FÉRIQUE
MUTUAL FUNDS

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2022

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Aggressive Growth** Portfolio

There may be management fees and expenses associated with an investment in a mutual fund. Management expense ratios vary from one year to another. Please read the Prospectus before investing. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation or another government deposit insurer. Their values fluctuate frequently and past performance may not be repeated.

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This report may contain forward-looking statements about the Funds, their future performance, strategies or prospects, and possible future Fund actions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Funds and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Funds. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

Management Discussion of Fund Performance

Investment Objective and Strategies

The FÉRIQUE Aggressive Growth Portfolio (the Fund) seeks to maximize long-term capital growth by a policy of diversification among different types of investments. The Fund mainly invests in mutual funds that are exposed to Canadian and foreign equities and, to a lesser extent, bond securities and money market securities.

The Fund aims to hold a well-diversified portfolio composed mainly of Canadian and foreign equity securities and, to a lesser extent, Canadian and foreign fixed-income securities.

The Fund's current investment policy specifies a long-term target portfolio broken down into asset categories as follows (all percentages expressed in the investment strategy are presented as a percentage of the Fund's net asset value):

- Fixed-income funds and money market securities 15%
- Equity funds 85%

The maximum exposure to foreign securities is approximately 75%.

This weighting may vary according to the market fluctuations and investors' transactions in the Fund. Asset category weights are verified monthly. The Fund is rebalanced when the predetermined limits by the Fund's portfolio manager are exceeded.

The Fund invests mainly in units of underlying funds administered by the manager or by third parties in order to obtain the expected exposure to the different asset classes.

The portfolio manager of the Fund, Gestion FÉRIQUE, is responsible for the assets' allocation among the asset classes. The portfolio manager may, at its sole discretion and to maximize the potential of achieving the Fund's objectives, select the underlying funds for the different asset classes, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

The following criteria are taken into account when allocating the assets of the Fund among the underlying funds: the exposure level to the asset class tolerated in the investment policy, the returns and expected level of risk and the fees. There will be no duplication of fees between the Fund and the underlying funds.

The underlying funds, as well as the money market securities, are managed by portfolio managers or portfolio sub-managers that apply proprietary strategies in their security selection.

Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. The Fund is intended for investors with a medium risk tolerance who wish to invest over the medium or long term. It can also be used by investors looking for diversification within a single portfolio.

Results of Operations

The FÉRIQUE Aggressive Growth Portfolio posted a net return of -12.3% for the fiscal year ended December 31, 2022, compared to a return of -9.4% for the benchmark index. Contrary to benchmark returns, which include no investment fees, Portfolio returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted -11.7% for the fiscal year, net of management fees.

The allocations of the FÉRIQUE Canadian Bond Fund (5% to 10%), the FÉRIQUE Sustainable Development Bond Fund (4% to 2%) and the FÉRIQUE Globally Diversified Income Fund (5% to 2%) were revised over the year. However, the allocation among the asset classes (fixed income/equity securities) remained unchanged.

Money Market
(2.2% of the Fund as at December 31, 2022)

The portfolio was invested defensively in short-term provincial Treasury bills to preserve capital and ensure sufficient liquidity to enable the Fund to operate effectively. Due to rising short-term interest rates, the Fund's yield to maturity increased from 0.2% early in the year to 3.9% at the end of the period.

FÉRIQUE Canadian Bond Fund
(9.6% of the Fund as at December 31, 2022)

The FÉRIQUE Canadian Bond Fund posted a net return of -11.0% for the fiscal year ended December 31, 2022. Its benchmark, the FTSE Canada Universe Bond Index, recorded a -11.7% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -12.2% net of fees for the period.

Addenda

During the period, portfolio duration—which measures the sensitivity to interest rate movements—was kept between 0.5 and 2.3 years below the benchmark, depending on market conditions, and this drove the Fund's performance.

During the first quarter, the portfolio manager gradually increased the portfolio allocation to provincial bonds as credit spreads, which is the additional rate over government bonds offered to investors to hold these securities, widened, before subsequently reducing it to an underweight to track the benchmark index movements and manage portfolio duration. In the last quarter, the portfolio's allocation to provincial bonds was raised again, while remaining significantly underweight. As credit spreads widened, the portfolio manager also increased the overweight to corporate bonds in March to take advantage of attractive investment opportunities. In the second quarter, anticipating that credit spreads and interest rates would remain volatile, Addenda reduced the allocation to corporate bonds and their risk profile. The portfolio manager then temporarily increased exposure to this asset class in July, before reducing the overweight to corporate issuers by a third in the fourth quarter.

[1] Source: Median return of similar funds according to Fundata, as at December 31, 2022.

During the year, Addenda increased the underweight to Alberta, Ontario and Québec bonds before reducing the underweight to Ontario and Québec issues in the last quarter.

Early in the year, the portfolio manager increased the allocation to the Energy and Financials sectors. Later in the year, the allocations to Communication Services, Energy and Real Estate were reduced.

In the fourth quarter, Addenda reduced the portfolio's exposure to several sectors, including Communication Services, Energy, Financials and infrastructure. At the beginning of the year, the portfolio's exposure to BBB-rated securities was increased slightly to take advantage of widening credit spreads. This allocation was revised down during the period to improve the portfolio's risk profile.

Baker Gilmore

Portfolio duration was actively managed and modified based on the strength of Canadian and global macroeconomic data, the actions and statements of global central banks, and changes in interest rates relative to their fundamental value. Duration was kept between 0.2 and 0.8 years below the benchmark, driving the portfolio's relative returns as interest rates increased significantly.

As credit spreads widened, the portfolio's additional running yield relative to the benchmark index and the underweight to provincial bonds and Utilities securities also bolstered relative performance. This positive impact on returns was partly offset by the overweight to A- and BBB-rated bonds in the Financials sector.

Early in the period, the portfolio manager took profits and liquidated real-return bonds, but reintroduced positions in these bonds later due to persisting inflationary pressures. Baker Gilmore also reduced the portfolio's overall credit risk early in the period mostly by overweighting provincial bonds. It also progressively reduced the overweight to A- and BBB-rated bonds in the Financials sector, which was for the most part invested in Banks and Mortgage Finance, and in Real Estate. However, Baker Gilmore increased the allocation to asset-backed securities.

FÉRIQUE Global Sustainable Development Bond Fund (1.8% of the Fund as at December 31, 2022)

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of -10.3% for the fiscal year ended December 31, 2022. Its benchmark, composed of the FTSE Canada Short Term Bond Index (25%), the FTSE Canada Mid Term Bond Index (25%) and the ICE Global Non-Sovereign Index (hedged in Canadian dollars) (50%), posted a -10.3% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -10.9% net of fees for the fiscal year.

AlphaFixe Capital

The 2022 fiscal year was marked by rising interest rates on all segments of the yield curve and by its flattening due to short-term rates rising faster than long-term rates. Worldwide, central banks announced they would significantly increase their key interest rates, which drove market performance over the year.

Throughout the period, the portfolio maintained a shorter duration—a measure of sensitivity to interest rate changes—relative to the benchmark. This contributed to the Fund's relative return as interest rates rose.

However, the Fund's returns suffered from the sector allocation. The overweight to provincial and corporate bonds detracted from performance amid widening credit spreads, i.e., the additional yield, offered to investors to hold these securities compared with government bonds.

Security selection also hampered relative performance. The overweight to Real Estate and Financials had a negative impact due to the sectors' poor performance.

Canadian sustainable bonds held in the portfolio had no impact on the Fund's relative returns over the period.

The underweight to duration was reduced and exposure to provincial and corporate bonds was boosted due to the sharp rate increases in 2022.

BMO Global Asset Management

The 2022 fiscal year was one of the most tumultuous periods in recent memory for fixed-income securities, as they suffered during much of the year from the stubborn rising inflation that drove down returns and the highest sustained period of volatility since the Great Financial Crisis. Excess demand and a series of supply shocks that included manufacturing shortages and Russia's invasion of Ukraine caused the surge in inflation that forced central banks to raise rates at the fastest pace in decades.

Credit spreads followed for the most part the same trend as their underlying government bonds in the United States. As yields on U.S. Treasury bonds continued to rise, spreads widened along. Both U.S. government bonds and credit spreads peaked in October when markets were reaching their trough. However, starting in mid-October, corporate bond markets staged a robust recovery, as investor confidence was buoyed by weakening macroeconomic headwinds that included a slowdown in U.S. inflation and falling energy prices in Europe.

Against this backdrop, the portfolio's outperformance was driven by its underweight to duration and significant focus on the United States, as the portfolio manager believed that rising inflation and strong demand in the economy would prompt the U.S. Federal Reserve to raise interest rates. BMO reduced some of the duration underweight to the United States in light of the significant uncertainty resulting from the market disruptions following Russia's invasion of Ukraine.

The portfolio manager re-established this underweight later in the period, as the risk of the war spreading to neighbouring countries diminished and supply constraints and high inflation became the key issues once again. However, as the year went on, BMO reduced the underweight duration position once more due to cheaper valuations.

Overall, the portfolio's credit exposure remained cautious because of market volatility. The portfolio maintains a bias towards the Financials and Utilities sectors given the availability of green, social and sustainable bonds in this space. The portfolio is intrinsically underweight to the Energy and Industrials sectors because of its focus on sustainability.

FÉRIQUE Globally Diversified Income Fund
(1.8% of the Fund as at December 31, 2022)

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of -11.2% for the fiscal year ended December 31, 2022. Its benchmark, composed of the FTSE Canada Universe Short Term Bond Index (30%), the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged) (60%) and the Dow Jones Canada Select Dividend Index (10%), posted a -8.9% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -11.5% net of fees for the fiscal year.

During the period, the portfolio's allocations to global and Canadian bonds were the primary drivers of underperformance due to the soaring interest rates. Canadian equities and preferred shares contributed to relative performance in spite of posting negative absolute returns, as they outperformed their benchmark indices. Corporate bonds also impeded performance over the period.

Overall, the portfolio's asset allocation helped relative performance. The underweights to global bonds and Canadian equities, which were maintained for most of the period, added value. However, allocations to preferred shares and high-yield bonds detracted slightly.

Short-term rates rose over the year, and the yield curve inverted when the 2-year yields shot up higher than longer term yields. Against this backdrop, the portfolio manager maintained a shorter relative duration—which measures the sensitivity to interest rate movements—for the overall fixed-income portion of the portfolio that helped relative performance. The Bank of Canada and U.S. Federal Reserve have signalled that their monetary tightening cycle is not over yet and they will continue to raise rates in 2023, albeit at a slower pace.

The portfolio manager reduced the allocation to preferred shares in the first half of 2022 over future performance concerns, then kept it steady for the remainder of the period. Addenda reduced the allocation to global bonds in early January before boosting it back, while still maintaining an underweight, in July, as the asset class significantly underperformed Canadian bonds in the first three quarters of the year.

Russia's invasion of Ukraine caused energy and raw material shortages that put upward pressure on prices and, ultimately, pushed consumer prices up. The unexpected armed conflict, along with strong consumer demand and a tight labour market, caused inflation to remain stubbornly high — well above target. In response, central banks aggressively tightened their monetary policy, which drove all interest rates up.

FÉRIQUE Canadian Equity Fund
(23.8% of the Fund as at December 31, 2022)

The FÉRIQUE Canadian Equity Fund posted a net return of -2.4% for the fiscal year ended December 31, 2022. Its benchmark, the S&P/TSX Composite Index, posted -5.8% for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -5.2%, net of management fees for the fiscal year.

CC&L

The past year was a challenging period for equity markets as a result of decades-high inflation, the most aggressive interest rate hiking cycle in a generation and the largest armed conflict in Europe since World War II. These factors prompted recession fears, causing the S&P/TSX Composite Index to decline 5.8% in 2022.

The portfolio delivered negative returns but outperformed its benchmark. Stock selection drove performance and sector positioning detracted slightly. Stock selection in the Financials, Information Technology, Utilities and Energy sectors contributed to relative returns.

Overweight positions in stocks with strong fundamentals were the key driver of relative performance. Within the Financials sector, the overweight to property and casualty insurers Definity Financial Corporation and Intact Financial Corporation contributed to relative performance. In Information Technology, the portfolio's overweight to defensive companies such as Constellation Software and Descartes Systems Group was rewarded. Within the Energy sector, an overweight to natural gas producers Tourmaline Oil and ARC Resources added value. However, the positive stock selection was counterbalanced by the underweight allocation to the sector, as it was the top performer in the market in 2022.

Given the year's macroeconomic events, the portfolio sub-manager shifted the portfolio toward more defensive companies that can thrive in a high-inflation, slow growth environment. During the year, the portfolio sub-manager downgraded its economic growth outlook, albeit off high levels, to factor in the increased risk of a recession caused by rising geopolitical tensions, surging inflation and very restrictive monetary policy. The portfolio sub-manager increased the allocations to defensive sectors like Utilities, Consumer Staples and Communication Services and reduced exposure to cyclical ones, such as Financials and Materials. It decreased the underweight to the Energy sector to reflect a change in outlook caused by soaring energy prices. This was the most significant change made to the portfolio's sector allocation during the year. Natural gas producers have lower ESG risk and a 40% smaller carbon footprint compared to traditional oil producers. The portfolio sub-manager sees natural gas as a transition fuel that will allow the world to move to cleaner sources with a lower carbon footprint than traditional oil producers. As a result, additions to the portfolio in the Energy sector were focused on natural gas-exposed companies regardless of their valuation multiples (above-average valuation multiples are acceptable due to the companies' lower ESG risk).

Franklin Templeton

The portfolio's large allocation to cyclical value stocks and defensive non-cyclical stocks with above-average fundamentals and valuation profiles contributed considerably to relative outperformance.

Security selection and sector allocation significantly bolstered relative returns. Security selection of select holdings within the Information Technology and Energy sectors helped the most, but was partially offset by some holdings in Financials.

More specifically, positions in ARC Resources, Tourmaline Oil and Suncor Energy in the Energy sector added substantial value. Other notable contributors included Metro and Alimentation Couche-Tard in Consumer Staples, as well as Dollarama in Consumer Discretionary. Conversely, Brookfield Corporation in Financials and Open Text in Information Technology were among the main detractors.

From a sector allocation standpoint, the Fund's positioning in Information Technology and overweight to outperforming Consumer Staples sector helped returns, but were partially offset by the underweight to the outperforming Materials sector.

The portfolio sub-manager saw investment opportunities to rebalance the portfolio during the year. Taking advantage of the relative weakness or strength in share price and of the recent outperformance of Energy holdings to sell on strength, Franklin Templeton added five new positions to the portfolio. The portfolio sub-manager introduced positions in TELUS International and Kinaxis in Information Technology, FirstService Corporation in Real Estate and in Brookfield Asset Management and Brookfield Corporation in Financials. These additions were funded by rebalancing the portfolio and liquidating four holdings (Total Energy Services in Energy, Lundin Mining Corporation in Materials, Rogers Communications in Communications Services and First Capital REIT in Real Estate). The portfolio sub-manager follows a low-turnover strategy but will continue to make decisive changes when opportunities arise.

By the end of the year, the largest sector allocations were to Financials, Energy, Industrials and Consumer Staples. The portfolio was most overweight to the defensive, non-cyclical Consumer Staples sector and meaningfully overweight to the Information Technology sector following the addition of new holdings and the substantial drop in the sector's benchmark weight in 2022. The Fund was most underweight to the Materials and Financials sectors.

FÉRIQUE American Equity Fund
(9.5% of the Fund as at December 31, 2022)

The FÉRIQUE American Equity Fund posted a net return of -9.9% for the fiscal year ended December 31, 2022. Its benchmark, the S&P 500 Index, posted a -12.1% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -15.5%, net of fees for the fiscal year.

Columbia Threadneedle

Throughout the year, the economy was significantly impacted by the high inflation and the response of central banks worldwide—including the U.S. Federal Reserve (Fed)—that hiked their key interest rates to put downward pressure on prices.

Sector allocation, in particular the portfolio's underweight to Consumer Discretionary, contributed the most to the portfolio's relative outperformance. The overweight to Communication Services was the largest detractor to relative performance.

Stock selection hampered relative returns, with selection in Consumer Discretionary and Information Technology having the most negative impact. It was, however, offset by strong stock selection in Health Care and Consumer Staples that generated sizeable positive relative returns.

From an individual stock standpoint, the portfolio's holdings in Energy, Chevron Corporation and EOG Resources, were the top relative contributors during the period as the sector was the best-performing one by a wide margin. Eli Lilly, a leading pharmaceutical company, was also a best-performing stock. Its performance was driven by its best-in-class research and development initiatives. It is expected to continue growing over the next years thanks to its diabetes and oncology treatments, as well as its robust product pipeline.

Meanwhile, positions in Amazon.com and Uber Technologies detracted the most. Amazon.com plummeted after its most recent quarterly results disappointed due to the slower growth of its cloud-computing services and below-expectation revenue guidance. The portfolio sub-manager believes that the investment thesis is still intact and that the company's relentless focus on customer experience, long-term horizon, innovative culture, broad customer base and e-commerce tailwinds will help it gain market shares and grow its revenues.

Uber's stock declined despite reporting strong profitability to offset softer bookings toward the end of the year. Uber's ride-share and take-out delivery platforms are dominant players in terms of global market shares, as with markets about to become duopolies. The sub-manager believes that Uber will experience significant revenue growth over the coming years.

The portfolio sub-manager did not make any major changes to the portfolio's positioning or asset mix during the period.

River Road

From a sector allocation perspective, the overweight to the Energy sector contributed the most to performance, while the underweight to Industrials detracted the most.

During the period, the most significant changes to relative positioning occurred in the Energy, Real Estate and Information Technology sectors. Energy became underweight as the portfolio's more stable midstream energy holdings underperformed and the positions in Enterprise Products Partners, Magellan Midstream Partners and Marathon Petroleum Corporation were sold off. The underweight to Real Estate was reduced as the portfolio sub-manager established new positions in American Tower Corporation and STORE Capital Corporation. Lastly, the overweight to Information Technology was increased following the addition of Micron Technology and Texas Instruments to the portfolio.

ESG factors, including the deployment of renewable energy, played a material role in positioning the portfolio within the Utilities sector over the period, as the portfolio sub-manager has taken into account how company green house gas reduction plans will impact the cost of capital.

The spike in inflation and rising interest rates have weighed heavily on investors' outlooks, and equity markets worldwide have suffered as a result. Investors' sudden shift in risk tolerance was favourable for value stocks in general, and for dividend stocks especially. This market environment was very favourable for the portfolio.

FÉRIQUE European Equity Fund
(10.6% of the Fund as at December 31, 2022)

The FÉRIQUE European Equity Fund posted a net return of -15.6% for the fiscal year ended December 31, 2022. Its benchmark, the MSCI Europe Index, posted a -8.3% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted -17.2%, net of fees for the fiscal year.

Lazard

In 2022, the equity market corrected significantly due to an unusual environment characterized by soaring inflation, the fastest interest rate hiking cycle in decades and high volatility caused by Russia's invasion of Ukraine.

Supply shocks drove energy and key food commodity prices sharply higher, exacerbating global inflation. Rising prices have eroded consumers' standard of living and businesses' profit margins.

The largely negative market sentiment in early 2022 that was caused by investors looking too far ahead was later replaced by short-term optimism. Market sentiment also improved as inflation showed signs of peaking in the United States and Europe, easing the upward pressure on interest rates. Meanwhile, China finally took steps to reopen its economy.

Equity markets rebounded significantly and in an abnormal way late in the year. In a falling market, high-quality companies that generate a high return on capital usually protect better their capital than companies with a lower return. In 2022, this was not always the case and sectors like Consumer Staples and Health Care did not significantly outperform.

Early in the year, the portfolio was not positioned to withstand the exogenous shock of Russia's invasion of Ukraine. The portfolio had positions in several consumer-facing companies that were among the most acutely impacted by concerns over consumer spending, rising costs and supply chain constraints.

Stock selection was the main driver of performance during the period. In particular, selection in Consumer Discretionary and Real Estate impeded relative returns, while selection in Health Care and the allocations to Energy contributed.

German real estate firm Vonovia detracted from returns. Rising interest rates weighed on sentiment in the property market. Despite these concerns, the company is a leading property operator and it announced impressive rental income growth.

Health, nutrition and materials multinational DSM depreciated during the year. While the company's third-quarter results were in line with forecasts, its full-year outlook was downgraded due to expected lower margins. With resilient volume growth and peaking inflation in the chemicals industry, the portfolio sub-manager does not believe that DSM is facing structural headwinds to margin growth.

Asset management platform Allfunds Group had a challenging year in 2022. Its disappointing performance was driven by the derating of high valuation multiple companies and earnings downgrades due to lower market levels.

Earnings of footwear company Dr. Martens missed analyst expectations, as several factors weighed on performance. The portfolio sub-manager liquidated the position because the investment thesis was compromised.

Several portfolio positions in the Energy sector contributed to returns. Despite a slight pullback late in the year, energy producers benefitted from tight supply and rising prices. BP was among the portfolio's most consistent outperformers. Rio Tinto benefitted from higher metals prices and free cash flow generation in its iron ore business.

German engine manufacturer MTU Aero Engines also boosted returns. The company released high-quality earnings, while management raised guidance ahead of consensus for 2023 – 2025 and signalled a stock buyback.

The largest adjustment to the portfolio during the period was a reduction to the Consumer Staples allocation, which became the largest underweight. The Health Care sector also moved from an underweight to an overweight because of the addition of AstraZeneca and Merck. Conversely, Materials moved from an overweight to an underweight.

Meanwhile, the portfolio sub-manager added a position in Scout 24, an online classified ad technology business helping homeowners selling their property. Led by a highly competent management team, the company is expected to gain pricing power.

The portfolio sub-manager believes that, since the initial shock of Russia's invasion of Ukraine in the first quarter, inflation and the shift in monetary policy have prompted investors to focus more on fundamentals such as valuation, pricing power and financial productivity. That new stance benefitted the portfolio.

Walter Scott & Partners

Equity markets had a turbulent year in 2022. Early on, Russia's unexpected invasion of Ukraine undermined investors' already poor confidence in the global economy, disrupted supply chains and stoked the nascent pressures on global commodity prices. In Europe, the invasion sparked concerns over the region's access to energy, given its reliance on Russian gas supplies.

Investors were mostly worried about inflation and central banks' interventions in response to it, as the U.S. Federal Reserve embarked on an aggressive rate hiking cycle. In Europe, the European Central Bank (ECB) also began to raise interest rates in earnest as inflation took hold in the euro zone. The ECB actions impacted the share prices of many holdings in the portfolio and were a drag on relative performance.

Markets remained single-mindedly focused on inflation and interest rates throughout the year. As inflation showed signs of moderating, investors were hoping the ECB would adopt a more dovish stance, and markets rallied in the fourth quarter. However, the ECB announced it would not dial down its efforts to fight inflation and would continue to act forcefully, signalling that it will have to hike interest rates far above 2% to succeed.

However, the rapid derating did not, in most cases, reflect a material deterioration in long-term relative fundamentals.

With the economy on the verge of a downturn and interest rates staying high, markets will increasingly favour companies with strong balance sheets and long-term profitability, much like the portfolio sub-manager. Accordingly, Walter Scott believes that if economic headwinds continue to strengthen, the long-term fundamentals of the portfolio will improve relative to the benchmark index.

From a sector viewpoint, the portfolio's Consumer Staples and Industrials stocks underperformed and detracted the most from relative returns. At the individual stock level, Fevertree Drinks and VAT Group were among the weakest performers. The significant exposure to the underperforming Information Technology sector, along with positions in individual underperforming stocks, further impeded relative performance. The lack of holdings in Energy sector, the strongest performing sector of the benchmark, was also detrimental. Positions in Health Care, Materials and Financials also detracted from relative returns.

From a regional perspective, the portfolio's U.K. holdings lagged and hampered relative performance the most. Fevertree Drinks, Big Yellow Group and Hargreaves Lansdown were particularly weak. Swiss stocks, and Temenos in particular, also significantly hurt relative returns.

During the year, the market operated a major rotation from growth to value stocks that was driven by the new belief that inflation and interest rates would stay higher for longer than previously expected. This shift had a negative impact on the portfolio's relative performance.

There has been no material change to the portfolio's positioning and overall asset mix during the period. Yet, positions in Unilever, Elekta, Smith & Nephew, AAK, Hargreaves Lansdown and Intertek Group were liquidated, while ASM International, Universal Music Group, Sartorius Stedim Biotech, Atlas Copco, Tecan Group, Greggs and Halma were added to the portfolio. The portfolio sub-manager adds stocks based on their individual merits and outlook in order to build a portfolio that balances growth, profitability, balance sheet resilience, sustainability and valuation, while carefully considering the geographic, industry and thematic exposures and risk.

FÉRIQUE Asian Equity Fund
(10.7% of the Fund as at December 31, 2022)

The FÉRIQUE Asian Equity Fund posted a net return of -15.0% for the fiscal year ended December 31, 2022, compared to -10.9% for its benchmark, the MSCI AC Asia Pacific Index. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted -14.6%, net of management fees for the fiscal year.

Over the period, country allocation contributed to relative performance. An overweight to Indonesia and underweight to Taiwan helped returns, while offsetting the negative impact of an underweight to Hong Kong and Thailand.

Stock selection in China, Taiwan, Korea and Japan detracted from relative performance and failed to add value to the portfolio.

In Japan, poor sector allocation hampered relative performance. The portfolio sub-manager maintained a significantly overweight to electronics companies due to their long-term growth potential. However, the position was negatively impacted by repeated sell-offs in 2022 that were triggered by concerns over computer and smartphone manufacturers' cyclical inventory adjustments. The underweight to Financials also weighed on performance. Bank stocks, which are the largest component of the sector, rallied significantly on expectations of higher interest margins after the Bank of Japan announced changes to its yield curve control policy.

In China, overweight exposure to automobile dealers in Consumer Discretionary drove underperformance, mainly on concerns that electric vehicle adoption will disrupt sales of conventional internal combustion engine vehicles faster than expected. From an individual stock standpoint, Shenzhou International Group Holdings underperformed over production and demand concerns, while Flat Glass Group suffered from competition and cost pressures. Internet companies were negatively impacted by the uncertain regulatory environment. Meanwhile, the improving copper and gold price forecast buoyed Zijin Mining Group's share price.

In Korea, SK Innovation underperformed due to concerns about refinery product prices following a downward trend because of weak demand. SK Hynix and Samsung Electronics also experienced weakness in their memory businesses amid falling prices.

Taiwan Semiconductor Manufacturing Company (TSMC) underperformed amid the global technology sell-off and concerns about longer inventory digestion of integrated circuit chips. GlobalWafers (in Taiwan) declined after the planned acquisition of Siltronic fell through. Cathay Financial Holding underperformed due to the insurer's COVID-19 exposure and low capital adequacy ratio.

An overweight to banking companies (in Financials) in India, Indonesia and Singapore, such as HDFC Bank, ICICI Bank, Bank Central Asia and DBS Bank, bolstered returns on expectations of higher loan growth and better asset quality.

The portfolio sub-manager increased the overweight to Japan as the position provides some stability in a volatile environment. The sharp depreciation of the Japanese yen is benefitting local markets. Because of the country's slow and steady GDP growth, corporate prospects are also among the most stable in the region, with earnings continuing to be upgraded across the market, especially among manufacturing and export-related companies. Japan reopened more decisively than other economies in the area after the pandemic and is better positioned than more concentrated economies such as Korea and Taiwan.

In China, the government suddenly reversed its zero-COVID policy and eased its strict regulation of the technology sector at the end of 2022, as it reopened the economy, relaxed Internet regulations and moved to keep a normal monetary policy while most major economies are tightening theirs. In light of announcements regarding the real estate sector and clearer guidelines about the reopening of the economy, the portfolio sub-manager maintained a neutral position in China.

Templeton Emerging Markets Fund
(3.6% of the Fund as at December 31, 2022)

For the fiscal year ended December 31, 2022, Templeton Emerging Markets Fund posted a return of -14.1% gross of management fees, compared to -13.9% for its benchmark, the MSCI Emerging Markets Index.

During the period, stock selection in Communication Services was the main detractor to relative performance. Within the sector, South Korean internet search and advertising company Naver Corporation was negatively impacted by slower growth in a post-pandemic environment. Concerns over the company's expansion into unprofitable new businesses in such uncertain macroeconomic conditions and weak earnings below consensus estimate pressured the stock. However, Franklin Templeton believes that Naver is well positioned to build a thriving ecosystem integrating e-commerce, payments and digital content based on its solid search and advertising business.

Stock selection in Energy, along with an underweight to Utilities, also weighed on relative performance. Within the Energy sector, Russian oil producer LUKOIL was a major detractor. SberBank, one of the biggest banks in Russia, was the third worst-performing stock in the portfolio. Following Russia's invasion of Ukraine, stock prices declined significantly, and SberBank's stock was valued at zero.

Leading global semiconductor manufacturer Samsung Electronics also impeded returns. One of the world's largest smartphone makers and a key supplier of organic light-emitting diode displays, the company came under selling pressure as investors reassessed the outlook for growth in chip demand.

From a regional perspective, stock selection in Russia and Taiwan and a lack of exposure to Saudi Arabia hampered performance the most.

Conversely, stock selection in the Financials, Consumer Discretionary and Materials sectors were the main contributors.

From a regional standpoint, stock selection in China and India, along with an overweight to Brazil, had a positive impact on relative performance.

Portfolio holdings in the United States (through Cognizant Technology and Genpact, which are listed in the United States but operate mostly in Emerging Markets), Mexico and Chile were increased the most during the period, as the Sub-Adviser sought new companies with sustainable earnings power that were trading at a discount to their intrinsic worth. In these countries, Franklin Templeton added to existing high-conviction portfolio holdings. Additions were also made in the United Arab Emirates, Thailand and Brazil. In terms of sectors, new positions were introduced in Energy, Consumer Discretionary and Health Care, with some select holdings added to Utilities and Industrials.

Conversely, Franklin Templeton trimmed portfolio allocations to South Korea, in part by selling Samsung Electronics, and India in favour of more compelling opportunities.

By the end of the year, the portfolio was most invested in Information Technology, Financials and Consumer Discretionary.

NEI Emerging Markets Fund
(3.5% of the Fund as at December 31, 2022)

For the fiscal year ended December 31, 2022, the NEI Emerging Markets Fund posted a return of -28.3% gross of management fees, compared to -13.9% for its benchmark, the MSCI Emerging Markets Index.

At the beginning of the year, tensions that turned into war between Russia and Ukraine caused volatility in Emerging Markets, while geopolitical concerns over China and the Omicron wave of COVID-19 weighed on market sentiment. Later in the period, worse-than-expected U.S. inflation numbers pushed the Fed to shift to a tighter monetary policy and raise rates. However, a stronger U.S. dollar proved a headwind for Treasury bonds. Meanwhile, markets operated a rotation toward value-style equities.

In Asia, new lockdowns amid surging COVID-19 cases led to consumption concerns, while regulatory pressures in the internet sector hurt major listed companies. The geopolitical environment weighed on sentiment as investors feared the consequences of possible sanctions if China backed Russia in its conflict against Ukraine. The prospect of the U.S. Federal Reserve (Fed) triggering a recession due to its hawkish policy stance was also a cause for concern.

Later in the year, markets rallied in China on reopening optimism after authorities announced the end to quarantine for international travellers. The president also urged the population to spur consumption to boost the economy.

In the first half of the year, the Korea market underperformed, as waning Chinese demand negatively impacted exports, factory input costs spiralled and the won reached its lowest point against the U.S. dollar since 2009. The Taiwanese market also suffered from weak exports and the index underperformed following reports of a semiconductor glut.

Starting at the end of the third quarter and for most of the fourth quarter, Korea outperformed, helped by robust inflows from foreign investors and the Manufacturing Purchasing Managers' Index indicating the pace of economic contraction to be easing. In Taiwan, news of China's economic reopening supported the market, as did optimism toward the country's large semiconductor industry following the acquisition of a considerable stake in Taiwan Semiconductor Manufacturing Company by Berkshire Hathaway.

In Latin America, performance was bolstered by rising commodity prices and the region's relative insularity regarding the ongoing war in Europe. Brazil was one of the best performers, as the country's central bank signalled the forthcoming end of the tightening cycle. Investor confidence improved thanks to a tight labour market and soaring consumer confidence. Political authorities also took measures to ease the economic impact of high fuel prices.

From a sector allocation perspective, Industrials, Financials and Information Technology hampered the most performance during the year, while Communication Services, Energy and Consumer Discretionary helped returns the most.

Allocations to Brazil, Argentina and Uruguay detracted the most from portfolio performance while allocations to Saudi Arabia, India and Hong Kong contributed the most.

TD Emerging Markets Fund
(3.5% of the Fund as at December 31, 2022)

For the fiscal year ended December 31, 2022, the TD Emerging Markets Fund, posted a return of -18.5% gross of management fees, compared to -13.9% for its benchmark, the MSCI Emerging Markets Index.

During the period, the overweight and stock selection in India contributed to performance due to allocations in the Financials and consumer-related sectors. The Sub-Adviser is bullish on India and focuses investments within the market on digitization, increase in health care spending and manufacturing companies benefitting from onshoring, incentives for large-scale production and global companies moving some of their China-based sourcing to other countries.

Stock selection and overweight in Mexico helped returns. The Fund maintains the overweight to Mexico because the country improved its macroeconomic position during the pandemic, posting strong growth, both in real and nominal GDP. The country's economy is expected to continue to benefit from trade and economic ties with the United States.

From a sector perspective, stock selection in Energy and Materials and an overweight to Financials contributed. Allocations to green commodities producers and oil and gas companies added to returns.

The overweight and stock selection in the Information Technology sector detracted. Allocations to semiconductor manufacturers and semiconductor equipment companies were detrimental as the industry sold off sharply in 2022 on recession concerns and slowing demand.

Allocations to select Russia and Eastern Europe companies earlier in 2022 impeded performance following Russia's invasion of Ukraine in the first quarter. Fix Price Group, Yandex and TCS Group Holding were among the largest detractors from performance. Polish retailer LPP and information technology services provider EPAM also underperformed as they suffered from a contagion sell-off. The Fund fully exited its positions in Russia.

Positioning in Brazil and the lack of holdings in Saudi Arabia negatively impacted returns. The allocation to Brazil detracted especially in the fourth quarter as the market underperformed on investor concerns over the incoming government's fiscal spending plan. The Sub-Adviser is bullish on the portfolio holdings as Brazil's macroeconomic outlook remains constructive.

Emerging Markets equities posted strong absolute returns in the fourth quarter of the year, even outperforming their U.S. counterparts. However, the year on the whole was challenging for the asset class as they suffered from high volatility driven by several factors. These include the Fed's monetary tightening cycle, which dampened the performance of high-growth and indebted companies, Russia's invasion of Ukraine and its impacts on already high energy and food prices, China's mixed policy signals and broader economic slowdown, and ongoing supply disruptions as countries seek to reshore production of critical technologies domestically or within allied countries.

Most of the Emerging Markets showed signs of growth factors improving during the fourth quarter, which should help shift investor demand in favour of Emerging Markets equities after years of underperformance relative to developed markets. In a break from past trends, many Emerging Markets countries, such as India, Mexico, South Africa and Brazil, outperformed in spite of China's economy slowing down and underperforming.

As these countries continued to emerge from the pandemic, both domestic sources of growth and global themes, such as the energy transition toward decarbonization, supported the performance of the Materials, Industrials, Communications Services and Health Care sectors by the end of the year.

FÉRIQUE Global Sustainable Development Equity Fund (10.2% of the Fund as at December 31, 2022)

The FÉRIQUE Global Sustainable Development Equity Fund posted a net return of -13.3% for the fiscal year ended December 31, 2022. Its benchmark, the MSCI ACWI Sustainable Index (CA$), posted a -4.7% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted -12.3%, net of fees for the fiscal year.

The portfolio posted negative returns during the period due to a bearish global stock market that plunged while investors acclimatized to the end of quantitative easing, persistent inflation, heightened geopolitical tensions and slower economic growth outlook.

On a relative basis, the portfolio underperformed the benchmark due to the negative impact of the significant sector rotation from quality and growth companies and into value-oriented sectors early in the year. This major market event was caused by the steepening of the yield curve and a rise in oil and commodity prices.

As the year progressed and the risk of a recession became front of mind, higher-quality companies with more predictable earnings were more attractive to investors. This change in focus bolstered the Fund's relative performance.

During the period, sector allocation was positive overall, and the portfolio's underweight to Real Estate and overweight to Financials contributed the most. The portfolio's underweight to Consumer Staples and overweight to Information Technology detracted the most.

Conversely, stock selection detracted from returns, especially within the Materials and Health Care sectors, whose poor showing contrasted with last year's performance. Health Care companies have been impacted by a combination of factors, including worsening sentiment towards indebted companies, concerns of a slowdown in biotech funding and valuation compression.

In general, companies enjoying favourable earnings, good pricing power or better resilience in the face of inflation tended to perform better during the period.

Among the portfolio's top performers was U.S. biopharmaceutical company Vertex Pharmaceuticals, which released strong financial results and benefitted from an improving outlook for their product pipeline, causing analysts to upgrade their earnings estimates. Hong Kong insurance and financial corporation AIA Group benefitted from China easing its COVID-19 travel restrictions and from the upcoming reopening of the Hong Kong–China border, which brightens the outlook for business growth. While the stock experienced some volatility, the company posted good results relative to the industry and remains focused on expansion. A recently announced share buy-back demonstrates AIA Group's resilience and strong balance sheet.

In contrast, the performance of the portfolio's top detractors was chiefly driven down by the market rotation away from sectors that benefitted from the COVID-19 pandemic and high-valuation, high-quality and growth companies. Among the portfolio's worst performers was Evotec SE, a German drug discovery and development company that suffered from the market rotation away from high valuation growth stocks and from lower-than-expected milestone payments following the decision by partner Bayer to return the rights to one of their development assets.

Dutch health, nutrition and materials multinational Koninklijke DSM suffered from deteriorating market sentiment toward the European chemicals sector, despite the company's large nutrition ingredients division.

FÉRIQUE Global Innovation Equity Fund (9.2% of the Fund as at December 31, 2022)

The FÉRIQUE Global Innovation Equity Fund posted a net return of -31.7% for the fiscal year ended December 31, 2022. Its benchmark, the MSCI ACWI Index (CA$), posted a -12.0% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted -12.3%, net of fees for the fiscal year.

The portfolio sub-manager invests in disruptive, innovative and structurally sound growing companies that will shape the economy over the next five to ten years. By following this high-risk strategy, Wellington invests in more volatile and potentially higher-return segments of the market and, as a result, tends to face problems in an environment marked by extreme risk aversion, value reversal or aggressive growth stock sell-offs.

As expected, the portfolio sub-manager struggled in 2022 as inflation and interest rate expectations rather than long-term profit growth drove stock prices. After a sharp rotation toward value-style stocks in January that triggered a significant growth stock sell-off, investors' risk-off sentiment was then bolstered by Russia's invasion of Ukraine and supply chain disruptions.

Global equities were further hindered by investors' growing concerns about the economic toll of prolonged geopolitical instability and monetary tightening by increasingly hawkish central banks. As a consequence, the portfolio sub-manager expects volatility to remain high in the near term while investors are adapting to the rising rate environment. However, Wellington maintains its view that profit growth will be the key performance driver over the long term despite the unfavourable market environment and headwinds caused by the compression of growth stock valuations and strong recent performance of value stocks.

Both stock selection and sector allocation detracted during the period. Stock selection was weakest within Communication Services, Consumer Discretionary and Information Technology. A result of the bottom-up stock-selection process, sector allocation hampered returns mostly due to a lack of holdings in the Energy sector and overweights to the Consumer Discretionary and Communication Services sectors. Meanwhile, the overweight to Health Care helped returns.

From a regional perspective, the portfolio's overweight to the United States detracted the most from performance.

At the end of the period, the portfolio was most overweight to Consumer Discretionary and Health Care and most underweight to Financials and Industrials.

From a stock allocation perspective, holdings in North America detracted the most from performance. The lack of position in Tesla and Apple bolstered returns, while holdings in Consumer Discretionary, such as Amazon.com, and Communication Services, including Match Group, Roku and Snap, struggled during the growth stock sell-off.

That said, Wellington made no changes to its investment philosophy and process. Instead, the portfolio sub-manager is monitoring the market for upcoming inflection points to strategically upgrade the portfolio's secular growth characteristics and improve returns.

That said, Wellington made no changes to its investment philosophy and process. Instead, the portfolio sub-manager is monitoring the market for upcoming inflection points to strategically upgrade the portfolio's secular growth characteristics and improve returns.

While global equity markets continue to be macro-driven and investors play down fundamentals, Wellington initiated positions in innovators and structural growth stocks trading at attractive multiples that are well suited for the portfolio. Among them were Mastercard, CarGurus, and ANTA Sports. Mastercard is a U.S.-based payment technology company that the portfolio sub-manager believes to be well positioned to benefit from the post-pandemic travel recovery and from cross-border e-commerce. CarGurus is a U.S. website and application that help consumers buy and sell used cars. The portfolio sub-manager believes that the market is overlooking the company's business model and undervaluing its core listings operations due to the pandemic disruptions on the used-car market. ANTA Sports is a leading Chinese sportswear manufacturer that benefitted from the government's long-term initiative to encourage physical activity across all age groups and the Made in China policy that seeks to bolster domestic manufacturing. Wellington believes that the company's product innovation and shift to a direct-to-consumer and e-commerce model will drive margin expansion over time.

The portfolio sub-manager liquidated positions in Avalara, following the company's acquisition by Vista, and Chewy, over concerns about their per unit costs and revenue in an increasingly competitive environment. It also sold off certain holdings to manage portfolio risk, including Itron and Meta Platforms. Wellington sold off Itron, a utilities management systems solution provider, because of growing risks from supply chain disruptions and increased regulations.

Meta Platforms' guidance for the growth of its Metaverse division through considerable investments conflicts with the portfolio sub-manager's investment thesis and exacerbated governance concerns due to the company's CEO voting control. Meta Platforms' departure from its earlier commitment to financial discipline drove the portfolio sub-manager to eliminate the position.

Recent Developments

FÉRIQUE Canadian Bond Fund
(9.6% of the Fund as at December 31, 2022)

Addenda

North American central banks began to ease the pressure on the economy exerted by monetary tightening and have slowed the pace of interest rate hikes. Their next announcements will be determined by the changes in inflation. While inflation has slowed due to falling prices for goods, the price of services remains high, supported by a tight labour market. Addenda believes that GDP will continue to rise in North American economies as long as high key interest rates set by central banks do not slow down the price increases caused by strong domestic demand. Bringing inflation back within the target range will probably only be possible at the cost of a recession. If central banks do not act aggressively enough, inflation expectations are likely to increase amid excess demand. The portfolio manager expects the economy to slide into a recession at the beginning of 2024, but remains vigilant for any signs of market anticipation.

Baker Gilmore

Russia's invasion of Ukraine sparked severe supply disruptions worldwide, causing commodity, agricultural product and energy prices to soar and even reach record highs in many markets. It remains impossible to predict the outcome of the war and its potentially disruptive impacts on the economy and the market overall.

In the near term, the portfolio manager expects inflation to remain high because Russia and Ukraine are two major exporters of essential commodities. Persistent inflationary pressures (with price increases shifting more and more from goods to the service, which is sensitive to wage fluctuations) drove major central banks to start aggressively raising their key interest rates and launching quantitative tightening programs. It remains very difficult to predict future central bank interventions, given the unique character of this economic cycle and the current geopolitical crisis.

Against this backdrop, the risk of a monetary policy mistake remains high, because central banks have maintained accommodative monetary policies for a very long time and are now forced to tighten their monetary policy more aggressively to curb inflation.

Markets are now expecting central banks to maintain a tight monetary policy for the first half of 2023, and then the U.S. Federal Reserve and the Bank of Canada to announce rate cuts later in the year. However, it is not out of the question that central banks will need to continue raising rates and then keep them high for some time to bring inflation back within the target range, especially in light of the currently robust nominal GDP growth (without adjusting for inflation), which is driven by rising prices and a tight labour market.

Although short-term rates have risen considerably following the major key interest rate increases, Baker Gilmore believes that market expectations for rate cuts in the second quarter of 2023 and the sharp yield curve inversion appear unjustified, as inflation is getting more firmly anchored to rising wages.

As a result, the portfolio manager will maintain the portfolio duration shorter than the benchmark. With regard to sector allocations, the portfolio has a neutral allocation to federal bonds relative to the benchmark but overweight to AAA-rated Canada Housing Trust bonds. The portfolio is underweight to corporate bonds in Utilities and Industrials sectors, but overweight to asset-backed securities.

Canadian inflation rose because of the unprecedented rally in economic activity and major supply constraints in many sectors of the economy but it has come down from its peak, but will likely remain high in the coming months. The portfolio manager believes that inflation will stay at or above the Bank of Canada's 2% target over the medium term.

FÉRIQUE Global Sustainable Development Bond Fund (1.8% of the Fund as at December 31, 2022)

AlphaFixe Capital

In many respects, 2023 will be a transition year. The Canadian and U.S. economies will likely slow down and possibly even contract in response to the tightening of financial conditions initiated in 2022. On an annualized basis, prices are expected to rise at a slower pace early in the year, as the big price hikes of early 2022 are taken out of the year-on-year calculations.

Central banks are also expected to moderate their monetary interventions in 2023, after their firm tightening of monetary policy in 2022. Most of the key interest rate hikes have already occurred and the few remaining increases have already been priced in by financial markets. Central banks will also take some time to assess the effect of previous rate hikes on economic growth and inflation.

After a year marked by a sharp rate increases in 2022, the bond market will likely stabilize next year. Against this backdrop, AlphaFixe plans to increase the allocation to bonds if credit spreads continue to widen.

BMO Global Asset Management

The shift away from a narrative of transitory inflation to permanently higher inflation caused significant changes to asset prices over the year. Going forward, the portfolio manager expects the higher inflation risks to persist, along with some of the structural economic changes caused by the COVID-19 pandemic. Accordingly, a return to a "lowflation" environment like in the post-Financial Crisis era is very unlikely.

However, central banks adopted a hawkish stance and aggressively tightened their monetary policy. The likeliness of a recession has thus increased, and the odds of a "soft landing" have diminished, as financial conditions have tightened significantly in 2022.

Inflation is expected to fall sharply over the coming year in large part because of favourable base effects, easing supply constraints and weaker demand driven by tighter monetary policy. Falling inflation will benefit bond markets. In response, the portfolio manager switched the portfolio's duration to a more neutral stance. Nevertheless, BMO believes that the labour market will be the key factor for the bond market in the coming year. Forward-looking indicators suggest that the labour market will weaken. The portfolio manager will not move to a significant overweight duration position until there is clearer evidence that labour hoarding has diminished.

Companies continue to issue greater numbers of green, social and sustainable bonds and the portfolio manager will look for investment opportunities as they arise. BMO takes into account the benchmark index's overall risk parameters for its risk positioning but does not invest in some sectors to comply with the portfolio's broader objectives. As a consequence, the portfolio is not invested in securitized assets, such as mortgage-back securities.

FÉRIQUE Globally Diversified Income Fund (1.8% of the Fund as at December 31, 2022)

Inflation is expected to moderate throughout 2023 while remaining above central banks' target range. Service inflation is persistent, but goods inflation is slowing down. Dislocations in the labour market will continue to put upward pressure on wages, as unfilled job openings outnumber unemployed workers. Economic growth will likely slow but remain positive in 2023 thanks to robust domestic demand supported by a strong labour market and excess household savings. The unemployment rate will react with some delay to a slowdown due to the tight labour market. Recession risk will increase over the year as central banks maintain their restrictive monetary policy despite slowing down the pace of rate increases in late 2022. Central banks have already signalled they would raise interest rates further in 2023, as they are reaching the end of their tightening cycle. They will then pause to assess the impact of their intervention on the economy. However, in the near-term, they are not expected to switch their monetary policy stance to stimulate economic growth and will instead focus on price stability.

Despite following a declining trend, consumer price inflation will prove more persistent, causing central banks to maintain tighter policy conditions for longer. The end of the zero-COVID policy in China and the ensuing rebound in aggregate demand will positively impact the global economy, commodity prices and inflation.

The portfolio manager is maintaining a slight overweight to international corporate bonds, with a bias toward Financials issuers in light of their attractive valuations and favourable outlook in a rising-rate environment. Meanwhile, despite the respite in the European energy crisis, future gas prices fluctuations remain a concern for Industrials issuers as their valuations are weaker.

Addenda keeps an above-target cash position and looks for a tactical opportunity to redeploy it into fixed-income securities if rates rise, or into equities if the market corrects.

The portfolio manager also maintains a slight overweight to Canadian corporate bonds, with a bias toward higher-quality issuers and shorter maturities, while still looking to add duration risk opportunistically as rates increase. Addenda keeps a modest allocation to high-yield bonds because of their lower correlation to rising rates and the opportunity to capture additional yield. The portfolio manager will also maintain an underweight to global bonds but will look to bolster it opportunistically. The underweight to Canadian equities will remain steady to capture the dividend yield, but Addenda will add to it opportunistically on market weakness. Finally, the portfolio manager will maintain a modest allocation to preferred shares to enhance yield but may increase it opportunistically.

FÉRIQUE Canadian Equity Fund
(23.8% of the Fund as at December 31, 2022)

CC&L

The portfolio sub-manager maintains a cautious stance regarding economic growth and equity market outlook over the near term. Central banks' aggressive interest rate hikes and balance sheet reductions tend to impact the economy with a certain lag. As a result, leading indicators are pointing to a deterioration of economic growth conditions. The yield curve remained inverted between 3 months and 10 years at the end of 2022. Such inversions have preceded the past four recessions.

While expectations have fallen over the past six months; corporate earnings are still predicted to grow in Canada and the United States in 2023. The portfolio sub-manager believes these forecasts are too optimistic, given the deteriorating economy.

Despite this gloomy short-term outlook, 2023 will likely be a transitional year. The portfolio sub-manager anticipates a relatively mild recession and an economic recovery that begins in late 2023.

However, if inflation stays high for longer than anticipated, central banks could be forced to aggressively tighten back their monetary policy, which would affect the portfolio's outlook for 2023.

The portfolio will remain most overweight to companies that can deliver resilient earnings growth in a high-inflation and lower-growth environment. The portfolio sub-manager also started to add marginal positions in cheaper, more cyclical companies that are predicted to outperform during the recovery. It will continue to seek such opportunities in the coming quarters.

A major secular theme for the portfolio, the world's long-term transition to net-zero carbon emissions has implications for various segments of the Canadian equity market. In the United States, the *Inflation Reduction Act* will promote spending on renewable sources of energy.

Franklin Templeton

Despite signs that investors are regaining confidence, North American markets continue to be affected by stubbornly high inflation, rising key interest rates and a reduction in available liquidity on markets due to central banks shrinking their balance sheet. In North America, inflation, as measured by the Consumer Price Index, peaked in June before easing up. However, central banks in developed markets were concerned by this high inflation and responded by aggressively raising their key interest rates.

The effects of high inflation and rising interest rates are slow to percolate through the economy. However, rising wages and debt servicing costs, along with a softening macroeconomic environment, could spur negative operating leverage and earnings pressure for businesses. Earnings are still expected to grow in 2023, albeit now at a slower pace. Earnings forecast may still be downgraded, as bottom-up projections customarily avoid predicting negative growth.

As a result, while the earnings forecast for 2023 may prove overly optimistic, the portfolio sub-manager believes that the portfolio's outlook is generally positive.

The portfolio sub-manager primarily focuses on defensive, non-cyclical companies, to build a high-quality, risk aware portfolio of holdings that are well positioned to get through a more challenging economic environment and to thrive during the recovery.

FÉRIQUE American Equity Fund
(9.5% of the Fund as at December 31, 2022)

Columbia Threadneedle

Stock markets worldwide were marred by rising uncertainty caused by geopolitical concerns—especially the ongoing war in Ukraine—and lingering concerns about China. The long-awaited reopening of China's economy, together with the prospect of the Fed ending its rate-hiking cycle and getting inflation under control, are giving some hope for a return to normal market conditions.

Columbia Threadneedle believes that high sector dispersion in the market (where there are significant differences between the top performers and the worst) favours active investors like the portfolio sub-manager.

River Road

Over the span of the seven meetings of the Federal Open Market Committee during the year, the Fed adopted a hawkish stance and moved the key interest rate from zero to 4.50%, the highest it's been since 2007. As the year came to an end, the impacts of this relentless fight against inflation started to register across the global economy.

Visibility for the year ahead remains tenuous at best as a number of counteracting forces are at work such as the excesses that have accumulated in financial markets over the past five years combined with tight monetary policy and reduced fiscal stimulus. That said, it is possible that the U.S. economy might be able to absorb the higher interest rates without significant disruptions, that inflation might ease and that equity markets might get more optimistic by the end of 2023.

The portfolio sub-manager expects that markets will be volatile in the first half of 2023 as monetary policy becomes less predictable and more reactionary to incremental release of data. River Road expects the Fed's key interest rate to be higher in June. While how many times, or when, the Fed will raise rates in 2023 remains unknown, the key issue will be the extent of the economic slowdown that this monetary tightening engenders. The Fed Chairman is steadfast in his approach, having announced that the central bank is willing to push the economy into a shallow recession to bring inflation under control.

It should be noted that the portfolio sub-manager's concerns about the economy and the broader market for the first half of 2023 do not extend to the portfolio. River Road believes that a new focus on controlled, value-oriented investments emerged in late 2021 in light of rising rates, political strife and the easing speculative fervour. It is driving investors from the promise of growth to the certainty of value, and particularly dividends, for the coming years.

**FÉRIQUE European Equity Fund
(10.6% of the Fund as at December 31, 2022)**

Lazard

After the market rebound of late 2022, the portfolio sub-manager expects a return of the pendulum for 2023.

While inflation rates may have—at least temporarily—peaked in Europe and in the United States, underlying inflation remains high and sticky due to widespread wage increases and continued materials shortages.

Lazard believes it is still too early to predict the depth of the looming recession due to the unprecedented pace and magnitude of the central banks' intervention to curb inflation. Companies and consumers are likely to find 2023 to be challenging as the effects of 2022's rate rises begin to be felt. As a result, the portfolio sub-manager will maintain a cautious stance.

In Europe, Lazard does not believe the ECB will have to hike interest rates as much as other major central banks. European stock markets have more fully priced in the economic headwinds caused by the rate increases than most other markets. For this reason, the region's stock market valuations have already contracted and remain at a sizeable discount relative to U.S. equities.

The portfolio sub-manager finds interesting opportunities in specific industries that are less affected by the current economic environment, most notably in the aerospace industry, in Industrials, where order books are full. The portfolio is overweight to Financials, a sector benefitting from the return to a rising yield environment, which had not occurred in many years.

Additionally, opportunities are emerging in certain cyclical Industrials companies and consumer-facing segments of the market that have already experienced a significant downturn. European consumer-facing stocks should also gain from the reopening of China's economy following the end of its zero-COVID policy.

Walter Scott & Partners

Moving into 2023, Europe is facing a challenging start to the year, as the war in Ukraine is still ongoing and inflation remains uncomfortably high. Some experts still worry that Europe may face an Energy crunch during the winter.

However, economic data in Europe has proved remarkably resilient so far. Actions were also taken to rebalance the continent's gas supply and reduce the risk of energy rationing. Governments across the political spectrum have delivered large-scale fiscal support.

While keeping an eye for shifts in the macroeconomic landscape, the portfolio sub-manager will continue to focus its attention on company fundamentals. Last year was, on all accounts, very challenging, but many companies held in the portfolio proved to be extremely resilient. The significant derating that took place across much of the portfolio did not correlate with a deterioration in the underlying fundamentals.

The portfolio sub-manager invests in companies with strong market positions, wide moats, long growth runways, differentiated products or services and robust balance sheets. As a result, portfolio holdings successfully navigated through this period of upheaval. While this has not always been reflected in share prices, their strengths will be increasingly recognized as 2023 unfolds.

**FÉRIQUE Asian Equity Fund
(10.7% of the Fund as at December 31, 2022)**

Since the beginning of the COVID-19 pandemic, the portfolio sub-manager has been overweighting export-oriented manufacturing companies and underweighting domestic demand-oriented non-manufacturing industries in Japan. It believed that export-oriented manufacturers would benefit from the global economic recovery and the weaker yen, which would boost their profitability. However, the underlying economic conditions changed, as the domestic economy recovered more modestly than expected and foreign exchange market trends reversed. As a result, the portfolio sub-manager won't follow this strategic investment framework as closely in the future.

While China's economy remains weak, the portfolio sub-manager is bullish about the outlook in light of the government's resolve to reopen the economy and the implementation of supportive measures in the real estate sector. Regulatory authorities have also eased up the crackdown on technology companies, which will benefit the sector. The portfolio sub-manager will thus seek to increase the portfolio's overweight to that sector.

The portfolio sub-manager continues to believe in the Australian resource sector, given the tight market and strong free cash flow generation. Natural resource companies will also continue to play a role in energy transition.

Earnings downgrades could continue for Taiwanese and Korean companies. Taiwan's outlook remains challenged by the prospect of a global recession and weak consumer demand. Korean equities are slightly better off due to disciplined capital spending by memory chip manufacturers. The portfolio is underweight to both countries, and the portfolio sub-manager expects the cycle to reach a trough midyear.

**Templeton Emerging Markets Fund
(3.6% of the Fund as at December 31, 2022)**

Heading into 2023, the Sub-Adviser find many reasons to have a positive outlook on Emerging Markets performance. Markets such as Chile and Indonesia have started to pause interest rate hikes or scale back their magnitude. Franklin Templeton expects such a monetary policy pivot to revive consumption and spur economic growth as inflation eases.

In addition, after an earnings slowdown in 2022, earnings growth is forecast to recover toward the second half of 2023. Still, earnings upgrades in Emerging Markets would be a sign of better times ahead.

Although the world economic outlook will signal that global growth is weakening, economies with a greater focus on domestic demand, like India and Indonesia, are better positioned to weather this environment. India has attracted investors looking to diversify their manufacturing from China and the Middle East is experiencing an uptick in consumption due to the spillover effect from high energy prices.

China's recent policy changes and low valuations created opportunities locally as well as across Asia since China is the largest economic driver in the region. China's reopening could also benefit Emerging Markets outside of Asia. As travelling in China bounces back to pre-pandemic levels, demand for oil will also increase. While the risks that were predominant in 2022 have abated slightly, the Sub-Adviser continues to monitor developments that could change its overall outlook and keeps tabs on China's relations with Taiwan and the United States.

As the investment environment evolves, Emerging Markets economies and companies are proving resilient. Franklin Templeton will especially focus on the sustainability of company earnings, whether in the face of policy changes, technology disruption or other challenges. Companies with structural growth drivers aligned with digitalization, decarbonization and premiumization will be long-term winners.

In the coming year, digitalization will remain a key investment theme. Decarbonization is another trend to watch. Major Emerging Markets have pledged to achieve carbon neutrality, which will likely intensify electrification and renewable energy efforts, creating multi-year support for related industries like the Chinese solar energy sector. Financials will continue to be a key area of secular growth given the low levels of credit penetration across Emerging Markets. In the sector, the portfolio chiefly invests in dominant, well-managed incumbent banks with strong capitalization levels and robust deposit franchises.

NEI Emerging Markets Fund
(3.5% of the Fund as at December 31, 2022)

In 2022, markets faced many headwinds, such as escalating geopolitical risks, China's zero-COVID policy and the Fed monetary tightening cycle to combat rising inflation. All these events contributed to the global economic slowdown.

In Emerging Markets, inflation is showing signs of easing, which could result in their central banks cutting rates. In addition, China relaxing its zero-COVID policy and policy pivot toward growth will give Emerging Markets a timely boost, especially North Asian economies. South East Asian economies are resilient and could reap the benefits of reconfiguration of Asia's supply chains. In Indonesia, strong consumer demand and commodity prices are boosting momentum. India is significantly expanding its manufacturing sector and investing in infrastructure to encourage foreign direct investments. Brazil will benefit from improvements in trade flow as well.

Mexico is helped by near shoring, as companies move their supply chains closer to the U.S. borders. Probable rate cuts will also create tailwinds. Geopolitical tensions and political instability will remain key risks, especially in relation to global supplies of energy and food. The Sub-Adviser will monitor closely the Russia-Ukraine conflict, China's relationship with Taiwan and the United States, as well as political instability in the Middle East.

Finally, valuation in Emerging Markets are attractive, as they are significantly below their long-term average and cheaper than other global equities. The Sub-Adviser will focus on quality companies with strong market positions, stable earnings, low leverage and pricing power, as they are expected to fare better in this environment.

TD Emerging Markets Fund
(3.5% of the Fund as at December 31, 2022)

TD invests the portfolio in the themes, stocks and countries that the Sub-Adviser believes will thrive in the future.

Even if the Fed and other central banks slow down the pace of their monetary tightening, markets may not revert toward the extremely high growth stock leaders like in the past. The portfolio continues to favour resilient companies focused on domestic growth, as well as those advancing the energy transition toward decarbonization.

The Fund is overweight to India given its secular growth driven by a low base effect, supportive population growth, supply side investments particularly in manufacturing and continued benefits from rapid digitization.

The Fund is invested in certain commodity companies made attractive by years of underinvestment, medium-term supply constraints and rising green demand. Select Financials companies are also benefitting from the continued rise in interest rates in certain countries, while banks with effective fintech strategies will likely be beneficiaries of rising demand for credit at greater profitability.

TD's overarching investment strategy and high conviction in individual companies are underpinned by improving broader macro factors that may shift investor demand toward Emerging Markets assets and boost equity returns. These catalysts include the post-pandemic, recovery led by credit creation, a resurgence in manufacturing in certain markets caused by reshoring and friend-shoring, the continuing of the resource-intensive commodity boom driven by decarbonization, as well as favourable politics and reforms in certain Emerging Markets countries.

FÉRIQUE Global Sustainable Development Equity Fund
(10.2% of the Fund as at December 31, 2022)

With stubbornly high inflation, slowing economic growth and uncertain upcoming interest rate hikes, the portfolio sub-manager has continued to add to more defensive portfolio companies whose earnings are more resilient.

The portfolio sub-manager will continue to focus on companies delivering consistent growth that are enjoying strong pricing power but with lower debt levels, as they will be better suited to successfully navigate the challenges ahead. Thus, high-quality companies with structural growth drivers that benefit from the transition to a more sustainable economy remain attractive investment opportunities. Areas of interest include businesses benefiting from increased spending for drug discovery and testing or from the acceleration of the digital transformation, as well as companies providing access to the financial market or promoting the sharing economy or circular economy.

FÉRIQUE Global Innovation Equity Fund
(9.2% of the Fund as at December 31, 2022)

The portfolio sub-manager believes that holding companies with growth potential in a downturn made the portfolio more resilient in case of economic weakness.

Wellington continues to believe that discovering companies that are truly innovative or benefiting from structural change will provide attractive return opportunities. Truly innovative companies control their own destiny by creating a new industry or meaningfully altering the playing field in an existing industry, driving revenue and profit growth regardless of economic cycles. These businesses usually leverage a new technology or process to drive share capture, or are exposed to seismic structural changes, such as machine learning, electric vehicles, immuno-oncology, the democratization of finance or e-commerce. Looking beyond the recent short-term disruptions, the pace of innovation continues to accelerate and remains exciting. With its bottom-up stock picking approach and extensive experience in innovation-rich sectors, the portfolio sub-manager is confident in its capacity to manage risk through both fundamentals and valuation.

There was no change in the composition of the FÉRIQUE Funds Independent Review Committee (IRC) during 2022. The mandate of Mr. Jude Martineau, Chairman of the IRC will end on March 31, 2023. Ms. Louise Sanscartier was appointed as Interim Chairman of the IRC for the period April 1, 2023 to June 9, 2023 and Mr. Yves Frenette was appointed as an IRC member for a three-year term beginning April 1, 2023.

Related Party Transactions

The Manager of the Fund is Gestion FÉRIQUE, a not-for-profit organization. Gestion FÉRIQUE receives management fees to cover its expenses with respect to the day-to-day business and operations of the Fund, as reported under the Management Fees section. These expenses include the portfolio manager's fees, the fees relating to the marketing and distribution of the Fund, as well as the administration fees of the Manager.

Services d'investissement FÉRIQUE (SIF) is a not-for-profit subsidiary of Gestion FÉRIQUE registered as a group savings plan brokerage and financial planning firm, and acts as distributor of units of the Fund. A percentage of the management fees paid by the Fund to Gestion FÉRIQUE is used to cover the expenses of SIF with respect to its day-to-day activities.

Gestion FÉRIQUE is responsible for the operating expenses of the Fund, excluding the expenses of the Independent Review Committee and the filing fees, in return for an administration fee, as reported under the Management Fees section.

For the fiscal year ended December 31, 2022, Addenda did not enter into any related party transactions as it pertains to the management of the money market portion of the FÉRIQUE Aggressive Portfolio ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Addenda and Baker Gilmore did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Canadian Bond Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, AlphaFixe and BMO did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Global Sustainable Development Bond Fund ($0 as at December 31, 2021). However, BMO, the sub-manager of the Fund, entered into brokerage transactions on currency forward contracts with its related party, BMO Capital Markets. The Independent Review Committee of the FÉRIQUE's Fund analyzed the transactions and was of the opinion that the transactions resulted in a fair and reasonable result for the unitholders of the FÉRIQUE's Fund.

For the fiscal year ended December 31, 2022, Addenda did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Globally Diversified Income Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Franklin Templeton and CC&L did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Canadian Equity Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Columbia Threadneedle and River Road did not enter into any related party transactions as it pertains to the management of the FÉRIQUE American Equity Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Lazard and Walter Scott & Partners did not enter into any related party transactions as it pertains to the management of the FÉRIQUE European Equity Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Nomura did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Asian Equity Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Franklin Templeton did not enter into any related party transactions as it pertains to the management of the Templeton Emerging Markets Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, NEI did not enter into any related party transactions as it pertains to the management of the NEI Emerging Markets Fund ($0 as at December 31, 2020).

For the fiscal year ended December 31, 2022, TD did not enter into any related party transactions as it pertains to the management of the TD Emerging Markets Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Impax did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Global Sustainable Development Equity Fund ($0 as at December 31, 2021).

For the fiscal year ended December 31, 2022, Wellington did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Global Innovation Equity Fund ($0 as at December 31, 2021).

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance for the accounting periods shown.

	Years ended				
Net Assets per Unit [1] [5]	**Dec. 31 2022 (12 months)**	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)	Dec. 31 2018 (12 months)
	$	$	$	$	$
Net assets, beginning of accounting period [4]	**12.41**	11.75	10.69	9.23	10.32
Increase (decrease) from operations					
Total revenues	**0.15**	0.10	0.12	0.20	0.15
Total expenses	**(0.02)**	(0.02)	(0.02)	(0.02)	(0.02)
Realized gains (losses)	**0.17**	0.66	0.15	0.08	0.37
Unrealized gains (losses)	**(1.71)**	0.40	1.07	1.33	(1.40)
Total increase (decrease) from operations [2]	**(1.41)**	1.14	1.32	1.59	(0.90)
Distributions					
From investment net income (excluding dividends)	**0.02**	0.01	0.01	0.01	0.01
From dividends	**0.10**	0.06	0.08	0.16	0.10
From capital gains	**0.16**	0.45	–	0.03	0.28
Total annual distributions [3]	**0.28**	0.52	0.09	0.20	0.39
Net assets, end of accounting period [4]	**10.60**	12.41	11.75	10.69	9.23

(1) This information is derived from the Fund's Annual Audited Financial Statements. The net assets per unit presented in the financial statements could differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding during the accounting period. This table is not intended to show a reconciliation between net assets per unit at the beginning and at the end of the accounting period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund, or both.

(4) The net assets are calculated in accordance with International Financial Reporting Standards (IFRS).

(5) In this document, the word "units" indicates Series A units.

	Years ended				
Ratios and Supplemental Data	**Dec. 31 2022 (12 months)**	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)	Dec. 31 2018 (12 months)
Net asset value (in thousands of $) [1]	**269,381**	255,148	165,968	118,170	76,262
Number of units outstanding [1]	**25,410,460**	20,559,155	14,129,662	11,054,562	8,267,261
Management expense ratio (%) [2]	**1.17**	1.25	1.20	1.20	1.15
Management expense ratio before waivers or absorptions by the Manager (%)	**1.17**	1.25	1.20	1.20	1.15
Portfolio turnover rate (%) [3]	**n/a**	n/a	n/a	n/a	n/a
Trading expense ratio (%) [4]	**0.06**	0.08	0.09	0.08	0.09
Net asset value per unit ($)	**10.60**	12.41	11.75	10.69	9.22

(1) This information is provided as at December 31 for the comparative accounting periods.

(2) Management expense ratio is based on total expenses for the stated accounting period (excluding commissions, other portfolio transaction costs and withholding taxes on dividend income) and is expressed as an annualized percentage of the daily average net asset value during the accounting period.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once during the accounting period. The higher a Fund's portfolio turnover rate in the accounting period, the greater the trading costs payable by the Fund during the accounting period, and the greater the chance of an investor receiving taxable capital gains during the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund. The portfolio turnover rate is not applicable for the money market.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the accounting period.

Management Fees

Fees payable by the Fund include management fees and operating charges. Operating charges are made up of administration fees and Fund expenses. Management and administration fees are calculated and credited daily and paid monthly.

Management fees include, among others, the portfolio manager's and/or sub-manager's fees, the fees relating to the marketing and distribution of the Fund and the Manager's administration fees.

Administration fees include, among others, registrar custodian fees and fiduciary fees, expenses relating to accounting and valuation of the Fund, auditors' and legal advisors' fees and reporting fees to unitholders. Fund expenses are made up of regulatory filing fees and expenses of the Independent Review Committee.

For the year, annualized management fees charged to the Fund before government taxes amounted to 1.02% and are detailed as follows:

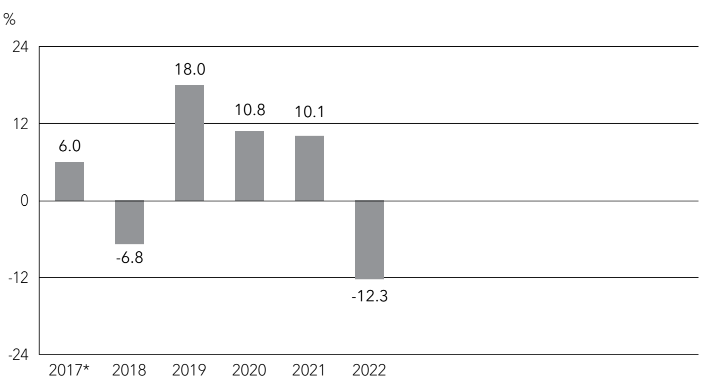
- Management fees: 0.90%
- Administration fees: 0.10%
- Fund expenses: 0.02%

Past Performance

The performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The information does not take into account purchase, redemption, investment or other optional charges that would have reduced returns or performance. The Fund's past performance is not necessarily indicative of how it will perform in the future.

Annual Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by December 31 of each financial year or on the last day of the year.



* From July 6 to December 31, 2017

Annual Compound Returns (%)

	1 year	3 years	5 years	Since inception*
FÉRIQUE Aggressive Growth	(12.3)	2.3	3.3	4.1
Benchmark Index	(9.4)	4.8	5.7	n/a
Median**	(11.7)	2.2	3.0	n/a

* The Fund was created on June 20, 2017, but assets were invested in the Fund as of July 6, 2017.

** Median return of all investment funds of the same category according to Fundata.

Benchmark Index

The Benchmark Index reflects the performance of a benchmark portfolio invested 1% in the FTSE Canada 91 Day T-Bill Index, 9% in the FTSE Canada Universe Bond Index, 1.5% in the FTSE Canada Universe Short Term Bond Index, 3% in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 0.5% in the Dow Jones Canada Select Dividend TR Index, 25% in the S&P/TSX Composite Index, 25% in the S&P 500 Index (CA$), 15% in the MSCI Europe Index (CA$), 10% in the MSCI AC Asia Pacific Index (CA$) and 10% in the MSCI Emerging Markets Index (CA$).

Comparison with the Index

The Fund posted a net return of -12.3% for the year ended December 31, 2022. Its benchmark posted a -9.4% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and administration fees payable by the Fund.

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Canadian Equity Fund	23.8
FÉRIQUE Asian Equity Fund	10.7
FÉRIQUE European Equity Fund	10.6
FÉRIQUE Global Sustainable Development Equity Fund	10.2
FÉRIQUE Canadian Bond Fund	9.6
FÉRIQUE American Equity Fund	9.5
FÉRIQUE Global Innovation Equity Fund	9.2
Templeton Emerging Markets Fund, Series O	3.6
NEI Northwest Emerging Markets Fund, Series I	3.5
TD Emerging Markets Fund, Series O	3.5
Cash, Money Market and Other Net Assets	2.2
FÉRIQUE Global Sustainable Development Bond Fund	1.8
FÉRIQUE Globally Diversified Income Fund	1.8
	100.0

As at December 31, 2022

Asset Mix	**% of net asset value**
International Equity	39.5
Canadian Equity	23.4
U.S. Equity	20.3
Cash, Money Market and Other Net Assets	5.3
Canadian Corporate Bonds	3.4
Canadian Provincial Bonds	3.2
Canadian Federal Bonds	3.2
Foreign Equity	1.0
Canadian Asset- and Mortgage-Backed Securities	0.4
Canadian Municipal Bonds	0.3
Net Asset Value	**$269,380,821**

The allocation of the portfolio may vary due to the transactions carried out by the Fund. A quarterly update is available.

The simplified prospectus and other information on the underlying investment funds are available on SEDAR's website at sedar.com.

Other Material Information

FÉRIQUE
MUTUAL FUNDS

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ferique.com

Additional information about the Funds is available in the Funds' Prospectus, Annual Information Form, Fund Facts and Financial Statements.

You may obtain a copy of these documents, free of charge and on demand:

- by contacting the Manager, Gestion FÉRIQUE, at 514-840-9206 (toll-free at 1-888-259-7969);
- by contacting the Principal Distributor, Services d'investissement FÉRIQUE at 514-788-6485 (toll-free at 1-800-291-0337) or client@ferique.com;
- by visiting ferique.com or sedar.com.