TSX: BDIV

BROMPTON FUNDS

# Brompton Global Dividend Growth ETF
# Annual Report 2019

*Portfolio of large-cap global dividend growth companies.*

VALUE INTEGRITY PERFORMANCE

- THE FOUNDATION FOR EXCELLENCE -

## MANAGEMENT REPORT OF FUND PERFORMANCE

March 18, 2020

This annual management report of fund performance for Brompton Global Dividend Growth ETF (the "Fund") contains financial highlights but does not contain the audited annual financial statements of the Fund. The audited annual financial statements follow this report. You may obtain a copy of the audited annual or unaudited interim financial statements, at no cost, by calling 1-866-642-6001 or by sending a request to Investor Relations, Brompton Funds, Bay Wellington Tower, Brookfield Place, 181 Bay Street, Suite 2930, Box 793, Toronto, Ontario, M5J 2T3, or by visiting our website at www.bromptongroup.com or SEDAR at www.sedar.com. Unitholders may also contact Brompton Funds by using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, Independent Review Committee's report, or quarterly portfolio disclosure.

## THE FUND

Brompton Global Dividend Growth ETF is an exchange-traded investment fund managed by Brompton Funds Limited (the "Manager"). The units of the Fund trade on the Toronto Stock Exchange ("TSX") under the symbol BDIV and are RRSP, DPSP, RRIF, RESP and TFSA eligible.

## INVESTMENT OBJECTIVES AND STRATEGIES

Brompton Global Dividend Growth ETF is designed to provide unitholders with (i) stable monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns than would otherwise be experienced by owning securities of global dividend growth companies directly. The Fund seeks to achieve its investment objectives by investing in an actively managed portfolio consisting of securities of at least 20 global dividend growth companies with a market capitalization of at least $10 billion that have a history (or, in the Manager's view, a future likelihood) of dividend growth. The Fund's portfolio is selected by the Manager by giving consideration to applicable factors including but not limited to each global dividend growth company's: (a) dividend growth potential (as indicated by historical dividend growth, expected future earnings, revenue and/or dividend growth, dividend payout ratio, and/or dividend policy), (b) valuation (as indicated by price to earnings, price to book value and/or enterprise value to EBITDA ratios, and/or free cash flow yield), (c) profitability (as indicated by relatively high returns on equity and/or profit margins), (d) current dividend yield, (e) balance sheet strength (as indicated by interest coverage, debt/cash flow, debt/equity and/or debt covenants), and/or (f) liquidity of the equity securities and options. The Manager considers various factors, including, but not limited to, macroeconomic conditions, political conditions and sector fundamentals, when determining the geographic and sector allocation of the portfolio. The Manager also gives consideration to maintaining diversification across regions, countries, sectors and industries. The portfolio will be rebalanced and may be reconstituted by the Manager at least annually, but may be rebalanced and/or reconstituted more frequently at the Manager's discretion. Securities selected by the Manager will generally be equal-weighted at the time of investment and after rebalancing the portfolio, but the portfolio may, at the Manager's discretion, hold non-equal-weight positions. In order to increase distributable cash and to reduce portfolio volatility, the Manager may write covered calls on up to 33% of the Fund's portfolio. The Fund seeks to hedge substantially all of its direct foreign currency exposure back to the Canadian dollar.

## RECENT DEVELOPMENTS

### Market Volatility

This annual management report of fund performance was prepared based on the market value of the Fund's portfolio as of December 31, 2019. Between January 1, 2020 to March 18, 2020 (date of the report), stock markets worldwide experienced significant price volatility, because of various concerns, including COVID-19 and a decline in price of oil. The Fund's Net Asset Value reflecting the value of the Fund's portfolio based on the most recent valuation date can be found on the Fund's webpage at www.bromptongroup.com.

## RISKS

Risks associated with an investment in the units of the Fund are discussed in the Fund's prospectus, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes during the period ended December 31, 2019 that materially affected the risks associated with an investment in the units of the Fund as they were discussed in the Fund's prospectus.

## RESULTS OF OPERATIONS

### Distributions

Cash distributions amounted to $1.20 per unit for the year ended December 31, 2019, reflecting monthly payments of $0.10 per unit. Since inception on October 17, 2018, the Fund has declared $1.45 per unit in distributions. The Fund has a distribution reinvestment plan which allows participating unitholders to automatically reinvest monthly distributions, commission free, in additional units of the Fund. During the year ended December 31, 2019, 153 units were purchased in the market at an average price of $20.55 per unit pursuant to this plan.

### Changes in Net Assets from Operations (see Financial Highlights)

The Fund earned revenue of $0.61 per unit during 2019 compared to $0.10 per unit from inception to December 31, 2018. The average monthly dividend income of $0.05 per month per unit in 2019 represents a slight increase from the $0.04 per unit of monthly income in 2018. Expenses in 2019 amounted to $0.33 per unit compared to $0.17 per unit from inception to December 31, 2018. The Manager absorbed part of the Fund's operating expenses, as the Fund's MER was capped at approximately 0.95% of Net Asset Value. After expense absorption, expenses were $0.30 per unit during 2019, compared to $0.06 per unit from inception to December 31, 2018.

### Net Asset Value

The Net Asset Value per unit of the Fund was $21.0 at December 31, 2019, up from $18.15 at December 31, 2018. The $2.85 per unit or 15.7% increase reflected positive portfolio performance. The aggregate Net Asset Value of the Fund was $67.2 million at December 31, 2019 compared to $22.7 million at December 31, 2018, reflecting $9.0 million of proceeds from its merger with Taylor North American Equity Opportunities Fund, unitholder subscriptions of $30.0 million, and a $9.3 million increase in assets from operations, partially offset by $3.3 million of distributions and $0.5 million in redemptions.

### Investment Portfolio

At December 31, 2019, the Fund's investments included 24 North American dividend-paying issuers and 18 European dividend-paying issuers across 11 sectors, compared to 23 North American dividend-paying issuers and 10 European dividend-paying issuers across 11 sectors at December 31, 2018. During 2019, the Fund sold 21 issuers and bought 30 new issuers into the portfolio. The portfolio's investment weighting (excluding cash and short-term investments) is shown in the following Portfolio Sectors table and a detailed listing of the Fund's security holdings is provided in the financial statements. The Fund's portfolio recorded a net realized and change in unrealized gain of $7.0 million during 2019, with information technology accounting for $1.3 million of the gain and financials and real estate accounting for $1.1 million each of the gain. Industrials has also contributed to the gains by $1 million during the year.

Part of the Fund's investment strategy is to write covered call options on up to 33% of portfolio securities in order to earn option premiums and lower the overall volatility of returns associated with owning a portfolio of equity securities. During the year ended December 31, 2019, the Fund wrote covered call options on the underlying securities in the portfolio and generated premiums of $0.4 million. Realized loss on option writing was $0.1 million. This loss represents the premiums received less the amounts paid to close out the options. During 2019, the average notional value of the option contracts was approximately 9.6% of the Fund's portfolio. At December 31, 2019, the Fund had 13 option contracts outstanding, representing 5.5% of the portfolio.

The Fund's portfolio is comprised of US dollar, Euro, and British pound-denominated securities. At December 31, 2019, the Fund's exposure to foreign currencies was substantially hedged through its foreign currency forward contracts of US$30.0 million notional, €13.2 million notional and £0.98 million notional.

**Portfolio Sectors**

| Net Gains (Losses) by Sector (millions) | % of Portfolio as of 31-Dec-19 | Realized $ | Change in Unrealized $ | Total $ |
|---|---|---|---|---|
| Communication services | 2.1 | 0.2 | - | 0.2 |
| Consumer discretionary | 7.4 | 0.2 | 0.6 | 0.8 |
| Consumer staples | 6.5 | 0.4 | (0.1) | 0.3 |
| Energy | 2.6 | (0.2) | 0.1 | (0.1) |
| Financials | 18.5 | 0.5 | 0.6 | 1.1 |
| Healthcare | 17.6 | (0.5) | 1.2 | 0.7 |
| Industrials | 13.2 | 0.4 | 0.6 | 1.0 |
| Information technology | 17.8 | 0.1 | 1.2 | 1.3 |
| Materials | 2.7 | - | 0.2 | 0.2 |
| Real estate | 6.2 | 0.5 | 0.6 | 1.1 |
| Utilities | 5.4 | (0.1) | 0.5 | 0.4 |
| Options | - | (0.1) | 0.1 | - |
| Foreign currency forward contracts | - | (0.1) | 1.5 | 1.4 |
| **Total** | **100.0** | **1.3** | **7.1** | **8.4** |

| Geographic Split | % of Portfolio as of 31-Dec-19 |
|---|---|
| Canada | 8.0 |
| Europe | 45.2 |
| United States | 46.8 |
| | **100.0** |

### Liquidity

To provide liquidity for unitholders, units of the Fund are listed on the TSX under the symbol BDIV. As an ETF, the Fund has a designated broker who has an active bid/ask offer approximating Net Asset Value per unit to provide significant daily trading liquidity for the Fund's units. During 2019, total subscriptions were 1,500,000 units at an average price of $19.98 per unit and 25,000 units were redeemed at an average price of $19.30 per unit. The Fund had a net subscription of $29.5 million in 2019.

## RELATED PARTY TRANSACTIONS

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below.

## MANAGEMENT FEES

The Manager provides investment management and administrative services to the Fund, for which it is paid a management fee equal to 0.75% per annum of the Net Asset Value of the Fund, plus applicable taxes. For the year ended December 31, 2019, management fees before absorption amounted to $0.4 million. The Manager intends to waive a portion of the management fees and/or reimburse the Fund to ensure that the sum of management fees and certain normal course operating expense is limited to approximately 0.95% of Net Asset Value. For the year ended December 31, 2019, the Manager waived $0.06 million of management fees.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help readers understand the Fund's financial performance for the fiscal periods indicated. This information is derived from the Fund's audited annual financial statements which have been prepared in accordance with International Financial Reporting Standards. *The information in the following tables is presented in accordance with National Instrument ("NI") 81-106 and, as a result, does not act as a continuity of opening and closing Net Assets per unit.* The increase (decrease) in Net Assets from operations is based on average units outstanding during the period, and all other numbers are based on actual units outstanding at the relevant point in time.

### Net Assets per Unit[1]

| For the period/year ended December 31[2] | **2019** **$** | 2018 $ |
|---|---|---|
| Net Assets per unit, beginning of period/year[3] | **18.15** | 20.00 |
| **Increase (decrease) from operations:[4]** | | |
| Total revenue | **0.61** | 0.10 |
| Total expenses | **(0.30)** | (0.06) |
| Realized gains (losses) | **0.50** | 0.02 |
| Unrealized gains (losses) | **2.68** | (2.54) |
| **Total increase (decrease) in Net Assets from operations** | **3.49** | (2.48) |
| **Distributions to unitholders:[3]** | | |
| Investment income | **0.29** | 0.03 |
| Capital gains | **0.45** | 0.03 |
| Return of capital | **0.46** | 0.19 |
| **Total distributions to unitholders** | **1.20** | 0.25 |
| **Net Assets per unit, end of period/year[3]** | **21.00** | 18.15 |

1 Financial information was prepared in accordance with International Financial Reporting Standards.
2 Period from October 17, 2018 (commencement of operations) to December 31, 2018.
3 Net Assets per unit and distributions per unit are based on the actual number of units outstanding at the relevant time.
4 The increase (decrease) in Net Assets from operations per unit is based on the weighted average number of units outstanding over the fiscal period.

### Ratios and Supplemental Data (Based on Net Asset Value)

| **As at December 31** | **2019** | 2018 |
|---|---|---|
| Net Asset Value ($) (000s) | **67,158** | 22,688 |
| Number of units outstanding (000s) | **3,198** | 1,250 |
| Management expense ratio (“MER”)[1] | **0.96%** | 0.96% |
| MER before expense absorption | **1.07%** | 3.83% |
| Trading expense ratio[2] | **0.23%** | 0.31% |
| Portfolio turnover rate[3] | **124.50%** | n/a |
| Net Asset Value per unit ($) | **21.00** | 18.15 |
| Closing market price – units ($) | **21.03** | 18.20 |

1 MER is based on the requirements of NI 81-106 and includes the total expenses (excluding brokerage commissions on securities transactions) of the Fund for the stated period, and is expressed as an annualized percentage of the average Net Asset Value of the Fund over the period. Please see the Expense Ratio section following this table for further discussion of the calculation.
2 The trading expense ratio represents total commissions expressed as an annualized percentage of daily average Net Asset Value of the Fund during the period.
3 The Fund’s portfolio turnover rate indicates how actively the Fund manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund’s portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover rate is not provided when the Fund is less than one year old. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, excluding cash and short-term investments maturing in less than one year, by the average market value of such investments during the period.

### Expense Ratio

The MER of the Fund before expense absorption was 1.07% for the year ended December 31, 2019 compared to 3.83% for the period from inception to December 31, 2018. After expense absorption, the MER for the year ended December 31, 2019 was 0.96%, same as in 2018. The management expense ratio is capped at approximately 0.95% (inclusive of GST/HST). The 0.01% above the cap was due to governance expenses paid by the Fund.

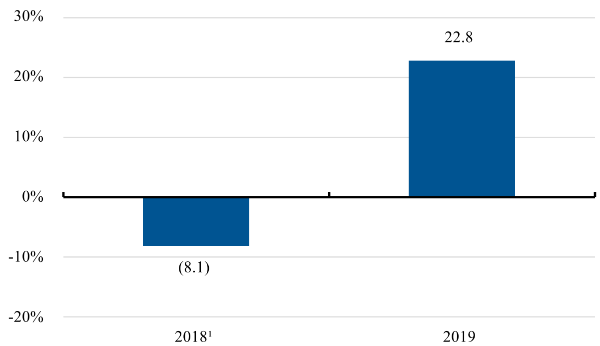
## PAST PERFORMANCE

The following chart and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown is based on Net Asset Value per unit and assumes that distributions made by the Fund on its units in the periods shown were reinvested at Net Asset Value per unit in additional units of the Fund.

The bar chart shows the Fund’s return in each period since inception to December 31, 2019. The chart shows, in percentage terms, how an investment held on the first day of the fiscal period would have changed by the last day of the fiscal.

### Year-by-Year Returns

**Returns (%)**




1 Period from October 17, 2018 (commencement of operations) to December 31, 2018.

The following table shows the Fund's compound return for each period indicated compared with the MSCI World Index (the "MSCI Index"). The MSCI Index captures large and mid-cap representation across 23 Developed Markets countries. The MSCI Index covers approximately 85% of the free float-adjusted market capitalization in each country. The ETF invests in at least 20 global dividend growth companies with market capitalization of at least $10 billion. It is therefore not expected the ETF's performance will mirror that of the MSCI Index which has a more diversified portfolio. Further, the MSCI Index is calculated without the deducation of management fees, fund expenses and trading commissions, whereas the performance of the ETF is calculated after deducting such fees and expenses.

### Annual Compound Returns

| | 1-Year % | Since Inception %[1] |
|---|---|---|
| Brompton Global Dividend Growth ETF | 22.8 | 10.6 |
| MSCI World Index Total Return | 28.4 | 13.3 |

1 Period from October 17, 2018 (commencement of operations) to December 31, 2019.

The Fund underperformed the MSCI Index in 2019 and since inception, partly due to the Fund’s underweights in Apple Inc. and Microsoft Corp. compared to the MSCI Index which had 89.0% and 57.6% return, respectively. The Fund generally maintains equal-weighted positions for the securities in the portfolio. The Fund also wrote covered calls which offset some of the potential gains from the portfolio but reduced portfolio volatility. Please see the Portfolio Manager’s report for further details.

## SUMMARY OF INVESTMENT PORTFOLIO

### As at December 31, 2019

| | | |
|---|---|---|
| **Total Net Asset Value** | **$** | **67,157,754** |

| Portfolio Composition | % of Portfolio | % of Net Asset Value |
|---|---|---|
| **North America** | | |
| **Canada** | | |
| Energy | 2.6 | 2.5 |
| Consumer staples | 2.3 | 2.3 |
| Communication services | 2.1 | 2.1 |
| Industrials | 0.9 | 0.9 |
| **United States** | | |
| Information technology | 14.9 | 14.8 |
| Healthcare | 9.2 | 9.2 |
| Financials | 6.9 | 6.8 |
| Real estate | 6.1 | 6.1 |
| Materials | 2.6 | 2.6 |
| Utilities | 2.4 | 2.4 |
| Consumer staples | 2.2 | 2.2 |
| Industrials | 2.2 | 2.2 |
| **Total North America** | **54.4** | **54.1** |
| **Europe** | | |
| **France** | | |
| Industrials | 7.6 | 7.5 |
| Financials | 4.4 | 4.4 |
| Consumer discretionary | 2.6 | 2.6 |
| Healthcare | 2.3 | 2.3 |
| **Germany** | | |
| Consumer discretionary | 4.8 | 4.7 |
| Financials | 2.1 | 2.1 |
| **Great Britain** | | |
| Healthcare | 3.2 | 3.1 |
| Financials | 2.7 | 2.6 |
| Industrials | 2.5 | 2.5 |
| **Ireland** | | |
| Healthcare | 2.8 | 2.8 |
| **Italy** | | |
| Utilities | 3.1 | 3.0 |
| Financials | 2.1 | 2.1 |
| **Netherlands** | | |
| Information technology | 2.8 | 2.8 |
| Consumer staples | 2.0 | 2.0 |
| **Total Europe** | **45.0** | **44.5** |
| Cash and short-term investments | 0.6 | 0.6 |
| Total investment portfolio | 100.0 | 99.2 |
| Other net assets | | 0.8 |
| **Total Net Asset Value** | | **100.0** |

## SUMMARY OF INVESTMENT PORTFOLIO (cont'd)

| Top 25 Holdings | % of Portfolio | % of Net Asset Value |
|---|---|---|
| AstraZeneca PLC | 3.2 | 3.1 |
| Enel SpA | 3.1 | 3.0 |
| Microsoft Corp. | 2.9 | 2.9 |
| Medtronic PLC | 2.8 | 2.8 |
| ASML Holding NV | 2.8 | 2.8 |
| Prologis Inc. | 2.8 | 2.8 |
| Airbus SE | 2.7 | 2.6 |
| Aon PLC | 2.7 | 2.6 |
| Adidas AG | 2.6 | 2.6 |
| Air Products and Chemicals Inc. | 2.6 | 2.6 |
| Vinci SA | 2.6 | 2.6 |
| LVMH Moet Hennessy Louis Vuitton SE | 2.6 | 2.6 |
| Crown Castle International Corp. | 2.6 | 2.6 |
| TC Energy Corp. | 2.6 | 2.5 |
| UnitedHealth Group Inc. | 2.5 | 2.5 |
| International Consolidated Airlines Group SA | 2.5 | 2.5 |
| Automatic Data Processing Inc. | 2.5 | 2.4 |
| Motorola Solutions Inc. | 2.5 | 2.4 |
| Southern Co. | 2.4 | 2.4 |
| Apple Inc. | 2.4 | 2.4 |
| Bristol-Myers Squibb Co. | 2.4 | 2.4 |
| Texas Instruments Inc. | 2.4 | 2.3 |
| Loblaw Companies Ltd. | 2.3 | 2.3 |
| Citigroup Inc. | 2.3 | 2.3 |
| Schneider Electric SE | 2.3 | 2.3 |
| **Total** | **65.1** | **64.3** |

*The investment portfolio may change due to ongoing portfolio transactions of the investment fund. Quarterly updates are available on the Fund's website at www.bromptongroup.com within 60 days of each quarter end.*

## 2019 TAX INFORMATION

The following information is applicable to holders who, for the purpose of the Income Tax Act (Canada), are resident in Canada and hold units as capital property outside of an RRSP, DPSP, RRIF, RESP or TFSA. Unitholders should receive a T3 slip from their investment dealer providing this information.

T3 supplementary slips for holdings of the Fund will indicate Other Income (Investment Income and Non-Investment Income) in Box 26, Foreign Non-Business Income in Box 25, Capital Gains in Box 21 and Eligible Dividend Income in Box 49. Dividend income is subject to the standard gross-up and federal dividend tax credit rules.

The return of capital component is a non-taxable amount that serves to reduce the adjusted cost base of Fund units and is reported on the T3 supplementary slips in Box 42.

The following table outlines the breakdown in the Fund's distributions declared in 2019 on a per unit basis.

| Record Date | Payment Date | Return of Capital $ | Foreign Non-Business Income $ | Foreign Non-Business Income Tax Paid $ | Eligible Dividends $ | Capital Gains $ | Total Distributions $ |
|---|---|---|---|---|---|---|---|
| 31-Jan-19 | 14-Feb-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 28-Feb-19 | 14-Mar-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 29-Mar-19 | 12-Apr-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 30-Apr-19 | 14-May-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 31-May-19 | 14-Jun-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 28-Jun-19 | 15-Jul-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 31-Jul-19 | 15-Aug-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 30-Aug-19 | 16-Sep-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 30-Sep-19 | 15-Oct-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 31-Oct-19 | 14-Nov-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 29-Nov-19 | 13-Dec-19 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| 31-Dec-19 | 15-Jan-20 | 0.03834 | 0.02550 | (0.00622) | 0.00493 | 0.03745 | 0.10000 |
| | | **0.46008** | **0.30600** | **(0.07464)** | **0.05916** | **0.44940** | **1.20000** |

*This information is of a general nature and does not constitute legal or tax advice to any particular investor. Accordingly, investors are advised to consult their own tax advisors with respect to their individual circumstances.*

## PORTFOLIO MANAGER

**Brompton Funds Limited**

Brompton Funds Limited is a portfolio manager in addition to being an investment fund manager. It is the portfolio manager of six Brompton split share corporations and six exchange-traded funds. The Brompton team oversees investments for several large-capitalization Canadian and global equity mandates, including an active covered call writing strategy for approximately $1.6 billion in assets, with a goal of enhancing fund cash flow and risk-adjusted returns for investors.

BROMPTON FUNDS

## PORTFOLIO MANAGER'S REPORT

**January 2020**

**Global Markets Review**

Global markets finished the year with stellar performance. Almost all stock markets and asset classes enjoyed double digit returns for 2019. The MSCI World Index gained 28.4% with the Information Technology sector as the best performing sector, gaining 48.1% during the year. In North America, the S&P 500 was up 31.5%, while the S&P/TSX Composite was up 22.8%, both of which were also led by strong performance from the Information Technology sector. In Europe, the STOXX 600 returned 27.7% for the year, led by France and Switzerland, where the CAC 40 and SMI were up 30.5% and 30.2%, respectively. Germany’s DAX Index gained 25.5% amid concerns over slowing economic growth, while Spanish and U.K. equities also finished the year with double digit gains as the IBEX 35 increased 16.5% and the FTSE 100 returned 17.2% for the year.

According to the latest forecast by the International Monetary Fund, the global economy is expected to grow 3.4% in 2020, a modest pickup from 2019’s projected growth rate of 3.0%. Growth expectations were driven by a few topical issues. At the top of the list was progress on the U.S.- China trade war. During the month of December, expectation of a phase one trade deal between the U.S. and China partially alleviated long standing trade tensions between the two nations. As part of the trade deal, tariffs that were set to take effect on December 15th on about US$160 billion of consumer goods were averted; in exchange, China was expected to increase its purchases of American farm goods. The trade deal demonstrated compelling evidence of progress made by both sides and renewed market participants’ confidence in global growth. Second, employment numbers and jobless claims are being closely monitored by investors for any signs of weakness. Employment and consumption continue to be robust and jobless claims remain at decade lows as service sectors across the globe kept labour markets buoyant and wage growth healthy. Lastly, Brexit-related fears subsided towards the end of 2019 after the U.K. held its third general election in four years in December, which resulted in Boris Johnson’s Conservative party securing a parliamentary majority. We expect progress to be made on Brexit negotiations before the January 31 deadline and we anticipate 2020 to be a year of transition for the U.K.

Market performance and sentiment were also driven by central bank policies in 2019. In the U.S., the Federal Reserve (the "Fed") cut the policy rate three times during the year, reducing the target range by 75 basis points to the current range of 1.50% to 1.75%. Slowing growth in China and Europe, trade policy developments and geopolitical risks were cited as areas of concern, which drove the Fed’s decision to cut interest rates. During the most recent policy meeting in December, Fed Chair Jerome Powell signaled that they would likely keep rates steady through 2020 amid a solid economy. We believe that the bar for Fed action is extremely high in a U.S. presidential election year.

In Europe, Christine Lagarde assumed office on November 1st, succeeding former European Central Bank (the "ECB") President Mario Draghi. During 2019, the ECB cut the deposit rate by 10 basis points to minus 0.5%. The ECB has also resumed its quantitative easing program in November purchasing bonds at a rate of €20 billion a month for as long as necessary to hit its inflation goal of just below 2%. Inflation averaged 1.2% in 2019.

Looking forward, we expect positive investor sentiment to continue to drive strong equity performance in 2020. On the U.S.-China trade front, we expect the U.S. and China to discuss the potential of a phase two trade deal after the signing of the phase one deal in January. In terms of central bank policy, we expect 2020 to be a quieter year for monetary policy as the Fed and the ECB will be maintaining a dovish stance. Effects of the three consecutive rate cuts implemented by the Fed and one cut by the ECB should begin to flow through to the economy in 2020. Lastly, in terms of volatility, we anticipate the 2020 U.S. federal election to be accompanied by slightly higher volatility during the year. Geopolitical tension between the U.S. and the Middle East could also be a source of volatility that we will be paying close attention to.

**Portfolio Review**

Brompton Global Dividend Growth ETF (the "Fund") was up 22.8% during 2019. This compares to the MSCI World Index, which was up 28.4%.

The Fund benefited from being defensively positioned for the majority of 2019. Its overweight positions in Real Estate and Utilities, in addition to its underweight position in Industrials, were positive contributors to the Fund’s performance. Our positive view on Real Estate and Utilities in an uncertain macro environment in combination with low interest rates propelled us to overweight the two sectors for most of the year. REITs and Utilities typically outperform in a low interest rate environment; with the U.S. 10-year treasury yield declining from 2.7% at the beginning of this year to 1.9% on December 31st, our overweight position proved to be prudent. Sector specific tailwinds, including continued strength in E-commerce, should fuel warehouse space demand, while the implementation of 5G beyond 2019 offers attractive secular growth opportunities for the Fund. We believe Prologis Inc. (up 55.9%), the leader in industrial facilities, will continue to demonstrate solid pricing power, while Crown Castle International Corp. (up 35.5%) should continue to benefit from its small cell technology as it proliferates with accelerating 5G adoption over the coming years.

Offsetting some of the gains from our Utilities and Real Estate calls were our underweight positions in Information Technology and Communication Services. Underweights in Apple and Microsoft Corp. as the Fund generally maintains equal-weighted positions for the securities in the portfolio, served as deterrence to the Fund’s performance relative to the MSCI World Index as both stocks has stellar performance during the year (up 89.0% and 57.6%, respectively). We have a favourable outlook on both stocks as they offer attractive risk-reward with their growth oriented yet increasingly defensive characteristics. We remain cautious on Communication Services. Competitive pressure remains at elevated levels in Europe, Canada and the U.S. We remain cognizant to these risks and will continue to monitor their impact.

In November, we made several changes to the portfolio as global equities experienced a rotation towards value and cyclical stocks. Following the implementation of a third policy rate cut by the Fed in late October, the U.S 10-year treasury yield showed signs of bottoming out. Consequently, we pivoted the portfolio to gain more cyclical exposure through increasing the Fund's allocation to Industrials and Financials. We think large banks including Citigroup, JPMorgan and Bank of America will be able to navigate the low interest environment better than their peers. We are also overweight Health Care. Given the regulatory scrutiny endured by the Health Care sector throughout 2019, the sector was trading at below historical multiples and we found the risk-reward to be attractive. Pharmacy services manager CVS Health Corp and health insurer UnitedHealth Group were added as we believe the market priced in too high of a discount into both stocks as political risks wane. In conjunction with the cyclical shift, we have decreased the Fund's exposure to other defensive sectors including Real Estate, Communication Services and Consumer Staples. We believe the portfolio is well positioned to benefit from the cyclical tailwind heading into 2020.

**Option Overlay Strategy**

During 2019, our average level of overwrite was approximately 9.6% and the average strike level was approximately 104.2%. We gradually decreased the level of call writing activity in December as volatility levels normalized.

## FORWARD-LOOKING STATEMENTS

*Some of the statements contained herein including, without limitation, financial and business prospects and financial outlook may be forward-looking statements which reflect management's expectations regarding future plans and intentions, growth, results of operations, performance and business prospects and opportunities. Words such as "may," "will," "should," "could," "anticipate," "believe," "expect," "intend," "plan," "potential," "continue" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based on what management believes to be reasonable assumptions, we cannot assure that actual results will be consistent with these forward-looking statements. 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, except as required by law.*

## MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements of Brompton Global Dividend Growth ETF (the "Fund") have been prepared by Brompton Funds Limited (the ''Manager" of the Fund) and approved by the Board of Directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. Statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. The significant accounting policies applicable to the Fund are described in note 3 to the financial statements.

The Board of Directors of the Manager is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of a majority of independent directors.

The Manager, with the approval of its Board of Directors, has appointed PricewaterhouseCoopers LLP as the auditor of the Fund. It has audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable it to express to unitholders its opinion on the financial statements. The auditor has full and unrestricted access to the Audit Committee to discuss its findings.

(Signed) "Mark A. Caranci"

**Mark A. Caranci**
*Chief Executive Officer*
*Brompton Funds Limited*
March 18, 2020

(Signed) "Craig T. Kikuchi"

**Craig T. Kikuchi**
*Chief Financial Officer*
*Brompton Funds Limited*

## INDEPENDENT AUDITOR'S REPORT

**To the Unitholders and Trustee of Brompton Global Dividend Growth ETF (the Fund)**

### OUR OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018 and its financial performance and its cash flows for the year ended December 31, 2019 and for the period from October 17, 2018 (commencement of operations) to December 31, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

**What we have audited**

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2019 and 2018;
- the statements of comprehensive income for the year ended December 31, 2019 and for the period from October 17, 2018 (commencement of operations) to December 31, 2018;
- the statements of cash flows for the year ended December 31, 2019 and for the period from October 17, 2018 (commencement of operations) to December 31, 2018;
- the statements of changes in net assets attributable to holders of redeemable units for the year ended December 31, 2019 and for the period from October 17, 2018 (commencement of operations) to December 31, 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Independence**

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

### OTHER INFORMATION

Management is responsible for the other information of the Fund. The other information comprises the Management Report of Fund Performance and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## INDEPENDENT AUDITOR'S REPORT (cont'd)

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Derek Hatoum.

**(Signed) "PricewaterhouseCoopers LLP"**

**Chartered Professional Accountants,**
**Licensed Public Accountants**
*Toronto, Ontario*
March 18, 2020

## STATEMENTS OF FINANCIAL POSITION

| As at December 31 | | 2019 | | 2018 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current assets** | | | | |
| Investments | **$** | **66,193,354** | $ | 23,338,113 |
| Cash | | **323,507** | | 171,406 |
| Broker margin (note 9) | | **99,195** | | - |
| Receivable from Manager (note 7) | | **-** | | 11,594 |
| Income receivable | | **128,402** | | 32,831 |
| Unrealized gain on foreign currency forward contracts (note 10) | | **872,685** | | 277 |
| **Total assets** | | **67,617,143** | | 23,554,221 |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Option contracts written, at fair value (note 9) | | **76,586** | | 11,083 |
| Unrealized loss on foreign currency forward contracts (note 10) | | **642** | | 669,509 |
| Distributions payable to holders of redeemable units (note 6) | | **319,802** | | 125,000 |
| Accounts payable and accrued liabilities | | **62,359** | | 60,611 |
| **Total liabilities (excluding Net Assets attributable to holders of redeemable units)** | | **459,389** | | 866,203 |
| **Net Assets attributable to holders of redeemable units** | **$** | **67,157,754** | $ | 22,688,018 |
| Redeemable units outstanding (note 4) | | **3,198,017** | | 1,250,000 |
| **Net Assets attributable to holders of redeemable units per unit** | **$** | **21.00** | $ | 18.15 |

Approved on behalf of Brompton Global Dividend Growth ETF by the Board of Directors of Brompton Funds Limited, the Manager.

(Signed) “Christopher. S.L. Hoffman” (Signed) “Mark A. Caranci”

**Christopher S.L. Hoffmann**
*Director*

**Mark A. Caranci**
*Director*

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

| For the period/year ended December 31 | | 2019 | | 2018[1] |
|---|---|---|---|---|
| **Income** | | | | |
| Securities lending income (note 11) | **$** | **288** | $ | - |
| Net gain (loss) on foreign exchange on cash | | **25,022** | | 5,840 |
| **Net gain (loss) on investments and derivatives:** | | | | |
| Dividend income | | **1,631,053** | | 57,260 |
| Net realized gain (loss) on sale of investments (note 8) | | **1,511,489** | | - |
| Net change in unrealized gain (loss) on investments | | **5,685,764** | | (816,670) |
| Net realized gain (loss) on options (note 8) | | **(81,022)** | | 5,384 |
| Net change in unrealized gain (loss) on options (note 9) | | **(49,028)** | | 5,699 |
| Net realized gain (loss) on foreign currency forward contracts (note 10) | | **(126,036)** | | - |
| Net change in unrealized gain (loss) on foreign currency forward contracts (note 10) | | **1,541,275** | | (669,232) |
| **Total net gain (loss) on investments and derivatives** | | **10,113,495** | | (1,417,559) |
| **Total income (loss), net** | | **10,138,805** | | (1,411,719) |
| **Expenses** | | | | |
| Management fees (note 7) | | **447,089** | | 18,788 |
| Audit fees | | **26,933** | | 30,000 |
| Independent Review Committee fees (note 7) | | **6,313** | | 96 |
| Custodial fees | | **5,440** | | 481 |
| Legal fees | | **10,755** | | 566 |
| Unitholder reporting costs | | **20,220** | | 10,384 |
| Other administrative expenses | | **59,732** | | 25,780 |
| Interest and bank charges | | **134** | | - |
| Transaction costs | | **125,839** | | 6,867 |
| **Total expenses before recoveries from Manager and withholding taxes** | | **702,455** | | 92,962 |
| Expenses recovered from Manager (note 7) | | **(55,491)** | | (64,601) |
| **Total expenses before withholding taxes** | | **646,964** | | 28,361 |
| Withholding taxes | | **166,169** | | 5,871 |
| **Increase (decrease) in Net Assets attributable to holders of redeemable units** | **$** | **9,325,672** | $ | (1,445,951) |
| **Increase (decrease) in Net Assets attributable to holders of redeemable units per unit[2]** | **$** | **3.49** | $ | (2.48) |

1 For the period from October 17, 2018 (commencement of operations) to December 31, 2018.

2 Based on the weighted average number of redeemable units outstanding for the year (note 4).

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

| For the period/year ended December 31 | | 2019 | | 2018[1] |
|---|---|---|---|---|
| **Cash flows from operating activities:** | | | | |
| Increase (decrease) in Net Assets attributable to holders of redeemable units | **$** | **9,325,672** | $ | (1,445,951) |
| **Adjustments to reconcile net cash provided by (used in) operations:** | | | | |
| Net (gain) loss on foreign exchange on cash | | **(25,022)** | | (5,840) |
| Net realized (gain) loss on sale of investments (note 8) | | **(1,511,489)** | | - |
| Net change in unrealized (gain) loss on investments | | **(5,685,764)** | | 816,670 |
| Net realized (gain) loss on options (note 8) | | **81,022** | | (5,384) |
| Net change in unrealized (gain) loss on options (note 9) | | **49,028** | | (5,699) |
| Net change in unrealized (gain) loss on foreign currency forward contracts | | **(1,541,275)** | | 669,232 |
| Decrease (increase) in broker margin | | **(99,195)** | | - |
| Decrease (increase) in income receivable | | **(95,571)** | | (32,831) |
| Decrease (increase) in receivable from Manager | | **11,594** | | (11,594) |
| Increase (decrease) in accounts payable and accrued liabilities | | **1,748** | | 60,611 |
| Purchase of investments and options (note 8)[2] | | **(71,181,886)** | | (973,553) |
| Proceeds from sale of investments and options (note 8) | | **65,086,931** | | 22,166 |
| **Cash provided by (used in) operating activities** | | **(5,584,207)** | | (912,173) |
| **Cash flows from financing activities:** | | | | |
| Proceeds from issuance of redeemable units (note 4)[2] | | **339,856** | | 1,201,125 |
| Distributions paid to holders of redeemable units (note 6) | | **(3,105,319)** | | (123,386) |
| Amounts paid for redemptions of redeemable units (note 4) | | **(482,517)** | | - |
| **Cash provided by (used in) financing activities** | | **(3,247,980)** | | 1,077,739 |
| Net increase (decrease) in cash | | **(8,832,187)** | | 165,566 |
| Net gain (loss) on foreign exchange on cash | | **25,022** | | 5,840 |
| Cash, beginning of period/year | | **171,406** | | - |
| Cash, acquired from Taylor North American Equity Opportunities Fund merger (note 1) | | **8,959,266** | | - |
| **Cash, end of year** | **$** | **323,507** | $ | 171,406 |
| **Supplemental information:**[3] | | | | |
| Dividends received, net of withholding taxes ($) | | **1,369,313** | | 18,558 |
| Interest paid ($) | | **134** | | - |

1 For the period from October 17, 2018 (commencement of operations) to December 31, 2018.
2 Excludes in-kind transactions.
3 Included in cash flows from operating activities.

The accompanying notes are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

| For the period/year ended December 31 | | **2019** | | 2018[1] |
|---|---|---|---|---|
| **Net Assets attributable to holders of redeemable of units at beginning of period/year** | **$** | **22,688,018** | $ | - |
| **Operations:** | | | | |
| Increase (decrease) in Net Assets attributable to holders of redeemable units | | **9,325,672** | | (1,445,951) |
| **Distributions to holders of redeemable units (note 6):** | | | | |
| Investment income | | **(798,960)** | | (28,465) |
| Capital gains | | **(1,235,895)** | | (26,685) |
| Return of capital | | **(1,265,266)** | | (193,236) |
| Total | | **(3,300,121)** | | (248,386) |
| **Redeemable unit transactions:** | | | | |
| Proceeds from issuance of redeemable units (note 4) | | **29,967,436** | | 24,382,355 |
| Proceeds from issuance of redeemable units upon Taylor North American Equity Opportunities Fund merger (note 1) | | **8,959,266** | | - |
| Redemption of redeemable units | | **(482,517)** | | - |
| Net increase (decrease) from redeemable unit transactions | | **38,444,185** | | 24,382,355 |
| **Net increase (decrease) in Net Assets attributable to holders of redeemable units** | | **44,469,736** | | 22,688,018 |
| **Net Assets attributable to holders of redeemable units at end of period/year** | | **67,157,754** | | 22,688,018 |
| **Distributions per unit (note 6)** | **$** | **1.20** | $ | 0.25 |

1 For the period from October 17, 2018 (commencement of operations) to December 31, 2018.

## SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2019

| | Number of Shares | Cost CAD$ | Carrying Value CAD$ | % of Portfolio |
|---|---|---|---|---|
| **North America** | | | | |
| **Canada** | | | | |
| **Communication Services** | | | | |
| BCE Inc. | 23,268 | 1,412,582 | 1,399,803 | |
| | | **1,412,582** | **1,399,803** | **2.1** |
| **Consumer Staples** | | | | |
| Loblaw Companies Ltd. | 23,168 | 1,590,619 | 1,552,256 | |
| | | **1,590,619** | **1,552,256** | **2.3** |
| **Energy** | | | | |
| TC Energy Corp. | 24,704 | 1,608,981 | 1,708,529 | |
| | | **1,608,981** | **1,708,529** | **2.6** |
| **Industrials** | | | | |
| Canadian National Railway Co. | 5,220 | 587,935 | 613,193 | |
| | | **587,935** | **613,193** | **0.9** |
| **United States** | | | | |
| **Consumer Staples** | | | | |
| Campbell Soup Co. | 22,800 | 1,450,054 | 1,463,175 | |
| | | **1,450,054** | **1,463,175** | **2.2** |
| **Financials** | | | | |
| Bank of America Corp. | 33,400 | 1,455,416 | 1,527,547 | |
| Citigroup Inc. | 14,800 | 1,453,319 | 1,535,370 | |
| JPMorgan Chase & Co. | 8,400 | 1,448,527 | 1,520,550 | |
| | | **4,357,262** | **4,583,467** | **6.9** |
| **Healthcare** | | | | |
| Abbvie Inc. | 12,700 | 1,458,628 | 1,460,165 | |
| Bristol-Myers Squibb Co. | 19,100 | 1,453,773 | 1,592,060 | |
| CVS Health Corp. | 14,700 | 1,459,195 | 1,418,098 | |
| UnitedHealth Group Inc. | 4,430 | 1,541,764 | 1,691,143 | |
| | | **5,913,360** | **6,161,466** | **9.3** |
| **Industrials** | | | | |
| Raytheon Co. | 5,100 | 1,466,129 | 1,455,251 | |
| | | **1,466,129** | **1,455,251** | **2.2** |
| **Information Technology** | | | | |
| Apple Inc. | 4,200 | 1,465,350 | 1,601,541 | |
| Automatic Data Processing Inc. | 7,424 | 1,610,375 | 1,643,694 | |
| Microsoft Corp. | 9,472 | 1,608,665 | 1,939,689 | |
| Motorola Solutions Inc. | 7,808 | 1,614,588 | 1,633,811 | |
| Paychex Inc. | 13,796 | 1,349,538 | 1,523,833 | |
| Texas Instruments Inc. | 9,400 | 1,445,884 | 1,565,955 | |
| | | **9,094,400** | **9,908,523** | **15.0** |
| **Materials** | | | | |
| Air Products and Chemicals Inc. | 5,760 | 1,602,825 | 1,757,642 | |
| | | **1,602,825** | **1,757,642** | **2.7** |
| **Real Estate** | | | | |
| Crown Castle International Corp. | 9,320 | 1,441,692 | 1,720,368 | |
| Equinix Inc. | 632 | 416,685 | 479,033 | |
| Prologis Inc. | 16,256 | 1,632,895 | 1,881,677 | |
| | | **3,491,272** | **4,081,078** | **6.2** |

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2019

| | Number of Shares | Cost CAD$ | Carrying Value CAD$ | % of Portfolio |
|---|---|---|---|---|
| **Utilities** | | | | |
| Southern Co. | 19,400 | 1,399,716 | 1,604,722 | |
| | | **1,399,716** | **1,604,722** | **2.4** |
| **Total North America** | | **33,975,135** | **36,289,104** | **54.8** |
| **Europe** | | | | |
| **France** | | | | |
| **Consumer Discretionary** | | | | |
| LVMH Moet Hennessy Louis Vuitton SE | 2,900 | 1,505,674 | 1,749,619 | |
| | | **1,505,674** | **1,749,619** | **2.6** |
| **Financials** | | | | |
| BNP Paribas SA | 19,200 | 1,455,927 | 1,477,465 | |
| Credit Agricole SA | 78,600 | 1,457,781 | 1,479,751 | |
| | | **2,913,708** | **2,957,216** | **4.5** |
| **Healthcare** | | | | |
| Sanofi SA | 23,300 | 1,456,883 | 1,518,862 | |
| | | **1,456,883** | **1,518,862** | **2.3** |
| **Industrials** | | | | |
| Airbus SE | 9,344 | 1,657,041 | 1,775,874 | |
| Schneider Electric SE | 11,500 | 1,454,110 | 1,532,690 | |
| Vinci SA | 12,160 | 1,631,075 | 1,753,494 | |
| | | **4,742,226** | **5,062,058** | **7.6** |
| **Germany** | | | | |
| **Consumer Discretionary** | | | | |
| Adidas AG | 4,182 | 1,384,022 | 1,765,297 | |
| Volkswagen AG | 5,600 | 1,457,011 | 1,413,177 | |
| | | **2,841,033** | **3,178,474** | **4.8** |
| **Financials** | | | | |
| Allianz SE | 4,500 | 1,440,504 | 1,431,530 | |
| | | **1,440,504** | **1,431,530** | **2.2** |
| **Ireland** | | | | |
| **Healthcare** | | | | |
| Medtronic PLC | 12,878 | 1,592,101 | 1,897,193 | |
| | | **1,592,101** | **1,897,193** | **2.9** |
| **Italy** | | | | |
| **Financials** | | | | |
| Assicurazioni Generali SpA | 53,200 | 1,457,507 | 1,425,433 | |
| | | **1,457,507** | **1,425,433** | **2.2** |
| **Utilities** | | | | |
| Enel SpA | 193,436 | 1,669,290 | 1,992,576 | |
| | | **1,669,290** | **1,992,576** | **3.0** |
| **Netherlands** | | | | |
| **Consumer Staples** | | | | |
| Koninklijke Ahold Delhaize NV | 40,800 | 1,452,541 | 1,324,961 | |
| | | **1,452,541** | **1,324,961** | **2.0** |
| **Information Technology** | | | | |
| ASML Holding NV | 4,900 | 1,598,748 | 1,883,035 | |
| | | **1,598,748** | **1,883,035** | **2.8** |

## SCHEDULE OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2019

| | Number of Shares | Cost CAD$ | Carrying Value CAD$ | % of Portfolio |
|---|---|---|---|---|
| **Great Britain** | | | | |
| **Financials** | | | | |
| Aon PLC | 6,528 | 1,615,993 | 1,765,661 | |
| | | **1,615,993** | **1,765,661** | **2.7** |
| **Healthcare** | | | | |
| AstraZeneca PLC | 31,716 | 1,652,396 | 2,053,475 | |
| | | **1,652,396** | **2,053,475** | **3.1** |
| **Industrials** | | | | |
| International Consolidated Airlines Group SA | 154,800 | 1,455,543 | 1,664,157 | |
| | | **1,455,543** | **1,664,157** | **2.5** |
| **Total Europe** | | **27,394,147** | **29,904,250** | **45.2** |
| Embedded Broker Commission | | (45,023) | | |
| **Total Investments** | | **61,324,259** | **66,193,354** | **100.0** |

## 1. GENERAL INFORMATION

Brompton Global Dividend Growth ETF (the ‘‘Fund’’) is an exchange-traded fund (“ETF”) established under the laws of the Province of Ontario on October 5, 2018. Brompton Funds Limited (the ‘‘Manager’’) is the manager and trustee of the Fund, and is responsible for managing the affairs of the Fund, and manages the Fund’s portfolio and options program. CIBC Mellon Trust Company is the custodian of the Fund’s assets and prepares the daily valuations of the Fund. The Fund is listed on the Toronto Stock Exchange under the symbol BDIV and commenced operations on October 17, 2018. The address of the Fund’s registered office is Bay Wellington Tower, Brookfield Place, Suite 2930, 181 Bay Street, Toronto, Ontario, M5J 2T3.

The Fund invests in an actively managed portfolio comprised of securities of at least 20 global dividend growth companies with a market capitalization of at least $10 billion that have a history or, in the Manager’s view, a future likelihood, of dividend growth.

On January 29, 2019, Taylor North American Equity Opportunities Fund (“TOF”) merged with the Fund, with the latter being the continuing fund. The Fund issued 473,017 units for $9.0 million of Net Assets. Units of the Fund issued to former unitholders of TOF pursuant to the merger continue to trade on the Toronto Stock Exchange under the symbol BDIV.

The assets and liabilities of TOF acquired by the Fund on January 29, 2019 in the merger are as follows:

| Taylor North American Opportunities Fund | | |
|---|---|---|
| **Assets** | | |
| Cash | **$** | **8,968,925** |
| Amounts receivable for investments sold | | **18,885** |
| Receivable from Manager | | **12,445** |
| Income receivable | | **5,628** |
| Total assets acquired | | **9,005,883** |
| **Liabilities** | | |
| Current liabilities | | **46,618** |
| Total liabilities assumed | | **46,618** |
| **Net Assets acquired** | **$** | **8,959,265** |
| **Ratio of units received** | | **0.495198** |

These financial statements were approved by the Board of Directors of Brompton Global Dividend Growth ETF on March 10, 2020.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

### a) Financial Instruments

The Fund’s portfolio of investments is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income (“FVOCI”). The contractual cash flows of the Fund’s debt securities that are solely principal and interest are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund’s business model’s objective. Consequently, all investments are measured at fair value through profit or loss (“FVTPL”). Derivative assets and liabilities are also measured at FVTPL.

The Fund's obligation for Net Assets attributable to holders of redeemable units is measured assuming the redemption of units at Net Asset Value on the valuation date. All other financial assets and liabilities are initially recognized at fair value and subsequently measured at amortized cost. Under this method, financial assets and liabilities reflect the amounts required to be received or paid, discounted when appropriate, at the financial instrument's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are the same as to those used in measuring its published Net Asset Value. The carrying values of the Fund's financial assets and liabilities that are not carried at FVTPL approximate their fair values due to their short-term nature.

**b) Offsetting Financial Instruments**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

**c) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded marketable securities) is based on quoted market prices at the close of trading on the measurement date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each measurement date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same and others commonly used by market participants that make the maximum use of observable inputs. Refer to note 13 for further information about the Fund's fair value measurements.

**d) Cash**

Cash is comprised of demand deposits with financial institutions.

**e) Investment Transactions and Income and Expense Recognition**

Investment transactions are accounted for on the trade date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds, which are amortized on a straight line basis.

Net realized gain (loss) on sale of investments and net change in unrealized gain (loss) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Dividend income and dividend expense on securities sold short are recognized on the ex-dividend date. Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis.

Option premiums paid or received by the Fund are, so long as the options are outstanding, reflected as an asset or liability, respectively, in the Statements of Financial Position and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Gains or losses realized upon expiration, repurchase or exercise of the options are included in net realized gains or losses on options.

**f) Transaction Costs**

Transaction costs directly attributable to the acquisition or disposal of an investment are expensed in the period incurred and disclosed as "Transaction costs" in the Statements of Comprehensive Income.

**g) Foreign Currency Translation**

The Fund's subscriptions and redemptions are denominated in Canadian dollars, which is also its functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to cash are presented as "Net gain (loss) on foreign exchange on cash" and those relating to other financial assets and liabilities are presented within "Net realized gain (loss)" and "Net change in unrealized gain (loss)" in the Statements of Comprehensive Income.

**h) Income Taxes**

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). The Fund distributes to its unitholders sufficient net income and net capital gains so that it is not subject to income taxes and, in substance, is exempt from Canadian taxes on these sources of income. Accordingly, the Fund does not record any Canadian income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset. The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

**i) Securities Lending**

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

**j) Classification of Redeemable Units by the Fund**

As required under International Accounting Standard ("IAS") 32,*Financial Instruments: Presentation*, units of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities. The Fund's redeemable units do not meet the criteria in IAS 32 for classification as equity as the Fund has more than one contractual obligation to its unitholders.

## 4. REDEEMABLE UNITS

**Authorized**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal, undivided interest in the Net Asset Value of the Fund. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Fund. Unitholders may sell units on the TSX; in addition, unitholders may redeem (i) units of the Fund for cash at a redemption price per unit equal to 95% of the closing price for the applicable units on the TSX on the effective day of redemption, less any applicable administration fee determined by the Manager in its sole discretion, or (ii) a prescribed number of units for the constituent securities of the portfolio and cash, or for cash only.

**Issued**

| | **2019 Number of Units** | 2018 Number of Units[1] |
|---|---|---|
| Redeemable units, outstanding at January 1 | **1,250,000** | - |
| Issuance of redeemable units | **1,500,000** | 1,250,000 |
| Issuance of redeemable units upon Taylor North American Equity Opportunities Fund merger (note 1) | **473,017** | - |
| Redemption of redeemable units | **(25,000)** | - |
| **Redeemable units, outstanding at December 31** | **3,198,017** | 1,250,000 |
| **Weighted average number of redeemable units outstanding** | **2,670,155** | 582,000 |

1 For the period from October 17, 2018 (commencement of operations) to December 31, 2018.

On October 17, 2018, the Fund issued 50,000 units at $20.00 per unit for total cash proceeds of $1,000,000. Following its initial offering, the Fund issued 1,200,000 units at an average price of $19.49 for a combination of total in-kind and cash proceeds of $23,382,355.

On January 29, 2019, Taylor North American Equity Opportunities Fund merged with the Fund, the latter being the continuing fund. The Fund issued 473,017 units for $9.0 million of Net Assets pursuant to the merger. Refer to note 1.

During the year ended December 31, 2019, 1,500,000 units were issued at an average price of $19.98 per unit.

During the year ended December 31, 2019, 25,000 (period ended December 31, 2018 – nil) units were redeemed at an average price of $19.30 per unit.

At December 31, 2019, 85% of the Fund's units were held by an investment fund managed by the Manager (December 31, 2018 – 96%).

On December 31, 2019, the Fund's closing market price was $21.03 per unit (December 31, 2018 - $18.20).

## 5. CAPITAL MANAGEMENT

The Fund's capital is comprised of its Net Assets attributable to holders of redeemable units, which may change significantly subject to the amount and frequency of subscriptions and redemptions at the discretion of unitholders. The Fund's objectives in managing its capital are to provide unitholders with (a) stable monthly cash distributions; (b) the opportunity for capital appreciation; and (c) lower overall volatility of portfolio returns than would otherwise be experienced by owning securities of global dividend growth companies directly. The Fund manages its capital taking into consideration the risk characteristics of its holdings.

## 6. DISTRIBUTIONS TO UNITHOLDERS

Distributions, as declared by the Manager, are made on a monthly basis to unitholders of the Fund. The Fund does not have a fixed distribution amount. The amount of distributions, if any, will be set at the Manager's sole discretion and may be based on the Manager's assessment of the prevailing market conditions, the Fund's ability to generate sufficient levels of distributable cash and any other factors that the Manager, at its discretion, may deem relevant.

For the year ended December 31, 2019, the Fund declared distributions of $1.20 (period ended December 31, 2018 - $0.25) per unit, which amounted to $3,300,121 (period ended December 31, 2018 - $248,386). Under the Fund's distribution reinvestment plan, unitholders may elect to reinvest monthly distributions in additional units of the Fund, which will be purchased in the open market.

On January 23, 2020, the Fund declared $0.10 per unit of monthly distributions for record dates January 31, 2020, February 28, 2020, and March 31, 2020, respectively.

## 7. RELATED PARTY TRANSACTIONS

**a) Management and Service Fees**

Pursuant to a management agreement, the Manager provides management, administrative and advisory services, including key management personnel, to the Fund. In consideration for these services, the Fund pays a management fee equal to 0.75% per annum of the Net Asset Value of the Fund, plus applicable taxes. The Net Asset Value of the Fund is determined by taking the total assets of the Fund and deducting the Fund's liabilities. This fee is calculated and payable monthly.

The Manager may, at its discretion, waive a portion of the management fees and/or reimburse the Fund to ensure that the sum of management fees and certain normal-course operating expenses is limited to 0.95% of Net Asset Value.

For the year ended December 31, 2019, the management fee amounted to $447,089 (period ended December 31, 2018 - $18,788), of which $652 was payable as of December 31, 2019 (December 31, 2018 – nil). For the year ended December 31, 2019, the Manager absorbed $55,491 (period ended December 31, 2018 - $64,601) of costs. As at December 31, 2019, there was no receivable from the Manager (December 31, 2018 - $11,594). The Fund is responsible for the payment of all expenses relating to its operations and the carrying on of its business.

**b) Independent Review Committee Fees**

The total remuneration paid to members of the Independent Review Committee during the year ended December 31, 2019 was $6,313 (period ended December 31, 2018 - $96) and consisted only of fees. As at December 31, 2019 and 2018 there were, respectively, nil and $945 prepaid in Independent Review Committee fees.

## 8. INVESTMENT TRANSACTIONS

Investment transactions for the year ended December 31, 2019 and the period ended December 31, 2018 were as follows:

| | **2019** **$** | 2018 $[1] |
|---|---|---|
| Proceeds from sale of investments and options | **65,086,931** | 22,166 |
| **Less cost of investments and options sold:** | | |
| Investments and options at cost, beginning of period/year | **24,138,001** | - |
| Investments purchased and options written during the period/year[2] | **100,809,466** | 24,154,783 |
| Investments and options at cost, end of period/year | **(61,291,003)** | (24,138,001) |
| **Cost of investments sold and options written during the period/year** | **63,656,464** | 16,782 |
| **Net realized gain (loss) on sale of investments and options** | **1,430,467** | 5,384 |

1 For the period from October 17, 2018 (commencement of operations) to December 31, 2018.
2 Includes in-kind transactions.

For the year ended December 31, 2019 and the period ended December 31, 2018, there were no soft dollar amounts paid.

## 9. OPTIONS CONTRACTS

The Fund may write covered call and cash covered put options to generate additional income. Broker margin on the Statements of Financial Position represents cash collateral on European options. The Fund had the following call option contracts outstanding:

As at December 31, 2019:

| **Underlying Interest** | **Number of Contracts[1]** | **Expiration Date** | | **Strike Price per Contract** | **Premium Received (CAD) $** | **Fair Value (CAD) $** |
|---|---|---|---|---|---|---|
| Adidas AG | 7 | 17-Jan-20 | EUR | 300.00 | 2,290 | (1,590) |
| Airbus SE | 14 | 17-Jan-20 | EUR | 135.00 | 2,609 | (1,935) |
| Allianz AG | 7 | 17-Jan-20 | EUR | 225.00 | 1,168 | (530) |
| Aon PLC | 14 | 17-Jan-20 | USD | 210.00 | 2,569 | (3,409) |
| Apple Inc. | 7 | 17-Jan-20 | USD | 280.00 | 2,541 | (13,430) |
| ASML Holding NV | 8 | 17-Jan-20 | USD | 280.00 | 3,702 | (18,024) |
| Bank of America Corp. | 51 | 17-Jan-20 | USD | 35.00 | 2,781 | (5,497) |
| BNP Paribas SA | 19 | 17-Jan-20 | EUR | 56.00 | 692 | (376) |
| Citigroup Inc. | 22 | 17-Jan-20 | USD | 80.00 | 1,873 | (4,457) |
| CVS Health Corp. | 22 | 17-Jan-20 | USD | 75.00 | 2,797 | (2,857) |
| JP Morgan Chase & Co. | 18 | 17-Jan-20 | USD | 135.00 | 2,537 | (11,103) |
| Microsoft Corp. | 21 | 17-Jan-20 | USD | 155.00 | 5,083 | (10,294) |
| Prologis Inc. | 25 | 17-Jan-20 | USD | 90.00 | 2,614 | (3,084) |
| | | | | | **33,256** | **(76,586)** |

1 Each contract was written for 100 shares of the underlying security.

As at December 31, 2018:

| Underlying Interest | Number of Contracts[1] | Expiration Date | | Strike Price per Contract | Premium Received (CAD) $ | Fair Value (CAD) $ |
|---|---|---|---|---|---|---|
| American Tower Corporation | 5 | 18-Jan-19 | USD | 165.00 | 538 | (597) |
| American Tower Corporation | 5 | 18-Jan-19 | USD | 167.50 | 642 | (307) |
| Apple Inc. | 5 | 18-Jan-19 | USD | 167.50 | 1,076 | (1,083) |
| Cisco Systems, Inc. | 32 | 18-Jan-19 | USD | 45.00 | 2,011 | (1,966) |
| Citigroup Inc. | 9 | 18-Jan-19 | USD | 67.50 | 433 | (31) |
| CME Group Inc. | 3 | 18-Jan-19 | USD | 195.00 | 957 | (686) |
| Comerica Incorporated | 13 | 18-Jan-19 | USD | 72.50 | 921 | (1,500) |
| CVS Health Corp. | 15 | 18-Jan-19 | USD | 70.50 | 1,065 | (696) |
| Johnson & Johnson | 8 | 18-Jan-19 | USD | 136.00 | 568 | (535) |
| JP Morgan Chase & Co. | 7 | 18-Jan-19 | USD | 110.00 | 1,491 | (76) |
| Medtronic PLC | 8 | 18-Jan-19 | USD | 95.50 | 535 | (601) |
| Medtronic PLC | 5 | 18-Jan-19 | USD | 100.00 | 488 | (68) |
| Oracle Corporation | 24 | 18-Jan-19 | USD | 47.50 | 1,344 | (885) |
| Paychex, Inc. | 10 | 18-Jan-19 | USD | 72.50 | 991 | (19) |
| Pfizer Inc. | 9 | 18-Jan-19 | USD | 47.00 | 433 | (98) |
| PNF Financial Services Group, Inc. (The) | 11 | 18-Jan-19 | USD | 123.00 | 1,856 | (1,449) |
| UnitedHealth Group Incorporated. | 4 | 18-Jan-19 | USD | 275.00 | 377 | (349) |
| Waste Management, Inc. | 10 | 18-Jan-19 | USD | 95.00 | 1,056 | (137) |
| | | | | | 16,782 | (11,083) |

1 Each contract was written for 100 shares of the underlying security.

## 10. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund uses foreign currency forward contracts to hedge foreign exchange risks associated with its US dollar, Euro, British pound, Norwegian krone and Swiss franc investment portfolio. During the year ended December 31, 2019, the Fund realized a loss in the amount of $126,036 (period ended December 31, 2018 – nil) on the close-out of certain contracts.

The Fund had entered into the following foreign currency forward contracts with a Canadian chartered bank with a DBRS rating of AA:

As at December 31, 2019:

| **Canadian Dollars Purchased (Sold)** | **US Dollars Purchased (Sold)** | **Maturity Date** | **Forward Rate (USD/CAD)** | **Fair Value (CAD) $** |
|---|---|---|---|---|
| **39,704,142** | **(30,015,000)** | **15-Jan-20** | **0.75597** | **730,685** |

| **Canadian Dollars Purchased (Sold)** | **Euros Purchased (Sold)** | **Maturity Date** | **Forward Rate (EUR/CAD)** | **Fair Value (CAD) $** |
|---|---|---|---|---|
| **19,308,654** | **(13,162,000)** | **15-Jan-20** | **0.68166** | **123,577** |

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2019 and 2018

| Canadian Dollars Purchased (Sold) | British Pounds Purchased (Sold) | Maturity Date | Forward Rate (GBP/CAD) | Fair Value (CAD) $ |
|---|---|---|---|---|
| 1,510,149 | (867,000) | 15-Jan-20 | 0.57412 | 18,423 |
| 185,179 | (108,000) | 15-Jan-20 | 0.58322 | (642) |
| **1,695,328** | **(975,000)** | | | **17,781** |

The Fund had entered into the following foreign currency forward contracts with a Canadian chartered bank with a DBRS rating of AA:

As at December 31, 2018:

| Canadian Dollars Purchased (Sold) | US Dollars Purchased (Sold) | Maturity Date | Forward Rate (USD/CAD) | Fair Value (CAD) $ |
|---|---|---|---|---|
| 725,000 | (561,624) | 30-Jan-19 | 0.77465 | (41,157) |
| 711,977 | (545,000) | 30-Jan-19 | 0.76547 | (31,503) |
| 4,948,085 | (3,760,000) | 30-Jan-19 | 0.75989 | (181,243) |
| 5,634,516 | (4,245,000) | 30-Jan-19 | 0.75339 | (156,441) |
| 5,493,937 | (4,120,000) | 30-Jan-19 | 0.74992 | (126,496) |
| 17,513,515 | (13,231,624) | | | (536,840) |

| Canadian Dollars Purchased (Sold) | Euros Purchased (Sold) | Maturity Date | Forward Rate (EUR/CAD) | Fair Value (CAD) $ |
|---|---|---|---|---|
| 120,000 | (79,570) | 30-Jan-19 | 0.66309 | (4,668) |
| 109,680 | (73,000) | 30-Jan-19 | 0.66558 | (4,695) |
| 795,986 | (530,000) | 30-Jan-19 | 0.66584 | (34,402) |
| 877,737 | (582,000) | 30-Jan-19 | 0.66307 | (34,122) |
| 859,664 | (565,000) | 30-Jan-19 | 0.65723 | (25,560) |
| 2,763,067 | (1,829,570) | | | (103,447) |

| Canadian Dollars Purchased (Sold) | British Pounds Purchased (Sold) | Maturity Date | Forward Rate (GBP/CAD) | Fair Value (CAD) $ |
|---|---|---|---|---|
| 30,000 | (17,526) | 30-Jan-19 | 0.58421 | (518) |
| 39,267 | (23,000) | 30-Jan-19 | 0.58573 | (782) |
| 189,124 | (112,000) | 30-Jan-19 | 0.59220 | (5,898) |
| 220,431 | (130,000) | 30-Jan-19 | 0.58975 | (5,934) |
| 220,073 | (130,000) | 30-Jan-19 | 0.59071 | (6,292) |
| 698,895 | (412,526) | | | (19,424) |

| Canadian Dollars Purchased (Sold) | Norwegian Kroner Purchased (Sold) | Maturity Date | Forward Rate (NOK/CAD) | Fair Value (CAD) $ |
|---|---|---|---|---|
| 30,000 | (188,145) | 30-Jan-19 | 6.27150 | 277 |
| 25,913 | (165,000) | 30-Jan-19 | 6.36757 | (154) |
| 187,525 | (1,205,000) | 30-Jan-19 | 6.42580 | (2,842) |
| 205,308 | (1,327,000) | 30-Jan-19 | 6.46346 | (4,333) |
| 213,967 | (1,370,000) | 30-Jan-19 | 6.40284 | (2,467) |
| 662,713 | (4,255,145) | | | (9,519) |

## 11. SECURITIES LENDING

The Fund has entered into a securities lending program with its custodian, CIBC Mellon Trust Company (and certain of its affiliates). The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies, or a permitted supranational agency as defined in National Instrument 81-102. There were no securities on loan as at December 31, 2019.

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, CIBC Mellon Trust Company (and certain of its affiliates), is entitled to receive.

For the year ended December 31, 2019, securities lending income was as follows:

| | **2019**<br>**$** |
|---|---|
| Gross securities lending income | **486** |
| Securities lending charges | **(146)** |
| **Net securities lending income** | **340** |
| Withholding taxes on securities lending income | **(52)** |
| **Net securities lending income received by the Fund** | **288** |

During the year ended December 31, 2019, securities lending charges represented 30% of the gross securities lending income. For the period ended December 31, 2018, the Fund did not engage in security lending activity.

## 12. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Schedule of Investment Portfolio presents the securities held by the Fund as at December 31, 2019, and groups the securities by asset type and market segment. The following summary represents the securities by market segments held by the Fund as at December 31, 2018. Significant risks that are relevant to the Fund are discussed below.

| As at | December 31, 2018 |
|---|---|
| Investment Sector | % of Portfolio |
| Communication services | 3.2 |
| Consumer discretionary | 5.8 |
| Consumer staples | 9.7 |
| Energy | 2.4 |
| Financials | 20.4 |
| Healthcare | 25.3 |
| Industrials | 6.1 |
| Information Technology | 11.8 |
| Materials | 5.2 |
| Real estate | 6.8 |
| Utilities | 3.3 |
| Total | 100.0 |

The Manager attempts to minimize the potential adverse effects of these risks on the Fund's performance by employing a professional, experienced portfolio manager and by regular rebalancing of the investment portfolio within the constraints of the investment objectives. To assist in managing risks, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and restrictions, internal guidelines, and securities regulations.

The investment portfolio is composed of global, exchange-listed equity securities.

**a) Other Price Risk**

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager attempts to moderate this risk through the careful selection of derivatives within the parameters of the investment strategy. Except for options written, the maximum risk of loss resulting from financial instruments is equivalent to their fair value. There were no cash covered put options outstanding as at December 31, 2019 and 2018. No additional risk is introduced by covered call options written.

The Fund is exposed to other price risk from its investment in equity securities. As at December 31, 2019, had the prices on the respective stock exchanges for these securities increased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable units would have increased by approximately $6.3 million or 9.4% (December 31, 2018 - approximately $2.2 million or 9.9%). Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, with all other variables held constant, Net Assets attributable to holders of redeemable units would have decreased by approximately $6.5 million or 9.7% (December 31, 2018 - approximately $2.3 million or 10.2%). In practice, the actual trading results may differ, and the difference could be material.

**b) Credit Risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The carrying amount of other assets also represents the maximum credit risk exposure, as they will be settled in the short term. As at December 31, 2019 and 2018, the Fund did not have significant credit risk exposure.

All transactions in listed securities are settled/paid for upon delivery. The risk of default is considered minimal as delivery of securities sold is only made once the Fund has received payment. The trade will fail if either party fails to meet its obligation.

**c) Liquidity Risk**

Liquidity risk is the risk that the Fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is subject to the potential daily net redemptions of units. The Fund invests its Net Assets in securities that are traded on public exchanges and expects that the securities may be sold on a timely basis although there may not be sufficient time to sell the securities at a reasonable price. In addition, the Fund expects that most redemptions will be in-kind, which allows the Fund to deliver securities to meet its redemption obligations.

The tables below list the Fund's financial liabilities by relevant maturity groupings based on the remaining year between the financial statement date and the contractual maturity date.

As at December 31, 2019:

| | **Less Than 3 Months $** | **3 Months to 1 Year $** | **Greater Than 1 Year $** | **Total $** |
|---|---|---|---|---|
| Option contracts written, at fair value | 76,586 | - | - | 76,586 |
| Unrealized loss on foreign currency forward contracts | 642 | - | - | 642 |
| Accounts payable and accrued liabilities | 62,359 | - | - | 62,359 |
| Distributions payable to unitholders | 319,802 | - | - | 319,802 |
| **Total** | **459,389** | **-** | **-** | **459,389** |

As at December 31, 2018:

| | Less Than 3 Months $ | 3 Months to 1 Year $ | Greater Than 1 Year $ | Total $ |
|---|---|---|---|---|
| Option contracts written, at fair value | 11,083 | - | - | 11,083 |
| Unrealized loss on foreign currency forward contracts | 669,509 | - | - | 669,509 |
| Accounts payable and accrued liabilities | 60,611 | - | - | 60,611 |
| Distributions payable to unitholders | 125,000 | - | - | 125,000 |
| Total | 866,203 | - | - | 866,203 |

**d) Currency Risk**

Currency risk is the risk that financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The investment portfolio of the Fund includes cash and equities that are primarily US-dollar and Euro denominated and to a lesser extent British pound ("GBP"), Norwegian krone ("NOK") and Swiss franc ("CHF") denominated. The Fund's currency risk is substantially hedged with the use of foreign currency forward contracts. The tables below indicate the foreign currency investment holdings in the Fund and the corresponding foreign currency hedges as at December 31, 2019 and 2018 in Canadian dollar terms. The tables also illustrate the potential impact to the Fund's Net Assets attributable to holders of redeemable units, all other variables held constant, as a result of a 5% change in the foreign currency related to the Canadian dollar. In practice, the actual trading results may differ, and the difference could be material.

As at December 31, 2019:

| | **Investments and Options $** | **Cash and Other Receivables $** | **Foreign Currency Forward Contracts (note 10) $** | **Total Currency Exposure $** | **Impact on Net Assets $** | **Impact on Net Assets (%)** |
|---|---|---|---|---|---|---|
| US dollars | 40,061,395 | 94,643 | (38,973,457) | 1,182,581 | 59,129 | 0.1 |
| Euros | 19,117,435 | 308,046 | (19,185,077) | 240,404 | 12,020 | 0.0 |
| British pounds | 1,664,157 | 1,319 | (1,677,547) | (12,071) | (604) | 0.0 |
| Norwegian kroner | - | 7,556 | - | 7,556 | 378 | 0.0 |
| | **60,842,987** | **411,564** | **(59,836,081)** | **1,418,470** | **70,923** | **0.1** |

As at December 31, 2018:

| | Investments and Options $ | Cash and Other Receivables $ | Foreign Currency Forward Contracts (note 10) $ | Total Currency Exposure $ | Impact on Net Assets $ | Impact on Net Assets (%) |
|---|---|---|---|---|---|---|
| US dollars | 17,152,600 | 65,915 | (18,050,356) | (831,841) | (41,592) | (0.2) |
| Euros | 2,736,478 | - | (2,866,514) | (130,036) | (6,502) | 0.0 |
| British pounds | 724,493 | - | (718,319) | 6,174 | 309 | 0.0 |
| Swedish kroner | 627,111 | - | (672,233) | (45,122) | (2,256) | 0.0 |
| | 21,240,682 | 65,915 | (22,307,422) | (1,000,825) | (50,041) | (0.2) |

## 13. FAIR VALUE MEASUREMENT

The Fund's assets and liabilities recorded at fair value have been categorized within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The Fund classifies its investments and derivative assets/liabilities into three categories based on the nature of the inputs used to determine their fair value. The categories and the nature of the inputs used in each category are as follows:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2019 and 2018

| **Assets and liabilities at fair value as at December 31, 2019** | **Level 1** **$** | **Level 2** **$** | **Level 3** **$** | **Total** **$** |
|---|---|---|---|---|
| Equities | 66,193,354 | - | - | 66,193,354 |
| Foreign currency forward contracts gain | - | 872,685 | - | 872,685 |
| Foreign currency forward contracts loss | - | (642) | - | (642) |
| Option contracts written | (76,586) | - | - | (76,586) |
| **Total** | **66,116,768** | **872,043** | **-** | **66,988,811** |

| Assets and liabilities at fair value as at December 31, 2018 | Level 1 $ | Level 2 $ | Level 3 $ | Total $ |
|---|---|---|---|---|
| Equities | 23,338,113 | - | - | 23,338,113 |
| Foreign currency forward contracts gain | - | 277 | - | 277 |
| Foreign currency forward contracts loss | - | (669,509) | - | (669,509) |
| Option contracts written | (11,083) | - | - | (11,083) |
| Total | 23,327,030 | (669,232) | - | 22,657,798 |

There were no transfers of financial assets and liabilities between the levels during the year ended December 31, 2019 and the period December 31, 2018.

All fair value measurements above are recurring. The carrying values of cash, broker margin, receivable from Manager, income receivable, distributions payable and accounts payable and accrued liabilities approximate their fair values due to their short-term nature. Fair values are classified as level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as level 1 subsequently ceases to be actively traded, it is transferred out of level 1. In such cases, the instrument is reclassified into level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level 3.

**a) Equities**

The Fund's equity positions are classified as level 1 as the securities are actively traded and a reliable price is observable. The net realized and net change in unrealized gain from equity securities during the year ended December 31, 2019 was $7,197,253 (period ended December 31, 2018 – loss of $816,670).

**b) Foreign Currency Forward Contracts**

The Fund may enter into foreign currency forward contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. The fair value of such contracts will fluctuate with changes in currency exchange rates. The forward contracts' value, which is based on current forward rates, is the value that could be realized if the forward contracts were closed out on the financial reporting date and the change in fair value were recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract on the date it was opened and the value on the date it was closed. Foreign currency forward contracts are classified as level 2. The net realized and net change in unrealized gain from foreign currency forward contracts during the year ended December 31, 2019 was $1,415,239 (period ended December 31, 2018 – loss of $669,232).

**c) Options Contracts**

The Fund's option contracts written are classified as level 1 as the options are based on unadjusted quoted prices in active markets. The net realized and net change in unrealized loss from option contracts during the year ended December 31, 2019 was $130,050 (period ended December 31, 2018 – gain of $11,083).

## 14. OFFSETTING OF FINANCIAL INSTRUMENTS

The Fund has a foreign exchange settlement and novation netting agreement in place for its foreign currency forward contracts that does not meet the criteria for offsetting in the Statements of Financial Position but allows for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. The following tables present the Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instruments, as at December 31, 2019 and 2018.

As at December 31, 2019:

| | **Amounts eligible for offset** | | | |
|---|---|---|---|---|
| | **Gross Amounts of Recognized Financial Assets/Liabilities $** | **Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position $** | **Financial Instruments Eligible for Offset $** | **Net Amount $** |
| Derivative assets | 872,685 | 872,685 | (642) | 872,043 |
| Derivative liabilities | (642) | (642) | 642 | - |
| **Total** | **872,043** | **872,043** | **-** | **872,043** |

As at December 31, 2018:

| | Amounts eligible for offset | | | |
|---|---|---|---|---|
| | Gross Amounts of Recognized Financial Assets/Liabilities $ | Net Amounts of Financial Assets/Liabilities Presented in the Statement of Financial Position $ | Financial Instruments Eligible for Offset $ | Net Amount $ |
| Derivative assets | 277 | 277 | (277) | - |
| Derivative liabilities | (669,509) | (669,509) | 277 | (669,232) |
| Total | (669,232) | (669,232) | - | (669,232) |

## 15. INCOME TAXES

As at December 31, 2019 and 2018, the Fund had no non-capital loss and capital loss carry-forwards for income tax purposes.

# CORPORATE INFORMATION

### Independent Review Committee

**Patricia Meredith,** BMath, MBA, PhD, FCPA/FCA

**Arthur R.A. Scace,** QC, CM

**Ken S. Woolner,** BSc, PEng

### Directors and Officers of the Manager

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Director, President and
Chief Executive Officer

**Christopher S.L. Hoffmann,** LLB, MS
Director

**Craig T. Kikuchi,** BA, CPA, CA, CFA
Director and Chief Financial Officer

**Raymond R. Pether,** BA, MBA
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**Stephen Allen**
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**Christopher Cullen,** BASc, MBA, CFA
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**Laura Lau,** BASc (Hons), CFA, DMS
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Vice President and Portfolio Manager

**Ann P. Wong,** BA, MAcc, CPA, CA, CPA (Delaware), CFA
Vice President and Controller

**Kathryn A.H. Banner,** BA, MA
Vice President and Corporate Secretary

### Trustee

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### Custodian

CIBC Mellon Trust Company

### Auditor

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