2019 INTERIM REPORT

BROMPTON FUNDS

VALUE

INTEGRITY

PERFORMANCE

– THE FOUNDATION FOR EXCELLENCE

BROMPTON SPLIT BANC CORP.

SBC

SBC.PR.A

Equal-weight portfolio of the major Canadian banks.
Preferred shares of the Fund are rated Pfd-3 (high) by DBRS.

Management Report of Fund Performance

August 7, 2019

This interim management report of fund performance for Brompton Split Banc Corp. (the "Fund") contains financial highlights but does not contain the interim financial statements of the Fund. The unaudited interim financial statements follow this report. You may obtain a copy of the audited annual or unaudited interim financial statements, at no cost, by calling 1-866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com. Shareholders may also contact Brompton Funds by 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.

All figures in this management report of fund performance, unless otherwise noted, are based on the Fund's Net Asset Value, which is calculated in accordance with the terms of the Fund's constating documents. On April 25, 2017, the Fund completed a share split of its Class A shares. Class A shareholders received 21 additional Class A shares for every 100 Class A shares held. As a result of the share split, all per Class A share information in this report has been restated retroactively.

The Fund

Brompton Split Banc Corp. is a mutual fund corporation managed by Brompton Funds Limited (the "Manager"). The Fund has Class A shares and Preferred shares which trade on the Toronto Stock Exchange ("TSX") under the symbols SBC and SBC.PR.A, respectively. The Class A and Preferred shares are RRSP, DPSP, RRIF, RESP and TFSA eligible. The Preferred shares are rated Pfd-3 (high) by Dominion Bond Rating Service Limited ("DBRS").

Preferred shares of the Fund receive fixed, cumulative quarterly payments. Payments are usually in the form of eligible Canadian dividends which are taxed at a lower rate to individuals than interest income. Preferred shares have a priority claim ahead of the Class A shares on the Fund's assets in the event of termination. However, the Net Asset Value of Preferred shares does not benefit from growth in value of the underlying stocks. Class A shares capture the movement of the underlying stocks but in a more magnified way than if an investor owned the underlying portfolio of securities directly. This magnification of return is commonly known as "leverage."

Investment Objectives and Strategies

The Fund's investment objectives are:

i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions currently in the amount of $0.125 per share and to return the original issue price of $10.00 per Preferred share to shareholders at maturity; and

ii) to provide holders of Class A shares with regular monthly cash distributions, targeted to be at least $0.10 per Class A share, and the opportunity for growth in Net Asset Value per share.

To achieve these objectives, at June 30, 2019 the Fund was invested in a common share portfolio of the following six Canadian banks and one North American ETF:

Bank of Montreal
Brompton North American Financials Dividend ETF
Canadian Imperial Bank of Commerce
National Bank of Canada
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank

The Fund invests, on an approximately equally weighted basis, in a portfolio of common shares of the six largest Canadian banks (currently Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia and The Toronto-Dominion Bank). In addition, the Fund may hold up to 10% of the total assets of the portfolio in investments in global financial companies for the purposes of enhanced diversification and return potential, at the discretion of the Manager. The portfolio may contain the common shares of less than six Canadian banks as a result of the impact of a merger, acquisition or other significant corporate actions or events affecting one or more of the Canadian banks in the portfolio. The Manager is responsible for maintaining the portfolio in accordance with the Investment Guidelines and Rebalancing Criteria. The Manager may, at its discretion, selectively write covered call options and cash-covered put options from time to time in respect of the holdings included in the portfolio in order to generate additional distributable income for the Fund. Holdings in the six largest Canadian banks will generally be equal-weighted at each rebalancing of the portfolio, but the Fund may, at the Manager's discretion, hold non-equal-weight positions.

The Fund may from time to time hold cash and cash equivalents including short-term debt instruments issued by the Government of Canada or a province, short-term commercial paper issued by Canadian financial institutions with a rating of at least R-1 (mid) by DBRS or the equivalent from another rating organization selected by the Manager, or term deposits.

In addition to, or instead of, investing in Canadian banks and/or global financial companies directly, the Fund may invest, at the Manager's discretion, a portion of the portfolio's assets in exchange-traded funds, including exchange-traded funds managed by the Manager. There will be no duplication of management fees payable by the Fund in connection with any investment by the Fund in exchange-traded funds managed by the Manager.

In addition, the Fund will hedge substantially all of its foreign currency exposure to the holdings in the portfolio back to the Canadian dollar, if any. Covered call options and cash-covered put options may be written in respect of the portfolio to generate additional distributable income for the Fund and/or to reduce the volatility of the Fund. In addition, the Fund may sell investments for working capital purposes or replace investments with the proceeds from the exercise of covered call options previously written.

Recent Developments

Treasury Offering

On March 1, 2019, the Fund completed a treasury offering (the "Treasury Offering") of Class A shares and Preferred shares for aggregate gross proceeds of approximately $20.5 million. Class A shares were offered at a price of $13.55 and Preferred shares were offered at a price of $10 per share.

Risks

Risks associated with an investment in the shares of the Fund are discussed in the Fund's 2018 annual information form, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes during the six months ended June 30, 2019 that we believe materially affected the risks associated with an investment in the shares of the Fund as they were discussed in the annual information form.

Results of Operations

Distributions

Distributions to Class A shareholders were $0.60 per share in the first six months of 2019, unchanged from 2018, reflecting monthly distributions of $0.10 per Class A share. Preferred share distributions were $0.25 per share in the first six months of 2019, also unchanged from the same period in 2018.

Based on the June 30, 2019 closing market price of the Fund, the current monthly distribution represented a rate of 9.6% on Class A shares and 4.8% on Preferred shares.

The Fund has a distribution reinvestment plan which allows participating Class A shareholders to automatically reinvest monthly distributions, commission free, in additional Class A shares of the Fund. During the first six months of 2019, 7,526 Class A shares were acquired in the market pursuant to this plan at an average price of $12.83 per Class A share.

Revenues and Expenses

The Fund's investment portfolio generated revenue of $0.44 per Class A share in the first six months of 2019, compared to $0.47 per Class A share in the same period in 2018. Total expenses were $0.14 per Class A share in the first six months of 2019, up from $0.11 per share in the same period of 2018 as the Fund incurred expenses of $0.04 per share related to the cost of the treasury issuance of Preferred shares in March 2019 which was borne by the new subscribing shareholders.

Net Asset Value

The Net Asset Value per Class A share was $12.06 per Class A share at June 30, 2019 compared to $10.66 per Class A share at December 31, 2018, a 13.1% increase as a result of portfolio performance. The Net Asset Value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. For these purposes, the Preferred shares are not considered a liability of the Fund. The aggregate Net Asset Value of the Fund was $192.1 million at June 30, 2019 compared to $162.0 million at December 31, 2018, reflecting $17.8 million in net investment income, $11.8 million in proceeds from the Class A Treasury Offering and $8.7 million in proceeds from the Preferred share Treasury Offering, partially offset by $5.1 million paid in Class A share distributions, $2.2 million paid in Preferred share distributions and $0.9 million paid in agents' fees and issuance costs in connection with the Treasury Offering.

Investment Portfolio

At June 30, 2019 and December 31, 2018, the Fund's portfolio held six banks and Brompton North American Financials Dividend ETF ("ETF") as indicated in the Investment Objectives and Strategies section. In the first six months of 2019, the Fund had a net gain of $15.0 million from its portfolio, $12.2 million from the banks, $2.5 million from the ETF and $0.3 million from options. In response to market conditions, the Fund selectively wrote call options on the six banks in the portfolio during the first six months of 2019 and generated premiums of $0.5 million. The Fund realized a gain of $0.3 million on option writing, which represents the premium received less the amount paid to close out the options. During the first six months of 2019, the Fund wrote call options on an average notional value of 6.8% of the Fund's portfolio. At June 30, 2019, there were five option contracts outstanding with a notional value representing 8.8% of the portfolio.

Liquidity

To provide liquidity for shareholders, the Class A shares and Preferred shares of the Fund are listed on the TSX under the symbols SBC and SBC.PR.A, respectively. Investors may also retract their shares in accordance with the Fund's retraction provisions for each class of share.

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 0.55% per annum of the Net Asset Value of the Fund plus applicable taxes. The Fund does not pay any management fees on investments in funds managed by the Manager. The management fee is used by the Manager to cover its costs to obtain the Fund's assets, the cost to administer the Fund, the cost of investment management services and for profit. The Fund also pays the Manager a service fee equal to 0.40% per annum of the Net Asset Value of the Class A shares. The service fee is in turn paid by the Manager to investment dealers based on the proportionate number of Class A shares held by clients of each dealer at the end of each calendar quarter. In the first six months of 2019, management and service fees amounted to $0.5 million and $0.2 million, respectively. Investment in Brompton North American Financials Dividend ETF does not cause a duplication of management fees payable by the Fund.

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 unaudited interim and audited annual 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 Assets per Class A share.* The increase (decrease) in Net Assets from operations is based on average shares outstanding during the period, and all other numbers are based on actual shares outstanding at the relevant point in time.

Net Assets per Class A Share[(1)(2)]

			December 31				
For the period/year ended	**June 30, 2019**	2018	2017	2016	2015	2014
Net Assets, beginning of period/year[(3)]	**$ 10.66**	$ 14.46	$ 13.10	$ 9.59	$ 12.05	$ 10.90
Increase (decrease) from operations:[(4)]						
Total revenue	**0.44**	0.95	0.93	0.83	0.83	0.78
Total expenses	**(0.14)**	(0.23)	(0.29)	(0.18)	(0.18)	(0.20)
Preferred share distributions	**(0.25)**	(0.50)	(0.44)	(0.37)	(0.37)	(0.37)
Realized gains (losses)	**0.21**	1.16	0.77	0.31	0.96	0.41
Unrealized gains (losses)	**1.56**	(3.98)	1.68	3.90	(2.68)	1.53
Total increase (decrease) in Net Assets from operations	**$ 1.82**	$ (2.60)	$ 2.65	$ 4.49	$ (1.44)	$ 2.15
Distributions to Class A shareholders:[(3)(5)]						
Dividends	**$ n/a**	$ 0.44	$ 0.49	$ 0.39	$ 0.42	$ 0.37
Capital gains	**n/a**	0.66	—	0.04	0.21	—
Return of capital	**n/a**	0.10	0.71	0.56	0.36	0.62
Total distributions to Class A shareholders	**$ 0.60**	$ 1.20	$ 1.20	$ 0.99	$ 0.99	$ 0.99
Net Assets, end of period/year[(3)]	**$ 12.06**	$ 10.66	$ 14.46	$ 13.10	$ 9.59	$ 12.05

(1) The per Class A share amounts have been retroactively restated for all comparative years to reflect the Class A share split on April 25, 2017. Class A shareholders received 21 additional shares for every 100 shares held. Prior to the restatement, the Fund paid distributions of $1.20 per Class A share in each year from 2012 to 2016. Prior to the restatement, Net Assets per Class A share at the end of each year was as follows: 2016 – $15.85; 2015 – $11.60; 2014 – $14.58.

(2) The financial information was prepared in accordance with International Financial Reporting Standards.

(3) Net Assets per Class A share and distributions per Class A share are based on the actual number of Class A shares outstanding at the relevant time.

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

(5) Allocations for tax purposes for the period ended June 30, 2019 are not available until year end.

Ratios and Supplemental Data (Based on Net Asset Value)

As at	June 30, 2019	December 31 2018	2017	2016	2015	2014
Net Asset Value (000s) – including Preferred shares	**$ 192,051**	$ 161,958	$ 191,721	$ 170,218	$ 145,620	$ 176,596
Number of Class A shares outstanding (000s)(1)	**8,706**	7,838	7,838	7,968	8,157	8,693
Management expense ratio ("MER")(2) – Class A shares	**6.96%**	5.42%	5.19%	5.24%	5.18%	4.79%
Trading expense ratio(3)	**0.02%**	0.01%	0.01%	—	0.01%	—
Portfolio turnover rate(4)	**2.44%**	7.48%	9.07%	5.27%	5.52%	0.84%
Net Asset Value per unit(1)(5)	**$ 22.18**	$ 20.79	$ 24.58	$ 21.45	$ 17.95	$ 20.40
Net Asset Value per Class A share(1)	**$ 12.06**	$ 10.66	$ 14.46	$ 13.10	$ 9.59	$ 12.05
Net Asset Value per Preferred share(6)	**$ 10.00**	$ 10.00	$ 10.00	$ 10.00	$ 10.03	$ 10.03
Closing market price – Class A shares(1)	**$ 12.50**	$ 11.51	$ 14.42	$ 12.81	$ 9.46	$ 11.26
Closing market price – Preferred shares	**$ 10.35**	$ 9.97	$ 10.16	$ 8.37	$ 8.34	$ 8.49

(1) For the years prior to 2017, the number of Class A shares outstanding; Net Asset Value per unit; Net Asset Value per Class A share; and Closing market price – Class A shares have been retroactively restated to reflect the Class A share split on April 25, 2017. Class A shareholders received 21 additional Class A shares for every 100 Class A shares held. Prior to the restatement, the number of Class A shares outstanding (in 000s) at the end of each year was as follows: 2016 – 6,585; 2015 – 6,741; and 2014 – 7,184. Prior to the restatement, the Net Asset Value per unit at the end of each year was as follows: 2016 – $25.96; 2015 – $21.72 and 2014 – $24.69. Prior to the restatement, the Net Asset Value per Class A share at the end of each year was as follows: 2016 – $15.85; 2015 – $11.60 and 2014 – $14.58. Prior to the restatement, the closing market price per Class A share at the end of each year was as follows: 2016 – $15.50; 2015 – $11.45 and 2014 – $13.63.

(2) MER for Class A shares is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including distributions on Preferred shares and issuance costs, but excluding brokerage commissions on securities transactions, and is expressed as an annualized percentage of the average Net Asset Value of the Fund for Class A shares over the period. Please see the Expense Ratio section following this table for further discussion of the calculation.

(3) The trading expense ratio represents total commissions and transaction costs expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.

(4) The Fund's portfolio turnover rate indicates how actively the Fund 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. 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 such investments during the period.

(5) A unit includes one Class A share and one Preferred share. Net Asset Value per unit is determined by the Net Asset Value of the Fund, for which the Preferred shares are not treated as liabilities.

(6) Net Asset Value per Preferred share does not include accrued Preferred share distributions.

Expense Ratio

The MER per Class A share noted in the table above includes agents' fees and issuance fees, if any, and Preferred share distributions, which is the cost of leverage. The MER per Class A share was 6.96% for the first six months of 2019, up from 5.42% in 2018 as a result of agents' fees and issuance costs associated with the Treasury Offering in March 2019 and higher leverage costs. The MER per Class A share, excluding Preferred share distributions (which were covered by the portfolio's dividend income), agents' fees and issuance costs, was 1.85% for the first six months of 2019 compared to 1.71% in 2018.

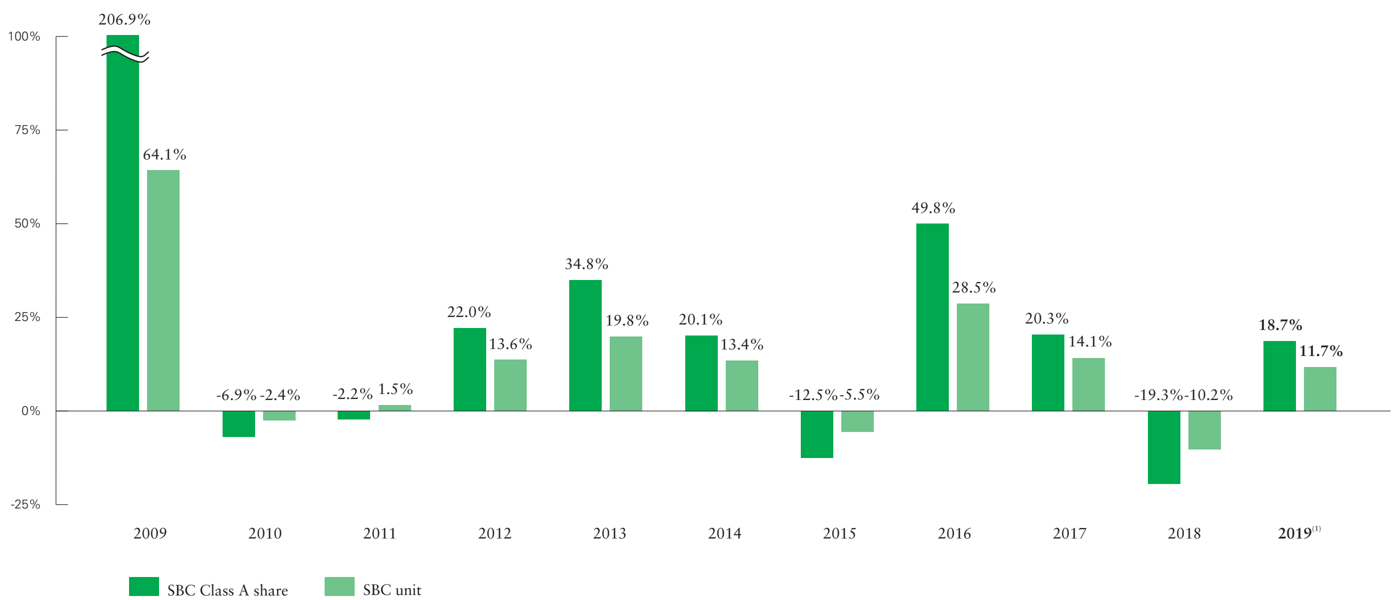
The MER per unit for the first six months of 2019 was 3.85% compared to 3.11% in 2018. The MER per unit, excluding Preferred share distributions, agents' fees and issuance costs, was 1.02% for the first six months of 2019, compared to 0.98% in 2018. This ratio is more representative of the ongoing efficiency of the administration of the Fund.

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 Class A share and per unit (each unit includes one Class A share and one Preferred share) and assumes that distributions (including deemed distributions based on the intrinsic value of the warrants at approximately the exercise date of the warrants) made by the Fund on the Class A shares and units in the periods shown were reinvested (at Net Asset Value per Class A share and per unit, respectively) in additional Class A shares and units of the Fund.

The bar chart shows the Fund's returns for a Class A share and a unit for the periods ended December 31, 2009 through June 30, 2019. The chart shows, in percentage terms, how investments held in a Class A share and a unit 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 January 1, 2019 to June 30, 2019.

The following table shows the Fund's compound return on a Class A share, Preferred share and unit for each period indicated compared with the S&P/TSX Capped Financials Index ("Financials Index"), the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Preferred Share Index ("Preferred Share Index"). The Financials Index is derived from the Composite Index based on the financials sector of the Global Industry Classification Standard. The Composite Index tracks the performance, on a market-weight basis, of a broad index of large-capitalization issuers listed on the TSX. The Preferred Share Index tracks the performance, on a market-weight basis, of a broad index of preferred shares trading on the Toronto Stock Exchange. The Fund passively invests on an equal-weight basis in a portfolio comprised of six Canadian banks which are in both the Financials Index and the Composite Index. Since the indices have more diversified portfolios, it is not expected that the Fund's performance will mirror that of the indices. Further, the indices are calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund is calculated after deducting such fees and expenses.

Compound Returns

	Six Months Ended June 30, 2019	Since Inception(1)
Brompton Split Banc Corp. – Class A share(2)	**18.7%**	10.6%
S&P/TSX Capped Financials Index	**14.3%**	8.0%
S&P/TSX Composite Index	**16.2%**	6.3%
Brompton Split Banc Corp. – Preferred share(2)	**2.5%**	5.1%
S&P/TSX Preferred Share Index	**(0.9%)**	1.6%
Brompton Split Banc Corp. – unit(3)	**11.7%**	8.1%

(1) Period from November 16, 2005 (commencement of operations) to June 30, 2019 (annualized return).

(2) Based on the Net Asset Value per Class A share and Preferred share and assuming that distributions on the Class A shares and Preferred shares made by the Fund in the periods shown were reinvested (at Net Asset Value per Class A share and Preferred share, respectively) in additional Class A shares and Preferred shares of the Fund.

(3) Based on the Net Asset Value per unit (each unit includes one Class A share and one Preferred share) and assuming that distributions on the units made by the Fund were reinvested (at Net Asset Value per unit) in additional units of the Fund.

Since inception and during the first six months of 2019, the Class A shares outperformed both indices as a result of the strong performance of banks enhanced by leverage provided by the Preferred shares. Unit returns also outperformed both indices since inception and during the first six months of 2019 even after taking into account Fund fees and operating expenses. Please see the Portfolio Manager's report for more details.

Summary of Investment Portfolio

As at June 30, 2019

Total Net Asset Value[1]		**$ 192,051,483**

Portfolio Composition	**% of Portfolio**	**% of Net Asset Value**
Banks	89.8%	90.3%
North American financials exchange-traded fund	9.5%	9.5%
Cash and short-term investments	0.7%	0.7%
Total investment portfolio	100.0%	100.5%
Other net liabilities		(0.5%)
Total Net Asset Value		**100.0%**

Holdings	**% of Portfolio**	**% of Net Asset Value**
Toronto-Dominion Bank (The)	15.7%	15.7%
Royal Bank of Canada	15.3%	15.4%
National Bank of Canada	15.3%	15.4%
Bank of Nova Scotia (The)	14.9%	15.0%
Canadian Imperial Bank of Commerce	14.3%	14.4%
Bank of Montreal	14.3%	14.3%
Brompton North American Financials Dividend ETF	9.5%	9.6%
Cash and short-term investments	0.7%	0.7%
Total	**100.0%**	**100.5%**

(1) Net Asset Value of the Fund includes the value of the Preferred shares.

The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available on the Fund's website at www.bromptongroup.com within 60 days of each quarter end.

Portfolio Manager

Brompton Funds Limited

Brompton Funds Limited is a portfolio manager in addition to being an investment fund manager. It is the portfolio manager of six Brompton split share corporations and five exchange-traded funds. The Brompton team oversees investments for several large-capitalization Canadian and global equity mandates, including an active covered call writing strategy for approximately $1.6 billion in assets, with the goal of enhancing fund cash flow and risk-adjusted returns for investors.

BROMPTON FUNDS

Portfolio Manager's Report

Q2 2019

Canadian Markets Review

The global economy continued to perform well in the first half of 2019, with real GDP growth of 3.3% as of the latest available data point (April 2019). U.S.-China tensions were slightly alleviated post-G20, with the U.S. agreeing to lift some Huawei restrictions and China agreeing to buy significant volumes of U.S. agriculture products. The trade truce prevented new tariffs that were to be imposed on about US$300B of goods. We remain hopeful that a trade deal can be reached by the end of the year. At the same time, Brexit-related fears subsided during the period after the European Union reached an agreement with the U.K. to further extend the Brexit deadline from April 12 to October 31. Britain's Prime Minister Theresa May will be stepping down in July with top contender Boris Johnson most likely to take over the reins. We expect progress to be made on the backstop negotiations in the coming months and anticipate clarification over Brexit as negotiations take place.

Central bank policies continue to dominate the markets. During the first half of 2019, the Bank of Canada kept its benchmark rate unchanged at 1.75%. Though the Bank of Canada believes that current domestic data, evidenced by strong job growth and decade low unemployment rates, are supportive of the Bank's outlook for growth in the second quarter, it remains concerned over the impact of uncertain trade policies and the U.S.-China trade war on Canadian exports. Escalation of trade tension has an adverse impact on Canadian exports and disrupts global value chains. As per the Bank of Canada's analysis, the imposition of U.S. tariffs on China impacts Canada in at least two ways: the potential slowing of U.S. demand and Canadian export growth (with negative spillover effects to investment), and the negative impact on commodity prices from a weaker Chinese economy, both of which support the maintenance of an accommodative monetary stance by the Bank of Canada. In contrast, the removal of steel and aluminum tariffs and increasing prospects for the ratification of USMCA will have positive implications for Canadian exports and investment.

After a significant uptick in volatility at the end of 2018, Canadian and global equity markets rallied for the first four months of 2019 before volatility returned in May due to a combination of a step-up in tariffs from 10% to 25% on US$200 billion of Chinese goods and a Huawei ban by the U.S. government, which caused a series of negative impacts on business activity along the global supply chain. Volatility decreased towards the end of June ahead of the G20 summit as investors were looking towards the resumption of U.S.-China trade talks.

In terms of sector performance, 10 of the 11 sectors in the S&P/TSX Composite finished the six-month period with double-digit returns, with the exception being Communication Services. Cyclical sectors generally outperformed defensive sectors for the period as trade-war concerns subsided towards the end of the second quarter. Information Technology and Healthcare were the top performing sectors, gaining 43.2% and 35.2%, respectively. Defensive sectors including Communication Services and Consumer Staples underperformed while still earning positive returns during the period.

Looking out towards the second half of 2019, we expect significant progress on the U.S.-China trade front as well as developments in terms of the U.K.'s next steps for Brexit. As investors gain clarity over the coming months, we expect the current market momentum, which has carried global equity markets close to all-time highs early in the third quarter, to continue through the balance of the year. We do not expect a recession in the U.S. in the second half of 2019 and, consequently, we do not believe the Canadian economy is on the brink of a recession either.

Portfolio Review

The Fund invests in a portfolio consisting primarily of the six largest Canadian banks as well as up to 10% of the portfolio may be invested, from time to time, in global financial companies directly or through an investment in the Brompton North American Financials Dividend ETF ("BFIN"). BFIN is an exchange-traded fund that invests in the equity securities of North American financial services companies with a market capitalization of at least $5 billion. Last year SBC's mandate was modernized to allow the Manager to rebalance and/or reconstitute the portfolio more frequently than annually, at its discretion, for reasons other than mergers or fundamental corporate actions, so that the Fund may respond to security or market developments on a timely basis.

For the first half of 2019, the Fund's units were up 11.7% compared to the S&P/TSX Capped Financials Index, which was up 14.3%. All six Canadian banks were up in the first half of 2019 following the market sell-off in Q4 2018. On average the Canadian banks returned 10.8%, with TD being the top performer (up 15%) and CIBC the bottom performer (up 4%). We remain positive on the Canadian banks. Even though mortgage growth has slowed with a softening of the Canadian housing market, higher interest rates have driven net interest margins higher, while positive operating leverage has improved profitability. Commercial real estate has also been an area of strength for the Canadian banks. We believe that the Canadian housing market remains on stable ground, the banks are well positioned to capitalize on regulatory changes in the sector, and valuations are attractive considering strong ROEs and high capital positions.

The Fund also benefited from its holdings in BFIN, which was up 19.7% given overweight positions in Data Processing & Outsourced Services and both Regional and Diversified Banks. While the banking sector is notable for return of capital to shareholders, it faces potential headwinds associated with the interest rate environment, trade and tariff noise that could impact commercial borrowers' appetite and potential credit normalization. On the non-bank side, insurers are expected to see tailwinds driven by productivity gains and capital management. Payment and financial exchanges/data continue to benefit from digital transformation tailwinds.

Option Overlay Strategy

During the first half of 2019, our average level of overwrite was approximately 6.8% and the average strike level was approximately 102.8%. We gradually decreased the level of call writing activity in June as volatility levels declined.

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, except as required by law.

Statements of Financial Position (Unaudited)

As at	**June 30, 2019**	December 31, 2018
Assets		
Current assets		
Investments	**$ 191,750,042**	$ 161,682,378
Cash	**1,312,099**	1,155,307
Income receivable	**1,130,927**	986,428
Prepaid expenses	**55,937**	—
Total assets	**194,249,005**	163,824,113
Liabilities		
Current liabilities		
Option contracts written, at fair value (note 9)	**36,417**	8,138
Distributions payable to shareholders (note 6)	**1,958,940**	1,763,528
Accounts payable and accrued liabilities	**202,165**	94,311
Class J shares (note 4)	**100**	100
Preferred shares (note 4)	**87,064,010**	78,379,010
Total liabilities (excluding Net Assets attributable to holders of redeemable Class A shares)	**89,261,632**	80,245,087
Net Assets attributable to holders of redeemable Class A shares	**$ 104,987,373**	$ 83,579,026
Redeemable shares outstanding (note 4)		
Preferred shares	**8,706,401**	7,837,901
Class A shares	**8,706,401**	7,837,901
Class J shares	**100**	100
Net Assets attributable to holders of redeemable shares per share		
Preferred share	**$ 10.00**	$ 10.00
Class A share	**12.06**	10.66
Class J share	**1.00**	1.00

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

Statements of Comprehensive Income (Unaudited)

For the six months ended June 30	2019	2018
Income		
Securities lending income (note 10)	**$ 424**	$ 1,457
Net gain (loss) on investments and derivatives:		
Dividend income	**3,688,949**	3,649,348
Net realized gain (loss) on sale of investments (note 8)	**1,476,882**	1,525,071
Net change in unrealized gain (loss) on investments	**13,216,672**	(5,879,631)
Net realized gain (loss) on options (note 8)	**278,936**	311,406
Net change in unrealized gain (loss) on options	**4,880**	90,146
Total net gain (loss) on investments and derivatives	**18,666,319**	(303,660)
Total income (loss), net	**18,666,743**	(302,203)
Expenses		
Management fees (note 7)	**508,504**	570,841
Service fees (note 7)	**207,638**	210,312
Audit fees	**20,803**	12,797
Independent Review Committee fees (note 7)	**10,413**	11,455
Custodial fees	**9,659**	9,508
Legal fees	**822**	694
Shareholder reporting costs	**50,388**	9,551
Other administrative expenses	**71,400**	70,530
Agents' fees and issuance costs on Preferred shares, amortized	**310,656**	3,117
Transaction costs	**12,085**	4,633
Total expenses	**1,202,368**	903,438
Net investment income (loss) before distributions on Preferred shares	**17,464,375**	(1,205,641)
Distributions on Preferred shares (note 6)	**(2,176,600)**	(1,959,475)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	**$ 15,287,775**	$ (3,165,116)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares per share[(1)]	**$ 1.82**	$ (0.40)

(1) Based on the weighted average number of Class A shares 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	2019	2018
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations	**$ 15,287,775**	$ (3,165,116)
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized (gain) loss on sale of investments (note 8)	**(1,476,882)**	(1,525,071)
Net change in unrealized (gain) loss on investments	**(13,216,672)**	5,879,631
Net realized (gain) loss on options (note 8)	**(278,936)**	(311,406)
Net change in unrealized (gain) loss on options	**(4,880)**	(90,146)
Decrease (increase) in income receivable	**(144,499)**	(50,512)
Decrease (increase) in prepaid expenses	**(55,937)**	—
Increase (decrease) in accounts payable and accrued liabilities	**107,854**	33,382
Increase (decrease) in distributions payable to Preferred shareholders	**108,562**	63,879
Purchase of investments and options (note 8)	**(19,553,698)**	(3,513,959)
Proceeds from sale of investments and options (note 8)	**4,491,683**	4,102,094
Cash provided by (used in) operating activities	(14,735,630)	1,422,776
Cash flows from financing activities:		
Proceeds from issuance of redeemable Class A shares (note 4)	**11,768,175**	—
Agent fees and issue costs paid on issuance of redeemable Class A shares (note 4)	**(597,462)**	—
Proceeds from issuance of redeemable Preferred shares (note 4)	**8,685,000**	—
Distributions paid to holders of redeemable Class A shares (note 6)	**(4,963,291)**	(4,702,741)
Cash provided by (used in) financing activities	**14,892,422**	(4,702,741)
Net increase (decrease) in cash	**156,792**	(3,279,965)
Cash, beginning of period	**1,155,307**	3,739,430
Cash, end of period	**$ 1,312,099**	$ 459,465
Distributions paid on redeemable Preferred shares (note 6)	**$ 2,068,038**	$ 1,895,596
Supplemental information:[1]		
Dividends received	**$ 3,544,450**	$ 3,598,836

[1] Included in cash flows from operating activities.

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

Statements of Changes in Net Assets Attributable to Holders of Redeemable Class A Shares (Unaudited)

For the six months ended June 30	2019	2018
Net Assets attributable to holders of redeemable Class A shares at beginning of period	**$ 83,579,026**	$ 113,342,302
Operations:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations	**15,287,775**	(3,165,116)
Distributions to holders of redeemable shares:		
Distributions paid to redeemable Class A shareholders (note 6)	**(5,050,141)**	(4,702,741)
Redeemable Class A share transactions:		
Proceeds from redeemable Class A shares issued	**11,768,175**	—
Agents' fees and issue costs paid on issuance of redeemable Class A shares (note 4)	**(597,462)**	—
Net increase (decrease) from redeemable Class A share transactions	**11,170,713**	—
Net increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	**21,408,347**	(7,867,857)
Net Assets attributable to holders of redeemable Class A shares at end of period	**$ 104,987,373**	$ 105,474,445

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

Schedule of Investment Portfolio (Unaudited)

As at June 30, 2019		Cost	Carrying Value	% of Portfolio
No. of Shares	**Banks**			
278,444	Bank of Montreal	$ 18,413,164	$ 27,543,680	
409,550	Bank of Nova Scotia (The)	22,347,747	28,807,747	
267,856	Canadian Imperial Bank of Commerce	23,588,137	27,583,811	
474,324	National Bank of Canada	18,136,814	29,507,696	
283,783	Royal Bank of Canada	15,703,829	29,533,297	
397,010	Toronto-Dominion Bank (The)	15,565,295	30,379,205	
		113,754,986	**173,355,436**	**90.4%**
	Investment Funds			
925,000	Brompton North American Financials Dividend ETF	17,453,928	18,394,606	
		17,453,928	**18,394,606**	**9.6%**
	Embedded Broker Commission	(58,003)		
	Total Investments	**$ 131,150,911**	**$ 191,750,042**	**100.0%**

Notes to the Financial Statements (Unaudited)

June 30, 2019 and 2018

1. GENERAL INFORMATION

Brompton Split Banc Corp. (the "Fund") is a mutual fund corporation established under the laws of the Province of Ontario on September 14, 2005. Brompton Funds Limited (the "Manager") is responsible for managing the affairs of the Fund and manages the Fund's portfolio and options program. CIBC Mellon Trust Company 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 November 16, 2005. The address of the Fund's registered office is Bay Wellington Tower, Brookfield Place, Suite 2930, 181 Bay Street, Toronto, Ontario, M5J 2T3.

The Fund invests in a portfolio comprised of common shares of six major Canadian banks and one investment fund managed by the Manager.

These financial statements were approved by the Board of Directors of Brompton Split Banc Corp. on August 7, 2019.

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

a) Financial Instruments

The Fund's portfolio of investments is managed, and performance is evaluated, on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income ("FVOCI"). The contractual cash flows of the Fund's debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss ("FVTPL"). Derivative assets and liabilities are also measured at FVTPL.

The Fund's obligation for Net Assets attributable to holders of redeemable Class A shares is measured assuming the redemption of shares at Net Asset Value on the valuation date. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are the same as those used in measuring its published Net Asset Value. The carrying values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their fair values due to their short-term nature.

b) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Investments in underlying funds are valued at the Net Asset Value per unit reported by the underlying funds.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, and others commonly used by market participants that make the maximum use of observable inputs. Refer to note 12 for further information about the Fund's fair value measurements.

c) Investments in Associates, Joint Ventures and Subsidiaries

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services; its business purpose is to invest in funds solely for returns from capital appreciation, income, or both; and it measures and evaluates the performance of substantially all of its investments on a fair value basis. Subsidiaries are all entities, including investments in other investment entities, over which the Fund has control. A Fund controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and the ability to affect those returns through its power over the entity. The Fund has determined that they are investment entities and, as such, accounts for subsidiaries at fair value.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2019 and 2018

d) Cash

Cash is comprised of demand deposits with financial institutions.

e) Investment Transactions and Income and Expense Recognition

Investment transactions are accounted for on the trade date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight line basis.

Realized gain (loss) on sale of investments and change in unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities, with the exception of zero coupon bonds. Dividend income and dividend expense on securities sold short are recognized on the ex-dividend date.

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration, repurchase or exercise of the options are included in net realized gains or losses on options.

f) Transaction Costs

Transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

g) Income Taxes

The Fund is a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38⅓% under Part IV of the Act on taxable dividends received from Canadian corporations in the year. This tax is fully refundable upon payment of sufficient dividends.

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

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

h) Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

i) Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities. Under IFRS, the Fund's Preferred shares remain as liabilities as they are not the most subordinate class of shares. The Fund's Class A shares do not meet the criteria in IAS 32 for classification as equity. The Class A shares contain multiple redemption features and, therefore, have been reclassified as financial liabilities. Class J shares are redeemable at $1.00 per share.

4. REDEEMABLE SHARES

Units

A unit means a notional unit consisting of one Preferred share and one Class A share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders, less (iii) the stated capital of Class J shares ($100).

Class J Shares

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

As of June 30, 2019, 100 (December 31, 2018 – 100) Class J shares were outstanding.

Class J shares are not entitled to receive dividends but are entitled to one vote per share. The Class J shares are redeemable and retractable at a price of $1.00 per share.

Redeemable Class A Shares

Authorized

On March 6, 2017, the Fund announced that the Board of Directors had approved an extension of the maturity date of the Class A shares for an additional 5-year term to November 29, 2022. The redemption price payable by the Fund for a Class A share on that date will be equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of $10.00, plus any accrued and unpaid distributions on the Preferred shares, and (ii) nil.

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

The Fund intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) distributions payable on the Preferred shares are in arrears or (ii) after the payment of the distributions by the Fund, the Net Asset Value per unit would be less than $15.00. The Class A shares rank subsequent to the Preferred shares but in priority to the Class J shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding-up of the Fund. Each Class A share is entitled to one vote on certain shareholder matters.

Class A shares may be surrendered at any time for retraction by the Fund but at least 10 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a price per Class A share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the relevant Retraction Date and (ii) the cost to the Fund of the purchase of a Preferred share for cancellation. The cost of the purchase of a Preferred share includes the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase. If the Net Asset Value per unit is less than $10.00, the retraction price of a Class A share will be nil.

A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the November Retraction Date of each year (except for a year in which there is a scheduled maturity date) at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A shares and the Preferred shares must both be surrendered for retraction at least 10 business days prior to the November Retraction Date.

The Fund's Class A shares are classified as financial liabilities on the Statements of Financial Position.

Issued

	2019	2018
	Number of Shares	Number of Shares
Redeemable Class A shares, outstanding at January 1	**7,837,901**	7,837,901
Issuance of redeemable Class A shares	**868,500**	—
Redeemable Class A shares, outstanding at June 30	**8,706,401**	7,837,901
Weighted average number of redeemable Class A shares outstanding	**8,405,766**	7,837,901

On March 1, 2019, the Fund completed a treasury offering of 868,500 Class A shares at a price of $13.55 per share for gross proceeds of $11.8 million. Agents' fees and issuance costs amounted to $597,462.

On June 30, 2019, the Class A share closing market price was $12.50 per share (December 31, 2018 – $11.51).

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2019 and 2018

Redeemable Preferred Shares

Authorized

On March 6, 2017, the Fund announced that the Board of Directors had approved an extension of the maturity date of the Preferred shares for an additional 5-year term to November 29, 2022. The reset Preferred share dividend rate for the extended term is $0.125 per quarter, which was announced on September 28, 2017. The Preferred share distribution rate is set based on market rates for preferred shares with similar terms. The redemption price payable by the Fund for a Preferred share will be equal to the lesser of (i) $10.00, plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred shares then outstanding.

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

Holders of Preferred shares are entitled to receive fixed, cumulative, preferential quarterly cash distributions. The quarterly cash distribution is $0.125 per share until November 29, 2022. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding-up of the Fund. Each Preferred share is entitled to one vote on certain shareholder matters.

Preferred shares may be surrendered at any time for retraction by the Fund but at least 10 business days prior to the second last business day of a month (“Retraction Date”). Shareholders whose Preferred shares are retracted will be entitled to receive a price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A share for cancellation, and (ii) $10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of Preferred shares may also concurrently retract an equal number of Preferred shares and Class A shares on the second last business day of November of each year (except for a year in which there is a scheduled maturity date) at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and such other costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Preferred shares and Class A shares must both be surrendered for retraction at least 10 business days prior to the November Retraction Date.

Issued

	2019	2018
	Number of Shares	Number of Shares
Redeemable Preferred shares, outstanding at January 1	**7,837,901**	7,837,901
Issuance of redeemable Preferred shares	**868,500**	—
Redeemable Preferred shares, outstanding at June 30	**8,706,401**	7,837,901

On March 1, 2019, the Fund completed a treasury offering of 868,500 Preferred shares at a price of $10.00 per Preferred share.

On June 30, 2019, the Preferred share closing market price was $10.35 per share (December 31, 2018 – $9.97).

5. CAPITAL MANAGEMENT

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable units. The Fund's objectives in managing its capital are:

i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions and to return the original issue price to holders of the shares on the scheduled maturity date, the terms of which may be extended for periods of up to five years as determined by the Board of Directors, and

ii) to provide holders of Class A shares with regular monthly cash distributions targeted to be $0.10 per share and the opportunity for growth in Net Asset Value per share.

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 shareholders or return capital to shareholders.

6. DISTRIBUTIONS TO SHAREHOLDERS

Distributions are made on a quarterly basis on the Preferred shares and on a monthly basis on the Class A shares. Distributions are payable no later than the tenth business day of the following month.

For the period ended June 30, 2019, the Fund declared distributions of $0.60 (six-month period ended June 30, 2018 – $0.60) per Class A share, which amounted to $5,050,141 (six-month period ended June 30, 2018 – $4,702,741) for Class A shares, and $0.25 (six-month period ended June 30, 2018 – $0.25) per Preferred share, which amounted to $2,176,600 (six-month period ended June 30, 2018 – $1,959,475) for Preferred shares.

On July 24, 2019, the Fund declared $0.10 per Class A share of monthly distributions for record date July 31, 2019.

7. RELATED PARTY TRANSACTIONS

a) Management and Service Fees

Pursuant to a management agreement, the Manager provides management and administrative services, including key management personnel, to the Fund. In consideration for these services, the Fund pays a management fee equal to 0.55% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Fund does not pay any management fees on investments in funds managed by the Manager. The Net Asset Value of the Fund is determined by taking the total assets of the Fund, excluding investments in funds managed by the Manager, and deducting the Fund's liabilities. For these purposes, the Preferred shares are not considered a liability of the Fund. These fees are calculated and payable monthly. The Fund also pays to the Manager a service fee equal to 0.40% per annum of the Net Asset Value of the Class A shares. The service fee is in turn paid by the Manager to the investment dealers in proportion to the number of Class A shares held by clients of each dealer at the end of each calendar quarter.

For the period ended June 30, 2019, the management fee amounted to $508,504 (six-month period ended June 30, 2018 – $570,841), of which $84,912 was payable as of June 30, 2019 (December 31, 2018 – $1,906 prepaid). The service fee amounted to $207,638 (six-month period ended June 30, 2018 – $210,312), with $105,172 payable as of June 30, 2019 (December 31, 2018 – $83,732). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

b) Independent Review Committee Fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2019 was $10,413 (six-month period ended June 30, 2018 – $11,455) and consisted only of fees. As at June 30, 2019 and December 31, 2018, there were $1,185 prepaid and nil Independent Review Committee fees.

8. INVESTMENT TRANSACTIONS

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

	2019	2018
Proceeds from sale of investments and options	**$ 4,491,683**	$ 4,139,444
Less cost of investments and options sold:		
Investments and options at cost, beginning of period	**114,241,374**	113,242,200
Investments purchased and options written during the period	**19,553,698**	629,518
Investments and options at cost, end of period	**(131,059,207)**	(111,568,751)
Cost of investments sold and options written during the period	**2,735,865**	2,302,967
Net realized gain (loss) on sale of investments and options	**$ 1,755,818**	$ 1,836,477

For the periods ended June 30, 2019 and 2018, there were no soft dollar amounts paid.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2019 and 2018

9. OPTION CONTRACTS

The Fund may write covered call and cash covered put options to generate additional income. The Fund had the following option contracts outstanding:

As at June 30, 2019:

Underlying Interest	No. of Contracts[1]	Option Type	Expiration Date	Strike Price per Contract	Current Price per Contract	Premium Received	Fair Value	Unrealized Gain (Loss)
Bank of Montreal	285	Call	July 19, 2019	$ 103.00	$ 0.05500	$ 15,960	$ (1,568)	$ 14,392
Canadian Imperial Bank of Commerce	294	Call	July 19, 2019	105.00	0.30500	22,344	(8,967)	13,377
National Bank of Canada	468	Call	July 19, 2019	63.00	0.29500	17,316	(13,805)	3,511
Royal Bank of Canada	291	Call	July 19, 2019	106.00	0.28000	21,243	(8,148)	13,095
Royal Bank of Canada	291	Call	July 19, 2019	107.00	0.13500	14,841	(3,929)	10,912
						$ 91,704	**$ (36,417)**	**$ 55,287**

[1] Each contract was written for 100 shares of the underlying security.

As at December 31, 2018:

Underlying Interest	No. of Contracts[1]	Option Type	Expiration Date	Strike Price per Contract	Current Price per Contract	Premium Received	Fair Value	Unrealized Gain (Loss)
Bank of Nova Scotia (The)	390	Call	January 18, 2019	$ 74.00	$ 0.08500	$ 20,670	$ (3,315)	$ 17,355
Canadian Imperial Bank of Commerce	240	Call	January 18, 2019	115.00	0.11500	18,000	(2,760)	15,240
Toronto-Dominion Bank (The)	375	Call	January 18, 2019	76.00	0.05500	19,875	(2,063)	17,812
						$ 58,545	$ (8,138)	$ 50,407

[1] Each contract was written for 100 shares of the underlying security.

10. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Trust Company (and certain of its affiliates). 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 National Instrument 81-102. There were no securities on loan at June 30, 2019 and December 31, 2018.

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Trust Company (and certain of its affiliates), is entitled to receive.

For the periods ended June 30, securities lending income was as follows:

	2019	2018
Gross securities lending income	**$ 606**	$ 2,081
Securities lending charges	**(182)**	(624)
Net securities lending income received by the Fund	**$ 424**	$ 1,457

During the period ended June 30, 2019, securities lending charges represented 30.0% (six-month period ended June 30, 2018 – 30.0%) of the gross securities lending income.

11. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at June 30, 2019, and groups the securities by market segment. The following comparative summary represents the investment sectors held by the Fund as at December 31, 2018. Significant risks that are relevant to the Fund are discussed below.

As at	December 31, 2018
Investment Sector	% of Portfolio
Banks	92.9%
North American financials exchange-traded fund	7.1%
Total	100.0%

The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by employing a professional, experienced option advisor and by regular rebalancing of the investment portfolio within the constraints of the investment objectives. 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 Canadian-dollar-denominated, exchange-listed equity securities. There is no exposure to currency risk.

a) 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 Manager attempts to moderate this risk through the careful management of securities within the parameters of the investment strategy. Except for options written, the maximum risk of loss resulting from financial instruments is equivalent to their fair value. There were no cash covered put options outstanding as at June 30, 2019 and December 31, 2018. No additional risk is introduced by covered call options written.

The Fund is exposed to other price risk from its investments in equity securities. As at June 30, 2019, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable Class A shares would have increased by approximately $18.1 million or 17.2% (December 31, 2018 – $16.0 million or 19.3%). Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable Class A shares would have decreased by approximately $19.1 million or 18.2% (December 31, 2018 – $16.2 million or 19.3%). In practice, the actual trading results may differ, and the difference could be material.

b) 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 did not have significant credit risk exposure as at June 30, 2019 and December 31, 2018. The carrying amount of income receivable represents the maximum credit risk exposure as it will be settled in the short term.

All transactions in 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 Fund has entered into a securities lending program with its custodian; see note 10. 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.

c) 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 monthly and annual retractions of Class A shares and Preferred shares. For the annual retractions of Class A shares and Preferred shares, the Fund receives notice at least 10 business days prior to the Retraction Date, which gives the Manager time to sell securities, although there may not be sufficient time to sell the securities at a reasonable price.

The tables below list the Fund's financial liabilities into relevant maturity groupings based on the remaining period between the financial statement date and the contractual maturity date.

Notes to the Financial Statements (Unaudited) (continued)

June 30, 2019 and 2018

As at June 30, 2019	**Less Than 3 Months**	**3 Months to 1 Year**	**Greater Than 1 Year**	**Total**
Option contracts written, at fair value	$ 36,417	$ —	$ —	$ 36,417
Accounts payable and accrued liabilities	202,165	—	—	202,165
Distributions payable to shareholders	1,958,940	—	—	1,958,940
Total	**$ 2,197,522**	**$ —**	**$ —**	**$ 2,197,522**

As at December 31, 2018	Less Than 3 Months	3 Months to 1 Year	Greater Than 1 Year	Total
Option contracts written, at fair value	$ 8,138	$ —	$ —	$ 8,138
Accounts payable and accrued liabilities	94,311	—	—	94,311
Distributions payable to shareholders	1,763,528	—	—	1,763,528
Total	$ 1,865,977	$ —	$ —	$ 1,865,977

d) 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. As at June 30, 2019 and December 31, 2018, the Fund had no exposure to currency risk.

12. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The Fund classifies its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level l: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Assets and liabilities at fair value as at June 30, 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
Equities	$ 173,355,436	$ —	$ —	$ 173,355,436
Investment funds	18,394,606	—	—	18,394,606
Option contracts written	(36,417)	—	—	(36,417)
Total	**$ 191,713,625**	**$ —**	**$ —**	**$ 191,713,625**

Assets and liabilities at fair value as at December 31, 2018	Level 1	Level 2	Level 3	Total
Equities	$ 150,179,689	$ —	$ —	$ 150,179,689
Investment funds	11,502,689	—	—	11,502,689
Option contracts written	(8,138)	—	—	(8,138)
Total	$ 161,674,240	$ —	$ —	$ 161,674,240

The Preferred shares issued and outstanding as at June 30, 2019 had a retraction price per share of $10.00 (December 31, 2018 – $10.00) and a traded price per share of $10.35 (December 31, 2018 – $9.97).

There were no transfers of financial assets and liabilities between the levels during the period ended June 30, 2019 and the year ended December 31, 2018.

All fair value measurements above are recurring. The carrying values of cash, income receivable, prepaid expenses, distributions payable to shareholders and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3.

a) Equities

The Fund's equity positions are classified as level 1, as the securities are actively traded and a reliable price is observable. The net realized and net change in unrealized gain from equity securities during the period ended June 30, 2019 was $12,196,390 (six-month period ended June 30, 2018 – loss of $4,354,560).

b) Investment Funds

The Fund's holdings in the investment fund are classified as level 1, as the security is actively traded and a reliable price is observable. The net realized and net change in unrealized gain from holdings in the investment fund during the period ended June 30, 2019 was $2,497,164 (six-month period ended June 30, 2018 – nil).

c) Option Contracts

The Fund's option contracts written are classified as level 1, as the options are based on unadjusted prices that are observable. The net realized and net change in unrealized gain from option contracts during the period ended June 30, 2019 was $283,816 (six-month period ended June 30, 2018 – gain of $401,552).

13. INTEREST IN UNCONSOLIDATED STRUCTURED ENTITIES

The Fund qualifies as an investment entity under IFRS 10, *Consolidated Financial Statements*, and therefore accounts for investments at FVTPL. The Fund's primary purpose is to obtain funds from investors to provide them with investment management services and to obtain a return primarily from capital appreciation and/or investment income. The Fund also measures and evaluates the performance of its investments on a fair value basis. In determining whether the Fund has control over an investee, the Fund assesses the voting rights, the exposure to variable returns and their ability to use the voting rights over the investee to affect the amount of the returns.

Type of Structured Entity	Nature and Purpose	Interest Held by the Fund
Investment funds	• To manage assets on behalf of third-party investors and generate investment fees for the Manager of the Fund • These vehicles are financed through the issue of units to investors	Investments in units issued by the investment funds

The tables below set out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

As at June 30, 2019:

Holding	**% of Net Asset Value[(1)]**	**Country of Establishment and Principal Place of Business**	**% of Ownership Interest**
Brompton North American Financials Dividend ETF	**9.52%**	**Canada**	**90.25%**

(1) Net Asset Value of the Fund includes the value of the Preferred shares. Excluding the value of the Preferred shares, the Net Asset Value is 17.52%.

As at December 31, 2018:

Holding	% of Net Asset Value[(1)]	Country of Establishment and Principal Place of Business	% of Ownership Interest
Brompton North American Financials Dividend ETF	7.10%	Canada	93.10%

(1) Net Asset Value of the Fund includes the value of the Preferred shares. Excluding the value of the Preferred shares, the Net Asset Value is 13.76%.

The Fund can redeem or sell units in the above investment fund on any business day.

Corporate Information

Independent Review Committee

Patricia Meredith, BMath, MBA, PhD, FCPA/FCA

Arthur R.A. Scace, QC, CM

Ken S. Woolner, BSc, PEng

Directors and Officers of the Manager

Mark A. Caranci, BComm, CPA, CA
Director, President and Chief Executive Officer

Christopher S.L. Hoffmann, LLB, MS
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Craig T. Kikuchi, BA, CPA, CA, CFA
Director and Chief Financial Officer

Raymond R. Pether, BA, MBA
Director

Christopher Cullen, BASc, MBA, CFA
Senior Vice President

Laura Lau, BASc (Hons), CFA, DMS
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Michelle L. Tiraborelli, BSc, MBA
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Vice President and Controller

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Vice President and Corporate Secretary

Transfer Agent

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Custodian

CIBC Mellon Trust Company

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