PORTFOLIO MANAGER COMMENTARY - SEPTEMBER 30, 2019

Portfolio Review

Units of Brompton Oil Split Corp. were down 4.3% in the third quarter of 2019. This compares to the S&P/TSX Capped Energy Index and the S&P 500 Energy Index, which were down 1.2% and 6.3%, respectively, over the same period. Top performers for the period included Crescent Point Energy (up 31.0%), Cenovus (up 8.1%) and Anadarko Petroleum (up 4.8%), while EOG and Vermilion were the biggest underperformers, both with double digit declines. Major oil exploration companies including Crescent Point, Apache and Hess Corporation benefited from the sharp rally in oil prices in September subsequent to attacks on a crucial Saudi Arabia oil production facility that caused a shortage of oil supply in the global market.

We have a favorable outlook on the pipelines, midstream, and energy infrastructure space. We continue to own Gibson Energy and Pembina Pipeline in the portfolio and anticipate energy infrastructure growth to remain robust through 2021 as bond yields remain low while free cash flow rises on rapid infrastructure expansion. We see additional upside potential at Gibson as its diluent recovery unit project is still in the early innings which if sanctioned, could also bring additional storage demand. Pembina is also a major beneficiary in the long term as we anticipate incremental storage capacity to come online in Western Canada.

We remain bullish on the North American energy sector and believe that oil producers, which have lagged the price of oil over the past several quarters, are attractively valued and present a buying opportunity at this time. In addition to our projection for stronger oil prices in 2019, advancements in drilling and completion technologies continue to have a significant positive impact on the energy sector through rapid productivity gains. As a result, the industry's cost structure is down significantly. This will benefit the sector as oil prices rise, since increasing cash flows can be reinvested into profitable projects providing strong shareholder returns. Our belief is that the best and lowest cost producers will be able to generate a rate of return on their capital investments at US$60-70 oil that is as good or better than the rates of return the industry previously generated at US$100 oil from 2011-2014. In our view, this scenario could result in significantly higher stock prices and strong returns for the energy investor.

The portfolio was rebalanced and reconstituted in early October and the number of holdings increased from 19 to 20 North American oil companies – 14 in Canada and 6 in the U.S. – which we believe give investors exposure to the themes discussed above: rising oil prices, reduced cost structure, and improving returns. We added exposure to Canada by increasing the number of Canadian holdings from 10 to 14 through the addition of Keyera, Parkland Fuel and TC Energy in the pipelines and midstream sector, and Imperial oil in the integrated oil sector. U.S. holdings were taken down from 9 to 6 through the removal of ConocoPhillips, Devon Energy and Occidental Petroleum. We believe this is prudent given the increased likelihood of Elizabeth Warren winning the Democratic nomination. The portfolio holdings are spread across several sub-sectors including integrated oils, exploration & production, and pipelines/storage, and provide investors with exposure to key resource plays that we believe have the strongest return potential.

Given our positive long-term outlook for oil, our view that the sector is currently attractively valued, and the potential for a positive rotation in investor sentiment on the back of OPEC support, we believe that the current risk/reward proposition presents a buying opportunity for the oil producers.

Crude Oil Market Review

After a rally during the first half of 2019, West Texas Intermediate (WTI) crude oil price mostly remained below US$60 per barrel during the third quarter, before experiencing a sharp rise to US$62.90 per barrel in September due to a shortage of global oil supplies caused by a surprise attack on one of Saudi Arabia's oil production facilities. Prices subsequently trended lower after the spike to close at US$54.70 a barrel on September 30th, down 7.5% from the beginning of the quarter. Brent oil prices continue to trade at a premium to WTI and closed the period at US$60.78 per barrel, while heavy oil spreads in Canada traded at an average discount of US$12.55 per barrel, significantly narrower than the trading range in 2018 after Alberta's mandatory production cuts went into effect at the beginning of the year.

We believe there are several reasons to remain bullish on the price of crude oil. First, OPEC continues to place output restrictions to curb supply. OPEC approved a nine-month extension to supply cuts in July, which is supportive of oil prices for the near term, and should the market expect a slowdown in demand growth, we believe OPEC will continue to lend some support to the market for the foreseeable future.

Second, in addition to the OPEC cuts, certain oil-exporting countries have seen their production decline as a result of lower oil prices over the past few years. This includes Venezuela, which has lost 1.6 million barrels per day since mid-2015 due to their severe economic difficulties, and Mexico, which has lost over 1.0 million barrels per day since 2010 due to underinvestment. Geopolitical tensions have also impacted productions levels. Additionally, Saudi Arabia lost half of its production capacity for a period of time in September after the attacks on its facilities, while Iran's production has declined significantly since sanctions were re-imposed by the U.S. late last year. As such, any escalation in geopolitical tensions will likely introduce more upside risks to the oil price.

Third, demand growth is strong and is expected to remain strong in light of a global economy that continues to grow in the 2-3% range. For example, China continues to import oil at record levels with imports of approximately 9.7 million barrels per day over the past 12 months, up 12.9% over the past year and significantly higher than the 3.5 million barrels per day they imported over the same period 10 years ago. Additionally, in the U.S., which is the largest market for oil, vehicle miles travelled remain at all-time highs on a seasonally adjusted basis as the U.S. economy continues to do well and as consumers continue to purchase trucks and SUVs.

Last, U.S. crude stockpiles declined considerably in the third quarter of 2019 and remain well below their peak. The decline in inventories over the past 2 years has come in spite of U.S. production levels continuing to reach new all-time highs with average production reaching 12.4 million barrels per day for the third quarter.

As a result of these factors, the global oil market is likely to remain in balance in the near term. Additionally, given the continued rise in global oil demand, there would likely not be enough global investment in new production capacity at US$50 oil to meet rising demand and we believe that oil prices need to trade in the US$65 to US$75 range in order to keep the market in balance over the medium to long term. Furthermore, we believe that there is upside to this forecast should geopolitical tensions escalate further in the Middle East.

U.S. energy equities underperformed their Canadian counterparts as Elizabeth Warren pulled ahead in the Democratic nominations. Part of her platform is to ban all fracking in the U.S. In practice, this may only be possible on Federal lands and we expect substantial court challenges to this proposal.

Laura Lau, SVP & Sr. PM

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Note: This page is not complete without disclaimers on page 3. See reverse.

Annual Compound Returns[1]	YTD	1-Year	3-Year	Since Inception[1]
Brompton Oil Split Corp. - Class A	834.5%	(88.9%)	(59.0%)	(46.2%)
S&P/TSX Capped Energy Index	1.6%	(26.9%)	(9.5%)	(7.8%)
S&P/TSX Composite Index	19.1%	7.1%	7.4%	5.2%
Brompton Oil Split Corp. - Preferred	3.8%	5.1%	5.1%	5.1%
S&P/TSX Preferred Share Index	(0.4%)	(10.4%)	3.1%	(0.2%)
Brompton Oil Split Corp. - Unit	8.2%	(24.9%)	(12.9%)	(9.9%)

[1] Returns are for the periods ended September 30, 2019. Inception date February 24, 2015. The table shows the Fund's compound return on a Class A share, Preferred share and unit since inception compared with the S&P/TSX Capped Energy Index ("Energy Index") and the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Preferred Share Index ("Preferred Share Index"). The Energy Index is derived from the Composite Index and tracks the performance of equity securities that are in the energy sector of the TSX. The Composite Index tracks the performance, on a market-weight basis, of a broad index of large-capitalization issuers listed on the TSX. The Preferred Share Index tracks the performance, on a market weight basis, of a broad index of preferred shares trading on the Toronto Stock Exchange. The Fund invests, on an approximately equal-weight basis, in a portfolio comprised of at least 15 large-capitalization North American oil and gas companies whichare in both the Energy Index and the Composite Index. Since the indices have more diversified portfolios, it is not expected that the Fund's performance will mirror that of the indices. Further, the Energy Index and the Composite Index are calculated without the deduction of management fees and fund expenses, whereas the performance of the Fund 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.

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You will usually pay brokerage fees to your dealer if you purchase or sell shares of the Fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the shares are purchased or sold on an exchange, investors may pay more than the current net asset value when buying shares 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 shares 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. The indicated rates of return are the historical annual compounded total returns including changes in share 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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