



## FUND DETAILS

AS AT SEPTEMBER 30, 2018

TSX Symbol	FFI.UN
Total Assets	\$145 million
Inception Date	Dec. 15, 2004
NAV	\$12.04
Management Fee	1.00% p.a.

### Distributions:

Per unit	\$0.07 monthly/\$0.84 p.a.
Since inception	\$16.16

Distribution Rate <sup>1</sup>	7.1%
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### Asset Allocation

Preferred Securities	94.6%
Corporate Bonds	5.0%
Cash & short-term investment	0.4%

## Portfolio Manager

Flaherty & Crumrine Incorporated was established in 1983, and it specializes in US-dollar-denominated preferred securities and corporate debt instruments. The firm uses intensive credit analysis, thorough analysis of securities' terms and structures, and active portfolio management, exploiting pricing inefficiencies in the fixed income markets to provide attractive rates of return on its funds.

## Manager

Brompton Funds, a division of Brompton Group which was founded in 2000, is an experienced investment fund manager with over \$2.0 billion in assets under management<sup>2</sup>. Brompton's investment solutions include TSX traded funds, mutual funds and flow-through limited partnerships.

## 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. (approximately 7.1% p.a.);<sup>1</sup> special year-end distributions have been paid in 6 of the last 7 calendar years
- Diversified by issuer and issue (40 issuers and 51 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 3.5% on the levered portion of the portfolio as of September 30, 2018
- 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
- mitigate the impact of significant interest rate increases on the value of the Investment Grade Portfolio;
- preserve the Net Asset Value per Unit; and
- enhance the total return per Unit by actively managing the Investment Grade Portfolio.

## PORTFOLIO

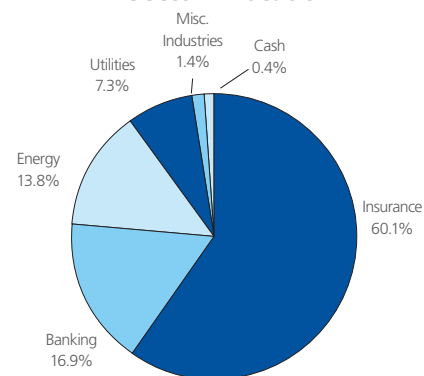
SEPTEMBER 30, 2018

### Top 10 Holdings

	% of Portfolio
ACE Capital Trust II, 9.7% due Apr 1, 2030	6.6%
MetLife Inc., 10.75% due Aug 1, 2039	6.4%
Enbridge Energy Partners LP, 8.05% due Oct 1, 2037	4.9%
Delphi Financial Group, Inc. variable May 15, 2037	4.3%
Liberty Mutual Insurance Co., 7.697% due Oct 15, 2097	4.3%
Aon Capital Corp., 8.205% due January 1, 2027	4.0%
HSBC Capital Funding LP, 10.176% due December 31, 2049	3.9%
American International Group, 5.75% due April 1, 2048	3.7%
Integrus Energy Group, 6.00% due August 1, 2073	3.6%
Enterprise Products Operating L.P., 5.25% due Aug 16, 2077	3.4%

**Total** **44.6%**

### Sector Allocation



## HISTORICAL PERFORMANCE

SEPTEMBER 30, 2018

Annual Compound Returns <sup>3</sup>	1-Year	3-Year	5-Year	10-Year	Since Inception
Flaherty & Crumrine Investment Grade Fixed Income Fund (NAV)	(1.5%)	6.6%	8.7%	12.9%	5.4%
Hybrid Preferred Securities Index	(0.1%)	5.1%	7.0%	10.0%	4.6%
Corporate US Capital Index	1.5%	5.1%	5.8%	10.2%	5.1%

<sup>(1)</sup> Distribution rate is based on market price as at September 30, 2018. Source: Thomson Reuters.

<sup>(2)</sup> Please visit [www.bromptongroup.com](http://www.bromptongroup.com) for further information.

<sup>(3)</sup> Returns are for the periods ended September 30, 2018. The table shows the Fund's compound return for each period indicated, compared with the return for the ICE BofAML US Capital Securities US Issuers 8% Constrained Index ("Corporate US Capital Index") and the ICE BofAML Hybrid Preferred Securities 8% Constrained Index ("Hybrid Preferred Securities Index"). The Corporate US Capital Index includes investment-trade, fixed rate or fixed-to-floating rate \$1,000 par securities that are structured for institutional investors and that receive some degree of equity credit from the rating agencies or their regulators. The Hybrid Preferred Securities Index includes taxable, fixed rate, US dollar denominated, investment grade preferred securities listed in a US exchange and structured for retail investors. Since the Fund is actively managed, the sector weightings and credit ratings may differ from those of the indices. The indices are also not leveraged, whereas the Fund employs leverage. Further the indices are 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.

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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.

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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)

**Address**

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

**Website**

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