

INVESTMENT OBJECTIVE

The FGP Canadian Equity Dividend Fund (the “Fund”) aims to generate an attractive total investment return through long-term capital growth as well as dividend and other income. To achieve this, the Fund will primarily invest in a diversified mix of dividend-paying Canadian and foreign equity securities.

INVESTMENT STRATEGY

FGP employs a long-term, bottom-up value-oriented approach to security selection. The portfolio manager, supported by FGP’s research team, is responsible for security selection and portfolio construction within FGP’s diversification and risk control guidelines.

PERFORMANCE OBJECTIVE

The Fund’s objective is to exceed the return of its Performance Benchmark over five-year periods.

Performance Benchmark

S&P/TSX Composite Dividend Index

PERMISSIBLE INVESTMENTS

Eligible equity investments include publicly-listed common and preferred shares. Also eligible are income trust units, real estate investment trusts, royalty trusts and limited partnerships provided they trade on the S&P/TSX and are domiciled in a Canadian province that has enacted limited liability legislation. Companies with a history of distributing capital in the form of income distributions will be avoided.

Eligible cash and money market investments include cash and demand deposits, short term debt securities of Canadian government(s) and corporate issuers including treasury bills issued by the Federal, Provincial or Territorial governments or any of their agencies; bankers’ acceptances, term deposits, commercial paper, the FGP Money Market Fund, and any other evidences of indebtedness with terms to maturity of less than one year.

The Fund may use derivatives, such as currency forwards as permitted by Canadian securities laws, to hedge against potential currency fluctuations.

Diversification and Risk Control Guidelines

The Fund has established guidelines to ensure the investments of the Fund are diversified. The assets of the Fund are invested in a prudent fashion with securities selected for their overall contribution to the investment objective of the Fund.

Security Level Guidelines: The Fund typically holds 20 to 50 equity securities, and the individual weight for each equity investment will vary based on FGP’s assessment of quality. Each security is limited to a maximum weight of 10% of the market value of the Fund. The top ten equity investments are limited to 55% of the Fund’s market value. The maximum weighting in preferred shares is 25% of the market value of the Fund. The minimum credit quality for any short-term money market investments is ‘A’ or ‘R1’.

Sector Level Guidelines: The Fund is required to have holdings in a minimum of seven sectors. There is no minimum investment requirement within a sector. Total investments in any sector may not exceed the performance benchmark sector weight plus 15%.

Cash Level Guidelines: The Fund may have a maximum cash weighting of 5%.

FGP CANADIAN EQUITY DIVIDEND FUND

Investment Policy Statement | January 1, 2019



Market Capitalization (Cap) Guidelines: The Fund invests directly and indirectly in a diversified portfolio of stocks, generally with a market cap greater than \$800 million. Investments of any holding cannot exceed 15% of the company's market cap. The minimum market cap for any direct investment is \$100 million at the time of purchase. The following additional guidelines are designed to ensure a diversified portfolio of small, mid and large size companies:

| COMPANY MARKET CAP (C\$) | MINIMUM % OF FUND | MAXIMUM % OF FUND |
|------------------------------|-------------------|-------------------|
| Over \$4 billion | 40% | 100% |
| \$800 million to \$4 billion | 0% | 60% |
| Under \$800 million | 0% | 25% |

FUND FACTS

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|--|---|
| Fund Code | 1031 |
| Fund Class | A |
| Performance Inception Date | February 28, 2015 |
| Taxable Investors (Non-Registered Plans) | Eligible |
| Non-Taxable Investors (Registered Plans) | Eligible |
| Valuation Frequency | Daily |
| Distribution Frequency | Income – Monthly Capital Gains – Minimum Annually |
| Expense Ratio * | nil (2017) |
| Trustee | CIBC Mellon Trust Co. |
| Custodian | CIBC Mellon Trust Co. |
| Auditor | Deloitte LLP |

The units of the Fund are issued and redeemed at the applicable net asset value per unit. The net asset value is determined daily at the close of each business day.

Net investment income and net realized gains on investments are paid to unitholders on a periodic basis as indicated. Distributions are made to unitholders of record at the close of business on the second last day of the month, pro rata to their holdings in the Fund as of that date.

Temporary variances from these investment policy guidelines will generally be corrected within 90 days.

*The Fund incurs direct expenses for services provided by the Trustee, Custodian, Registrar and Auditor. The annualized expense ratio for the Fund for the most recently completed year is presented above. FGP does not charge management fees directly to the Fund.

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