

FGP EMERGING MARKETS EQUITY FUND

Investment Policy Statement | January 1, 2017

INVESTMENT OBJECTIVE

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

Performance Benchmark

MSCI Emerging Markets Index (C\$)

PERMISSIBLE INVESTMENTS

Eligible equity investments include publicly-listed common and preferred shares, debentures convertible into common or preferred shares, installment receipts, American Depository Receipts, Global Depository Receipts and exchange-traded index participation units.

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.

Security Level Guidelines: The Fund typically holds 30 to 60 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 weighting of 10% of the market value of the Fund. The top ten equity investments are limited to 60% of the Fund’s market value. The minimum credit quality for any short-term money market investments is ‘R1’ or ‘A’.

Sector Level Guidelines: The Fund is required to have holdings in a minimum of five sectors. There is no minimum investment requirement within a sector. Total investments in each sector may not exceed the greater of 25% or the Performance Benchmark sector weight plus 15%.

Cash Level Guidelines: The Fund may have a maximum cash weighting of 10%.

Country and Regional Guidelines: The Fund must be invested in a minimum of six countries. Investments in individual countries may not exceed the greater of 30% or the Performance Benchmark country weight plus 10%. Regions are limited by the weights of these regions in the MSCI Emerging Markets Index or as otherwise indicated in the following table:

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WEIGHT OF COUNTRY/REGION RELATIVE TO FUND AND MSCI EMERGING MARKET INDEX

COUNTRY/REGION	MINIMUM	MAXIMUM
Developed Markets	0%	20%
Emerging Markets	70%	100%
<i>Africa + Middle East</i>		
<i>Americas</i>	0%	<i>Greater of: 40% or Index weight + 20%</i>
<i>Asia</i>		
<i>Europe</i>		
Frontier Markets	0%	10%

Market Capitalization (Cap) Guidelines: The Fund invests directly and indirectly in a diversified portfolio of stocks, generally with a market cap greater than \$2 billion. Investments of any holding cannot exceed 5% of the company's market cap. The minimum market cap for any one holding is \$100 million at the time of purchase. The following additional guidelines are designed to ensure a diversified portfolio of small, mid and large size companies:

COMPANY MARKET CAP (US\$)	MINIMUM % OF FUND	MAXIMUM % OF FUND
Over \$10 billion	20%	100%
\$2 billion to \$10 billion	0%	80%
Under \$2 billion	0%	30%

FUND FACTS

Fund Code	1023
Fund Class	A
Performance Inception Date	April 30, 2009
Taxable Investors (Non-Registered Plans)	Non-Eligible
Non-Taxable Investors (Registered Plans)	Pension Plans Only
Valuation Frequency	Daily
Distribution Frequency	Income – Monthly Capital Gains – Minimum Annually
Expense Ratio *	0.45% (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 expenses for services provided by the Trustee, Custodian, Registrar and Auditor. The annualized expense ratio for the most recently completed year is presented here. FGP does not charge management fees directly to the Fund.

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