



NEWSLETTER for FÉRIQUE Funds' unitholders

NOW AVAILABLE

**CONTENTS**

FÉRIQUE Portfolios: turnkey solutions for investing with total peace of mind 1

FÉRIQUE Fund Management reduces management fees for three portfolios 5

Annual meeting recap 6

**FÉRIQUE PORTFOLIOS:  
TURNKEY SOLUTIONS FOR INVESTING  
WITH TOTAL PEACE OF MIND**

By FÉRIQUE Investment Services

**FÉRIQUE Fund Management renames and expands its Balanced Fund family.**

FÉRIQUE Fund Management recently made some important changes to its family of balanced funds, which includes the FÉRIQUE Moderate Balanced, FÉRIQUE Balanced and FÉRIQUE Balanced Growth Funds.

First, FÉRIQUE Fund Management announced that these three funds will now be known as **FÉRIQUE Portfolios**, to better reflect their composition and turnkey management approach. The fund manager also announced the addition of two new portfolios to this family to allow coverage of a wider range of risk profiles.

**Extended family**

The FÉRIQUE Portfolios family now includes five distinct investment solutions, each designed for a different risk profile.

If you already own units in any of the existing FÉRIQUE Balanced Funds, you do not need to take any action, since only the names have changed. These changes will automatically appear in your accounts and on our transactional website.

**EXCLUSIVE,  
FREE WEBINARS  
TO ENHANCE YOUR  
FINANCIAL KNOWLEDGE**

**Sign up now!**

It's not always easy to make the best financial decisions. Empower yourself with our webinars!

Offered in the weeks to come, they will be led by experienced professionals and will enable you to learn more about personal finance. /



To register, go to the News section of [ferique.com](http://ferique.com).

**FÉRIQUE PORTFOLIOS**

| CURRENT NAMES                         | NEW NAMES  |
|---------------------------------------|--|
| FÉRIQUE <b>Moderate Balanced</b> Fund | <b>NEW!</b> FÉRIQUE <b>Conservative</b> Portfolio      |
| FÉRIQUE <b>Balanced</b> Fund          | FÉRIQUE <b>Moderate</b> Portfolio                      |
| FÉRIQUE <b>Balanced Growth</b> Fund   | FÉRIQUE <b>Balanced</b> Portfolio                      |
|                                       | FÉRIQUE <b>Growth</b> Portfolio                        |
|                                       | <b>NEW!</b> FÉRIQUE <b>Aggressive Growth</b> Portfolio |

## A GOOD TIME TO RETHINK YOUR INVESTMENT MANAGEMENT

Should you be interested in FÉRIQUE Portfolios? Definitely, especially if you are currently using several FÉRIQUE Funds to diversify your investments.

### EXPLANATION IN FIVE POINTS:

#### 1 What are FÉRIQUE Portfolios?

Unlike mutual funds that invest in a single asset class - Canadian equity, for example - each FÉRIQUE Portfolio invests in several asset classes, economic sectors and geographical regions at the same time based on predetermined weightings. And FÉRIQUE Portfolios have an additional layer of diversification in that the assets are also divided among several managers whose styles tend not to produce exactly the same results in different market conditions.

Technically, these funds are *funds of funds*, which is why they are called **Portfolios**.

#### 2 Your profile, your portfolio

FÉRIQUE Portfolios are designed to match specific **risk profiles** and are managed so as to stay aligned with these profiles at all times.

So before investing in any of these portfolios, you need to find out which risk category matches your financial situation, investment horizon and risk tolerance. This is a thorough but simple process that can be done over the phone with a FÉRIQUE Investment Services mutual fund representative. The representative will ask you a few questions in order to determine your personal profile and will recommend the FÉRIQUE Portfolio that is right for you. At that point, all you have to do is invest the amount of your choice, starting at \$500, or \$50 a month if you opt for pre-authorized contributions (PAC).

This is a dynamic process: as the years go by and your financial situation evolves, periodic discussions with your representative can help you verify whether your Portfolio's risk category is still the right one for your circumstances.

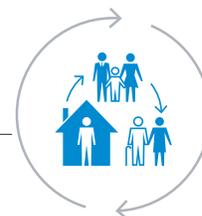
#### 3 The peace of mind provided by a "turnkey" approach

Unlike individual funds, your Portfolio is a true turnkey solution:

- > As soon as you have invested, you know that your **asset allocation** is exactly aligned with the level of risk that matches your specific profile.
- > Subsequently, you know that over time, no matter how the markets behave, this optimal asset allocation will be maintained without you having to do anything: if market ups and downs start moving the Portfolio away from its target allocation, the Portfolio manager, FÉRIQUE Fund Management, will look after the **regular rebalancing** that keeps it within its benchmarks by executing the necessary trades.
- > You no longer need to worry about tracking the markets on a daily basis and making the associated investment decisions: while FÉRIQUE Fund Management looks after the strategic allocation of your Portfolio, the managers of the underlying funds do the tactical investing for each fund they handle.
- > A **FÉRIQUE Investment Services representative** remains available for you at all times to answer any questions about the management or performance of the Portfolio.
- > Lastly, given FÉRIQUE's business model, this additional level of management is provided to you at **management fees** among the lowest in the industry<sup>1</sup> for equivalent solutions.

Continued on page 3

### FÉRIQUE, THE IDEAL PARTNER TO HELP YOU ACHIEVE FINANCIAL INDEPENDENCE



FÉRIQUE's mission is to contribute to the financial independence of engineers and engineering graduates, their families and their businesses.

- > The personalized financial advice, financial planning services and mutual funds offered by Gestion FÉRIQUE and its subsidiary, FÉRIQUE Investment Services, are provided to all eligible participants in an **innovative** and **user-friendly** way.
- > All the FÉRIQUE Funds and Portfolios are constructed and managed according to a long-term approach and active, responsible management that aims to exceed the median return with a reasonable level of risk and fees that are among the industry's most competitive in their comparable fund categories.

We are guided by our **values** of **transparency**, **thoroughness** and **integrity** aligned with what makes us unique in the industry - namely **the FÉRIQUE difference**. /

## 4 Is it for you?

The Portfolios constitute a true turnkey approach to managing your investments. But you might prefer to have more control over the day-to-day management of your holdings. The simplest way to find out for sure, once you have identified your investment needs, is to follow the decision tree below.

If your answer to any of these questions is no, it would likely be in your interest to invest in a Portfolio.

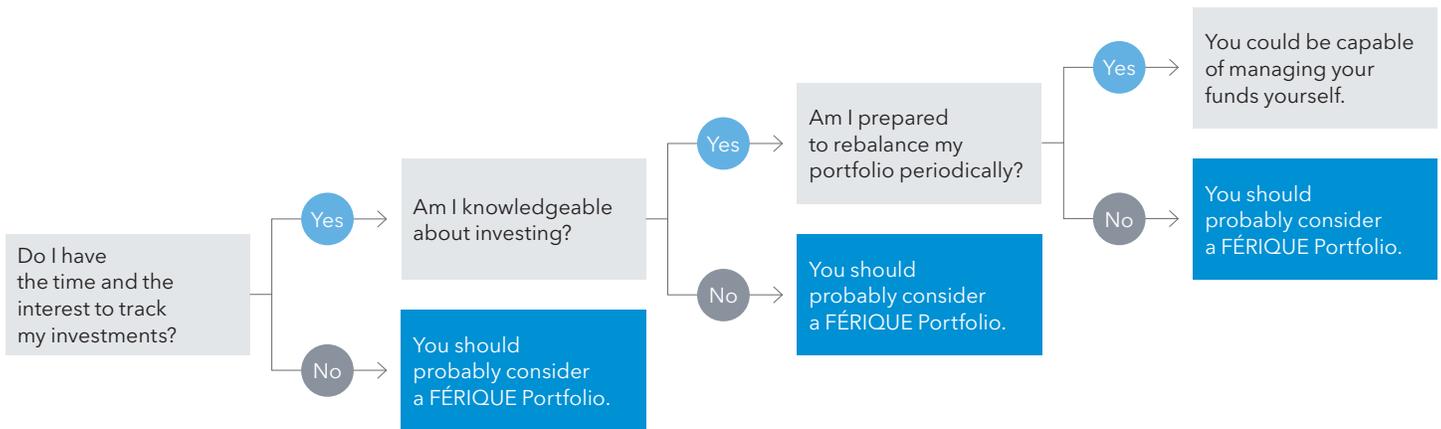
Basically, a Portfolio relieves you of the task of managing your own asset mix, since you yourself don't have to rigorously and regularly monitor your investments and decide which trades to execute – and when. Moreover, it requires a much smaller financial outlay on your part, because each of the underlying funds would require a minimum investment of \$500. Do the math: you could replicate the composition of the FÉRIQUE Balanced Portfolio by

purchasing the ten or so underlying funds for about \$5,000 – or you could buy the whole Portfolio with a single minimum transaction of \$500.

As well, a Portfolio makes it easier to step back from the short-term signals sent by the markets, which are infamous for being volatile, unclear and unpredictable. These signals can tempt an investor to over- or underweight asset classes in a way that is not necessarily appropriate from a strategic point of view. They can also make it tempting to try timing investments to the ups and downs of the market, which could be rash. For example, it is counterintuitive to sell an asset class that is still performing well in order to buy into another that has been lagging for several months (and the inverse). However, as the diagram opposite shows, asset classes that are top performers in a given period are often those that drag the portfolio down in the next one, and vice-versa.

A FÉRIQUE Portfolio takes rumours, short-term signals and emotions out of the equation.

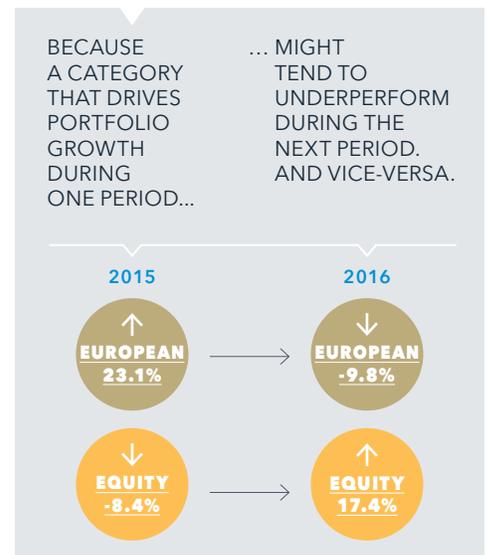
### DECISION TREE



### WHY IS IT IMPORTANT TO SYSTEMATICALLY REBALANCE A PORTFOLIO?

Annual returns for different asset classes of FÉRIQUE Funds

| 2010                   | 2011                    | 2012                    | 2013                    | 2014                    | 2015                    | 2016                   |
|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|
| EQUITY<br>18.6%        | BOND<br>8.9%            | EUROPEAN<br>18.7%       | AMERICAN<br>43.5%       | AMERICAN<br>21.4%       | EUROPEAN<br>23.1%       | DIVIDEND<br>19.3%      |
| DIVIDEND<br>15.1%      | AMERICAN<br>-0.4%       | ASIAN<br>16.0%          | WORLD DIVIDEND<br>30.3% | WORLD DIVIDEND<br>13.0% | WORLD DIVIDEND<br>21.0% | EQUITY<br>17.4%        |
| ASIAN<br>12.5%         | DIVIDEND<br>-2.2%       | WORLD DIVIDEND<br>13.5% | EUROPEAN<br>27.0%       | DIVIDEND<br>11.1%       | AMERICAN<br>18.9%       | AMERICAN<br>8.5%       |
| AMERICAN<br>7.11%      | WORLD DIVIDEND<br>-6.3% | DIVIDEND<br>9.1%        | ASIAN<br>19.8%          | EQUITY<br>8.8%          | ASIAN<br>15.4%          | WORLD DIVIDEND<br>4.1% |
| BOND<br>6.0%           | EUROPEAN<br>-11.1%      | AMERICAN<br>8.9%        | DIVIDEND<br>15.6%       | ASIAN<br>8.0%           | BOND<br>2.3%            | ASIAN<br>1.5%          |
| WORLD DIVIDEND<br>1.5% | EQUITY<br>-11.2%        | EQUITY<br>7.5%          | EQUITY<br>12.1%         | BOND<br>7.4%            | DIVIDEND<br>-8.3%       | BOND<br>1.5%           |
| EUROPEAN<br>-3.8%      | ASIAN<br>-16.3%         | BOND<br>3.1%            | BOND<br>-1.4%           | EUROPEAN<br>4.5%        | EQUITY<br>-8.4%         | EUROPEAN<br>-9.8%      |



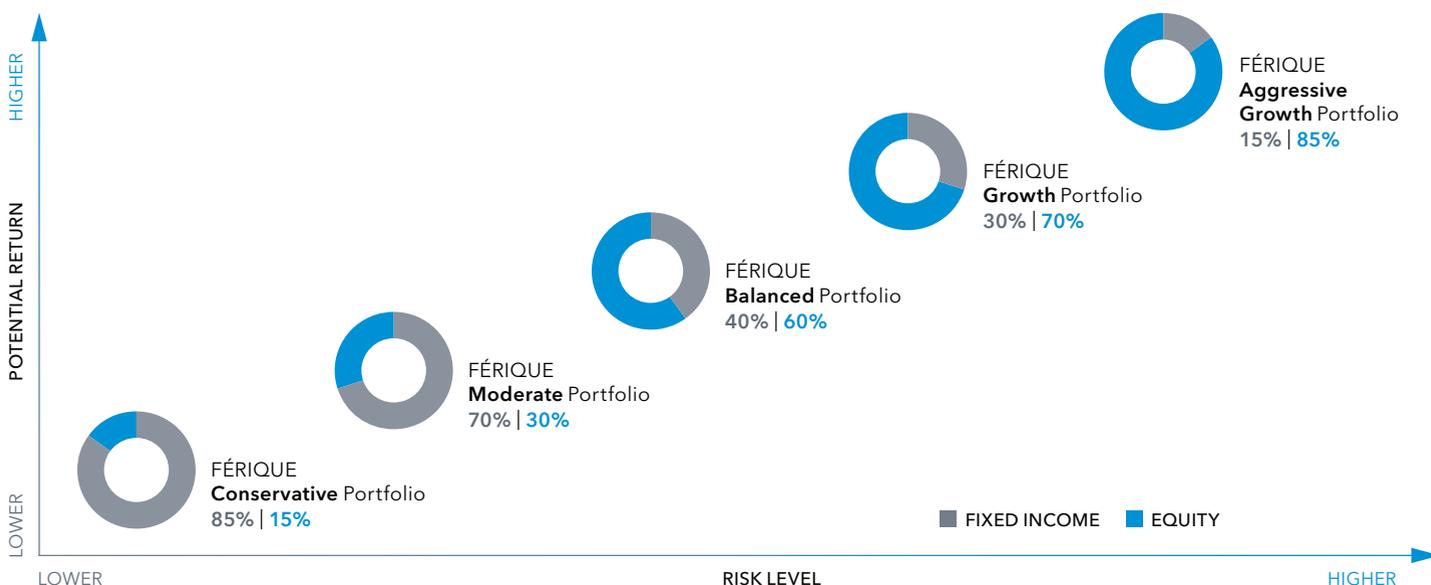
## 5 Advice for choosing your Portfolio

The FÉRIQUE Portfolio family includes five different portfolios. Each one has a different asset allocation and is thus suited to a particular risk profile.

But above all, each Portfolio comes with the whole FÉRIQUE Investment Services client platform, starting with the perspective and recommendations that one of our Advisory Services mutual fund representatives can offer you. A number of studies<sup>2</sup> over the past few years have shown that investors who consult an advisor tend to have more assets, better saving habits and higher returns than other investors. Why deprive yourself?

### WHERE IS YOUR BALANCE POINT?

The FÉRIQUE Portfolio family



### WHY CHOOSE A FÉRIQUE PORTFOLIO? FOR PEACE OF MIND AND OTHER ADVANTAGES.

#### ✓ Turnkey

Your risk tolerance, your portfolio

#### ✓ Diversification

Geographic  
By asset class  
By economic sector  
By management style

#### ✓ Multimanager approach

Thanks to a "fund of funds" structure

#### ✓ Regular rebalancing

Based on market performance

#### ✓ Minimal management fees

MER among the lowest in Canada<sup>1</sup>

Keep in mind that like other FÉRIQUE Funds, FÉRIQUE Portfolios can be purchased with a minimum investment of \$500 (or \$50 per month under a PAC plan). Furthermore, their management fees are among the lowest in the industry<sup>1</sup>, which makes them attractive for accounts of any size. And lastly, you can of course hold them in

an investment account, as well as an RRSP (individual or group), TFSA, RESP, RRIF, LIRA or LIF.

Looking for "turnkey" peace of mind? What about putting your investments in *Portfolio* mode?

<sup>1</sup> 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.

<sup>2</sup> Source: IFC.

### WEBINARS ON THE FÉRIQUE PORTFOLIOS AVAILABLE ON DEMAND

Would you like more information? We suggest you watch the FÉRIQUE Portfolios presentation made in June by Louis Lizotte, Vice President, Investments, Gestion FÉRIQUE.

Webinar available on demand in the "Webinars" section of our website at [ferique.com](http://ferique.com).

### TO INVEST IN FÉRIQUE PORTFOLIOS



#### ADVISORY SERVICES FÉRIQUE Investment Services

514-788-6485 | 1-800-291-0337

Monday to Friday, from 8 a.m. to 8 p.m.  
(Eastern Time)

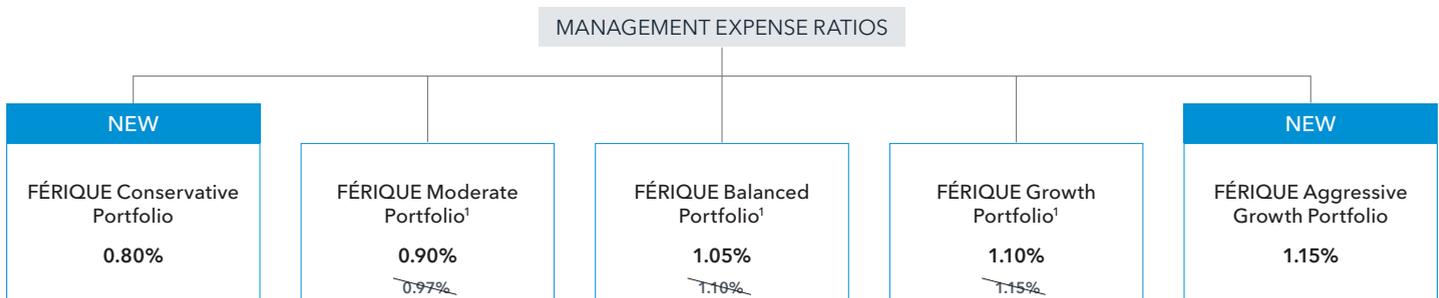
## GOOD NEWS

# FÉRIQUE FUND MANAGEMENT REDUCES MANAGEMENT FEES FOR THREE PORTFOLIOS

In conjunction with the launch of two new FÉRIQUE Portfolios, FÉRIQUE Fund Management has just reduced the management expense ratios (MERs) for the FÉRIQUE Moderate, Balanced and Growth Portfolios.

## Small percentage, big difference

The management expense ratios for the FÉRIQUE Portfolios now stand as follows:



Since it is a not-for-profit organization, a unique business model in the industry, FÉRIQUE Fund Management aims primarily to cover its operating expenses without creating a profit margin. By exercising rigorous budgetary management and reaching for positive market returns, it can pass along any surplus to clients in the form of lower MERs.

This is also why the management fees for all FÉRIQUE Funds and Portfolios are among the lowest in Canada in comparison to their reference universe.<sup>2</sup>

As shown in the following graph, this can result in a significant advantage for the owners of FÉRIQUE Funds or Portfolios who remain invested in the market for a number of years.

In this example, we compare the return net of fees of the FÉRIQUE Balanced Portfolio, which now has a MER of 1.05%, with a competing balanced fund that has a MER equal to the industry median MER

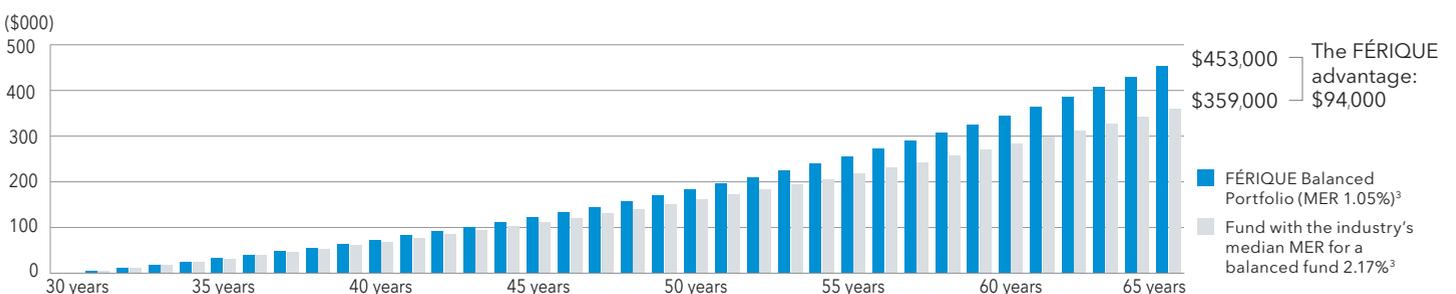
for this category, i.e. 2.17%. We assume an initial investment of \$500 and a further investment of \$500 each month. The result? After 35 years, assuming a steady 5% return before fees for both investment vehicles, your FÉRIQUE Portfolio would be worth **\$94,000 more** than if you had invested the same amount in the competing fund<sup>3</sup>.

And it gets better: by itself, the 0.05% reduction that took effect in early July represents an increase of over \$10,000 in the capital generated during this time.

In fact, this latest MER reduction highlights the advantages of the FÉRIQUE business model, which consists of offering performing mutual funds with management fees among the lowest in the industry – and high-quality advice offered at no additional charge to help in making informed decisions. /

## LOWER FEES, HIGHER CAPITAL OVER THE LONG TERM

Hypothetical Annual Return of 5%



Source: FÉRIQUE Fund Management

<sup>1</sup> Current management expense ratios (MERs) for FÉRIQUE Portfolios as of July 1, 2017.

<sup>2</sup> The MERs of the FÉRIQUE Funds are among the lowest in the industry when compared to their base universe in Canada according to Fundata Canada Inc.

<sup>3</sup> The FÉRIQUE Balanced Portfolio MER was 1.05% as of July 1, 2017, and the median for same-category funds in Canada was 2.17% as of April 30, 2017, according to Fundata Canada Inc. However, the MERs of the competing fund and the median may have fluctuated as of the date of this article. For illustration purposes, the monthly investment is assumed to be made at the beginning of each period and the spread between the MERs is assumed to remain constant throughout the period.

<sup>4</sup> Advisory services are offered at no additional cost if FÉRIQUE Funds are purchased through FÉRIQUE Investment Services.

## ANNUAL MEETING RECAP

## A POSITIVE STATUS REPORT FOR 2016 AND THE UNVEILING OF TWO NEW PORTFOLIOS

**Gestion FÉRIQUE held its Annual Meeting of Unitholders in Montreal on April 25, followed by its Annual Information Session in Quebec City on April 27. Each event drew more than 250 people.**

During both meetings, we had the pleasure of hearing from two of our investment managers: Benoît Durocher, CFA, Executive Vice President and Chief Economic Strategist of Addenda Capital; and Harold Scheer, CFA, President and Chief Investment Officer of Baker Gilmore and Associates. They discussed the economy and shared their forecasts for the current year.

The evening included the announcement of changes to the FÉRIQUE Balanced Funds by Louis Lizotte, CFA, FRM, Vice President, Investments. FÉRIQUE Balanced Funds have been renamed the “FÉRIQUE Portfolios,” and their management expense ratios have been lowered. Moreover, the portfolio family has expanded, with the addition of the FÉRIQUE Conservative Portfolio and the FÉRIQUE Aggressive Growth Portfolio. Mr. Lizotte also presented a review of the FÉRIQUE Funds, as he does each year.

Jacques Laparé, Eng., MBA, presented some of the 2016 highlights, including the year-over-year 8.6% increase in assets under management, to more than \$2.4 billion. Fabienne Lacoste, CFA, President and Chief Executive Officer, continued by presenting several fine achievements in the client experience area: the launch of the new informational website, deployment of the Private Wealth service and a high level of client satisfaction in terms of relations with Advisors and quality of products and services. She also underscored our successful 2016 RRSP campaign, which saw a record 37% increase in net contributions in the first two months of 2017.

Gestion FÉRIQUE would like to thank all the unitholders who attended the meetings. /

### FÉRIQUE FUND MANAGEMENT

Place du Canada  
1010 de La Gauchetière St. W.  
Suite 1400  
Montreal (Quebec) H3B 2N2  
T 514-840-9206  
Toll free 1-888-259-7969  
info@ferique.com

### FÉRIQUE INVESTMENT SERVICES

**Advisory Services**  
T 514-788-6485  
Toll free 1-800-291-0337  
client@ferique.com  
[ferique.com](http://ferique.com)

### SUGGESTIONS OR COMMENTS?

If there are any subjects that you would like us to cover in our informative articles or you wish to send us any comments about our InfoFÉRIQUE newsletter, please do not hesitate to write us at [info@ferique.com](mailto:info@ferique.com).

FÉRIQUE is a registered trademark of Gestion FÉRIQUE and is used under license by its subsidiary, Services d'investissement FÉRIQUE. Gestion FÉRIQUE is an Investment Fund Manager and assumes management duties in relation to the FÉRIQUE Funds. Services d'investissement FÉRIQUE is a Mutual Fund Dealer and a Financial Planning Firm, as well as the Principal distributor of the FÉRIQUE Funds. Please note that for commercial purposes, Services d'investissement FÉRIQUE is also known in English as FÉRIQUE Investment Services. There may be brokerage fees, trailing commissions, management fees and expenses associated with investment in the Funds. Management expense ratios vary from one year to another. Please read the prospectus before investing. Mutual funds are not guaranteed, their values fluctuate frequently and past performance may not be repeated. FÉRIQUE Funds pay management fees to Gestion FÉRIQUE allowing it to assume the fees of the portfolio managers, the fees relating to the marketing or distribution of the FÉRIQUE Funds and the administration fees of the manager of the FÉRIQUE Funds. Each of the FÉRIQUE Funds pays all of its own operating expenses. No commissions are payable by the unitholders for a subscription in the FÉRIQUE Funds if such subscription is made through Services d'investissement FÉRIQUE; brokerage fees could however be payable should the subscription be made through a broker other than the principal distributor. The information contained in this communication does not constitute an offer or a solicitation of any nature in any jurisdiction in which such an offer or solicitation would not be authorized or to any person to whom it would be illegal to make such an offer or solicitation. The information contained in this communication does not constitute specific advice of a financial, legal, accounting or fiscal nature concerning investments. You should not act or rely on the information without seeking the advice of a professional.