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**ANNUAL  
MANAGEMENT  
REPORT**

*of Fund Performance  
for the year ended  
December 31, 2023*

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**EQUITY FUNDS**  
FÉRIQUE World Dividend Equity Fund

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

As at December 31, 2023

## Management Discussion of Fund Performance

### Investment Objective and Strategies

The FÉRIQUE World Dividend Equity Fund seeks to provide income and long-term capital growth. The Fund mainly invests in dividend-paying stocks, as well as other classes and categories of securities of companies throughout the world.

The portfolio sub-manager, Wellington Management Canada ULC, resorts to an investment strategy that uses an approach that seeks to provide long-term total returns by investing in high-quality, undervalued companies in out-of-favour industries, and without taking greater-than-average risk. It focuses on the significance of dividends, positive capital stewardship and franchise value. From a financial perspective, the portfolio sub-manager seeks to identify companies with a below-average debt/capital ratio relative to their industry, higher-than-average and improving return on capital, and market share leadership. From a qualitative perspective, the emphasis is on strength and depth of management as well as on a sustainable competitive advantage.

Money is mainly invested and reinvested in all classes of common shares of foreign corporations listed on a stock exchange and in convertible bonds, preferred shares, rights, income trust, warrants, exchange-traded funds and in foreign depository receipts.

### Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. This Fund is intended for investors with a medium risk tolerance who want to invest in the long term. It can also be used as the core global equity portion of a diversified investment portfolio. During the Period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund.

### Results of Operations

The FÉRIQUE World Dividend Equity Fund posted a net return of 10.8% for the fiscal year ended December 31, 2023. Its benchmark, the MSCI All Country World ex-Canada Index (CA\$), posted 21.3% 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<sup>1</sup>, which posted 14.3%, net of management fees for the period.

Stock selection was the primary driver of relative underperformance. Weak selection in Information Technology, Industrials and Consumer Discretionary detracted the most, but was partially offset by positive selection in Energy and Materials. Because of the portfolio sub-manager's bottom-up selection process, sector allocation also dragged down returns due to an underweight to Information Technology and overweight to Utilities and Financials. This positioning was partially offset by the underweight to the Consumer Staples and Real Estate sectors. Regionally, stock selection in North America, Europe and Asia also hampered relative performance. At the stock

level, the lack of holdings in NVIDIA and Apple (Information Technology) detracted the most from relative performance, while an overweight to Intel Corporation, in Information Technology, and an off-benchmark position in AUTOLIV, in Consumer Discretionary contributed the most.

During the period, Wellington initiated a position in Unilever, a British household and personal care multinational. This strong global company is streamlining its operations to capitalize on scale. The portfolio sub-manager believes the company's growth will accelerate over the next several years through an increased exposure to emerging markets. Unilever's dividend yield and resilience are also attractive.

The portfolio sub-manager also added a position in Pfizer, an American multinational pharmaceutical and biotechnology corporation. The stock lagged its industry due to a decline in revenues caused by slowing demand for its COVID-19 vaccine products. However, the company's underlying business remains strong, with a robust balance sheet supported by diverse sources of cashflow generation and attractive and sustainable dividends.

While Pfizer might face investor skepticism over blockbuster drugs that will define its growth for the next decade, the portfolio sub-manager believes that the company can count on a promising drug development pipeline and effective business development.

Meanwhile, the position in TJX Companies, a multinational department store corporation, was trimmed on strength, but kept in the portfolio. The portfolio sub-manager believes the company is uniquely positioned within the shrinking and over-stored traditional retail segment due to their innovative merchandizing culture. The position in Comcast, an American multinational telecommunications and media conglomerate, was also liquidated during the year.

The portfolio sub-manager engaged with some companies held in the portfolio over environmental, social and governance (ESG) matters throughout the year. For instance, in October, Wellington met with Duke for an update on their transition plan. Overall, Duke continues to be an emissions reduction leader within the industry, having cut emissions from electricity generation by 44% since 2005. The company is still evaluating the feasibility of committing to setting Science-based Targets (SBTs), as the Science-Based Targets initiative (SBTi) does not consider the cost associated with transitioning. The portfolio sub-manager believes that setting SBTs is an important step towards net-zero emissions but is encouraged by the steps the company has taken so far.

### Recent Developments

The 2023 year was, once again, characterized by significant shifts in market expectations. Growth stock valuations soared as a result of moderating inflation, bank failures, speculative fervour over artificial intelligence (AI) and growing expectations of interest-rate cuts. As the year went on, global equity markets broadened, but lower-quality cyclicals drove an end-of-year rally. The prospect of a lower rate environment in 2024 provided an additional tailwind for interest rate sensitive sectors such as Real Estate and Information Technology. While the portfolio sub-manager believes the U.S. Federal Reserve's rate hike cycle to be over, it does not expect that the central bank will cut rates as much as markets are anticipating in 2024. Despite

<sup>1</sup> Source: Median return of similar funds according to Fundata, as at December 31, 2023.

*As at December 31, 2023*

easing inflationary pressures, persistent labour market tightness and wage growth seem inconsistent with inflation continuing to moderate. Consequently, the portfolio sub-manager is not ruling out that inflation might pick up again in the second half of the year.

That being said, the current market environment presents great opportunities for long-term stock picking following the portfolio sub-manager's philosophy and process. While still maintaining a defensive portfolio, Wellington is opportunistically seeking to buy on weakness. It will continue to look for opportunities in cyclical sectors such as Financials, Utilities, Health Care and Industrials.

The portfolio is most overweight to Financials because stocks in the sector are attractive because of their dividend yields, discounted valuations and depressed levels of return. They also stand to benefit from normalizing rates, end of quantitative easing and shareholder focused capital allocation. The portfolio is overweight to Utilities due to attractively valued companies and accelerating energy transition caused by the decoupling of global economy and trade. During the year, the portfolio sub-manager increased the allocation to the Health Care sector as new blockbuster obesity drugs provided opportunities to invest in high-quality pharmaceuticals franchises trading at a relative discount. As a result, the portfolio sub-manager initiated a position in Pfizer and added to existing holdings in Gilead Sciences and AstraZeneca while trimming exposure to Eli Lilly on strength.

Conversely, the portfolio is most underweight to Information Technology and Consumer Discretionary. Mega-cap technology-related companies are the largest beneficiaries of the AI boom, as evidenced by their significant valuation multiple expansion. The portfolio sub-manager believes that sustaining current levels of technology spending on AI as the market anticipates would require new applications to emerge, creating value across multiple segments of the economy beyond technology through efficiencies and new sources of growth. The portfolio sub-manager continues to believe that price discovery adjusting to the higher interest rate environment will cause market unrest and prove to be a challenge for sustaining high valuations, especially for mega cap technology companies. Relative valuations remain compelling despite questions floating around whether the current economic decoupling will carry on, the pace of China's post-pandemic recovery and long-term economic growth despite challenges in the real estate sector, as well as the future of the Bank of Japan's yield control policy. Overall, the portfolio sub-manager continues to find attractive investment opportunities in resilient dividend-paying companies with valuations at a discount for transitory reasons.

Against the current backdrop, the portfolio remains most overweight to Financials, Utilities and Health Care, but most underweight to Information Technology, Consumer Discretionary and Communication Services.

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, Wellington did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE World Dividend Equity Fund.

As at December 31, 2023

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance for the accounting periods shown.

	Years ended				
	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
<b>Net Assets per Unit<sup>(1)(5)</sup></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets, beginning of accounting period <sup>(4)</sup>	14.82	15.26	13.30	12.90	10.88
<b>Increase (decrease) from operations</b>					
Total revenues	0.41	0.43	0.31	0.32	0.35
Total expenses	(0.22)	(0.20)	(0.21)	(0.18)	(0.18)
Realized gains (losses)	1.27	0.71	1.01	0.32	0.50
Unrealized gains (losses)	0.12	(0.71)	1.44	–	1.62
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>1.58</b>	<b>0.23</b>	<b>2.55</b>	<b>0.46</b>	<b>2.29</b>
<b>Distributions</b>					
From dividends	0.20	0.21	0.10	0.14	0.18
From capital gains	0.80	0.46	0.49	–	0.09
<b>Total annual distributions<sup>(3)</sup></b>	<b>1.00</b>	<b>0.67</b>	<b>0.59</b>	<b>0.14</b>	<b>0.27</b>
<b>Net assets, end of accounting period<sup>(4)</sup></b>	<b>15.42</b>	<b>14.82</b>	<b>15.26</b>	<b>13.30</b>	<b>12.90</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

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

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

<sup>(5)</sup> In this document, the word "units" indicates Series A units.

	Years ended				
	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
<b>Ratios and Supplemental Data</b>					
Net asset value (in thousands of \$) <sup>(1)</sup>	175,948	168,681	162,313	141,098	137,411
Number of units outstanding <sup>(1)</sup>	11,412,687	11,389,336	10,641,317	10,601,925	10,655,895
Management expense ratio (%) <sup>(2)</sup>	1.37	1.35	1.40	1.40	1.40
Management expense ratio before waivers or absorptions by the Manager (%)	1.37	1.35	1.40	1.40	1.40
Portfolio turnover rate (%) <sup>(3)</sup>	29.39	21.79	23.86	39.95	34.66
Trading expense ratio (%) <sup>(4)</sup>	0.04	0.02	0.02	0.03	0.06
Net asset value per unit (\$)	15.42	14.81	15.25	13.31	12.90

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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.

As at December 31, 2023

For the year, annualized management fees charged to the Fund before government taxes amounted to 1.19% and are detailed as follows:

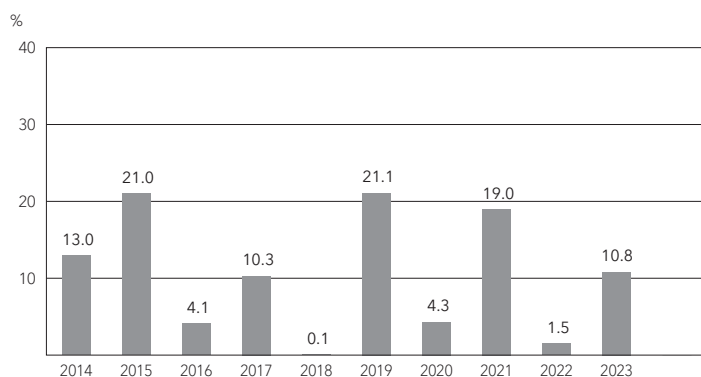
- Management fees: 1.07%
- Administration fees: 0.11%
- Fund expenses: 0.01%

## 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 World Dividend Equity	10.8	10.2	11.1	10.3
MSCI World ex-Canada Index (CA\$) <sup>1</sup>	21.3	9.0	12.6	11.6
Median*	14.3	5.1	8.7	7.3

<sup>1</sup> MSCI AC World ex-Canada (CA\$) between May 2012 and December 2014.

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

### MSCI World ex-Canada Index

The MSCI World ex-Canada Index (CA\$) measures the total return of equity securities of developed markets.

## Comparison with the Index

The Fund posted a net return of 10.8% for the fiscal year ended December 31, 2023, compared to 21.3% for its benchmark index. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

## Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Microsoft Corp.	2.7
AstraZeneca PLC, ADR	2.5
Novartis AG	2.3
TotalEnergies SE	2.3
Johnson & Johnson	2.3
Chubb Ltd.	2.1
Cisco Systems Inc.	2.0
Merck & Co. Inc.	1.8
Accenture PLC, Class A	1.8
J. P. Morgan Chase & Co.	1.8
Duke Energy Corp.	1.8
Northrop Grumman Corp.	1.8
United Parcel Service Inc., Class B	1.7
American Express Co.	1.7
Texas Instruments Inc.	1.7
Alphabet Inc., Class A	1.7
Nestlé SA	1.7
Samsung Electronics Co. Ltd., GDR	1.6
UnitedHealth Group Inc.	1.6
Colgate-Palmolive Co.	1.6
Arkema PLC	1.6
Unilever PLC	1.6
Tokio Marine Holdings Inc.	1.5
Engie SA	1.5
Cash, Money Market and Other Net Assets	1.2
<b>Total</b>	<b>45.9</b>

Weighting by Country	% of net asset value
United States	51.0
Japan	10.2
United Kingdom	8.4
France	8.3
Switzerland	6.9
Ireland	3.2
Sweden	1.8
South Korea	1.7
Hong Kong	1.4
Austria	1.3
Taiwan	1.2
Cash, Money Market and Other Net Assets	1.2
Finland	1.1
Germany	1.0
Netherlands	1.0
Spain	0.3

**Net Asset Value** **175,947,518**

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

*As at December 31, 2023*

## Other Material Information

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.



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

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

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