FÉRIQUE
MUTUAL FUNDS

INTERIM MANAGEMENT REPORT

of Fund Performance for the period ended June 30, 2024

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Growth** 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.

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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.

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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 FERIQUE Growth Portfolio posted a net return of 7.5% for the period ended June 30, 2024, compared to a return of 8.2% 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 underperformed its industry median[1], which posted 7.8% for the period, net of management fees.

The FÉRIQUE Growth Portfolio underperformed its comparison universe mainly due to its overweight to fixed-income securities and underweight to U.S. equities. However, it benefitted from its exposure to the FÉRIQUE Asian Equity Fund and FÉRIQUE Global Innovation Equity Fund.

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.

Money Market
(1.7% of the Fund as at June 30, 2024)

During the period, the portfolio's allocation to provincial and Financials securities fluctuated along with credit spreads, which generally narrowed, as well as with the size and frequency of cash inflows and outflows. The Fund's returns were mainly affected by interest rate fluctuations resulting from economic and market conditions during the period. In June, the Bank of Canada cut its key interest rate from 5.00% to 4.75%.

FÉRIQUE Canadian Bond Fund
(17.7% of the Fund as at June 30, 2024)

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.

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

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

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.

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.

FÉRIQUE Global Sustainable Development Bond Fund (5.1% of the Fund as at June 30, 2024)

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of -0.1% for the period ended June 30, 2024. Its benchmark, composed of the FTSE Canada Short Term Bond Index (25%), the FTSE Canada Mid Term Bond Index (25%) and the ICE Global Non-Sovereign Index (CA$ hedged) (50%), posted a 0.1% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted 0.0% net of fees for the period.

AlphaFixe Capital

In the first half of 2024, rates in the 5- to 30-year segment of the yield curve rose by 0.20% while rates on 2-year maturities remained stable. The portfolio's overexposure to 10-year maturities and its underexposure to 5-year maturities had no impact on relative returns.

Credit spreads, i.e., the additional yield offered to investors to hold provincial and corporate bonds compared with government bonds, narrowed across the board. This trend was particularly pronounced with corporate bonds, to which the portfolio is overweight. This positioning contributed to returns during the period.

Security selection and maintaining a slightly underweight duration—a measure of sensitivity to interest rate changes—relative to the benchmark over the period also paid off.

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

With regard to environmental, social and governance (ESG) matters, AlphaFixe engaged in dialogue with corporate and government bond issuers held in the portfolio on 19 occasions over the period. The portfolio sub-manager strives to raise issuers' awareness of the unique ESG challenges affecting their businesses while addressing topics such as best practices for issuing social impact bonds and the importance of ESG disclosure.

For example, two members of the AlphaFixe team appeared before a House of Commons committee in 2024 to testify about Canada's delays in financing the energy transition and the country's failure to meet its 2050 carbon neutrality target. AlphaFixe called on the government to create an energy transition taxonomy setting criteria enabling investors and issuers to identify projects aligned with decarbonization goals.

BMO Global Asset Management

Bond markets fluctuated during the period. Early on, investors were optimistic that the U.S. Federal Reserve (Fed) would start easing its monetary policy in March. However, the U.S. economy's relative strength and higher-than-expected inflation numbers forced Fed policymakers to call for patience in waiting for disinflationary forces to gather momentum. As a consequence, U.S. Treasury bonds and, by the same token, global bonds sold off, as market participants adjusted valuations to reflect persistent inflation, especially in the services sector.

The European Central Bank (ECB) mirrored the Fed's cautious stance, asking for more time to monitor inflation in the eurozone. In June, the ECB cut interest rates by 0.25%, as it was by then expected. Corporate bonds continued to outperform government bonds, which reflected the economy's relative strength, with inflation cooling, real incomes rising and monetary policy expected to be easing in the near future.

Against this backdrop, the portfolio slightly underperformed its benchmark index due to its allocation to government bonds. The portfolio's structural long position in government bonds, along with an overweight to euro- and U.S. dollar-dominated bonds detracted from performance. Meanwhile, the portfolio's underweight to Japan helped returns, as the Bank of Japan tightened its monetary policy to quell inflationary pressures.

The portfolio's underweight to corporate bonds detracted from performance but was offset by security selection in euro-denominated green corporate bonds. Holdings in Danish renewable energy company Orsted and Spanish renewable energy company Iberdrola helped returns. A tactical off-benchmark allocation to BB-rated bonds also bolstered performance.

In keeping with the Fund's objective, 70% of the portfolio was invested in green bonds, 12% in sustainability bonds and 9% in social bonds at the end of the period. The rest of the portfolio is primarily held in cash and U.S. Treasury bonds for liquidity purposes.

During the first half of 2023, the portfolio sub-manager initiated dialogue with companies on 24 occasions, specifically on their resilience to climate change (with Stellantis and National Grid PLC), biodiversity (Barclays), and human rights (Barclays).

The portfolio maintains a bias towards the Financials and Utilities sectors given the availability of green, social and sustainable bonds in this space. The portfolio is intrinsically underweight to the Energy and Industrials sectors, as well as to collateralized and mortgage-backed securities because of its focus on sustainability.

**FÉRIQUE Globally Diversified Income Fund
(4.2% of the Fund as at June 30, 2024)**

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of 0.2% for the period ended June 30, 2024. Its benchmark, composed of the FTSE Canada Universe Short Term Bond Index (30%), the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged) (60%) and the Dow Jones Canada Select Dividend Index (10%), posted a 0.4% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted 2.8% net of fees for the period.

During the period, the portfolio's allocations to Canadian and global bonds drove relative negative returns. The overweight to corporate bonds and modest allocation to high-yield bonds added value as credit spreads, which is the additional rate over government bonds offered to investors to hold these securities, tightened during the period.

The Canadian bonds' underweight duration positioning contributed positively to relative returns. The overweight to Canadian bonds also added value but was slightly offset by the underweight to global bonds, which outperformed.

During the period, the allocation to global bonds was slightly increased but kept underweight, while the allocation to Canadian equities was increased to a slight overweight.

The Canadian equity portion of the portfolio underperformed due to stock selection in Industrials, Real Estate and Communication Services and a lack of preferred share because of the modest returns outlook.

The portfolio sub-manager held 15 meetings with companies held in the portfolio to address environmental, social and governance (ESG) issues, focusing on environmental matters. For instance, Addenda had a discussion with the Province of Ontario on its new sustainable bond framework. During the period, the portfolio sub-manager also conducted meetings about ESG questions with companies that the portfolio has no stake in.

**FÉRIQUE Canadian Equity Fund
(18.9% of the Fund as at June 30, 2024)**

The FÉRIQUE Canadian Equity Fund posted a net return of 6.4% for the period ended June 30, 2024. Its benchmark, the S&P/TSX Composite Index, posted 6.1% 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 5.3%, net of management fees for the period.

CC&L

In the first half of 2024, the portfolio moderately outperformed the benchmark. Stock picking drove the outperformance while sector positioning detracted value.

In Information Technology, the overweight to Celestica was the top contributor during the period, the company benefitting from the rapid boom in demand for generative artificial intelligence (AI). Within the sector, the overweight to Descartes Systems Group was also positive. In Materials, the underweight to Barrick Gold Corporation and overweight to Kinross Gold Corporation bolstered performance. Conversely, the modest underweight to Energy negatively impacted returns.

Expecting the rebound in global manufacturing activity to continue, the portfolio sub-manager sought to increase exposure to attractively priced companies that outperform in strong manufacturing environments. Consequently, it added to existing portfolio positions in commodity-linked and Industrials companies that usually benefit from such conditions. To do so, it reduced allocations to defensive sectors such as Communication Services and Utilities.

Quality growth companies are also expected to outperform in 2024. As a result, the portfolio sub-manager maintained an overweight to companies with strong free cash flow profiles and the ability to deliver above-average earnings growth.

With regard to environmental, social and governance (ESG) considerations, the portfolio sub-manager exited its position in Barrick Gold Corporation due to operational issues. Barrick Gold is a large and diversified gold producer with about 65% of its operations in emerging markets. It had significant operational issues tied to employment relations and jurisdictional risk. It also reduced the position in Toronto-Dominion Bank to an underweight due to their anti-money laundering failings. The investigation in the bank's anti-money laundering practices prevented the portfolio sub-manager from taking advantage of the stock's recent sell-off and cheaper valuation. Toronto-Dominion Bank will likely be able to handle any ensuing financial penalty thanks to its excess capital levels, but sanctions could hamper the growth of its U.S. operations.

Franklin Templeton

Both sector allocation and stock selection detracted from relative returns.

From a sector allocation standpoint, underweights to the outperforming Energy and Materials sectors were the main detractors from relative performance. Overweights to interest rate-sensitive Communication Services and Utilities further impeded returns. Conversely, underweights to underperforming Information Technology and Consumer Discretionary added to relative returns.

Security selection of top holdings within Information Technology, Industrials and Financials was the primary driver of underperformance. More specifically, overweight positions in Open Text (Information Technology) and Boyd Group Services (Industrials), an off-benchmark position in TELUS International (Information Technology) and lack of exposure to Fairfax Financial Holdings (Financials) detracted the most. This negative performance was partially offset by positive

selection in Consumer Discretionary and Utilities. In particular, an overweight position in Dollarama and a lack of exposure to Restaurant Brands International in Consumer Discretionary, and an overweight position in Brookfield Renewable Partners in Utilities were most favourable.

The period was marked by broad-based trading activity, a strong equity market that continued to present attractive opportunities and by a trimming of high-priced holdings from the portfolio. However, weakness in interest-rate sensitive sectors and idiosyncratic situations offered opportunities to introduce new positions and bolster existing ones. As a result, the portfolio sub-manager trimmed its position in a number of value, cyclical and growth stocks on price strength, including AtkinsRéalis and Waste Connections (Industrials), Dollarama (Consumer Discretionary), Alimentation Couche-Tard and Loblaw Companies (Consumer Staples), Brookfield Corporation (Financials), Canadian Natural Resources (Energy) and Agnico Eagle Mines (Materials). Meanwhile, the portfolio sub-manager added positions in Wheaton Precious Metals Corporation and Franco-Nevada Corporation (Materials), Brookfield Renewable Partners and Brookfield Infrastructure Partners (Utilities) and Shopify (Information Technology).

The portfolio is most exposed to Financials, Industrials, Energy, Utilities and Consumer Staples. Relative to the benchmark, it is most overweight to interest rate-sensitive sectors such as Utilities, Consumer Staples and Communication Services, as well as to Industrials. Conversely, the portfolio is most underweight to typically value and cyclical sectors such as Financials, Energy and Materials. It maintains no exposure to Health Care.

When engaging with companies held in the portfolio regarding environmental, social and governance (ESG) issues, the portfolio sub-manager either enters into a purposeful dialogue to influence positive change, with defined objectives or to seek information about ESG issues that could impact its investment thesis.

During the period, the portfolio sub-manager engaged with ATCO about its corporate sustainability strategy, energy transition and collaboration with indigenous communities. The company's strategic priorities have focused on clean fuels, renewable energy and energy infrastructure. It acknowledged that emissions reduction goals will need to be carefully balanced against energy affordability, reliability and security. To achieve this, ATCO would need to collaborate with peers across different industries to create integrated solution. They also discussed the importance of collaborating and building partnerships with Indigenous communities to bring a shared vision of a cleaner energy future to life. ATCO's focus on advancing Indigenous relations and sharing economic prosperity sets them apart from their competitors.

FÉRIQUE American Equity Fund
(11.0% of the Fund as at June 30, 2024)

The FÉRIQUE American Equity Fund posted a net return of 18.0% for the period ended June 30, 2024. Its benchmark, the S&P 500 Index, posted a 19.7% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 16.4%, net of fees for the period.

Columbia Threadneedle

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

Sector allocation also contributed positively to performance. The underweights to Real Estate and Consumer Discretionary and overweight to Communication Services benefitted the most. Conversely, the underweight to Information Technology detracted the most.

From an individual stock standpoint, the portfolio's holdings in NVIDIA (Information Technology), Tesla (Consumer Discretionary) and Meta Platforms (Communication Services) were the top relative contributors during the period.

In May, NVIDIA reported that first quarter revenue was up 18% from the previous quarter and 262% year-over-year. Management also announced a ten-for-one forward stock split of its issued common stock to make stock ownership more accessible. The launch of its new high-performance Blackwell graphics processing unit microarchitecture cemented its leadership in the artificial intelligence (AI) space.

The portfolio's underweight to Tesla is once again a top contributor to relative performance. Tesla's stock declined on weaker production numbers throughout the period, which dragged down the entire automotive industry. While facing headwinds in the short term, the company still has unique advantages in the electric vehicle segment and remains highly innovative.

Meta Platforms was a top relative contributor as the use of AI in its algorithms is proving to be very successful. The company's applications have nearly two billion daily and three billion monthly average users and its outlook appears strong.

Meanwhile, positions in Block, Coty and Nike detracted the most.

Block's stock price fell due to negative investor sentiment. Recent comments from its CEO were taken to mean that the company had issues that needed fixing. However, the portfolio sub-manager was encouraged by such honesty and straightforwardness and believes that the company and its subsidiary, Square, now have a clear plan and a sense of urgency behind their initiatives. Block has a goal to make Square and Cash App vertically integrated platforms for both sellers and consumers. The company's experimental and innovative approach has buy-in across the organization and there is renewed focus on engineering discipline and creating an exceptional product. This should result in a much better product experience that is focused on solving customers' problems, and thereby enable Square to gain market shares.

Coty is a turnaround beauty company specializing in fragrance, skincare and makeup. For many years, the company has underperformed its industry peers due to a dilapidated brand portfolio, slow innovation, poor execution, high leverage and concerns about the fragrance category's durability. However, under the leadership of its CEO, the company is undergoing a turnaround by accelerating prestige fragrance and stabilizing consumer beauty products through innovation and improved execution. While fragrances have been extremely strong, there is a concern that the market will "turn over" while the entire U.S. beauty market is currently in transition.

Nike reported its third quarter financial results towards the end of March. While revenue and margin beat expectation, it was offset by a weaker revenue and margin outlook for fiscal year 2025. Despite signs of recovery thanks to its business in wholesale, China, running and Summer Olympics innovation, Nike is de-emphasizing legacy styles to make way for new products. This product life cycle management effort could weigh on revenue and gross margins through the first half of 2025. The company's expected recovery is now being pushed out a few quarters, frustrating investors. Nike is a premier global athletic brand that is in good position to regain sales and margin momentum. Nike is experiencing growth in its premium digital channel, which should drive sales growth in North America and Western Europe, its two largest markets, as well as upside to gross and operating margin and return on invested capital over the longer term.

During the period, Columbia engaged in a dialogue with EOG Resources about its greenhouse gas emissions. While the company has a short-term reduction target for scope 1 emissions and a long-term net zero target for 2040, it also plans to establish near-term and medium-term emissions intensity targets this year. EOG was also open to bolster disclosure in its upcoming sustainability report. The portfolio sub-manager will continue to monitor EOG's progress in the coming year.

River Road

Strong stock selection in the Information Technology and Utilities sectors significantly contributed to relative performance during the period.

From a sector allocation perspective, the overweight to Utilities and underweight to Consumer Discretionary had the most positive impact on returns, while the overweight to Information Technology and underweight to Industrials detracted the most.

During the period, the portfolio sub-manager added six positions to the portfolio and liquidated five others. The most significant changes to relative positioning occurred in the Information Technology, Communication Services and Consumer Staples sectors. The overweight to Information Technology was increased primarily due to the addition of Avnet and outperformance of Micron Technology and Oracle Corporation. The overweight to Communication Services was reduced as Cogent Communications Holdings underperformed.

During the period, the portfolio sub-manager engaged in dialogue with companies on four different occasions to discuss ESG-related issues focused on carbon emission disclosures and targets, including the new rules adopted in March by the U.S. Securities and Exchange Commission to enhance and standardize climate-related disclosure for public companies. A federal court imposed a temporary stay of the rules pending a judicial review, which created some uncertainty for companies.

FÉRIQUE European Equity Fund
(10.7% of the Fund as at June 30, 2024)

The FÉRIQUE European Equity Fund posted a net return of 8.0% for the period ended June 30, 2024. Its benchmark, the MSCI Europe Index, posted a 10.4% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 7.3%, net of fees for the period.

Lazard

During the period, the portfolio outperformed a rising market. In the first quarter, positive momentum pushed European equities higher as investors assumed that interest rates would soon come down and a strong earnings season kept sentiment bullish. Despite a couple of bouts of uncertainty driven by upside inflation surprises, markets have climbed to all-time highs in the second quarter. The portfolio has mainly kept pace with the market throughout the second quarter.

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

At the individual stock level, UniCredit was the portfolio's top performer. The Italian banking group announced results in early May, which included upgraded guidance on higher capital distributions and details on ongoing cost-cutting measures.

Novo Nordisk surged as the company's earnings beat expectations. The maker of obesity drug Ozempic maintains impressive operating momentum. The portfolio sub-manager trimmed its position on strength to rightsize it.

Conversely, the portfolio's position in Alfen, a company providing electric vehicle charging stations and battery storage solutions, detracted from performance. Product issues forced them to temporarily halt production on their transformer substations. Market confidence in the company was further eroded by the sudden departure of their incoming CFO. The portfolio sub-manager believes that Alfen will weather these challenges and that the investment case remains attractive following a recent rerating and consistent earnings growth.

Paints and coatings company Akzo Nobel underperformed the market. It posted decent first-quarter results as volume growth returned to normal after a bout of weak construction and industrial demand. However, the market reacted negatively to the company's higher-than-expected operating expenses.

The largest adjustment to the portfolio during the period was increasing the allocation to Industrials following the addition of pest-control business Rentokil Initial and industrial conglomerate Siemens.

Elsewhere, the portfolio's allocation to Financials was reduced as the portfolio sub-manager took profits in private equity company 3i Group and exited the position. The sector is now the portfolio's largest underweight. Meanwhile, the portfolio is most overweight to Information Technology, the portfolio sub-manager investing in several companies benefitting from the artificial intelligence boom such as ASM International and VAT Group.

From an environmental, social and governance (ESG) perspective, the portfolio sub-manager engaged with SAP to request more disclosure about the effectiveness of its updated business ethics policies and practices. After the company was fined for bribery incidents in South Africa and Indonesia, the portfolio sub-manager again requested improved business ethics and whistleblowing disclosure as it is lagging its peers.

While companies in the renewable energy sphere struggled during the period, the portfolio sub-manager retains conviction in some of them, including Alfen and Vestas Wind Systems, that are well positioned to benefit from structural growth trends.

Walter Scott & Partners

From a sector viewpoint, the portfolio's greater exposure to the strong technology sector was the largest contributor to relative return over the period. Also, the portfolio's allocation to Consumer Discretionary and a position in Ferrari contributed the most to relative returns. However, the allocation to the Industrial, especially a position in AutoStore Holdings, detracted significantly. An underweight to Financials and poor stock selection within the sector also weighed on relative returns.

From a regional perspective, the portfolio's overweight to the Netherlands and positions in outperforming Dutch holdings such as ASM International contributed the most to relative returns. However, these gains were negated by underperforming U.K. holdings. Norwegian and Swiss stocks weighed further on relative performance.

The position in Victrex was liquidated and new positions in TotalEnergies and The Sage Group were introduced.

The portfolio sub-manager takes into account environmental, social and governance (ESG) considerations and their impacts on a company's financial performance. Any change to a portfolio position would only occur if there was a material degradation of a company's ESG credentials to the extent it invalidated the investment rationale.

During the period, the portfolio sub-manager engaged in a dialogue with fast-fashion giant Inditex regarding its carbon footprint. The company is fully committed to executing the transition to a more sustainable model and has ambitious targets in place. It is developing innovative fibres and materials with start-ups and retailers with similar environmental goals.

The portfolio is invested in companies promoting the circular economy and waste reduction (Dassault Systèmes), benefitting human health and health services (Novo Nordisk) and contributing to emissions reduction (Air Liquide).

In the first half of 2024, the portfolio sub-manager undertook 52 meetings with companies held in the portfolio and among them, 29 that addressed ESG matters. Topics discussed included raw materials traceability, carbon emissions disclosure and reduction, board composition, succession planning, remuneration and attendance, supply chain management, employee turnover and wage, health and nutrition, child labour, workplace health and safety, AI risks and opportunities and electric vehicle adoption.

FÉRIQUE Asian Equity Fund
(10.5% of the Fund as at June 30, 2024)

The FÉRIQUE Asian Equity Fund posted a net return of 14.6% for the period ended June 30, 2024, compared to 12.0% for its benchmark, the MSCI AC Asia Pacific Index. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 9.8%, net of management fees for the period.

Over the period, country allocation contributed to relative performance. An underweight to Hong Kong and Thailand and overweight to Taiwan bolstered returns and offset the negative impact of an underweight to China.

Stock selection in Japan, Taiwan and China helped relative performance and offset selection in India, the Philippines and Australia.

In Japan, sector allocation and stock selection both contributed to relative performance. The underweight to typically defensive sectors, such as Communications Services, Utilities, Consumer Staples and Consumer Discretionary added value amid robust investor sentiment. Asics Corporation, in Consumer Discretionary, was among the best-performing stock during the period. This sportswear and athletic shoes company recorded substantial profit growth causing the stock price to soar.

Taiwan was among the best-performing markets during the period, driven by the cyclical recovery of the Information Technology sector as a result of its cyclical recovery and robust demand for artificial intelligence (AI). The portfolio's overweight to Taiwan Semiconductor Manufacturing Company (TSMC) also added value.

In China, Zijin Mining contributed positively as gold and copper prices rose. Tencent Holdings rallied after the company announced larger, more aggressive share buybacks and the Chinese government increased the number of approved games. The Financials sector is trading at a significant discount and overweight positions in high-yielding banks helped performance.

Meanwhile, in India, HDFC Bank declined due to liquidity concerns, but MakeMyTrip performed well, driven by increased tourism and benign competition.

In Australia, Lifestyle Communities' share price tumbled after the company raised equity capital and its profits dropped. The overweight position in Rio Tinto detracted from performance as iron ore prices retraced their gains amid demand concerns.

The portfolio sub-manager added new positions in South Korea, especially in the finance and automotive industries, that were supported by potential improvements to shareholder returns policies and higher return on equity. It shifted the allocation to China to an underweight early in the period due to the government's Common Prosperity strategy and ongoing crisis in the property sector. Policymakers are loath to implement any significant stimulus measures to prop up the industry to avoid a collapse of the currency. However, valuations and dividends are still attractive in some sectors despite the stock market's overall sluggishness.

In Japan, the return of inflation, stable corporate earnings and a new emphasis on corporate reforms heralding more shareholder-friendly policies bode well. In this context, higher wage growth could really bolster the domestic recovery.

With regard to environmental, social and governance (ESG) matters, the portfolio sub-manager invested in Utilities company like Sembcorp Industries and Tenaga Nasional and uranium extraction stocks such as Paladin Energy that are benefitting from the transition to clean and renewable energy. It maintains a stake in Chinese conglomerate BYD Company, the first company to eschew internal combustion engine vehicle production in favour of electric vehicles. It also holds positions in Larsen & Toubro and UltraTech Cement in India, where the government's focus on infrastructure is expected to drive their outperformance.

**Templeton Emerging Markets Fund
(1.5% of the Fund as at June 30, 2024)**

For the period ended June 30, 2024, Templeton Emerging Markets Fund posted a return of 10.0% gross of management fees, compared to 11.7% for its benchmark, the MSCI Emerging Markets Index.

During the period, stock selection in the Communication Services, Industrials and Financials sectors detracted the most from relative performance. An underweight to India and overweight to South Korea and Brazil, along with stock selection within those countries, also weighed on returns. In Communication Services, Naver Corporation was a key detractor. Naver is a South Korean online search and advertising company with business interests in e-commerce, financial services and entertainment content. The stock fell in the first quarter due to investor concerns over the company's growth prospects caused by the underwhelming response to its generative artificial intelligence (AI) technology and rising competition from Chinese e-commerce platforms.

In Information Technology, Samsung SDI also detracted significantly. This South Korean company is a leading manufacturer of lithium-ion batteries for electric vehicles (EVs), energy storage, power tools and other technology products. The stock price took a tumble in the second quarter due to weaker-than-expected growth in demand for its products. While the company will likely post weaker near-term results than anticipated, the Sub-Advisor remains constructive on its medium-term growth outlook, especially in the EV segment.

In Health Care, the position in WuXi Biologics hampered returns. This global contract research development and manufacturing organization provides open-access, integrated technology platforms for biologic drug development in China. Its share price declined sharply after the U.S. Senate drafted a bill sanctioning Wuxi AppTec (a related company operating as a distinct entity) and related companies. The situation remains uncertain and the Sub-Advisor will monitor any developments closely.

Meanwhile, stock selection in Taiwan and China contributed positively to relative returns. An underweight to China and lack of holdings in Saudi Arabia also helped. From a sector standpoint, an overweight to Information Technology and underweights to Consumer Discretionary and Consumer Staples, as well as stock selection within those sectors, bolstered returns.

At the security level, Taiwan-based Information Technology companies Hon Hai Precision Industry and Taiwan Semiconductor Manufacturing Company (TSMC) contributed the most to relative performance. Hon Hai Precision Industry provides manufacturing services for consumer electronics, cloud and networking products, computing products and components. Its share price rose on the back of a technology rally in the United States benefitting Asian chipmakers and expectations of better-than-expected second-quarter revenues. TSMC is the world's largest foundry semiconductor company. It continued to report solid quarterly results and approved a capital expenditure plan. Its share price also rose alongside other Asian semiconductor companies after NVIDIA released better-than-expected first-quarter results and upbeat guidance for the second quarter.

During the period, Franklin Templeton primarily increased allocations to South Africa, Brazil and Thailand by investing in companies with sustainable earnings power trading at a discount to their intrinsic worth. Additions were also made to existing holdings in South Korea and the United Arab Emirates. In terms of sectors, new positions were mainly introduced in Financials, Communication Services and Consumer Staples and additions were made to Health Care and Utilities. New additions to the portfolio include South Korean semiconductor company SK Hynix and brewing company Budweiser APAC.

Conversely, allocations to Taiwan, China and Hong Kong were reduced, reinvesting the proceeds in India and Hungary. The Sub-Advisor also decreased allocations to Information Technology, Consumer Discretionary and Materials were also lowered, trimming the positing in TSMC and selling off Unilever.

In the first half of 2024, Franklin Templeton engaged with companies held in the portfolio on ten environmental, social and governance (ESG) topics, including carbon risk and climate change, the environment, human and social capital, corporate governance and strategic risk and communication.

The Sub-Advisor met with BDO Unibank (also known as Banco de Oro) to discuss their cybersecurity practices. As digital banking is rising, the risks of hacking threats and customer data breaches have increased significantly. Inadequate data protection can disrupt operations, negatively affect customer loyalty and lead to asset loss and regulatory penalties. Franklin Templeton's discussions with BDO Unibank focused on understanding their cybersecurity investments and encouraging the adoption of third-party standards. Franklin Templeton continues to engage with BDO to achieve certification with more internationally recognized standards and is monitoring their progress.

**NEI Emerging Markets Fund
(1.6% of the Fund as at June 30, 2024)**

For the period ended June 30, 2024, the NEI Emerging Markets Fund posted a return of 13.0% gross of management fees, compared to 11.7% for its benchmark, the MSCI Emerging Markets Index.

Emerging market equities performed well during the period as the Information Technology sector benefitted from the AI boom, the Chinese market recovered thanks to stimulus measures implemented by the Bank of China and global central banks adopted more dovish monetary policies, with some even starting their easing cycle.

In Asia, Taiwan's stock market significantly outperformed thanks to widespread optimism for AI that fuelled an Information Technology-driven market rally. China's equity market also outperformed. While it was initially weighed down by ongoing concerns in the real estate sector and deflation, the market outperformed most of its emerging market peers amid optimism about further government stimulus and the release of better-than-expected economic data, including GDP growth, exports and inflation. The government also announced new policies to support the real estate sector.

In India, the market rallied and outperformed the benchmark as strong economic data was released and the country re-elected its Prime Minister, who fell short of a parliamentary majority.

Meanwhile, the Brazilian market fell as oil prices dropped and investors started to question the central bank's decision to continue easing its monetary policy despite inflation trending above target in the first quarter. In Mexico, equity markets underperformed because of underwhelming economic growth in the first quarter. Political uncertainty following the presidential election weighed on the market.

From a sector allocation perspective, Information Technology, Health Care and Materials contributed the most to performance, with shrewd stock selection within the sectors proving favourable. The overweight to Information Technology and underweight to Materials also helped. Meanwhile, allocations to Financials and Industrials as well as stock selection within the sectors dragged down returns.

Allocations to Taiwan and South Korea were the top contributors, with stock selection helping too. An overweight to Indonesia and stock selection in India were the largest detractors.

From a security standpoint, TSMC (a Taiwanese semiconductor manufacturer), SK Hynix (a South Korean semiconductor supplier), Max Healthcare Institute (an Indian private hospital operator), Trip.com (a Chinese online travel business) and MediaTek (Taiwanese fabless semiconductor company) contributed the most to portfolio performance.

Conversely, positions in Bank Rakyat Indonesia, AIA Group (a Hong Kong-based life insurance company), Grupo Financiero Banorte (a Mexican bank) and Baidu (a Chinese search engine company), as well as a lack of holding in Hon Hai Precision Industry (a Taiwanese electronic manufacturer) detracted the most from performance.

In 2024, NEI engaged in dialogue on 16 occasions with 12 companies held in the portfolio about environmental, social and governance (ESG) issues. Most discussions were focused on environmental matters.

For example, NEI engaged with Bank Rakyat Indonesia (BRI) to discuss its climate plans. BRI is the first Indonesian bank to release a standalone sustainability report with financed emissions measurements, new financed emission targets for four sectors and a commitment to setting a science-based target. BRI acknowledged the challenges ahead due to data availability and their focus on small and medium enterprises. The bank improved its climate risk stress testing and intended to continue doing so. Issues of governance and financial inclusion were also discussed.

RBC Emerging Markets Dividend Fund
(1.5% of the Fund as at June 30, 2024)

For the period ended June 30, 2024, RBC Emerging Markets Dividend Fund posted a return of 12.6% gross of management fees, compared to 11.7% for its benchmark, the MSCI Emerging Markets Index.

Global equity markets recorded gains in the first half of 2024. In the United States, risk appetite was bolstered by resilient domestic growth despite an unexpected uptick in inflation. As a result, markets are now expecting the U.S. Federal Reserve (Fed) to cut interest rates only twice in 2024. Market leadership was narrow, with a select group of technology stocks expected to benefit from the AI boom driving returns. Emerging market equities also recorded gains but underperformed their developed market counterparts over the first half of 2024.

Within emerging markets, Turkey, Taiwan and Peru were the top performers, while Egypt, Brazil and Mexico were the worst. Turkish stocks outperformed as the market reacted positively to recent political developments. Importantly, the President pledged to stick to an orthodox policy path in his post-election speech. Taiwan outperformed because its technology-heavy market benefitted from the AI trend and TSMC stock reached all-time highs. As a commodity exporter, Peru benefitted from strengthening commodity prices. China's recovery and strengthening commodity prices also bolstered markets.

Conversely, Egypt was the worst performer after the central bank allowed a free float of the currency and significantly raised interest rates. For Brazil, increased government intervention that culminated in the removal of Petrobras' CEO shook investor confidence. In Mexico, the ruling party was re-elected with a strong majority, which raised concerns for investors about the removal of checks and balances given the party's left-leaning stance.

At the sector level, Information Technology, Energy and Utilities outperformed, while Health Care, Consumer Staples and Materials underperformed.

In terms of style, on aggregate, growth stocks outperformed their value counterparts. Large-cap companies also fared better than small-cap names in the first half of 2024.

Since the start of the year, RBC engaged in dialogue with companies about environmental, social and governance (ESG) matters on 120 occasions, discussing topics ranging from climate change and biodiversity, employee engagement and culture, disclosure, governance, diversity, supply chain integrity and executive compensation. One example of a recent engagement is with Dino Polska, a Polish retail company held in the portfolio, regarding improving the company's disclosures. The company is working on better disclosures across the board and is currently in the process of gathering accurate data and measurements to do so. Climate change was also discussed; the company said that they currently source approximately 25% of energy from renewables, and they are aiming to reach 40% by 2025 via solar panels installed on roofs.

FÉRIQUE Global Sustainable Development Equity Fund
(7.3% of the Fund as at June 30, 2024)

The FÉRIQUE Global Sustainable Development Equity Fund posted a net return of 8.6% for the period ended June 30, 2024. Its benchmark, the MSCI ACWI Sustainable Index (CA$), posted a -2.7% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund underperformed its industry median[1], which posted 11.0%, net of fees for the period.

During the period, stock selection was the main driver of the portfolio's outperformance. Positions in Applied Materials, Microsoft Corporation and Schneider Electric were among the top contributors to portfolio performance. Applied Materials is a U.S. equipment, services and software provider for the manufacturing of semiconductor chips, flat panel displays and solar products. It issued above-expectation earnings guidance and is set to benefit from recent U.S. legislation and onshoring trends in the semiconductor industry. Microsoft Corporation is a U.S. software, hardware and cloud services provider. It will capitalize on the AI trend and the growing interest for its cloud services. Schneider Electric is a global energy efficiency solution supplier. It announced robust results supported by steady demand to upgrade electricity grids, improve energy efficiency and build data centres across its end markets.

Conversely, holdings in AIA Group, Aptiv and MSCI were the top detractors during the period. Hong Kong-based multinational insurance and finance corporation AIA Group underperformed on macroeconomic concerns as China's economic recovery was slower than expected. Nevertheless, the company will benefit from its

savings and protection products and strong Asian presence. Automotive technology supplier performed poorly due to slowing electric vehicle (EV) demand in Europe and the United States and uncertainty over the impacts of new tariffs on imported Chinese EVs. Global index and analytics provider MSCI underperformed on the back of below-expectation earnings for the first quarter of 2024 due to increased client cancellations. However, its environmental, social and governance (ESG) tools, climate analytics and core index products show attractive medium-term growth potential.

The portfolio sub-manager added positions in Oracle, Sika, RenaissanceRe Holdings, NVIDIA and Hubbell. Oracle is a leading U.S. database provider whose products help businesses in virtually every industry. Sika is a Swiss construction chemical company benefitting from strong market positioning and infrastructure-related tailwinds. Reinsurance company RenaissanceRe Holdings plays an important role in the climate transition by setting the economic price of climate change and helping companies manage the associated financial risk. U.S. technology company NVIDIA was added on the conviction that it will contribute to AI innovation over the long term. A position in utility and electrical solutions manufacturer Hubbell was introduced because of the company's contribution to grid modernization and energy efficiency.

Meanwhile, positions in Vestas Wind Systems and Sartorious were sold off. Vestas Wind Systems is a leading wind turbine supplier from Denmark. The portfolio sub-manager exited the position on strength and invested the proceeds in companies with lower execution risk.

During the period, the portfolio sub-manager undertook 11 ESG engagements with eight companies over issues relating to climate, nature, human capital and governance.

FÉRIQUE Global Innovation Equity Fund
(8.3% of the Fund as at June 30, 2024)

The FÉRIQUE Global Innovation Equity Fund posted a net return of 13.6% for the period ended June 30, 2024. Its benchmark, the MSCI ACWI Index (CA$), posted a 15.8% return for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 11.0%, net of fees for the period.

A result of the bottom-up stock-selection process, sector allocation detracted the most from relative performance during the period. Overweights to Consumer Discretionary, Health Care and Real Estate dragged down returns while an underweight to Materials contributed. Stock selection modestly helped relative returns. Positive stock selection within Consumer Discretionary, Health Care and Industrials contributed the most to relative returns while selection within Information Technology detracted.

From a regional perspective, the portfolio's overweight to the United States weighed most heavily on performance.

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

From a stock allocation standpoint, Eli Lilly and Chipotle Mexican Grill were the top contributors from relative performance while Prologis and Unity Software were the top detractors. Shares of Eli Lilly rose after the company reported better-than-expected results for the fourth quarter of 2023 and revised 2024 forecasts as demand for their GLP-1 diabetes and weight loss drugs continued to rise. The company also launched a direct-to-consumer digital health platform called LillyDirect to sell its weight-loss drugs directly to patients. Chipotle Mexican Grill also rose over the period after reporting strong first-quarter comparable sales and above expectations adjusted earnings that were driven by robust traffic growth. The fast casual restaurant also raised its full-year outlook as limited-time offers boosted demand. Meanwhile, shares of Prologis fell after trimming their full year guidance for 2024 due to weaker expected occupancy. According to the company's management team, economic uncertainty and tighter cost control are weighing on leasing decisions. Unity Software fell after the game engine developer announced weaker-than-expected revenue guidance for the second quarter of 2024. Management expressed long-term optimism due to Unity's essential role in gaming and growing opportunities in the industry.

Over the period, the portfolio sub-manager initiated a position in leading global semiconductor foundry Taiwan Semiconductor Manufacturing (TSMC) on attractive valuation. The company's orderbook is expected to grow significantly as computational requirements to run large language models for artificial intelligence (AI) get more complex and production capacity for AI chips increases. TSMC continues to innovate and has the technology leadership and pricing power to pass on the costs of offshoring its fabrication plants to downstream customers.

The portfolio sub-manager also added a position in Recruit Holdings, a leading Japanese recruitment platform, on attractive valuation. Recruit is well positioned to improve its operating margins on the back of stabilizing job search volumes and market consolidation among its key competitors.

Meanwhile, the portfolio sub-manager trimmed and subsequently sold off its position in Advanced Micro Devices on strength. It also trimmed its position in Wingstop as the company released robust quarterly results on the back of strong domestic same-store sales growth, improving guest-acquisition costs and ongoing improvements in its supply-chain strategy. Wellington still has a positive view of the company as it continues to benefit from the food industry's broader shift towards digital ordering platforms and transform its franchise model to be more asset-light, technology-focused and global in scope.

The portfolio sub-manager actively engaged with companies held in the portfolio on environmental, social and governance (ESG) matters throughout the period. For example, they engaged with Amazon.com on its environmental practices and Clean Harbors on its climate transition risk and adaptation plan.

Recent Developments

FÉRIQUE Canadian Bond Fund
(17.7% of the Fund as at June 30, 2024)

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.

FÉRIQUE Global Sustainable Development Bond Fund (5.1% of the Fund as at June 30, 2024)

AlphaFixe Capital

Inflation proved to be stickier than anticipated at the beginning of 2024, particularly in the United States, where the U.S. Federal Reserve (Fed) kept its key interest rate at 5.5% amid robust economic growth. Inflation remaining above the 2% target made it more challenging to manage rate cut expectations. In Canada, by contrast, the Bank of Canada (BoC) lowered its key interest rate by 0.25% to 4.75% in June. The BoC took action because the data pointed to excess supply in the economy, which should ultimately ease pressure on wages and consumer prices.

Nonetheless, Canadians expecting several substantial rate cuts may be disappointed. The BoC has indicated that the inflation outlook may still pose some risks. The path to normalizing key interest rates will be fraught with challenges. The BoC is aware that rapidly cutting interest rates could reignite bidding wars in the housing market given the country's severe housing shortage.

The BoC will also have to follow the Fed's lead, as the central bank recently indicated that it planned to cut rates only once in 2024. How the U.S. economy and demand will evolve in the coming year will be largely driven by labour market conditions. If the job market stabilizes and wage pressures ease, household spending is likely to slow compared to recent years. Under these circumstances, the Fed could ease its monetary policy in the coming months.

As recession risks abate without disappearing altogether, the direction of interest rates looks uncertain. For this reason, the portfolio sub-manager is keeping the portfolio's duration in line with that of the benchmark. The portfolio sub-manager also maintains an overweight to corporate and provincial bonds. Finally, the portfolio sub-manager will closely monitor the economic situation, particularly with regard to employment data, and will adjust the portfolio accordingly.

BMO Global Asset Management

By the end of the period, the Fund was overweight to duration as the portfolio sub-manager expects central banks to start easing their monetary policy and cut interest rates. While the Fed is maintaining a cautious stance, the U.S. labour market and consumer spending appear to be cooling. While Fed policymakers have pointed towards one 0.25% cut this year, the market is currently pricing in two. The portfolio sub-manager positioned the portfolio for a cooling inflation scenario by holding long duration positions in the United States and maintaining an overweight.

In the eurozone, the European Central Bank cut interest rates once already. Looking forward, the central bank is expected to move in step with the Fed to maintain a stable euro-U.S. dollar exchange rate. The eurozone's economy is experiencing subdued growth relative to the United States and could withstand a more accommodative monetary policy.

The portfolio sub-manager will continue to take a cautious stance on bond markets as valuations reached their highest levels in two years. As a result, it maintains a modest underweight to corporate bonds and will rotate out of existing positions, using the proceeds to invest in green, social, and sustainability bonds at attractive prices on the primary market. The portfolio sub-manager will also seek investment opportunities with good relative value on the secondary market.

FÉRIQUE Globally Diversified Income Fund
(4.2% of the Fund as at June 30, 2024)

The Bank of Canada (BoC) cut its key interest rate by 25 basis points, from 5.00% to 4.75%, at its June 2024 meeting. Meanwhile, the U.S. Federal Reserve (Fed) kept its rate within the 5.25–5.50% range, consistent with market expectations. Rate cuts will normalize the yield curve, allowing it to steepen as short-term and medium-term yields fall. Interest rates are in a stabilization phase after two years of high volatility and are about to decline. Since this won't be a smooth and steady process as inflation uncertainty may delay rate cuts, the portfolio sub-manager will make opportunistic changes to the portfolio's duration positioning while maintaining a bias toward longer-maturity holdings.

Economic growth will remain stable in the near term despite the current interest rate environment. Global trade momentum is improving, suggesting broad-based increased demand. Persistent labour market strength, wage growth and high household saving rates continue to support consumer spending in Canada and the United States. Fiscal deficit projections remain high due to increased government spending. Inflation is cooling but reaching central banks' 2% targets may prove difficult without the economy slowing down further.

Wage growth is still high and poses a greater challenge in Canada than the United States as productivity gains provided some relief to U.S. inflation, while negative productivity in Canada will contribute to inflation. Central banks are in no hurry to substantially cut rates in the current economic environment characterized by stable growth and inflation uncertainty.

The Fed announced it would cut its key interest rate once in the second half of 2024, while the BoC will likely keep its rate unchanged. As inflation continues to moderate, central banks will start normalizing their monetary policies. However, markets have not priced in a scenario where they are unable to proceed due to persisting inflationary pressures.

Ongoing deflationary pressures worldwide prompted central banks, including some in developed countries, to lower their key interest rates. However, recent geopolitical conflicts and excess demand on the global oil market caused commodity prices to rise in 2024. In China, the economy grew by 5% thanks to government measures, such as rate cuts and fiscal support, implemented as the transitory effects of the economic reopening faded. Now facing deflationary pressures, China is driving down import costs for several trading partners. In the eurozone, real GDP fell, mainly due to weak global trading. Economic growth in major European countries, especially Germany, is anemic, but inflation is still above target, especially for services, the labour market is robust and the unemployment rate remains at all-time lows. Against this backdrop, the European Central Bank kept its key interest rate steady at 4.00% in March. In the United Kingdom, the economy contracted in the fourth quarter of 2023 but real GDP recovered during the period. The job market is softening and weighing on inflationary pressures. Yet, inflation remains high, which prompted the Bank of England to keep its key interest rate at 5.25% in March.

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

While Canadian corporate bonds are currently offering better value, the portfolio sub-manager is looking to add to the portfolio's global bond allocation as global credit spreads are widening relative to those in Canada. As for equities, Canadian equities outperformed bonds in the first half of 2024. As a result, the portfolio sub-manager shifted the allocation from an underweight to an overweight early in the year. Due to the current market uncertainty, the equity portion

of the portfolio is mainly invested in defensive stocks trading at attractive discounts relative to their intrinsic value.

FÉRIQUE Canadian Equity Fund
(18.9% of the Fund as at June 30, 2024)

CC&L

Canadian and U.S. economic growth and inflation trends diverged during the first half of 2024. In the United States, growth seemed to be picking back up while it remained sluggish—yet positive—in Canada. Investor optimism surrounding a soft landing of the U.S. economy increased since the start of the year and the Fed maintained its accommodative stance despite higher inflation. In June, the Bank of Canada became the first G7 nation to cut its key interest rate.

Broad optimism for generative AI's potential also bolstered investor sentiment. Commodity prices, especially oil, moved higher as geopolitical tensions remained high. Despite slowing domestic growth, Canadian equities benefitted from the strength of their U.S. counterparts and from high commodity prices. As a result, metals, energy and gold stocks were among the top-performing segments of the Canadian market. Excluding commodity-linked sectors, other cyclical sectors outperformed more defensive ones during the period.

Economic growth continued to exceed expectations during the first quarter of 2024. Canada dodged a recession, while U.S. GDP growth outlook for 2024 was significantly upgraded from 1.2% to 2.1%. The latest Purchasing Managers' Index (PMI) survey indicated that the global manufacturing sector is finally recovering. Meanwhile, emerging market economies are improving, even China and India.

After a strong start to 2024, the portfolio sub-manager believes that conditions will remain favourable for equity markets until the end of the year as economic data is improving and central banks are maintaining their accommodative policies. Canadian market valuations are still significantly cheaper than in the United States. If Canada manages to avoid a severe recession, equity market should yield positive returns over the remainder of 2024.

The portfolio sub-manager believes that the economy is reaching the end of a cycle, a time when economic data is typically mixed and noisy. It will closely monitor economic data, especially in the United States as it has been trending down in recent months.

The portfolio is currently overweight to quality growth stocks and to companies benefitting from the manufacturing recovery. It is also underweight to the more defensive areas of the market. If the Canadian economic slowdown is accelerating or recession risk increases, the portfolio will be rotated into more defensive sectors such as Utilities, Consumer Staples and Communication Services.

Franklin Templeton

Canadian equities continued to move higher during the first half of 2024, with seven out of eleven GICS sectors posting positive returns. Materials and Energy were the top performers, followed by Consumer Staples and Financials. Within Materials, the mining sub-sector drove performance, while strength was broad-based in the Energy sector. Conversely, Communication Services, Information Technology, Health Care and Real Estate declined the most during the period.

The Canadian stock market is directionless, coming on a 15-month bull market, with inflation ticking up and interest rates cuts being pushed back. Stickier-than-expected U.S. inflation caused bond yields to surge in the United States and Canada, mostly weighing on growth and momentum stocks. More recently, weak U.S. unemployment numbers and lower inflation have increased the likelihood of rate cuts for 2024, sparking a broad equity rebound.

The portfolio sub-manager believes that reaching the 2% inflation target will be crucial for markets. Inflation's decline will dictate monetary policy in Canada and the United States, which has been equity performance's biggest driver this cycle. While consumer spending was still robust, supported by a strong labour market and rising wages, recent employment data is showing signs of hiring fatigue.

Meanwhile, inflation remains stubbornly high in some pockets of the economy, such as shelter, energy and transport. Energy and transport costs are driven up by the geopolitical situation in the Middle East.

Throughout a full market cycle, superior risk-adjusted returns are generally achieved due to the excitement for potential gains in a rising market and the fear of missing profit opportunities, with risk consideration taking the backseat. However, downside protection proved to be crucial throughout the cycle. Ultimately, the compounding of returns over time is heavily influenced by how resilient a portfolio is on the downside. The equity market's recent strength may make investors complacent regarding downside protection. The portfolio sub-manager will still prioritize risk management and downside protection.

The portfolio seeks to achieve visible, high and sustainable profitability and secular growth at a reasonable price and lower volatility relative to the benchmark. It maintains a defensive positioning and will opportunistically capitalize on attractive investment opportunities. While this positioning will cause the portfolio to underperform in a narrow market rally, it ensures consistent returns regardless of market environment. However, the portfolio sub-manager is ready to shift to a more aggressive stance and increase portfolio volatility if market conditions or sentiment warrant it.

FÉRIQUE American Equity Fund
(11.0% of the Fund as at June 30, 2024)

Columbia Threadneedle

Coming into 2024, investors' concerns over lingering inflation and the U.S. Federal Reserve's (Fed) course of action regarding interest rates eased. However, the lagged impact of interest rate increases and, by extension, the potential for an economic downturn remains the most significant risk for the market.

During the period, the U.S. stock market made solid gains despite persistent volatility, propelled by positive economic data, cooling inflation and the expectation that the Fed would start cutting interest rates. While market performance was largely driven by the Magnificent Seven stocks (the seven largest technology companies on the U.S. stock market by capitalization) in 2023, market leadership significantly broadened after a broad and deep rally in late 2023. U.S. equity markets have, for the most part, maintained strong momentum and carried share price gains into the first half of 2024.

Investors' risk appetite increased and stock prices rallied during the period, fuelled by positive economic growth and the expectation of future rate cuts. Large-cap stocks were the top performers and growth stocks outperformed their value counterparts, especially in the large-cap segment of the market.

Dividend-paying stocks lagged sharply early in 2023 due to rising interest rates, but pressure eased and markets started to expect rate cuts in 2024. With interest rates creeping higher in the first quarter,

lower yielding stocks outperformed their higher yielding counterparts. However, dividend-paying stocks performed in line with non-dividend stocks.

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

The portfolio sub-manager is constantly adjusting earnings expectations for companies held in the portfolio based on the macroeconomic environment, industry conditions and company statements. In the current environment, the portfolio sub-manager emphasizes a company's ability to deliver on earnings expectations in a weaker economy based on its business model and individual situation.

River Road

Coming into 2024, investors expected the Fed to start cutting interest rates in the near term amid cooling inflation and slowing economic growth. However, the central bank adopted a more cautious stance as the U.S. economy, propelled by fiscal stimulus, grew faster than expected, inflationary pressures stayed uncomfortably high and employment remained robust. By the end of the first quarter, Fed officials had ruled out any key interest rate cut, causing long-term interest rates to edge higher. In spite of this, equity markets soared.

Risk continued to accumulate despite rising interest rates. Large cap companies topped the U.S. equity market in the first quarter of 2024, while growth stock outperformed their value counterparts. Interest rate sensitive sectors reacted to the rise in the 10-year Treasury bond rate, with Real Estate being the worst-performing sector and Financials, the top performing one. Meanwhile, commodity-driven sectors rallied, causing Energy to make significant gains.

While the Fed's increasingly dovish stance is easing the portfolio sub-manager's concerns of a catastrophic policy mistake, investors should not breathe a sigh of relief just yet. The Fed deliberately set the U.S. economy on a course toward a recession to rein in inflation. However, an economic contraction could wreak havoc in an election year, so the central bank is under intense pressure to ease the pressure, allow fiscal stimulus to run its course and deal with inflation in 2025.

The portfolio sub-manager remains skeptical of the Fed's ability to thread the needle and achieve a smooth soft landing of the economy. It expects the political process to compound any economic stress generated in this process, which would, in turn, prompt the Fed to cut rates to drive outperformance. As a consequence, the portfolio sub-manager will continue to focus on cheaper, more defensive sectors like Consumer Staples and Utilities and tread carefully in more cyclical sectors. As dividend sustainability is under increased scrutiny, the portfolio sub-manager will ensure that the portfolio is invested in companies that pay high-quality dividends with sustainable growth prospects.

FÉRIQUE European Equity Fund
(10.7% of the Fund as at June 30, 2024)

Lazard

As equity investors have been waiting for interest rate cuts for months, cooling inflation during the period drove optimism.

The European Central Bank (ECB) unexpectedly cut rates ahead of the U.S. Federal Reserve (Fed), which could create a chasm between the regions. The eurozone's core Consumer Price Index experienced a slight uptick in late May, causing the market to price in fewer cuts through the remainder of the year.

In Europe, prices have not been as sticky as in the United States and eurozone production was modest. While investor sentiment echoed signs of economic recovery, growth was subdued. Europe's largest companies across all sectors outperformed significantly and beat expectations, with mega-caps even outperforming their U.S. counterparts despite their lower valuation base.

The portfolio sub-manager believes that there are pockets of the European market where valuations are too high, including in the Industrials sector. Overall, the historically modest valuations ensure that there is still plenty of upside potential in the market, even after a strong first half of the year. European stocks remain favourably priced relative to international stocks, especially U.S. securities.

The portfolio sub-manager is mildly optimistic about the coming months for the European equity market considering their supportive valuations, the potential for incremental improvements in the macroeconomic situation, and forthcoming interest rate cuts.

Walter Scott & Partners

In 2024, most European equity markets have been buoyed by expectations of interest rate cuts and hopes of continued global economic resilience. In the United States, consumption, a major driver of the economy, was relatively firm. However, demand appeared to be flagging later in the period, with several retailers noting weaker spending patterns. While investors were optimistic and expecting rate cuts, the Fed adopted a cautious stance in light of stubborn core inflation, holding rates steady following June's Open Market Committee meeting.

In Europe, the lingering effects of inflation and high interest rates are impacting consumers and causing a subdued recovery in manufacturing. The economy is forecast to improve slightly by the end of the year as inflation cools and the employment market remains tight. In view of tepid growth within eurozone economies and despite the uptick in inflation in May, the ECB was the first major central bank to cut its key interest rate. However, it also suggested a cautious course of action given high wage growth in the region.

Towards the end of the period, European markets reflected the uncertainty surrounding the French president's call for a snap election, with investors concerned about the fiscal consequences of a potential change in government and political tensions within the European Union.

Over the coming months, equity markets may be tested by the prospect of central banks keeping interest rates higher for longer. Yet, there are ongoing concerns that the cumulative effects of higher inflation may continue to constrain consumer spending, thereby affecting growth.

Worldwide, political tensions and conflicts and major elections could also drive up market volatility. The growing public debt issue has always been glossed over, but the current cost of capital and potential government fiscal indiscipline are pushing it to the forefront.

The portfolio sub-manager will continue to implement its long-term bottom-up investment strategy in spite of any challenges. It will keep focusing on strong market leaders with a favourable long-term outlook and long growth runway that are capable to withstand near-term political and economic volatility.

FÉRIQUE Asian Equity Fund
(10.5% of the Fund as at June 30, 2024)

The Japanese economy faced challenges as wage growth failed to keep pace with inflation, leading to subdued consumer sentiment and falling real GDP for the first quarter of 2024. Despite annual wage negotiations resulting in headline nominal pay increases of more than 5%, real wages in April unexpectedly fell by 0.7% year-over-year. Meanwhile, persistent inflation concerns and the prospect of the Fed keeping rates higher for longer caused the yen to depreciate against the U.S. dollar. This economic backdrop was not favourable to domestic demand-oriented sectors, while export-oriented manufacturers benefitted from the weaker yen, resulting in divergent stock performances across sectors.

Investors are keenly expecting the Bank of Japan (BoJ) to further normalize its monetary policy and potentially hike interest rates. The central bank's governor indicated that further rate increases should be expected if inflation becomes entrenched and a virtuous economic cycle driven by wage growth under moderate inflation becomes achievable.

In China, the economic situation was mixed during the period. The Purchasing Managers' Index (PMI) fell in May. Meanwhile, industrial production growth rose, but retail sales growth softened. New bank loans and total social financing fell in April.

Taiwan's economy grew at a fast clip in early 2024 due to strong technology exports for AI applications. All macroeconomic data is indicating that economy is recovering, with inflation standing at 1.95%, exports growing at a robust pace and the PMI improving.

Amid the AI revolution, increased productivity and higher growth rates could lead to higher interest rates. In the United States, a resilient economy where inflation is sticky and the labour market remains robust could require the U.S. Federal Reserve to hike interest rates once more, triggering market volatility and further strengthening the U.S. dollar and capital outflows from Asian economies. Meanwhile, financial markets are not yet factoring in the U.S. election outcome.

Geopolitical issues arising from unexpected situations, including trade route disruptions, could drive commodity and freight rates up. Higher-than-expected commodity prices could weigh on Asian economies by causing a reduction in consumption expenditure, while also pressurizing corporate earnings of companies unable to raise their prices.

For Japan, the portfolio sub-manager is maintaining a long-term overweight to export-oriented manufacturing companies given the resilient global economic outlook and expected foreign exchange gains from a weaker yen. However, should wages increase steadily and consumer spending recover more significantly, it might need to increase the allocation to domestic demand-oriented sectors. Following the BoJ's decision to abandon its negative interest-rate policy, the portfolio sub-manager increased the allocation to the underweight Financials sector.

In China, the economy is on the verge of recovering, with the government announcing new policies to address the struggling property sector and fledging signs of corporate earnings upgrades. The portfolio sub-manager is still struggling to identify thematic exposures that could offer sustainable returns. As a result, it maintains a cautious underweight to China and Hong Kong.

The portfolio sub-manager favours technology-focused South Korea and Taiwan as they have embarked on a cyclical recovery. Valuations in Taiwan are expensive thanks to the AI boom and there is a growing temptation to take profits.

India continues to offer structural investment opportunities. Foreign exposure to the country's market is now at a ten-year low. The portfolio sub-manager maintains an underweight allocation to Australia due to stocks' high valuations, but some commodities may be on a cyclical upward trend.

Templeton Emerging Markets Fund
(1.5% of the Fund as at June 30, 2024)

Despite recent bouts of volatility, Franklin Templeton remains bullish on emerging market equities for the rest of 2024. Potential interest rate cuts and strong demand for semiconductors should support those markets in the coming months.

Elections in major countries, including India, Mexico and South Africa, was a significant cause of market volatility during the period as the unexpected outcome created political uncertainty and concerns over future government policies. The Sub-Advisor believes that the South African and Mexican markets have overcorrected following the elections and that markets have priced in unwarranted fears about the new government.

The semiconductor segment, which is a core part of technology-centric markets such as Taiwan and South Korea, is experiencing a strong recovery that is largely driven by surging demand for AI servers. The segment also benefits from the green transition as semiconductors are used in energy-efficient solutions. Conversely, growth expectations of the EV segment were lowered materially, and earnings will likely suffer in the short term. In China, the Sub-Advisor is reassured by increased government support and expects corporate earnings to increase by the end of 2024.

Against this backdrop, Franklin Templeton continues to monitor risks, the geopolitical situation and government policies. Following a bottom-up strategy, it seeks to invest in overlooked and under-researched companies.

NEI Emerging Markets Fund
(1.6% of the Fund as at June 30, 2024)

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

China's lacklustre post-pandemic recovery, real estate sector woes and tense relationship with other countries weighed on markets. Against this backdrop and in light of the deflationary environment, the Sub-Advisor follows a bottom-up strategy and invests in high-conviction companies that will either benefit from increased trade, provide value to consumer or focus on total returns.

North Asian economies such as Taiwan and South Korea are benefitting from the semiconductor upcycle, driven by growing demand for AI, smartphones and automotive applications, as well as from governments' focus on strengthening supply chains. Moreover, South Korea's value up program could provide further tailwinds given its focus on improving corporate value.

South Asian economies prove resilient and stand to gain from the reconfiguration of supply chains. Indonesia is also benefitting from economic momentum thanks to strong consumer demand and commodity prices. Policy reforms in areas like supply-chain downstreaming have stimulated foreign direct investment in the country and resulted in a positive trade balance. Additionally, Indonesia's central bank has signalled the end of its policy tightening cycle in April.

India is in a structural growth cycle, driven by significant tax, bankruptcy and real estate reforms that make it easier to do business. The government is prioritizing infrastructure investment and the expansion of the manufacturing sector to attract foreign direct investment. It also kick-started a new property and credit cycle that should be supported by favourable demographics over the long term.

In Europe, Poland's economy is growing at a healthy rate, with foreign direct investment at record highs and unemployment low. The economy is also benefitting from the significant influx of migrants coming into the country.

In Latin America, Brazil's struggles with inflation appear to be coming to an end, prompting the central bank to start easing its monetary policy. Interest rate cuts should provide a tailwind to equity markets. Meanwhile, the Mexican market is expected to make substantial gains thanks to the rise of nearshoring due to its proximity to the United States and new trade agreements.

In emerging markets, stock valuations are attractive, as they are trading significantly below their long-term averages and other global equities. The Sub-Advisor is investing in high-quality companies with strong market positions, stable earnings, strong pricing power and low leverage and should perform well in the current market environment.

**RBC Emerging Markets Dividend Fund
(1.5% of the Fund as at June 30, 2024)**

For the first time in history, interest rates are lower in emerging markets than in developed markets. Due to a higher risk premium, emerging market central banks usually maintain higher interest rates to prevent capital outflows and defend their currency. Moreover, governments in emerging markets maintained orthodox monetary and fiscal policies during the COVID-19 pandemic and are now reaping the rewards with higher real rates, lower inflation and more conservative fiscal deficits relative than developed markets.

Despite the fastest rate hiking cycle in the Fed's history, the lack of a material sell-off in emerging market equity and currency markets is very encouraging. Emerging market local currency bonds significantly outperformed their developed market counterparts over the period, which reflects their attractive fundamentals.

Within equity markets, many regions performed well, driven by robust economic activity and attractive structural growth outlooks. In fact, emerging markets ex-China have performed in line with their developed market counterparts for the past two years. However, emerging market equities were negatively impacted by continued weakness in China, which has been the worst performer for the past three years. Chinese equities are starting to recover in recent months.

China's market sharply declined following a strong outperformance during the pandemic. After four decades of rapid growth since the 1978 economic reform, China started to shift the focus of its economy onto quality over pace of growth, pivoting to a productivity-focused, domestic demand-driven growth model. While this is a positive and necessary transition for China to achieve its next phase of development and avoid the "middle-income trap," government policies have proved ineffective, causing equity market weakness and low investor confidence in recent years. In particular, the government's regulatory crackdown on various industries caught investors by surprise. More recently, structural concerns relating to China's growth trajectory and the issues of debt, deflation, decoupling and demographics have led to market weakness.

While China is facing structural challenges, there are signs that leadership is changing its stance and becoming more constructive towards the private sector and the economy. Monetary and fiscal support is also increasing, while authorities have started to reverse some of the restrictive policies imposed on sectors such as technology. In light of the extremely low valuations and most investors' underweight positioning, the Sub-Advisor sees upside potential for the Chinese equity market in the near term.

**FÉRIQUE Global Sustainable Development Equity Fund
(7.3% of the Fund as at June 30, 2024)**

Global equity markets continued their rally in the first semester of 2024 despite initial volatility caused by stronger-than-expected economic data. While inflation cooled down, it proved to be stickier than anticipated. Against this backdrop, markets grappled with uncertainty around the U.S. Federal Reserve's decision to start cutting rates. Meanwhile, the European Central Bank lowered its key interest rate in June amid slowing inflation.

In the first quarter, large cap and mega cap stocks drove markets to record highs as they capitalized on the AI trend. Small cap equities lagged the broader market and Asian markets rebounded.

In the second quarter, economic data suggested that economy started softening after strong numbers were released in April. In spite of those signs of a slowdown, the labour market remained resilient. Consumer spending started to slow as higher inflation eroded spending power in some parts of the economy. The Global Manufacturing Purchasing Managers' Index stayed in expansionary territory despite a marginal contraction in June. Earnings continued to beat expectations, but the market was focused more on outlooks than results, penalizing companies that did not raise their guidance.

Looking forward, the portfolio sub-manager will focus on companies' messaging regarding volumes and pricing power, as well as their margins. Elections in India, Mexico and France yielded unexpected results during the period. Meanwhile, the United States and Europe announced new tariffs on Chinese EVs and solar panels. While this generated uncertainty, markets are expected to continue climbing in the coming months.

Against this backdrop, the portfolio sub-manager continues to invest in companies with robust pricing power, a strong competitive position and the ability to deliver earnings growth in a deflationary environment that benefits from the transition to a more sustainable economy while remaining attractive to investment opportunities. Areas of interest include businesses benefitting from increased spending for drug discovery and testing, and from the accelerating digital transformation, as well as companies providing access to the financial market or promoting the sharing or circular economy.

**FÉRIQUE Global Innovation Equity Fund
(8.3% of the Fund as at June 30, 2024)**

The portfolio sub-manager invests in companies that could drive long-term growth by harnessing innovation and challenging the cyclical nature of the economy. While global equity markets remain

macro-driven and tend to overlook fundamentals, the portfolio sub-manager continues to seek companies that are truly innovative or benefit from structural change that will provide attractive return opportunities at attractive multiples.

The portfolio sub-manager is seeking to invest in innovative growth companies that leverage key secular megatrends such as AI and machine learning, digital transformation, cloud migration, sustainability, direct-to-consumer models, and health care innovation.

While some major investors claim that AI is overhyped and that stock market performance caused by the technology is only temporary, the portfolio sub-manager believes that the AI trend is a decade in the making and that it will either continue or accelerate as new technologies are created and adopted. It should be noted that the portfolio has been a long-time investor in some of the companies that recently benefitted from the generative AI boom, including chip manufacturers NVIDIA, Advanced Micro Devices and ASML, cloud-service providers Alphabet, Amazon.com and Microsoft Corporation, and application makers MongoDB and Adobe. The portfolio sub-manager is focused on the long-term growth this technology has driven and will continue to drive.

The near-term impacts of generative AI are impossible to predict with certainty due to the technology's disruptive nature. However, the portfolio sub-manager expects a bubble to form in the hardware segment and the market to shift its focus to cloud-service and application companies instead.

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

Subject to the required approval of the unitholders of the FÉRIQUE European Equity Fund and the FÉRIQUE Asian Equity Fund at the extraordinary meeting which will take place on or around October 21, 2024, Gestion FÉRIQUE intends to proceed with the reorganization of the FÉRIQUE European Equity Fund, the continued fund, with the FÉRIQUE Asian Equity Fund, the dissolved fund, on or around October 25, 2024. This reorganization also includes a change in the objective and name of the FÉRIQUE European Equity Fund, which will become the FÉRIQUE International Equity Fund.

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

For the period ended June 30, 2024, 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, 2024, AlphaFixe Capital has not carried out any related party transactions and BMO Global Asset Management has paid no related party commission fees for the management of the FÉRIQUE Global Sustainability Bond Fund. However, BMO Global Asset Management, manager of a portion of the Fund, traded currency forward contracts with a related party. The Independent Review Committee is of the opinion that the proposed actions by the Manager achieve a fair and reasonable result for the unitholders of the Fund.

For the period ended June 30, 2024, 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, 2024, CC&L and Franklin Templeton 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, 2024, 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, 2024, Lazard and Walter Scott & Partners did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE European Equity Fund.

For the period ended June 30, 2024, Nomura did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Asian Equity Fund.

For the period ended June 30, 2024, 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, 2024, 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, 2024, 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, 2024, 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, 2024, Wellington did not enter into any Related Party Transactions as it pertains to the management of the FÉRIQUE Global Innovation Equity Fund.

As at June 30, 2024

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]	**12.74**	11.57	13.59	13.13	11.99	10.53
Increase (decrease) from operations						
Total revenues	**0.09**	0.18	0.17	0.13	0.15	0.22
Total expenses	**(0.01)**	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Realized gains (losses)	**–**	0.11	0.27	0.73	0.19	0.07
Unrealized gains (losses)	**0.88**	1.10	(2.01)	0.22	0.97	1.36
Total increase (decrease) from operations [2]	**0.96**	1.38	(1.58)	1.06	1.29	1.63
Distributions						
From investment net income (excluding dividends)	**0.04**	0.08	0.06	0.04	0.04	0.05
From dividends	**0.04**	0.09	0.09	0.06	0.09	0.15
From capital gains	**–**	0.05	0.27	0.51	–	–
Total annual distributions [3]	**0.08**	0.22	0.42	0.61	0.13	0.20
Net assets, end of accounting period [4]	**13.62**	12.74	11.57	13.59	13.13	11.99

(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 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 asset value (in thousands of $) [1]	**696,891**	627,673	529,073	582,783	471,375	388,626
Number of units outstanding [1]	**51,173,710**	49,280,683	45,743,140	42,890,004	35,900,026	32,422,240
Management expense ratio (%) [2]	**1.18**	1.14	1.12	1.20	1.15	1.15
Management expense ratio before waivers or absorptions by the Manager (%)	**1.18**	1.14	1.12	1.20	1.15	1.15
Portfolio turnover rate (%) [3]	**n/a**	n/a	n/a	n/a	n/a	n/a
Trading expense ratio (%) [4]	**0.05**	0.05	0.05	0.06	0.08	0.07
Net asset value per unit ($)	**13.62**	12.74	11.57	13.59	13.13	11.99

(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. 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 1.03% and are detailed as follows:

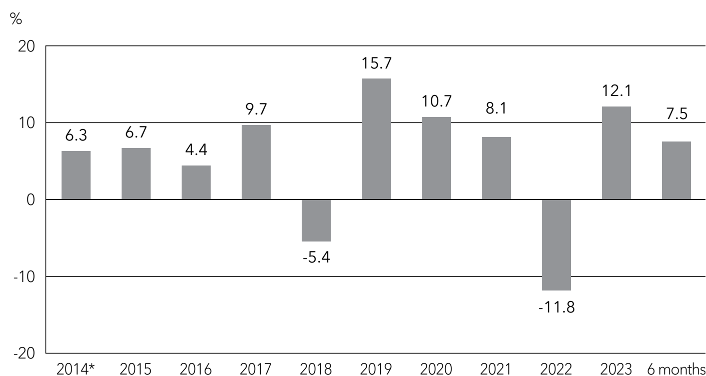
- Management fees: 0.92%
- Administration fees: 0.11%

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.



* From February 24 to December 31, 2014

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE Canadian Equity Fund	18.9
FÉRIQUE Canadian Bond Fund	17.7
FÉRIQUE American Equity Fund	11.0
FÉRIQUE European Equity Fund	10.7
FÉRIQUE Asian Equity Fund	10.5
FÉRIQUE Global Innovation Equity Fund	8.3
FÉRIQUE Global Sustainable Development Equity Fund	7.3
FÉRIQUE Global Sustainable Development Bond Fund	5.1
FÉRIQUE Globally Diversified Income Fund	4.2
Cash, Money Market and Other Net Assets	1.7
NEI Northwest Emerging Markets Fund, Series I	1.6
Templeton Emerging Markets Fund, Series O	1.5
RBC Emerging Markets Dividend Fund, Series O	1.5
	100.0

Asset Mix	% of net asset value
International Equity	31.3
U.S. Equity	20.2
Canadian Equity	19.2
Canadian Corporate Bonds	7.0
Canadian Federal Bonds	6.3
Canadian Provincial Bonds	5.9
Foreign Bonds	5.5
Cash, Money Market and Other Net Assets	3.6
Canadian Asset- and Mortgage-Backed Securities	0.5
Canadian Municipal Bonds	0.5
Net Asset Value	**696,890,954**

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

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