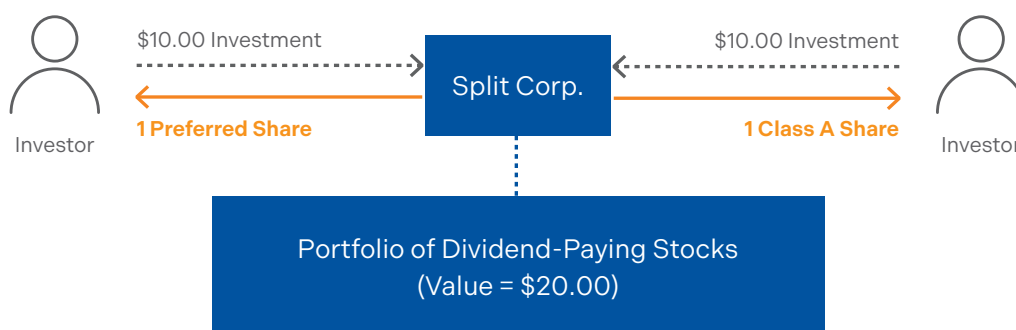


Brompton Split Share Primer

What is a Split Share Fund?

A Split Share fund (Split Corp.) is a unique type of investment fund designed to provide attractive income and growth opportunities to investors. Split Share funds typically invest in portfolios of high-quality, dividend-paying stocks and they issue two distinct classes of shares to investors: Preferred shares and Class A shares. Both classes of shares are exchange-traded and can be purchased and sold just like ETFs or stocks.

Illustrative example of a Split Corp.:



Which Share is Right for you?

Preferred shares and Class A shares have different return and risk profiles. Investors can choose to invest in both shares or choose the one that best suits their investment objective.

Preferred Shares: Steady Income & Capital Preservation

Preferred shares are more conservative and offer a steady income stream in the form of fixed, cumulative quarterly dividends. Payments to preferred shares are usually in the form of eligible Canadian dividends which are taxed at a lower rate than other types of income. The dividends received on the stocks held in a Split Share fund's portfolio are used to fund the quarterly payments made to the Preferred shares.

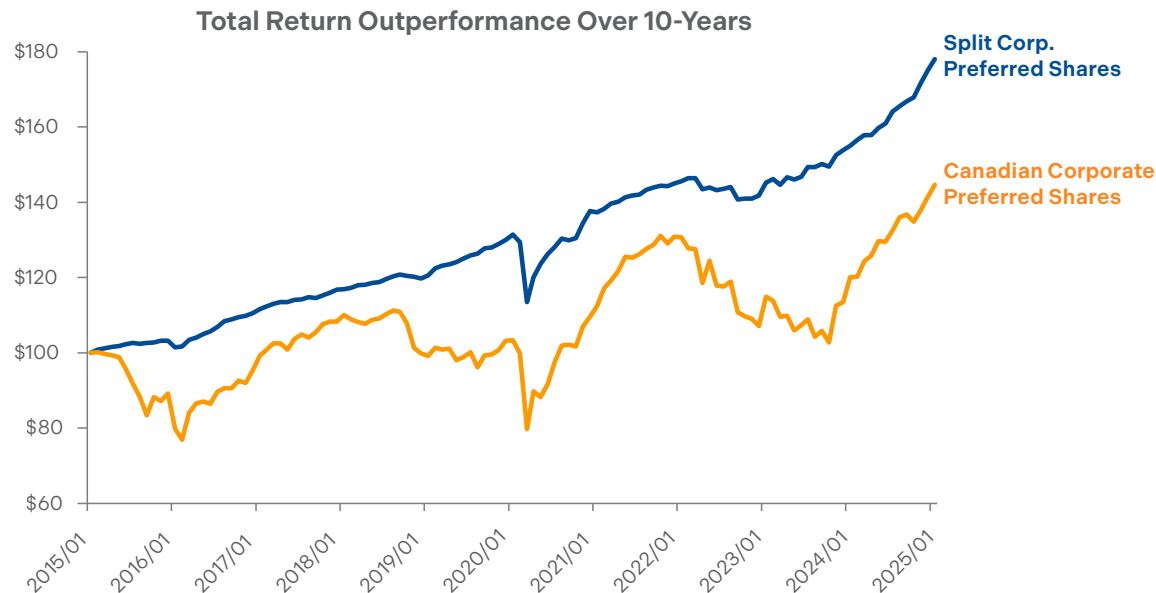
Preferred shareholders have a priority claim on the Split Share fund's assets to receive the original \$10.00 issue price plus any accrued and unpaid dividends upon maturity. While Preferred shares have the benefit of downside protection due to their priority claim ahead of the Class A shares, they do not benefit from growth in the Split Share fund's underlying portfolio of stocks.

Preferred share dividends are reset by the Manager at the end of each term, which can be up to 5 years for Brompton's Preferred shares. The Preferred share dividend rates are reset at competitive all-in market rates based on dividend yields observed in its comparable preferred share market at that time of reset. This simple process effectively resets both the base rate and the spread for the preferred shares, mitigating spread risk for investors.

Brompton Preferred shares are redeemable at the investor's option at the end of term, a unique feature in the Canadian preferred share market which provides strong trading price support. Brompton Preferred shares are also non-callable at a price other than the net asset value so you will not be forced to give up your shares for less than their net asset value.

Split Corp. Preferred Share Outperformance

Brompton believes the investor-friendly features offered by Split Corp. Preferred shares provide significant advantages relative to Canadian corporate preferred shares. Historically, Split Corp. Preferred shares have outperformed the Canadian corporate preferred share market with lower volatility, as shown in the chart below.



Source: LSEG Datastream, as at January 31, 2025. Split Corp. Preferred Shares = Brompton Index One Split Preferred Shares Index, Canadian Corporate Preferred Shares = S&P/TSX Preferred Share Index.

Class A Shares: Enhanced Income & Growth Potential

Class A shares offer enhanced growth potential because Class A shares receive all of the gains (or losses) from the Split Share fund’s underlying portfolio of stocks, even on the Preferred share portion. In other words, Class A Shares capture the movement of the Split Share fund’s portfolio of stocks, but in a more magnified way than if an investor owned the underlying portfolio of securities directly. This magnification of return is commonly known as “leverage”. For Class A shares, leverage is achieved through the Split Share fund’s unique structure.

The table below illustrates how Class A shares generate enhanced returns. Using the hypothetical Split Corp. example shown above, we’ll assume that the Split Corp. issues 1 preferred share and 1 Class A share, each at a price of \$10.00 per share, and the Split Corp. has \$20.00 of capital to invest in a portfolio of dividend-paying stocks.

| Initial Value | Portfolio/Unit \$20.00 | Preferred Share \$10.00 | Class A Share \$10.00 |
|---------------|--------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------|
| Scenario 1 | Portfolio gains 5% Portfolio value = \$21.00 (\$20.00 + \$1.00) | No change Preferred value = \$10.00 | Class A share gains 10% Class A value = \$11.00 (\$10.00 + \$1.00) |
| Scenario 2 | Portfolio value declines 5% Portfolio value = \$19.00 (\$20.00 - \$1.00) | No change Preferred value = \$10.00 | Class A share declines 10% Class A value = \$9.00 (\$10.00 - \$1.00) |

For illustrative purposes only. Scenarios presented are gross of distributions, fees, and expenses.

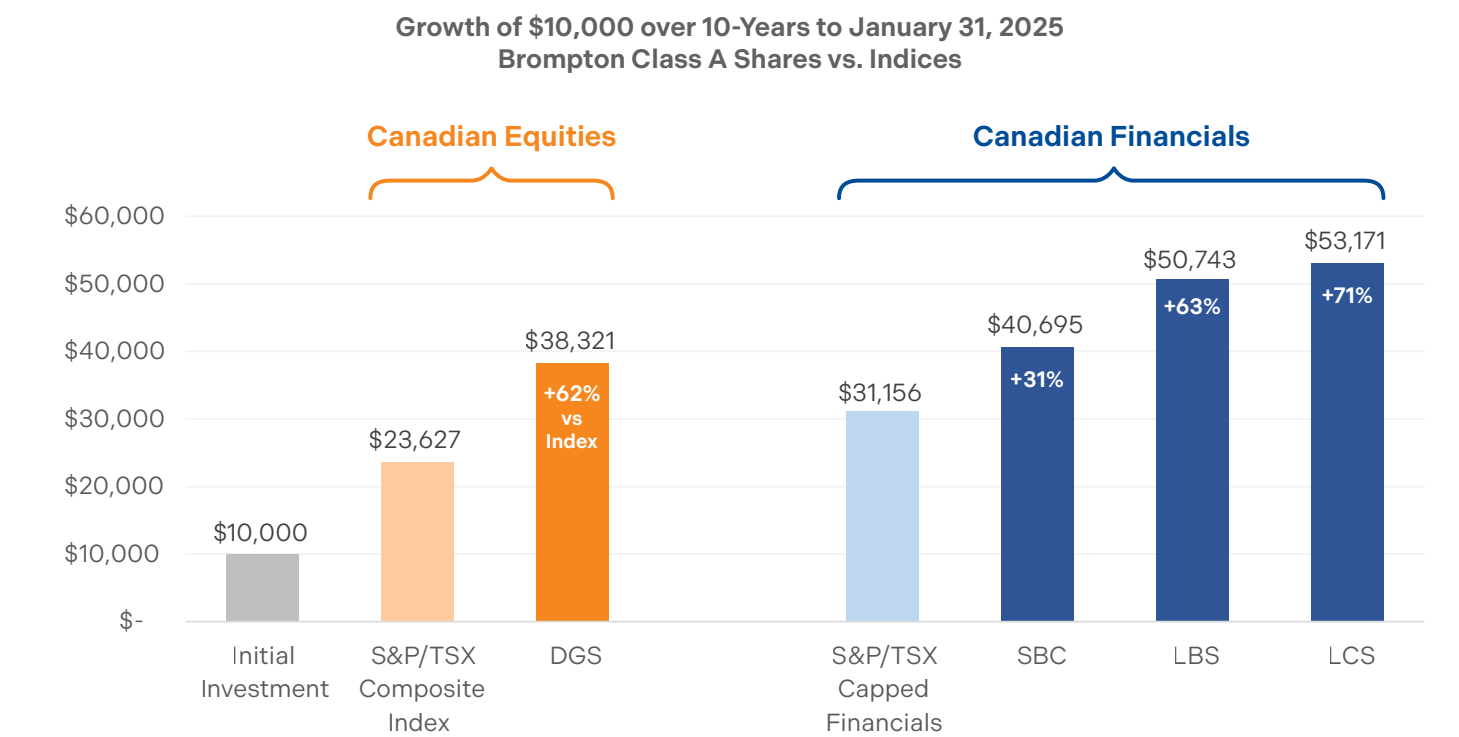
Many leveraged ETFs use traditional sources of leverage, like bank borrowing, to achieve target leverage ratios (e.g. 25% of NAV). If the value of the portfolio declines, these funds may be forced to reduce leverage back to the target level by selling portfolio securities. Split Share funds on the other hand, have structural leverage which is secured for the full duration of the preferred share term, which means Split Share funds are not forced to de-lever or sell securities following a market drawdown, allowing Class A shareholders to maintain greater upside potential in a market recovery.

In addition to participating in a levered way in the return of the portfolio securities, Class A shares receive a high level of monthly cash distributions when the net asset value is above a specified threshold.¹ Class A Share distributions are funded by capital appreciation, additional income earned from covered call writing on the portfolio and any excess dividend income earned in the underlying portfolio that is over and above what is needed to fund the Preferred share dividends. Class A share distributions are also tax efficient compared to many other income-oriented investments. These payments can be a combination of return of capital, capital gains and dividends.

Split Corp. Class A Share Outperformance

Split Share funds generally invest in large-cap dividend-paying stocks commonly held by investors. For investors who wish to be “long” a sector or theme covered by a Split Share fund, Class A shares provide investors an opportunity to generate enhanced returns on a portfolio of stocks compared to a direct investment in those holdings.

The chart below compares the performance of Brompton’s Split Corp. Class A shares with 10-years of performance history to the broader indices. All four Class A shares outperformed their comparable indices over 10-years, ranging from 31% to 71% cumulative outperformance.² These returns are net of fees and assume a reinvestment of monthly distributions. Investors can achieve a similar result through participating in the dividend reinvestment plan offered to Class A shareholders, which is commission free to all investors.



Source: Brompton, LSEG Datastream, as of January 31, 2025. DGS: Dividend Growth Split Corp.; LCS: Brompton Lifeco Split Corp.; SBC: Brompton Split Banc Corp.; LBS: Life & Banc Split Corp. Class A share performance is based on net asset value and assumes distributions made by each Fund on its Class A shares were reinvested at net asset value in additional class A shares of each respective Fund.

Split Corp. Class A Share Outperformance (cont'd)

| Fund | Ticker | Annual Compound NAV Returns ² | | | |
|----------------------------------------------------|----------------------------|------------------------------------------|-------|-------|-------|
| | | 1-Yr | 3-Yr | 5-Yr | 10-Yr |
| <u>Dividend Growth Split Corp.</u> | <u>DGS</u> | 57.0% | 17.5% | 18.2% | 14.4% |
| S&P/TSX Composite Index | | 25.1% | 10.0% | 11.5% | 9.0% |
| <u>Life & Banc Split Corp.</u> | <u>LBS</u> | 57.2% | 11.6% | 18.6% | 17.6% |
| <u>Brompton Lifeco Split Corp.</u> | <u>LCS</u> | 64.7% | 25.8% | 19.6% | 18.2% |
| <u>Brompton Split Banc Corp.</u> | <u>SBC</u> | 55.6% | 5.0% | 15.7% | 15.1% |
| S&P/TSX Capped Financials Index | | 33.8% | 9.8% | 13.4% | 12.0% |

Brompton Split Share Funds

Brompton is one of the largest Split Share fund issuers in Canada. Brompton offers several Split Share funds that focus on sector groups such as banks, life insurance companies, energy and infrastructure, as well as more diversified portfolios of Canadian and global dividend growth stocks.

| Fund | Ticker | Portfolio Holdings |
|---------------------------------------------------------------------------|----------------------------------------|----------------------------------------------|
| <u>Dividend Growth Split Corp.</u> | <u>DGS / DGS.PR.A</u> | Canadian Large-cap Dividend Growers |
| <u>Brompton Energy Split Corp.</u> | <u>ESP / ESP.PR.A</u> | Global Energy |
| <u>Global Dividend Growth Split Corp.</u> | <u>GDV / GDV.PR.A</u> | Global Large-cap Dividend Growers |
| <u>Life & Banc Split Corp.</u> | <u>LBS / LBS.PRA.A</u> | Canada's 'Big 6' Banks and 4 Largest Lifecos |
| <u>Brompton Lifeco Split Corp.</u> | <u>LCS / LCS.PR.A</u> | Canada's 4 Largest Lifecos |
| <u>Sustainable Power & Infrastructure Split Corp.</u> | <u>PWI / PWI.PR.A</u> | Global Power & Infrastructure |
| <u>Brompton Split Banc Corp.</u> | <u>SBC / SBC.PR.A</u> | Canada's 'Big 6' Banks |

Brompton Split Corp. ETFs

Brompton is the first issuer in Canada to provide ETFs investing solely in Split Corp. Class A Shares (CLSA) and Preferred Shares (SPLT). Both ETFs are actively managed by Brompton's Portfolio Managers - experts in split shares.

| ETF | Ticker | Portfolio Holdings |
|-----------------------------------------------------------------|-----------------------------|------------------------------|
| <u>Brompton Split Corp. Class A Share ETF</u> | <u>CLSA</u> | Split Corp. Class A Shares |
| <u>Brompton Split Corp. Preferred Share ETF</u> | <u>SPLT</u> | Split Corp. Preferred Shares |

(1) For example, for Split Corp funds managed by Brompton Funds Limited, no distributions will be paid on the Class A Shares if (i) the distributions payable on the Preferred Shares are in arrears, or (ii) in respect of a cash distribution, after the payment of a cash distribution by the Company the NAV per Unit would be less than \$15.00.

(2) Returns are for the period ended January 31, 2025 and are unaudited. The table shows the compound return on each Fund's Class A share for each period indicated compared with the S&P/TSX Composite Total Return Index ("Composite Index") and the S&P/TSX Capped Financials Total Return Index. ("Financials Index"), as applicable, (together the "Indices"). 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 ("TSX"). The Financials Index is derived from the Composite Index based on the financials sector of the Global Industry Classification Standard. The Funds' Class A shares are not expected to mirror the performance of Indices, which have more diversified portfolios and include a substantially larger number of companies. Furthermore, the Indices' performance is calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of each Fund's Class A shares are calculated after deducting such fees and expenses. Additionally, the performance of each Fund's Class A shares is impacted by the leverage provided by each fund's preferred shares. The performance information shown is based on net asset value per Class A share and assumes that distributions made by each Fund on its Class A shares during the periods shown were reinvested at net asset value per Class A share in additional Class A shares of each Fund. Past performance does not necessarily indicate how each fund will perform in the future.

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You will usually pay brokerage fees to your dealer if you purchase or sell shares of the investment fund on the TSX or alternative Canadian trading platform (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.sedarplus.ca. The indicated rates of return are the historical annual compounded total returns including changes in share 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.

Commissions, trailing commissions, management fees and expenses all may be associated with exchange-traded fund investments. Please read the prospectus before investing. Exchange-traded funds are not guaranteed, their values change frequently and past performance may not be repeated. Information contained in this document was published at a specific point in time. Upon publication, it is believed to be accurate and reliable, however, we cannot guarantee that it is complete or current at all times. 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 Funds, to the future outlook of the Funds and anticipated events or results and may include statements regarding the future financial performance of the Funds. 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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