

FDP INVESTMENT PORTFOLIOS GENERAL FUND POLICY

Effective date: August 1, 2019
Revised November 2, 2023

INVESTMENT OBJECTIVE

This fund's general investment policy applies to all Professionals' Financial portfolios (hereinafter called "Funds").

ESG PRINCIPLE

Our Responsible Investment (RI) Policy, available on our website, applies to all assets under management at FDP, in line with our comprehensive Investment Philosophy. The integration of ESG (Environment, Society and Governance) factors reflects the values of Professionals' Financial, which believes that all companies have a duty to act responsibly in terms of respect for human rights, respect for labour rights, and protection of the environment.

Our responsible investment approach comprises several implementation strategies, which are described below:

- ◆ Exclusions: The investment universe of organizations involved in the production of certain products is excluded because of their harmful effects on humans.
- ◆ Integration of ESG factors: All our internal and external managers integrate ESG criteria into their analyses. Each of our managers retains autonomy in implementing ESG integration practices. However, they must comply with the exclusion rules set forth above for the Financial's funds.
- ◆ Exercising influence: Acting to have an impact on the issuers of securities held in the portfolio, including through the exercise of voting rights (see Voting Rights Policy) and shareholder engagement (via our external partner managers). Promoting responsible investment best practices with our business partners.

Monitoring and reporting:

All our internal and external managers are subject to annual ESG due diligence. They are also required to report on their voting activities on a quarterly basis.

VOTING RIGHTS

In cases where Professionals' Financial has entrusted a management mandate to an external manager, the Company has delegated the exercise of voting rights attached to fund securities and assets to its external managers, who use their own voting rights policies. However, Professionals' Financial encourages its external managers to adopt a responsible policy that complies with UN guidelines, such as those for voting advisors. Professionals' Financial reserves the right to give specific instructions on how to vote on a proposal submitted to shareholders, provided the securities are held in a segregated account with the Company's trustee.

Professionals' Financial has adopted a PRI (principles for responsible investment) proxy voting policy in respect of the securities portfolios for the funds managed by the Company and for proxies received from Private Management clients; the policy takes into account environmental, social and governance (ESG) factors in assessing the risks of an investment portfolio. Professionals' Financial has delegated the exercise of the voting rights for its portfolios, according to our policy, to the specialized firm ISS. This policy is available on the Our Investments/Proxy Voting page of our website.

This policy reflects the values of Professionals' Financial, which believes that all companies have a duty to act responsibly in terms of respect for human rights, respect for labour rights, and protection of the environment. In addition, the policy complies with the UN Principles for Responsible Investment with respect to voting rights policies.

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EXCLUSIONS

Guided by the principles of responsible investment, Professionals' Financial has adopted a policy to prohibit investing in certain industries including manufacturers of tobacco products, manufacturers of cannabis products, and retailers whose main activity is the sale of cannabis products, as well as weapons manufacturers for civilian use and retailers whose main activity is the sale of weapons (accounting for 10% or more of sales). These are strategic choices that are in line with the values of our clients, our shareholders and the Financial. These exclusions apply only when we formulate the investment policy of a fund. In the case of ETFs and mutual funds for which we do not establish the investment policy, these exclusions may not apply.

CASH AND CASH EQUIVALENTS

Short-term fixed-income securities eligible for the cash and cash equivalents section (maximum term of one year) are: cash, Treasury bills, term deposits, short-term notes, bankers' acceptances, stripped interest coupons and residuals, bonds, debentures, cash and cash equivalents ETFs and high-interest savings accounts according to the approved list.

Parameter:

Authorized issuers	Quantitative limits
Securities issued or guaranteed by the Government of Canada.	Unlimited.
Securities issued or guaranteed by a Canadian province including, among others, Hydro-Québec and Financement Québec.	Unlimited.
Securities issued or guaranteed by a Quebec municipality, or an organization guaranteed by a grant from the province of Quebec including, among others, a hospital, a university, a CEGEP and a school board.	100% of the market value of the portfolio and a maximum of 10% per security.
Securities issued or guaranteed by a Canadian municipality outside Quebec with a credit rating equivalent to "A" or better from a recognized agency.	10% of the market value of the portfolio.
Securities issued or guaranteed by foreign governments or international (supranational) financial institutions with a credit rating equivalent to "AA" from a recognized agency.	10% of the market value of the portfolio.
US dollar denominated securities issued and guaranteed by the U.S. government.	10% of the market value of the portfolio.
Securities issued by financial institutions or pension funds with a minimum credit rating of "A" or equivalent from at least one recognized credit agency.	10% of the market value of the portfolio per institution.
Securities issued or guaranteed by a company with a credit rating equivalent to "IG" or better from a recognized agency, excluding ABCP.	5% of the market value of the portfolio per issuer.

Unrated Quebec municipal bonds are assigned a credit rating equivalent to that of the Province of Quebec.

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DERIVATIVES

Derivatives such as futures contracts, forward contracts, options, or securities swaps, stock index swaps, interest rate swaps or currency swaps may be used as follows:

- ◆ To manage asset allocation;
- ◆ To manage the duration of bond portfolios;
- ◆ To manage exposure to a particular asset class, including to increase cash synthetically;
- ◆ To manage currency risk;
- ◆ To manage credit risk;
- ◆ To preserve capital;
- ◆ To replicate a particular asset class or index.

Use of these products must be in compliance with the applicable regulatory framework. The sale of covered calls is also permitted.

SHORT SELLING

Short selling is permitted for hedging purposes. It is also permitted in order to put in place arbitrage strategies between specific securities. Outright short selling is, however, not permitted.

PROSPECTUS FUNDS OR OFFERING MEMORANDUM FUNDS

Prospectus funds: The use of prospectus mutual funds, including those of Professionals' Financial, is permitted according to the parameters prescribed by the AMF, currently limited to 10% of the fair market value of each Fund. However, this 10% limit does not apply to investing in a fund of funds.

Offering memorandum funds: The use of prospectus mutual funds or offering memorandum funds, including those of Professionals' Financial, is permitted within the parameters prescribed by the AMF.

External prospectus mutual funds or offering memorandum funds, however, require the prior approval of the Investment Committee following a recommendation by the Products Committee and by the Management. The list of external funds is regularly submitted to the Investment Committee for review.

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EXCHANGE-TRADED FUNDS

The use of exchange-traded funds (ETFs) is permitted in order to replicate indexes, sectors, industries or styles (value, growth, capitalization, etc.). All ETFs (including smart beta) may be used, except the following securities which are prohibited: leveraged ETFs and inverse ETFs. Actively managed ETFs can be used insofar as they have been assessed by the Investment Committee, in the same manner as a selection of (active) external managers. “Only participation units” issued by mutual funds may be purchased by the manager. The term “index participation unit” means a security traded on a stock exchange in Canada or the United States and issued by an issuer the only purpose of which is to (a) hold the securities that are included in a specified widely quoted market index in substantially the same proportion as those securities are reflected in that index, or (b) invest in a manner that causes the issuer to replicate the performance of that index.

CODE OF ETHICS

The manager must comply with both the Code of Ethics of Professionals’ Financial and that of the Chartered Financial Analyst Institute. The external sub-advisors must comply with the Code of Ethics of the Chartered Financial Analyst Institute.