



23

**ANNUAL
MANAGEMENT
REPORT**

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

INCOME FUNDS
FÉRIQUE Globally Diversified Income Fund

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

There may be management fees and expenses associated with an investment in a mutual fund. Management expense ratios vary from one year to another. Please read the Prospectus before investing. Mutual funds are not guaranteed or covered by the Canada Deposit Insurance Corporation or another government deposit insurer. Their values fluctuate frequently and past performance may not be repeated.

A Note on Forward-looking Statements

This report may contain forward-looking statements about the Funds, their future performance, strategies or prospects, and possible future Fund actions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Funds and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made in relation to the Funds. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

As at December 31, 2023

Management Discussion of Fund Performance

Investment Objectives and Strategies

The FÉRIQUE Globally Diversified Income Fund seeks to provide income and, to a lesser extent, long-term capital appreciation. The Fund invests primarily in a globally diversified portfolio of fixed-income securities and equity securities. The Fund can also invest in exchange-traded funds (ETFs).

The Fund is managed by the portfolio manager Addenda Capital Inc. (Addenda) with the portfolio sub-manager Insight Investment International Limited. The FÉRIQUE Globally Diversified Income Fund aims to hold a well-diversified portfolio composed primarily of Canadian and foreign fixed income and, to a lesser extent, equity securities. The Fund's current investment policy specifies a long-term target portfolio broken down as follows (all percentages expressed in the investment strategy are presented as a percentage of the Fund's net asset):

- Canadian and foreign fixed-income and money market securities (or equivalent ETFs) 85% to 95%
- Canadian and foreign equity securities (or equivalent ETFs) 5% to 15%

Furthermore, the Fund can be invested in Canadian securities in an amount ranging from 0% to 70%. There is no limit to the Fund's foreign content.

These weightings may vary according to the market fluctuations, economic views of the portfolio manager and investors' transactions in the Fund. The strategy of Addenda Capital Inc. (Addenda) is based on the following key elements:

- A comprehensive top-down analysis of global macroeconomics and capital markets that serves to identify general investment themes and changes to critical market factors. The forecasts based on a horizon of 18 to 24 months reflect the expectations of risk and return as well as relative valuation;
- Changes to the asset allocation, when they are made, seek to take advantage of dynamic changes in market conditions and/or assessments while remaining aware of the risks;
- Fixed-income investment strategies take advantage of the extensive capabilities of fundamental research by the portfolio manager. The dynamic approach to fixed income management encompasses diversified sources of value added including interest rate forecasts and relative fundamental analysis of all issuers to detect best investment opportunities;
- Equity securities strategies focus on in-depth bottom-up analysis and on assessments of different industries, favouring stocks with steady growth of income and cash flows.

The Fund primarily invests and reinvests in the following asset classes (including emerging countries): government bonds, corporate bonds, asset-backed securities, mortgage-backed securities, high-yield bonds, and real return bonds, preferred shares, convertible bonds and equity securities including common shares and income trust units. The fund may also invest in money market securities.

Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. The Fund is intended for investors with a low to medium risk tolerance who want to invest in the medium or long term. It can also be used as a basis for the fixed-income 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 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 median¹, 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.

Recent Developments

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.

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

As at December 31, 2023

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.

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 paid no commission fees to related parties as it pertains to the management of the FÉRIQUE Globally Diversified Income 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)
Net Assets per Unit ⁽¹⁾⁽⁵⁾	\$	\$	\$	\$	\$
Net assets, beginning of accounting period ⁽⁴⁾	9.08	10.46	10.46	10.19	9.63
Increase (decrease) from operations					
Total revenues	0.30	0.29	0.27	0.30	0.30
Total expenses	(0.08)	(0.08)	(0.10)	(0.10)	(0.10)
Realized gains (losses)	(0.43)	(0.49)	0.16	0.13	0.17
Unrealized gains (losses)	0.80	(0.89)	(0.05)	0.13	0.38
Total increase (decrease) from operations ⁽²⁾	0.59	(1.17)	0.28	0.46	0.75
Distributions					
From net investment income (excluding dividends)	0.18	0.15	0.09	0.12	0.15
From dividends	0.03	0.05	0.08	0.07	0.06
From capital gains	—	—	0.11	—	—
Total annual distributions ⁽³⁾	0.21	0.20	0.28	0.19	0.21
Net assets, end of accounting period ⁽⁴⁾	9.46	9.08	10.46	10.46	10.19

⁽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.

	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)
Ratios and Supplemental Data					
Net asset value (in thousands of \$) ⁽¹⁾	162,622	151,254	176,670	163,667	150,445
Number of units outstanding ⁽¹⁾	17,194,922	16,655,230	16,898,855	15,643,613	14,763,716
Management expense ratio (%) ⁽²⁾	0.90	0.88	0.97	0.97	0.97
Management expense ratio before waivers or absorptions by the Manager (%)	0.90	0.88	0.97	0.97	0.97
Portfolio turnover rate (%) ⁽³⁾	113.51	99.99	112.01	102.16	126.72
Trading expense ratio (%) ⁽⁴⁾	0.01	0.01	0.01	0.01	0.01
Net asset value per unit (\$)	9.46	9.08	10.46	10.46	10.19

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

⁽²⁾ Management expense ratio is based on total expenses for the stated accounting period (including applicable taxes and its proportionate share of the expenses from the underlying funds, where applicable, but excluding commissions, other portfolio transaction costs and withholding taxes on dividend income) and is expressed as an annualized percentage of the daily average net asset value during the accounting period.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once during the accounting period. The higher a Fund's portfolio turnover rate in the accounting period, the greater the trading costs payable by the Fund during the accounting period, and the greater the chance of an investor receiving taxable capital gains during the accounting period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs, including its proportionate share of the trading expenses from the underlying funds, where applicable, expressed as an annualized percentage of the daily average net asset value during the accounting period. The trading expense ratio is not applicable to fixed-income transactions.

Management Fees

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

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

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

For the year, annualized management fees charged to the Fund before government taxes amounted to 0.78% and are detailed as follows:

- Management fees: 0.67%
- Administration fees: 0.11%

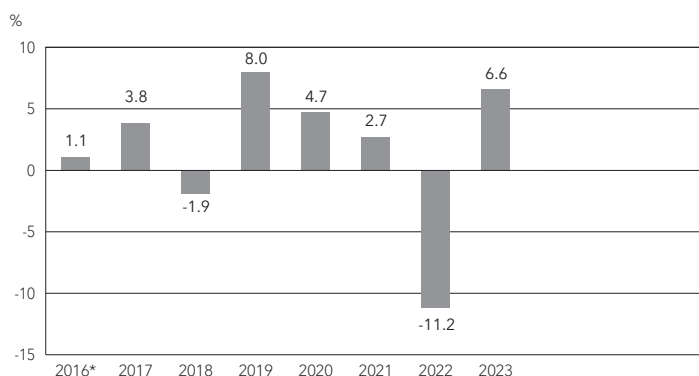
As at December 31, 2023

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.



* From May 10 to December 31, 2016

Annual Compound Returns (%)

	1 year	3 years	5 years	Since inception*
FÉRIQUE Globally Diversified Income	6.6	(1.0)	1.9	1.6
Benchmark Index	4.7	(1.0)	2.0	n/a
Median**	7.2	(0.4)	2.6	n/a

* The Fund was created on May 2, 2016, but assets were invested in the Fund as of May 10, 2016.

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

Benchmark Index

The Benchmark Index reflects the performance of a benchmark portfolio invested 30% in the FTSE Canada Short Term Overall Bond Index, 60% in the Bloomberg Barclays Global Aggregate Bond Index (CA\$ hedged) and 10% in the Dow Jones Canada Select Dividend Index.

The **FTSE Canada Short Term Overall Bond Index** includes almost all tradable Canadian bonds with maturities of more than one year and less than five years. It aims to reflect developments in the short-term Canadian bond market.

The **Bloomberg Barclays Global Aggregate Bond Index** (CA\$ hedged) is an investment-grade global debt index from a multitude of issuers across many countries.

The **Dow Jones Canada Select Dividend Index** measures the performance of Canadian companies paying high dividends.

Comparison with the Index

The Fund posted a net return of 6.6% for the fiscal year ended December 31, 2023, compared to 4.7% 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
Cash, Money Market and Other Net Assets	5.3
Government of Canada, 1.50%, due April 1, 2025	4.3
Government of Canada, 0.25%, due March 1, 2026	3.5
Government of Canada, 2.75%, due September 1, 2027	3.3
Province of Ontario, 2.65%, due February 5, 2025	2.6
Canada Housing Trust, 2.90%, due June 15, 2024	2.6
Government of the United States, 4.13%, due August 15, 2053	2.2
Government of Canada, 3.50%, due March 1, 2028	2.2
Province of Ontario, 1.55%, due November 1, 2029	1.8
Government of the United States, 4.50%, due July 15, 2026	1.0
Government of Canada, 2.25%, due December 1, 2029	1.0
Toronto-Dominion Bank, Floating, due April 22, 2030	1.0
Bank of Montreal	1.0
Government of the United States, 4.38%, due August 15, 2026	0.9
Toronto-Dominion Bank, 3.06%, due January 26, 2032	0.8
Toronto-Dominion Bank	0.8
Bank of America Corp., Floating, due October 22, 2030	0.8
Royal Bank of Canada	0.8
Government of the United States, 3.63%, due March 31, 2030	0.7
TC Energy Corp.	0.7
UnitedHealth Group Inc., 5.30%, due February 15, 2030	0.7
Morgan Stanley, Floating, due May 8, 2026	0.7
Province of Newfoundland and Labrador, 6.50%, due October 17, 2029	0.7
Inter-American Development Bank, 0.88%, due April 20, 2026	0.7
Rogers Communications Inc., Class B	0.7

40.8

Asset Mix

	% of net asset value
Foreign Bonds	46.9
Canadian Federal Bonds	18.1
Canadian Corporate Bonds	13.3
Canadian Equities	9.9
Canadian Provincial Bonds	6.2
Cash, Money Market and Other Net Assets	5.3
Canadian Municipal Bonds	0.3

Net Asset Value

162,621,900

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

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group")[®] LSE Group [2003]. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE[®]" is a trademark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company that owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data, and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor, or endorse the content of this communication.

The Dow Jones Canada Select Dividend Index (the "Index" or "Indices") and associated data are a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Gestion FÉRIQUE[®] 2023 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part is prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit www.spdji.com. S&P[®] is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS") and Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Neither S&P Dow Jones Indices LLC, SPFS, Dow Jones, their affiliates nor their licensors ("S&P DJI") make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent, and S&P DJI shall have no liability for any errors, omissions, or interruptions of any index or the data included therein.

Bloomberg[®] is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material or guarantee the accuracy or completeness of any information herein, nor does Bloomberg make any warranty, express or implied, as to the results to be obtained therefrom, and, to the maximum extent allowed by law. Bloomberg shall not have any liability or responsibility for injury or damages arising in connection therewith.



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

ferique.com

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

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

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