

**PORTFOLIO MANAGER COMMENTARY - JUNE 30, 2019**

**Overview**

A special meeting of European Dividend Growth Fund was held on February 14 where unitholders approved the conversion of European Dividend Growth Fund from a closed-end investment fund into an exchange-traded fund. On April 23, Brompton Funds Limited, the manager of the Fund, filed a final prospectus with the securities regulatory authorities in each province and territory in Canada, relating to the Fund's conversion to an exchange-traded fund. Brompton European Dividend Growth ETF began trading on April 23.

**Portfolio Review**

During the first half of 2019, the Brompton European Dividend Growth ETF gained 23.8%, significantly outperforming the STOXX Europe 600 EUR Price Index, which was up 17.1%.

The Fund benefitted from our overweight positions in the Health Care and Information Technology sectors. Solid returns from Novartis (up 25.3%), Koninklijke Philips (up 27.6%) and AstraZeneca (up 11.6%) were among the top contributors to the outperformance within the Health Care industry. We continue to overweight Health Care given the high growth potential within the sector driven by product innovation and R&D productivity. Particularly, we believe Medical Devices as the subsector with high growth verticals given the sector's ability to unlock incremental revenue streams. We also have a positive view on the large pharmaceutical names that are exposed to secular growth themes in immuno-oncology, cardiovascular health, diabetes and medical devices. In the Information Technology sector, rising Cloud and subscription product adoption continue to fuel the growth of software companies. We see the transition away from software licensing models to subscription-based models supportive for growth in recurring revenue and profitability.

Our underweight position in Financials also contributed to the Fund's outperformance. Record low long-term yields in Europe and Brexit uncertainty pressured European banks and lifecos. Within the sector, we have pivoted towards owning stock exchanges, whose performance is positively correlated to increases in volatility.

Solid performance generated in the aforementioned sectors were slightly offset by the underweight position in Energy and Materials sectors. The Fund holds no positions in Materials given the sector's heavy dependence on emerging market demand, in particular China, as its main growth driver. Trade uncertainty between U.S. and China remains an overhang for the sector overall and we do not believe the risk-reward is justified. We continue to underweight the Energy sector given limited foreseeable revenue growth opportunities in H2 2019 as the Brent crude oil price remains suppressed. Margin pressure faced by European refineries is expected to continue heading into the second half of the year, which is keeping us on the sidelines for now.

Laura Lau, SVP & Sr. PM

Michael D. Clare, VP & PM

June 30, 2019

Annual Compound Returns <sup>1</sup>	YTD	1-YR	Since Inception
Brompton European Dividend Growth ETF	23.8%	11.1%	7.1%
STOXX Europe 600 Index	17.1%	5.0%	3.7%

<sup>(1)</sup> Returns are for the periods ended June 30, 2019. The table shows the ETF's compound return for each period indicated compared with the STOXX Europe 600 Total Return Index. The ETF invests in large-capitalization European equity securities that are selected from the STOXX Europe 600 Index. The STOXX Europe 600 Index is a subset of the STOXX Global 1800 Index, representing large, mid and small capitalization companies across 17 European developed countries. With a fixed number of components, the STOXX Europe 600 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 ETF is actively managed, the sector weightings may differ from those of the index. The benchmark index is calculated without the deduction of management fees and ETF expenses, whereas the performance of the ETF is calculated after deducting such fees and expenses.

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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.

Certain statements contained in this document constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this document and to other matters identified in public filings relating to the ETF, to the future outlook of the ETF and anticipated events or results and may include statements regarding the future financial performance of the ETF. 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.



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