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ANNUAL MANAGEMENT REPORT

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

INCOME FUNDS

FÉRIQUE Global Sustainable Development Bond 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 Objectives and Strategies

The FÉRIQUE Global Sustainable Development Bond Fund aims to provide income and, to a lesser extent, long-term capital appreciation. The Fund invests, directly or indirectly (including through investments in ETFs or other mutual funds), in a globally diversified portfolio, composed mainly of fixed income securities of governments and corporations, which are used to finance projects or businesses that aim to align with the principles of sustainable development.

The Fund is managed equally by two portfolio managers who cover different geographic regions, namely AlphaFixe Capital Inc. (AlphaFixe), which manages a Canadian mandate, and BMO Asset Management Inc. (BMO), which manages a global mandate.

AlphaFixe's strategy first consists in identifying securities eligible for the Fund. The selected investments must comply with the selection criteria for sustainable bonds established by AlphaFixe. These securities include self-labelled sustainable bonds and those aligned with AlphaFixe's internal criteria, which are based on the Green and Social Bond Principles and Sustainability Bond Guidelines established by the International Capital Market Association (ICMA).

The portfolio manager then applies a top-down approach to portfolio risk management. To do this, it takes into account the economic outlook and performs an analysis of the risks associated with the various assets in the portfolio. When selecting securities, the portfolio manager takes a bottom-up approach, that is, it selects eligible securities based on fundamental analysis. In this context, the portfolio manager also performs, for each of the securities, the credit risk analysis of securities and the impact of the ESG factors on those securities. The assessment of the impact of ESG factors is made by the manager and is based on a relative approach where issuers within the same industry are assessed against their peers. This is done based on factors that vary by industry and take into account the materiality and context specific to each industry. The internal ESG ratings assigned to issuers are integrated into their overall rating.

BMO Asset Management Inc.'s strategy comprises three stages:

Screen, Invest and Engage.

Screen

The portfolio manager invests in green, social and sustainability bonds that have been approved by its internal Responsible Investment team. BMO's Responsible Investment team screens every eligible bond on two dimensions:

- **Issuer analysis:** Environmental, social and governance (ESG) analysis at the issuer-level. This analyzes broader ESG risk exposure, management practices, controversies and norms breaches (UN Global Compact) at the issuer. For this, the portfolio manager uses the ESG risk ratings of the issuer and its ranking within the industry using third-party ratings and rankings. That way, the portfolio manager can focus on the number and nature of the controversies

it faces to determine whether the issues and incidents identified are relevant to the issuer's credibility.

- **Issuance analysis:** In-depth assessment of sustainable bond issuances in line with the Green and Social Bond Principles and Sustainability Bond Guidelines established by the International Capital Market Association (ICMA).

Invest

After the screening process, to generate investment opportunities the portfolio manager's research process explores fundamental macroeconomic and credit analysis, valuation analysis and technical drivers. Based on the research output of internal market specialists, the portfolio manager aims to incorporate a high level of diversification at the issuer level.

Engage

The portfolio manager, through its internal Responsible Investment Team, uses its influence to encourage best corporate practice through ongoing engagement with the issuers held in the portfolio.

The Fund is primarily invested and reinvested in government bonds, corporate bonds, municipal bonds, asset-backed or asset-backed bonds, high yield and real return bonds, convertible bonds, exchange traded funds and mutual fund units:

- designed to raise funds to finance projects or businesses with a positive environmental or social impact;
- from entities whose products and services contribute to the transition to a sustainable global economy, as assessed by the portfolio managers.

Securities of issuers in violation of the United Nations Global Compact should be excluded from investment by the portfolio manager.

Risks

The risks of investing in the Fund remain the same as those described in the Prospectus. This Fund is intended for investors with a low risk tolerance who want to invest in the medium term. This Fund is particularly suitable for investors wishing to adopt a responsible investment approach. It can also be used as a basis for the fixed-income portion of a diversified investment portfolio.

Results of Operations

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 median¹, which posted -10.9% net of fees for the fiscal year.

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

As at December 31, 2022

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.

Recent Developments

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.

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, AlphaFixe and BMO paid no commission fees to related parties 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 FÉRIQUE Funds' Independent Review Committee analyzed the transactions and held that they resulted in a fair and reasonable outcome for the unitholders of the FÉRIQUE Fund.

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 period shown.

	Years ended	
	Dec. 31 2022 (12 months)	Dec. 31 2021 (339 days)
Net Assets per Unit ^{(1) (4)}	\$	\$
Net assets, beginning of accounting period ⁽⁴⁾	9.67	10.00
Increase (decrease) from operations		
Total revenues	0.32	0.17
Total expenses	(0.07)	(0.08)
Realized gains (losses)	(0.37)	0.01
Unrealized gains (losses)	(0.85)	(0.33)
Total increase (decrease) from operations ⁽²⁾	(0.97)	(0.23)
Distributions		
From net investment income (excluding dividends)	0.23	0.08
From capital gains	—	0.01
Total annual distributions ⁽³⁾	0.23	0.09
Net assets, end of accounting period ⁽⁴⁾	8.44	9.67

⁽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.

As at December 31, 2022

Financial Highlights (continued)

	Years ended	
	Dec. 31 2022 (12 months)	Dec. 31 2021 (339 days)
Ratios and Supplemental Data		
Net asset value (in thousands of \$) ⁽¹⁾	224,029	236,577
Number of units outstanding ⁽¹⁾	26,533,266	24,471,083
Management expense ratio (%) ⁽²⁾	0.85	0.90
Management expense ratio before waivers or absorptions by the Manager (%)	0.85	0.90
Portfolio turnover rate (%) ⁽³⁾	45.73	93.59
Trading expense ratio (%) ⁽⁴⁾	—	—
Net asset value per unit (\$)	8.44	9.67

⁽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.⁽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 0.74% and are detailed as follows:

- Management fees: 0.65%
- Administration fees: 0.08%
- 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.



* From January 29 to December 31, 2021

Annual Compound Returns (%)

	1 year	3 years	5 years	Since inception*
FÉRIQUE Global Sustainable Development Bond	(10.3)	n/a	n/a	(6.7)
Benchmark Index	(10.3)	n/a	n/a	n/a
Median**	(10.9)	n/a	n/a	n/a

* The Fund was created on January 8, 2021, but assets were invested in the Fund as of January 29, 2021.

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

As at December 31, 2022

Benchmark Index

The Benchmark Index reflects the performance of a benchmark portfolio invested 25% in the FTSE Canada Short Term Bond Index, 25% in the FTSE Canada Mid Term Bond Index and 50% in the ICE Global Non-Sovereign Index (hedged in Canadian dollars).

Comparison with the Index

The Fund posted a net return of -10.3% for the fiscal year ended December 31, 2022, compared to -10.3% 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.

Asset Mix	% of net asset value
Foreign Bonds	48.8
Canadian Corporate Bonds	23.1
Canadian Provincial Bonds	12.8
Canadian Municipal Bonds	7.9
Canadian Federal Bonds	5.7
Cash, Money Market and Other Net Assets	1.1
Foreign Asset and Mortgage Backed Securities	0.6

Net Asset Value	\$224,029,355
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The allocation of the portfolio may vary due to the transactions carried out by the Fund. A quarterly update is available.

Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Caisse d'Amortissement de la Dette Sociale, 2.13% due January 26, 2032	4.1
Province of Ontario, 1.55%, due November 1, 2029	4.1
Hydro-Québec, 2.00%, due September 1, 2028	3.8
European Investment Bank, 1.63%, due May 13, 2031	3.8
CPPIB Capital Inc., 3.00%, due June 15, 2028	3.8
Kreditanstalt fuer Wiederaufbau, 0.75%, due September 30, 2030	3.5
International Bank for Reconstruction and Development, 1.25% due February 10, 2031	3.4
Translink, 3.05%, due June 4, 2025	3.3
Government of Canada, 2.25%, due December 1, 2029	1.9
Province of Québec, 2.10%, due May 27, 2031	1.8
Apple Inc., 3.00%, due June 20, 2027	1.8
Hydro-Québec, 6.00%, due August 15, 2031	1.6
National Bank of Canada, 1.53%, due June 15, 2026	1.6
Toyota Motor Credit Corp., 2.15%, due February 13, 2030	1.3
Bank of Montreal, 1.76%, due March 10, 2026	1.3
European Bank for Reconstruction and Development, 1.63% due September 27, 2024	1.3
Fédération des caisses Desjardins, 1.59%, due September 10, 2026	1.2
Sun Life Financial Inc., Floating, due August 13, 2029	1.2
International Bank for Reconstruction and Development, 2.50% due March 29, 2032	1.2
Cash, Money Market and Other Net Assets	1.1
Government of the United States, 1.25%, due May 15, 2050	1.1
BCI QuadReal Realty, 1.06%, due March 12, 2024	1.1
CDP Financial Inc., 1.00%, due May 26, 2026	1.1
Bank of America Corp., Floating, due October 22, 2025	0.9
Ontario Teachers' Finance Trust, 4.45%, due June 2, 2032	0.9

52.2

Other Material Information

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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;
- by visiting ferique.com or sedar.com.