FÉRIQUE
MUTUAL FUNDS

INTERIM MANAGEMENT REPORT

of Fund Performance for the period ended June 30, 2023

INCOME FUNDS

FÉRIQUE **Global Sustainable Development Bond** Fund

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 June 30, 2023

Management Discussion of Fund Performance

Results of Operations

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of 1.5% for the period ended June 30, 2023. 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 1.9% 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 underperformed its industry median[1], which posted 1.8% net of fees for the period.

AlphaFixe Capital

The first half of 2023 was characterized by rising interest rates in the short end of the yield curve (0 – 5 years), while longer-term rates (10 and 30 years) remained virtually unchanged.

With regard to spread, i.e., the additional yield, offered to investors to hold these securities compared with government bonds, provincial bond and corporate credit spreads narrowed, which added value due to the portfolio's overweight to both sectors. Throughout the period, the portfolio maintained a shorter duration — a measure of sensitivity to interest rate changes — relative to the benchmark, contributing to the Fund's relative returns. However, the portfolio's shorter duration did not add enough value to offset its negative positioning along the yield curve, especially the underweight to 10-year maturities and overweight to 2- and 5-year maturities.

In accordance with the Fund's objective, the portfolio manager invested 95% of the portfolio in green, social or sustainable bonds by the end of the period. Such bonds help finance projects or companies upholding sustainability principles.

In the first half of 2023, AlphaFixe initiated a dialogue with bond-issuing companies or government agencies on 38 occasions. Subjects discussed included best practices for issuing green, social or sustainable bonds, the importance of reporting on environmental, social and governance (ESG) matters, as well as other issuer-specific topics.

While issuers operating in the fossil fuel industry are excluded from the portfolio, AlphaFixe still met with several companies within the sector to raise awareness of the climate emergency and the need for shifting to a green economy. Fossil fuel exclusions cause the portfolio to inherently maintain an underweight to the Energy sector. The portfolio will still be exposed to Energy through bonds of power generators investing in sustainable energy to reach their zero-carbon target. The portfolio thus remains well diversified.

BMO Global Asset Management

The first half of 2023 was marked by volatility, with both concerns about an impending recession and stronger-than-expected economic data buffeting markets. In early March, volatility was compounded by the U.S. regional banking crisis that drove major concerns regarding an impending slowdown amidst increased credit tightening that will be felt throughout the economy.

Silicon Valley Bank (SVB) failed when a bank run was triggered after it sold its Treasury bond portfolio at a significant loss, causing concerns about the bank's liquidity, which sparked significant deposit withdrawals. Technology companies and wealthy individuals holding large, uninsured deposits comprised most of the bank's clientele. Silvergate Bank and Signature Bank also collapsed and general market contagion led to fears over Credit Suisse's liquidity. The Swiss bank was subsequently taken over by UBS.

Concerns over the United States hitting the debt ceiling also increased volatility, though fears proved to be overblown. Bond markets have moved within a certain range this year, with yields bottoming around mid-March following the banking sector issues, before rallying and closing the period near their early-period levels.

Against this backdrop, the portfolio generated a return lower than its benchmark over the period. The portfolio sub-manager maintained a cautious exposure to corporate bonds throughout the period, which was warranted in light of the overall market volatility. This positioning was the main source of underperformance during the period, in a context of narrowing credit spreads.

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, as well as to collateralized and mortgage-backed securities because of its focus on sustainability.

In keeping with the Fund's objective, 93% of the portfolio was invested in green, social and sustainability bonds at the end of the period. These bonds are issued to finance projects or companies adhering to sustainable development principles.

During the first half of 2023, the portfolio sub-manager engaged in dialogue with companies on nine occasions, addressing topics that included executive compensation, companies' resilience in the face of climate challenges, biodiversity and climate lobbying disclosure.

Recent Developments

AlphaFixe Capital

Central banks aggressively tightened their monetary policy over the past year. Accordingly, AlphaFixe will monitor economic activity for signs of a recession.

Because a recession will inevitably cause job losses, the portfolio sub-manager is worried about the labour market and will keep a close eye on economic conditions. However, nothing indicates that unemployment rates might surge in Canada or the United States.

Monetary policy has a lagging effect on the direction of the economy. The cumulative key interest rate hikes since March 2022 have not taken full effect yet. There is still a risk that the Bank of Canada (BoC) might be acting too aggressively and driving the economy into a recession. Geopolitical factors should also be closely monitored because of the surprise they may cause for investors.

[1] Source: Median return of similar funds according to Fundata, as at June 30, 2023.

The portfolio sub-manager had predicted that inflation would slow down on an annual basis in the first half of 2023, as the impacts of the pandemic and the war in Ukraine on prices subsided. This base effect allowed inflation to drop in the 3 – 4% range, whereas central banks aim for 2%, a target that will prove more challenging than anticipated to meet.

Last year, AlphaFixe opted for a shorter duration relative to the benchmark index, as it expected rising interest rates and inflation. The portfolio sub-manager increased the portfolio's duration as rates went up.

AlphaFixe thinks that central banks will not substantially tighten their monetary policy anymore, as they have entered into an adjustment period that will allow them to gauge their response based on economic conditions. With that in mind, the BoC left its key interest rate unchanged following its March and April meetings, before raising it once more after the June meeting, believing that the economy was still growing too quickly for inflation to drop to its 2% target.

In light of the rising risk of a recession, the portfolio sub-manager is becoming increasingly confident that additional rate increases won't be required. The portfolio's duration is slightly below that of its benchmark index. It favours corporate bonds benefitting from attractive yield spreads relative to government bonds. When the economy will show more signs of a slowdown, especially in the job market, AlphaFixe will alter the portfolio's positioning in anticipation of a recession by maintaining a longer duration relative to the benchmark index and by focusing on high-quality corporate bonds.

BMO Global Asset Management

The inflationary environment remains challenging in developed markets, but forward-looking data and labour markets are showing some signs that inflation might be easing. However, the portfolio sub-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.

The economy has remained extremely resilient in the face of significant monetary tightening over the past year. Given this, the market has priced in the prospect of a "soft landing" of the economy as being the more likely scenario. However, BMO still thinks recession risks are elevated in the face of long and variable lags in monetary policy. Inflation started to fall this year and will likely continue to do so over the coming 12 months, amid favourable base effects, easing supply constraints and weaker demand driven by rising interest rates.

Falling inflation is a positive development for bond markets, as it removed much of the negative asymmetry that existed last year. As a result, the portfolio sub-manager has moved to a more positive duration stance. Nevertheless, with inflation already expected to fall, labour market strength will be the key factor for bond market pricing. Forward-looking indicators suggest that the labour market should weaken, but until there is clearer evidence that companies have done away with labour hoarding, BMO will remain somewhat cautious against moving to a significantly overweight duration relative to the benchmark.

Certain sectors, like banking, appear to be more vulnerable than others. As a result, the portfolio sub-manager's exposure to subordinated bonds remains very limited. Companies continue to issue greater numbers of green, social and sustainable bonds, and the portfolio sub-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. Large performance variations of these assets can impact the portfolio's relative performance.

Mr. Jude Martineau's term as Chair and member of the Independent Review Committee (IRC) ended on March 31, 2023. Ms. Louise Sanscartier was Interim Chair of the Committee from April 1 to June 9, 2023, and was appointed Chair of the IRC Committee on June 9, 2023. Mr. Yves Frenette was appointed as an IRC member for a three-year term beginning April 1, 2023.

Ms. Fabienne Lacoste stepped down as President and Chief Executive Officer of FÉRIQUE Fund Management on July 3, 2023, and was replaced by Mr. Louis Lizotte.

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.

Gestion FÉRIQUE has set up an Independent Review Committee for the Fund in accordance with the requirements of National Instrument 81-107 Independent Review Committee for Investment Funds to review conflicts of interest related to the management of the Fund.

For the six-month period ended June 30, 2023, AlphaFixe Capital has not carried out any related party transactions and BMO Global Asset Management has paid no related party commission fees for the management of the FÉRIQUE Global Sustainability Bond Fund. However, BMO Global Asset Management, manager of a portion of the Fund, traded currency forward contracts with a related party. The Independent Review Committee is of the opinion that the proposed actions by the Manager achieve a fair and reasonable result for the unitholders of the 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.

	Six-month period ended	Years ended	
Net Assets per Unit (1)(5)	**June 30 2023 (6 months)**	Dec. 31 2022 (12 months)	Dec. 31 2021 (339 days)
	$	$	$
Net assets, beginning of accounting period (4)	**8.44**	9.67	10.00
Increase (decrease) from operations			
Total revenues	**0.09**	0.32	0.17
Total expenses	**(0.04)**	(0.07)	(0.08)
Realized gains (losses)	**(0.05)**	(0.37)	0.01
Unrealized gains (losses)	**0.12**	(0.85)	(0.33)
Total increase (decrease) from operations (2)	**0.12**	(0.97)	(0.23)
Distributions			
From net investment income (excluding dividends)	**0.08**	0.23	0.08
From capital gains	**–**	–	0.01
Total annual distributions (3)	**0.08**	0.23	0.09
Net assets, end of accounting period (4)	**8.49**	8.44	9.67

(1) This information is derived from the Fund's Annual Audited Financial Statements and Interim Unaudited 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.

	Six-month period ended	Years ended	
Ratios and Supplemental Data	**June 30 2023 (6 months)**	Dec. 31 2022 (12 months)	Dec. 31 2021 (339 days)
Net asset value (in thousands of $) (1)	**228,505**	224,029	236,577
Number of units outstanding (1)	**26,920,136**	26,533,266	24,471,083
Management expense ratio (%) (2)	**0.87**	0.85	0.90
Management expense ratio before waivers or absorptions by the Manager (%)	**0.87**	0.85	0.90
Portfolio turnover rate (%) (3)	**16.59**	45.73	93.59
Trading expense ratio (%) (4)	**–**	–	–
Net asset value per unit ($)	**8.49**	8.44	9.67

(1) This information is provided as at June 30, 2023 and 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 period, annualized management fees charged to the Fund before government taxes amounted to 0.76% and are detailed as follows:

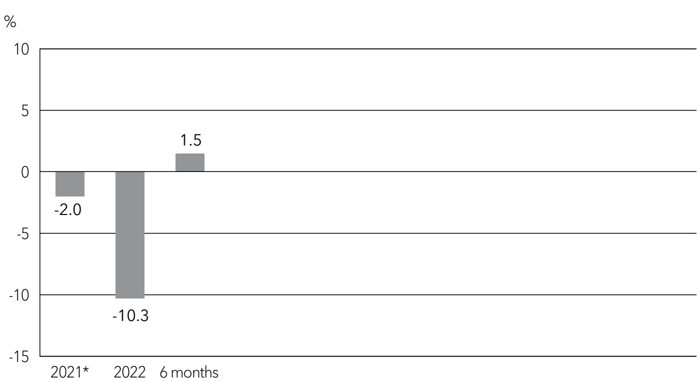
- Management fees: 0.67%
- Administration fees: 0.09%

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, with the exception of the last bar, which indicates the Fund's total return for the interim six-month period ended June 30, 2023. 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 six-month period.



* From January 29 to December 31, 2021

Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Province of Ontario, 4.05%, due February 2, 2032	5.9
Caisse d'Amortissement de la Dette Sociale, 2.13% due January 26, 2032	4.0
Kreditanstalt fuer Wiederaufbau, 0.75%, due September 30, 2030	3.9
European Investment Bank, 1.63%, due May 13, 2031	3.7
CPPIB Capital Inc., 3.00%, due June 15, 2028	3.7
International Bank for Reconstruction & Development, 1.25% due February 10, 2031	3.3
Translink, 3.05%, due June 4, 2025	3.2
Province of Quebec, 2.10%, due May 27, 2031	2.2
Hydro-Québec, 2.00%, due September 1, 2028	2.2
Cash, Money Market and Other Net Assets	1.9
Apple Inc., 3.00%, due June 20, 2027	1.7
Hydro-Québec, 6.00%, due August 15, 2031	1.6
National Bank of Canada, 1.53%, due June 15, 2026	1.6
Province of Quebec, 3.90%, due November 22, 2032	1.4
Bank of Montreal, 1.76%, due March 10, 2026	1.3
Toyota Motor Credit Corp., 2.15%, due February 13, 2030	1.3
Government of Canada, 2.25%, due December 1, 2029	1.3
Fédération des caisses Desjardins, 1.59%, due September 10, 2026	1.2
Government of the United States, 3.50%, due February 15, 2033	1.1
International Bank for Reconstruction & Development, 2.50% due March 29, 2032	1.1
BCI QuadReal Realty, 1.06%, due March 12, 2024	1.1
Government of the United States, 1.25%, due May 15, 2050	1.1
CDP Financial Inc., 1.00%, due May 26, 2026	1.0
Ontario Teachers' Finance Trust, 4.45%, due June 2, 2032	0.9
Ontario Power Generation Inc., 3.22%, due April 8, 2030	0.9
	52.6

Asset Mix	% of net asset value
Foreign Bonds	47.2
Canadian Corporate Bonds	23.7
Canadian Provincial Bonds	13.9
Canadian Municipal Bonds	7.9
Canadian Federal Bonds	4.9
Cash, Money Market and Other Net Assets	1.9
Foreign Asset- and Mortgaged-Backed Securities	0.5
Net Asset Value	**$228,504,973**

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

Other Material Information

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FÉRIQUE
MUTUAL FUNDS

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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.