FÉRIQUE
MUTUAL FUNDS

INTERIM MANAGEMENT REPORT

of Fund Performance
for the period ended
June 30, 2023

INCOME FUNDS

FÉRIQUE **Canadian Bond** 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.

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

Results of Operations

The FÉRIQUE Canadian Bond Fund posted a net return of 2.6% for the period ended June 30, 2023. Its benchmark, the FTSE Canada Universe Bond Index, posted a 2.5% 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 2.2%, net of fees for the period.

Addenda

The portfolio manager follows a growth-focused strategy despite a tightening monetary policy. As a result, it reduced the portfolio's duration — a measure of sensitivity to interest rate changes — in January when rates were falling, before gradually increasing it again when rates, driven by the strong economy, started rising again. The portfolio manager analyzed the reasons behind the U.S. regional bank crisis and concluded that it will likely have a limited impact on economic activity. Addenda thus capitalized on rates falling as a result by reducing the portfolio's duration. Later, the portfolio manager gradually increased the portfolio's duration alongside rates, while still maintaining a shorter duration relative to the benchmark index. By the end of the period, the portfolio's duration was below that of its benchmark index.

The weight of corporate bonds within the portfolio remained virtually unchanged over the period.

The allocation was adjusted in Financials to take advantage of volatility and widening credit spreads, i.e., the additional yield offered to investors to hold these securities compared with government bonds, on banking securities, which reflected market concerns that Addenda believed to be overblown in light of the quality of Canadian institutions. The portfolio manager thus purchased banking securities with a very attractive risk-return ratio during this short risk-off period. Addenda also increased allocations to Energy and Communication Services by investing in new issues with favourable credit spreads. Lastly, the portfolio manager capitalized on narrowing spreads in the second quarter to trim the overweight to Energy and Financials.

Addenda increased the portfolio's exposure to BBB-rated securities to take advantage of widening credit spreads in March, maintaining the allocation until the end of the period. While still conservative, the portfolio's risk profile was increased slightly during the period.

Baker Gilmore

Market volatility significantly increased during the period due to mixed economic conditions and concerns over the banking sector's stability that deeply altered investors' outlook. In January, rates on government bonds fell and risk asset prices rose as the belief spread among investors that central banks would start cutting interest rates by the end of 2023 in response to the slowing economy.

In February and early March, government bond rates rose substantially on signs of rising global economic growth and inflation. However, markets declined when the failure of U.S. regional banks and concerns over the stability of Credit Suisse drove investors to expect central banks to cut rates, which pushed bond yields down.

Despite ongoing uncertainty over the regional banking sector in the United States, investors' risk appetite increased overall in April. Late in the period, the banking crisis appeared to be contained and markets had turned their attention on the U.S. debt ceiling crisis.

Inflationary pressures remained elevated, which was a contributing factor to government bond yields increasing on most developed markets, mainly due to rising short-term rates that deepened the yield curve inversion.

Security selection in the Utilities and Financials sectors detracted the most from Fund performance. Poor selection was partially offset by the portfolio's additional running yield relative to the benchmark index and active duration management that contributed a bit to relative returns.

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. This duration was maintained between 0 and 0.75 years below the benchmark. The portfolio's credit risk was also reduced to an underweight mid-period, from a neutral position to 0.50 year shorter than the benchmark index. Risk was lowered by cutting the portfolio's exposure to provincial issuers (such as Ontario), as well as the Financials (Toronto-Dominion Bank and Scotiabank) and Utilities (Canadian Utilities, Teranet) sectors.

Recent Developments

Addenda

The first half of 2023 was quite tumultuous on the bond market. Central banks continued to tighten their monetary policy, while slowing the pace of their key interest rate hikes, which set the tone for the period. The U.S. Federal Reserve (Fed) hiked its key interest rate's target range by 25 basis points (bps) at each Federal Open Market Committee meeting in 2023 except for the last of the period, when they left the rate unchanged. However, the Fed signalled that other hikes would still be required to bring inflation down to its target. Meanwhile, the Bank of Canada (BoC) hiked its key interest rate by 25 bps in January before announcing it would give time for previous rate hikes to take full effect before going forward with further increases. The central bank thus kept its key interest rate steady at its two following meetings, before deciding on a 25 bps hike at its June meeting.

Despite substantially higher key interest rates, inflation remained stubbornly above target, although lower than previously due to slower price growth for goods as a result of supply chains recovering from disruptions and falling oil prices. However, prices for services are still rising at a rapid pace, mainly due to wage pressure. By the end of the period, the economy was still weathering central banks' repeated key interest rate increases, supported by the strong labour market and healthy household savings cushioned by wage increases.

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

Bond market investors thought at first that fighting inflation would cause a recession. However, they were reassured by the release of strong economic data. As a result, longer-term rates fell in January, before climbing back up in February. In early March, certain U.S. regional banks faced major disruptions that reignited fears of a recession and caused bond yields to fall. They then gradually climbed back near their pre-banking crisis peaks.

Coming into the second half of 2023, there are two conflicting views of the global economy. Some believe that central banks will have to tighten their monetary policy even more to ease inflationary pressures caused by excess demand, while others already expect inflation to fall as a result of the previous rate hikes.

If the economy does not slow down enough and inflation stays high, inflationary expectation may become unanchored and interest rates may rise. However, the portfolio manager believes that the economy is not on the cusp of a recession.

Yet, in light of the economic conditions, the portfolio maintains a shorter duration relative to the benchmark index.

During the period, the portfolio sub-manager engaged with several companies over ESG considerations. Among them, it reached out to Enbridge to talk about their greenhouse gas (GHG) emissions from a sustainability perspective. Addenda discussed with the company's executives of their goal to reduce GHG emissions intensity in connection with their sustainability obligations and their emissions as of May 2023. Addenda sought to understand the role such a GHG emissions intensity reduction goal played in the company's overall energy transition and journey to net zero.

Moreover, along with Climate Action 100+, the portfolio sub-manager had a talk with Enbridge about their GHG reduction goals and capital spending in renewables. This engagement confirmed Addenda's previous analysis finding that Enbridge had industry-leading ESG policies and the adequacy of the company's energy transition plan.

Baker Gilmore

It remains impossible to predict the outcome of Russia's invasion of Ukraine and its potentially disruptive impacts on the economy and the markets. In the near term, inflation is expected to stay elevated because both countries are major exporters of essential commodities. The geopolitical crisis is likely to cause increases in defence spending and financial assistance to poorer households and systemically important companies in many countries. Higher government spending will lead to increased deficits and government bond issues.

Persistent inflationary pressures (with price increases shifting from goods to services, which are sensitive to wage increases) drove major central banks to start aggressively raising their key interest rates and launching quantitative tightening programs. It is very difficult to predict future central bank interventions, given the unique character of this economic cycle and the current geopolitical crisis, even though inflation reached a multi-decades high, the labour market is moving toward full employment and wage increases are ever more substantial and well anchored in many developed economies.

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.

While banks' performance is still a major concern and will require close monitoring, financial institutions in developed countries, such as Canada, are well capitalized. Regulatory authorities have greatly improved policy tools at their disposal to address any tensions or failure in the banking sector to contain any systemic risks to the economy.

As inflation remains stubbornly high, central banks might need to continue raising rates and then keep them high for some time to bring inflation back within the target range over the medium term, 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.

As a result, the portfolio manager will maintain the portfolio duration shorter than the benchmark. With regard to sector allocation, the portfolio is overweight to federal bonds. The portfolio is underweight to corporate bonds, especially in the Utilities and Industrials sectors, but overweight to asset-backed securities.

Despite inflation slowing down in Canada, the portfolio manager expects it to stay well above the BoC's 2% target for a while longer. With that in mind, the portfolio maintains an exposure to attractive real return bonds.

Environmental, social and governance (ESG) considerations are integrated into the investment process through a top-down and bottom-up analysis. Some companies held in the portfolio are directly involved in improving ESG outcomes, such as FortisBC Energy, a regulated utilities company that only distributes electricity. The company is currently increasing its renewable and low carbon gas supply to decarbonize their operations. Fortis has a goal of reducing direct greenhouse gas emissions by 35% by 2035 and reach net zero by 2050. So far, the company has cut its emissions by 20% compared to 2019 levels. Fortis is the first Canadian natural gas company to issue a green bond, which is held in the portfolio. Proper planning and a commitment to the transition toward sustainable energy are major factors to determine the green bond's creditworthiness, especially regarding longer maturity ones.

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, the Fund's portfolio managers, Addenda and Baker Gilmore, paid no commission to any related parties as part of the management of the FÉRIQUE Canadian Bond 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 periods 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 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)	Dec. 31 2018 (12 months)
	$	$	$	$	$	$
Net assets, beginning of accounting period [4]	**35.11**	40.35	42.32	40.80	39.34	39.91
Increase (decrease) from operations						
Total revenues	**0.57**	1.07	1.08	1.09	1.10	1.14
Total expenses	**(0.13)**	(0.26)	(0.31)	(0.33)	(0.31)	(0.29)
Realized gains (losses)	**(0.22)**	(2.36)	(0.01)	1.16	0.67	(0.47)
Unrealized gains (losses)	**0.67**	(2.82)	(1.81)	1.08	0.73	(0.11)
Total increase (decrease) from operations [2]	**0.89**	(4.37)	(1.05)	3.00	2.19	0.27
Distributions						
From investment net income (excluding dividends)	**0.43**	0.80	0.78	0.75	0.78	0.83
From capital gains	**–**	–	0.15	0.81	–	–
Total annual distributions [3]	**0.43**	0.80	0.93	1.56	0.78	0.83
Net assets, end of accounting period [4]	**35.58**	35.11	40.35	42.32	40.80	39.34

(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.

Financial Highlights (continued)

Ratios and Supplemental Data	Six-month period ended June 30 2023 (6 months)	Years ended 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 $)[1]	**647,224**	626,535	710,952	867,851	779,179	706,825
Number of units outstanding[1]	**18,189,590**	17,844,527	17,621,130	20,508,658	19,099,418	17,967,088
Management expense ratio (%)[2]	**0.74**	0.72	0.77	0.77	0.77	0.75
Management expense ratio before waivers or absorptions by the Manager (%)	**0.74**	0.72	0.77	0.77	0.77	0.75
Portfolio turnover rate (%)[3]	**70.67**	166.63	110.78	177.34	136.71	200.88
Trading expense ratio (%)[4]	**–**	–	–	–	–	–
Net asset value per unit ($)	**35.58**	35.11	40.35	42.32	40.80	39.34

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

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 0.64% and are detailed as follows:

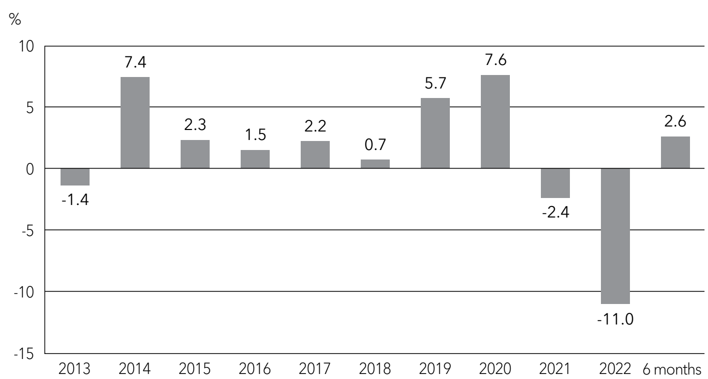
- Management fees: 0.57%
- Administration fees: 0.07%

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
Government of Canada, 2.75%, due June 1, 2033	4.5
Cash, Money Market and Other Net Assets	4.0
Government of Canada, 3.75%, due May 1, 2025	3.9
Province of Ontario, 2.60%, due June 2, 2025	3.6
Government of Canada, 1.75%, due December 1, 2053	3.1
Canada Housing Trust, 2.55%, due December 15, 2023	2.8
Government of Canada, 2.50%, due December 1, 2032	2.4
Province of Ontario, 4.65%, due June 2, 2041	2.1
Government of Canada, 1.25%, due June 1, 2030	1.8
Canada Housing Trust, 0.95%, due June 15, 2025	1.8
Province of Ontario, 2.90%, due December 2, 2046	1.7
Province of Ontario, 1.90%, due December 2, 2051	1.6
Canada Housing Trust, Floating, due September 15, 2023	1.6
Province of Ontario, 2.65%, due February 5, 2025	1.4
Government of Canada, 4.25%, due December 1, 2026	1.4
Canada Housing Trust, 2.35%, due June 15, 2027	1.4
Government of Canada, 1.00%, due June 1, 2027	1.4
Canada Housing Trust, 1.80%, due December 15, 2024	1.3
Toronto-Dominion Bank, 1.94%, due March 13, 2025	1.3
Government of Canada, 0.25%, due August 1, 2023	1.2
Canada Housing Trust, 1.10%, due March 15, 2031	1.1
Province of Quebec, 5.00%, due December 1, 2038	1.1
Inter Pipeline Ltd., 5.76%, due February 17, 2028	1.1
Province of Ontario, 1.85%, due February 1, 2027	1.1
Government of Canada, 2.00%, due June 1, 2032	1.1
	49.8

Asset Mix	% of net asset value
Canadian Federal Bonds	34.7
Canadian Corporate Bonds	28.3
Canadian Provincial Bonds	27.3
Canadian Asset- and Mortgage-Backed Securities	4.0
Cash, Money Market and Other Net Assets	4.0
Canadian Municipal Bonds	1.3
Foreign Bonds	0.4
Net Asset Value	**$647,224,224**

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

Other Material Information

FÉRIQUE
MUTUAL FUNDS

Gestion FÉRIQUE
Place du Canada
1010 de La Gauchetière Street West
Suite 1400
Montréal, Québec H3B 2N2

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.