



INTERIM MANAGEMENT REPORT

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

FÉRIQUE PORTFOLIO SOLUTIONS
FÉRIQUE **Conservative** Portfolio

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.

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Management Discussion of Fund Performance

Results of Operations

The FÉRIQUE Conservative Portfolio posted a net return of 2.2% for the period ended June 30, 2023, compared to a return of 3.3% for the benchmark index^{*}. Contrary to benchmark returns, which include no investment fees, Portfolio returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median¹, which posted 2.9%, net of fees for the period.

The FÉRIQUE Conservative Portfolio underperformed its comparison universe mainly due to its overweight in fixed income securities compared to its comparison universe and the underperformance of the FÉRIQUE Global Sustainability Bond Fund during the period. However, the outperformance of the FÉRIQUE Canadian Bond Fund relative to its universe was beneficial.

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

Money Market (14.4% of the Fund as at June 30, 2023)

The portfolio was invested defensively in short-term provincial Treasury bills to preserve capital and ensure sufficient liquidity to enable the Fund to operate effectively. During the period, the portfolio manager continued to take advantage of the upward trend in interest rates by gradually reinvesting portfolio holdings into higher-yield securities as they mature. Due to rising short-term interest rates, the Fund's yield to maturity increased from 4.01% early in the period to 4.47% by the end of it.

FÉRIQUE Canadian Bond Fund (30.2% of the Fund as at June 30, 2023)

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 median¹, 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.

^{*} The Fund's benchmark index was modified to simplify its presentation while still reflecting the Fund's asset allocation. The Benchmark Index reflects the performance of a benchmark portfolio invested 15% in the FTSE Canada 91-day T-bill Index, 50% in the FTSE Canada Universe Bond Index, 20% in the Bloomberg Global Aggregate Bond Index (CA\$ hedged), 10% in the S&P/TSX Composite Index and 5% in the MSCI World ex-Canada Index (CA\$).

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

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**FÉRIQUE Global Sustainable Development Bond Fund
(35.0% of the Fund as at June 30, 2023)**

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 median¹, 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.

**FÉRIQUE Globally Diversified Income Fund
(4.9% of the Fund as at June 30, 2023)**

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of 2.1% for the period ended June 30, 2023. Its benchmark, composed of the FTSE Canada Universe Short Term Bond Index (30%), the Bloomberg Barclays Global Aggregate Bond Index (CA\$ hedged) (60%) and the Dow Jones Canada Select Dividend Index (10%), posted a 2.6% 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 median¹, which posted 3.1% net of fees for the period.

During the period, the portfolio's allocations to Canadian and global bonds drove relative returns. Actively managing duration also helped returns, while modest allocations to underperforming preferred shares and high-yield bonds slightly impeded performance. Canadian equities also detracted from relative performance despite posting positive absolute returns due to stock selection within the Financials sector.

Overall, the portfolio's defensive asset allocation detracted from returns, the underweight to global bonds and Canadian equities dragging down performance.

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**FÉRIQUE Canadian Dividend Equity Fund
(10.4% of the Fund as at June 30, 2023)**

The FÉRIQUE Canadian Dividend Equity Fund posted a net return of 3.0% for the period ended June 30, 2023. Its benchmark, the S&P/TSX Composite Dividend Index, posted 3.9% 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 performed according to its industry median¹, which posted 3.0%, net of management fees for the period.

During the period, the Fund was exposed to significant market volatility. Early in the period, concerns arose over financial instability and liquidity issues in the market as a result of central banks' significant rate hikes over the past year and problems emerging at specific banks. This environment negatively affected the Fund.

Both the U.S. Federal Reserve and the Bank of Canada continued to raise interest rates over the period to curb inflation that's remained stubbornly high, albeit declining somewhat. The labour market remained strong despite central bank interventions. The economy was also still resilient despite rate hikes and recent global events.

In the second quarter, artificial intelligence emerged as a catalyst for a number of Information Technology companies, including some held in the portfolio, which proved beneficial to global market performance. Keeping pace with the broader market, the Fund achieved a slight positive return during the period.

On a relative basis, the underweight to Industrials detracted from performance as the sector posted a moderate return. Most companies in the sector do not fit the Fund's valuation, quality and dividends criteria.

Conversely, the overweight to Consumer Discretionary contributed to performance, with Canadian Tire Corporation and Restaurant Brands posting very strong returns. The underweight to Energy also helped performance, as the sector declined during the period.

During the period, the portfolio sub-manager made no material changes to portfolio positioning. It reduced the Fund's exposure to Communication Services and liquidated the position in Rogers Communications due to the rising share price and concerns over regulatory uncertainty and the company's higher leverage as a result of the Shaw acquisition. The allocation to Consumer Staples was also reduced and the position in retailer The North West Company was sold off when the share started trading near its target price. Lastly, the allocation to Financials was slightly increased with the addition of positions in the banking industry following the sell-off caused by liquidity and deposit outflow issues, primarily in the United States. Finally, a position in TC Energy Corporation was initiated because of the company's exposure to the energy transition through its significant natural gas infrastructure assets. Natural gas has a lower carbon footprint than other hydrocarbons such as oil and is expected to play an increasingly important role going forward.

During the period, Lincluden engaged with Hydro One, to establish a Science Based Target Initiative (SBTi), submit a climate response to the CDP (formerly the Carbon Disclosure Project) and ensure that the company has an Indigenous Right Policy. Lincluden also engaged with Pembina Pipeline and Superior Plus to establish a formal net-zero emissions target.

**FÉRIQUE World Dividend Equity Fund
(5.1% of the Fund as at June 30, 2023)**

The FÉRIQUE World Dividend Equity Fund posted a net return of 4.1% for the period ended June 30, 2023. Its benchmark, the MSCI All Country World ex-Canada Index (CA\$), posted 13.0% for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median¹, which posted 8.7%, net of management fees for the period.

Stock selection was the primary driver of relative underperformance. Weak selection in Information Technology, Consumer Discretionary and Industrials detracted the most, but was partially offset by positive selection in Health Care. Because of the portfolio sub-manager's bottom-up selection process, sector allocation also dragged down returns due to an underweight to Information Technology and overweight to Financials and Utilities. This positioning was partially offset by the underweight to the Consumer Staples and Real Estate sectors. Regionally, stock selection in the United States, Japan and Europe also hampered relative performance. At the stock level, the lack of holdings in NVIDIA and Apple (Information Technology) detracted the most from relative performance, while an off-benchmark position in Taiwan Semiconductor Manufacturing Company (Information Technology) and an overweight to Honda Motor (Consumer Discretionary) contributed the most.

During the period, Wellington initiated a position in Unilever, a British consumer goods multinational. This strong global company is streamlining its operations to capitalize on scale. The portfolio sub-manager believes the company's growth will accelerate over the next several years through an increased exposure to emerging markets. Unilever's dividend yield and resilience are also attractive. As the Consumer Staples sector was behaving more defensively in 2022, Unilever lagged the market for much of the year and was trading at a discount relative to other established, global Consumer Staples companies.

The portfolio sub-manager also added a position in Daimler Truck Holding, a commercial truck manufacturer established when Daimler spun off its heavy-duty trucking division. Daimler Truck Holding is in the early stages of improving efficiency as a standalone company and is new to paying dividends. The company is an attractive investment in the globally consolidated truck manufacturing industry. Investments in new propulsion and driver assistance technologies are starting to be implemented, which should drive its market share up.

Meanwhile, the position in Raytheon Technologies was sold off. The U.S.-based defence company benefitted from increases in defence spending globally as well as the cyclical recovery in commercial aerospace. The position in Comcast was also reduced during the period.

In the first half of 2023, the portfolio sub-manager engaged with Pioneer Natural Resources Company, an independent oil and natural gas exploration and production company that made significant improvements to their operations and substantially reduced their carbon emissions. Their scope 1 and 2 emissions are currently among the lowest in the industry, are working with strategic partners to develop renewable energy sources and have committed to eliminate routine gas flaring by 2025. Most importantly, they have signed on to the Oil and Gas Methane Partnership, a reporting framework informing best

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practice in the industry, and are committed to reducing methane emission intensity by 75% by 2030. Pioneer Natural Resources Company has been in the portfolio since 2020 and Wellington is encouraged by the progress made so far.

Recent Developments

FÉRIQUE Canadian Bond Fund (30.2% of the Fund as at June 30, 2023)

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.

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.

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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.

FÉRIQUE Global Sustainable Development Bond Fund (35.0% of the Fund as at June 30, 2023)

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.

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.

FÉRIQUE Globally Diversified Income Fund (4.9% of the Fund as at June 30, 2023)

The Bank of Canada raised its overnight rate by 25 basis points (bps) in January and then kept it steady until June, when it raised it again by 25 bps to 4.75% and signalled additional hikes. Similarly, the U.S. Federal Reserve hiked its target range by 75 bps to 5.00 - 5.25%. Positive inflation numbers and strong jobs reports in the first half of the year caused volatility in the bond market, with yields trending up in the second quarter. Credit spreads, which is the additional rate over government bonds offered to investors to hold these securities, were also volatile, especially in March because of turmoil in the banking sector.

Canadian equities rose in the first quarter but declined slightly during the second quarter.

Global corporate credit spreads were tighter overall during the first half of 2023. Spreads widened in March due to uncertainty surrounding the financial sector but narrowed in the second quarter driven by strong investor demand and reduced new supply.

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Engagement and stewardship are core to Addenda's Sustainable Investing Policy. In addition, the portfolio sub-manager has a firm-wide Stewardship Policy, which highlights the principles that underscore Addenda's commitment to undertaking stewardship for their clients and provides a framework for implementing that commitment. Below is an example of an engagement activity conducted during the period.

The Province of Ontario and the fixed-income team had a discussion on ESG initiatives and sustainable financing activities. Addenda observed language in their Green Bond presentation that indicated they would release an updated Green Bond Framework with the possibility of expanding the language to create a Sustainable Bond Framework. This would allow them to issue Social or Sustainable debt instruments in addition to Green bonds. Understanding their plans for this update and determining whether they would have sufficient Green and Social projects to issue either Green, Social or Sustainable Bonds (a hybrid financing of eligible Green and Social projects) were important discussion points because they are a major Canadian issuer of green bonds.

In August 2023, portfolio sub-manager Insight Investment International Limited replaced Allianz Global Investors UK in the Globally Diversified Income Fund.

FÉRIQUE Canadian Dividend Equity Fund (10.4% of the Fund as at June 30, 2023)

Markets were very volatile during the period, especially at the end of the first quarter, due to financial instability and liquidity issues in the market as a result of central banks' significant rate hikes over the past year and problems emerging at specific banks. These events created a risk-off environment where investors lost confidence and fled riskier assets for government bonds and gold mining companies.

Looking forward, central banks are likely to be more cautious when tightening their monetary policy, but this will prove challenging because of the persistent inflationary pressures and strong labour market. Artificial intelligence also emerged as a catalyst for a number of Information Technology companies, which had a positive impact on the sector. However, the portfolio sub-manager is concerned that the macroeconomic environment may lead to increased market volatility.

The Fund is structured to take advantage of mispricing opportunities in higher quality holdings, while benefitting from their steady flow of above-average dividends. It maintains a smaller allocation in higher-potential, out-of-favour companies.

FÉRIQUE World Dividend Equity Fund (5.1% of the Fund as at June 30, 2023)

Despite slowing inflation, the portfolio sub-manager expects market expectations to rapidly shift this year again. In a sharp reversal from 2022, growth stocks have outperformed value stocks so far in 2023 because of bank failures in the United States and Europe and rising expectations that central banks would cut their rates. Wellington believes price discovery will adjust to a new normal of higher rates and the decoupling of markets from global economic growth trends will continue to create market volatility. The impact on global trends of the U.S. economy slowing down and China reopening remains to be seen, and, as a result, the path of inflation and interest rates. In Japan, the unexpected change in the yield curve control policy is causing uncertainty on financial markets and in the broader economy. It remains impossible to determine if decoupling will continue and if current geopolitical conflicts and ensuing energy crisis are the new normal. These trends took over a decade to crystallize and are unlikely to resolve quickly.

That being said, asset price uncertainty and volatility present great opportunities for picking stocks following the portfolio sub-manager's philosophy and process. Wellington thrives in market environments allowing for a wide range of outcomes, as its process dispassionately seeks to fully analyze the situation before taking advantage of resilient franchises going on sale. It will continue to look for opportunities in cyclical sectors such as Financials, Utilities, Consumer Staples, Consumer Discretionary and Industrial, especially outside of the United States.

The portfolio is most overweight to Financials as stocks in the sector are attractive because of their dividend yields, discounted valuations and depressed levels of return and stand to benefit from normalizing rates and shareholder-focused capital allocation disciplines. Over the period, Wellington added to select insurance and bank holdings. In China, the strength of the economy's recovery and real estate sector remain contentious, creating opportunities for the portfolio to own competitively advantaged growth franchises.

Against the current backdrop, the portfolio sub-manager remains most overweight to Financials, Utilities and Industrials, but most underweight to Information Technology, Consumer Discretionary and Consumer Staples.

In August 2023, portfolio sub-manager replaced Allianz Global Investors UK in the Globally Diversified Income Fund.

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.

As at June 30, 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.

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, Addenda did not enter into any Related Party Transactions as it pertains to the management of the monetary market portion of the FÉRIQUE Conservative Portfolio.

For the six-month period ended June 30, 2023, Addenda and Baker Gilmore did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Canadian Bond 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.

For the six-month period ended June 30, 2023, Addenda did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Globally Diversified Income Fund.

For the six-month period ended June 30, 2023, Lincluden did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Canadian Dividend Equity Fund.

For the six-month period ended June 30, 2023, Wellington did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE World Dividend Equity 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				
	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⁾	9.60	10.63	10.52	10.25	9.76	10.01
Increase (decrease) from operations						
Total revenues	0.12	0.22	0.15	0.19	0.22	0.23
Total expenses	–	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.02)	–	0.11	0.13	0.04	0.05
Unrealized gains (losses)	0.11	(0.97)	–	0.19	0.33	(0.27)
Total increase (decrease) from operations ⁽²⁾	0.21	(0.76)	0.25	0.50	0.58	–
Distributions						
From investment net income (excluding dividends)	0.10	0.18	0.11	0.12	0.14	0.14
From dividends	0.02	0.04	0.03	0.05	0.05	0.05
From capital gains	–	0.04	–	0.05	–	0.03
Total annual distributions ⁽³⁾	0.12	0.26	0.14	0.22	0.19	0.22
Net assets, end of accounting period ⁽⁴⁾	9.69	9.60	10.63	10.52	10.25	9.76

⁽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.

As at June 30, 2023

Financial Highlights (continued)

	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⁾	69,742	71,162	71,755	66,514	42,461	18,965
Number of units outstanding ⁽¹⁾	7,195,223	7,414,927	6,747,587	6,321,565	4,144,382	1,943,224
Management expense ratio (%) ⁽²⁾	0.80	0.78	0.82	0.80	0.80	0.80
Management expense ratio before waivers or absorptions by the Manager (%)	0.80	0.78	0.82	0.80	0.80	0.80
Portfolio turnover rate (%) ⁽³⁾	n/a	n/a	n/a	n/a	n/a	n/a
Trading expense ratio (%) ⁽⁴⁾	0.01	–	0.01	0.01	0.01	0.01
Net asset value per unit (\$)	9.69	9.60	10.63	10.52	10.25	9.76

⁽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.

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 0.70% and are detailed as follows:

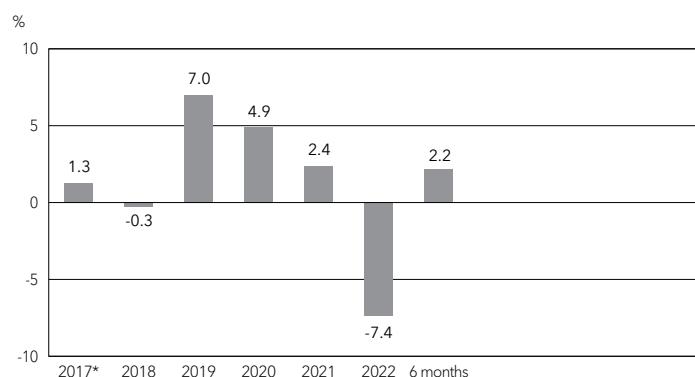
- Management fees: 0.55%
- Administration fees: 0.13%
- Fund expenses: 0.02%

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.



* From July 6 to December 31, 2017

As at June 30, 2023

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Global Sustainable Development Bond Fund	35.0
FÉRIQUE Canadian Bond Fund	30.2
Cash, Money Market and Other Net Assets	14.4
FÉRIQUE Canadian Dividend Equity Fund	10.4
FÉRIQUE World Dividend Equity Fund	5.1
FÉRIQUE Globally Diversified Income Fund	4.9
	100.0

Asset Mix	% of net asset value
Foreign Bonds	20.0
Canadian Corporate Bonds	19.4
Cash, Money Market and Other Net Assets	16.2
Canadian Provincial Bonds	13.5
Canadian Federal Bonds	11.3
Canadian Equity	9.3
U.S. Equity	3.4
Canadian Municipal Bonds	2.9
International Equity	2.6
Canadian Asset- and Mortgage-Backed Securities	1.2
Foreign Asset- and Mortgage-Backed Securities	0.2
Net Asset Value	\$69,742,216

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

The simplified prospectus and other information on the underlying investment funds are available on SEDAR's website at sedar.com.

Other Material Information

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ferique.com

Additional information about the Funds is available in the Funds' Prospectus, Annual Information Form, Fund Facts and Financial Statements.

You may obtain a copy of these documents, free of charge and on demand:

- by contacting the Manager, Gestion FÉRIQUE, at 514-840-9206 (toll-free at 1-888-259-7969);
- by contacting the Principal Distributor, Services d'investissement FÉRIQUE at 514-788-6485 (toll-free at 1-800-291-0337) or client@ferique.com;
- by visiting ferique.com or sedar.com.