FÉRIQUE
FUND MANAGEMENT

INTERIM MANAGEMENT REPORT

of Fund Performance for the period ended June 30, 2025

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Balanced** Portfolio

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

Results of Operations

The FÉRIQUE Balanced Portfolio posted a net return of 4.6% for the period ended June 30, 2025, compared to 5.5% 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 3.2%, net of management fees for the period.

The FÉRIQUE Balanced Portfolio outperformed its comparison universe, benefiting from its higher exposure to equities, its underweight to U.S. stocks and its investment in the FÉRIQUE International Equity Fund. However, it was negatively impacted by its underweight to international equities and its overweight to Canadian bonds compared to its universe.

The Fund's responsible approach to investing is described in the simplified prospectus. The Fund, which is an ESG limited consideration Fund, follows the following approach: hire managers who integrate ESG factors. This approach is one of several components of the investment strategies used to help achieve the Fund's objectives. ESG factors are not part of the Fund's investment objectives and, consequently, ESG factors do not constitute the Fund's core strategy.

Money Market
(0.9% of the Fund as at June 30, 2025)

The portfolio was invested defensively in short-term provincial and federal treasury bills with maturities of 2 to 3 months to preserve capital and ensure sufficient liquidity to enable the Fund to operate effectively. The Fund's yield to maturity declined gradually from 3.36% to 2.58% over the period.

FÉRIQUE Canadian Bond Fund
(22.1% of the Fund as at June 30, 2025)

The FÉRIQUE Canadian Bond Fund posted a net return of 1.2% for the period ended June 30, 2025. Its benchmark, the FTSE Canada Universe Bond Index, recorded a return of 1.4% 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 1.1%, net of management fees for the period.

Addenda

The first six months of 2025 were marked by uncertainty around U.S. trade policies, driving significant volatility in bond yields. Tariff-related tensions, retaliatory trade measures, and diverging stances between the U.S. Federal Reserve and the Bank of Canada caused these yields to rise and fall repeatedly.

Management of duration—a measure of sensitivity to interest rate changes—contributed positively to relative returns over the period. However, the recent rise in bond yields eroded some of these gains. Given the uncertainty surrounding U.S. monetary policy, duration was kept between 0.3 and 0.7 years longer than the benchmark index for most of the period. Economic data published in May eased the portfolio manager's fears of a recession, shifting the outlook to slow but positive growth for the Canadian economy. In light of this scenario, the portfolio manager increased the portfolio's duration to 1.5 years longer than its benchmark.

With the yield curve steepening further, the overweight to securities with maturities over 10 years detracted from value. Holdings in very short-term U.S. Treasury bills also dragged down relative returns.

The portfolio's provincial and corporate bonds added value over the period.

The uncertainty surrounding tariffs led to a moderate widening of credit spreads—the additional yield offered to investors to hold these securities compared with Government of Canada bonds—for both corporate and provincial bonds. Given the milder reaction of bond markets compared to equity markets, the portfolio manager took the opportunity to extend the duration of provincial bonds in the portfolio relative to the benchmark index, increasing it from 0.2 to 0.4 years above the index in the first quarter. In the second quarter, the portfolio manager took advantage of renewed investor appetite for risk assets and credit spreads, similar to fall 2024 levels, to scale back duration.

The portfolio manager reduced the overweight to corporate bonds at the beginning of the year, then brought it back to its level at the start of the period as attractive opportunities arose in the primary market amid widening credit spreads.

During the period, the portfolio manager held discussions with Enbridge through Climate Engagement Canada to address the company's climate strategy. Enbridge reaffirmed its 2050 decarbonization objectives and its short-term targets despite the growth of its gas assets. Follow-up discussions will focus on setting new climate objectives, ESG-linked compensation, methane standards, climate scenarios and the future of gas and public policy.

Baker Gilmore

Political uncertainty and trade tensions generated significant volatility on the markets in the first quarter of 2025. Markets were shaken in April after the U.S. government announced punitive tariffs of up to 145% on Chinese imports, leading to a drop in equities and wider credit spreads. The 90-day suspension of these measures helped calm investor fears. In May, the declaration of a trade truce between the United States and China improved market sentiment and led to a rally in risk assets, driving equity markets higher and tightening credit spreads.

In bonds, yields fell at the short end of the curve as central banks continued their easing cycle and markets anticipated more rate cuts. The Bank of Canada lowered its key rate twice. At the long end of the curve, yields rose on higher inflation expectations, driven, among other factors, by tariff-related tensions and increased government debt in developed markets.

The portfolio's additional yield relative to its benchmark was the main driver of relative performance during the period. Management of portfolio duration also supported returns, notably through an underweight to long-dated securities amid rising yields in this

* 30.0% in the FTSE Canada Universe Bond Index, 10.0% in the Bloomberg Barclays Global Aggregate Index (CA$ hedged), 25.0% in the S&P/TSX Composite Index, 15.0% 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 June 30, 2025.

segment of the curve. However, these gains were partly offset by the underweight to corporate bonds in Utilities and Industrials.

The portfolio's duration was generally equal to or slightly shorter than that of the benchmark index throughout the period, with a difference ranging from 0 to -0.8 years. The portfolio was positioned in anticipation of a steepening yield curve, reflecting the portfolio manager's expectations of persistent inflation and rising government debt.

The portfolio's slight credit risk overweight was also gradually reduced over the period, shifting to an underweight position due to unattractive credit spreads.

Despite persistent inflationary pressure, high public deficits and expectations of substantial public debt issuance, some securities traded in currencies other than the Canadian dollar became more attractive than their CAD-denominated counterparts due to the relatively low yields on Canadian government bonds. Against this backdrop, the portfolio manager acquired U.S. bonds maturing in 2030 and 2035. These securities were sold during the period to take profits. However, at the end of the period, U.S. and U.K. bonds with longer maturities were added back to the portfolio for the same reasons.

With regard to environmental, social and governance (ESG) considerations, Baker Gilmore met with the management of Reliance, an infrastructure company specializing in comfort products and services for homes and businesses, to assess their ESG integration efforts. Reliance measures its scope 1 and 2 emissions, particularly those linked to its vehicle fleet, and is developing an electric transition strategy, although technical and climate-related challenges are slowing progress. The company also offers energy-efficient products to help its clients improve their energy efficiency and cut emissions.

FÉRIQUE Global Sustainable Development Bond Fund (9.0% of the Fund as at June 30, 2025)

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of 2.2% for the period ended June 30, 2025. 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 1.8% 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 1.4% net of fees for the period.

AlphaFixe Capital

The period was marked by a significant steepening of the yield curve, driven by a drop in short-term rates and a rise in long-term rates.

Portfolio duration—a measure of sensitivity to interest rate changes—was kept close to that of the benchmark, with no impact on the portfolio's relative performance. Curve positioning had a slightly negative impact on returns during the period. However, the overweight to corporate and provincial bonds added value. Security selection had no impact on returns during the period.

In accordance with the Fund's objective, 92% of the portfolio was invested in green, social or sustainable bonds at the end of the period. Such bonds help finance projects or companies upholding sustainability principles.

During the period, the portfolio sub-manager participated in three new green bond issuances, including BCI QuadReal Realty, an actively managed portfolio investing in real estate and related assets whose bonds fund the construction of energy-efficient buildings. The portfolio sub-manager also invested in Ontario provincial bonds, which continue to fund the expansion of the public transit network in the Greater Toronto Area. Finally, the portfolio sub-manager added federal government bonds issued to build the country's first small modular nuclear reactor.

With regard to environmental, social and governance (ESG) matters, AlphaFixe engaged in dialogue with companies and government agencies on ten occasions over the half-year period. Of these, three involved entities whose bonds are held in the portfolio. The portfolio sub-manager strives to raise awareness among issuers of ESG issues related to their activities and sustainable development efforts, in addition to addressing topics like the energy transition, biodiversity and reconciliation with Indigenous communities. For example, the portfolio sub-manager discussed the topic of reconciliation with Ontario Power Generation and Hydro One, which are working alongside Indigenous communities in Ontario on various energy projects.

BMO Global Asset Management

The new U.S. administration's trade policy and tariffs significantly impacted performance during the period. Since his inauguration, President Donald Trump has sought to rebalance the U.S. trade relationship with other countries by imposing tariffs that were linked to the size of their trade surpluses with the United States. Uncertainty surrounding the timing, scope and level of tariffs initially led government bonds to rally as investors priced into their valuations that growth would slow and interest rates would fall. In contrast to government bonds, corporate bonds sold off.

As the U.S. government temporarily suspended tariffs to allow negotiations to take place, especially with China, financial markets began to normalize. Government bond yields rose while global yield curves continued to steepen. This trend reflected investors' continuing bias toward shorter-maturity bonds, while longer-maturity bond yields tracked higher amid concerns over increased government bond issuance.

The U.S. Federal Reserve (Fed) kept its key interest rate steady as it assessed the impact of tariffs on consumer prices. In contrast, the European Central Bank (ECB) cut interest rates by 50 basis points (bps) to 2%, acknowledging that it was nearing the end of its easing cycle. The Bank of Canada cut its key interest rate by 50 bps to 2.75% as inflation eased, aiming to protect the country's economy from trade volatility with the United States.

Against this backdrop, yield curve positioning, cross-market investments, sector allocation, and security selection all contributed to the portfolio's relative outperformance. The portfolio's structural bias toward shorter-maturity European and U.S. corporate bonds, combined with the steepening of the yield curve—characterized by rising yields on longer-term bonds—in both the eurozone and the United States supported the portfolio's relative performance.

In early May, the portfolio manager increased the duration of the portfolio's eurozone holdings relative to their U.S. counterparts to take advantage of their attractive valuations and diversify its U.S. exposure. This positioning contributed to the portfolio's performance.

The portfolio's structural bias to eurozone corporate bonds relative to their U.S. counterparts contributed positively. The portfolio also benefited from its defensive positioning during the worst of the market sell-off, following the announcement of sweeping tariffs on April 2. In addition, exposure to the Utilities sector and a structural overweight to the outperforming Financials sector contributed to performance. Security selection in government-related bonds and the Banking, Insurance, Industrials and Health Care sectors drove returns.

In keeping with the Fund's objective, approximately 82% of the portfolio was invested in green and sustainability bonds, and 10% in social bonds at the end of the period. The rest of the portfolio was primarily held in cash and U.S. Treasury bonds for liquidity purposes.

While the Fund does not explicitly target carbon neutrality, its sustainability-oriented approach contributes to a lower carbon intensity compared to its benchmark. Based on Scope 1 and 2 emissions, the Fund's carbon intensity amounts to 41% of the benchmark's score. The Fund's carbon footprint is mainly attributable to its exposure to the Utilities sector.

FÉRIQUE Globally Diversified Income Fund (7.5% of the Fund as at June 30, 2025)

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of 2.9% for the period ended June 30, 2025. Its benchmark, composed of the FTSE Canada Short Term Overall Bond Index (30%), the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged) (60%) and the S&P/TSX Composite Dividend Index (10%), posted 2.8% 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 2.5% net of fees for the period. The portfolio's stock selection in Canadian and global bonds and in Canadian equities drove relative performance. Asset allocation also contributed to outperformance. An off-benchmark allocation to preferred shares, which was maintained throughout the period, and an allocation to global bonds, which was slightly increased over the period, both added to relative returns.

In global bonds, the relative positioning of the portfolio on the interest rate curve compared to the benchmark contributed positively to performance. This contribution was primarily the result of the overweight to the 10-year U.S. Treasury Bond, which fell during the period. Elsewhere, the overweight to the 10-year Japan Government Bond also strengthened relative performance, with rates increasing in Japan during the same period.

The Canadian equity portion of the portfolio outperformed its benchmark mainly due to sector allocation, especially to the Energy and Utilities sectors, and stock selection in the Energy, Real Estate and Industrials sectors.

The portfolio manager engaged with companies held in the portfolio on ESG issues, especially related to the environment. Toromont Industries was a key focus, showing progress in climate disclosures. Although Toromont Industries continues its efforts to reduce energy use and emissions at major sites, decarbonizing its fleet remains a challenge. Talks also included water, waste and AI, which Toromont uses in designing facilities and emissions solutions. The portfolio manager is looking forward to improved disclosures, especially on Scope 3 emissions.

FÉRIQUE Canadian Dividend Equity Fund (15.6% of the Fund as at June 30, 2025)

The FÉRIQUE Canadian Dividend Equity Fund posted a net return of 8.8% for the period ended June 30, 2025. Its benchmark, the S&P/TSX Composite Dividend Index, posted 10.4% 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 7.3%, net of management fees for the period.

The underweight to Materials, especially a lack of holdings in precious metals (gold in particular) and mining companies, hampered performance. The Fund is not invested in these companies because they do not meet the portfolio sub-manager's quality, valuation, sustainable dividend yield and stability criteria. Individual holdings in Consumer Discretionary, including Diageo and Magna International, also detracted.

Conversely, the allocation to Financials helped relative performance, with Intact Financial, Power Corporation and Toronto-Dominion Bank all posting strong returns. The overweight to Communication Services and Utilities also bolstered returns as Quebecor, Superior Plus Corporation and TELUS Corporation contributed. Strong stock selection in companies such as Empire Company (Consumer Staples), H&R REIT (Real Estate), Cisco (Information Technology) and Oracle (Information Technology) also added to returns.

The portfolio sub-manager made no material changes to portfolio positioning over the period, only adding a few high-quality holdings on attractive valuations and compelling dividend yields while trimming a few positions as they reached their target prices.

When making an investment decision, the portfolio sub-manager takes many criteria into account, including environmental, social and governance (ESG) considerations. As a result, the portfolio is invested in Brookfield Renewable Partners, a global operator and developer of clean energy distribution and storage projects, including hydro, wind and solar power.

During the period, the portfolio sub-manager conducted eight engagement initiatives with companies held in the portfolio to discuss ESG-related matters, including Net Zero commitments under the Paris Agreement and targets aligned with the Science Based Targets Initiative. Sustainability issues were also raised with companies in the grocery industry. Finally, the portfolio sub-manager encouraged a company to separate shareholder proposals for proxy voting in order to improve governance.

FÉRIQUE Canadian Equity Fund (10.3% of the Fund as at June 30, 2025)

The FÉRIQUE Canadian Equity Fund posted a net return of 8.3% for the period ended June 30, 2025. Its benchmark, the S&P/TSX Composite Index, posted 10.2% 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 8.7%, net of management fees for the period.

CC&L

In the first half of 2025, the portfolio underperformed the benchmark. Sector positioning and stock picking across Utilities and Materials detracted value.

In Energy, the overweight to CES Energy Solutions was the top detractor during the period. The energy services company has higher cyclical exposure, which was detrimental as defensive segments of the Canadian market outperformed amid heightened tariff and growth concerns. Against this backdrop, more defensive energy midstream stocks outperformed over the period.

In Utilities, the overweight to Alberta-based companies Capital Power and TransAlta significantly detracted from performance. Both companies greatly underperformed relative to the broader sector, particularly in the first quarter, mainly due to the launch of DeepSeek, a Chinese large language model with considerably improved AI model-building efficiency. DeepSeek's release introduced short-term uncertainty around future power demand from data centres. Given the heightened uncertainty, the portfolio sub-manager trimmed its positions in both Capital Power and TransAlta but kept them in the portfolio as they will likely benefit from the development of generative AI over the coming years.

During the period, allocations to cyclically exposed areas such as banks and oil producers were reduced and proceeds were used to increase allocations to defensive sectors. The position in Scotiabank was trimmed because of its comparatively higher exposure to Mexico and Canada relative to other banks. The position in oil producer Canadian Natural Resources was also reduced over downside risk considerations in a lower oil price environment in favour of more stable energy companies. Meanwhile, a position was added in Franco-Nevada, a gold company that generates revenue by collecting gold royalties. The portfolio sub-manager continued to favour resilient growth companies that can achieve above-average earnings irrespective of the macroeconomic conditions. Towards the end of the period, the portfolio sub-manager also selectively added high-quality cyclical stocks with attractive valuations.

With regard to environmental, social and governance (ESG) considerations, natural gas is viewed by the sub-manager as a critical transitional fuel on the path to net zero emissions. Its lower carbon intensity, reliability and flexibility makes it a key decarbonization enabler while supporting growing energy demands. With that in mind, the portfolio sub-manager maintains a constructive outlook on leading Canadian natural gas producers including ARC Resources, Tourmaline Oil and Topaz Energy. Structurally, natural gas continues to play a significant role in power generation, especially for generative AI data centres that require stable, dispatchable electricity.

Franklin Templeton

During the period, the portfolio underperformed its benchmark, with both security selection and sector allocation weighing on results. Top detractors from relative performance included an underweight to the outperforming Materials sector and overweights to Communication Services and Consumer Staples. This was partially offset by an underweight to the underperforming Information Technology and Energy sectors and an overweight to the outperforming Utilities sector, which added value.

Select holdings in the Information Technology, Industrials and Real Estate sectors drove down returns. Overweight positions in OpenText and CGI (Information Technology), the lack of exposure to Wheaton Precious Metals and Kinross Gold (Materials) and an overweight position in FirstService (Real Estate) weighed most heavily on performance. Other notable detractors from relative performance included the lack of exposure to Cameco within Energy and an overweight to Alimentation Couche-Tard in Consumer Staples.

These holdings' underperformance was partially offset by positive selection in Consumer Discretionary and Financials. Overweight positions in Dollarama and lack of exposure to Magna International (Consumer Discretionary) added the most value. An overweight position in Franco-Nevada (Materials) and an underweight position in Shopify (Information Technology) also helped.

Amid increased volatility and pockets of strength within the market, the portfolio sub-manager intentionally trimmed select holdings on strength, including a few defensive and more interest-rate sensitive positions. As a result, positions in Enbridge, Waste Connections, Metro, Hydro One, ATCO, Fortis, Atkins-Realis, Manulife and TMX Group were reduced. Meanwhile, the portfolio sub-manager increased exposure to out-of-favour cyclical names including Canadian Natural Resources, Pembina Pipeline, Canadian National Railway, Canadian Utilities, Constellation Software and Shopify.

The portfolio sub-manager also added new positions in Intact Financial (Financials) and Teck Resources (Materials) and liquidated its position in Brookfield Renewable Partners (Utilities).

During the period, the portfolio sub-manager had several meetings with companies held in the portfolio to discuss environmental, social and governance (ESG) issues. As part of this process, the portfolio sub-manager engaged with Alimentation Couche-Tard about the shift in its carbon strategy and changing carbon emission targets. Alimentation Couche-Tard is the largest Canada-based independent convenience store owner and operator, with operations in more than 20 countries and territories. The company admitted that regulatory changes in certain jurisdictions have made it more challenging to cost-effectively achieve its carbon footprint reduction target. Its new 2025 goal focuses on reducing energy consumption, targeting a 50% reduction in Scope 1 and 2 emissions from the 2020 baseline. As part of this plan, Alimentation Couche-Tard has committed significant capital to renewable projects. The company also aims to achieve carbon neutrality for Scope 1 and Scope 2 emissions by 2030.

FÉRIQUE American Equity Fund (9.4% of the Fund as at June 30, 2025)

The FÉRIQUE American Equity Fund posted a net return of 0.1% for the period ended June 30, 2025. Its benchmark, the S&P 500 Index, posted 0.7% 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 -1.0%, net of fees for the period.

Columbia Threadneedle

Stock selection across various sectors was the main driver of the portfolio's relative outperformance, with picks in Consumer Discretionary, Industrials, Communication Services and Real Estate having the most positive impact. Sector allocation also contributed positively to performance, with an underweight to Consumer

Discretionary and an overweight to Communication Services adding the most value.

Conversely, stock selection in Consumer Staples, Materials and Energy impeded returns. The overweight to Health Care and moderate overweight to Financials were modest detractors.

From an individual stock standpoint, the portfolio's holdings in Broadcom (Information Technology), Take-Two Interactive Software (Communication Services) and Uber Technologies (Industrials) were the top relative contributors during the period.

Broadcom was added to the portfolio in April following prior volatility, and quickly delivered value as shares rebounded on strong Q1 earnings with 25% revenue and a 45% rise in earnings per share. Video game publisher Take-Two Interactive Software also made strong gains over the period thanks to the enthusiasm surrounding the next instalment of its Grand Theft Auto franchise, which will be launched in May 2026. Finally, Uber Technologies' share climbed over the period, particularly in April and May, after the company announced several high-profile strategic partnerships.

Meanwhile, positions in Marvell Technology (Information Technology), Block (Financials) and Thermo Fisher Scientific (Health Care) detracted the most from performance. Marvell Technology was the top detractor over what was a volatile period in the semiconductor industry as it contended with evolving tariff policies and rising uncertainty. The portfolio sub-manager decided to exit the position to invest instead in Broadcom, another semiconductor company, in April. Broadcom offers higher-quality semiconductor products and shows strong momentum in its custom chip-making program.

Block's shares pulled back over the period as the company missed its first quarter earnings and revenue targets. Management also lowered its 2025 gross profit outlook as it adopted a more cautious stance on the economy.

Thermo Fisher Scientific underperformed amid concerns that proposed U.S.-China tariffs would raise costs and put pressure on 2025 earnings, along with uncertainty around NIH funding and its impact on demand for scientific instruments.

The portfolio sub-manager engaged with Meta on board expansion and declining diversity, DEI policy changes driven by evolving legal contexts, and the goals behind new Instagram Teen Accounts, while the company reaffirmed its commitment to fairness and zero tolerance for discrimination.

River Road

From a sector allocation perspective, an overweight to Information Technology and an underweight to Consumer Discretionary contributed the most to relative performance. Meanwhile, an underweight to Industrials and an overweight to Energy detracted the most.

During the period, the portfolio sub-manager added six positions to the portfolio and liquidated nine. The underweight to Health Care was reduced due to a new position in Elevance Health and the outperformance of Royalty Pharma and Amgen. The overweight to Communication Services was reduced as Cogent Communications Holdings underperformed.

The portfolio sub-manager took environmental, social and governance-related issues into consideration when assessing risks. However, no engagement initiatives were held with companies to discuss such matters during the period. The portfolio sub-manager will soon assess new sustainability reports to identify firms to engage in dialogue over the coming months.

FÉRIQUE International Equity Fund
(10.3% of the Fund as at June 30, 2025)

The FÉRIQUE International Equity Fund posted a net return of 10.4% for the period ended June 30, 2025. Its benchmark, the MSCI EAFE Index, posted 13.8% 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 outperformed its industry median[1], which posted 9.3%, net of fees for the period.

Threadneedle

In the first quarter of 2025, a widespread rotation away from high-growth stocks caused the portfolio to underperform its benchmark due to its bias towards quality and growth stocks. Stock selection weighed on relative returns throughout the period, particularly in Industrials and Financials.

Sector allocation also detracted, mainly due to underweights to underperforming Utilities and Financials. The overweight to Consumer Discretionary also hampered performance. However, the overweight to Communication Services and the underweight to Health Care contributed positively.

At the stock level, a position in Recruit Holdings was the largest detractor. Recruit is a human resource firm that runs the largest online job search engine in the world, underpinned by proprietary algorithms, scale and network. The company is significantly exposed to the United States and suffered from cuts to U.S. public sector jobs initiated by the Department of Government Efficiency (DOGE). Moreover, management downgraded its outlook for non-U.S. businesses. Despite these challenges, the portfolio sub-manager maintains its conviction in the company as its fundamentals remain intact.

Global athletic apparel and footwear company Adidas also weighed on relative performance as the stock was impacted by tariff concerns. The portfolio sub-manager continues to believe in Adidas' global platform, leading brand identity and structural growth opportunities, particularly as the company expands into emerging markets.

Conversely, a position in Capcom contributed positively. The video game developer's share price hit all-time highs in early 2025, partly due to the successful release of its Monster Hunter Wilds game. The portfolio sub-manager continues to believe in the company, which owns a wealth of popular content and boasts world-leading development capabilities. Capcom benefits from gaming's growing popularity thanks to its dominant market position.

During the period, the portfolio sub-manager added SAP, MatsukiyoCocokara, and Shimadzu to the portfolio. SAP, a global leader in enterprise software and business AI, offers strong market positioning and stable revenues. MatsukiyoCocokara, a major Japanese retail pharmacy chain, benefits its digital strategy and partnerships supporting growth across Asia. Shimadzu, a precision instrument and analytical tool manufacturer, is seeing steady demand due to regulatory applications. Meanwhile, Belimo Holding was sold after strong gains and Hoya Corporation was exited to reduce exposure to cyclical stocks amid macroeconomic uncertainty.

Goldman Sachs

Stock selection detracted from portfolio performance due to weak selection in Japan, while regional allocations contributed thanks to an overweight to Europe and an underweight to Japan.

From a sector standpoint, stock selection was broadly negative because of unfavourable picks in Consumer Discretionary and Financials. However, sector allocation added value, driven by an underweight to Consumer Discretionary and an overweight to Financials.

From an individual stock perspective, Societe Generale was the top contributor. The stock has surged on the back of €1.04 billion fourth-quarter net income and a 7% year-over-year revenue increase, surpassing consensus estimates. Societe Generale is expected to deliver on costs and enjoy positive operating leverage as French net interest income and capital markets recover. The company should also maintain its 50% payout policy in 2025 and increase capital returns through stock buybacks in 2026.

Meanwhile, Moët Hennessy Louis Vuitton was the top detractor during the period. The French global luxury conglomerate has access to various markets through its diverse portfolio of brands and products. The portfolio sub-manager exited the position following a series of disappointing earnings results and deteriorating macro signals that undermined the near-term investment case. As a whole, the broader luxury sector has also deteriorated, experiencing weakness across all regions.

Over the period, the portfolio sub-manager exited the position in British packaging company DS Smith as it was acquired by International Paper. It also liquidated holdings in British multinational consumer packaged goods company Unilever after the CEO was unexpectedly replaced in February, raising concerns about management execution and governance.

The portfolio sub-manager invested in Capgemini (French IT services and engineering firm) and Siemens. Capgemini was derated after lowering guidance but presented a buying opportunity ahead of a sector rebound. Siemens, a German industrial conglomerate leader in automation and smart infrastructure, stands to benefit from increased public and infrastructure spending, supported by its strong financial position.

With regard to environmental, social and governance (ESG) matters, the portfolio holds National Grid, a U.K. utility company that may play a key role in decarbonizing the economy. Its transmission grids are enabling electrification and connecting new renewable generation sources to demand centres. Additionally, the electricity grid will require upgrades to meet the growing demand. The company has ambitious ESG performance targets and strong governance and reporting standards and is a UN Global Compact signatory.

Templeton Emerging Markets Fund
(1.9% of the Fund as at June 30, 2025)

For the period ended June 30, 2025, the Templeton Emerging Markets Fund posted a return of 15.6% gross of management fees, compared to 9.7% for its benchmark, the MSCI Emerging Markets Index.

During the period, an overweight to Brazil and an underweight to India, as well as stock selection in both countries and in China, helped relative performance.

Stock selection in Financials, Consumer Discretionary and Health Care contributed the most to relative performance. In Consumer Discretionary, Prosus, a leading global investment company and the largest shareholder of Chinese technology company Tencent, was the top contributor. The company also has ownership stakes in several food delivery platforms. Its share price rallied after management upgraded its guidance for fiscal year 2025, while Tencent shares also performed well amid investor optimism.

Stock selection in Hong Kong and South Korea detracted from relative performance. A lack of exposure to Poland also weighed on returns. Stock picks in Energy, Industrials and Materials drove down relative returns.

Techtronic Industries, a leading power tools and outdoor power equipment manufacturer based in Hong Kong, detracted the most from relative returns. Its share price fell as the United States imposed high reciprocal tariffs on Asian countries and suffered a slowdown in consumer spending.

Other notable contributors included SK Hynix and Alibaba. SK Hynix benefited from optimism around AI-related demand and improved sentiment toward South Korea's tech sector. Alibaba's performance was more mixed, with early tariff concerns and weaker-than-expected earnings.

During the period, Franklin Templeton engaged with companies held in the portfolio 18 times to discuss various environmental, social and governance (ESG) topics ranging from corporate governance to social capital issues.

NEI Emerging Markets Fund
(1.8% of the Fund as at June 30, 2025)

For the period ended June 30, 2025, the NEI Emerging Markets Fund posted a return of 7.7% gross of management fees, compared to 9.7% for its benchmark, the MSCI Emerging Markets Index.

Emerging markets experienced volatility throughout the period as investors took in U.S. President Donald Trump's escalating tariff announcements, which initially targeted China and Mexico before broadening to other trading partners. Despite initial concerns, emerging markets found support from a weakening U.S. dollar, optimism around Chinese stimulus measures and renewed enthusiasm for AI-driven semiconductor demand. By May, market sentiment had improved significantly after the United States and China agreed to a 90-day tariff reduction plan.

In Asia, China's stock market outperformed despite trade tensions with the United States. Information Technology stocks performed particularly well, aided by optimism around the development of low-cost AI models by Chinese start-up DeepSeek, which demonstrated China's capacity for innovation. President Xi's rare meeting with technology business leaders added to investor optimism around government support for private enterprise. The market reacted negatively to the U.S. government's steep tariffs in April, then to the tit-for-tat escalations, but the subsequent 90-day tariff reduction agreement in May sparked a notable rebound. The People's Bank of China supported the economy by cutting its key interest rate by 10 basis points and lowering banks' reserve requirements. Policymakers continued to announce stimulus measures, including steps to boost consumer spending.

In Taiwan, markets experienced mixed fortunes. They suffered in the first quarter as semiconductor stocks faced U.S. tariff concerns but rallied strongly in the second quarter as customers rushed to stockpile semiconductors and components ahead of the U.S. tariff rollout.

In South Korea, equity markets performed well over the period, benefitting from better-than-expected corporate earnings and strong order flows in the defence and shipbuilding industries. The central bank cut rates multiple times during the period, signalling further easing ahead.

In India, shares weakened over the first quarter on disappointing corporate earnings and slowing growth. However, they partially recovered in the second quarter as lower valuations and multiple rate cuts by the Reserve Bank of India attracted foreign investors. Tensions with Pakistan briefly impacted the market in May, but a rapid ceasefire agreement helped stabilize performance.

In Latin America, the Brazilian market outperformed over the period, supported by a stronger real trade surplus data, and discounted valuations. In Mexico, equity markets also outperformed, proving resilient despite U.S. tariff pressures. The country recorded stronger-than-expected trade surpluses as companies frontloaded shipments before tariffs took effect.

In Europe, the Middle East and Africa, South Africa's market made consistent gains throughout the period, outperforming the broader market with support from rising gold prices and bouts of strength from the rand. Polish equities underperformed following the unexpected June election victory of nationalist candidate Karol Nawrocki, reversing gains made earlier in the year.

From a sector allocation perspective, Consumer Staples and Real Estate detracted the most from performance, with an underweight to Consumer Staples and weak stock selection dragging down returns. Conversely, Financials, Energy and Information Technology were the top contributors, with favourable stock picks and a lack of exposure to the Energy sector driving performance.

Allocations to India, China and Taiwan were the top detractors, with stock selection also negative. Allocations to Greece, Saudi Arabia and Argentina helped the most, with positive stock picks and a lack of exposure to Saudi Arabia adding the most value.

Top contributors to performance included SK Hynix, which rose on surging demand for AI memory chips, Eurobank, which benefited from an improved credit outlook, and MercadoLibre, which reported strong results and remains insulated from global tariff concerns. On the other hand, Alibaba detracted from performance amid rising trade tensions, while eMemory Technology fell on tariff concerns and Varun Beverages declined due to margin compression.

During the period, the Sub-Advisor trimmed the position in Eastroc Beverage Group because of its poor environmental, social and governance (ESG) score.

On seven occasions during the period, NEI engaged in dialogue with companies about ESG issues. Most discussions were focused on climate change, risk management, corporate governance, cybersecurity, workplace diversity and talent management. In June, the Sub-Advisor engaged with Indian multinational telecommunications company Bharti Airtel on topics including energy efficiency, gender diversity in management and cybersecurity safeguards.

RBC Emerging Markets Dividend Fund (1.8% of the Fund as at June 30, 2025)

For the period ended June 30, 2025, the RBC Emerging Markets Dividend Fund posted a return of 16.1% gross of management fees, compared to 9.7% for its benchmark, the MSCI Emerging Markets Index.

U.S. trade policy significantly affected emerging markets during the period. In particular, the "Liberation Day" tariff announcements in early April caused a sharp sell-off across markets. A subsequent 90-day pause in reciprocal tariffs then allayed fears and helped markets recover. Countries are now engaging in one-on-one trade negotiations with the United States, meaning global tariff rates should be lower than initially suggested.

In the second quarter, tensions between Iran and Israel escalated after Israel launched missiles against Iran's nuclear and military facilities. These developments caused significant geopolitical volatility, but markets were relatively unaffected by the end of the second quarter, when a U.S.-proposed ceasefire agreement eased fears of a wider regional conflict.

From a regional standpoint, stock selection and country allocation contributed positively to performance. Favourable stock picks in India, Brazil and Taiwan added value. An underweight to India and an overweight to South Africa also helped.

From a sector standpoint, stock selection and allocation both added to performance. Stock picks in Financials and Information Technology bolstered relative performance. An overweight to Financials and an underweight to Information Technology contributed as well.

From an individual stock standpoint, South African multinational internet, technology and multimedia holding company Naspers was the top contributor to portfolio performance during the period. Its strong performance was driven by the continued resilience of its largest portfolio holding Tencent, China's leading digital services company. Furthermore, confidence is building around Naspers' recently appointed management team and their ability to drive operational improvements in the portfolio's non-Tencent segments, particularly in addressing the discount at which Naspers trades relative to Tencent. Conversely, lack of exposure to Chinese electronics company Xiaomi detracted from relative returns. Xiaomi benefited from the strong rally within China's Information Technology sector in 2025.

In the first half of 2025, RBC engaged in dialogue with companies about environmental, social and governance (ESG) matters to discuss a range of topics. One example of a recent engagement is with Taiwan Semiconductor Manufacturing Company (TSMC). During the meeting at the company's Hsinchu headquarters (near Taipei), the Sub-Advisor followed up with management on prior engagements relating to climate change reporting and Science Based Targets initiative (SBTi) commitments. TSMC is yet to commit to SBTi as its net zero target for 2050 currently includes only Scope 2 emissions. Management explained that they are building considerable capacity (more than 10% annually), and therefore emissions are likely to continue to rise in the near term. However, given the company's sizeable investments in renewable sources and the increasing portion of power coming from renewables, they estimate that emissions will peak in 2026. Importantly, management confirmed that once capacity peaks as expected in 2026, the company should be able to commit to SBTi.

FÉRIQUE Global Sustainable Development Equity Fund (4.8% of the Fund as at June 30, 2025)

The FÉRIQUE Global Sustainable Development Equity Fund posted a net return of 2.5% for the period ended June 30, 2025. Its benchmark, the MSCI ACWI Index (CA$), posted 4.7% 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 3.6%, net of fees, for the period.

While the portfolio made gains, it still trailed the rally in its benchmark index in the second half of the period. The allocation to Information Technology contributed to returns, as companies in the software and semiconductor manufacturing equipment industries outperformed and those with industrial end markets rebounded as recession risks faded. Within the sector, Oracle's share price reached record highs in June, supported by strong earnings and revenue growth. Microsoft also contributed positively as its shares rallied on solid quarterly results. Conversely, Marvell Technology underperformed due to uncertainty surrounding its strategic partnerships in cloud infrastructure.

Allocations to Financials and Industrials also contributed to relative returns. An underweight to Consumer Discretionary added value, as consumer sentiment remained muted while portfolio holdings outperformed the benchmark index.

Meanwhile, allocations to Financials and Industrials detracted. The portfolio's Financials holdings rose but lagged the benchmark index in a market dominated by interest rate-sensitive firms and companies expected to benefit from deregulation. The portfolio invests mainly in companies seeking secular growth while delivering consistent returns, such as insurance companies, payment platforms and regional banks. Within the sector, Voya Financial struggled due to market conditions. Similarly, Industrials holdings rose but were impacted by the market's bias towards deep value companies in areas such as aerospace and shipping.

An overweight to Health Care dragged down performance, as the sector has been under pressure due to new U.S. government policies aimed at reducing health care costs. While the sector underperformed, Boston Scientific made solid gains and continued to beat earnings forecasts. However, a position in Thermo Fisher Scientific was negatively impacted by concerns over policy efforts to lower drug costs in the United States.

The portfolio increased allocations to Information Technology, Health Care, Industrials and Consumer Discretionary, while incrementally decreasing allocations to Consumer Staples, Materials and Financials. From a regional standpoint, exposure to North America was increased, but exposure to Europe and Asia was reduced.

During the period, the portfolio sub-manager added a position in ServiceNow, a leading workflow automation solutions supplier and an AI implementer. It introduced Cullen/Frost Bankers to the portfolio for its strong regional presence and resilient growth outlook in Texas, particularly when it comes to maintaining accessibility to financial services. The portfolio sub-manager also capitalized on a valuation reset in the animal health sector to add a position in Zoetis.

Meanwhile, the portfolio sub-manager sold off ASML Holding to reduce exposure to the wafer fabrication equipment industry and exited the position in Cooper Companies to consolidate ophthalmology industry holdings in higher-conviction Alcon.

During the period, the portfolio sub-manager undertook 12 environmental, social and governance (ESG) engagement initiatives with 12 companies on issues relating to climate, nature, social issues (diversity, equity and inclusion) and governance.

FÉRIQUE Global Innovation Equity Fund (4.6% of the Fund as at June 30, 2025)

The FÉRIQUE Global Innovation Equity Fund posted a net return of -1.6% for the period ended June 30, 2025. Its benchmark, the MSCI ACWI Index (CA$), posted 4.7% 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 3.6%, net of fees for the period.

Stock selection detracted the most from relative performance. Weak picks in Health Care, Industrials and Communication Services weighed most heavily on relative returns but were partially offset by stronger selection in Consumer Discretionary. A result of the bottom-up stock selection process, sector allocation also detracted from relative performance during the period. An overweight to Consumer Discretionary and underweights to Financials and Industrials drove down returns while an overweight to Health Care had a positive impact.

At the end of the period, the portfolio was most overweight to Consumer Discretionary and Information Technology and most underweight to Financials and Consumer Staples.

From a stock allocation standpoint, off-benchmark positions in Sweetgreen and Trainline were the top detractors from relative performance. Sweetgreen's stock fell over the period after the fast-casual restaurant chain reported mixed quarterly results on dampening same-store sales growth linked to cautious consumer spending and the L.A. wildfires. On a more positive note, management updated its guidance and plans to open at least 40 new restaurants in 2025, 20 of which will feature their new automated system, Infinite Kitchen.

Over the period, the portfolio sub-manager reinitiated positions in former holdings Mastercard and Tencent Holdings. Mastercard's value-added services are expected to drive significant growth and the company is well positioned to benefit from the accelerating shift to cashless payments. Gaming and social media company Tencent's future remains closely tied to online entertainment trends and China's regulatory environment has improved in recent months.

Meanwhile, the portfolio sub-manager sold off positions in Recruit Holdings and Spotify Technology as their share prices appreciated and offered less upside relative to the valuation target.

The portfolio sub-manager actively engaged with companies held in the portfolio on environmental, social and governance (ESG) matters throughout the period, including with First Solar, a U.S. solar panel manufacturer and utility-scale photovoltaic power plant provider. First Solar will directly benefit from the global energy transition, especially as an innovation leader making next-generation solar technologies such as thin-film photovoltaic modules. Recently, the portfolio sub-manager engaged with the company to develop a better understanding of its corporate strategy. First Solar has encouragingly adapted its approach in response to the current political environment, particularly in light of the new U.S. administration's shift away from clean energy. The company is improving collaboration within the supply chain to emphasize the positive impact of its work on job creation, economic growth and U.S. energy independence.

Recent Developments

FÉRIQUE Canadian Bond Fund
(22.1% of the Fund as at June 30, 2025)

Addenda

In the United States, the positive supply shock is helping keep inflation near the 2% target set by the Fed. Meanwhile, labour productivity continues to experience strong growth. This increased productivity, combined with moderate wage growth, is contributing to bringing inflation down toward the Fed's target. Against this backdrop, the Fed will be able to lower its key rate slightly further in 2025 to ensure it doesn't stifle the job market with restrictive monetary policy.

However, the arrival of the new president at the White House and the Republican takeover of Congress could lead to the implementation of inflationary economic policies like tariffs, which could have consequences for economic activity in Canada. The full impact of the tariffs is hard to measure without knowing their exact details. Addenda will exercise caution and seek to fully understand the repercussions of policy changes if necessary.

The rollback of tariffs since early April has practically eliminated the risk of a recession south of the border in 2025. U.S. economic growth remains moderate, while labour productivity continues to rise. Lower-than-anticipated inflation confirmed that the 10% tariffs applied to most countries had only a limited impact on the economy, as foreign producers and domestic importers were able to absorb some of the costs. On the labour market, job creation is concentrated in two sectors, helping to keep wage growth in check and preventing a significant rise in prices. Given these conditions, the Federal Reserve might ease its monetary policy toward the end of the year, once the labour market shows signs of weakening.

Canada's labour market was most impacted by tariffs in the second quarter of 2025 before bouncing back. Wage growth remains steady, supporting increased household spending. With inflation picking up recently, the Bank of Canada will find it difficult to cut its key rate any further as it has already begun easing monetary policy, with rates now at their long-term level. Productivity growth remains weak, putting price stability in the country at risk.

Over the coming months, inflation is expected to remain steady in the United States. However, the current geopolitical environment is driving significant uncertainty in crude oil prices. A negative supply shock to global production could drive prices up sharply, with consequences for financial markets and economic growth in the United States.

In Canada, a hike in the existing tariffs could put pressure on economic activity. The impact of changes in U.S. economic policy on the Canadian economy remains difficult to predict.

Given the increased uncertainty around the economic and geopolitical landscape, the portfolio manager will take a cautious approach to managing the portfolio through year-end.

Baker Gilmore

The outlook for the current economic cycle remains highly uncertain due to the rise and fall of U.S.-driven trade tensions, escalating geopolitical conflicts, monetary tightening aimed at fighting persistent inflation, expansionary fiscal policies and the lasting impact of the pandemic. While global inflation has diminished and wage increases are outpacing consumer price growth, inflationary pressures remain. In addition, the financial health of households is beginning to erode as excess savings built up during the pandemic dwindle, potentially slowing consumer spending.

While a recession has been avoided so far and growth has exceeded expectations, the risk of stagflation is on the rise. The growing number of geopolitical conflicts is prompting many countries to ramp up defence spending, which will lead to sustained public deficits. Meanwhile, supply chain disruptions continue to put upward pressure on prices worldwide, while geopolitical tensions and climate change have disrupted migration patterns and unsettled global economic stability.

In the United States, the recent election of a new president has intensified economic uncertainty. The promised tax cuts and increased military spending are expected to increase the public deficit, while the growing wave of tariffs and trade restrictions could reignite inflation and stall growth. From a fiscal standpoint, the planned spending cuts won't be enough to offset the costs of the new tax and military measures. The shift toward protectionism in U.S. trade policy is putting additional pressure on supply chains and input costs.

Canada is particularly vulnerable in this situation due to its exports to the United States, which could be targeted by fresh tariffs, potentially undermining business confidence and slowing investment. However, in a multipolar world, Canada's natural resources sector has benefited from higher commodity prices despite a recent slowdown in some sub-sectors. Global demand for these resources is expected to remain strong until progress is made in the transition to renewable energy. Accordingly, many market players agree that building more pipelines to Canada's coasts is essential for the country to export its oil to international markets. However, a significant increase in investment is necessary, posing a challenge amid growing federal and provincial deficits that threaten Canada's solvency.

In this context, the portfolio manager is maintaining a cautious strategy, with duration below the benchmark and an underweight position in long-term bonds seen as vulnerable to a steeper yield curve. The weighting of provincial bonds is neutral, while Utilities and Industrials are underweight and Financials and asset-backed securities are overweight. The portfolio retains exposure to real return bonds, which remain attractively valued, as inflation in Canada is expected to stay above the 2% target in the medium term.

Yields on Canadian government bonds remain low compared to their peers despite common challenges like persistent inflationary pressure driven in part by strong wage growth, current high public deficits and expectations of substantial public debt issuance. The portfolio is holding U.S. and U.K. government bonds for this reason.

FÉRIQUE Global Sustainable Development Bond Fund (9.0% of the Fund as at June 30, 2025)

AlphaFixe Capital

Over the last half-year period, the instability caused by Donald Trump's trade policies had a major influence on economic and financial conditions in Canada and the United States. In April, the announcement of so-called reciprocal tariffs targeting over a hundred countries sent shockwaves through financial markets and disrupted the global economic order.

The U.S. government backed these measures, which aimed to rebalance trade, boosting local production and funding tax cuts using tariff proceeds. The U.S. economy rapidly felt the consequences. The U.S. trade deficit peaked in March as companies rushed to place foreign goods orders ahead of the new tariffs.

Tariff uncertainty also weighed on the labour market, as more companies resorted to significant layoffs. Overall, the economy continues to create jobs despite a slowdown.

Amid the volatility, the financial markets managed to rein in the ambitions of the U.S. government. The sharp market decline forced the Trump administration to backtrack, as it granted 90-day reprieves to all countries targeted by the April tariffs. Even China received a 90-day pause, despite facing 145% tariffs.

In Canada, U.S. tariffs—particularly on steel, aluminum and automotive products—led to a rapid deterioration of economic conditions.

The effects on employment were mainly seen in the sectors targeted by tariffs, while GDP rose artificially due to stockpiling and a temporary boost in trade before the tariffs kicked in. In a preventive move, the Bank of Canada lowered its key interest rate twice early in the year, then held it at 2.75% at its last two meetings. The central bank remains watchful for a possible rise in core inflation above 3%, but prefers to let the economy adjust before considering further moves. The slowdown remains confined to sectors directly affected by tariffs, while employment is holding up well in areas linked to consumer discretionary.

In summary, the first half of the year was marked by unprecedented political and trade instability, which triggered a major supply shock and intensified inflationary pressures. Canada and the United States continue to face the risk of stagflation—a combination of slowing growth and persistent inflation. Against this backdrop, upcoming policy decisions will be crucial and could either exacerbate tensions or help restore stability.

Given the high level of uncertainty, the portfolio sub-manager opted to limit risk-taking and adopt a prudent management approach. The portfolio sub-manager is waiting for more attractive risk premiums and higher rates before increasing the portfolio's exposure to risk assets.

BMO Global Asset Management

Bond yields are expected to experience downward pressure as slowing inflation has allowed central banks to start their monetary easing cycles by cutting interest rates. Both the Fed and the Bank of England still maintain a restrictive monetary policy while the ECB has reached neutral territory but could cut rates further given the ongoing disinflation in Europe. With the current yield levels, the portfolio manager has a favourable bond outlook and believes that valuations are still attractive in light of the recent yield rally. As central banks will likely cut their key interest rates and term premiums are expected to increase, the portfolio manager will continue to position the portfolio to outperform if the yield curve steepens.

Looking forward, the portfolio manager will maintain a cautious approach regarding corporate bonds. While fundamentals are good (corporate leverage remains historically low and many companies are benefiting from high levels of bank capital), valuations relative to government bonds have cheapened only modestly since February 2025, and they remain tight by historical standards.

FÉRIQUE Globally Diversified Income Fund (7.5% of the Fund as at June 30, 2025)

The first half of 2025 was marked by significant geopolitical events, like ongoing conflicts in the Middle East and Ukraine, that brought volatility in commodity prices. Instability worsened following President Trump's inauguration, especially when he announced broad tariffs in early April, leading to escalating trade tensions, higher market volatility and increased recession risk. These tariffs were put on hold in May, which largely dispelled investors' fears of a recession in the United States and worldwide.

Despite central bank efforts to stimulate the economy, growth remained weak in the eurozone and the United Kingdom. In China, while the economy grew by 5.4% in the first quarter of 2025, the real estate slowdown weighed on household spending. The Chinese government announced new stimulus measures in March to bolster the economy, after several failed attempts to drive growth in 2024.

U.S. economic growth remains moderate and labour productivity continues to rise. Lower-than-expected inflation has shown that the 10% tariffs imposed on most countries had little impact on the economy, as foreign producers and U.S. importers were able to absorb some of the costs. In the labour market, job creation was concentrated in two sectors, limiting upward pressure on both wages and prices. Against this backdrop, the U.S. Federal Reserve could ease its monetary policy towards the end of the year, when the labour market shows signs of flagging.

In Canada, the job market was hit hardest by tariffs in the second quarter of 2025 before recovering rapidly. Wage growth remains strong, helping to drive up household spending. The recent pick-up in inflation means that the Bank of Canada will have a tough time lowering its key interest rate any further now that it has started to loosen its monetary policy, as the rate is already at its long-term level. Productivity growth remains insufficient and threatens price stability in the country.

Inflation is expected to remain stable in the United States over the coming months. However, the current geopolitical context is creating considerable uncertainty in crude oil prices. A negative supply shock on world production could push prices higher, which will have implications for financial markets and economic growth in the United States. In Canada, any increase to the tariffs currently in place could weigh on economic activity. Predicting how changes in U.S. economic policy would affect Canada is a complicated matter.

Looking forward, the portfolio manager will manage the portfolio cautiously for the remainder of the year due to heightened uncertainty. It will hold a modest cash allocation and look for tactical opportunities to redeploy it by adding positions in global fixed-income securities. The portfolio manager will also maintain an overweight position in Canadian bonds with short maturities. The portfolio will benefit from a long position as yields are expected to decline from current levels. The portfolio manager maintains a modest allocation to high-yield bonds and preferred shares to capture additional yield.

The portfolio manager plans to add to the portfolio's global bond allocation to improve diversification and returns as global credit spreads widen relative to Canadian spreads. As for Canadian equities, due to the current market uncertainty, the equity portion of the portfolio is invested in a mix of cyclical and defensive stocks with a focus on quality companies trading at attractive discounts relative to their intrinsic value.

FÉRIQUE Canadian Dividend Equity Fund (15.6% of the Fund as at June 30, 2025)

Markets were very volatile throughout the period due to trade tensions and tariff uncertainty brought on by the new U.S. administration. Trade uncertainty and concerns over slowing economic growth caused equity markets and some highly priced sectors to pull back early in the year.

In early April, markets rebounded sharply after the United States announced new tariffs on imports from most countries. Against this backdrop, global central banks, including the U.S. Federal Reserve and the Bank of Canada, maintained a cautious monetary policy and announced they will make key interest rate decisions based on incoming economic data.

While inflation has generally come down within central banks' target ranges, investors are concerned that new U.S. tariffs might drive prices higher, causing challenging conditions for policymakers. Market volatility is expected to remain extremely high in the coming months due to a heightened focus on tariffs, trade wars, interest rates and renewed geopolitical instability in the Middle East.

The Fund is structured to take advantage of mispricing opportunities in higher quality holdings, while benefitting from their attractive and growing dividends, especially in a lower-rate environment. It maintains a smaller allocation to higher-potential, out-of-favour companies that should prove beneficial.

Looking ahead, the Fund is expected to benefit from a repricing of its undervalued holdings and from an above-market dividend yield, all while protecting capital through its dual focus on quality and value.

FÉRIQUE Canadian Equity Fund (10.3% of the Fund as at June 30, 2025)

CC&L

During the first half of the year, equity markets were significantly affected by tariff uncertainty, slowing economic activity in the United States and Canada and developments in artificial intelligence. Throughout the period, the escalating U.S.–Canada trade war heightened recessionary concerns, prompting increased volatility in equity markets. The possibility of future tariffs was a looming concern and undermined consumer confidence.

Despite falling mortgage rates, activity on the Canadian housing market slowed over the period, suggesting a weaker underlying economic backdrop. Amid these headwinds, Canadian equity markets significantly outperformed their U.S. counterparts. This relative strength reflects Canada's cheaper starting valuation and favourable sector composition, characterized by greater exposure to gold and less exposure to technology, which provided a natural hedge in this uncertain environment.

Amid heightened tariff and growth concerns, defensive sectors outperformed their cyclical counterparts in the Canadian market over the period. The gold industry was by far the top-performing sector. Additionally, investor sentiment responded to the launch of DeepSeek, a Chinese-made AI model developed at a significantly lower cost than U.S.-built counterparts. This efficiency breakthrough created uncertainty regarding investments in technology stocks. As a result, Information Technology was one of the worst-performing sectors over the period.

The current economic environment remains highly uncertain. New tariffs, escalating geopolitical tensions and the disruptive emergence of DeepSeek have created a complex and challenging macroeconomic backdrop. Recession risks have increased substantially. The portfolio sub-manager remains concerned about the potential for U.S. and Canadian inflation to reaccelerate in the coming quarters.

In this context, market volatility is expected to stay high. The portfolio favours high-quality, stable companies able to achieve resilient growth. It is most overweight to businesses capable of delivering above-average earnings growth regardless of the macroeconomic backdrop. As markets react to policy headlines, the portfolio sub-manager will look to selectively add to quality growth holdings that have been indiscriminately sold.

Franklin Templeton

In early 2025, initial optimism drove the Canadian market to an all-time high. However, this sentiment quickly faded due to rising political tensions and evolving tariff wars. Investors concerned about housing affordability and stalling productivity started to worry about the scope, magnitude and duration of tariffs and a host of related issues such as diversifying export markets, including for Canadian energy.

Canadian equity markets showed varied performance in the second quarter. At the beginning of the quarter, concerns regarding "Liberation Day" tariffs led investors to price in diminished growth prospects for the Canadian economy. This sentiment shifted later as a broader equity rally took hold, supported by a temporary pause in tariff implementation. Investor sentiment also fluctuated between safe-haven assets like gold and more cyclical commodities such as crude oil, influenced by geopolitical developments and ongoing instability in the Middle East. Despite the rebound, uncertainty around the duration and impact of tariffs continues to weigh on consumer and business confidence.

The portfolio sub-manager continues to invest in resilient and predictable companies and in businesses facing challenges and uncertainties whose lower share price already discounts the increased risk. Amid heightened risk, probabilistic thinking becomes even more valuable in evaluating the odds of various future scenarios, directly impacting risk/reward assessments. The portfolio sub-manager will use this strategy to capitalize on attractive opportunities while benefitting from superior predictability and downside protection.

FÉRIQUE American Equity Fund (9.4% of the Fund as at June 30, 2025)

Columbia Threadneedle

The U.S. stock market experienced very high volatility during the period as investors reacted to the new Trump administration, with concerns over significantly higher tariffs and growing recession fears.

While AI-related stocks briefly pulled back in the first few months of 2025 (after leading the way through much of 2024), enthusiasm for AI returned and helped counter recent volatility, driving the market's rebound.

Throughout the period, the portfolio sub-manager made no significant changes to the portfolio while taking advantage of attractive opportunities created by the recent market volatility. Companies with attractive long-term investment outlooks meeting the Fund's investment criteria that had sold off were added to the portfolio. These acquisitions were funded by liquidating holdings whose share price fell and fundamentals deteriorated.

Looking forward, the portfolio sub-manager will closely monitor the direction of tariffs and their effects on inflation, consumer purchasing power and the broader economy.

When assessing the impact of tariffs on a company, priority is given to margins and earnings based on the percentage of U.S. sales that are sourced overseas. Next, the dollar impact of tariffs is considered to determine the price increases that would be necessary to offset them. The ability of the company to move manufacturing to the United States or other potentially lower tariff jurisdictions is also taken into account. Meanwhile, the portfolio sub-manager engages in conversations with the companies themselves to discuss their strategy.

The portfolio's positioning is mainly determined by the portfolio sub-manager's fundamental, bottom-up stock selection strategy. Columbia maintains a balanced portfolio and favours companies able to grow their earnings in tough economic environments.

River Road

Equity markets rallied strongly in May as U.S. President Donald Trump temporarily suspended the implementation of new, draconian tariffs for negotiators to work out a more balanced solution. Meanwhile, Congress moved forward on a budget that was much more supportive of the economy than expected. Against this backdrop, investor sentiment improved, and fears of recession eased.

Although inflation moderated, the employment data was mixed. First quarter earnings reports supported the market move as well, but comments from management highlighted that the current environment is fraught with massive uncertainty.

Growth stocks sharply underperformed in the first quarter before closing much of the gap in the second quarter. However, small cap stocks continued to underperform. Through the end of May, there was little difference between dividend-paying stocks and their non-paying counterparts.

As expected, President Trump quickly initiated a wide array of policy changes focused on regulation, national security and trade. The minority Democrats can only delay, but not block, significant changes to U.S. fiscal policy. Spending cuts do not appear to be on the table in 2025, which should mitigate the adverse economic impact of tariffs and give time for lower tax rates and reduced regulations to spur economic growth. With recession fears easing, odds are low that the U.S. Federal Reserve (Fed) will cut interest rates in the near term. In fact, should inflation remain low, the central bank might even consider increasing rates later in 2025.

Dividend stocks will benefit from the current market environment while long-term rates could fluctuate considerably. The potential for key rate cuts by the Fed will likely keep yields from moving meaningfully higher, which should support higher-yielding stocks relative to the rest of the market.

The portfolio sub-manager believes that the U.S. administration will continue to foment uncertainty, which could unsettle investors and drive them toward defensive, high-quality dividend stocks. Dividend cuts might present a significant challenge to dividend investors in 2025 as firms carrying significant leverage could struggle amid lower margins and declining cash flow. As a consequence, the portfolio sub-manager will continue to focus on cheaper, more defensive sectors but may turn to high-quality cyclical sectors if their valuations fall significantly.

FÉRIQUE International Equity Fund
(10.3% of the Fund as at June 30, 2025)

Threadneedle

Concerns about U.S. trade policy significantly impacted market sentiment during the period as U.S. President Donald Trump unveiled new import tariffs on most major U.S. trading partners. Some of these countries retaliated in kind, causing investors to worry about slowing global growth and rising inflation. Markets were especially volatile in April after larger-than-expected "reciprocal tariffs" were imposed on more countries than anticipated. Equities then rebounded when the President called a 90-day pause on most of the harshest tariffs. Later in the period, risk appetite further improved as news of a U.S.–U.K. trade deal spurred hopes for similar agreements, and the United States and China agreed to temporarily reduce their bilateral tariffs.

European equities fared particularly well as countries in the region pledged to increase defence spending. Notably, the new German government launched a historic fiscal stimulus package by altering a constitutional debt brake restricting budget deficits that had been in place since the Global Financial Crisis. U.K. equities also outperformed but Japanese stocks lagged, with the export-heavy Japanese stock market hindered by a stronger yen.

The new U.S. administration drove geopolitical and market uncertainty during the period. This turmoil is not expected to abate in the near term as macroeconomic headwinds have recently increased.

Nonetheless, the portfolio sub-manager remains bullish on equities as high-quality, well-managed companies should continue to perform well over the longer term. Companies with strong fundamentals that have weathered the challenging operating environment of the past few years will likely continue to outperform. Against this backdrop, the portfolio sub-manager plans to take advantage of volatility to add to high-conviction holdings.

The portfolio sub-manager also believes that portfolio diversification will remain key, particularly as investments to tackle issues such as decarbonization, deglobalization and energy efficiency may create broader opportunities for earnings growth. The portfolio sub-manager seeks to maintain a diversified portfolio of quality multi-year compounders with pricing power and less gearing to the broader economy. Using a bottom-up strategy, it strives to find such quality growth companies across a range of sectors and regions.

Goldman Sachs

International markets performed strongly early in the period on the back of an improving economic outlook in Europe and prospects of increased fiscal stimulus and defence spending. European equities outperformed their U.S. counterparts for the first time in two years, as investors rotated out of highly concentrated megacap information technology stocks and into other areas. Markets experienced significant volatility due to tariffs and geopolitical events. Germany's post-election shift toward aggressive fiscal stimulus was well received by markets and contributed to a more optimistic growth outlook. Value stocks outperformed their growth counterparts, while smaller companies lagged amid rising concerns around trade tensions and inflation. According to the European Central Bank, the economy remains vulnerable to external shocks, particularly from U.S. trade tensions.

Japanese markets declined in the first quarter of 2025 due to uncertainty around the U.S. administration's approach to trade policies. Investors' concerns were amplified by a new 25% U.S. tariff on vehicles. Heightened risks of a recession in the United States further drove a sell-off among Japanese exporters. As the period progressed, Japanese shares rose significantly due to easing concerns about an economic downturn.

Markets have experienced substantial volatility due to economic, political and geopolitical uncertainty and may continue to do so through 2025. New realities that emerged early last year (including elevated geopolitical risks and megatrends that are rapidly transforming industries) make up for a complex combination of evolving opportunities and risks in global markets.

Against this backdrop, the portfolio sub-manager will seek to add exposure to stable cyclical stocks while maintaining the portfolio's yield and value characteristics. As tariff negotiations evolve, it will opportunistically add cyclicals that have derated and lock in profits from outperforming defensive stocks amidst market volatility while favouring local brands and production. The portfolio sub-manager will also seek to broaden the portfolio's equity exposure by investing in smaller names and other international markets. It remains positive on structural economic drivers in Europe and corporate governance reforms in Japan.

Templeton Emerging Markets Fund
(1.9% of the Fund as at June 30, 2025)

Emerging market equities rose over the first quarter of 2025. Investor sentiment fluctuated as fears of broad U.S. tariffs gave way to temporary relief and optimism about delays and the possibility of a more targeted approach. Still, investors showed some weariness over the impact of a trade war on global economic growth.

Moving forward into 2025, markets are expected to remain volatile for the time being. Geopolitics and tariffs have dominated headlines, and emerging equities have been rocked by each new development. As a long-term investor, the Sub-Advisor still sees pockets of optimism despite the uncertainty.

In light of U.S. President Trump's "Liberation Day" announcement in early April, in which he introduced sweeping new tariffs, global equities experienced significant volatility and turbulence. Global supply chains were disrupted and economies will take time to recover from the shock. The Sub-Advisor believes that most listed companies in emerging markets will not be significantly impacted, except in the electronic manufacturing industry.

U.S. tariffs clearly intend to restore U.S. production. However, U.S. wages are too high relative to emerging markets for this to be sustainable in the long run. The U.S. government may soon realize that tariffs alone will not be enough to achieve this goal. Other solutions will be needed to turn around the U.S. manufacturing sector.

Brazil's equity market appears to be on the mend. The central bank was expected to cut rates during the period but kept them steady. Investors are now bracing for interest rate hikes in the near term. Taking a longer-term view, this may push the country's high inflation rate down.

In India, the equity market corrected and the Sub-Advisor seized attractive opportunities, trimming positions in companies whose share price soared—for instance, in the banking sector—while adding new positions. The Sub-Advisor remains highly selective with regard to Indian equities.

While investor concerns about monetization linger, AI remains a strong growth area. This evolving technology should be beneficial for South Korea and Taiwan, where several large semiconductor companies that are key to driving AI development are located. This has flowed through to Chinese internet companies, which have benefitted as they progress with AI.

Given this backdrop, the Sub-Advisor continues to follow a long-term, bottom-up strategy that favours companies with long-term earnings power. This will drive returns as the investment environment evolves.

NEI Emerging Markets Fund
(1.8% of the Fund as at June 30, 2025)

The tariffs announced by the U.S. President were broader and steeper than anticipated, targeting more countries at higher rates. Global trade flows are now at greater risk, and markets are expected to remain volatile as countries respond with retaliatory tariffs or seek negotiated solutions. The U.S. President has left room for tariff reductions that is contingent on countries reducing their trade surpluses with the United States or lowering barriers. A new era of elevated protectionism appears to be emerging.

NEI believes that tariffs are not the end game, but rather a negotiation tool to establish what the U.S. President views as fairer trade. Higher baseline tariffs may remain, but the excesses are likely to be negotiated down. For this reason, NEI maintains a cautious stance and tactically upgrades the portfolio's quality through purchases and sales. Markets such as South Korea and Taiwan, which are heavily reliant on global trade, are particularly vulnerable. Against this backdrop, the Sub-Advisor reduced the portfolio's Information Technology exposure ahead of these developments. If China implements the stimulus measures signalled late last year, domestically focused companies may benefit from policy support while remaining insulated from trade disruptions. Confidence has also been supported by signs of regulatory easing, including the new Private Economy Promotion Law aimed at encouraging private sector growth.

China's economic challenges persist, including deflationary pressures, a struggling property sector and subdued consumption. Geopolitical tensions have further exacerbated these issues. However, recent fiscal stimulus announcements, following the largest monetary easing since the pandemic, could help support investor sentiment. Execution will be key. NEI will look for any details that may drive demand and economic activity. A sustained focus on reducing credit and property-related risks would be a welcome structural shift. Going forward, the scale and effectiveness of stimulus measures will be assessed by their impact on consumer spending, savings behaviour and property prices.

Taiwan and South Korea remain at the forefront of global trade risks, given their reliance on export-driven growth and sensitivity to tariffs. However, if trade negotiations progress, strong structural demand driven by AI, smartphones and automotive technology should present investment opportunities. Government initiatives to strengthen supply chains should also provide medium-term support.

India's coalition government is continuing its reform agenda by focusing on infrastructure investment and expanding the country's manufacturing sector, which is attracting private capital expenditure and foreign direct investment. The government is also boosting consumer spending and has kickstarted a new property and credit cycle that, over the longer term, should be underpinned by favourable demographic trends. Targeted funding has been allocated to close the skills gap, a key voter concern, which should drive long-term productivity gains.

Southeast Asian economies remain relatively resilient, thanks to strong domestic demand, rising foreign investment and proactive government initiatives. External shocks, notably due to U.S. trade and monetary policy, remain critical risks. In Indonesia, the central bank has committed to aggressive intervention to stabilize the currency and restore investor confidence. In Malaysia, ongoing policy reforms and investment inflows have provided a stable foundation for growth.

In Europe, Poland stands out as its stock market is supported by sound fundamentals and improving investor sentiment. Inflation is easing across emerging Europe and central banks are starting to contemplate cutting rates. The broader region could also benefit from greater geopolitical stability, with the potential for a "peace dividend" should tensions in Ukraine ease.

In Latin America, Brazil's central bank raised interest rates aggressively to fight inflation and may keep hiking them in the near term. Elevated interest rates are weighing on growth, especially in a market with a large portion of floating-rate loans. Concerns persist about the government's fiscal direction, as its policies may worsen long-term sustainability.

In Mexico, the aftermath of the U.S. presidential election brought new uncertainties around remittance flows, evolving trade relationships and the nearshoring trend. Remittances, which are crucial for household incomes, could be pressured by tighter U.S. immigration policy. Trade uncertainty may delay business investment as companies reconsider capital allocations for nearshoring projects amid evolving U.S.–Mexico relations.

Despite persistent macroeconomic challenges in both Brazil and Mexico, equity markets appear to be pricing in significant downside risk. Valuations are at or near historic lows, presenting upside potential should the macroeconomic environment improve. Going forward, currency moves, fiscal discipline and trade policy developments will drive market performance.

RBC Emerging Markets Dividend Fund (1.8% of the Fund as at June 30, 2025)

In the first half of 2025, equity market leadership markedly reversed, with emerging markets and other global markets outperforming their U.S. counterparts. Simultaneously, the U.S. dollar experienced a bout of weakness following a prolonged period of strength.

Investors wondered if the paradigm had shifted and if emerging equities were at the start of a period of sustained outperformance. Currency moves and growth outlooks supported this view.

Emerging and developed market equities tend to move in supercycles: since 1989, there have been two extended periods of emerging market outperformance and two long periods of underperformance.

Headwinds that held back emerging equities in the last cycle are now reversing into tailwinds. Notably, the direction of the U.S. dollar has been overvalued for some time and remains considerably stretched despite the recent weakness. Assets are starting to incrementally shift away from the United States, as investors are confronted with both fiscal and current account deficits as well as tariffs that are expected to be particularly harmful to the U.S. economy. Meanwhile, emerging currencies are well positioned to continue to perform well, driven by attractive valuations, high real rates and strong current accounts.

Both corporate earnings and relative emerging market growth are improving from cyclically low levels thanks to rising productivity, structural reforms and growth-friendly fiscal policies. Emerging economies are expected to account for approximately 70% of global GDP growth in the coming years, while earnings growth for emerging market technology companies is surpassing that of their U.S. counterparts.

Most emerging markets have relatively low exposure to U.S. tariffs. For China, exports to the United States represent only 2.5% of GDP. Mexico and Latin America as a whole could emerge as relative winners from U.S. tariffs and stricter controls on Asian economies. More broadly, trade between emerging economies is surging, reflecting a decoupling from the United States.

Despite this positive outlook, emerging equities continue to trade at a historically wide discount to developed market equities and remain underrepresented in portfolios.

FÉRIQUE Global Sustainable Development Equity Fund (4.8% of the Fund as at June 30, 2025)

The first half of 2025 was characterized by rapidly changing narratives and significant market volatility. Nevertheless, global equities still made gains, with the S&P 500 reaching new highs in the United States. However, a weaker U.S. dollar negatively impacted returns for non-U.S. dollar investors.

Investors had to navigate a range of challenging issues over the period, including tariffs, geopolitics, DeepSeek's AI model launch, European defence spending, China's stimulus efforts and U.S. budget negotiations. Overall, markets proved more resilient than anticipated in the face of uncertainty and volatility. Equities were supported by resilient U.S. economic data, generally strong corporate earnings and the prospect of further fiscal and monetary stimulus in the United States, Asia and Europe. Market leadership generally widened, although value and cyclical stocks tended to outperform their higher quality, defensive counterparts.

While the inflation outlook remains uncertain, recession fears have faded. U.S. bond yields were volatile over the first half of 2025 but saw minimal changes at period close. Given current valuations and the strong market rebound since the U.S. president announced the "Liberation Day" tariffs in early April, markets are supported by earnings expectations and are expected to remain range-bound over the rest of the year. This should give rise to a fertile investment environment for active investors willing to selectively pursue opportunities across market capitalizations, sectors and regions.

Stock markets rallied in the second quarter due to easing trade tensions and expectations of tax cuts and fiscal stimulus in the United States. However, while trade negotiations are progressing, the geopolitical environment is likely to remain uncertain and volatile. Against this backdrop, the portfolio sub-manager continues to favour companies with resilient business models and predictable returns, while seeking to maintain a balance between inherently defensive companies that should perform well in a volatile market, and those with exposure to secular growth opportunities in cyclical sub-sectors.

The portfolio has limited exposure to segments of the market that are likely to be most negatively affected if uncertainty persists. As a result, the portfolio is materially underweight to Consumer Discretionary and has minimal exposure to the sector. Conversely, the portfolio's structural bias toward defensive areas of the market—including the Health Care sector and select Materials companies in industries such as industrial gas and natural ingredients—should support the portfolio during bouts of volatility.

The portfolio sub-manager maintains strong conviction in several underappreciated portfolio holdings, including beneficiaries of European infrastructure investment, select Health Care companies producing medical devices used in care settings—which are less affected by policy uncertainty affecting the sector—and higher-quality defensive Financials that have been out of favour relative to the primary beneficiaries of U.S. deregulation. Finally, the portfolio invests in several recruitment platforms, data analytics providers, exchange operators and logistics companies that can capture either revenue or cost opportunities through clear AI implementation.

FÉRIQUE Global Innovation Equity Fund
(4.6% of the Fund as at June 30, 2025)

Global equity markets faced persistent volatility over the period, driven by mounting macroeconomic concerns. Against this backdrop, the portfolio sub-manager continued to seek investment opportunities in innovative stocks that lean into structural trends. Artificial intelligence (AI) has been one of the most significant innovations in recent years and has the potential to revolutionize many industries. The portfolio sub-manager believes that penetration rates and use cases of this disruptive technology will continue to grow.

As a result, the portfolio is significantly invested in cloud services providers such as Microsoft, Amazon and Alphabet and AI enablers including NVIDIA, Taiwan Semiconductor Manufacturing Corporation and Broadcom. AI enablers are companies that supply the technology, infrastructure, tools and services needed to build, deploy and scale AI systems.

Expectations have shifted in the hardware and semiconductor industries amid growing concerns over the pace of capital investment into AI infrastructure. This reset proved beneficial for the portfolio as valuations in the sector became more attractive to long-term investors. Over time, the market is expected to increasingly favour AI application and cloud services companies at the expense of AI enablers as business models leveraging AI develop.

In addition to capitalizing on the AI megatrend, the portfolio sub-manager is investing in innovative companies across other sectors. For instance, the portfolio sub-manager recently added a position in real estate investment trust (REIT) Welltower, which operates senior and wellness housing communities in the United States, the United Kingdom and Canada. The company is set to benefit from accelerating demographic trends over the long term. It also stands to grow thanks to rising seniors housing occupancy rates and acquisitions amid industry consolidation. As a health care REIT, Welltower will also support portfolio performance over the short term amid falling interest rates.

With tariff-induced volatility rocking markets in recent months, the portfolio sub-manager reduced exposure to companies that are highly sensitive to macroeconomic fluctuations, including Amazon and Keyence.

The portfolio remains overweight to Consumer Discretionary, Information Technology, Health Care and Real Estate to help it weather an economic slowdown as companies within these sectors should be able to grow through a downturn.

The benchmark index for the Balanced Portfolio was changed to better reflect its investable universe. The new benchmark index reflects the performance of a benchmark portfolio invested 28.0% in the FTSE Canada Universe Bond Index, 12.0% in the Bloomberg Barclays Global Aggregate Index (CA$ hedged), 18.0% in the S&P/TSX Composite Index and 42.0% in the MSCI All Country World ex-Canada Index (CA$). Previously, the benchmark index reflected the performance of a benchmark portfolio invested 30.0% in the FTSE Canada Universe Bond Index, 10.0% in the Bloomberg Barclays Global Aggregate Index (CA$ hedged), 25.0% in the S&P/TSX Composite Index, 15.0% 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$). In line with the new benchmark, the Portfolio's target allocation was revised in July. The allocation between fixed income (40%) and equity securities (60%) remains the same.

The benchmark index for the Global Sustainable Development Bond Fund was changed to better represent the universe of eligible foreign securities consistent with the Fund's objectives. The new benchmark index reflects the performance of a fixed-income portfolio invested 50% in Canada (50% in the FTSE Canada Short Term Overall Bond Index and 50% in the FTSE Canada Mid Term Overall Bond Index) and 50% in foreign markets (Bloomberg Global Aggregate Green Social Sustainability Bond Index, CA$ hedged). Previously, the benchmark index reflected the performance of a fixed-income portfolio invested 50% in Canada (50% in the FTSE Canada Short Term Overall Bond Index and 50% in the FTSE Canada Mid Term Overall Bond Index) and 50% in foreign markets (ICE Global Non-Sovereign Index, CA$ hedged).

The benchmark index for the Globally Diversified Income Fund was changed to better reflect the equity universe targeted by the Fund's objective. The Fund reflects the returns of a target portfolio invested 30% in the FTSE Canada Short Term Overall Bond Index, 60% in the Bloomberg Barclays Global Aggregate Index (CAD hedged) and 10% in the S&P/TSX Composite Dividend Index (formerly Dow Jones Canada Select Dividend Index).

The benchmark index for the Global Sustainable Development Equity Fund was changed to better reflect the original universe of eligible equities guiding the Manager's strategy in line with the Fund's objective. The benchmark index is the MSCI ACWI Index (in Canadian dollars). The former MSCI ACWI Sustainable Index will be kept as a secondary benchmark to reflect the performance associated with the sustainable development theme, in keeping with the Fund's objective.

IRC: The mandate of Mrs. Louise Sanscartier ended on March 31st, 2025. Mr. Yves Frenette was appointed Interim President starting April 1st, 2025. Mr. Yves Frenette has temporarily withdrawn from the IRC as of June 3rd, 2025 and submitted his resignation as member of the IRC as of June 13th, 2025. Mr. Sylvain Piché has been appointed as IRC Interim President from June 3rd to June 6th, 2025 and as IRC President as of June 6th, 2025. Mrs. Hélène Bond has replaced Mrs. Sanscartier as a member of the IRC under a three (3)-year term, starting April 1st, 2025. The IRC has taken the necessary steps to fill the vacancy as soon as possible.

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 period ended June 30, 2025, Addenda did not enter into any Related Party Transactions as it pertains to the management of the money market portion of the FÉRIQUE Balanced Portfolio.

For the period ended June 30, 2025, 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 period ended June 30, 2025, 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 Sustainable Development Bond Fund. However, BMO Global Asset Management, which manages part of the Fund, traded currency forward contracts with a related party. The Independent Review Committee is of the opinion that the actions proposed by the manager achieve a fair and reasonable result for the unitholders of the Fund.

Two cross-trades non-compliant with applicable regulations and investment policies took place between the FÉRIQUE Sustainable Global Bond Fund and other funds managed by Columbia Threadneedle Management Limited (CTML), the sub-advisor of BMO. No financial loss was incurred by the Fund. In accordance with applicable regulations, the IRC was notified of the situation. BMO and CTML have implemented corrective measures to prevent recurrence.

For the period ended June 30, 2025, Addenda did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Globally Diversified Income Fund.

For the period ended June 30, 2025, Lincluden did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Canadian Dividend Equity Fund.

For the period ended June 30, 2025, 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 period ended June 30, 2025, 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 period ended June 30, 2025, Threadneedle and Goldman Sachs did not enter into any Related Party Transactions as pertains to the management of the FÉRIQUE International Equity Fund.

For the period ended June 30, 2025, Franklin Templeton did not enter into any Related Party Transactions as it pertains to the management of the Templeton Emerging Markets Fund.

For the period ended June 30, 2025, NEI did not enter into any Related Party Transactions as it pertains to the management of the NEI Emerging Markets Fund.

For the period ended June 30, 2025, RBC did not enter into any Related Party Transactions as it pertains to the management of the RBC Emerging Markets Dividend Fund.

For the period ended June 30, 2025, 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 period ended June 30, 2025, 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.

	Six-month period ended	Years ended				
Net Assets per Unit [1][5]	**June 30 2025 (6 months)**	Dec. 31 2024 (12 months)	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)
	$	$	$	$	$	$
Net assets, beginning of accounting period [4]	**71.26**	66.74	61.67	71.27	68.00	64.24
Increase (decrease) from operations						
Total revenues	**0.68**	1.47	1.23	1.18	0.92	1.06
Total expenses	**(0.04)**	(0.07)	(0.06)	(0.07)	(0.10)	(0.09)
Realized gains (losses)	**0.65**	3.76	0.88	1.53	3.81	1.61
Unrealized gains (losses)	**2.01**	3.22	4.37	(9.88)	1.68	2.03
Total increase (decrease) from operations [2]	**3.30**	8.38	6.42	(7.24)	6.31	4.61
Distributions						
From investment net income (excluding dividends)	**0.30**	0.70	0.53	0.49	0.30	0.34
From dividends	**0.29**	0.68	0.62	0.58	0.46	0.62
From capital gains	**–**	2.49	0.20	1.24	2.31	–
Total annual distributions [3]	**0.59**	3.87	1.35	2.31	3.07	0.96
Net assets, end of accounting period [4]	**73.98**	71.26	66.74	61.67	71.27	68.00

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

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

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

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

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

	Six-month period ended	Years ended				
Ratios and Supplemental Data	**June 30 2025 (6 months)**	Dec. 31 2024 (12 months)	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)
Net asset value (in thousands of $) [1]	**1,504,144**	1,437,332	1,271,888	1,147,448	1,261,925	1,060,298
Number of units outstanding [1]	**20,333,743**	20,169,599	19,056,682	18,607,267	17,706,254	15,592,201
Management expense ratio (%) [2]	**1.10**	1.10	1.06	1.04	1.12	1.09
Management expense ratio before waivers or absorptions by the Manager (%)	**1.10**	1.10	1.06	1.04	1.12	1.09
Portfolio turnover rate (%) [3]	**n/a**	n/a	n/a	n/a	n/a	n/a
Trading expense ratio (%) [4]	**0.04**	0.06	0.04	0.03	0.05	0.06
Net asset value per unit ($)	**73.97**	71.26	66.74	61.67	71.27	68.00

(1) This information is provided as at June 30, 2025 and 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 period, annualized management fees charged to the Fund before government taxes amounted to 0.96% and are detailed as follows:

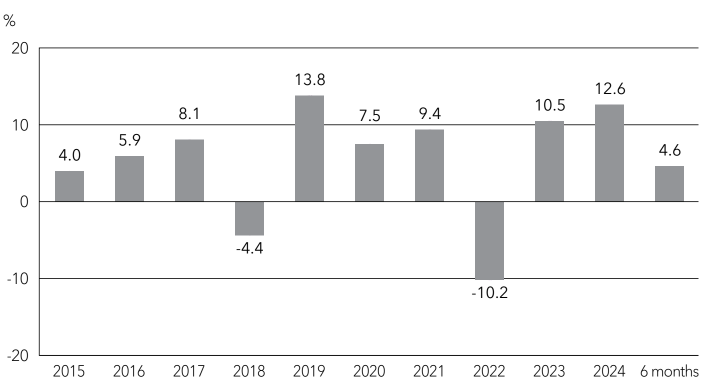
- Management fees: 0.87%
- Administration fees: 0.08%
- Fund fees: 0.01%

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, with the exception of the last bar, which indicates the Fund's total return for the interim six-month period ended June 30, 2025. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by December 31 of each financial year or on the last day of the six-month period.



Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Canadian Bond Fund	22.1
FÉRIQUE Canadian Dividend Equity Fund	15.6
FÉRIQUE Canadian Equity Fund	10.3
FÉRIQUE International Equity Fund	10.3
FÉRIQUE American Equity Fund	9.4
FÉRIQUE Global Sustainable Development Bond Fund	9.0
FÉRIQUE Globally Diversified Income Fund	7.5
FÉRIQUE Global Sustainable Development Equity Fund	4.8
FÉRIQUE Global Innovation Equity Fund	4.6
Templeton Emerging Markets Fund, Series O	1.9
RBC Emerging Markets Dividend Fund, Series O	1.8
NEI Northwest Emerging Markets Fund, Series I	1.8
Cash, Money Market and Other Net Assets	0.9
	100.0

Asset Mix	% of net asset value
Canadian Equity	24.6
International Equity	18.4
U.S. Equity	16.4
Canadian Federal Bonds	9.9
Canadian Corporate Bonds	9.1
Foreign Bonds	8.7
Canadian Provincial Bonds	7.6
Cash, Money Market and Other Net Assets	3.7
Canadian Asset- and Mortgage-Backed Securities	0.7
Canadian Municipal Bonds	0.7
Canadian Preferred Shares	0.2
Net Asset Value	**1,504,143,774**

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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