

FGP UNIVERSE BOND FUND

Investment Policy Statement | January 1, 2017

INVESTMENT OBJECTIVE

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

INVESTMENT STRATEGY

FGP utilizes a multi-strategy approach, including: interest rate anticipation, credit sector/security selection, and yield-enhancing strategies in the context of a long-term, value-oriented approach. The portfolio managers, supported by FGP’s research team, are 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

FTSE TMX Canada Universe Bond Index.

PERMISSIBLE INVESTMENTS

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. The Fund may hold units of the FGP Corporate Bond Fund.

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 number of direct and indirect holdings will typically range from 25 to 75 fixed income investments.

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Investment limits for fixed income securities as a percentage of the portfolio are as follows:

TYPE OF ISSUE	GUIDELINES
Total Federal and Federally-Guaranteed Issues	Minimum: Benchmark Index weight - 20%
Total Provincial, Provincially-Guaranteed and Municipal Issues	Range: Benchmark Index weight +/- 20%
Total Corporate Issues	Maximum: Benchmark Index weight + 20%
Foreign Currency Issues and Foreign Issuers	Maximum 20%
Corporate Issuers rated 'BBB'	Maximum: Benchmark Index weight + 15%
Single Corporate Issuer rated 'AA' or higher	Maximum 5%
Single Corporate Issuer rated 'A'	Maximum 4%
Single Corporate issuer rated 'BBB'	Maximum 3%

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

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 fixed income portfolio is plus or minus two years around the duration of the FTSE TMX Canada Universe Bond Index.

FUND FACTS

Fund Code	1032
Fund Class	A
Performance Inception Date	October 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 *	nil (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.

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