FÉRIQUE
MUTUAL FUNDS

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2022

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Moderate** Portfolio

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.

Management Discussion of Fund Performance

Investment Objective and Strategies

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

The Fund aims to hold a well-diversified portfolio composed mainly of Canadian and foreign fixed-income securities and of Canadian and foreign equity 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 70%
- Equity funds 30%

The maximum exposure to foreign securities is approximately 40%.

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 low 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 Moderate Portfolio posted a net return of -6.6% for the fiscal year ended December 31, 2022, compared to a return of -8.3% 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 outperformed its industry median[1], which posted -10.2%, net of fees for the period.

No changes were made to the target weighting during the year.

Money Market
(10.2% of the Fund as at December 31, 2022)

During the fiscal year, the Fund posted positive returns that approximate its benchmark's performance. The Fund's returns were mainly affected by interest rate fluctuations resulting from economic and market conditions during the year. The Bank of Canada hiked its key interest rate from 0.25% to 4.25%, and credit spreads widened because of the war in Ukraine, factory closures due to COVID-19 in China and the likelihood of more aggressive monetary policy tightening by central banks to curb inflation.

FÉRIQUE Canadian Bond Fund
(29.9% 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.

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.

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

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 (24.9% 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 (4.8% 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 Dividend Equity Fund
(9.9% of the Fund as at December 31, 2022)

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[1], 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 COVD-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.

FÉRIQUE Canadian Equity Fund
(9.8% 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 World Dividend Equity Fund
(10.5% of the Fund as at December 31, 2022)

The FÉRIQUE World Dividend Equity Fund posted a net return of 1.5% for the fiscal year ended December 31, 2022. Its benchmark, the MSCI All Country World ex-Canada Index (CA$), posted -12.0% 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 -12.3%, net of management fees for the fiscal year.

In 2022, uncertainty spiked, as the strong U.S. economy caused inflation to soar and, in response, interest rates to increase. Expectations of China's robust recovery following the country's post-pandemic reopening were upended. In Europe, tensions were elevated following Russia's invasion of Ukraine and were expected to remain so. Finally, late in the year, the Bank of Japan (BoJ) tweaked its yield curve control policy.

Although equity markets declined broadly, speculative stocks suffered the most, as their future cash flows became less valuable in a rising rate environment. Companies with limited pricing power were also affected by rising costs and margin compression. The portfolio sub-manager is seeking opportunities in market segments where margin compression causes stock prices to underperform and overreact to the downside.

Stock selection was the primary driver of relative outperformance. Strong stock selection in Industrials, Consumer Discretionary and Financials contributed, but was partially offset by weaker selection in Energy and Materials. Thanks to the portfolio sub-manager's bottom-up selection process, sector allocation also helped relative returns due to an underweight to Information Technology and Consumer Discretionary and an overweight to Financials. This positioning was partially offset by the underweight to Consumer Staples and Materials. Regionally, stock selection was most favourable in North America, Europe and Japan.

Wellington initiated a position in utility services provider Exelon during the period. After spinning off Constellation Energy, its former nuclear power generation and energy business, in early 2022, the company is now solely focused in energy transmission and distribution. The company also operates in areas with lower climate risks and its diversified project pipeline offers attractive downside protection. Exelon could benefit from the *Inflation Reduction Act* that was recently passed.

Meanwhile, the portfolio liquidated global security and aerospace company Lockheed Martin, after the stock price surged on the back of Russia's invasion of Ukraine and subsequent increase in European defence budgets. The portfolio's large overweight to defence companies (in the Industrials sector) was reduced overall for risk management reasons and the proceeds were reinvested in more attractive opportunities in cyclical and higher-growth segments of the market.

Recent Developments

**FÉRIQUE Canadian Bond Fund
(29.9% 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
(24.9% 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
(4.8% 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 Dividend Equity Fund
(9.9% of the Fund as at December 31, 2022)**

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.

**FÉRIQUE Canadian Equity Fund
(9.8% 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 World Dividend Equity Fund (10.5% of the Fund as at December 31, 2022)

Coming into 2023, Wellington continues to focus on the investment process, positioning the portfolio to take advantage of market inefficiencies created by key issues for markets over the near term. Some of the hotly debated topics include the impacts on global economic growth of the U.S. economy slowing down while China is reopening post-pandemic, global market trends and inflation and interest rates. The ability of Japan's financial markets and the overall economy to get accustomed to the uncertainty created by the BoJ with minimal disruptions was also an issue. Finally, the possibility of markets decoupling from economic growth, intensifying geopolitical tensions and the energy crisis becoming part of a new normal.

The portfolio sub-manager believes that markets will remain volatile due to price discovery adjusting to rising interest rates and the decoupling of markets from global economic growth trends. It will continue to value companies with stronger balance sheets and sustainable dividends in order to add downside protection to the portfolio.

Against the current backdrop, the portfolio sub-manager remains most overweight to Financials, with significant exposure to insurance and banking companies in Japan, Europe and Hong Kong, due to their high dividends, discounted valuations and weak returns. These companies stand to benefit from rising rates and shareholder-focused capital allocation.

Wellington also increased the allocation to Utilities due to attractively valued stocks in Europe and the United States. Utilities companies are implementing energy transition policies at an accelerated pace because of the global decoupling. While geopolitical tensions created a supportive backdrop for the aerospace and defence Industrials companies, the portfolio sub-manager continued to sell these holdings to fund investments in cyclical companies trading at deeper discounts in sectors such as Materials or European Industrials.

From a regional perspective, the portfolio maintains a substantial allocation to Japan, primarily within Financials, because of the potential to improve returns with higher rates, benign credit metrics and still globally low valuations. The portfolio sub-manager views Japan's increased focus on dividends, accountability and corporate governance over the past decade as an underappreciated opportunity. Moreover, the strength of China's pandemic recovery and real estate industry remains a point of contention. This opens the door for the portfolio sub-manager to invest in well-positioned growth companies such as AIA Group, as well as in European Industrials and Financials operating in Asia.

By the end of the period, the portfolio was most overweight to Financials and most underweight to Information Technology.

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, Baker Gilmore did not enter into any related party transactions as it pertains to the management of the money market portion of the FÉRIQUE Moderate 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, 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).

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, Wellington did not enter into any related party transactions as it pertains to the management of the FÉRIQUE World 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				
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]	**13.84**	13.28	12.85	11.97	12.38
Increase (decrease) from operations					
Total revenues	**0.29**	0.19	0.23	0.25	0.25
Total expenses	**(0.01)**	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	**0.20**	0.34	0.13	0.04	0.06
Unrealized gains (losses)	**(1.40)**	0.28	0.29	0.80	(0.48)
Total increase (decrease) from operations [2]	**(0.92)**	0.80	0.64	1.08	(0.18)
Distributions					
From investment net income (excluding dividends)	**0.19**	0.11	0.13	0.15	0.16
From dividends	**0.08**	0.06	0.09	0.09	0.08
From capital gains	**0.19**	0.07	–	–	–
Total annual distributions [3]	**0.46**	0.24	0.22	0.24	0.24
Net assets, end of accounting period [4]	**12.46**	13.84	13.28	12.85	11.97

(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 $) [1]	**195,721**	210,616	187,795	166,274	128,495
Number of units outstanding [1]	**15,714,079**	15,221,884	14,141,726	12,938,093	10,733,115
Management expense ratio (%) [2]	**0.87**	0.93	0.91	0.91	0.90
Management expense ratio before waivers or absorptions by the Manager (%)	**0.87**	0.93	0.91	0.91	0.90
Portfolio turnover rate (%) [3]	**n/a**	n/a	n/a	n/a	n/a
Trading expense ratio (%) [4]	**0.01**	0.01	0.02	0.02	0.02
Net asset value per unit ($)	**12.46**	13.84	13.28	12.85	11.97

(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 0.76% and are detailed as follows:

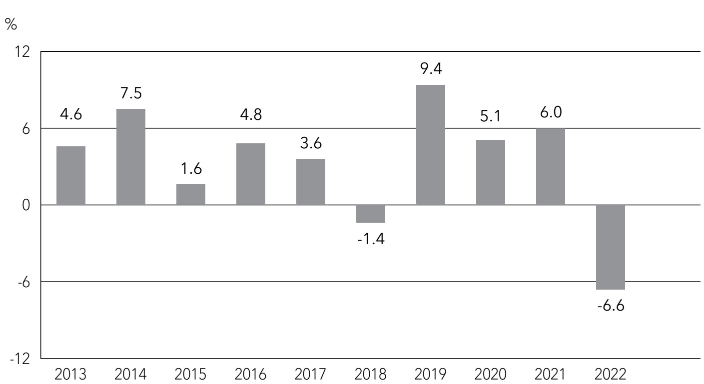
- Management fees: 0.65%
- Administration fees: 0.09%
- Fund expenses: 0.02%

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.



Annual Compound Returns (%)

	1 year	3 years	5 years	10 years
FÉRIQUE Moderate	(6.6)	1.4	2.3	3.4
Benchmark Index	(8.3)	1.5	2.8	4.1
Median*	(10.2)	(0.2)	1.1	2.9

* 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 10% in the FTSE Canada 91 Day T-Bill Index, 50% (60% before January 1, 2017) in the FTSE Canada Universe Bond Index, 3% (0% before January 1, 2017) in the FTSE Canada Universe Short Term Bond Index, 6% (0% before January 1, 2017) in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 1% (0% before January 1, 2017) in the Dow Jones Canada Select Dividend TR Index, 10% (0% before January 1, 2017) in the S&P/TSX Composite Dividend Index, 10% (20% before January 1, 2017) in the S&P/TSX Composite Index, and 10% in the MSCI World ex-Canada Index (CA$) (MSCI AC World ex-Canada [CA$] between May 2012 and December 2014).

Comparison with the Index

The Fund posted a net return of -6.6% for the year ended December 31, 2022. Its benchmark 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 administration fees payable by the Fund.

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Canadian Bond Fund	29.9
FÉRIQUE Global Sustainable Development Bond Fund	24.9
FÉRIQUE World Dividend Equity Fund	10.5
Cash, Money Market and Other Net Assets	10.2
FÉRIQUE Canadian Dividend Equity Fund	9.9
FÉRIQUE Canadian Equity Fund	9.8
FÉRIQUE Globally Diversified Income Fund	4.8
	100.0

Asset Mix	**% of net asset value**
Canadian Equity	18.4
Canadian Corporate Bonds	15.0
Foreign Bonds	14.7
Cash, Money Market and Other Net Assets	13.2
Canadian Provincial Bonds	12.4
Canadian Federal Bonds	10.9
U.S. Equity	6.4
International Equity	5.0
Canadian Municipal Bonds	2.4
Canadian Asset and Mortgage Backed Securities	1.4
Foreign Asset and Mortgage Backed Securities	0.1
Canadian Preferred Shares	0.1
Net Asset Value	**$195,720,570**

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.