FÉRIQUE
MUTUAL FUNDS

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2023

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Balanced** Portfolio

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 Balanced Portfolio (the Fund) seeks to maximize long-term capital gains through a policy of diversification among different types of investments. The Fund mainly invests in mutual funds that are exposed to bond securities, Canadian and foreign equities, as well as money market securities.

The Fund aims to hold a well-diversified portfolio composed mainly of Canadian and foreign fixed-income securities and of Canadian and global equity securities.

The Fund's current investment policy specifies a long-term target portfolio broken down into asset categories as follows (all percentages expressed in the investment strategy are presented as a percentage of the Fund's net asset value):

- Fixed-income funds and money market securities 40%
- Equity funds 60%

The maximum exposure to foreign securities is approximately 55%.

This weighting may vary according to the market fluctuations and investors' transactions in the Fund. Asset category weights are verified monthly. The Fund is rebalanced when the limits predetermined by the Fund's portfolio manager are exceeded.

The Fund invests mainly in units of underlying funds administered by the manager or by third parties in order to obtain the expected exposure to the different asset classes.

Gestion FÉRIQUE, the portfolio manager of the Fund, is responsible for the assets' allocation among the asset classes. The portfolio manager may, at its sole discretion and to maximize the potential of achieving the Fund's objectives, select the underlying funds for the different asset classes, change the percentage holding of any underlying fund, remove any underlying fund or add other underlying funds.

The following criteria are taken into account when allocating the assets of the Fund among the underlying funds: the exposure level to the asset class tolerated in the investment policy, the returns and expected level of risk and the fees. There will be no duplication of fees between the Fund and the underlying funds.

The underlying funds, as well as the money market securities, are managed by portfolio managers or portfolio sub-managers that apply proprietary strategies in their security selection.

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 to medium risk tolerance who want to invest for the medium or long term. It can also be used by investors looking for diversification within a single 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 Balanced Portfolio posted a net return of 10.5% for the fiscal year ended December 31, 2023, compared to a return of 10.9% 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 outperformed its industry median[1], which posted 8.9%, net of fees for the fiscal year.

The FÉRIQUE Balanced Portfolio took advantage of its underweight to fixed-income securities and its exposure to the FÉRIQUE European Equity and Global Innovation Equity Funds. However, it suffered from its overweight to Canadian equities compared to its comparison universe.

In April 2023, a change was made in order to optimize the Fund. To that end, the TD Emerging Markets Fund was sold and the RBC Emerging Markets Dividend Fund was added.

Money Market
(0.6% of the Fund as at December 31, 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. Due to rising short-term interest rates, the Fund's yield to maturity increased from 4.19% early in the period to 4.97% by the end of it.

FÉRIQUE Canadian Bond Fund
(22.7% of the Fund as at December 31, 2023)

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 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 30% in the FTSE Canada Universe Bond Index, 10% in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 25% in the S&P/TSX Composite Index, 15% in the S&P 500 Index (CA$), 12.5% in the MSCI EAFE Index (CA$) and 7.5% in the MSCI Emerging Markets Index (CA$).

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

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.

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.

FÉRIQUE Global Sustainable Development Bond Fund (8.7% of the Fund as at December 31, 2023)

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of 5.7% for the fiscal year ended December 31, 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 (CA$ hedged) (50%), posted a 6.1% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 4.7% net of fees for the period.

AlphaFixe Capital

The year 2023 was characterized by interest rates falling across the entire yield curve. Credit spreads, i.e., the additional yield offered to investors to hold provincial bonds and corporate credit compared with government bonds, narrowed across the board. This contraction was particularly pronounced in industrial sectors and in corporate bonds of all maturities. Rate cuts, coupled with tightening credit spreads, proved beneficial to the portfolio, generating fairly high positive returns.

Sector allocation contributed to portfolio performance. Overexposure to provincial and corporate bonds helped due to credit spreads narrowing. Security selection and maintaining an underweight duration—a measure of sensitivity to interest rate changes—relative to the benchmark for most of the year also paid off.

However, the portfolio's yield curve positioning was detrimental to returns. In 2023, duration was increased relative to the benchmark. Early in the year, the portfolio's yield curve positioning was characterized by significant overexposure to 5-year maturities and underexposure to 10-year maturities. By year-end, the portfolio had become overexposed to 2-year and 10-year maturities and underexposed to 5-year maturities. The allocation to provincial bonds was increased slightly, while the allocation to corporate bonds was kept unchanged.

In accordance with the Fund's objective, the portfolio manager invested 93% of the portfolio in green, social or sustainable bonds by the end of the year. Such bonds help finance projects or companies upholding sustainability principles.

With regard to environmental, social and governance (ESG) matters, AlphaFixe engaged with corporate and government bond issuers held in the portfolio. The portfolio sub-manager seeks to raise issuers' awareness of ESG considerations affecting their business and identify potential improvements they could make to that end, whether during private meetings with management or calls with other investors.

For instance, in February 2023, AlphaFixe met with the Toronto-Dominion Bank to discuss sustainable bond structures. At this meeting, the portfolio sub-manager expressed a strong preference for "green use of proceeds bonds", i.e., bonds where the issuer announces the projects it intends to finance prior to issue. It stated its position on nuclear energy and encouraged making a clear distinction between environmental and social projects, since investors' interests would be better served by having two different frameworks. The portfolio sub-manager also announced its position on nuclear power. This type of energy is a key component of Canada's power generation mix for the country to achieve its decarbonization targets. Projects involving this energy source therefore belong within a green bond investment framework.

In 2023, the portfolio participated in 15 new sustainable bond issues from 9 different issuers. Electricity transmission and distribution company Hydro One issued three sustainable bonds in January, two of which were added to the portfolio. Although not formally classified as "green" bonds, they were issued to finance almost exclusively projects that are environmentally friendly, such as building a clean power grid.

BMO Global Asset Management

Bond markets fluctuated during the year, first rallying over the U.S. regional banking crisis and strong data before bottoming in mid-March and ending the year close to their pre-banking crisis levels.

Early in the year, credit spreads narrowed, reaching levels not seen since early April 2022. Markets then began to price in higher than previously anticipated key interest rates. This, along with the collapse of Silicon Valley Bank and purchase of Credit Suisse, pushed credit spreads wider, unwinding almost all the tightening that took place since October.

However, bank regulators were quick to step in to prevent the banking sector's issues to spread. Market fears were eased, causing spreads once again began to tighten. Despite some volatility at the beginning of the second quarter, investor sentiment improved across markets as the quarter closed, with spreads tightening once again.

Moving into the third quarter, yields rose significantly as markets became increasingly concerned that a tighter-than-expected labour market might cause key interest rates to remain higher for longer despite inflation easing. Meanwhile, credit spreads edged gradually tighter, supported by muted new issuance and better-than-expected corporate results. Of the main regional markets, sterling investment-grade bonds fared best and produced positive total returns, while the narrowing spreads in euro-denominated bonds was barely enough to offset rising yields. Meanwhile, returns were negative on U.S. markets due to Treasury bond yields falling.

Early in the fourth quarter, core government bond yields began to plunge and credit spreads tightened amid a growing belief that central banks would cut interest rates sooner than previously thought. Inflation fell more than expected in the United States, euro zone and United Kingdom, and the hot U.S. labour market continued to cool.

Major central banks kept rates steady, but the European Central Bank and Bank of England maintained their hawkish rhetoric. Meanwhile, the U.S. Federal Reserve (Fed) unexpectedly shifted to a dovish stance, which drove core yields lower across the board. While the Fed acknowledged that inflation was moderating and signaled that it would cut rates by 75 basis points in 2024, investors priced in rate cuts starting in March that would amount to twice as much as the Fed's prediction. In parallel, credit spreads narrowed alongside a rally in equities, the combination of falling interest-rate expectations and forecast-beating corporate results bolstering sentiment towards risk assets.

Against this backdrop, the portfolio generated positive absolute and relative returns for the year as fixed-income securities' very strong final quarter more than offset the losses suffered midyear. Increasing the portfolio's duration when yields significantly retraced after the fallout from Silicon Valley Bank's collapse also contributed to the portfolio's outperformance over the second half of the year.

The portfolio's underweight to collateralized securities was beneficial as the asset class underperformed the wider index.

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 24 occasions, addressing topics such as companies' resilience in the face of climate challenges (with Toyota Motor Corporation and Barclays), biodiversity (with E.ON) and human rights (with Volkswagen Group and Mercedes-Benz Group).

FÉRIQUE Globally Diversified Income Fund
(6.9% of the Fund as at December 31, 2023)

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of 6.6% for the fiscal year ended December 31, 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 4.7% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted 7.2% net of fees for the period.

During the year the portfolio's allocations to Canadian and global bonds drove relative returns. Stock selection also had a positive impact on performance. The overweight to corporate bonds and modest allocation to high-yield bonds added value as credit spreads, which is the additional rate over government bonds offered to investors to hold these securities, tightened in the fourth quarter of 2023.

Duration positioning detracted from returns in the first three quarters of the year due to rising rates but was positive in the fourth quarter when rates fell significantly. The overweight to Canadian bonds added value but was slightly offset by the underweight to global bond, which outperformed. The allocation to global bonds was kept stable despite this good performance. The allocation to Canadian equity delivered positive absolute returns, yet still weighed on relative performance.

With regard to the equity portion of the portfolio, the underweight relative to its benchmark and poor stock selection in Financials detracted the most from performance.

The portfolio sub-manager maintained an underweight to Canadian equities through the first three quarters of the year as the asset class posted negative absolute return. The allocation was then increased to neutral in the fourth quarter when the S&P/TSX Composite Index rallied in the final months of 2023. Meanwhile, the portfolio sub-manager eliminated the allocation to preferred shares in the third quarter due to concerns about future performance.

The Province of Ontario and the portfolio sub-manager had a discussion on ESG initiatives and sustainable financing activities.

FÉRIQUE Canadian Dividend Equity Fund
(14.2% of the Fund as at December 31, 2023)

The FÉRIQUE Canadian Dividend Equity Fund posted a net return of 5.9% for the fiscal year ended December 31, 2023. Its benchmark, the S&P/TSX Composite Dividend Index, posted 9.6% 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 underperformed its industry median[1], which posted 6.5%, net of management fees for the period.

During the year, the Fund generated moderate positive returns despite underperforming its benchmark index.

The overweight to Real Estate detracted from performance given the higher interest rate environment. Holdings in Allied Properties Real Estate Investment Trust and H&R Real Estate Investment Trust were especially negative given their exposure to offices, which saw a temporary decline in occupancy rates. An underweight to Industrials also detracted from performance as the sector posted strong returns. Yet, within the sector, WSP Global outperformed.

In Consumer Staples, Metro, Walgreens Boots Alliance, Nutrien and Pfizer underperformed and negatively impacted Fund performance.

Conversely, the underweight to Energy helped as the sector underperformed the broader benchmark index. The slight overweight to Utilities also contributed to relative performance, especially thanks to a position in Hydro One.

Strong performances by Manulife Financial Corporation, Power Corporation of Canada and Quebecor added to the returns.

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. The allocation to Consumer Staples was also slightly reduced and the positions in retailer The North West Company and dairy processor Saputo were sold off when their shares started trading near their target price. The portfolio sub-manager used the proceeds to add a position in food processor Premium Brands given its attractive valuation. Lastly, the allocation to Financials was slightly increased with the addition of positions in the banking industry when companies came under pressure.

Within the Energy sector, Enbridge was exited as the share reached its target price and proceeds were reinvested into a new position in TC Energy, given the company's attractive valuation, focus on natural gas and compelling dividend yield. The company is exposed 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. TC Energy is also involved in other green energy areas such as renewable natural gas, hydrogen and nuclear.

With regard to environmental, social and governance (ESG) considerations, the portfolio is invested in several companies that will contribute to society. In addition to TC Energy, the portfolio holds positions in Canadian Apartment Properties REIT, which offers affordable housing by leasing apartments far below market rate. Magna International designs and manufactures electric vehicle (EV) parts and, as such, contributes to boost EV adoption rates. WSP Global is an engineering firm that helps build and design aging infrastructure and energy transition projects.

Moreover, the portfolio sub-manager engaged in dialogue with companies held in the portfolio over ESG matters throughout the year. For instance, the portfolio sub-manager had a first discussion with Superior Plus with a view to improve their disclosure practices.

The portfolio sub-manager also engaged with Metro over the summer about their climate strategy and failure to set a net zero target. The company is currently assessing the feasibility and costs of achieving net zero emissions according to the SBTi standards and will provide more information in their upcoming corporate social responsibility report in 2024. The portfolio sub-manager will continue to engage with the company to follow up on their progress.

FÉRIQUE Canadian Equity Fund
(9.8% of the Fund as at December 31, 2023)

The FÉRIQUE Canadian Equity Fund posted a net return of 8.9% for the fiscal year ended December 31, 2023. Its benchmark, the S&P/TSX Composite Index, posted 11.8% 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 underperformed its industry median[1], which posted 9.6%, net of management fees for the period.

CC&L

Heading into 2023, the portfolio sub-manager anticipated that the aggressive interest rate-hiking cycle would cause a global recession. As both the U.S. and Canadian economy proved more resilient in a high-rate environment, the portfolio's defensive positioning detracted value. Stock selection also hampered returns, especially in the Consumer Staples and Consumer Discretionary sectors.

In Financials, overweight positions in more stable property and casualty insurers and underweight positions in cyclical life insurance companies impeded performance. In Consumer Staples, an overweight to Saputo and Pet Valu Holdings detracted. However, an overweight to Information Technology helped performance.

Throughout the year, CC&L had 50 meetings with management teams to discuss environmental, social and governance (ESG) matters. Topics discussed included best practices regarding board composition, executive compensation, packaging practices, carbon governance, carbon reduction targets and other various social issues.

In spring 2023, the portfolio sub-manager exited the position in Precision Drilling Corporation, an energy services contractor, after uncovering governance issues in their executive compensation practices. The portfolio sub-manager had engaged multiple times with the company but was not satisfied that it would lower its stock-based compensation awards.

Franklin Templeton

Security selection detracted from relative returns but was partially offset by positive sector allocation.

Security selection of select holdings within Information Technology and Consumer Staples was the primary driver of underperformance. More specifically, a lack of position in outperforming Shopify and Constellation Software detracted but was partially offset by a position in Open Text. In Consumer Staples, a position in underperforming Saputo weighed on returns, but was partially offset by a position in Alimentation Couche-Tard. In Industrials, TELUS International was negative, but AtkinsRealis (formerly SNC-Lavalin Group) was rewarding. Meanwhile, a lack of positions in Quantum Minerals and Franco-Nevada helped performance in Materials.

From a sector allocation standpoint, the underweight to the underperforming Materials and Energy sectors were the main contributors to relative performance. The allocation to Information Technology also supported relative return but was offset by an overweight to Utilities and Communication Services.

The year 2023 was marked by steady and precise trading activity, as dislocations in equity markets continued to present attractive investment opportunities. As a result, the portfolio sub-manager added eight positions to the portfolio and liquidated six, in addition to rebalancing holdings by adding on weakness and trimming on strength. It introduced TMX Group and Intact Financial Corporation in Financials, Stantec in Industrials, Pembina Pipelines and Cenovus Energy in Energy, Colliers International Group in Real Estate, Canadian Utilities in Utilities and CCL Industries in Material. Conversely, Brookfield Asset Management in Financials, Kinaxis in Information Technology, Suncor Energy, TC Energy and PrairieSky Royalty in Energy and Brookfield Renewable Partners in Utilities were sold off to fund these additions.

In the later part of the year, the portfolio sub-manager continued to bolster portfolio holdings in defensive and non-cyclical Consumer Staples and Utilities. While the portfolio typically follows a low turnover strategy, the portfolio sub-manager will remain decisive when warranted and take advantage of further opportunities as they arise.

The portfolio is most exposed to Financials, Industrials, Energy and Consumer Staples. Relative to the benchmark, it is most overweight to defensive and non-cyclical sectors such as Consumer Staples, Utilities and Industrials. Conversely, the portfolio is most underweight to typically value and cyclical sectors such as Financials, Energy and Materials.

When engaging with companies held in the portfolio regarding environmental, social and governance (ESG) issues, the portfolio sub-manager either enters into a purposeful dialogue to influence positive change, with defined objectives or to seek information, monitor the situation, build relationships and better understand the company's strategy and practices.

In the last year, the portfolio sub-manager engaged with most companies held in the portfolio and discussed topics that included operational performance (Parkland Corporation and ATCO), carbon risk and climate disclosures (Royal Bank of Canada, Headwater Exploration and Fortis), environmental considerations and pollution (Waste Connections, AtkinsReali and Brookfield Renewable Partners), mergers and acquisitions risks and considerations (Royal Bank of Canada, Open Text and Canadian National Railway Company), supply chain concerns (Boyd Group Services and Dollarama), executive remuneration and including succession planning (Open Text and Agnico Eagle Mines), human and social capital, including diversity (Canadian National Railway Company, Boyd Group Services and FirstService).

FÉRIQUE American Equity Fund
(10.7% of the Fund as at December 31, 2023)

The FÉRIQUE American Equity Fund posted a net return of 21.9% for the fiscal year ended December 31, 2023. Its benchmark, the S&P 500 Index, posted a 22.9% 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 17.7%, net of fees for the period.

Columbia Threadneedle

Stock selection drove the portfolio's relative returns, with selection in Industrials, Information Technology, Health Care, Financials and Consumer Discretionary having the most positive impact. However, weak stock selection in Communication Services, Energy, Materials and Real Estate detracted.

Sector allocation also contributed positively to performance. The overweight to Communication Services—the portfolio's largest overweight—and underweight to Utilities and Real Estate benefitted the most. Conversely, the underweight to Consumer Discretionary—the portfolio's largest—overweight to Health Care and slight underweight to Information Technology detracted.

From an individual stock standpoint, the portfolio's holdings in Uber Technologies (Consumer Discretionary) and NVIDIA (Information Technology) were the top relative contributors during the year.

Uber Technologies posted strong results. It boasts a robust market position relative to its competitors and well performing new products. It benefitted from return-to-the-office trends and increases in business travel. By the end of the year, Uber posted accelerated growth in its mobility and delivery segments and increased bookings and profitability guidance for the quarters ahead.

Uber is gaining market share against LYFT as mobility is growing north of 20%, year-over-year. Acceleration in the company's delivery business was also a growth driver. Uber has strong business momentum, and the stock shows both potential for growth and profitability.

Through much of 2023, graphics chip designer and manufacturer NVIDIA drove the artificial intelligence (AI) boom. The company boosted market sentiment by posting record sales, issuing guidance that beat already elevated expectations and announcing a $25 billion share buyback program. NVIDIA expects to grow significantly thanks to the emergence of new AI applications. The portfolio sub-manager believes that NVIDIA is one of the best-positioned companies to capitalize on AI trends.

Meanwhile, positions in Chevron Corporation and Elevance Health detracted the most.

While Energy stocks, including Chevron, benefitted globally from oil prices sharply rising in September, Chevron's stock declined along with the rest of the sector starting in October and through the end of the year. Energy stocks struggled in October and continued to drop in November as oil prices fell. The sector ended up the only one in the S&P 500 to post a negative performance in both November and December.

Elevance Health's stock declined despite favourable earnings releases. The company's third-quarter results reflected its strong financial performance across all business lines. Elevance Health is a U.S. health insurance provider offering Blue Cross and Blue Shield insurance plans in 14 U.S. states. The company has the second-largest market share in number of lives covered in the United States and the lowest cost of care in its geographies. Elevance Health is most leveraged to the slowest growing commercial market and has relatively high market share in many of its geographies. Looking forward, growth is expected to accelerate from pharmacy benefit management operations, cross sales of ancillary services such as stop loss and dental insurance, as well as from rising government revenues. Elevance Health is once again on track to deliver strong growth in 2024.

The portfolio sub-manager considers environmental, social and governance (ESG) issues throughout the investment process and commonly addresses such matters in the ordinary course of business. As a result, this year, Columbia engaged in a dialogue with AbbVie about access to medicines for diverse population. AbbVie aspires to create drug trials where enrolled patients are representative of populations with epidemiological predisposition to the disease studied. However, challenges regarding testing locations and time commitment from patients make it difficult to implement. AbbVie recognizes that overcoming these challenges will take time. The portfolio sub-manager decided to hold the stock following this conversation.

River Road

Rising interest rates caused dividend-paying stocks to underperform significantly, which had a major impact on relative results.

From a sector allocation perspective, Information Technology was the top contributor to performance, followed by Communication Services, while the Utilities sector—the worst-performing sector in the benchmark index—detracted the most, followed by Consumer Staples, to which the portfolio is overweight.

Stock selection also detracted from returns due to high-yield stocks sharply underperforming over the year.

During the year, the portfolio sub-manager added ten positions to the portfolio and liquidated eight others. The most significant changes to relative positioning occurred in the Consumer Staples, Financials and Information Technology sectors. The overweight to the Consumer Staples sector was increased primarily due to the reclassification of Target Corporation from Consumer Discretionary to Consumer Staples and addition of new position. Meanwhile, the underweight to the Financials sector was increased after selling off the position in Truist Financial Corporation.

Environmental, social and governance (ESG) factors play a role in the portfolio sub-manager's risk assessment for every position held in the portfolio. Therefore, ESG matters, like financial strength or valuation, is a consideration in all investment decisions.

During the year, the portfolio sub-manager engaged in dialogue with companies on eight different occasions to discuss ESG-related issues ranging from carbon intensity, packaging, sustainability reporting, workplace flexibility and the role of insurance in decarbonization.

This year, the portfolio sub-manager engaged with one of the portfolio's largest and most carbon-intensive positions, independent power producer AES Corporation. AES is a major North American renewable power developer and a partner of choice for large companies looking to deploy renewable solutions. However, the company is looking to address its own carbon intensity. It is currently going through a transition and working with coal-powered customers to switch to renewable energy.

FÉRIQUE European Equity Fund
(5.6% of the Fund as at December 31, 2023)

The FÉRIQUE European Equity Fund posted a net return of 18.3% for the fiscal year ended December 31, 2023. Its benchmark, the MSCI Europe Index, posted a 17.4% 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 16.0%, net of fees for the period.

Lazard

At the beginning of 2023, the European economy and equity markets were cause for caution. Central banks launched their most aggressive interest rate-hiking cycle in a generation in an attempt to curb rising inflation. Equities lost their allure due to higher rates. The economy struggled, but not as much as expected. It takes some time for interest rate increases to have a widespread impact on the economy. As a result, companies in certain areas of the market performed beyond investor expectations.

A few major themes drove markets up during the year, chief among them being artificial intelligence (AI) applications for businesses.

Stock selection was the main driver of performance during the period. In particular, selection in Financials and Industrials bolstered returns, while selection in Consumer Discretionary and Materials detracted.

At the individual stock level, UniCredit was the portfolio's top performer. The Italian banking group announced share buybacks and above-forecast profits. Their margins are improving through a combination of loan growth and effective cost-cutting initiatives. The portfolio sub-manager believes the market is still underestimating the bank's capital generation capacity.

Ryanair Holdings climbed, as the company increased fares due to reduced flight capacity and continued demand. The Irish discount airline also announced it would reward shareholders by paying an unexpected dividend.

Conversely, the portfolio's position in DSM-Firmenich detracted from performance. The new entity formed by the merger of DSM and Firmenich announced a profit warning based on lower product prices. While near-term challenges certainly persist, the portfolio sub-manager believes that the company's reporting visibility will improve. Margins, volumes and the company's vitamin business are expected to improve from quarter to quarter, which will help the stock.

Consumer goods multinational Unilever underperformed a rising market. As bond yields declined, investors rotated out of defensive, stable businesses like Unilever in favour of more economically sensitive ones. Despite the recent difficulties, the portfolio sub-manager still likes the stock's risk/reward ratio and reasonable valuation, as well as the potential effects of a new CEO revamping the strategic direction.

As always, portfolio changes reflect the portfolio sub-manager bottom-up stock selection strategy.

The largest adjustment to the portfolio during the period was increasing the allocation to Information Technology following the addition of ASM International and Amadeus IT Group. A position in ASM International was introduced based on the semiconductor company's positioning in a market likely to benefit from the AI boom.

Amadeus IT Group is a Spanish technology company providing ticketing and departure control software to travel operators. The portfolio sub-manager thinks that passenger traffic will continue to recover post-pandemic and that the company will benefit from the growing trend of outsourcing IT services in the air travel industry.

Elsewhere, the portfolio's allocation to the Energy sector was shifted from an overweight to an underweight as the position in Galp Energia was sold off on strength. The company's returns and valuation were above the sector's average.

A position was reintroduced in Vestas. The wind turbine manufacturer's operating performance has returned to its 2020 levels, a time when the portfolio still held the stock. At the time, the portfolio sub-manager believed that wind energy was competitive even without subsidies. Nowadays, governments are significantly increasing their wind subsidies, which should further boost demand and benefit industry leaders such as Vestas.

From an environmental, social and governance (ESG) perspective, the portfolio sub-manager identified a couple of attractive investment opportunities in sustainability leaders and added a position in smart energy solutions company Alfen. The company's latest results supported the portfolio sub-manager's investment thesis. The energy storage segment is growing as a result of recovery in the destocking cycle but remains underappreciated. Meanwhile, revenue guidance in its electric vehicle charging station segment is pointing to an inflection. The portfolio sub-manager thinks that Alfen is undervalued based on its earnings outlook.

Walter Scott & Partners

From a sector viewpoint, the portfolio's overweight to outperforming Information Technology and positions in companies such as ASM International within the sector contributed the most to relative return. Holdings in Consumer Discretionary and Consumer Staples outperformed and contributed to relative returns. However, the allocation to the outperforming Financials sector detracted from relative returns as the portfolio's sole holding in the sector, Prudential Financial, underperformed.

From a regional perspective, the portfolio's Dutch and U.K. holdings outperformed and contributed the most to relative return. Spanish and French stocks also significantly boosted relative returns.

During the year, positions in Chr. Hansen, Novozymes, Kering, Sandoz, Temenos, Bunzl, Fevertree Drinks and Abcam were sold off, while positions in Wolters Kluwer, AutoStore Holdings, Diploma and Carl Zeiss Meditec were added.

In 2023, the portfolio sub-manager undertook 95 meetings with companies held in the portfolio and among them, 68 that addressed environmental, social and governance (ESG) matters. Topics discussed included carbon capture technologies, new fuel sources, climate scenario analysis, board composition, human capital management, leadership transition, fashion and the circular economy and packaging.

FÉRIQUE Asian Equity Fund
(4.9% of the Fund as at December 31, 2023)

The FÉRIQUE Asian Equity Fund posted a net return of 7.2% for the fiscal year ended December 31, 2023, compared to 8.8% for its benchmark, the MSCI AC Asia Pacific Index. 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 5.0%, net of management fees for the period.

Over the year, country allocation detracted from relative performance. An underweight to Taiwan and South Korea and overweight to China dragged down returns and offset the positive impact of an underweight to Hong Kong and overweight to Japan.

Stock selection in Japan, South Korea and Taiwan helped relative performance and offset negative selection in China, Australia and India.

In Japan, sector allocation and stock selection both contributed to stock performance. The portfolio sub-manager maintained an overweight to electronics companies that added value, as investors started to factor in the eventual bottoming out of the semiconductor market. Electronics company Advantest was the best-performing stock during the year. The company's share price soared on expectations that sales growth of its competitive semiconductor test equipment would be driven by a surge in demand for semiconductors used in generative artificial intelligence (AI). Overweight positions in other stocks related to the semiconductor industry, such as Renesas Electronics Corporation and Ibiden, also helped relative performance.

In Australia, weak selection of resources stocks weighed on relative performance.

In China, Li Ning fell after reporting lacklustre earnings. Beijing Oriental Yuhong Waterproof Technology's share price tumbled due to continued weakness in the real estate sector. Tsingtao Brewery underperformed over weaker-than-expected volume growth. Alibaba Group Holding plunged after announcing below-consensus earnings and scrapping plans to spin off its cloud business. WuXi Biologics underperformed due to its exposure to the United States amid ongoing geopolitical tensions between the United States and China.

In South Korea, Classys surged thanks to strong sales growth, while SK Hynix benefitted from the cyclical upturn and increased demand from AI servers. In Taiwan, Alchip Technologies outperformed amid growing client demand for new AI applications.

Meanwhile, in India, HDFC Bank declined due to uncertainty around a merger, but Larsen & Toubro outperformed thanks to strong order inflows that could lead to a rerating.

The portfolio sub-manager reduced the overweight to Japan to fund investments on North Asian markets. This reduced allocation does not reflect a negative view on Japan, as the country's corporate environment remains among the most stable in the region, even as wage increases are starting to trickle down to the real economy and help maintain growth.

The portfolio sub-manager reduced the allocation to Australia despite high iron ore prices bolstering the country's economy because of the absence of major technology companies and the bearish market sentiment toward the large banking sector. This reduction helped fund investments in North Asian markets.

Recovery picked up strength in the cyclical memory chip sector. The industry has consolidated, and leading suppliers started cutting back on capital expenditure. Because stocks generally bottom out well in advance of earnings upgrades, the portfolio sub-manager eased the underweight to South Korea.

In Taiwan, Taiwan Semiconductor Manufacturing Company, the world's leading semiconductor manufacturer, is a technology leader known for its very strong strategy execution. The portfolio sub-manager also eased the underweight to Taiwan as the downgrade phase of the earnings revision cycle is coming to an end.

China's recovery fizzled and failed to meet expectations. Data released were lacklustre, especially in the retail sector. A slumping real estate market and weak employment, mixed geopolitical developments and lack of any significant policy stimulus depressed investor sentiment and weighed on the country's equity markets. The portfolio's overweight position dragged down relative performance, as the portfolio sub-manager had overestimated China's recovery and market strength.

With regard to environmental, social and governance (ESG) matters, the portfolio sub-manager invested in utility company Sembcorp Industries as it is transitioning away from thermal coal into renewable energy. The stock was attractive due to its cheap valuation and potential rating review. A position was introduced in Worley because the company is positioned to benefit from a multi-year cyclical upturn driven by higher-margin sustainability projects following a restructuring of its business. Lastly, the Indian government's focus on infrastructure is expected to drive Larsen & Toubro's performance.

Templeton Emerging Markets Fund
(1.6% of the Fund as at December 31, 2023)

For the period ended December 31, 2023, Templeton Emerging Markets Fund posted a return of 11.2% gross of management fees, compared to 7.6% for its benchmark, the MSCI Emerging Markets Index.

During the year, stock selection in the Communication Services and Energy sectors and an overweight to the Information Technology sector were the leading contributors to relative performance. Within Information Technology, MediaTek, a Taiwan-based chip designer for smartphones and other technology devices, contributed the most. The company's share rallied on the back of several positive developments, including a partnership with NVIDIA and stronger-than-expected quarterly results and revenues. MediaTek is well positioned in the mobile computing chip market and should benefit from growing demand from the Internet of Things, as well as from new automotive, industrial and wireless applications.

In the Energy sector, Petróleo Brasileiro was the top contributor. The Brazilian energy company is engaged in oil and gas exploration, production and distribution. Its share price rose alongside the broader Brazilian equity market. POSCO, a South Korea-based steel product manufacturer, also performed well and contributed to relative returns. Its stock rallied on investor optimism around its battery materials business.

From a regional standpoint, allocations to Brazil, South Korea and Taiwan helped the most, in large part due to shrewd stock selection. Overweights to South Korea and Brazil also supported returns.

Meanwhile, stock selection in the Consumer Staples sector dragged down returns. At the security level, China-based Guangzhou Tinci Materials Technology and China Merchants Bank were the largest detractors. Guangzhou Tinci Materials Technology manufactures electrolytes for electric vehicle (EV) batteries. Slowing EV sales growth and tougher competition driven by increased manufacturing capacity and declining lithium prices negatively impacted the company's near-term performance.

Commercial banking services provider China Merchants Bank fell on the back of continued macroeconomic weakness, pressure on its net interest margins caused by government policies and weaker fee income due to volatile capital markets and low risk appetite from investors.

During the year, Franklin Templeton primarily increased allocations to China, Hong Kong, South Korea and Hungary by investing in companies with sustainable earnings power trading at a discount to their intrinsic worth. Additions were also made to existing high-conviction portfolio holdings by deploying fund inflows. In terms of sectors, new positions were mainly introduced in Health Care, Information Technology and Industrials.

New additions to the portfolio include South Korea-based construction equipment manufacturer Doosan Bobcat, leading Chinese food delivery platform Meituan and Indian private-sector financial institution Federal Bank. Conversely, Franklin Templeton closed its positions in POSCO, Tata Consultancy Services (an India-based IT services organization) and L&F (a South Korea-based manufacturer and distributor of cathode materials used in high-nickel batteries).

In 2023, Franklin Templeton engaged with companies held in the portfolio on over 20 environmental, social and governance (ESG) topics, including corporate governance and social capital issues. As part of the Climate Action 100+ initiative, Franklin Templeton has been meeting with Unilever for over five years. The company set goals regarding emission targets, capital expenditure, lobbying, integration of climate considerations in accounting and audit and the just transition. In the last discussion, Franklin Templeton set expectations as to how the company would achieve its goals. Unilever is committed to meeting its scope 1 and 2 targets and to reducing by half the carbon footprint of its products per consumer across the entire value chain by 2030 (from a 2010 baseline). Unilever acknowledges the environmental impacts of its products and operations and they have put in place several programs, policies and initiatives to manage potential risks. Franklin Templeton will continue to check in with the company to monitor progress.

NEI Emerging Markets Fund
(1.6% of the Fund as at December 31, 2023)

For the period ended December 31, 2023, the NEI Emerging Markets Fund posted a return of 8.5% gross of management fees, compared to 7.6% for its benchmark, the MSCI Emerging Markets Index.

Performance was mixed over the year. China's lacklustre post-pandemic recovery, real estate sector woes and tense relationships with other countries drove market volatility. Late in the year, investor sentiment was bolstered by the growing belief that the U.S. Federal Reserve (Fed) had ended its tightening cycle and would soon start cutting interest rates. As a result, Treasury bond yields fell and the U.S. dollar weakened, which prove a tailwind for emerging market (EM) equities.

In Asia, China's equity market underperformed. In a turbulent year on the geopolitical front, the U.S. president's plans to restrict U.S. corporate investment in Chinese technology firms and increase military presence in the South China Sea dampened sentiment. However, optimism grew over the government's support for the Internet and gaming sectors. Later in the year, sentiment increased when the government pledged assistance to the real estate sector and promised to boost consumption and address local government debt, while signalling support for large fintech platforms. These interventions increased expectations of a normalized regulatory environment. Sentiment was later dampened by weak economic data and concerns over the real estate sector.

Taiwan's stock market outperformed thanks to widespread optimism for the Information Technology sector. Likelihood of a significant boost in foreign trade increased as China reopened its borders. South Korea outperformed in part because of constructive trends in the semiconductor and EV battery industries. Indian stocks were a notable bright spot and finished ahead of the broader benchmark index as economic data continued to support the country's structural growth. Indonesia's market generated a positive return over the year despite underperforming the benchmark. Investors remain optimistic that government policies will facilitate exports, foster economic growth and attract long-term investments.

In Latin America, Brazil outperformed the benchmark index after GDP growth beat expectations thanks to the country's booming agricultural sector. Economic data was generally positive, with industrial production, services output and retail sales all topping forecasts. Later in the year, the central bank cut its rates as core inflation was easing.

Mexican equities were significantly ahead of the benchmark. In Europe, the Middle East and Africa, Greece was among the top contributors and recorded its best year since 2013. The country's market continued to price in an improving macroeconomic backdrop. It was driven by continued structural reform, strong domestic demand and increased exports for both goods and services. The South Africa market lagged the benchmark as sentiment towards the country's large mining sector deteriorated amid concerns over slowing demand from China.

From a sector allocation perspective, Information Technology, Financials and Industrials contributed the most to performance, with shrewd stock selection within the sectors proving favourable. The overweight to Information Technology also helped. Meanwhile, allocations to Consumer Discretionary, Communication Services and Energy, as well as stock selection within the sectors dragged down returns. The underweight to Energy also had a negative impact.

Allocations to Argentina, Indonesia and Greece were the top contributors, with stock selection helping too. Overweights to Greece, China, Hong Kong and India were the largest detractors, along with weak stock selection in China and India. The overweight to Hong Kong proved detrimental.

In 2023, NEI engaged in dialogue on 50 occasions with 23 companies held in the portfolio about environmental, social and governance (ESG) issues. Most discussions were focused on environmental matters.

NEI had a dialogue with Samsung Electronics about their net zero commitment, supply chain management following a safety incident in Vietnam and human capital. Overall, the company didn't provide sufficient details on a chemical incident in its supply chain. Samsung addressed the challenges with ensuring compliance beyond its tier 1 suppliers. NEI encouraged them to add ESG criteria and incentives to their contracts. The company is not yet reporting scope 3 emissions, lagging peers such as TSMC and Apple. However, Samsung has become a RE100 member and is committed to achieving 100% renewable energy by 2050. While many of its overseas sites run on 100% renewable energy, Samsung is struggling with the lack of renewable energy infrastructure in South Korea. Regarding employee benefits, NEI asked for increased disclosure on parental leave, gender pay gap and working hours, since South Korea currently has the lowest birth rate in the world. Samsung has some policies to improve work-life balance, such as flexible work and a mandatory one day off a week policy but the company's commitment is unclear.

TD Emerging Markets Fund
(January to April, 2023)

For the period ended April 30, 2023, the TD Emerging Markets Fund, posted a return of 2.7% gross of management fees, compared to 3.0% for its benchmark, the MSCI Emerging Markets Index.

During the period, country allocation contributed positively to performance thanks to overweights to Indonesia and Mexico and underweight to China. The Sub-Advisor reduced the underweight to China, funding it by reducing the allocation to India, which entered a short-term economic slowdown after equity markets outperforming in the past two years. Macroeconomic data suggested that China's growth momentum had weakened meaningfully after a robust rebound in the first quarter, with the service sector recovery offset by lacklustre manufacturing, real estate and export demand.

Stock selection in Indonesia helped returns thanks to positions in select quality banks that delivered robust results in the first quarter of 2023 on the back of strong loan growth and improvement in asset qualities.

The Sub-Advisor remained bullish on Mexico's macroeconomic outlook as the country continued to benefit from robust remittances from the United States. Supply chain deglobalization and nearshoring will also prove favourable due to the country's trade partnerships and low wages.

The portfolio's positioning in Information Technology companies involved in semiconductors and AI in South Korea and Taiwan such as TSMC, Samsung Electronics and AirTAC added to returns.

The lack of holdings in Malaysia, Qatar, Kuwait and the United Arab Emirates also bolstered performance.

Stock selection and an overweight to South Africa were the leading detractor from returns during the period, driven by positions in Anglo American, Anglo American Platinum and Capitec Bank. The South African market was negatively impacted by volatility due to electricity power cuts, rising inflation and banking industry contagion concerns.

The portfolio's position in oil and natural gas company Galp Energia dragged down returns. The Sub-Advisor is bullish on the outlook for energy companies and believes Galp has attractive upstream assets with meaningful growth potential. The company has caught up with its industry peers towards its environmental, social and governance (ESG) targets and transition to net zero.

RBC Emerging Markets Dividend Fund
(April to December, 2023)
(1.6% of the Fund as at December 31, 2023)

RBC became a Sub-Advisor of the FÉRIQUE Emerging Markets Equity Fund in early April 2023. For the period ended December 31, 2023, RBC Emerging Markets Dividend Fund posted a return of 6.9% gross of management fees, compared to 3.9% for its benchmark, the MSCI Emerging Markets Index.

The portfolio's country positioning added value. The overweight to Brazil, Hungary, Egypt, South Korea and Peru and underweight to China were the primary drivers of relative performance. However, the underweight to India detracted the most.

From a sector allocation standpoint, the portfolio's performance was in line with its benchmark. An overweight to Information Technology and underweights to Communication Services and Materials added the most value, while an underweight to Energy and overweights to Real Estate and Consumer Discretionary were the top detractors.

The portfolio's bottom-up stock selection strategy bolstered returns. Stock selection in Asia, especially China and Taiwan, had significant impacts on portfolio performance. An overweight to Taiwanese technology companies Elite Material and Innodisk Corporation added value. A lack of holdings in Chinese conglomerate Tencent and food delivery platform Meituan, which sold off through the year, was positive.

However, positions in China weighed down on portfolio performance.

RBC made no material changes to the portfolio's sector and stock positioning during the year. At the country level, the allocation to Turkey was reduced following the presidential election. RBC is actively managing the portfolio and seeks to invest in companies with the best risk/reward ratio.

In 2023, RBC engaged in dialogue with companies about environmental, social and governance (ESG) matters on 259 occasions, discussing topics ranging from climate change, employee engagement and culture, disclosure, governance, diversity, supply chain integrity and executive compensation.

RBC engaged in dialogue with Shenzhen Mindray over climate change and supply chain integrity. In terms of climate change, the company released carbon emissions reduction targets for the first time this year. Their goal is to lower carbon emissions intensity (scope 1 and 2 emissions) by 25% by 2030 (from a 2021 baseline).

FÉRIQUE Global Sustainable Development Equity Fund
(5.2% of the Fund as at December 31, 2023)

The FÉRIQUE Global Sustainable Development Equity Fund posted a net return of 12.5% for the fiscal year ended December 31, 2023. Its benchmark, the MSCI ACWI Sustainable Index (CA$), posted a 2.6% 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 underperformed its industry median[1], which posted 14.3%, net of fees for the period.

The portfolio's overweight to Information Technology and Industrials sectors and underweight to the Materials sector helped performance. This positive performance offset the negative effect of an underweight to the Real Estate and Consumer Discretionary sectors and overweight to the Health Care sector.

Stock selection significantly contributed to performance. The portfolio capitalized on rising digitalization trends by investing in high-performing companies providing semiconductor manufacturing equipment, software design tools (Cadence Design Systems) and cloud computing (Microsoft Corporation). In Financials, robust performance from reinsurance companies was offset by temporary idiosyncratic issues hampering performance of certain emerging market holdings (AIA Group). Growing awareness of issues such as climate-related events also impacted sector performance. In Consumer Discretionary, the portfolio's allocation to underperforming auto components companies affected by labour actions within the U.S. auto industry and lack of exposure to mega-cap companies detracted from returns. Meanwhile, in Industrials, rental and resource efficiency companies contributing to the circular and sharing economy performed well (Schneider Electric).

The portfolio sub-manager made no significant changes to the portfolio during the year. It sold off positions in Equinix, Evotec, Kubota Corporation, Vertex Pharmaceuticals, Lonza Group and Partners Group due to lower conviction in the investment thesis, higher risk profile and valuation discipline.

The portfolio sub-manager exited its position in U.S. financial services holding company Globe Life over ESG considerations following unsatisfactory attempts to engage with the company over a recent controversy regarding workplace practices at a sales agency. Globe Life's unwillingness to engage on the subject was viewed as highly unusual, resulting in an ad hoc ESG review and downgrade, and ultimately an exit from the position. With the proceeds, the portfolio sub-manager added Irish food company Kerry Group to the portfolio. The global manufacturer of taste and nutrition solutions for the food, beverage and pharmaceutical industries has a best-in-class ESG profile, with a leading climate risk management

framework, strong global governance and diversity, equity and inclusion practices, and robust human capital management.

The portfolio sub-manager also added positions in Haleon, Marsh & McLennan Companies and MSCI. U.S.-listed, U.K.-headquartered health care multinational Haleon is a defensive company offering a range of consumer products contributing to improving health and well-being. Largest U.S. insurance broker Marsh McLellan is leading its industry in pricing climate and property risks and helps companies manage their exposures to real climate risk. U.S. financial index operator and data provider MSCI is a major ESG and climate data, ratings and analytics provider for investors.

In 2023, the portfolio sub-manager undertook 55 ESG engagements with 27 companies over issues ranging from biodiversity, human rights, physical climate risk, transition risk, equity, diversity and inclusion, human capital management, supply chain management, corporate governance and health and safety.

FÉRIQUE Global Innovation Equity Fund
(5.9% of the Fund as at December 31, 2023)

The FÉRIQUE Global Innovation Equity Fund posted a net return of 29.7% for the fiscal year ended December 31, 2023. Its benchmark, the MSCI ACWI Index (CA$), posted a 19.5% 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 14.3%, net of fees for the period.

Both stock selection and sector allocation contributed to performance during the year. Positive stock selection within Consumer Discretionary, Health Care and Industrials helped the most relative returns, while selection within Materials detracted. A result of the bottom-up stock-selection process, sector allocation also added to relative returns, thanks to an underweight to Financials and Consumer Staples and lack of exposure to Energy. Meanwhile, the overweight to Health Care dragged down returns.

From a regional perspective, the portfolio's overweight to the United States was most rewarding.

At the end of the year, the portfolio was most overweight to Consumer Discretionary and Health Care and most underweight to Financials and Industrials.

From a stock allocation standpoint, Amazon.com and NVIDIA, were the top contributors to relative performance, while UnitedHealth Group and a lack of position in Apple were the top detractors. Shares of Amazon.com rose on sustained demand for its Amazon Web Services (AWS) product after the company launched its generative AI algorithm, Amazon Bedrock, in late September. NVIDIA, a top designer of industry-leading graphics processing unit chips, rose substantially on the back of accelerating demand for its GPU chips from data centres looking to hyperscale their computational workload and from companies trying to power their artificial intelligence (AI) services. Conversely, shares of UnitedHealth Group, a leading U.S.-based managed health care and insurance provider, dropped after releasing quarterly earnings that fell below market expectations due to lower utilization rates and higher medical costs.

Over the year, the portfolio sub-manager initiated a position in leading U.S.-based computer software company Adobe on attractive valuation. The rollout of new products powered by generative AI, such as Firefly, presents the company with fresh opportunities to drive new subscriber growth, strengthen customer engagement and improve its user base productivity. Adobe is well positioned to monetize this opportunity through a multi-year price increase strategy levied against a portion of existing Creative Cloud users.

The portfolio sub-manager also added to its position in Microsoft Corporation due to the stock's attractive valuation. The company's earnings continued to beat expectation across multiple verticals, and rising sales of Microsoft Office 365 ahead of the launch of its Copilot AI assistant could drive upside and increase margins. Microsoft also released positive guidance on its Azure cloud computing platform on the back of increased cloud penetration and accelerating digital transformation.

Meanwhile, the portfolio sub-manager trimmed its position in NVIDIA into strength as the company outperformed thanks to a strong product cycle driven by the development of generative AI technology, alongside strong momentum in its data centre, gaming and automotive segments. The portfolio sub-manager reinvested the proceeds into more attractive opportunities. The portfolio sub-manager also sold off its position in U.S.-based multinational media and entertainment conglomerate The Walt Disney Company over moderating expectations due primarily to weaker subscriber growth in its linear networks division.

The portfolio sub-manager actively engaged with companies held in the portfolio on environmental, social and governance (ESG) matters throughout the year. For example, they engaged with Livent Corporation, a global lithium chemicals producer, to understand its objectives in achieving carbon neutrality by 2040. Livent has committed to reaching net zero emissions in alignment with the Paris Agreement's 1.5 degree threshold and the Task Force on Climate-related Financial Disclosures (TCFD) framework. In 2022, Livent extended its collaboration with ERM CVS, a leading independent sustainability assurance and certification services provider, to screen its scope 3 emissions.

Recent Developments

FÉRIQUE Canadian Bond Fund
(22.7% of the Fund as at December 31, 2023)

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.

FÉRIQUE Global Sustainable Development Bond Fund (8.7% of the Fund as at December 31, 2023)

AlphaFixe Capital

The Canadian economy expanded at a sluggish pace starting in March 2023, weakened by monetary tightening and an ongoing wave of mortgage renewals. Falling purchasing power due to inflation and ballooning mortgage payments for some homeowners are eroding discretionary consumer spending, which has resulted in a recent slowdown in economic activity.

Technically, the Canadian economy has not yet contracted for two consecutive quarters. However, GDP per capita has shrunk by 2.3% since June 2022, meaning that the economy is not strong enough to accommodate the current number of new people coming into the country. Given the prospect of a recession, the portfolio sub-manager believes that the Bank of Canada (BoC) needs to ease monetary policy to support the economy.

The amount of easing required will be contingent on economic conditions in the United States. The U.S. economy is more resilient than had been anticipated, yet investors' expectations that the Fed would cut its policy rate appear premature. If the Fed leaves its policy rate unchanged, the BoC will face an uphill battle. If the BoC were to cut its key interest rate more aggressively than its U.S. counterpart, this would adversely affect the Canadian dollar and inflation, which is still running above target.

Given the two countries' distinct economic circumstances, the portfolio's strategic positioning is proving challenging. A shift in Canadian monetary policy should bring short-term bond yields down in Canada. However, the impact of such pivot on long-term bond yields is harder to predict and will hinge on developments in the U.S. economy.

Given the uncertainty surrounding changes in interest rates, the portfolio sub-manager believes that the portfolio will not benefit from a duration-driven investment strategy so long as the U.S. economy remains strong. Instead, it will position the portfolio to take advantage of a steepening yield curve. The portfolio sub-manager will also maintain an allocation to corporate credit that is expected to contribute to performance, but will trim it should it become more firmly convinced that a recession is on the horizon in North America while credit spreads remain narrow. Moreover, the portfolio sub-manager may swap cyclical corporate bonds for safer options.

BMO Global Asset Management

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. 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 central banks tightening their monetary policies.

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.

The outlook for global corporate bonds appears fairly balanced. Restrictive monetary policy – both actual and expected – was the chief impediment to credit spreads tightening. This headwind appears to be easing given the Fed's dovish pivot. If the U.S. economy does manage to achieve a "soft landing," as is forecasted by the Fed, economic conditions would benefit credit spreads. With regard to corporate bonds, the portfolio sub-manager expects credit quality to remain strong. However, global credit spreads ended the year below their five-year and 20-year averages, causing valuations to become significantly less attractive.

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
(6.9% of the Fund as at December 31, 2023)**

Government bonds are expected to trade in a tight range in the first quarter of 2024 as markets react to a resilient economy and moderating inflation.

Economic growth will slow while remaining positive in 2024, with a labour market at full employment supporting domestic demand. In Canada, strong population growth and investment income are driving consumer spending. Unemployment is staying close to cyclical low levels as the labour market is still rebalancing and unit labour costs are falling.

Against a backdrop of slowing economic growth and moderating inflation, central banks will now manage their monetary policy with the aim of driving economic growth. The U.S. Federal Reserve (Fed) indicated it might start cutting interest rates in the first half of 2024. Meanwhile, the Bank of Canada (BoC) might need to maintain its quantitative tightening policy and will likely keep interest rates high for most of the year.

The portfolio sub-manager expects the yield curve to start steepening as short-term government bond investors will price in potential rate cuts. Central banks are also predicted to continue to shrink their balance sheet, reducing liquidity and support for risk assets on markets, without providing any additional fiscal stimulus. Productivity gains in the United States put downward pressure on inflation, as unit labour costs–the average cost of labour per unit of output produced–grew by almost 2%. Productivity gains were more significant in the United States than Canada, which may cause discrepancies between the countries in the short term.

For 2024, the uncertainty related to potential monetary policy changes by central banks, geopolitical risks and the U.S. election may contribute to market volatility. The Fed waiting too long to ease its monetary policy and keeping rates too high in a non-inflationary growth environment might negatively affect economic growth. Conversely, the BoC easing its policy too soon while still facing inflationary growth due to a tight labour market would keep inflation high.

Global growth remains uneven across countries and weighed on commodity prices, which resulted in lower inflation rates worldwide. As a consequence, many major central banks were able to keep their key interest rates unchanged in the second half of 2023.

Looking forward, the portfolio sub-manager will hold a modest cash allocation and look for a tactical opportunity to redeploy it by adding positions in global fixed income securities or equities if the market corrects. The portfolio sub-manager will maintain a slight overweight to corporate bonds, especially those with strong fundamentals and shorter maturities, but will look to add duration risk opportunistically as rates increase. It will also maintain a modest allocation to high-yield bonds to capture additional yield. In global bonds, an allocation to global corporate bonds helps diversify the portfolio and will support returns.

While Canadian corporate bonds are currently offering better value, the portfolio sub-manager is looking to add to the portfolio's global bond allocation as global credit spreads are widening relative to those in Canada. As for equities, Canadian equities are expected to outperform bonds in 2024. As a result, the portfolio sub-manager will likely shift the allocation from an underweight to an overweight early in the year. Due to the current market uncertainty, the equity portion of the portfolio is mainly invested in defensive stocks trading at attractive discounts relative to their intrinsic value.

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

**FÉRIQUE Canadian Dividend Equity Fund
(14.2% of the Fund as at December 31, 2023)**

Markets were very volatile during the year, especially early on, due to concerns over to financial instability and liquidity issues as a result of central banks' significant rate hikes over the past year and problems emerging at specific banks. As time went by, inflation gradually moderated, thanks in part to central banks tightening their monetary policies and commodity markets pulling back.

In the fourth quarter, the market shifted its focus toward lower interest rates as inflation continued to ease and near normalized levels. While the labour market is still quite robust, job growth has slowed down. The U.S. Federal Reserve and Bank of Canada kept their interest rates unchanged at their recent policy meetings. However, both central banks hinted that they would consider cutting rates if necessary.

The portfolio sub-manager remains concerned about the economic outlook given the heightened focus on interest rates, ongoing conflicts in Europe and the Middle East, geopolitical instability and China's resolve to grow its economy. Artificial intelligence also emerged as a catalyst for a number of Information Technology companies, which drove the sector sharply up. However, the portfolio sub-manager expects that the current macroeconomic environment will cause market to stay volatile in 2024.

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 Canadian Equity Fund
(9.8% of the Fund as at December 31, 2023)

CC&L

Heading into 2023, the portfolio sub-manager anticipated that the historically aggressive interest rate-hiking cycle would cause a global recession. However, the U.S. and Canadian economy proved more resilient in a high-rate environment, posting a 2.5% and 1.2% gain respectively over the year. The expected scenario did not play out, because the positive impacts of fiscal stimulus, excess consumer savings and a robust labour market on the economy were underestimated.

The Federal Open Market Committee's December meeting greatly affected the outlook for 2024. At the meeting, the U.S. Federal Reserve (Fed) Chair unexpectedly signalled that the central bank would pivot its monetary policy, arguing that loosening financial conditions would not fuel back inflation. In a meaningful reversal from earlier in the year, the Chair also announced that the Fed would take a more accommodative stance with regard to interest rates, which will improve market conditions.

Against this backdrop, the portfolio sub-manager predicts that economic growth will slow in 2024 relative to 2023, but that a global recession will be avoided. The Fed will most likely achieve a "soft landing" of the economy and start cutting interest rates before unemployment spikes. However, macroeconomic conditions remain fairly uncertain and the expected scenario may not materialize.

While the portfolio sub-manager has a bullish outlook on the economy, it believes that the U.S. equity market is now priced for perfection, which means that it will suffer downside pressure if the predicted "soft landing" is not achieved in 2024.

Inflation starting to drift higher or economic growth slowing more than anticipated could trigger heightened equity market volatility. Canadian equities' valuation multiple appears reasonably priced. CC&L expects corporate earnings to increase both in Canada and the United States, but by less than what many investors are currently projecting. Since multiple expansion will likely be limited, corporate earnings growth should propel equity markets to a 5 to 10% gain 2024.

CC&L believes that savvy stock selection will be key for the portfolio, since the nominal GDP (which is real GDP plus inflation) growth will significantly slow down due to inflation moderating and economic growth softening. This will create a revenue headwind for many companies. Against this backdrop, the portfolio sub-manager increased the portfolio allocation to quality companies able to succeed in this challenging environment and drive incremental earnings growth through recession-proof business operations, secular opportunities, accretive acquisitions, operational efficiencies and share buybacks in late 2023. Meanwhile, it reduced the allocation to defensive holdings.

Franklin Templeton

Despite the fastest and largest rate-hiking cycle in decades undertaken by central banks in 2022 and 2023, a regional banking crisis in the spring, and rising geopolitical risks, North American equity markets defied expectations and rebounded nicely in 2023.

Recent optimism has been fuelled by expectations of meaningful rate cuts in 2024 that could help orchestrate a "soft landing" of the economy. However, the outlook for 2024 remains unclear due to residual inflationary pressures, wars in Europe and the Middle East and uncertainty over China's recovery. Earnings growth is expected to reach 7% in 2024 and 10% in 2025 for constituents of the S&P/TSX Composite Index. As the economy is slowing down, these earnings forecasts might not be easily attainable.

While better-than-anticipated GDP growth is making a "soft landing" of the economy, the most likely scenario in the United States, the Canadian economy is in a meaningfully weaker position. In fact, the Canadian GDP contracted in the third quarter of 2023. Franklin Templeton continues to believe that a "hard landing" scenario should not be discounted yet, given the amount of monetary tightening over the past year and a half, a stance yet to be regarded as a possibility by Canadian equity markets.

It is worth remembering that changes to monetary policy have a lagging impact on the broader economy. In the current cycle, the effects could be even slower to come due to the unique nature of the COVID-19 pandemic, during which generous government spending enabled consumers to save more while spending less due to pandemic restrictions, building up large cash balances just now being depleted. Fiscal deficit spending has continued, partially neutralizing the effect of higher rates, but the effects of monetary tightening will ultimately prevail.

Higher interest rates created a detrimental environment for equity financing and, as a result, total funding obtained by S&P/TSX Composite Index constituents declined significantly in 2022 and 2023, down to by half from their 10-year average. In a less liquid environment, only the strongest companies will maintain access to equity capital markets. In 2023, some of these companies were held in the portfolio.

Equity investors are discounting a seemingly ideal scenario characterized by rate cuts, continued economic growth and robust corporate earnings that leaves little room for error. In contrast, the portfolio sub-manager maintains a relatively more defensive positioning than is typical, with an underweight to cyclical sectors and overweight to defensive sectors.

FÉRIQUE American Equity Fund
(10.7% of the Fund as at December 31, 2023)

Columbia Threadneedle

U.S. equity investors faced a host of challenges in 2023. In a reversal from most of 2022, growth-style equities strongly outperformed their value counterparts in the first quarter and that trend continued throughout most of the year.

In the first quarter the investment backdrop became more difficult, with persistent inflation fuelling concerns that the U.S. Federal Reserve (Fed) would in fact need to continue hiking rates. At the same time, the failure of a few relatively large U.S. banks, together with the collapse of the 167-year-old European financial giant Credit Suisse, ignited fears of a banking crisis akin to the 2007 – 2008 financial crisis. These worries rapidly dissipated, however, and markets rallied sharply in the final week of March, which added considerably to quarterly equity returns.

Sentiment remained quite positive throughout the second quarter as the Fed eased the pace of its rate hikes in response to cooling inflation. Investors were further encouraged by the fact that economic growth and corporate earnings—while slowing—did not decline to the extent that was anticipated in late 2022. Combined, these factors helped stock markets make significant gains. However, these positive

returns were, for the most part, generated by a handful of mega-cap technology-related stocks that are expected to benefit from a boom in AI.

Following two quarters of strong equity market gains, the broad U.S. market stumbled in the third quarter, with major indices declining following the release of fresh data that muted any near-term expectations for a dovish pivot from the Fed. Despite resilient growth and corporate earnings, stock prices suffered from rising yields and pessimism around earnings guidance.

Equities broke a three-month losing streak in November. The rally was further supported by the October jobs report and inflation data both showing signs of softening, reinforcing hopes that the Fed could soon end rate hikes. The rally extended into December as expectations of a "soft landing" were further driven by new data and Fed signals.

Coming into 2024, investors' concerns over lingering inflation and the Fed's interest rate strategy have eased somehow. The lagged impact of interest rate increases and, by extension, the potential for an economic downturn is still the biggest macroeconomic risk threatening markets.

The rapid advance of AI—and ChatGPT—has emerged as a major theme in recent months. The full implications of this development are still unknown, but the portfolio sub-manager is watching closely the situation, as it will likely be a huge opportunity for some companies but also a major disruptor to others.

The portfolio sub-manager follows a fundamental bottom-up selection strategy. It maintains a large overweight to Communication Services and large underweight to Consumer Discretionary, while keeping allocations to other sectors fairly neutral (within 2% of the benchmark allocation). The portfolio is built to withstand a wide range of scenarios. The portfolio sub-manager favours companies able to grow their earnings in tough economic environments.

The portfolio sub-manager is constantly adjusting earnings expectations for companies held in the portfolio based on the macroeconomic environment, industry conditions and company statements. In the current environment, the portfolio sub-manager emphasizes a company's ability to deliver on earnings expectations in a weaker economy based on its business model and individual situation. With regard to ESG considerations, the portfolio sub-manager is integrating an ESG analysis framework into the stock selection process and continues to engage with companies held in the portfolio and those under consideration.

River Road

The U.S. equity market pivoted sharply in the fourth quarter of 2023. The outbreak of a war in the Middle East caused markets to react with fear in October. Then, in November, the Fed Chairman announced that the central bank's interest rate hike cycle was almost certainly over, which prompted a rally in risk and rate-sensitive assets. Projections of a "soft landing" of the economy were once again contemplated as the U.S. Treasury yield curve shifted lower.

The sudden change in expected rates tempered the impact of troubling economic data, including a weak jobs report and a U.S. Manufacturing Purchasing Managers' Index indicating further output declines and continued slowdown in new orders. It also set off a frantic period of risk accumulation. As a consequence, small-cap stocks dominated the U.S. equity market in the fourth quarter, and large and mid-cap growth stocks outperformed their value counterparts.

With the economy at a turning point, investors can find plenty of data to support either a bullish or a bearish projection. The Fed's signals that it would pivot its monetary policy and cut rates in 2024 brought renewed optimism to U.S. equity markets. However, investors were concerned that, with inflation under control, high rates would have a deleterious effect on economic growth. Given the lagging effect of monetary policy on the wider economy, the main question for 2024 will be whether the Fed pivoted early enough to achieve the desired "soft landing." The 2024 presidential election will also likely prove contentious, which could drive market volatility.

While 2023 was characterized by a resurgence of large-cap growth stocks driven by a small group of market leaders, the portfolio sub-manager believes that value and dividend-focused portfolios such as this one will outperform in the long term due to slower global economic growth, higher interest rates, war and an accelerating decline in trust in global leadership. Meanwhile, in the short term, higher-yielding stocks are significantly cheaper than low and no-yield stocks, and dividend-paying stocks should rebound and outperform the general market in the event of interest rate cuts.

**FÉRIQUE European Equity Fund
(5.6% of the Fund as at December 31, 2023)**

Lazard

Markets rallied sharply late in the year, driven by optimism about the global interest rate outlook. Investors were encouraged by moderating inflation and expected that major central banks were satisfied enough by the outcome to finally end their restrictive monetary policies and, perhaps, even begin cutting interest rates in 2024. As a result, yields fell and eased the pressure equities had been under in the third quarter.

The portfolio sub-manager believes that market expectations are too high, especially with regard to interest rate cuts.

While showing signs of improvement, European macroeconomic data remains weak. The German unemployment rate is near its pandemic peak, and German, French and Italian economies appear to have stalled based on their GDP figures for the third quarter of 2023.

It generally takes up to 18 months for the full effects of interest rate increases to be felt across the economy. If monetary history proves reliable, this suggests that the latest major tightening cycle is currently starting to affect economic growth and unemployment rates. Central banks will likely maintain a cautious stance and wait before declaring victory over inflation and adjust their policies.

While European investors should be vigilant coming into 2024, the region's stock market valuations remain quite low by historic and international standards. European companies have also been strengthening their balance sheets, reducing their net debt and significantly increasing share buybacks.

Unexpectedly low equity valuations mean that European stocks will easily rise in 2024 due to low expectations. Against this backdrop, the portfolio sub-manager will follow its bottom-up fundamental investing strategy to identify investment opportunities with positive asymmetry.

The portfolio sub-manager is finding opportunities within industries that are less affected by the current economic environment. The portfolio is most overweight to Information Technology, as companies within the sector benefit from structural growth tailwinds and provides

essential technologies in which customers are investing despite a challenging economic environment.

Walter Scott & Partners

Equity markets performed very well in the fourth quarter of 2023, capping off a year marked by solid gains despite occasional bouts of turbulence as the economy proved more resilient than expected. A number of major stock indices closed the year at or near all-time highs despite central banks' pursuit of monetary austerity and fears of recession early in the year.

Against this backdrop, and with inflation steadily moderating, investors were increasingly expecting a turn in the interest rate cycle and a successful soft landing of the economy. Such a stance fostered a benign environment for equities despite the lack of earnings growth over 2023.

Equity investors have been reacting to signs of a monetary pivot by central banks and hopes of a soft landing for the global economy. While this view may continue to support equities, it also entails some risks. The lagging effects of rising interest rates on inflation may further impinge on consumers and businesses and test some of the more optimistic stances on global growth. Core inflation may remain sticky and expectations of imminent monetary policy easing could be premature.

High valuations in certain areas of the market leave little leeway in the event of disappointing growth or delays in changing monetary policy direction. Despite the current optimism over an easing of policy, a return to ultra-low interest rates is unlikely and unwarranted. Capital cost has risen and will increasingly be a differentiating factor between financially strong companies and those with weak, highly levered business models. So far, rising global political tensions have been disregarded by stock markets, but they remain a potential source of volatility.

The portfolio sub-manager will continue to implement its investment strategy in spite of any challenges. As part of its investment process that focuses on the long term, it will visit companies and engage with their management teams, analyze the businesses, assess their quality and financial standing and determine their growth prospects in light of the common interest.

FÉRIQUE Asian Equity Fund
(4.9% of the Fund as at December 31, 2023)

The U.S. Federal Reserve (Fed) may keep interest rates higher for longer as inflation is stickier than anticipated and the labour market remains strong, which would drive market volatility, strengthen the U.S. dollar and increase capital outflows from Asian economies. Hopes that the Fed might cut interest rates sooner than expected could bolster optimism about risk asset prices. Stock prices should also trend upward if a recession is avoided.

However, higher-than-expected commodity prices could weigh on Asian economies by causing a reduction in consumption expenditure, while also pressurizing corporate earnings of companies unable to raise their prices.

For Japan, the portfolio sub-manager is maintaining a long-term overweight to export-oriented manufacturing companies, including several businesses with attractive valuations able to compete on the global market. Meanwhile, the domestic economy has recovered and the inflation rate is up, making certain domestic non-manufacturing companies more attractive for investment. For instance, the banking industry's net interest margins could benefit from higher interest rates and the economy recovering. Against this backdrop, the portfolio sub-manager is intending on rebalancing the portfolio's investments to capitalize on opportunities in these attractive subsectors.

In China, macroeconomic data disappointed. In the fourth quarter of 2023, manufacturing Purchasing Managers' Index fell due to sluggish external demand, while industrial production growth accelerated to 6.6% year-over-year amid a continuous infrastructure push to bolster the economy. Fixed asset investment growth slowed down, dragged down by weak real estate investments. Consumption improved, with retail sales growth reaching 10.1% year-over-year. In light of China's worsening economic woes, the portfolio sub-manager will wait for clear signs of sustained recovery before taking a decisively overweight position.

The Australian economy proved resilient: employment rate increased steadily and wages grew at the fastest pace since the late 1990s. The National Australia Bank's index of business conditions remained above historic average, while consumer sentiment was still very weak. The portfolio sub-manager maintains a slight underweight to Australia, as the country's large banking and resources sectors are seeing negative earnings growth. The market has rerated and valuations are at a premium.

For Korea and Taiwan, earnings are bottoming out and 2024 could see a very strong recovery with further acceleration of foreign inflows. Meanwhile, the Taiwanese technology ecosystem remains very vigorous and shouldn't be unduly disturbed by the forthcoming elections.

India is still the strongest economy in the region. Underlying markets are very robust and present plenty of investment opportunities. The country's underlying activity indicators are also strong. Government spending and manufacturing activity are driving GDP growth, which reached 7.6% and beat expectations. However, in the fourth quarter of 2023, the Consumer Price Index spiked, reaching 5.6% due to higher vegetable prices, while core inflation increased to 0.26%. Overall, a sustained easing of inflation will benefit the economy.

Templeton Emerging Markets Fund
(1.6% of the Fund as at December 31, 2023)

Despite bouts of volatility, EM equities delivered positive returns in 2023. While challenges persist, Franklin Templeton remains bullish on these assets for 2024. EM equities should benefit from declining U.S. interest rates. To this date, most EM central banks have either kept their interest rates steady or started to cut them, which should drive consumption and capital expenditure growth.

China's recovery has been weaker than anticipated. Troubles in its real estate industry and low consumer confidence weighed on the country's economy and stock markets. Despite a positive base effect, the lack of strong policy support from the government and weak sentiment could hamper recovery in the near term. In South Korea and Taiwan, stock markets have rallied as investors started to expect a recovery in the semiconductor space. India continued to report strong macroeconomic data. Meanwhile, in Brazil, uncertainty about the tax reform, which had been hanging over the domestic equity market, is finally lifting.

While the semiconductor sector was in a cyclical downturn due to slower demand, signs show that it has bottomed out. Demand for chips is growing due to the emerging popularity of artificial intelligence. In the EV space, 2023 was a year of intense competition and slower demand growth that led to price cuts and affected

profitability. Franklin Templeton believes that the EV sector remains a key growth area alongside the renewable energy segment. The Sub-Advisor is focused on longer-term trends within these sectors and thinks that national commitments underpinning energy transition to a cleaner environment will support longer-term structural growth in these industries.

Against this backdrop, Franklin Templeton is looking to invest in companies with longer-term earnings power that trade at a discount from their intrinsic worth, favouring those with a durable competitive advantage.

NEI Emerging Markets Fund
(1.6% of the Fund as at December 31, 2023)

Interest rate cuts would be a near-term catalyst for EM economies. In many countries, including Mexico, Brazil, Indonesia, India and Poland, inflation has moderated and is now within central banks' target range. Some central banks have already made a policy pivot and started easing. However, most EM central banks are expected to follow the Fed lead and cut rates this year.

China's lacklustre post-pandemic recovery, real estate sector woes and tense relationship with other countries weighed on markets. However, policy visibility is improving, especially regarding government stimulus, reforms and regulation. Geopolitical tensions will remain a key risk to monitor. With regard to the U.S. – China relation, communication is improving, and the recent establishment of a dialogue is a positive development. However, while frictions have eased the underlying issues remain. When it comes to China's relation with Taiwan, NEI will be monitoring the outcome of this year's election in Taiwan.

South Asian economies prove resilient and stand to gain from the reconfiguration of supply chains. Indonesia is also benefitting from economic momentum thanks to strong consumer demand and commodity prices.

RBC Emerging Markets Dividend Fund
(1.6% of the Fund as at December 31, 2023)

In 2023, a decoupling of emerging markets from their developed counterparts became a possibility. For the first time, the market cap-weighted interest rate is lower in emerging markets than in developed markets. Moreover, EM governments that maintained orthodox monetary and fiscal policies during the pandemic now appear to be reaping the rewards of this strategy, with relatively high real rates, lower inflation and conservative fiscal deficits relative to historical levels and developed markets.

There were no material sell-offs in EM equity and currency markets despite the Fed just finishing its fastest rate hiking cycle in history. RBC believes that such market stability is very encouraging.

In spite of these significant developments, EM equities were negatively impacted by China's underperformance. A benchmark heavyweight, China has been the worst performer among emerging markets for the past three years. After outperforming during the pandemic, the Chinese market has been in sharp decline ever since due to regulatory uncertainty, relatively tight policy, especially for the real estate sector, and the country's zero-COVID policy affecting consumer confidence and growth.

Looking ahead, much-improved valuations and expected government support for the economy and corporate sector will likely drive equity performance in China. However, RBC will remain selective and cautious about areas of the economy that are vulnerable to negative government policies, investing instead in areas that the government will likely support, such as renewable energy, consumption and independent technology.

Outside of China, a strong U.S. dollar has significantly hampered EM equity performance in recent years. There are several reasons to believe that the U.S. dollar may soon weaken, which would bolster emerging markets. U.S. monetary tightening expectations are peaking, global risks are easing, and the rally appears to be of significant magnitude and sustained.

Both earnings and relative EM growth look set to improve from cyclical lows thanks to improved productivity, structural reforms and more growth-friendly fiscal policies. EM valuations also remain attractive, particularly relative to their developed markets counterparts, after years of relative underperformance. These two key factors are expected to support EM equity performance over the medium term.

RBC keeps a bullish outlook for India, where fixed-asset investments are finally picking up. Southeast Asian economies also look robust as they continue to recover from the pandemic. In terms of valuations, China and South Africa appear undervalued from both an equity and currency standpoint, while India looks expensive in light of return expectations.

From a style perspective, RBC believes that quality and value stocks have attractive valuations, as do higher dividend-yielding stocks and EM smaller caps, which tend to perform well over a long horizon.

In terms of sector positioning, RBC seeks to invest in domestic sectors driven by high returns and supportive tailwinds, such as rising incomes, positive reform momentum, attractive demographics, growing urbanization and positive employment trends. Within cyclical sectors, RBC favours Financials due to its attractive valuations, improving asset quality, low penetration and structural growth.

FÉRIQUE Global Sustainable Development Equity Fund
(5.2% of the Fund as at December 31, 2023)

In 2023, the portfolio sub-manager undertook 55 ESG engagements with 27 companies over issues ranging from biodiversity, human rights, physical climate risk, transition risk, equity, diversity and inclusion, human capital management, supply chain management, corporate governance and health and safety.

In Health Care, medications initially used for treating type-2 diabetes proved to be a revolutionary anti-obesity drug. The weight-loss drug boom had ripple effects on related sectors such as the medical device industry. Investors started speculating on the potential repercussions of those drugs on the health care system as a whole, expecting demand for invasive obesity treatments such as bariatric surgery to fall. There is still no tangible evidence validating this radical hypothesis. The market narrative thus remains uncertain and unproven.

The portfolio sub-manager remains cautiously optimistic for 2024. It expects central banks to cut rates, resulting in marginally lower interest rates and financing costs. In turn, reduced borrowing costs are predicted to benefit both industrial and consumer spending, ultimately contributing to positive earnings growth projections for the year. Nonetheless, the portfolio sub-manager will keep an eye out for potential risks stemming from continued market volatility and delayed impacts of higher interest costs in certain sectors. It will continue to pay close attention to corporate earnings due to the likelihood of sustained pressure on margins.

More broadly, the portfolio sub-manager remains steadfast in its belief that companies championing innovative solutions and addressing pressing social and environmental challenges are well suited to succeed over the long term. They are driving the transition towards a more sustainable economy and are poised to reap the benefits of escalating demand for their products and services.

FÉRIQUE Global Innovation Equity Fund
(5.9% of the Fund as at December 31, 2023)

The portfolio sub-manager invests in companies that could drive long-term growth by harnessing innovation and challenge the cyclical nature of the economy. While global equity markets remain macro-driven and tend to overlook fundamentals, the portfolio sub-manager continues to seek companies that are truly innovative or benefitting from structural change will provide attractive return opportunities at attractive multiples.

The global economy is still facing significant uncertainty and, in the near term, the portfolio sub-manager expects markets to remain volatile because of interest rates, energy prices and international conflicts. Market volatility will affect the companies held in the portfolio, but the portfolio sub-manager believes in its ability to look for companies generating sustainable growth through innovation to perform well throughout the economic cycle.

The portfolio sub-manager is seeking to invest in growth companies with very compelling return profiles that leverage key secular trends such as digital transformation, cloud migration, artificial intelligence and machine learning, sustainability, direct-to-consumer models and health care innovation. While some major investors believe that generative AI is overhyped and that stock market performance caused by the technology is only temporary, the portfolio sub-manager believes that machine learning and artificial intelligence are a decade in the making and that the trend will either continue or accelerate as new technologies are created and adopted. It should be noted that the portfolio has been a long-time investor in some of the companies that recently benefitted from the AI boom, including NVIDIA, Advanced Micro Devices, MongoDB, Alphabet, Amazon.com and Microsoft Corporation, and is focused on the long-term growth this technology has driven and will continue to drive.

Portfolio turnover is low and the portfolio is overweight to Consumer Discretionary, Health Care, Communication Services, Financials and Real Estate. The portfolio is resilient in times of economic weakness as it is mainly invested in companies able to do well in an economic downturn.

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

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

For the fiscal year ended December 31, 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 fiscal year ended December 31, 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 fiscal year ended December 31, 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 fiscal year ended December 31, 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 fiscal year ended December 31, 2023, Franklin Templeton and CC&L did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Canadian Equity Fund.

For the fiscal year ended December 31, 2023, Columbia Threadneedle and River Road did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE American Equity Fund.

For the fiscal year ended December 31, 2023, Lazard and Walter Scott & Partners did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE European Equity Fund.

For the fiscal year ended December 31, 2023, Nomura did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Asian Equity Fund.

For the fiscal year ended December 31, 2023, Franklin Templeton did not enter into any Related Party Transactions as it pertains to the management of the Templeton Emerging Markets Fund.

For the fiscal year ended December 31, 2023, NEI did not enter into any Related Party Transactions as it pertains to the management of the NEI Emerging Markets Fund.

For the fiscal year ended December 31, 2023, TD did not enter into any Related Party Transactions as it pertains to the management of the TD Emerging Markets Fund.

For the fiscal year ended December 31, 2023, RBC did not enter into any Related Party Transactions as it pertains to the management of the RBC Emerging Markets Dividend Fund.

For the fiscal year ended December 31, 2023, Impax did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Global Sustainable Development Equity Fund.

For the fiscal year ended December 31, 2023, Wellington did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Global Innovation 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.

	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)	**61.67**	71.27	68.00	64.24	57.57
Increase (decrease) from operations					
Total revenues	**1.23**	1.18	0.92	1.06	1.37
Total expenses	**(0.06)**	(0.07)	(0.10)	(0.09)	(0.08)
Realized gains (losses)	**0.88**	1.53	3.81	1.61	0.65
Unrealized gains (losses)	**4.37**	(9.88)	1.68	2.03	5.97
Total increase (decrease) from operations (2)	**6.42**	(7.24)	6.31	4.61	7.91
Distributions					
From investment net income (excluding dividends)	**0.53**	0.49	0.30	0.34	0.38
From dividends	**0.62**	0.58	0.46	0.62	0.88
From capital gains	**0.20**	1.24	2.31	–	–
Total annual distributions (3)	**1.35**	2.31	3.07	0.96	1.26
Net assets, end of accounting period (4)	**66.74**	61.67	71.27	68.00	64.24

(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	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 $)[1]	**1,271,888**	1,147,448	1,261,925	1,060,298	992,953
Number of units outstanding[1]	**19,056,682**	18,607,267	17,706,254	15,592,201	15,458,132
Management expense ratio (%)[2]	**1.06**	1.04	1.12	1.09	1.09
Management expense ratio before waivers or absorptions by the Manager (%)	**1.06**	1.04	1.12	1.09	1.09
Portfolio turnover rate (%)[3]	**n/a**	n/a	n/a	n/a	n/a
Trading expense ratio (%)[4]	**0.04**	0.03	0.05	0.06	0.05
Net asset value per unit ($)	**66.74**	61.67	71.27	68.00	64.23

(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. The portfolio turnover rate is not applicable for the money market.

(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 0.92% and are detailed as follows:

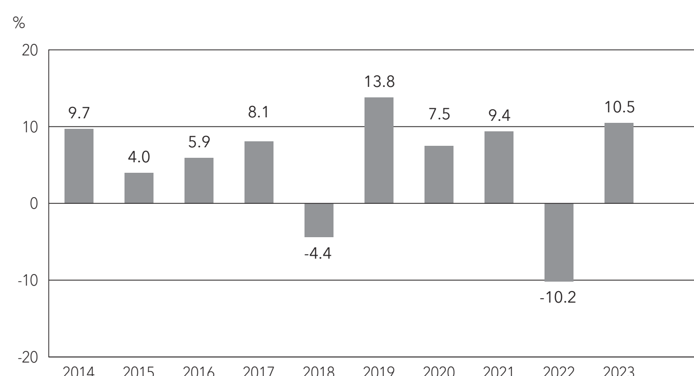
- Management fees: 0.83%
- Administration fees: 0.09%

Past Performance

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

Annual Returns

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



Annual Compound Returns (%)

	1 year	3 years	5 years	10 years
FÉRIQUE Balanced	10.5	2.8	5.8	5.2
Benchmark Index	10.9	3.4	6.9	6.4
Previous Benchmark Index	11.1	4.0	7.1	6.5
Median*	8.9	1.6	4.6	4.2

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

The Fund's benchmark index was modified to simplify its presentation while still reflecting the fund's asset allocation.

New Benchmark Index

The benchmark index reflects the performance of a benchmark portfolio invested 30% in the FTSE Canada Universe Bond Index, 10% in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 25% in the S&P/TSX Composite Index, 15% in the S&P 500 Index (CA$), 12.5% in the MSCI EAFE Index (CA$) and 7.5% in the MSCI Emerging Markets Index (CA$).

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.

The **Bloomberg Barclays Global Aggregate Bond Index** (CA$ hedged) measures global investment-grade debt from a multitude of issuers in different countries.

The **S&P/TSX Composite Index** is the benchmark index used for the entire Canadian mid- and large-cap securities market. This index is the most diversified in Canada, representing close to 90% of market capitalization of all Canadian corporations listed on the Toronto Stock Exchange.

The **S&P 500 Index** (CA$) is used to measure the growth of the entire American economy through fluctuations in the market value of 500 securities representing the main sectors of the U.S. economy.

The **MSCI EAFE Index** (CA$) measures the total return of equity securities of developed markets in Europe, Asia and Australasia.

The **MSCI Emerging Markets Index** (CA$) measures the total return of equity securities of emerging markets.

Previous Benchmark Index

The previous Benchmark Index reflected the performance of a benchmark portfolio invested 1% in the FTSE Canada 91 Day T-Bill Index, 31.5% in the FTSE Canada Universe Bond Index, 2.25% in the FTSE Canada Universe Short Term Bond Index, 4.5% in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 0.75% in the Dow Jones Canada Select Dividend TR Index, 15% in the S&P/TSX Composite Dividend Index, 10% in the S&P/TSX Composite Index, 15% in the S&P 500 Index (CA$), 10% in the MSCI Europe Index (CA$), 5% in the MSCI AC Asia Pacific Index (CA$) and 5% in the MSCI Emerging Markets Index (CA$).

Comparison with the Index

The Fund posted a net return of 10.5% for the year ended December 31, 2023. Its benchmark posted a 10.9% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and administration fees payable by the Fund.

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Canadian Bond Fund	22.7
FÉRIQUE Canadian Dividend Equity Fund	14.2
FÉRIQUE American Equity Fund	10.7
FÉRIQUE Canadian Equity Fund	9.8
FÉRIQUE Global Sustainable Development Bond Fund	8.7
FÉRIQUE Globally Diversified Income Fund	6.9
FÉRIQUE Global Innovation Equity Fund	5.9
FÉRIQUE European Equity Fund	5.6
FÉRIQUE Global Sustainable Development Equity Fund	5.2
FÉRIQUE Asian Equity Fund	4.9
Templeton Emerging Markets Fund, Series O	1.6
RBC Emerging Markets Dividend Fund, Series O	1.6
NEI Northwest Emerging Markets Fund, Series I	1.6
Cash, Money Market and Other Net Assets	0.6
	100.0

Asset Mix	% of net asset value
Canadian Equity	23.2
Foreign Equity	19.4
U.S. Equity	18.0
Canadian Corporate Bonds	10.0
Canadian Federal Bonds	9.8
Canadian Provincial Bonds	7.8
Foreign Bonds	7.6
Cash, Money Market and Other Net Assets	2.7
Canadian Municiapl Bonds	1.0
Canadian Asset- and Mortgage-Backed Securities	0.5
Net Asset Value	**1,271,888,191**

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 sedarplus.ca.

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 sedarplus.ca.