

Split Preferreds Offer Strong Cash Flow

By Rudy Luukko

May 15, 2026

Excerpted from Building Wealth's [The Income Investor](#) published monthly by Gordon Pape Enterprises Ltd. April 16, 2026. [View the full article](#). Rudy Luukko is a veteran fundwatcher and investment journalist who has covered ETFs and mutual funds for 30+ years.

Preferred shares can be an excellent source of steady income. The problem is most investors don't understand them and there is little helpful information available. Today let's look at split preferred shares and conventional preferreds. Both generate tax-advantaged dividend income. But there are major differences between them that result in very different risk/return characteristics.

Rudy Luukko's Top Pick

Prices as of April 10.

Brompton Split Corp. Preferred Share ETF

Type: Exchange-traded fund

Trading symbol: SPLT

Exchange: TSX

Current price: \$10.92

Entry level: Current price

Distribution policy: Monthly

Annual payout: \$0.66

Yield: 6%

Risk rating: Low risk

Recommended by: Rudy Luukko

Website: www.bromptongroup.com

The security: The fund invests in split-preferred shares and pays monthly tax-advantaged dividends. The underlying holdings are redeemable at par at the investor's option at specific periods, reducing the risk of capital losses.

Performance: The fund returned 13.9% in 2024, its first full calendar year, and 6% in 2025. Its annualized return since its June 2023 inception is 9.2%. Its worst threemonth performance was a loss of -0.9% ended May 31, 2025, and its best three-month return was 5.5% for the period ended Jan. 31, 2025.

Why we like it: The fund has, on average, produced single digit returns that exceeded those of high-quality Canadian bonds, and shows low volatility. Its distributions are eligible for the dividend tax credit. The fund has good liquidity, with an average bid-ask spread of 0.13%.

Key metrics: Launched in June 2023, the fund has \$617 million in assets. It's by far the largest of the three Canadian-listed split-pref ETFs. Its management expense ratio is 0.57%. The fund is actively traded, with average daily volume of 270,000 units.

Portfolio: The fund currently has 19 holdings, out of the total universe in Canada of 27 publicly traded split-share preferreds. The three largest holdings as of Feb. 28 were 14.6% in Dividend 15 Split Corp. (TSX: DFN.PR.A) managed by Quadravest; 13.1% in Brompton's own Dividend Growth Split Corp. (TSX: DGS.PR.A), and 10% in North American Financial 15 Split Corp. (TSX: FFN.PR.A), also sponsored by Quadravest. There is no duplication of fees for Brompton split prefs held in the ETF.

Risks: Rising market interest rates would make the fixed payouts of preferred shares less attractive. The underlying holdings may trade at premiums or discounts to their net asset values. Preferred dividends are subject to credit risk.

Distributions: Payments are made monthly. The most recent distribution was 5.5 cents a share in March.

Who's it for: Investors who seek to complement their core fixed-income holdings with a low-volatility fund that generates monthly tax-advantaged dividends.

Action now: Buy. This ETF is well suited for nonregistered accounts because of the eligibility of distributions for the dividend tax credit.



VALUE
INTEGRITY
PERFORMANCE
THE FOUNDATION FOR EXCELLENCE

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