Canadian High Income Equity Fund

BROMPTON FUNDS

INVESTMENT MANAGER COMMENTARY - Q2 2020

There are similarities between the current market meltdown to that in 1987 and the commonly cited problem then was computer program-driven trading models. Today's markets have quantitative and algorithmic trading and Exchange Traded Funds (ETFs) that account for far greater trading volume than in past market cycles. These types of trading can cause stock prices to diverge significantly from what is fundamentally justified. When many participants' algorithms are very similar, buying or selling can be heavily skewed to certain areas of the market and stocks. When underlying stocks in an ETF are more illiquid than the ETF itself similar "over" buying or selling can occur. Arguably, the market has never seen greater numbers of buyers or sellers who may not basing their decisions on fundamental analysis. This is entirely opposite to Bloom's approach and we believe it is our responsibility to conduct fundamental analysis and to know the underlying businesses, management teams and estimated intrinsic values of the company's stocks we invest our clients' capital.

During the quarter Canadian High Income Equity Fund underperformed both the S&P/TSX High Dividend Total Return Index and the S&P/TSX Composite Total Return Index.

Stocks that detracted the most from performance were Ag Growth International Inc., Cineplex Inc. and Keyera Corp. Timing was unfortunate for Cineplex as it remains in the process of being acquired, but the market erased a takeover premium pricing in a level of uncertainty surrounding the acquisition and it traded down along with the market. Two important considerations are that the record high volatility seen in March can change the ordering of stock performance suddenly and near-term prices have at times been determined by liquidity seeking rather than fundamentals.

Positions in Andlauer Healthcare Group, Northland Power Inc. and Stringray Group Inc. were the greatest contributors to performance in the quarter. The best performing of these was Northland Power. Northland Power and Boralex are renewable energy utilities. We continue to be very positive on both of these stocks because the underlying assets are of very high quality and they have long-term power purchase agreements with a geographically diversified group of government payers. These assets are also in high demand by institutional investors such as sovereign wealth funds and pensions seeking long duration to match their liabilities as well as private equity

We believe that the COVID-19 pandemic which caused Global markets to enter a bear market combined with the sudden drop in oil prices have caused Canada's and other economies globally to experience a recession. Our focus continues to be on actively managing the fund in these volatile and very fluid markets to ensure it is well positioned for the long term. We are working diligently, speaking to management teams on a daily basis and assessing markets and stocks with the intention of capitalizing on opportunities and once again building capital. We believe this will occur as markets recover in time and as more normal conditions return. A steady hand on the tiller is the way to go. Our firm has had a number of experiences with bear markets (big ones in 1987, 2000 and 2007) and we will be continuing to utilize that experience going forward.

Bloom Investment Counsel, Inc.

April 1, 2020

BLOOM
INVESTMENT COUNSEL, INC.

Annual Compound Returns[1]	1-Year	3-Year	5-Year	10-Year	Since Inception
Canadian High Income Equity Fund	(24.5%)	(12.5%)	(5.5%)	0.5%	0.5%
S&P/TSX Composite Index	(14.2%)	(1.9%)	0.9%	4.1%	4.4%

(1)Returns are for the periods ended March 31, 2020. The table shows the Fund's compound return for each period indicated compared with the S&P/TSX Composite Index (''Composite Index''). 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 TSX. Since the Fund is actively managed, the sector weightings differ from those of the Composite Index. In addition, the Fund's portfolio contains predominantly higher dividend paying securities, whereas the Composite Index does not necessarily focus on this type of investment. For these reasons it is not expected that the Fund's performance will mirror that of the Composite Index. Further, the Composite Index 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.

This document is for information purposes only and does not constitute an offer to sell or a solicitation to buy the securities referred to herein. The opinions contained in this report are solely those of Bloom Investment Counsel Inc. ("Bloom") and are subject to change without notice. Bloom makes every effort to ensure that the information has been derived from sources believed to reliable and accurate. However, Bloom assumes no responsibility for any losses or damages, whether direct or indirect which arise from the use of this information. Bloom is under no obligation to update the information contained herein. The information should not be regarded as a substitute for the exercise of your own judgment. Please read the Fund's annual information form before investing.

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. 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 herein 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.

BROMPTON FUNDS

VALUE
INTEGRITY
PERFORMANCE
THE FOUNDATION FOR EXCELLENCE

Investor Relations
PHONE 416.642.6000
TOLL FREE 1.866.642.6001
FAX 416.642.6001
EMAIL info@bromptongroup.com

Website
www.bromptongroup.com

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