FGP INCOME FUND

Investment Policy Statement | June 1, 2026

FOYSTON, GORDON & PAYNE INC.
INVESTMENT COUNSEL

INVESTMENT OBJECTIVE

The FGP Income Fund (the "Fund") aims to generate an attractive total investment return through income and long-term capital growth. To achieve this, the Fund will invest primarily in a diversified mix of debt obligations and other evidences of indebtedness of primarily Canadian issuers, preferred shares, common shares, income trusts and real estate investment trusts.

The Fund is primarily oriented to taxable individuals and organizations and its objective is to optimize after-tax returns.

INVESTMENT STRATEGY

FGP utilizes interest rate anticipation, credit sector and security selection strategies in the context of a long-term, bottom-up, 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

FGP Income Blended Benchmark:

TOTAL RETURN BENCHMARK INDEX	WEIGHT
FTSE Canada 91 Day Treasury Bill Index	5%
FTSE Canada Universe Bond Index	35%
S&P/TSX Dividend Index	30%
S&P/TSX Preferred Share Index	30%

Asset Allocation Guidelines

ASSET CLASS	MINIMUM	BENCHMARK	MAXIMUM
Cash and Short-Term[1]	0%	5%	10%
Fixed Income	15%	35%	60%
Preferred Shares	10%	30%	50%
Common Shares	10%	30%	50%

[1] *Securities with a term to maturity of one year or less. Primarily invested in the FGP Money Market Fund.*

PERMISSIBLE INVESTMENTS

Eligible equity investments include primarily, but not exclusively, CDN$ denominated publicly-listed common and preferred shares, securities convertible into common or preferred shares, installment receipts, American Depository Receipts, Global Depository Receipts and exchange-traded index participation units. 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.

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.

From time to time, the Fund may invest in units of other related funds for which FGP is the manager and adviser ("FGP Funds"). 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 Investment Policy Statement, Offering Memorandum and the annual and interim financial statements of the underlying Fund(s) from FGP at no charge.

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.

Equity

Security Level Guidelines: Investments in other FGP Funds are governed by the Investment Policy Statement of the respective fund. For any direct holdings, the number will typically not exceed 40 common equity investments. The individual weight for each equity investment will vary based on FGP's assessment of quality. Each security is limited to a maximum weighting of 10% of the market value of the equity component of the Fund.

Market Capitalization (Cap) Guidelines: The minimum market cap for any one direct holding is $50 million at the time of purchase. Investments in any holding cannot exceed 10% of the company's market cap. The maximum weight of equities with a total issuer market capitalization of less than $800 million is 35%.

Fixed Income

Security Level Guidelines: Investments in other FGP Funds are governed by the Investment Policy Statement of the respective fund. The number of direct holdings will typically not exceed 50 fixed income investments.

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

Credit Quality Guidelines: Investments in other FGP Funds are governed by the Investment Policy Statement of the respective fund. The minimum credit quality for a directly held corporate bond 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 directly held corporate bond portfolio is 'BBB', and the minimum credit quality for any short-term money market investments is 'R1' or 'A.' The minimum credit quality for any directly held preferred shares at the time of purchase is 'P3-Low'.

FUND FACTS

Fund Code	1025
Fund Class	N
Portfolio Adviser and Fund Manager	Foyston, Gordon & Payne Inc.
Performance Inception Date	June 30, 2009
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 *	0.09%
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 2025 expense ratio for the Fund is presented above. FGP does not receive a management fee directly from any FGP Fund in relation to Class N Units.