

TSX: LCS, LCS.PR.A

BROMPTON
FUNDS

Brompton Lifeco Split Corp. Annual Report 2023

**VALUE
INTEGRITY
PERFORMANCE**

THE FOUNDATION FOR EXCELLENCE

MANAGEMENT REPORT OF FUND PERFORMANCE

March 18, 2024

This annual management report of fund performance for Brompton Lifeco Split Corp. (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. Shareholders may also contact us 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 Lifeco Split Corp. is a mutual fund corporation managed by Brompton Funds Limited (the “Manager”). The Fund has Class A and Preferred shares outstanding which are traded on the Toronto Stock Exchange (“TSX”) under the symbols LCS and LCS.PR.A, respectively. The Class A and Preferred shares are RRSP, DPSP, RRIF, RESP, TFSA and FHSA eligible. The Preferred shares are rated Pfd-3 (low) by Dominion Bond Rating Service Limited (“DBRS”).

Preferred shares of the Fund receive fixed, cumulative quarterly payments. Payments are usually in the form of eligible Canadian dividends, which are taxed at a lower rate to individuals than interest income. Preferred shares have a priority claim ahead of the Class A shares on the Fund’s assets in the event of liquidation. However, the Net Asset Value of Preferred shares generally does not benefit from growth in value of the underlying investments. Generally, the Class A shares capture the price movement of the underlying investments, but in a more magnified way than if an investor owned the underlying portfolio of securities directly. This magnification of return is commonly known as “leverage”, which is provided by the Preferred shares.

INVESTMENT OBJECTIVES AND STRATEGIES

The Fund’s investment objectives are:

- i) to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions and to return the original issue price of \$10.00 per Preferred share to Preferred shareholders at maturity; and
- ii) to provide holders of Class A shares with regular monthly cash distributions, targeted to be \$0.075 per share, and the opportunity for growth in Net Asset Value per Class A share.

To achieve these objectives, the Fund invests on an approximately equal basis, in a portfolio of common shares consisting of the four Canadian Life Insurance Companies.

Canadian Life Insurance Companies

Great-West Lifeco Inc.	Manulife Financial Corp.
iA Financial Group	Sun Life Financial Inc.

The Manager is responsible for maintaining the portfolio in accordance with the investment guidelines and rebalancing criteria. The Fund’s portfolio is rebalanced at least annually to adjust for changes in the market value of investments and to reflect the impact of a merger or acquisition affecting one or more of the life insurance companies. The Manager, at its discretion, selectively writes covered call options from time to time on the portfolio, to generate additional distributable cash for the Fund and to reduce volatility. The Fund may from time to time hold cash and cash equivalents.

RECENT DEVELOPMENTS

New Preferred Share Distribution Rate

On February 28, 2024, the Fund announced an increase in the distribution rate for the Preferred shares for the new term, from April 30, 2024, to April 27, 2029, to \$0.70 from \$0.625 per annum, payable quarterly. The new Preferred share distribution rate was based on current market rates for Preferred shares with similar characteristics at the time of announcement.

Market Conditions

Monetary policy response to persistently higher levels of inflation over Bank of Canada's 2% target rate has led to higher interest rates and fluctuations in securities prices. 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 shares of the Fund are discussed in the Fund's 2023 annual information form, which is available on the Fund's website at www.bromptongroup.com or on SEDAR at www.sedar.com. There were no changes to the risks during the year ended December 31, 2023 that could materially affect an investment in the shares of the Fund as they were discussed in the annual information form.

RESULTS OF OPERATIONS

Distributions

Class A share cash distributions for the year ended December 31, 2023, amounted to \$0.90 per share, compared to \$0.30 per Class A share for the year ended December 31, 2022. This reflected twelve monthly cash payments of \$0.075 per Class A share in 2023, compared to four monthly cash payments of \$0.075 per Class A share in 2022. The terms of the Fund's distribution plan state that no distributions will be paid on the Class A shares if, after the payment of a cash distribution by the Fund, the Net Asset Value per unit (each unit includes one Class A share and one Preferred share) would be less than \$15.00. Preferred share cash distributions declared were \$0.625 per share in 2023, unchanged from 2022. Since its inception date of April 18, 2007, the Fund has paid total cash distributions of \$8.28 per Class A share and \$9.38 per Preferred share.

The Fund has a distribution reinvestment plan, which allows Class A shareholders to automatically reinvest monthly distribution, commission free, in additional Class A shares of the Fund. Pursuant to this plan, during the year ended December 31, 2023, 39,003 Class A shares were acquired in the market at an average price of \$5.72 per Class A share.

Revenue and Expenses

The Fund earned revenue of \$0.75 per Class A share in 2023, compared to \$0.71 per class A share in 2022. The Fund's dividend income received a boost as all the holdings in the portfolio increased their dividend rates. On average, the dividend rates experienced growth of 9.6%.

Expenses in 2023, amounted to \$0.16 per Class A share, compared to \$0.30 per Class A share in 2022. Expenses include issue costs, agents' fees and Preferred share premium/discount amortization as a result of issuing Preferred shares. Any issuance related costs were borne by the new subscribing shareholders through the payment of a premium issue price over the Net Asset Value at the time of issuance. Excluding these expenses, Class A share expense was \$0.14 per share in 2023 compared to \$0.13 per share in 2022.

Net Asset Value

The Net Asset Value per Class A share was \$6.83 at December 31, 2023, up by 42.3% from \$4.80 at December 31, 2022. The aggregate Net Asset Value of the Fund was \$137.3 million at December 31, 2023 up from \$133.5 million at December 31, 2022. For the purpose of calculating the Net Asset Value of the Fund as a whole, the Preferred shares are not considered a liability of the Fund.

Investment Portfolio

As at December 31, 2023 the Fund's investment portfolio included 4 securities representing Canadian Life Insurance Companies. The portfolio was rebalanced in April 2023, in accordance with the Fund's investment guidelines. The investment weightings and a detailed listing of the Fund's holdings are provided in the financial statements.

For the year ended December 31, 2023, the Fund's portfolio recorded net realized gains of \$3.7 million and change in unrealized gains of \$21.9 million. Over the year, all four securities held by the Fund experienced positive market growth, with a weighted average increase of 20.5%. Great-West Lifeco Inc. and Manulife Financial Corp. emerged as the top performers, contributing a combined net gain of \$18.0 million.

During 2023, the Fund selectively wrote covered call options on the underlying securities in the portfolio and generated premiums of \$0.3 million. The net realized and change in unrealized loss on option writing was \$0.4 million which represents the premium received, less the amount paid to close out the options at expiry. As at December 31, 2023, there were 536 option contracts outstanding, with a notional value representing 2.7% of the portfolio.

Portfolio Sectors

Net Gains (Losses) by Sector (millions)	% of Portfolio as of 31-Dec-23	Realized \$	Change in Unrealized \$	Total \$
Insurance	100.0	4.0	22.0	26.0
Options	-	(0.3)	(0.1)	(0.4)
Total	100.0	3.7	21.9	25.6

Liquidity

To provide liquidity for shareholders, the Class A shares and Preferred shares of the Fund are listed on the TSX. Investors may retract their shares in accordance with the Fund's retraction provisions for each class of share.

RELATED PARTY TRANSACTIONS

Related party transactions consist of services provided by the Manager pursuant to a management agreement. See the Management Fees section below. As at December 31, 2023, 1.9% of the Fund's Preferred shares were held by an investment Fund managed by the Manager (December 31, 2022 - nil).

MANAGEMENT FEES

Pursuant to a management agreement, the Manager provides management and administrative services to the Fund, for which it is paid a management fee equal to 0.60% 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. The management fee is used by the Manager to cover its costs to obtain the Fund's assets, the cost to administer the Fund, the cost of investment management services and for profit. During the year ended December 31, 2023, management fees were \$0.9 million.

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 IFRS Accounting 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 Class A share.* The increase (decrease) in Net Assets from operations is based on average shares outstanding during the period, and all other numbers are based on actual shares outstanding at the relevant point in time.

Net Assets per Class A Share¹

For the year ended December 31	2023 \$	2022 \$	2021 \$	2020 \$	2019 \$
Net Assets, beginning of year ²	4.80	6.20	4.12	6.56	2.71
Increase (decrease) from operations:³					
Total revenue	0.75	0.71	0.65	0.63	0.61
Total expenses	(0.16)	(0.30)	(0.15)	(0.12)	(0.15)
Preferred share distributions	(0.61)	(0.62)	(0.61)	(0.60)	(0.61)
Realized gains (losses)	0.44	0.01	0.46	(0.33)	0.04
Unrealized gains (losses)	2.60	(1.18)	2.72	(2.62)	4.48
Total increase (decrease) in Net Assets from operations	3.02	(1.38)	3.07	(3.04)	4.37
Distributions to Class A shareholders:²					
Return of capital	0.90	0.30	0.83	0.15	0.38
Total distributions to Class A shareholders	0.90	0.30	0.83	0.15	0.38
Net Assets, end of year²	6.83	4.80	6.20	4.12	6.56

¹ The financial information was prepared in accordance with IFRS Accounting Standards.

² Net Assets per Class A share and distributions per Class A share are based on the actual number of Class A shares outstanding at the relevant time.

³ The increase (decrease) in Net Assets from operations per Class A share is based on the weighted average number of Class A shares outstanding over the fiscal period.

Ratios and Supplemental Data (Based on Net Asset Value)

As at December 31	2023	2022	2021	2020	2019
Net Asset Value (\$) (000s) - including Preferred shares	137,283	133,493	79,563	75,550	104,748
Number of Class A shares outstanding (000s)	8,158	9,017	4,912	5,349	6,326
Management expense ratio ("MER") – Class A shares ¹	12.93%	22.70%	12.43%	23.18%	15.63%
Trading expense ratio ²	0.01%	0.03%	0.01%	0.02%	0.01%
Portfolio turnover rate ³	0.50%	3.51%	0.37%	3.00%	2.89%
Net Asset Value per unit (\$) ⁴	16.93	14.91	16.30	14.23	16.66
Net Asset Value per Class A share (\$)	6.83	4.80	6.20	4.12	6.56
Net Asset Value per Preferred share (\$) ⁵	10.00	10.00	10.00	10.00	10.00
Closing market price - Class A shares (\$)	6.39	4.43	6.88	3.75	6.23
Closing market price – Preferred shares (\$)	10.09	9.98	10.21	10.25	10.33

¹ MER for Class A shares is based on the requirements of NI 81-106 and includes the total expenses of the Fund for the stated period, including distributions on Preferred shares, Preferred share premium/discount amortization and issuance costs, but excluding brokerage commissions on securities transactions, and is expressed as an annualized percentage of the average Net Asset Value of the Fund for Class A shares 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 and transaction costs 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. 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.

⁴ A unit includes one Class A share and one Preferred share. Net Asset Value per unit is determined by the Net Asset Value of the Fund, for which the Preferred shares are not treated as liabilities. Net Asset Value per unit includes any distributions declared and not paid that are payable to Shareholders.

⁵ Net Asset Value per Preferred share does not include the accrued Preferred share distributions.

Expense Ratio

In 2023, the MER per Class A share, which includes agents' fees, issuance costs, Preferred share premium/discount amortization and Preferred shares distributions was 12.93%, down from 22.70% in the prior year ended 2022. Expenses for agents' fees and issuance costs were borne by the new subscribing shareholders as the share issuances were priced at an amount higher than the Net Asset Value per unit plus these associated expenses; therefor, any share issuances are not dilutive for the existing shareholders. Pursuant to the prescribed regulatory formula, these costs must be included in the MER calculation. The MER per Class A share excluding agent's fees, issuance costs and Preferred share premium/discount amortization was 12.66% in 2023 compared to 15.99% in the prior year. Excluding Preferred share distributions, the MER per Class A share was 2.31% in 2023 down from 2.62% in the prior year. The decrease in MER resulted from the higher average Net Asset Value of the Fund, which made the impact of fixed costs lower.

The MER per unit (Included one Class A share and one Preferred share) of the Fund, excluding agents' fees, issuance costs, Preferred share premium/discount amortization and Preferred share distributions, was 0.86% for the year ended 2023, compared to 0.83% for the year ended 2022. This latter ratio is more representative of the ongoing efficiency of the administration of the Fund.

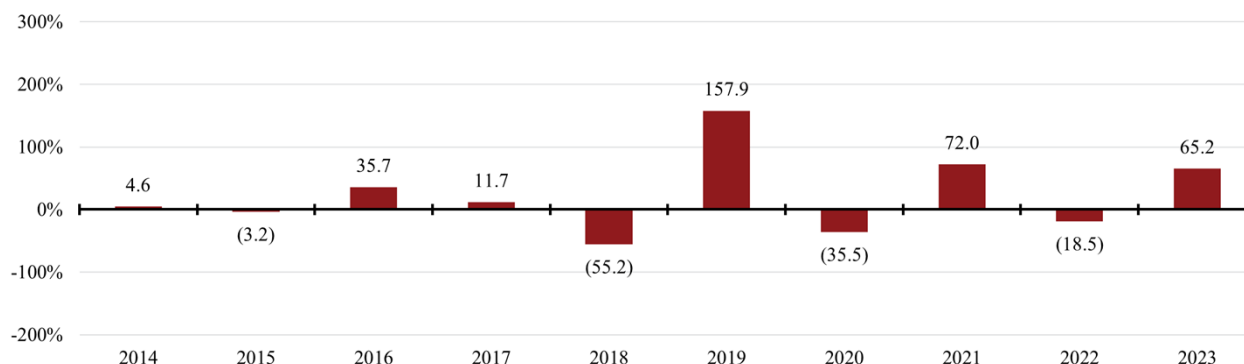
PAST PERFORMANCE

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 Class A share and per unit (each unit includes one Class A share and one Preferred share) and assumes that distributions made by the Fund on the Class A shares and units in the periods shown were reinvested (at Net Asset Value per Class A share and unit, respectively) in additional Class A shares and units of the Fund.

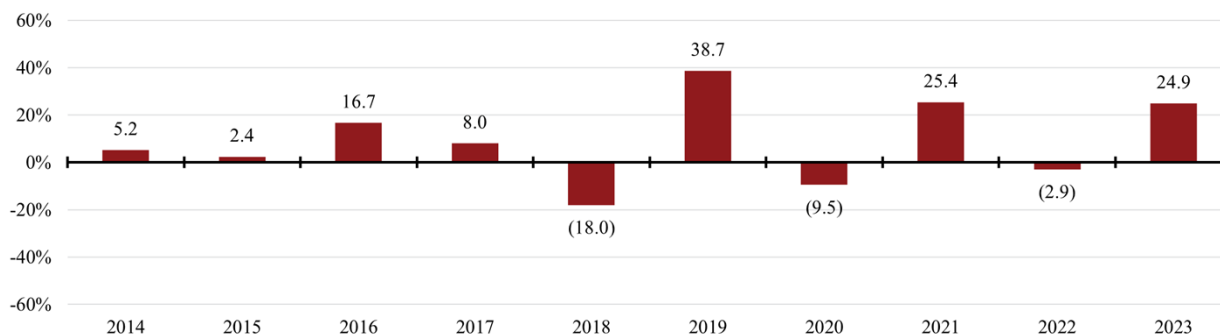
The bar chart shows the Fund's returns for a Class A share and a unit for the years ended December 31, 2014 to December 31, 2023. The chart shows, in percentage terms, how investments held in a Class A share and a unit of the Fund on the first day of each fiscal period would have changed by the last day of the fiscal period.

Year by Year Returns

LCS Class A share



LCS unit



The following table shows the Fund's compound returns on a Class A share, Preferred share and unit for each period indicated, compared with the S&P/TSX Capped Financials Index ("Financials Index"), the S&P/TSX Composite Index ("Composite Index") and the S&P/TSX Preferred Share Index ("Preferred Index") (together the "Indices"). The Financials Index is derived from the Composite Index based on the financials sector of the Global Industry Classification Standard. The Composite Index tracks the performance, on a market-weight basis, of a broad index of large-capitalization issuers listed on the TSX. The Preferred Index tracks the performance, on a market-weight basis, of preferred shares listed on the TSX that meet criteria relating to size, liquidity and issuer rating. The Fund passively invests on an approximately equal-weight basis in a portfolio comprised of four Canadian life insurance companies which are in both the Financials Index and the Composite Index. Since the Indices have more diversified portfolios, it is not expected that the Fund's performance will mirror that of the Indices. The Indices are calculated without the impact of management fees, fund expenses and trading commissions, whereas the performance of the Fund is calculated after deducting such fees and expenses. Further, the performance of the Fund's Class A shares is impacted by the leverage provided by the Fund's Preferred shares.

Annual Compound Returns

	1-Year %	3-Year %	5-Year %	10-Year %
Brompton Lifeco Corp. – Class A share ¹	65.2	32.3	31.0	10.2
S&P/TSX Capped Financials Index	13.9	12.1	11.7	9.3
S&P/TSX Composite Index	11.8	9.7	11.3	7.6
Brompton Lifeco Corp. – Preferred share ¹	6.4	6.4	6.4	6.1
S&P/TSX Preferred Share Index	5.9	1.2	2.6	1.5
Brompton Lifeco Corp. – Unit ²	24.9	15.0	13.8	7.8

¹ Based on the Net Asset Value per Class A share and Preferred share and assuming that distributions on the Class A shares and Preferred shares made by the Fund in the periods shown were reinvested (at Net Asset Value per Class A share and Preferred share, respectively) in additional Class A shares and Preferred shares of the Fund.

² Based on the Net Asset Value per unit (each unit includes one Class A share and one Preferred share) and assuming that distributions on the units made by the Fund were reinvested (at Net Asset Value per unit) in additional units of the Fund.

The Fund's mandate is to hold four Canadian life insurance companies, and its unit performance mirrors the rise in share prices of these four companies. The life insurance sector experienced substantial equity appreciation in 2023, with the four Canadian insurance companies, on average, experiencing a share price increase of approximately 20.5%. The Fund's Class A share performance return was greatly enhanced by the leverage provided by the Preferred shares, generating a return of 65.2% in 2023. The Fund's Preferred shares continue to provide a consistent positive return of 6.4% in 2023 and 6.1% over the past 10 years.

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2023

Total Net Asset Value¹	\$ 137,283,250	
Portfolio Composition	% of Portfolio	% of Net Asset Value
Insurance	99.0	100.1
Total Investments	99.0	100.1
Cash	1.0	1.0
Other net assets (liabilities)		(1.1)
Total Net Asset Value	100.0	100.0
Holdings	% of Portfolio	% of Net Asset Value
Manulife Financial Corp.	25.9	26.2
Great-West Lifeco Inc.	24.9	25.2
iA Financial Corporation Inc.	24.2	24.5
Sun Life Financial Inc.	24.0	24.2
Cash	1.0	1.0
Total	100.0	101.1

¹ Net Asset Value of the Fund includes the value of the Preferred shares and Class J shares.

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.

2023 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, TFSA or FHSA. Shareholders should receive a T5 slip from their investment dealer providing this information.

T5 supplementary slips will indicate Capital Gains Dividends in Box 18 and Actual Amount of Eligible Dividends in Box 24. 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 shares.

The following tables outline the breakdown in the Fund's distributions on Class A and Preferred shares paid in 2023 on a per share basis.

Class A Shares

Record Date	Payment Date	Return of Capital \$	Total Distributions \$
31-Jan-23	14-Feb-23	0.07500	0.07500
28-Feb-23	14-Mar-23	0.07500	0.07500
31-Mar-23	17-Apr-23	0.07500	0.07500
28-Apr-23	12-May-23	0.07500	0.07500
31-May-23	14-Jun-23	0.07500	0.07500
30-Jun-23	17-Jul-23	0.07500	0.07500
31-Jul-23	15-Aug-23	0.07500	0.07500
31-Aug-23	15-Sep-23	0.07500	0.07500
29-Sep-23	16-Oct-23	0.07500	0.07500
31-Oct-23	14-Nov-23	0.07500	0.07500
30-Nov-23	14-Dec-23	0.07500	0.07500
		0.82500	0.82500

Preferred Shares

Record Date	Payment Date	Eligible Dividends \$	Total Distributions \$
31-Jan-23	14-Feb-23	0.15625	0.15625
28-Apr-23	12-May-23	0.15625	0.15625
31-Jul-23	15-Aug-23	0.15625	0.15625
31-Oct-23	14-Nov-23	0.15625	0.15625
		0.62500	0.62500

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.

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 Lifeco Split Corp. (the “Fund”) have been prepared by Brompton Funds Limited (the “Manager” of the Fund) and approved by the Board of Directors of the Fund. 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 IFRS Accounting Standards and include certain amounts that are based on estimates and judgements. The material accounting policy information applicable to the Fund are described in note 3 to the financial statements.

The Board of Directors of the Fund 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 shareholders 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”

(Signed) “Ann P. Wong”

Mark A. Caranci

*Chief Executive Officer
Brompton Funds Limited*

March 18, 2024

Ann P. Wong

*Chief Financial Officer
Brompton Funds Limited*

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Brompton Lifeco Split Corp. (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, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of comprehensive income for the years then ended;
- the statements of cash flows for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable Class A shares for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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. 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, 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 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 Accounting Standards, 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.

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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 Christopher Pitts.

(Signed) "PricewaterhouseCoopers LLP"

**Chartered Professional Accountants,
Licensed Public Accountants**

Toronto, Ontario

March 18, 2024

Brompton Lifeco Split Corp. - Annual Report 2023

STATEMENTS OF FINANCIAL POSITION

As at December 31	2023	2022
Assets		
Current assets		
Investments	\$ 137,487,918	\$ 133,093,146
Cash	1,372,402	1,281,554
Prepaid expenses	-	31,190
Preferred share discount (note 4)	-	173,638
Total assets	138,860,320	134,579,528
Liabilities		
Current liabilities		
Option contracts written, at fair value (schedule 1)	52,260	59,391
Accounts payable for redeemable Preferred shares redeemed (note 4)	2,730	12,000
Distributions payable to shareholders (note 6)	1,457,061	934,209
Accounts payable and accrued liabilities (note 7)	65,019	81,246
Class J shares (note 4)	100	100
Preferred shares (note 4)	81,582,150	90,174,150
Total liabilities (excluding Net Assets attributable to holders of redeemable Class A shares)	83,159,320	91,261,096
Net Assets attributable to holders of redeemable Class A shares	\$ 55,701,000	\$ 43,318,432
Redeemable shares outstanding (note 4)		
Preferred shares	8,158,215	9,017,415
Class A shares	8,158,215	9,017,415
Class J shares	100	100
Net Assets attributable to holders of redeemable shares per share		
Preferred share (\$)	10.00	10.00
Class A share (\$)	6.83	4.80
Class J share (\$)	1.00	1.00

Approved by the Board of Directors of Brompton Lifeco Split Corp.

(Signed) "Christopher S.L. Hoffmann"

(Signed) "Mark A. Caranci"

Christopher S.L. Hoffmann
Director

Mark A. Caranci
Director

Brompton Lifeco Split Corp. - Annual Report 2023

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31	2023	2022
Income		
Securities lending income (note 9)	\$ 1,364	\$ 7,889
Net gain (loss) on investments and derivatives:		
Dividend income	6,301,575	6,095,555
Net realized gain (loss) on sale of investments	4,021,639	373,821
Net change in unrealized gain (loss) on investments	21,938,170	(10,101,274)
Net realized gain (loss) on options	(340,693)	(277,216)
Net change in unrealized gain (loss) on options	(32,791)	7,526
Total net gain (loss) on investments and derivatives	31,887,900	(3,901,588)
Total income (loss), net	31,889,264	(3,893,699)
Expenses		
Management fees (note 7)	895,825	829,642
Audit fees	37,337	38,290
Independent Review Committee fees (note 7)	6,001	5,827
Custodial fees	16,958	14,744
Legal fees	12,185	3,128
Shareholder reporting costs	33,523	28,032
Other administrative expenses	147,463	120,934
Interest and bank charges	18	-
Agents' fees and issuance cost on Preferred shares, amortized (note 4)	-	1,418,215
Transaction costs	13,250	42,194
Total expenses	1,162,560	2,501,006
Net investment income (loss) before distributions on Preferred shares	30,726,704	(6,394,705)
Distributions on Preferred shares (note 6)	(5,144,308)	(5,322,012)
Preferred share premium (discount) amortization (note 4)	(173,638)	(114,119)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares	\$ 25,408,758	\$ (11,830,836)
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares per share¹	\$ 3.02	\$ (1.38)

¹ Based on the weighted average number of Class A shares outstanding during the year (note 4).

Brompton Lifeco Split Corp. - Annual Report 2023

STATEMENTS OF CASH FLOWS

For the years ended December 31	2023	2022
Cash flows from operating activities:		
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations	\$ 25,408,758	\$ (11,830,836)
Adjustments to reconcile net cash provided by (used in) operations:		
Net realized (gain) loss on sale of investments	(4,021,639)	(373,821)
Net change in unrealized (gain) loss on investments	(21,938,170)	10,101,274
Net realized (gain) loss on options	340,693	277,216
Net change in unrealized (gain) loss on options	32,791	(7,526)
Increase (decrease) in distributions payable to Preferred shareholders	(89,014)	425,363
Preferred share (premium) discount amortization (note 4)	173,638	114,119
Decrease (increase) in prepaid expenses	31,190	11,503
Increase (decrease) in accounts payable and accrued liabilities	(16,227)	18,624
Purchase of investments and options	(678,191)	(67,923,824)
Proceeds from sale of investments and options	21,862,613	4,304,860
Cash provided by (used in) operating activities	21,106,442	(64,883,048)
Cash flows from financing activities:		
Proceeds from issuance of redeemable Class A shares (note 4)	-	28,537,950
Agents' fees and issue cost paid on issuance of redeemable Class A shares (note 4)	38,841	(1,250,709)
Proceeds from issuance of redeemable Preferred shares (note 4) ¹	-	41,417,243
Amounts paid for retraction of redeemable Class A shares (note 4)	(5,526,807)	(268,875)
Amounts paid for retraction of redeemable Preferred shares (note 4)	(8,603,540)	(629,038)
Distributions paid to holders of redeemable Class A shares (note 6)	(6,924,088)	(2,690,646)
Cash provided by (used in) financing activities	(21,015,594)	65,115,925
Net increase (decrease) in cash	90,848	232,877
Cash, beginning of year	1,281,554	1,048,677
Cash, end of year	\$ 1,372,402	\$ 1,281,554
Distributions paid on Preferred shares (note 6) (\$)	5,233,322	4,896,649
Supplemental information:²		
Dividends received (\$)	6,301,575	6,095,555
Interest paid (\$)	18	-

¹ Gross proceeds from issuance of redeemable Preferred shares \$nil (December 31, 2022 - \$41,913,525), net of \$nil (December 31, 2022 - \$496,282) accrued distributions payable.

² Included in cash flows from operating activities.

Brompton Lifeco Split Corp. - Annual Report 2023

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE CLASS A SHARES

For the years ended December 31		2023	2022
Net Assets attributable to holders of redeemable Class A shares at beginning of year	\$	43,318,432	\$ 30,447,215
Operations:			
Increase (decrease) in Net Assets attributable to holders of redeemable Class A shares from operations		25,408,758	(11,830,836)
Distributions to holders of redeemable Class A shares (note 6):			
Return of capital		(7,535,954)	(2,322,275)
Total		(7,535,954)	(2,322,275)
Redeemable Class A share transactions:			
Proceeds from issuance of redeemable Class A shares (note 4)		-	28,537,950
Agents' fees and issue costs paid on issuance of redeemable Class A shares (note 4)		38,841	(1,250,709)
Retraction of redeemable Class A shares (note 4)		(5,529,077)	(262,913)
Net increase (decrease) from redeemable Class A share transactions		(5,490,236)	27,024,328
Net increase (decrease) in Net Assets attributable to holders of redeemable Class A shares		12,382,568	12,871,217
Net Assets attributable to holders of redeemable Class A shares at end of year	\$	55,701,000	\$ 43,318,432

Brompton Lifeco Split Corp. - Annual Report 2023

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

	Number of Shares	Cost \$	Carrying Value \$	% of Portfolio
Insurance				
Great-West Lifeco Inc.	788,617	28,046,790	34,588,742	
iA Financial Corporation Inc.	371,894	22,513,180	33,593,185	
Manulife Financial Corp.	1,228,394	30,757,216	35,967,376	
Sun Life Financial Inc.	485,137	27,958,299	33,338,615	
		109,275,485	137,487,918	100.0
Embedded Broker Commission		(63,194)		
Total Investments		109,212,291	137,487,918	100.0

Schedule 1 - Option Contracts

Underlying Interest	Number of Contracts ¹	Expiration Date	Strike Price per Contract \$	Premium Received (CAD) \$	Fair Value (CAD) \$
Sun Life Financial Inc.	536	16-Feb-24	70.00	33,232	(52,260)
	536			33,232	(52,260)

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. GENERAL INFORMATION

Brompton Lifeco Split Corp. (the “Fund”) is a mutual fund corporation established under the laws of the Province of Ontario on January 19, 2007. Brompton Funds Limited (the “Manager”) is responsible for managing the affairs of the Fund and manages the Fund’s portfolio and options program. The Fund is listed on the Toronto Stock Exchange and commenced operations on April 18, 2007. CIBC Mellon Trust Company is the custodian of the Fund’s assets and prepares the weekly valuations of the Fund. 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 a portfolio comprised of common shares of four major publicly traded Canadian life insurance companies.

These financial statements were approved by the Board of Directors of Brompton Lifeco Split Corp. on March 11, 2024.

2. BASIS OF PRESENTATION

These financial statements have been prepared in compliance with IFRS Accounting Standards. 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. MATERIAL ACCOUNTING POLICY INFORMATION

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 objective of the Fund’s business model. 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 obligations for Net Assets attributable to holders of redeemable Class A shares and Class J shares are measured assuming the redemption of shares at Net Asset Value (“NAV”) on the valuation date. The Preferred shares are measured at amortized cost. 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, net of any directly attributable transaction costs, 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 those used in measuring its published Net Asset Value. In addition, Preferred shares are carried at amortized cost for accounting purposes but at redemption amount in measuring the published Net Asset Value. The carrying values of the Fund’s financial assets and liabilities, except for the Preferred shares (Note 4), that are not carried at FVTPL approximate their fair values due to their short-term nature.

b) 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 11 for further information about the Fund’s fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

c) Cash

Cash is comprised of demand deposits with financial institutions. Bank overdrafts are included under Current Liabilities in the Statements of Financial Position.

d) Investment Transactions and Income and Expense Recognition

Investment transactions are accounted for as of the trade date. Net realized gain (loss) on the 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. Dividend income is recognized on the ex-dividend date.

Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received and is accounted for on an accrual basis. Interest income includes interest from cash and cash equivalents. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities.

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.

e) 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.

f) Income Taxes

The Fund is a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38 1/3% under Part IV of the Act on taxable dividends received from Canadian corporations in the year. This tax is fully refundable upon payment of sufficient dividends.

The Fund is also a financial intermediary corporation as defined in the Act and, as such, is not subject to tax under Part IV.1 of the Act on dividends received nor is it generally liable to tax under Part VI.1 on dividends paid by the Fund on taxable preferred shares as defined in the Act.

Given the investment and dividend policy of the Fund and taking into account the deduction of expenses and taxable dividends on shares of taxable Canadian corporations, the Fund does not expect to be subject to any appreciable amount of non-refundable Canadian income tax. Accordingly, no income tax provision has been recorded.

g) 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.

h) Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, shares 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, unless certain criteria are met. Under IFRS, the Fund's Preferred shares and Class J shares are classified as liabilities as they are not the most subordinate class of shares. The Class A shares contain multiple redemption features and, therefore are considered to have more than one contraction obligation to its Class A shareholders. As a result, the Fund's Class A shares have been classified as financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

4. REDEEMABLE SHARES

Units

A unit means a notional unit consisting of one Preferred share and one Class A share. Net Asset Value is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders, less (iii) the stated capital of Class J shares (\$100).

Class J Shares

The Fund is authorized to issue an unlimited number of Class J shares.

As of December 31, 2023, 100 (December 31, 2022 - 100) Class J shares were outstanding.

Class J shares are not entitled to receive dividends but are entitled to one vote per share. The Class J shares are redeemable and retractable at a price of \$1.00 per share.

Redeemable Class A Shares

Authorized

The Fund is authorized to issue an unlimited number of Class A shares.

The Fund intends to pay monthly, non-cumulative distributions to the holders of Class A shares. No distributions will be paid on Class A shares if (i) distributions payable on the Preferred shares are in arrears or (ii) in respect of a cash distribution, after the payment of a cash distribution by the Fund, the Net Asset Value per unit would be less than \$15.00.

The Class A shares rank subsequent to the Preferred shares but in priority to the Class J shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation or winding-up of the Fund. Each Class A share is entitled to one vote on certain shareholder matters.

The current issued and outstanding Class A shares have a Maturity Date of April 29, 2024. On August 10, 2023, the board of directors approved an extension of the Maturity Date for an additional 5-year term to April 27, 2029. On the Maturity Date and upon any subsequent extension of the maturity date, holders of Class A shares will be entitled to retract their Class A shares pursuant to a non-concurrent retraction right. The retraction price payable by the Fund on that date for a Class A share will be equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of \$10.00, plus any accrued and unpaid distributions on the Preferred shares, and (ii) nil. Class A Shares must be surrendered for retraction on the last business day of the month prior to the Maturity Date or subsequent maturity date, as applicable.

Class A shares may be surrendered at any time for retraction but will be retracted only on the second last business day of a month ("Retraction Date"). Class A shares surrendered for retraction on the tenth business day prior to the Retraction Date will be retracted on such Retraction Date. Holders of Class A shares whose Class A shares are surrendered for retraction will be entitled to receive a price per Class A share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the relevant Retraction Date and (ii) the cost to the Fund of the purchase of a Preferred share for cancellation. The cost of the purchase of a Preferred share includes the purchase price of the Preferred share, commission and such other costs, if any, related to the liquidation of any portion of the Fund's portfolio required to fund such purchase.

A holder of Class A shares may concurrently retract an equal number of Class A and Preferred shares on the second last business day of April of each year ("Annual Retraction Date"), at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A shares and the Preferred shares must both be surrendered for retraction on the tenth business day prior to the Annual Retraction Date.

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NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

The Fund's Class A shares are classified as financial liabilities on the Statements of Financial Position.

Issued

	2023 Number of Shares	2022 Number of Shares
Redeemable Class A shares, outstanding at January 1	9,017,415	4,911,615
Issuance of redeemable Class A shares	-	4,170,500
Retraction of redeemable Class A shares – Annual Retraction	(858,800)	(500)
Retraction of redeemable Class A shares – Monthly Retraction	(400)	(64,200)
Redeemable Class A shares, outstanding at December 31	8,158,215	9,017,415
Weighted average number of redeemable Class A shares outstanding	8,422,853	8,578,677

Closing Date	Number of Shares	Price \$	Gross Proceeds \$	Issue Cost \$
6-Apr-22	1,788,100	6.70	11,980,270	533,211
13-Jan-22	2,382,400	6.95	16,557,680	717,498
Total as of December 31, 2022	4,170,500		28,537,950	1,250,709

During the year ended December 31, 2023, the Fund had adjusting entries of \$38,841 reducing issue costs (year ended December 31, 2022 - \$nil). Adjustments are made when the actual prior period issue costs differ from the estimates made at the time of the offerings.

On December 31, 2023, the Class A shares' closing market price on the Toronto Stock Exchange was \$6.39 per share (December 31, 2022 – \$4.43).

Redeemable Preferred Shares

Authorized

The Fund is authorized to issue an unlimited number of Preferred shares.

Holders of Preferred shares are entitled to receive fixed, cumulative, preferential quarterly cash distributions of \$0.15625 per share. The Preferred shares rank in priority to the Class A shares with respect to the payment of distributions and the repayment of capital on the dissolution, liquidation, or winding-up of the Fund. Each Preferred share is entitled to one vote on certain shareholder matters.

The current issued and outstanding Preferred shares have a Maturity date of April 29, 2024. On August 10, 2023, the board of directors approved an extension of the Maturity Date for an additional 5-year term to April 27, 2029. On February 28, 2024, the Fund announced that the Preferred share dividend rate for the extended term from April 30, 2024, to April 29, 2029, will be \$0.70 per annum, payable quarterly. On the Maturity Date and upon any subsequent extension of the maturity date, holders of Preferred shares will be entitled to retract their Preferred shares pursuant to a non-concurrent retraction right. The retraction price payable by the Fund on that date for a Preferred share will be equal to the lesser of (i) \$10.00, plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred shares then outstanding. Preferred shares must be surrendered for retraction on the last business day of the month prior to the Maturity Date or subsequent maturity date, as applicable.

Preferred shares may be surrendered at any time for retraction but will be retracted only on the second last business day of a month ("Retraction Date"). Preferred shares surrendered for retraction on the tenth business day prior to the Retraction Date will be retracted on such Retraction Date. Shareholders whose Preferred shares are retracted will be entitled to receive a price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A share for cancellation, and (ii) \$10.00. The cost of the purchase of a Class A share will include the purchase price of the Class A share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

Brompton Lifeco Split Corp. - Annual Report 2023

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

A holder of Preferred shares may also concurrently retract an equal number of Preferred shares and Class A shares on the second last business day of April of each year ("Annual Retraction Date"), at a price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and other such costs, if any, related to the liquidation of any portion of the portfolio required to fund such retraction. The Preferred shares and Class A shares must both be surrendered for retraction on the tenth business day prior to the Annual Retraction Date.

Issued

	2023 Number of Shares	2022 Number of Shares
Redeemable Preferred shares, outstanding at January 1	9,017,415	4,911,615
Issuance of redeemable Preferred shares	-	4,170,500
Retraction of redeemable Preferred shares – Annual Retraction	(858,800)	(500)
Retraction of redeemable Preferred shares – Monthly Retraction	(400)	(64,200)
Redeemable Preferred shares, outstanding at December 31	8,158,215	9,017,415

Closing Date	Number of Shares	Price \$	Gross Proceeds \$	Issue Cost \$	Premium (Discount) \$
6-Apr-22	1,788,100	10.05	17,970,405	620,112	(111,505)
13-Jan-22	2,382,400	10.05	23,943,120	798,103	(176,252)
Total as of December 31, 2022	4,170,500		41,913,525	1,418,215	(287,757)

The Fund's Preferred shares may be issued at a premium, discount or at par, which is the redemption value. A premium/discount is identified as the difference between the Fund's treasury offering issuance price (excluding the accrued dividends embedded in the price) and its redemption value. There is a premium when the Fund completes an offering at an issuance price (excluding the accrued dividends embedded in the price) that is more than the redemption value; and a discount when the Fund completes an offering at an issuance price (excluding the accrued dividends embedded in the price) that is less than the redemption value. Premiums/discounts are amortized until the subsequent Annual Retraction Date of the Preferred shares. During the year ended December 31, 2023, \$173,638 (year ended December 31, 2022 – \$114,119) was amortized and the discount balance as at December 31, 2023 is \$nil (year ended December 31, 2022 – \$173,638).

On December 31, 2023, the Preferred shares' closing market price on the Toronto Stock Exchange was \$10.09 per share (December 31, 2022 – \$9.98).

5. CAPITAL MANAGEMENT

The Fund's capital is comprised of Class A, Class J and Preferred shares. The Fund's objectives in managing its capital are:

- to provide holders of Preferred shares with fixed, cumulative, preferential quarterly cash distributions and to return the original issue price to the holders of the shares on the maturity date, the terms of which may be extended for a period of up to five years as determined by the Board of Directors or such other date if the term of the Fund is extended, and
- to provide holders of Class A shares with regular monthly cash distributions targeted to be \$0.075 per share and the opportunity for growth in Net Asset Value per Class A share.

The Fund manages its capital taking into consideration the risk characteristics of its holdings. In order to manage its capital structure, the Fund may adjust the amount of distributions paid to shareholders or return capital to shareholders

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

6. DISTRIBUTIONS TO SHAREHOLDERS

Distributions are made on a quarterly basis, record date being the last business day of January, April, July and October, on the Preferred shares and on a monthly basis on the Class A shares. Distributions are payable no later than the tenth business day of the following month.

For the year ended December 31, 2023, the Fund declared cash distributions of \$0.90 (year ended December 31, 2022 – \$0.30) per Class A share and accrued distributions of \$0.625 (year ended December 31, 2022- \$0.625) per Preferred share, which amounted to \$7,535,954 (year ended December 31, 2022 – \$2,322,274) and \$5,144,308 (year ended December 31, 2022– \$5,322,012), respectively.

Under the Fund's distribution reinvestment plan, Class A shareholders may elect to reinvest monthly distributions in additional Class A shares of the Fund. Such reinvestments occur through market purchases.

On January 24, 2024, the Fund declared a monthly cash distribution of \$0.075 per Class A share and a quarterly cash distribution of \$0.15625 per Preferred share for the record date on January 31, 2024.

7. RELATED PARTY TRANSACTIONS

a) Management Fees

Pursuant to a management agreement, the Manager provides management, and administrative services including the provision of key management personnel. The Fund pays a management fee equal to 0.60% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, 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. For this purpose, the Preferred shares are not considered a liability of the Fund.

For the year ended December 31, 2023, the management fee amounted to \$895,825 (year ended December 31, 2022 – \$829,642), of which \$348 was payable as of December 31, 2023 (December 31, 2022 – \$31). 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, 2023 was \$6,001 (year ended December 31, 2022 - \$5,827) and consisted only of fees. As at December 31, 2023 there was \$129 Independent Review Committee fees payable (December 31, 2022 – \$nil).

c) Related Party Holdings

As at December 31, 2023, 1.9% of the Fund's Preferred shares were held by an investment Fund managed by the Manager (December 31, 2022 - nil).

8. SOFT DOLLAR COMMISSIONS

For the years ended December 31, 2023 and 2022, there were no soft dollar commissions paid. Research and system related services received in return for commissions generated with specific dealers are generally referred to as soft dollar commissions.

9. 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, 2023 and 2022.

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. The securities lending income is detailed below:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

For the years ended December 31,	2023 \$	2022 \$
Gross securities lending income	2,689	11,513
Securities lending charges	(807)	(3,453)
Net securities lending income	1,882	8,060
Withholding taxes on securities lending income	(518)	(171)
Net securities lending income received by the Fund	1,364	7,889
Securities lending charges % of gross income	30.0%	30.0%

10. FINANCIAL RISK MANAGEMENT

The Fund's investment activities expose it to a variety of financial risks. The Manager attempts to minimize the potential adverse effects of these risks by, but not limited to, employing a professional, experienced portfolio manager; by regularly monitoring of the Fund's positions and market events; 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.

a) Concentration Risk

Concentration risk arises as a result of the concentration of financial instruments within the same category, whether it is geographical allocation, asset type, sector or industry. The Schedule of Investment Portfolio presents the securities held as of December 31, 2023, and categorizes them based on sector. The table below summarizes the Fund's concentration risk as at December 31, 2022:

As at	December 31, 2022
Investment Sector	% of Portfolio
Life Insurance	100.0

b) 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. These changes can result from factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities and derivatives present a risk of loss of capital. Except for options written, the maximum risk of loss resulting from financial instruments is equivalent to their fair value. The Manager mitigates this risk through the careful selection of securities and derivatives within the parameters of the investment strategy. There were no cash covered put options outstanding as at December 31, 2023 and 2022. No additional risk is introduced by covered call options written.

The Fund is exposed to other price risk from its investment in equity securities and option contracts. The table below summarizes the estimated impact to the Fund's Net Assets attributable to holders of redeemable Class A shares, resulting from a $\pm 10\%$ change in the quoted prices for equity securities, with all other variables held constant. In practice, the actual trading results may differ, and the difference could be material.

	+ 10% Impact		-10% Impact	
	\$	%	\$	%
As at December 31, 2023	13,447,442	24.1	(13,718,995)	(24.6)
As at December 31, 2022	13,039,852	30.1	(13,268,701)	(30.6)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

c) 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 Fund did not have significant credit risk exposure as at December 31, 2023 and 2022. The carrying amount of other assets represent the maximum credit risk exposure as they will be settled in the short term.

All transactions in securities are settled/paid for upon delivery using approved brokers. 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.

The Fund has entered into a securities lending program with its custodian; see note 9. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

d) 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 exposed to liquidity risk through its monthly and annual retractions of Class A shares and Preferred shares. For the monthly and annual retractions of Class A shares and Preferred shares, the Fund receives notice at least 10 business days prior to the Retraction Date and has up to 10 business days after the Retraction Date to complete the retractions. This timeframe allows the Manager to sell securities, although there may not be sufficient time to sell the securities at a reasonable price. All Class A and Preferred shares outstanding are scheduled to be redeemed by the Fund on the Maturity Date unless the term of the Fund is extended.

As at December 31, 2023 and 2022, all the Fund's other financial liabilities had maturities of less than three months.

e) Currency Risk

Currency risk is the risk that financial instruments denominated in a currency other than the Canadian dollar, which is the Fund's functional and reporting currency, will fluctuate due to changes in foreign exchange rates. As at December 31, 2023 and 2022, the Fund had no exposure to currency risk.

f) Interest Rate Risk

Interest rate risk is the risk that the fair value of the Fund's interest bearing investments will fluctuate due to changes in market interest rates. Interest bearing investments are namely, bonds, money market investments, short-term investments, debentures and mortgages or other income-producing securities, whose value increases if interest rates fall and decreases if interest rates rise. There is minimal sensitivity to changes in interest rates for money market securities, since these tend to be short-term in nature. As of December 31, 2023 and 2022, the Fund had no significant exposure to interest rate risk.

11. FAIR VALUE MEASUREMENT

The Fund classifies its financial instruments measured at fair value 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 three levels of the fair value hierarchy are as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. This level includes, but is not limited to, publicly traded equities, exchange-traded funds, and traded options.

Level 2: Inputs other than quoted prices, that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes, but is not limited to, fixed income securities, short-term investments, and foreign currency forward contracts.

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.

All fair value measurements are recurring. The carrying values of other financial assets and 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. For the periods ending December 31, 2023, and 2022, there were no significant transfers between Level 1, Level 2, and Level 3 for each Fund.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

The following table categorizes the Fund's financial instruments within the fair value hierarchy.

Assets and liabilities at fair value as at December 31, 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	137,487,918	-	-	137,487,918
Option contracts written	(52,260)	-	-	(52,260)
Total	137,435,658	-	-	137,435,658

Assets and liabilities at fair value as at December 31, 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities	133,093,146	-	-	133,093,146
Option contracts written	(59,391)	-	-	(59,391)
Total	133,033,755	-	-	133,033,755

The Preferred shares issued and outstanding as at December 31, 2023 had a retraction price per share of \$10.00 (December 31, 2022 – \$10.00) and a TSX closing market price of \$10.09 (December 31, 2022 – \$9.98).

12. INCOME TAXES

As at December 31, 2023, the Fund had \$9,827,208 in capital loss carryforwards (December 31, 2022 – \$9,827,208) and \$13,617,007 in non-capital loss carryforwards (December 31, 2022 – \$14,685,260). The capital losses can be carried forward for an indefinite period, while the non-capital loss carryforwards will expire as follows:

	2023 \$
2030	681,527
2031	1,133,683
2032	329,142
2033	346,227
2034	1,288,562
2035	1,525,133
2036	1,312,897
2037	1,213,915
2038	1,610,790
2039	1,291,321
2040	1,031,643
2041	53,226
2042	1,798,941
	13,617,007

13. FEES PAID TO THE AUDITOR

For the year ended December 31, 2023, fees paid or payable to PricewaterhouseCoopers LLP and other PwC Network firms for audit services to public interest entity funds managed by Brompton Funds Limited were \$551,617. Fees for other services were \$361,018.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

December 31, 2023 and 2022

14. SUBSEQUENT EVENT

On February 28, 2024, the Fund announced an increase in the distribution rate for the Preferred shares for the new term, from April 30, 2024, to April 27, 2029, to \$0.70 from \$0.625 per annum, payable quarterly. The new Preferred share distribution rate was based on current market rates for Preferred shares with similar characteristics at the time of announcement.

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