

## PORTFOLIO MANAGER COMMENTARY - JUNE 30, 2019

### Portfolio Review

Global Dividend Growth Split Corp. (the "Fund") generated a 15.1% Unit return for year-to-date ending June 30, 2019. A Unit is the notional combination of both the Class A and the Preferred Share. The Class A share produced a 29.1% YTD return which beat the MSCI World Index by 12.1%. Over the same period the Preferred share returned 2.5% as compared to the S&P/TSX Preferred Share Index generating a (0.9%) return.

In May, the portfolio was rebalanced and reconstituted to decrease the Fund's exposure to Health Care and Financials while increasing exposure to defensive sectors including Real Estate, Utilities, and Consumer Staples. Overall, the total number of holdings increased to 40 from 28. We believe additional exposure to defensive sectors including Real Estate, Utilities and Consumer Staples was prudent as supported by a favourable low interest rate macro environment.

The Fund is underweight Financials. Macro concerns over slowing global growth and looming interest rate cuts are weighing in on the Financials sector. Within the sector, we own AON (up 33.4%) and Sunlife (up 22.1%) as we favor insurers over banks given cheaper valuations at relatively similar growth profiles. We continue to own stock and derivative exchanges whose performance is positively correlated to increases in volatility.

Our positive view on Consumer Staples and Real Estate supports our overweight positions in the two sectors. Pockets of growth in the beverage industry including coffee, flavored seltzer and flavored vodka should more than offset cost inflation pressures. We see global brands like Pepsi (with Bubly), Nestle (with Starbucks deal) and Diageo (with Ketel One Botanicals) leveraging their global scale to gain market share and expand their product lines. REIT shares typically perform well in a low interest rate environment, thus a falling 10-year treasury yield and interest rate cut expectations should support growth in our Real Estate names. Tower REIT Crown Castle (up 22.1%), the largest tower REITs in the U.S., is well positioned to capitalize on 5G buildouts. Rising cloud demand continues to drive IT spending, which should benefit our data center REIT name Equinix (up 44.6%).

We increased the Fund's exposure to the Communication Services sector during the May rebalancing while remaining underweight the sector overall. Though telecom gained on interest rate cut expectations, consolidation uncertainties (T-Mobile and Sprint merger) and intensifying competitive pressure (launch of unlimited wireless plans in Canada) weigh in on our outlook for the sector. We remain cautious of these risks heading into the second half of 2019.

Annual Compound Returns <sup>1</sup>	YTD	1-YR	Since Inception <sup>2</sup>
Global Dividend Growth Split Corp. - Class A	29.1%	10.3%	6.6%
MSCI World Index	17.0%	6.3%	3.6%
S&P/TSX Composite Index	16.2%	3.9%	3.6%
Global Dividend Growth Split Corp. - Preferred	2.5%	5.1%	5.1%
S&P/TSX Preferred Share Index	(0.9%)	(9.4%)	(9.0%)
Global Dividend Growth Split Corp. - Unit	15.1%	7.7%	5.8%

<sup>(1)</sup> Returns are for the periods ended June 30, 2019. The tables show the Fund's compound returns on a Class A share, Preferred share and unit for each period indicated, compared with the MSCI World Index ("MSCI"), the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Preferred Share Index ("Preferred Share Index"). MSCI captures large and mid cap representation across 23 developed Markets countries. MSCI covers approximately 85% of the free float-adjusted market capitalization in each country. The Composite Index tracks the performance of a broad index of large-capitalization issuers listed on the Toronto Stock Exchange ("TSX"). The Preferred Share Index tracks the performance, on a market weight basis, of a broad index of preferred shares trading on the TSX. The Fund invests in a passively managed portfolio of 20 companies that are included in the Composite Index and the portfolio is rebalanced at least annually. It is therefore not expected the Fund's performance will mirror that of the Composite Index which has a more diversified portfolio. Further, the Indexes 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.

<sup>(2)</sup> Inception date June 15, 2018.

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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](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.

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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