



BROMPTON
FUNDS



VALUE
INTEGRITY
PERFORMANCE

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VIP.UN

Actively managed, broadly diversified portfolio of income-producing securities.

Management Report of Fund Performance

August 13, 2009

This interim management report of fund performance for Brompton VIP Income Fund (the “Fund”) contains financial highlights but does not contain the interim financial statements of the Fund. The interim financial statements follow this report. You may obtain a copy of the interim or annual financial statements, at no cost, by calling 866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, P.O. Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, independent review committee’s report, or quarterly portfolio disclosure.

In accordance with investment fund industry practice, all figures presented in this management report of fund performance are based on the Fund’s calculation of its weekly Net Asset Value (“Net Asset Value”), which is exempted from the application of Canadian Institute of Chartered Accountants (“CICA”) Section 3855, except for the figures presented in the Net Assets per Unit table, which can be found under Financial Highlights. In accordance with National Instrument (“NI”) 81-106, the figures in this table must be derived from the financial statements.

The Fund

Brompton VIP Income Fund is a closed-end investment trust managed by Brompton Funds Management Limited (the “Manager”). The units of the Fund trade on the Toronto Stock Exchange (“TSX”) under the symbol VIP.UN. The Fund is actively managed by MFC Global Investment Management (Canada) (“MFC”), a subsidiary of Manulife Financial Corporation, a top-ranked manager of income fund investments with extensive experience in income trusts, other equity securities and fixed income investments. The Fund is RRSP, DPSP, RRI, RESP and TFSA eligible.

Investment Objectives and Strategies

Brompton VIP Income Fund is designed to achieve a high level of income through an actively managed, diversified portfolio composed of income trusts, high-yield debt, dividend-paying common shares, convertible debt, preferred shares and investment grade debt, all over a broad range of industries, and to provide the opportunity for capital appreciation.

Risks

Risks associated with an investment in the units of the Fund are discussed in the Fund’s 2008 annual information form, which is available on the Fund’s website at www.bromptongroup.com or on SEDAR at www.sedar.com.

Recent Developments

Exercise of Warrants

On December 8, 2008, the Fund issued 23.6 million TSX-listed warrants to unitholders, with each warrant entitling the holder to subscribe to one unit of the Fund at a subscription price of \$6.84. By the closing date of the warrant offering on May 27, 2009, 19.6 million warrants were exercised, for net proceeds of \$131.4 million. The net proceeds have provided the Fund with additional capital that can be used to take advantage of attractive investment opportunities, while also increasing the trading liquidity of the units and reducing the management expense ratio of the Fund.

Repayment of Preferred Securities

On June 1, 2009, the Fund repaid all Preferred securities effective May 31, 2009, the maturity date. The repayment amount was \$10.02609 per Preferred security, representing principal of \$10.00 plus accrued interest, which totaled \$15.1 million.

Results of Operations

Distributions

During the six months ended June 30, 2009, cash distributions were \$0.50 per unit, down from \$0.54 in 2008. This reflects the reduction in the monthly distribution rate from \$0.10 to \$0.08 announced in February 2009, which was due to distribution cuts by a large number of the resource-related income trusts included in the portfolio in response to the steep decline in commodity prices in the first quarter of 2009. Since inception in February 2002, the Fund has paid total cash distributions of \$7.57 per unit.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the six months ended June 30, 2009, 103,064 units were acquired in the market through this plan at an average price of \$6.69 per unit.

Revenues and Expenses

The Fund's distribution and dividend income declined to \$0.44 per unit for the six months ended June 30, 2009 from \$0.65 per unit for the same period in 2008. This decline was primarily due to distribution rate cuts by underlying income trusts in the portfolio, particularly resource-related income trusts. Interest income declined to \$0.03 for the period in 2009 from \$0.15 in 2008, as the relative size of the fixed income investment in the Fund's portfolio decreased from 17.9% as at June 30, 2008 to 9.6% as at June 30, 2009. In addition, as of June 30, 2009, the Portfolio Manager was still in the process of investing the proceeds from the exercise of the warrants, resulting in lower distribution and dividend income in 2009 on a per unit basis. Total expenses per unit declined from \$0.19 per unit in the first half of 2008 to \$0.07 per unit in 2009, reflecting an increased number of units following the exercise of warrants, while the Fund's fixed costs remained the same. Net investment income of the Fund was less than the amount distributed over the period.

Net Asset Value

The Net Asset Value per unit of the Fund increased by \$0.09 per unit, or 1.2%, from \$7.36 at December 31, 2008 to \$7.45 at June 30, 2009. This improvement was due to the stabilization in the equity and credit markets in the first half of the year. The aggregate Net Asset Value of the Fund grew by \$148.3 million, from \$347.4 million at December 31, 2008 to \$495.7 million at June 30, 2009, primarily due to net proceeds of \$131.4 million from the exercise of warrants, which resulted from the issue of 19.6 million units.

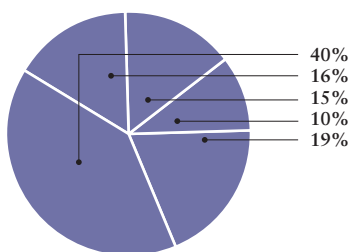
Investment Portfolio

Since the Fund's merger with six other Brompton funds in July 2008, the Portfolio Manager has repositioned the portfolio to a broader range of securities in line with the Fund's investment strategy. At June 30, 2009, 71% of the portfolio (excluding cash and short-term investments) was invested in income trusts, compared to 87% at year-end 2008, with approximately 10% in fixed income (7% at year-end 2008) and 19% in dividend-paying Canadian equities (6% at year-end 2008). As the Portfolio Manager continued to deploy the proceeds from the exercise of warrants through the end of the period, the Fund still held \$22.2 million in cash and short-term securities as at June 30, 2009.

As of June 30, 2009, the Fund's investments included a total of 70 income funds, 18 Canadian equities and 145 fixed income investments. During the first half of 2009, business fund holdings declined most sharply, from 54% of the portfolio at year-end to 40% at June 30, 2009. The breakdown of the portfolio (excluding cash and short-term investments) is shown in the pie chart on page 3, and a detailed listing of the Fund's security holdings is provided in the financial statements.

The Fund's portfolio recorded net gains (realized and unrealized) of \$24.1 million for the six months ended June 30, 2009, as prices of securities in the Fund's portfolio recovered somewhat in the first half of the year. The table below shows the net gains in the portfolio by sector. Business funds were the major contributor to the gain, followed by real estate investment trusts. The fixed income securities are primarily high-yield debt and are mostly denominated in US dollars. In order to hedge the foreign exchange exposure, an amount approximately equal to these US dollar denominated assets has been borrowed under the Fund's credit facilities in US dollars. As a result, gains or losses on the US dollar borrowings are included with the gains or losses on the fixed income securities to show the net gain or loss from this investment activity net of hedged US dollar investments.

Portfolio Sectors



Net Gains (Losses) by Sector (millions)	Realized	Unrealized	Total
Business trusts	\$ (29.0)	\$ 45.3	\$ 16.3
Oil and gas trusts	(18.7)	16.0	(2.7)
Real estate investment trusts	(1.9)	7.6	5.7
Fixed income investments	(0.7)	5.5	4.8
Canadian dividend-paying equities	(4.7)	4.7	0.0
Total	\$ (55.0)	\$ 79.1	\$ 24.1

Liquidity and Capital Resources

The Fund has a 364-day revolving credit facility which provides for maximum borrowings of \$140 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 either the US base rate or the LIBOR rate plus a fixed percentage. The facility has been used to invest in additional portfolio investments and for working capital purposes. As at June 30, 2009, the Fund had total borrowings of \$23.3 million under this facility, representing 4.4% of total assets, or 4.7% of Net Assets. During the six months ended June 30, 2009, the Fund realized a foreign exchange gain of \$1.7 million on the repayment of US dollar borrowings under the credit facility. During the period, the minimum and maximum amounts of borrowings were \$20.1 million and \$101.3 million, respectively.

To provide liquidity, units of the Fund are listed on the TSX under the symbol VIP.UN. The Fund's normal course issuer bid program allows it to purchase its units on the TSX for cancellation if they trade below Net Asset Value per unit. As a result, purchases under the issuer bid are accretive to the Net Asset Value per unit. A total of 247,800 units were purchased during the six months ended June 30, 2009, under this program at an average price of \$6.69 per unit. During the period, units of the Fund traded at an average discount to their Net Asset Value per unit of 6.0%. Investors may also redeem their units annually in accordance with the Fund's redemption provisions. In July 2009, approximately 25.4 million units were tendered to the annual redemption.

Related Party Transactions

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below.

Management 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 the fees of MFC for the portfolio management services it provides. All of the management fee is used by the Manager to cover its general administration expenses, the cost of portfolio management services and for profit. 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 the investment dealers based on the proportionate number of units held by clients of each dealer at the end of each calendar quarter. During the six months ended June 30, 2009, management and service fees amounted to \$1.6 million and \$0.8 million, respectively.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual and unaudited interim financial statements. *The information in the following tables is presented in accordance with NI 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit.* The increase (decrease) in Net Assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

Net Assets per Unit⁽¹⁾

	For the Six Months Ended June 30, 2009	For the Year Ended December 31				
		2008	2007	2006	2005	2004
Net Assets, beginning of period/year ⁽²⁾⁽³⁾	\$ 7.30	\$ 14.51	\$ 13.48	\$ 14.77	\$ 13.70	\$ 11.36
Increase (decrease) from operations: ⁽⁴⁾						
Total revenue	0.47	1.49	1.53	1.48	1.32	1.25
Total expenses	(0.07)	(0.27)	(0.39)	(0.39)	(0.31)	(0.28)
Preferred share distributions	(0.01)	(0.02)	—	—	—	—
Realized gain (loss) for the period/year	(1.04)	(1.19)	0.75	0.80	0.71	0.25
Unrealized gain (loss) for the period/year	1.56	(9.45)	0.20	(2.12)	0.30	2.20
Total increase (decrease) in Net Assets from operations	\$ 0.91	\$ (9.44)	\$ 2.09	\$ (0.23)	\$ 2.02	\$ 3.42
Distributions to unitholders: ⁽³⁾						
From net investment income (excluding dividends)	\$ N/A ⁽⁵⁾	\$ 1.00	\$ 0.96	\$ 0.71	\$ 0.61	\$ 0.48
From dividends	N/A ⁽⁵⁾	0.06	0.05	0.05	0.06	0.05
From net realized gain on investments	N/A ⁽⁵⁾	—	—	—	—	0.14
Return of capital	N/A ⁽⁵⁾	0.08	0.07	0.26	0.33	0.43
Total distributions to unitholders	\$ 0.50	\$ 1.14	\$ 1.08	\$ 1.02	\$ 1.00	1.10
Net Assets, end of period/year⁽²⁾	\$ 7.43	\$ 7.30	\$ 14.51	\$ 13.55	\$ 14.77	\$ 13.70

⁽¹⁾ This information is derived from the Fund's audited annual and unaudited interim financial statements. The Net Assets per unit presented in the financial statements differ from the Net Asset Value calculated for Fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

⁽²⁾ The Net Assets per unit for periods prior to 2007 are based on the prior period financial statements and were not adjusted for the new accounting standards adopted in 2007.

⁽³⁾ Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.

⁽⁴⁾ The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

⁽⁵⁾ Allocations for the period ended June 30, 2009 are not determinable until year-end.

Ratios and Supplemental Data (Based on Net Asset Value)

	June 30, 2009	December 31				
		2008	2007	2006	2005	2004
Net Asset Value (in 000s)	\$ 495,697	\$ 347,358	\$ 102,820	\$ 113,349	\$ 157,761	\$ 111,913
Number of units outstanding (in 000s)	66,509	47,202	7,040	8,365	10,683	8,170
Management expense ratio ("MER") ⁽¹⁾	2.10%	2.70%	2.66%	2.69%	2.24%	2.45%
Trading expense ratio ⁽²⁾	0.11%	0.14%	0.05%	0.05%	0.05%	N/A
Portfolio turnover rate ⁽³⁾	10.52%	48.74%	8.95%	14.68%	17.75%	14.34%
Net Asset Value per unit	\$ 7.45	\$ 7.36	\$ 14.61	\$ 13.55	\$ 14.77	\$ 13.70
Closing market price – units	\$ 7.17	\$ 6.31	\$ 13.86	\$ 12.61	\$ 13.80	\$ 13.30
Closing market price – Preferred securities	\$ N/A	\$ 9.60	\$ 10.10	\$ 10.63	\$ 10.46	\$ 10.60
Closing market price – warrants	\$ N/A	\$ 0.08	\$ N/A	\$ N/A	\$ N/A	\$ N/A

⁽¹⁾ MER is based on the requirements of NI 81-106 and includes the total expenses (excluding commissions and other portfolio transaction costs) of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average Net Asset Value of the Fund.

⁽²⁾ The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period. This disclosure was a new requirement in 2005 under NI 81-106 and was not applied retroactively.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate was not provided when the Fund was less than one year old. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of investments during the period.

Expense Ratio

The MER of the Fund was 2.10% during the six months ended June 30, 2009, down from 2.70% the previous year. This decline in the MER was due to a reduction in interest expense resulting from lower interest rates in 2009, as well as to loan repayment of \$78.0 million of debt and repayment of \$15.1 million of Preferred securities during the period. The repayment was made with the proceeds from the issuance of new units. This ratio is exaggerated by the inclusion of interest expense on borrowings used to purchase additional portfolio investments. The MER, excluding interest expense, was 1.51% as at June 30, 2009 (1.50% in 2008). This latter ratio is more representative of the ongoing efficiency of the administration of the Fund.

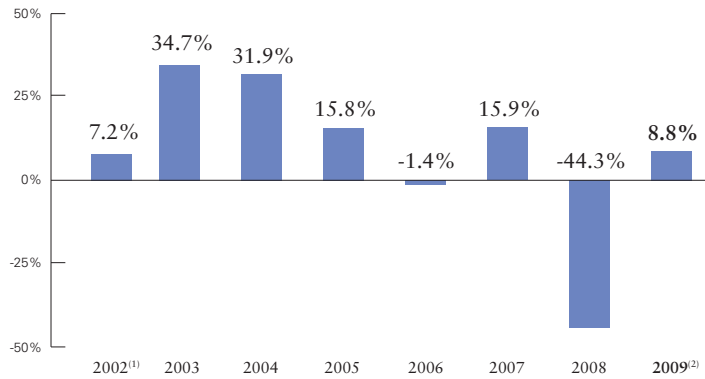
The portfolio turnover rate declined substantially, from 48.7% in 2008 to 10.5% for the six months ended June 30, 2009. The higher ratio in 2008 reflects the impact of rebalancing the portfolio following the merger and reorganization of the Fund which occurred in July 2008. The trading expense ratio decreased to 0.11% for the six months ended June 30, 2009 from 0.14% the previous year as a result of the decrease in the portfolio turnover rate.

Past Performance

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

The bar chart shows the Fund's return in each year/period since inception to June 30, 2009. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have changed by the last day of the fiscal period.

Year-by-Year Returns



⁽¹⁾ Period from February 19, 2002 (commencement of operations) to December 31, 2002.

⁽²⁾ Period from January 1, 2009 to June 30, 2009.

The following table shows the Fund's compound return for each period indicated compared with the S&P/TSX Capped Income Trust Index ("Income Trust Index") and the S&P/TSX Composite Index ("Composite Index"). The Income Trust Index is a broad-based composite index which may encompass any or all Global Industry Classification Standard sectors of the income trust market. Income trusts that qualify for inclusion must derive their distribution income from actual operating entities. The Composite Index tracks the performance, on a market weight basis, of approximately 300 large stocks on the TSX. The Income Trust Index and the Composite Index are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Annual Compound Returns

	Six Months Ended June 30, 2009	Since Inception ⁽¹⁾
Brompton VIP Income Fund ⁽²⁾	8.8%	5.9%
S&P/TSX Capped Income Trust Index	14.4%	11.6%
S&P/TSX Composite Index	18.7%	7.1%

⁽¹⁾ Period from February 19, 2002 (commencement of operations) to June 30, 2009.

⁽²⁾ Based on Net Asset Value per unit and assuming that distributions made by the Fund on its units in the periods shown were reinvested (at Net Asset Value per unit) in additional units of the Fund.

The Fund provided a high return of approximately 8.8% over the six-month period, but underperformed the Income Trust Index. The Portfolio Manager was required to sell down certain positions to meet loan requirements during the market downturn in January through March. In addition, the Fund's warrants, which were issued at a premium to Net Asset Value in December 2008, were mostly exercised in May 2009 after the portfolio experienced significant growth, which benefitted those who exercised their warrants, but lessened the performance of the Fund on a per unit basis.

Summary of Investment Portfolio

As at June 30, 2009

Total Net Asset Value	\$ 495,696,901
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Portfolio Composition	% of Portfolio	% of Net Asset Value
Business trusts	37.8%	40.3%
Canadian dividend-paying equities	18.4%	19.6%
Oil and gas trusts	15.7%	16.7%
Real estate investment trusts	14.8%	15.8%
Fixed income investments	9.2%	9.8%
Cash and short-term investments	4.1%	4.5%
Total investment portfolio	100.0%	106.7%
Other net liabilities		(6.7%)
Total Net Asset Value		100.0%

Top 25 Holdings	% of Portfolio	% of Net Asset Value
Cash and short-term investments	4.2%	4.5%
Telus Corporation	2.9%	3.1%
Just Energy Income Fund	2.6%	2.7%
BCE Inc.	2.1%	2.3%
Northland Power Income Fund	2.1%	2.2%
Davis + Henderson Income Fund	2.0%	2.2%
Crescent Point Energy Trust	2.0%	2.1%
RioCan REIT	1.8%	2.0%
Cineplex Galaxy Income Fund	1.8%	1.9%
Bell Aliant Regional Communications Income Fund	1.8%	1.9%
ARC Energy Trust	1.8%	1.9%
TransCanada Corporation	1.7%	1.8%
Enerplus Resources Fund	1.7%	1.8%
Northern Property REIT	1.6%	1.7%
Enerflex Systems Income Fund	1.6%	1.7%
Pembina Pipeline Income Fund	1.6%	1.7%
Keyera Facilities Income Fund	1.6%	1.7%
Baytex Energy Trust	1.5%	1.6%
Peyto Energy Trust	1.4%	1.5%
Primaris Retail REIT	1.4%	1.5%
Boston Pizza Royalties Income Fund	1.4%	1.4%
Daylight Resources Trust	1.3%	1.4%
Canadian REIT	1.3%	1.4%
Superior Plus Corp.	1.3%	1.4%
Westshore Terminals Income Fund	1.2%	1.3%

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available within 60 days of each quarter end.

Portfolio Manager

MFC Global Investment Management (Canada)

MFC Global Investment Management (Canada) (“MFC”) is the Portfolio Manager of five Brompton funds – Brompton VIP Income Fund, Brompton Advantaged VIP Income Fund, Brompton Oil & Gas Income Fund, Brompton Advantaged Oil & Gas Income Fund and Manulife Brompton Advantaged Bond Fund. MFC Global Investment Management, a division of Elliott & Page Limited, is the asset management division of Manulife Financial Corporation, a top-ranked portfolio manager of income-oriented investments, with extensive experience in income trusts, dividend-paying equities and both high-yield and investment-grade fixed income investments. MFC has more than 100 years of experience managing portfolios for the Manufacturers Life Insurance Company, John Hancock Life Insurance Company, and other major clients. MFC and related entities managed approximately \$291 billion in assets as at June 30, 2009.



Portfolio Manager’s Report

Equity and fixed income markets posted strong returns in the first six months of 2009. The S&P/TSX Income Trust Index returned 14.4% for the six months ending June 30, 2009. The index rallied strongly from the lows in March on a more optimistic outlook for the global economy.

To their credit, governments and central bankers around the world pumped in a significant amount of monetary and fiscal stimulus to turn their respective economies. These efforts appear to be taking hold. Recent economic indicators imply that we are in a bottoming-out process. And while results are still negative, they are less negative than in earlier months. Meanwhile, Canadian company earnings for the first quarter were not as dire as expected, with approximately 50% reporting positive surprises. The results of the bank “stress-tests” in the US were somewhat positive as well, and since then, a number of banks have repaid US\$70 billion of the money they had received from the Troubled Asset Relief Program.

The US Federal Reserve and the Bank of Canada are now in a holding pattern. No further rate cuts or increases are expected this year as the markets are waiting to see the impact from the significant stimulus packages introduced around the world. Inflationary risk remains off the radar as everyone is instead focusing on economic activity and looking for signs of economic growth.

There was modest activity within the Fund during the first half of the year. The goal was to upgrade credit quality, where possible, to maintain or increase monthly dividends, and to preserve or enhance Net Asset Value. High-yield exposure in the Fund was modestly increased as was exposure to the energy sector. The portion of dividend-paying equities in the portfolio increased significantly. Some income trust positions were trimmed, including Cathedral Energy Services Income Trust and Advantage Energy Income Fund. In addition, a number of income trusts converted to corporations in advance of the January 2011 taxation deadline set by the Federal government. Most recently, these included Crescent Point Energy Corp., Progress Energy Resources Corp., CI Financial Corp., and GMP Capital Inc.

Within income trusts, the Fund continues to be underweight energy and resources in favour of business, power, utilities and infrastructure, consumer and REITs.

Portfolio performance in the first half of the year benefited from the recovery in the corporate credit markets. Although volatility remained high during the first half of the year, the high-yield market has been heading in one direction – higher. Economic factors had relatively little impact on the Fund’s high-yield holdings, but the overall credit market rally significantly boosted portfolio returns.

Economic and company-specific results are starting to turn less negative, which gives us reason to be somewhat optimistic that the worst for the economy and perhaps equity markets is behind us. We remain cautious, however, and wary of near-term market volatility given the magnitude and speed by which this rally has manifested itself. As such, the portfolio was conservatively positioned at period-end, with a focus on high-quality companies and credits and a higher allocation to cash.

Forward-Looking Statements

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

Notice

The accompanying unaudited financial statements of Brompton VIP Income Fund for the six months ended June 30, 2009 have been prepared by management and have not been reviewed by the external auditors of the Fund.

(Signed)

Mark A. Caranci
Chief Executive Officer
August 13, 2009

(Signed)

Craig T. Kikuchi
Chief Financial Officer

Statements of Net Assets (Unaudited)

As at	June 30, 2009	Dec. 31, 2008
Assets		
Investments, at fair value	\$ 505,556,286	\$ 459,763,920
Cash and short-term investments	22,211,549	971,945
Income receivable	4,892,134	6,197,306
Total assets	532,659,969	466,933,171
Liabilities		
Accounts payable and accrued liabilities	1,167,515	936,926
Distributions payable to unitholders (note 8)	5,320,712	4,836,510
Amounts payable for investments purchased	8,714,822	—
Loans payable (note 12)	23,343,050	101,279,528
Preferred securities (note 5)	—	15,106,060
Total liabilities	38,546,099	122,159,024
Unitholders' equity		
Unitholders' capital (note 4)	755,952,482	628,154,770
Contributed surplus	2,579,200	1,004,163
Deficit	(264,417,812)	(284,384,786)
Net Assets representing unitholders' equity	\$ 494,113,870	\$ 344,774,147
Units outstanding (note 4)	66,508,903	47,201,693
Net Assets per unit – basic and diluted (note 6)	\$ 7.43	\$ 7.30

Statements of Operations and Retained Earnings (Deficit) (Unaudited)

For the six months ended June 30	2009	2008
Income		
Distributions from income funds	\$ 22,272,455	\$ 4,552,701
Securities lending income (note 11)	377,489	69,517
Interest income	1,463,824	1,053,341
	24,113,768	5,675,559
Expenses		
Management fees (note 9)	1,615,853	439,118
Service fees (note 9)	794,197	191,113
Audit fees	35,007	4,032
Independent review committee fees	14,793	—
Trustee fees	6,212	7,389
Custodial fees	12,429	1,461
Legal fees	29,498	21,888
Unitholder reporting costs	16,082	13,071
Other administrative expenses	160,984	68,741
Interest and bank charges (note 12)	876,830	598,381
	3,561,885	1,345,194
Net investment income before distributions	20,551,883	4,330,365
Distributions on Preferred securities (note 8)	(376,252)	—
Net investment income	20,175,631	4,330,365
Net realized gain (loss) on sale of investments (note 10)	(54,849,553)	1,580,914
Transaction costs	(194,570)	(30,821)
Net realized gain on loans payable (note 12)	1,675,299	4,833,800
Net change in unrealized gain/loss on investments, short-term investments and foreign currency transactions	80,130,322	(6,101,039)
Net change in unrealized gain/loss on loans payable (note 12)	(708,625)	(5,351,474)
Increase (decrease) in Net Assets from operations	46,228,504	(738,255)
Retained earnings (deficit), beginning of period	(284,384,786)	22,304,602
Excess of stated value paid on repurchase and redemption of units	—	(92,686)
Issuance costs of warrants (note 6)	380,000	—
Distributions to unitholders (note 8)	(26,641,530)	(3,785,664)
Retained earnings (deficit), end of period	\$(264,417,812)	\$ 17,687,997
Increase (decrease) in Net Assets from operations per unit⁽¹⁾	\$ 0.91	\$ (0.11)

⁽¹⁾ Based on the weighted average number of units outstanding for the period (note 4).

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

Statements of Cash Flows (Unaudited)

For the six months ended June 30	2009	2008
Cash flows from operating activities:		
Increase (decrease) in Net Assets from operations	\$ 46,228,504	\$ (738,255)
Adjustments to reconcile net cash provided by operations:		
Net realized (gain) loss on sale of investments (note 10)	54,849,553	(1,580,914)
Net realized gain on loans payable	(1,675,299)	(4,833,800)
Net change in unrealized gain/loss on investments	(80,126,121)	6,083,937
Net change in unrealized gain/loss on loans payable	708,625	5,351,474
Decrease (increase) in income receivable	1,305,172	244,187
Increase (decrease) in accounts payable and accrued liabilities	230,589	1,657
Increase (decrease) in distributions payable on Preferred securities	(116,341)	—
Purchase of investments (note 10)	(58,899,782)	(6,046,228)
Proceeds from sale of investments (note 10)	47,098,806	12,821,212
Cash provided by operating activities	9,603,706	11,303,270
Cash flows from financing activities:		
Proceeds from issuance of units upon exercise of warrants (note 4)	131,410,265	—
Increase (decrease) in loans payable	(76,969,804)	(2,269,132)
Distributions paid to unitholders (note 8)	(26,040,987)	(3,790,182)
Repurchase of units (note 4)	(1,657,003)	(662,141)
Amounts paid for redemption of units (note 4)	(513)	(14,294,845)
Amounts paid for redemption of Preferred securities (note 5)	(15,106,060)	—
Cash provided by (used in) financing activities	11,635,898	(21,016,300)
Increase (decrease) in cash and short-term investments	21,239,604	(9,713,030)
Cash and short-term investments, beginning of period	971,945	11,446,119
Cash and short-term investments, end of period	\$ 22,211,549	\$ 1,733,089
Supplemental information:		
Interest paid	\$ 815,163	\$ 568,234

Statements of Changes in Net Assets (Unaudited)

For the six months ended June 30	2009	2008
Net Assets, beginning of period (note 3)	\$ 344,774,147	\$ 102,159,143
Operations:		
Increase (decrease) in Net Assets from operations	46,228,504	(738,255)
Unitholder transactions:		
Distributions to unitholders (note 8)	(26,641,530)	(3,785,664)
Proceeds from issuance of units upon exercise of warrants (note 4)	131,410,265	—
Repurchase of units (note 4)	(1,657,003)	(662,141)
Redemption of units (note 4)	(513)	—
Total unitholder transactions	103,111,219	(4,447,805)
Net increase (decrease) in Net Assets	149,339,723	(5,186,060)
Net Assets, end of period	\$ 494,113,870	\$ 96,973,083
Distributions per unit (note 8)	\$ 0.50	\$ 0.54

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

Statement of Investments (Unaudited)

As at June 30, 2009		Cost (USD)	Cost (CAD)	Fair Value (USD)	Fair Value (CAD)	% of Portfolio
No. of Units	Business Trusts					
1,130,416	Algonquin Power Income Fund	\$ —	\$ 8,444,207	\$ —	\$ 3,854,719	
323,980	AltaGas Income Trust	—	7,979,628	—	5,196,639	
165,134	Armtec Infrastructure Income Fund	—	3,612,472	—	2,922,872	
362,492	Bell Aliant Regional Communications Income Fund	—	10,582,125	—	9,540,789	
735,931	Boralex Power Income Fund	—	3,981,387	—	2,943,724	
703,709	Boston Pizza Royalties Income Fund	—	9,395,617	—	6,973,756	
198,707	Canexus Income Fund	—	884,246	—	794,828	
182,000	Cargojet Income Fund	—	1,790,400	—	711,620	
730,325	Chemtrade Logistics Income Fund	—	10,499,423	—	5,419,012	
607,430	Cineplex Galaxy Income Fund	—	8,454,734	—	9,554,874	
487,575	CML Healthcare Income Fund	—	6,894,311	—	6,158,072	
580,402	Consumers' Waterheater Income Fund	—	6,970,628	—	3,662,337	
870,857	Davis + Henderson Income Fund	—	13,008,432	—	10,659,291	
126,400	Enbridge Income Fund	—	1,453,600	—	1,439,696	
817,186	Enerflex Systems Income Fund	—	11,056,527	—	8,376,157	
344,076	EPCOR Power, L.P.	—	7,483,653	—	5,233,396	
742,170	Fort Chicago Energy Partners L.P.	—	8,149,027	—	6,278,758	
217,990	Gaz Metro LP	—	3,278,570	—	3,248,051	
154,438	Genivar Income Fund	—	3,660,181	—	3,995,311	
237,071	Great Lakes Hydro Income Fund	—	4,219,864	—	3,750,463	
556,699	Innergex Power Income Fund	—	7,103,479	—	5,566,990	
731,447	Inter Pipeline Fund	—	7,234,011	—	6,370,903	
1,201,860	Just Energy Income Fund	—	15,354,415	—	13,556,981	
413,758	Keyera Facilities Income Fund	—	8,709,606	—	8,208,959	
159,088	Labrador Iron Ore Royalty Income Fund	—	8,377,574	—	5,023,999	
550,417	Livingston International Income Fund	—	7,654,969	—	2,581,456	
237,000	Macquarie Power & Infrastructure Income Fund	—	1,862,820	—	1,590,270	
314,164	Morneau Sobeco Income Fund	—	3,537,487	—	2,733,227	
430,006	North West Company Fund	—	6,854,295	—	6,471,590	
1,122,194	Northland Power Income Fund	—	14,213,304	—	10,975,057	
556,743	Pembina Pipeline Income Fund	—	9,620,520	—	8,273,201	
528,066	Pizza Pizza Royalty Income Fund	—	4,880,744	—	3,506,358	
224,494	Precision Drilling Trust	—	5,935,621	—	1,254,921	
127,600	Richards Packaging Income Fund	—	1,002,683	—	523,160	
710,130	Rogers Sugar Income Fund	—	3,188,484	—	2,634,582	
382,600	SIR Royalty Income Fund	—	3,736,770	—	2,410,380	
270,360	The Data Group Income Fund	—	2,637,664	—	938,149	
253,100	The Keg Royalties Income Fund	—	2,783,766	—	2,452,539	
52,243	Wajax Income Fund	—	1,681,180	—	839,545	
564,578	Westshore Terminals Income Fund	—	10,162,404	—	6,515,230	
1,153,846	Yellow Pages Income Fund	—	11,529,411	—	6,161,538	
	Total Business Trusts	—	269,860,239	—	199,303,400	39.4%
No. of Units	Oil and Gas Trusts					
532,396	ARC Energy Trust	—	14,984,756	—	9,481,973	
405,995	Baytex Energy Trust	—	13,438,434	—	7,925,022	
288,911	Bonavista Energy Trust	—	10,335,170	—	5,194,620	
189,235	Canadian Oil Sands Trust	—	7,738,039	—	5,258,841	
309,232	Crescent Point Energy Trust	—	11,750,816	—	10,600,474	
968,678	Daylight Resources Trust	—	11,566,016	—	7,139,157	
353,499	Enerplus Resources Fund	—	15,648,658	—	8,883,430	
401,202	Freehold Royalty Trust	—	9,231,658	—	5,512,515	
788,958	Peyto Energy Trust	—	13,453,823	—	7,360,978	
656,470	NAL Oil & Gas Trust	—	10,989,308	—	6,151,124	
200,762	Vermilion Energy Trust	—	8,355,715	—	5,826,113	
70,486	Zargon Energy Trust	—	1,819,949	—	1,113,679	
	Total Oil and Gas Trusts	—	129,312,342	—	80,447,926	15.9%
No. of Units	Real Estate Investment Trusts					
192,813	Allied Properties REIT	—	3,806,129	—	2,843,992	
247,700	Artis REIT	—	3,799,718	—	1,976,646	
110,857	Boardwalk REIT	—	4,210,349	—	3,584,007	
350,598	Calloway REIT	—	6,685,904	—	4,459,607	
412,176	Canadian Apartment Properties REIT	—	7,094,617	—	5,502,550	
284,508	Canadian REIT	—	8,208,055	—	6,998,897	
637,484	Chartwell Seniors Housing REIT	—	5,520,612	—	3,423,289	
399,379	Cominar REIT	—	8,614,605	—	6,122,480	
108,920	Crombie Real Estate Investment Trust	—	849,576	—	887,698	
238,025	Dundee REIT	—	7,378,775	—	3,572,755	
583,916	H&R REIT	—	9,999,686	—	6,364,685	
991,455	InnVest REIT	—	9,783,017	—	3,906,333	
307,667	Morguard REIT	—	4,036,591	—	2,975,140	
448,497	Northern Property REIT	—	8,012,914	—	8,324,104	
612,884	Primaris Retail REIT	—	10,255,853	—	7,201,387	
639,110	RioCan REIT	—	11,645,004	—	9,765,601	
	Total Real Estate Investment Trusts	—	109,901,405	—	77,909,171	15.4%

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

Statement of Investments (Unaudited) (continued)

As at June 30, 2009		Cost (USD)	Cost (CAD)	Fair Value (USD)	Fair Value (CAD)	% of Portfolio
Par Value (\$)	Fixed Income Investments					
600,000	Ace Cash Express Inc., 10.25%, due October 1, 2014	\$ 579,990	\$ 673,569	\$ 270,000	\$ 313,563	
300,000	Actuant Corporation, 6.875%, due June 15, 2017	274,417	318,693	273,000	317,047	
250,000	AES Corporation, 7.75%, due October 15, 2015	211,651	245,800	232,500	270,013	
150,000	AES Corporation, 9.750%, due April 15, 2016	151,980	176,501	151,875	176,379	
300,000	AGT Limited, 8.8%, due September 22, 2025	—	361,833	—	357,933	
50,000	Ahern Rentals Inc., 9.25%, due August 12, 2013	51,690	60,030	20,000	23,227	
250,000	Alimentation Couche-Tard Inc., 7.5%, due December 15, 2013	241,413	280,364	243,750	283,078	
3,000,000	Alliance One International, 10.00%, due July 15, 2016	2,848,559	3,308,162	2,842,500	3,301,125	
1,000,000	Alliance One International, 5.500%, due July 15, 2014	1,000,649	1,162,100	963,192	1,118,599	
148,415	Alliance Pipeline Limited Partnership, 7.181%, due June 30, 2023	—	164,408	—	160,894	
704,882	Alliance Pipeline Limited Partnership, 7.23%, due June 30, 2015	—	762,052	—	766,609	
300,000	AMC Entertainment Inc., 8%, due March 1, 2014	286,896	333,186	255,750	297,014	
250,000	AMC Entertainment Inc., 8%, due March 1, 2014	228,422	265,277	235,000	272,916	
450,000	American General Finance Corp., 4.875%, due May 15, 2010	374,580	435,017	378,612	439,699	
160,000	Anixter Inc., 5.95%, due March 1, 2015	144,874	168,249	132,000	153,298	
250,000	Apria Healthcare Group Inc., 11.25%, due November 1, 2014	234,927	272,832	241,250	280,175	
24,000	AT&T Corp., 7.3%, due November 15, 2011	—	27,766	32,246	30,566	
300,000	Atlas Pipeline Partners LP, 8.75%, June 15, 2018	261,937	304,200	205,500	238,657	
1,000,000	Atlas Pipeline Partners LP, 8.1255%, December 15, 2015	607,457	705,468	715,000	830,362	
140,000	Axcan Intermediate Holdings Inc., 9.25%, due March 1, 2015	118,980	138,177	140,700	163,401	
59,000	Bank of America Corp., 5.15%, due May 30, 2017	—	55,451	—	48,430	
998,000	Baytex Energy Trust, 9.625%, due July 15, 2010	934,475	1,085,249	1,000,495	1,161,921	
450,000	BC Telecom Inc., 10.65%, due June 19, 2021	—	621,338	—	590,094	
240,000	BC Telecom Inc., 11.9%, due November 22, 2015	—	333,461	—	328,750	
300,000	Bell Aliant Regional Communications Limited Partnership, 4.95%, due January 23, 2013	—	286,395	—	297,972	
50,000	Bell Aliant Regional Communications Limited Partnership, 5.41%, due September 26, 2016	—	45,158	—	48,709	
500,000	Belden Inc., 9.25%, due June 15, 2019	481,975	559,740	506,875	588,657	
10,000	BMO Sub Note TR, 5.75%, due September 26, 2022	—	10,028	—	10,491	
80,244	Canadian Capital Auto Rec Trust, 4.515%, due October 17, 2009	—	79,855	—	80,055	
33,000	Government of Canada, 3.50%, due June 1, 2013	—	35,349	—	34,523	
148,000	Canadian Natural Resources Ltd., 4.5%, due January 23, 2013	—	144,427	—	151,297	
250,000	Canadian Oil Sands Ltd., 7.750%, due May 15, 2019	250,738	291,193	255,645	296,892	
51,000	Canadian Pacific, 6.25%, due June 1, 2018	—	51,085	—	49,066	
229,000	Canadian Tire Corporation, Limited, 6.32%, due February 24, 2034	—	208,740	—	212,805	
600,000	Cascades Inc., 7.25%, due February 15, 2013	520,432	604,402	523,500	607,965	
83,000	Caterpillar Financial Services Ltd., 4.94%, due June 1, 2012	—	83,316	—	84,495	
250,000	CB Richard Ellis Services Inc., 11.625%, due June 15, 2017	236,793	274,998	244,375	283,804	
25,000	Cendant Car Rental Group LLC, 7.625%, due May 15, 2014	24,790	28,790	17,750	20,614	
225,000	Cendant Car Rental Group LLC, 7.75%, due May 15, 2016	213,916	248,431	156,375	181,605	
155,000	Centra Gas Ontario Inc., 8.65%, due October 19, 2018	—	193,327	—	180,986	
200,000	Century Aluminum Co., 7.5%, due August 15, 2014	217,661	252,780	136,500	158,524	
1,295,000	Charter Communications Holdings, LLC, 10.25%, due September 15, 2010	1,368,386	1,589,169	1,366,225	1,586,660	
60,000	Citigroup Financial Corp., 5.5%, due May 21, 2013	—	59,217	—	55,726	
68,000	Citigroup Inc., 5.16%, due May 24, 2027	—	55,867	—	40,193	
306,000	Columbia/HCA Healthcare Corporation, 8.36%, due April 15, 2024	292,514	339,710	202,021	234,616	
80,000	Columbus McKinnon Corp., 8.875%, due November 1, 2013	82,207	95,471	80,100	93,024	
1,000,000	Comcast Corp., 5.700%, due July 1, 2019	975,428	1,132,809	990,920	1,150,801	
45,000	Commerzbank AG, 4.5%, due December 15, 2016	—	43,007	—	44,350	
500,000	Conacher Oil & Gas, 10.25% due December 15, 2015	418,254	485,738	302,500	351,307	
300,000	CSC Holdings Inc., 8.5%, due June 15, 2015	256,229	297,570	294,750	342,307	
800,000	Dollarama Group LP, 8.875%, due August 15, 2012	812,566	943,670	774,000	898,882	
1,000,000	Edison Mission Energy, 7.50%, due June 15, 2013	878,591	1,020,348	895,000	1,039,404	
300,000	El Paso Natural, 7.25%, due June 1, 2018	256,151	297,480	276,987	321,678	
90,000	EnCana Corp., 5.8%, due January 18, 2018	—	90,828	—	94,846	
91,000	EPCOR Utilities Inc., 5.80%, due January 31, 2018	—	91,204	—	95,816	
175,000	EPCOR Utilities Inc., 6.6%, due November 2, 2011	—	183,143	—	189,289	
47,000	Finning International, 6.02%, due June 1, 2018	—	47,220	—	44,756	
200,000	Flextronics Intl., 6.5%, due May 15, 2013	161,816	187,924	192,500	223,559	
250,000	Fontainebleau Las Vegas Holdings LLC, 10.25%, June 15, 2015	228,420	265,275	9,375	10,888	
500,000	Foot Locker Inc., 8.5%, due January 15, 2022	575,688	668,573	435,000	505,185	
116,000	Ford Floorplan Auto Securitization Trust, 4.61%, due November 15, 2009	—	114,595	—	115,321	
60,000	France Telecom S.A., 5.5%, due June 23, 2016	—	58,146	—	61,213	
170,000	Gaylord Entertainment Co., 8%, due November 15, 2013	166,739	193,642	144,925	168,308	
74,000	GE Capital Canada, 5.53%, due August 17, 2017	—	73,002	—	72,439	
250,000	Gibson Energy ULC, 11.75%, due May 27, 2014	235,063	272,990	247,500	287,433	
73,000	Great-West Lifeco, 5.691%, due June 21, 2067	—	66,667	—	67,391	
55,000	Great-West Lifeco, 7.127%, due June 26, 2068	—	54,798	—	54,919	
800,000	Harrahs Operating Co., 5.625%, due June 1, 2015	656,528	762,456	296,000	343,758	
126,000	HBOS PLC FLTG, 5.109%, due June 21, 2017	106,488	123,669	—	109,893	
45,000	HCA Inc., 6.25%, due February 15, 2013	—	34,302	39,837	45,728	
250,000	HCA Inc., 8.5%, due April 15, 2019	259,836	301,760	245,000	284,530	
250,000	Helix Energy, 9.50%, due January 15, 2016	216,516	251,450	228,125	264,932	
281,000	Herbst Gaming Inc., 8.125%, due June 1, 2012	286,045	332,197	1,054	1,224	

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

Statement of Investments (Unaudited) (continued)

As at June 30, 2009		Cost (USD)	Cost (CAD)	Fair Value (USD)	Fair Value (CAD)	% of Portfolio
Par Value (\$)	Fixed Income Investments (continued)					
76,000	Honda Canada Financial, 5.076%, due May 9, 2013	\$ —	\$ 75,394	\$ —	\$ 73,276	
129,000	Honda Canada Financial, 5.307%, due November 30, 2010	—	130,276	—	132,137	
55,000	Honda Canada Financial, 5.675%, due September 26, 2012	—	55,542	—	56,207	
90,000	ING Bank of Canada, 4.3%, due December 5, 2016	—	87,128	—	86,736	
575,000	Investors Group Inc., 7%, due December 31, 2032	—	638,365	—	606,418	
800,000	Iron Mountain Inc., 7.75%, due January 15, 2015	899,842	1,045,028	768,000	891,914	
250,000	Limited Brands Inc., 8.50%, due June 15, 2019	235,893	273,953	239,522	278,168	
500,000	Manitoba Telecom Services Inc., 6.15%, due June 10, 2014	—	515,290	—	520,760	
41,000	Merrill Lynch & Co., Canada Ltd., 4.5%, due January 30, 2012	—	38,030	—	39,500	
150,000	Metals USA Inc., 11.125%, due December 1, 2015	152,810	177,465	123,187	143,063	
500,000	MetroPCS Wireless Inc., 9.25%, due November 1, 2014	482,673	560,550	496,875	577,044	
250,000	MGM Mirage, 7.5%, due June 1, 2016	—	272,350	162,188	188,356	
125,000	MGM Mirage, 7.625%, due January 15, 2017	124,984	145,150	80,937	93,996	
78,000	Morgan Stanley, 4.5%, due February 23, 2012	—	73,521	—	76,604	
38,000	Morgan Stanley, 4.9%, due February 23, 2017	—	33,341	—	33,470	
127,000	National Bank of Canada, 5.55%, due November 15, 2018	—	127,828	—	133,695	
81,000	NBC Asset Trust, 7.235%, due June 30, 2049	—	81,049	—	81,444	
521,000	Newfoundland Light & Power Inc., 10.125%, due June 15, 2022	—	748,547	—	711,868	
800,000	Nextel Communications Inc., 6.875%, due October 31, 2013	866,803	1,006,658	662,000	768,811	
55,000	Nordea Bank AB, 3.95%, due August 5, 2015	—	53,873	—	54,768	
660,000	Nova Gas Transmission Ltd., 12.2%, due February 28, 2016	—	941,906	—	942,157	
300,000	Nova Scotia Power Inc., 8.85%, due May 19, 2025	—	397,323	—	384,330	
325,000	Nova Scotia Power Inc., 9.75%, due August 2, 2019	—	445,003	—	434,860	
50,000	Novelis Inc., 7.25%, due July 15, 2015	47,444	55,099	38,000	44,131	
100,000	NXP Funding LLC, 7.87%, due October 15, 2014	97,430	113,150	45,500	52,841	
100,000	Omega Healthcare Investors, Inc., 7%, due January 15, 2016	100,480	116,692	90,000	104,521	
500,000	OPTI Canada Inc., 8.25%, due December 15, 2014	508,728	590,809	330,000	383,244	
1,500,000	Paetec Holding Corp., 8.875%, due June 30, 2017	1,434,336	1,665,760	1,410,000	1,637,498	
1,000,000	Petroplus Finance Ltd., 7.00%, due May 1, 2017	771,444	895,913	830,000	963,917	
81,000	Real Estate Asset Liquidity Trust, 4.595%, due April 12, 2023	—	69,815	—	66,188	
250,000	Regency Energy Partners LP, 9.375%, due June 1, 2016	236,557	274,724	241,875	280,901	
59,000	RONA Inc., 5.4%, due October 20, 2016	—	47,463	—	50,340	
336,000	Royal Bank of Canada, 5.45%, due November 4, 2018	—	340,405	—	356,244	
77,000	Royal Bank of Canada, 4.84%, due March 11, 2018	—	76,215	—	79,862	
124,000	Royal Bank of Canada, 5.00%, due June 6, 2018	—	123,139	—	129,132	
500,000	Ryerson Inc., 12%, due November 1, 2015	441,382	512,597	407,500	473,248	
811,000	Scotiabank Capital Trust, 6.282%, due June 30, 2049	—	824,471	—	849,717	
235,000	Scotiabank Capital Trust, 6.626%, due June 30, 2052	—	241,573	—	249,128	
500,000	Seagate Technology, 6.375%, due October 11, 2011	480,756	558,324	478,125	555,268	
300,000	Sears Canada Inc., 7.05%, due September 20, 2010	—	310,200	—	304,686	
1,212,000	Sears Canada Inc., 7.45%, due May 10, 2010	—	1,255,426	—	1,234,543	
500,000	Shaw Communications Inc., 6.15%, due May 9, 2016	—	490,260	—	516,985	
500,000	Shaw Communications Inc., 7.5%, due November 20, 2013	—	517,882	—	553,710	
250,000	Sherritt International Corporation, 7.875%, due November 26, 2012	—	250,000	—	224,640	
250,000	Sherritt International Corporation, 7.75%, due October 15, 2015	—	250,000	—	219,335	
250,000	Sherritt International Corporation, 8.25%, due October 24, 2014	—	250,000	—	218,103	
250,000	Smithfield Foods Inc., 10.00%, due July 15, 2014	238,691	277,203	246,875	286,707	
100,000	Snoqualmie Entertainment Authority, 9.125%, due February 1, 2015	101,684	118,090	52,000	60,390	
65,000	St. George Bank Limited, 4.65%, due April 23, 2017	—	61,855	—	62,129	
500,000	Stater Bros. Holdings Inc., 8.125%, due June 15, 2012	525,865	610,711	492,500	571,963	
500,000	Steel Dynamics, 7.375%, due November 1, 2012	423,388	491,700	473,750	550,188	
170,000	Stratos Global Corporation, 9.875%, due February 15, 2013	156,776	182,071	170,000	197,429	
542,427	Student Transportation, 14.00%, due December 21, 2016	—	542,427	—	542,427	
88,000	Sun Life Financial Inc., 4.8%, due November 23, 2035	—	86,310	—	86,335	
61,000	Sun Life Financial Inc., 5.4%, due May 29, 2042	—	55,814	—	48,150	
134,000	Suncor Energy Inc., 5.39%, due March 26, 2037	—	119,131	—	112,502	
95,000	Syniverse Technologies Inc., 7.75%, due August 15, 2013	99,662	115,742	81,700	94,882	
300,000	Targa Resources Partners LP, 8.25%, due July 1, 2016	266,691	309,720	254,250	295,272	
400,000	Teekay Shipping Corporation, 8.875%, due July 15, 2011	487,341	565,971	397,000	461,054	
38,000	Terasen Gas, 6.05%, due February 15, 2038	—	39,192	—	38,483	
222,000	Terasen Gas, 10.30%, due September 30, 2016	—	301,032	—	287,381	
500,000	Tesoro Corporation, 6.25%, due November 1, 2012	403,394	468,480	475,000	551,639	
300,000	Texas Competitive Electric Holdings, 10.25%, due November 15, 2015	259,334	301,176	186,750	216,881	
189,000	The Thomson Corp., 5.20%, due December 1, 2014	—	185,097	—	198,834	
66,000	The Toronto-Dominion Bank, 5.763%, due December 18, 2016	—	62,098	—	63,874	
250,000	U.S. Concrete Inc., 8.375%, due April 1, 2014	202,624	235,316	163,750	190,170	
250,000	Viterra Inc., 8.50%, due August 1, 2017	—	250,000	—	248,925	
310,000	Westcoast Energy Inc., 7.15%, due March 20, 2031	—	359,154	—	342,838	
450,000	Westcoast Energy Inc., 7.3%, due December 18, 2026	—	521,694	—	513,959	
350,000	Western Oil Sands Inc., 8.375%, due May 1, 2012	437,918	508,574	385,473	447,667	
125,000	Westlake Chemical Corp., 6.625%, due January 15, 2016	124,233	144,278	109,375	127,022	
520,000	Wind Acquisition Fin SA., 10.75%, due December 1, 2015	545,764	633,821	520,000	603,895	
	Total Fixed Income Investments	30,184,174	51,501,253	27,601,952	48,471,346	9.6%

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

Statement of Investments (Unaudited) (continued)

As at June 30, 2009		Cost (USD)		Cost (CAD)		Fair Value (USD)	Fair Value (CAD)	% of Portfolio	
No. of Shares	Canadian Dividend-Paying Equities								
130,643	AG Growth International Inc.	\$	—	\$	3,853,969	\$	—	\$ 3,586,150	
46,000	Bank of Montreal		—		2,124,876		—	2,254,920	
468,840	BCE Inc.		—		11,711,824		—	11,252,160	
106,363	Bonterra Energy Ltd.		—		3,855,659		—	2,329,350	
243,765	CI Financial Corp.		—		5,617,570		—	4,648,599	
443,113	IESI-BFC Ltd.		—		9,398,675		—	5,915,559	
50,000	IGM Financial Inc.		—		2,157,123		—	2,051,500	
337,641	Medical Facilities Corp.		—		3,281,871		—	2,761,903	
472,802	Mullen Group Ltd.		—		10,803,526		—	5,919,481	
369,643	New Flyer Industries Inc.		—		4,505,948		—	3,629,894	
192,250	Power Corporation of Canada		—		5,047,845		—	5,159,990	
195,800	Power Financial Corp.		—		5,832,109		—	5,368,836	
254,675	Progress Energy Resources Corp.		—		2,941,496		—	2,569,671	
96,160	Sun Life Financial Inc.		—		2,620,451		—	3,018,462	
644,143	Superior Plus Corp.		—		7,658,860		—	6,737,736	
505,166	TELUS Corporation		—		16,145,508		—	15,584,372	
32,800	The Toronto-Dominion Bank		—		1,742,175		—	1,970,952	
287,760	TransCanada Corporation		—		9,050,440		—	8,989,622	
963,546	TransForce Inc.		—		6,484,665		—	5,675,286	
	Total Canadian Dividend-Paying Equities		—		114,834,590		—	99,424,443	19.7%
	Embedded Broker Commission		—		(90,650)		—	—	
	Total	\$	30,184,174	\$	675,319,179	\$	27,601,952	\$ 505,556,286	100.0%

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

Notes to the Financial Statements (Unaudited)

June 30, 2009 and 2008

1. OPERATIONS

Brompton VIP Income Fund (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 Funds Management Limited (the “Manager”) is responsible for managing the affairs of the Fund. MFC Global Investment Management, a subsidiary of Manulife Financial Corp., manages the Fund’s portfolio. RBC Dexia Investor Services Trust is the custodian of the Fund’s assets and prepares the weekly valuations of the Fund. The Fund is listed on the Toronto Stock Exchange and commenced operations on February 19, 2002.

At a special meeting held on June 9, 2008, unitholders of the Fund, Brompton Stable Income Fund, Brompton Equal Weight Income Fund, Business Trust Equal Weight Income Fund, BG Top 100 Equal Weighted Income Fund, Brompton Tracker Fund, and BG Income + Growth Split Trust approved an extraordinary resolution to make the following changes to the Fund.

- i) Amend the investment strategies and restrictions of the Fund to provide exposure to a portfolio including income trusts, dividend-paying common equities, convertible debt, preferred shares, and investment grade and high-yield debt;
- ii) Amend the redemption provisions of the Fund, including the annual redemption date; and
- iii) Approve the merger of Brompton Stable Income Fund, Brompton Equal Weight Income Fund, Business Trust Equal Weight Income Fund, BG Top 100 Equal Weighted Income Fund, Brompton Tracker Fund and BG Income + Growth Split Trust into the Fund (the “Merger”).

These changes became effective on July 4, 2008. As of that date, the Fund issued 51,373,482 units with a fair value of \$697,885,297 to the unitholders of the aforementioned funds as a result of the Merger.

Assets	
Investments	\$ 784,426,367
Cash and short-term investments	8,361,959
Other assets	7,355,263
Total assets acquired	800,143,589
Liabilities	
Current liabilities	1,527,979
Preferred securities	15,935,980
Distributions payable to unitholders	5,050,063
Loans payable	79,744,270
Total liabilities assumed	102,258,292
Net Assets acquired	\$ 697,885,297

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and should be read in conjunction with the most recent audited financial statements at December 31, 2008. The significant accounting policies used for preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

Future Accounting Changes

The Canadian Accounting Standards Board (“AcSB”) has confirmed its plan to adopt all International Financial Reporting Standards (“IFRS”), as published by the International Accounting Standards Board, on or by January 1, 2011. In accordance with Canadian GAAP and AcSB’s plan, the Fund will adopt IFRS.

The Fund has developed a plan to meet the timetable published by the Canadian Institute of Chartered Accountants (“CICA”) for changeover to IFRS. Key elements of the plan include the determination of the qualitative impact and the quantitative impact, if any, on the Fund’s financial statements in accordance with IFRS. The Fund has presently determined that there will be no impact to Net Assets per unit from the changeover to IFRS. The impact of IFRS on accounting policies and implementation decisions will mainly be in the area of additional note disclosures in the financial statements of the Fund.

3. RECONCILIATION OF NET ASSETS TO NET ASSET VALUE

In accordance with National Instrument (“NI”) 81-106, a reconciliation was required between the Net Assets for financial reporting purposes (the “Net Assets”) and the Net Asset Value for reporting other than in the financial statements (the “Net Asset Value”). The reconciliation is as follows:

As at	June 30, 2009		December 31, 2008	
	Total	Per Unit	Total	Per Unit
Net Asset Value	\$ 495,696,901	\$ 7.45	\$ 347,357,640	\$ 7.36
Section 3855 adjustment	(1,583,031)	(0.02)	(2,583,493)	(0.06)
Net Assets	\$ 494,113,870	\$ 7.43	\$ 344,774,147	\$ 7.30

Notes to the Financial Statements (Unaudited) (continued)

4. 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 Asset Value 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. At a special meeting on June 9, 2008, unitholders approved a change in the annual redemption date from the second last business day of December to the second last business day of August, commencing in August 2008. Units may be redeemed at the option of unitholders by tendering units of the Fund by the last business day of July for redemptions on the second last business day of August (“Redemption Valuation Date”). Redemption of tendered units will be settled based on the Net Asset Value per unit on the Redemption Valuation Date, less associated costs of the redemption, including brokerage costs. Units tendered for redemption will be redeemed effective the Redemption Valuation Date of each year and will be settled on or before the tenth business day in September.

At the special meeting, unitholders also approved a monthly redemption option. Units may be redeemed at the option of unitholders at least 10 business days prior to the second last business day of each month except for the month of August. Unitholders whose units are redeemed will receive a redemption price per unit equal to the lesser of (i) 94% of the market price and (ii) 100% of the closing market price of the units, less any costs associated with the redemption, including brokerage costs.

The Fund received approval from the Toronto Stock Exchange for a normal course issuer bid program for the period from November 8, 2007 to November 7, 2008. Pursuant to the issuer bid, the Fund was permitted to purchase up to 801,500 units for cancellation. The Fund renewed its issuer bid for the period from November 10, 2008 to November 9, 2009. Pursuant to this issuer bid, the Fund is permitted to purchase up to 4,722,900 units for cancellation. The Fund may only repurchase units when the Net Asset Value per unit exceeds its trading price. During the period ended June 30, 2009, 247,800 (2008 – 50,200) units were purchased for cancellation.

Issued

On July 4, 2008, the Fund completed the Merger by exchanging the units of the merging funds for units of the Fund. As a result of the Merger, the Fund issued 51,373,482 units based on the exchange ratios calculated of each merging fund for a total, net of issuance costs, of \$697,626,336.

During the period ended June 30, 2009, 19,555,099 units were issued upon the exercise of warrants for net proceeds of \$131,410,265 (note 6).

Pursuant to the monthly redemption option, 89 units were redeemed at an average price of \$5.76 during the period.

As at June 30, 2009, the Fund had accumulated contributed surplus of \$2,579,200 (2008 – \$1,004,163). Contributed surplus is recorded when units of the Fund are redeemed or repurchased at prices per unit which are below the average cost per unit of unitholders’ capital.

For the period ended June 30, 2009, 66,508,903 units were issued and outstanding.

The weighted average number of units outstanding for the period ended June 30, 2009, was 50,797,384 (2008 – 7,014,176).

5. PREFERRED SECURITIES

The Fund was authorized to issue 1,593,598 Preferred securities at \$10.00 per security, which were accounted for as direct unsecured debt obligations. Holders of Preferred securities were entitled to fixed quarterly interest payments in the amount of \$0.15 per Preferred security. The interest was paid quarterly in arrears on the fifteenth day of February, May, August and November in each year. All Preferred securities matured on May 31, 2009 at \$10.00 per security.

6. WARRANTS

Unitholders received warrants on the basis of one-half of one warrant for each unit held on December 8, 2008. A warrant entitled the holder to subscribe for one unit of the Fund at a subscription price of \$6.84. Warrants not exercised prior to May 27, 2009 were void. Upon the exercise of a warrant, the Fund paid a fee equal to \$0.12 per warrant to the dealer whose client was exercising the warrant.

The Fund issued 23,619,047 warrants to unitholders of record on December 8, 2008. During the period ended June 30, 2009, 19,555,099 warrants were exercised. No warrants were exercised during the year ended December 31, 2008. The fair value of each warrant on the date of issuance was nil. Costs associated with the issuance of these warrants amounted to \$380,000.

Diluted Net Assets per unit was calculated when the closing price of the Fund’s units on a valuation date was greater than the subscription price. To calculate diluted Net Assets per unit, Net Assets were increased by the net proceeds received from the exercise of all warrants and units were increased by the number of units issued from the exercise of all warrants. As at December 31, 2008, the diluted Net Assets per unit was \$7.30.

Diluted increase (decrease) in Net Assets from operations per unit was calculated using the treasury stock method.

7. CAPITAL MANAGEMENT

The Fund's objectives in managing its capital are to provide unitholders with a high level of income through monthly cash distributions and to preserve the Net Asset Value per unit. The Fund's capital includes unitholders' capital, loans payable, Preferred securities and warrants. The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, increase or decrease its level of borrowing, issue warrants or purchase units for cancellation.

8. 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 by the tenth business day of the following month. For the period ended June 30, 2009, the Fund declared total distributions of \$0.50 (2008 – \$0.54) per unit, which amounted to \$26,641,530 (2008 – \$3,785,664), and recorded distributions of \$0.30 (2008 – nil) per Preferred security, which amounted to \$376,252 (2008 – nil). Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund, which may be issued from treasury or purchased in the open market. For the periods ended June 30, 2009 and 2008, no units in respect of distributions were issued by the Fund.

9. 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 of MFC Global Investment Management for the portfolio management services it provides 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 the investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

10. INVESTMENT TRANSACTIONS

Investment transactions for the periods ended June 30 were as follows:

	2009	2008
Proceeds from sale of investments	\$ 47,098,806	\$ 12,821,212
Less cost of investments sold:		
Investments at cost, beginning of period	709,652,934	118,152,666
Investments purchased during the period	67,614,604	6,046,228
Investments at cost, end of period	(675,319,179)	(112,958,596)
Cost of investments sold during the period	101,948,359	11,240,298
Net realized gain (loss) on sale of investments	\$ (54,849,553)	\$ 1,580,914

Foreign exchange losses arising from the disposition of investments of \$141,574 (2008 – gains of \$29,722) are included in the net realized loss of \$54,849,553 (2008 – gain of \$1,580,914), above.

The brokerage commission paid to dealers included \$12,678 (2008 – nil) that was available for paying to third party vendors, of which \$12,678 (2008 – nil) was used for research and nil (2007 – nil) was used for market data services by the Portfolio Manager.

11. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, RBC Dexia Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in NI 81-102. The market values of the securities on loan and the related collateral at June 30, 2009, were \$112.1 million (2008 – \$113.0 million) and \$119.1 million (2008 – \$120.7 million), respectively.

12. 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 \$140.0 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 either the US base rate, or the LIBOR rate plus a fixed percentage. There was \$23.3 million outstanding under this facility as at June 30, 2009.

During the period ended June 30, 2009, the Fund realized a foreign exchange gain in the amount of \$1,675,299 (2008 – gain of \$4,833,800) on the repayment of borrowings in US dollars under the credit facility. At June 30, 2009, borrowings in US dollars had an unrealized foreign exchange loss of \$708,625 (2008 – gain of \$738,854). The credit facility is secured by a first-ranking and exclusive charge on all of the Fund's assets. During the period ended June 30, 2009, the minimum and maximum amounts of borrowings were \$20.1 million (2008 – \$26.4 million) and \$101.3 million (2008 – \$29.3 million), respectively.

Notes to the Financial Statements (Unaudited) (continued)

13. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at June 30, 2009, and groups the securities by asset type and market segment. Significant risks that are relevant to the Fund are discussed below.

The Manager attempts to minimize potential adverse effects of these risks on the Fund's performance by employing a professional, experienced portfolio manager, by diversifying the investment portfolio within the constraints of the investment objectives, and by using financial instruments to hedge certain risk exposures. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is primarily comprised of income trusts, Canadian equities and US dollar denominated debt securities. It is the Manager's intention to hedge substantially all of the US dollar foreign exchange exposure through its US dollar denominated loans.

a) Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments such as corporate debt. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates for such securities.

The Fund is also exposed to interest rate risk on its variable rate loans. Fluctuations in interest rates have a direct impact on the interest payments the Fund makes on its loans.

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2009 by remaining term to maturity.

	Less than 1 Year	1-3 Years	3-5 Years	>5 Years	Total
Short-term and fixed income investments	\$ 23,927,023	\$ 5,643,033	\$ 8,309,466	\$ 32,729,288	\$ 70,608,810
Loans payable	23,343,050	—	—	—	23,343,050

As at December 31, 2008:

	Less than 1 Year	1-3 Years	3-5 Years	>5 Years	Total
Short-term and fixed income investments	\$ 1,163,824	\$ 4,602,654	\$ 5,475,550	\$ 20,208,542	\$ 31,450,570
Loans payable	101,279,528	—	—	—	101,279,528

As at June 30, 2009, had prevailing interest rates increased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, Net Assets would have decreased by approximately \$2.2 million or 0.5% (December 31, 2008 – \$2.4 million or 0.7%). Similarly, had prevailing interest rates decreased by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, Net Assets would have increased by approximately \$2.2 million or 0.5% (December 31, 2008 – \$2.8 million or 0.8%). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the portfolio and the impact on annual interest expense for the loans payable. In practice, the actual trading results may differ, and the difference could be material.

b) Currency Risk

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The investment portfolio is comprised of income trusts and US dollar denominated debt securities. As at June 30, 2009, the Fund's exposure to US dollar foreign exchange was substantially hedged through its US dollar denominated loans; see note 12.

c) Other Price Risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Portfolio Manager attempts to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value.

The Fund is exposed to other price risk from its investment in income trusts and equity securities. As at June 30, 2009, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, with all other variables held constant, Net Assets would have increased or decreased by approximately \$45.7 million (approximately 9.3% of total Net Assets) (December 31, 2008 – \$42.9 million – approximately 12.5% of total Net Assets). In practice, the actual trading results may differ, and the difference could be material.

d) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's greatest concentration of credit risk is in debt securities. The fair value of debt securities includes consideration of the creditworthiness of the issuer. The carrying amount of investments, as presented on the Statement of Investments, represents the maximum credit risk exposure as at June 30, 2009. The carrying amount of the Fund's other assets also represents the maximum credit risk exposure, as they will be settled in the short term.

All transactions in listed securities are settled/paid for upon delivery. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

The Portfolio Manager evaluates the credit quality of the securities prior to purchase and performs ongoing monitoring of the credit quality of the securities. The Fund will not invest more than 10% of its total assets in the securities of any one issuer in accordance with investment restrictions.

The Fund has entered a securities lending program with its custodian; see note 11. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

As at June 30, 2009, the Fund invested in debt securities with the following credit ratings. Credit ratings are obtained from Standard & Poor's.

Debt Securities by Rating Category

AAA	31%
AA	1%
A	9%
BBB	12%
Below BBB	44%
Unrated	3%
Total	100%

As at December 31, 2008:

AAA	1%
AA	3%
A	17%
BBB	26%
Below BBB	53%
Total	100%

As at June 30, 2009 and December 31, 2008, securities rated AAA were comprised of short-term investments.

e) Liquidity Risk

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through its annual redemptions and loans payable. For the annual redemption, the Fund receives notice at least 20 business days prior to the date of redemption and has up to 10 business days following the date of redemption to settle the redemptions, which provides the Portfolio Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price.

The Fund also has a 364-day revolving credit facility, which can be used to fund redemptions or finance investments; see note 12. The credit facility contains several financial covenants that require the Fund to meet certain financial ratios and financial condition tests. The Fund is within its financial covenants with respect to the credit facility. The Manager monitors the use of the credit facility on a regular basis.

Corporate Information

Independent Review Committee

James W. Davie, BComm, MBA

Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

Directors and Officers

Peter A. Braaten, BA, MBA

Director

Raymond R. Pether, BA, MBA

Director

Mark A. Caranci, BComm, CA

Director, President,
Chief Executive Officer

Craig T. Kikuchi, BA, CA, CFA

Chief Financial Officer

David E. Roode, BA, CA, MBA

Senior Vice President

Moyra E. MacKay, BA

Vice President and Corporate Secretary

Lorne J. Zeiler, BA, MBA, CFA

Vice President

Ann P. Wong, BA, MAcc, CA,

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Vice President and Controller

Christopher Cullen, BASc, MBA, CFA

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