

**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.



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Richard Hamm  
Chief Executive Officer  
Bristol Gate Capital Partners Inc.



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Marcus Spain  
Chief Financial Officer  
Bristol Gate Capital Partners Inc.

Toronto, Ontario  
August 21, 2023

**Bristol Gate Concentrated US Equity ETF**

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June 30, 2023

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

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

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

|  |   | June 30<br>2023       | December 31<br>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

### Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

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

|   | 2023           | 2022           |
|---|----------------|----------------|
| Net assets attributable to holders of redeemable units at beginning of period     |                |                |
| CAD Units   | \$ 85,532,460  | \$ 99,992,185  |
| USD Units (in Canadian dollars)   | \$ 98,691,251  | \$ 120,745,265 |
| 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)   |
| Distribution to holders of redeemable units                                       |                |                |
| From net investment income  |                |                |
| CAD Units   | -              | -              |
| USD Units (in Canadian dollars)   | (105,324)      | -              |
| Redeemable unit transactions  |                |                |
| Proceeds from redeemable units issued   |                |                |
| CAD Units   | -              | 11,821,795     |
| USD Units (in Canadian dollars)   | 25,992,790     | -              |
| Redemption of redeemable units  |                |                |
| CAD Units   | (3,441,155)    | (4,822,945)    |
| USD Units (in Canadian dollars)   | (1,718,170)    | (4,733,820)    |
| Net increase/(decrease) in net assets attributable to holders of redeemable units |                |                |
| CAD Units   | 4,209,040      | (14,796,565)   |
| USD Units (in Canadian dollars)   | 34,126,299     | (29,571,237)   |
| Net assets attributable to holders of redeemable units at end of period           |                |                |
| CAD Units   | \$ 89,741,500  | \$ 85,195,620  |
| USD Units (in Canadian dollars)   | \$ 132,817,550 | \$ 91,174,028  |

See accompanying notes to the financial statements

## Bristol Gate Concentrated US Equity ETF

### Interim Statements of Cash Flows

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

|  | 2023            | 2022             |
|--|-----------------|------------------|
| <b>Cash flows from operating activities</b>  |                 |                  |
| Increase/(decrease) in net assets attributable to holders of redeemable units      | \$ 17,607,198   | \$ (46,632,832)  |
| Adjustments for:   |                 |                  |
| Foreign exchange (gain)/loss on cash   | 12,500          | 27,543           |
| 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       |
| Changes in non-cash working capital:   |                 |                  |
| Decrease/(increase) in dividends receivable  | 50,095          | 7,073            |
| Decrease/(increase) in other receivables   | (32,116)        | (54,324)         |
| Increase/(decrease) in due to Manager  | 128,931         | 111,436          |
| Purchase of investments  | (14,091,083)    | (32,644,819)     |
| Proceeds from sale of investments  | 14,155,521      | 31,750,783       |
| <b>Net cash from operating activities</b>  | <b>534,907</b>  | <b>(644,555)</b> |
| <b>Cash flows from financing activities</b>  |                 |                  |
| Cash received from redeemable units issued   | 104,718         | 44,637           |
| Amounts paid for redeemable units redeemed   | (23,329)        | (39,319)         |
| Distributions paid to holders of redeemable units, net of reinvested distributions | (105,324)       | -                |
| <b>Net cash from financing activities</b>  | <b>(23,935)</b> | <b>5,318</b>     |
| Foreign exchange (loss)/gain on cash   | (12,500)        | (27,543)         |
| Net increase/(decrease) in cash  | 498,472         | (666,780)        |
| Cash at beginning of period  | 698,501         | 1,274,750        |
| Cash at end of period  | \$ 1,196,973    | \$ 607,970       |
| Supplementary cash flow information:   |                 |                  |
| Dividends received, net of withholding taxes                                       | \$ 1,136,692    | \$ 1,012,717     |
| Interest received, net of withholding taxes  | \$ 17,718       | \$ 254           |
| Interest paid  | \$ -            | \$ 7,626         |

See accompanying notes to the financial statements

# Bristol Gate Concentrated US Equity ETF

## Interim Schedule of Investments

Expressed in Canadian dollars

As at June 30, 2023 (unaudited)

| Number of shares/units | Investments owned   | Average cost                 | Fair value                   | % of net asset value |
|------------------------|---|------------------------------|------------------------------|----------------------|
| <b>Equities</b>        |   |                              |                              |                      |
| 11,131                 | Broadcom Inc.   | \$ 5,403,202                 | \$ 12,776,376                | 5.74                 |
| 95,583                 | Microchip Technology Inc.                                     | 10,157,623                   | 11,331,288                   | 5.09                 |
| 58,119                 | Applied Materials Inc.  | 7,860,410                    | 11,115,916                   | 4.99                 |
| 99,619                 | Activision Blizzard Inc.                                      | 9,379,432                    | 11,112,425                   | 4.99                 |
| 16,717                 | Cintas Corp.  | 6,618,192                    | 10,995,721                   | 4.94                 |
| 17,751                 | Intuit Inc.   | 7,925,452                    | 10,762,360                   | 4.84                 |
| 23,057                 | Moody's Corp.   | 8,374,681                    | 10,608,929                   | 4.77                 |
| 16,634                 | Roper Technologies Inc.                                       | 8,257,194                    | 10,582,792                   | 4.75                 |
| 20,238                 | Mastercard Inc. Class A                                       | 8,321,619                    | 10,532,479                   | 4.73                 |
| 35,051                 | Lowe's Companies Inc.   | 10,679,610                   | 10,468,177                   | 4.70                 |
| 22,517                 | Microsoft Corp.   | 6,288,013                    | 10,146,535                   | 4.56                 |
| 44,130                 | Zoetis Inc. Class A   | 8,218,829                    | 10,056,142                   | 4.52                 |
| 31,134                 | Visa Inc. Class A   | 7,805,937                    | 9,783,653                    | 4.40                 |
| 37,951                 | American Tower Corp.  | 10,571,729                   | 9,739,344                    | 4.38                 |
| 27,473                 | Sherwin-Williams Co.  | 7,510,048                    | 9,652,558                    | 4.34                 |
| 13,638                 | Thermo Fisher Scientific Inc.                                 | 8,989,777                    | 9,415,692                    | 4.23                 |
| 71,603                 | Starbucks Corp.   | 8,161,215                    | 9,385,742                    | 4.22                 |
| 57,725                 | Allegion PLC  | 8,845,358                    | 9,167,621                    | 4.12                 |
| 14,298                 | MSCI Inc.   | 10,014,293                   | 8,878,829                    | 3.99                 |
| 113,503                | Corteva Inc.  | 9,542,600                    | 8,605,994                    | 3.87                 |
| 13,515                 | UnitedHealth Group Inc.                                       | 5,799,222                    | 8,595,577                    | 3.86                 |
| 33,905                 | Dollar General Corp.  | 9,180,533                    | 7,617,095                    | 3.42                 |
|                        |   | <u>183,904,969</u>           | <u>221,331,245</u>           | <u>99.45</u>         |
|                        | Transaction costs   | <u>(6,730)</u>               | <u>—</u>                     | <u>—</u>             |
|                        | <b>Total Investments</b>                                      | <b>\$ <u>183,898,239</u></b> | <b><u>221,331,245</u></b>    | <b>99.45</b>         |
|                        | <b>Other assets less liabilities</b>                          |                              | <u>1,227,805</u>             | <u>0.55</u>          |
|                        | <b>Net assets attributable to holders of redeemable units</b> |                              | <b>\$ <u>222,559,050</u></b> | <b><u>100.00</u></b> |

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)*

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**1. Establishment of the ETF**

The Bristol Gate Concentrated US Equity ETF (the “ETF”) is an unincorporated open-ended mutual fund trust under the laws of the Province of Ontario, which is authorized to issue an unlimited number of redeemable, transferable units. The ETF is established pursuant to a declaration of trust dated February 8, 2018, as the same may be amended or restated from time to time. The ETF is managed by Bristol Gate Capital Partners Inc. (the “Manager”). The ETF’s registered address is located at 45 St. Clair Avenue West, Suite 601, Toronto, Ontario M4V 1K9. RBC Investor Services Trust acts as custodian (the “Custodian”) and administrator (the “Administrator”) of the ETF and Bristol Gate Capital Partners Inc. acts as trustee (the “Trustee”). The ETF commenced operations on February 15, 2018. The financial statements were authorized for issuance by the Manager on August 21, 2023.

The ETF is currently offered in Canadian-dollar-denominated units (the “CAD Units”) and U.S.-dollar-denominated units (the “USD Units”). An unlimited number of units may be issued.

The fundamental investment objective of the ETF is 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 pay a dividend. In order to achieve its investment objective, the ETF invests in dividend-paying equity securities selected primarily from the S&P500® Index.

**Statement of Compliance and Basis of Presentation**

These interim financial statements (the “financial statements”) have been prepared in compliance with International Financial Reporting Standards and International Accounting Standard 34, Interim Financial Reporting (together “IFRS”) as published by the International Accounting Standards Board (“IASB”).

The financial statements are presented in Canadian dollars, which is the ETF’s functional currency. The ETF has issued CAD Units and USD Units and maintains the capital accounts of these two unit pools in Canadian dollars. The income and expenses of the ETF on a daily basis are divided between the two unit pools based on their capital accounts in Canadian dollars and the USD Units net asset value per unit (NAVPU) is calculated daily in Canadian dollars and converted to US dollars based on the rate of exchange at the end of the day. This NAVPU in U.S. dollars is used for subscriptions and redemptions of the USD Units.

These financial statements are prepared on a going concern basis using the historical cost basis, except for investments that have been measured at fair value.

**2. Significant Accounting Policies**

**(a) Financial Instruments Classification and Measurement**

Classification and measurement categories under Financial Instruments (“IFRS 9”) are amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVTPL”). To determine the appropriate classification and measurement category, IFRS 9 requires an entity to consider the business model for managing financial instruments and the contractual cash flow characteristics associated with the financial instruments.

The ETF’s business model is one in which financial assets are managed with the objective of realizing cash flows through the sale of assets. Decisions are made based on the assets’ fair values and assets are managed to realize these fair values. This business model is aligned with a FVTPL classification and measurement category. Debt securities are measured at FVTPL under IFRS 9 as the ETF does not expect to hold the assets to collect contractual cash flows based on its business model.

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
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Collection of the contractual cash flows is not integral to achieving the ETF's business model objective but is instead incidental to it.

Other receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal. Thus, the ETF measures other receivables at amortized cost under IFRS 9. All other financial assets and liabilities are carried at amortized cost.

**(b) Impairment**

The expected credit loss model ("ECL") under IFRS 9 is the impairment model for financial assets measured at amortized cost. At each reporting date, the ETF measures the loss allowance on accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the ETF measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the ETF has determined that the expected credit loss allowances are not material.

**(c) Recognition**

The ETF's financial instruments include investments at FVTPL, cash, dividends receivable, other receivables, and due to Manager. All financial assets and liabilities are recognized in the Statements of Financial Position when the ETF becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the ETF has transferred substantially all risks and rewards of ownership.

The ETF recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost.

Investment transactions are accounted for on the trade date. The ETF's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. The ETF's accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders, except where the last traded market price is not within the bid-ask spread.

**(d) Offsetting**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the ETF may enter into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be offset in certain circumstances, such as bankruptcy or termination of the contracts. As of June 30, 2023 and December 31, 2022, no amounts have been offset in the Statements of Financial Position.

**(e) 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 derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The ETF uses the close prices for both financial assets and financial liabilities where the close price falls within that day's bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the

**Bristol Gate Concentrated US Equity ETF**  
**Notes to the Interim Financial Statements**  
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point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. 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 ETF may use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs. The fair value of financial instruments other than investments at fair value through profit and loss closely approximates their carrying values, given their short-term maturities.

Refer to Note 3 for further information about the ETF's fair value measurements.

**(f) Foreign Currency Translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the measurement date. Realized and unrealized foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain/(loss) on cash" in the Statements of Comprehensive Income. Realized gains (losses) relating to other financial assets and liabilities are presented within "Net realized gain (loss) on sale of investments" and unrealized gains (losses) relating to other financial assets and liabilities are presented within "Change in unrealized appreciation/(depreciation) in value of investments" in the Statements of Comprehensive Income.

**(g) Net Asset Value per unit**

Units of the ETF are valued at the NAV per unit at 4pm (Toronto time) on each valuation day. A valuation day is every day that the TSX is open for business or any such other day as may be determined from time to time by the Trustee. The NAV per unit is determined by dividing the aggregate fair value of the net asset value of the series by the total number of units of that series outstanding before giving effect to redemptions or subscriptions for units on that day.

**(h) Income Recognition**

Interest income is recognized on an accrual basis. Dividend income is recorded on the ex-dividend date. Realized gains and losses on the sale of investments and unrealized appreciation or depreciation in the value of investments are calculated with reference to the average cost of the related investments.

**(i) Transaction Costs**

Transaction costs are expensed and are included in "Transaction costs" in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The embedded transaction costs in the cost of the investment portfolio as at June 30, 2023 are disclosed in the Schedule of Investments.

**(j) Cash**

Cash is comprised of short-term deposits with financial institutions.

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

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**(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.

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**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.

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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

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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.