



23

INTERIM MANAGEMENT REPORT

*of Fund Performance
for the period ended
June 30, 2023*

INCOME FUNDS
FÉRIQUE **Short-Term Income** Fund

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim or annual financial statements of the Fund. You can get a copy of the Interim Financial Statements at your request, and at no cost, by calling our Advisory Services at 514-788-6485 (toll-free 1-800-291-0337), by writing to us 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. Unitholders 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 June 30, 2023

Management Discussion of Fund Performance

Results of Operations

The FÉRIQUE Short-Term Income Fund, managed by CIBC Asset Management Inc. (CIBC), posted a net return of 2.5% for the period ended June 30, 2023. Its benchmark, composed of the FTSE Canada 91 Day T-Bill Index (50%) and the FTSE Canada 30 Day T-Bill Index (50%), posted a 2.2% 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 2.0% net of fees for the period.

The Fund maintained its overweight to corporate paper, increasing its running yield and thereby adding to its overall performance. Canadian banks' floating rate notes and short-term asset-backed securities also contributed to returns.

The Bank of Canada (BoC) tightened its monetary policy to tamp down inflation. As a result, the central bank raised its overnight interest rate by 25 basis points (bps) early in the period before pausing briefly on rising expectation of moderating economic growth. However, growth was stronger than expected in the first quarter and inflation numbers were lower than forecast in April, while the Canadian labour market was still robust. The persistence of the inflation and resilience of the economy drove the BoC to raise interest rates by another 25 bps later in the period, up to 4.75%.

Recent Developments

The Canadian economy expanded over the period, growing faster than expected in the first quarter of 2023. Consumer spending proved relatively resilient despite tightening financial conditions and bolstered the economy. The inflation rate remained well above the BoC's 2% target. Meanwhile, Canada's labour market showed no signs of slowing, with the economy adding jobs and the unemployment rate staying close to historic lows, which helped buoy Canadian consumers.

The portfolio sub-manager believes the central bank's main goal is to tame inflation, and the past year's rate increases should help bring it closer to the 2% target. However, the BoC indicated a growing risk that inflation could get stuck materially above that 2% target. While the central bank is expected to keep interest rates near current levels, economic growth and the labour market appear relatively robust, which could prompt another hike.

Against this backdrop, the portfolio will remain overweight to corporate paper, while maintaining some exposure to floating rate notes to increase the Fund's yield. The portfolio sub-manager is also actively seeking new floating rate notes. While it might be appropriate to adopt a more defensive stance considering the potential for additional rate hikes, the central bank is starting to take a more balanced approach to policy decisions. As a result, the portfolio sub-manager will switch the portfolio's average maturity to neutral over time as the BoC might be nearing the end of its rate-rising cycle.

ESG risk assessments are fully integrated into the portfolio sub-manager's fundamental analysis. Combining the outcome of financial and extra-financial risk evaluation into a composite view through the fundamental rating is core to mainstreaming ESG considerations and developing a full appreciation for investment risk. The longer the portfolio's duration, the greater the ESG risks. This is reflected in the portfolio sub-manager's investment analysis and decisions.

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.

The Fund's portfolio sub-manager, CIBC Asset Management Inc., is a wholly-owned subsidiary of CIBC.

For the six months ending June 30, 2023, in accordance with applicable securities laws, the portfolio sub-manager CIBC Asset Management Inc. relied on the standing instruction of the Independent Review Committee with respect to investments in the securities of issuers for which an entity related to the manager acted as underwriter during the distribution of the securities in question and the 60-day period after the end of the placement. The transactions were carried out in accordance with the standing instruction of the FÉRIQUE Funds Independent Review Committee.

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

As at June 30, 2023

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.

	Six-month period ended	Years ended				
	June 30 2023 (6 months)	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 per Unit⁽¹⁾⁽⁵⁾	\$	\$	\$	\$	\$	\$
Net assets, beginning of accounting period ⁽⁴⁾	34.20	34.25	34.24	34.22	34.22	34.19
Increase (decrease) from operations						
Total revenues	0.75	0.63	0.10	0.36	0.68	0.55
Total expenses	(0.03)	(0.05)	(0.08)	(0.09)	(0.09)	(0.09)
Realized gains (losses)	—	—	—	(0.08)	—	0.08
Unrealized gains (losses)	0.10	0.11	—	—	—	—
Total increase (decrease) from operations⁽²⁾	0.82	0.69	0.02	0.19	0.59	0.54
Distributions						
From investment net income (excluding dividends)	0.78	0.68	0.01	0.20	0.59	0.50
Total annual distributions⁽³⁾	0.78	0.68	0.01	0.20	0.59	0.50
Net assets, end of accounting period⁽⁴⁾	34.25	34.20	34.25	34.24	34.22	34.22

⁽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				
	June 30 2023 (6 months)	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)
Ratios and Supplemental Data						
Net asset value (in thousands of \$) ⁽¹⁾	161,085	115,143	98,774	121,879	88,431	91,022
Number of units outstanding ⁽¹⁾	4,700,969	3,365,740	2,885,168	3,558,480	2,583,878	2,659,742
Management expense ratio (%) ⁽²⁾	0.17	0.15	0.24	0.27	0.27	0.25
Management expense ratio before waivers or absorptions by the Manager (%)	0.17	0.15	0.24	0.27	0.27	0.25
Portfolio turnover rate (%) ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽⁴⁾	—	—	—	—	—	—
Net asset value per unit (\$)	34.27	34.21	34.24	34.25	34.22	34.22

⁽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. 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. For money market securities and fixed-income securities, the transaction fees are embedded in the transaction cost.

As at June 30, 2023

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 0.15% and are detailed as follows:

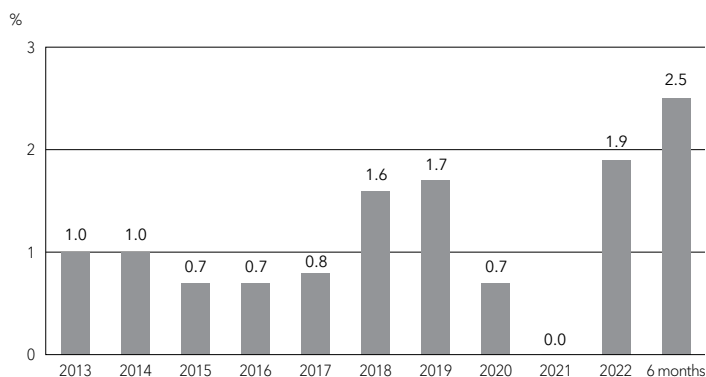
- Management fees: 0.03%
- Administration fees: 0.10%
- Fund expenses: 0.02%

Past Performance

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

Annual Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year, 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.



Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Province of Newfoundland and Labrador, 4.88%, due August 17, 2023	3.8
Province of Ontario, 4.88%, due August 9, 2023	3.1
Province of Prince Edward Island, 4.93%, due September 5, 2023	3.1
Lakeshore Trust, 5.05%, due October 12, 2023	2.8
Province of Newfoundland and Labrador, 4.88%, due August 10, 2023	2.7
Enbridge Gas Distribution Inc., 4.85%, due July 18, 2023	2.7
Storm King Funding Canada, 4.88%, due August 9, 2023	2.5
Inter Pipeline Corridor Inc., 4.93%, due September 19, 2023	2.5
Canadian Master Trust, 5.05%, due October 6, 2023	2.5
Merit Trust, 5.05%, due November 1, 2023	2.4
Glacier Credit Card Trust, 5.05%, due November 16, 2023	2.4
King Street Fund, 5.05%, due December 12, 2023	2.4
Province of Newfoundland and Labrador, 4.88%, due August 22, 2023	2.3
Plaza Trust, 4.85%, due July 5, 2023	2.2
Clarity trust, 5.05%, due October 3, 2023	2.1
Banner Trust, 5.00%, due July 25, 2023	2.1
Prime Trust, 5.05%, due November 28, 2023	2.1
Reliant Trust, 5.05%, due October 25, 2023	2.0
Canadian Master Trust, 4.85%, due July 5, 2023	1.9
Enbridge Gas Distribution Inc., 4.85%, due July 19, 2023	1.9
Central 1 Credit Union, 4.85%, due July 24, 2023	1.9
Inter Pipeline Corridor Inc., 4.85%, due July 25, 2023	1.9
Enbridge Pipelines Inc., 5.45%, due July 25, 2023	1.9
Fusion Trust, 4.88%, due August 10, 2023	1.9
Fusion Trust, 4.88%, due August 15, 2023	1.9
	59.0

Asset Mix	% of net asset value
Short-Term Notes	73.4
Treasury Bills	15.1
Corporate Bonds	11.1
Cash and Other Net Assets	0.4

Net Asset Value	\$161,084,853
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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.

Other Material Information

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group")[®] LSE Group [2003]. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE[®]" is a trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indices or data vest in the relevant LSE Group company that owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indices or data, and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor, or endorse the content of this communication.



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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.