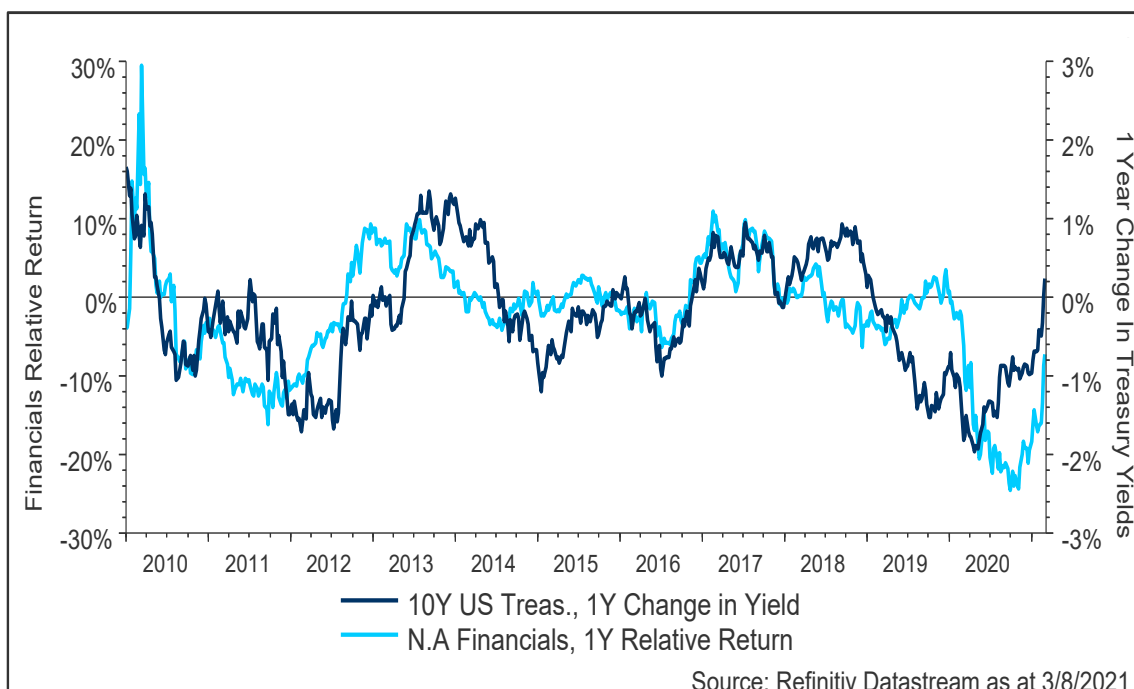


Funds in focus: [BFIN - Brompton North American Financials Dividend ETF](#), [LBS - Life & Banc Split Corp.](#),
[LCS - Brompton Lifeco Split Corp.](#), [SBC - Brompton Split Banc Corp.](#)

We are positive on North American Financials in 2021 for many reasons including attractive valuations, well-fortified capital positions, and expected strong performance in a potentially record-setting vaccine-driven North American economic rebound.

In recent weeks investors have begun to fret about the potential for stimulus-driven inflation, which has manifested in higher bond yields. This has in turn led to pressure on fixed income and certain equity sectors. US and Canadian 10-yr government bond yields have risen by 54 bps and 68 bps respectively year-to-date (March 3, 2021). Fixed income, along with a number of equity sectors, have come under pressure due to investor angst.

The chart below tracks year-over-year changes in the US 10 year Treasury yield and corresponding returns from the North American Financials sector relative to the broader North American equity market¹. The correlation between the two data sets demonstrates the opportunity in Financials in a rising yield environment.



The North American Financial sector is somewhat unique in that higher interest rates can be good news. Many Financials issuers' business models produce more profits with moderately higher long-term rates, especially if short-term rates remain low, allowing the yield curve to steepen. The minutes for the January 2021 meeting of the Federal Open Market Committee indicated that the Federal Reserve is in no hurry to increase short-term rates. As prospects for economic growth continue to improve, or as investor expectations for inflation increase, longer dated yields like the US 10 year Treasury bond tend to move up. If rising long term rates continue to steepen the yield curve, 2021 could be a banner year for North American Financials.

[Brompton North American Financials Dividend ETF \(TSX - BFIN, BFIN.U\)](#) offers investors a way to invest in a portfolio of large cap North American financial services companies selected by Brompton, complemented by a proprietary covered call program.

[Brompton Split Banc Corp. \(TSX – SBC, SBC.PR.A\)](#), [Life & Banc Split Corp. \(TSX – LBS, LBS.PR.A\)](#) and [Brompton Lifeco Split Corp. \(TSX – LCS, LCS.PR.A\)](#) offer investors a variety of ways to invest in Canada's four largest publicly-listed life insurance companies and "Big Six" Canadian banks.

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¹⁾ North American Financials sector is represented by Datastream North American Financials Index; broader North American equity market is represented by Datastream North American Market Index.

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Commissions, trailing commissions, management fees and expenses all may be associated with exchange-traded fund investments. Please read the prospectus before investing. Exchange-traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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