

# PARTNERS PROGRAM MANAGER PROFILE

1<sup>st</sup> Quarter 2019



## BRISTOL GATE CAPITAL PARTNERS

### PARTNERS MANDATES

Bristol Gate Capital Partners manages one mandate for the Raymond James Partners Program:

- Bristol Gate US Dividend Grower Strategy

### HISTORY

Bristol Gate Capital Partners Inc. was founded in 2006 and is based in Toronto, Canada. It employs a systematic approach that combines the objectivity of data science, machine learning and rigorous fundamental research to identify concentrated portfolios of companies with superior dividend growth. Bristol Gate manages over \$1B for individuals, pensions and institutions as well as through Financial Advisors via SMA programs and actively managed ETFs which were launched in February of 2018. Along with the US Dividend Growers strategy, Bristol Gate has applied the same investment process to Canadian market - available as the Bristol Gate Concentrated Canadian Equity ETF.

### PORTFOLIO MANAGERS

#### **Peter Simmie, Chief Investment Officer**

Peter brings 35 years of diversified financial experience to Bristol Gate including real estate financial structuring, fund distribution and discretionary portfolio management. As a senior officer and portfolio manager at Nigel Stephens Counsel Inc. he developed the company's expertise in managing international stocks and ETFs as well as managing sovereign and corporate bonds for public mutual funds and private client accounts. He is an experienced industry analyst with doctoral level quantitative training from the Kellogg School of Northwestern University where Mr. Simmie holds the Master of Business Administration and Master of Science degrees.

#### **Izet Elmazi, Senior Portfolio Manager**

Izet joined Bristol Gate in May 2018, bringing almost two decades of experience with him. In his prior roles, he was a Vice President & Portfolio Manager at an emerging high net worth asset manager and, before that, a Portfolio Manager on a team managing approximately \$7 billion at a major Canadian bank.

Having recently joined Bristol Gate, he was attracted to the firm because of its singularly focused, concentrated dividend growth investment philosophy. History has proven that a track record of regular dividend increases is an excellent indicator of the underlying health of a business that not only provides compounding over time but also relative stability during periods of stress. Izet attained his Bachelor of Commerce from University of Toronto, his CPA, CA qualifications and is a CFA Charterholder.

### INVESTMENT PHILOSOPHY & STYLE

Bristol Gate's US Dividend Growers Strategy identifies large cap, investment grade companies, within the S&P 500 universe with the highest expected dividend growth. Our research shows that if you can build a portfolio out of the best dividend growers over the coming 12 months, over time the portfolio will outperform the market with less downside risk. In order to achieve this, Bristol Gate employs a consistent and repeatable investment process that combines both a quantitative methodology combined with fundamental analysis. The Methodology employs Machine Learning algorithms using fundamental and economic factors as inputs. Stocks are initially eliminated if they do not pay dividends, have a limited history of paying dividends or do not have an investment grade credit rating. The output of the Methodology is a "shopping list" of stocks, ranked by their expected dividend growth rates for the next 12 months. Bristol Gate takes this "shopping list" of the top 65 and analyzes them from a fundamental perspective using our Productive Capital Analysis™

approach to build a concentrated portfolio of 22 best dividend growth stocks. Portfolio construction focuses on correlation of returns amongst portfolio holdings rather than sector exposure in order to mitigate risk. Sector and investment style are an output of the investment process.

#### Sell Discipline

A stock is typically sold immediately, when:

- A company fails to meet the annually set Dividend Growth Hurdle
- It changes its fundamental business objective;
- Its debt is downgraded to below investment grade level or a downgrade appears probable;

#### Portfolio Characteristics

- 22 holdings – highest dividend growth stocks in the S&P 500
- Typically exhibits Growth portfolio characteristics however, due to the inherent quality of high dividend growth companies the portfolio has superior downside capture relative to other Growth strategies
- Sector-agnostic – typically underweight to REITs, Utilities, Energy
- Equal-weighted
- Quarterly rebalanced
- Annual turnover is 5-8 names with an average holding period of 3 years

#### KEY FACTS

- Toronto-based, independent employee-owned – 17 employees
- \$1.2B in AUM/AUA in two high Dividend Growth strategies
- Consistent, repeatable investment process that combines data science with fundamental analysis
- Proven 9-year track record, GIPS® verified