

FGP CANADIAN BALANCED FUND

Investment Policy Statement | January 1, 2017

INVESTMENT OBJECTIVE

The FGP Canadian 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 Canadian equity and fixed-income securities.

INVESTMENT STRATEGY

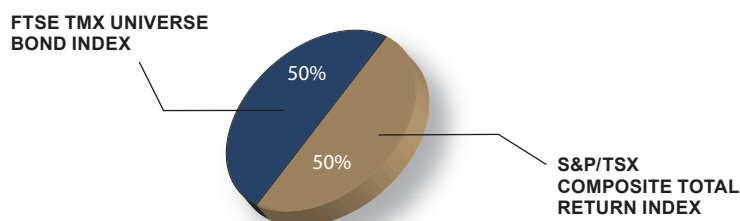
FGP employs a long-term, bottom-up value-oriented approach to security selection. The portfolio manager, supported by FGP's research team, is responsible for security selection and portfolio construction within FGP's diversification and risk control guidelines.

PERFORMANCE OBJECTIVE

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

Performance Benchmark

FGP Canadian 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 50% fixed income and 50% equities, within the following ranges:

ASSET CLASS	MINIMUM	BENCHMARK	MAXIMUM
FIXED INCOME			
Cash and Money Market	0%	-	10%
Bonds and Preferred Shares	30%	50%	70%
TOTAL FIXED INCOME	30%	50%	70%
EQUITIES			
Canadian	30%	50%	70%
TOTAL EQUITIES	30%	50%	70%

PERMISSIBLE INVESTMENTS

The Fund consists primarily of units of FGP pooled funds. Within these pooled funds, eligible equity investments include publicly-listed common and preferred shares, including foreign companies listed on a Canadian stock exchange, debentures convertible into common or preferred shares, installment 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, the FGP Canadian Equity Fund, and the FGP Small Cap Canadian Equity Fund.

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 fixed income pooled funds include: the FGP Conservative Bond Fund, FGP Universe Bond Fund, FGP Corporate Bond Fund, and FGP Preferred Share 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.

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

Security Level Guidelines: The number of holdings will vary for each equity component of the Fund, from a minimum of 30 to a maximum of 70. Specific ranges are provided in each relevant FGP Fund Investment Policy Statement. The 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 relevant equity component of the Fund.

Sector Level Guidelines: Each equity component of the Fund is required to have holdings in a minimum of seven sectors. There is no minimum investment requirement within a sector. Total investments in each sector may not exceed the Performance Benchmark sector weight plus 10%.

Market Capitalization (Cap) Guidelines: These guidelines are designed to ensure a diversified portfolio of small, mid and large size companies. The Fund invests directly and indirectly in a diversified portfolio of stocks, generally with a market cap greater than \$800 million. Investments of any holding cannot exceed 15% of the company's market cap. Specific capitalization guidelines are provided in each relevant FGP Fund Investment Policy Statement.

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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.

FUND FACTS

Fund Code	1028
Fund Class	A
Performance Inception Date	July 31, 2012
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 *	0.03% (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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