



2020 ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

BRISTOL GATE CONCENTRATED US EQUITY ETF (BGU) (the “ETF”)

For the 12-month period ended December 31, 2020 (the “Period”)

Manager: Bristol Gate Capital Partners Inc. (the “Manager” and “Portfolio Manager”)

This Annual Management Report of Fund Performance (the “MRFP”) contains financial highlights but does not contain the interim or annual financial statements of the ETF. You can get a copy of the interim or annual financial statements at your request at no cost, by calling 416-921-7076, by writing to us at Bristol Gate Capital Partners Inc., 45 St. Clair Avenue West, Suite 601, Toronto, ON, M4V 1K9 or by visiting our website at www.bristolgate.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the ETF’s proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The ETF seeks to generate long-term growth of income and capital by investing primarily in a concentrated portfolio of publicly-traded equity securities of U.S. companies that are expected to pay a growing dividend.

In order to achieve its investment objective, the ETF invests in dividend-paying equity securities selected primarily from the S&P500® Index. The ETF may also invest up to 10% of its NAV, at the time of purchase, in dividend-paying equity securities that are part of the MSCI ACWI Index, a recognized global equity index. The ETF invests in a concentrated portfolio of securities. The number of portfolio holdings usually ranges between 20 and 30 different securities. The securities held in the portfolio are actively managed by the Portfolio Manager. Approximately every three months subject to market conditions and Manager discretion with respect to specific timing, the portfolio is rebalanced so that all of the securities in the portfolio are roughly equally weighted at that time.

The ETF typically invests in securities of companies in six or more industry sectors. The Portfolio Manager uses its proprietary quantitative methodology (the “Methodology”) to identify investment opportunities that exhibit the largest expected dividend growth over the next year. Fundamental analysis is performed to confirm the results of the quantitative methodology and to make the final selection of the portfolio holdings.

Risk

The risks of investing in the ETF remain as discussed in the Prospectus. There were no significant changes to the ETF that materially affected the ETF’s overall level of risk during the reporting period.

Results of Operations

The ETF’s net assets increased from \$115.5 million at the end of 2019, to \$150.3 million as of December 31, 2020. The increase was due to a combination of net subscriptions and investment appreciation.

The S&P 500 (in USD terms) started 2020 off strong, rising 5% to mid-February. It then fell 34% between February 19 and March 23 as COVID-19 began wreaking havoc with global markets and economies. Recognizing the significant economic risk and with the memory of the damage the financial crisis caused still relatively vibrant, governments and central banks responded aggressively with historic monetary and fiscal stimulus. Markets reacted and the S&P 500 rallied 61% from the March 23 low to the beginning of September. From there returns seesawed; down 10%, up 9%, and down 7% over a two-month period before the market finished the year off with a 15% run over the final two months, reflecting a potential economic recovery with the arrival of COVID-19 vaccines, the conclusion of the US election and the impact of the earlier, unprecedented stimulus. When all was said and done, the S&P 500 rose 18% for the year, including a 70% gain from the bottom in March.

According to S&P Global Indices, Apple, Amazon and Microsoft accounted for 53% of the SPX’s total return (in USD terms). Excluding those three stocks, the Index would have returned 8.6%. If the list were expanded to include the next seven largest contributors (only one of which paid a dividend and had no dividend growth), 77% of the Index’s total return was generated by the top ten holdings. Put another way, the other 495 stocks in the Index collectively returned 4.3%. All ten of the top contributors were technology or technology related stocks. The IT sector alone accounted for 64% of the Index’s return. Simply put, diversification hurt returns in 2020.

The ETF’s CAD units gained 8.5% for the year, trailing the S&P500 Total Return Index® in Canadian dollars by approximately 760 basis points. See the Financial Highlights



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section and the Past Performance section for key financial information and returns of the USD units.

Top contributors to absolute performance were Broadcom, Activision Blizzard and Intuit, while Boeing, Southwest and Bank of America were the largest detractors. On a relative basis to the S&P 500 Total Return Index, Danaher, Cintas and Roper were the largest contributors, while Tyson Foods, Ross Stores and Boeing were the largest detractors.

Several transactions occurred during the first and second quarter with the exited positions being driven by the significant impact COVID-19 had on the stocks’ respective dividend growth predictions. Boeing and Southwest faced a massive decline in travel with an uncertain return to pre COVID-19 levels while Bank of America was negatively impacted by the effect monetary and fiscal stimulus had on interest rates. They were replaced by Activision Blizzard, a leader in the attractive video game market; Microsoft, the world’s largest software company; and Moody’s, one of the few regulatory designated ratings agencies.

Ross Stores and Estee Lauder stocks were sold at the end of the second quarter due to the negative effect of COVID-19 on retail traffic. They were replaced with Dollar General and CME Group, both of which had higher forecasted dividend growth. Dollar General’s mostly rural store base showed resiliency during the pandemic and it maintains a significant new store opportunity with strong unit economics. CME Group is the world’s largest derivative exchange, offering the widest range of futures and options products for risk management.

No further position changes took place in 2020.

The portfolio was rebalanced in March, June, and September.

Recent Developments

The Portfolio Manager’s research has demonstrated, and their results have proven that over time, higher total returns can be achieved by owning stocks with higher dividend growth. The top dividend growers have consistently outperformed the broad US market. The Portfolio Manager does not believe this has changed because of COVID-19. For the year, the portfolio companies at year end on average delivered 14.8% dividend growth in USD terms (median 14.0%), well ahead of the S&P 500’s cash dividend increase of 0.1% (median constituent

increase 5.3%). 2020 proved to be a more challenging year for dividend paying companies in the broader index, with the number of dividend payers at year end falling to 385 from 423 in 2019 and those having raised their dividends post COVID (Q2-Q4) averaging 8.3% vs. 9.8% in USD terms in 2019 (source: S&P Global Indices).

At the end of 2009, similar to 2020, the concentration of market returns was high and aggregate dividend growth in the Index was low. As the economic recovery broadened, the subsequent dividend growth the Portfolio Manager’s Strategy was able to achieve was amongst its best. If vaccines, stimulus and savings are the seeds for a broad economic recovery this time around, the Portfolio Manager believes the rally in technology stocks in 2020 will broaden in 2021 and its opportunities to produce higher dividend growth will also expand going forward.

Related-Party Transactions

Manager, Trustee and Portfolio Manager

Bristol Gate Capital Partners Inc. is registered as a portfolio manager and exempt market dealer in the provinces of Ontario, Quebec, Alberta, British Columbia and Manitoba and is also registered as an investment fund manager in the Provinces of Ontario and Quebec.

The company is also registered with the U.S. Securities and Exchange Commission as an investment advisor under the Investment Advisors Act of 1940. It is the Manager, Trustee and Portfolio Manager of the ETF. Bristol Gate is responsible for the ETF’s day-to-day operations and provides investment advice and portfolio management services to the ETF. Bristol Gate is only paid a management fee by the ETF as compensation for its services. The management fee is calculated and accrued daily and is based on a percentage of the net asset value of the ETF.

The ETF paid management fees to the Manager, inclusive of HST, of \$1,038,823 for the Period.

The Manager has chosen to absorb certain operating expenses for which the Fund is responsible.

The Manager has appointed the Independent Review Committee (IRC) established under the Canadian Securities Administrators’ National Instrument 81-107 Independent



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Review Committee for Investment Funds. The mandate of the IRC is to review and provide recommendations or approval, as required, regarding certain conflict of interest matters referred to it by the Manager on behalf of its managed ETFs. The IRC consists of three members, all of whom are independent of the Manager. Members of the IRC receive fees for services rendered. These fees and expenses, plus associated legal and insurance costs, are allocated among the ETFs managed by the Manager. During the period, the ETF did not rely on a positive recommendation, or approval, of the IRC with respect to any related party transactions.

Management Fees

The ETF pays a management fee, plus applicable taxes, to the Manager based on the annual rate of 0.70%, before GST/HST, of the net asset value of the ETF. This management fee is calculated and accrued daily and payable on the last Valuation Date of each month or on such date as the manager may determine.

The management fee for the ETF compensates the Manager for providing portfolio advisory and investment management services to the ETF and for providing or arranging for other managerial and administrative services to the ETF including: arranging for payment of operating expenses; providing office space, facilities and personnel; preparing financial and tax information; preparing and providing financial statements, MRFPs and other required reports to unitholders; ensuring compliance with regulatory and exchange listing requirements; determining distributions; communicating with unitholders and calling meetings of unitholders; administering the purchase, exchange and redemptions of ETF units; and contracting with third party providers of services to the ETF.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for each of the fiscal periods presented below. For the period ended December 31, 2018 (the ETF was established in 2018), the “period” is from February 15 to December 31, 2018.

Net Assets Per Unit – CAD Units (in Canadian Dollars) ¹

	December 31, 2020	December 31, 2019	December 31, 2018
Net assets, beginning of period	\$27.18	\$21.30	\$20.00
Increase (decrease) from operations:			
Total revenue	\$0.41	\$0.45	\$0.34
Total expenses [excluding distributions]	(\$0.30)	(\$0.29)	(\$0.20)
Realized gains (losses) for the period	(\$1.34)	\$0.83	\$0.42
Unrealized gains (losses) for the period	\$3.77	\$3.81	(\$0.03)
Total increase (decrease) from operations	\$2.54	\$4.80	\$0.53
Annual distributions:			
From Income (Excluding Dividends)	\$0.00	\$0.00	\$0.00
From Dividends	\$0.09	\$0.05	\$0.06
From Capital Gains	\$0.00	\$0.29	\$0.29
Return of Capital	\$0.00	\$0.00	\$0.00
Total annual distributions ²	\$0.09	\$0.34	\$0.35
Net assets, end of period ³	\$29.47	\$27.18	\$21.30

- This information is derived from the ETF's audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value calculated for ETF pricing purposes. An explanation of any differences can be found in the notes to the financial statements.*
- The ETF made distributions on a notional basis. A notional distribution is when the units from a reinvested distribution are immediately consolidated with the units held prior to the distribution and the number of units held after the distribution is identical to the number of units held before the distribution.*
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.*



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Net Assets Per Unit – USD Units (in Canadian Dollars)¹

	December 31, 2020	December 31, 2019	December 31, 2018
Net assets, beginning of period	\$27.18	\$21.30	\$20.00
Increase (decrease) from operations:			
Total revenue	\$0.40	\$0.44	\$0.34
Total expenses [excluding distributions]	(\$0.30)	(\$0.29)	(\$0.22)
Realized gains (losses) for the period	(\$1.33)	\$0.74	\$0.35
Unrealized gains (losses) for the period	\$3.60	\$3.58	(\$0.36)
Total increase (decrease) from operations	\$2.37	\$4.47	\$0.11
Annual distributions:			
From Income (Excluding Dividends)	\$0.00	\$0.00	\$0.00
From Dividends	\$0.09	\$0.05	\$0.06
From Capital Gains	\$0.00	\$0.29	\$0.29
Return of Capital	\$0.00	\$0.00	\$0.00
Total annual distributions²	\$0.09	\$0.34	\$0.35
Net assets, end of period³	\$29.47	\$27.18	\$21.30

1. This information is derived from the ETF's audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value calculated for ETF pricing purposes. An explanation of any differences can be found in the notes to the financial statements.
2. The ETF made distributions on a notional basis. A notional distribution is when the units from a reinvested distribution are immediately consolidated with the units held prior to the distribution and the number of units held after the distribution is identical to the number of units held before the distribution.
3. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

Ratios and Supplemental Data – CAD Units (in Canadian Dollars)

	December 31, 2020	December 31, 2019	December 31, 2018
Total net asset value (000's)	75,161	50,277	10,651
Number of units outstanding ¹	2,550,000	1,850,000	500,000
Management expense ratio ²	0.85%	0.85%	0.81%
Management expense ratio before waivers or absorptions ²	0.92%	1.28%	2.13%
Portfolio turnover rate ³	35.50%	52.65%	49.83%
Trading expense ratio ⁴	0.01%	0.01%	0.01%
Net asset value per unit	\$29.47	\$27.18	\$21.30
Closing market price – BGU	\$29.32	\$27.11	\$21.19

1. This information is as of December 31 for the year indicated.
2. The management expense ratio (“MER”) is based on expenses for the stated period, excluding commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the period. The Manager may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. MER includes the waiver or absorption of certain operating expenses by the Manager, while the MER before absorption shows the MER prior to operating expenses being waived or absorbed by the Manager. Administration expenses for the first six months from the ETF launch date were waived by the fund administrator.
3. The ETF's portfolio turnover rate indicates how actively the ETF's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all the securities in its portfolio once in the course of the year. The higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF 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 ETF.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.



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Ratios and Supplemental Data – USD Units (in Canadian Dollars)

	December 31, 2020	December 31, 2019	December 31, 2018
Total net asset value (000's)	75,161	65,224	6,391
Number of units outstanding ¹	2,550,000	2,400,000	300,000
Management expense ratio ²	0.85%	0.84%	0.92%
Management expense ratio before waivers or absorptions ²	0.92%	1.16%	2.19%
Portfolio turnover rate ³	35.50%	52.65%	49.83%
Trading expense ratio ⁴	0.01%	0.01%	0.01%
Net asset value per unit	\$29.47	\$27.18	\$21.30
Net asset value per unit (in US Dollars)	\$23.14	\$20.96	\$15.60
Closing market price – BGU.U (in US Dollars)	\$23.00	\$20.85	\$15.28

1. This information is as of December 31 for the year indicated.
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3. The ETF's portfolio turnover rate indicates how actively the ETF's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all the securities in its portfolio once in the course of the year. The higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF 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 ETF.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

PAST PERFORMANCE

The performance information assumes that all distributions made by the ETF in the periods shown were reinvested in additional units of the ETF. The past performance does not

take into account sales, redemption, distribution or other optional charges or income taxes payable by the unitholders that, if applicable, would have reduced returns or performance. How the ETF performed in the past does not indicate how it will perform in the future.

Year-by-Year Returns¹

The charts show you the ETF Unit's annual historical returns since inception.

BGU - CAD Units (in CAD)



*Return from inception date of February 15, 2018 to December 31, 2018

1. Annual return is the percentage change in the value of an investment from January 1 to December 31, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of the financial year would have grown or decreased by the last day of each financial year.

BGU - USD Units (in USD)



*Return from inception date of February 15, 2018 to December 31, 2018

1. Annual return is the percentage change in the value of an investment from January 1 to December 31, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of the financial year would have grown or decreased by the last day of each financial year.



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Annual Compound Returns

The table shows the annual compound returns of the ETF Units for each of the periods indicated ended on December 31, 2020, compared with the following benchmark:

S&P 500® Total Return Index

BGU – CAD Units	Since Inception	Past 5 Years	Past 3 Years	Past 1 Year
Fund	14.4%	-	-	8.5%
Benchmark (in CAD)	14.6%	-	-	16.1%

BGU – USD Units	Since Inception	Past 5 Years	Past 3 Years	Past 1 Year
Fund	13.8%	-	-	10.4%
Benchmark (in USD)	13.9%	-	-	18.4%

Benchmark Description

The S&P 500® Total Return Index measures the performance of the broad US equity market, including dividend re-investment.

SUMMARY OF INVESTMENT PORTFOLIO

Asset Allocation

	% of Net Asset Value
Equities	98.02%
Cash	0.91%
Other assets less liabilities	1.07%
Total	100%

Sector Allocation

	% of Net Asset Value
Information Technology	32.28%
Industrials	13.65%
Health Care	13.31%
Consumer Discretionary	13.25%
Financials	8.63%
Communication Services	4.49%
Consumer Staples	4.39%
Materials	4.27%
Real Estate	3.75%
Other assets less liabilities	1.98%
Total	100%

Geographic Allocation (% Net Asset Value)

	% of Net Asset Value
United States	98.02%
Other assets less liabilities	1.98%
Total	100%

Top Holdings

	Issuer	% of Net Asset Value
1	Starbucks Corp.	5.16%
2	Intuit Inc.	4.91%
3	Broadcom Inc.	4.90%
4	UnitedHealth Group Inc.	4.82%
5	Allegion PLC	4.79%
6	Texas Instruments Inc.	4.79%
7	Broadridge Financial Solutions Inc.	4.63%
8	Activision Blizzard Inc.	4.49%
9	Roper Technologies Inc.	4.44%
10	CME Group Inc.	4.42%
11	Cintas Corp.	4.41%
12	Visa Inc. Class A	4.40%
13	Tyson Foods Inc.	4.39%
14	Danaher Corp.	4.34%
15	Microsoft Corp.	4.34%
16	Mastercard Inc. Class A	4.31%
17	Sherwin-Williams Co.	4.27%
18	Moody's Corp.	4.21%
19	Zoetis Inc. Class A	4.15%
20	Dollar General Corp.	4.08%
21	Home Depot Inc.	4.02%
22	American Tower Corp. Class A	3.75%
	Total	98.02%

The summary of investment portfolio may change due to the ETF's ongoing portfolio transactions and a quarterly update is available at www.bristolgate.com.

The sectors referenced in the above Sector Allocation table are based on the Global Industry Classification Standard. The Global Industry Classification Standard (“GICS”) was developed by and is the exclusive property and a service mark of MSCI Inc. (“MSCI”) and S&P Global Market Intelligence (“S&P”) and is licensed for use by Bristol Gate Capital Partners Inc. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly



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disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

A NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Management Report of Fund Performance may contain forward-looking statements including, but not limited to, statements about the ETF, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events and conditions or include words such as “may”, “could”, “would”, “should”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate” and similar forward-looking expressions or negative versions thereof.

These forward-looking statements are subject to various risks and uncertainties, including the risks described in the Prospectus of the ETF, uncertainties and assumptions about the ETF, capital markets and economic factors, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed. Economic factors include, but are not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

Readers are cautioned not to place undue reliance on forward-looking statements and consider the above-mentioned factors and other factors carefully before making any investment decisions. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith. Forward-looking statements are not guarantees of future performance, and actual results could differ materially from those expressed or implied in any

forward-looking statements made by the ETF. The Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.