

Investing in the FGP Core Plus+ Bond Fund

Expertise in credit analysis is a core competency of our Fixed Income team. The FGP Core Plus+ Bond Fund leverages this competitive advantage to create an investment solution that improves risk and return metrics of a universe bond solution. This is accomplished by investing in a core of federal, provincial, municipal, and investment grade corporate bonds while utilizing greater flexibility in allocations to each segment. Additionally, this solution further improves the risk and return profile by opportunistically adding “Plus” components such as high yield bonds, hybrids (bonds and preferred shares), convertibles, and foreign bonds.

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:

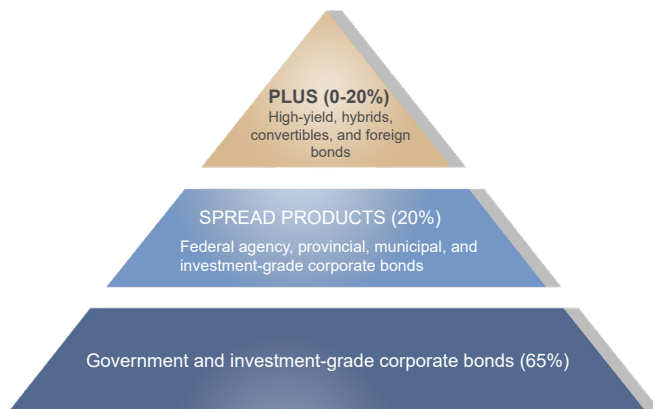
Understanding Quality

- We use a rigorous credit process to differentiate the level of risk between companies and each security they issue
- We seek to understand each business so that we can appreciate how a company’s financial management and organizational structure complement or detract from the base business risk
- The credit process culminates in the FGP Investment Grade Rating (IGR), an internal risk rating of a company and the securities it issues

Disciplined on Valuation

- We employ a proprietary risk-based valuation tool to select fixed income investments
- Each security has an internal rating based on our internal credit research
- Using the internal rating we then use the proprietary FGP Internal Spread Matrix to determine if the market valuation is attractive
- This unique method of determining value enhances both the buy and sell decision

Investment Structure



Guidelines	
Cash range	0% -10%
Government / Government-guaranteed bonds	Minimum: 20%
Corporate bonds	Maximum: 80%
Plus* component: High-yield bonds, hybrids (bonds and preferreds), convertibles, and foreign bonds	Maximum: 20%
Minimum bond credit quality	B (low)
Minimum bond portfolio credit quality	A
Duration	± 2 years vs. benchmark
Maximum direct holdings	50

*This Fund can include investments in any FGP fixed income funds as well as individual investment-grade securities.

Team

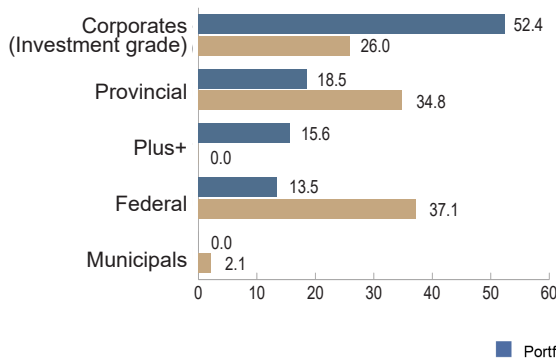
Team Member	Roles and Responsibilities	Year Joined FGP	Year Joined Industry
Ryan Domsy, CFA, MEcon, FRM	Portfolio Manager & Head of Fixed Income	2010	2008
Robert Head, BA	Portfolio Manager & Chair of the Investment Committee	1998	1990
Cam Greenwood, CFA	Portfolio Manager & Senior Analyst	2007	2007
Andy Thi, CFA	Senior Credit Analyst	2016	2012
Brooke Biscoe, CFA	Credit Analyst	2019	2013
Jesse Cotton, CFA, MBA	Trader/Junior Credit Analyst	2015	2015

Performance*

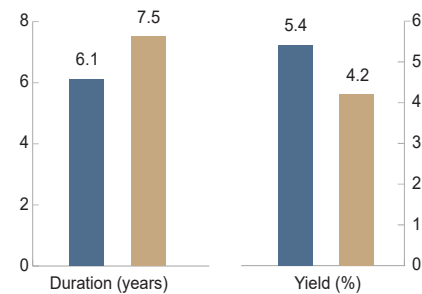
Annualized Returns as at Sept. 30, 2022 (%)	3 mths	1 yr	2 yrs	3 yrs	4 yrs	5 yrs	7 yrs	Since inception
FGP Core Plus+ Bond Fund (CAD)	-0.5	-9.6	-1.7	1.1	2.2	2.3	-	3.0
FTSE Canada Universe Bond Index (CAD)	0.5	-10.5	-7.0	-2.5	0.4	0.7	-	0.8
Value Added	-1.0	+0.9	+5.3	+3.6	+1.8	+1.6	-	+2.2

Calendar Year Returns (%)	2021	2020	2019	2018	2017	2016	2015	2014
FGP Core Plus+ Bond Fund (CAD)	4.5	10.1	6.2	0.7	5.3	5.3	-	-
FTSE Canada Universe Bond Index (CAD)	-2.5	8.7	6.9	1.4	2.5	1.7	-	-
Value Added	+7.0	+1.4	-0.7	-0.7	+2.8	+3.6	-	-

Sector Allocation (%)
(as at September 30, 2022)



Portfolio and Benchmark Characteristics
(as at September 30, 2022)



Source for both graphs: PC Bond Analytics. Totals may not add to 100% due to rounding.

Manager's Commentary

The U.S. Federal Reserve (the Fed) and the Bank of Canada (the BoC) continued their campaigns to reduce the amount of monetary policy accommodation available in the system by engaging in multiple rate hikes during the quarter. Both central banks have now raised their main policy rates to 3.25%, a substantial increase of 300 basis points since they began hiking rates in the first quarter of the year. Even with these sizable increases, and with certain commodity prices taking some pressure off total inflation readings (i.e., oil being comfortably below USD 90 per barrel), we continue to see stubbornly high core inflation and wage growth trends keeping the strain on central banks. We do not believe that either the Fed or the BoC have finished their hiking cycles, with further adjustments to come.

As many will be aware, changes in monetary policy have a direct impact on the fixed income market, and we witnessed yields at the front end of the Canadian yield curve continue their seemingly relentless march higher. As an example, the five-year benchmark Government of Canada bond finished the quarter approximately 20 basis points higher at a yield of 3.32%. For context, the last time this yield hit this level was during the middle months of 2008. Movements at the longer end of the curve (the 10-year and 30-year benchmarks) were quite volatile but ultimately finished the quarter at a more subdued rate of change, decreasing by approximately five basis points quarter-over-quarter.

*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: December 31, 2015.

FGP Core Plus+ Bond Fund was launched on October 31, 2017. Historical performance from December 31, 2015 to October 31, 2017 is based on the Core Plus Mandate. From October 31, 2017 onwards, performance is based entirely on the Fund.

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