

Bristol Gate Capital Partners Chartbook May 2025: Re-evaluating Growth

>> The following chartbook examines the misconception that passive index investing leads to a better outcome for investors.

The 2000s is widely considered the lost decade where returns for the S&P 500 were 0%. Starting in January 2000 through the end of 2009, the S&P 500 Dividend Aristocrats TR (a benchmark proxy for Bristol Gate US Equity Strategy, prior to its inception) relative cumulative excess return was 96.6% vs -24.3% Russell 1000 Growth vs the S&P 500 TR. During this period, buying the “market” did not help passive index investors.

The S&P 500 Equal Weighted TR outperformed the S&P 500 TR in 8 of 10 years during the same period, illustrating the diversion from cap weighted dynamics. Active management as measured using the Morningstar Large Blend Separate Accounts Category outperformed the broad index past the Great Financial Crisis on a Rolling 3-Year, 1-month window until February 2012.

Bristol Gate believes high dividend growth companies provide an attractive approach to risk management in growth equities through a combination of income growth and capital appreciation.

In the 2010s and onward, growth equities have provided the perfect runway for passive index investors, from the Zero Interest Rate Policy era through the MAG 7 dominance. However, adding Bristol Gate US Equity Strategy’s high dividend growth mandate since 2010 (inception May 15, 2009), provides directional correlation for most of the period to the Russell 1000 Growth TR.

Summary

Over the last 15 years through April 30 2025, the S&P 500 TR has delivered a 13% annualized return aided by a period of historically low interest rates and thematic growth tailwinds leading to an elevated concentration in the top ten holdings of the S&P 500. If you believe in mean reversion to long-term annual average returns, it may be an opportune time for investors to revisit their allocation to growth equities (through passive or otherwise).

Since the start of 2024, all forms of dividends (quality, high dividend growth, and high current yield) directionally have gained in prominence relative to the growth index (Russell 1000 Growth TR) and the broad market (S&P 500 TR). We don’t know when traditional growth equities will go out of favour, but we do feel confident our focus on high dividend growth sets up well for investors over the long term. Going forward you could buy a 10–20-year bond and earn 4-5% per year (2-3% in real returns) or you could use an active strategy where you may have a better chance to outperform, and hedge inflation through income growth and capital appreciation.

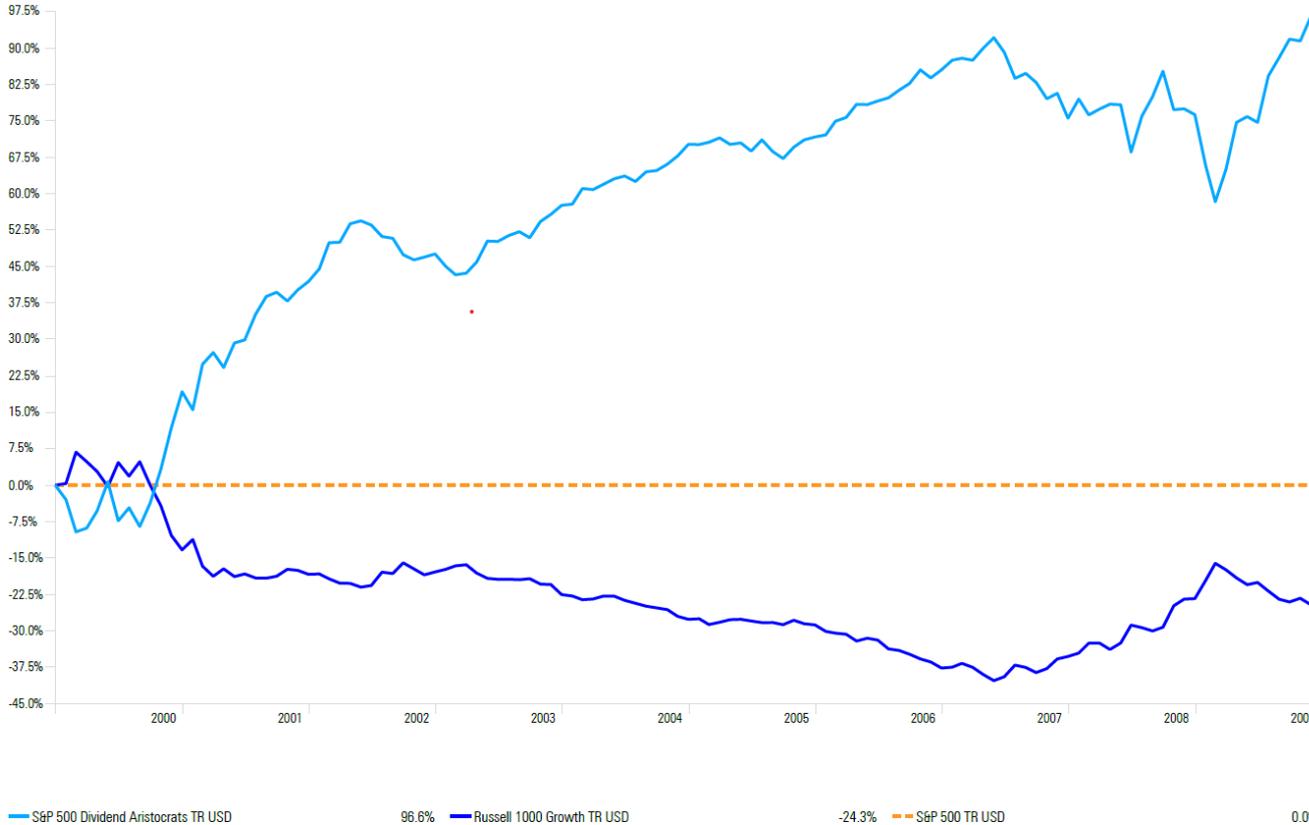
Active management in US Equities has been a tough hurdle relative to the S&P 500 TR over the last 15-years. Since the launch of the Bristol Gate US Equity Strategy on May 15 2009, the mandate has held up very well outperforming the S&P 500 Total Return (TR) since inception as of April 30, 2025, 15% (13.9% net) vs 14.3%, gross of fees.

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Relative Cumulative Excess Returns - S&P 500 Dividend Aristocrats TR vs Russell 1000 Growth TR vs S&P 500 TR - 2000 - 2009

Time Period: 2000-01-01 to 2009-12-31

Currency: BASE Source Data: Total Return



Source: Morningstar Direct

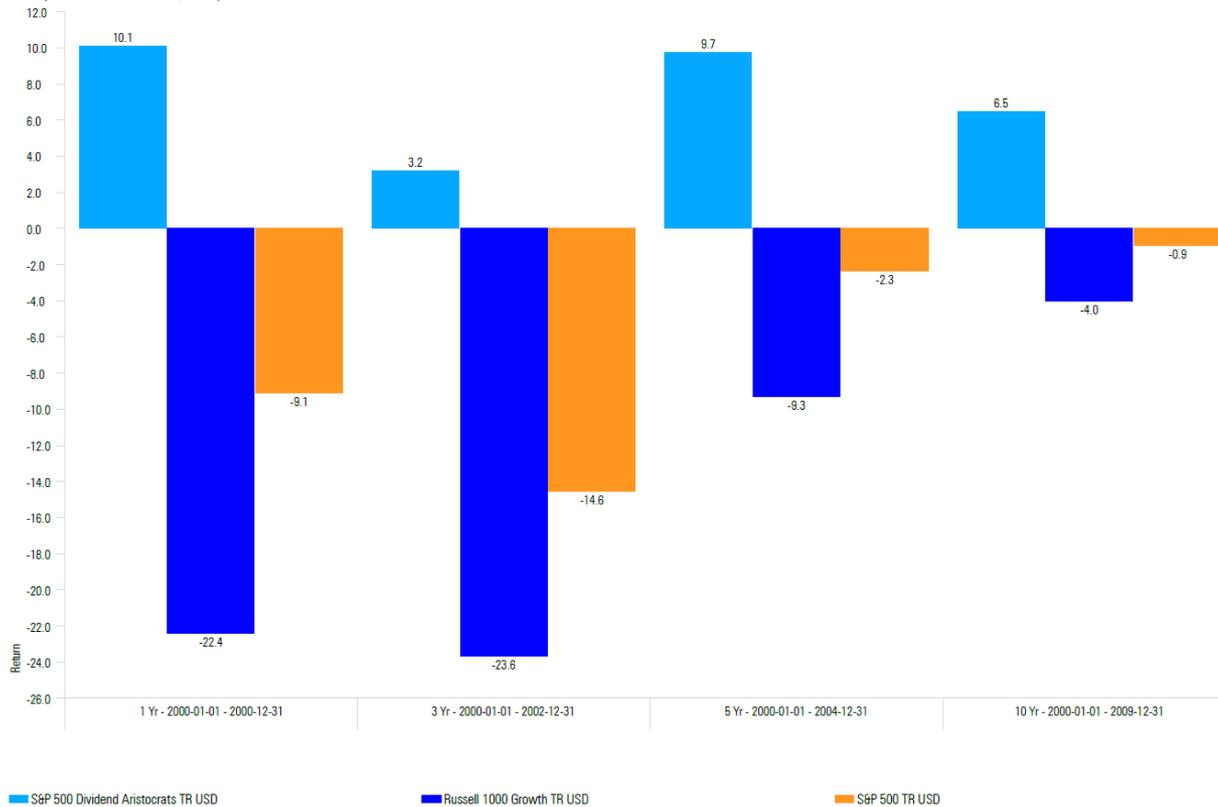
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- A Passive Death – investors forget that between 2000 through 2009, investing in the S&P 500 TR provided a negative return. However, investing in dividends using the S&P 500 Dividend Aristocrats TR (a benchmark proxy for Bristol Gate US Equity Strategy, prior to its inception) provided meaningful outperformance
- Starting in January 2000 through the end of 2009, the S&P 500 Dividend Aristocrats TR relative cumulative excess return was 96.6% vs -24.3% Russell 1000 Growth vs the S&P 500 TR

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Forward Returns - S&P 500 Dividend Aristocrats TR vs Russell 1000 Growth TR vs S&P 500 TR - 2000 - 2009

Currency: BASE Source Data: Total, Monthly Return



Source: Morningstar Direct

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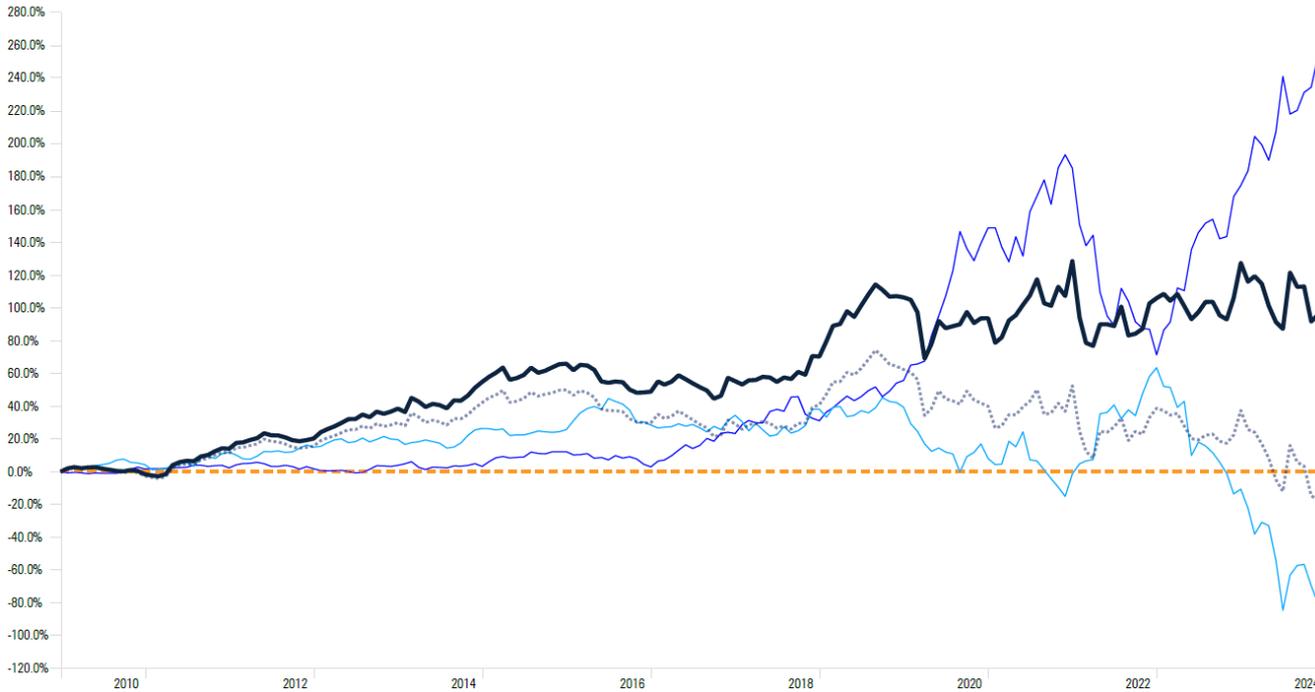
- From 2000 through 2009, the S&P 500 Dividends Aristocrats provided meaningful outperformance relative to the S&P 500 Total Return. During this period the S&P 500 TR delivered a negative return. Buying the “market” did not help passive index investors
- The S&P 500 Dividend Aristocrats net differential of outperformance relative to the main growth index (Russell 1000 Growth TR) and the broad market (S&P 500 TR) were:
 - 1-year vs Russell 1000 Growth TR +32.5% and S&P 500 TR +19.2%
 - 3-year vs Russell 1000 Growth TR +26.8% and S&P 500 TR +17.8%
 - 5-year vs Russell 1000 Growth TR +19% and S&P 500 TR +12%
 - 10-year vs Russell 1000 Growth TR +10.5% and S&P 500 TR +7.4%

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Relative Cumulative Excess Returns - Bristol Gate US Equity vs S&P 500 Dividend Aristocrats TR vs Russell 1000 Growth TR vs S&P 500 TR - 2010 - 2024

Time Period: 2010-01-01 to 2024-12-31

Currency: BASE Source Data: Total Return



■ Bristol Gate US Equity US\$	56.8%	**** Bristol Gate US Equity Strategy US\$ (Net)	-49.0%	— S&P 500 Dividend Aristocrats TR USD	-112.2%
— Russell 1000 Growth TR USD	279.8%	— S&P 500 TR USD	0.0%		

Source: Morningstar Direct

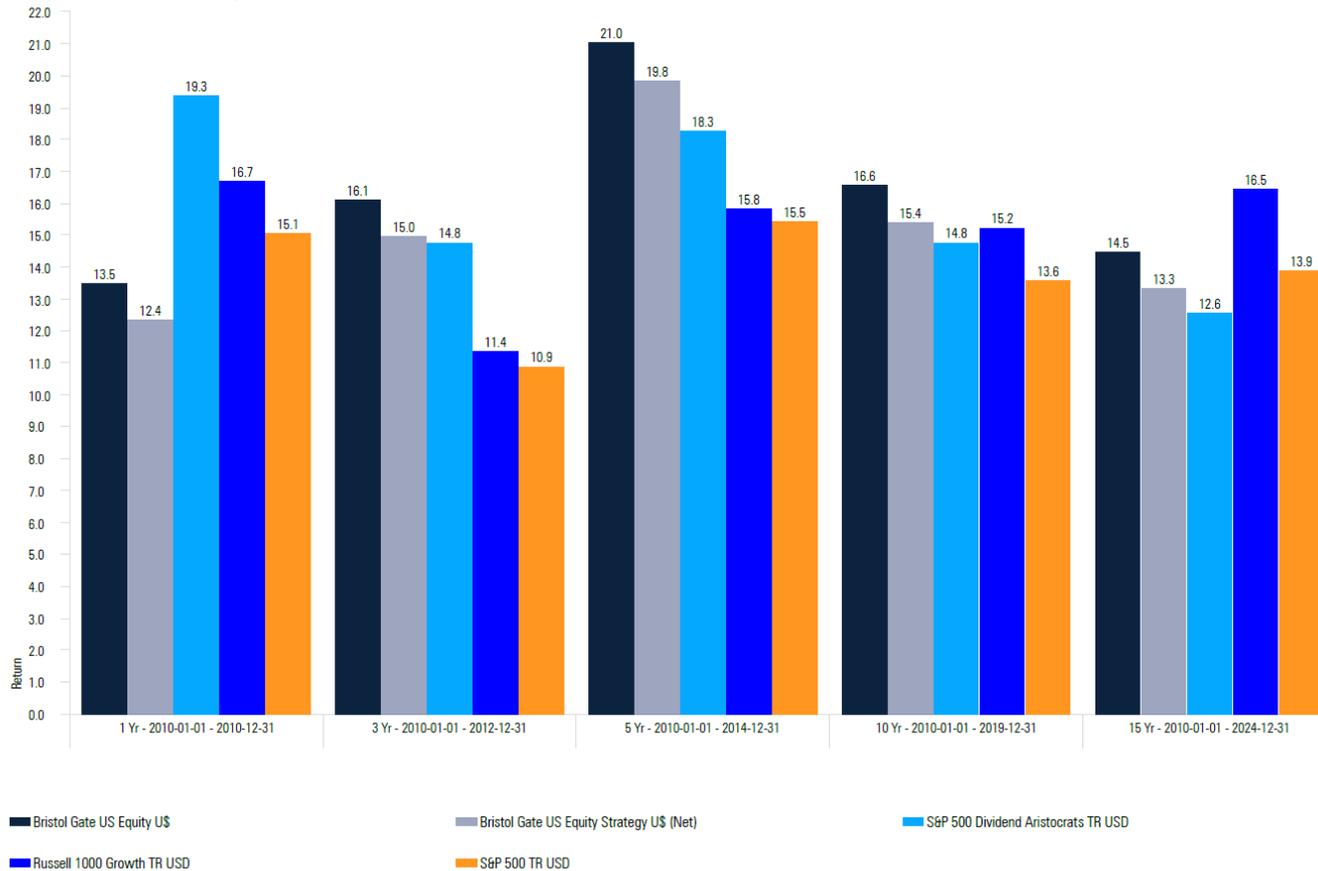
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- From 2010 through 2024, the Russell 1000 Growth TR provides considerable upside relative to the S&P 500 TR
- Adding Bristol Gate US Equity Strategy since 2010 (inception May 15, 2009), the start of a new decade, high dividend growth – the mandate’s philosophy, provides directional correlation for most of the period to the Russell 1000 Growth TR
- Bristol Gate US Equity Strategy adds meaningful outperformance relative to the S&P 500 Dividend Aristocrats TR

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Forward Returns - Bristol Gate US Equity vs S&P 500 Dividend Aristocrats TR vs Russell 1000 Growth TR vs S&P 500 TR - 2010 - 2024

Currency: BASE Source Data: Total, Monthly Return



Source: Morningstar Direct

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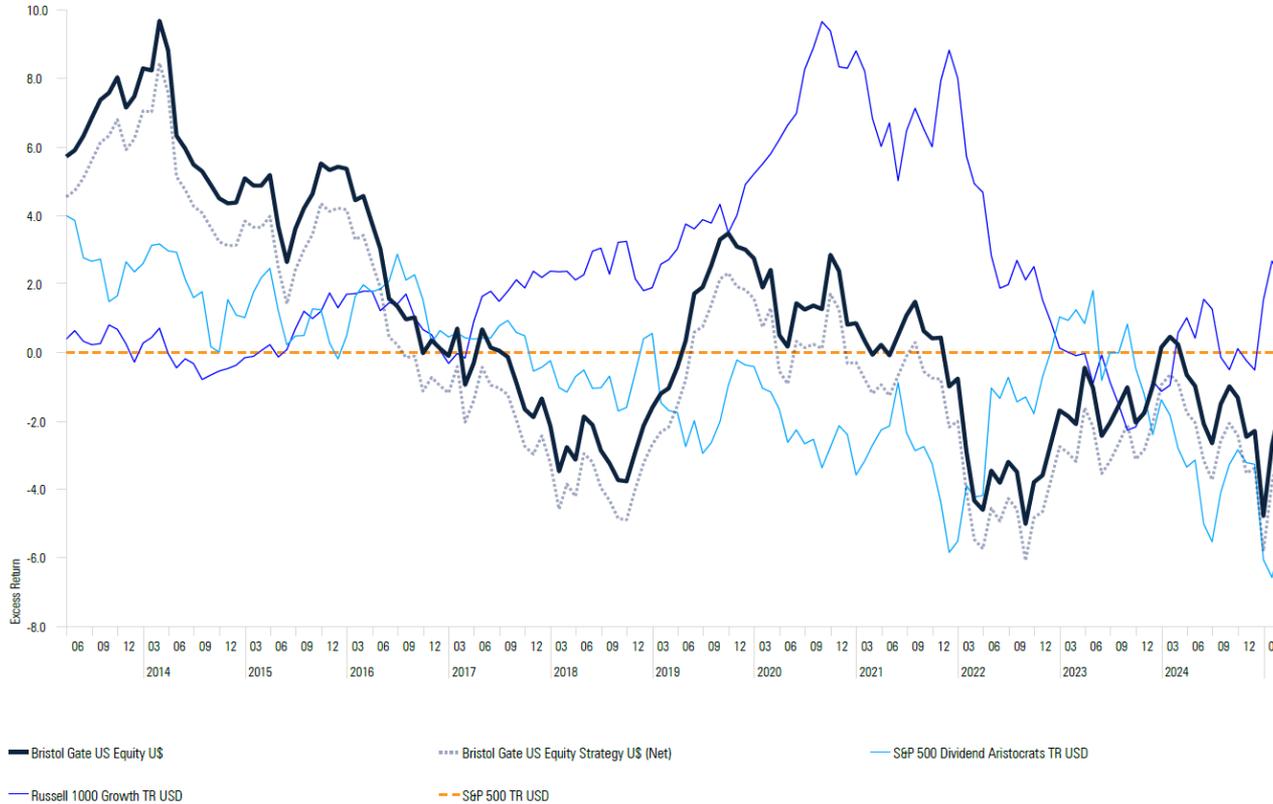
- After the Great Financial Crisis, the S&P 500 TR provided a return of 13.9% over the next 15-years
- Bristol Gate US Equity Strategy delivered better returns over the 3-, 5-, 10-year periods relative to the S&P 500 TR (gross and net)
- The Russell 1000 Growth TR outperformed the S&P 500 TR over all time periods, but did not outperform Bristol Gate's US Equity Strategy over all time periods (lagging over the 3-, 5- and 10-year time frames)
- Bristol Gate US Equity Strategy potentially provides investors the ability to participate in equity growth after an elevated return cycle for the S&P 500, where growth equities have provided the perfect runway for passive index investors, from ZIRP era through the MAG 7 dominance

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Rolling 3 Year Excess Returns over 15 Years - Bristol Gate US Equity vs Russell 1000 Growth TR vs S&P 500 Dividend Aristocrats TR vs S&P 500 TR

Time Period: 2010-04-01 to 2025-03-31

Currency: BASE Rolling Window: 3 Years 1 Month shift Source Data: Total, Monthly Return



Source: Morningstar Direct

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- While Bristol Gate's US Equity Strategy enjoyed early strong rolling excess return relative to the S&P 500 TR (outperforming the broad market gross and net in calendar years: 2011, 2012, 2013, 2014, and 2015); the Russell 1000 Growth TR enjoyed meaningful outperformance from 2019 through early 2023 relative to the S&P 500 TR
- At the end of 2024, Bristol Gate US Equity Strategy moved meaningfully higher relative to the S&P 500 TR, matching the Russell 1000 Growth TR's move relatively, but while the Russell 1000 Growth TR's next move was lower, Bristol Gate US Equity Strategy directionally moved higher
- All forms of dividends (quality, high dividend growth, high current yield) directionally have gained in prominence relative to the main growth index and the broad market

Appendix

Bristol Gate US Equity Strategy

PERFORMANCE RESULTS [USD] - Inception: May 15, 2009

ANNUALIZED

Trailing Returns	1M	3M	YTD	1YR	3YR	5YR	10YR	15YR	Since Inception
Bristol Gate US Equity Gross	-0.7%	-5.2%	-0.9%	7.9%	10.1%	13.4%	11.0%	13.7%	15.0%
Bristol Gate US Equity Net	-0.8%	-5.4%	-1.3%	6.8%	9.0%	12.3%	9.9%	12.6%	13.9%
S&P 500® Dividend Aristocrats TRI	-3.8%	-3.5%	-0.7%	4.2%	4.9%	11.8%	9.8%	11.8%	13.5%
S&P 500® TRI	-0.7%	-7.5%	-4.9%	12.1%	12.2%	15.6%	12.3%	13.0%	14.3%

**Since Inception: performance from May 15, 2009 (Inception) to April 30, 2025 - in USD*

The Net returns for the Bristol Gate US Equity Strategy Composite are reflective of the maximum management fee charged by Bristol Gate of 1%.

Please review Appendix for important disclosures and benchmark descriptions



Bristol Gate US Equity Strategy

There is a risk of loss inherent in any investment; past performance is not indicative of future results. Prospective and existing investors in Bristol Gate's pooled funds or ETF funds should refer to the fund's offering documents which outline the risk factors associated with a decision to invest. Separately managed account clients should refer to disclosure documents provided which outline risks of investing. Pursuant to SEC regulations, a description of risks associated with Bristol Gate's strategies is also contained in Bristol Gate's Form ADV Part 2A located at www.bristolgate.com/regulatory-documents.

The information contained herein is obtained from multiple sources that are believed to be reliable. However, such information may not have been verified, and may be different from the information included in documents and materials created by a sponsor firm in whose investment program a client participates. Some sponsor firms may require that these Bristol Gate materials are preceded or accompanied by investment profiles or other documents or materials prepared by such sponsor firms, which will be provided upon a client's request. There may be discrepancies between Bristol Gate's performance returns and the returns included in a sponsor firm's profile document (for example, but not limited to, differences in account size/type, portfolio management strategies, the number of securities held, average account size, inclusion of institutional or mutual fund accounts, etc.) For additional information, documents and/or materials, please speak to your Financial Advisor.

Strategy returns in this report refer to the Bristol Gate US Equity Strategy Composite (the "Composite"), which consists of equities of publicly traded, dividend paying US companies. The Composite is valued in US Dollars and for comparison purposes is measured against the S&P 500 Total Return Index. The US Dollar is the currency used to measure performance, which is presented on a gross and net basis and includes the reinvestment of investment income. The composite's gross return is gross of withholding tax prior to January 1, 2017 and is net of withholding tax thereafter. Net returns are calculated by reducing the gross returns by the maximum management fee charged by Bristol Gate of 1%, applied monthly. Actual investment advisory fees incurred by clients may vary. An investor's actual returns may be reduced by management fees, performance fees, and other operating expenses that may be incurred because of the management of the composite. A performance fee may be charged on some accounts and funds managed by the firm.

The S&P 500® Total Return Index measures the performance of the broad US equity market, including dividend re-investment, in US dollars. This index is provided for information only and comparisons to the index has limitations. The benchmark is an appropriate standard against which the performance of the strategy can be measured over longer time periods as it represents the primary investment universe from which Bristol Gate selects securities. However, Bristol Gate's portfolio construction process differs materially from that of the benchmark and the securities selected for inclusion in the strategy are not influenced by the composition of the benchmark. For example, the strategy is a concentrated portfolio of approximately equally weighted dividend-paying equity securities, rebalanced quarterly whereas the benchmark is a broad stock index (including both dividend and non-dividend paying equities) that is market capitalization weighted. As such, strategy performance deviations relative to the benchmark may be significant, particularly over shorter time periods. The strategy has concentrated investments in a limited number of companies; as a result, a change in one security's value may have a more significant effect on the strategy's value.

Bristol Gate US Equity Strategy

In addition to strategy's benchmark described above, the following additional Index data may be presented for information purposes only and comparisons to these Indices has limitations:

The Russell 1000 Growth Total Return Index measures the performance of the large-cap growth segment of the US Equity universe. This index may be used to contextualize the performance of the Bristol Gate US Equity strategy as it is a broadly utilized style index. However, this index do not solely focus on dividend paying securities, whereas Bristol Gate's US Equity strategy's securities are selected based on future dividend growth.

The S&P 500[®] Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The index is used to highlight the impact of concentration in the market cap weighted index but it does not solely focus on dividend paying securities, whereas Bristol Gate's US Equity strategy's securities are selected based on future dividend growth.

S&P 500[®] Total Return Dividend Aristocrats Index measures the performance of a subset of S&P 500[®] Index companies that have increased their dividends every year for the last 25 consecutive years. This Index focuses on historical dividend growth, whereas Bristol Gate's US Equity strategy's securities are selected based on future dividend growth.

This Report is for information purposes and should not be construed under any circumstances as a public offering of securities in any jurisdiction in which an offer or solicitation is not authorized. Prospective investors in Bristol Gate's managed funds should rely solely on the fund's offering documents, which outline the risk factors associated with a decision to invest. No representations or warranties of any kind are intended or should be inferred with respect to the economic return or the tax implications of any investment in a Bristol Gate fund.

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GIPS REPORT: Bristol Gate US Equity Strategy Composite Yearly Disclosure Presentation in USD

Year	Firm Assets (USD \$M)	Composite Assets (USD \$M)	Number of Accounts in Composite	Composite Gross Return (USD)	Composite Net Return (USD)	S&P 500 TRI Return (USD)	Gross Dispersion	Composite 3 Year Gross Standard Deviation	S&P 500 TRI 3 Year Standard Deviation
05/09 to 12/09	9.68	3.41	Fewer than 5	24.6%	23.8%	26.6%			
2010	11.95	4.65	Fewer than 5	13.5%	12.4%	15.1%			
2011	15.05	6.46	Fewer than 5	15.8%	14.7%	2.1%			
2012	27.03	16.62	Fewer than 5	19.0%	17.9%	16.0%		14.49	15.09
2013	53.06	33.77	Fewer than 5	39.8%	38.5%	32.4%		11.81	11.94
2014	201.02	172.99	Fewer than 5	18.7%	17.6%	13.7%		9.98	8.98
2015	515.69	493.90	7	5.3%	4.3%	1.4%		11.17	10.47
2016	590.48	578.29	11	2.9%	1.9%	12.0%	0.14	10.85	10.59
2017	718.18	681.14	8	20.3%	19.2%	21.8%	0.09	9.51	9.92
2018	670.34	630.27	13	0.8%	-0.2%	-4.4%	0.11	10.22	10.80
2019	1,008.44	862.51	13	35.6%	34.3%	31.5%	0.17	11.67	11.93
2020	1,529.68	1,154.38	17	11.4%	10.3%	18.4%	0.56	18.88	18.53
2021	2,233.71	1,561.16	20	30.2%	29.0%	28.7%	0.26	18.65	17.17
2022	1,785.75	1,232.41	20	-18.0%	-18.8%	-18.1%	0.23	22.08	20.87
2023	2,018.09	1,409.40	21	25.1%	23.9%	26.3%	0.46	18.43	17.29

Note: Internal dispersion of the composite is not presented when there are five or less accounts. Composite dispersion is calculated using the beginning market value weighted standard deviation of returns for accounts that were included in the composite the entire year. The three-year annualized ex-post standard deviation of the composite and/or benchmark is included once 36 monthly returns are available.

The Bristol Gate US Equity Strategy Composite consists of equities of publicly traded, dividend paying US companies. The Composite is valued in US Dollars and for comparison purposes is measured against the S&P 500 Total Return Index. The composite's Investment Advisor, Bristol Gate Capital Partners Inc., defines itself as a portfolio manager, exempt market dealer and investment fund manager (as per its registration in Ontario, its principal regulator in Canada) and is also a Registered Investment Adviser with the U.S. Securities and Exchange Commission.

The results of the composite are based on an investment discipline managed by the Chief Investment Officer and Portfolio Team of the Investment Advisor. The invested money, past and present, is discretionary to the extent that it invests in companies that regularly pay dividends and are publicly traded on exchanges in the United States. The performance of the composite is comprehensive in that it reflects all returns, including those accounts no longer with the firm. Past performance is not indicative of future returns.

The Investment Advisor's objective is to select companies with positive dividend growth and which collectively will generate over the long term a growing income and capital appreciation for investors.

To determine the selection of stocks, the Investment Advisor firstly analyzes each company's past and potential future dividend growth with its proprietary machine learning model. Secondly, it examines the companies' sources and uses of cash to determine sustainable profit and dividend growth. Finally, valuation and risk management metrics are considered to generate a focused portfolio with expected high dividend growth while maintaining reasonable valuations.

Bristol Gate Capital Partners Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Bristol Gate Capital Partners Inc. has been independently verified for the periods May 2009 until December 2015 by Ashland Partners International PLLC and from January 1, 2016 – December 31, 2023 by ACA Group, Performance Services Division. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Bristol Gate US Equity Strategy Composite has had a performance examination for the periods May 15 2009 until December 31 2023. The verification and performance examination reports are available upon request. The Advisor maintains a complete list and description of composites and they are available upon request. The firm's list of pooled fund descriptions for limited distribution pooled funds is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.



The US Dollar is the currency used to measure performance, which is presented on a gross and net basis and includes the reinvestment of investment income. The composite's gross return is gross of withholding tax prior to January 1, 2017 and is net of withholding tax thereafter. Net returns are calculated by reducing the gross returns by the maximum management fee charged by Bristol Gate of 1%, applied monthly. Actual investment advisory fees incurred by clients may vary. There is the opportunity for the use of leverage up to 30% of the net asset value of the underlying investments using a margin account at the prime broker. Thus far no material leverage has been utilized. An investor's actual returns may be reduced by management fees, performance fees, and other operating expenses that may be incurred because of the management of the composite. The annual management fee is charged on accounts managed by Bristol Gate up to a maximum of 1% of assets depending on account size and other factors and is charged either daily or monthly in arrears. A performance fee may also be charged on some accounts and funds managed by the firm.

The Bristol Gate US Equity Strategy Composite was created and inceptioned on May 15, 2009.

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