

INVESTMENT OBJECTIVE

The FGP U.S. Equity SMA (the “Strategy”) aims to generate an attractive total investment return through long-term capital growth as well as dividend and other income. To achieve this, the Strategy will invest primarily in a diversified mix of U.S. 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 Strategy’s objective is to exceed the return of its Performance Benchmark over rolling five-year periods.

Performance Benchmark

S&P 500 Index (C\$)

Asset Allocation Guidelines

The FGP Investment Committee is responsible for strategic and tactical asset mix decisions.

	MINIMUM	MAXIMUM
Cash & Equivalents	2%	10%
U.S. Equities	90%	98%

PERMISSIBLE INVESTMENTS

Eligible equity investments include publicly-listed common and preferred shares, debentures convertible into common or preferred shares, installment receipts, and exchange-traded index participation units. All assets selected for the Strategy must have a readily ascertainable market value.

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, and any other evidences of indebtedness with terms to maturity of less than one year.

Prohibited investments include: private placements, commodities, initial public offerings, unregistered letter stock, warrants, non-Canadian Limited Partnerships, OPALS, derivative instruments, swaps, Global Depository Receipts, and other specialized investment activities.

Diversification and Risk Control Guidelines

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

Security Level Guidelines: The Strategy typically holds 20 to 30 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 Strategy. The minimum credit quality for any short-term money market investments is ‘R1’ or ‘A’.

FGP U.S. EQUITY SMA

Investment Policy Statement | January 1, 2020



Sector Level Guidelines: The Strategy is required to have holdings in a minimum of six sectors. There is no minimum investment requirement within a sector. Total investments in any sector may not exceed the performance benchmark sector weight plus 10%.

Market Capitalization (Cap) Guidelines: The Strategy invests directly and indirectly in a diversified portfolio of stocks, generally with a market cap greater than \$3 billion. The minimum market cap for any one holding is \$1 billion.

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