

**BRISTOL GATE CONCENTRATED US EQUITY ETF  
INTERIM UNAUDITED FINANCIAL STATEMENTS  
JUNE 30, 2023**

## **MANAGER’S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying Interim Financial Statements of Bristol Gate Concentrated US Equity ETF (the “ETF”) are prepared by Bristol Gate Capital Partners Inc., the Manager to the ETF, and approved by the Board of Directors of Bristol Gate Capital Partners Inc., as Trustee of Bristol Gate Concentrated US Equity ETF.

The Manager is responsible for the management and control of the day-to-day affairs of the ETF. The Manager performs administrative functions including maintaining controls over financial reporting. The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The basis of presentation of the financial statements is described in Notes to the financial statements.

---

Richard Hamm  
Chief Executive Officer  
Bristol Gate Capital Partners Inc.

---

Marcus Spain  
Chief Financial Officer  
Bristol Gate Capital Partners Inc.

Toronto, Ontario  
August 21, 2023

**Bristol Gate Concentrated US Equity ETF**

Table of contents

June 30, 2023

Interim Statement of Financial Position .....	1
Interim Statement of Comprehensive Income .....	2
Interim Statement of Changes in Net Assets Attributable to Holders of Redeemable Units .....	3
Interim Statement of Cash Flows .....	4
Interim Schedule of Investments .....	5
Notes to the Interim Financial Statements.....	6-13

## **Bristol Gate Concentrated US Equity ETF**

### **Interim Statements of Financial Position**

As at June 30, 2023 and December 31, 2022 (unaudited)

		June 30 2023	December 31 2022
<b>Assets</b>			
Current assets			
Cash		\$ 1,196,973	\$ 698,501
Dividends receivable		72,385	122,480
Other receivables		91,864	59,748
Investments at fair value through profit or loss	3	<u>221,331,245</u>	<u>183,347,468</u>
Total assets		<u>\$ 222,692,467</u>	<u>\$ 184,228,197</u>
<b>Liabilities</b>			
Current liabilities			
Due to Manager	8	<u>133,417</u>	<u>4,486</u>
Total liabilities		<u>\$ 133,417</u>	<u>\$ 4,486</u>
Net assets attributable to holders of redeemable units		\$ 222,559,050	\$ 184,223,711
Net assets attributable to holders of redeemable units per class			
CAD Units		\$ 89,741,500	\$ 85,532,460
USD Units (in Canadian dollars)		\$ 132,817,550	\$ 98,691,251
Number of units outstanding			
CAD Units	4	2,500,000	2,600,000
USD Units	4	3,700,000	3,000,000
Net assets attributable to holders of redeemable units per unit			
CAD Units		\$ 35.90	\$ 32.90
USD Units (in Canadian dollars)		\$ 35.90	\$ 32.90

Approved on behalf of the Board of Directors of  
Bristol Gate Capital Partners Inc., as Trustee of Bristol Gate Concentrated US Equity ETF

\_\_\_\_\_  
Willard J. L'Heureux KC, Director

\_\_\_\_\_  
Richard Hamm, Chief Executive Officer

See accompanying notes to the financial statements

## Bristol Gate Concentrated US Equity ETF Interim Statements of Comprehensive Income

For the six months ended June 30, 2023 and 2022 (unaudited)

		2023	2022
Income	Note		
Dividend income		\$ 1,265,923	\$ 1,189,679
Interest income for distribution purposes		17,718	254
Foreign exchange gain/(loss) on cash		(12,500)	(27,543)
Change in fair value of investments:			
Net Realized gain/(loss) on sale of investments		836,959	10,426,724
Change in unrealized appreciation/(depreciation) in value of investments		16,459,180	(57,217,309)
Total income		<u>18,567,280</u>	<u>(45,628,195)</u>
Expenses			
Management fees	5, 8	686,046	724,308
Audit fees		26,787	24,235
Administration fees		44,468	40,305
Withholding taxes		179,326	184,035
Independent review committee fees	5	10,622	9,622
Regulatory fees		35,244	33,700
Transfer agent fees		6,162	6,228
Legal fees		23,850	31,051
Interest expense		-	7,626
Transaction costs		2,670	3,577
Total operating expenses		<u>1,015,175</u>	<u>1,064,687</u>
Expenses absorbed by Manager		55,093	60,050
Net expenses		<u>960,082</u>	<u>1,004,637</u>
Increase/(decrease) in net assets attributable to holders of redeemable units		\$ 17,607,198	\$ (46,632,832)
Increase/(decrease) in net assets attributable to holders of redeemable units			
CAD Units		\$ 7,650,195	\$ (21,795,415)
USD Units (in Canadian dollars)		\$ 9,957,003	\$ (24,837,417)
Weighted average number of units outstanding			
CAD Units		2,554,972	2,857,459
USD Units		3,590,055	3,142,265
Increase/(decrease) in net assets attributable to holders of redeemable units per unit			
CAD Units		\$ 2.99	\$ (7.63)
USD Units (in Canadian dollars)		\$ 2.77	\$ (7.90)

See accompanying notes to the financial statements















**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
*For the period ended June 30, 2023 (unaudited)*

---

**(k) Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit**

Increase (decrease) in net assets attributable to holders of redeemable units per unit represents the increase (decrease) in net assets divided by the weighted average number of units outstanding per series during the period.

**(l) Taxation**

The ETF qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the ETF's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the ETF, and any distribution will be automatically reinvested in additional units. As a result, the ETF does not record income taxes. Since the ETF does not record income taxes, the tax benefit of any capital and noncapital losses has not been reflected in the Statements of Financial Position as a deferred income tax asset.

As at December 31, 2022, the ETF had \$nil of unused capital losses. The ETF currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

**(m) New Standards and Interpretations Not Yet Adopted**

The ETF has determined there are no new IFRS standards that are issued, but not yet effective, that could materially impact the ETF's financial statements.

**(n) Critical Accounting Estimates and Judgements**

The preparation of these financial statements in conformity with IFRS requires management to use judgement in

applying its accounting policies and to make estimates and assumptions about the future. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingencies, as well as the reported amounts of investment income and expenses during the period.

Actual results could differ from those estimates. The most significant accounting judgements and estimates made in preparing the financial statements include the classification of financial assets and liabilities in Note 2 (a), the functional currency as disclosed in Note 1 and the classification of outstanding units as financial liabilities as disclosed in Note 4.

**3. Fair Value Disclosure**

The ETF's financial assets measured at fair value have been categorized based upon a fair value hierarchy. The ETF has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows: Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities.

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

Level 3 - Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgement or estimation. There were no transfers between levels during the period ended June 30, 2023 and for the year ended December 31, 2022. The ETF's policy is to recognize transfers in and out and between Levels 1 and 2 as per the value at the

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
*For the period ended June 30, 2023 (unaudited)*

end of the reporting period and for transfers in and out of Level 3 as per the value at the date of transfer.

	30-Jun-23	31-Dec-22
Total value of Level 1 securities	\$ 221,331,245	\$183,347,468

There were no Level 2 or Level 3 securities at June 30, 2023 or December 31, 2022.

The carrying values of cash, dividends receivable, other receivables, and due to Manager approximate their fair values due to their short-term nature.

#### 4. Redeemable Units

The ETF is currently offered in Canadian-dollar-denominated units and U.S.-dollar-denominated units. Unitholders may redeem units of the ETF at a redemption price per unit equal to 95% of the closing price of the units on the Exchange on the effective day of the redemption, subject to a maximum redemption price of the applicable NAV per unit.

The redeemable units of the ETF meet the criteria for classification as financial liabilities under IAS 32, Financial Instruments: Presentation as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

Unit transactions of the ETF for the period ended June 30, 2023 and June 30, 2022 were as follows:

	2023	2022
Units outstanding, beginning of period	5,600,000	5,850,000
CAD Units issued, during the period	-	350,000
USD Units issued, during the period	750,000	-
CAD Units redeemed, during the period	(100,000)	(150,000)
USD Units redeemed, during the period	(50,000)	(150,000)
<b>Units outstanding, end of period</b>	<b>6,200,000</b>	<b>5,900,000</b>

#### 5. Expenses

The applicable operating expenses payable, if any, by the ETF include: the management fee; transaction costs; the cost of complying with governmental or regulatory requirements introduced after the date of creation of the ETF; the fees payable to the Custodian, the Registrar and Transfer Agent, the ETF Administrator, the auditor and other service providers retained by the Manager; all other operating expenses; any goods and services or harmonized sales taxes on those expenses and any income, withholding or other taxes.

##### (a) Management fees

The ETF's management fee, plus applicable taxes, is paid to the Manager based on the annual rate of 0.70% of the NAV of the ETF. This management fee is calculated and accrued daily and paid on the last Valuation Date of each month or on such date as the Manager may determine. The Manager may, in its discretion, agree to charge the Bristol Gate ETF a reduced management fee for certain Unitholders as compared to the management fee that it otherwise would be entitled to receive, provided that the amount of the reduced management fee is distributed periodically by the Bristol Gate ETF to the Unitholders as a management fee distribution.

##### (b) Independent Review Committee (the "IRC") fees

Each member of the IRC is paid an annual retainer of \$1,000 by the ETF to serve on the IRC. The Chair of the IRC is paid \$500 per meeting attended. The other IRC members are paid \$250 per meeting attended.

The Manager has authorized the IRC to hire Independent Review Inc. at a cost of \$7,500 plus HST per year (plus an additional fee of \$375 plus applicable taxes for each meeting required in excess of four per year). There was an additional expense of \$2,560 (June 30, 2022: \$2,560) for annual insurance premiums related to the IRC.

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
*For the period ended June 30, 2023 (unaudited)*

**6. Capital Risk Management**

Units issued and outstanding are considered to be the capital of the ETF. The Manager manages the capital of the ETF in accordance with the ETF's investment objectives. The ETF does not have any specific external capital requirements on the subscription of units, other than certain minimum subscription requirements.

**7. Financial Risk Management**

The ETF's activities expose it to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The risks include market risk (including other price risk, currency risk, and interest rate risk), credit risk, liquidity risk and concentration risk. These risks and related risk management practices employed by the ETF are discussed below.

The Manager seeks to minimize potential adverse effects of these risks on the ETF's performance by daily monitoring of the ETF's positions and market events. The Manager also maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategy, internal guidelines and securities regulations.

**Market Risk**

**(a) Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the ETF are subject to market fluctuations and the risks inherent in financial markets. The maximum risk resulting from financial instruments held by the ETF is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and through diversification of the

ETF's investments. The Manager monitors the ETF's overall market positions on a daily basis.

At June 30, 2023 and December 31, 2022 the overall market exposures were as follows:

	30-Jun-23		31-Dec-22	
	Fair Value	% of Total Net Assets	Fair Value	% of Total Net Assets
Investments	\$221,331,245	99.45%	\$183,347,468	99.52%
Total market exposure	\$221,331,245	99.45%	\$183,347,468	99.52%

If equity prices on the respective stock exchanges for these securities had increased or decreased by 10% at June 30, 2023, with all other variables held constant, net assets would have increased or decreased approximately \$22,133,125 (9.94% of net assets) (December 31, 2022: \$18,334,747 or 9.95% of net assets).

In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

**(b) Currency risk**

Currency risk is the risk that the value of financial instruments denominated in currencies, other than the functional currency of the ETF, will fluctuate due to changes in foreign exchange rates. Equities in foreign markets are exposed to currency risk as the prices denominated in foreign currencies are converted to the ETF's functional currency in determining fair value.

The ETF holds assets and liabilities, including cash and investments in equities that are denominated in currencies other than the Canadian Dollar. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
*For the period ended June 30, 2023 (unaudited)*

The table below summarizes the ETF's exposure to currency risks:

Currency type	30-Jun-23		31-Dec-22	
	Currency Exposure	% of Total Net Assets	Currency Exposure	% of Total Net Assets
<b>United States Dollar</b>	221,893,693	99.70%	184,136,940	99.95%

As at June 30, 2023, if the exchange rate between the Canadian Dollar and the foreign currencies the ETF is exposed to increased or decreased by 5%, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$11,094,685 (December 31, 2022: \$9,206,847). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

In accordance with the ETF's policy, the Manager monitors currency positions as part of the overall portfolio construction but does not actively manage currency positions and does not hedge currencies.

**(c) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the ETF invests in interest-bearing financial instruments. The ETF is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

The majority of the ETF's financial assets and liabilities are non-interest bearing at June 30, 2023 and December 31, 2022. As a result, the ETF is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

**(d) 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 ETF. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The credit risk related to the associated receivables is considered limited, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

As at June 30, 2023 and December 31, 2022 the ETF had no investments in debt instruments and/or derivatives; therefore, credit risk is considered minimal.

**(e) Liquidity risk**

The ETF's main liquidity risk exposure is in meeting redemption and expense requirements on a daily basis. The ETF's Manager monitors cash needs on a regular basis. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed of. In addition, the ETF aims to retain sufficient cash to maintain liquidity. The ETF's investments are considered readily realizable and highly liquid, therefore the ETF's liquidity risk is considered minimal.

As at June 30, 2023 and December 31, 2022 the ETF's liabilities are expected to be discharged within 90 days.

Redeemable units are redeemable on demand at the holder's option. The ETF's liquid investments are considered to be in excess of normal redemption requirements.

**(f) Concentration risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
*For the period ended June 30, 2023 (unaudited)*

geographical location, product type, industry sector or counterparty type.

The following table is a summary of the ETF's concentration risk by industry classifications:

Portfolio by Industry Classification	30-Jun-23	31-Dec-22
	% of Total Net Assets	% of Total Net Assets
Information Technology	29.97	36.91
Financials	17.89	8.69
Health Care	12.61	14.32
Industrials	9.06	9.04
Consumer Discretionary	8.92	17.06
Materials	8.21	4.33
Communication Services	4.99	5.06
Real Estate	4.38	4.11
Consumer Staples	3.42	0.00
Other assets less liabilities	0.55	0.48
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

**8. Related parties**

**(a) Management fees**

The ETF's investment activities are managed by Bristol Gate Capital Partners Inc. The management fees for the period ended June 30, 2023 were \$686,046, inclusive of HST (June 30, 2022: \$724,308).

**(b) Due to Manager**

During the period the Manager advanced various expenses on behalf of the ETF. As at June 30, 2023, the Due to Manager balance includes \$95,833 (December 31, 2022: \$461) on account of these advances. The June 30,

2023 Due to Manager balance also includes \$37,584 of management fees (December 31, 2022: \$4,025).

**(c) Unit transactions with related parties**

Officers, directors and related entities of the Manager invest in units of the ETF from time to time in the normal course of business on the same basis as arms-length investors. As at June 30, 2023, the Manager, including officers, directors and related entities owned 80,806 units of the ETF (December 31, 2022: 82,840).

**9. Events After Statements of Financial Position Date**

The Manager has evaluated subsequent events in the preparation of the ETF's financial statements and has determined that other than the items disclosed herein, there are no events that require recognition or disclosure in the annual financial statements.

**10. Auditor's Review**

These interim financial statements as at June 30, 2023 were not reviewed by the Fund's auditors.