FÉRIQUE
MUTUAL FUNDS

24

INTERIM MANAGEMENT REPORT

of Fund Performance
for the period ended
June 30, 2024

INCOME FUNDS

FÉRIQUE **Canadian Bond** Fund

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 Canadian Bond Fund posted a net return of -0.8% for the period ended June 30, 2024. Its benchmark, the FTSE Canada Universe Bond Index, recorded a -0.4% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted -0.4%, net of management fees for the period.

Addenda

The portfolio manager kept the portfolio's duration—a measure of sensitivity to interest rate changes—longer than that of the benchmark in the first half of the year. This positioning detracted from performance amid rising bond yields.

At the beginning of 2024, the portfolio's duration was slightly longer than the benchmark. The portfolio manager gradually increased duration as yields rose through the end of April. In May, Addenda maintained a stable duration differential to take advantage of falling yields. The portfolio manager moderately reduced it in late June. As at June 30, 2024, the portfolio's duration was 2 years longer than the benchmark.

At the beginning of the period, the portfolio manager gradually increased the portfolio's exposure to federal government bonds, before steadily reducing it while still maintaining an overweight. The portfolio manager also shifted the allocation to provincial bonds from an underweight to a slight overweight. In addition, Addenda slightly increased the overweight to corporate bonds during the period despite the narrowing of credit spreads—i.e., the additional yield offered to investors to hold these securities compared with government bonds. The portfolio manager increased the allocations to the Financials, Infrastructure and Real Estate sectors and decreased the allocations to the Industrials and Energy sectors. The overweight to BBB-rated securities went up slightly compared to the end of 2023, but the portfolio's risk profile remains conservative.

In the United States, persistent inflation at the beginning of the year led the U.S. Federal Reserve (Fed) to temper market expectations of imminent key rate cuts. Meanwhile, the Bank of Canada (BoC) reacted to slowing inflation by lowering its key interest rate by 25 bps. However, the positive inflation trend in Canada is mainly attributable to relative price shocks, while strong wage growth and falling economic productivity argue against stimulating the economy. For this reason, the portfolio manager invested a portion of the portfolio in U.S. Treasury bonds, particularly those with short-term maturities.

Bond yields continued to rise in Canada and the United States. In Canada, the rise in short-term yields was less pronounced than in the United States. Despite numerous warnings of an imminent recession in 2023, economic growth remained robust and corporate bond credit spreads continued to narrow in the first quarter of 2024. Meanwhile, provincial bond credit spreads widened slightly.

During the first half of the year, the portfolio manager engaged in a discussion with ATCO, a company held in the portfolio, about disclosing information regarding its lobbying initiatives and capital expenditures related to climate change. ATCO indicated that it intends to make structural changes to its operations in order to reduce its scope 1 and scope 2 methane emissions.

The Fund follows the responsible approach to investing, which is described in the simplified prospectus. This approach is one of the multiple components of the investment strategies used to help reach the objective of the Fund and thus constitutes a limited consideration of ESG factors. The consideration of ESG factors and the engagements with companies are not part of the investment objective of the Fund and, therefore, ESG factors and shareholder engagements are not the primary strategy of the Fund.

Baker Gilmore

The portfolio's additional yield relative to its benchmark is attributable to the overweight to companies in the Financials sector, asset-backed securities and U.S. real return bonds. The underweight to the Industrials sector had a negative impact, while management of portfolio duration had no impact.

Portfolio duration was actively managed and modified based on the strength of Canadian and global macroeconomic data, the statements and actions of global central banks and changes in interest rates relative to their fundamental value. This duration was maintained 0.25 to 0.75 years below the benchmark.

The portfolio's overweight to credit risk was gradually reduced over the period by taking profits in federal government bonds, provincial bonds and corporate bonds from the Financials sector as credit spreads narrowed.

Conversely, the overweight to asset-backed securities was increased with the addition of Caterpillar Capital Markets Obligation Trust, Ford Auto Securitization Trust and Eagle Credit Card Trust securities. In addition, securities such as Equitable Bank and Coastal GasLink Pipeline were added to the portfolio due to their attractive risk/return ratios.

For more than half of the period, investor confidence was boosted by stronger-than-expected economic data and solid corporate earnings. However, higher-than-anticipated inflation prompted the markets to lower their expectations of short-term key rate cuts, which exerted upward pressure on interest rates. Central bank rhetoric became generally more accommodating toward the end of the period as inflation eased once again and the labour market cooled. The Bank of Canada became the first G7 central bank to cut rates, lowering its key interest rate by 25 bps in June, followed shortly after by the European Central Bank, leading to a decline in yields on the markets.

Under these circumstances, risk assets rebounded while credit spreads narrowed for investment-grade and high-yield bonds. Throughout the period, yields on government bonds generally rose on the medium- and long-term portions of the curve and fell on the short-term portion. The U.S. dollar appreciated against most currencies, while commodity indices rose due to higher oil and precious metals prices.

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

[1] Source: Median return of similar funds according to Fundata, as at June 30, 2024.

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

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Recent Developments

Addenda

In the United States, real GDP growth reached 1.4% in the first quarter of 2024, which was below market expectations. Consumer spending, particularly on services, was once again the primary driver of economic growth during the period. Although recent inflation data exceeded expectations, particularly due to possible seasonal adjustment issues and relative price shocks, the growth proved to be non-inflationary owing to a significant increase in supply. Labour productivity continued to increase significantly. This productivity growth, combined with downward wage pressure following the rebalancing of labour supply and demand, is helping push down inflation towards the Fed's 2% target. In this context, the Fed could lower its key rate before the end of the year.

In Canada, real GDP growth was 1.7% in the first quarter of 2024. This fell short of market expectations and the BoC's most recent official forecast. As anticipated, Canada's labour productivity fell once again. Although Canadian workers are producing less per hour, wages have risen substantially, resulting in increased unit labour costs. While the labour force has grown faster than job openings over the past year, real wages continue to outpace productivity.

In this context, unit labour costs—the inflationary component of wages—rise too much, increasing the risk that inflation will stay above the 2.0% target.

In view of persistent U.S. inflation, investors in Canada and the United States both anticipate three key interest rate cuts, despite the significantly different economic conditions in the two countries. In the United States, the supply shock caused by productivity gains is positive and helping ease fundamental inflationary pressures, whereas in Canada the impact is negative and exacerbating inflationary tensions. The rise in interest rates led the portfolio manager to increase the portfolio's duration relative to the benchmark in anticipation of lower inflation rates and monetary easing in the United States. To meet their inflation targets, central banks need to take their local economic conditions into account, and the portfolio manager believes this fact is not fully reflected by the market.

Baker Gilmore

Much remains unclear as to how this unprecedented economic cycle will unfold, with the global economy still adjusting to the aftermath of the pandemic, geopolitical tensions and conflicts rising sharply, central banks aggressively tightening monetary policy to curb high inflation and governments implementing expansionary fiscal policies. With strong wage growth outpacing the rise in consumer prices and headline inflation falling, households' financial stability points to relatively robust but waning economic growth over the coming quarters. However, excess savings, which had been bolstered by massive government transfers and have fuelled consumption, are dwindling and will eventually run out, partly as a result of rising interest rates.

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

Although the public health situation has returned to normal, the public finances of developed countries are still reeling from the effects of the COVID-19 pandemic. During the pandemic, governments adopted substantial fiscal and monetary stimulus measures to mitigate the impacts of the economic shutdown. Since these measures primarily involved direct payments to individuals and businesses, public deficits have soared to levels in not previously seen in peacetime. These deficits are still growing as governments continue to provide generous support to offset higher food and energy prices.

Intensifying geopolitical conflicts also fuelled defence spending in many advanced and developing economies, which is likely to exacerbate public deficits for many years to come. Furthermore, disruptions and tensions in supply chains and their repercussions on prices worldwide remain a major concern. "Friendshoring" (prioritizing trade partners with similar political values) in the manufacturing and mining sectors is also set to increase production costs, as security objectives increasingly take precedence over strategies to keep costs low. Large-scale industrial policies have also made a comeback, with some governments offering massive and costly subsidies to attract investment in critical industries and promote the decarbonization and electrification of the economy.

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

Markets are expecting that the aggressive monetary policy tightening undertaken in the past year and the impacts of the past decade's expansionary monetary policies will lead to a recession in the coming quarters. As a result, yield curves are significantly inverted (especially in Canada), with the bond markets anticipating that the major central banks in North America and Europe will cut their interest rates over the coming year.

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

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

Despite inflation slowing down in Canada, the portfolio manager expects it to stay well above the BoC's 2% target for a while longer. With that in mind, the portfolio maintains an allocation to attractive real return bonds.

Mr. Gérard Guilbault's mandate as a member of the IRC ended on March 31, 2024. Mr. Sylvain Piché replaced Mr. Gérard Guilbault as a member of the IRC under a three (3)-year mandate, starting April 1, 2024.

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, 2024, the Fund's portfolio managers, Addenda and Baker Gilmore, paid no commission to any related parties as part of the management of the FÉRIQUE Canadian Bond Fund.

Financial Highlights

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

	Six-month period ended	Years ended				
Net Assets per Unit [1] [5]	**June 30 2024 (6 months)**	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
	$	$	$	$	$	$
Net assets, beginning of accounting period [4]	**36.57**	35.11	40.35	42.32	40.80	39.34
Increase (decrease) from operations						
Total revenues	**0.69**	1.17	1.07	1.08	1.09	1.10
Total expenses	**(0.14)**	(0.26)	(0.26)	(0.31)	(0.33)	(0.31)
Realized gains (losses)	**(0.14)**	(0.68)	(2.36)	(0.01)	1.16	0.67
Unrealized gains (losses)	**(0.67)**	2.18	(2.82)	(1.81)	1.08	0.73
Total increase (decrease) from operations [2]	**(0.26)**	2.41	(4.37)	(1.05)	3.00	2.19
Distributions						
From investment net income (excluding dividends)	**0.58**	0.91	0.80	0.78	0.75	0.78
From capital gains	**–**	–	–	0.15	0.81	–
Total annual distributions [3]	**0.58**	0.91	0.80	0.93	1.56	0.78
Net assets, end of accounting period [4]	**35.71**	36.57	35.11	40.35	42.32	40.80

(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.

Financial Highlights (continued)

Ratios and Supplemental Data	Six-month period ended June 30 2024 (6 months)	Years ended Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)	Dec. 31 2019 (12 months)
Net asset value (in thousands of $) (1)	**693,410**	680,159	626,535	710,952	867,851	779,179
Number of units outstanding (1)	**19,416,038**	18,601,190	17,844,527	17,621,130	20,508,658	19,099,418
Management expense ratio (%) (2)	**0.78**	0.74	0.72	0.77	0.77	0.77
Management expense ratio before waivers or absorptions by the Manager (%)	**0.78**	0.74	0.72	0.77	0.77	0.77
Portfolio turnover rate (%) (3)	**67.29**	142.13	166.63	110.78	177.34	136.71
Trading expense ratio (%) (4)	**–**	–	–	–	–	–
Net asset value per unit ($)	**35.71**	36.57	35.11	40.35	42.32	40.80

(1) This information is provided as at June 30, 2024 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.

(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 0.68% and are detailed as follows:

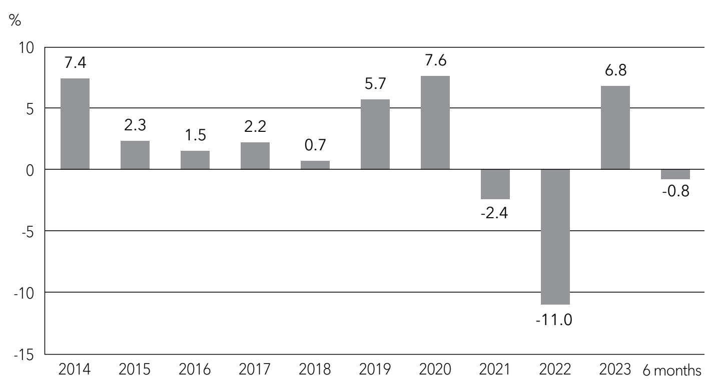
- Management fees: 0.62%
- Administration fees: 0.06%

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, 2024. 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.



As at June 30, 2024

Portfolio Overview

The Top 25 Holdings in the Portfolio	**% of net asset value**
Government of Canada, 3.00%, due June 1, 2034	5.9
Government of the United States, 3.75%, due December 31, 2028	3.5
Cash, Money Market and Other Net Assets	3.5
Government of Canada, 2.75%, due December 1, 2055	2.8
Government of Canada, 3.25%, due December 1, 2033	2.8
Province of Ontario, 4.15%, due December 2, 2054	2.8
Government of Canada, 4.00%, due March 1, 2029	2.7
Canada Housing Trust, 1.10%, due December 15, 2026	2.2
Province of Ontario, 1.90%, due December 2, 2051	2.2
Province of Quebec, 4.40%, due December 1, 2055	2.1
Province of Ontario, 4.65%, due June 2, 2041	2.1
Province of Ontario, due December 2, 2028	1.8
Canada Housing Trust, 1.25%, due June 15, 2026	1.8
Government of Canada, 4.46%, due July 18, 2024	1.8
Government of Canada, 4.50%, due February 1, 2026	1.6
Canada Housing Trust, 4.25%, due March 15, 2034	1.5
Canada Housing Trust, 3.65%, due June 15, 2033	1.5
Province of Ontario, 2.90%, due December 2, 2046	1.4
Government of Canada, 4.25%, due December 1, 2026	1.4
Royal Bank of Canada, 4.63%, due May 1, 2028	1.3
Bank of Montreal, 4.54%, due December 18, 2028	1.2
Province of Ontario, 1.55%, due November 1, 2029	1.2
Government of Canada, 0.50%, due December 1, 2030	1.2
Province of Alberta, 3.10%, due June 1, 2050	1.1
Canada Housing Trust, 1.10%, due March 15, 2031	1.1
	52.5

Asset Mix	**% of net asset value**
Canadian Federal Bonds	30.5
Canadian Corporate Bonds	28.9
Canadian Provincial Bonds	27.5
Foreign Bonds	5.6
Cash, Money Market and Other Net Assets	3.5
Canadian Asset- and Mortgaged-Backed Seucrities	3.1
Canadian Municipal Bonds	0.9
Net Asset Value	**693,410,446**

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

Other Material Information

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

ferique.com

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

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

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