PORTFOLIO MANAGER COMMENTARY - SEPTEMBER 30, 2020

Portfolio Review

Units (1 Class A share plus 1 Preferred share) of Dividend Growth Split Corp. (the "Fund") were up 4.3% during the third quarter of 2020. This compares to the S&P/TSX Composite Index, which was up 4.7% over the same period.

The Fund benefitted from being overweight the Utilities sector and being underweight the Financials sector. The fund currently holds several large Canadian banks. We believe banks are still attractively valued. Despite lower interest margins and fee income, large banks still managed to deliver efficiency gains during the pandemic. We believe banks are much better positioned this time as they are capitalized with strong balance sheets and we don't see a similar solvency crisis this time around like the one we saw in 2008.

The portfolio's underweight positions in Materials and Information Technology detracted from the Fund's gains in the aforementioned sectors. Pandemic induced uncertainties drove major rallies in gold prices as investors sought after safe haven assets. Gold bullion extended its rally in the third quarter, rising from US$1,780.96/oz at the end of June to $1,885.82/oz at the end of September. We have added Gold exposure to the portfolio during the quarter through the purchase of Agnico. However, we remain cautious on the base metal side as they typically underperform during periods of macro uncertainties. While we have a favorable view on the Information Technology sector, it is heavily dominated by a limited number of large non-dividend paying players that are not eligible for inclusion in the fund.

We have made several adjustments to the portfolio during the quarter. We have increased exposure to Industrials, Consumer Discretionary and Materials and trimmed weights in Utilities, Consumer Staples and Communication Services. Canadian rails have proven their resiliency throughout the pandemic with their industry-leading earnings growth and cost control measures. CN and CP's mature and flexible operating models should help them mitigate any volume weakness in carloads. Within Consumer Discretionary, we pivoted away from the more cyclical auto sector and added Dollarama, the largest and only national dollar store chain in Canada. Dollarama saw major traffic improvement since March and resilient consumer demand for everyday household basics. We favor utilities players that are dominant in the renewable energy sector. We added Northland Power during the quarter, who is active in the renewable energy generation space with solar and wind capacities.

Annual Compound Returns[1]	YTD	1-YR	3-Yr	5-YR	10-YR	Since Inception[2]
Dividend Growth Split Corp. - Class A	(30.9%)	(29.8%)	(9.6%)	3.8%	7.9%	4.4%
S&P/TSX Composite High Dividend Index	(18.5%)	(15.2%)	(1.8%)	4.2%	4.3%	3.0%
S&P/TSX Composite Index	(3.1%)	0.0%	4.2%	7.1%	5.8%	4.4%
Dividend Growth Split Corp. - Preferred	(4.2%)	5.6%	5.5%	5.4%	5.4%	5.4%
S&P/TSX Preferred Share Index	(1.1%)	2.8%	(1.1%)	4.1%	1.4%	2.1%
Dividend Growth Split Corp. - Unit	(7.5%)	(6.2%)	0.6%	5.6%	7.0%	5.2%

(1) Returns are for the periods ended September 30, 2020. The 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 Composite Index (''Composite Index''), the S&P/TSX Composite High Dividend Index (the "Composite High Dividend Index") and the S&P/TSX Preferred Share Index ("Preferred Index") (together the "Indices"). The Composite Index tracks the performance of a broad index of large-capitalization issuers listed on the Toronto Stock Exchange ("TSX"). The Composite High Dividend Index tracks the performance, on a market weight basis and a total return basis, of 50-75 highest dividend yielding securities within the Composite Index. The Preferred Index tracks the performance, on a market weight basis, of preferred shares trading on the TSX that meet the criteria relating to size, liquidity and issuer rating. The Fund invests in an actively managed portfolio and is rebalanced at least annually. It is therefore not expected that the Fund's performance will mirror that of the Indices, which have more diversified portfolios. The Indices are calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund's performance is calculated after deducting such fees and expenses. Further, the performance of the Fund's Class A shares is impacted by the leverage provided by the Fund's Preferred shares.

(2) Inception Date December 3, 2007.

BROMPTON FUNDS

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Investor Relations
PHONE 416.642.6000
TOLL FREE 1.866.642.6001
FAX 416.642.6001
EMAIL info@bromptongroup.com

Website
www.bromptongroup.com

Address
Bay Wellington Tower,
Brookfield Place
181 Bay Street
Suite 2930, Box 793
Toronto, Ontario M5J 2T3