

**Fund in focus:** Dividend Growth Split Corp. (DGS)

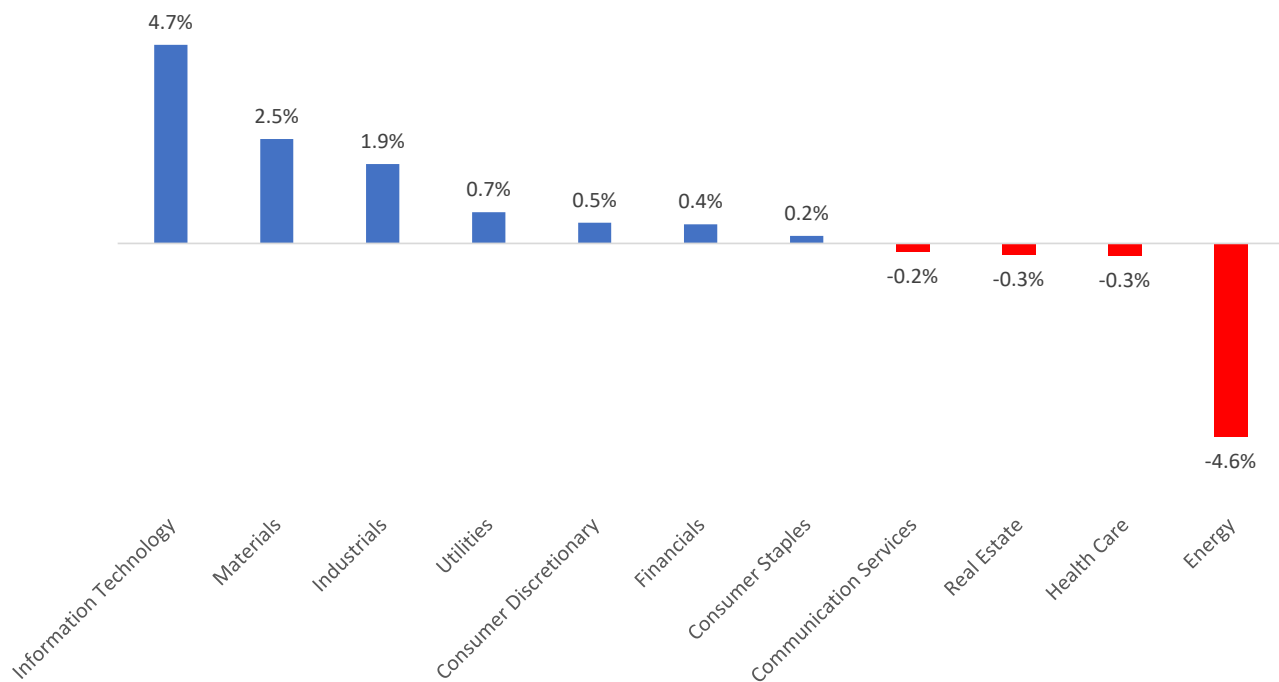
**March 2021**

The past year has been an unprecedented year in the markets. The 2020 stock market crash marked the fastest correction in market history; yet certain sectors of the market defied expectations and have since reached all-time highs. A number of investors have asked us to compare the performance of Dividend Growth Split Corp., which is a good proxy for Canadian large-cap dividend growth, with the broader Canadian equity market since the start of 2020. To understand the relative performance, it's helpful to take closer look at how various sectors and certain stocks within the market performed.

Following the market's decline in March 2020, some sectors recovered much faster than others which was consistent with the impact of COVID-19 on certain industries and the economy. For example, technology companies enabling online shopping and the work-from-home trend led the market recovery while companies in the travel and retail industries suffered disproportionately with people around the world staying home. Uncertainty driven by the pandemic also drove major rallies in gold prices as investors sought after safe-haven assets.

Despite the major sell-off in March 2020, the Canadian equity market ended the year with a 5.6% return. However, the market's return was primarily driven by two sectors - Technology and Materials (i.e., gold stocks). The Technology and Materials sectors alone contributed more than 100% of the return of the S&P/TSX Composite Index ("TSX Index") in 2020 while other sectors had negative to small positive contributions, as shown in the chart below. In fact, a single Technology stock, Shopify Inc., contributed 4.1% of the total TSX Index return in 2020. Without Shopify, the TSX Index return would have been only 1.4% for the year.

**2020 S&P/TSX Sector Contribution to Returns**

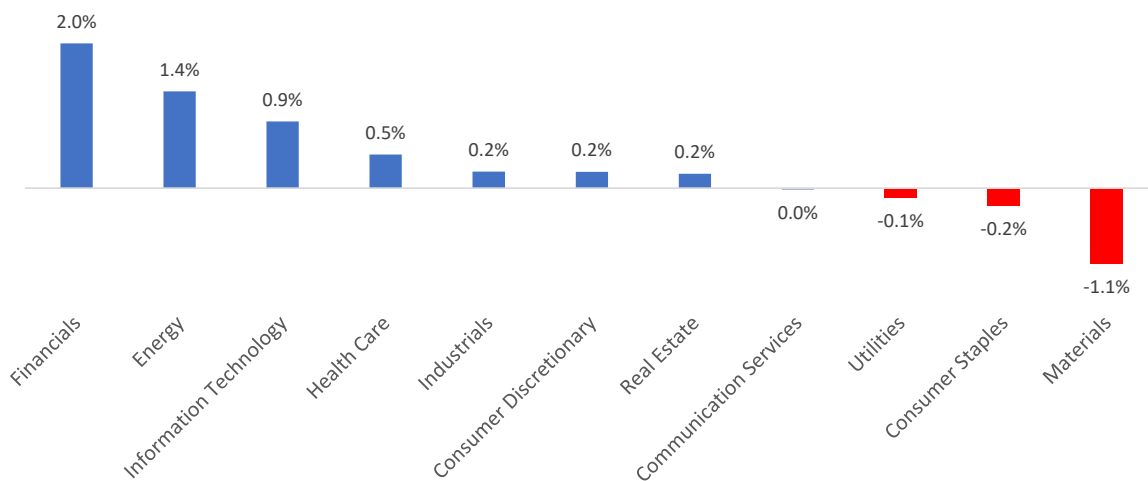


Source: Morningstar Direct, as at December 31, 2020. S&P/TSX Composite Index is represented by the iShares Core S&P/TSX Capped Composite Index.

Since Dividend Growth Split Corp. invests in dividend-paying stocks with a history of dividend growth, the portfolio will naturally be underweight Technology since this sector lacks dividend paying companies. In general, dividend-paying stocks underperformed the broader market in 2020. The S&P/TSX Composite High Dividend Index returned -7.3% in 2020 and Dividend Growth Split Corp. outperformed this benchmark by 4.4%, with a Unit NAV return of -2.9% for the year.

More recently, there has been a shift in the markets and many sectors that underperformed the broader market in 2020 have outperformed year-to-date in 2021. The Financials and Energy sectors have been the largest contributors to the TSX Index return year-to-date, as shown in the chart below. Dividend Growth Split Corp. has benefitted from this rotation with Financials and Energy making up almost 40% of the fund's portfolio. Dividend Growth Split Corp. has returned 5.8% year-to-date on a Unit NAV basis as of February 28, 2021, outperforming the TSX Index by 1.8%.

### 2021 Year-to-Date S&P/TSX Sector Contribution



Source: Morningstar Direct, as at February 28, 2021. S&P/TSX Composite Index is represented by the iShares Core S&P/TSX Capped Composite Index.

As longer-term pandemic-related concerns begin to dissipate with the roll-out of COVID-19 vaccines and global economic growth returns, equity markets should perform well in 2021 and we expect to see market leadership continue to broaden out. We believe the Dividend Growth Split Corp. portfolio is well positioned to benefit in this environment and Dividend Growth Split Corp. class A shares offer investors enhanced exposure to the performance of high-quality Canadian dividend-growth equities. History has demonstrated that over the long-term dividend growth equities have outperformed the broader market with less volatility.

| Annual Compound Returns <sup>1</sup>    | YTD   | 1-YR  | 3-Yr | 5-YR  | 10-YR | Since Inception <sup>2</sup> |
|---|-------|-------|------|-------|-------|------------------------------|
| Dividend Growth Split Corp. - Class A   | 17.3% | 3.8%  | 3.3% | 11.7% | 9.0%  | 6.7%                         |
| S&P/TSX Composite High Dividend Index   | 7.3%  | 4.7%  | 5.9% | 8.6%  | 5.2%  | 4.5%                         |
| S&P/TSX Composite Index                 | 4.0%  | 14.7% | 8.7% | 10.3% | 5.6%  | 6.6%                         |
| Dividend Growth Split Corp. - Preferred | 0.9%  | 5.6%  | 5.5% | 5.4%  | 5.4%  | 5.4%                         |
| Dividend Growth Split Corp. - Unit      | 5.6%  | 5.4%  | 4.9% | 8.0%  | 7.0%  | 5.8%                         |

1) Returns are for the periods ended February 28, 2021 and are unaudited. The table shows the Fund's compound return on a Class A share, Preferred share and unit for each period indicated, compared with the S&P/TSX Composite High Dividend Index (the "Composite High Dividend Index") and the S&P/TSX Composite Index ("Composite Index") (together the "Indices"). The Composite High Dividend Index tracks the performance, on a market weight basis and a total return basis, of 50-75 highest dividend yielding securities within the Composite Index. The Composite Index tracks the performance of a broad index of large-capitalization issuers listed on the Toronto Stock Exchange ("TSX"). The Fund invests in an actively managed portfolio and is rebalanced at least annually. It is therefore not expected that the Fund's performance will mirror that of the Indices, which have more diversified portfolios. The Indices are calculated without the deduction of management fees, fund expenses and trading commissions, whereas the performance of the Fund's performance is calculated after deducting such fees and expenses. Further, the performance of the Fund's Class A shares is impacted by the leverage provided by the Fund's Preferred shares.

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You will usually pay brokerage fees to your dealer if you purchase or sell shares of the Fund on the Toronto Stock Exchange or other alternative Canadian trading system (an "exchange"). If the shares are purchased or sold on an exchange, investors may pay more than the current net asset value when buying shares of the investment fund and may receive less than the current net asset value when selling them.

There are ongoing fees and expenses associated with owning shares of an investment fund. An investment fund must prepare disclosure documents that contain key information about the Fund. You can find more detailed information about the Fund in the public filings available at [www.sedar.com](http://www.sedar.com). The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income tax payable by any securityholder that would have reduced returns. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements contained in this document constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information may relate to matters disclosed in this document and to other matters identified in public filings relating to the Fund, to the future outlook of the Fund and anticipated events or results and may include statements regarding the future financial performance of the Fund. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances. Anticipated events or results and may include statements regarding the future financial performance of the Funds. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Actual results may vary from such forward-looking information. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no obligation to update or revise them to reflect new events or circumstances.

#### Investor Relations

PHONE 416.642.6000  
TOLL FREE 1.866.642.6001  
FAX 416.642.6001  
EMAIL [info@bromptongroup.com](mailto:info@bromptongroup.com)

#### Address

Bay Wellington Tower,  
Brookfield Place  
181 Bay Street  
Suite 2930, Box 793  
Toronto, Ontario M5J 2T3

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FUNDS

VALUE  
INTEGRITY  
PERFORMANCE  
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#### Website

[www.bromptongroup.com](http://www.bromptongroup.com)