

Funds in focus: [Brompton Split Corp. Enhanced Equity Income ETF](#)

Global equity markets reacted negatively to the uncertainty and economic disruption caused by the Iran War in March 2026. In April, markets seemed to settle and begin to recover as a fragile ceasefire took hold.

Market turmoil often brings opportunity, and in our view, Brompton Split Corp. Enhanced Equity Income ETF (Ticker: **CLSA**) looks particularly appealing. CLSA's portfolio of Split Corp. Class A shares was trading at an average 6.7% discount¹ to Net Asset Value ("NAV") as of April 15, 2026. Class A discounts greater than 5% have historically been a "buy" signal for Class A shares, and in many cases have been followed by periods of outsized performance (see analysis below).

What are Class A Shares?

Class A shares are issued by Split Corps, a unique type of Canadian investment fund. Brompton launched its first split corps over 20 years ago and currently manages seven Toronto Stock Exchange ("TSX") -listed Split Corps. Split Corps invest in portfolios of high-quality common equities, generally with some form of dividend income which can be split apart from the capital appreciation. Split corps can hold blue chip investments like banks, lifecos, or other categories of dividend-paying shares. Due to Split Corps' unique capital structure, Class A shares enjoy structural leverage, and so they have enhanced exposure to the performance of the Split Corp's common share portfolio. In rising markets, Class A shares can provide accelerated returns to investors.

Class A Bargain Hunting Can Deliver Profits

Based on the historical data (for the period from January 2020 to March 2026) from the four Brompton's longest-tenured Split Corp. Class A shares, Class A shares have generally traded in the market at prices slightly above NAV, representing a premium to NAV. Sometimes, Class A shares trade below NAV, referred to as a discount to NAV. A Class A share which is trading at a 5% discount can be viewed as an opportunity to buy \$1.00 worth of NAV for \$0.95. In our view, this is a particularly attractive entry point.

Buying Class A shares at discounts to NAV has historically been a profitable investment strategy, often resulting in strong 1-year performance. The table below shows the 1-year performance of four Brompton Split Corp. Class A shares after they have traded at attractive discounts to NAV from January 1, 2010 to March 31, 2025:

	Ticker	Avg 1-Yr Return		Median Class A Premium
		5%+ Discount	10%+ Discount	
Brompton Split Banc Corp.	SBC	30.9%	27.7%	1.4%
Life & Banc Split Corp.	LBS	62.4%	80.5%	6.5%
Dividend Growth Split Corp.	DGS	87.8%	110.6%	11.2%
Brompton Lifeco Split Corp.	LCS	50.2%	63.8%	2.9%
Average		57.8%	70.7%	5.5%

Source: Brompton Funds, LSEG Workspace as of March 31, 2026. 1- Yr Return for individual Class A shares are an average of 1-year market price total returns (January 1, 2010 to March 31, 2026) for periods where the discount to NAV is equal or more than 5% and 10% (January 1, 2010 to March 31 2025). Median Class A Premium from January 1, 2010 to March 31, 2025.

One reason why discount trading has been a reliable “buy signal” may be because of the market situation which gives rise to Class A discounts to NAV. One such scenario is when an equity market selloff reaches a bottom and equities start to recover, but potential buyers of Class A shares don’t react quickly enough to the change in NAV for Class A shares. The NAV of a Class A share rises much faster than the underlying stocks they hold, because of the structural leverage provided by the preferred shares, and at times this leveraged increase in the Class A NAV is misunderstood or mispriced in the market. When the Class A NAVs rise faster than the Class A market prices, this creates a discount; and astute investors who buy on the 5%+ discount signal are often rewarded with accelerated returns.

Not Repeating, but Rhyming?

On March 20, 2025, Brompton listed CLSA to give investors a low-cost, diversified way to invest in a variety of Split Corp. Class A shares. At that time, CLSA’s portfolio of Class A shares traded at a 6.1%¹ discount to NAV, an attractive level. The markets then went through turmoil as U.S. President Trump announced heavy “Liberation Day” tariffs on global trading partners. Then, the catalyst: tariffs were postponed or lowered. Equity markets rallied, and CLSA powered higher, ending its first year with a 49.2% return.

The current equity market seems oddly similar to March 2025, including a CLSA portfolio trading at attractive discounts to NAV, and a potential catalyst for equity markets:

	March 20/2025	April 21/2026
CLSA Portfolio Average Discount ¹	6.1%	5.8%
Market Catalyst	Liberation Day: tariffs postponed	Iran War: hostilities subsiding?
1-Yr Return ²	49.2% (to March 20/2026)	TBD (to April 21/2027)

Conclusion

While buying at a discount is never a guarantee of future performance, CLSA portfolio’s 5.8%¹ discount as at April 21, 2026 is a strong signal for Class A investors that believe equity markets will continue to improve over 2026. Buying anything at a discount to intrinsic value is also a measure of downside protection in the event that markets weaken for that asset class. For investors who missed CLSA’s first year’s strong performance after listing, the current market environment and the attractive average discount to NAV of CLSA’s portfolio may provide an attractive entry point.

As at March 31, 2026	YTD	1-Year	Since Incep. (Mar 20/25)
CLSA - Brompton Split Corp. Enhanced Equity Income ETF	-0.2%	55.1%	53.3%

Returns are for the periods ended March 31, 2026 and are unaudited. Inception date March 20, 2025. The table shows CLSA’s compound return for each period indicated. The performance information shown is based on net asset value per unit and assumes that cash distributions made by CLSA during the periods shown were reinvested at net asset value per unit in additional units of CLSA. Past performance does not necessarily indicate how CLSA will perform in the future.



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¹Source: LSEG Workspace and Brompton Funds

²Source: Morningstar Direct, total return from March 20, 2025 to March 20, 2026.

³An estimate of the annual yield an investor would receive if the most recent monthly distribution remained unchanged for the next 12 months, stated as a percentage of the closing market price of the shares on February 28, 2026. Source: LSEG Workspace.

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