



NEWSLETTER for FÉRIQUE Funds' unitholders

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SPECIAL ADVISORY SERVICES SCHEDULE FOR RRSP SEASON

Don't wait in line. Contribute now.

Online: <https://client.ferique.com/login> or speak to one of the mutual fund representatives from our Advisory Services at FÉRIQUE Investment Services for personalized advice.

To answer your questions and facilitate your transactions, the Advisory Services' business hours will be extended between February 18 and March 1, 2019. /

Regular schedule, Monday to Friday: 8:00 a.m. to 8:00 p.m.

Monday, February 18 to Friday, February 22: 8:00 a.m. to 9:00 p.m.

Saturday, February 23: 9:00 a.m. to 5:00 p.m.

Monday, February 25 to Friday, March 1: 8:00 a.m. to 9:00 p.m.

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SAVING FOR RETIREMENT—AND MORE!

The stock markets have been fairly unstable since February of last year. Although expected, these ups and downs remained stressful for many investors – including you, perhaps.

But there's no need to throw in the towel and close your investment accounts in the hope that better days will come. Savings and investments are the cornerstone of retirement planning, but there are also other reasons to have them. Whether you're planning a vacation, getting married, looking to buy a car or a house, going back to school or starting a business – any expensive life project requires financial planning to succeed.

ACCOUNTS TO GROW YOUR SAVINGS

Saving is always framed as a good idea, but investments can be a source of concern when the markets misbehave. However, there are undeniable benefits to keeping your savings in an investment account.

Tax Benefits

Different savings and investment accounts are available to help you save for retirement or other projects, some registered with the Canada Revenue Agency. These savings plans, which include the Registered Retirement Savings Plan (RRSP), Tax-Free Savings Account (TFSA) and Registered Education Savings Plan (RESP), allow you to **grow your savings tax-free**. This is a major advantage over non-registered accounts, where investment income is taxable¹. This tax exemption lets you build capital and compound your investments faster.

You might also consider contributing to an RRSP to reduce your taxable income, depending on the amount of your contributions. As a result, you may qualify for a tax deduction or get a tax return that leaves you with more money to invest in your RRSP, TFSA or non-registered accounts.

Returns

The potential rate of return on an investment account is based on the asset classes held in it. These accounts allow you to compound your investment to reach your goal sooner. However, these assets are subject to market volatility risk and, in general, higher volatility risk translates into higher yield potential.

Despite these market fluctuations, you'd be hard pressed to find a financial advisor who would recommend keeping your money under a mattress. Even though you'd be protected against losses when the market takes a dip, you'd also never grow your savings. In fact, it puts you at a disadvantage since your assets would lose value over time when adjusted for inflation.

You should also keep in mind that losses on investments only materialize when you sell. The key is to stay within your risk tolerance level.

INVESTMENT ACCOUNTS FOR ANY PROJECT

Certain investment accounts were designed to help you meet a particular goal, but you might still use them to save for other projects or to refine your strategy by focusing on several types of account to reach a specific goal. It's up to you to choose the account best suited to your plans based on your current stage of life.

RRSP

RRSPs were created to encourage Canadians to save for retirement. This is their primary purpose. Because RRSP withdrawals are taxable, it's wiser to wait until you've stopped working to do so. Your tax rate will likely be much lower at that time. However, there are two exceptions. Since RRSPs were introduced, additional programs have been added to make them more interesting: the Home Buyers' Plan (HBP) and Lifelong Learning Plan (LLP)².

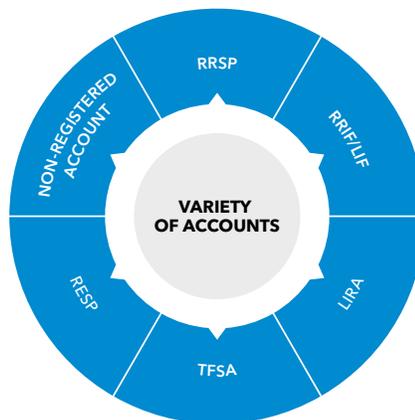
The HBP

Taking advantage of the HBP lets you withdraw up to \$25,000 tax-free from your RRSP to put toward your first house or any other property, as long as you and your spouse or common-law partner have not owned a house within the last four years. To participate, you must both meet the HBP and RRSP withdrawal eligibility criteria. You'll be required to repay the amounts withdrawn from your RRSP within 15 years and certain conditions may apply.

The LLP

The Lifelong Learning Plan (LLP) allows you to make a tax-free withdrawal to finance the education for yourself or your spouse or common-law partner. You may each withdraw up to \$10,000 per year, for a maximum of \$20,000 over the period you participate in the LLP. Amounts withdrawn must be repaid to your RRSP over a period of 10 years.

TYPES OF ACCOUNTS AVAILABLE AT FÉRIQUE FUND MANAGEMENT



TFSA

In addition to its tax advantages, a TFSA offers greater flexibility for withdrawals and is an excellent savings tool.

For all of your projects

You can withdraw from your TFSA at any time without tax implications or consequences for your contribution room. As of 2019, the contribution room is \$63,500 – enough to carry out many projects. Amounts withdrawn can be re-contributed after January 1 of the following year, up to the annual contribution limit comprising:

- > The limit for the current year (\$6,000 in 2019)
- > Any unused contribution room from previous years
- > Any amounts withdrawn from a TFSA in the previous year

And retirement

Although most people save for retirement in an RRSP, a TFSA may be more tax-effective for some investors. This is mainly true for young professionals whose salary is currently low but increasing. The tax deduction for RRSP contributions is more beneficial if you earn a higher income. The TFSA is an interesting alternative to the RRSP that enables you to maintain your unused contribution room until you achieve that income level.

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INVESTMENT ACCOUNTS FOR ALL TYPES OF PROJECTS

	TYPES OF PROJECTS	MAIN ADVANTAGES	PITFALLS
RRSP	Retirement, down payment on a first home, going back to school	<ul style="list-style-type: none"> > Tax-free retirement savings > Deductible contributions from taxable income 	<ul style="list-style-type: none"> > Tax payable upon withdrawal > Amounts withdrawn cannot be re-contributed > Penalty for excess contributions, watch out for your pension adjustment
TFSA	Retirement or any other savings goal	<ul style="list-style-type: none"> > Tax-free savings > Amounts withdrawn can be re-contributed > Diversification of retirement income sources > No age limit for contributions > No impact on government benefits or credits 	<ul style="list-style-type: none"> > Annual contribution limit > Penalty for excess contributions
RESP	A child's post-secondary studies	<ul style="list-style-type: none"> > Tax-free savings > Access to government grants³ 	<ul style="list-style-type: none"> > Tax payable upon withdrawal > Loss of grants if the child terminates his or her studies
Investment account	Retirement or any other savings goal	<ul style="list-style-type: none"> > Capital growth > Diversification of retirement income sources > Simple and flexible 	<ul style="list-style-type: none"> > Investment income is taxable

The TFSA is a great option if you've maxed out your RRSP contributions. The amount saved adds to your savings so you can reach your goal sooner. Furthermore, there is no age limit for contributions, which is not the case for RRSPs.

TFSA withdrawals are not considered as income and, as such, have no impact on government benefits and credits, like your Old Age Security pension.

RESP

The RESP's only purpose is to save money to finance a child's post-secondary studies. Fiscally advantageous, this plan gives you access to government grants that can make your assets grow faster⁴.

But what happens if a beneficiary terminates his or her studies? You will have to reimburse the grants you received. In return, you will be able to get your contributions and investment income back, in accordance with the applicable tax treatment. You could then reinvest these funds by contributing, for example, to an RRSP, a TFSA or, if both are maxed out, to a non-registered account.

Non-Registered Investment Account

A non-registered account is a very straightforward standard investment account with no balance, withdrawal or contribution restriction. It is the ideal account for your long-term savings or investments when all other saving tools have been optimized. However, income and gains are taxable the year they are generated.

Holding assets in a non-registered account really starts making a difference when you reach 71 years of age and have to convert your RRSP into an RRIF because that's when the tax holiday comes to an end. Once your savings are in an RRIF, you must follow a strict timetable and withdraw fixed amounts that are fully taxable. It is best to take out the minimum amount permissible from these accounts, which you could do by relying on income from your non-registered investment account or even a TFSA. If you hold more than one type of account, you can benefit from a comprehensive investment strategy. Remember that diversifying is very tax efficient, especially once you reach retirement age.

PRODUCTS FOR ALL OF YOUR ACCOUNTS

The FÉRIQUE Funds and Portfolios

A variety of products may be held in investment accounts and each offers specific benefits.

FÉRIQUE Fund Management offers a line of ten mutual funds and five investment portfolios that, thanks to their diversity and numerous advantages, are perfectly suited for multiple savings tools and to meet the needs of different investor profiles.

RESPONSIBLE INVESTMENT

FÉRIQUE Funds and Portfolios can help you reconcile your financial interests with your environmental, social and governance beliefs.

Relying on an approach to investment risk management that incorporates responsible investment allows FÉRIQUE Funds to avoid major pitfalls and contributes to more stable returns over the long term. /

To learn more about FÉRIQUE Fund Management's approach to responsible investment, visit our website.



ferique.com/en/investissement-responsable

FÉRIQUE Funds

FÉRIQUE Funds offer a broad variety of investment options and focus on diversification in order to lower the volatility risk while producing stable returns over time and outperforming the industry median.

This diversification occurs through:

- > Asset classes
- > Geographic sectors
- > Market capitalization
- > Economic sectors
- > Management styles

FÉRIQUE Fund Management also commissions investment managers selected from among the most reputable investment firms to manage its Funds according to the mandates, following a rigorous process. Close supervision ensures that managers meet their requirements.

THE FÉRIQUE FUNDS LINE⁵



INCOME FUNDS

FÉRIQUE Short-Term Income
FÉRIQUE Bond
FÉRIQUE Diversified Income



EQUITY FUNDS

FÉRIQUE Dividend
FÉRIQUE Equity
FÉRIQUE American
FÉRIQUE European
FÉRIQUE Asian
FÉRIQUE Emerging Markets
FÉRIQUE World Dividend

FÉRIQUE Portfolios

Simple, practical, accessible and advantageous!

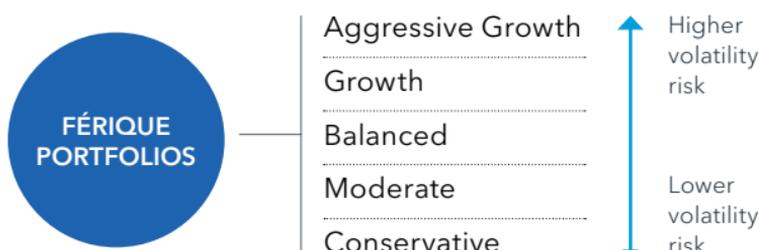
Because they offer the peace of mind of a turnkey solution, FÉRIQUE Portfolios are perfect for investors who want to benefit from attractive returns without having to constantly worry about their investments.

Choose from five FÉRIQUE Portfolios with asset allocation accurately aligned with risk levels ranging from the most conservative to the most aggressive. There's one for every investor profile. If a Portfolio deviates from its target asset allocation because of variable market returns, FÉRIQUE Fund Management will rebalance it by buying and selling the necessary assets to bring it back within its target range. This regular tracking allows the Portfolio to stay within the investor's risk tolerance level.

Since assets held in FÉRIQUE Portfolios are managed by managers whose wide-ranging styles tend to generate different results in different market conditions, they offer an additional layer of diversification compared to the FÉRIQUE Funds.

As is the case for FÉRIQUE Funds, management fees for FÉRIQUE Portfolios are among the lowest in the industry⁶, and since gains are equal to the Funds' or Portfolios' returns minus those fees, reducing fees is a great way to increase your earnings.

FÉRIQUE PORTFOLIOS' EXPECTED VOLATILITY



Pre-Authorized Contribution Plan: PAC



You can invest in FÉRIQUE Funds and Portfolios with a small initial investment of \$500 or pre-authorized monthly payments of \$50⁷. The pre-authorized contribution plan is an easy and practical way to grow your savings.

¹ To learn more about investment income tax, visit the Canada Revenue Agency website at www.canada.ca/en/revenue-agency.html.

² To learn more about these programs, visit the Canada Revenue Agency website at www.canada.ca/en/revenue-agency.html.

³ Certain conditions apply. To learn more about RESPs and government grants, visit the Canada Revenue Agency website at www.canada.ca/en/revenue-agency.html.

⁴ To learn more about RESPs and government grants, visit the Canada Revenue Agency website at www.canada.ca/en/revenue-agency.html.

⁵ To learn more about FÉRIQUE Funds, visit ferique.com/en/ferique-funds/overview/.

⁶ The management expense ratios for FÉRIQUE Funds and Portfolios are among the lowest in Canada compared to their reference universe, according to Fundata Canada Inc.

⁷ Certain conditions apply. See prospectus for details.

POTENTIAL GROWTH OF YOUR SAVINGS

STARTING A BUSINESS WITH A TFSA

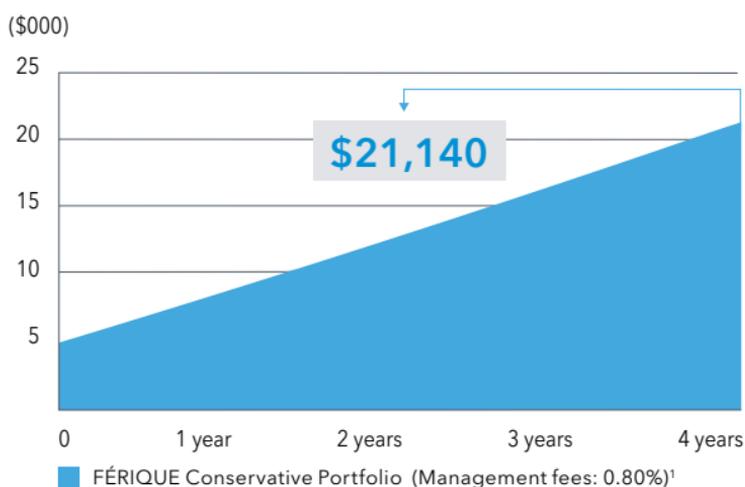
Initial investment: **\$5,000**

Subsequent amount: **\$300 per month**

Horizon: **4 years**

Investment solution: **FÉRIQUE Conservative Portfolio**

Hypothetical annual returns, net of management fees*: **3.1%**



RRSP FOR LONG-TERM SAVINGS

Initial investment: **\$0**

Subsequent amount: **\$650 per month**

Horizon: **30 years**

Investment solution: **FÉRIQUE Growth Portfolio**

Hypothetical annual returns, net of management fees*: **4.8%**



* Expected returns according to the Institut québécois de planification financière and applied to the FÉRIQUE Portfolios' corresponding allocations, net of fees.

¹ The management expense ratio (MER) for the FÉRIQUE Conservative Portfolio is 0.80% as at October 31, 2018. Estimated gross returns are 4.14%, minus 0.80% in management fees. The management expense ratio (MER) for the FÉRIQUE Growth Portfolio is 1.10% as at October 31, 2018. Estimated gross returns are 5.84%, minus 1.10% in management fees. Returns are nominal (not adjusted for inflation).

THE IMPACT OF ADVICE ON YOUR FINANCIAL HEALTH

Finding the investment account and financial products best suited for your goals may not seem like an easy endeavour. Every situation is unique and many options and combinations are available to you. It is advisable to consult with qualified professionals, whatever your investment goal is.

FÉRIQUE Investment Services is the principal distributor of the FÉRIQUE Funds and provides, without additional fees, a transactional website as well as personalized advices by advisors and mutual fund representatives from its Advisory Services to better plan your investment strategy while taking into account your financial situation. /

NOTICE OF MEETING

ANNUAL MEETING OF FÉRIQUE FUND UNITHOLDERS

All FÉRIQUE Fund unitholders and their spouses or common-law partners are invited to the Annual Meeting, which will be held in:

MONTRÉAL | Monday, April 29, 2019, at 6 p.m.
Centre Mont-Royal
2200 Mansfield Street, Montréal, Québec H3A 3R8
A buffet will be served.

NOTE: As space is limited, only individuals whose reservations have been confirmed by FÉRIQUE Fund Management will be admitted to these meetings.

We are also holding an information meeting in:

QUÉBEC CITY | Wednesday, May 1, 2019, at 6 p.m.
Hôtel Plaza Québec
3031 Laurier Boulevard, Québec City, Québec G1V 2M2
A buffet will be served.

Reserve your place at ferique.com/annual-meeting

For more information:
514-840-9206, extension 605
Or 1-888-259-7969, extension 605 (outside of Montréal)

RRSPS: KEY FACTS

DEADLINE

Contributions must be made within the first 60 days of the current year to claim them on your tax return for the previous year.

Contribution deadline in 2019: **March 1**

MAXIMUM AMOUNT

The annual contribution limit is equal to 18% of the income you earned in the previous year, up to a maximum of **\$26,230 for 2018**, minus your 2018 pension adjustment. You can also carry forward unused contribution room for years dating back to 1991.

SOME REMINDERS

- > Contributing to your employer's retirement plan reduces the amount that you can invest in an RRSP.
- > If you don't use all your contribution room for the year, it can be carried forward for use in future years.
- > Check the notice of assessment issued to you by the Canada Revenue Agency (CRA) at www.canada.ca/en/revenue-agency.html to find out the exact amount of room available to you. /

To learn more, visit our website.

ferique.com/en/products-services/account-types/rrsp/

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