

**Portfolio Manager Commentary - December 31, 2024****Canadian Market Review**

Global equity markets finished the year with another year of strong performance bolstered by a combination of moderating inflationary pressures, easing monetary policy, and resilient corporate earnings. Enthusiasm over the artificial intelligence (AI) theme drove significant gains in U.S. indices. Donald Trump's victory in the U.S. election also helped boost the domestic equity markets on the expectations of deregulation and a corporate tax cut despite uncertainties surrounding his proposed tariff and immigration policies. In global equity markets the MSCI World Total Return Index finished the full year with a 19.2% gain, while the S&P 500 Total Return Index rose 25.0%, climbing to all-time high in November. Communication Services (+40.2%) and Technology (+36.6%) were the best-performing sectors. Both sectors benefited from the development of AI themes. The S&P/TSX Composite Total Return Index was up 21.7% buoyed by Technology and Financials. In Europe, the STOXX 600 Total Return Index registered a 9.6% return for 2024. Spain, Italy, and Germany were the best-performing countries, gaining 20.0%, 18.9%, and 18.8%, respectively, while the U.K., Switzerland, and France all finished in positive territory, up 9.6%, 7.5%, and 0.9%, respectively.

Inflation continues to moderate, which has enabled global central banks to shift to accommodative monetary policies. In the U.S., inflation was 2.9% in 2024, while the unemployment rate remained relatively low at 4.1% as of the end of the year. The U.S. economy remains healthy and has managed to avoid a recession. However, the manufacturing PMI remained below 50 in the second half of 2024, which is an indicator of softness in the manufacturing sector. As the inflationary pressure meaningfully abated, the Federal Reserve started its long-awaited cutting cycle in September. The bond market was volatile in Q4 with the U.S. 10-year Treasury yield rising sharply from 3.6% in September (the lowest of the year) to approximately 4.6% by year end, which resulted in a steepening of the yield curve. The rebound in yields raised concerns over inflation returning due to President Trump's tariff and immigration policies, which has resulted in fewer rate cuts being priced into the market for 2025. Global bond markets, such as the U.K. Gilt and the German Bund, mirrored the sell off in U.S. Treasuries. In equities, growth outperformed value for both large cap and small cap, while large cap tech names were the primary contributors to the index performance even though they showed signs of losing momentum during the back half of the year. Strong performance was also seen from a broader group of stocks in 2024 relative to 2023, including strength Financials and Consumer Discretionary.

The Bank of Canada ("BoC") reduced its overnight policy rate to 3.25% after 50 bps cuts in both October and December in 2024. By year end of 2024, the BoC had made 175 bps cuts cumulatively since the start of its rate cutting cycle, which began in June. The BoC noted that the Canadian economy remains in excess supply, with labour market slack rising as population growth outpaced job creation. As for forward rate guidance, the BoC acknowledged that while further rate cuts in the future are expected, the timing and pace will still be guided by incoming data. The central bank signaled it would take a more gradual approach as the policy rate is now at the top end of its 2.25%-3.25% estimated range for the neutral rate. As the policy rates declined faster than in the U.S., the policy divergence resulted in Canadian dollar depreciation against the U.S. dollar. Moreover, rising unemployment rates, muted investment activities, and trade policy uncertainty from the Trump administration continue to weigh on the already fragile economic fundamentals.

We remain cautious on the Canadian economy into 2025 amid weak population growth and uncertain trade policy with the incoming administration in the U.S. In the upcoming months, we believe the divergence between Canada and the U.S. will persist as a result of a less resilient consumer and muted labour market in Canada. In addition, households have remained prudent as elevated interest rates and mortgage renewals weigh on discretionary spending, while business and residential investments have not recovered as economic uncertainty has slowed activity. In light of these factors, we expect the Canadian dollar to remain weak against the U.S. dollar. On the bright side, inflation has fallen meaningfully from its peak and the Bank of Canada will continue easing monetary policy in 2025. This should continue to favour Canadian banks, as their net interest margins are set to improve on steepening yield curve and loan growth, while we should see an improvement in

credit off elevated levels in the back half of 2025. An acceleration of capital markets activities will also be positive for the banks. With the S&P TSX Composite Total Return Index rising 21% in 2024, its forward P/E remains near its 10-year average, suggesting a reasonable valuation.

Canada Economic Review

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The Canadian 5-year government bond yield started the year of 2024 at 3.18% and finished the year at 2.97%. The spread on Canadian corporate bonds have narrowed during the year and touched 106bps, the lowest level since 2021. The Canadian economy is still showing no evidence of significant credit deterioration.

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Portfolio Review

Brompton Split Corp. Preferred Share ETF (the “Fund”) focuses on investing in a portfolio of Split Corp. preferred shares to provide monthly distributions. The Fund currently holds 20 preferred securities issued by split share funds with attractive dividend yields. The Fund was up 13.9% in 2024, which compares to a return of 13.8% for the Brompton Index One Split Preferred Shares Total Return Index.

Several of the Fund’s current holdings announced rate resets in 2024. Brompton Lifeco Split Corp’s preferred share distribution rate was reset to 7.0% on par value per annum on April 29, 2024, an increase of 90 basis-points. Dividend Growth Split Corp’s preferred share distribution rate was reset to 6.75% on par value per annum on September 27, 2024, an increase of 125 basis-points. Quadravest has announced rate resets during the quarter, effective December 1, 2024, for several of its Preferred shares- Dividend 15 Split Corp dividend rate increasing from 5.5% on par value per annum to 7.0% on par value per annum, Dividend 15 Split Corp II increasing from 5.7% on par value per annum to 7.0% on par value per annum, Financial 15 Split Corp resetting from 9.25% on par value per annum to 8.5% on par value per annum, North American Financial 15 Split Corp resetting from 8.75% on par value per annum 9.5% on par value per annum. Lastly, Partners Value announced the issuance of Series 14 Preferred Shares on September 27, 2024 with an annualized yield of 5.5% to replace Class 8 Preferred Shares, which matured on the same day.

Annual Compound Returns <sup>1</sup>	1-YR	Since Inception <sup>2</sup>
Brompton Split Corp. Preferred Share ETF	13.9%	13.1%
Brompton Index One Split Preferred Shares Total Return Index	13.8%	12.0%
S&P/TSX Preferred Share Total Return Index	24.6%	18.8%

(1) Returns are for the periods ended December 31, 2024 and are unaudited. The table above shows the Fund's compound return for each period indicated compared to the Brompton Index One Split Preferred Share Total Return Index (the "Split Preferred Index") and the S&P/TSX Preferred Share Index (the "TSX Preferred Share Index") (together, the "Indices"). The Split Preferred Index tracks the performance of a universe of preferred shares issued by Canadian split share corporations listed on an exchange in Canada. The Split Preferred Index is market capitalization weighted with a maximum index weight of 18% per issuer. The TSX Preferred Share Index tracks the performance, on a market weight basis and a total return basis, of a broad index of preferred shares trading on the Toronto Stock Exchange (the "TSX") that meet the criteria relating to size, liquidity and issuer rating. The Indices are not leveraged, whereas the Fund does not currently use leverage but has the ability to do so. The Fund is actively managed; therefore, its performance is not expected to mirror that of the Indices which have more diversified portfolios and include a substantially larger number of companies. Furthermore, the Indices performance is calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund includes the impact of leverage (if any) and is calculated after deducting such fees and expenses. The performance information shown is based on net asset value per unit and assumes that cash distributions made by the Fund during the periods shown were reinvested at net asset value per unit in additional units of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future.

(2) Inception Date June 12, 2023

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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 does not take into account sales, redemption, distribution or optional charges or income tax 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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**Investor Relations**

PHONE 416.642.6000  
TOLL FREE 1.866.642.6001  
FAX 416.642.6001  
EMAIL [info@bromptongroup.com](mailto:info@bromptongroup.com)

**Website**

[www.bromptongroup.com](http://www.bromptongroup.com)

**Address**

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