Performance Summary

The Bristol Gate Canadian Equity Strategy trailed the S&P/TSX Composite Total Return Index in the second quarter of 2026. The resulting approximately 105 basis points of gross relative underperformance (123 basis points of net underperformance) was a marked narrowing from the first quarter, and the composition of the result inverted. In Q1, sector allocation was the dominant drag; in Q2, allocation added approximately +240 basis points as the commodity leadership that punished the portfolio earlier in the year reversed sharply. The entire quarter's shortfall, and more, came from stock selection (-340 basis points), concentrated in Financials (principally TMX Group) and in Consumer Discretionary through Pet Valu. A powerful re-rating of the Canadian bank complex, much of which the strategy does not own, was the defining feature of the quarter.

Market Backdrop

The commodity trades that drove the index in Q1 (Energy on Middle East supply risk and gold on record central-bank demand), unwound. Within the benchmark, Materials fell approximately -11.5% and Energy fell approximately -5.0% as crude gave back its gains, WTI fell more than 20% in June to around US$70bbl after the United States and Iran signed a memorandum to reopen the Strait of Hormuz, which had been closed since late February. Gold retreated from its early-year record. Agnico Eagle (-21.8%), Kinross (-20.9%), Wheaton Precious Metals (-12.5%) and Franco-Nevada (-13.9%), among Q1's largest positive contributors, were now among the largest detractors, and Canadian Natural Resources (-16.4%) and Suncor (-16.5%) gave back a meaningful portion of their first quarter gains.

The macro backdrop was one of patient policy and soft growth. The Bank of Canada held its policy rate at 2.25% in June (a fifth consecutive hold) with headline inflation around 2.8%, lifted by energy, even as core measures eased toward target against soft activity and continued uncertainty over US trade policy. Steady rates and receding recession fears formed a constructive backdrop for the rate-sensitive parts of the market, Financials chief among them.

Leadership rotated decisively into Financials, which rose approximately +25.6% in the quarter. All six of the largest Canadian banks reported second quarter earnings that beat expectations, and all but one raised their quarterly dividends, supported by lower provisions for credit losses, resilient capital-markets revenue, and household credit that held up better than feared. The result was a quarter in which the benchmark's +6.95% advance was driven almost entirely by a single sector.

The strategy's zero weight in Information Technology, which was a large positive in Q1, was broadly neutral this quarter as the sector performed roughly in line with the index. BlackBerry (up roughly 297% on a speculative move), Celestica (+31.8%) and Constellation Software (+9.4%) sit in Information Technology and either pay no dividend or a token one.

Materials & Energy Underweight

Materials was the single most additive sector in the quarter. The portfolio's average Materials weight of approximately 9.8% against a benchmark weight of 18.1%, an underweight of roughly 8.3%, was positioned against a sector that fell approximately 11.5%. That produced about +172 basis points of positive allocation. Selection added a further +53 basis points. The portfolio's Materials exposure, which lacks exposure to precious metals miners, held through CCL Industries (+6.5%) and Stella-Jones (-15.4%), generated a return of approximately -4.5%, well ahead of the benchmark

The strategy's Energy weight of approximately 10.8% against a benchmark weight of 17.5% contributed about +86 basis points of positive allocation as the sector declined approximately -5.0%.

Key Contributors

CCL Industries (CCL) - relative attribution +0.88%. CCL was the largest positive relative contributor in the portfolio. A modest absolute gain of about +6.5% translated into a large relative benefit because CCL sits in Materials - the benchmark's worst sector - while carrying none of the precious-metals exposure that drove that sector down.

Jamieson Wellness (JWEL) - relative attribution +0.81%. Jamieson was a portfolio standout, returning approximately +22.0%. In late June the company confirmed it had received an unsolicited acquisition proposal and was exploring a potential sale, retaining BMO Capital Markets and Canaccord Genuity to advise; press reports placed a potential transaction above C$2 billion. The company cautioned that there is no assurance a transaction will result.

Toromont Industries (TIH) - relative attribution +0.38%. Toromont returned approximately +20.0%. Its first-quarter result (reported April 28) showed net earnings up about 25% and record bookings, with backlog reaching roughly C$1.7B, up about 30% year-over-year, driven substantially by the AVL data centre enclosure business, whose production continues to ramp. Toromont raised its ownership of AVL to 80% during the quarter.

Key Detractors

TMX Group (X) - relative attribution -1.30%. TMX Group was the single largest detractor from relative performance, returning approximately -5.5% on an average weight of about 5.2%. The decline was not fundamental. TMX reported record first-quarter 2026 results in early May, revenue of roughly C$488M, up about 16% year-over-year, with diluted earnings per share more than doubling - and announced an agreement to acquire CBOE Canada in April, extending its market structure footprint. The share price weakness reflected valuation digestion after a strong prior run.

Pet Valu (PET) - relative attribution -1.09%. Pet Valu returned approximately -13.5% on an average weight of about 4.2%, extending the weakness that began in Q1. The proximate cause was the company's first-quarter 2026 result reported May 12, which showed revenue growth of roughly 3% but a decline in adjusted EBITDA and adjusted earnings per share (to about C$0.31 from C$0.36), flat same-store sales, and roughly 160 basis points of margin compression amid heightened promotional intensity and cautious consumer demand. The shares fell about 14% on the release.

Element Fleet Management (EFN) - relative attribution -0.53%. Element Fleet returned approximately -2.5% on an average weight of about 4.3%. As a large active overweight in a name that drifted lower while its sector advanced, it registered a negative relative contribution despite no change in the underlying capital-light, recurring revenue model or its dividend-growth trajectory, the same rotation dynamic described in Q1.

Transactions

During the quarter we exited **Thomson Reuters (TRI)** and **Canadian National Railway (CNR)** and initiated positions in **Cenovus Energy (CVE)** and **Cameco (CCO)**.

Buys

Cenovus Energy (CVE) - Cenovus is a leading Canadian integrated energy company and the country's second largest oil and gas producer. Following its 2021 merger with Husky Energy and the late-2025 acquisition of MEG Energy, we see an opportunity in the name despite the recent run in the shares on higher oil prices. The expected free cash flow windfall should accelerate balance sheet deleveraging following the MEG acquisition, which in turn should support growing capital returns to shareholders, principally through dividend growth.

Cameco (CCO) - Cameco is the highest quality pure play public uranium company, with Canadian mining assets, a fuel services business, and a 49% interest in Westinghouse that extends its reach across the nuclear value chain. It potentially stands to benefit from a tightening uranium market, utility contracting remains below replacement rate and long-term prices are moving higher, and increased global nuclear demand, which is increasingly underpinned by decarbonization, energy security, Western supply-chain diversification, and AI/data centre power needs. Management's supply discipline, adding production only when supported by long-term contracts, should protect margins, and a net cash balance sheet with limited internal capital needs supports high dividend growth potential.

Sells

Thomson Reuters (TRI) - exited after roughly a five-year holding period. The name was long regarded as an artificial intelligence beneficiary given its proprietary data, particularly in the legal vertical;

more recently it de-rated on fears that generative AI tools would intensify competition and erode its moat. With that AI debate likely to take time to resolve, and the name's forward dividend-growth profile deteriorating, we elected to redeploy the capital.

Canadian National Railway (CNR) - sold after nearly a decade in the portfolio. We continue to find the freight-rail space attractive and retain exposure through Canadian Pacific Kansas City, re-introduced earlier this year, which offers higher growth potential, evident in recent dividend increases of approximately 18% at CP versus roughly 3% at CN.

Final Thoughts

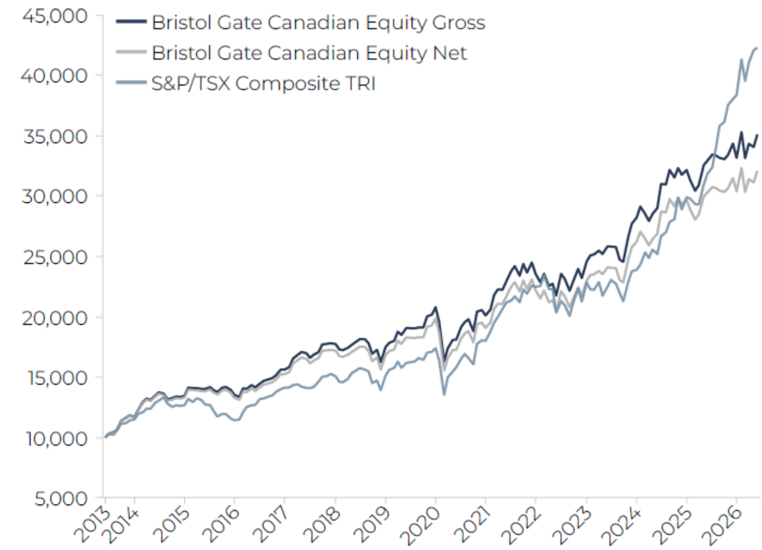
The portfolio remains concentrated in high-quality Canadian companies with durable cash flows, conservative balance sheets, and clear dividend-growth visibility. This construction will trail in narrow, commodity- or momentum-led markets and is designed to compound attractive risk-adjusted returns and growing income across full cycles. We remain committed to executing it with discipline.

PORTFOLIO CHARACTERISTICS

	Portfolio		Index
	Gross	Net	Gross
Number of Securities	20	20	220
Dividend Yield	1.5%	1.5%	2.2%
TTM Dividend Growth	10.3%	10.3%	5.0%
P/E	23.2	23.2	21.3
Forward P/E	18.0	18.0	16.3
Standard Deviation	11.4%	11.4%	12.1%
Sharpe Ratio	0.43	0.36	0.52
Sortino Ratio	0.84	0.72	0.99
Information Ratio	(0.23)	(0.33)	-
Up Capture	81.5%	79.4%	100%
Down Capture	75.1%	77.3%	100%
Tracking Error	6.78	6.78	-
Portfolio Alpha	0.23	(0.47)	-
Portfolio Beta	0.85	0.85	-
Active Share	76.9%	76.9%	-

GROWTH OF $10,000 [CAD]

As at June 30, 2026



The table shown above is used only to illustrate the effects of the compound growth rate and is not intended to reflect future values of the Strategy or returns on investment in the Strategy.

PERFORMANCE RESULTS [CAD] - Inception: July 1, 2013

				ANNUALIZED			
Trailing Returns	**1M**	**3M**	**YTD**	**1YR**	**3YR**	**5YR**	**10YR**	**Since Inception**
Bristol Gate Canadian Equity Gross	3.1%	5.9%	2.2%	6.6%	10.8%	8.9%	9.5%	10.1%
Bristol Gate Canadian Equity Net	3.0%	5.7%	1.8%	5.9%	10.0%	8.1%	8.8%	9.4%
S&P/TSX Composite TRI	0.5%	7.0%	11.2%	32.9%	23.5%	14.9%	12.8%	11.7%

Calendar Returns	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Bristol Gate Canadian Equity Gross	4.3%	12.1%	13.9%	-8.8%	24.3%	1.8%	19.2%	-5.2%	19.4%	14.7%	8.1%
Bristol Gate Canadian Equity Net	3.6%	11.4%	13.1%	-9.4%	23.4%	1.1%	18.4%	-5.9%	18.6%	13.9%	7.4%
S&P/TSX Composite TRI	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%	-5.8%	11.8%	21.7%	31.7%

Source: Bristol Gate Capital Partners. There is a risk of loss inherent in any investment; past performance is not indicative of future results. Please see important disclosures at end of document.

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Canadian Equity Strategy returns in this report refer to the Bristol Gate Canadian Equity Strategy Composite (the "Canadian Composite"). The Canadian Composite consists primarily of equities of publicly traded, dividend paying Canadian companies. The Canadian Composite is valued in Canadian Dollars and for comparison purposes is measured against the S&P/TSX. The Canadian 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 "SEC"). The Investment Advisor's objective is to select companies primarily from the S&P/TSX universe with positive dividend growth and which collectively will generate over the long term a growing income and capital appreciation for investors. The inception date of the Canadian Composite is July 1, 2013. Returns are presented gross and net of fees and include the reinvestment of all income. The Canadian 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 0.7%, 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 Canadian Composite. A performance fee may be charged on some accounts and funds managed by the firm. Bristol Gate claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To obtain a GIPS Composite Report, please email us at info@bristolgate.com.

The returns have been converted into Canadian Dollars using the prevailing Canadian/United States dollar exchange rate.

The S&P/TSX Total Return Index measures the performance of the broad Canadian equity market, including dividend re-investment, in Canadian dollars. This index has been 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.

iShares Core S&P®/TSX® Capped Composite Index ETF (XIC CN) sourced from Bloomberg has been used as a proxy for the S&P®/TSX® Total Return Index for the purpose of providing some of the non-return-based portfolio statistics and sector weightings in this report. XIC CN is an ETF that seeks long-term capital growth by replicating the performance of the S&P®/TSX® Capped Composite Index, net of expenses.

Attribution figures are calculated on a gross basis unless otherwise noted. Attribution data is calculated using a representative account. The gross returns of the representative account do not match exactly the gross returns of the Canadian Composite (which reflects the aggregate return of a number of underlying accounts). The resulting attribution is therefore indicative for analysis purposes but not identical to what the attribution of the Composite would be.

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

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