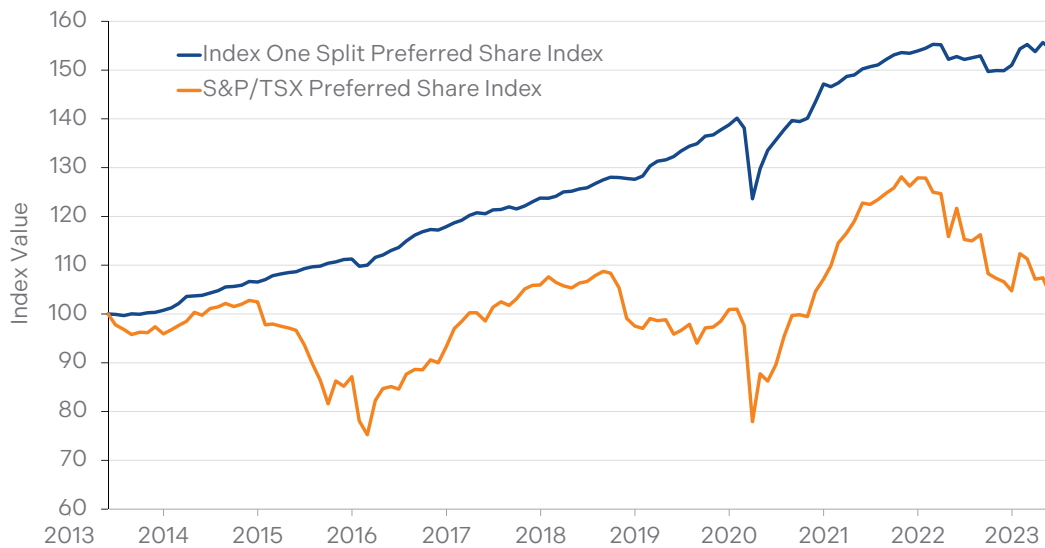


Funds in focus (Brompton Split Corp. preferred shares): [Brompton Split Banc Corp. \(SBC.PR.A\)](#), [Life & Banc Split Corp. \(LBS.PR.A\)](#), [Brompton Lifeco Split Corp. \(LCS.PR.A\)](#), [Global Dividend Growth Split Corp. \(GDV.PR.A\)](#), [Dividend Growth Split Corp. \(DGS.PR.A\)](#), [Brompton Oil Split Corp. \(OSP.PR.A\)](#), [Sustainable Power and Infrastructure Split Corp. \(PWI.PR.A\)](#)

The investor-friendly features provided by Split Corp. preferred shares increase their attractiveness relative to Canadian corporate preferred shares. These features in our view have helped Split Corp. preferred shares outperformed the broader Canadian corporate preferred share market over the past 10 years with lower volatility.

10 Year Total Return Performance Comparison



Source: Refinitiv Datastream, Index One, 10-year total return performance as at May 31, 2023. The Index One Split Preferred Share Index seeks to track the performance of a market capitalization weighted portfolio representing the full Canadian Split Corp. Preferred Share universe.

The major features that differentiate Split Corp. preferred shares from Canadian corporate preferred shares (and in our view are the main contributors to outperformance) include:

Fixed term / Fixed maturity: Corporate preferred shares are perpetual securities like common shares in that they have no scheduled end of term. In contrast, Split Corp. preferred shares have scheduled terms, which are typically 5 years, after which the Split Preferred term is then extended for a new term up to 5 years. Perpetual securities may have higher volatility than term securities, as they tend to be more sensitive to interest rates or long-term company risk. The finite term of Split Corp. preferred shares tends to anchor the trading price near the par value and provide a smoother return experience for the investor. Split Preferreds can trade below par value, like other fixed income instruments, however as the end of term approaches, there tends to be a “pull to par” which moves the trading price up to par.

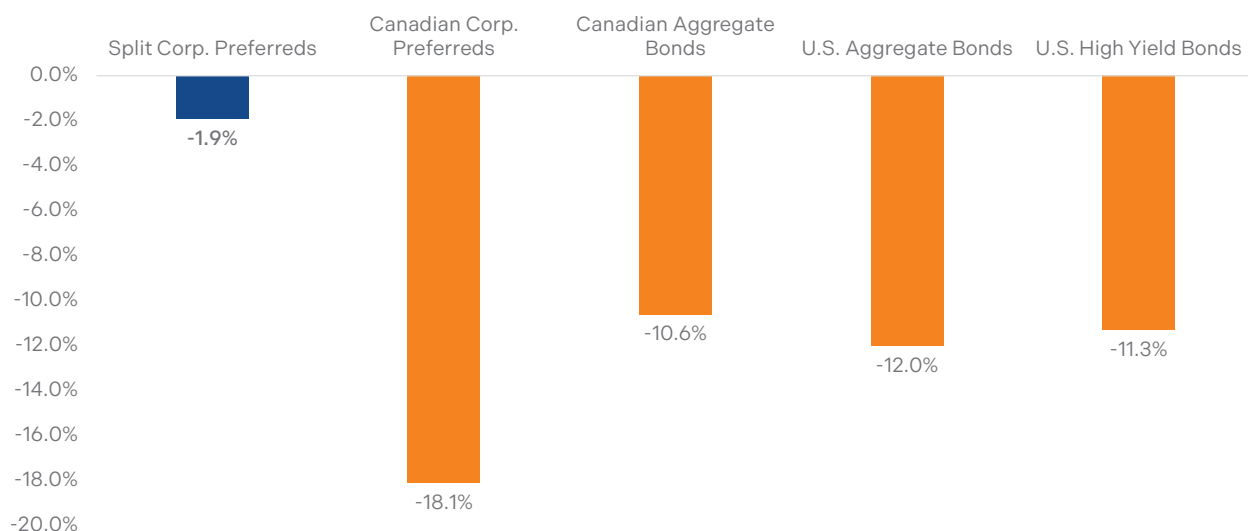
Market-based “rate-reset” approach: Many Canadian corporate preferred shares are “rate-resets”, meaning that every 5 years, the dividend payable on the preferred shares are reset at the 5-year Government of Canada bond yield at the time of reset, plus a pre-determined reset spread. However, as the corporate preferred market has discovered, fixed reset spreads can often be too low, introducing “spread risk” which has often resulted in low-yield resets and an associated sell-off as the lower yield becomes effective. Split Corp. preferred shares also offer a periodic rate reset, but with a more investor-friendly approach that avoids spread risk. Instead of a pre-defined spread, the Manager chooses the level of yield prior to the beginning of each term and makes the determination based on observed market rates and spreads for comparable preferred shares at the time of reset. This simple process resets yields to an attractive market-based level at the beginning of each (typically 5-year) term for Split Corp. preferred shares, mitigating spread risk for investors.

End-of-term redemption at the preferred shareholder’s option: Most Canadian corporate preferreds are callable only at the issuer’s option which is known as “call risk”. Issuers call corporate preferred shares only in cases where there is economic benefit for the corporation to do so, which usually results in economic disadvantage for investors. In contrast, Split Corp. preferred shares are redeemable at the investor’s option at the end of each term, a unique feature which is not generally available in the Canadian corporate preferred share market. This critical difference provides the investor with the option to continue to hold past the original maturity into a new term, if the reset coupon is attractive, or redeem if the investor wishes to raise cash or reinvest elsewhere. In either case, the investor decides, not the issuer.

Growing market cap: The Canadian corporate preferred share market has been shrinking since the introduction of Limited Recourse Capital Notes (LRCNs), a new type of debt instrument sold only to institutional investors that has been replacing new preferred share issuance. The total market cap of the S&P/TSX Preferred Share Index has shrunk by 42%¹ over the past 5 years. LRCN issuers have redeemed a large portion of the high quality and high spread Canadian corporate preferreds, which leaves investors with fewer choices and less liquidity in the remaining corporate preferred market. On the contrary, the Split Corp. preferred market has grown by 72%² over the past 5 years and there is no structural or regulatory pressure to pause or decelerate the current growth momentum. Split Corp. preferreds can be considered as an alternative to Canadian corporate preferreds with tax efficient dividends and the potential for improving liquidity in the future.

The rapid increase in interest rates made 2022 one of the worst years in bond market history with majority of fixed income asset classes down more than 10%. However, Split Corp. preferred shares outperformed the broad fixed income markets, including the Canadian corporate preferred share index, due to their unique combination of attractive dividends with rate resets based on prevailing market rates and the ability to realize cash liquidity at the end of their term. During times of uncertainty in the fixed-income market, Split Corp. preferreds may be an attractive investment alternative for fixed income investors looking for both stable cash flow and capital preservation.








Total Return Performance of Major Fixed Income Indices in 2022



Source: Morningstar Direct, total return from January 1, 2022 to December 31, 2022

(Split Corp. Preferreds represented by Index One Split Corp. Preferred Share Index, Canadian Corp. Preferreds represented by S&P/TSX Preferred Share Index, Canadian Aggregate Bonds represented by S&P Canada Aggregate Bond Index, U.S. Aggregate Bonds represented by S&P U.S. Aggregate Bond Index & U.S. High Yield Bonds represented by S&P U.S. High Yield Corporate Bond Index.)

Brompton Split Corp. Preferred Shares

Fund	TSX Ticker	Distribution ³	Yield to Maturity ⁴	Downside Protection ⁵	DBRS Rating	Sector
 BROMPTON SPLIT BANC CORP.	<u>SBC.PR.A</u>	6.3%	6.7%	47%	Pfd-3 (High)	Big 6 Canadian banks
 BROMPTON LIFE & BANC SPLIT CORP.	<u>LBS.PR.A</u>	5.5%	8.5% ²	44%	Pfd-3	Canada's 4 largest life insurance companies and the Big 6 banks
 BROMPTON LIFECO SPLIT CORP.	<u>LCS.PR.A</u>	6.3%	6.4%	39%	Pfd-3 (Low)	Canada's 4 largest life insurance companies
 DIVIDEND GROWTH Split Corp.	<u>DGS.PR.A</u>	5.8%	9.6%	34%	Pfd-3	Bluechip Canadian equities
 BROMPTON OIL SPLIT CORP.	<u>OSP.PR.A</u>	8.1%	9.9%	26%	-	Large-cap North American oil and gas issuers
 GLOBAL DIVIDEND GROWTH Split Corp.	<u>GDV.PR.A</u>	5.3%	7.1%	45%	Pfd-3 (High)	Large-cap global dividend growth companies
 SUSTAINABLE POWER & INFRASTRUCTURE SPLIT CORP.	<u>PWI.PR.A</u>	5.2%	6.4%	39%	Pfd-3	Global portfolio of sustainable power & infrastructure companies

Ticker	Inception Date	Annual Compound Returns ⁶					
		YTD	1-YR	3-YR	5-YR	10-YR	S.I.
<u>SBC.PR.A</u>	Nov. 2005	2.1%	5.6%	5.3%	5.2%	4.9%	5.1%
<u>LBS.PR.A</u>	Oct. 2006	1.8%	5.6%	5.6%	5.5%	5.2%	5.3%
<u>LCS.PR.A</u>	Apr. 2007	2.1%	6.4%	6.4%	6.3%	6.0%	5.8%
<u>DGS.PR.A</u>	Dec. 2007	1.8%	5.6%	5.6%	5.5%	5.4%	5.4%
<u>OSP.PR.A</u>	Feb. 2015	2.3%	6.8%	24.8%	7.3%	-	6.4%
<u>GDV.PR.A</u>	Jun. 2018	1.7%	5.1%	5.1%	-	-	5.1%
<u>PWI.PR.A</u>	May 2021	1.7%	5.1%	-	-	-	5.1%

(1) Source: Refinitiv Eikon, based on the market cap of S&P/TSX Preferred Share Index as at April 30, 2023.

(2) Source: Index One, based on the market cap of Index One Split Corp. Preferred Share Index as at April 30, 2023.

(3) Distribution rate based on April 30, 2023 closing market price.

(4) Yield to Maturity calculation based on April 30, 2023 market price. Yield-to-maturity for LBS.PR.A is based on the original October 30, 2023 maturity date. The Preferred share dividend rate for the extended term October 31, 2023 to October 30, 2028 will be announced at least 60 days prior to the original maturity date.

(5) As of April 30, 2023, calculation method = Class A NAV/Total Unit NAV.

(6) Returns are for the periods ended April 30, 2023 and are unaudited. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on the redemption price per Preferred share and assumes that distributions made by the Fund on the Preferred shares in the periods shown were reinvested (at the redemption price per Preferred share) in additional Preferred shares of the Fund.

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There are ongoing fees and expenses with owning units 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. The indicated rates of return are the historical annual compounded total returns including changes in share value and reinvestment of all distributions and do not take into account certain fees such as redemption costs or income taxes 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.

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Investor Relations
PHONE 416.642.6000
TOLL FREE 1.866.642.6001
FAX 416.642.6001
info@bromptongroup.com
www.bromptongroup.com

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