



## **BROMPTON ANNOUNCES SPECIAL MEETING OF BROMPTON LIFECO SPLIT CORP.**

**Toronto, August 9, 2019** – (TSX: LCS, LCS.PR.A) Brompton Funds Limited (“**Brompton**” or the “**Manager**”), announces that it will hold a special meeting (the “**Meeting**”) of holders of Class A Shares and Preferred Shares (the “**Shareholders**”) of Brompton Lifeco Split Corp. (the “**Fund**”). The purpose of the Meeting is to consider and vote upon an extraordinary resolution to implement amendments to update and modernize the investment objectives, investment guidelines and investment restrictions of the Fund (the “**Amendments**”). The Fund was launched in April 2007.

The Fund invests, on an approximately equal weighted basis, in a portfolio consisting of common shares of Canada’s four largest publicly traded life insurance companies: Great-West Lifeco Inc., Industrial Alliance Insurance and Financial Services Inc., Manulife Financial Corporation and Sun Life Financial Inc. The Fund provides a low cost, efficient way to gain exposure to Canadian life insurance companies, with the added benefit of a proprietary covered call option strategy employed by Brompton which can lower portfolio volatility along with generating cash flows for distribution to Shareholders.

The Manager believes that the financial sector continues to be an attractive sector for investment and dividend growth, however, in order to respond to the changing business environment including the interest rate environment, regulation, fintech and evolving asset and wealth management businesses generally, the Manager believes that it would be advisable to make certain changes to the Fund’s investment objectives, investment guidelines, investment restrictions and distribution target. These changes will allow the Fund to diversify its holdings and expand its investment universe which the Manager believes will enhance long-term returns and would be for the benefit of Shareholders.

The proposed changes are primarily designed to accomplish the following:

- i) expand investment holdings and diversify the portfolio by changing the investment universe of the Fund from only four Canadian life insurance companies to a portfolio of between 10 to 20 equity securities of primarily North American financial services companies including insurance companies, banks, asset management companies and diversified financials, selected by the Manager, in its discretion. In addition, the Fund may hold up to 20% of its total assets in financial services-related companies or global financial services companies;
- ii) the diversification of the Fund’s portfolio should provide opportunities to increase the value of the Fund’s portfolio which in turn would result in a higher net asset value of the Class A Shares and as the net asset value of the Class A Shares appreciates, the asset coverage for the Preferred Shares will also improve;
- iii) by increasing the number of securities held by the Fund, the Manager will be provided with more opportunities to write covered call options and potentially generate additional returns for the Fund;
- iv) the Manager will be permitted to rebalance and/or reconstitute the Fund’s portfolio at its discretion so that the Fund may respond to security or market developments on a more timely basis and provide more active portfolio management;
- v) the Manager believes that amending the target rate for distributions from \$0.90 per Class A Share per annum to an amount initially targeted to be approximately 10% per annum of the net asset value

per Class A Share is still a high distribution rate for holders of Class A Shares; however, it is expected to be a more sustainable distribution rate for the Fund. A lower Class A Share distribution rate would also improve the Preferred Share coverage.

In keeping with industry trends over the past several years to lower investor costs and in connection with the proposed changes to the Fund, the Manager will discontinue the service fee paid to dealers based on the number of Class A Shares held by dealers' clients of 0.40% per annum of the Class A Share net asset value beginning January 1, 2020. **In addition, the management fee will not be increased for the Fund as a result of the additional work associated with the aforementioned enhancements.**

As a result of the changes described above, the Manager is also proposing to change the name of the Fund to "Brompton Financial Split Corp." and the ticker symbols in respect of the Fund's Class A Shares and Preferred Shares to BFS and BFS.PR.A, respectively.

A special meeting of Shareholders will be held on September 26, 2019 to consider and vote on the proposed Amendments. Shareholders of record at the close of business on August 27, 2019 will be entitled to vote at the Meeting. The Manager expects the effective date of the Amendments to take place shortly after the Meeting. Details of the proposed Amendments will be further outlined in the Fund's notice of meeting and management information circular that will be prepared and delivered to Shareholders in connection with the Meeting and will be available on [www.sedar.com](http://www.sedar.com).

### **About Brompton Funds**

Brompton Funds, a division of Brompton Group which was founded in 2000, is an experienced investment fund manager with approximately \$2 billion in assets under management. Brompton's investment solutions include TSX closed-end funds and exchange-traded funds. For further information, please contact your investment advisor, call Brompton's investor relations line at 416-642-6000 (toll-free at 1-866-642-6001), email [info@bromptongroup.com](mailto:info@bromptongroup.com) or visit our website at [www.bromptongroup.com](http://www.bromptongroup.com).

*You will usually pay brokerage fees to your dealer if you purchase or sell shares of an investment fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the shares are purchased or sold on an exchange, investors may pay more than the current net asset value when buying shares of an investment fund and may receive less than the current net asset value when selling them.*

*There are ongoing fees and expenses associated with owning shares of an investment fund. An investment fund must prepare disclosure documents that contain key information about the Fund. You can find more detailed information about the Fund in the public filings available at [www.sedar.com](http://www.sedar.com). Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.*

*Certain statements contained in this news release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this press release and to other matters identified in public filings relating to the Fund, to the future outlook of the Fund and anticipated events or results and may include statements regarding the future financial performance of the Fund. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. 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.*