

Why Invest in Canadian Equities?

Canadian equities are relatively inexpensive compared with their U.S. peers when measured by price-to-book and price-to-sales ratios. Our Canadian equity strategy is meant to provide investors with long-term capital growth by investing primarily in equity securities of major Canadian companies in order to provide broad exposure to economic growth opportunities in Canada.

Philosophy

We believe that superior investment returns are achieved by taking a long-term, bottom-up, value-oriented approach to investing based on detailed fundamental research and analysis. Our proven philosophy revolves around two long-standing core concepts:

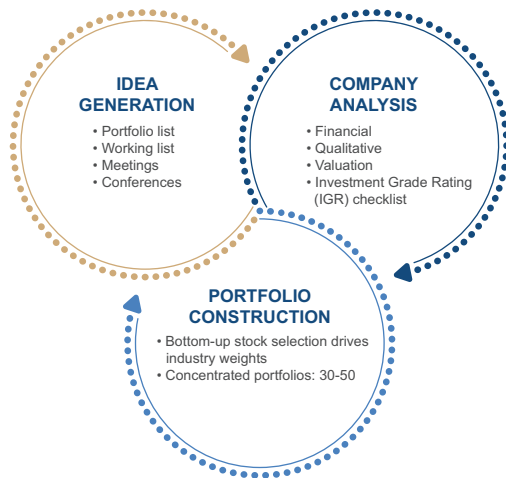
Understanding Quality

- Focus on key business drivers (competitive advantage, pricing, cost structure, growth etc.) and the predictability of those drivers
- Assessing business performance in the last downturn and subsequent changes to business model
- Analyzing true free cash flow conversion of the business
- Assessing capital allocation history and balance sheet strength
- Track record on governance and shareholder alignment

Disciplined on Valuation

- Wait until expectations are low and risk/return more attractive
- Assess value relative to:
 - The company's historic valuation
 - The broader market and its global peers
 - The quality of the company
- Understand changes in the market and/or business and their structural impact on valuation
- Apply absolute valuation cap to reduce downside risk

Investment Process



Investment Grade Rating (IGR) Checklist Summary

	1	3	5	RATING
Business Fundamentals				
Growth (past 10 years)				
Financial Strength				
Profitability				
Corporate Governance				
Share Liquidity				
Overall Investment Grade				

FGP ranks the quality of a company from 1 to 5

1 - Highest Quality

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5 - Acceptable Quality

Team

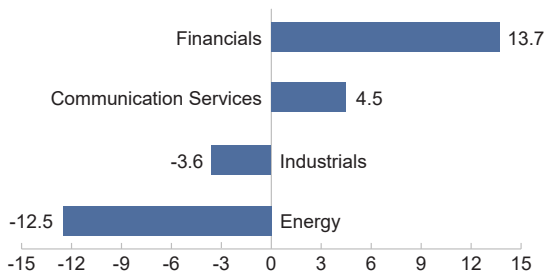
Team Member	Roles and Responsibilities	Year Joined FGP	Year Joined Industry
Bryan Pilsworth, CFA, MBA	Portfolio Manager (large cap)	2007	2002
John Berry, CFA, MBA, P. Eng	Portfolio Manager (large cap)	1998	1998
Tom Duncanson, CFA	Portfolio Manager (small cap) Research - Materials	2004	2004
Brandon Tu, CFA, CPA, CA, MAcc	Portfolio Manager (equity income) Research - Industrials, Consumer Discretionary, Information Technology	2008	2001
Zubaida Mirza, CFA, MBA	Research - Energy, Utilities	2008	1996
Owen Ko, CFA, CPA, MBA	Research - Financials, Communication Services, Health Care	2013	2001
Frank Meng, CFA, CPA, CA	Research - Generalist	2019	2013
Graeme Lang, BA	Trader	2017	2001

Performance*

Annualized Returns as at Mar. 31, 2021 (%)	3 mths	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	7 yrs	Since inception
FGP Canadian ex-Energy Equity Fund (CAD)	13.9	54.7	11.4	-	-	-	-	6.1
S&P/TSX Total Return Index (CAD)	8.1	44.2	11.2	-	-	-	-	8.6
Value Added	+5.8	+10.5	+0.2	-	-	-	-	-2.5

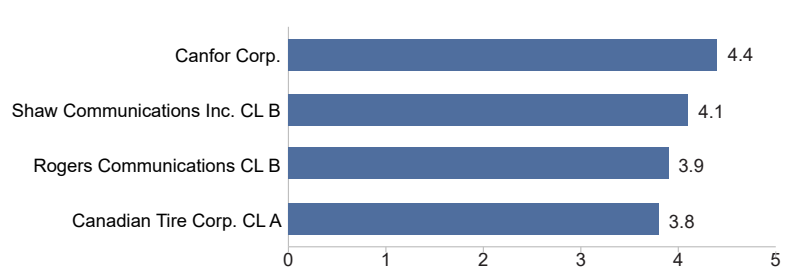
Calendar Year Returns (%)	2020	2019	2018	2017	2016	2015	2014	2013
FGP Canadian ex-Energy Equity Fund (CAD)	3.6	12.5	-	-	-	-	-	-
S&P/TSX Total Return Index (CAD)	5.6	22.9	-	-	-	-	-	-
Value Added	-2.0	-10.4	-	-	-	-	-	-

Sector Positioning (%)**
(relative to the S&P/TSX Composite Index)



Number of stocks in the portfolio: 25

Conviction: Largest Overweights (%)
(relative to the S&P/TSX Composite Index)



Active share: 72%

Manager's Commentary

As with all of our equity strategies at FGP, our aim is to own a select and concentrated group of high-quality, dividend paying companies with attractive valuations and management teams whose interests are aligned with those of their shareholders. Our Canadian Ex-Energy Equity strategy is rooted in the same disciplined and sustainable value investment philosophy and process as our broader flagship Canadian Equity strategy. However, the Canadian Ex-Energy Equity strategy does not own companies in the Energy sector as defined by the Global Industry Classification Standard (GICS). The result is a strategy with a materially lower carbon intensity than the benchmark that aims to generate sustainable, long-term investment returns for clients.

As long-term investors, we take an active approach to integrating ESG factors into our investment analysis across all strategies to better manage risk and to support our efforts to generate sustainable long-term returns for our clients. As part of our ongoing commitment to enhancing our ESG research process, we offer this dedicated strategy to investors who are looking for the same long-term value investment approach our team provides, without the exposure to the Energy sector.

Our strategy has a high allocation to companies that we believe are well positioned to benefit from the ongoing global recovery. For example, our Materials companies should continue to benefit from improvements in the prices of underlying commodities – like copper and lumber – with strong fundamentals and reasonable valuations. In addition, we expect our Financials companies to continue generating meaningful value-add for our strategy. The Canadian banks, insurance companies and asset managers that we own trade at reasonable valuations, supported by several tail winds including stronger markets, a steepening yield curve, lower credit losses, very high regulatory capital levels (possibly resulting in more future buybacks), dividend growth resumption and improved sentiment (which should lead to higher share prices).

We believe that our strategy offers strong quality and value characteristics. Relative to the S&P/TSX Composite Index, our portfolio has a lower forward price-to-earnings (P/E) valuation, a lower price-to-book (P/B) multiple and a higher dividend yield, while generating similar profitability levels as the overall Canadian market and offering a carbon intensity level that is 40% better than that of its benchmark.

*Investment returns are gross of investment management fees, and include reinvestment of dividends and income. Values change frequently and past investment performance may not be repeated. Performance inception date: June 30, 2018.

**Top two and bottom two sectors positioning. Source for the charts: FGP and TD Securities. S&P/TSX Index Data. Source: TSX Copyright (2021) TSX Inc. All rights reserved.