BROMPTON SPLIT BANC CORP.

ANNUAL INFORMATION FORM

Preferred Shares
Class A Shares
Class J Shares

March 29, 2011

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward-looking statements. The use of any of the words “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form.

In particular, this annual information form may contain forward-looking statements pertaining to distributable cash and distributions per Class A Share, Preferred Share or Unit. The actual results could differ materially from those anticipated in these forward-looking statements as a result of, among other things, the risk factors set out in this annual information form. The Company does not undertake any obligation to publicly update or revise any forward-looking statements.

TABLE OF CONTENTS

GLOSSARY OF TERMS 4
1.0 NAME, FORMATION AND HISTORY 8
1.1 Status of the Company 8
1.2 Investment Objectives 9
1.3 Investment Guidelines 9
1.4 Rebalancing Criteria 9
2.0 INVESTMENT RESTRICTIONS 10
3.0 DESCRIPTION OF SECURITIES 10
3.1 Principal Shareholder 11
3.2 Distributions 11
3.2.1 Preferred Shares 11
3.2.2 Class A Shares 11
3.3 Priority 11
3.3.1 Preferred Shares 11
3.3.2 Class A Shares 12
3.3.3 Class J Shares 12
3.4 Acts Requiring Shareholder Approval 12
4.0 VALUATION OF PORTFOLIO SECURITIES 13
5.0 CALCULATION OF NET ASSET VALUE 14
6.0 PURCHASES OF SHARES 14
7.0 REDEMPTIONS AND RETRACTIONS 15
7.1 Redemptions 15
7.1.1 Preferred Shares 15
7.1.2 Class A Shares 15
7.2 Retraction Privileges 15
7.2.1 Preferred Shares 15
7.2.2 Class A Shares 16
7.3 Book-Entry Only System 17
7.4 Suspension of Redemptions and Retractions 17
8.0 RESPONSIBILITY FOR OPERATIONS 18
8.1 Management of the Company and the Manager 18
8.2 Manager 19
8.2.1 Directors and Executive Officers of the Manager 19
8.2.2 Independent Review Committee 19
8.2.3 Management Fee 20
8.2.4 Service Fee 20
8.2.5 Termination of the Management Agreement 20
8.3 Advisor 21
8.3.1 Advisor Fee 21
8.3.2 Termination of the Advisor Agreement 21
8.4 Option Advisor 22
8.4.1 The Option Advisors 22
8.4.2 Option Advisor Fee 23
8.4.3 Termination of the Option Advisor Agreement 23
8.4.4 Brokerage and Soft Dollar Arrangements 24
8.5 Custodian 25
8.5.1 Custodian Fees 26
8.5.2 Termination of the Custodian Agreement 26
8.6 Valuation Services 26
8.7 Auditors, Registrar and Transfer Agent 26
9.0 CONFLICTS OF INTEREST 26
9.1 Principal Holders of Securities 26
9.2 Securities Held by Members of the Independent Review Committee 27
10.0 CORPORATE GOVERNANCE 27
10.1 Composition of the Independent Review Committee 28
10.2 Proxy Voting Policy 28
10.3 Covered Call Option Writing 29
10.4 Call Option Pricing 30
10.5 Utilization of Cash Equivalents 30
10.6 Use of Other Derivative Instruments 31
10.7 Use of Derivative Instruments – General 31
10.8 Securities Lending 31
10.9 Short-Term Trading 32
11.0 INCOME TAX CONSIDERATIONS 32
11.1 Tax Treatment of the Company 33
11.2 Dividend Distributions 34
11.3 Tax Treatment of Shareholders 34
11.4 Disposition of Shares 35
12.0 REMUNERATION OF DIRECTORS AND OFFICERS AND THE IRC 36
13.0 MATERIAL CONTRACTS 36
13.1 Escrow Agreement 36
14.0 OTHER MATERIAL INFORMATION 36
14.1 Risk Factors 36
14.2 Accounting Changes 40

GLOSSARY OF TERMS

In this annual information form, the following terms shall have the meanings set forth below, unless otherwise indicated:

"Advisor" means Brompton Funds Management Limited.

"Advisor Agreement" means the advisor agreement dated as of October 27, 2005 among the Company, the Manager and the Advisor.

"Annual Retraction Date" means the second last business day of December.

"Black-Scholes Model" means a widely used option pricing model developed by Fischer Black and Myron Scholes in 1973. The model can be used to calculate the theoretical value of an option based on the current price of the underlying security, the strike price and term of the option, prevailing interest rates and the volatility of the price of the underlying security.

"Brompton" means the Brompton group of companies.

"Brompton Funds" means Brompton Corp. and its wholly owned subsidiary Brompton Funds Management Limited, which acts as manager of the Company. Brompton Corp. is in the business of managing investment funds.

"business day" means any day on which the TSX is open for business.

"call option" means the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.

"cash covered put option" means a put option entered into in circumstances where the seller of the put option holds cash equivalents or other acceptable cash cover (as defined in NI 81-102) sufficient to acquire the securities underlying the option at the strike price throughout the term of the option.

"cash equivalents" means, and for the purposes of "cash cover" and "cash covered put option", "cash" as used therein means:

(a) cash on deposit at the Custodian;

(b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:

  (i) any of the federal or provincial governments of Canada;

  (ii) the Government of the United States; or

  (iii) a Canadian financial institution;

  provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another approved rating organization; or

(c) other cash cover as defined in NI 81-102.

"CDS" means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository subsequently appointed by the Company as the depository in respect of the book-entry-only units.

"CDS Participant" means a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for the book-entry only units deposited with CDS.

"Class A Record Date" means the last business day of each month.

"Class A Shareholder" means a holder of a Class A Share.

"Class A Shares" means the class A shares of the Company.

"Company" means Brompton Split Banc Corp.

"covered call option" means a call option entered into in circumstances where the seller of the call option holds the underlying security through the term of the option.

"CRA" means the Canada Revenue Agency or any successor organization.

"Custodian" means RBC Dexia Investor Services Trust, in its capacity as custodian under the Custodian Agreement, as appointed from time to time by the Manager.

"Custodian Agreement" means the custodian agreement, entered into between the Company and the Custodian, dated as of November 16, 2005, as it may be amended from time to time.

"DBRS" means DBRS Limited.

"Escrow Agent" means Computershare Trust Company of Canada, in its capacity as escrow agent under the Escrow Agreement.

"Escrow Agreement" means the escrow agreement dated as of November 16, 2005 among Brompton Split Banc Trust, Computershare Trust Company of Canada and the Company.

"Extraordinary Resolution" means a resolution passed by the affirmative vote of at least 66⅔% of the votes cast, either in person or by proxy, at a meeting of Shareholders called for the purpose of approving such resolution.

"in-the-money" means in relation to a call option, a call option with a strike price less than the current market price of the underlying security and, in relation to a put option, a put option with a strike price greater than the current market price of the underlying security.

"Income Tax Act" means the *Income Tax Act* (Canada), as amended, or successor statutes, and shall include regulations promulgated thereunder.

"Investment Guidelines" means the investment guidelines of the Company described in section 1.3 of this Annual Information Form.

"Investment Objectives" means the investment objectives of the Company described in section 1.2 of this Annual Information Form.

"Investment Restrictions" means the investment restrictions of the Company, including without limitation those described in section 2.0 of this Annual Information Form.

"IRC" means the independent review committee established by the Manager for the Company pursuant to NI 81-107.

"Management Agreement" means the management agreement dated as of October 27, 2005 between the Company and the Manager, as it may be amended from time to time.

"Management Fee" means the management fee payable to the Manager described in section 8.2.3 of this Annual Information Form.

"Manager" means Brompton Funds Management Limited, or if applicable, its successor.

"Maturity Date" means November 30, 2012.

"NAV per Unit" means the NAV of the Company divided by the number of Units then outstanding.

"NAV Valuation Date" means, at a minimum, Thursday of each week, or if any Thursday is not a business day, the immediately preceding business day, and includes any other date on which the Manager elects, in its discretion, to calculate the NAV per Unit.

"Net Asset Value" or **"NAV"** means the specified net asset value which, on any date, will be equal to the difference between the aggregate value of the assets of the Company and the aggregate value of the liabilities of the Company on that date. The Net Asset Value of the Company on a particular date will be equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company, including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class J Shares ($100) as described in section 5.0 of this Annual Information Form.

"NI 81-102" means National Instrument 81-102 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

"NI 81-106" means National Instrument 81-106 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

"NI 81-107" means National Instrument 81-107 of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

"option premium" means the selling price of an option.

"Option Advisor" or **"Highstreet"** means Highstreet Asset Management Inc.

"Option Advisor Agreement" means the option advisor agreement dated as of October 27, 2005 among the Company, the Manager and the Option Advisor, as it may be amended from time to time.

"Ordinary Resolution" means a resolution passed by the affirmative vote of at least 50% of the votes cast, either in person or by proxy, at a meeting of Shareholders called for the purpose of approving such resolution.

"out-of-the-money" means in relation to a call option, a call option with a strike price greater than the current market price of the underlying security and, in relation to a put option, a put option with a strike price less than the current market price of the underlying security.

"Portfolio" means the portfolio of common shares of the six largest Canadian banks that the Company acquired using the net proceeds of its initial public offering.

"Preferred Share Record Date" means the last business day of March, June and September and December.

"Preferred Shareholder" means a holder of a Preferred Share.

"Preferred Shares" means the preferred shares of the Company.

"put option" means the right, but not the obligation, of the option holder to sell a security to the seller of the option at a specified price at any time during a specified time period or at expiry.

"Rebalancing Criteria" means the rebalancing criteria as described in section 1.4 of this Annual Information Form.

"Retraction Date" means the second last business day of a month.

"Retraction Notice" means a notice delivered by a CDS Participant to CDS (at its office in Toronto) on behalf of a Shareholder who desires to exercise his or her retraction privileges.

"Retraction Payment Date" means the date that is on or before the tenth business day in the month following a Retraction Date.

"Right" means a right of the Company issued to holders of Class A Shares of record on March 15, 2006 entitling them to subscribe for a Unit and the issuance of Units upon exercise thereof.

"Service Fee" means the fee payable to each dealer whose clients hold Class A Shares. The Service Fee is calculated and paid at the end of each calendar quarter and is equal to 0.40% annually of the value of the Class A Shares held by clients of the dealers, plus any applicable taxes.

"Share" or **"Shares"** means a Class A Share or a Preferred Share.

"Shareholder" means a holder of a Class A Share or a Preferred Share.

"strike price" means in relation to a call option, the price specified in the option that must be paid by the option holder to acquire the underlying security or, in relation to a put option, the price at which the option holder may sell the underlying security.

"TSX" means the Toronto Stock Exchange.

"Unit" means a notional unit consisting of one Class A Share and one Preferred Share. The number of Units outstanding at any time will be equal to the sum of the number of Class A Shares and Preferred Shares then outstanding divided by two.

"volatility" means, in respect of the price of a security, a numerical measure of the tendency of the price to vary over time.

1.0 NAME, FORMATION AND HISTORY

Brompton Split Banc Corp. is a mutual fund corporation incorporated under the laws of the Province of Ontario on September 14, 2005 with a registered office located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. The Company was formed pursuant to Articles of Incorporation and is governed by its Articles of Incorporation and the By-laws of the Company.

Prior to closing the Company's initial public offering, the Company amended its articles to create the Preferred Shares and the Class A Shares.

Pursuant to a final prospectus filed by the Company on March 1, 2006, the Company issued to the holders of its outstanding Class A Shares at the close of business (Toronto time) on March 15, 2006, transferable Rights to subscribe for and purchase an aggregate of 6,135,000 Units, each Unit consisting of one Class A Share and one Preferred Share. Each Class A Shareholder at the close of business on the record date received one Right for each Class A Share held. Rights were fully transferable and evidenced by a global rights certificate. One Right entitled the holder thereof to purchase one Unit for an aggregate subscription price of $26.10 per Unit, consisting of one Class A Share and one Preferred Share. The Rights offer expired on April 10, 2006.

1.1 Status of the Company

While the Company is technically considered to be a mutual fund corporation under the securities legislation of certain provinces of Canada, the Company is not a conventional mutual fund and has obtained exemptions from certain requirements of NI 81-102 and NI 81-106.

The Company is considered to be a mutual fund subject to certain restrictions and practices contained in securities legislation, including NI 81-102, which are designed in part to ensure that the investments of a mutual fund are diversified and relatively liquid and to ensure the proper administration of the Company. Except as stated below, the Company is managed in accordance with these restrictions and practices.

The Company obtained exemptions from the following requirements of NI 81-102:

- subsection 2.1(1) – to enable the Company to invest all of its net assets in the Portfolio;
- clause 2.6(a) – to enable the Company to obtain a credit facility for working capital purposes and provide a security interest over its assets, so long as the outstanding amount of any such borrowings of the Company does not exceed 5% of the net assets of the Company taken at market value at the time of the borrowing;
- section 3.3 – to permit the Company to bear the expenses of the Company's initial public offering;
- section 10.3 – to permit the Company to calculate the retraction price for the Class A Shares and Preferred Shares in the manner described and on the applicable Retraction Date;
- subsection 10.4(1) – to permit the Company to pay the retraction price for the Class A Shares and the Preferred Shares on the Retraction Payment Date;
- subsection 12.1(1) – to relieve the Company from the requirement to file certain compliance reports; and

- section 14.1 – to relieve the Company from the requirement relating to the record date for the payment of dividends or other distributions, provided that it complies with the applicable requirements of the TSX.

The Company also obtained an exemption from subsection 14.2(3) of NI 81-106 in order to permit the Company to calculate its NAV on a weekly basis.

The Company differs from conventional mutual funds in a number of respects, most notably as follows: (i) while the Class A Shares and the Preferred Shares of the Company may be surrendered at any time for redemption, the redemption price is payable monthly whereas the securities of most conventional mutual funds are redeemable daily, (ii) the Class A Shares and the Preferred Shares of the Company have a stock exchange listing whereas the securities of most conventional mutual funds do not, and (iii) unlike most conventional mutual funds, the Class A Shares and the Preferred Shares are not offered on a continuous basis.

1.2 Investment Objectives

The Company's Investment Objectives are:

(i) to provide holders of Preferred Shares with fixed cumulative preferential quarterly cash distributions in the amount of $0.13125 per Preferred Share;

(ii) to return the original issue price to holders of the Preferred Shares on the Maturity Date;

(iii) to provide holders of Class A Shares with regular monthly cash distributions to be $0.10 per Class A Share; and

(iv) to provide holders of Class A Shares with the opportunity for growth in Net Asset Value per Class A Share.

1.3 Investment Guidelines

The net proceeds of the Company's initial public offering were invested, on an approximately equally weighted basis in a portfolio of common shares of the six Canadian Banks (Bank of Montreal, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada, The Bank of Nova Scotia, and The Toronto-Dominion Bank). The Advisor is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria and has delegated these responsibilities to Highstreet. Highstreet Asset Management Inc. is the Option Advisor to the Company and, at its discretion, selectively writes covered call options and cash covered put options from time to time in respect of the shares of the banks included in the Portfolio in order to generate additional distributable income for the Company.

The Company may from time to time hold cash and cash equivalents including short term debt instruments issued by the government of Canada or a province, short term commercial paper issued by Canadian financial institutions with a rating of at least R-1 (mid) by DBRS or the equivalent from another rating organization selected by the Advisor or term deposits.

1.4 Rebalancing Criteria

The Portfolio is rebalanced (i) at least annually, to adjust for changes in the market value of investments; and (ii) to reflect the impact of a merger, acquisition or other significant corporate actions or events of or affecting one or more of the Canadian banks in the Portfolio. As a result, the Portfolio may contain the common shares of less than six Canadian banks. In addition, between the rebalancing dates, the

Company may sell Portfolio securities for working capital purposes or replace Portfolio securities with proceeds from the exercise of covered call options previously written. In order to rebalance the Portfolio, Highstreet will, at the time of rebalancing, calculate the market value of the Portfolio, less any amount to be used for working capital purposes, and divide such resultant amount by the number of issuers to be included in the Portfolio. Rebalancing transactions will be effected as soon as is reasonably practicable thereafter. As a result of changes in market prices of the shares in the Portfolio between rebalancing dates, it is not expected that the issuers included in the Portfolio will be exactly equally weighted at any given time.

The Portfolio may also be rebalanced in the event of any future offering of Shares by the Company.

2.0 INVESTMENT RESTRICTIONS

The Company is subject to certain Investment Restrictions that, among other things, limit the equity securities and other securities that the Company may acquire for the Portfolio. The Company's Investment Restrictions may not be changed without the approval of the holders of Preferred Shares and Class A Shares, each voting separately as a class, by an Extraordinary Resolution, at a meeting called for such purpose.

In addition, but subject to the Investment Restrictions, the Company has adopted the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), other than the restriction on investing more than 10% of the Company's assets in the securities of any one issuer at the time of investment.

The Class A Shares and Preferred Shares are qualified investments under the Income Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, deferred profit sharing plans and tax-free savings accounts (collectively "Deferred Plans"). Trusts governed by registered education savings plans should consult their own advisors as to eligibility. During 2010, the Company did not deviate from the rules under the Income Tax Act that apply to the status of the Shares and warrants which expired on October 22, 2010 qualifying for inclusion in Deferred Plans.

Class A Shares and Preferred Shares will not be a prohibited investment under the Income Tax Act for a tax-free savings account (and, if changes to the Income Tax Act proposed in the Federal Budget on March 22, 2011 are enacted, effective March 23, 2011, a registered retirement savings plan and a registered retirement income fund), provided the holder of the tax-free savings account (or, pursuant to changes to the Income Tax Act proposed in the March 22, 2011 Federal Budget, the annuitant of the registered retirement savings plan or registered retirement income fund) deals at arm's length with the Company, does not have a "significant interest" (within the meaning of the Income Tax Act) in the Company, and does not have a "significant interest" (within the meaning of the Income Tax Act) in a corporation, partnership or trust that does not deal at arm's length with the Company.

3.0 DESCRIPTION OF SECURITIES

The Company is authorized to issue an unlimited number of Class A Shares, Preferred Shares and Class J Shares. The holders of Class J Shares are not entitled to receive dividends and are entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of $1.00 per share.

The Preferred Shares are rated Pfd-3(high) by DBRS. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at anytime by DBRS.

3.1 Principal Shareholder

All of the issued and outstanding Class J Shares of the Company are owned by a trust established for the benefit of the holders of the Class A Shares and Preferred Shares from time to time. The Class J Shares are held in escrow pursuant to the Escrow Agreement and will not be disposed of or dealt with in any manner until all the Class A Shares and Preferred Shares have been retracted or redeemed, without the express consent, order or direction in writing of the Ontario Securities Commission.

3.2 Distributions

3.2.1 Preferred Shares

Shareholders of record of Preferred Shares at 5:00 p.m. (Toronto time) on a Preferred Share Record Date are entitled to receive fixed, cumulative preferential quarterly cash distributions and which are paid before the tenth business day in the month following the end of the period in respect of which the distribution is payable. These distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to holders of Preferred Shares. All distributions are paid through the CDS book entry-only system.

3.2.2 Class A Shares

The Company intends to pay monthly non-cumulative distributions to the holders of Class A Shares. Such distributions are paid on or before the tenth business day of the month following the month in respect of which the distribution is payable. Such distributions may consist of ordinary dividends, capital gains dividends or returns of capital. There can be no assurance that the Company will be able to pay distributions to the holders of Class A Shares.

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 payment of the distribution by the Company, the NAV per Unit would be less than $15.00. In addition, it is intended that the Company will not pay distributions in excess of $0.10 per month, on the Class A Shares if after payment of the distribution the NAV per Unit would be less than $25.00 unless the Company would need to make such distributions so as to fully recover refundable taxes.

In the event that the Company realizes capital gains, the Company may, at its option, make a special year end capital gains distribution in certain circumstances, including where the Company has net realized capital gains in Class A Shares and/or cash. Immediately following payment of such a distribution in Class A Shares, the number of Class A Shares outstanding will be automatically consolidated such that the number of Class A Shares outstanding after such distribution will be equal to the number of Class A Shares outstanding immediately prior to such distribution.

Distributions are payable to holders of Class A Shares of record at 5:00 p.m. (Toronto time) on the Class A Record Date. All Distributions are paid through CDS' book-entry only system.

3.3 Priority

3.3.1 Preferred Shares

The Preferred Shares rank in priority to the Class A Shares and the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

3.3.2 Class A Shares

The Class A Shares rank subsequent to the Preferred Shares but in priority to the Class J Shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding up of the Company.

3.3.3 Class J Shares

The Class J Shares rank subsequent to both the Class A Shares and the Preferred Shares with respect to distributions on the dissolution, liquidation or winding up of the Company.

3.4 Acts Requiring Shareholder Approval

The following may only be undertaken with the approval of the holders of Class A Shares and Preferred Shares, each voting separately as a class, by an Ordinary Resolution, unless a greater majority is required by law, passed at a meeting called for the purpose of considering such Ordinary Resolution, provided that holders of Class A Shares and Preferred Shares holding at least 10% of the Shares outstanding on the record date of the meeting vote in favour of such Ordinary Resolution:

(a) a change of the auditors of the Company;

(b) the introduction of a fee or expense to be charged to the Company or the Shareholders by the Company or the Manager in connection with the holding of securities of the Company that could result in an increase in charges to the Company or Shareholders;

(c) a reorganization with, or transfer of assets to, another mutual fund corporation, if

- the Company ceases to continue after the reorganization or transfer of assets; and
- the transaction results in Shareholders becoming securityholders in the other mutual fund corporation; and

(d) a reorganization with, or acquisition of assets of, another mutual fund corporation, if

- the Company continues after the reorganization or acquisition of assets;
- the transaction results in the securityholders of the other mutual fund corporation becoming Shareholders of the Company; and
- the transaction would be a significant change to the Company; and

(e) except as described herein, a change of the Manager or of the Advisor to the Company, other than a change resulting in an affiliate of such person assuming such position.

The following may only be undertaken with the approval of holders of Class A Shares and Preferred Shares, each voting separately as a class, by an Extraordinary Resolution:

(a) a change in the fundamental Investment Objectives, Investment Guidelines, Rebalancing Criteria or Investment Restrictions of the Company, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(b) a change of the Maturity Date;

(c) any change in the basis of calculating fees or other expenses that are charged to the Company that could result in an increase in charges to the Company;

(d) any change in the frequency of calculating the NAV per Unit to less often than weekly;

(e) any issue of Units for net proceeds per Unit less than the most recently calculated Net Asset Value per Unit prior to the date of the setting of the subscription price by the Company;

(f) any material change in the Management Agreement, other than its termination; and

(g) any amendment, modification or variation in the provisions or rights attaching to the Class A Shares, Preferred Shares or Class J Shares.

Each Class A Share and each Preferred Share will have one vote at such a meeting. Except as required by law or set out above, holders of Preferred Shares and Class A Shares will not be entitled to receive notice of, to attend or to vote at any meeting of Shareholders of the Company.

4.0 VALUATION OF PORTFOLIO SECURITIES

In determining the NAV of the Company at any time:

(a) the value of any cash on hand or on deposit, bill, demand note and account receivable, prepaid expense, dividend, distribution or other amount received or receivable (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) and interest accrued and not yet received shall be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution or other amount received or receivable (or declared to holders of record of securities owned by the Company on a date before the NAV Valuation Date as of which the NAV of the Company is being determined, and to be received) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair market value thereof;

(b) the value of any security, that is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price shall be used), as at the NAV Valuation Date on which the NAV of the Company is being determined, all as reported by any means in common use. For a retraction or redemption of the Company's Shares, the value of the common shares will be equal to the weighted average trading price of such shares over the last three business days of the relevant month;

(c) the value of any security, that is traded over-the-counter will be priced at the average of the last bid and ask prices quoted by a major dealer recognized information provider in such securities;

(d) the value of any security, or other asset for which a market quotation is not readily available will be its fair market value on the NAV Valuation Date on which the NAV of the Company is being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);

(e) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the rate of exchange available to the Company from the Custodian on the NAV Valuation Date on which NAV of the Company is being determined;

(f) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction that approximates a trade effected in a published market, unless a different fair market value is determined to be appropriate by the Manager; and

(g) the value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair market value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Manager has not exercised its discretion to determine fair market value in the last three years.

Notwithstanding the foregoing, the NAV and NAV per Unit will be calculated in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Company may obtain. The NAV determined in accordance with the principles set out above may differ from NAV determined under Canadian generally accepted accounting principles. The primary difference between the valuation principles set out above and Canadian generally accepted accounting principals ("Canadian GAAP") is that under Canadian GAAP, securities traded in an active market are valued using the last available bid price rather than the latest available sale price.

5.0 CALCULATION OF NET ASSET VALUE

The Net Asset Value of the Company on a particular date is equal to (i) the aggregate value of the assets of the Company, less (ii) the aggregate value of the liabilities of the Company, including any distributions declared and not paid that are payable to Shareholders on or before such date, less (iii) the stated capital of the Class J Shares ($100). For greater certainty, the Preferred Shares are not treated as liabilities for these purposes.

The NAV per Unit, is, at a minimum calculated on Thursday of each week, or if any Thursday is not a business day, the immediately preceding business day, and on any redemption or retraction date for the Company's Shares and includes any other date on which the Manager elects, in its discretion, to calculate the NAV per Unit.

The NAV per Unit and NAV are calculated in Canadian dollars.

6.0 PURCHASES OF SHARES

The Class A Shares and the Preferred Shares are listed for trading on the TSX under the symbols SBC and SBC.PR.A, respectively. Registration of interests in and transfers of the Shares are made only through the book-entry only system operated by CDS and the Shares must be purchased, transferred and surrendered for redemption through a CDS Participant. All rights of Shareholders must be exercised through, and all payments or other property to which such Shareholders are entitled are made or delivered by, CDS or the CDS Participant through which such Shareholder holds such Shares. Upon purchase of any Shares, Shareholders receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Shares are purchased.

7.0 REDEMPTIONS AND RETRACTIONS

7.1 Redemptions

7.1.1 Preferred Shares

All Preferred Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Preferred Share on that date will be equal to the lesser of (i) $10.00 plus any accrued and unpaid distributions thereon and (ii) the NAV of the Company on that date divided by the total number of Preferred Shares then outstanding. Notice of redemption will be given to CDS Participants holding Preferred Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

7.1.2 Class A Shares

All Class A Shares outstanding on the Maturity Date will be redeemed by the Company on such date. The redemption price payable by the Company for a Class A Share on that date will be equal to the greater of (i) the NAV per Unit on that date minus the sum of $10.00 plus any accrued and unpaid distributions on the Preferred Shares, and (ii) nil. Notice of redemption will be given to CDS Participants holding Class A Shares on behalf of the beneficial owners thereof at least 30 days prior to the Maturity Date.

7.2 Retraction Privileges

7.2.1 Preferred Shares

Monthly

Preferred Shares may be surrendered at any time for retraction to Computershare Investor Services Inc., the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Preferred Shares surrendered for retraction by a Shareholder at least ten business days prior to the Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth business day immediately preceding a Retraction Date, the Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Preferred Shares whose Preferred Shares are surrendered for retraction will be entitled to receive a retraction price per Preferred Share equal to 96% of the lesser of (i) the NAV per Unit determined as of such Retraction Date less the cost to the Company of the purchase of a Class A Share for cancellation; and (ii) $10.00. For this purpose, the cost of the purchase of a Class A Share will include the purchase price of the Class A Share, and commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Class A Share. If the NAV per Unit is less than $10.00, plus any accrued and unpaid distributions on the Preferred Shares, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Preferred Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Preferred Shares may concurrently retract an equal number of Preferred Shares and Class A Shares on the Annual Retraction Date of each year at a retraction price per Unit equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs if any, related to the liquidation of any portion of the Portfolio required

to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction at least 10 business days prior to the Annual Retraction Date. Payment of the proceeds of retraction will be made on or before the tenth business day of the following month, subject to the Manager's right to suspend retractions in certain circumstances.

General

Any and all Preferred Shares which have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Preferred Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods prescribed. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Preferred Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Preferred Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or to the Shareholder.

7.2.2 Class A Shares

Monthly

Class A Shares may be surrendered at any time for retraction to Computershare Investor Services Inc., the Company's registrar and transfer agent, but will be retracted only on the monthly Retraction Date. Class A Shares surrendered for retraction by a Shareholder at least ten business days prior to the monthly Retraction Date will be retracted on such Retraction Date and the Shareholder will be paid on or before the Retraction Payment Date. If a Shareholder makes such surrender after 5:00 p.m. (Toronto time) on the tenth business day immediately preceding a Retraction Date, the Class A Shares will be retracted on the Retraction Date in the following month and the Shareholder will receive payment for the retracted Shares on the Retraction Payment Date in respect of such Retraction Date.

Holders of Class A Shares whose Class A Shares are surrendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the NAV per Unit determined as of such Retraction Date, and (ii) the cost to the Company of the purchase of a Preferred Share for cancellation. For this purpose, the cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and such other costs, if any, related to the liquidation of any portion of the Portfolio to fund the purchase of the Preferred Share. If the NAV per Unit is less than $10.00, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil. Any declared and unpaid distributions payable on or before a Retraction Date in respect of Class A Shares tendered for retraction on such Retraction Date will also be paid on the Retraction Payment Date.

Annual Concurrent

In addition to the above, a holder of Class A Shares may concurrently retract an equal number of Class A Shares and Preferred Shares on the Annual Retraction Date of each year at a retraction price per Unit

equal to the NAV per Unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the Portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered at least 10 business days prior to the Annual Retraction Date. Payment of the proceeds will be made on or before the tenth business day of the following month subject to the Manager's right to suspend retractions in certain circumstances.

General

Any and all Class A Shares that have been surrendered to the Company for retraction are deemed to be outstanding until (but not after) the close of business on the relevant Retraction Date, unless the retraction price is not paid on the Retraction Payment Date, in which event such Class A Shares will remain outstanding.

The retraction right must be exercised by causing written notice to be given within the notice periods. Such surrender will be irrevocable upon the delivery of notice to CDS through a CDS Participant, except with respect to those Class A Shares which are not retracted by the Company on the relevant Retraction Payment Date. The Company may, in its discretion, permit the withdrawal of any Class A Share retraction request at any time prior to the Retraction Payment Date.

Any Retraction Notice which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the retraction privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise retraction privileges or to give effect to the settlement thereof in accordance with the Shareholder's instructions will not give rise to any obligations or liability on the part of the Company or the Manager to the CDS Participant or to the Shareholder.

7.3 Book-Entry Only System

An owner of Class A Shares and Preferred Shares who desires to exercise retraction privileges thereunder must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto) on behalf of the owner a written notice of the owner's intention to retract such Shares, no later than 5:00 p.m. (Toronto time) on the relevant notice date. An owner who desires to retract Class A Shares or Preferred Shares should ensure that the CDS Participant is provided with a Retraction Notice sufficiently in advance of the relevant notice date so as to permit the CDS Participant to deliver notice to CDS by the required time. The form of Retraction Notice will be available from a CDS Participant or Computershare Investor Services Inc., the registrar and transfer agent of the Company. Any expenses associated with the preparation and delivery of Retraction Notices will be for the account of the owner exercising the retraction privilege.

By causing a CDS Participant to deliver to CDS a notice of the owner's intention to retract Class A Shares or Preferred Shares, an owner shall be deemed to have irrevocably surrendered such Shares for retraction and appointed such CDS Participant to act as his exclusive settlement agent with respect to the exercise of the retraction privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

7.4 Suspension of Redemptions and Retractions

The Manager may suspend the redemption and/or retraction of Class A Shares or Preferred Shares or payment of redemption or retraction proceeds (i) during any period when normal trading in securities owned by the Company is suspended on the TSX and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Company to execute trades in such securities, or (ii) for any period not exceeding 120 days during which the Manager determines that

conditions exist which render impractical the sale of assets of the Company or which impair the ability of the Company to determine the value of its assets, only with the prior approval of the securities regulatory authorities. The suspension may apply to all requests for retraction received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All holders of Class A Shares and Preferred Shares making such requests shall be advised by the Manager of the suspension and that the retraction will be effected at a price determined on the first Retraction Date following the termination of the suspension. All such Shareholders shall have and shall be advised that they have the right to withdraw their requests for retraction. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Company, any declaration of suspension made by Manager shall be conclusive.

8.0 RESPONSIBILITY FOR OPERATIONS

8.1 Management of the Company and the Manager

The name, municipality of residence, position with the Company and the Manager and principal occupation of each of the directors and officers of the Company and the Manager are set out below:

Name and Municipality of Residence and Position with the Company and the Manager	**Principal Occupation and Positions Held During the Last 5 Years**
PETER A. BRAATEN[(1)] Toronto, Ontario Director	Chairman, Brompton Group Limited and its predecessor Brompton Limited, since November 2000.
MARK A. CARANCI[(1)] Toronto, Ontario President, Chief Executive Officer and Director	President and Chief Executive Officer, Brompton Funds since April 2007; President, Brompton Funds from April 2006 to April 2007; Chief Financial Officer, Brompton from 2000 to April 2006.
RAYMOND R. PETHER[(1)] Toronto, Ontario Director	Chief Executive Officer, Brompton Group Limited and its predecessor Brompton Limited, since April 2001.
CRAIG T. KIKUCHI Toronto, Ontario Chief Financial Officer	Chief Financial Officer, Brompton Funds since April 2006; Vice President, Finance, Brompton Funds from August 2005 to April 2006.
MOYRA E. MACKAY Toronto, Ontario Vice President and Corporate Secretary	Vice President & Corporate Secretary, Brompton Funds since July 2005.
ANN WONG Toronto, Ontario Vice President and Controller	Vice President, Brompton Funds since October 2007; Controller, Brompton Funds since October 2005.
CHRISTOPHER CULLEN Toronto, Ontario Senior Vice President	Senior Vice President, Brompton Funds since May 2010; Vice President, Brompton Funds from October 2007 to May 2010; Assistant Vice President, Brompton Funds from April 2006 to October 2007; Manager Commercial Banking, CIBC Commercial Banking from September 2003 to February 2006.

Name and Municipality of Residence and Position with the Company and the Manager	Principal Occupation and Positions Held During the Last 5 Years
MICHELLE TIRABORELLI Toronto, Ontario Vice President	Vice President, Brompton Funds since February 2011; Assistant Vice President, Brompton Funds from September 2010 to February 2011; Investment Advisor, BMO Nesbitt Burns from March 2009 to August 2010; Associate, MCC Partners from March 2006 to August 2007; Marketing Manager, Webland Inc. from May 2004 to March 2006.
BRIAN ZIEDENBERG Toronto, Ontario Vice President	Vice President, Sales and Marketing, Brompton Funds since January 2011; Director, Strategic Accounts AGF Investments from August 2007 to January 2011; Client Manager, Morningstar Canada from June 2004 to July 2007.
KATHRYN BANNER Toronto, Ontario Assistant Vice President	Assistant Vice President, Brompton Funds since February 2011; Senior Manager, Brompton from August 2007 to February 2011; Manager, Brompton from September 2000 to August 2007.

Note:
(1) Member of the audit committee.

8.2 Manager

Brompton Funds Management Limited was formed pursuant to the *Business Corporations Act* (Ontario) by articles of amalgamation dated September 28, 2010. Brompton Funds Management Limited performs management and administrative services for the Company pursuant to the Management Agreement. Its head office is at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3. Its telephone number is (416) 642-6000, its e-mail address is info@bromptongroup.com and its website address is www.bromptonfunds.com. The Manager was organized for the purpose of managing and administering closed-end investments including the Company and is a member of the Brompton group of companies. The Manager is registered with the Ontario Securities Commission as an exempt market dealer, portfolio manager and investment fund manager.

Pursuant to the Management Agreement, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Company, and may delegate certain of its powers to third parties at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so.

8.2.1 Directors and Executive Officers of the Manager

The name, municipality of residence, position with the Manager and principal occupation of the directors and officers are set out in section 8.1.

8.2.2 Independent Review Committee

The members of the Company's IRC are James W. Davie, Arthur R.A. Scace and Ken S. Woolner. Mr. Woolner is the Chair of the IRC and is the primary IRC member who interacts with the Manager.

The mandate and responsibilities of the IRC are set out in its charter. The IRC is responsible for carrying out those responsibilities required to be undertaken by an IRC under NI 81-107, in particular:

(a) reviewing and providing input into the Manager's policies and procedures regarding conflict of interest matters, including any amendments to such policies and procedures referred to the IRC by the Manager;

(b) approving or disapproving each conflict of interest matter referred by the Manager to the IRC for its approval;

(c) providing its recommendation as to whether the Manager's proposed action on a conflict of interest matter referred by the Manager to the IRC for its recommendation achieves a fair and reasonable result for the Company;

(d) together with the Manager, providing orientation to new members of the IRC as required by NI 81-107;

(e) conducting regular assessments as required by NI 81-107; and

(f) reporting to the securityholders of the Company, to the Manager and to regulators as required by NI 81-107.

In addition to its responsibilities and functions under NI 81-107, the IRC:

(a) handles complaints and implements corrective action regarding accounting, internal accounting controls, auditing matters for the Company and the Manager, as more specifically set out in the whistleblower policy of the Company and the Manager, respectively;

(b) acts in an advisory capacity to the audit committee of the board of directors of the Company, as more specifically set out in the IRC's charter; and

(c) may, as more specifically set out in its charter, identify conflict of interest matters.

Note:
The members of the IRC also act as the members of the independent review committee for other investment funds managed by the Manager.

8.2.3 Management Fee

The Manager receives an annual Management Fee equal to 0.55% per annum of Net Asset Value, calculated and payable monthly in arrears, plus any applicable taxes. The Manager is responsible for paying the fees payable to the Advisor and Option Advisor out of the Management Fee. The Company also reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Company.

8.2.4 Service Fee

The Company pays to the Manager a Service Fee at the end of each calendar quarter equal to 0.40% per annum plus applicable taxes of the value of Class A Shares. The service fee is applied by the Manager to pay a Service Fee in an equivalent aggregate amount, plus any applicable taxes, to dealers based on the number of Class A Shares held by clients of such dealer at the end of the relevant quarter. For these purposes, the value of a Class A Share is the NAV per Unit less $10.00 plus any accrued and unpaid distributions on the Preferred Share.

8.2.5 Termination of the Management Agreement

The Management Agreement may be terminated at any time by the Company on 90 days written notice and the approval of the holders of the Preferred Shares and the Class A Shares each voting separately as a class by an Ordinary Resolution passed at a duly convened meeting of the Shareholders called for the purpose of considering such Ordinary Resolution provided that the Shareholders holding at least 10% of the Preferred Shares and Class A Shares outstanding on the record date of the meeting vote in favour of such Ordinary Resolution. The Management Agreement may also be terminated by the Company:

- at any time on 30 days written notice to the Manager in the event of the persistent failure of the Manager to perform its duties and discharge its obligations under the Management Agreement, or the continuing malfeasance or misfeasance of the Manager in the performance of its duties under the Management Agreement;

- immediately in the event of the commission by the Manager of any fraudulent act; and

- automatically if the Manager becomes bankrupt, insolvent or makes a general assignment for the benefit of its creditors.

In addition, the Manager may resign upon 120 days notice by the Manager to the Company. The Manager may, upon notice to the Company, delegate certain of its powers to third parties (including without limitation, the Advisor and Option Advisor) at no additional cost to the Company where, in the discretion of the Manager, it would be in the best interests of the Company and the Shareholders to do so provided that the delegation shall not relieve the Manager of any of its obligations under the Management Agreement.

8.3 Advisor

Brompton Funds Management Limited, the Manager, is also the Advisor to the Company and is responsible for maintaining the Portfolio in accordance with the Investment Guidelines and Rebalancing Criteria. The Advisor is registered as an exempt market dealer, portfolio manager and investment fund manager in the Province of Ontario. The principal office of the Advisor is located at Suite 2930, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, Ontario M5J 2T3.

Pursuant to an agreement dated January 8, 2007, the Advisor has delegated its functions, powers, responsibilities and duties under the Advisor Agreement to Highstreet. Highstreet Asset Management Inc. has agreed to perform the services of the Advisor under this agreement, however the Advisor remains responsible for all services rendered thereunder.

8.3.1 Advisor Fee

Pursuant to the terms of the Advisor Agreement, a fee is paid to the Advisor out of the Management Fee and the Company reimburses the Advisor for all reasonable costs and expenses incurred by the Advisor on behalf of the Company. The Advisor is responsible for the fees payable to Highstreet pursuant to the Advisor Agreement.

8.3.2 Termination of the Advisor Agreement

The Advisor Agreement will automatically terminate on the Redemption Date and may be terminated by the Manager on behalf of itself and on behalf of the Company:

- at any time on 90 days written notice to the Advisor;

- in the event that the Advisor is in material breach of the Advisor Agreement and the material breach has not been cured within 10 days written notice thereof to the Advisor;

- on 30 days written notice to the Advisor in the event of a persistent failure by the Advisor to perform its obligations and covenants and discharge its obligations and covenants under the Advisor Agreement;

- immediately in the event of the insolvency or liquidation of the Advisor or if the Advisor becomes bankrupt or passes a resolution approving its liquidation, winding-up or

dissolution or deemed dissolution or makes a general assignment for the benefit of its creditors or if the Advisor ceases to be registered as an advisor in the category of investment counsel/portfolio manager under the *Securities Act* (Ontario);

- immediately if the assets of the Advisor become subject to seizure or confiscation by any public or governmental organization;

- immediately if the Advisor has lost any licence or authorization required by it to perform duties under the Advisor Agreement, including without limitation the benefit of any exemptions from the requirement to register under Canadian securities laws, or is otherwise deemed unable to perform the services delegated to it under the Advisor Agreement; or

- immediately in the event of the commission by the Advisor of any fraudulent act in the performance of its duties under the Advisor Agreement or if there has been any misrepresentation by the Advisor in the Advisor Agreement.

The Advisor Agreement may be terminated by the Advisor:

- in the event that the Company or the Manager is in material breach of the provisions of the Advisor Agreement and such breach has not been cured within 30 days written notice to the Company and the Manager;

- on 120 days written notice to the Company and the Manager;

- on 30 days written notice to the Manager in the event of a persistent failure by the Manager to perform its obligations and covenants and discharge its obligations and covenants under the Advisor Agreement; or

- immediately in events of insolvency or liquidation of the Company, or if the Company becomes bankrupt or passes a resolution approving its winding up or dissolution or deemed dissolution or makes a general assignment for the benefit of its creditors.

8.4 Option Advisor

The Option Advisor acts as Option Advisor to the Company pursuant to an Option Advisor Agreement entered into among the Company, the Manager and the Option Advisor dated as of October 27, 2005, pursuant to which the Option Advisor selectively writes covered call and cash covered put options on behalf of the Company. The Option Advisor's principal office is located at Suite 350, 244 Pall Mall Street, London, Ontario N6A 5P6. The Option Advisor may, with the consent of the Company, delegate any of its functions, powers, responsibilities and duties to any of its affiliates. The Option Advisor is registered as an exempt market dealer, portfolio manager and commodity trading manager in the Province of Ontario.

8.4.1 The Option Advisors

The principal option advisors of Highstreet Asset Management Inc. who are responsible for the Company's selective call option writing and trading are:

Name	Length of Service and Experience in the Past 5 Years
Robert L. Jackson London, Ontario Chief Risk Officer	Mr. Jackson joined Highstreet's investment team in 1998. In the past five years he has taken on overall responsibility for Highstreet's risk management processes and options advising programs.
Bruce Graham London, Ontario Vice President, Investments	Mr. Graham joined Highstreet's investment team in 2007. He brings a wealth of experience in managing structured products and alternative equity mandates. He oversees the day to day options advising for the Company. Prior to joining Highstreet, Mr. Graham was Vice President of Structured Products for a Canadian asset manager.

The following individuals provide a supporting role to the principal option advisors of Highstreet in the investment management of the Company:

Shaun Arnold London, Ontario Chief Investment Officer	Mr. Arnold joined Highstreet's investment team in 1998. In the past 5 years he has assumed responsibility for portfolio management of all equity mandates.
Ajay Virk London, Ontario Manager, Investments	Mr. Virk joined Highstreet's investment team in 2006. He leads a number of initiatives relating to the enhancement and validation of Highstreet's quantitative models and is involved in the administration of the option overlay programs.

The Chief Risk Officer oversees Highstreet's option overlay strategies from a strategic standpoint. In addition, Mr. Jackson provides functional oversight to all securities activity in the Company and reporting oversight to Mr. Graham and Mr. Virk. The option overlay program is executed by Mr. Graham with administrative support from Mr. Virk. Rebalancing of the portfolio is executed by Highstreet under the Manager's direction.

8.4.2 Option Advisor Fee

Pursuant to the terms of the Option Advisor Agreement, a fee is paid to the Option Advisor by the Manager and the Company reimburses the Option Advisor for all reasonable costs and expenses incurred by the Option Advisor on behalf of the Company.

8.4.3 Termination of the Option Advisor Agreement

The Option Advisor Agreement will automatically terminate on the Redemption Date. The Option Advisor Agreement may also be terminated by the Manager on behalf of itself and the Company:

- at any time on 90 days written notice to the Option Advisor;
- in the event that the Option Advisor is in material breach of the Option Advisor Agreement and the material breach has not been cured within 10 days written notice to the Option Advisor;
- on 30 days written notice to the Option Advisor in the event of a persistent failure by the Option Advisor to perform its obligations and covenants and discharge its obligations and covenants under the Option Advisor Agreement;
- immediately in the event of insolvency or liquidation of the Option Advisor or if the Option Advisor becomes bankrupt or passes a resolution approving its liquidation,

winding-up or dissolution or deemed dissolution or makes a general assignment for the benefit of its creditors;

- immediately if the assets of the Option Advisor become subject to seizure or confiscation by any public or governmental organization;

- immediately if the Option Advisor has lost any registration, licence or other authorization required by it to perform the duties under the Option Advisor Agreement, including without limitation the benefit of any exemption from the requirement to register under Canadian securities laws, or is otherwise deemed unable to perform the services delegated to it under the Option Advisor Agreement; or

- immediately in the event of the commission by the Option Advisor of any fraudulent act in the performance of its duties under the Option Advisor Agreement or if there has been any misrepresentation by the Option Advisor in the Option Advisor Agreement.

The Option Advisor Agreement may be terminated by the Option Advisor:

- in the event that the Company or the Manager is in material breach of the provisions of the Option Advisor Agreement and such breach has not been cured within 30 days written notice to the Company or the Manager;

- on 120 days written notice to the Company or the Manager;

- on 30 days written notice to the Manager in the event of a persistent failure by the Manager to perform its obligations and covenants and discharge its obligations and covenants under the Option Advisor Agreement; or

- immediately in the events of insolvency or liquidation of the Company, or if the Company becomes bankrupt or passes a resolution approving its winding up or dissolution or deemed dissolution or makes a general assignment for the benefit of its creditors.

8.4.4 Brokerage and Soft Dollar Arrangements

The Advisor has delegated the trading of the Portfolio to the Options Advisor.

Trading commissions are incurred by a fund or portfolio when it buys or sells a security. Commissions are a part of almost every market transaction. Highstreet has a duty to the fund or portfolio to manage commission expenses and to seek best execution for the trade. Best execution is the requirement to seek out the most advantageous execution terms reasonably available under the circumstances.

Best execution

In support of best execution the overriding criteria Highstreet considers when trading is to use the appropriate broker for the trade. Best execution requires Highstreet to consider the size and liquidity of the trade, coverage provided by a broker and the broker's ability to mitigate disturbance costs. Highstreet may engage in trades with brokers who provide services incidental to trading or advising provided that in all other respects the broker meets Highstreet's service standards and cost expectations.

In order to ensure best execution, Highstreet only deals with brokers that have been approved by the Chief Investment Officer and the Chief Risk Officer. Approved brokers are chosen because they bring complementary value propositions to trading, including competitive commission pricing, market

coverage, direct market access (a less expensive way to trade highly liquid securities), efficient after trade settlement processes and access to trading algorithms – services that reduce market disturbance costs.

"Bundled" Goods and Services

Best execution can include opportunities to receive from the broker goods and services in addition to order execution. Brokers are permitted by regulation to provide, in addition to basic order execution, order execution and research goods and services. The value of these goods and services are 'bundled' into the commission cost of the trade. Highstreet may receive bundled "proprietary" research and trade order management tools in addition to order execution.

Use of affiliated brokers

Highstreet does not trade through affiliated brokers. Highstreet's approved broker list does not include any affiliated brokers.

Brompton Split Banc Corp. – December 31, 2010 Annual Disclosure

As the result of bundled commissions, the Company has received the following order execution goods and services:

Goods or service Provider	**Description of goods or services**
Broker proprietary	online trade order management system
Broker proprietary	market strategy and outlook
Broker proprietary	economic analysis
Broker proprietary	market sector analysis
Broker proprietary	quantitative analysis
Broker proprietary	individual company analysis

Since the date of the last annual information form, the Options Advisor has had brokerage relationships with the following brokers who may have provided order execution or research goods and services in addition to order execution:

- Brockhouse & Cooper Inc., BMO Capital Markets Corp., CIBC World Markets Inc., Cormark Securities Inc., Credit Suisse Securities (Canada) Inc., ITG Canada Corp., Merrill Lynch Canada Inc., RBC Dominion Securities Inc., Scotia Capital Inc., TD Securities Inc., UBS Securities Inc. and Sanford Bernstein & Co. LLC.

8.5 Custodian

Pursuant to the Custodian Agreement, the Custodian is responsible for certain aspects of the day-to-day administration of the Company and provides safekeeping and custodial services in respect of the Company's assets. The address of the Custodian is 155 Wellington Street West, Toronto, Ontario M5V 3L3.

8.5.1 Custodian Fees

In consideration for its services, the Company pays to the Custodian such compensation as agreed upon in writing between the Company and the Custodian from time to time and reimburses the Custodian for all expenses and liabilities incurred by the Custodian on behalf of the Company.

8.5.2 Termination of the Custodian Agreement

The Company or the Custodian may at any time terminate the Custodian Agreement without penalty by giving at least 60 days prior written notice. Such prior notice is not required and termination will be immediate in the event that:

- either party is declared bankrupt or insolvent; or
- the assets or the business of either party shall become liable to seizure or confiscation by any public or governmental authority.

8.6 Valuation Services

The Company has appointed RBC Dexia Investor Services Trust to provide the Company with valuation services. Such services include the calculation of the Company's Net Asset Value per Unit, calculated in accordance with the Company's valuation parameters set out in section 4.0.

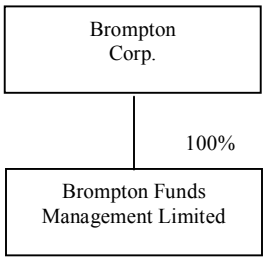
8.7 Auditors, Registrar and Transfer Agent

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, located at Suite 3000, 77 King Street West, Toronto, Ontario M5K 1G8.

Computershare Investor Services Inc., at its principal offices in Toronto is the registrar and transfer agent for the Preferred Shares and Class A Shares. The Company at its head office in Toronto acts as the registrar and transfer agent for the Class J Shares.

9.0 CONFLICTS OF INTEREST

9.1 Principal Holders of Securities



Note:

On September 28, 2010, the Manager and Brompton Capital Advisors Inc., the previous advisor, amalgamated and the Manager became the Advisor.

Brompton Corp. owns of record and beneficially 100% of the shares of the Manager .

100 or 100% of the issued and outstanding Class J shares of the Company are owned by Brompton Split Banc Trust as described in section 3.1.

The Manager and the Option Advisor and their directors and officers engage in the promotion, management or investment management of one or more funds or trusts with similar investment objectives as the Company. The Manager and Option Advisor act as the investment advisor or administrator for other entities and may in the future act as the investment advisor to other entities which are considered competitors of the Company. The services of the Manager are not exclusive to the Company.

In addition, the directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Company may acquire securities. The Manager and the Option Advisor or their affiliates may be a manager or advisor of one or more issuers in which the Company may acquire securities and may be managers or administrators of funds that invest in the same securities as the Company. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Company, each director and officer of the Manager will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage the business and affairs of (in the case of officers) the Company, the Manager, as applicable.

9.2 Securities Held by Members of the Independent Review Committee

As at March 1, 2011, the members of the IRC did not own, directly or indirectly, any securities of the Manager. Further, as at March 1, 2011, the percentage of securities of each class or series of voting securities beneficially owned, directly or indirectly, in aggregate, by all members of the IRC in any person or company that provides material services to the Company or Manager or in any one or more Canadian chartered bank which provides a loan facility or other credit to the Company or Manager is less than 1%.

10.0 CORPORATE GOVERNANCE

Brompton supports good governance practices for its funds. The Company has its own board of directors (the "Board") and audit committee (the "Audit Committee") which are responsible for the overall stewardship of the business and affairs of the Company. The Board consists of 3 directors, 2 of whom are independent of management. Details regarding the names, principal occupations and committee memberships of the Board are set out in section 8.1. The Board believes that the number of directors is appropriate.

The Board members are also members of the Audit Committee. The Audit Committee consists of 3 members, 2 of whom are independent. The responsibilities of the Audit Committee include, but are not limited to, review of the Company's financial statements and the annual audit performed by PricewaterhouseCoopers LLP ("PWC"), the auditor of the Company; oversight of internal controls and of the Company's compliance with tax laws and regulations. PWC reports to the Audit Committee and the Audit Committee and PWC have direct communication channels to discuss and review specific issues as appropriate.

The Board is responsible for developing the Company's approach to governance issues. To ensure the proper management of the Company and compliance with regulatory requirements, the Board has adopted policies, procedures and guidelines relating to business practices, risk management control, and internal conflicts of interest. As part of managing its business practices, the Board has adopted a whistleblower policy, a privacy policy and a proxy voting policy. The whistleblower policy establishes a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and auditing matters pertaining to the Company. The privacy policy dictates the manner in which the Company and the Manager may collect, use and disclose personal information regarding the Shareholders. The proxy voting policy is described in section 10.2. As part of its risk management, the Board has adopted a disclosure policy. The disclosure policy sets out guidelines that aim to ensure that complete, accurate and balanced information is disclosed to the public in a timely, orderly and broad-based manner in accordance with securities laws and regulations. As part of managing potential internal

conflicts of interest, the Board has adopted a code of business ethics and an insider trading policy. The code of business ethics and insider trading policy address, among other things, ethical business practices and handling of material information and purchasing or selling of securities by insiders.

NI 81-107 requires the Manager to have policies and procedures relating to conflicts of interest and the Manager has such policies and procedures in place.

In accordance with NI 81-107, the Manager has appointed the IRC to deal with potential conflict of interest matters between the Manager and the Company as described in section 8.2.2.

The Manager maintains a website for the Company at www.bromptonfunds.com. The mandate of the Board is available on the website. The Manager has an investor relations line to respond to inquiries from Shareholders which is 1-866-642-6001.

10.1 Composition of the Independent Review Committee

As indicated in section 8.2.2 of this Annual Information Form, the IRC is comprised of three members, who were appointed by the Manager in accordance with NI 81-107. Subsequent to this initial appointment by the Manager, the IRC shall, taking into consideration any recommendation of the Manager, fill vacancies on the IRC, provided that if for any reasons the IRC has no members, the Manager shall fill the vacancies.

10.2 Proxy Voting Policy

The Advisor has delegated to Highstreet the authority to exercise all rights and privileges incidental to ownership of the securities in the Portfolio. Highstreet has a proxy voting policy which is approved by Highstreet's Board of Directors. The overriding obligation of the policy is that all proxies are voted to protect and enhance the long-term value of an investment. Highstreet's proxy voting policy does not provide for any opportunity to vote based on any other criteria.

Highstreet has delegated to a third party the obligation to vote proxies according to the proxy voting policy. This relationship provides additional control over how proxies are voted.

The Company has adopted Highstreet's proxy voting policies and procedures which are summarized below.

Highstreet votes all proxies, through its proxy voting agent, to ensure that the shareholder's best interests are being served. While Highstreet reserves the right to vote on all matters on a case-by-case basis, their voting guidelines include:

- a majority of directors should be independent;
- all directors should be elected annually based on individual merit;
- proposals regarding compensation are evaluated on the basis of how well they provide incentive and by how well they reflect current market conditions;
- Highstreet will vote against proposals to create new stock options and against any proposal that would continue or expand an existing stock option plan;
- directors should receive part of their compensation in shares and should be held for the duration of a director's term; and

- shareholder rights plans are reviewed on a case-by-case basis and the Option Advisor will not generally support shareholder rights plans that go beyond ensuring equal treatment of shareholders in connection with a change of control of the company and providing the board of the target company sufficient time to determine whether there is a course of action that will provide shareholders with a better alternative.

Highstreet's Code of Conduct (the "Code") includes the following prohibition that "no officer of Highstreet shall serve on the Board of any publicly listed company in which Highstreet may invest on behalf of its clients". Additionally, the Code requires employees to invest in Highstreet's pooled funds or funds managed by the company or in the shares of its parent company. The Code reduces the potential for a conflict of interest to exist.

The policies and procedures that the Company follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling 1-866-642-6001 or by writing to the Manager at Suite 2930, Box 793, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Toronto, ON M5J 2T3.

The Company's voting record for the most recent period ended June 30 of each year is available free of charge to any Shareholder of the Company upon request at any time after August 31 of that year. The Company has made its proxy voting record available on its website at www.bromptonfunds.com.

10.3 Covered Call Option Writing

The Company intends to sell call options from time to time in respect of some or all of the common shares held in the Portfolio. Such call options may be either exchange-traded options or over-the-counter options. Since call options will be written only in respect of common shares that are in the Portfolio and the Investment Restrictions of the Company prohibit the sale of securities subject to an outstanding option, the call options will be covered call options at all times.

The holder of a call option purchased from the Company will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Company at the strike price per security. By selling call options, the Company receives option premiums, which are generally paid within one business day of the writing of the option. If at any time during the term of a call option or at expiry the market price of the underlying securities is above the strike price, the holder of the option may exercise the option and the Company will be obligated to sell the securities to the holder at the strike price per security. Alternatively, the Company may repurchase a call option it has written that is in-the-money by paying the market value of the call option. If, however, the option is out-of-the-money at expiration of the call option, the holder of the option will likely not exercise the option, the option will expire and the Company will retain the underlying security. In each case, the Company retains the option premium.

The amount of option premium depends upon, among other factors, the volatility of the price of the underlying security: generally, the higher the volatility, the higher the option premium. In addition, the amount of the option premium depends upon the difference between the strike price of the option and the market price of the underlying security at the time the option is written. The smaller the positive difference (or the larger the negative difference), the more likely it is that the option will become in-the-money during the term and, accordingly, the greater the option premium.

When a call option is written on a security in the Portfolio, the amounts that the Company is able to realize on the security during the term of the call option is limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Company foregoes potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the option premium.

10.4 Call Option Pricing

Many investors and financial market professionals price call options based on the Black-Scholes Model. In practice, however, actual option premiums are determined in the marketplace and there can be no assurance that the values generated by the Black-Scholes Model can be attained in the market.

Under the Black-Scholes Model (modified to include distributions), the primary factors that affect the option premium received by the seller of a call option are the following:

Factor	Description
Price volatility of the underlying security	The volatility of the price of a security measures the tendency of the price of the security to vary during a specified period. The higher the price volatility, the more likely that the price of that security will fluctuate (either positively or negatively) and the greater the option premium. Price volatility is generally measured in percentage terms on an annualized basis, based on price changes during a period of time immediately prior to or trailing the date of calculation.
The difference between the strike price and the market price of the underlying security at the time the option is written	The smaller the positive difference (or the larger the negative difference), the greater the option premium.
The term of the option	The longer the term, the greater the call option premium.
The "risk-free" or benchmark interest rate in the market in which the option is issued	The higher the risk-free interest rate, the greater the call option premium.
The distributions expected to be paid on the underlying security during the relevant term	The greater the distributions, the lower the call option premium.

10.5 Utilization of Cash Equivalents

The Company may, from time to time, hold a portion of its assets in cash equivalents. The Company may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash covered put options, which is intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the put options and for working capital purposes. Such cash covered put options are only written in respect of securities in which the Company is permitted to invest.

The holder of a put option purchased from the Company has the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Company at the strike price per security. By selling put options, the Company receives option premiums, which are generally paid within one business day of the writing of the option. The Company, however, must maintain cash equivalents in an amount at least equal to the aggregate strike price of all securities underlying the outstanding put options that it has written. If at any time during the term of a put option or at expiry the market price of the underlying securities is below the strike price, the holder of the option may exercise the option and the Company will be obligated to buy the securities from the holder at the strike price per security. In such case, the Company will be obligated to acquire a security at a strike price, which may exceed the then current market value of such security. If, however, the option is out-of-the-money at the expiration of the put option, the holder of the option will likely not exercise the option and the option will expire. In each case, the Company retains the option premium.

10.6 Use of Other Derivative Instruments

In addition to writing covered call options and cash covered put options, to the extent permitted by Canadian securities regulators from time to time, the Company may also purchase call options and put options with the effect of closing out existing call options and put options written by the Company. The Company may also purchase put options in order to protect the Company from declines in the market prices of the individual securities in the Portfolio or in the value of the Portfolio as a whole. The Company may enter into trades to close out positions in such permitted derivatives.

10.7 Use of Derivative Instruments – General

The objectives and goals for derivatives are governed by the prospectus of the Company. In addition, Highstreet has written policies and procedures that outline risk management for derivatives. The Chief Risk Officer is responsible for setting and reviewing policies and procedures as required and reviews are done on an annual basis. The Highstreet Board of Directors approves all Highstreet investment policies. The Chief Risk Officer approves each strategy that defines option writing targets for a given mandate and is responsible for monitoring changes to these targets.

Covered call overlay strategies have a maximum allowable option exposure of 100% of the notional value of the underlying portfolio. Highstreet has procedures in place to ensure that this limit is not breached. Derivative trading and market risk is reviewed regularly by the Chief Risk Officer and the Chief Investment Officer, independent of portfolio managers. Highstreet utilizes its proprietary risk management platform to regularly manage the risk in its funds.

10.8 Securities Lending

In order to generate additional returns, the Manager has entered into a written securities lending agreement (a "Securities Lending Agreement") on behalf of the Company with the Custodian, as agent for the Company, to administer any securities lending transaction for the Company.

The Manager manages the risks associated with securities lending by requiring the Custodian, pursuant to the Securities Lending Agreement, to:

- enter into securities lending, repurchase or reverse purchase transactions with reputable and well-established Canadian and foreign brokers, dealers and institutions ("counterparties");
- maintain internal controls, procedures and records including a list of approved counterparties based on generally accepted creditworthiness standards, transaction and credit limits for each counterparty and collateral diversification standards;
- establish daily the market value of both the securities loaned by the Company under a securities lending transaction or sold by the Company under a repurchase transaction and the cash or collateral held by the Company. If on any day the market value of the cash or collateral is less than 102% of the market value of the borrowed or sold securities, the Custodian will request that the counterparty provide additional cash or collateral to the Company to make up the shortfall;
- ensure that no more than 50% of the total assets of the Company are out on loan at one time; and

ensure that the collateral to be delivered to the Company is one or more of cash, qualified securities or securities immediately convertible into, or exchangeable for, securities of the same issuer, class or type, and same term, if applicable, as the securities being loaned by the Company.

The transaction may be terminated by the Company at any time and the loaned securities recalled within the normal and customary settlement period for such transactions.

The Manager has written procedures that set out the objectives, goals and risk management practices with respect to securities lending arrangements which are reviewed annually by the Board. The Securities Lending Agreement was approved by the Board and securities lending arrangements and risks are monitored by the Manager. The Custodian conducts simulations to test the Portfolio under stress conditions.

10.9 Short-Term Trading

The Company's Shares are traded on the TSX. The Company does not have policies and procedures in place to monitor, detect and deter short-term trading given that:

(i) Shareholders are only permitted to redeem Shares on a monthly or annual basis;

(ii) monthly retractions are at a discount to NAV. Class A Shares retracted on a monthly Retraction Date receive a retraction price per Class A Share equal to 96% of the difference between the NAV per Unit and the cost to the Company of the purchase of a Preferred Share for cancellation. Preferred Shares retracted on a monthly Retraction Date receive retraction price per Preferred Share equal to the lesser of 96% of the NAV per Unit less the cost to the Company of the purchase of a Class A Share for cancellation and $10.00;

(iii) the concurrent annual retraction is at 100% of NAV per Unit less any costs associated with the retraction;

(iv) the NAV per Unit for the purpose of a monthly or annual retraction is based on the value of the common shares included in the Portfolio being equal to the weighted average trading price of such shares over the last three business days of the relevant month; and

(v) retractions require more than 4 weeks to process from the date a holder notifies CDS of their retraction request to the date the retraction proceeds are paid out.

11.0 INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally relevant to investors who, for purposes of the Income Tax Act and at all relevant times, are resident or are deemed to be resident in Canada, hold their Preferred Shares and their Class A Shares as capital property, and deal at arm's length with and are not affiliated with the Company. This summary is based upon the current provisions of the Income Tax Act and the Company's understanding of the current published administrative policies and assessing practices of the CRA. This summary is based on the assumption that the Class A Shares or the Preferred Shares will at all times be listed on the TSX. This summary is based on the assumption that the Company was not established and will not be maintained primarily for the benefit of non-residents of Canada and at no time will the total fair market value of the shares of the Company held by persons who are non-residents of Canada and/or partnerships (other than Canadian partnerships within the meaning of the Income Tax Act) exceed 50% of the fair market value of all of the outstanding shares of the Company. This summary is based upon the assumption that the Company will at all relevant times comply with its Investment Restrictions and hold only permitted investments. This summary is based on the assumption that the issuers of securities held by the Company will not be foreign affiliates of the Company or a shareholder of the Company. This summary also takes into account all specific proposals to amend the Income Tax Act announced prior to the date hereof by the Minister of Finance (Canada) (the "Proposed Amendments") and assumes that all Proposed Amendments will be

enacted in the form proposed. No assurances can be given that the Proposed Amendments will become law as proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and, in particular, does not describe income tax considerations relating to the deductibility of interest on money borrowed to acquire Preferred Shares or Class A Shares. This summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, other than the Proposed Amendments. This summary does not deal with foreign, provincial or territorial income tax considerations, which might differ from the federal considerations. This summary does not apply to a Shareholder (i) that is a "financial institution" as defined in section 142.2 of the Income Tax Act, (ii) to a Shareholder an interest in which is a "tax shelter investment" as defined in subsection 143.2(1) of the Income Tax Act, or (iii) to a Shareholder that has elected to have the "functional currency" reporting rules in section 261 of the Income Tax Act apply.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Accordingly, Shareholders are advised to consult their own tax advisors with respect to their individual circumstances.

11.1 Tax Treatment of the Company

The Company currently qualifies and intends at all relevant times to qualify as a "mutual fund corporation" as defined in the Income Tax Act. The Company filed the necessary election under the Income Tax Act so that it was deemed to be a "public corporation", and therefore qualified as a mutual fund corporation, throughout its first taxation year. As a mutual fund corporation, the Company is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. Also, as a mutual fund corporation, the Company is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends ("Capital Gains Dividends") which are treated as capital gains in the hands of the Shareholders of the Company (see section 11.3 below). In certain circumstances where the Company has recognized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or qualifying redemptions.

In computing income for a taxation year, the Company will be required to include in income all dividends received by the Company in the year. In computing taxable income, the Company will generally be permitted to deduct all dividends received by it from taxable Canadian corporations. The Company will generally not be permitted a deduction in computing taxable income for dividends received by it from other corporations.

The Company has elected in accordance with the Income Tax Act to have each of its "Canadian securities" treated as capital property. Such an election will ensure that gains or losses realized by the Company on Canadian securities are treated as capital gains or capital losses.

The Company qualifies as a "financial intermediary corporation" (as defined in the Income Tax Act) and, thus, is not subject to tax under Part IV.1 of the Income Tax Act on dividends received by the Company and is not generally liable to tax under Part VI.1 of the Income Tax Act on dividends paid by the Company on "taxable preferred shares" (as defined in the Income Tax Act). As a mutual fund corporation (which is not an "investment corporation" as defined in the Income Tax Act), the Company is generally subject to a refundable tax of 33⅓% under Part IV of the Income Tax Act on taxable dividends received by the Company during the year to the extent that such dividends were deductible in computing the Company's taxable income for the year. This tax is refundable upon payment by the Company of sufficient dividends other than Capital Gains Dividends ("Ordinary Dividends").

Premiums received on covered call options and cash covered put options written by the Company that are not exercised prior to the end of the year will constitute capital gains of the Company in the year received, unless such premiums are received by the Company as income from a business of buying and selling securities or the Company has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Company purchases securities for the Portfolio with the objective of earning dividends thereon over the life of the Company, writes covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio and writes cash covered put options to increase returns and to reduce the net cost of purchasing securities upon the exercise of put options. Thus, having regard to the foregoing and in accordance with the CRA's published administrative policies, transactions undertaken by the Company in respect of shares comprising the Portfolio and options on such shares are treated and reported by the Company as arising on capital account.

Premiums received by the Company on covered call (or cash covered put) options that are subsequently exercised will be added in computing the proceeds of disposition (or deducted in computing the adjusted cost base) to the Company of the securities disposed of (or acquired) by the Company upon the exercise of such call (or put) options. In addition, where the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Company in the previous year, such capital gain may be reversed.

The Company is required to compute all amounts, including interest, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Income Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar.

11.2 Dividend Distributions

The policy of the Company is to pay quarterly dividends on the Preferred Shares and monthly dividends on the Class A Shares and, in addition, to pay a special year-end dividend to holders of Class A Shares where the Company has net taxable capital gains upon which it would otherwise be subject to tax (other than taxable capital gains realized on the writing of options that are outstanding at year end) or where the Company needs to pay a dividend in order to recover refundable tax not otherwise recoverable upon payment of monthly dividends. While the principal sources of income of the Company are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Company earns net income, after expenses, from other sources, including dividends from non-Canadian sources and interest income upon interim investment of its reserves, the Company will be subject to income tax on such income and no refund of such tax will be available.

Given the investment and dividend policy of the Company and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Company does not expect to be subject to any appreciable amount of non-refundable Canadian income tax.

11.3 Tax Treatment of Shareholders

Shareholders of the Company must include in income Ordinary Dividends paid to them by the Company. For individual Shareholders, Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations, including, if applicable, the enhanced gross-up and credit for Ordinary Dividends designated by the Company as eligible dividends. For corporate Shareholders, other than "specified financial institutions" (as defined in the Income Tax Act), Ordinary Dividends will normally be deductible in computing the taxable income of the corporation.

In the case of a Shareholder that is a specified financial institution, Ordinary Dividends received on a particular class of shares will be deductible in computing its taxable income only if either (a) the specified financial institution did not acquire the shares in the ordinary course of its business; or (b) at the time of the receipt of the dividends by the specified financial institution the shares of that class are listed on a designated stock exchange in Canada, and dividends are received in respect of not more than 10% of the issued and outstanding shares of that class by (i) the specified financial institution, or (ii) the specified financial institution and persons with whom it does not deal at arm's length (within the meaning of the Income Tax Act). For these purposes, a beneficiary of a trust will be deemed to receive the amount of any dividend received by the trust and designated to that beneficiary, effective at the time the dividend was received by the trust, and a member of a partnership will be considered to have received that partner's share of a dividend received by the partnership, effective at the time the dividend was received by the partnership.

Ordinary Dividends received by a corporation (other than a "private corporation" or a "financial intermediary corporation", as defined in the Income Tax Act) on Preferred Shares will generally be subject to a 10% tax under Part IV.1 of the Income Tax Act to the extent that such dividends are deductible in computing the corporation's taxable income.

A Shareholder that is a private corporation or any other corporation controlled directly or indirectly by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) will generally be liable to pay a 33⅓% refundable tax under Part IV of the Income Tax Act on Ordinary Dividends received on the Shares to the extent that such dividends are deductible in computing the Shareholder's taxable income. Where Part IV.1 tax also applies to an Ordinary Dividend received by a Shareholder, the rate of Part IV tax payable by the Shareholder is reduced to 23⅓%.

The amount of any Capital Gains Dividend received by a Shareholder from the Company will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

The amount of any payment received by a Shareholder from the Company as a return of capital on a Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant Share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain. See section 11.4 below.

Having regard to the dividend policy of the Company, a person acquiring Shares may become taxable on income or capital gains accrued or realized before such person acquired such Shares.

11.4 Disposition of Shares

Upon the redemption, retraction or other disposition of a Share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. If the Shareholder is a corporation, any capital loss arising on the disposition of a share may in certain circumstances be reduced by the amount of any Ordinary Dividends received on the share. Analogous rules apply to a partnership or trust of which a corporation, partnership or trust is a member or beneficiary. The adjusted cost base of each Share will generally be the weighted average of the cost of the Shares of that class acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any Shares of that class held immediately before the particular time.

Generally Shares will qualify as "Canadian securities" for purposes of making an irrevocable election under the Income Tax Act to deem all Canadian securities held by the investor to be capital property and

to deem any disposition of Canadian securities held to be a disposition of a capital property for the purposes of the Income Tax Act. This election is not available to all taxpayers under all circumstances and therefore investors considering making such an election should consult their tax advisors.

One-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Income Tax Act. A Shareholder that is a Canadian-controlled private corporation will be subject to an additional refundable tax on its aggregate investment income, which includes an amount in respect of taxable capital gains.

Individuals (other than certain trusts) who realize net capital gains or dividends may be subject to an alternative minimum tax under the Income Tax Act.

12.0 REMUNERATION OF DIRECTORS AND OFFICERS AND THE IRC

The Manager is paid the Management Fee as disclosed in section 8.2.3 of this Annual Information Form. The directors of the Manager and the Company do not receive any directors fees. The Company pays the fees of the IRC which are $10,000 per member per annum as well as expenses incurred by the IRC and directors on behalf of the Company. No expenses were paid in 2010.

13.0 MATERIAL CONTRACTS

The Company and/or the Manager or Brompton Split Banc Trust are party to the Management Agreement, the Advisory Agreement, the Option Advisor Agreement, the Custodian Agreement and the Escrow Agreement. Copies of these material contracts may be accessed by prospective or existing Shareholders at www.sedar.com under the Company's profile. They are also available at the Company's office during normal business hours. Details in respect of the Management Agreement, Advisor Agreement, Option Advisor Agreement and Custodian Agreement can be found in section 8 and in section 13.1 in the case of the Escrow Agreement.

13.1 Escrow Agreement

The Escrow Agreement dated as of November 16, 2005 was entered into by Brompton Split Banc Trust, the Company and the Escrow Agent. The Escrow Agreement outlines the responsibilities and duties of the Escrow Agent in relation to the Class J Shares of the Company.

If the Escrow Agent should wish to resign, it must give at least three months written notice to the Company, which may, with the written consent of the Ontario Securities Commission, appoint another Escrow Agent in its place and such appointment shall be binding on the Company.

In consideration for its services, the Company pays to the Escrow Agent such compensation as agreed upon in writing between the Company and the Escrow Agent, from time to time and reimburses the Escrow Agent for all reasonable costs and expenses incurred by the Escrow Agent on behalf of the Company.

14.0 OTHER MATERIAL INFORMATION

14.1 Risk Factors

Certain risk factors relating to the Company, the Class A Shares and the Preferred Shares are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Company. If any such risk actually occurs,

the business, financial condition, liquidity or results of operations of the Company and the ability of the Company to make distributions on the Shares, could be materially adversely affected.

Performance of the Portfolio Issuers and Other Considerations

The NAV per Unit varies as the value of the securities in the Portfolio varies. The Company has no control over the factors that affect the value of the securities in the Portfolio. Factors unique to each company included in the Portfolio, such as changes in their management, strategic direction, achievement of goals, mergers, acquisitions and divestitures, changes in distribution policies and other events, may affect the value of the common shares and other securities in the Portfolio. A substantial drop in the North American equities markets could have a negative effect on the Company and could lead to a significant decline in the value of the Portfolio and the value of the Shares. Shares of the Company may trade in the market at a discount to their NAV and there can be no assurance that Shares will trade at a price equal to their NAV.

Recent Global Financial Developments

Global financial markets experienced a sharp increase in volatility beginning in 2008. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities, contributing to a reduction in liquidity among financial institutions and a reduction in the availability of credit to those institutions and to the issuers who borrow from them. While central banks and governments continue attempts to restore liquidity to the global economy, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not continue to materially and adversely affect economies around the world. Some or all of these economies may experience significantly diminished growth and some or all may suffer a recession, the duration of which cannot be predicted. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Company and the value of the portfolio. A substantial decline in the North American equities markets could be expected to have a negative effect on the Company and the market price of the Shares.

Concentration Risk

The Company will be invested at all times in up to six issuers in one industry. The Company's holdings may be considered to be less diversified and the NAV per Unit may be more volatile than the value of a more broadly diversified portfolio and may fluctuate substantially over short periods of time. This may have a negative impact on the value of the Preferred Shares and the Class A Shares.

No Assurances on Achieving Objectives

There is no assurance that the Company will be able to achieve its distribution objective or will return to investors an amount equal to or in excess of the original issue price of the Preferred Shares or the Class A Shares. There is no assurance that the Company will be able to pay quarterly distributions on the Preferred Shares or monthly distributions on the Class A Shares. The funds available for distributions to Shareholders will vary according to, among other things, the dividends and distributions paid on all of the securities, the level of option premiums received and the value of the securities comprising the Portfolio. As the dividends and distributions received by the Company may not be sufficient to meet the Company's objectives in respect of the payment of distributions, the Company may depend on the receipt of option premiums and the realization of capital gains to meet those objectives. Although many investors and financial market professionals price options based on the Black-Scholes Model, in practice actual option premiums are determined in the marketplace and there is no assurance that the premiums predicted by such pricing model can be attained.

Sensitivity to Interest Rates

The market price of the Preferred Shares and Class A Shares may be affected by the level of interest rates prevailing from time to time. A rise in interest rates may have a negative effect on the market price of the Shares and increase the cost of borrowing to the Company, if any. Shareholders who wish to redeem or sell their Preferred Shares or Class A Shares prior to the Maturity Date will therefore be exposed to the risk that the market price of the Preferred Shares and Class A Shares will be negatively affected by interest rate fluctuations.

Greater Volatility of the Class A Shares

An investment in the Class A Shares represents a leveraged investment by virtue of the Preferred Shares which have priority in payment of any distributions and any proceeds from the winding-up of the Company. This leverage amplifies the potential return to investors of Class A Shares insofar as returns in excess of the amounts payable to holders of Preferred Shares accrue to the benefit of the holders of Class A Shares. Conversely, any losses incurred by the Portfolio first accrue to the detriment of the holders of the Class A Shares since the Preferred Shares rank prior to the Class A Shares in respect of distributions and proceeds upon the winding-up of the Company.

Changes in Credit Rating

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There can be no assurance that the Preferred Shares will maintain their rating by DBRS for any given period of time or that the rating will not be lowered or withdrawn entirely by DBRS if in DBRS' judgment circumstances so warrant. A lowering or withdrawal of the rating of the Preferred Shares may have a negative effect on the market value of the Preferred Shares.

Reliance on the Manager and Option Advisor

The Manager and the Option Advisor will manage the Portfolio in a manner consistent with the Investment Objectives, Investment Guidelines and Rebalancing Criteria of the Company. The employees of the Manager and the Option Advisor who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios and writing covered call and cash covered put options in connection with managing such investment portfolios. There is no certainty that the employees of the Manager and Option Advisor who will be primarily responsible for the management of the Portfolio will continue to be employees of the Manager or Option Advisor throughout the term of the Company.

Use of Options and Other Derivative Instruments

The Company is subject to the full risk of its investment position in the securities comprising the Portfolio, including those securities that are subject to outstanding call options and those securities underlying put options written by the Company, should the market price of such securities decline. In addition, the Company will not participate in any gain on the securities that are subject to outstanding call options above the strike price of the options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Company to write covered call options or cash covered put options or purchase cash covered put options on desired terms or to close out option positions should the Option Advisor desire to do so. The ability of the Company to close out its positions may also be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Company is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Company

will be obligated to acquire a security at the strike price which may exceed the then current market value of such security.

In purchasing call or put options or selling call or writing put options, the Company is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Sensitivity to Volatility Levels

The Company intends to sell call options in respect of some or all of the securities held in the Portfolio. Such call options may be either exchange traded options or over-the-counter options. By selling call options, the Company will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Option Advisor or the Company.

Foreign Currency Exposure

As the Portfolio may contain some securities and options denominated in U.S. dollars, the NAV of the Company and the value of distributions and option premiums received by the Company will, when measured in Canadian dollars, be affected by fluctuations in the value of the U.S. dollar relative to the Canadian dollar.

Securities Lending

The Company may engage in securities lending. Although the Company will receive collateral for the loans and such collateral will be marked-to-market, the Company will be exposed to the risk of loss should the borrower default on its obligations to return the borrowed securities and the collateral be insufficient to reconstitute the Portfolio of loaned securities.

Taxation

In determining its income for tax purposes, the Company will treat option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out such options as capital gains and capital losses, as the case may be, in accordance with its understanding of the CRA's published administrative policy and assessing practice. Gains or losses on the disposition of shares, including the disposition of shares held in the Portfolio upon exercise of a call option, will be treated as capital gains or losses. The CRA's practice is not to grant an advance income tax ruling on the characterization of items as capital gains or income and no advance ruling has been requested or obtained.

If, contrary to the CRA's published administrative policy, some or all of the transactions undertaken by the Company in respect of options were treated on income rather than capital account, after-tax returns to Shareholders could be reduced, the Company could be subject to non-refundable income tax from such transactions and the Company could be subject to penalty taxes in respect of excessive capital dividend elections.

There can be no assurance that changes will not be made to the tax rules affecting the taxation of the Company's investments or that such tax rules will not be administered in a way that is less advantageous to the Company or its Shareholders.

Significant Retractions

If a significant number of Shares are retracted, the trading liquidity of the Shares could be significantly reduced. In addition, the expenses of the Company would be spread among fewer Shares resulting in a potentially lower NAV.

14.2 Accounting Changes

In January 2011, the Canadian Accounting Standards Board ("AcSB") announced that it will provide a deferral of the transition to International Financial Reporting Standards ("IFRS") for investment companies until January 1, 2013. The Company will adopt IFRS by the deadline provided by the AcSB or by such earlier time as may be required by the Canadian Securities Administrators.

The Company has developed a plan to meet the timetable published by the Canadian Institute of Chartered Accountants for changeover to IFRS. Key elements of the plan include the determination of the qualitative impact and the quantitative impact, if any, on the Company's financial statements in accordance with IFRS. The Company has presently determined that there will be no impact to the NAV per Unit from the changeover to IFRS. The main impact of IFRS on accounting policies and implementation decisions will be the requirement to provide additional note disclosures and potentially a different presentation of Shareholder interests in the financial statements of the Company.

Manager: Brompton Funds Management Limited
Address: Suite 2930, Box 793, Bay Wellington Tower, Brookfield Place,
181 Bay Street, Toronto, Ontario M5J 2T3
Telephone: (416) 642-6000
Fax: (416) 642-6001
Website: www.bromptonfunds.com

ADDITIONAL INFORMATION:

Additional information about the Company is available in the Company's management report of fund performance and financial statements. Copies of these documents may be obtained at no cost:

- By calling (416) 642-6000 or toll-free at 1-866-642-6001,
- Direct from your dealer, or
- By email at info@bromptongroup.com.

Copies of these documents and other information about the Company, such as information circulars and material contracts, are also available on the Company's website at www.bromptonfunds.com or on SEDAR at www.sedar.com.