TLF Brompton Tech Leaders Income ETF

Portfolio Manager Commentary - June 30, 2026

U.S. Market Review

Looking ahead, Brompton expect continued market volatility through the second half of 2026, on the back of rising equity valuations, geopolitical risks, and inflation expectations. Manufacturing and labor markets remain resilient, while the One Big Beautiful Bill, re-industrialization, and reduced trade uncertainty serve as tailwinds for growth. With new Federal Reserve (Fed) Chair Kevin Warsh's first meeting, expectations shifted from easing to a Fed rate hike in 2026. Given the upcoming midterm elections, we would not expect a rate hike until after the election. In addition, midterm election years have historically been characterized by summer drawdowns as political uncertainty peaks, followed by a strong recovery into the year end once election outcomes provide the market with clearer visibility. Ultimately, long-term market trajectories are driven by corporate earnings, which remain remarkably robust. Brompton remain positive on U.S. equities, driven by continued earnings strength, especially AI beneficiaries in various sectors, while maintaining a balanced portfolio, complemented by prudent risk management effort through the covered call strategy.

Technology Sector Review & Outlook

The technology sector experienced a volatile first half of 2026, underperforming the broader market in the first quarter of 2026, followed by a sharp rebound in the second quarter. Year-to-date, the S&P Information Technology Total Return Index was up 19.8%, compared with a 10.2% gain for the S&P 500 Total Return Index. Following several years of exceptional performance driven by artificial intelligence (AI) optimism, market leadership broadened as investors became more selective, emphasizing earnings durability, free cash flow generation, and valuation discipline over thematic exposure. While AI remains the defining secular growth driver for the industry, the market has clearly transitioned from rewarding AI potential to demanding evidence of AI monetization.

Unlike the broad-based AI rally experienced in previous years, returns during the first half of 2026 were increasingly bifurcated, with the top seven mega-capitalization technology companies, the Magnificent Seven, down 1.7% and significantly lagging the sector and broader market. Companies demonstrating tangible revenue acceleration, improving margins, and measurable returns on AI investments significantly outperformed, while businesses with less visible monetization strategies faced multiple compression. Semiconductors tied to AI infrastructure remained relative outperformers despite periods of heightened volatility as investors reassessed positioning and elevated expectations. Demand from hyperscale cloud providers for advanced GPUs, custom silicon, networking equipment, and high-bandwidth memory remained exceptionally strong, although investors became increasingly focused on the sustainability of capital expenditures and the timing of returns on these investments.

Software companies continued to navigate one of the industry's most significant structural transitions since the emergence of cloud computing and Software-as-a-Service. The competitive landscape is evolving rapidly as generative AI transforms application development, workflow automation, and enterprise productivity. While AI-enabled software solutions continue to gain customer adoption, investors remain focused on pricing power, customer willingness to pay, implementation timelines, and the long-term economics of AI deployment. Brompton believes the software industry has entered a new phase in which capital discipline, execution, and successful AI monetization are becoming more important than pure revenue growth.

Industry fundamentals remain exceptionally strong despite near-term market volatility. Gartner forecasts global IT spending to reach approximately $6.31 trillion in 2026, representing 13.5% year-over-year growth. Data center systems spending is expected to increase 55.8% to approximately $788 billion as enterprises and hyperscale cloud providers continue building AI-optimized infrastructure. Enterprise software spending is projected to expand 15% to roughly $1.4 trillion, driven by intelligent applications, workflow automation, and AI-enabled productivity tools. IT services spending is forecast

to grow 9% to nearly $1.9 trillion as organizations accelerate digital transformation initiatives. Spending on generative AI infrastructure and services is expected to reach approximately $2.5 trillion during 2026, representing roughly 44% growth, with infrastructure accounting for more than half of total expenditures.[1] Brompton believes the industry is entering the next phase of AI adoption, supported by continued advances in foundation models, agentic AI, enterprise deployment, and industry-specific applications.

The semiconductor industry remains one of the strongest beneficiaries of the AI investment cycle. According to the Semiconductor Industry Association, the global semiconductor market is expected to approach $1.5 trillion in 2026, representing approximately 25% growth.[2] AI infrastructure continues to be the primary driver, with demand for advanced GPUs, custom accelerators, high-bandwidth memory, networking silicon, and advanced packaging remaining exceptionally robust. While supply conditions have gradually improved, capacity constraints persist across several AI-related technologies. At the same time, traditional semiconductor end markets, including personal computers, smartphones, and industrial applications, continue to recover at a more measured pace, resulting in an increasingly bifurcated industry characterized by strong pricing power in AI-related components and more modest conditions across legacy markets.

Large-cap technology platforms remain structurally advantaged through their unmatched scale, proprietary data assets, engineering capabilities, and financial strength. These companies continue to invest aggressively in AI infrastructure while embedding AI capabilities throughout their consumer and enterprise ecosystems, reinforcing competitive advantages and creating new monetization opportunities. At the infrastructure layer, leading semiconductor companies continue to provide the computational foundation of the AI economy through process technology leadership, advanced packaging, and innovative chip architectures. Meanwhile, enterprise software providers are increasingly integrating intelligent automation, AI agents, and decision-support capabilities into their platforms, improving customer productivity while expanding long-term revenue opportunities.

Although valuation dispersion across the sector has increased, Brompton remains constructive on the long-term outlook for technology. Brompton continues to view digital transformation, cloud computing, artificial intelligence, cybersecurity, automation, and next-generation connectivity as durable, multi-decade secular growth themes. However, the investment environment has become increasingly discriminating, rewarding companies with sustainable competitive advantages, disciplined capital allocation, robust free cash flow generation, and clearly defined pathways to AI monetization.

The Fund's portfolio remains focused on high-quality technology leaders that occupy critical positions within their respective ecosystems and have durable competitive moats, strong balance sheets, and attractive long-term growth prospects. Brompton continues to emphasize businesses with differentiated intellectual property, recurring revenue models, and the financial flexibility to invest through economic cycles. Brompton believes these companies are well positioned to benefit as the technology sector transitions from AI enthusiasm to AI realization, supporting attractive long-term risk-adjusted returns for investors.

Portfolio Review

In the first half of 2026, Brompton Tech Leaders Income ETF (the "Fund") was up 36.2%, compared with a a 42.3% gain for the S&P 500 Equal Weight Information Technology Total Return Index.

The Fund was overweight semiconductors, which contributed to performance relative to benchmark holdings. Top-performing holdings included Micron (up 305%), Applied Materials (up 182%), and AMD (up 171%).

The Fund was underweight hardware and equipment, with performance lagging the benchmark. Top-performing holdings included Corning (up 193%), Seagate (up 123%), and Cisco (up 54%).

The Fund was underweight software and services, which negatively impacted performance but was in line with benchmark holdings. Top-performing holdings included Palo Alto Networks (up 85%) and CrowdStrike (up 63%).

The Fund's overweight exposure to non-benchmark sectors, including consumer discretionary and media and entertainment, contributed to absolute performance. However, relative to the benchmark, performance was negatively impacted by Alphabet (up 13%) and Amazon (up 3.3%), partially offset by Meta (down 14%).

Annual Compound Returns[3]	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception[4]	Since Inception[5]
Brompton Tech Leaders Income ETF (CAD Hedged)	**36.2%**	**49.7%**	**30.0%**	**19.0%**	**22.5%**	**16.3%**	**-**
Brompton Tech Leaders Income ETF (USD)	**37.6%**	**52.7%**	**32.2%**	**20.7%**	**-**	**-**	**24.6%**
S&P 500 Equal Weight Information Technology Total Return Index	42.3%	59.3%	31.0%	18.4%	22.7%	18.8%	22.4%
S&P/TSX Composite Total Return Index	11.2%	32.9%	23.5%	14.9%	12.8%	9.6%	15.1%

(1) Gartner, April 22, 2026. Gartner Forecasts Worldwide IT Spending to Grow 13.5% in 2026, Totaling $6.31 Trillion. https://www.gartner.com/en/newsroom/press-releases/2026-04-22-gartner-forecasts-worldwide-it-spending-to-grow-13-point-5-percent-in-2026-totaling-6-point-31-trillion-dollars.

(2) Semiconductor Industry Association. https://www.semiconductors.org/policies/tax/market-data/

(3) Returns are for the periods ended June 30, 2026 and are unaudited. The table shows the Fund's compound return for each period indicated. compared with the S&P 500 Equal Weight Information Technology Total Return Index ("Technology Index") and the S&P/TSX Composite Total Return Index (together the "Indices"). The Technology Index, a sub-index of the S&P 500 Index, tracks the performance of major North American information technology companies on an approximately equal-weight basis. The Composite Index tracks the performance, on a market-weight basis and a total return basis, of a broad index of large-capitalization issuers listed on the Toronto Stock Exchange. The Fund is actively managed; therefore, its performance is not expected to mirror that of the Indices. Furthermore, the Indices' performance is calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund is calculated after deducting such fees and expenses. The performance information shown is based on net asset value per CAD and USD unit and assumes that cash distributions made by the Fund during the periods shown were reinvested at net asset value per CAD or USD unit in additional units of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future.

(4) Inception Date May 20, 2011.

(5) Inception Date August 8, 2019.

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