

INVESTMENT OBJECTIVE

The FGP Mortgage Fund (the “Fund”) aims to generate an attractive total investment return through income and long-term capital appreciation primarily through investments in mortgage obligations and other evidences of mortgage-related indebtedness of Canadian, U.S., and international borrowers. To achieve this, the Fund will invest primarily in a diversified mix of mortgage securities.

PERFORMANCE OBJECTIVE

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

PERMISSIBLE INVESTMENTS

Eligible investments include private or public market securities secured by real property or cash flow streams, mortgage-backed securities, asset-backed securities, bonds, debentures, notes, coupons, residuals, floating rate notes, private placements, limited partnerships, real return bonds, extendible/retractable bonds, other evidence of indebtedness of Canadian or foreign issuers, whether denominated and payable in Canadian dollars or a foreign currency, and other mortgage-related fixed income oriented securities (including preferred shares and equities). These investments include, but are not limited to, direct mortgage lending, first mortgage bonds, secured and unsecured mortgage-related debentures, and indirect investments in both open and closed mortgage pools and securitizations, income loans, construction loans, land loans, loan participations units, senior secured, junior secured and mezzanine loans.

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 evidence 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 suitability. Specific ranges for direct and indirect investments are provided below. Credit rating limits will use credit ratings as assessed by FGP portfolio managers or analysts, or as determined by a recognized credit rating agency.

Cash Level Guidelines: The Fund may have a maximum cash weighting of 20%. The minimum credit quality for any short-term money market investments is 'R1' or 'A'.

FGP MORTGAGE FUND

Investment Policy Statement | September 30, 2024



Security Level Guidelines: The individual weight for each investment will vary based on FGP's assessment of suitability. Specific ranges for direct and indirect investments are provided below:

| TYPE OF INVESTMENT | MAXIMUM |
|-----------------------------------------------------------------|---------|
| Direct investments - Single mortgage/borrower | |
| • Single mortgage/borrower rated 'BBB (Low)' or better | 10% |
| • Single mortgage/borrower rated below 'BBB (Low)' | 6% |
| Indirect mortgage investments (mortgage pools – all structures) | |
| • Rated 'BBB (Low)' or better – Aggregate Limit | 100% |
| • Unrated or Rated below 'BBB (Low)' - Aggregate limits | 80% |
| Foreign mortgages/borrowers – Aggregate limit | 75% |

Redemption Guidelines: Unitholders may redeem units of the Fund on the last business day of each calendar month ("Monthly Redemption Date") by providing a request to redeem before 4:00 pm on the 15th day of that month (or the next business day, if the 15th day of the month is not a business day). If, in a given month, one or more redemption requests for more than 10% of the net asset value of the Fund is received by the deadline to submit redemption requests, such redemption requests will be processed on a pro rata basis up to the maximum aggregate redemption proceeds of 10% of the net asset value of the Fund as at the Monthly Redemption Date or such greater amount as may be determined by FGP in its sole discretion.

FUND FACTS

| | | |
|------------------------------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fund Code | 1036 | 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. |
| Fund Class | N | |
| Performance Inception Date | August 31, 2021 | 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 |
| Taxable Investors (Non-Registered Plans) | Eligible | |
| Non-Taxable Investors (Registered Plans) | Eligible | |
| Valuation Frequency | Daily | Temporary variances from these investment policy guidelines will generally be corrected within 90 days. |
| Distribution Frequency | Income – Monthly Capital Gains – Minimum Annually | |
| Expense Ratio * | 0.15% | The Fund may engage in securities lending. |
| Trustee | CIBC Mellon Trust Co. | |
| Custodian | CIBC Mellon Trust Co. | |
| Auditor | Deloitte LLP | |

*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.

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