

FGP SHORT TERM BOND FUND

Investment Policy Statement | March 31, 2022



INVESTMENT OBJECTIVE

The FGP Short Term Bond Fund (the “Fund”) aims to generate an attractive total investment return through income and capital appreciation primarily through investments in debt obligations and other evidences of indebtedness of Canadian, U.S., and international issuers. To achieve this, the Fund will invest in a diversified mix of fixed income securities with a maximum modified duration of five years.

PERFORMANCE OBJECTIVE

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

PERMISSIBLE INVESTMENTS

Eligible fixed income investments include bonds, debentures, notes, coupons, residuals and other evidence of indebtedness of Canadian or foreign issuers, whether denominated and payable in Canadian dollars or a foreign currency, mortgage-backed securities, asset-backed securities, floating rate notes, private placements, real return bonds, extendible/retractable bonds, and other fixed income oriented securities.

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

Security Level 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.

Investment limits for fixed income securities as a percentage of the portfolio are as follows:

TYPE OF ISSUE	GUIDELINES
Total Federal and Federally-Guaranteed Issues	Minimum: Benchmark Index weight - 20%
Total Provincial, Provincially-Guaranteed and Municipal Issues	Range: Benchmark Index weight +/- 20%
Total Corporate Issues	Maximum: Benchmark Index weight + 20%
Foreign Currency Issues and Foreign Issuers	Maximum 20%
Corporate Issuers rated ‘BBB’	Maximum: Benchmark Index weight + 10%
Single Corporate Issuer rated ‘AA’ or higher	Maximum 10%
Single Corporate Issuer rated ‘A’	Maximum 8%
Single Corporate Issuer rated ‘BBB’	Maximum 6%

INVESTMENT STRATEGY

FGP utilizes a multi-strategy approach, including: interest rate anticipation, credit sector/security selection, and yield-enhancing strategies in the context of a value-oriented approach. The portfolio managers, supported by FGP’s research team, are responsible for security selection and portfolio construction within FGP’s diversification and risk control guidelines.

Performance Benchmark

FTSE Canada Short Term Overall Bond Index.

FGP SHORT TERM BOND FUND

Investment Policy Statement | March 31, 2022



Cash Level Guidelines: The Fund may have maximum cash or money market holdings of 10%.

Credit Quality Guidelines: The minimum credit quality for a fixed income investment at the time of purchase is 'BBB', as assessed by FGP portfolio managers or analysts, or as determined by a recognized credit rating agency. The minimum overall credit quality for the fixed income portfolio is 'A', and the minimum credit quality for any short-term money market investments is 'R1' or 'A.'

Duration/Term to Maturity Guidelines: The modified duration range for the fixed income portfolio is plus or minus one year around the duration of the FTSE Canada Short Term Overall Bond Index.

FUND FACTS

Fund Code	1027
Fund Class	A
Performance Inception Date	June 30, 2010
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 *	0.04%
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 investment are paid to unitholders on a periodic basis as indicated. Distributions are made on a pro rata basis within each class to unitholders of record at the close of business on the second last business day prior to the date of distribution.

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 2021 expense ratio for the Fund is presented above. FGP does not charge management fees directly to the Fund.

FOYSTON, GORDON & PAYNE INC.

1 Adelaide Street East, Suite 2600, Toronto, ON M5C 2V9
416.362.4725 844.FOYSTON (369.7866) www.foyston.com