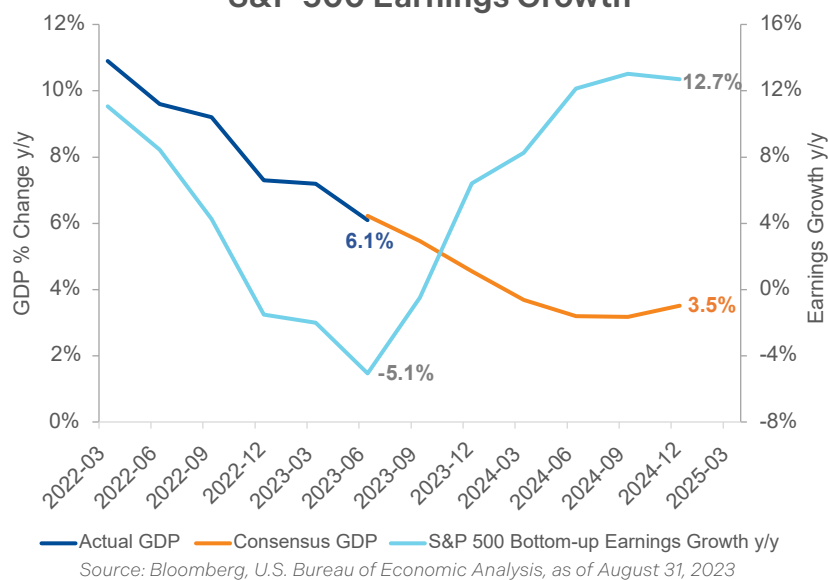


Fund in focus: Brompton Enhanced Multi-Asset Income ETF (BMAX)

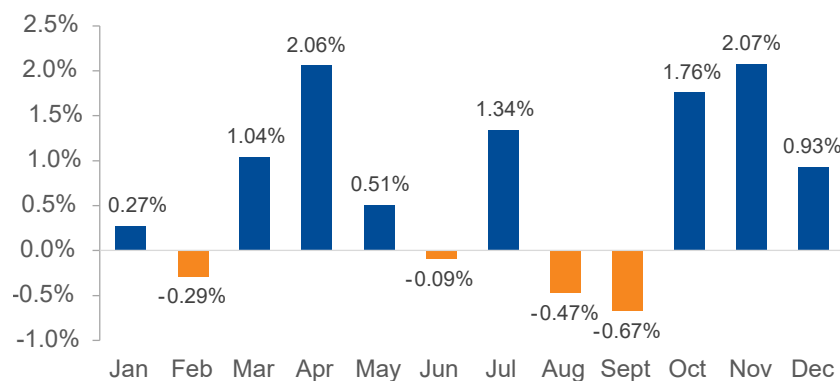
By many measures, it has been a great start to 2023. In the first eight months of the year, the S&P 500 and NASDAQ have risen +18.7% and +34.9%, respectively, resulting in one of the best starts to a year.¹ At a Price-to-Earnings (P/E) ratio of 20.2x for the S&P 500¹, a soft landing appears largely baked into valuations. However, it's not a given that the U.S. will avoid a recession. In the past, large, rapid rate hikes by the U.S. Federal Reserve have significantly slowed down economic growth. Lower economic growth usually leads to lower earnings. As seen below, even though nominal economic growth is expected to decelerate, there is a divergence with earnings for the S&P 500 forecast to rise as companies see the benefits of recent efficiency gains in a more normalized inflation environment.

U.S. Nominal GDP (Using PCE Price Index as Deflator) and S&P 500 Earnings Growth



It is not a surprise that, after such a strong beginning to the year, the market had an approximately 5% pullback in August and is down again in September as these are typically the weakest months of the year. This tends to set up for strong fourth quarter performance, otherwise known as the “year-end rally”.

S&P 500 Average Monthly Price Return (Jan. 1, 1994 - Aug. 31, 2023)



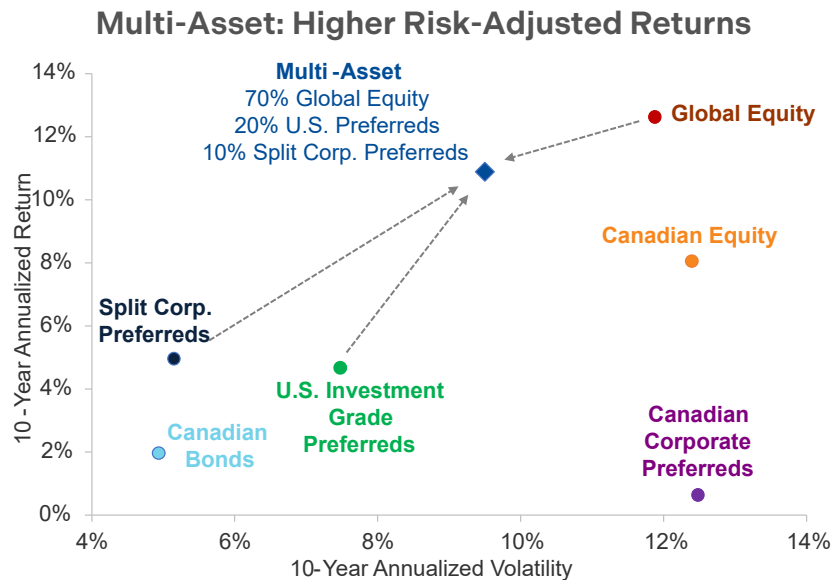
In uncertain times, you should ensure you have a diversified portfolio. Diversifying across different asset classes, geographies and sectors can help reduce the overall risk in your portfolio because certain investments may perform well even when others don't. Since a portfolio made up of investments that perform differently

(i.e., have low correlation) can help protect against market declines and produce better risk-adjusted returns than its component parts, diversification has often been referred to as the only “free lunch” in investing.

“Diversification of asset allocation is the only free lunch”

– Harry Markowitz

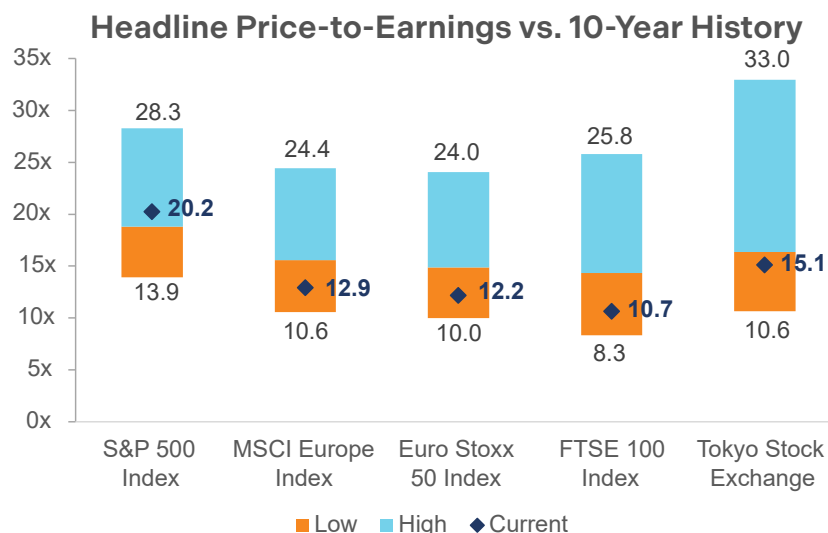
As illustrated in the chart below, a multi-asset portfolio has a favourable risk/return profile versus both fixed income and equities. Although the multi-asset return is slightly lower than pure global equities, the volatility is substantially lower.



Source: Morningstar, Refinitiv Datastream, as at August 31, 2023, Multi-Asset is based on quarterly rebalancing and is represented by: 70% MSCI World TR Index, 20% ICE BofA 8% Constrained Core West Preferred & Jr Subordinated Securities Index, and 10% Index One Split Corp. Preferred Share 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; Split Corp. Preferreds – Index One Split Corp. Preferred Share Index; Canadian Bonds – FTSE Universe Canada Bond Index.

Brompton believes inflation is not completely tamed. Energy prices have started to increase and labour unions are negotiating substantial multi-year pay increases. Stocks are typically a better hedge against inflation than fixed income since companies can pass on higher prices.

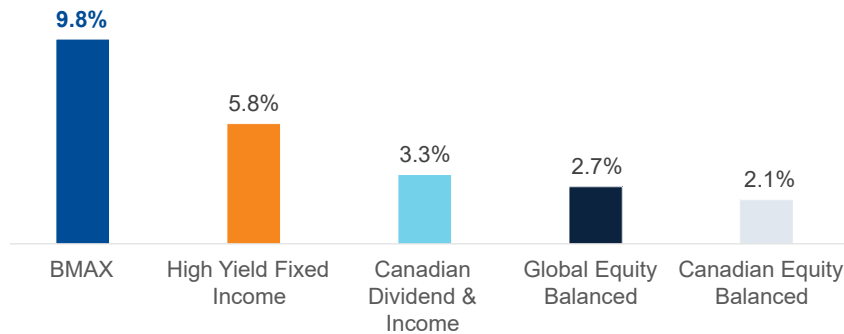
For those concerned about valuations, the S&P 500 is currently sitting in the middle of its 10-year range, as shown in the chart below. Valuations are more attractive in Japan and Europe, so it makes sense to also diversify by geography.



Source: Bloomberg, as at September 1, 2023.

Brompton believes it makes sense to get paid to wait through investment strategies that can deliver steady, high distributions. Distributions take money off the table which in turn reduces the risk of your portfolio. The investor can choose to keep the distribution in cash or re-invest it.

BMAX Distribution Rate vs Average Distribution of Fund Categories



Source: Morningstar, Refinitiv Eikon, as of August 31, 2023. Canadian Equity Balanced Category has 410 funds, Global Equity Balanced Category has 1302 funds, High Yield Fixed income Category has 512 funds, and Canadian Dividend and Income Category has 501 funds. All categories include multiple fund series. BMAX distribution rate reflects the current annualized distribution rate based on August 31, 2023 closing market price.

The multi-asset diversification in BMAX (Brompton Enhanced Multi-Asset Income ETF) combined with equity covered call writing provides the benefits of higher distributions and 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.

Brompton’s Approach:

Brompton Enhanced Multi-Asset Income ETF (BMAX) offers a unique multi-asset approach by combining investments in 7 covered call equity ETFs, and 2 fixed income ETFs focused on U.S. Investment Grade Preferred Shares and Split Corp. Preferred Shares. The equity ETFs included in the BMAX portfolio provide sector diversification and 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 sector or 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: [Why Invest In BMAX](#)

(1) Source: Bloomberg, as at August 31, 2023.

This document is for information purposes only and does not constitute an offer to sell or a solicitation to buy the securities referred to herein. The opinions contained in this report are solely those of Brompton Funds Limited (“BFL”) and are subject to change without notice. BFL makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, BFL assumes no responsibility for any losses or damages, whether direct or indirect which arise from the use of this information. BFL is under no obligation to update the information contained herein. The information should not be regarded as a substitute for the exercise of your own judgment. Please read the prospectus before investing.

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.

Information contained in this document was published at a specific point in time. Upon publication, it is believed to be accurate and reliable, however, we cannot guarantee that it is complete or current at all times. 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 funds, to the future outlook of the funds and 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.