

### ARTIFICIAL INTELLIGENCE IN ACTION

Our investment process attempts to remove some of the emotional baggage that can significantly impair decision making during times of stress by using a systematic model driven process to identify high potential ideas...our dividend prediction model consistently processes fundamental, market, analyst and macro data in an unbiased fashion to guide us to where the best income growth opportunities exist. While no model is perfect, and this crisis is somewhat unprecedented, our machine learning model is performing as well as can be expected given the volatility.

Bristol Gate's median 12-month forward dividend growth prediction for the top 65 dividend growers (blue line).

The median 12-month forward dividend growth for the top 65 dividend growers based on consensus estimates (cyan line) as predicted by Wall St. analysts.

Actual 12-month forward median dividend growth for the perfect foresight top 65 dividend growers (black line). This group comprises the actual fastest dividend growers at a particular point in time, lagged 12 months on the graph.

Exhibit 1. Bristol Gate and Consensus Dividend Predictions Vs. Actual Results



If we take March 31, 2020 data points as an example, corresponding with the last data point we have for the perfect foresight portfolio (black line), Bristol Gate predicted the median dividend growth for the top 65 would be 13.1% for the year ending March 31, 2021. This compared to the consensus estimate of 12.6% at the time. Now that we have passed March 2021 and know the results with certainty, we know the actual top 65 dividend growers grew a median of 18.9%. Bristol Gate's forecasts began discounting both the negative impact of COVID-19 and the subsequent recovery earlier and more aggressively than consensus forecasts.

Bristol Gate's dividend growth estimates fell from 18.0% in November 2019 to 16.0% in February 2020, appropriately beginning to capture the effects of the virus and an expected slowdown in cash flows across the market. On the other hand, consensus estimates increased from 14.3% to 14.6% over the same period despite the market having already begun its decline from the peak on February 19th. Bristol Gate's estimates bottomed in April 2020 and recovered to pre pandemic levels by July. In contrast, consensus forecasts bottomed in September 2020 and have yet to return to pre pandemic levels despite having long cleared the most uncertain of times.



## LONG TERM OUT-PERFORMANCE



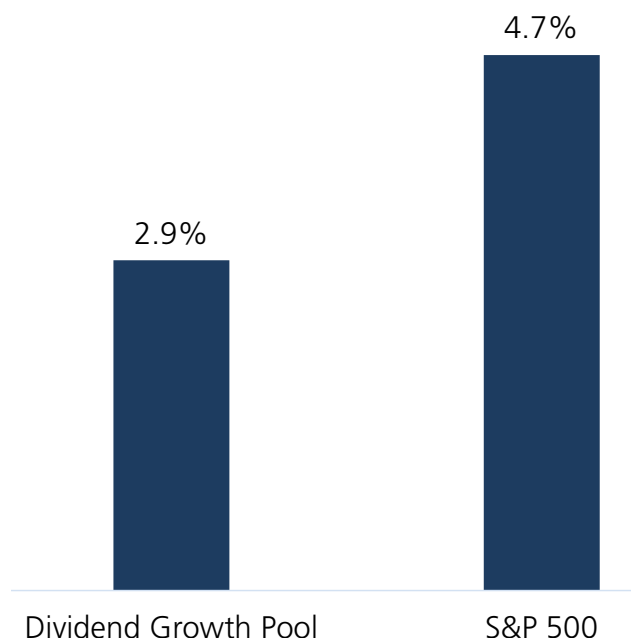
## CHANGES TO PORTFOLIO IN Q1

Two changes were made to the portfolio during the first quarter, along with all positions being rebalanced on January 7-8. Danaher was sold and replaced with Thermo Fischer Scientific. We also added Applied Materials to the portfolio, funding it with the sale of Tyson Foods. See our 2020 Annual Letter for a full discussion on the changes.

## UNDERPERFORMANCE EXPLAINED

We believe our strategy's recent underperformance has largely be driven by macro trends and positioning rather than any actual shifts in long term fundamentals. Our portfolio has historically had a quality, growth and momentum tilt. Unfortunately, those attributes are generally not rewarded in the early parts of an economic recovery. Like past periods immediately following major recessionary bottoms, much of the rally over the last year has been driven by low quality, high volatility stocks that many investors flock too as fears of widespread bankruptcies dissipate. At this point, we believe much of the bullishness of a reopening economy is priced into that segment of the market and now the fundamentals must catch up to price.

## Q1 2021 PERFORMANCE



Top Graph: A Dividend Growth Pool Series A is 7.83% YTD as of April 16, 2021. 17.4% and 15.7% are annualized gross performance (USD) returns for the Bristol Gate US Equity Strategy and the S&P 500 Total Return Index, respectively. These returns are as of March 31, 2021, since May 15, 2009. The graph provides performance comparison of Bristol Gate US Equity Strategy to S&P 500 Total Return Index. VPI Dividend Growth Pool is being managed using the same investment methodology as Bristol Gate US Equity Strategy. Q1 2021 performance represents Dividend Growth Pool Series A.



## Standard Performance Information

	1 YEAR	SINCE INCEPTION
<b>SERIES A</b>	30.0%	7.5%

Note: Annualized returns as of March 31, 2021.  
Inception date: November 6, 2019.

### DISCLAIMER

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The complete holdings of the Pool are disclosed in its Statement of Investment Portfolio semi-annually. On a quarterly basis, the Pool discloses its top 25 holdings in its Summary of Investment Portfolio. Both these documents are available on our website at [www.valuepartnersinvestments.ca](http://www.valuepartnersinvestments.ca). Value Partners is a registered fund manager, portfolio manager, and exempt market dealer and has engaged Bristol Gate Capital Partners Inc., a registered portfolio manager, to make decisions about the investments made by the Pool – these investment decisions are not made by Value Partners.

Commissions, trailing commissions, management fees, and expenses all may be associated with mutual fund investments. Please read the fund facts document and the prospectus before investing. The indicated returns represent historical annual compounded total returns, including changes in share or unit value and reinvestment of all dividends, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance will not tell you how the Pool will perform in the future.

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