



## FUND DETAILS

AS AT SEPTEMBER 30, 2020

|                |               |
|----------------|---------------|
| TSX Symbol     | FFI.UN        |
| Total Assets   | \$112 million |
| Inception Date | Dec. 15, 2004 |
| NAV            | \$11.29       |
| Management Fee | 1.00% p.a.    |

### Distributions:

|                 |                            |
|-----------------|----------------------------|
| Per unit        | \$0.07 monthly/\$0.84 p.a. |
| Since inception | \$17.88                    |

|                                |      |
|--------------------------------|------|
| Distribution Rate <sup>1</sup> | 7.6% |
|--------------------------------|------|

### Asset Allocation

|                      |       |
|----------------------|-------|
| Preferred Securities | 87.7% |
| Corporate Bonds      | 8.0%  |
| Investment Funds     | 3.7%  |
| Cash                 | 0.6%  |

## Portfolio Manager

Established in 1983, Flaherty & Crumrine Incorporated specializes in US dollar denominated preferred securities and corporate debt instruments. The firm uses 30 years of proprietary data on over 1500 preferred securities to carry out intensive credit analysis, thorough vetting of securities' terms and structures, and active portfolio management, with the goal of exploiting pricing inefficiencies in the fixed income markets to provide attractive rates of return on its funds.

## Manager

Founded in 2000, Brompton is an experienced investment fund manager with income focused investment solutions including TSX traded closed-end funds and exchange-traded funds.

## WHY INVEST?

- 100% of portfolio is invested in fixed income securities rated investment grade at time of purchase
- High level of income: current distribution target is \$0.84 p.a. special year-end distributions have been paid in 8 of the last 9 calendar years
- Diversified by issuer and issue (51 issuers and 58 issues)
- Fund has an investment-grade P-2(low)f rating from Standard & Poor's
- Low borrowing costs and high current yields on US preferred securities provide significant yield pick-up of approximately 4.8% on the levered portion of the portfolio as of September 30, 2020
- Substantially all of the US dollar currency exposure is hedged to the Canadian dollar

## INVESTMENT OBJECTIVES

- provide Unitholders with a stable stream of monthly distributions
- preserve the Net Asset Value per Unit; and
- enhance the total return per Unit by actively managing the Investment Grade Portfolio.

## PORTFOLIO

SEPTEMBER 30, 2020

| Sector Allocation               | % of Portfolio |
|---------------------------------|----------------|
| Insurance                       | 45.4%          |
| Banking                         | 27.8%          |
| Energy                          | 11.0%          |
| Utilities                       | 9.6%           |
| Investment Funds                | 3.7%           |
| Finance                         | 1.2%           |
| Cash and short-term investments | 0.6%           |
| Communications                  | 0.5%           |
| Miscellaneous industries        | 0.2%           |
| <b>Total</b>                    | <b>100.0%</b>  |

| Top 10 Holdings   | % of Portfolio |
|---|----------------|
| Metlife Inc., 10.75% due August 01, 2039                      | 9.1%           |
| Liberty Mutual Insurance, 7.697% due October 15, 2097         | 6.7%           |
| HSBC Capital Funding LP, 10.176% due December 31, 2049        | 6.0%           |
| Delphi Financial Group, floating rate due May 15, 2037        | 4.8%           |
| Enterprise Products Operating L.P., 5.25% due August 16, 2077 | 4.6%           |
| Provident Financing TR I, 7.405% due March 15, 2038           | 4.6%           |
| Integrus Energy Group, 6.00% due August 01, 2073              | 4.1%           |
| Parterre Finance II, floating rate due December 01, 2066      | 4.0%           |
| Brompton Flaherty & Crumrine Investment Grade Preferred ETF   | 3.7%           |
| BNP Paribas, 7.375% due December 31, 2049                     | 3.3%           |
| <b>Total</b>  | <b>50.9%</b>   |

| Annual Compound Returns <sup>2</sup>                             | 1-YR   | 3-YR | 5-YR | 10-YR | Since Inception |
|--|--------|------|------|-------|-----------------|
| Flaherty & Crumrine Investment Grade Preferred Income Fund (NAV) | (5.4%) | 2.2% | 5.6% | 9.2%  | 5.2%            |

<sup>(1)</sup> Distribution rate is based on market price as at September 30, 2020. Source: Thomson Reuters.

<sup>(2)</sup> Returns are for the periods ended September 30, 2020. Inception date December 15, 2004. The table shows the Fund's compound return for each period indicated.

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You will usually pay brokerage fees to your dealer if you purchase or sell units of the Fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the units are purchased or sold on an exchange, investors may pay more than the current net asset value when buying units of the investment fund and may receive less than the current net asset value when selling them.

There are ongoing fees and expenses associated with owning units of an investment fund. An investment fund must prepare disclosure documents that contain key information about the Fund. You can find more detailed information about the Fund in the public filings available at [www.sedar.com](http://www.sedar.com). 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 certain fees such as redemption costs or income taxes payable by any securityholder that would have reduced returns. Investment 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 Fund, to the future outlook of the Fund and anticipated events or results and may include statements regarding the future financial performance of the Fund. 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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FUNDS

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