Dividend Growth Summary

Both the US and Canadian Strategies trailed their respective benchmarks during the quarter, however both portfolios continue to deliver dividend growth well above market rates. Focusing on high quality, high dividend growers has served us well over time.

	US Equity Strategy	S&P 500		Canadian Equity Strategy	S&P TSX Composite
Dividend Growth					
LTM	14.8%	7.5%		10.4%	5.9%
FTM	14.9%	6.1%		10.8%	5.2%

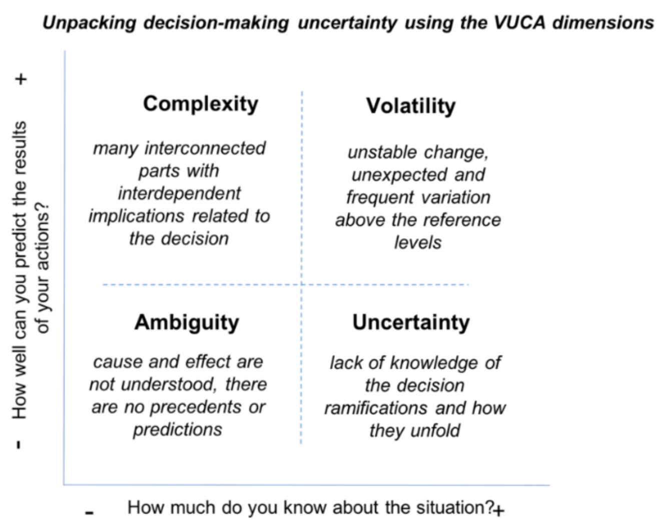
Note: LTM Dividend Growth is the median of the actual trailing 12-month dividend growth of the individual stocks held by Strategies or Index constituents as reported by Bloomberg on March 31, 2022. FTM Dividend Growth is the median of the Bristol Gate Model's forward 12-month prediction for the individual stocks held by the Strategies and the median of consensus estimates for the constituents of the Indices as of April 10, 2022. Companies without a consensus dividend forecast were excluded.

Source: Bloomberg, FactSet, Bristol Gate Capital Partners.

Commentary

The U.S. Army War College introduced the acronym VUCA to describe the more volatile, uncertain, complex, and ambiguous environment resulting from the end of the Cold War. The framework was used to help senior military officers navigate the turbulent times they were about to face.

Exhibit 1. The VUCA Framework



Source: Harvard Business Review, Bennett & Lemoine.

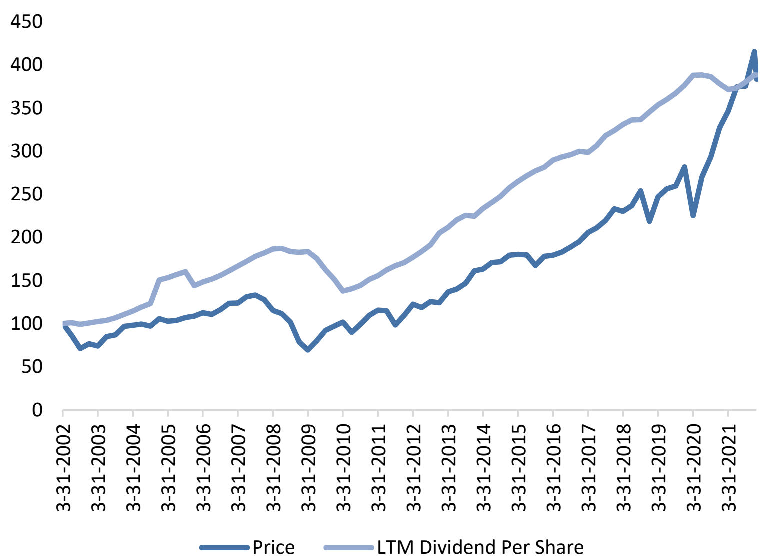
With Russia's invasion of Ukraine, broader geopolitical risks, an ongoing global pandemic, disrupted supply chains, rising commodity costs, persistently high inflation, and a hawkish Fed, we cannot think of a better term than VUCA to describe the current market environment. Shifting monetary policy and a myriad of interconnected uncertainties have clouded the outlook and resulted in higher market volatility.

Each of the four elements of VUCA represent challenges in and of themselves. The more volatile the world, the more significant and faster things change. The more uncertain, the harder to predict. Higher complexity makes analysis more difficult and increased ambiguity makes outcomes harder to interpret. Combined, the four pose significant challenges to effective decision making. The single biggest enemy of long-term returns is the emotion we feel during turbulent times like these. It is easy to get side tracked with all the macro concerns and second guess your portfolio when things are not working. In a heightened VUCA environment, we believe it is important to go back to basics and revisit why we do what we do. Often the basics can provide appropriate perspective in moving forward.

Over the long term, we believe portfolio returns are driven by the returns our companies' operations generate +/- the price we pay to acquire those earnings. The combination of high operating returns and an ability to reinvest those earnings back in the business at the same high returns allows intrinsic value to compound and leads to attractive long-term investment results. We believe dividend growth is an effective signaling mechanism in this regard.

We believe that there is an inherent link between the income an asset produces and its value over the long term. Just as a piece of real estate rises in value as its rental stream does, so too do companies with their dividend streams. Over the last 20 years, the S&P 500's dividend has almost quadrupled. The Index's price has increased by the same amount.

Exhibit 2. S&P 500 Dividend & Price Growth (March 2002 to March 2022)



Source: Bloomberg, Bristol Gate Capital Partners.

This is not surprising to us and is not just the case at the broad index level. The longest tenured stocks in our US portfolio currently are UnitedHealth, Starbucks and Roper Technologies. Averaging across the three companies, you can see that their dividends and capital appreciation have both slightly more than tripled over our holding period.

Exhibit 3. UNH, SBUX and ROP Dividend & Price Growth Since Initial Acquisition

Company	Initial Acquisition	Quarterly Dividend Initial	Quarterly Dividend Current	Quarterly Dividend Multiple	Closing Price Initial	Closing Price Current	Closing Price Multiple
UNH	9/29/14	0.38	1.45	3.9x	86.51	509.97	5.9x
SBUX	6/23/15	0.16	0.49	3.1x	54.11	90.97	1.7x
ROP	12/17/15	0.25	0.62	2.5x	184.60	472.23	2.6x
		Average		3.1x			3.4x

Note: Current figures as of 03/31/22.

Source: Bloomberg, Bristol Gate Capital Partners.

Dividends have traditionally been less volatile than price and are more predictable. Changes in dividends are easier to understand compared to changes in prices and there is less ambiguity. A dollar in your pocket is a dollar in your pocket. Focusing on dividend growth helps us avoid the roller coaster ride of emotions VUCA and price movements take us on. It keeps us thinking about business performance and the long-term cash generation that drives that dividend growth. Ultimately, it helps us make better decisions for our long-term wealth.

US Equity Strategy (all returns USD, Gross)

During the quarter, the portfolio lagged the S&P 500 Total Return Index by 680 basis points. From a price return perspective there were few bright spots, with only Activision, Visa and UnitedHealth generating positive returns. Activision was by far the largest positive contributor following a $95/share all cash takeout offer by Microsoft, a 45% premium to the prior day's closing price. Given the regulatory scrutiny large technology companies have received lately, particularly related to their dominance of certain markets, Activision is trading at an approximate 15% discount to the transaction price. We find this spread attractive given our assessment of the deal closing and the uncertain macro environment we find ourselves in.

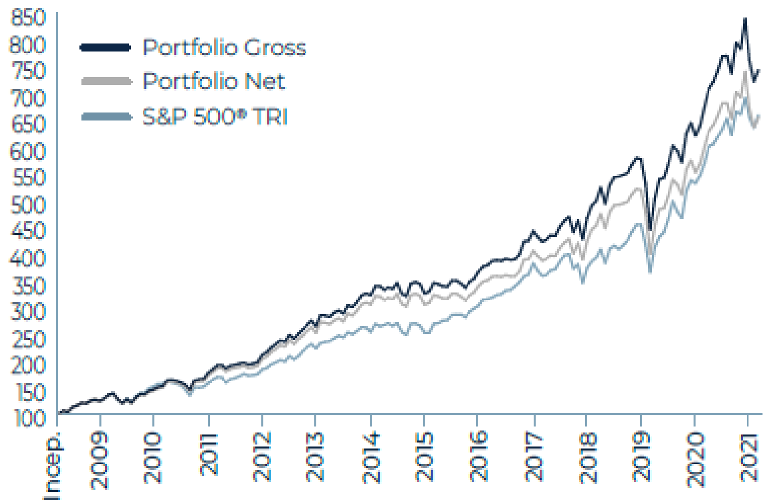
Exhibit 4. US Equity Strategy Risk and Return Metrics

PORTFOLIO CHARACTERISTICS

	Portfolio		Index
	Gross	Net	Gross
Number of Securities	22	22	505
Dividend Yield	1.0%	1.0%	1.4%
TTM Dividend Growth	14.8%	14.8%	7.5%
P/E	29.8	29.8	24.6
Forward P/E	23.5	23.5	19.6
Standard Deviation	14.4%	14.4%	13.7%
Sharpe Ratio	1.13	1.05	1.10
Sortino Ratio	1.92	1.76	1.86
Information Ratio	0.22	0.01	—
Up Capture	99.5%	96.9%	100%
Down Capture	90.2%	92.6%	100%
Tracking Error	4.85	4.85	—
Portfolio Alpha	1.29	0.29	—
Portfolio Beta	0.98	0.98	—
Active Share	87.5%	87.5%	—

GROWTH OF $100,000 [USD]

As at March 31, 2022



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.

ANNUALIZED GROSS PERFORMANCE [USD]

*Since Inception May 15, 2009

		1M	3M	YTD	1Y	3Y	5Y	10Y	Since Inception*
Bristol Gate US Equity Strategy	Gross	2.9%	-11.4%	-11.4%	10.1%	14.3%	14.5%	14.7%	16.8%
	Net	2.8%	-11.6%	-11.6%	9.0%	13.2%	13.4%	13.5%	15.6%
S&P 500® Total Return Index		3.7%	-4.6%	-4.6%	15.6%	18.9%	16.0%	14.6%	15.7%

		2009*	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bristol Gate US Equity Strategy	Gross	24.6%	13.5%	15.8%	19.0%	39.8%	18.7%	5.3%	2.9%	20.3%	0.8%	35.5%	11.4%	30.2%
	Net	23.8%	12.4%	14.7%	17.9%	38.5%	17.6%	4.3%	1.9%	19.2%	-0.2%	34.2%	10.3%	29.0%
S&P 500® Total Return Index		26.6%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	18.4%	28.7%

Source: Bristol Gate Capital Partners.

Amongst the detractors, Sherwin-Williams, Intuit and Zoetis had the largest impact on a relative and an absolute basis. Sherwin's near-term earnings outlook has deteriorated as raw material availability was a challenge and input costs continued to rise rapidly. The company has aggressively increased the price of its products to offset these challenges, albeit with a lag. We believe the current environment the company is facing is analogous to the one experienced in 2010-2011 from an input cost perspective. Exiting that period, Sherwin's gross margins grew as raw material costs eventually abated but previous pricing actions were not rolled back. We expect a similar outcome this time around.

After rising 19% and 26% respectively in Q4/21, Intuit and Zoetis both experienced a healthy dose of multiple contraction during the first quarter. We remain positive on their long-term business fundamentals despite the recently struggling stock prices.

In Q1, market attention turned toward value, high dividend yield and smaller cap stocks. Growing companies that are very profitable and have limited variability in their operations – several of the traits our portfolio companies typically exhibit – were the worst performing factors to kick off the year.

Exhibit 5. S&P 500 Factor Performance

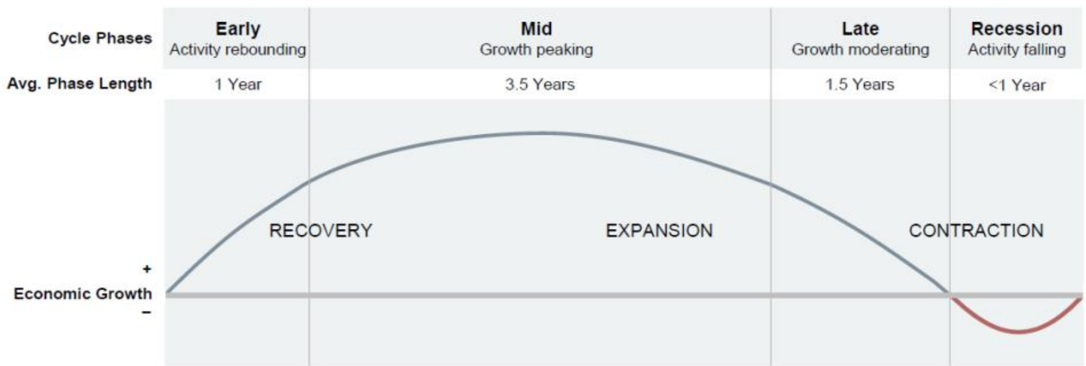
Factor	Q1/22	One Year	Three Year
Dividend Yield	16.6%	16.1%	9.8%
Value	15.4%	4.6%	-11.4%
Size	5.0%	3.1%	-6.1%
Leverage	4.9%	-5.2%	2.0%
Trade Activity	2.8%	-6.2%	12.3%
Volatility	0.9%	-4.0%	18.5%
Momentum	-2.4%	-4.5%	-18.5%
Variability	-7.5%	-7.1%	12.3%
Profitability	-13.7%	0.4%	-14.8%
Growth	-15.5%	-9.5%	3.7%

Source: Bloomberg.

According to S&P Global Indices, on a cumulative three-month basis, the spread in performance between Value and Growth "lies at the 94th percentile of historical data…The advantage of value over growth in the first quarter, in other words, is almost at the limit of historical experience."

There are many signposts to suggest we are in the tail-end of this economic expansion. We are experiencing rising inflationary pressures. March's US Consumer Price Index was 8.5%, the largest increase since January 1982. Energy and other commodity prices have risen, and the US unemployment rate is below 4%, suggesting tight labour markets. In response to all this, the Fed raised rates in March for the first time in three years and more hikes are expected throughout the year. While GDP growth is still positive, it is slowing. The Atlanta Fed Nowcast is forecasting just 1% growth in Q1/22. Corporate profit margins are near all time highs and have likely peaked given the growing cost pressures and slowing growth.

Exhibit 6. The Economic Cycle



Source: Fidelity.

In the late economic cycle, certain sectors have historically performed better than others. Energy and Materials typically do well as inflation hedges. Defensive sectors such as Consumer Staples, Healthcare, Utilities also do well on a relative basis as people begin preparing for a possible recession (particularly with the 2 year Treasury to 10 year Treasury yield curve inverting in April). This is very consistent with what happened in the first quarter.

Exhibit 7. S&P 500 Q1/22 Sector Performance

Sector	Q1/22
Energy	39.0%
Utilities	4.8%
Staples	-1.0%
Financials	-1.5%
Materials	-2.4%
Industrials	-2.4%
Healthcare	-2.6%
Real Estate	-6.3%
Technology	-8.4%
Discretionary	-9.0%
Communications	-11.9%

Source: Bloomberg.

Unfortunately for us, those are not sectors from which we are able to consistently source high quality, high dividend growers. They are characterized by highly cyclical cash flows or they have a combination of high dividend yield and low dividend growth. As such, we expect the latter stages of an economic cycle to be amongst the most challenging for our Strategy from a relative return perspective.

We believe our investment discipline of owning high quality companies, with good balance sheets that can grow their dividends at exceptional rates over the longer term will eventually return in favour and will provide competitive returns through the entire economic cycle. Although our investment performance has been disappointing this quarter, we have not been disappointed with the aggregate financial results of our companies. Over the last 12 months, they have generated average revenue growth of 15% and EPS growth of 34%. Despite the broad inflationary cost pressures, consensus is forecasting double digit revenue and EPS growth for the coming 12 months as well. We believe this underlying performance will support dividend growth well above the market in the coming year once again.

Three changes to the portfolio occurred in early January. Broadridge, Home Depot and Texas Instruments were replaced with Lowe's, Microchip and MSCI. The sales were a result of lowered dividend growth projections and our hurdle rate. The additions improved the portfolio's average projected dividend growth by 200 bps.

Lowe's was a direct substitute for Home Depot, allowing us continued exposure to the favourable home improvement market but with better forecasted dividend growth, a lower dividend payout ratio on free cash flow, and a more attractive valuation. Lowe's was trading at a 25% discount to its larger peer. We believe the company can close its valuation gap to Home Depot if it shows some progress on the operating margin front, where it trails its main competitor.

Like the Lowe's/Home Depot trade, Microchip allowed us to continue benefiting from some of the same macro themes driving growth at Texas Instruments but via a company with a lower valuation and much earlier in its capital return strategy. Microchip has embarked on a shareholder return journey that will eventually see it mimic Texas Instruments' policy of 100% of free cash flow returned to shareholders. Microchip currently returns a quarter of its free cash flow to shareholders, and we think the new policy will drive 30%+ annual dividend growth for several years. We believe Microchip has an opportunity to close the valuation gap to peers as it executes against the new shareholder return policy, its strategy focused on organic growth and deleveraging following a period of acquisitions to round out the product offering.

In MSCI, we have acquired a high-quality company, whose products are deeply embedded into customer workflows. Industry-leading margins, low capital intensity, limited working capital needs and solid free cash flow have allowed the company to grow its quarterly dividend at 28.5% a year since Q3/14 while reducing its diluted share count by 28.7% over the same period. The crown jewel in the company's offering is its indices business which is the standard in active benchmarking and passive investing in international markets. Today, the company's ESG and climate solutions are defining sustainable investing and we believe the company has a significant opportunity ahead of it, combining its various data-sets into novel solutions (for example private company + ESG) and expanding into new use cases.

Canadian Equity Strategy (all returns CAD, Gross)

During the quarter, the portfolio returned negative 3.8% compared to a positive 3.8% for the S&P/TSX Total Return Composite Index. Most of the underperformance was due to the Strategy's sector allocation. During the first quarter of 2022, oil prices were up over 30% leading to a 29% return for the Energy sector. Other commodities also saw significant prices increases causing the Materials sector to rise over 20%. With a combined 30% weight in the Index and significantly underrepresented in our portfolio, the two sectors accounted for a significant relative performance headwind. Our sector positioning is not due to a call on the underlying commodity prices, rather an outcome of our focus on sustainable and high dividend growth.

CCL Industries and Stella-Jones were two of the largest individual detractors on a relative basis to the Index, as both companies fall under the Materials sector and trailed much of their peers in the sector exposed to mining. Zoetis was the third largest relative detractor, giving up its outperformance over 2021. Visa, Open Text and Dollarama were our holdings with largest relative contribution, while not owning Shopify also had a significant positive impact.

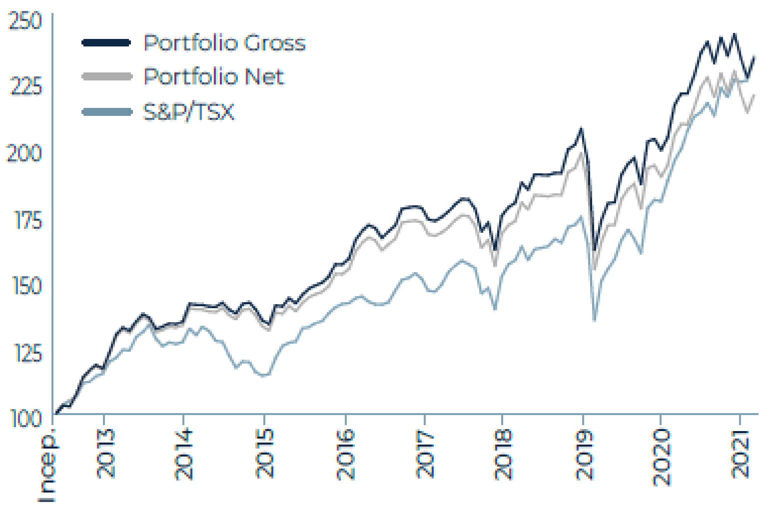
On an absolute basis, Zoetis, FirstService and Enghouse were the largest detractors. Dollarama, Intact Financial and Canadian Pacific Railway were the largest contributors.

Exhibit 8. Canadian Equity Strategy Risk and Return Metrics

PORTFOLIO CHARACTERISTICS

	Portfolio		Index
	Gross	Net	Gross
Number of Securities	23	23	239
Dividend Yield	1.5%	1.5%	2.6%
TTM Dividend Growth	10.4%	10.4%	5.9%
P/E	20.9	20.9	16.8
Forward P/E	20.4	20.4	14.6
Standard Deviation	11.4%	11.4%	11.6%
Sharpe Ratio	0.55	0.49	0.54
Sortino Ratio	0.99	0.88	0.97
Information Ratio	-0.01	-0.13	—
Up Capture	91.8%	89.3%	100%
Down Capture	83.3%	85.6%	100%
Tracking Error	5.72	5.71	—
Portfolio Alpha	1.09	0.38	—
Portfolio Beta	0.89	0.89	—
Active Share	81.8%	81.8%	—

GROWTH OF $100,000 [CAD] As at March 31, 2022



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.

ANNUALIZED GROSS PERFORMANCE [CAD] *Since Inception July 1, 2013

		1M	3M	YTD	1Y	3Y	4Y	5Y	Since Inception*
Bristol Gate Canadian Equity	Gross	3.2%	-3.8%	-3.8%	8.2%	9.2%	7.9%	7.2%	10.2%
	Net	3.1%	-3.9%	-3.9%	7.4%	8.5%	7.2%	6.4%	9.4%
S&P/ TSX Total Return Index		4.0%	3.8%	3.8%	20.2%	14.1%	12.6%	10.3%	10.2%

		2013*	2014	2015	2016	2017	2018	2019	2020	2021	YTD
Bristol Gate Canadian Equity	Gross	18.2%	13.0%	4.3%	12.1%	13.9%	-9.2%	24.4%	1.2%	19.3%	-3.8%
	Net	17.8%	12.2%	3.6%	11.4%	13.1%	-9.9%	23.6%	0.5%	18.4%	-3.9%
S&P/ TSX Total Return Index		14.0%	10.6%	-8.3%	21.1%	9.1%	-8.9%	22.9%	5.6%	25.1%	3.8%

Source: Bristol Gate Capital Partners.

Although our strategy’s relative performance struggled this quarter, the businesses it owns did not. They continue to grow, generating excess free cash flows and attractive returns on invested capital. Thirteen out of twenty-three holdings announced dividend increases during the quarter, averaging at over 11% and the entire group reported an average 10.6% year-over-year revenue growth and 16.1% on earnings growth during the last quarterly reporting cycle.

One change to the portfolio occurred in late January. TC Energy was replaced by Colliers. The sale was primarily driven by lowered dividend growth projections and our hurdle rate.

Colliers is one of the largest global Commercial Real Estate service providers that participates in a growing market that favors large full-service operators. The company and its management have created tremendous value over the years via a well defined and executed capital allocation strategy both as part of

First Service and since Colliers' spin-off in 2015. The company is early on its journey to return capital to shareholders through a growing dividend, with significant room for future growth.

Firm Update

To all our clients, thank you for your continued support and trust. We are determined to do everything we can to provide you continued income growth and strong long-term investment returns going forward.

Sincerely,

The Bristol Gate Team

Important disclosures

Gross returns in this report refer to the Bristol Gate US Equity Strategy Composite and Canadian Equity Strategy Composite. No allowance has been made for custodial costs, taxes, operating costs, management and performance fees, which will reduce performance. Past performance is not indicative of future results. Allowance for withholding tax in the US strategy composite is partially reflected in the composite returns for periods commencing January 2017 and after. The Net returns for the Bristol Gate US Equity Strategy Composite and Canadian Equity Strategy Composite are reflective of the maximum management fee charged by Bristol Gate of 1% and 0.70%, respectively.

The Bristol Gate US Equity Strategy Composite was formerly known as the Bristol Gate US Dividend Growth Composite until April 1, 2015. The Composite inception date was May 15, 2009. The Composite consists of equities of publicly traded, dividend paying US companies and is valued in US Dollars.

The Bristol Gate Canadian Equity Strategy Composite was formerly known as the Bristol Gate Canadian Dividend Growth Composite until April 1, 2015. The Composite inception date was July 1, 2013. The Composite consists of equities of publicly traded, dividend paying Canadian and US companies and is valued in Canadian Dollars.

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.

SPDR S&P 500 ETF Trust (SPY US) sourced from Bloomberg has been used as a proxy for the S&P 500® for the purpose of providing non-return based portfolio statistics and sector weightings.

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 non-return based portfolio statistics and sector weightings.

There is the opportunity to use leverage up to 30% of the net asset value. Leverage is not used as an investment tool to enhance returns, but for cash management needs of certain composite portfolios.

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 pooled funds or ETF 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.

Bristol Gate claims compliance with the Global Investment Performance Standards [GIPS®]. To receive a list of composite descriptions and/or a presentation that complies with the GIPS® standards, please contact us at info@bristolgate.com. Bristol Gate Capital Partners Inc. has been independently verified for the periods commencing May 2009 until December 2015 by Ashland Partners International PLLC and from January 1, 2016 – December 31, 2020 by ACA Group, Performance Services Division.

This piece is presented for illustrative and discussion purposes only. It should not be considered as personal investment advice or an offer or solicitation to buy and/or sell securities and it does not consider unique objectives, constraints, or financial needs of the individual. Under no circumstances does this piece suggest that you should time the market in any way or make investment decisions based on the content. Investors are advised that their investments are not guaranteed, their values change frequently, and past performance may not be repeated. References to specific securities are presented to illustrate the application of our investment philosophy only, do not represent all of the securities purchased, sold or recommended for the portfolio, and it should not be assumed that investments in the securities identified were or will be profitable and should not be considered recommendations by Bristol Gate Capital Partners Inc. A full list of security holdings is available upon request. For more information contact Bristol Gate Capital Partners Inc. directly. The information contained in this piece is the opinion of Bristol Gate Capital Partners Inc. and/or its employees as of the date of the piece and is subject to change without notice. Every effort has been made to ensure accuracy in this piece at the time of publication; however, accuracy cannot be guaranteed. Market conditions may change and Bristol Gate Capital Partners Inc. accepts no responsibility for individual investment decisions arising from the use of or reliance on the information contained herein. We strongly recommend you consult with a financial advisor prior to making any investment decisions. Please refer to the Legal section of Bristol Gate's website for additional information at bristolgate.com.

A Note About Forward-Looking Statements

This report may contain forward-looking statements including, but not limited to, statements about the Bristol Gate strategies, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events and conditions or include words such as "may", "could", "would", "should", "expect", "anticipate", "intend", "plan", "believe", "estimate" and similar forward-looking expressions or negative versions thereof.

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.

Readers are cautioned not to place undue reliance on forward-looking statements and consider the above-mentioned factors and other factors carefully before making any investment decisions. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith. Forward-looking statements are not guarantees of future performance, and actual results could differ materially from those expressed or implied in any forward-looking statements. Bristol Gate Capital Partners Inc. has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation.