

PORTFOLIO MANAGER COMMENTARY - SEPTEMBER 30, 2020

Portfolio Review

During the third quarter of 2020, Brompton European Dividend Growth ETF (the "Fund") was up 3.9%, outperforming the STOXX Europe 600 Index, which was up 0.7%.

The Fund benefitted from its overweight positions in Consumer Discretionary. Store re-openings in Q3 drove revenue recoveries for luxury brand companies like Kering and LVMH. Effective COVID-19 containment in China also contributed to profit margin improvements as both companies have meaningful exposure to the region. Global luxury players have strong digital channels that allow their revenue base to remain resilient throughout the pandemic.

Our underweight positions in Energy and Communication Services also contributed to the Fund's outperformance. Energy and Communication Services were the top 2 worst performing sectors during the third quarter and holding no positions in these sectors contributed positively to the Fund's outperformance. We continue to have a cautious view on the Energy space as profitability and sustainability concerns have driven investor funds out of the space. As for Communication Services, rising competitive pressure in Europe will prolong top-line recovery. We see limited upside potential for major telecommunication players in the sector and thus remain on the sidelines heading into the fourth quarter.

We currently have a positive outlook on the Health Care sector. The Fund currently holds several high-quality healthcare companies that are working towards a vaccine for COVID-19 including Sanofi and AstraZeneca. We believe market sentiment is heavily driven by the prospect of a vaccine and that Health Care companies will lead the economy towards the path to recovery.

During the last quarter, we have made several adjustments to the portfolio. We have increased weights in Consumer Discretionary and took the Financials weight down to underweight. In addition, we increased our Real Estate and Utilities allocations to overweights. Europe's focus on renewable energy and infrastructure buildouts are main pillars of spending to reinvigorate economic growth in the region which should translate into top-line growth for these sectors.

Annual Compound Returns ¹	YTD	1-YR	3-YR	Since Inception ²
Brompton European Dividend Growth ETF	(6.3%)	(2.2%)	4.5%	4.9%
STOXX Europe 600 Index	(11.1%)	(5.6%)	0.9%	1.3%

¹⁾ Returns are for the periods ended September 30, 2020. The table shows the Fund's compound return for each period indicated compared with the STOXX Europe 600 Index ("Stoxx Index"). The STOXX Index is a subset of the STOXX Global 1800 Index. With a fixed number of components, the STOXX Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom. Since the Fund is actively managed, the sector weightings may differ from those of the STOXX Index. The STOXX Index is calculated without the deduction of management fees, expenses and trading commissions, whereas the performance of the Fund is calculated after deducting such fees and expenses.

²⁾ Inception Date July 21, 2017.

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Commissions, trailing commissions, management fees and expenses all may be associated with exchange-traded fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Exchange-traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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