



WHY IS AN INVESTMENT-LED FIRM STILL A NOVEL CONCEPT?

1) Company structure

WHO'S IN CHARGE?	
99% of the industry <i>Public shareholders steering the ship</i>	EdgePoint <i>Structured for investor success – Investment-led & privately held</i>
<p>Sales- and marketing-led companies focus on flavour-of-the-day funds that have a high probability of selling fast and furious. At EdgePoint, we like to call them “supermarkets.” Endless aisles of products enticing customers to buy impulsively. Crypto, ESG, tech, marijuana, inflation-protected...the list goes on. Shareholders love fund supermarkets – more products, more assets, more fees, more dividends.</p> <p>Click here to view the supermarket of funds launched since November 2008.</p>	<p>Good luck finding our total assets under management on our website. Bragging about success in gathering assets doesn't help an investor. We exist to grow hard-earned wealth and that's what we're proud of. EdgePoint is a private firm owned and operated by employees, meaning we're not accountable to shareholders. We only launch a fund if we believe an untapped opportunity exists that can compound our clients' wealth.</p> <p>EdgePoint has a focused product lineup applying a single time-tested investment approach.</p>
TIME HORIZONS	
99% of the industry <i>Short-term focus</i>	EdgePoint <i>Long-term view and incentives</i>
<p>It's common in the fund industry to see wholesalers bragging about 1-year performance. Short-term returns speak for themselves (and they don't say much). Shout out to the wholesaler (they know who they are) who compared our funds on a two-week basis! That's some premium cherry picking at the ol' supermarket!</p>	<p>Our first definition of success is 10 years of investment performance at the top of our peer group. Straightforward, but it takes considerable skill to get there. We're laser focused on achieving this long-term success and don't allow short-term noise to get in the way.</p>
FEEES	
99% of the industry <i>The more, the merrier</i>	EdgePoint <i>Always trying to lower the bar</i>
<p>Sales and marketing companies are expensive to run. Leafs' billboards don't come cheap, but how does that ad help your clients? Why should investors pay for golf balls or other trinkets and trash? They won't add to investors' wealth.</p>	<p>We've kept fees lower than the industry and continue to find ways to drop them further. We don't have a marketing team, nor do we advertise. The result? About \$130 million in savingsⁱ and \$5.5 million in rebates from the 10-year Partner Program.ⁱⁱ We continue to push the envelope with our offering memorandum funds having a performance fee instead of a management fee – we don't get paid unless you do.</p>



PARTNERSHIP	
99% of the industry <i>One-way street</i>	EdgePoint <i>There's an "I" in EdgePoint, but not in team</i>
How open and honest are fund companies with their investors? Don't be the last to know that a whole team of Portfolio Managers left or that your "value" fund is now magically a "growth" fund...or vice versa.	<p>Good relationships need open and honest communication, as well as having shared values. Our relationship managers are also proud owners of EdgePoint, and that makes a world of difference.</p> <p>We won't be everything to everyone – only partnering with those who share our long-term values. By partnering with only 2% of Canadian advisors, we can give them the time they deserve. The top 20% of our advisors have shown alignment by holding 79% of our clients' retail assets.ⁱⁱⁱ</p>

2) One investment approach vs. flavour of the day

THE "WHY" BEHIND WHERE YOUR MONEY GOES	
99% of the industry <i>Flavour of the day approaches</i>	EdgePoint <i>A rational business-owners' approach</i>
<p>Do wholesalers believe in the funds they're selling and the investment approach? Can they share their personal trading account statements proving their alignment? It might explain why they try to convince advisors to jump their clients' assets from fund to fund when they underperform.</p> <p>If these wholesalers can't explain what's in the fund or why the approach works over time, investors may be basing their future returns on hope and flashy sales material.</p>	<p>We apply a time-tested approach that's built material wealth for investors over the long term.</p> <p>We're business owners buying businesses. Deceptively simple. We will always stand up for this approach that's been time- and battle-tested.</p>
RELATIONSHIP WITH BENCHMARKS	
99% of the industry <i>Covering their ass-ets</i>	EdgePoint <i>Leaving benchmarks on the bench</i>
Fund managers tie decisions to their benchmark because they don't want to be fired for underperformance vs. that benchmark (a.k.a., career risk). Performing in step with the benchmark doesn't do investors many favours, but it sure is easier to hide behind.	Our incentives are tied to long-term performance vs. our peer group. We look very different from our benchmarks because our job is to beat them. Our willingness to look different speaks volumes and has yielded results over the long term.



3) The people

INVESTMENT PROFESSIONALS	
99% of the industry <i>Hello, my name is...</i>	EdgePoint <i>Owners don't leave</i>
<p>Firms that don't stand for anything don't earn employee loyalty; they try to buy it. Would you trust your long-term investments to someone whose fidelity only lasts until their paycheck clears?</p> <p>Look at the industry's manager turnover (whether by their choice or otherwise) since we launched. Yes - some retired but what about the rest?</p> <p>Do you know what the level of co-investment is from the Portfolio Managers managing your hard-earned wealth?</p>	<p>We foster a culture of ownership because we're all owners in the business. Any time you talk to someone here, you're speaking with a committed owner of the business. Owners simply don't leave. They're also heavily invested in the products they sell their clients.</p> <p>At EdgePoint, our employees have over \$319 million invested alongside our clients.^{iv}</p>
WHOLESALEERS	
99% of the industry <i>Selling you out</i>	EdgePoint <i>Here when you need us</i>
<p>It's probably a coincidence wholesalers contact advisors when they want to promote a (probably new) fund but disappear when advisors have questions about a recently purchased underperforming fund.</p> <p>And when they do show, the only things they bring are a pen with a logo and flashy materials about a new fund that will definitely work this time.</p> <p>It's almost enough to make you squeeze a branded stress ball.</p>	<p>Every member of our Relationship management team is also an owner in our business. They believe that a key to good partnership is setting up everyone to succeed.</p> <p>They bring education on the approach, not flashy materials on a product. This helps your clients become better investors and understand why we invest the way we do. It makes it less likely that they'll be their own worst enemy by chasing short-term returns or selling when their funds are down.</p>

Conclusion

When you're investing for the long term, you should know who you're working with and what they believe in. We've spent the last 14 years working to rebuild investors' trust with the mutual fund industry, while other companies worked on pleasing their shareholders and other stakeholders. Although seasons and markets might change, EdgePoint's commitment to doing right by our investors remains unwavering. For investors' sakes, we hope 14 years from now, our approach won't still be considered novel in this industry.



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ⁱ Source: Strategic Insight, Morningstar Direct. Category average MERs of actively managed fee-based series funds in the following categories: Global Equity Category, Canadian Equity and Canadian Focused Equity Category, Global Equity Balanced, Global Neutral Balanced and Global Fixed Income Balanced Category, Canadian Equity Balanced, Canadian Neutral Balanced and Canadian Fixed Income Balanced Category. Series F is available to investors in fee-based/advisory fee arrangement and excludes trailing commissions. EdgePoint Portfolio MERs as at December 31, 2021. Annual savings calculated using an average of monthly assets under management for Series A and A non-HST for years 2009 to 2017 and series F and F non-HST for years 2018 to 2020. Due to the shift in assets towards fee based, we believe comparing using Series F and F non-HST MERs starting in 2018 is more relevant. Strategic Insight used for category MER averages from years 2009 to 2017. Morningstar Direct used from year 2018 and onward. For funds that have not reported 2021 MER by March 1, 2022, the 2020 MER was used. Fee savings are an approximation.

ⁱⁱ As at June 30, 2022. The 10-year Partner Program is a fee reduction applies to those partners who have been invested in an EdgePoint Portfolio for 10 or more consecutive years and are currently invested in a qualifying series. The fee reduction is offered at least annually as a rebate in the form of a management fee distribution (“rebate”) reinvested in additional units of the Portfolio(s) held in qualifying accounts. The reduction is applied to the management fees applicable to Series A, Series A(N), Series F or Series F(N), along with their respective T4/T6 versions, net of trailer fees paid to your Dealer (if applicable), operating expenses and taxes, net of trailer fees that we pay to the account's Dealer (if applicable), operating expenses and taxes. The reduction is 10% for EdgePoint Global and Canadian Portfolios; 5% for EdgePoint Global and Canadian Growth & Income Portfolios; and 3% for EdgePoint Monthly Income Portfolio. The rebate is applied to all eligible current and future portfolio series held at the investor account level. Other accounts that may be associated with an eligible investor (e.g., spouse's account, holding company account, etc.) will not be eligible for the rebate unless those accounts separately meet the tenure requirement. The rebate is not negotiable and is paid at EdgePoint's discretion. The program may be revised or terminated at any time.

ⁱⁱⁱ As at June 30, 2022.

^{iv} As at December 31, 2021. Investment by EdgePoint employees includes all investments by active company founders and employees in EdgePoint-managed investment funds or Cymbria.