

Fund in Focus:

Brompton Enhanced Multi-Asset Income ETF (BMAX)

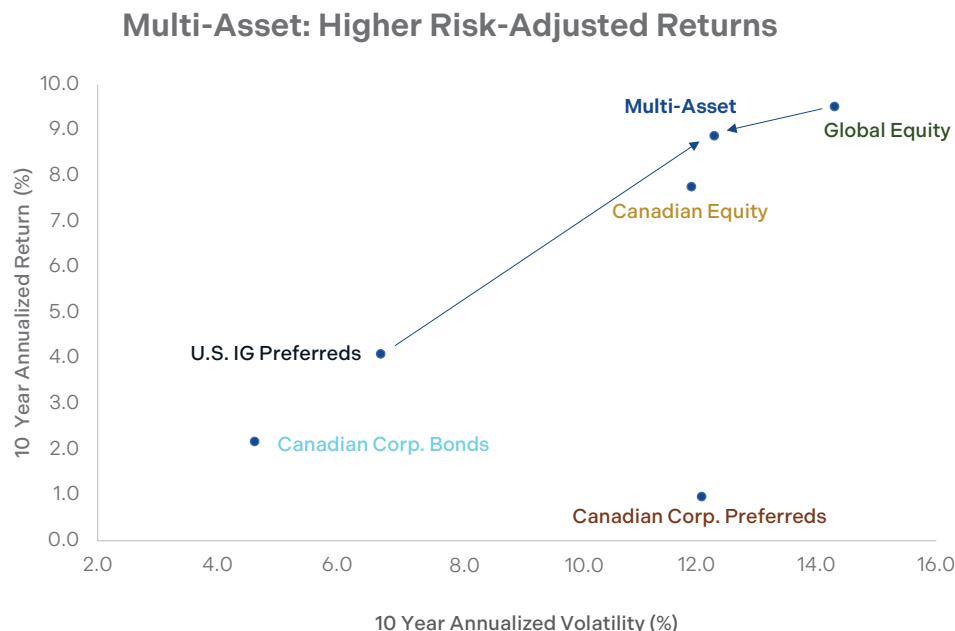
The U.S. Consumer Price Index increased 7.7% year-over-year in October, which was the smallest increase since the beginning of 2022¹. The equity market responded with a greater than 800 point surge in the Dow Jones Index on October 12, 2022².

However, one month of lower-than-expected inflation data doesn't signal an equity market reversal and the near-term interest rate decisions from the U.S. Fed still remain unclear. Given the current backdrop, prudent investors should consider a diversified investment portfolio that will thrive in both volatile market conditions and through periods of recovery.

The benefits of a non-traditional multi-asset portfolio:

Traditional balanced funds in Canada usually invest 60% in Canadian Equity (or a combination of Canadian and Global Equity) and 40% in traditional Canadian Fixed Income³. One potential drawback of traditional 60/40 balanced funds is that they tend to be home-country biased, offering investors little in the way of global diversification. According to a Bank of America report, so far this has been one of the worst years in history for the traditional 60/40 portfolio due to both equity and fixed income markets' underperformance. Investment professionals are now advocating for alternative portfolio allocations for greater diversification⁴.

We believe investors can benefit from an alternative multi-asset approach which combines global equities and non-traditional preferred share investments in a diversified portfolio solution. This multi-asset blend comprised of a 70% allocation to global equities and a 30% allocation to U.S. Investment Grade Preferred Shares has provided strong historical performance with lower volatility compared with single asset class indices, as shown in the chart below.

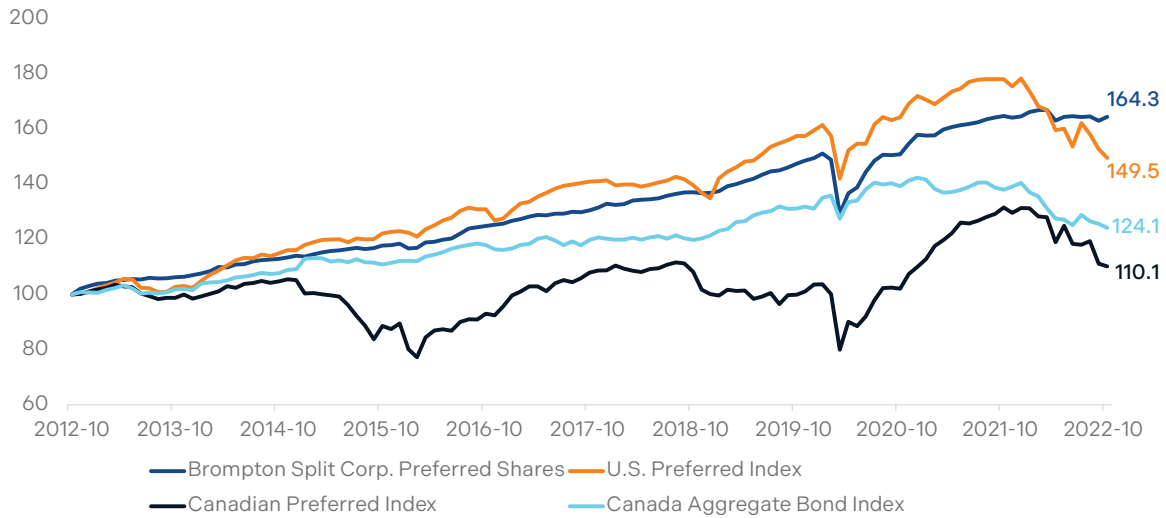


Source: Morningstar, Refinitiv Datastream, as at October 31, 2022, Multi-Asset is based on quarterly rebalancing and is represented by: 70% MSCI World TR Index and 30% ICE BofA 8% Constrained Core West Preferred & Jr Subordinated Securities Index; U.S. Investment Grade Preferreds - ICE BofA 8% Constrained Core West Preferred & Jr Subordinated Securities Index; Canadian Equity - S&P/TSX Composite TR Index; Global Equity - MSCI World TR Index; Canadian Corporate Preferreds - S&P/TSX Preferred TR Index; Canadian Corporate Bonds - ICE BofA Canada Corporate Index.

A "preferred" approach to traditional fixed income:

Compared with traditional Canadian Corporate Bonds and Canadian Preferred Shares, Brompton offers unique fixed income diversifiers such as U.S. Investment Grade Preferred Shares and Split Corp. Preferred Shares, both of which have materially outperformed over the long term, as shown in the chart below.

10-Year Total Return Comparison



Source: Refinitiv Datastream and Morningstar Direct, as of October 31, 2022, performance based on total returns. Returns are calculated without the deduction of management fees, fund expenses and trading commissions. U.S. Preferred Index - ICE BofA 8% Constrained Core West Preferred & Jr Subordinated Securities Index; Canadian Preferred Index - S&P/TSX Preferred Share Index; Canada Aggregate Bond Index - ICE BofA Canada Corporate Index; and Brompton Split Corp. Preferred Shares is represented by an equal weighting in the four Brompton Split Corp. preferred shares that have performance history of more than 10 years - based on an equal weighting in LBS.PR.A, SBC.PR.A, LCS.PR.A and DGS.PR.A total return performance, rebalanced monthly.

Equity covered call strategies to manage volatility and generate income:

This year's equity market declines have brought valuations lower, making for a more compelling entry point. However, the combined impacts of Russia/Ukraine military conflict in Europe, high inflation and aggressive interest rate hikes from central banks have caused significantly elevated market volatility.

During volatile markets, covered call writing strategies can provide investors with both tax-efficient income and lower portfolio risk. Covered call equity funds provide investors with three main sources of total return: i) underlying stock price appreciation; ii) dividend income; and iii) premiums earned from covered call writing.

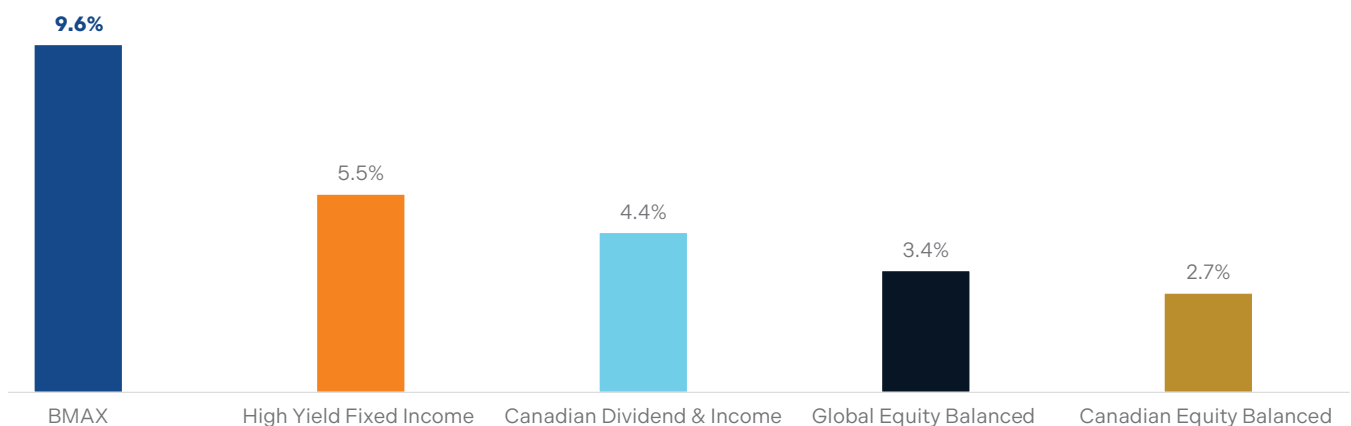
The premiums earned from covered call writing will increase as the market volatility increases and premium income is treated as capital gains which is only taxed at 50% of the marginal tax rate. Premium income will offset potential downside risk during down markets and will also reduce overall portfolio volatility.

Higher Income with modest leverage:

Multi-asset diversification combined with equity covered call writing provides the benefit of reducing overall portfolio risk, which supports the use of a modest amount of leverage in BMAX (target 33% of NAV) in order to enhance income and capital appreciation potential.

Compared with income-oriented or balanced funds in Canada, BMAX offers an investment solution with high monthly distributions:

BMAX Distribution Rate vs. Average Distribution Rate of Each Fund Category



Source: Morningstar, as of October 31, 2022. Canadian Equity Balanced Category has 431 funds, Global Equity Balanced Category has 1379 funds, High Yield Fixed income Category has 493 funds, and Canadian Dividend and Income Category has 535 funds. All categories include multiple fund series. BMAX Distribution Rate reflects the current annualized distribution rate based on net asset value as of October 31, 2022.

Brompton's Approach

[Brompton Enhanced Multi-Asset Income ETF \(BMAX\)](#) offers a unique multi-asset approach by combining investments in covered call equity ETFs, U.S. Investment Grade Preferred Shares and Brompton Split Corp. Preferred Shares. The equity ETFs included in the BMAX portfolio are globally diversified across major developed markets. Investors may benefit from the long-term growth potential of high-quality companies and reduce the concentration risk of investing in one single region. Brompton's equity ETFs also utilize covered call writing strategies which can further reduce overall portfolio volatility and provide enhanced income for investors. This unique approach to a multi-asset solution provides investors with attractive income as well as asset class and geographic diversification. BMAX provides investors with an efficient way to access a portfolio designed for various market conditions. For more details, read [BMAX - Why Invest](#).

Learn more about BMAX: [Webinar – BMAX ETF – High monthly income and multi-asset diversification](#).

¹ Source: U.S. Bureau of Labor Statistics: <https://www.bls.gov/opub/ted/2022/consumer-prices-up-7-7-percent-over-year-ended-october-2022.htm>

² Source: CNBC, Oct 12, 2022, <https://www.cnbc.com/2022/10/12/stock-futures-are-up-as-investors-await-inflation-data.html>

³ Source: As of Oct 31, 2022, Morningstar Database, based on Morningstar Fund Category – Canadian Equity Balanced Funds.

⁴ Source: Bank of America report: <https://www.investopedia.com/60-40-portfolios-face-worst-returns-in-a-century-6751333>

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There are ongoing fees and expenses 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. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated.

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