	$ 0.23751
Market price per unit	**$ 12.45**	$ 11.95	$ 12.35	$ 11.66
Total assets (millions)	**$ 84**	$ 102	$ 106	$ 100

Statement of Net Assets (Unaudited)

	Sept. 30, 2004	Dec. 31, 2003
Assets		
Investments, at market value (cost 2004 – $66,218,816; 2003 – $81,815,664)	**$ 83,088,346**	$ 98,039,582
Cash and short-term investments	**513,488**	1,033,014
Distributions and interest receivable	**809,663**	1,011,191
Deferred financing costs (note 8)	**21,753**	35,006
Total assets	**84,433,250**	100,118,793
Liabilities		
Accounts payable and accrued liabilities	**265,873**	304,797
Distributions payable to unitholders (note 4)	**408,006**	540,394
Amounts payable for investments purchased	**200,000**	—
Loans payable (note 8)	**15,936,986**	18,593,190
Total liabilities	**16,810,865**	19,438,381
Net assets representing unitholders' equity	**$ 67,622,385**	$ 80,680,412
Units outstanding (note 3)	**5,153,546**	6,825,739
Net asset value per unit	**$ 13.12**	$ 11.82

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

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Income				
Distributions from income funds	**$ 1,339,581**	$ 1,641,982	**$ 4,532,056**	$ 5,515,896
Interest income	**319,630**	480,577	**1,184,367**	1,376,771
	1,659,211	2,122,559	**5,716,423**	6,892,667
Expenses				
Management fee (note 5)	**149,251**	168,239	**524,375**	534,689
Service fee (note 5)	**67,742**	63,475	**238,297**	226,151
General and administrative	**57,566**	62,185	**162,591**	184,445
Interest and bank charges (note 8)	**125,168**	168,318	**397,346**	591,754
	399,727	462,217	**1,322,609**	1,537,039
Net investment income	**1,259,484**	1,660,342	**4,393,814**	5,355,628
Net realized gain (loss) on sale of investments and futures contracts (notes 6 & 7)	**923,342**	(228,890)	**6,775,171**	1,750,160
Net realized gain (loss) on loans payable (note 8)	**39,520**	(22,860)	**(86,510)**	(22,860)
Net change in unrealized gain on investments and futures contracts (note 7)	**2,283,893**	612,988	**645,612**	6,015,270
Net change in unrealized gain on loans payable (note 8)	**779,461**	85,833	**250,279**	619,368
Results of operations	**$ 5,285,700**	$ 2,107,413	**$ 11,978,366**	$ 13,717,566
Results of operations per unit(1)	**$ 0.93**	$ 0.35	**$ 1.92**	$ 1.78

(1) Based on the weighted average number of units outstanding for the period (note 3).

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Cash flows from operating activities:				
Results of operations	**$ 5,285,700**	$ 2,107,413	**$ 11,978,366**	$ 13,717,566
Adjustments to reconcile net cash provided by (used in) operations:				
Net realized gain (loss) on sale of investments and futures contracts	**(923,342)**	228,890	**(6,775,171)**	(1,750,160)
Net realized gain (loss) on loans payable	**(39,520)**	22,860	**86,510**	22,860
Net change in unrealized gain on investments and futures contracts	**(2,283,893)**	(612,988)	**(645,612)**	(5,755,331)
Net change in unrealized gain on loans payable	**(779,461)**	(85,833)	**(250,279)**	(619,368)
Amortization of deferred financing costs	**7,781**	21,481	**21,264**	58,150
Decrease in distributions and interest receivable	**84,301**	133,153	**201,528**	226,663
Decrease in variation margin receivable on futures contracts	**—**	—	**—**	182,562
Decrease in accounts payable and accrued liabilities	**(16,523)**	(13,953)	**(38,924)**	(204,323)
Purchase of investments (note 6)	**(4,978,762)**	(6,252,624)	**(14,797,301)**	(28,284,717)
Proceeds from sale of investments (note 6)	**24,208,543**	19,619,722	**37,369,320**	40,532,411
Cash provided by operating activities	**20,564,824**	15,168,121	**27,149,701**	18,126,313
Cash flows from financing activities:				
Proceeds from issuance of units, net (note 3)	**—**	—	**—**	53,587
Increase (decrease) in loans payable	**(466,569)**	(1,757,061)	**(2,492,435)**	903,919
Deferred financing costs paid	**(371)**	(22,883)	**(8,011)**	(66,224)
Distributions paid to unitholders (note 4)	**(1,224,177)**	(1,658,784)	**(4,456,076)**	(5,366,167)
Proceeds from distribution reinvestment plan (note 4)	**—**	—	**30,738**	84,469
Repurchase of units (note 3)	**(11,740)**	(3,024,075)	**(585,160)**	(5,927,410)
Amounts paid for redemption of units	**(20,158,283)**	(8,185,219)	**(20,158,283)**	(8,185,219)
Cash used in financing activities	**(21,861,140)**	(14,648,022)	**(27,669,227)**	(18,503,045)
Net increase (decrease) in cash and short-term investments	**(1,296,316)**	520,099	**(519,526)**	(376,732)
Cash and short-term investments, beginning of period	**1,809,804**	307,458	**1,033,014**	1,204,289
Cash and short-term investments, end of period	**513,488**	827,557	**513,488**	827,557
Supplemental information:				
Interest paid	**$ 118,782**	$ 152,039	**$ 341,772**	$ 500,029

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

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Net assets – beginning of period	**$ 63,572,523**	$ 74,790,416	**$ 80,680,412**	$ 77,773,457
Operations:				
Results of operations	**5,285,700**	2,107,413	**11,978,366**	13,717,566
Unitholder transactions:				
Proceeds from issuance of units, net	**—**	—	**—**	53,587
Distributions to unitholders (note 4)	**(1,224,098)**	(1,650,268)	**(4,323,688)**	(5,292,964)
Proceeds from distribution reinvestment plan (note 4)	**—**	—	**30,738**	84,469
Repurchase of units (note 3)	**(11,740)**	(3,024,075)	**(585,160)**	(5,927,410)
Redemption of units (note 3)	**—**	—	**(20,158,283)**	(8,185,219)
	(1,235,838)	(4,674,343)	**(25,036,393)**	(19,267,537)
Net increase (decrease) in net assets	**4,049,862**	(2,566,930)	**(13,058,027)**	(5,549,971)
Net assets – end of period	**$ 67,622,385**	$ 72,223,486	**$ 67,622,385**	$ 72,223,486
Distributions per unit	**$ 0.23751**	$ 0.23751	**$ 0.71253**	$ 0.69583

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost (USD)	Cost (CDN)	Market Value (USD)	Market Value (CDN)	% of Portfolio
No. of Units	**Business Funds**					
363,140	Davis + Henderson Income Fund		$ 4,154,206		$ 7,063,073	
247,000	Energy Savings Income Fund		1,682,738		3,754,400	
169,900	BFI Canada Income Fund		1,882,185		3,712,315	
200,000	Gateway Casinos Income Fund		2,011,408		3,468,000	
243,400	Boston Pizza Royalties Income Fund		2,491,145		3,298,070	
200,000	Cineplex Galaxy Income Fund		2,058,000		2,540,000	
133,500	Livingston International Income Fund		1,675,607		2,483,100	
182,100	The Keg Royalties Income Fund		1,777,715		2,166,990	
107,000	Sleep Country Canada Income Fund		1,072,250		2,003,040	
98,000	Chemtrade Logistics Income Fund		1,389,549		1,891,400	
110,400	Connors Bros. Income Fund		1,438,795		1,794,000	
120,000	Consumers' Waterheater Income Fund		1,308,000		1,720,800	
22,100	Fording Canadian Coal Trust		1,014,251		1,559,155	
110,000	TimberWest Forest Corp.		1,416,343		1,540,000	
53,300	North West Company Fund		1,031,598		1,332,500	
47,500	Superior Plus Income Fund		910,611		1,304,825	
106,000	Osprey Media Income Fund		1,060,000		1,028,200	
80,000	The Brick Group Income Fund		828,000		940,800	
116,922	Sun Gro Horticulture Income Fund		1,240,163		923,684	
24,000	IBI Income Fund		246,896		241,200	
147,542	Yellow Pages Income Fund		1,585,620		1,786,734	
			32,275,080		46,552,286	56.0%
No. of Units	**Real Estate Investment Trusts**					
185,000	RioCan REIT		2,277,009		3,052,500	
159,000	InnVest REIT		1,566,370		1,796,700	
121,500	Northern Property REIT		1,490,530		1,701,000	
81,900	Summit REIT		1,281,394		1,449,630	
50,000	Chartwell Seniors Housing REIT		570,255		607,500	
30,000	Canadian Apartment Properties REIT		405,900		412,500	
			7,591,458		9,019,830	10.9%
No. of Units	**Oil and Gas Funds**					
184,413	ARC Energy Trust		2,298,094		3,107,359	
111,250	Shiningbank Energy Income Fund		1,760,361		2,431,925	
71,560	Focus Energy Trust		942,715		1,293,805	
17,600	Canadian Oil Sands Trust		667,944		961,840	
			5,669,114		7,794,929	9.4%
No. of Units	**Power and Pipeline Funds**					
118,000	Pembina Pipeline Income Fund		1,353,356		1,471,460	
105,000	Algonquin Power Income Fund		1,025,292		1,019,550	
			2,378,648		2,491,010	3.0%
No. of Shares	**Equity Investments**					
60,000	BCE Inc.		1,713,354		1,635,000	2.0%
Par Value ($)	**Fixed Income Investments**					
US 535,000	Brand Services Inc. – *12%, due October 15, 2012*	$ 618,310	821,760	$ 609,900	771,859	
US 500,000	CP Ships Limited – *10.375%, due July 15, 2012*	537,345	822,335	569,400	720,604	
CDN 470,000	BC Telecom Inc. – *11.9%, due November 22, 2015*	—	718,395	—	712,489	
US 500,000	Allied Waste Industries, Inc. – *9.25%, due May 1, 2021*	532,285	756,109	540,000	683,397	
US 445,000	Western Financial Bank – *9.625%, due May 15, 2012*	429,323	676,011	505,075	639,198	
US 400,000	United Surgical Partners Holdings, Inc. – *10%, due December 15, 2011*	414,000	656,107	459,000	580,888	
US 400,000	Rite Aid Corporation – *12.5%, due September 15, 2006*	461,712	630,410	456,000	577,091	
CDN 450,000	Avenor Inc. – *10.85%, due November 30, 2014*	—	501,336	—	539,899	
US 400,000	Nextel Communications Inc. – *6.875 %, due October 31, 2013*	405,436	531,524	418,000	529,000	
US 350,000	Lyondell Chemical Company – *11.125%, due July 15, 2012*	344,796	524,386	407,750	516,028	
US 375,000	CITGO Petroleum Corporation – *7.875%, due May 15, 2006*	379,091	535,351	395,625	500,683	
US 350,000	Healthsouth Corporation – *7%, due June 15, 2008*	354,435	457,788	357,000	451,802	
US 300,000	Georgia Pacific Corp. – *8.125%, due May 15, 2011*	286,296	447,583	348,000	440,412	
US 350,000	Calpine Corporation – *8.25%, due August 15, 2005*	341,250	454,920	345,625	437,406	
US 300,000	Ingram Micro Inc. – *9.875%, due August 15, 2008*	321,054	468,593	329,625	417,157	
US 300,000	Alliance Imaging Inc. – *10.375%, due April 15, 2011*	309,840	425,349	327,375	414,310	
US 300,000	Tembec Industries Inc. – *8.5%, due February 1, 2011*	303,000	476,831	315,000	398,648	
US 400,000	Calpine Corporation – *8.75%, due July 15, 2013*	371,000	493,727	304,000	384,727	
US 250,000	Western Oil Sands Inc. – *8.375%, due May 1, 2012*	251,088	390,593	289,375	366,219	
US 250,000	Owens Brockway Glass Container Inc. – *8.75%, due November 15, 2012*	262,558	377,707	278,750	352,772	
US 250,000	Iron Mountain Inc. – *7.75%, due January 15, 2015*	260,000	378,898	266,250	336,953	
US 202,000	Columbia/HCA Healthcare Corporation – *9%, due December 15, 2014*	239,435	322,854	246,386	311,815	
US 225,000	Foot Locker Inc. – *8.5%, due January 15, 2022*	220,734	327,192	240,750	304,681	
US 250,000	Amkor Technology Inc. – *9.25%, due February 15, 2008*	266,668	384,156	233,750	295,822	
US 200,000	Teekay Shipping Corporation – *8.875%, due July 15, 2011*	221,242	300,799	227,250	287,596	
CDN 250,000	Shaw Communications Inc. – *7.5%, due November 20, 2013*	—	250,000	—	258,522	
CDN 250,000	Dundee Bancorp Inc. – *6.7%, due September 24, 2007*	—	249,375	—	254,375	
CDN 200,000	Hudson's Bay Company – *7.5%, due June 15, 2007*	—	200,000	—	205,500	
CDN 200,000	Intrawest Corporation – *6.875%, due October 15, 2009*	—	200,000	—	200,000	
US 145,000	Charter Communications Holdings – *10.25%, due September 15, 2010*	146,917	192,416	148,806	188,322	
US 125,000	Cogentrix Energy Inc. – *8.75%, due October 15, 2008*	126,573	165,090	145,658	184,338	
US 125,000	Las Vegas Sands, Inc. – *11%, due June 15, 2010*	142,736	195,563	145,313	183,900	
US 160,000	United Rentals Inc. – *7%, due February 15, 2014*	160,000	210,496	142,400	180,214	
US 124,000	Columbia/HCA Healthcare Corporation – *8.36%, due April 15, 2024*	137,969	201,062	138,604	175,410	
US 150,000	Revlon Consumer Products Corporation – *8.625%, due February 1, 2008*	140,330	190,763	128,250	162,307	
US 107,000	IPC Acquisition Corp. – *11.5%, due December 15, 2009*	92,555	147,616	118,235	149,632	
US 110,000	Dollar Financial Group – *9.75%, due November 15, 2011*	118,881	158,577	117,150	148,259	
US 125,000	Rogers Wireless Inc. – *6.375%, due March 1, 2014*	125,000	164,475	115,625	146,329	
CDN 200,000	Calpine Canada Energy Finance ULC – *8.75%, due October 15, 2007*	—	129,250	—	146,000	
US 220,000	Finova Group Inc. – *7.5%, due November 15, 2009*	49,493	71,655	110,825	140,255	
US 100,000	Iron Mountain Inc. – *8.625%, due April 1, 2013*	104,757	163,273	109,000	137,945	
US 100,000	Royal Caribbean Cruises – *6.875%, due December 1, 2013*	101,193	133,119	107,000	135,414	
US 100,000	Resolution Perfomance Products LLC – *9.5%, due April 15, 2010*	100,557	131,227	103,750	131,301	
US 100,000	Healthsouth Corporation – *8.375%, due October 1, 2011*	96,121	126,620	99,875	126,397	
US 90,000	Carmike Cinemas, Inc. – *7.5%, due February 15, 2014*	89,217	119,024	91,575	115,893	
US 90,000	Bally Total Fitness Holding Corp. – *10.5%, due July 15, 2011*	90,450	117,504	85,950	108,774	
US 125,000	Triton PCS Holdings Inc. – *8.75%, due November 15, 2011*	100,156	158,868	85,625	108,363	
US 25,000	Legrand SA – *8.5%, due February 15, 2025*	25,405	34,475	28,750	36,385	
		10,079,208	16,591,162	10,492,277	15,595,291	18.7%
	Total	**$ 10,079,208**	**$ 66,218,816**	**$ 10,492,277**	**$ 83,088,346**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Brompton MVP Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on May 22, 2002 pursuant to an amended and restated declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton MVP Management Limited (the "Manager") is responsible for managing the affairs of the Fund. MFC Global Investment Management, a subsidiary of Manulife Financial Corp., provides the portfolio management for the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on July 17, 2002 when it issued 7,500,000 units at $10.00 per unit through an initial public offering. An additional 500,000 and 200,000 units at $10.00 per unit were issued on July 29, 2002 and August 12, 2002, respectively, through the exercise of the over-allotment option.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2003. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption during June of any year, but at least five business days prior to June 30. Redemption of surrendered units will be effected at net asset value on June 30 of each year and will be settled on or before the tenth business day following such effective date. On June 30, 2004, 1,624,057 units were redeemed at a price of $12.4123.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from November 5, 2003 to November 4, 2004. Pursuant to this issuer bid program, the Fund may purchase up to 664,000 of its units for cancellation when the net asset value per unit exceeds its trading price. During the three and nine months ended September 30, 2004, 1,000 units (2003 – 295,800) and 50,700 units (2003 – 590,100), respectively, were purchased for cancellation at an average price of $11.74 and $11.54, respectively.

The weighted average number of units outstanding for the nine months ended September 30, 2004 was 6,240,842 (2003 – 7,730,896).

4. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three and nine months ended September 30, 2004, the Fund declared total distributions of $0.23751 (2003 – $0.23751) and $0.71253 (2003 – $0.69583) per unit, respectively. Pursuant to the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, no units and 2,564 units (2003 – nil and 8,706), respectively, were issued by the Fund pursuant to the reinvestment plan.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.85% per annum of the net asset value of the Fund plus applicable taxes. The Manager is responsible for paying fees to MFC Global Investment Management, the portfolio manager for the Fund. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three and nine months ended September 30 were as follows:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Proceeds from sale of investments and futures contracts	**$ 5,201,020**	$ 19,732,064	**$ 37,369,320**	$ 40,644,753
Less cost of investments sold:				
Investments at cost – beginning of period	**65,317,732**	98,364,393	**81,815,664**	95,265,939
Investments purchased during the period	**5,178,762**	6,326,800	**14,997,301**	28,358,893
Investments at cost – end of period	**(66,218,816)**	(84,730,239)	**(66,218,816)**	(84,730,239)
Cost of investments sold during the period	**4,277,678**	19,960,954	**30,594,149**	38,894,593
Net realized gain (loss) on sale of investments and futures contracts	**$ 923,342**	$ (228,890)	**$ 6,775,171**	$ 1,750,160

7. FUTURES CONTRACTS

During the nine months ended September 30, 2003, the Fund used currency futures contracts to hedge foreign exchange risks associated with its US dollar fixed income investments and realized gains in the amount of $1,931,679 on futures contracts that were closed out. During the nine months ended September 30, 2004, the Fund hedged its US dollar exposure by borrowing in US dollars.

8. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility and a two-year non-revolving term credit facility ("Term Credit Facility"). The revolving credit facility provides for maximum borrowings of Cdn$9.5 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage. At September 30, 2004, the Fund had a bankers' acceptance in the amount of $2.6 million outstanding under this facility. In addition, the Fund has borrowings of US$10.5 million under its Term Credit Facility, at September 30, 2004, which represents Cdn$13.3 million at a fixed rate of interest of 2.78% through to May 6, 2005. During the three and nine months ended September 30, 2004, the Fund realized a foreign exchange gain (loss) in the amount of $39,520 (2003 – ($22,860)) and ($86,510) (2003 – ($22,860)), respectively, on the repayment of borrowings in US dollars under the revolving credit facility. At September 30, 2004, borrowings in US dollars had an unrealized foreign exchange gain of $1,393,345 (2003 – $619,368). The credit facilities are secured by a first-ranking and exclusive charge on all of the Fund's assets.

Costs incurred to establish the credit facilities and renewal fees are deferred and amortized over the term of the facilities. For the three and nine months ended September 30, 2004, the Fund has recorded amortization of these costs in the amount of $7,781 (2003 – $21,481) and $21,264 (2003 – $58,150), respectively.

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

BROMPTON STABLE INCOME FUND

We are pleased to provide the unaudited financial results of Brompton Stable Income Fund for the three and nine months ended September 30, 2004. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund invests in a diversified portfolio of income trusts and investment grade debt with a focus on those trusts that have stable distributions. The Fund has been designed to have a low volatility and high sustainability of distributions compared to other investment income funds and has received Standard & Poor's highest stability rating of SR-1. The Fund is managed by Brompton SI Fund Management Limited and the portfolio is actively managed by MFC Global Investment Management, a subsidiary of Manulife Financial Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

During the period ended September 30, 2004, the Fund distributed $0.19374 per unit per quarter and a total of $0.58122 per unit year to date. Since inception, the Fund has paid distributions at or exceeding its original objectives. In addition, the Fund has achieved substantial gains in the value of its portfolio. As a result, the Fund has declared a special cash distribution of $0.10 per unit (in addition to the previously announced distribution of $0.06458 per unit) payable to unitholders of record at the close of business on December 31, 2004.

In 2003, approximately 57% of the distributions made by the Fund were classified as a return of capital for tax purposes. As a result of profits realized from the sale of certain positions of the Fund in 2004, a portion of the return of capital will be converted to capital gains in 2004. Based on information available at the date of writing, assuming no additional capital gains or losses for the balance of 2004, and using 2003 tax allocations for the Fund's investments, it is expected that the Fund's return of capital should be approximately 44% for 2004. Capital gains will represent about 17% of total distributions and will be taxable at the favourable capital gains rate. The final 2004 breakdown of distributions for tax purposes will be made available to unitholders in early March 2005.

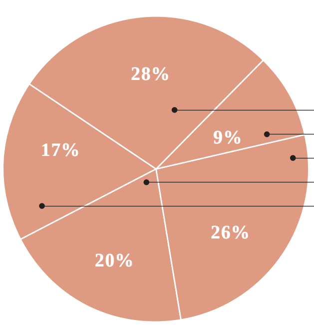
Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 38 income funds and 39 investment grade securities which provide diversification by issuer, industry concentration, and asset type. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded gains (realized and unrealized) of $5.8 million in the third quarter due to a sharp turn around in the fixed income and income trust markets. Realized and unrealized gains of $4.9 million were recorded for the nine-month period ended September 30, 2004.

The table below provides a breakdown of gains or losses by sector and by quarter for 2004.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Business funds	$ 3.7	$ (2.1)	$ 2.0	$ 3.6
Oil and gas funds	0.1	0.1	1.1	1.3
Power and pipeline funds	1.2	(3.4)	1.4	(0.8)
Real estate investment trusts	1.6	(1.7)	0.8	0.7
Investment grade securities	0.5	(0.9)	0.5	0.1
Total for the period	$ 7.1	$ (8.0)	$ 5.8	$ 4.9
Cumulative gains, beginning of period	16.9	24.0	16.0	16.9
Cumulative gains, end of period	$ 24.0	$ 16.0	$ 21.8	$ 21.8

Net Asset Value

During the third quarter, the net asset value of the Fund increased by $0.75 per unit. This compares with a decrease of $0.98 per unit in the second quarter and a gain of $0.82 per unit in the first quarter of the year. For the nine months ended September 30, 2004, the Fund's net asset value increased by $0.59 per unit or 5.2% to $12.00, broken down as follows:

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.19	$ 0.22	$ 0.21	$ 0.62
Net realized gains on investments	0.05	0.27	0.01	0.33
Net change in unrealized gain on investments	0.77	(1.20)	0.70	0.27
Results of operations	1.01	(0.71)	0.92	1.22
Capital transactions	—	(0.08)	0.03	(0.05)
Less: distributions	(0.19)	(0.19)	(0.20)	(0.58)
Increase (decrease) in net asset value	$ 0.82	$ (0.98)	$ 0.75	$ 0.59

Liquidity and Capital Resources

As of September 30, 2004, the Fund had borrowings of $14.1 million under its credit facility, which represented 12.8% of total assets. These borrowings were used to invest in additional portfolio investments to enhance the overall net yield earned by the Fund.

The Fund's normal course issuer bid allows it to purchase for cancellation up to 859,000 units from January 22, 2004 to January 21, 2005 during periods when the units trade below the net asset value per unit. In such situations, purchases under the issuer bid are accretive to the net asset value of the Fund. No units were purchased in the third quarter under this arrangement. Since the bid was implemented, 109,700 units have been purchased at an average price of $11.10 per unit. To provide liquidity, units of the Fund are listed on the TSX under the symbol BSR.UN. In addition, unitholders may redeem units of the Fund on the last business day of March of each year at the then current net asset value.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 2,263 and 5,422 units, respectively, were acquired in the market at an average price of $11.45 and $11.23 per unit.

Management Expense Ratio

The Fund has a low management fee for an actively managed fund of 0.95% of net asset value per annum. Combined with the 0.40% service fee and general and administrative expenses, the management expense ratio of the Fund is 1.72% based on net assets and 1.49% based on total assets.

Outlook

The Fund's two principal objectives are to maintain a high level of monthly distributions and to maintain net asset value per unit. The Fund has exceeded these objectives since inception, particularly with respect to the substantial cumulative gains in net asset value it has achieved. We continue to believe in the long-term fundamentals of the sectors in which the Fund invests and in the total return they will provide, although values of the underlying investment may fluctuate over time. Based on current levels of distributions received from the underlying portfolio and interest rates, we expect the Fund will maintain its level of distribution payment.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton SI Fund Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton SI Fund Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

PORTFOLIO MANAGER'S REPORT

Canadian Equities – Income Trusts

There was very little activity in the Fund during the quarter. ArmTech was the only position added to the Fund. The portfolio will continue to be managed in a defensive manner in order to maintain the SR-1 rating from S&P. The biggest risk to the Fund continues to be the threat of higher interest rates. This is due to the fact that about 35% of the fund is in the Power, Pipeline and Infrastructure sectors. The remainder of the Fund consists of about 17% Canadian High Yield Debt, 20% in both REITs and Business Trusts and a little under 9% in Oil & Gas.

Canadian Bonds

The provincial sector of the market returned 3.43%, outperforming both the corporate sector, which returned 2.72%, and the Canada sector, which returned 2.55%. The outperformance was due primarily to the longer dated maturities of provincial bonds. The duration of the portfolio has been actively managed around the benchmark duration and ended the quarter shorter than the benchmark's duration.

MFC Global
Investment Management

Investment Highlights

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003
Net asset value per unit	**$ 12.00**	$ 11.25	$ 12.23	$ 11.41
Quarterly distributions per unit	**$ 0.19374**	$ 0.19374	$ 0.19374	$ 0.19374
Market price per unit	**$ 11.49**	$ 11.10	$ 11.59	$ 11.04
Total assets (millions)	**$ 110**	$ 104	$ 120	$ 114

Statement of Net Assets (Unaudited)

	Sept. 30, 2004	Dec. 31, 2003
Assets		
Investments, at market value (cost 2004 – $89,612,419; 2003 – $93,983,391)	**$ 108,776,002**	$ 110,944,783
Cash and short-term investments	**428,542**	1,730,999
Distributions and interest receivable	**903,846**	837,650
Deferred financing costs (note 7)	**5,367**	1,187
Total assets	**110,113,757**	113,514,619
Liabilities		
Accounts payable and accrued liabilities	**291,384**	301,007
Distributions payable to unitholders (note 4)	**512,459**	563,545
Loans payable (note 7)	**14,095,678**	13,090,629
Total liabilities	**14,899,521**	13,955,181
Net assets representing unitholders' equity	**$ 95,214,236**	$ 99,559,438
Units outstanding (note 3)	**7,935,256**	8,726,305
Net asset value per unit	**$ 12.00**	$ 11.41

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Income				
Distributions from income funds	**$ 1,838,616**	$ 1,882,248	**$ 5,574,730**	$ 4,596,991
Interest income	**308,609**	343,731	**981,527**	940,407
	2,147,225	2,225,979	**6,556,257**	5,537,398
Expenses				
Management fee (note 5)	**235,176**	235,623	**725,894**	563,636
Service fee (note 5)	**95,390**	92,846	**283,053**	235,164
General and administrative	**70,847**	71,599	**200,892**	213,076
Interest and bank charges (note 7)	**81,669**	127,874	**293,174**	304,767
	483,082	527,942	**1,503,013**	1,316,643
Net investment income	**1,664,143**	1,698,037	**5,053,244**	4,220,755
Net realized gain on sale of investments (note 6)	**23,722**	342,385	**2,714,333**	679,600
Net change in unrealized gain on investments	**5,806,497**	2,035,832	**2,202,191**	8,101,099
Results of operations	**$ 7,494,362**	$ 4,076,254	**$ 9,969,768**	$ 13,001,454
Results of operations per unit [1]	**$ 0.92**	$ 0.42	**$ 1.22**	$ 1.77

[1] Based on the weighted average number of units outstanding for the period (note 3).

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

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Cash flows from operating activities:				
Results of operations	**$ 7,494,362**	$ 4,076,254	**$ 9,969,768**	$ 13,001,454
Adjustments to reconcile net cash provided by (used in) operations:				
Net realized gain on sale of investments	**(23,722)**	(342,385)	**(2,714,333)**	(679,600)
Net change in unrealized gain on investments	**(5,806,497)**	(2,035,832)	**(2,202,191)**	(8,101,099)
Amortization of deferred financing costs	**4,296**	12,894	**13,516**	33,918
Increase in distributions and interest receivable	**(96,646)**	(140,624)	**(66,196)**	(658,188)
Increase (decrease) in accounts payable and accrued liabilities	**70,909**	13,146	**(9,623)**	(279,691)
Purchase of investments (note 6)	**(1,166,758)**	(7,896,295)	**(7,948,452)**	(69,042,988)
Proceeds from sale of investments (note 6)	**711,608**	4,572,942	**15,033,757**	9,076,594
Cash provided by (used in) operating activities	**1,187,552**	(1,739,900)	**12,076,246**	(56,649,600)
Cash flows from financing activities:				
Proceeds from issuance of units, net	**—**	—	**—**	32,861,450
Increase in loans payable	**100,527**	3,641,701	**1,005,049**	5,513,390
Deferred financing costs paid	**—**	—	**(17,696)**	(47,788)
Distributions paid to unitholders (note 4)	**(1,537,377)**	(1,708,784)	**(4,772,580)**	(3,864,314)
Proceeds from distribution reinvestment plan (note 4)	**—**	3,750	**6,979**	14,093
Repurchase of units (note 3)	**—**	(170,691)	**(1,217,618)**	(170,691)
Amounts paid for redemption of units (note 3)	**—**	—	**(8,382,837)**	—
Cash provided by (used in) financing activities	**(1,436,850)**	1,765,976	**(13,378,703)**	34,306,140
Net increase (decrease) in cash and short-term investments	**(249,298)**	26,076	**(1,302,457)**	(22,343,460)
Cash and short-term investments, beginning of period	**677,840**	1,829,272	**1,730,999**	24,198,808
Cash and short-term investments, end of period	**$ 428,542**	$ 1,855,348	**$ 428,542**	$ 1,855,348
Supplemental information:				
Interest paid	**$ 72,272**	$ 112,527	**$ 272,524**	$ 287,985

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Net assets – beginning of period	**$ 89,257,251**	$ 90,522,944	**$ 99,559,438**	$ 51,481,144
Operations:				
Results of operations	**7,494,362**	4,076,254	**9,969,768**	13,001,454
Unitholder transactions:				
Proceeds from issuance of units, net	**—**	—	**—**	32,861,450
Distributions to unitholders (note 4)	**(1,537,377)**	(1,707,729)	**(4,721,494)**	(4,432,922)
Proceeds from distribution reinvestment plan (note 4)	**—**	3,750	**6,979**	14,093
Repurchase of units (note 3)	**—**	(170,691)	**(1,217,618)**	(170,691)
Redemption of units (note 3)	**—**	—	**(8,382,837)**	—
	(1,537,377)	(1,874,670)	**(14,314,970)**	28,271,930
Net increase (decrease) in net assets	**5,956,985**	2,201,584	**(4,345,202)**	41,273,384
Net assets – end of period	**$ 95,214,236**	$ 92,754,528	**$ 95,214,236**	$ 92,754,528
Distributions per unit	**$ 0.19374**	$ 0.19374	**$ 0.58122**	$ 0.57498

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost	Market Value	% of Portfolio
No. of Units	**Power and Pipeline Funds**			
261,900	Pembina Pipeline Income Fund	$ 2,900,788	$ 3,265,893	
375,000	Inter Pipeline Fund	2,363,250	3,078,750	
247,700	Northland Power Income Fund	2,721,633	2,947,630	
253,000	Fort Chicago Energy Partners, L.P.	2,122,555	2,631,200	
200,000	Innergex Power Income Fund	2,047,000	2,500,000	
215,600	Boralex Power Income Fund	2,189,685	2,328,480	
220,800	Algonquin Power Income Fund	2,020,480	2,143,968	
177,000	Calpine Power Income Fund	1,717,000	1,876,200	
150,000	Enbridge Income Fund	1,500,000	1,867,500	
190,000	TransAlta Power, L.P.	1,787,694	1,681,500	
73,000	Gaz Metro	1,391,768	1,535,920	
90,000	Great Lakes Hydro Income Fund	1,355,700	1,496,700	
31,500	TransCanada Power, L.P.	1,011,344	1,052,100	
		25,128,897	28,405,841	26.1%
No. of Units	**Business Funds**			
222,000	BFI Canada Income Fund	2,677,613	4,850,700	
225,500	Davis + Henderson Income Fund	2,920,651	4,385,975	
311,982	Yellow Pages Income Fund	3,520,425	3,778,102	
244,400	Energy Savings Income Fund	1,832,751	3,714,880	
100,000	Superior Plus Income Fund	2,090,000	2,747,000	
174,300	Bell Nordiq Income Fund	2,075,034	2,536,065	
155,500	Consumers' Waterheater Income Fund	1,754,527	2,229,870	
170,000	UE Waterheater Income Fund	1,700,000	1,956,700	
120,000	Connors Bros. Income Fund	1,840,000	1,950,000	
90,000	Chemtrade Logistics Income Fund	1,247,100	1,737,000	
45,923	Armtec Infrastructure Income Fund	459,230	523,522	
41,000	Hardwoods Distribution Income Fund	410,000	446,900	
		22,527,331	30,856,714	28.4%
No. of Units	**Real Estate Investment Trusts**			
280,000	RioCan REIT	3,663,433	4,620,000	
196,000	Summit REIT	2,942,720	3,469,200	
164,300	H&R REIT	2,326,574	2,875,250	
140,000	Canadian REIT	1,861,422	2,310,000	
154,000	Northern Property REIT	1,956,645	2,156,000	
150,000	Borealis Retail REIT	1,500,000	1,894,500	
104,520	O&Y REIT	1,154,252	1,337,856	
118,000	InnVest REIT	1,068,334	1,333,400	
64,000	Cominar REIT	891,740	1,013,760	
50,000	Chartwell Seniors Housing REIT	570,255	607,500	
		17,935,375	21,617,466	19.9%
No. of Units	**Oil and Gas Funds**			
295,000	ARC Energy Trust	3,615,990	4,970,750	
137,000	Shiningbank Energy Income Fund	2,219,452	2,994,820	
71,300	Advantage Energy Income Fund	925,630	1,532,950	
		6,761,072	9,498,520	8.7%
Par Value ($)	**Investment Grade Securities**			
1,212,000	Sears Canada Inc. – *7.45%, due May 10, 2010*	1,269,576	1,319,179	
919,512	Alliance Pipeline Limited Partnership – *7.23%, due June 30, 2015*	1,014,222	1,031,056	
660,000	Nova Gas Transmission Ltd. – *12.2%, due February 28, 2016*	1,003,346	1,030,043	
1,013,000	Canadian Pacific Railway Company – *4.9%, due June 15, 2010*	994,455	1,021,054	
881,000	Scotiabank Capital Trust – *6.282%, due June 30, 2049*	922,864	937,550	
812,000	Royal Bank of Canada – *5.45%, due November 4, 2018*	809,618	826,433	
670,000	Westcoast Energy Inc. – *8.3%, due December 30, 2013*	801,293	809,495	
551,000	Newfoundland Light & Power Inc. – *10.125%, due June 15, 2022*	723,097	788,397	
450,000	BC Telecom Inc. – *10.65%, due June 19, 2021*	490,440	645,749	
500,000	Nova Scotia Power Inc. – *8.85%, due May 19, 2025*	590,650	635,485	
575,000	Investors Group Inc. – *7%, due December 31, 2032*	572,873	619,266	
450,000	Westcoast Energy Inc. – *7.3%, due December 18, 2026*	469,440	492,248	
425,000	Renaissance Energy Ltd. – *6.95%, due July 14, 2009*	438,983	468,126	
429,000	Greater Toronto Airports Authority – *6.98%, due October 15, 2032*	427,541	456,299	
325,000	Nova Scotia Power Inc. – *9.75%, due August 2, 2019*	414,570	450,250	
275,000	BC Telecom Inc. – *11.9%, due November 22, 2015*	308,083	416,882	
365,000	Alberta Energy Company Ltd. – *7.3%, due September 2, 2014*	397,688	416,144	
300,000	Westcoast Energy Inc. – *8.85%, due July 21, 2025*	350,949	379,889	
300,000	AGT Limited – *8.8%, due September 22, 2025*	279,300	378,129	
300,000	Maritime Telegraph and Telephone Limited – *8.3%, due January 15, 2019*	344,190	373,801	
300,000	Precision Drilling Corporation – *7.65%, due October 27, 2010*	321,480	342,108	
310,000	Westcoast Energy Inc. – *7.15%, due March 20, 2031*	300,040	335,299	
300,000	Sears Canada Inc. – *7.05%, due September 20, 2010*	295,500	321,027	
225,000	Newfoundland Telephone Company Limited – *10.75%, due June 12, 2014*	298,012	315,573	
222,000	BC Gas Utility Ltd. – *10.3%, due September 30, 2016*	304,477	310,791	
200,000	TransCanada Pipelines Limited – *11.9%, due August 20, 2015*	289,960	305,726	
300,000	TransCanada Pipelines Limited – *6.28%, due May 26, 2028*	263,190	301,424	
275,000	EPCOR Utilities Inc. – *6.6%, due November 2, 2011*	274,725	300,414	
250,000	Union Gas Limited – *7.9%, due February 24, 2014*	280,200	297,684	
240,000	Molson Canada – *8.4%, due December 7, 2018*	289,032	292,363	
235,000	Scotiabank Capital Trust – *6.626%, due June 30, 2052*	244,894	255,620	
195,000	Centra Gas Ontario Inc. – *8.65%, due October 19, 2018*	234,644	249,466	
200,000	Molson Canada – *9.1%, due March 11, 2013*	244,060	248,883	
195,000	Interprovincial Pipe Line Inc. – *8.2%, due February 15, 2024*	228,949	244,322	
234,000	Cadbury Beverages Canada, Inc. – *4.9%, due December 1, 2008*	234,680	236,514	
229,000	Canadian Tire Corporation, Limited – *6.32%, due February 24, 2034*	228,879	222,166	
160,264	Alliance Pipeline Limited Partnership – *7.181%, due June 30, 2023*	168,486	180,904	
73,000	Gaz Metropolitain and Company L.P. – *9%, due May 16, 2025*	93,279	98,735	
42,000	Shoppers Drug Mart Corporation – *4.97%, due October 24, 2008*	42,079	42,967	
		17,259,744	18,397,461	16.9%
	Total	**$ 89,612,419**	**$ 108,776,002**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Brompton Stable Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on October 1, 2002, pursuant to an amended and restated declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton SI Fund Management Limited (the "Manager") is responsible for managing the affairs of the Fund. MFC Global Investment Management, a subsidiary of Manulife Financial Corp., provides the portfolio management for the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on December 9, 2002 when it issued 5,000,000 units at $10.00 per unit through an initial public offering. An additional 420,000 units at $10.00 per unit were issued on December 31, 2002 through the exercise of the over-allotment option. On April 30, 2003, the Fund completed a follow-on offering of 3,400,000 units at $10.30 per unit.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2003. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption during March of any year, but at least five business days prior to March 31. Redemption of surrendered units will be effected at net asset value on March 31 of each year and will be settled on or before the tenth business day following such effective date. On March 31, 2004, 681,975 units were redeemed at a price of $12.292.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from January 22, 2004 to January 21, 2005. Pursuant to the issuer bid, the Fund can purchase up to 859,000 of its units for cancellation when the net asset value per unit exceeds its trading price. No units (2003 – 16,700) were purchased during the three months ended September 30, 2004 and 109,700 units (2003 – 16,700) were purchased for cancellation during the nine months ended September 30, 2004 at an average price of $11.10.

The weighted average number of units outstanding for the nine months ended September 30, 2004 was 8,201,013 (2003 – 7,338,001).

4. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three and nine months ended September 30, 2004, the Fund declared total distributions of $0.19374 (2003 – $0.19374) and $0.58122 (2003 – $0.57498) per unit, respectively. Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, no units (2003 – 361) and 626 units (2003 – 1,405), respectively, were issued by the Fund pursuant to the reinvestment plan.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.95% per annum of the net asset value of the Fund plus applicable taxes. The Manager is responsible for paying fees to MFC Global Investment Management, the portfolio manager for the Fund. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three and nine months ended September 30 were as follows:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003	**2004**	2003
Proceeds from sale of investments	**$ 711,608**	$ 4,572,942	**$ 15,033,757**	$ 9,076,594
Less cost of investments sold:				
Investments at cost – beginning of period	**89,133,547**	93,558,559	**93,983,391**	34,902,553
Investments purchased during the period	**1,166,758**	6,220,545	**7,948,452**	69,042,988
Investments at cost – end of period	**(89,612,419)**	(95,548,547)	**(89,612,419)**	(95,548,547)
Cost of investments sold during the period	**687,886**	4,230,557	**12,319,424**	8,396,994
Net realized gain on sale of investments	**$ 23,722**	$ 342,385	**$ 2,714,333**	$ 679,600

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank (the "Bank"), the Fund maintains a 364-day revolving credit facility for up to a maximum amount of $17 million, of which bankers' acceptances in the amount of $13.5 million and a loan at the prime rate of interest of $0.6 million were outstanding at September 30, 2004. The credit facility is secured by a first-ranking and exclusive charge on all of the Fund's assets and is renewable annually at the option of the Fund with the approval of the Bank. The Fund has the option of borrowing at the prime rate of interest or at the bankers' acceptance rate plus a fixed percentage.

Costs incurred to establish the credit facility and renewal fees are deferred and amortized over the 364-day revolving term of the facility. For the three and nine months ended September 30, 2004, the Fund has recorded amortization of these costs in the amount of $4,296 (2003 – $12,894) and $13,516 (2003 – $33,918), respectively.

The credit facility is used by the Fund for the purchase of additional investments and for general Fund purposes.

BROMPTON

EQUAL WEIGHT INCOME FUND

EWI

We are pleased to provide the unaudited financial results of Brompton Equal Weight Income Fund for the three and nine months ended September 30, 2004. The Fund commenced operations on July 16, 2003 when it closed its initial public offering of $420 million and, as a result, comparative figures represent the period from July 16, 2003 to September 30, 2003. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund is managed by Brompton EWI Management Limited and provides unitholders with the opportunity to receive high levels of monthly cash distributions by investing in an equally weighted diversified portfolio of income funds using a passive index-like approach and to receive the benefit of low management fees. The portfolio includes income trusts with a float capitalization of at least $200 million at the time of investment, pay a regular distribution and are listed on the TSX. The Fund is rebalanced in August of each year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

The following monthly distributions per unit were declared during the quarter: July 2004, $0.084; August 2004, $0.085; September 2004, $0.085. Distributions for the year to date amount to $0.746 per unit. In addition, as discussed below, the Fund has achieved substantial gains in the value of its portfolio. As a result, the Fund has declared a special cash distribution of $0.20 per unit (which will be made in addition to the regular monthly distribution) payable to unitholders of record at the close of business on December 31, 2004.

Annual Portfolio Rebalancing

The Fund's first rebalancing took place in August 2004. The large number of newly qualifying income funds (43) and two deletions required a major portion of the existing portfolio to be liquidated which, when combined with the significant appreciation in market value of the Fund's investments, resulted in a substantial capital gain being realized in the third quarter ($30.6 million).

In order for the Fund not to be subject to tax under Part 1 of the Tax Act, it must make distributions each year in the amount of its net income and net realized capital gains. As a result of the substantial net realized capital gains earned by the Fund, it is not expected that any portion of the distribution of the Fund will qualify as a "return of capital" in 2004. An additional distribution paid in units will be required at year end equal to the amount that the Fund's net income and net realized capital gains exceed the amount paid out during the year through its distributions. Following the issue of units pursuant to the additional distribution, the outstanding units of the Fund will be automatically consolidated on a basis such that the number of consolidated units will equal the number of units outstanding immediately prior to the additional distribution. The final 2004 breakdown of distributions for tax purposes will be made available to unitholders in early March 2005.

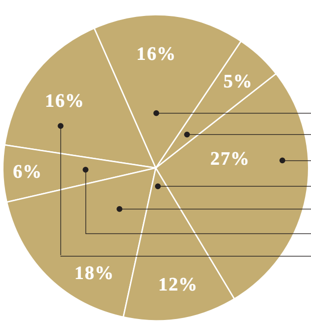
Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 107 income funds. In August 2004, the Fund was rebalanced and 43 additional income trusts qualified for inclusion in the portfolio, thereby providing further diversification by issuer and industry. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded gains (realized and unrealized) of $30.1 million in the third quarter due to a sharp turn around in the income trust market. Realized and unrealized gains of $26.1 million were recorded for the nine-month period ended September 30, 2004.

The table below provides a breakdown of these gains or losses by sector and by quarter for 2004.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Consumer	$ 3.5	$ (4.2)	$ 0.2	$ (0.5)
Industrials	2.2	(1.1)	1.5	2.6
Oil and gas	2.0	(3.1)	18.9	17.8
Power	2.3	(6.9)	2.3	(2.3)
Real estate investment trusts	5.1	(7.7)	2.0	(0.6)
Resource	2.4	1.3	1.2	4.9
Utilities and infrastructure	5.4	(5.2)	4.0	4.2
Total for the period	22.9	(26.9)	30.1	26.1
Cumulative gains, beginning of period	51.9	74.8	47.9	51.9
Cumulative gains, end of period	$ 74.8	$ 47.9	$ 78.0	$ 78.0

Net Asset Value

During the third quarter, the net asset value of the Fund increased by $0.78 per unit largely represented by the realization of gains in the investment portfolios of $0.75 per unit during rebalancing in August. This compares with a decrease of $0.63 per unit in the second quarter and a gain of $0.54 per unit in the first quarter of the year. For the nine months ended September 30, 2004, the Fund's net asset value increased by $0.69 per unit or 6.4% to $11.39, broken down as follows:

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.24	$ 0.25	$ 0.25	$ 0.74
Net realized gains on sale of investments	—	—	0.75	0.75
Increase (decrease) in unrealized gains on investments	0.55	(0.64)	(0.02)	(0.11)
Results of operations	0.79	(0.39)	0.98	1.38
Capital transactions	—	—	0.05	0.05
Less: distributions	(0.25)	(0.24)	(0.25)	(0.74)
Increase (decrease) in net asset value	$ 0.54	$ (0.63)	$ 0.78	$ 0.69

Liquidity and Capital Resources

As of June 30, 2004, the Fund had borrowings of $44.1 million under its term credit facility, which represented 9.3% of total assets. The interest rate on the term credit facility has been fixed until July 2008 at 5.06% to reduce the Fund's exposure to rising interest rates.

The Fund's normal course issuer bid allowed it to purchase for cancellation up to 4.1 million units from September 2, 2003 to September 1, 2004 during periods when the units traded below the net asset value per unit. A total of 111,600 units were purchased and cancelled under this bid at an average price of $9.97 per unit. In such situations, purchases under the issuer bid are accretive to the net asset value of the Fund. The Fund renewed the issuer bid allowing for the purchase of up to 3.7 million units from September 2, 2004 to September 1, 2005. To provide liquidity, units of the Fund are listed on the TSX under the symbol EWI.UN. In addition, unitholders may redeem units of the Fund on the second last business day of July of each year at the then current net asset value. In 2004, 4.65 million units were tendered for redemption representing $50.5 million in redemption proceeds.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 21,358 and 52,992 units, respectively, were acquired in the market at an average price of $10.87 and $10.54 per unit.

Management Expense Ratio

The Fund has a very low management fee at 0.45% of net asset value per annum. Combined with the 0.30% service fee and general and administrative expenses, the management expense ratio of the Fund is 0.91% based on net assets and 0.82% based on total assets.

Outlook

We continue to believe in the long-term fundamentals of the income trust market in which the Fund invests and in the total return they will provide, although values of the underlying investments and the monthly distributions paid by the Fund may fluctuate over time.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton EWI Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton EWI Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

Investment Highlights

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003
Net asset value per unit	**$ 11.39**	$ 10.61	$ 11.24	$ 10.70
Quarterly distributions per unit	**$ 0.254**	$ 0.246	$ 0.246	$ 0.253
Market price per unit	**$ 11.08**	$ 10.33	$ 10.86	$ 10.50
Total assets (millions)	**$ 472**	$ 494	$ 521	$ 498

Statement of Net Assets (Unaudited)

	Sept. 30, 2004	Dec. 31, 2003
Assets		
Investments, at market value (cost 2004 – $419,236,873; 2003 – $441,127,002)	**$ 466,660,144**	$ 493,064,929
Cash	**1,692,150**	678,298
Distributions receivable	**3,679,225**	4,403,133
Deferred financing costs (note 7)	**178,116**	239,078
Total assets	**472,209,635**	498,385,438
Liabilities		
Accounts payable and accrued liabilities	**784,201**	888,980
Distributions payable to unitholders (note 4)	**3,165,006**	3,523,800
Loans payable (note 7)	**44,100,000**	45,125,000
Total liabilities	**48,049,207**	49,537,780
Net assets representing unitholders' equity	**$ 424,160,428**	$ 448,847,658
Units outstanding (note 3)	**37,235,367**	41,950,000
Net asset value per unit	**$ 11.39**	$ 10.70

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

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003*	**2004**	2003*
Income				
Distributions from income funds	**$ 11,142,032**	$ 11,517,160	**$ 35,034,036**	$ 11,517,160
Interest income	**33,062**	162,754	**33,355**	162,754
	11,175,094	11,679,914	**35,067,391**	11,679,914
Expenses				
Management fee (note 5)	**509,335**	406,431	**1,594,169**	406,431
Service fee (note 5)	**318,484**	253,969	**1,005,946**	253,969
General and administrative	**141,201**	166,248	**374,067**	166,248
Interest and bank charges (note 7)	**583,177**	355,427	**1,774,035**	355,427
	1,552,197	1,182,075	**4,748,217**	1,182,075
Net investment income	**9,622,897**	10,497,839	**30,319,174**	10,497,839
Net realized gain (loss) on sale of investments (note 6)	**30,634,631**	(1,318)	**30,634,631**	(1,318)
Net change in unrealized gain on investments	**(469,440)**	4,871,181	**(4,514,656)**	4,871,181
Results of operations	**$ 39,788,088**	$ 15,367,702	**$ 56,439,149**	$ 15,367,702
Results of operations per unit [1]	**$ 0.98**	$ 0.37	**$ 1.38**	$ 0.37

[1] Based on the weighted average number of units outstanding for the period (note 3).

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003*	**2004**	2003*
Cash flows from operating activities:				
Results of operations	**$ 39,788,088**	$ 15,367,702	**$ 56,439,149**	$ 15,367,702
Adjustments to reconcile net cash provided by operations:				
Net realized gain (loss) on sale of investments	**(30,634,631)**	1,318	**(30,634,631)**	1,318
Net change in unrealized gain on investments	**469,440**	(4,871,181)	**4,514,656**	(4,871,181)
Amortization of deferred financing costs	**13,791**	18,429	**60,962**	18,429
Decrease (increase) in distributions receivable	**528,459**	(4,505,662)	**723,908**	(4,505,662)
Increase (decrease) in accounts payable and accrued liabilities	**23,738**	945,359	**(104,779)**	945,359
Purchase of investments (note 6)	**(180,732,984)**	(441,342,117)	**(180,732,969)**	(441,342,117)
Proceeds received on reorganization of investments held (note 6)	**233,257,729**	213,797	**233,257,729**	213,797
Cash provided by (used in) operating activities	**62,713,630**	(434,172,355)	**83,524,025**	(434,172,355)
Cash flows from financing activities:				
Proceeds from issuance of units, net	**10,169**	397,020,010	**45,674**	397,020,010
Increase (decrease) in loans payable	**(1,100,000)**	44,150,000	**(1,025,000)**	44,150,000
Payment of deferred financing costs	**—**	(267,500)	**—**	(267,500)
Distributions paid to unitholders (note 4)	**(9,811,823)**	(6,640,200)	**(30,439,318)**	(6,640,200)
Repurchase of units (note 3)	**(52,700)**	—	**(636,831)**	—
Redemption of units (note 3)	**(50,454,698)**	—	**(50,454,698)**	—
Cash provided by (used in) financing activities	**(61,409,052)**	434,262,310	**(82,510,173)**	434,262,310
Net increase in cash	**1,304,578**	89,955	**1,013,852**	89,955
Cash, beginning of period	**387,572**	—	**678,298**	—
Cash, end of period	**$ 1,692,150**	$ 89,955	**$ 1,692,150**	$ 89,955
Supplemental information:				
Interest paid	**$ 572,419**	$ 151,934	**$ 1,718,393**	$ 151,934

* For the period from July 16, 2003 to September 30, 2003.

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

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2004	2003*	**2004**	2003*
Net assets – beginning of period	**$ 444,327,352**	$ —	**$ 448,847,658**	$ —
Operations:				
Results of operations	**39,788,088**	15,367,702	**56,439,149**	15,367,702
Unitholder transactions:				
Proceeds from settlement of Trust	**—**	10	**—**	10
Proceeds from issuance of units, net	**10,169**	397,020,000	**45,674**	397,020,000
Distributions to unitholders (note 4)	**(9,457,783)**	(10,444,560)	**(30,080,524)**	(10,444,560)
Repurchase of units (note 3)	**(52,700)**	—	**(636,831)**	—
Redemption of units (note 3)	**(50,454,698)**	—	**(50,454,698)**	—
	(59,955,012)	386,575,450	**(81,126,379)**	386,575,450
Net decrease in net assets	**(20,166,924)**	401,943,152	**(24,687,230)**	401,943,152
Net assets – end of period	**$ 424,160,428**	$ 401,943,152	**$ 424,160,428**	$ 401,943,152
Distributions per unit	**$ 0.254**	$ 0.249	**$ 0.746**	$ 0.249

* For the period from July 16, 2003 to September 30, 2003.

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost	Market Value	% of Portfolio
No. of Units	**Consumer**			
395,671	ACS Media Income Fund	$ 4,164,437	$ 4,107,065	
339,282	Arctic Glacier Income Fund	4,164,687	4,054,420	
314,228	Bell Nordiq Income Fund	4,052,851	4,572,017	
366,554	Cineplex Galaxy Income Fund	4,165,886	4,655,236	
374,750	Clearwater Seafoods Income Fund	4,850,247	3,605,095	
379,365	CML Healthcare Income Fund	4,163,531	4,438,571	
260,190	Connor Bros. Income Fund	3,808,537	4,228,088	
380,225	Custom Direct Income Fund	4,165,365	3,965,747	
242,879	Davis + Henderson Income Fund	3,758,996	4,723,997	
260,742	Energy Savings Income Fund	3,126,053	3,963,278	
230,411	Gateway Casinos Income Fund	4,164,679	3,995,327	
459,244	KCP Income Fund	5,813,093	3,673,952	
279,449	Menu Foods Income Fund	4,165,187	4,093,928	
423,094	Osprey Media Income Fund	4,165,360	4,104,012	
1,037,514	Rogers Sugar Income Fund	4,016,752	4,077,430	
259,884	Sleep Country Canada Income Fund	4,164,641	4,865,028	
388,379	The Brick Group Income Fund	4,165,365	4,567,337	
363,655	Yellow Pages Income Fund	4,165,668	4,403,862	
		75,241,335	76,094,390	16.3%
No. of Units	**Industrials**			
213,344	Newalta Income Fund	2,221,277	4,576,229	
174,186	North West Company Fund	4,206,058	4,354,650	
161,599	Superior Plus Income Fund	3,602,124	4,439,125	
320,944	Tree Island Wire Income Fund	4,164,248	4,904,024	
426,004	Versacold Income Fund	4,164,189	3,983,137	
		18,357,896	22,257,165	4.8%
No. of Units	**Oil and Gas**			
283,056	Acclaim Energy Trust	3,197,999	4,194,890	
212,880	Advantage Energy Income Fund	3,395,046	4,576,920	
354,653	APF Energy Trust	4,102,594	4,163,626	
255,895	ARC Energy Trust	3,248,883	4,311,831	
322,066	Baytex Energy Trust	4,162,703	4,148,210	
174,442	Bonavista Energy Trust	2,876,420	4,516,303	
160,580	Bonterra Energy Income Trust	4,163,037	4,057,857	
346,881	Calpine Natural Gas Trust	4,164,306	4,440,077	
83,581	Canadian Oil Sands Trust	2,933,883	4,567,702	
276,807	Crescent Point Energy Trust	4,164,561	4,531,331	
104,097	Enerplus Resources Fund	3,476,241	4,287,755	
225,260	Enterra Energy Trust	4,163,931	4,120,005	
259,222	Focus Energy Trust	3,377,945	4,686,734	
279,127	Freehold Royalty Trust	3,707,163	4,535,814	
234,838	Harvest Energy Trust	4,162,504	4,882,282	
326,058	NAL Oil & Gas Trust	3,114,529	4,659,369	
388,230	NAV Energy Trust	4,163,767	4,328,765	
301,170	Paramount Energy Trust	2,818,880	4,803,662	
219,158	Pengrowth Energy Trust	3,715,875	4,135,511	
262,497	Petrofund Energy Trust	3,413,056	4,173,702	
120,719	Peyto Energy Trust	2,059,703	4,605,430	
168,550	PrimeWest Energy Trust	4,469,475	4,500,285	
318,513	Progress Energy Trust	4,164,558	4,761,769	
396,363	Provident Energy Trust	4,434,052	4,439,266	
208,130	Shiningbank Energy Income Fund	3,579,410	4,549,722	
221,928	Vermilion Energy Trust	3,076,031	4,434,121	
692,005	Viking Energy Royalty Trust	4,689,691	4,594,913	
220,779	Zargon Energy Trust	4,164,996	5,115,449	
		103,161,239	125,123,301	26.8%
No. of Units	**Power**			
454,793	Algonquin Power Income Fund	4,388,126	4,416,040	
211,803	AltaGas Income Trust	4,165,106	4,390,676	
403,841	Boralex Power Income Fund	3,964,730	4,361,483	
405,722	Calpine Power Income Fund	4,299,990	4,300,653	
462,770	Clean Power Income Fund	4,623,115	4,132,536	
359,241	Enbridge Income Fund	4,165,399	4,472,550	
260,000	Great Lakes Hydro Income Fund	3,963,343	4,323,800	
364,262	Innergex Power Income Fund	4,165,336	4,553,275	
338,494	KeySpan Facilities Income Fund	4,165,169	4,400,422	
413,403	Macquarie Power Income Fund	4,165,035	4,278,721	
369,181	Northland Power Income Fund	4,287,952	4,393,254	
465,429	TransAlta Power, L.P.	4,406,637	4,119,047	
129,254	TransCanada Power, L.P.	4,446,903	4,317,084	
		55,206,841	56,459,541	12.1%
No. of Units	**Real Estate Investment Trusts**			
337,879	Alexis Nihon REIT	4,164,359	4,122,124	
254,342	Boardwalk REIT	4,164,850	4,323,814	
352,289	Borealis Retail REIT	4,165,817	4,449,410	
270,017	Calloway REIT	4,165,012	4,603,790	
323,492	Canadian Apartment Properties REIT	4,302,895	4,448,015	
407,949	Canadian Hotel Income Properties REIT	3,683,731	4,128,444	
270,272	Canadian REIT	3,933,635	4,459,488	
367,801	Chartwell Seniors Housing REIT	4,165,346	4,468,782	
284,157	Cominar REIT	4,008,771	4,501,047	
171,574	Dundee REIT	4,164,959	4,177,827	
251,604	H&R REIT	3,916,229	4,403,070	
374,617	InnVest REIT	3,508,277	4,233,172	
411,571	IPC US Income Commercial REIT	4,241,344	4,325,611	
584,444	Legacy Hotels REIT	4,164,164	3,898,241	
456,439	Morguard REIT	4,165,006	4,254,011	
324,671	O&Y REIT	4,163,906	4,155,789	
392,751	Retirement Residences REIT	4,353,282	4,237,783	
262,403	RioCan REIT	3,762,180	4,329,650	
243,544	Summit REIT	4,045,794	4,310,729	
437,197	TGS North American REIT	4,164,301	3,768,638	
		81,403,858	85,599,435	18.3%
No. of Units	**Resource**			
69,054	Fording Canadian Coal Trust	1,791,113	4,871,760	
386,526	Great Lakes Carbon Income Fund	4,164,818	3,853,664	
239,769	Labrador Iron Ore Royalty Income Fund	3,751,819	4,483,680	
377,611	Noranda Income Fund	3,709,235	4,229,243	
448,947	SFK Pulp Fund	3,545,852	3,726,260	
315,776	TimberWest Forest Corp.	3,577,827	4,420,864	
		20,540,664	25,585,471	5.5%
No. of Units	**Utilities and Infrastructure**			
220,054	BFI Canada Income Fund	2,920,781	4,808,180	
139,030	CCS Income Trust	3,339,559	4,998,129	
233,723	Chemtrade Logistics Income Fund	3,517,192	4,510,854	
305,027	Consumers' Waterheater Income Fund	3,730,943	4,374,087	
339,836	Contrans Income Fund	4,164,690	4,431,461	
429,515	Fort Chicago Energy Partners L.P.	3,954,042	4,466,956	
191,821	Gaz Metro	3,917,354	4,035,914	
393,316	Heating Oil Partners Income Fund	5,169,111	3,276,322	
550,979	Inter Pipeline Fund	3,596,563	4,523,538	
250,619	Livingston International Income Fund	3,691,040	4,661,513	
224,983	Parkland Income Fund	4,167,810	4,904,629	
485,578	Peak Energy Services Trust	4,163,831	3,772,941	
372,027	Pembina Pipeline Income Fund	4,506,367	4,639,177	
377,051	TransForce Income Fund	3,089,179	4,460,513	
510,123	Trinidad Energy Services Income Trust	4,165,154	4,591,107	
377,826	UE Waterheater Income Fund	4,165,532	4,348,777	
529,245	Westshore Terminals Income Fund	3,065,892	4,736,743	
		65,325,040	75,540,841	16.2%
	Total	**$ 419,236,873**	**$ 466,660,144**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Brompton Equal Weight Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on May 26, 2003, pursuant to an amended and restated declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton EWI Management Limited (the "Manager") is responsible for managing the affairs of the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on July 16, 2003 when it issued 40,000,000 units at $10.00 per unit through an initial public offering. An additional 2,000,000 units at $10.00 per unit were issued on July 25, 2003 through the exercise of the over-allotment option. Brompton Capital Advisors Inc. invested the net proceeds of the offering and will rebalance the portfolio on behalf of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2003. The significant accounting policies used in preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption during July of any year, commencing in 2004, but at least seven business days prior to the second last business day of July ("Redemption Date"). Redemption of surrendered units will be effected at net asset value on the Redemption Date of each year and will be settled on or before the tenth business day in August. On July 30, 2004, 4,653,033 units were redeemed.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from September 2, 2004 through to September 1, 2005. Pursuant to the issuer bid, the Fund may purchase up to 3,720,000 of its units for cancellation when the net asset value per unit exceeds its trading price. During the three and nine months ended September 30, 2004, 5,000 (2003 – nil) and 61,600 (2003 – nil) units were purchased for cancellation at an average price of $10.54 and $10.34 per unit, respectively.

The weighted average number of units outstanding for the nine months ended September 30, 2004 was 40,822,619 (2003 – 41,766,234).

4. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three and nine months ended September 30, 2004, the Fund declared total distributions of $0.254 (2003 – $0.249) and $0.746 (2003 – $0.249) per unit, respectively. Pursuant to the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.45% per annum of the net asset value of the Fund plus applicable taxes. The Manager is responsible for paying fees to Brompton Capital Advisors Inc. The Fund also pays to the Manager a service fee equal to 0.30% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three and nine months ended September 30, 2004 were as follows:

	Three Months Ended Sept. 30, 2004	Nine Months Ended Sept. 30, 2004
Proceeds from sale of investments	**$ 233,257,729**	**$ 233,257,729**
Less cost of investments sold:		
Investments at cost – beginning of period	**441,126,987**	**441,127,002**
Investments purchased during the period	**180,732,984**	**180,732,969**
Investments at cost – end of period	**(419,236,873)**	**(419,236,873)**
Cost of investments sold during the period	**202,623,098**	**202,623,098**
Net realized gain on sale of investments	**$ 30,634,631**	**$ 30,634,631**

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving operating line of credit ("Revolver") and a five-year non-revolving term credit facility ("Term Credit Facility"). The Revolver provides for maximum borrowings of $9.0 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. At September 30, 2004, the Fund did not use this facility. The Fund has borrowed the maximum amount of $44.1 million under the Term Credit Facility at a fixed rate of 5.06% until July 2008. The credit facilities are secured by a first priority security interest over all of the Fund's assets.

Costs incurred to establish the credit facilities are deferred and amortized over the term of the facilities. For the three and nine months ended September 30, 2004, the Fund has recorded amortization of these costs in the amount of $13,791 (2003 – $18,429) and $60,962 (2003 – $18,429), respectively.

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

BUSINESS TRUST

EQUAL WEIGHT INCOME FUND

BWI

We are pleased to provide the unaudited financial results of Business Trust Equal Weight Income Fund for the three and nine months ended September 30, 2004. The Fund commenced operations on October 22, 2003 when it closed its initial public offering of $50 million and, accordingly, there are no comparative figures. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund is managed by Brompton Business Trust Management Limited and provides unitholders with the opportunity to receive high levels of monthly cash distributions and capital appreciation by passively investing, on an equally weighted basis, in a diversified portfolio of business trusts. It invests in those business trusts that have a float capitalization of at least $150 million at the time of investment, pay a regular distribution and are listed on the TSX. The Fund is rebalanced each quarter.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

The following monthly distributions per unit were declared during the quarter: July 2004, $0.079; August 2004, $0.079; September 2004, $0.08. Distributions for the year to date amount to $0.699 per unit. In addition, as discussed below, the Fund has achieved substantial gains in the value of its portfolio. As a result, the Fund has declared a special cash distribution of $0.20 per unit (which will be made in addition to the regular monthly distribution) payable to unitholders of record at the close of business on December 31, 2004.

Quarterly Portfolio Rebalancing

The significant appreciation in the market value of the Fund's portfolio and the addition of new qualifying income funds during the year has resulted in a realization of net capital gains during the rebalancing periods in 2004. These realized gains will convert a portion of the tax deferred "return of capital" component of distributions to capital gains, which will be taxable at the favourable capital gains rate. Based on information available at the date of writing, assuming no additional capital gains or losses for the balance of 2004, and using 2003 tax allocations for the Fund's investments, it is expected that the Fund's return of capital should be approximately 18% for 2004. The final 2004 breakdown of distributions for tax purposes will be made available to unitholders in early March 2005.

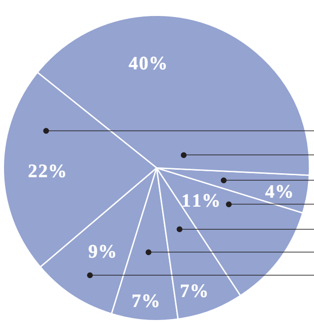
Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 48 business trusts, representing an increase of one issuer from June 30, 2004. The Brick Group Income Fund was added during the quarter upon the successful completion of the fund's initial public offering. At the time of the last rebalancing, each investment represented 2.1% of the market value of the portfolio, providing diversification both by issuer and industry concentration. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund recorded gains (realized and unrealized) of $1.8 million in the third quarter due to a sharp turn around in the income trust market. Realized and unrealized gains of $3.6 million were recorded for the nine-month period ended September 30, 2004.

The table below provides a quarterly breakdown of these gains or losses by sector for 2004.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Commercial	$ 1.0	$ (0.8)	$ 1.2	$ 1.4
Consumer	1.5	(1.5)	(0.4)	(0.4)
Forest products	—	0.3	—	0.3
Manufacturing	1.1	(0.5)	(0.6)	—
Mining	0.2	—	0.4	0.6
Retail	0.2	(0.1)	0.6	0.7
Transportation and storage	0.5	(0.1)	0.6	1.0
Total for the period	$ 4.5	$ (2.7)	$ 1.8	$ 3.6
Cumulative gains, beginning of period	5.5	10.0	7.3	5.5
Cumulative gains, end of period	$ 10.0	$ 7.3	$ 9.1	$ 9.1

Net Asset Value

During the third quarter, the net asset value of the Fund increased by $0.33 per unit. This compares with a decrease of $0.51 per unit in the second quarter and a gain of $0.86 per unit in the first quarter of the year. For the nine months ended September 30, 2004, the Fund's net asset value increased by $0.68 per unit or 6.5%, broken down as follows:

	First Quarter 2004	Second Quarter 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.21	$ 0.22	$ 0.22	$ 0.65
Realized gains on investments	0.28	0.12	0.05	0.45
Increase (decrease) in unrealized gains on investments	0.60	(0.64)	0.29	0.25
Results of operations	1.09	(0.30)	0.56	1.35
Capital transactions	—	0.02	0.01	0.03
Less: distributions	(0.23)	(0.23)	(0.24)	(0.70)
Increase (decrease) in net asset value	$ 0.86	$ (0.51)	$ 0.33	$ 0.68

Liquidity and Capital Resources

As of September 30, 2004, the Fund had borrowings of $6.6 million under its credit facility, which represented 10% of total assets. The interest rate on $5.4 million of the credit facility has been fixed at 5.34% until October 2008 to reduce the Fund's exposure to rising interest rates. The remaining $1.2 million was borrowed under a 364-day renewable revolving operating line of credit at the prime rate of interest.

The Fund's normal course issuer bid allows it to purchase for cancellation up to 510,000 units from November 7, 2003 to November 6, 2004 during periods when the units trade below the net asset value per unit. In such situations, purchases under the issuer bid are accretive to the net asset value of the Fund. A total of 57,300 units were purchased in the first two quarters under this bid at an average price of $10.47 per unit, however, no units were purchased for cancellation in the third quarter. To provide liquidity, units of the Fund are listed on the TSX under the symbol BWI.UN. In addition, unitholders may redeem units of the Fund on the second last business day of October of each year at the then current net asset value. No units were tendered for redemption in October 2004.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 2,039 and 2,973 units, respectively, were issued from treasury pursuant to this plan at an average price per unit of $11.05 and $10.86. No units were acquired in the market.

Management Expense Ratio

The Fund has a very low management fee at 0.45% of net asset value per annum. Combined with the 0.30% service fee and general and administrative expenses, the management expense ratio is 1.20% based on net assets and 1.07% based on total assets.

Outlook

We continue to believe in the long-term fundamentals of the income trust market in which the Fund invests and in the total return they will provide, although values of the underlying investments and the monthly distributions paid by the Fund may fluctuate over time.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton Business Trust Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton Business Trust Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

Investment Highlights

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003
Net asset value per unit	**$ 11.12**	$ 10.79	$ 11.30	$ 10.44
Quarterly distributions per unit	**$ 0.238**	$ 0.231	$ 0.230	$ 0.224
Market price per unit	**$ 11.27**	$ 10.90	$ 11.10	$ 10.40
Total assets (millions)	**$ 64**	$ 62	$ 64	$ 61

Statement of Net Assets (Unaudited)

	Sept. 30, 2004	Dec. 31, 2003
Assets		
Investments, at market value (cost 2004 – $56,487,682; 2003 – $54,797,940)	**$ 63,289,556**	$ 60,313,773
Cash	**182,771**	67,392
Distributions receivable	**501,737**	575,869
Deferred financing costs (note 7)	**27,487**	31,535
Total assets	**64,001,551**	60,988,569
Liabilities		
Accounts payable and accrued liabilities	**153,409**	337,671
Distributions payable to unitholders (note 4)	**409,228**	438,121
Loans payable (note 7)	**6,570,000**	6,400,000
Total liabilities	**7,132,637**	7,175,792
Net assets representing unitholders' equity	**$ 56,868,914**	$ 53,812,777
Units outstanding (note 3)	**5,115,350**	5,154,364
Net asset value per unit	**$ 11.12**	$ 10.44

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30, 2004	Nine Months Ended Sept. 30, 2004
Income		
Distributions from income funds	**$ 1,384,127**	**$ 4,105,706**
Interest income	**70**	**361**
	1,384,197	**4,106,067**
Expenses		
Management fee (note 5)	**67,635**	**200,960**
Service fee (note 5)	**42,701**	**127,808**
General and administrative	**57,731**	**166,526**
Interest and bank charges (note 7)	**89,074**	**255,884**
	257,141	**751,178**
Net investment income	**1,127,056**	**3,354,889**
Net realized gain on sale of investments (note 6)	**248,001**	**2,290,344**
Net change in unrealized gain on investments	**1,501,445**	**1,286,041**
Results of operations	**$ 2,876,502**	**$ 6,931,274**
Results of operations per unit [1]	**$ 0.56**	**$ 1.35**

[1] Based on the weighted average number of units outstanding for the period (note 3).

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

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30, 2004	Nine Months Ended Sept. 30, 2004
Cash flows from operating activities:		
Results of operations	$ 2,876,502	$ 6,931,274
Adjustments to reconcile net cash provided by operations:		
Net realized gain on sale of investments	(248,001)	(2,290,344)
Net change in unrealized gain on investments	(1,501,445)	(1,286,041)
Amortization of deferred financing costs	5,916	18,957
Decrease in distributions receivable	10,148	74,132
Increase (decrease) in accounts payable and accrued liabilities	27,849	(184,262)
Purchase of investments (note 6)	(2,358,148)	(15,182,878)
Proceeds from sale of investments (note 6)	1,759,080	15,783,480
Cash provided by operating activities	$ 571,901	$ 3,864,318
Cash flows from financing activities:		
Proceeds from issuance of units, net (note 3)	62,520	275,425
Increase (decrease) in loans payable	620,000	170,000
Deferred financing costs paid	—	(14,909)
Distributions paid to unitholders (note 4)	(1,211,097)	(3,611,813)
Proceeds from distribution reinvestment plan (note 4)	22,533	32,300
Repurchase of units (note 3)	—	(599,942)
Cash used in financing activities	(506,044)	(3,748,939)
Net increase in cash	65,857	115,379
Cash, beginning of period	116,914	67,392
Cash, end of period	$ 182,771	$ 182,771
Supplemental information:		
Interest paid	$ 83,706	$ 237,445

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30, 2004	Nine Months Ended Sept. 30, 2004
Net assets – beginning of period	$ 55,124,182	$ 53,812,777
Operations:		
Results of operations	2,876,502	6,931,274
Unitholder transactions:		
Proceeds from issuance of units, net	62,520	275,425
Distributions to unitholders (note 4)	(1,216,823)	(3,582,920)
Proceeds from distribution reinvestment plan (note 4)	22,533	32,300
Repurchase of units (note 3)	—	(599,942)
	(1,131,770)	(3,875,137)
Net increase in net assets	1,744,732	3,056,137
Net assets – end of period	$ 56,868,914	$ 56,868,914
Distributions per unit	$ 0.238	$ 0.699

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost	Market Value	% of Portfolio
No. of Units	**Commercial**			
100,162	Bell Nordiq Income Fund	$ 1,338,230	$ 1,457,357	
67,881	BFI Canada Income Fund	980,437	1,483,200	
42,040	CCS Income Fund	1,023,300	1,511,338	
70,246	Chemtrade Logistics Income Fund	1,169,591	1,355,748	
118,991	CML Healthcare Income Fund	1,354,673	1,392,195	
118,892	Custom Direct Income Fund	1,299,490	1,240,044	
74,784	Davis + Henderson Income Fund	1,164,256	1,454,549	
99,362	Home Equity Income Trust	1,417,962	1,379,145	
73,911	Livingston International Income Fund	1,057,115	1,374,745	
67,956	Newalta Income Fund	904,117	1,457,656	
		11,709,171	14,105,977	22.3%
No. of Units	**Consumer**			
124,818	ACS Media Income Fund	1,242,414	1,295,611	
116,800	Cineplex Galaxy Income Fund	1,196,078	1,483,360	
112,765	Clearwater Seafoods Income Fund	1,314,341	1,084,799	
77,899	Connor Bros. Income Fund	1,096,670	1,265,859	
90,726	Consumers' Waterheater Income Fund	1,152,509	1,301,011	
79,259	Energy Savings Income Fund	972,632	1,204,737	
72,190	Gateway Casinos Income Fund	937,746	1,251,775	
120,643	Heating Oil Partners Income Fund	1,518,104	1,004,956	
148,076	KCP Income Fund	1,556,500	1,184,608	
84,805	Menu Foods Income Fund	1,234,448	1,242,393	
116,708	Movie Distribution Income Fund	1,171,952	1,392,326	
127,846	Osprey Media Income Fund	1,276,181	1,240,106	
114,086	Priszm Canadian Income Fund	1,218,439	1,408,962	
115,640	ROW Entertainment Income Fund	1,324,997	1,352,988	
208,483	Specialty Foods Group Income Fund	1,612,320	646,297	
48,741	Superior Plus Income Fund	1,133,273	1,338,915	
114,900	The Brick Group Income Fund	1,149,000	1,351,224	
164,347	Trinidad Energy Services Income Trust	1,134,272	1,479,123	
118,777	UE Waterheater Income Fund	1,280,055	1,367,123	
111,493	Yellow Pages Income Fund	1,307,914	1,350,180	
		24,829,845	25,246,353	39.9%
No. of Units	**Forest Products**			
147,054	SFK Pulp Fund	1,028,112	1,220,548	
97,706	TimberWest Forest Corp.	1,114,276	1,367,884	
		2,142,388	2,588,432	4.1%
No. of Units	**Manufacturing**			
104,603	Advanced Fibre Technologies Income Fund	1,358,520	596,237	
107,342	Arctic Glacier Income Fund	1,057,405	1,282,737	
115,851	Great Lakes Carbon Income Fund	1,119,343	1,155,035	
312,493	Rogers Sugar Income Fund	1,164,528	1,228,098	
158,407	Sun Gro Horticulture Income Fund	1,188,493	1,251,415	
97,839	Tree Island Wire Income Fund	987,677	1,494,980	
		6,875,966	7,008,502	11.1%
No. of Units	**Mining**			
22,240	Fording Canadian Coal Trust	680,079	1,569,032	
72,902	Labrador Iron Ore Royalty Income Fund	1,207,089	1,363,267	
117,450	Noranda Income Fund	1,195,087	1,315,440	
		3,082,255	4,247,739	6.7%
No. of Units	**Retail**			
50,478	North West Company Fund	1,198,935	1,261,950	
71,061	Parkland Income Fund	1,269,772	1,549,130	
86,820	Sleep Country Canada Income Fund	1,065,099	1,625,270	
		3,533,806	4,436,350	7.0%
No. of Units	**Transportation and Storage**			
110,610	Contrans Income Fund	970,440	1,442,354	
118,546	Transforce Income Fund	1,009,411	1,402,399	
133,902	Versacold Income Fund	1,161,753	1,251,984	
174,242	Westshore Terminals Income Fund	1,172,647	1,559,466	
		4,314,251	5,656,203	8.9%
	Total	**$ 56,487,682**	**$ 63,289,556**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Business Trust Equal Weight Income Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on September 25, 2003, pursuant to a declaration of trust. Computershare Trust Company of Canada is the Trustee and Brompton Business Trust Management Limited (the "Manager") is responsible for managing the affairs of the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on October 22, 2003 when it issued 5,000,000 units at $10.00 per unit through an initial public offering. An additional 150,000 units at $10.00 per unit were issued on October 31, 2003 through the exercise of the over-allotment option.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2003. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be surrendered for redemption during October of any year, commencing in 2004, but at least fifteen business days prior to the second last business day of October ("Redemption Date"). Redemption of surrendered units will be effected at net asset value on the Redemption Date of each year and will be settled on or before the tenth business day in November.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from November 7, 2003 through to November 6, 2004. Pursuant to the issuer bid, the Fund may purchase up to 510,000 of its units for cancellation when the net asset value per unit exceeds its trading price. For the three and nine months ended September 30, 2004, no units and 57,300 units were purchased for cancellation, respectively.

For the three and nine months ended September 30, 2004, the Fund issued 5,693 and 15,313 units, respectively, to the Manager in respect of its management fee (see note 5).

The weighted average number of units outstanding for the nine months ended September 30, 2004 was 5,128,627.

4. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three and nine months ended September 30, 2004, the Fund declared total distributions of $0.238 and $0.699 per unit, respectively. Pursuant to the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. For the three and nine months ended September 30, 2004, 2,039 and 2,973 units, respectively, were issued by the Fund pursuant to the reinvestment plan.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.45% per annum of the net asset value of the Fund plus applicable taxes. The management fee may be paid in cash or units at the option of the Manager. To the extent that units are issued from treasury for this purpose, they will be issued at the net asset value per unit. During the nine months ended September 30, 2004, the entire management fee was paid in units. The Manager is responsible for paying fees to Brompton Capital Advisors Inc. The Fund also pays to the Manager a service fee equal to 0.30% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three and nine months ended September 30, 2004 were as follows:

	Three Months Ended Sept. 30, 2004	Nine Months Ended Sept. 30, 2004
Proceeds from sale of investments	**$ 1,759,080**	**$ 15,783,480**
Less cost of investments sold:		
Investments at cost – beginning of period	**55,640,613**	**54,797,940**
Investments purchased during the period	**2,358,148**	**15,182,878**
Investments at cost – end of period	**(56,487,682)**	**(56,487,682)**
Cost of investments sold during the period	**1,511,079**	**13,493,136**
Net realized gain on sale of investments	**$ 248,001**	**$ 2,290,344**

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund has a 364-day renewable revolving operating line of credit ("Revolver") and a five-year non-revolving term credit facility ("Term Credit Facility"). The Revolver provides for maximum borrowings of $2.8 million at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage. At September 30, 2004, the Fund had $1.17 million outstanding under this facility. The Fund has borrowed the maximum amount of $5.4 million under the Term Credit Facility at a fixed rate of 5.34% until October 2008. The credit facilities are secured by a first priority security interest over all of the Fund's assets.

Costs incurred to establish the credit facilities are deferred and amortized over the term of the facilities. For the three and nine months ended September 30, 2004, the Fund has recorded amortization of these costs in the amounts of $5,916 and $18,957, respectively.

The credit facilities are used by the Fund for the purchase of additional investments and for general Fund purposes.

BROMPTON

EQUITY SPLIT CORP.

We are pleased to provide the unaudited financial results of Brompton Equity Split Corp. for the period from April 16, 2004 to September 30, 2004. The following information provides an analysis of the operations and financial position of the Company and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Company commenced operations on April 16, 2004 when its Class A and Preferred shares were listed on the Toronto Stock Exchange. Pursuant to the initial public offering, the Company issued 3,330,000 Preferred shares at $10 per share and 3,330,000 Class A shares at $15 per share for gross proceeds of $83.25 million. The Company's objectives are to pay shareholders regular cash distributions and to return at least the original issue price to shareholders on May 31, 2011. The Company's Preferred shares have been rated Pfd-2 by Dominion Bond Rating Service Limited.

The Company invests in a portfolio of primarily Canadian common shares of companies listed on the Toronto Stock Exchange with market capitalization at the time of investment of at least $500 million. From time to time, covered calls may be written against portfolio investments to enhance the return of the portfolio. The portfolio is managed by Highstreet Asset Management Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Distributions

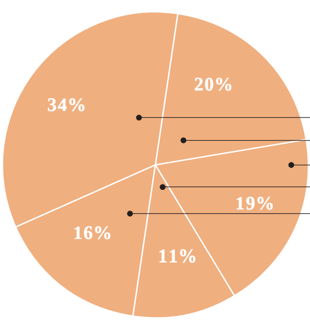
During the period ended September 30, 2004, the Company distributed $0.30 per Class A share and $0.13125 per Preferred share. Distributions on the Preferred shares are comprised primarily of dividend income along with capital gains and/or return of capital. Distributions on the Class A shares will be comprised of a combination of return of capital and capital gains. The final 2004 breakdown of distributions for tax purposes will be available to shareholders in February 2005.

Investment Portfolio

As of September 30, 2004, the Company's investments included a total of 45 Canadian common stocks and 10 US common stocks, which provide diversification by issuer and industry concentration. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Company's security holdings is provided in the financial statements.

Net realized and unrealized gains for the third quarter equalled $0.7 million. The table below provides a breakdown of these gains or losses by sector.

Portfolio Mix



Net Realized and Unrealized Gains (Losses) by Sector (millions)	April 16 to June 2004	Third Quarter 2004	Year-to-Date 2004
Financials	$ (0.6)	$ 0.7	$ 0.1
Energy and utilities	(0.6)	1.3	0.7
Mining and forestry	0.3	1.4	1.7
Communications and technology	—	(1.1)	(1.1)
Consumer and miscellaneous	(0.2)	(1.6)	(1.8)
Total for the period	$ (1.1)	$ 0.7	$ (0.4)
Cumulative losses, beginning of period	—	(1.1)	—
Cumulative losses, end of period	$ (1.1)	$ (0.4)	$ (0.4)

Net Asset Value

During the third quarter, the net asset value of the Class A shares decreased by $0.18. For the period ended September 30, 2004, the net asset value of the Class A shares decreased $0.87, broken down as follows:

	April 16 to June 30, 2004	Third Quarter 2004	Year-to-Date 2004
Net investment loss	$ (0.09)	$ (0.10)	$ (0.19)
Net realized loss on investments	(0.24)	(0.55)	(0.79)
Net realized loss on foreign currency transactions	(0.02)	—	(0.02)
Net change in unrealized loss on investments	(0.09)	0.77	0.68
Results of operations	(0.44)	0.12	(0.32)
Less: distributions on Class A shares	(0.25)	(0.30)	(0.55)
Decrease in net asset value	$ (0.69)	$ (0.18)	$ (0.87)

Liquidity

To provide liquidity, shares of the Company are traded on the TSX under the symbols BE for the Class A shares and BE.PR.A for the Preferred shares. In addition, on an annual basis, in April of each year, holders of Preferred and Class A shares may request that the Company retract its shares. Commencing in 2005, on the April Retraction Date, holders of Class A and Preferred shares may concurrently retract an equal number of Class A shares and Preferred shares at a price equal to the NAV per unit.

Management Expense Ratio

The Company has a low management fee for an actively managed fund of 1.0% of net asset value per annum. Combined with the 0.40% service fee and general and administrative expenses, the management expense ratio of the Company is 1.89% based on net assets.

Outlook

We continue to believe in the long-term fundamentals of the North American equity markets and the total returns they will provide, although values of the underlying securities will fluctuate from time to time. We expect that the security selection and covered-call writing strategies used by the portfolio manager will enhance shareholder returns over the long-term.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton Equity Split Corp.

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton Equity Split Corp.

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

PORTFOLIO MANAGER'S REPORT

Portfolio Manager's Strategy

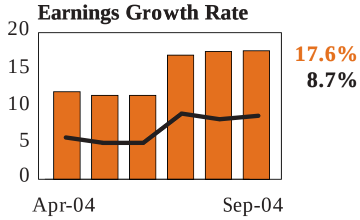
Highstreet's investment strategy is to construct a Canadian equity portfolio that has a more attractive growth, value and quality profile than the TSX while maintaining market-like risk (GVQ™+R). In addition, Highstreet hopes to enhance the return over the Canadian equity market by using two enhancement strategies: (1) invest up to 10% in a US equity portfolio that has an improved growth, value and quality profile and (2) write covered call options and cash covered put options.

Canadian Portfolio

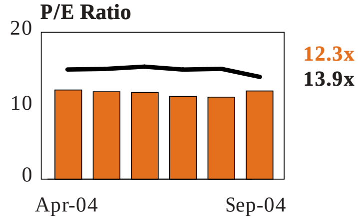
Since inception, the performance of the Canadian equity portfolio has been similar to the TSX. Both the portfolio and the market experienced positive returns this quarter, with the TSX slightly outperforming the portfolio.

The charts below affirm Highstreet's commitment to our ensuring the portfolio has an attractive growth, value and quality (GVQ™) profile and market-like risk.

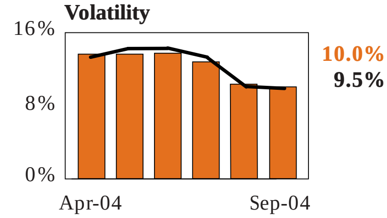
Earnings Growth Rate



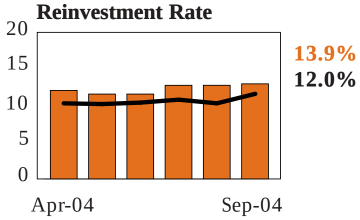
P/E Ratio



Volatility



Reinvestment Rate



Brompton Canadian Equity Portfolio
TSX
Values: September month-end levels

Overall, the Canadian equity portfolio has been managed according to the strategy.

Enhancement Strategies

US Portfolio

We have invested 9% of the total portfolio in the US equity market. The US securities selected have an attractive GVQ™ profile and as such they complement the Canadian portfolio.

The S&P 500 has declined by 6.8% since inception of the portfolio, creating the –0.7% return on the 9% investment in US stocks. This performance is in Canadian dollar terms. The negative performance of the S&P 500 is largely due to the rising Canadian dollar, which appreciated by 6.2% since inception.

GVQ™		US Equities	S&P
Growth	Earnings Growth Rate	9.6%	5.3%
Value	Price to Earnings Ratio	12.2x	15.6x
Quality	Reinvestment Rate	16.4%	13.4%

Options Portfolio

We did not utilize an option strategy during the third quarter because of low volatility levels and strong equity market fundamentals.

HIGHSTREET
ASSET MANAGEMENT INC.

Investment Highlights

	Sept. 30, 2004	June 30, 2004
Net asset value per Class A share	**$ 12.82**	$ 13.00
Net asset value per Preferred share	**$ 10.00**	$ 10.00
Quarterly distributions per Class A share	**$ 0.30**	$ 0.25
Quarterly distributions per Preferred share	**$ 0.13125**	$ 0.06563
Market price per Class A share	**$ 12.50**	$ 13.50
Market price per Preferred share	**$ 10.38**	$ 10.35
Total assets (millions)	**$ 76.7**	$ 77.5

Statement of Financial Position (Unaudited)

	Sept. 30, 2004
Assets	
Investments, at market value (cost – $73,623,831)	$ 75,860,986
Cash and short-term investments	708,501
Dividends and interest receivable	141,568
Total assets	76,711,055
Liabilities	
Accounts payable and accrued liabilities	238,869
Distributions payable to shareholders (note 5)	475,520
Preferred shares (note 4)	33,300,000
Total liabilities	34,014,389
Shareholders' equity	
Class J shares (note 3)	100
Class A shares (note 3)	45,578,625
Deficit	(2,882,059)
Total shareholders' equity	42,696,666
Liabilities and shareholders' equity	$ 76,711,055
Units outstanding (note 3)	3,330,000
Net asset value per unit	$ 22.82
Net asset value per Preferred share	$ 10.00
Net asset value per Class A share	$ 12.82

Statement of Operations and Deficit (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from April 16, 2004* to Sept. 30, 2004
Income		
Dividends (net of withholding taxes of $7,258; $14,317)	$ 429,577	$ 745,919
Interest	142	22,050
	429,719	767,969
Expenses		
Management fee (note 6)	199,247	368,013
Service fee (note 6)	35,279	71,410
General and administrative	80,031	143,957
	314,557	583,380
Net investment income before distributions	115,162	184,589
Distributions on Preferred shares (note 5)	(437,063)	(798,131)
Net investment loss	(321,901)	(613,542)
Net realized loss on sale of investments (note 7)	(1,821,844)	(2,610,628)
Net realized loss on foreign currency transactions	(2,586)	(62,468)
Net change in unrealized loss on investments and foreign currencies	2,559,392	2,236,079
Results of operations	$ 413,061	$ (1,050,559)
Deficit – beginning of period	(2,296,120)	—
Distributions on Class A shares (note 5)	(999,000)	(1,831,500)
Deficit – end of period	$ (2,882,059)	$ (2,882,059)
Results of operations per Class A share	$ 0.12	$ (0.32)

*April 16 represents the commencement of operations.

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

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from April 16, 2004* to Sept. 30, 2004
Cash flows from operating activities:		
Results of operations	$ 413,061	$ (1,050,559)
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized loss on sale of investments (note 7)	1,821,844	2,610,628
Net change in unrealized loss on investments	(2,560,193)	(2,237,155)
Increase in dividends and interest receivable	(2,395)	(141,568)
Increase in distributions payable	—	142,520
Increase (decrease) in accounts payable and accrued liabilities	(170,061)	238,869
Purchase of investments (note 7)	(9,496,140)	(95,013,965)
Proceeds from sale of investments (note 7)	11,600,533	18,779,506
Cash provided by (used in) operating activities	**1,606,649**	**(76,671,724)**
Cash flows from financing activities:		
Proceeds from issuance of Class J shares	—	100
Proceeds from issuance of Class A shares, net	—	45,578,625
Proceeds from issuance of Preferred shares	—	33,300,000
Distributions paid to Class A shareholders (note 5)	(999,000)	(1,498,500)
Cash provided by (used in) financing activities	**(999,000)**	**77,380,225**
Net increase in cash and short-term investments	607,649	708,501
Cash and short-term investments, beginning of period	100,852	—
Cash and short-term investments, end of period	**$ 708,501**	**$ 708,501**

Statement of Changes in Shareholders' Equity (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from April 16, 2004* to Sept. 30, 2004
Shareholders' equity – beginning of period	$ 43,282,605	$ —
Operations:		
Results of operations	413,061	(1,050,559)
Shareholder transactions:		
Proceeds from issuance of Class A shares, net (note 3)	—	45,578,625
Proceeds from issuance of Class J shares (note 3)	—	100
Distributions to shareholders (note 5)	(999,000)	(1,831,500)
Net increase (decrease) in shareholders' equity	(558,939)	42,696,666
Shareholders' equity – end of period	**$ 42,696,666**	**$ 42,696,666**

*April 16 represents the commencement of operations.

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost	Market Value	% of Portfolio
No. of Shares	**Financials**			
62,750	Manulife Financial Corporation	$ 3,214,341	$ 3,476,350	
64,900	Toronto Dominion Bank	2,965,722	2,991,241	
41,900	Canadian Imperial Bank of Commerce	2,868,361	2,835,373	
46,700	Royal Bank of Canada	2,957,044	2,799,665	
74,400	Bank of Nova Scotia	2,651,616	2,749,080	
40,900	Bank of Montreal	2,170,256	2,261,770	
50,000	Sun Life Financial Inc.	1,830,500	1,909,500	
44,800	Power Corporation of Canada	1,242,685	1,294,720	
22,700	Great-West Lifeco Inc.	1,176,432	1,154,295	
71,200	CI Fund Management Inc.	1,107,601	1,121,400	
21,500	National Bank of Canada	992,225	943,205	
25,600	Power Financial Corporation	731,036	756,992	
11,400	Wachovia Corporation*	687,872	677,360	
11,300	Citigroup Inc.*	760,665	630,948	
8,100	J.P. Morgan Chase & Co.*	429,237	407,271	
		25,785,593	26,009,170	34.3%
No. of Shares	**Energy and Utilities**			
43,600	Encana Corporation	2,558,383	2,544,060	
32,900	Canadian Natural Resources Limited	1,331,503	1,661,450	
53,600	TransCanada Corporation	1,474,868	1,482,040	
35,700	Suncor Energy Inc.	1,293,910	1,442,280	
19,800	Precision Drilling Corporation	1,307,592	1,438,074	
27,200	Nexen Inc.	1,524,016	1,434,800	
42,900	Talisman Energy Inc.	1,295,105	1,406,691	
42,500	Husky Energy Inc.	1,172,792	1,308,575	
11,600	Occidental Petroleum Corporation*	763,048	821,074	
11,200	ChevronTexaco Corp.*	724,706	760,302	
25,800	Ensign Resource Service Group Inc.	605,820	597,270	
		14,051,743	14,896,616	19.6%
No. of Shares	**Mining and Forestry**			
29,500	Alcan Inc.	1,766,097	1,784,750	
68,200	Placer Dome Inc.	1,523,081	1,718,640	
20,700	Potash Corporation of Saskatchewan Inc.	1,227,107	1,676,700	
52,600	Teck Cominco Limited	1,201,384	1,431,246	
40,500	Ipsco Inc.	1,088,867	1,428,435	
41,700	Falconbridge Limited	1,364,007	1,401,120	
82,000	Canfor Corporation	1,237,380	1,307,900	
24,100	Inco Limited	1,087,874	1,190,540	
86,000	Norbord Inc.	954,039	1,056,940	
24,300	Dofasco Inc.	914,552	1,035,180	
38,500	Agnico-Eagle Mines Limited	685,011	691,075	
		13,049,399	14,722,526	19.4%
No. of Shares	**Communications and Technology**			
88,900	BCE Inc.	2,484,364	2,422,525	
22,000	Research in Motion Limited	1,528,148	2,119,480	
34,700	Rogers Wireless Communications Inc.	1,199,888	1,372,732	
34,400	TELUS Corporation	920,678	901,280	
31,500	Quebecor World Inc.	919,654	888,300	
6,100	International Business Machines Corporation*	756,067	661,901	
		7,808,799	8,366,218	11.0%
No. of Shares	**Consumer and Miscellaneous**			
32,900	Canadian National Railway Company	1,961,822	2,033,878	
26,300	Canadian Tire Corporation, Limited	1,162,102	1,306,321	
12,400	Magna International Inc.	1,378,300	1,161,632	
34,100	Rona Inc.	1,019,249	1,150,534	
23,000	Nova Chemicals Corporation	938,899	1,121,480	
48,200	QLT Inc.	1,801,730	1,006,898	
41,000	Axcan Pharma Inc.	1,019,203	804,420	
13,600	The Dow Chemical Company*	761,070	777,615	
6,700	3M Company*	759,249	678,081	
39,700	Extendicare Inc	600,939	645,522	
10,000	Altria Group, Inc.*	762,764	595,315	
15,100	Pfizer Inc.*	762,970	584,760	
		12,928,297	11,866,456	15.7%
	Total	**$ 73,623,831**	**$ 75,860,986**	**100.0%**

* US dollar-denominated security

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Brompton Equity Split Corp. (the "Company") is a mutual fund corporation established under the laws of the Province of Ontario on February 13, 2004. Brompton Equity Split Management Limited (the "Manager") is responsible for managing the affairs of the Company. Highstreet Asset Management Inc. provides the portfolio management for the Company. The Company was listed on the Toronto Stock Exchange and commenced operations on April 16, 2004 when it issued 3,200,000 Preferred shares at $10.00 per share, and 3,200,000 Class A shares at $15.00 per share through an initial public offering. An additional 130,000 Preferred shares at $10.00 per share and 130,000 Class A shares at $15.00 per share were issued on April 28, 2004 through the exercise of the over-allotment option.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

a) **Valuation of Investments**

The Company's investments are presented at market value. Investments that are publicly traded are valued at their closing price. If a closing price is not available, then these investments are valued using an average of the latest bid and ask prices. Short-term investments are valued at cost which, when taken together with accrued interest income thereon, approximates their market value. Listed options are valued at market values as reported on recognized exchanges.

b) **Investment Transactions and Income Recognition**

Investment transactions are recorded on trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Net realized gains (losses) on investments include net realized gains or losses from foreign currency changes.

Option premiums paid or received by the Company are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statement of Investments and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation is treated as an unrealized gain (loss) in the value of the portfolio. Gains or losses realized upon expiration, repurchase or exercise of the options are included in net realized gain (loss) on investments.

c) **Income Taxes**

The Company is a mutual fund corporation as defined in the Income Tax Act (Canada) ("the Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Company is generally subject to tax of 33⅓% under Part IV of the Act on taxable dividends received in the year. This tax is fully refundable upon payment of sufficient dividends.

The Company is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part IV.1 on dividends paid by the Company.

Given the investment and dividend policy of the Company and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Company does not expect to be subject to any appreciable amount of non-refundable Canadian income tax. Accordingly, no income tax provision has been recorded.

d) **Foreign Exchange**

The market value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

e) **Fair Value of Financial Instruments**

The fair value of the Company's financial instruments, which are composed of cash and short-term investments, dividends and interest receivable, accounts payable and accrued liabilities approximates their carrying value.

3. SHARE CAPITAL

Class J Shares

The Company is authorized to issue an unlimited number of Class J shares.

On February 19, 2004, the Company issued 100 Class J shares to a trust for cash consideration of $100. As of June 30, 2004, 100 Class J shares are outstanding.

Class J shares are not entitled to receive dividends but are entitled to one vote per share. The Class J shares are redeemable and retractable at a price of $1.00 per share. The Class J shares rank subsequent to both the Preferred shares and the Class A shares with respect to distributions on the dissolution, liquidation or winding-up of the Company.

Class A Shares Authorized

The Company is authorized to issue an unlimited number of Class A shares.

Issued	**Number of Shares**	**Amount**
Class A shares – beginning of period	—	$ —
Initial public offering	3,200,000	43,770,000
Exercise of over-allotment option	130,000	1,808,625
Class A shares – end of period	3,330,000	$ 45,578,625

On April 16, 2004 the Company completed its initial public offering of 3,200,000 Class A shares at a price of $15.00 per share for proceeds, net of agents' fees and issuance costs, of $43,770,000.

On April 28, 2004, the Company completed the issuance of an additional 130,000 Class A shares at a price of $15.00 per share for proceeds, net of agents' fees, of $1,808,625. The issuance of these additional shares was pursuant to the exercise of the over-allotment option granted to the agents in connection with the initial public offering

The weighted average number of Class A shares outstanding for the period ended September 30, 2004 was 3,320,714.

The Company intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) the distributions payable on the Preferred shares are in arrears or (ii) after the payment of the distributions by the Company, the net asset value ("NAV") per unit would be less than $15.00. A unit means a notional unit consisting of one Preferred share and one Class A share. The Class A shares rank subsequent to the Preferred shares but in priority to the Class J shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding-up of the Company. Each Class A share is entitled to one vote.

All Class A shares outstanding on May 31, 2011 will be redeemed by the Company on that date. The redemption price payable by the Company for a Class A share on that date will be equal to the greater of (i) the NAV per unit less $10.00, and (ii) nil.

Class A shares may be surrendered at any time for retraction by the Company but at least 10 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a price per Class A share equal to 96% of the difference between (i) the NAV per unit determined as of the second last business day of the month ("Retraction Date"), and (ii) the cost to the Company of the purchase of a Preferred share for cancellation. If the NAV per unit is less than $10.00, plus any accrued and unpaid distributions on a Preferred share, the retraction price of a Class A share will be nil.

A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the April Retraction Date of each year, commencing on the April 2005 Retraction Date, at a price per unit equal to the NAV per unit on that date. The Class A shares and the Preferred shares must both be surrendered for retraction at least 10 business days prior to the April Retraction Date.

4. PREFERRED SHARES

Authorized

The Company is authorized to issue an unlimited number of Preferred shares.

Issued	Number of Shares	Amount
Preferred shares – beginning of period	—	$ —
Initial public offering	3,200,000	32,000,000
Exercise of over-allotment option	130,000	1,300,000
Preferred shares – end of period	3,330,000	$ 33,300,000

On April 16, 2004, the Company completed its initial public offering of 3,200,000 Preferred shares at a price of $10.00 per share for proceeds of $32,000,000.

On April 28, 2004 the Company completed the issuance of an additional 130,000 Preferred shares at a price of $10.00 per share for proceeds of $1,300,000. The issuance of these additional shares was pursuant to the exercise of the over-allotment option.

Holders of Preferred shares are entitled to receive fixed, cumulative preferential quarterly cash distributions of $0.13125 per share. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding up of the Company. Each Preferred share is entitled to one vote.

All Preferred shares outstanding on May 31, 2011 will be redeemed by the Company on that date. The redemption price payable by the Company for a Preferred share will be equal to the lesser of (i) $10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the number of Preferred shares then outstanding.

Preferred shares may be surrendered at any time for retraction by the Company but at least ten business days prior to the second last business day of a month ("Retraction Date"). Shareholders whose Preferred shares are retracted will be entitled to receive a price per share equal to 96% of the lesser of (i) the NAV per unit determined as of the relevant Retraction Date less the cost to the Company of the purchase of a Class A share for cancellation, and (ii) $10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of Preferred shares may also concurrently retract an equal number of Preferred shares and Class A shares on the April Retraction Date of each year, commencing on the April 2005 Retraction Date, at a price per unit equal to the NAV per unit on that date. The Preferred shares and Class A shares must both be surrendered for retraction at least ten business days prior to the April Retraction Date.

The Preferred shares have been presented as liabilities in the financial statements in accordance with Section 3860 of the CICA Handbook.

5. DISTRIBUTIONS TO SHAREHOLDERS

Distributions, as declared by the Manager, are made on a quarterly basis on the Preferred shares and on a monthly basis on the Class A shares. The distributions are payable no later than the tenth business day of the following month.

For the period ended September 30, 2004, the Company declared distributions of $0.13125 per Preferred share and $0.30 per Class A share.

6. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Company, for which it is paid a management fee equal to 1.00% per annum of the net asset value of the Company, plus applicable taxes. The Manager is responsible for paying fees to Highstreet Asset Management Inc., the portfolio manager for the Company. These fees are calculated and payable monthly. The Company also pays to the Manager a service fee equal to 0.40% per annum of the net asset value of the Class A shares. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of shares held by clients of such dealers at the end of each calendar quarter.

7. INVESTMENT TRANSACTIONS

Investment transactions for the three months ended September 30, 2004 and the period from April 16, 2004 (commencement of operations) to September 30, 2004 were as follows:

	Three Months Ended Sept. 30, 2004	For the period from April 16, 2004 to Sept. 30, 2004
Proceeds from sale of investments	**$ 11,545,639**	**$ 18,779,506**
Less cost of investments sold:		
Investments at cost – beginning of period	**77,823,130**	**—**
Investments purchased during the period	**9,168,184**	**95,013,965**
Investments at cost – end of period	**(73,623,831)**	**(73,623,831)**
Cost of investments sold during the period	**13,367,483**	**21,390,134**
Net realized loss on sale of investments	**$ (1,821,844)**	**$ (2,610,628)**

We are pleased to provide the unaudited financial results of Flaherty & Crumrine Investment Grade Preferred Fund for the three months ended September 30, 2004 and the period from May 17, 2004 to September 30, 2004. The following information provides an analysis of the operations and financial position of the Fund and it should be read in conjunction with the unaudited financial statements and accompanying notes.

The Fund commenced operations on May 17, 2004 when it was listed on the Toronto Stock Exchange and issued 7,000,000 units at $25 per unit for gross proceeds of $175.0 million. An additional 400,000 units were issued on May 27, 2004 for gross proceeds of $10.0 million.

The Fund invests in a portfolio of hybrid preferred securities and various debt instruments of North American issuers with a focus on hybrid preferred securities. All securities purchased by the Fund are rated investment grade at the time of investment. The units of the Fund have received a rating of P-2(low)f by Standard & Poor's. The Fund is managed by Brompton Preferred Management Limited and the portfolio is actively managed by Flaherty & Crumrine Incorporated which is headquartered in Pasadena, California.

The Fund's investment objectives are to provide unitholders with a stable stream of monthly distributions equal to $1.75 per annum, to mitigate the impact of significant interest rate increases on the value of the portfolio through the use of the "safety net hedge" and to preserve the net asset value per unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS

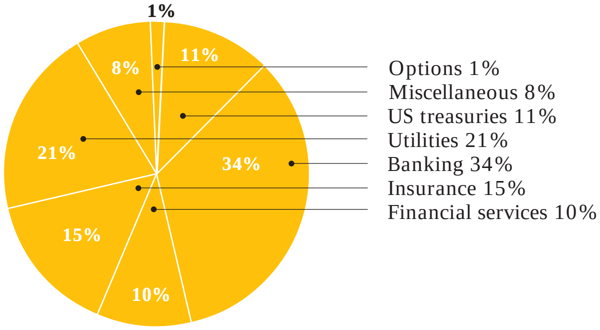
Distributions

During the three months ended September 30, 2004, the Fund distributed $0.43749 per unit and $0.58332 for the year to date. Based on information available at the date of writing, it is estimated that 2004 distributions will be comprised of income and capital gains. The final 2004 breakdown of distributions for tax purposes will be available to unitholders in late February 2005.

Investment Portfolio

As of September 30, 2004, the Fund's investments included a total of 70 hybrid preferred securities and 14 debt securities, which are diversified by issuer and industry concentration. 61% of the portfolio, however, is invested in the banking, finance, insurance and utilities sectors, industries that have regulatory oversight. The breakdown of the portfolio is shown in the accompanying pie chart and a detailed listing of the Fund's security holdings is provided in the financial statements.

Portfolio Mix



Net Asset Value

During the third quarter the net asset value per unit of the Fund increased by $0.86. Since inception the net asset value per unit has increased by $0.85 per unit or 3.6%, broken down as follows:

	May 17 to June 30, 2004	Third Quarter 2004	Year-to-Date 2004
Net investment income	$ 0.15	$ 0.31	$ 0.46
Net realized loss on investments, options and foreign currency transactions	(0.29)	(0.42)	(0.71)
Net realized gain on forward contracts	0.08	0.30	0.38
Net change in unrealized loss on investments, options and foreign currency transactions	(0.44)	(0.01)	(0.45)
Net change in unrealized gain on forward contracts	0.64	1.11	1.75
Results of operations	0.14	1.29	1.43
Less: distributions	(0.15)	(0.43)	(0.58)
Increase (decrease) in net asset value	$ (0.01)	$ 0.86	$ 0.85

Hedging

The Fund's portfolio is comprised of securities denominated in US dollars. As a result, the Fund hedges its foreign currency exposure in two ways: by borrowing in US dollars and by entering into foreign currency forward contracts. Following the initial public offering, the Fund entered into three forward contracts hedging approximately 75% of the portfolio's US dollar exposure. The remaining 25% of the Fund's portfolio is hedged by its US dollar borrowings. On a regular basis the total notional amount of these forwards is adjusted to match the Fund's net US dollar exposure. During the third quarter and the period from May 17, 2004 to September 30, 2004, the Canadian dollar appreciated by 5.7% and 8.8%, respectively, versus the US dollar, resulting in significant unrealized and realized gains on the Fund's forward contracts. These gains offset foreign exchange losses on the Fund's US dollar assets. In addition, the Fund has entered into currency forwards which represent approximately the Fund's foreign exchange exposure for 12 months of distributions.

Under normal market conditions, the Fund will employ a safety net hedge, which is a hedging strategy that is intended to mitigate the impact of significant interest rate increases on the net asset value of the portfolio, while permitting it to benefit from declines in interest rates.

It is important to remember that the safety net hedge will not perfectly protect the Fund against increases in interest rates. To reduce the ongoing cost of hedging, the hedge is typically structured so that unitholders bear some initial risk to their net asset value as interest rates increase. In addition, the Fund's preferred securities may not track perfectly with the hedge instrument as interest rates change. However, even if the hedge results are less than perfect, any gains realized on the hedge may permit the Fund to increase its distribution rate if interest rates rise significantly.

When long-term interest rates decline, we expect to lose money on the Fund's hedges and make money on the preferred securities in the portfolio. Since the hedge is constructed primarily by purchasing put options on US Treasury bond futures, the Fund's loss on the hedge is limited to the cost of the puts. Typically, it takes only a 10–15 basis point rally in preferred yields to overcome the cost of hedging.

During the period ended September 30, 2004, the Fund implemented the safety net hedge using various put options on US Treasury bond futures. Losses of $6.6 million and $8.2 million were realized on the sale and expiration of options during the quarter and for the year to date, and at September 30, 2004, the Fund had unrealized losses of $0.6 million on the put options. As expected, these losses were largely offset by unrealized gains in the investment portfolio (excluding options), which at September 30, 2004 amounted to US$7.9 million on a year to date basis.

Liquidity and Capital Resources

As of September 30, 2004, the Fund had borrowings of Cdn$52.8 million under its revolving credit facility, which represented 21% of total assets These borrowings were comprised of US$41.7 million based on LIBOR. The borrowings have been used to invest in additional portfolio investments to enhance the overall net yield earned by the Fund.

The Fund's normal course issuer bid allows it to purchase for cancellation up to 735,000 units from June 2, 2004 to June 1, 2005 during periods when the units trade below the net asset value per unit. In such situations, purchases under the issuer bid are accretive for the Fund. No units were purchased during the period. To provide liquidity, the Fund's units are traded on the TSX under the symbol FAC.UN. In addition, unitholders may redeem units of the Fund on the second last business day of May of each year at the then current net asset value.

The Fund also has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund.

Management Expense Ratio

The Fund has a low management fee for an actively managed fund of 1.00% of net asset value per annum. Combined with the 0.30% service fee and general and administrative expenses, the management expense ratio is 1.52% based on net assets and 1.13% based on total assets.

Outlook

We believe that the portfolio manager's investment selection process and safety net hedging strategy (which is designed to protect against significant increases in interest rates) coupled with the attractive long-term returns for US hybrid preferred securities will provide strong risk-adjusted returns, although values of the underlying investment grade securities may fluctuate from time to time. Based on the current level of income earned on the underlying portfolio, we expect the Fund to maintain its level of distributions for the foreseeable future.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton Preferred Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton Preferred Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

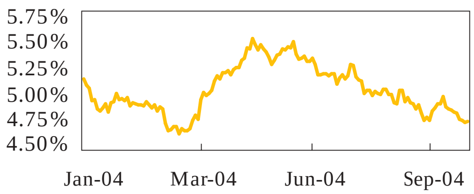
PORTFOLIO MANAGER'S REPORT

The Flaherty & Crumrine Investment Grade Preferred Fund ("FAC") produced a total return on net asset value ("NAV") of +5.8% during the three-month period ending September 30, 2004. Since the inception of the Fund in mid-May, the total return on NAV has been +6.2%.

As can be seen from the chart below, the yield on the 30-year US Treasury bond has steadily declined since the inception of the Fund. This scenario is typically adverse for a new fund trying to deploy the proceeds of its initial public offering—the fund faces successively higher prices with each passing day. In the case of this Fund, however, the proceeds from the IPO were immediately used to purchase long-term US Treasury bonds. This strategy provided some degree of immunity from declining interest rates, and has enabled the Fund to be more selective in making long-term investment decisions.

As of this writing, the Fund has invested over 94% of its assets in preferred securities and corporate bonds. Because we have had the luxury of being very selective, the Fund has been able to accumulate a portfolio of securities that would be difficult to replicate in today's market. We have included an overview of the portfolio after the financial statements as it existed on September 30.

Yield on 30-Year US Treasury Bond



In the US, the preferred market can be divided into "traditional" and "hybrid" securities. Traditional preferreds are structured to have certain tax benefits for US investors and normally will not be appropriate for FAC to own. Hybrid preferreds (also referred to as "taxable" preferreds) are a more recent creation and have grown to become the much larger segment of the market. Distributions on these securities are treated similarly to interest on bonds—fully taxable to investors and deductible as interest expense for the issuers in determining net income. Although the hybrid preferreds held in the FAC portfolio are issued by high-quality companies, the claims of the preferred holder rank below that of bond holders in the event the company runs into trouble. As a result, the interest rates on a particular company's preferred securities will be above that of its bonds.

The Fund's NAV return got a boost from the relative strength in the market for preferred securities. Recently, investor demand for hybrid securities has been increasing. At the same time, the supply of new issues has declined. As a result, prices on the existing universe of preferreds have outpaced most other types of fixed income investments. We don't anticipate a change in the market's technical situation over the near term; therefore, in our opinion, the portfolio's current construction is appropriate given the objectives of the Fund.

As part of the decision to invest the proceeds of the IPO in US Treasury bonds, we immediately implemented the "safety net" hedging strategy. Recall that the safety net hedge acts like an insurance policy to protect the net asset value against substantial increases in interest rates. The strategy entails purchasing put options on US Treasury bond futures. These put options should appreciate in value if interest rates rise substantially, offsetting declines in the value of the preferred portfolio. Conversely, when interest rates fall and the value of the preferred securities increases, the loss on the hedge position is limited to the original purchase price of the options. However, during the brief life of FAC, the value of the safety-net hedge has fallen, dragging down overall performance.

Flaherty & Crumrine maintains a website that contains a comprehensive overview of the US preferred securities market. Visit www.preferredstockguide.com to learn more about the market. Information on particular issues can also be found through the search function.

Flaherty & Crumrine Incorporated

Investment Highlights

	Sept. 30, 2004	June 30, 2004
Net asset value per unit	**$ 24.40**	$ 23.54
Quarterly distributions per unit	**$ 0.43749**	$ 0.14583
Market price per unit	**$ 26.39**	$ 25.85
Total assets (millions)	**$ 247**	$ 241

Statement of Net Assets (Unaudited)

	Sept. 30, 2004
Assets	
Investments, at market value (cost – $ 230,190,649)	$ 225,772,255
Cash and short-term investments	2,165,647
Dividends and interest receivable	2,015,603
Amounts receivable for investments sold	4,608,449
Unrealized gain on forward contracts (note 7)	12,874,277
Deferred financing costs (note 8)	47,831
Total assets	247,484,062
Liabilities	
Accounts payable and accrued liabilities	397,260
Distributions payable to unitholders (note 4)	1,080,248
Amounts payable for investments purchased	12,517,377
Loans payable (note 8)	52,773,454
Total liabilities	66,768,339
Net asset representing unitholders' equity	$ 180,715,723
Units outstanding (note 3)	7,407,586
Net asset value per unit	$ 24.40

Statement of Operations (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from May 17, 2004* to Sept. 30, 2004
Income		
Interest income	$ 1,795,865	$ 2,892,492
Dividends	1,472,487	1,967,256
	3,268,352	4,859,748
Expenses		
Advisor fee (note 5)	292,417	438,662
Management fee (note 5)	168,155	248,233
Service fee (note 5)	135,913	200,503
General and administrative	104,790	160,669
Interest and bank charges (note 8)	294,486	420,055
	995,761	1,468,122
Net investment income	2,272,591	3,391,626
Net realized loss on investments, options, and foreign currency transactions (notes 6 & 8)	(3,080,946)	(5,211,377)
Net realized gain on forward contracts (note 7)	2,281,102	2,839,540
Net change in unrealized loss on investments, options, and foreign currency transactions (note 8)	(82,013)	(3,328,579)
Net change in unrealized gain on forward contracts (note 7)	8,153,197	12,874,277
Results of operations	$ 9,543,931	$ 10,565,487
Results of operations per unit[1]	$ 1.29	$ 1.43

*Date of commencement of operations.
[1] Based on the weighted average number of units outstanding for the period (note 3).

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

Statement of Cash Flows (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from May 17, 2004* to Sept. 30, 2004
Cash flows from operating activities:		
Results of operations	$ 9,543,931	$ 10,565,487
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized loss on sale of investments, options and foreign currency transactions	3,351,026	6,155,081
Net change in unrealized loss on investments, options and foreign currency transactions	72,583	3,317,271
Net change in unrealized gain on foreign currency forward contracts	(8,153,197)	(12,874,277)
Amortization of deferred financing costs	20,732	28,867
Increase (decrease) in dividends and interest receivable	953,522	(2,015,603)
Increase (decrease) in accounts payable and accrued liabilities	(208,816)	397,260
Purchase of investments (note 6)	(94,430,090)	(446,609,935)
Proceeds from sale of investments (note 6)	93,856,098	214,407,206
Cash provided by (used in) operating activities	5,005,789	(226,628,643)
Cash flows from financing activities:		
Proceeds from issuance of units, net (note 3)	155,384	174,466,574
Increase in loans payable	—	57,640,504
Deferred financing costs paid	(10,898)	(76,698)
Distributions paid to unitholders	(3,238,811)	(3,238,811)
Proceeds from distribution reinvestment plan (note 4)	2,721	2,721
Cash provided by (used in) financing activities	(3,091,604)	228,794,290
Net increase in cash and short-term investments	1,914,185	2,165,647
Cash and short-term investments, beginning of period	251,462	—
Cash and short-term investments, end of period	$ 2,165,647	$ 2,165,647
Supplemental information:		
Interest paid	$ 257,770	$ 331,014

Statement of Changes in Net Assets (Unaudited)

	Three Months Ended Sept. 30, 2004	For the Period from May 17, 2004* to Sept. 30, 2004
Net assets – beginning of period	$ 174,253,459	$ —
Operations:		
Results of operations	9,543,931	10,565,487
Unitholder transactions:		
Proceeds from issuance of units, net (note 3)	155,384	174,466,574
Distributions to unitholders (note 4)	(3,239,772)	(4,319,059)
Proceeds from distribution reinvestment plan (note 4)	2,721	2,721
	(3,081,667)	170,150,236
Net increase in net assets	6,462,264	180,715,723
Net assets – end of period	$ 180,715,723	$ 180,715,723
Distributions per unit	$ 0.43749	$ 0.58332

*Date of commencement of operations.

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

Statement of Investments (Unaudited)

As at September 30, 2004		Cost (USD)	Cost (CDN)	Market Value (USD)	Market Value (CDN)	% of Portfolio
Par Value $	**Foreign Bonds**					
17,550,000	US Treasury Bond, *6.25% 8/15/2023*	$ 19,126,692	$ 26,458,007	$ 20,492,609	$ 25,934,430	11.5%
Shares/Par Value $	**Preferred Securities**					
	Banking					
32,600	BAC Capital Trust I, *7% Pfd.*	821,064	1,118,515	854,609	1,081,551	
22,600	BAC Capital Trust II, *7% Pfd.*	574,424	768,015	597,318	755,936	
35,500	Bank One Capital Trust I, *8% Pfd.*	903,475	1,236,993	903,830	1,143,842	
65,000	Bank One Capital Trust VI, *7.2% Pfd.*	1,649,168	2,263,650	1,731,925	2,191,838	
$ 1,800,000	BankAmerica Institutional – BAC, *7.7% December 31, 2026*	1,921,086	2,607,974	1,994,760	2,524,469	
$ 500,000	BankBoston Capital Trust II, *7.75% December 15, 2026*	520,015	724,255	555,983	703,624	
40,000	BankWest Capital I, *9.5% December 1, 2030 QUIPS*	1,085,000	1,485,528	1,091,000	1,380,716	
10,000	BNY Capital IV, *6.875% Pfd., Series E*	251,400	330,955	253,500	320,817	
$ 3,170,000	Chase Capital I, *7.67% Series A December 1, 2026 Capital Security*	3,377,857	4,516,214	3,515,324	4,448,820	
5,000	Chase Capital Trust V, *7.03% Pfd., Series E*	125,700	171,933	125,900	159,333	
54,700	Chase Capital VII, *7% Pfd., Series G*	1,378,878	1,801,927	1,390,474	1,759,715	
167,800	Citigroup Capital VI, *6.875% Pfd.*	4,218,324	5,518,486	4,249,535	5,378,001	
12,473	Citigroup Capital VIII, *6.95% Pfd.*	311,201	428,121	325,919	412,468	
13,500	Citigroup Capital X, *6.1% Pfd.*	301,050	416,442	335,340	424,390	
24,900	Comerica (Imperial) Capital Trust I, *7.6% Pfd.*	634,455	877,504	651,135	824,044	
$ 2,500,000	Dime Capital Trust I, *9.33% Series A May 6, 2027 Capital Security*	2,870,050	3,803,406	2,942,863	3,724,341	
$ 1,500,000	First Midwest Capital Trust I, *6.95% December 1, 2033 Capital Security*	1,606,110	2,041,034	1,608,789	2,036,004	
$ 2,500,000	First Union Institutional Capital I, *8.04% December 1, 2026 Capital Security*	2,690,250	3,721,418	2,800,263	3,543,873	
$ 3,265,000	Great Western Finance Trust II, *8.206% February 1, 2027 Capital Security, Series A*	3,502,594	4,712,728	3,620,020	4,581,318	
$ 490,000	GreenPoint Capital Trust I, *9.1% June 1, 2027 Capital Security*	559,825	735,161	570,737	722,297	
60,200	Harris Preferred Capital, *7.375% Pfd., Series A*	1,501,990	2,048,708	1,520,953	1,924,843	
$ 1,442,000	J.P. Morgan Capital Trust I, *7.54% January 15, 2027 Capital Security*	1,507,251	2,052,804	1,577,937	1,996,959	
85,000	J.P. Morgan Capital Trust XI, *5.875% Pfd.*	1,850,280	2,499,099	2,018,750	2,554,830	
90,000	J.P. Morgan Capital Trust XIV, *6.2% Pfd.*	2,247,120	2,867,156	2,233,800	2,826,987	
10,000	J.P. Morgan Chase Capital Trust X, *7% Pfd.*	250,600	344,037	263,250	333,156	
19,900	National Commerce Capital Trust II, *7.7%*	514,077	699,213	534,017	675,825	
$ 3,000,000	North Fork Capital Trust I, *8.7% December 15, 2026 Capital Security*	3,317,850	4,420,205	3,422,595	4,331,467	
10,900	Royal Bank of Scotland Plc, *7.85% Pfd., Series K*	284,490	390,563	291,739	369,210	
11,100	Sun Trust Capital IV, *7.125% Pfd.*	282,273	387,898	292,430	370,084	
$ 5,033,000	UNB Capital Trust I, *10.01% March 15, 2027*	5,831,586	7,437,014	5,835,411	7,385,007	
24,700	USB Capital III, *7.75% Pfd.*	632,592	869,120	657,761	832,430	
15,700	USB Capital IV, *7.35% Pfd.*	396,111	544,932	416,914	527,625	
22,100	USB Capital V, *7.25% Pfd.*	562,904	769,587	581,783	736,275	
30,000	VNB Capital Trust I, *7.75% Pfd.*	768,900	1,045,980	799,500	1,011,808	
55,000	Wachovia Preferred Funding, *7.25% Pfd., Series A*	1,534,500	1,956,946	1,523,775	1,928,414	
34,700	Wells Fargo Capital Trust IX, *5.625% Pfd.*	723,495	1,000,809	810,939	1,026,284	
56,050	Wells Fargo Capital Trust VII, *5.85% Pfd.*	1,241,508	1,685,411	1,359,213	1,720,152	
$ 3,000,000	Zions Institutional Capital Trust A, *8.536%, December 15, 2026*	3,286,710	4,467,156	3,397,890	4,300,201	
		56,036,163	74,766,897	57,657,881	72,968,954	32.3%
	Financial Services					
14,400	Bear Stearns Capital Trust III, *7.8% Pfd.*	378,000	517,539	385,200	487,490	
45,000	Lehman Capital Trust IV, *6.375% Pfd. Series L*	1,001,250	1,385,027	1,127,700	1,427,161	
5,700	Merrill Lynch Capital Trust I, *7.75% TOPRS*	147,915	203,066	153,302	194,011	
20,000	Merrill Lynch Capital Trust III, *7%*	507,600	699,097	525,800	665,426	
44,300	Merrill Lynch Capital Trust IV, *7.12%*	1,147,104	1,537,993	1,176,165	1,488,496	
127,100	Merrill Lynch Capital Trust V, *7.28% Series F*	3,280,705	4,376,504	3,438,055	4,351,032	
60,000	Morgan Stanley Capital Trust II, *7.25% Pfd.*	1,527,780	2,082,241	1,580,100	1,999,696	
158,000	Morgan Stanley Capital Trust III, *6.25% Pfd.*	3,579,490	4,871,352	3,918,400	4,958,933	
13,000	Morgan Stanley Capital Trust IV, *6.25% Pfd.*	292,500	393,982	320,970	406,204	
		11,862,344	16,066,801	12,625,692	15,978,449	7.1%
	Insurance					
14,500	ACE Ltd., 7.8% Pfd., *Series C*	374,825	518,495	390,413	494,087	
$ 1,000,000	AllState Financing II, *7.83% December 1, 2045*	1,067,900	1,451,444	1,118,610	1,415,657	
$ 4,500,000	AON Capital Trust A, *8.205% January 1, 2027 Capital Security*	4,989,375	6,670,823	5,209,223	6,592,533	
153,237	Everest Capital Trust II, *6.2% Pfd., Series B*	3,334,131	4,511,027	3,586,512	4,538,912	
8,200	Great West Life & Annuity Insurance Capital I, *7.25%*	207,050	278,720	206,927	261,876	
100,000	ING Groep NV, *7.2% Pfd.*	2,555,000	3,378,110	2,676,000	3,386,613	
126,600	Renaissancere Holding, *6.08% Pfd., Series C*	2,752,411	3,736,772	2,992,191	3,786,769	
40,000	Renaissancere Holding, *7.3% Pfd., Series B*	1,008,000	1,370,031	1,059,600	1,340,977	
$ 4,100,000	USF&G Capital I, *8.5% December 15, 2045 Capital Security*	4,709,178	6,514,197	5,084,103	6,434,188	
10,780	XL Capital Ltd., *7.625% Pfd., Series B*	278,663	378,300	292,623	370,329	
		21,276,533	28,807,919	22,616,202	28,621,941	12.7%
	Utilities					
$ 3,372,000	COMED Financing II, *8.5% January 15, 2027 Capital Security, Series B*	3,705,862	5,047,609	3,826,579	4,842,729	
$ 600,000	Dominion Resources Cap Trust I, *7.83%, December 1, 2027*	633,732	872,488	666,447	843,422	
100,000	DTE Energy Trust II, *7.5% Pfd.*	2,475,000	3,358,710	2,635,500	3,335,358	
48,000	Energy East Capital Trust I, *8.25% TOPRS*	1,264,656	1,673,131	1,285,680	1,627,093	
150,000	Florida Power & Light Group Inc., Capital Trust I, *5.875% Pfd.*	3,262,500	4,488,238	3,613,500	4,573,067	
9,500	FPC Capital I, *7.1% Pfd., Series A*	235,125	320,229	240,445	304,295	
21,700	Georgia Power Capital Trust V, *7.125% Pfd.*	548,381	751,759	573,748	726,107	
110,900	Virginia Power Capital Trust, *7.375% July 30, 2042*	2,795,789	3,834,260	2,994,855	3,790,139	
		14,921,045	20,346,424	15,836,754	20,042,210	8.9%
	Miscellaneous Industries					
20,000	Duke Realty Corporation, *6.625% Pfd., Series J*	457,000	612,970	499,100	631,636	
34,200	PS Business Parks Inc., *7.6% Pfd., Series L*	872,100	1,121,470	873,639	1,105,634	
160,000	Public Storage, Inc., *6.6% Pfd., Series C*	4,003,200	5,147,883	3,968,800	5,022,717	
140,000	Regency Centers Corporation, *7.25% Pfd., Series 4*	3,500,000	4,596,735	3,560,900	4,506,499	
100,000	Weingarten Realty Investors, *6.95% Pfd., Series E*	2,464,000	3,303,613	2,558,500	3,237,911	
		11,296,300	14,782,671	11,460,939	14,504,397	6.4%
	Total Preferred Securities	**$ 115,392,385**	**$ 154,770,712**	**$ 120,197,468**	**$ 152,115,951**	**67.4%**
Shares/Par Value $	**Corporate Debt Securities**					
	Banking					
121,200	Household Finance Corp., *6.875%*	3,011,820	4,194,735	3,189,984	4,037,086	1.8%
	Insurance					
5,800	American Financial Group, *7.125% Pfd.*	139,954	189,925	147,697	186,918	
$ 2,495,000	Oneamerica Financial Partners, *7% October 15, 2033*	2,427,011	3,305,944	2,584,658	3,271,015	
$ 1,885,000	Western & Southern Financial, *5.75% July 15, 2033*	1,670,694	2,285,179	1,816,377	2,298,716	
		4,237,659	5,781,048	4,548,732	5,756,649	2.5%
	Financial Services					
$ 5,000,000	General Motors Acceptance Corporation, *8% November 1, 2031, Senior Bonds*	5,108,450	6,771,720	5,194,300	6,573,649	2.9%
	Oil and Gas					
5,000	Nexen, Inc. *7.35% Subordinated Notes*	125,500	172,293	134,025	169,615	0.1%
	Utilities					
$ 4,000,000	Constellation Energy Group, *7.6% April 1, 2032, Senior Notes*	4,664,520	6,032,123	4,718,560	5,971,576	
$ 5,000,000	Duke Capital Corporation, *6.75% February 15, 2032 Capital Security, Senior Notes*	4,731,000	6,471,071	5,293,325	6,698,970	
41,000	Entergy Louisiana, Inc., *7.6% Pfd.*	1,066,000	1,424,016	1,098,595	1,390,327	
157,300	Georgia Power Company, *5.9% April 15, 2033, Senior Notes*	3,515,655	4,883,116	3,798,795	4,807,567	
235,000	Georgia Power Company, *6% October 15, 2033, Senior Notes*	5,860,430	7,768,631	5,951,375	7,531,765	
		19,837,605	26,578,957	20,860,650	26,400,205	11.7%
	Miscellaneous Industries					
63,900	Maytag Corp, *7.875% Pfd.*	1,626,255	2,237,247	1,696,226	2,146,659	
35,435	Walt Disney Co., *7% QUIBS, Pfd.*	923,082	1,198,667	941,508	1,191,526	
		2,549,337	3,435,914	2,637,734	3,338,185	1.5%
	Total Corporate Debt Securities	**$ 34,870,371**	**$ 46,934,667**	**$ 36,565,425**	**$ 46,275,389**	**20.5%**
Contracts	**Options**					
200	December Put on December 2004 CBT Futures@116	1,119,857	1,452,747	831,250	1,051,989	
950	December Put on December 2004 CBT Futures@108	445,623	574,516	311,719	394,496	
	Total Options	**1,565,480**	**2,027,263**	**1,142,969**	**1,446,485**	**0.6%**
	Total	**$ 170,954,928**	**$ 230,190,649**	**$ 178,398,471**	**$ 225,772,255**	**100.0%**

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

Notes to the Financial Statements (Unaudited)

September 30, 2004

1. OPERATIONS

Flaherty & Crumrine Investment Grade Preferred Fund (the "Fund") is a closed-end investment trust created under the laws of the Province of Ontario on April 28, 2004, pursuant to an amended and restated declaration of trust. Brompton Preferred Management Limited is the Trustee and Manager and is responsible for managing the affairs of the Fund. Flaherty & Crumrine Incorporated provides the portfolio management for the Fund. The Fund was listed on the Toronto Stock Exchange and commenced operations on May 17, 2004, when it issued 7,000,000 units at $25.00 per share through an initial public offering. An additional 400,000 units at $25.00 per unit were issued on May 27, 2004 through the exercise of the over-allotment option.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and they include estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the date of these financial statements and the reported amounts of income and expenses during the period. Actual results could differ from these estimates.

a) **Valuation of Investments**

The Fund's investments are presented at market value. Investments that are publicly traded are valued at their closing price. If a closing price is not available, these investments are valued using an average of the latest bid and ask prices. Short-term investments are valued at cost which, when taken together with accrued interest income thereon, approximates their market value. Listed options are valued at market values as reported on recognized exchanges. The value of any security which is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer in such securities.

b) **Investment Transactions and Income Recognition**

Investment transactions are recorded on trade date and any realized gains or losses are recognized using the average cost of the investments. Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Net realized gains (losses) on investments and options include net realized gains or losses from foreign currency changes.

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statement of Investments and are valued at an amount equal to the current market value of an option that would have the effect of closing the position.

c) **Foreign Currency Forward Contracts**

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

d) **Income Taxes**

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). Provided the Fund makes distributions in each year of its net income and net realized capital gains, the Fund will not generally be liable for income tax. It is the intention of the Fund to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no income tax provision has been recorded.

e) **Foreign Exchange**

The market value of investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the noon rate of exchange on each valuation date. Purchases and sales of investments and income derived from investments are translated at the rate of exchange prevailing on the respective dates of such transactions.

f) **Fair Value of Financial Instruments**

The fair value of the Fund's financial instruments, which are composed of cash and short-term investments, dividends and interest receivable, accounts payable and accrued liabilities and loans payable approximates their carrying value.

3. UNITS OF THE FUND

Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund.

Units may be redeemed during May of any year, between fifteen and forty-five business days prior to the second last business day in May. Unitholders whose units are redeemed will receive a redemption price equal to the net asset value per unit on the redemption date.

Units may also be redeemed at least ten business days prior to the second last business day of each month, except for the month of May. Unitholders whose units are redeemed will receive a redemption price per unit equal to the lesser of (i) 96% of the weighted average trading price of the units for the ten trading days preceding the redemption date and (ii) 100% of the closing market price of the units.

Issued	**Number of Shares**	**Amount**
Units – beginning of period	—	$ —
Initial public offering, net	7,000,000	164,812,500
Exercise of over-allotment option, net	400,000	9,475,000
Units issued under the distribution reinvestment plan (note 4)	109	2,721
Issued for services (note 5)	7,477	179,074
Units – end of period	7,407,586	$ 174,469,295

On May 17, 2004, the Fund completed its initial public offering of 7,000,000 units at a price of $25.00 for proceeds, net of agents' fees and issuance costs, of $164,812,500.

On May 27, 2004, the Fund completed the issuance of an additional 400,000 units at a price of $25.00 for proceeds, net of agents' fees, of $9,475,000. The issuance of these additional units was pursuant to the exercise of the over-allotment option granted to the agents in connection with the initial public offering.

For the three months ended September 30, 2004 and for the period from May 17, 2004 to September 30, 2004, the Fund issued 6,483 and 7,477 units, respectively, to the Manager in respect of its management fee.

The Fund received approval from the Toronto Stock Exchange to undertake a normal course issuer bid program for the period from June 2, 2004 through to June 1, 2005. Pursuant to the issuer bid, the Fund may purchase up to 735,000 units for cancellation when the net asset value per unit exceeds its trading price. During the period ended September 30, 2004, no units were purchased for cancellation.

The weighted average number of units outstanding for the period ended September 30, 2004 was 7,374,049.

4. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable no later than the tenth business day of the following month. For the three months ended September 30, 2004 and for the period from May 17, 2004 to September 30, 2004, the Fund declared total distributions of $0.43749 and $0.58332 per unit, respectively. Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund. For the period ended September 30, 2004, 109 units were issued by the Fund pursuant to the reinvestment plan.

5. MANAGEMENT, ADVISOR AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.35% per annum of the net asset value of the Fund, plus applicable taxes. The management fee may be paid in cash or units at the option of the Manager. To the extent that units are issued from treasury for this purpose, they will be issued at the net asset value per unit. During the period ended September 30, 2004, the entire management fee was paid in units. Flaherty & Crumrine Incorporated, the portfolio manager for the Fund, and Brompton Capital Advisors Inc. are entitled to receive an aggregate fee equal to 0.65% per annum of the net asset value, plus applicable taxes. Both fees are calculated and payable monthly. The Fund also pays to the Manager a service fee equal to 0.30% per annum of the net asset value of the Fund. The service fee is in turn paid by the Manager to the investment dealers based on the proportionate number of units held by clients of such dealers at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the three months ended September 30, 2004 and the period from May 17, 2004 (commencement of the operations) to September 30, 2004 were as follows:

	Three Months Ended Sept. 30, 2004	**For the Period from May 17, 2004 to Sept. 30, 2004**
Proceeds from sale of investments and options	**$ 98,464,547**	**$ 219,015,655**
Less cost of investments and options sold:		
Investments at cost – beginning of period	**237,538,555**	**—**
Investments purchased during the period	**98,003,429**	**459,127,312**
Investments at cost – end of period	**(230,190,649)**	**(230,190,649)**
Cost of investments and options sold during the period	**105,351,335**	**228,936,663**
Net realized loss on sale of investments and options	**$ (6,886,788)**	**$ (9,921,008)**

7. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund uses foreign currency forward contracts to hedge foreign exchange risks associated with its US dollar investment portfolio. During the three months ended September 30, 2004 and the period from May 17, 2004 to September 30, 2004, the Fund realized gains in the amount of $2,281,102 and $2,839,540, respectively, on the close out of certain contracts. At September 30, 2004, the Fund has entered into the following foreign currency forward contracts with a Canadian chartered bank:

Canadian Dollars Purchased	**US Dollars Sold**	**Delivery Date**	**Unrealized Gain**
$ 51,798,752	$ 39,780,000	October 18, 2004	$ 1,441,261
1,079,719	780,000	November 18, 2004	91,789
1,080,036	780,000	December 20, 2004	91,560
1,080,348	780,000	January 18, 2005	91,404
1,080,662	780,000	February 18, 2005	91,233
1,080,714	780,000	March 18, 2005	90,842
1,080,913	780,000	April 18, 2005	90,549
66,754,464	48,240,000	May 18, 2005	5,474,097
1,081,459	780,000	June 20, 2005	90,065
1,023,360	780,000	July 19, 2005	31,803
1,026,090	780,000	August 19, 2005	34,103
1,019,460	780,000	September 20, 2005	27,090
65,637,660	47,460,000	May 18, 2006	5,228,481
$ 194,823,637	$ 143,280,000		$ 12,874,277

8. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility. The revolving credit facility provides for maximum borrowings of Cdn$65.8 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage or at a rate based on either US dollar loans made by the Bank of Canada or federal funds transactions by the Federal Reserve Bank of New York. At September 30, 2004, the Fund had a US dollar loan in the amount of Cdn$52.8 million (US$41.7 million) outstanding under this facility. During the three months ended September 30, 2004 and the period from May 17, 2004 to September 30, 2004, the Fund realized a foreign exchange gain in the amount of $3,535,762 and $3,765,927, respectively, on the repayment of borrowings in US dollars, and at September 30, 2004, borrowings in US dollars had an unrealized foreign exchange gain of $1,101,123. The credit facility is secured by a first ranking and exclusive charge on all of the Fund's assets.

Costs incurred to establish the credit facility are deferred and amortized over its term. For the three months ended September 30, 2004 and for the period from May 17, 2004 to September 30, 2004, the Fund has recorded amortization of these costs in the amounts of $20,732 and $28,867, respectively.

The credit facility is used by the Fund for the purchase of additional investments and for general Fund purposes.

BROMPTON

EQUAL WEIGHT OIL & GAS
INCOME FUND

Brompton Equal Weight Oil & Gas Income Fund commenced operations on October 7, 2004 after completing its initial public offering. A total of $417 million was raised pursuant to this offering.

Objectives

The Fund's investment objectives are to provide unitholders with the benefits of high monthly cash distributions and low management fees together with the opportunity for capital appreciation by investing in an equally weighted portfolio of senior oil and gas income trusts on a passive basis.

Portfolio

The Fund's portfolio consists of all senior oil and gas income trusts listed on the TSX having a float capitalization of at least $500 million and that pay a regular distribution. At the time of acquisition, the portfolio was equally weighted and included 20 oil and gas income trusts. A copy of the Fund's portfolio as at October 31, 2004 is provided in the Statement of Investments.

Manager

Brompton Energy Trust Management Limited is the Manager of the Fund and is responsible for providing management and administrative services required by the Fund.

Distributions

The Fund intends to provide high monthly cash distributions to unitholders based on the distributions received by the portfolio less expenses. The level of distributions paid by the Fund will depend upon the distributions received from the oil and gas income trusts included in the portfolio and therefore is expected to fluctuate from month to month. The Fund's initial partial distribution paid to unitholders of record on October 29, 2004 was $0.093 per unit. Based on distribution levels received by the Fund on its investments at the time the first distribution was declared, a full month's distribution would be approximately $0.09875 per unit for an annual yield of 11.85% based on the initial offering price of $10.00 per unit. Distributions will be paid no later than the tenth business day of each month.

Financial Statements

Financial statements for the period from commencement of the operations on October 7, 2004 to December 31, 2004 are scheduled to be released in March 2005. The Fund's weekly net asset value and its month-end portfolio are published on the Brompton website at www.bromptongroup.com.

Respectfully submitted on behalf of the Board,

Signed: Raymond R. Pether

Raymond R. Pether
Chief Executive Officer
Brompton Energy Trust Management Limited

Signed: Mark A. Caranci

Mark A. Caranci
Chief Financial Officer
Brompton Energy Trust Management Limited

November 15, 2004

This quarterly report contains forward-looking information which involves known and unknown risks, uncertainties and other factors which may cause actual results to be materially different than the results expressed or implied by such forward-looking information. In evaluating the forward-looking information contained herein, readers should consider various factors, including those described in the Fund's prospectus and other documents filed with regulatory authorities. The Fund is not obligated to update or revise the forward-looking information contained herein to reflect new events or circumstances.

Statement of Investments

As at October 31, 2004		Cost	Market Value
No. of Units	**Oil and Gas**		
1,489,043	Acclaim Energy Trust	$ 21,895,365	$ 21,218,863
1,019,381	Advantage Energy Income Fund	21,895,350	21,712,815
1,834,885	APF Energy Trust	21,895,361	22,128,713
1,296,424	ARC Energy Trust	21,895,355	21,339,139
1,610,949	Baytex Energy Trust	21,895,367	21,828,359
855,582	Bonavista Energy Trust	21,895,346	21,774,562
533,239	Enerplus Resources Fund	21,895,369	21,233,577
1,193,386	Focus Energy Trust	21,895,358	22,913,011
1,000,250	Harvest Energy Trust	21,895,360	21,705,425
1,466,335	NAL Oil & Gas Trust	21,895,358	20,660,660
1,366,215	Paramount Energy Trust	21,895,360	21,654,508
1,147,194	Pengrowth Energy Trust	21,895,351	21,670,495
1,359,290	Petrofund Energy Trust	21,895,357	21,164,145
565,418	Peyto Energy Trust	21,895,357	23,182,138
787,869	PrimeWest Energy Trust	21,895,350	20,736,712
1,462,195	Progress Energy Trust	21,895,361	20,397,620
1,939,602	Provident Energy Trust	21,895,362	21,219,246
980,303	Shiningbank Energy Income Fund	21,895,356	21,929,378
1,099,139	Vermilion Energy Trust	21,895,366	21,499,159
3,187,992	Viking Energy Royalty Trust	21,895,368	21,997,145
	Total	**$ 437,907,177**	**$ 431,965,670**

Corporate Information

Directors

Aubrey W. Baillie, BA, CA

Peter A. Braaten, BA, MBA

James W. Davie, B.Comm, MBA

Donald L. Lenz, BSc

Donald W.C. Lillie, BA, MBA

P. Michael Nedham, BSc, MBA, CBV

Raymond R. Pether, BA, MBA

Christopher S.L. Hoffmann, BSc, MS, LLB

Arthur R.A. Scace, QC, BA, MA, LLB, LLD

Peter L. Wallace, BA, MBA

Ken S. Woolner, BSc, PEng

Officers

Peter A. Braaten
Chairman

Raymond R. Pether
Chief Executive Officer

Christopher S.L. Hoffmann
Executive Vice President
Brompton Limited

Donald W.C. Lillie
President
Brompton Capital Advisors Inc.

Mark A. Caranci
Chief Financial Officer

Moyra E. MacKay
Vice President and Corporate Secretary

David E. Roode
Vice President

Craig T. Kikuchi
Vice President

Imran Pervaiz
Controller

Continuous Disclosure Manager

Contact: **Donald W.C. Lillie**
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Trustees

Computershare Trust Company of Canada
Brompton Preferred Management Limited

Custodian

The Royal Trust Company of Canada

Auditors

PricewaterhouseCoopers LLP

Bankers

Bank of Nova Scotia
Canadian Imperial Bank of Commerce
Royal Bank of Canada

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BROMPTON FUNDS