

**BBB**

Brompton Wellington Square Investment Grade CLO ETF

Portfolio Manager Commentary - January 2026

U.S. Economic Review

The Federal Open Markets Committee (“FOMC”) reduced the federal funds rate to 3.75% after 25 basis point cuts in September, October and December of 2025. By 2025 year end, the FOMC had made 175 basis point cuts cumulatively since the start of its rate cutting cycle, which began in September 2024. President Trump will appoint a new Fed Chair shortly as Jerome Powell’s current term as chair will end in May 2026. At the time of writing, U.S. overnight interest rate swaps are pricing in two further 25 basis point cuts for 2026.

The U.S. economy remains strong with third quarter real GDP recently revised higher in the updated estimate to a 4.4% annualized pace. Consumer spending was the largest contributor to growth, adding 2.34% to the headline figure.

Risk assets continue to perform well as valuations are buoyed by the strong economy and loosening of financial conditions. Fixed income market spreads, the compensation investors receive for taking on credit risk, are trading near historical tights. Spread of the Bloomberg U.S. Corporate Bond Index reached a 35-year low of 73 basis points in September 2025. Within the non-investment grade market, spread of the Bloomberg U.S. Corporate High Yield Bond Index touched 253 basis points in November 2025, the lowest level since the Great Financial Crisis.

We are cautiously optimistic about the outlook for the U.S. economy into 2026 due to various tailwinds including corporate and consumer benefits from the One Big Beautiful Bill Act, strong artificial intelligence and data center spending, high stock prices boosting the wealth effect for consumers, and U.S. dollar depreciation. Risks to our view or elevated volatility may emerge from the U.S. midterm elections, increasing trade war uncertainty, and geopolitics.

Portfolio Review

Brompton Wellington Square Investment Grade CLO ETF (the “Fund”) focuses on investing in a portfolio of collateralized loan obligation (“CLO”) debt, denominated in U.S. dollars, to provide monthly distributions. The Fund currently holds 22 bonds, primarily rated BBB-, issued by U.S. broadly syndicated loan CLOs with attractive spreads.

The overnight lending rate in the U.S. was 168 basis points higher than in Canada on average in 2025. This interest rate differential approximates the cost of hedging that would have been incurred by the Canadian dollar series of the Fund, which is generally hedged for currency risk.

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