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**ANNUAL  
MANAGEMENT  
REPORT**

*of Fund Performance  
for the year ended  
December 31, 2022*

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**EQUITY FUNDS**  
FÉRIQUE Canadian Dividend Equity Fund

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the Funds that you hold. You can get a copy of the annual financial statements at your request, and at no cost, by calling Services d'investissement FÉRIQUE's client services at 514-788-6485 (toll-free 1-800-291-0337), by writing at Gestion FÉRIQUE, Place du Canada, 1010 de La Gauchetière Street West, Suite 1400, Montréal, Québec H3B 2N2, or by visiting our website at ferique.com or SEDAR at sedar.com. You may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record and quarterly portfolio disclosure.

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.

### **A Note on Forward-looking Statements**

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.

As at December 31, 2022

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The FÉRIQUE Canadian Dividend Equity Fund seeks to achieve a balance between high dividend income and long-term capital growth. The Fund mainly invests in Canadian equities that produce dividend income.

The investment philosophy of the portfolio sub-manager, Lincluden Investment Management Limited (Lincluden), is grounded in research for value. The team believes that inefficiencies in the short term and medium term are opportunities to discover undervalued companies. A rigorous combination of quantitative analysis and qualitative analysis, or fundamental analysis, enables the team to identify companies trading at significant discounts from their true values. The team believes that free cash flows are an important factor in the growth of a company.

Money is mainly invested and reinvested in all classes of common shares of all Canadian corporations listed on a stock exchange and in convertible bonds, preferred shares, rights, income trusts, exchange-traded funds and warrants.

The Fund may invest in securities of foreign issuers to an extent that will vary from time to time but is not generally expected to exceed 10% of the net assets of the Fund.

### Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. This Fund is intended for investors with a medium risk tolerance who want to invest in the long term. It is also intended for investors who seek dividend income and the potential for capital appreciation. It can also be used as the core equity component of a diversified investment portfolio.

### Results of Operations

The FÉRIQUE Canadian Dividend Equity Fund posted a net return of -2.6% for the fiscal year ended December 31, 2022. Its benchmark, the S&P/TSX Composite Dividend Index, posted -0.1% 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<sup>1</sup>, which posted -3.5%, net of management fees for the fiscal year.

Market volatility was elevated during the period due to the conflict in Ukraine that caused energy prices to soar, global supply chain issues, stubbornly high inflation and shifting monetary policy. As a result, global markets—including Canada—declined over the period. The year concluded on a negative note with global markets pulling back from their record highs reached toward the end of the previous year. Against this backdrop, the Fund posted slightly negative returns but protected its capital better than the broader Canadian S&P/TSX index, thanks to its relative defensive posture and holdings' strong underlying fundamentals.

The underweight to Energy detracted from the Fund's relative return, as commodity markets performed well, allowing oil and gas and infrastructure companies to reduce their leverage, increase their dividends and buy back shares. Within Energy, the portfolio's holdings, which include ARC Resources, Enbridge, Pembina Pipeline and Suncor Energy, all posted very strong returns.

The overweight to Health Care also hampered performance. Shares in Chartwell Retirement Residences suffered from lower occupancy levels caused by COVID-19 disruptions and from rising labour, food and utilities costs due to inflation.

The overweight to Real Estate was a drag on Fund performance. The sector declined as concerns over profitability and properties' perceived market value grew with rising interest rates. Moreover, certain segments of commercial real estate, including office spaces and retail, have come under pressure.

The overweight to the defensive Consumer Staples and Utilities sectors added to the returns. Specifically, Alimentation Couche-Tard, Metro and Saputo (Consumer Staples), as well as Hydro One (Utilities) delivered strong returns during the period.

During the period, the portfolio sub-manager reduced the Fund's exposure to Communication Services and liquidated the remaining position in Shaw Communications when the share price neared the stated offer from Rogers Communications due to the uncertain outcome of the deal. The allocation to Consumer Discretionary was increased with the addition of Restaurant Brands, a company with an attractive valuation, compelling dividend yield and several near-term catalysts. The allocation to Industrials was also boosted by initiating a position in WSP Global, an attractively valued company that helped diversify the portfolio.

### Recent Developments

Central banks remain steadfast on their plan to curb inflation by raising interest rates, even if it means pushing their domestic economies into a recession. This approach is causing growing concerns in capital markets and negatively impacting a broad range of asset classes. Furthermore, ongoing geopolitical risks caused by the war in Ukraine and gas supply disruptions in Europe are presenting additional challenges. The Bank of Canada and the U.S. Federal Reserve hiked their key interest rates throughout the year. The central banks signalled they may continue to raise rates in 2023, albeit at a slower pace, as leading indicators show signs of inflation slowing down. Over the year, the market rotation out of certain overvalued segments and toward more cyclical and undervalued sectors benefitted the Fund. However, the portfolio sub-manager remains aware that the macroeconomic environment may lead to increased market volatility.

The Fund is structured to take advantage of mispricing opportunities in higher quality holdings, while benefitting from their steady flow of above-average dividends. It maintains a smaller allocation in higher potential, out-of-favour names. Over the investment horizon, the Fund is expected to benefit from the repricing of its undervalued holdings and from an above-market dividend yield. Meanwhile, the portfolio sub-manager's focus on both quality and value will protect its capital.

<sup>1</sup> Source: Median return of similar funds according to Fundata, as at December 31, 2022

As at December 31, 2022

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, Lincluden did not enter into any related party transactions as it pertains to the management of the FÉRIQUE Canadian Dividend 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                    |                                |                                |                                |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | Dec. 31<br>2022<br>(12 months) | Dec. 31<br>2021<br>(12 months) | Dec. 31<br>2020<br>(12 months) | Dec. 31<br>2019<br>(12 months) | Dec. 31<br>2018<br>(12 months) |
| <b>Net Assets per Unit<sup>(1)(5)</sup></b>                    | <b>\$</b>                      | <b>\$</b>                      | <b>\$</b>                      | <b>\$</b>                      | <b>\$</b>                      |
| Net assets, beginning of accounting period <sup>(4)</sup>      | 16.69                          | 13.03                          | 14.58                          | 13.34                          | 15.28                          |
| <b>Increase (decrease) from operations</b>                     |                                |                                |                                |                                |                                |
| Total revenues   | 0.62                           | 0.53                           | 0.57                           | 0.68                           | 0.62                           |
| Total expenses   | (0.16)                         | (0.16)                         | (0.13)                         | (0.15)                         | (0.16)                         |
| Realized gains (losses)  | 0.92                           | 0.80                           | (0.69)                         | 0.47                           | 0.66                           |
| Unrealized gains (losses)                                      | (1.75)                         | 2.84                           | (0.52)                         | 1.11                           | (2.12)                         |
| <b>Total increase (decrease) from operations<sup>(2)</sup></b> | <b>(0.37)</b>                  | <b>4.01</b>                    | <b>(0.77)</b>                  | <b>2.11</b>                    | <b>(1.00)</b>                  |
| <b>Distributions</b>   |                                |                                |                                |                                |                                |
| From dividends   | 0.46                           | 0.35                           | 0.44                           | 0.52                           | 0.45                           |
| From capital gains   | 0.14                           | –                              | –                              | 0.36                           | 0.49                           |
| <b>Total annual distributions<sup>(3)</sup></b>                | <b>0.60</b>                    | <b>0.35</b>                    | <b>0.44</b>                    | <b>0.88</b>                    | <b>0.94</b>                    |
| <b>Net assets, end of accounting period<sup>(4)</sup></b>      | <b>15.65</b>                   | <b>16.69</b>                   | <b>13.03</b>                   | <b>14.58</b>                   | <b>13.34</b>                   |

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

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

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

<sup>(5)</sup> In this document, the word "units" indicates Series A units.

As at December 31, 2022

## Financial Highlights (continued)

|  | Years ended                    |                                |                                |                                |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | Dec. 31<br>2022<br>(12 months) | Dec. 31<br>2021<br>(12 months) | Dec. 31<br>2020<br>(12 months) | Dec. 31<br>2019<br>(12 months) | Dec. 31<br>2018<br>(12 months) |
| <b>Ratios and Supplemental Data</b>  |                                |                                |                                |                                |                                |
| Net asset value (in thousands of \$) <sup>(1)</sup>                          | <b>310,743</b>                 | 342,018                        | 273,509                        | 273,178                        | 233,206                        |
| Number of units outstanding <sup>(1)</sup>                                   | <b>19,857,829</b>              | 20,489,142                     | 20,992,365                     | 18,732,563                     | 17,483,937                     |
| Management expense ratio (%) <sup>(2)</sup>                                  | <b>0.95</b>                    | 1.00                           | 1.00                           | 1.00                           | 1.05                           |
| Management expense ratio before waivers<br>or absorptions by the Manager (%) | <b>0.95</b>                    | 1.00                           | 1.00                           | 1.00                           | 1.05                           |
| Portfolio turnover rate (%) <sup>(3)</sup>                                   | <b>18.69</b>                   | 25.47                          | 21.56                          | 21.07                          | 26.01                          |
| Trading expense ratio (%) <sup>(4)</sup>                                     | <b>0.02</b>                    | 0.04                           | 0.05                           | 0.03                           | 0.04                           |
| Net asset value per unit (\$)  | <b>15.65</b>                   | 16.69                          | 13.03                          | 14.58                          | 13.34                          |

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 0.83% and are detailed as follows:

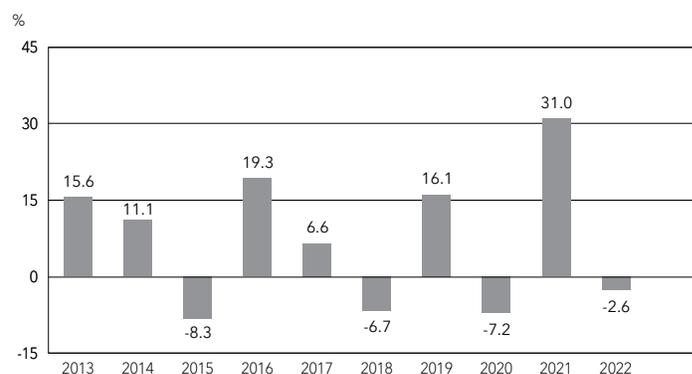
- Management fees: 0.75%
- Administration fees: 0.07%
- Fund expenses: 0.01%

### 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.



### Annual Compound Returns (%)

|                                  | 1 year | 3 years | 5 years | 10 years |
|----------------------------------|--------|---------|---------|----------|
| FÉRIQUE Canadian Dividend Equity | (2.6)  | 5.8     | 5.1     | 6.7      |
| S&P/TSX Composite Dividend Index | (0.1)  | 8.9     | 7.5     | 8.5      |
| Median*                          | (3.5)  | 5.9     | 5.3     | 7.1      |

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

### S&P/TSX Composite Dividend Index

The S&P/TSX Composite Dividend Index aims to provide a broad based benchmark of Canadian dividend paying stocks. The Index includes all stocks in the S&P/TSX Composite Index with positive annual dividend yields, as of the latest rebalancing of the S&P/TSX Composite Index.

As at December 31, 2022

## Comparison with the Index

The Fund posted a net return of -2.6% for the fiscal year ended December 31, 2022, compared to -0.1% for its benchmark index. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

## Portfolio Overview

| <b>The Top 25 Holdings in the Portfolio</b> | <b>% of<br/>net asset value</b> |
|---|---------------------------------|
| Toronto-Dominion Bank                       | 5.7                             |
| Royal Bank of Canada                        | 5.3                             |
| Cash, Money Market and Other Net Assets     | 4.3                             |
| Power Corporation of Canada                 | 4.0                             |
| Hydro One Inc.                              | 3.7                             |
| Rogers Communications Inc., Class B         | 3.6                             |
| Scotiabank                                  | 3.2                             |
| Québecor Inc., Class B                      | 2.8                             |
| Empire Company Ltd., Class A                | 2.8                             |
| BCE Inc.                                    | 2.8                             |
| Magna International Inc.                    | 2.7                             |
| Canadian Imperial Bank of Commerce          | 2.6                             |
| Pembina Pipeline Corporation                | 2.6                             |
| Canadian Tire Ltd., Class A                 | 2.5                             |
| Manulife Financial Corp.                    | 2.5                             |
| Cisco Systems Inc.                          | 2.5                             |
| Intact Financial Corp.                      | 2.4                             |
| Restaurant Brands International Inc.        | 2.4                             |
| Enbridge Inc.                               | 2.3                             |
| Nutrien Ltd.                                | 2.3                             |
| Saputo Inc.                                 | 2.2                             |
| Canadian National Railway Co.               | 2.1                             |
| Pfizer Inc.                                 | 2.1                             |
| Superior Plus Corp.                         | 2.1                             |
| Brookfield Corp.                            | 2.0                             |
|   | <b>73.5</b>                     |

| <b>Weighting by Sector</b>              | <b>% of<br/>net asset value</b> |
|---|---------------------------------|
| Financials                              | 29.9                            |
| Communication Services                  | 12.5                            |
| Consumer Staples                        | 11.4                            |
| Energy                                  | 8.2                             |
| Consumer Discretionary                  | 7.6                             |
| Utilities                               | 5.7                             |
| Real Estate                             | 5.1                             |
| Health Care                             | 5.1                             |
| Cash, Money Market and Other Net Assets | 4.3                             |
| Industrials                             | 4.1                             |
| Information Technology                  | 3.8                             |
| Materials                               | 2.3                             |
|   | <b>\$310,742,752</b>            |

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

## Other Material Information

The S&P/TSX Dividend Index ("Index(es)") and associated data are a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Gestion FÉRIQUE® 2023 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit [www.spdji.com](http://www.spdji.com). S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Neither S&P Dow Jones Indices LLC, SPFS, Dow Jones, their affiliates nor their licensors ("S&P DJI") make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and S&P DJI shall have no liability for any errors, omissions, or interruptions of any index or the data included therein.

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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](mailto:client@ferique.com);
- by visiting [ferique.com](http://ferique.com) or [sedar.com](http://sedar.com).