BROMPTON VIP INCOME FUND

VALUE INTEGRITY PERFORMANCE

INTERIM REPORT 2006

Management Report of Fund Performance

August 10, 2006

This interim management report of fund performance for Brompton VIP Income Fund (the "Fund") contains financial highlights but does not contain the complete interim financial statements. The complete interim financial statements are appended to this report.

Unitholders may obtain a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, at no cost, by calling 866-642-6001, or by sending a request to Suite 2930, P.O. Box 793, Bay Wellington Tower, BCE Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

Investment Objectives and Strategies

Brompton VIP Income Fund is a closed-end investment trust that is listed on the Toronto Stock Exchange ("TSX") under the symbol VIP.UN and is managed by Brompton Funds Management Limited (the "Manager"). The Fund's objectives are to provide unitholders with a high level of income through receipt of monthly cash distributions and to preserve the net asset value per unit. The Fund utilizes an active asset and sector allocation strategy to invest in a diversified portfolio of income trusts and high-yield debt across a broad range of industries and geographic areas. Its investment focus is on business funds with smaller weightings in real estate investment trusts, oil and gas funds, power and pipeline funds, high-yield debt and special situations. The Fund is actively managed by MFC Global Investment Management, a subsidiary of Manulife Financial Corp. and a top-ranked portfolio manager of income fund investments with extensive experience in income trusts and high-yield fixed income investments. The portfolio management team was led by Alan Wicks. The Fund is RRSP, DPSP, RRIF and RESP eligible.

Risks

There are risks associated with an investment in units of the Fund. The prospectus that was issued in connection with the initial public offering of the Fund's units, as well as the Fund's annual information form, contains a discussion of these risks. These documents are available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. Below is a discussion of some of the more significant risks affecting the Fund during the first half of 2006.

Decline in the Net Asset Value of the Fund

The value of the portfolio investments held by the Fund can decline for a number of reasons including changes in commodity prices, increases in interest rates, environmental problems, changes to government regulations, adverse financial markets, insolvency, declines in asset values, operational and management difficulties or natural and other disasters. Among these factors, in the first half of 2006, the net asset value of the Fund was adversely affected by concerns over rising long-term interest rates in Canada which have contributed to volatility in the Canadian equity markets and volatility in the value of many income trusts. Over this period, the yield on the 10-year Government of Canada bond increased by approximately 70 basis points.

Interest Rate Exposure and Leverage

The Fund has borrowed amounts to invest in additional portfolio investments to increase the overall distributions of the Fund. If interest rates increase during a period when leverage is utilized, increased interest costs will reduce income available to be distributed. The Fund has borrowed largely in US dollars in order to hedge its foreign currency exposure to the US dollar bond holdings in its portfolio. With the continued rise in short-term US interest rates over the year, the Fund has benefited from the fixing of the interest rates on US$21.0 million, which represents approximately 58% of the total borrowings. The interest rates have been fixed on US$13.0 million to May 2008 and on US$8.0 million to July 2010.

Leverage can also impact the net asset value of the Fund as it will enhance the net asset value during a period when the Fund's investments have appreciated and will exacerbate the decline of net asset value during a falling market. The greater the amount of leverage, the greater the impact on net asset value of a rise or decline in market prices of the Fund's investments. During the first half of 2006, leverage had a negative impact on the net asset value as the value of the portfolio decreased. Since inception, leverage has had a positive impact on the net asset value of the Fund.

Significant Redemptions and Units Trading at a Discount

Units of the Fund are traded on the TSX and, subject to the applicable notice provision, are also redeemable each year, at the option of the unitholder, based on their net asset value per unit on the second last business day of December. Complete details on the redemption features of the Fund are available on the Fund's website at www.bromptongroup.com. It is not uncommon for closed-end funds to trade at a discount to their net asset value per unit. The purpose of the annual redemption right is to reduce the likelihood that units of the Fund trade at a substantial discount to net asset value per unit. While the redemption right provides unitholders with the option of annual liquidity for their units based on their net asset value per unit, the Fund may still trade at a discount during the year. In addition, if a significant number of units are redeemed, the trading liquidity of the units could be significantly reduced and expenses of the Fund would be spread over fewer units, resulting in a higher management expense ratio for the Fund.

Recent Developments

Distribution Rate to Increase

The Fund has earned net investment income in excess of distributions for over a year. As a result, the Fund plans to increase its monthly distribution by 8% to $0.09 per unit ($1.08 per annum) commencing with the distribution paid to unitholders of record on October 31, 2006.

Amalgamation of the Managers of Brompton Funds

On June 1, 2006, Brompton VIP Management Limited, the Manager of the Fund at the time, and 12 management companies of other Brompton Funds were amalgamated with Brompton Funds Management Limited. The amalgamation did not impact the operations or management of the Fund and did not change any of the terms of its management agreement.

The board of directors of Brompton Funds Management Limited is comprised largely of the same directors as Brompton VIP Management Limited and includes Peter A. Braaten, Chairman; James W. Davie; P. Michael Nedham; Arthur R.A. Scace; and Ken S. Woolner. The amalgamation did not affect the composition of the independent board members, nor the audit and corporate governance committees, which continue to be represented by Messrs. Davie, Scace and Woolner.

New Accounting Standard for Fiscal 2007

The Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") has issued CICA Section 3855: Financial Instruments – Recognition and Measurement. The new standards address the accounting and disclosure for financial instruments and were developed to harmonize accounting standards for financial instruments with those previously issued by the International Accounting Standards Board. Starting January 1, 2007, these new standards will impact the manner in which the net asset value of the Fund is determined. The new standards will change the way that fair value is determined for financial instruments; in particular, securities traded in an active market must be valued using a bid price. Currently, the Fund generally values exchange-traded securities at their closing prices and securities that are traded over-the-counter are generally valued at the average of the latest bid and ask prices. In addition, the new accounting standards will require that brokerage commissions be expensed and presented on the Statement of Operations. Currently, brokerage commissions are added to the adjusted cost base when a security is purchased or they are deducted from the proceeds of disposition when a security is sold. The new accounting standards will be applied prospectively and will not require the restatement of prior year financial statements. The change in the fair value of the securities held on January 1, 2007 will be recorded as an adjustment to opening retained earnings. The valuation methodology set out in the Fund's declaration of trust will be amended to comply with these new accounting standards.

Results of Operations

Distributions

During the period ended June 30, 2006, the Fund made monthly cash distributions which totalled $0.50 per unit. Since inception in February 2002, the Fund has paid cash distributions of $3.82697 per unit. The Fund has paid regular monthly distributions at or exceeding its original objectives.

Approximately 33% of the distributions in 2005 were classified as a return of capital for tax purposes. Based on the results of operations for the first six months of 2006 and assuming that the distributions from the Fund's underlying income trusts have the same tax breakdown as reported in 2005, it is currently expected that there will be no return of capital for 2006. The final breakdown for 2006 may differ significantly from this percentage as it will be affected by capital gains or losses realized in the second half of 2006 and the actual tax breakdown of distributions reported by underlying income trusts.

The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions in additional units of the Fund. For the period ended June 30, 2006, 17,062 units were acquired in the market pursuant to this plan at an average price of $14.06 per unit.

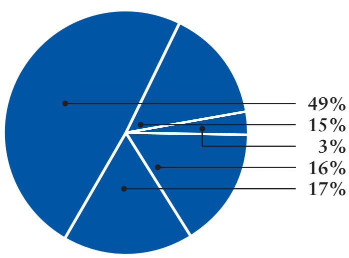
Net Asset Value

As a result of a decline in the value of the investment portfolio, the net asset value per unit of the Fund decreased over the six months ended June 30, 2006 by $0.23 per unit or 1.6% from $14.77 to $14.54. The aggregate net assets of the Fund decreased from $157.8 million on December 31, 2005 to $151.7 million on June 30, 2006.

Investment Portfolio

As of June 30, 2006, the Fund's investments included a total of 51 income trusts and 72 fixed income investments, which provide diversification by issuer, industry, and asset class. The breakdown of the portfolio is shown in the pie chart below, and a detailed listing of the Fund's security holdings is provided in the financial statements. The table below shows the net gains (losses) in the portfolio by sector. The Fund's portfolio experienced net losses of $4.3 million as the Fund's oil and gas funds was the only sector that generated net gains in the first half of 2006. Investors are reminded that this decline is less than what was paid out in distributions by the Fund over the period. The Fund's fixed income securities are high-yield debt and are mostly denominated in US dollars. In order to hedge the Fund's 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 foreign exchange hedging are included with the gains or losses on the fixed income securities to show the net gain from this investment activity.

Portfolio Sectors



Net Gains (Losses) by Sector (millions)		Realized		Unrealized		Total
Business funds	$	2.3	$	(6.0)	$	(3.7)
Oil and gas funds		3.2		(2.0)		1.2
Power and pipeline funds		—		—		—
Real estate investment trusts		0.7		(0.8)		(0.1)
Fixed income securities and foreign exchange		(0.2)		(1.5)		(1.7)
Total	$	**6.0**	$	**(10.3)**	$	**(4.3)**

The Fund has realized significant gains in 2006 as securities were sold to fund the 2005 redemption which amounted to $17.1 million and which was paid in January.

Liquidity and Capital Resources

As of June 30, 2006, the Fund had total borrowings of $40.5 million under its three credit facilities, which represented 21.0% of total assets or 26.7% of net assets. The Fund currently has a 364-day revolving credit facility and two term credit facilities. The current revolving credit facility provides for maximum borrowings of $23.0 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage. At June 30, 2006, the Fund had borrowings of $17.2 million outstanding under its revolving facility. Under one term loan, the Fund has borrowed $14.4 million (US$13.0 million) at a fixed rate of interest of 3.89% for a five-year period ending May 28, 2008 and under the second term loan, $8.9 million (US$8.0 million) is outstanding with a five-year term to July 14, 2010 and a fixed rate of interest of 4.86%.

With the rise of US short-term interest rates over the past six months, the Fund has benefited from having the interest rate fixed on a significant portion of its US borrowings. At June 30, 2006, borrowings in US dollars had an unrealized foreign exchange gain of $3.8 million which offsets foreign exchange losses on the Fund's US dollar securities. The term loans have been used to invest in additional portfolio investments to increase the overall distributions paid by the Fund. The revolving credit facility has also been used to invest in additional portfolio investments, as well as for working capital purposes. During the period ended June 30, 2006, the minimum and maximum amounts of borrowings were $28.8 million and $44.7 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 when 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 245,043 units were purchased in the first half of 2006 under this program at an average price of $13.82 per unit. Over the six months ended June 30, 2006, units of the Fund have traded at an average discount to their net asset value per unit of 5.7%.

Related Party Transactions

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 investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter. In the six months ended June 30, 2006, management and service fees amounted to $0.7 million and $0.3 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 financial statements and unaudited interim financial statements. The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing net asset value 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 Asset Value per Unit

	For the Six Months Ended June 30, 2006	For the Years Ended December 31			
		2005	2004	2003	2002[1]
Net asset value, beginning of period[2]	**$ 14.77**	$ 13.70	$ 11.36	$ 9.29	$ 9.37
Increase (decrease) from operations:[3]					
Total revenue	**0.72**	1.32	1.25	1.26	0.96
Total expenses	**(0.19)**	(0.31)	(0.28)	(0.25)	(0.20)
Realized gain (loss) for the period	**0.58**	0.71	0.25	0.01	(0.16)
Unrealized gain for the period	**(0.86)**	0.30	2.20	2.04	0.05
Total increase in net assets from operations	**$ 0.25**	$ 2.02	$ 3.42	$ 3.06	$ 0.65
Distributions to unitholders:[2][4]					
From net investment income (excluding dividends)	**$ N/A**	$ 0.61	$ 0.48	$ 0.52	$ 0.35
From dividends	**N/A**	0.06	0.05	0.07	0.04
From net realized gain on investments	**N/A**	—	0.14	—	—
Return of capital	**N/A**	0.33	0.43	0.41	0.34
Total distributions to unitholders	**$ 0.50**	$ 1.00	$ 1.10	$ 1.00	$ 0.73
Net asset value, end of period	**$ 14.54**	$ 14.77	$ 13.70	$ 11.36	$ 9.29

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

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

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

(4) The actual tax breakdown for the 2006 distributions will be provided in the 2006 Annual Management Report of Fund Performance.

Ratios and Supplemental Data

	June 30, 2006	December 31			
		2005	2004	2003	2002
Net assets (in 000s)	**$ 151,716**	$ 157,761	$ 111,913	$ 103,102	$ 90,690
Number of units outstanding (in 000s)	**10,438**	10,683	8,170	9,077	9,763
Management expense ratio ("MER")[1][2]	**2.64%**	2.24%	2.45%	2.47%	9.09%
MER excluding interest expense and issuance costs[1][3]	**1.46%**	1.52%	1.51%	1.56%	1.59%
Portfolio turnover rate[4]	**8.93%**	17.75%	14.34%	28.04%	N/A
Trading expense ratio[5]	**0.05%**	0.05%	N/A	N/A	N/A
Closing market price	**$ 13.66**	$ 13.80	$ 13.30	$ 11.20	$ 9.50

(1) Annualized for the period from February 19, 2002 (commencement of operations) to December 31, 2002 and for the six months ended June 30, 2006.

(2) Management expense ratio is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including interest expense and issuance costs, and is expressed as an annualized percentage of the average net assets of the period.

(3) MER excluding interest expense and issuance costs has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average net assets. Issuance costs are one-time costs incurred at inception, and the inclusion of interest expense does not consider the additional revenues that have been generated from the investment of the leverage in income-generating assets.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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 is not provided when a fund is 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.

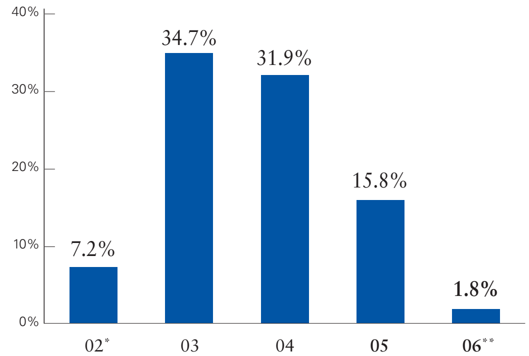
(5) The trading expense ratio represents total commissions expressed as an annualized percentage of daily average net assets of the Fund during the period. This disclosure was a new requirement in 2005 under NI 81-106 and was not applied retroactively.

Past Performance

The following chart and table show the past performance of the Fund and will 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 in the periods shown were reinvested (at net asset value per unit) in additional units of the Fund.

Year-by-Year Returns

The bar chart shows the Fund's return (based on net asset value per unit) and includes distributions made in each year since inception to June 30, 2006. The chart shows, in percentage terms, how an investment held on the first day of each fiscal period would have increased or decreased by the last day of the fiscal period.



* For the period from February 19, 2002 (commencement of operations) to December 31, 2002.

** For the period from January 1, 2006 to June 30, 2006.

Annual Compound Returns

The following table shows the Fund's compound return for the six month period ended June 30, 2006 and annual compound return since inception, compared with the S&P/TSX Capped Income Trust Index ("Income Trust Index"). The Income Trust Index is a broad-based composite index which may encompass any or all Global Industry Classification Standard ("GICS") sectors of the income trust marketplace. Income trusts that qualify for inclusion must derive their distribution income from actual operating entities.

	Six Months Ended June 30, 2006	Since Inception[1]
Brompton VIP Income Fund	**1.8%**	20.2%
S&P/TSX Capped Income Trust Index	**8.2%**	20.6%

[1] For the period from February 19, 2002 (commencement of operations) to June 30, 2006.

The Fund has generated a strong annual compound return of 20.2% only slightly underperforming the Income Trust Index. For the six months ended June 30, 2006, the Fund generated a return of 1.8%, which lagged the 8.2% of the Income Trust Index. The underperformance of the Fund was the result of its lower concentration in the oil and gas sector which generated a higher relative return compared to other income trust sectors, such as business trusts in which the Fund had a higher relative weighting. In 2006, the S&P/TSX Capped Energy Trust Index had a total return of 13.7%, outperforming business trusts which had a (0.1)% total return over the same period, as demonstrated by CIBC World Markets Business Trust Total Return Index. As at June 30, 2006, the Income Trust Index was comprised of about 50% oil and gas trusts and 30% business trusts while the Fund's portfolio included approximately 15% oil and gas trusts and 48% business trusts.

Summary of Investment Portfolio

As at June 30, 2006

Total net asset value	$ 151,716,019

Portfolio Composition	% of NAV
Business funds	59.6%
Fixed income investments	20.8%
Real estate investment trusts	19.3%
Oil and gas funds	18.9%
Power and pipeline funds	4.1%
Cash and short-term investments	0.9%
Total investment portfolio	123.6%
Other net liabilities	(23.6%)
Total net asset value	100.0%

Top 25 Holdings	% of NAV
ARC Energy Trust	6.8%
BFI Canada Income Fund	5.7%
Energy Savings Income Fund	5.6%
Davis + Henderson Income Fund	5.4%
Canadian Oil Sands Trust	4.1%
Northern Property REIT	4.0%
Summit REIT	3.9%
Gateway Casinos Income Fund	3.8%
Altus Group Income Fund	3.8%
Boston Pizza Royalties Income Fund	3.7%
RioCan REIT	3.6%
Livingston International Income Fund	3.5%
Northland Power Income Fund	2.9%
Focus Energy Trust	2.7%
SIR Royalty Income Fund	2.6%
Cineplex Galaxy Income Fund	2.6%
TimberWest Forest Corp.	2.3%
The Keg Royalties Income Fund	2.2%
Yellow Pages Income Fund	2.1%
Chemtrade Logistics Income Fund	2.1%
Westshore Terminals Income Fund	1.8%
InnVest REIT	1.6%
Huntingdon REIT	1.5%
H&R REIT	1.5%
Bonavista Energy Trust	1.5%

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

The Fund is actively managed by MFC Global Investment Management, a subsidiary of Manulife Financial Corp. and a top-ranked portfolio manager of income fund investments with extensive experience in income trusts and high-yield fixed income investments. The portfolio management team was led by Alan Wicks. With over 100 years experience and $230 billion in assets under management, MFC Global Investment Management is a leading investment management company.

Portfolio Manager's Report

Fund Review

The high-yield market, as measured by the Merrill Lynch Master II Index, Constrained, returned 2.51% for the first half of 2006, compared to (1.47)% for the Merrill Lynch Corporate Master Index and (3.87)% for 10-year US Treasuries. Lower-rated bonds outperformed higher-quality paper, and spreads tightened by 34 basis points. Income trusts, as measured by the Scotia Capital Income Trust Index Overall, returned 6.71%. The best-performing sectors were resources returning 25.45%, energy returning 7.23%, and consumer returning 4.50%. The poorest were utilities & infrastructure returning 2.25% and industrials returning 0.00%.

The US Federal Reserve pushed rates higher. Four successive 25 basis point increases took the rate to 5.25% and boosted the 10-year Treasury from 4.39% to 5.14%. Inflation concerns persist as the economy nears capacity, but it appears the Fed may now indeed be close to a pause. In the near term, markets, and the Fed, will be influenced primarily by economic data on the strength of economic activity and inflation. The Bank of Canada also made four consecutive 25 basis point increases. During the same period, the Canadian dollar appreciated by 4.57%, but is expected in the near term to remain relatively stable against the US dollar.

Trading activity in the trust's high-yield portfolio maintained yield and credit quality. Major changes included the addition of positions in William Scotsman Inc. and Clarke American Checks Inc. and additions to positions in AMC Entertainment Inc., Herbst Gaming Inc., and GSC Holdings Corp. Holdings in Healthsouth Corp. and Meritor Automotive Inc. were sold.

Few changes were made to the income trust component. Some profits were taken on Shiningbank Energy Income Fund. The asset mix of the income trust portfolio was altered slightly, but remains focused on business trusts, which account for approximately 50% of holdings.

Outlook and Strategy Moving Forward

Business trusts are favoured for their ability to grow distributions in a period when interest rates might rise significantly and quickly – the biggest risk for income trusts generally. However, interest rates are expected to remain range-bound in the near term, and some steepening of the yield curve is anticipated as expectations of slower economic growth are priced into the market. The Canadian dollar is expected to remain relatively stable in the near term. Within the US, although concerns about rising inflation persist, the Fed may be close to ending its monetary tightening. In the near term, markets will be directed by data on economic activity and inflation.

The overall Fund strategy continues to focus on the construction of a well diversified portfolio that is positioned to meet its yield target and to preserve the underlying capital of the Fund. The Fund will continue to invest in quality trusts that trade at compelling valuations, and its high-yield component will maintain its defensive stance.

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 upon 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 interim financial statements of Brompton VIP Income Fund for the six months ended June 30, 2006 have been prepared by management and have not been reviewed by the external auditors of the Fund.

(Signed)

Raymond R. Pether
Chief Executive Officer
August 10, 2006

(Signed)

Craig T. Kikuchi
Chief Financial Officer

Statements of Net Assets (Unaudited)

	June 30, 2006	Dec. 31, 2005
Assets		
Investments, at market value	**$ 186,148,463**	$ 206,741,703
Cash and short-term investments	**1,316,723**	3,904,893
Distributions and interest receivable	**1,561,819**	2,010,445
Amounts receivable for investments sold	**4,450,000**	—
Deferred financing costs (note 7)	**33,872**	46,287
Total assets	**193,510,877**	212,703,328
Liabilities		
Accounts payable and accrued liabilities	**384,361**	495,127
Distributions payable to unitholders (note 4)	**869,788**	868,236
Redemptions payable to unitholders	**—**	21,118,189
Loans payable (note 7)	**40,540,708**	32,461,192
Total liabilities	**41,794,857**	54,942,744
Unitholders' equity		
Unitholders' capital (note 3)	**118,404,233**	121,183,927
Retained earnings	**33,311,787**	36,576,657
Net assets representing unitholders' equity	**$ 151,716,020**	$ 157,760,584
Units outstanding (note 3)	**10,437,873**	10,682,916
Net asset value per unit	**$ 14.54**	$ 14.77

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

Statements of Operations and Retained Earnings (Unaudited)

For the six months ended June 30	2006	2005[1]
Income		
Distributions from income funds	**$ 6,318,465**	$ 4,226,716
Interest income	**1,327,408**	851,093
	7,645,873	5,077,809
Expenses		
Management fees (note 5)	**716,442**	504,741
Service fees (note 5)	**307,542**	221,937
Audit fees	**4,794**	10,612
Trustee fees	**12,014**	11,472
Custodial fees	**9,489**	12,835
Legal fees	**30,888**	—
Unitholder reporting costs	**13,031**	16,816
Other administrative expenses	**34,633**	50,618
Interest and bank charges (note 7)	**910,628**	409,817
	2,039,461	1,238,848
Net investment income	**5,606,412**	3,838,961
Net realized gain on investments (note 6)	**5,960,972**	5,109,884
Net realized gain (loss) on loans payable (note 7)	**167,066**	(100,100)
Net change in unrealized gain on investments	**(10,275,425)**	(2,709,596)
Net change in unrealized gain on loans payable (note 7)	**1,158,352**	(386,827)
Increase in net assets from operations	**$ 2,617,377**	$ 5,752,322
Retained earnings, beginning of period	**$ 36,576,657**	$ 35,336,759
Excess of stated value paid on repurchase of units	**(607,480)**	(348,175)
Distributions to unitholders (note 4)	**(5,274,767)**	(4,048,395)
Retained earnings, end of period	**$ 33,311,787**	$ 36,692,511
Increase in net assets from operations per unit[2]	**$ 0.25**	$ 0.71

[1] On December 31, 2005, Brompton VIP Income Fund merged with Brompton MVP Income Fund. The figures for the six months ended June 30, 2005 only include Brompton VIP Income Fund.

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

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

Statements of Cash Flows (Unaudited)

For the six months ended June 30	2006	2005[1]
Cash flows from operating activities:		
Increase in net assets from operations	**$ 2,617,377**	$ 5,752,322
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized gain on investments	**(5,960,972)**	(5,109,884)
Net realized (gain) loss on loans payable	**(167,066)**	100,100
Net change in unrealized gain on investments	**10,275,425**	2,709,596
Net change in unrealized gain on loans payable	**(1,158,352)**	386,827
Amortization of deferred financing costs (note 7)	**12,415**	12,415
Decrease in distributions and interest receivable	**448,626**	152,872
Decrease in accounts payable and accrued liabilities	**(110,766)**	(65,248)
Purchase of investments (note 6)	**(17,593,940)**	(14,987,572)
Proceeds from sale of investments (note 6)	**29,422,727**	28,275,537
Cash provided by operating activities	**17,785,474**	17,226,965
Cash flows from financing activities:		
Increase (decrease) in loans payable	**9,404,934**	(2,115,848)
Distributions paid to unitholders (note 4)	**(5,273,215)**	(4,873,313)
Repurchase of units (note 3)	**(3,387,174)**	(1,237,654)
Amounts paid for redemption of units (note 3)	**(21,118,189)**	(10,881,785)
Cash used in financing activities	**(20,373,644)**	(19,108,600)
Net decrease in cash and short-term investments	**(2,588,170)**	(1,881,635)
Cash and short-term investments, beginning of period	**3,904,893**	2,194,453
Cash and short-term investments, end of period	**$ 1,316,723**	$ 312,818
Supplemental information:		
Interest paid	**$ 890,671**	$ 400,657

Statements of Changes in Net Assets (Unaudited)

For the six months ended June 30	2006	2005[1]
Net assets, beginning of year	**$ 157,760,584**	$ 111,913,053
Operations:		
Increase in net assets from operations	**2,617,377**	5,752,322
Unitholder transactions:		
Distributions to unitholders (note 4)	**(5,274,767)**	(4,048,395)
Repurchase of units (note 3)	**(3,387,174)**	(1,237,654)
Total unitholder transactions	**(8,661,941)**	(5,286,049)
Net increase (decrease) in net assets	**(6,044,564)**	466,273
Net assets, end of period	**$ 151,716,020**	$ 112,379,326
Distributions per unit	**$ 0.50**	$ 0.50

[1] On December 31, 2005, Brompton VIP Income Fund merged with Brompton MVP Income Fund. The figures for the six months ended June 30, 2005 only include Brompton VIP Income Fund.

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

Statement of Investments (Unaudited)

As at June 30, 2006		Cost (CDN)	Market Value (CDN)	% of Portfolio
No. of Units	**Business Funds**			
387,000	Altus Group Income Fund	$ 4,603,190	$ 5,777,910	
66,712	Armtec Infrastructure Income Fund	695,420	1,201,483	
300,100	BFI Canada Income Fund	4,703,794	8,672,890	
323,400	Boston Pizza Royalties Income Fund	4,386,626	5,659,500	
98,500	Canada Cartage Diversified Income Fund	985,000	1,078,575	
182,000	Cargojet Income Fund	1,790,400	1,545,180	
303,560	Chemtrade Logistics Income Fund	3,908,511	3,120,597	
294,000	Cineplex Galaxy Income Fund	3,745,070	3,977,820	
31,950	Connors Bros. Income Fund	365,669	370,620	
466,266	Davis + Henderson Income Fund	6,979,879	8,252,908	
457,000	Energy Savings Income Fund	5,008,720	8,454,500	
20,900	Fording Canadian Coal Trust	508,077	736,725	
385,000	Gateway Casinos Income Fund	5,003,500	5,832,750	
50,900	K-Bro Linen Income Fund	719,650	724,816	
203,855	Livingston International Income Fund	3,061,359	5,298,191	
43,800	North West Company Fund	1,106,954	1,964,430	
55,000	Precision Drilling Trust	2,017,615	2,040,500	
115,100	Richards Packaging Income Fund	901,233	904,686	
44,160	Second Cup Royalty Income Fund	428,352	466,330	
382,600	SIR Royalty Income Fund	3,736,770	3,979,040	
24,700	Sleep Country Canada Income Fund	524,875	573,781	
71,350	Specialty Foods Group Income Fund	717,178	21,405	
94,200	Spinrite Income Fund	577,938	120,576	
157,000	Student Transportation of America IPS	1,845,404	1,829,050	
268,672	Sun Gro Horticulture Income Fund	2,317,526	1,912,945	
96,400	Superior Plus Income Fund	1,994,378	1,060,400	
226,200	The Data Group Income Fund	2,264,070	2,117,232	
253,100	The Keg Royalties Income Fund	2,783,766	3,290,300	
246,300	TimberWest Forest Corp.	3,410,772	3,531,942	
251,887	Westshore Terminals Income Fund	1,567,372	2,690,153	
197,542	Yellow Pages Income Fund	2,968,935	3,180,426	
		75,628,003	**90,387,661**	**48.6%**
No. of Units	**Oil and Gas Funds**			
369,798	ARC Energy Trust	6,595,288	10,354,344	
63,000	Bonavista Energy Trust	1,449,320	2,205,000	
173,085	Canadian Oil Sands Trust	2,436,645	6,231,060	
12,700	Crescent Point Energy Trust	279,908	277,241	
30,930	Enerplus Resources Fund	846,129	1,948,590	
173,340	Focus Energy Trust	3,066,972	4,099,491	
53,750	Harvest Energy Trust	1,988,633	1,785,037	
81,850	Shiningbank Energy Income Fund	1,785,820	1,735,220	
		18,448,715	**28,635,983**	**15.4%**
No. of Units	**Real Estate Investment Trusts**			
40,000	Canadian Apartment Properties REIT	646,000	656,400	
57,700	Canadian Hotel Income Properties REIT	527,701	752,408	
100,000	Chartwell Seniors Housing REIT	1,370,255	1,393,000	
97,225	H&R REIT	1,360,921	2,234,230	
1,092,000	Huntingdon REIT	3,003,000	2,293,200	
204,000	InnVest REIT	2,234,460	2,496,960	
284,000	Northern Property REIT	3,946,203	6,083,280	
125,000	Primaris Retail REIT	1,270,893	2,031,250	
254,400	RioCan REIT	3,820,893	5,505,216	
229,300	Summit REIT	4,244,617	5,870,080	
		22,424,943	**29,316,024**	**15.7%**
No. of Units	**Power and Pipeline Funds**			
299,300	Northland Power Income Fund	3,929,017	4,336,857	
115,000	Pembina Pipeline Income Fund	1,317,204	1,868,750	
		5,246,221	**6,205,607**	**3.3%**

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

Statement of Investments (Unaudited) (continued)

As at June 30, 2006			Cost (USD)	Cost (CDN)	Market Value (USD)	Market Value (CDN)	% of Portfolio
	Par Value ($)	**Fixed Income Investments**					
US	100,000	AES Corporation *8.75%, due June 15, 2008*	$ 108,005	$ 137,836	$ 103,750	$ 115,380	
US	50,000	Ahern Rentals Inc. *9.25%, due August 12, 2013*	50,000	60,030	50,750	56,439	
US	350,000	Ainsworth Lumber Co. Ltd. *7.25%, due October 1, 2012*	317,342	370,244	288,750	321,119	
US	250,000	Alimentation Couche-Tard Inc. *7.5%, due December 15, 2013*	252,808	280,364	250,000	278,025	
US	431,000	Alliance Imaging *7.25%, due December 15, 2012*	397,563	474,641	385,745	428,987	
US	671,000	Allied Waste Industries, Inc. *8.5%, due December 1, 2008*	704,127	826,880	697,840	776,068	
US	530,000	AMC Entertainment Inc. *11%, due February 1, 2016*	530,027	609,096	569,750	633,619	
US	250,000	Angiotech Pharmaceuticals Inc. *7.75%, due April 1, 2014*	250,000	289,900	240,000	266,904	
US	160,000	Anixter Inc. *5.95%, due March 1, 2015*	146,202	168,249	148,000	164,591	
US	24,000	AT&T Corp. *7.3%, due November 15, 2011*	27,029	32,246	25,505	28,364	
CDN	1,100,000	Avenor Inc. *10.85%, due November 30, 2014*	—	1,255,273	—	1,205,479	
US	1,070,000	Brand Services Inc. *12%, due October 15, 2012*	1,181,077	1,481,096	1,211,775	1,347,615	
US	350,000	Cascades Inc. *7.25%, due February 15, 2013*	322,249	375,243	325,500	361,988	
US	200,000	Celestica Inc. *7.875%, due July 1, 2011*	204,316	231,633	194,668	216,490	
US	25,000	Cendant Car Rental Group LLC *7.625% May 15, 2014*	25,000	28,790	24,375	27,107	
US	25,000	Cendant Car Rental Group LLC *7.75% May 15, 2016*	25,000	28,790	24,125	26,829	
US	200,000	Century Aluminum Co. *7.5%, due August 15, 2014*	204,546	252,780	201,000	223,532	
US	1,295,000	Charter Communications Holdings, LLC *10.25%, due September 15, 2010*	1,313,182	1,589,169	1,304,712	1,450,970	
US	213,000	Chemed Corporation *8.75%, due February 24, 2011*	229,045	276,361	224,715	249,905	
US	25,000	Chesapeake Energy Corp. *6.5%, due August 15, 2017*	24,635	28,392	22,938	25,509	
US	400,000	Clarke American Corp. *11.75%, due December 15, 2013*	414,960	465,665	414,000	460,409	
US	250,000	Cogentrix Energy Inc. *8.75%, due October 15, 2008*	263,728	325,312	266,705	296,603	
US	230,000	Columbia/HCA Healthcare Corporation *8.36%, due April 15, 2024*	263,835	327,860	231,334	257,266	
US	376,000	Columbia/HCA Healthcare Corporation *9%, due December 15, 2014*	441,721	552,834	410,479	456,494	
US	80,000	Columbus McKinnon Corp. *8.875%, due November 1, 2013*	80,031	95,471	82,000	91,192	
US	80,000	Corrections Corp. of America *6.75%, due January 31, 2014*	80,686	93,874	77,200	85,854	
US	335,000	Dollar Financial Group *9.75%, due November 15, 2011*	352,859	434,153	361,800	402,358	
US	800,000	Dollarama Group LP *8.875%, due August 15, 2012*	794,752	943,670	808,000	898,577	
US	500,000	Foot Locker Inc. *8.5%, due January 15, 2022*	524,585	668,573	506,875	563,696	
US	271,000	FTD Inc. *7.75%, due February 15, 2014*	273,317	334,153	268,290	298,365	
US	170,000	Gaylord Entertainment Co. *8%, due November 15, 2013*	174,609	193,642	170,638	189,766	
US	200,000	General Motors Nova Scotia Finance Co. *6.85%, due October 15, 2008*	151,000	176,392	187,500	208,519	
US	550,000	Georgia Pacific Corp. *8.125%, due May 15, 2011*	532,406	701,804	550,000	611,655	
US	400,000	GSC Holdings Corp. *8.865%, due October 1, 2011*	403,848	466,161	413,000	459,297	
US	150,000	GTECH Holdings Corp. *4.75%, due October 15, 2010*	135,770	161,734	144,456	160,649	
US	542,000	Herbst Gaming Inc. *8.125%, June 1, 2012*	565,864	640,750	548,775	610,292	
US	150,000	Hilton Hotels Corp. *7.5%, December 15, 2017*	156,063	172,168	153,752	170,987	
US	815,000	Intelsat Ltd. *7.625%, due April 15, 2012*	736,214	907,373	676,450	752,280	
US	100,000	Intelsat Ltd. *9.613%, due January 15, 2012*	102,128	121,829	101,500	112,878	
CDN	400,000	Intrawest Corporation *6.875%, due October 15, 2009*	—	401,350	—	396,016	
US	800,000	Iron Mountain Inc. *7.75%, due January 15, 2015*	815,816	1,045,028	768,000	854,093	
US	675,000	Jean Coutu Group (PJC) Inc. *8.5%, due August 1, 2014*	658,503	803,829	624,375	694,367	
US	225,000	Lyondell Chemical Company *11.125%, due July 15, 2012*	252,844	295,361	245,250	272,742	
US	500,000	Mandalay Resort Group *6.375%, due December 15, 2011*	490,895	563,253	478,125	531,723	
US	150,000	Metals USA Inc. *11.125%, due December 1, 2015*	150,000	177,465	165,000	183,496	
US	335,000	Mobile Mini Inc. *9.5%, due July 1, 2013*	363,991	458,848	360,125	400,495	
US	350,000	Mueller Industries *6%, due November 1, 2014*	344,183	412,186	323,750	360,042	
US	200,000	Network Communications Inc. *10.75%, due December 1, 2013*	197,382	231,726	198,000	220,196	
US	800,000	Nextel Communications Inc. *6.875%, due October 31, 2013*	839,280	1,006,658	805,576	895,881	
US	50,000	Novelis Inc. *7.25%, due July 15, 2015*	46,470	55,099	48,250	53,659	
US	100,000	Omega Healthcare Investors, Inc. *7%, due January 15, 2016*	99,422	116,692	95,750	106,484	
US	250,000	Owens-Brockway Glass Container Inc. *8.75%, due November 15, 2012*	270,000	315,402	261,563	290,884	
US	400,000	Park Place Entertainment Corporation *8.125%, due May 15, 2011*	404,000	644,097	423,500	470,974	
US	340,000	R.H. Donnelley Corp. *8.875%, due January 15, 2016*	344,039	403,797	344,675	383,313	
US	920,000	Rite Aid Corporation *8.125%, due May 1, 2010*	963,654	1,152,802	929,200	1,033,363	
CDN	770,000	Rogers Wireless Communications Inc. *7.625%, due December 15, 2011*	—	797,690	—	806,575	
US	21,000	Royal Caribbean Cruises *8.75%, due February 2, 2011*	23,114	26,517	22,681	25,224	
CDN	500,000	Shaw Communications Inc. *6.15%, due May 9, 2016*	—	490,260	—	474,893	
CDN	500,000	Shaw Communications Inc. *7.5%, due November 20, 2013*	—	517,882	—	523,599	
CDN	250,000	Sherritt International Corporation *7.875%, due November 26, 2012*	—	250,000	—	256,453	
US	500,000	Stater Bros. Holdings Inc. *8.125%, due June 15, 2012*	507,655	610,711	496,250	551,879	
US	95,000	Syniverse Technologies Inc. *7.75%, due August 15, 2013*	96,461	115,742	92,862	103,272	
US	400,000	Teekay Shipping Corporation *8.875%, due July 15, 2011*	448,240	565,971	421,000	468,194	
US	395,000	Thornburg Mortgage *8%, due May 15, 2013*	406,984	484,850	391,050	434,887	
US	180,000	Unisys Corporation *8%, due October 15, 2012*	174,433	205,046	168,300	187,166	
US	1,205,000	United Rentals Inc. *6.5%, due February 15, 2012*	1,156,511	1,425,306	1,144,750	1,273,076	
US	900,000	United Surgical Partners Holdings, Inc. *10%, due December 15, 2011*	942,480	1,274,545	949,500	1,055,939	
US	1,217,000	Western Financial Bank *9.625%, due May 15, 2012*	1,294,109	1,753,843	1,340,027	1,490,243	
US	550,000	Western Oil Sands Inc. *8.375%, due May 1, 2012*	582,940	799,741	587,125	652,941	
US	125,000	Westlake Chemical Corp. *6.625%, due January 15, 2016*	125,154	144,278	116,094	129,108	
US	500,000	William Scotsman Inc. *8.5%, October 1, 2015*	510,945	564,223	496,250	551,879	
US	150,000	Wind Acquisition Fin SA *10.75%, due December 1, 2015*	153,780	179,899	160,125	178,075	
			25,423,809	34,870,528	25,123,804	31,603,188	17.0%
		Total	$ 25,423,809	$ 156,618,410	$ 25,123,804	$ 186,148,463	100.0%

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

Notes to the Financial Statements (Unaudited)

June 30, 2006

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. In 2005, the name of the Fund was changed from Brompton VIP Income Trust to Brompton VIP Income Fund. Computershare Trust Company of Canada is the Trustee and Brompton Funds Management Limited (formerly Brompton VIP 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.

On October 26, 2005, special meetings of unitholders of the Fund and Brompton MVP Income Fund (“MVP”) were held. At the meetings, unitholders of each fund approved the merger of these two funds with Brompton VIP Income Fund remaining as the continuing fund. Pursuant to the merger, the Fund adopted the investment strategy of MVP, whose investment focus was on business funds with smaller weightings in real estate investment trusts, oil and gas funds, power and pipeline funds, high-yield debt and special situations. On December 31, 2005, the Fund merged with MVP by issuing 3,903,000 units of the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the most recent audited financial statements at December 31, 2005. The significant accounting policies used in preparing these unaudited interim financial statements are consistent with those used in preparing the audited annual financial statements.

Certain comparative figures have been reclassified in accordance with National Instrument 81-106.

3. UNITS OF THE FUND

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Units may be redeemed at the option of unitholders by tendering units of the Fund at least 20 business days prior to the second last business day of December (“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 on the Redemption Valuation Date of each year and will be settled on or before the twentieth business day in January.

The Fund received approval from the Toronto Stock Exchange for a normal course issuer bid for the period from November 8, 2005 to November 7, 2006. Pursuant to the issuer bid, the Fund is permitted to purchase up to 788,000 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, 2006, 245,043 (2005 – 94,900) units were purchased for cancellation.

The weighted average number of units outstanding for the six months ended June 30, 2006 was 10,608,909 (2005 – 8,105,442).

4. DISTRIBUTIONS PAYABLE TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of record on the last business day of each month. The distributions are payable by the tenth business day of the following month. For the six months ended June 30, 2006, the Fund declared total distributions of $0.50 (2005 – $0.50) per unit, which amounted to $5,274,767 (2005 – $4,048,395). 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 six months ended June 30, 2006, no (2005 – nil) units in respect of distributions were issued by the Fund.

5. MANAGEMENT AND SERVICE FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.85% 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 investment dealers in proportion to the number of units held by clients of each dealer at the end of each calendar quarter.

6. INVESTMENT TRANSACTIONS

Investment transactions for the six months ended June 30 were as follows:

	2006	2005
Proceeds from sale of investments	$ 33,872,727	$ 29,729,064
Less cost of investments sold:		
Investments at cost, beginning of period	166,936,225	104,509,384
Investments purchased during the period	17,593,940	15,126,022
Investments at cost, end of period	(156,618,410)	(95,016,226)
Cost of investments sold during the period	27,911,755	24,619,180
Net realized gain on sale of investments	$ 5,960,972	$ 5,109,884

Foreign exchange losses arising from the disposition of investments of $472,174 (2005 – $1,096,085) are included in the net realized gain of $5,960,972 (2005 – $5,109,884) above.

Brokerage commissions on investments purchased and sold during the period ended June 30, 2006 amounted to $41,026 (2005 – $45,468).

For the periods ended June 30, 2006 and 2005, there were no soft dollar amounts paid.

7. LOANS PAYABLE

Pursuant to an agreement with a Canadian chartered bank, the Fund maintains a 364-day revolving credit facility and two term credit facilities. The revolving credit facility provides for maximum borrowings of $23.0 million with borrowings in Canadian currency at either the prime rate of interest or the bankers' acceptance rate plus a fixed percentage or in US currency at the LIBOR rate plus a fixed percentage. At June 30, 2006, the Fund had borrowings of $11.2 million at the bankers' acceptance rate and $6.0 million (US$5.4 million) of LIBOR based borrowings outstanding under this facility. On May 29, 2003, the Fund borrowed US$13.0 million under a term credit facility at a fixed rate of interest of 3.89% for a five-year period ending May 28, 2008, which represented $14.4 million at June 30, 2006. The Fund also assumed, on the acquisition of Brompton MVP Income Fund, a term loan of US$8.0 million for a five-year period to July 14, 2010 at 4.86%, which represented $8.9 million at June 30, 2006.

During the period ended June 30, 2006, the Fund realized a foreign exchange gain in the amount of $167,066 (2005 – loss of $100,100) on the repayment of borrowings in US dollars under the revolving credit facility. At June 30, 2006, borrowings in US dollars had an unrealized foreign exchange gain of $3,812,728 (2005 – $2,654,376). The credit facilities are secured by a first-ranking and exclusive charge on all of the Fund's assets. During the period ended June 30, 2006, the minimum and maximum amounts of borrowings were $28.8 million (2005 – $19.5 million) and $44.7 million (2005 – $22.4 million), respectively.

Costs incurred to establish the credit facilities and renewal fees are deferred and amortized over the term of the facilities. For the six months ended June 30, 2006, the Fund has recorded amortization of these costs in the amount of $12,415 (2005 – $12,415).

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

Corporate Information

Directors

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P. Michael Nedham, BSc, MBA, CBV

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

Ken S. Woolner, BSc, PEng

Officers

Peter A. Braaten
Chairman

Raymond R. Pether
Chief Executive Officer

Mark A. Caranci
President

Craig T. Kikuchi
Chief Financial Officer

David E. Roode
Senior Vice President

Moyra E. MacKay
Vice President and Corporate Secretary

Lorne J. Zeiler
Vice President

Jessica Leung
Controller

Ann P. Wong
Controller

Debbie M. Chin
Assistant Vice President

Christopher Cullen
Assistant Vice President

Continuous Disclosure Manager

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Trustee

Computershare Trust Company of Canada

Custodian

RBC Dexia Investor Services Trust

Auditors

PricewaterhouseCoopers LLP

Transfer Agent

Computershare Trust Company of Canada

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