

**PORTFOLIO MANAGER COMMENTARY - JUNE 30, 2019**

**Portfolio Review**

Brompton Global Healthcare Income & Growth ETF was up 14.6% during the first half of 2019, outperforming the MSCI World Health Care Index, which was up 10.1% .

The Fund benefitted from being overweight the Healthcare Equipment and Life Sciences sub sectors. We believe these sub sectors are relatively defensive in light of the headline risks. Notable performance contributions include solid returns from holdings in Steris (+40%), Danaher (+39%), IQVIA (+38%), Stryker (+32%), and Thermo Fisher Scientific (+31%). Steris, a leading provider and manufacturer of surgical and sterilization products used in hospitals is perhaps one of the more defensive names as hospitals cannot afford to cut basic sterilization budgets. IQVIA, one of the world's largest contract resource companies remains well positioned to benefit from increased R&D spend from large pharma.

An underweight position in the Pharmaceuticals and Biotech subsectors had a marginal drag on performance. We believe our position weighting is prudent given the continued political attention on drug pricing as well as pricing pressures seen as a result of increased generic competition. Despite this, holdings in our portfolio performed well, with top performers including Zoetis (+33%), Novartis (+25%) and Merck (+11%).

The Fund's slight overweight position in the Managed Care sub sector also affected performance. While policy proposals have created headline risk in this space causing a sell-off in the sub sector, lack of congressional support for "Medicare for All" makes it less likely to be passed. The outcome of the 2020 Presidential elections could alter our view, however such sweeping changes in healthcare is very challenging. We continue to own marquee companies like UnitedHealth Group, given its positioning as the #1 health insurer in the US and we favour Humana's exposure to strong trends in Medicare Advantage enrollment.

Laura Lau, SVP & Sr. PM

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June 30, 2019

Annual Compound Returns <sup>1</sup>	YTD	1-Year	3-Year	Since Inception
Brompton Global Healthcare Income & Growth ETF	14.6%	16.2%	8.3%	7.0%
MSCI World Health Care Index	10.1%	11.4%	9.0%	7.6%
S&P/TSX Composite Index	16.2%	11.4%	9.0%	7.6%

<sup>1</sup> Returns are for the periods ended June 30, 2019. Inception date September 24, 2015. The following table shows the Fund's compound return for each period indicated compared with the MSCI World Health Care Index ("Health Care Index") and the S&P/TSX Composite Index ("Composite Index"). The Health Care Index represents the healthcare industry group of the MSCI World Index. The Composite Index tracks the performance, on a market weight basis, of a broad index of large-capitalization issuers listed on the TSX. The Fund's portfolio is expected to invest in at least 15 healthcare companies. It is not expected that the Fund's performance will mirror that of the benchmark indices, since the Health Care Index contains a substantially larger number of companies and the Composite Index is more diversified across multiple industries. Further, the benchmark 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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