

FGP BALANCED FUND

Investment Policy Statement | January 1, 2017

INVESTMENT OBJECTIVE

The FGP Balanced 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 equity securities and fixed-income securities.

INVESTMENT STRATEGY

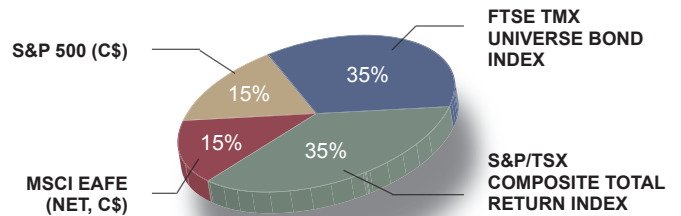
FGP employs a long-term, bottom-up value-oriented approach to security selection. The portfolio manager, supported by FGP's research team, is responsible for security selection and portfolio construction within FGP's diversification and risk control guidelines.

PERFORMANCE OBJECTIVE

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

Performance Benchmark

FGP Balanced Blended Benchmark:



Asset Allocation Guidelines

The FGP Investment Committee is responsible for strategic and tactical asset mix decisions. The Fund presently targets a long-term asset allocation of 35% fixed income and 65% equities, within the following ranges:

ASSET CLASS	MINIMUM	BENCHMARK	MAXIMUM
FIXED INCOME			
Cash and Money Market	0%	-	10%
Bonds and Preferred Shares	20%	35%	60%
TOTAL FIXED INCOME	20%	35%	60%
EQUITIES			
Canadian	20%	35%	50%
Foreign	20%	30%	60%
TOTAL EQUITIES	40%	65%	80%

PERMISSIBLE INVESTMENTS

The Fund consists primarily of units of FGP pooled funds, including the FGP Canadian Equity Fund, FGP Small Cap Canadian Equity Fund, FGP U.S. Equity Fund, FGP International Equity Fund, FGP Global Equity Fund, FGP Emerging Markets Equity Fund, FGP Conservative Bond Fund, FGP Universe Bond Fund, FGP Corporate Bond Fund, FGP Preferred Share Fund, and FGP Canadian Balanced Fund. Within these pooled funds, eligible equity investments include publicly-listed common and preferred shares, debentures convertible into common or preferred shares, including foreign companies listed on a Canadian stock exchange, installment receipts, American Depository Receipts, Global Depository Receipts, and exchange-traded index participation units. Also eligible are Canadian 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 including Preferred 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, the FGP Short Term Investment 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.

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.

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.

Equity

Please refer to each relevant FGP Fund Investment Policy Statement for information relating to: Security level guidelines, sector level guidelines, country and regional guidelines, and market capitalization guidelines.

Fixed Income

Security Level Guidelines: The number of direct and indirect holdings will typically range from 25 to 75 fixed income investments. Maximum investment limits are provided in each relevant FGP Fund Investment Policy Statement.

Credit Quality Guidelines: The minimum credit quality for a fixed income investment 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 fixed income portfolio is 'A', and the minimum credit quality for any short-term money market investments is 'R1' or 'A'.

Duration/Term to Maturity Guidelines: The modified duration range for the bonds and debentures portion of the fixed income portfolio is plus or minus two years around the duration of the FTSE TMX Universe Bond Index. The maximum term to maturity for the Short Term Investment Fund or any short-term investment is 365 days.

FGP BALANCED FUND

Investment Policy Statement | January 1, 2017

FUND FACTS

Fund Code	1014
Fund Class	A
Performance Inception Date	January 31, 1994
Taxable Investors (Non-Registered Plans)	Non-Eligible
Non-Taxable Investors (Registered Plans)	Eligible
Valuation Frequency	Daily
Distribution Frequency	Income – Monthly Capital Gains – Minimum Annually
Expense Ratio *	0.04% (2015)
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 investments are paid to unitholders on a periodic basis as indicated. Distributions are made to unitholders of record at the close of business on the second last day of the month, pro rata to their holdings in the Fund as of that date.

Temporary variances from these investment policy guidelines will generally be corrected within 90 days.

*The Fund incurs direct expenses for services provided by the Trustee, Custodian, Registrar and Auditor. The annualized expense ratio for the Fund for the most recently completed year is presented here. 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