Continuous Learning

Using Data Science to enhance investor outcomes

Process Improvement

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We believe the inclusion of data science in our research team provides:

A repeatable decision-making framework

Differentiated Insights

A path to continuous improvement

An objective counter to bias

We focus our research on three areas to improve investor outcomes

Security Selection

- Enhancing dividend prediction
- Distant future prediction
- Measuring persistence

Timing of Buys and Sells

- Refining dividend growth signals
- Improving buy and sell discipline

Portfolio Construction

- Weighting Methodology
- Rebalancing Methodology
- Portfolio Recommender System

Evolution of Dividend Prediction at Bristol Gate

Our focus on improving dividend prediction has been a key focus since inception

2009	2014	2017	2020	2021	2022	2024	2025
Model 1 for Dividend Prediction Implemented	Model 2 for Dividend Prediction Implemented	AI driven Machine Learning Model Implemented	Natural Language Processing trials on earnings calls to enhance the predictive model	Auto Machine Learning Model Implemented	Development of initial Distant Future Prediction Model	Study on Persistence	Signal Refinement & Buy/Sell Analysis Development of Dividend Growth Survival Model

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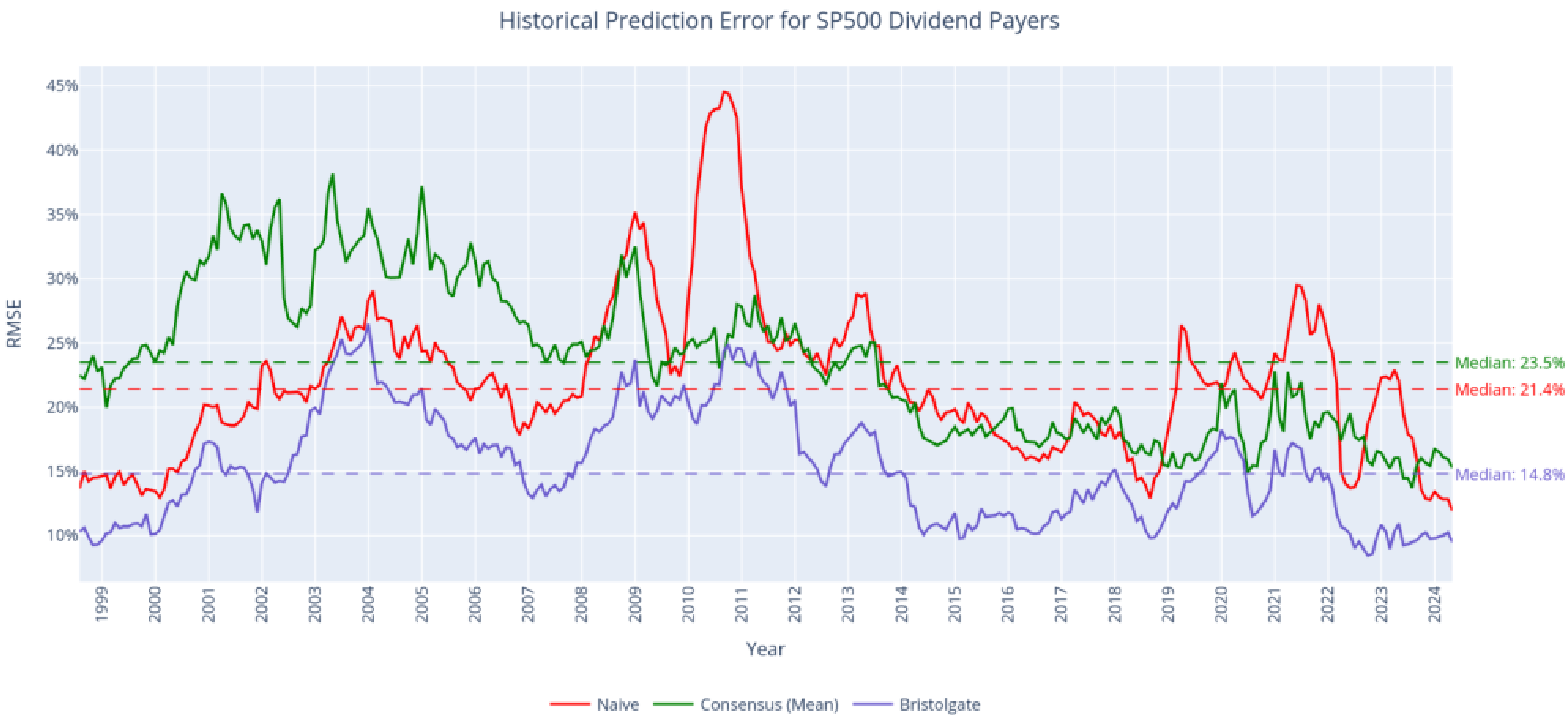
BG Model has consistently outperformed S&P 500 analysts' estimates



Source: Bristol Gate, FactSet. There is a risk of loss inherent in any investment; past performance is not indicative of future results. Please refer to appendix for **Important Disclosures**

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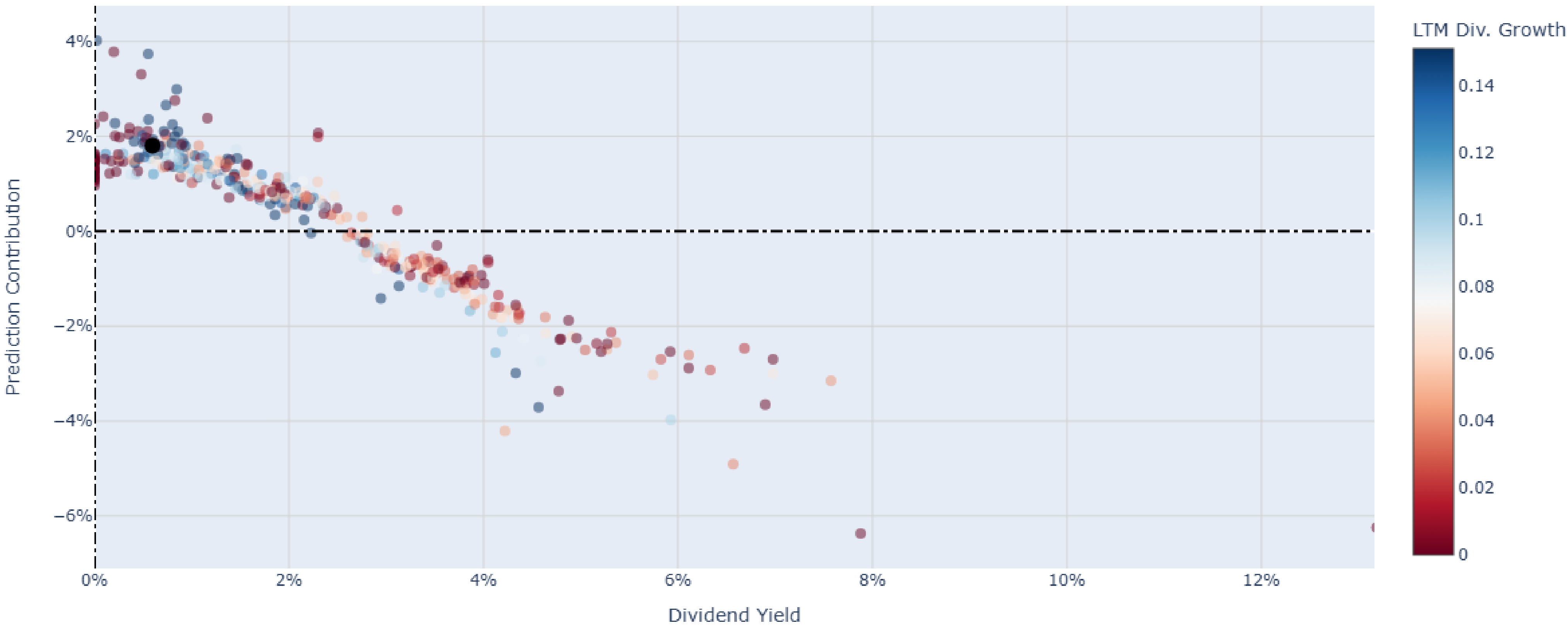
Demystification of Dividend Prediction



Source: Bristol Gate, Bloomberg, FactSet. For illustration purposes only. Please refer to appendix for **Important Disclosures**

A Glass Box: Demystification of Dividend Prediction

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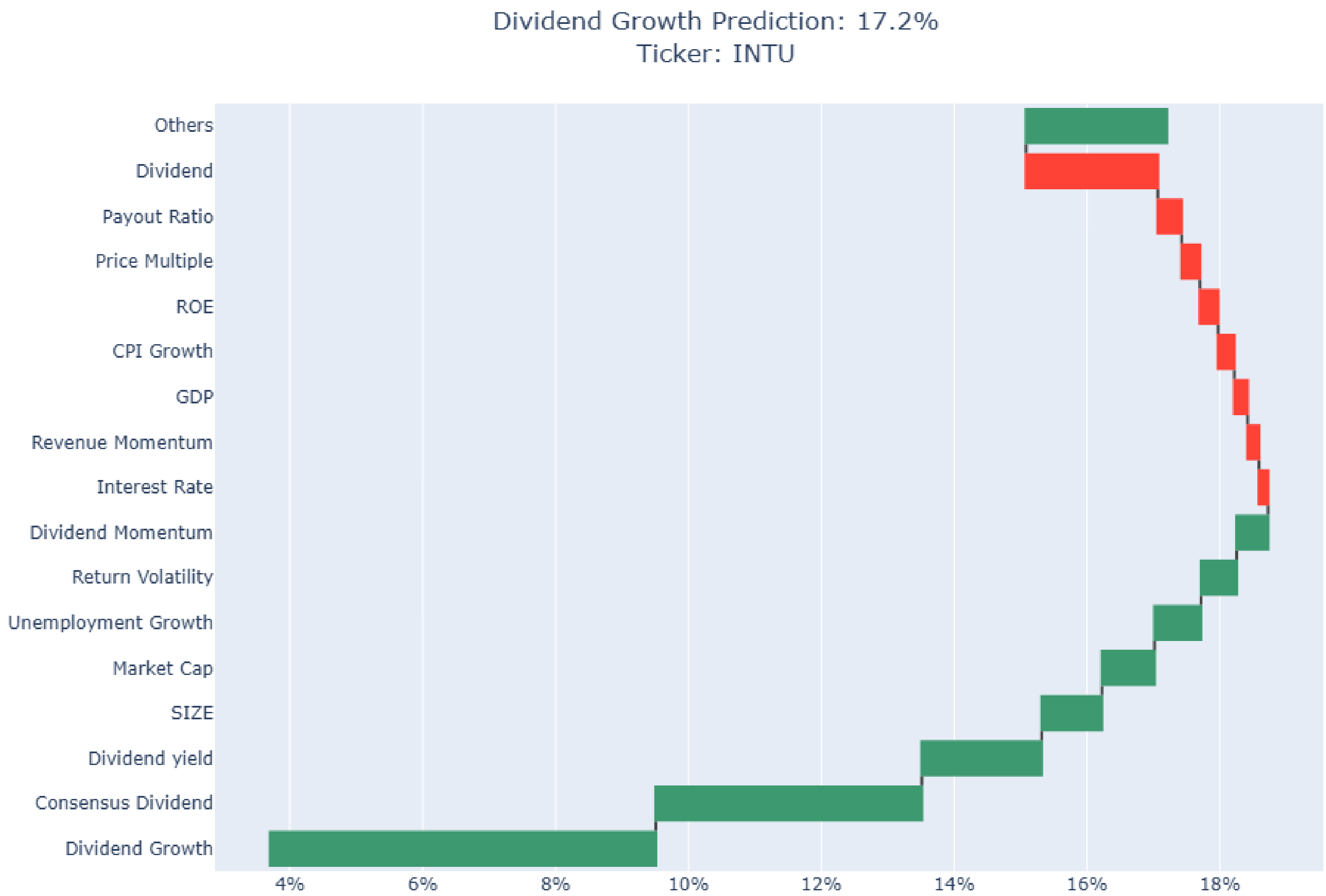
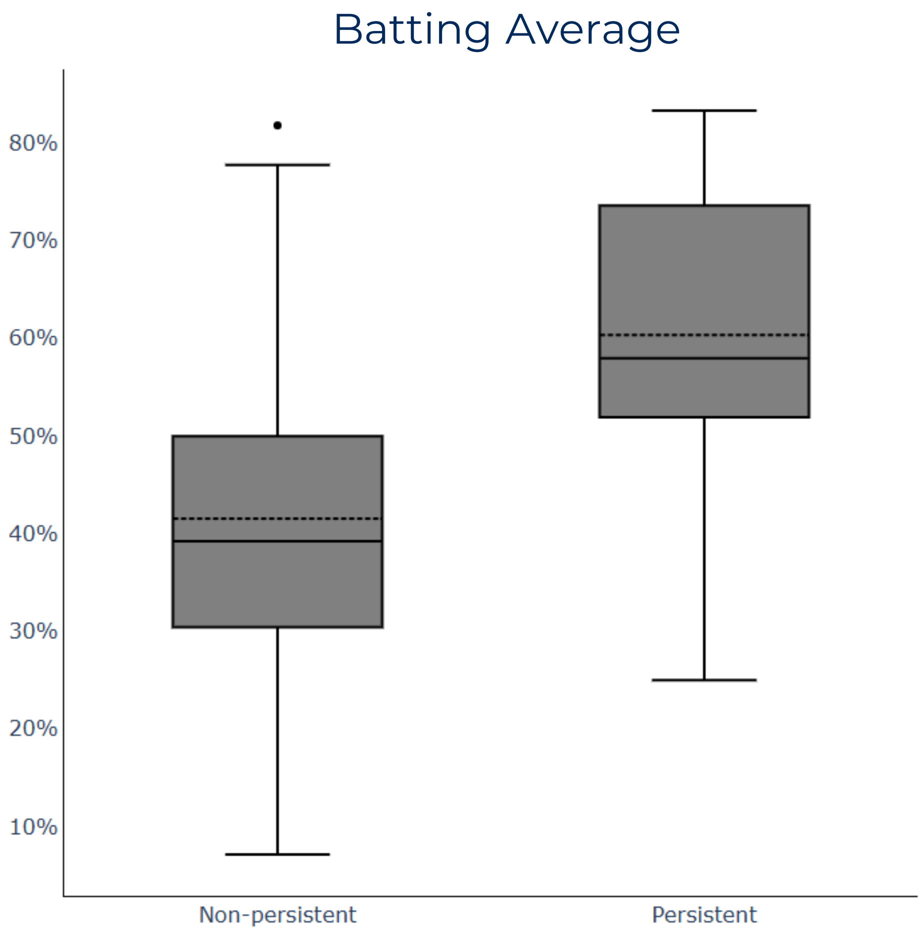
BG Model Prediction Breakdown

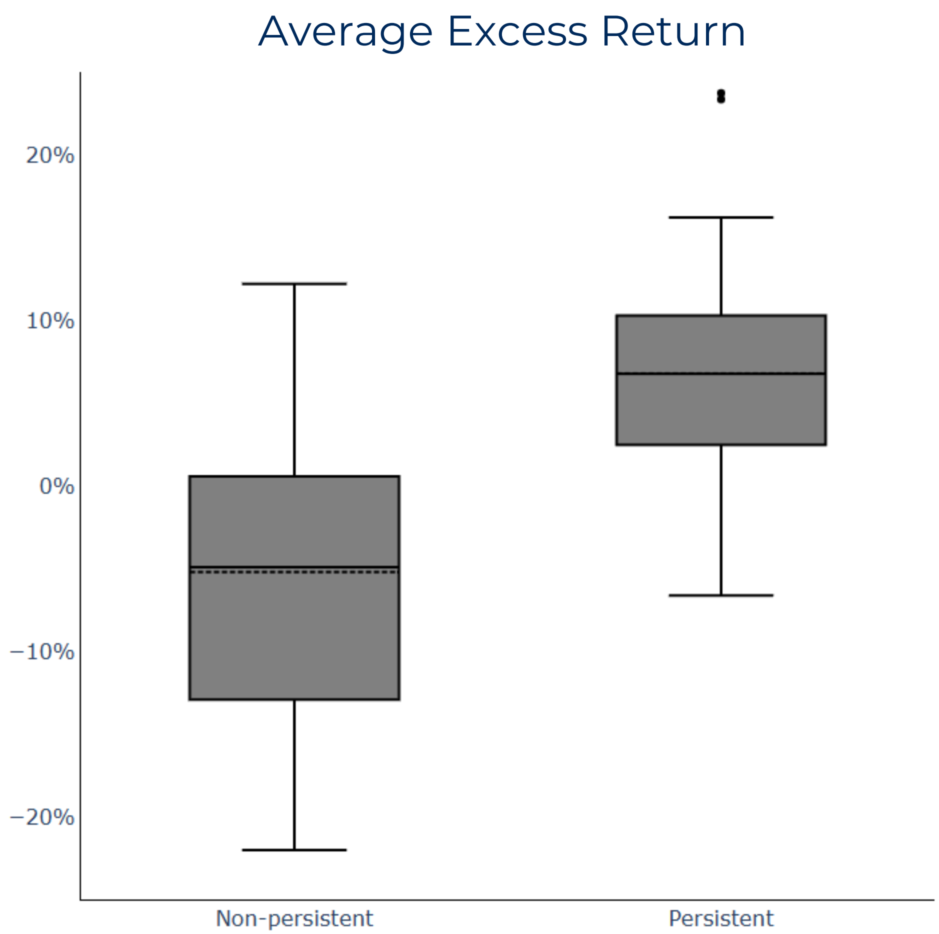


Unlike 'Black Box' models, our 'Glass Box' model allows for attribution and validation of predictions

Source: Bristol Gate Capital Partners Inc., Federal Reserve Economic Data, Factset, Bloomberg

Finding forward persistence in top quartile dividend growers = finding better outcomes





"**Persistent**" stocks are on the list in 12 months' time. They are durable high dividend growers and offer the most compelling return profiles. Newcomers to the list that persist make up 20% of the list while names that persist for more than one year make up 45% of the list

Source: Bristol Gate, Bloomberg, FactSet. For illustration purposes only. Please refer to appendix for **Important Disclosures**

Distant Future Model

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While perfect foresight Near Future can underperform, perfect foresight Distant Future almost always outperforms

Excess Return

Green: Distant Future (Median excess 9.99%)

Red: Near Future (Median excess 4.06%)

Our preliminary model with a longer prediction horizon shows higher probability of outperformance.

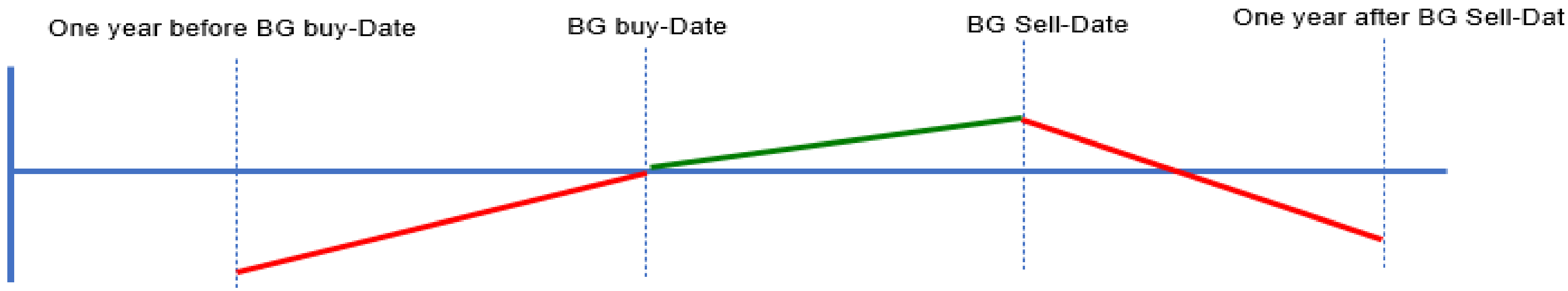
Historic portfolios of predicted dividend growers on both lists has a higher alpha than either list on its own

Source: Bristol Gate, Bloomberg, FactSet. For illustration purposes only. Please refer to appendix for **Important Disclosures**

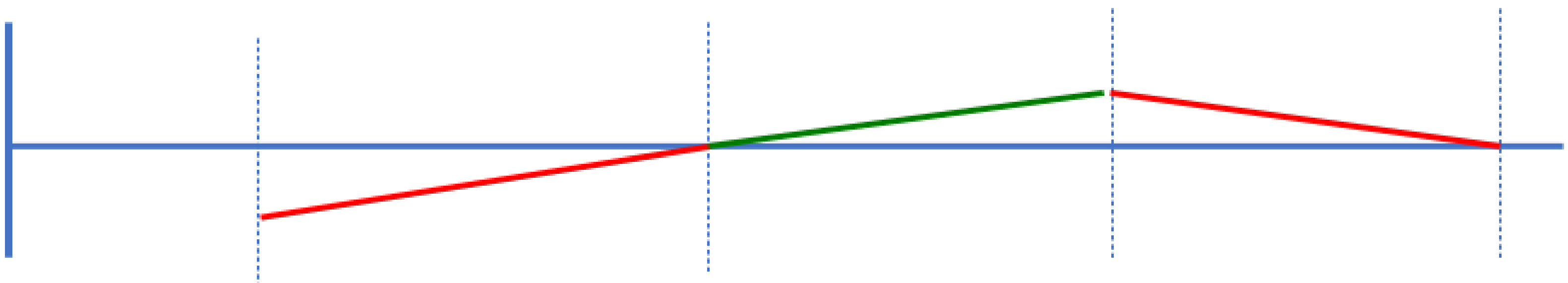
Buy-Sell Analysis

In June, we undertook a study to better understand our timing decisions. By reframing our model outputs into signals, we were able to measure the value of our signals vs our buy and sell decisions.

Absolute Return



Excess Return (Relative to SP500)



Red : Out of the List (filtered top 65) **Green** : In the List (filtered top 65)

Boeing Company, Buy-Analysis

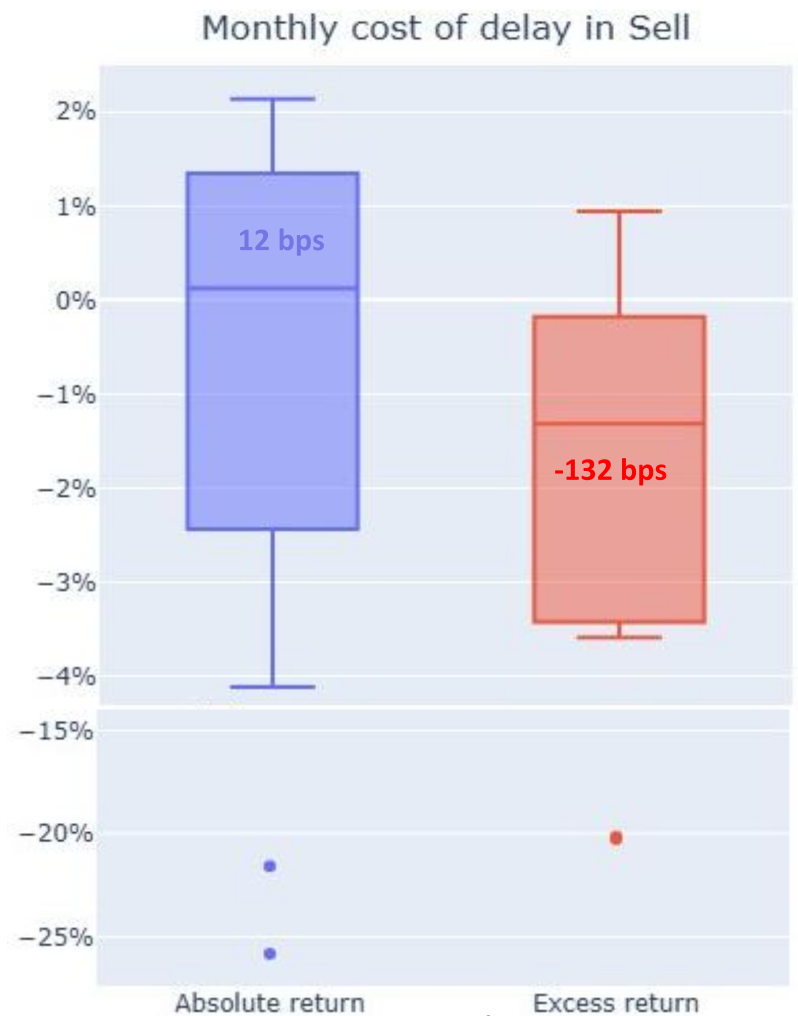
Source: Bristol Gate, Bloomberg, FactSet. Chart illustrates price return of Boeing Company shares. For illustration purposes only. There is a risk of loss inherent in any investment; past performance is not indicative of future results. Please refer to Important Disclosures section in appendix.

Boeing Company, Sell-Analysis

Source: Bristol Gate, Bloomberg, FactSet. Chart illustrates price return of Boeing Company shares. For illustration purposes only. There is a risk of loss inherent in any investment; past performance is not indicative of future results. Please refer to Important Disclosures section in appendix.

Capturing Signals

When we look at the value of these signals on positions bought and sold since 2018, we see ample opportunity to improve buy and sell timing.



Source: Bristol Gate, Bloomberg, FactSet. For illustration purposes only. Please refer to appendix for **Important Disclosures**

We have started generating unique sell signals to ensure we own good companies at the right times

Source: Bristol Gate, Bloomberg, FactSet. Chart illustrates price return of UNH shares. For illustration purposes only. There is a risk of loss inherent in any investment; past performance is not indicative of future results. Please refer to Important Disclosures section in appendix.

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In Progress: Development of Dividend Growth Survival Model

- Predicting when companies stop being high dividend growth companies is an alternative approach to solving for persistence

On Pause: Natural Language Processing