FÉRIQUE
MUTUAL FUNDS

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2023

INCOME FUNDS

FÉRIQUE **Canadian Bond** Fund

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the Funds that you hold. You can get a copy of the annual financial statements at your request, and at no cost, by calling Services d'investissement FÉRIQUE's client services at 514-788-6485 (toll-free 1-800-291-0337), by writing at Gestion FÉRIQUE, Place du Canada, 1010 de La Gauchetière Street West, Suite 1400, Montréal, Québec H3B 2N2, or by visiting our website at ferique.com or SEDAR+ at sedarplus.ca. You may also contact us using one of these methods to request a copy of the Fund's interim financial report, 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.

Management Discussion of Fund Performance

Investment Objective and Strategies

The FÉRIQUE Canadian Bond Fund seeks to maximize total return through a combination of high income and capital appreciation. Money is therefore mainly invested and reinvested in fixed-income securities issued by governments and corporations.

The Fund is managed by two portfolio managers, namely Addenda Capital Inc. (Addenda) and Baker Gilmore & Associates Inc. (Baker Gilmore).

Addenda's strategy consists in actively positioning the portfolio in accordance with economic conditions by focusing on the following factors: the management of portfolio duration relative to the FTSE Canada Universe Bond Index, as well as allocation and security selection within bond market sectors (bonds issued by Canadian federal, provincial and municipal governments, supranational institutions and corporations). The portfolio manager may also invest in foreign bonds.

Baker Gilmore's strategy consists in actively positioning the portfolio in accordance with economic conditions by focusing on the following factors: sector allocation and security selection within bond market sectors (bonds issued by Canadian federal, provincial and municipal governments, supranational institutions and corporations) and the management of portfolio duration relative to the index. The portfolio manager may also invest in foreign bonds.

The Fund mainly invests and reinvests in bonds, debentures, notes and other securities issued and guaranteed as to principal and interest by the Government of Canada, provincial and municipal governments, or by supranational institutions or any other Canadian school board, Canadian company or cooperative, asset-backed securities and mortgage-backed securities, strip coupons, investment certificates, bank acceptances, exchange-traded funds and other equivalent securities. Bonds and debentures issued or guaranteed by governments or corporations (including asset-backed securities and commercial mortgages) from developed countries denominated in the currencies of these countries are also allowed. The Fund may also invest in money market securities.

Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. The Fund is intended for investors with a low risk tolerance who wish to invest over the medium term. It can also be used as the core component of the allocation to Canadian fixed income in a diversified investment portfolio. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund.

Results of Operations

The FÉRIQUE Canadian Bond Fund posted a net return of 6.8% for the fiscal year ended December 31, 2023. Its benchmark, the FTSE Canada Universe Bond Index, recorded a 6.7% 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 6.0% net of fees for the period.

Addenda

The portfolio manager kept the portfolio duration—a measure of sensitivity to interest rate changes—much shorter than that of the benchmark in the first half of the year. This allowed the portfolio to capitalize on both soaring interest rates and the severely inverted yield curve.

In early September, Addenda then brought the portfolio's duration to neutral relative to the benchmark when bond yields were rising.

As bond yields continued to climb beyond the portfolio manager's targets, the portfolio's duration was increased to a slight overweight in September, then later adjusted as rates fluctuated, while risk was managed in accordance with the strategy's framework. By the end of the year, the portfolio's duration was slightly below that of its benchmark index.

Throughout the year, the portfolio manager gradually increased the portfolio's allocation to federal government bonds, reducing their underweight relative to the benchmark. It also decreased the underweight to provincial bonds in the second half of the year. However, Addenda maintained an overweight to corporate bonds to capitalize on credit spreads, i.e., the additional yield offered to investors to hold these securities compared with government bonds, tightening considerably in the second half of the year. This overweight was increased in the fourth quarter to take advantage of tightening credit spreads and attractive investment opportunities in new issues.

Addenda strengthened the portfolio's allocations to the Energy and Industrials sectors and reduced the allocations to Financials and Communication Services. The portfolio's overweight to BBB-rated securities was increased from the previous year, while its risk profile remained conservative.

By the end of 2023, North American central banks seemed well on the way to curbing inflation through monetary tightening. In the fourth quarter, Canadian bond yields fell, echoing the broad decline seen in the U.S. market.

As central banks started to signal their intention to ease monetary policy and announce a successful soft landing of the economy, credit spreads on provincial and corporate bonds narrowed in the fourth quarter.

During the year, the portfolio manager engaged in a dialogue on environmental, social and governance (ESG) disclosure with a company held in the portfolio. Noticing that the company had increased its Scope 1 and 2 emissions from the previous year, Addenda was asking for a detailed remedial action plan.

Baker Gilmore

The last year was full of ups and downs. Central banks aggressively tightened monetary policy and rapidly raised interest rates, prompting many analysts to forecast a global recession.

Economic growth was positive, albeit subdued, in Canada and Europe, whereas it remained robust in the United States thanks to strong consumer spending and historically high federal budget deficits boosting economic activity.

[1] Source: Median return of similar funds according to Fundata, as at December 31, 2023.

The sharp decline in global inflation was the most important development of 2023. It allowed central banks to suspend their rate hikes and signal potential cuts for 2024. As a result, risk assets and sovereign bonds rallied strongly towards the end of the year.

The portfolio's additional yield relative to its benchmark and its duration, which was generally kept underweight and managed based on the portfolio's positioning, contributed most to the portfolio's relative performance. On the other hand, credit risk detracted the most.

Portfolio duration was actively managed and modified based on the strength of Canadian and global macroeconomic data and the actions and statements of global central banks. This duration was maintained 0 to 0.75 years below the benchmark. Duration was brought more closely in line with the benchmark on two separate occasions: first, in March to counter the risks posed by bank collapses, and second, at the end of the year as investors increasingly expected central banks to cut rates in 2024.

The portfolio's credit risk was also brought down to an underweight midyear. Late in the year, credit risk was shifted back to a slight overweight, mainly in liquid sectors such as provincial and bank bonds, after the U.S. Federal Reserve (Fed) announced that it would begin a policy pivot and cut interest rates by about 75 base points (bps) in 2024.

During the year, the portfolio manager sold its holdings in BCE, Algonquin Power & Utilities Corp., Inter Pipeline and Ventas Canada to take positions in Hyundai Capital Canada, RioCan Real Estate Investment Trust, Ford Auto Securitization Trust, Brookfield Infrastructure Finance and Brookfield Renewable Partners, which offered a better risk/return ratio.

Baker Gilmore also introduced a position in U.S.-dollar denominated real return bonds as the exchange rate between the Canadian and U.S. dollar was attractive and the Fed looked likely to cut rates faster than the Bank of Canada (BoC) in an election year. This holding increased the portfolio's allocation to real return bonds, since these assets are expected to outperform the broader market given that inflation is likely to stay above the BoC's 2% target.

With regard to environmental, social and governance (ESG) considerations, the portfolio has a stake in Brookfield Infrastructure Partners. This company invests in a broad range of utilities, data and transportation infrastructure projects. It operates in a sector with significant exposure to ESG risks, particularly with regard to governance issues and carbon emissions.

In terms of corporate governance, Brookfield Infrastructure Partners has put in place solid governance framework and practices to manage and monitor its operations. The company applies robust ESG policies and designates board members and senior executives to ensure oversight. From an environmental standpoint, the company takes ESG considerations into account throughout its investment process, has set CO_2 emission reduction targets and is ultimately working towards net zero by 2050.

Recent Developments

Addenda

Central banks' monetary tightening efforts are paying off, with inflation moderating worldwide. However, it remains above target in North America. In the United States, the portfolio manager expects inflation to reach the Fed's target thanks to productivity gains, which could drive the central bank to ease monetary policy sometime in 2024.

In Canada, the prospect of falling inflation is challenged by lower productivity and higher wages. The portfolio manager could capitalize on market reactions to diverging economic scenarios in Canada and the United States, particularly in the short-term portion of the curve (which is affected by monetary policy). Longer-term interest rates are less sensitive to monetary policy and will reflect the progress expected to be made in the fight against inflation, rather than short-term forecasts. After two years of bond market investors anxiously hoping for monetary policy to ease, it looks as though the long-awaited rate cuts will become a reality in 2024. Against this backdrop, Addenda will manage the portfolio to take advantage of opportunities as they arise in the market.

Baker Gilmore

Much remains unclear as to how this unprecedented economic cycle will unfold, with the global economy still adjusting to the aftermath of the pandemic, geopolitical tensions and conflicts rising sharply, central banks aggressively tightening monetary policy to curb high inflation and governments implementing expansionary fiscal policies. Although there were growing signs that the global economy was slowing down, residual consumer demand, pent-up as a result of the COVID-19 pandemic shutdowns, continued to drive global economic growth.

Household spending points to relatively robust—albeit slowing—economic activity growth over the next few quarters. However, excess savings, which had been bolstered by massive government transfers, are currently fuelling consumption, but are dwindling and will eventually run out, partly as a result of rising interest rates.

Unlike what is typically encountered at this stage of a tightening cycle, the labour market is still tight and strike activity is on the rise, disrupting the economy and helping workers achieve significant wage gains that are well beyond central bank inflation targets. These pay hikes increase the likelihood of sustained high inflation in the years ahead, as most developed economies are experiencing structurally low levels of productivity. While the economy as a whole fared better than markets had forecast and a recession was averted, some sectors, such as office real estate, were nonetheless lastingly affected by the economic conditions.

Inflation cooled considerably in 2023, allowing central banks to suspend their interest rate hikes and signal potential cuts in 2024. Intensifying geopolitical conflicts also fuelled defence spending in many advanced and developing economies. Large-scale industrial policies have also made a comeback, with some governments offering massive and costly subsidies to attract investment in critical industries and promote the decarbonization and electrification of the economy.

Against this backdrop, both public deficits and government bond issues are likely to remain high in the years ahead, as most governments seem unconcerned about increasing already high debt levels amid rising interest rates and financing costs.

Markets are expecting that the aggressive monetary policy tightening undertaken over the past year will trigger a recession in the coming quarters. As a result, yield curves are sharply inverted, as bond markets expect the BoC and Fed to cut interest rates in early 2024.

Although central banks have signalled their intention to lower rates within the next 12 months despite an inflation rate persistently above target and high government deficits, they are unlikely to meet market expectations. What's more, the expected high volume of government bond issues is bound to push bond yields up in the medium and long term.

As a result, the portfolio sub-manager will keep the portfolio duration shorter than the benchmark and underweight primarily medium- and long-term bonds. With regard to sector allocation, the portfolio is overweight to federal and provincial bonds. The portfolio is underweight to corporate bonds, especially in the Utilities and Industrials sectors, but overweight to the Financials sector and 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.

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.

Mr. Francis Fortin joined FÉRIQUE Fund Management as Vice-President, Investment Management, on September 11, 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 fiscal year ended December 31, 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.

	Years ended				
Net Assets per Unit (1)(5)	**Dec. 31 2023 (12 months)**	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
	$	$	$	$	$
Net assets, beginning of accounting period (4)	**35.11**	40.35	42.32	40.80	39.34
Increase (decrease) from operations					
Total revenues	**1.17**	1.07	1.08	1.09	1.10
Total expenses	**(0.26)**	(0.26)	(0.31)	(0.33)	(0.31)
Realized gains (losses)	**(0.68)**	(2.36)	(0.01)	1.16	0.67
Unrealized gains (losses)	**2.18**	(2.82)	(1.81)	1.08	0.73
Total increase (decrease) from operations (2)	**2.41**	(4.37)	(1.05)	3.00	2.19
Distributions					
From investment net income (excluding dividends)	**0.91**	0.80	0.78	0.75	0.78
From capital gains	**–**	–	0.15	0.81	–
Total annual distributions (3)	**0.91**	0.80	0.93	1.56	0.78
Net assets, end of accounting period (4)	**36.57**	35.11	40.35	42.32	40.80

(1) This information is derived from the Fund's Annual Audited Financial Statements. The net assets per unit presented in the financial statements could differ from the net asset value calculated for fund pricing purposes. The differences are explained in the notes to the financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase or decrease from operations is based on the weighted average number of units outstanding during the accounting period. This table is not intended to show a reconciliation between net assets per unit at the beginning and at the end of the accounting period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund, or both.

(4) The net assets are calculated in accordance with International Financial Reporting Standards (IFRS).

(5) In this document, the word "units" indicates Series A units.

Financial Highlights (continued)

Ratios and Supplemental Data	Years ended **Dec. 31 2023 (12 months)**	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
Net asset value (in thousands of $)[1]	**680,159**	626,535	710,952	867,851	779,179
Number of units outstanding[1]	**18,601,190**	17,844,527	17,621,130	20,508,658	19,099,418
Management expense ratio (%)[2]	**0.74**	0.72	0.77	0.77	0.77
Management expense ratio before waivers or absorptions by the Manager (%)	**0.74**	0.72	0.77	0.77	0.77
Portfolio turnover rate (%)[3]	**142.13**	166.63	110.78	177.34	136.71
Trading expense ratio (%)[4]	**–**	–	–	–	–
Net asset value per unit ($)	**36.57**	35.11	40.35	42.32	40.80

(1) This information is provided as at December 31 for the comparative accounting periods.

(2) Management expense ratio is based on total expenses for the stated accounting period (including applicable taxes and its proportionate share of the expenses from the underlying funds, where applicable, but 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, including its proportionate share of the trading expenses from the underlying funds, where applicable, expressed as an annualized percentage of the daily average net asset value during the accounting period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

Fees payable by the Fund include management fees and operating charges. Operating charges are made up of administration fees and Fund expenses. Management and administration fees are calculated and credited daily and paid monthly.

Management fees include, among others, the portfolio manager's and/or sub-manager's fees, the fees relating to the marketing and distribution of the Fund and the Manager's administration fees.

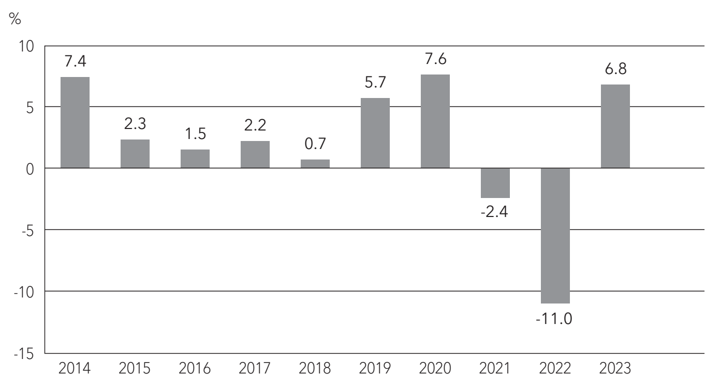
Administration fees include, among others, registrar custodian fees and fiduciary fees, expenses relating to accounting and valuation of the Fund, auditors' and legal advisors' fees and reporting fees to unitholders. Fund expenses are made up of regulatory filing fees and expenses of the Independent Review Committee.

For the year, annualized management fees charged to the Fund before government taxes amounted to 0.64% and are detailed as follows:

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

Annual Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by December 31 of each financial year or on the last day of the year.



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 Compound Returns (%)

	1 year	3 years	5 years	10 years
FÉRIQUE Canadian Bond	6.8	(2.5)	1.1	1.9
FTSE Canada Universe Bond Index	6.7	(2.8)	1.3	2.4
Median*	6.0	(3.4)	0.7	1.5

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

FTSE Canada Universe Bond Index

The FTSE Canada Universe Bond Index includes nearly all marketable Canadian bonds, with terms to maturity of over one year. Its objective is to reflect the evolution of the Canadian bond market.

Comparison with the Index

The Fund posted a net return of 6.8% for the year ended December 31, 2023. Its benchmark, the FTSE Canada Universe Bond Index, recorded a 6.7% 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.

Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Government of Canada, 2.75%, due June 1, 2033	8.3
Government of Canada, 3.25%, due December 1, 2033	3.9
Government of Canada, 3.50%, due March 1, 2028	3.8
Province of Ontario, 1.90%, due December 2, 2051	2.6
Government of Canada, 0.50%, due December 1, 2030	2.4
Province of Ontario, 4.65%, due June 2, 2041	2.2
Government of Canada, 3.25%, due September 1, 2028	2.2
Government of Canada, 1.75%, due December 1, 2053	1.9
Province of Ontario, due December 2, 2028	1.9
Canada Housing Trust, 1.25%, due June 15, 2026	1.8
Cash, Money Market and Other Net Assets	1.8
Province of Ontario, 1.85%, due February 1, 2027	1.7
Canada Housing Trust, 1.10%, due December 15, 2026	1.7
Canada Housing Trust, 1.95%, due December 15, 2025	1.7
Province of Ontario, 2.90%, due December 2, 2046	1.7
Bank of Nova Scotia/The, 2.95%, due March 8, 2027	1.5
Canada Housing Trust, 3.65%, due June 15, 2033	1.5
Government of Canada, 4.25%, due December 1, 2026	1.5
Province of Ontario, 2.65%, due February 5, 2025	1.4
Canada Housing Trust, 2.35%, due June 15, 2027	1.4
Bank of Montreal, 4.54%, due December 18, 2028	1.3
Royal Bank of Canada, 4.63%, due May 1, 2028	1.3
Province of Alberta, 3.10%, due June 1, 2050	1.2
Province of Ontario, 3.75%, due December 2, 2053	1.2
Canada Housing Trust, 1.10%, due March 15, 2031	1.1
	53.0

Asset Mix	% of net asset value
Canadian Federal Bonds	35.8
Canadian Corporate Bonds	30.6
Canadian Provincial Bonds	27.3
Canadian Asset- and Mortgaged-Backed Seucrities	2.1
Cash, Money Market and Other Net Assets	1.8
Foreign Bonds	1.2
Canadian Municipal Bonds	1.2
Net Asset Value	**680,158,935**

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
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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 sedarplus.ca.