

FGP CANADIAN EQUITY DIVIDEND FUND

Investment Policy Statement | June 1, 2023



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.

The Fund may invest in units of other FGP Funds from time to time. The Fund may invest all of its assets in units of other FGP Funds. In selecting in which (if any) other Funds the Fund may invest, FGP’s portfolio managers consider whether the underlying Fund will contribute to accomplishing the Fund’s investment objectives including managing diversification, liquidity or other investment risks. Investors in the Fund are entitled, on request, to receive a copy of the Offering Memorandum and the annual and interim financial statements of the underlying Fund(s) from FGP at no charge. If a conflict exists between this policy statement and a policy statement of an underlying Fund, the policy statement of the underlying Fund shall prevail.

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%.

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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 in a single issuer cannot exceed 15% of the issuer's market cap, and at the time of purchase, an issuer must have a minimum market cap of \$100 million. The following additional guidelines are designed to ensure a diversified portfolio of small, mid and large sized 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

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 *	0.03%
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 may engage in securities lending.

*The Fund incurs direct expenses for services provided by the Trustee, Custodian, Registrar and Auditor. The 2022 expense ratio for the Fund is presented above. FGP does not charge management fees directly to the Fund.

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