

## FORM 28 — ANNUAL FILING OF REPORTING ISSUER

Securities Act

NOTE: THIS FORM NEED NOT BE FILED WHERE THE MANAGEMENT OF A REPORTING ISSUER IS REQUIRED TO FILE AN INFORMATION CIRCULAR DURING ITS LAST FINANCIAL YEAR.

### Item 1 — Name of Reporting Issuer

Brompton VIP Income Trust (the “Fund”)

### Item 2 — Jurisdiction Under Which Incorporated, Organized or Continued

The Fund is a closed-end investment trust established under the laws of the Province of Ontario and governed pursuant to an amended and restated declaration of trust dated January 29, 2002 (the “Declaration of Trust”).

### Item 3 — Financial Year End

December 31, 2002

### Item 4 — Voting Securities and Principal Holders of Voting Securities:

(a) State as to each class of voting securities of the reporting issuer, the number of securities outstanding and the voting rights for each security of each such class.

The only voting securities of the Fund are the trust units (the “Trust Units”). On December 31, 2002, 9,762,925 Trust Units were outstanding. As at February 28, 2003, 9,774,864 Trust Units were outstanding. Each Trust Unit is entitled to one vote.

(b) If, to the knowledge of the directors or senior officers of the reporting issuer, any person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10 per cent of the voting rights attached to any class of voting securities of the reporting issuer, name each such person or company, state the approximate number of the securities beneficially owned, directly or indirectly or over which control or direction is exercised, by each such person or company and the percentage of the class of outstanding voting securities of the reporting issuer represented by the number of voting securities so owned, controlled or directed.

None

### Item 5 — Directors:

The Fund does not have a board of directors or trustees. The following information relates to the board of directors of Brompton VIP Management Limited which manages

the Fund (the “Manager”) pursuant to a management agreement dated January 29, 2002 (the “Management Agreement”).

(a) Name each director of the reporting issuer and state the period or periods during which the director has served as such.

Peter A. Braaten – since October 22, 2001.

P. Michael Nedham – since October 23, 2001.

Ken S. Woolner – since October 23, 2001.

James W. Davie – since March 3, 2003.

Arthur R.A. Scace – since March 3, 2003.

(b) State when the term of office of each director will expire.

Each director is appointed until such time as the director retires or is removed and his successor is appointed.

(c) State whether the reporting issuer has an executive committee of its board of directors or is required to have an audit committee of the board of directors and, if so, name those directors who are members of each such committee.

There is no executive committee of the board of directors.

The members of the Audit Committee are James W. Davie, Chairman; Ken S. Woolner and Arthur R.A. Scace.

(c) State all other positions and offices with the reporting issuer held by each director.

The members of the Corporate Governance Committee are James W. Davie; Ken S. Woolner and Arthur R.A. Scace, Chairman. Ken S. Woolner is also the chairman of the board.

(d) State the present principal occupations, business or employment of each director. Give the name and principal business of any person or company in which any such employment is carried on.

Peter A. Braaten – Chairman, Brompton Limited (asset management business)

James W. Davie - Corporate Director

P. Michael Nedham - Managing Director, Newport Partners Inc. (wealth management business)

Ken S. Woolner - President & Chief Executive Officer, Lightning Energy Ltd. (oil and gas business)

Arthur R.A. Scace – Partner, McCarthy Tétrault LLP (legal business)

(e) State the number of securities of each class of voting securities of the reporting issuer or of any subsidiary of the reporting issuer beneficially owned, directly or indirectly, or over which control or direction is exercised by each director.

The following information is given as at February 28, 2003.

Peter A. Braaten - 275,112 Trust Units

James W. Davie - nil

P. Michael Nedham - 36,000 Trust Units

Ken S. Woolner – 50,000 Trust Units

Arthur R.A. Scace - nil

(f) If voting securities carrying 10 per cent of the voting rights attached to any class of voting securities of the reporting issuer or of a subsidiary of the reporting issuer are beneficially owned, directly or indirectly or controlled or directed by any director and his or her associates or affiliates, state the number of securities of each class of voting securities beneficially owned, directly or indirectly or controlled or directed by the associates or affiliates naming each associate or affiliate whose security holdings are 10 per cent or more.

None

**Item 6 — Executive Compensation:**

Complete and attach to or include in this form a Statement of Executive Compensation in Form 40.

Not applicable.

The Fund is managed pursuant to the Management Agreement and does not have any officers. The Board of Directors of the Manager is responsible for the appointment of the officers of the Manager who, collectively, act on behalf of the Fund. The Fund does not pay executive compensation to any of these officers. Pursuant to the Management Agreement, the Manager is paid a management fee equal to 0.85% per annum of the net asset value of the Fund plus applicable taxes.

**Item 7 — Indebtedness of Directors, Executive Officers and Senior Officers:**

Not Applicable.

The Fund does not have any directors, executive officers or senior officers (See Item 6.)

(a) The information required by this Item must be provided for each individual who is, or at any time during the most recently completed financial year, was a director, executive officer and senior officer of the issuer, each proposed nominee for election as a director of the issuer, and each associate of any such director, officer or proposed nominee,

(i) who is, or at any time since the beginning of the most recently completed financial year of the issuer has been, indebted to the issuer or any of its subsidiaries, or

(ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries.

(b) State in the tabular form under the caption set out, for any indebtedness referred to in paragraph (a) of this Item that was entered into in connection with a purchase of securities of the issuer of its subsidiaries:

(iii) The name of the borrower (column (a)).

(iv) If the borrower is a director, executive officer or senior officer, the principal position of the borrower. If the borrower was, during the year, but no longer is a director or officer, include a statement to that effect. If the borrower is a proposed nominee for election as a director, include a statement to that effect. If the borrower is included as an associate, describe briefly the relationship of the borrower to an individual who is or, during the year, was a director, executive officer or senior officer or who is a proposed nominee for election as a director, name that individual and provide the information required by this subparagraph for that individual (column (a)).

(v) Whether the issuer or a subsidiary of the issuer is the lender or the provider of a guarantee, support agreement, letter of credit or similar arrangement or understanding (column (b)).

(vi) The largest aggregate amount of the indebtedness outstanding at any time during the last completed financial year (column (c)).

(vii) The aggregate amount of indebtedness outstanding as a date within thirty days of certification of the annual filing (column (d)).

(viii) Separately for each class or series of securities, the sum of the number of securities purchased during the last completed financial year with the financial assistance (column (e)).

(ix) The security for the indebtedness, if any, provided to the issuer, any of its subsidiaries or the other entity (column (f)).

**TABLE OF INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS  
AND SENIOR OFFICERS UNDER SECURITIES PURCHASE PROGRAMS**

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Last Completed Financial Year]	Amount Outstanding as at [Current Date]	Financially Assisted Securities Purchases During [Last Completed Financial Year]	Security for Indebtedness
(a)	(b)	(\$)	(\$)	(#)	(f)
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(c) State in the introduction immediately preceding the table required by paragraph (b) of this Item, for indebtedness entered into in connection with a purchase of securities of the issuer or any of its subsidiaries, separately, the aggregate indebtedness,

(i) to the issuer or any of its subsidiaries, and

(ii) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries,

of all officers, directors, employees and former officers, directors and employees of the issuer or any of its subsidiaries outstanding as at a date within thirty days of certification of the annual filing.

(d) State in the tabular form under the caption set out, for any indebtedness referred to in paragraph (a) of the Item that was not entered into in connection with a purchase of securities of the issuer or any of its subsidiaries, the information referred to in subparagraphs (b) (i) to (v) of this Item.

**TABLE OF INDEBTEDNESS OF DIRECTORS,  
EXECUTIVE OFFICERS AND SENIOR OFFICERS  
[INSERT IF THE ISSUER HAS A SECURITIES PURCHASE PROGRAM  
"OTHER THAN UNDER SECURITIES PURCHASE PROGRAMS"]**

Name and Principal Position	Involvement of Issuer or Subsidiary	Largest Amount Outstanding During [Last Completed Financial Year]	Amount Outstanding as at [Current Date]
		(\$)	(\$)

(a)	(b)	(c)	(d)
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(e) State in the introduction immediately preceding the table required by paragraph (d) of this Item, for indebtedness not entered into in connection with a purchase of securities of the issuer or any of its subsidiaries, separately, the aggregate indebtedness,

(i) to the issuer or any of its subsidiaries, and

(ii) to another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the issuer or any of its subsidiaries,

of all officers, directors, employees and former officers, directors and employees of the issuer or any of its subsidiaries outstanding as at a date within thirty days of certification of the annual filing.

(f) Disclose in a footnote to, or a narrative accompanying, each table required by this Item,

(i) the material terms of each incidence of indebtedness and, if applicable, of each guarantee, support agreement, letter of credit or other similar arrangement or understanding, including without limitation the term to maturity, rate of interest and any understanding, agreement or intention to limit recourse, and for the table required by paragraph (d) only, any security for the indebtedness and the nature of the transaction in which the indebtedness was incurred,

(ii) any material adjustment or amendment made during the most recently completed financial year to the terms of the indebtedness and, if applicable, the guarantee, support agreement, letter of credit or similar arrangement or understanding, and

(iii) the class or series of the securities purchased with financial assistance or held as security for the indebtedness and, if the class or series of securities is not publicly traded, all material terms of the securities, including but not limited to provisions for exchange, conversion, exercise, redemption, retraction and dividends.

(g) No disclosure need be made under this Item of an incidence of indebtedness that has been entirely repaid on or before the date of certification of the annual filing or of routine indebtedness.

“Routine indebtedness” means indebtedness described in any of the following clauses:

(i) If an issuer makes loans to employees generally, whether or not in the ordinary course of business, loans are considered routine indebtedness if made on terms, including those as to interest rate and security, no more favourable to the borrower than the terms on which loans are made by the issuer to employees generally, but the amount at any time during the last completed financial year remaining unpaid under the loans to any one director, executive officer, senior officer or proposed nominee together with his or her associates that are treated as routine indebtedness under this clause must not exceed \$25,000.

(ii) Whether or not the issuer makes loans in the ordinary course of business, a loan to a director, executive officer or senior officer is considered routine indebtedness if,

- (A) the borrower is a full-time employee of the issuer,
- (B) the loan is fully secured against the residence of the borrower, and
- (C) the amount of the loan does not exceed the annual salary of the borrower.

(iii) If the issuer makes loans in the ordinary course of business, a loan is considered routine indebtedness if made to a person or company other than a full-time employee of the issuer, and if the loan,

- (A) is made on substantially the same terms, including those as to interest rate and security, as are available when a loan is made to other customers of the issuer with comparable credit ratings, and
- (B) involves no more than usual risks of collectibility.

(iv) Indebtedness arising by reason of purchases made on usual trade terms or of ordinary travel or expense advances, or for similar reasons is considered routine indebtedness if the repayment arrangements are in accord with usual commercial practice.

(h) For purposes of this Item, “executive officer” has the same meaning as in Form 40 and “support agreement” includes, but is not limited to, an agreement to provide assistance in the maintenance or servicing of any indebtedness and an agreement to provide compensation for the purpose of maintaining or servicing any indebtedness of the borrower.

### **Item 8 — Interests of Insiders in Material Transactions:**

Describe briefly and, where practicable, state the approximate amount of any material interest, direct or indirect, of any insider of the reporting issuer or any associate or affiliate of any insider of the reporting issuer in any transaction since the commencement of the reporting issuer's last financial year or in any proposed transaction which has materially affected or would materially affect the reporting issuer or any of its subsidiaries.

None

Instructions:

1. Give a brief description of the material transaction. State the name and address of each person or company whose interest in the transaction is described and the nature of the relationship that requires disclosure of the interest.
2. As to any transaction involving the purchase or sale of assets by or to the reporting issuer or any of its subsidiaries, otherwise than in the ordinary course of business, state the cost of the assets to the purchaser and the cost of the assets to the seller if acquired by the seller within two years prior to the transaction.
3. This Item does not apply to any interest arising from the ownership of securities of the reporting issuer where the security holder receives no extra or special benefit or advantage not shared on a proportionate basis by all holders of the same class of securities or by all holders of the same class of securities who are resident in Canada.
4. Information shall be included as to any material underwriting discounts or commissions upon the sale of securities by the reporting issuer where any of the specified persons or companies was or is to be an underwriter who was or is to be in a contractual relationship with the reporting issuer with respect to securities of the reporting issuer or is an associate or affiliate of a person or company that was or is to be such an underwriter.
5. No information need be given in response to this Item as to any transaction or any interest therein where
  - (a) the rates or charges involved in the transaction are fixed by law or determined by competitive bids;
  - (b) the interest of the specified person or company in the transaction is solely that of a director of another person or company that is a party to the transaction;
  - (c) the transaction involves services as a bank listed in Schedule I or II to the Bank Act (Canada), or other depository of funds, transfer agent, registrar, trustee under a trust indenture or other similar services; or
  - (d) the transaction does not, directly or indirectly, involve remuneration for services, and
    - (i) the interest of the specified person or company arose from the beneficial ownership, direct or indirect, of less than ten per cent of the securities of any class of voting securities of another person or company that is a party to the transaction,
    - (ii) the transaction is in the ordinary course of business of the reporting issuer or its subsidiaries, and

(iii) the amount of the transaction or series of transactions is less than ten per cent of the total sales or purchases, as the case may be, of the reporting issuer and its subsidiaries for the last financial year.

6. Information shall be given an answer to this Item with respect to transactions not excluded above that involve remuneration, directly or indirectly, to any of the specified persons or companies for services in any capacity unless the interest of the person or company arises solely from the beneficial ownership, direct or indirect, or control or direction of less than 10 per cent of the securities of any class of voting securities of another person or company furnishing the services to the reporting issuer or its subsidiaries.

**Item 9 — Auditor of the Reporting Issuer:**

Name the auditor of the reporting issuer. If the auditor was first appointed within the last five years, state the date when the auditor was first appointed.

PricewaterhouseCoopers LLP was appointed auditor of the Fund on November 2, 2001.

**Item 10 — Management Contracts:**

Where management functions of the reporting issuer or any subsidiary of the reporting issuer are to any substantial degree performed by a person other than the directors or senior officers of the reporting issuer or subsidiary:

(i) give details of the agreement or arrangement under which the management functions are performed, including the name and address of any person or company who is a party to the agreement or arrangement or who is responsible for performing the management functions;

The Fund is managed by its Manager, Brompton VIP Management Limited, pursuant to the Management Agreement. Pursuant to the authority delegated to the Manager under the Declaration of Trust and the terms of the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund including, but not limited to, the following duties:

- (a) appointing and monitoring the performance of the advisor of the Fund (the “Advisor”) including the Advisor’s adherence to the Investment Objectives, Investment Strategy and Investment Restrictions (as defined in the Declaration of Trust), as well as monitoring relationships with the custodian of the Fund, transfer agent and registrar , auditors, legal counsel and other organizations or professionals serving the Fund;
- (b) monitoring the suitability of the Investment Strategy to meet the Investment Objectives and preparing for adoption by the Unitholders any amendments to the Investment Objectives, Investment Strategy or Investment Restrictions which the Manager believes are in the best interests of Unitholders;
- (c) the authorization and payment on behalf of the Fund of expenses incurred on behalf of the Fund and the negotiation of contracts with third party providers of

- services (including, but not limited to, custodians, transfer agents, legal counsel, auditors and printers);
- (d) the provision of office space, telephone service, office equipment, facilities, supplies and executive, secretarial and clerical services;
  - (e) the preparation of accounting, management and other reports, including quarterly and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns;
  - (f) keeping and maintaining the books and records of the Fund and the supervision of compliance by the Fund with record keeping requirements under applicable regulatory regimes;
  - (g) the calculation of the amount, and the determination of the frequency, of Distributions by the Fund;
  - (h) communications and correspondence with Unitholders and the preparation of notices of distributions to Unitholders;
  - (i) establishing and monitoring the Reinvestment Plan, and amending, modifying, suspending or terminating the Reinvestment Plan in a manner which the Manager believes is in the best interests of Unitholders;
  - (j) the preparation and supervision of the publication of the Net Asset Value of the Fund;
  - (k) responding to investors' inquiries and general investor relations in respect of the Fund;
  - (l) dealing with banks and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing;
  - (m) the setting of debt levels of the Fund, subject to the Investment Restrictions;
  - (n) obtaining such insurance as the Manager considers appropriate for the Fund;
  - (o) arranging for the provision of services by CDS for the administration of the Book-Entry Only System with respect to the Trust Units;
  - (p) reviewing fees and expenses charged to the Fund and ensuring the timely payment thereof; and
  - (q) ensuring:
    - (i) that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements;

- (ii) the preparation and delivery of the Fund's reports to and dealing with relevant securities regulatory authorities and any similar organization of any government or any stock exchange to which the Fund is obligated to report;
- (iii) the organization of meetings of Unitholders; and
- (iv) the provision of such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

These duties of the Manager are performed or supervised by the officers of the Manager which include the following:

Raymond R. Pether – CEO, Toronto, Ontario

Donald W.C. Lillie – President, Toronto, Ontario

Mark A. Caranci - CFO, Toronto, Ontario

Moyra E. MacKay – Vice President and Corporate Secretary, Toronto, Ontario

David E. Roode – Vice President, Toronto, Ontario

Craig T. Kikuchi – Controller, Toronto, Ontario

The principal address of the Manager is: Suite 2930, Box 793, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, ON M5J 2T3.

(ii) give the names and addresses of the insiders of the person or company with which the reporting issuer or subsidiary has any such agreement or arrangement and, if the following information is known to the directors or senior officers of the reporting issuer, give the names and addresses of any person or company that would be an insider of any person or company with which the reporting issuer or subsidiary has any such agreement or arrangement if the person or company were a reporting issuer;

The directors of the Manager are listed in Item 5(d). The officers of the Manager are listed in Item 10(i).

The Manager is a wholly owned subsidiary of Brompton Management Limited (“BML”). The directors of BML include Peter A. Braaten, P. Michael Nedham, Donald W. C. Lillie and Raymond R. Pether. The officers of BML include Peter A. Braaten, Raymond R. Pether, Mark A. Caranci and Moyra E. MacKay. The beneficial shareholders of BML include Peter A. Braaten, P. Michael Nedham, Donald W.C. Lillie, Raymond R. Pether, Mark A. Caranci and Moyra E. MacKay.

(iii) with respect to any person or company named in answer to paragraph (i), state the amounts paid or payable by the reporting issuer and its subsidiaries to the person or company since the commencement of the reporting issuer's last financial year and give particulars; and

Pursuant to the Management Agreement, the Manager is paid a fee equal to 0.85% of Net Asset Value of the Fund plus applicable taxes. For the year ended December 31, 2002, the total management fee paid or payable by the Fund was \$727,390.

The Manager is responsible for paying the fees to 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 year.

(iv) with respect to any person or company named in answer to paragraph (i) or (ii) and their associates or affiliates, give particulars of,

(a) any indebtedness of the person or company, associate or affiliate to the reporting issuer or its subsidiaries that was outstanding, and

(b) any transaction or arrangement of the person or company, associate or affiliate with the reporting issuer or subsidiary,

at any time since the commencement of the reporting issuer's last financial year.

Brompton Limited, the parent of Brompton Management Limited held a 20% interest in Newport Securities Inc., formerly Brompton Securities Limited, ("Newport") at December 31, 2002. Newport was an agent pursuant to the agency agreement with the Fund and received agent fees pursuant to the agency agreement. On January 1, 2003 Brompton Limited's interest in Newport was reduced to approximately 3%.

**Instructions:**

1. In giving the information called for by this Item, it is not necessary to refer to any matter that in all the circumstances is of relative insignificance.
2. In giving particulars of indebtedness, state the largest aggregate amount of indebtedness outstanding at any time during the period, the nature of the indebtedness and of the transaction in which it was incurred, the amount of indebtedness presently outstanding and the rate of interest paid or charged on the indebtedness.
3. It is not necessary to include as indebtedness amounts due from the particular person or company for purchases subject to usual trade terms, for ordinary travel and expense advances and for other like transactions. O. Reg. 638/93, s. 5