

FGP PREFERRED SHARE FUND

Investment Policy Statement | September 30, 2024



INVESTMENT OBJECTIVE

The FGP Preferred Share Fund (the "Fund") aims to generate an attractive total investment return through stable income and long-term capital appreciation primarily through investments in preferred shares and other income oriented securities of Canadian, U.S., and international issuers. To achieve this, the Fund will invest in a diversified mix of income generating securities.

INVESTMENT STRATEGY

FGP utilizes a multi-strategy approach, including security selection, sector allocation, and interest rate anticipation in the context of a long-term, value-oriented approach. 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 Preferred Share Index

PERMISSIBLE INVESTMENTS

Eligible investments include publicly-listed preferred shares, including securities convertible into preferred or common shares.

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.

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 individual weight for each investment will vary based on FGP's assessment of quality. Each issuer is limited to a maximum weight of 10% of the market value of the Fund. The top ten issues are limited to 60% of the Fund's market value.

Investments in any single issue cannot exceed 15% of the total issue size.

FGP PREFERRED SHARE FUND

Investment Policy Statement | September 30, 2024

Maximum investment limits for preferred shares are as follows:

TYPE OF ISSUE	MAXIMUM
Single Issue rated P1*	8%
Single Issue rated P2*	6%
Single Issue rated P3*	5%
Total Issues rated P4, P5 or unrated*	5%
Foreign Currency Issues	25%

* or bond equivalent rating

Cash Level Guidelines: The Fund may have maximum cash or short-term holdings of 10%.

Credit Quality Guidelines: The minimum overall credit quality for the preferred share portfolio is 'P2', and the minimum credit quality for any short-term money market investments is 'R1' or 'A.'

FUND FACTS

Fund Code	1033
Fund Class	N
Performance Inception Date	December 31, 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 *	0.04%
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 may engage in securities lending.

*The Fund incurs direct expenses for services provided by the Trustee, Custodian, Registrar and Auditor. The 2023 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