

Canada Economic Review

The Bank of Canada (“BoC”) reduced its overnight policy rate by 25 basis points to 4.75% in the June meeting. This policy shift makes the BoC the first G7 central bank to ease so far this year. The communication noted that “monetary policy no longer needs to be as restrictive”. Thus, the focus now turns to the pace of forward rate guidance, as the market will question how sustainable monetary easing will be. Furthermore, one rate reduction will not alleviate the pressure on household debt and weak business activities. The economic fundamentals remain fragile against a backdrop of declining labour productivity and muted investment, despite relieved wage and inflationary pressures. While the BoC has started its easing cycle, it’s likely to proceed cautiously to ensure inflationary pressures don’t rebound and to avoid reigniting the housing market.

The Canadian 5-year government bond yield started the year at 3.17% and finished the 6-month period at 3.51%.

After a difficult 2023, the Canadian economy has shown signs of recovery during the first half of 2024. Strength in several industries contributed to the economic growth, such as wholesale, oil and gas extraction, and manufacturing. It is also encouraging that the BoC started the first policy rate reduction. The housing market is stabilizing after a period of muted activity. However, the economy remains vulnerable, confirmed by the rising unemployment rate, tepid business activities, and wide fiscal deficit. At the same time, monetary policy is still very restrictive, and households remains constrained by higher debt-servicing costs.

Portfolio Review

Brompton Split Corp. Preferred Share ETF (the “Fund”) focuses on investing in a portfolio of corporate split preferred shares to provide monthly distributions. The Fund’s inception was June 12, 2023. The Fund was up 5.4% versus 4.4% for the Index One Split Corp. Preferred Share Index for the first half of 2024.

Annual Compound Returns ¹	YTD	1-YR	Since Inception ²
Brompton Split Corp. Preferred Share ETF	5.4%	12.1%	11.5%

(1) Returns are for the periods ended June 30, 2024. The table above shows 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 period shown were reinvested at Net Asset Value per unit in additional units of the Fund. The tables above table shows the ETF's compound return for each period indicated.

(2) Inception Date June 12, 2023.

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Commissions, trailing commissions, management fees and expenses all may be associated with exchange-traded fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income tax payable by any securityholder that would have reduced returns. Exchange-traded funds are not guaranteed, their values change frequently and past performance may not be repeated.

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