Brompton North American Low Volatility Dividend ETF

TSX:BLOV

Overview

This ETF provides stable monthly cash distributions, and the opportunity for capital appreciation and low overall volatility of portfolio returns by investing in a portfolio of North American large capitalization equity securities selected by Brompton, complemented by a proprietary covered call options program to enhance monthly income.

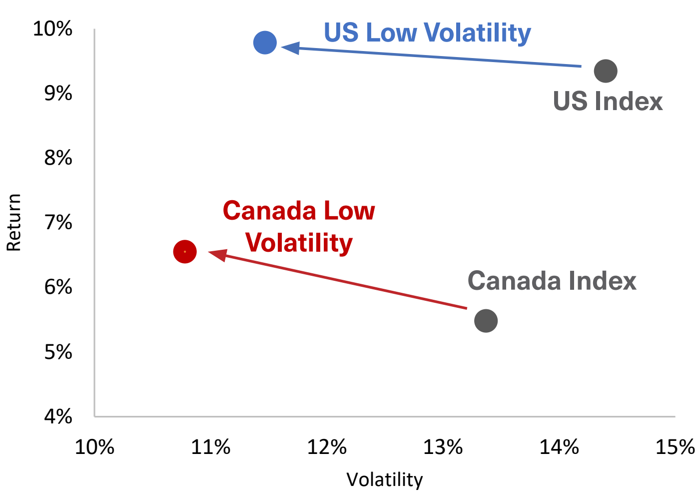
BLOV focuses on lowering total portfolio volatility through investing in a diversified blend of equities from North American issuers with a minimum market cap of $5 billion. Our Portfolio Management team employs quantitative analysis with an active fundamentals overlay to construct a portfolio with lower overall volatility than the market. The team also overlays an options strategy with the goal of further lowering volatility while increasing distributable cash and total returns.

LOW VOLATILITY - INVESTMENT RATIONALE

1 Higher returns with lower risk

Over the 15 years ending April 2020, a period which includes two of the highest-volatility equity market sell-offs on record, low volatility strategies have offered greater portfolio stability, higher risk-adjusted returns, and higher absolute returns than US or Canadian broad equity markets.

Low Volatility outperforms[1]



2 The Low-Volatility Effect explained

Low Volatility equity strategies have attracted investor interest. Why does this approach produce high levels of risk-adjusted returns?

Modern Portfolio Theory suggests investors should:

a) construct an optimal risk/return portfolio; and

b) borrow to achieve the desired risk/return profile.

In reality, many funds and individual investors are restricted from borrowing; performance-seeking investors instead pursue higher-volatility equities in an attempt to capture outsized returns. As investors crowd into higher-risk equities, this may have the result of driving up valuation for these equities, lowering future potential return.

This investor behaviour has created the Low-Volatility Effect: many low-volatility equities may be attractively valued, to the point where low volatility equity portfolios are observed to consistently outperform on both an absolute and a risk-adjusted basis.

[1] Source: Refinitiv Datastream. Based on monthly returns for the period 2005-09-30 - 2020-09-30. US Low Volatility represents the MSCI USA Minimum Volatility Total Return Index, US Index represents the MSCI USA Total Return Index, Canada Low Volatility represents the MSCI Canada Minimum Volatility Total Return Index, and Canada Index represents MSCI Canada Total Return Index.

3 A better approach to low volatility investing

Market participants today typically offer one of two low volatility strategies: buying the lowest volatility equities in an index, or selecting securities with the objective of minimizing volatility at the portfolio level while keeping sector weights close to those of an underlying index.

Brompton employs a more sophisticated process. By combining quantitative modelling with years of investment experience, we construct a portfolio with lower volatility than the market while also generating a reasonable dividend yield. Importantly, the portfolio's sector weights are not limited by a benchmark, as research shows that these types of constraints increase the risk and reduce the returns of low volatility portfolios. Instead, sector weightings are actively managed as a part of our portfolio construction process to ensure an appropriate amount of diversification.

Our Portfolio Managers also have discretion to write covered calls on the portfolio holdings. We use an active approach to call writing in order to enhance monthly income while further reducing portfolio volatility.

Sample Portfolio Holdings: September 30, 2020[2]

About Brompton Funds Limited

- Provides investment management and portfolio advisory services to 18 investment funds
- Brompton manages approximately $1.7 billion in AUM, including approximately $1.4 billion in covered call option writing strategies
- Since inception in 2000, Brompton's funds have paid over $2.5bn in distributions to investors

For more information, please contact your Investment Advisor or visit www.bromptongroup.com

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

[2] Please visit www.bromptongroup.com for more information.