FÉRIQUE
FUND MANAGEMENT

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2024

INCOME FUNDS
FÉRIQUE **Canadian Bond** Fund

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

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

A Note on Forward-looking Statements

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

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

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

Management Discussion of Fund Performance

Investment Objective and Strategies

The FÉRIQUE Canadian Bond Fund seeks to maximize total return through a combination of high income and capital appreciation. Money is therefore mainly invested and reinvested in fixed-income securities issued by governments and corporations.

Management of the Fund is divided equally between two portfolio managers, namely Addenda Capital Inc. (Addenda) and Baker Gilmore & Associates Inc. (Baker Gilmore).

Addenda's strategy consists in actively positioning the portfolio in accordance with economic conditions by focusing on the following factors: the management of portfolio duration relative to the FTSE Canada Universe Bond Index, as well as allocation and security selection within bond market sectors (bonds issued by Canadian federal, provincial and municipal governments, supranational institutions and corporations). The portfolio manager may also invest in foreign bonds.

Baker Gilmore's strategy consists in actively positioning the portfolio in accordance with economic conditions by focusing on the following factors: sector allocation and security selection within bond market sectors (bonds issued by Canadian federal, provincial and municipal governments, supranational institutions and corporations) and the management of portfolio duration relative to the index. The portfolio manager may also invest in foreign bonds.

The Fund mainly invests and reinvests in bonds, debentures, notes and other securities issued and guaranteed as to principal and interest by the Government of Canada, provincial and municipal governments, supranational institutions or any Canadian school board, corporation or cooperative, as well as bonds backed by assets or receivables, strip coupons, investment certificates, exchange-traded funds and other equivalent securities. Bonds and debentures issued or guaranteed by governments or corporations (including asset-backed securities and commercial mortgages) from developed countries denominated in the currencies of these countries are also allowed. The fund may also invest in money market securities.

Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. The Fund is intended for investors with a low risk tolerance who wish to invest over the medium term. It can also be used as the core component of the allocation to Canadian fixed income in a diversified investment portfolio. During the period, there were no changes that materially affected the overall risk level associated with an investment in the Fund.

Results of Operations

The FÉRIQUE Canadian Bond Fund posted a net return of 3.7% for the fiscal year ended December 31, 2024. Its benchmark, the FTSE Canada Universe Bond Index, recorded a 4.2% 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 a return of 3.9%, net of management fees for the fiscal year.

Addenda

At the beginning of 2024, the portfolio duration—a measure of sensitivity to interest rate changes—was slightly longer than the benchmark. The portfolio manager gradually increased duration as yields rose through the end of April. From May onward, Addenda maintained a stable duration gap to take advantage of falling yields as inflation eased. In August, the portfolio manager brought the portfolio's duration closer to the benchmark following a sharp drop in rates triggered by weaker-than-expected job creation. In late September, the portfolio manager slightly widened the duration gap with the benchmark as interest rates ticked up and the labour market began to recover. In the United States, the election campaign and the victory of the Republican Party, which took control of both the presidency and Congress, prompted a rise in rates starting in mid-September. As at December 31, 2024, the portfolio duration was 0.4 years longer than the benchmark.

Addenda believes that the monetary policies of the Bank of Canada (BoC) and the U.S. Federal Reserve (Fed) do not reflect inflationary trends in both countries. While inflation has fallen on both sides of the border, strong wage growth and low productivity in Canada could undo recent progress or even fuel inflation. In contrast, the United States benefits from high productivity and moderate wage growth, which support price stability. Despite this economic backdrop, the BoC lowered its key interest rate earlier and more aggressively (175 basis points to 3.25%) than the Fed (100 basis points to 4.50%). In light of these circumstances, the portfolio manager added 2-year U.S. Treasury bonds to the portfolio to take advantage of the increased likelihood of a short-term rate cut in the United States. This strategy detracted from the portfolio's performance in 2024.

Credit spreads narrowed over the course of the year, more significantly for corporate bonds than for provincial bonds.

In the second quarter, Addenda increased the provincial bond allocation from an underweight to a slight overweight. This position was maintained for the rest of the year. The portfolio manager also maintained the slight overweight to corporate bonds despite narrowing spreads, and seized opportunities in new issues. The portfolio manager increased the allocation to Financials, Infrastructure and Real Estate and decreased the allocation to Industrials and Energy. Addenda slightly increased the overweight to BBB-rated securities compared to the end of 2023, but the portfolio's risk profile remains conservative. The management of corporate bonds also added value.

During the year, the portfolio manager met with Enbridge twice to discuss key aspects of its climate strategy and its reconciliation efforts with Indigenous communities.

The Fund's responsible approach to investing 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.

[1] Source: Median return of similar funds according to Fundata, as at December 31, 2024.

Baker Gilmore

The portfolio's additional yield relative to its benchmark is attributable to the overweight to financial corporate bonds and asset-backed securities during a period of narrowing credit spreads. On the other hand, the management of the portfolio's duration and the overweight to real return bonds detracted from performance amid falling inflation expectations.

The portfolio's overweight to credit risk was gradually reduced over the fiscal year by taking profits in Government of Canada bonds, provincial bonds and corporate bonds from the Financials sector as credit spreads narrowed. In the fourth quarter, Baker Gilmore increased the credit risk, particularly in provincial bonds, as the U.S. election boosted risk asset prices due to expectations of tax cuts and deregulation.

At the beginning of the fiscal year, 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. In response to the easing of longstanding inflationary pressures, most major central banks have lowered their key rates with the goal of achieving a soft economic landing without a significant rise in unemployment.

In this context, risk assets rebounded while credit spreads narrowed for investment-grade and high-yield bonds. Throughout the fiscal year, yields on government bonds generally rose on the medium- and long-term segments of the curve and fell on the short-term segment. The U.S. dollar appreciated against the majority of currencies, while commodity prices rose due to higher food prices. Meanwhile, oil and precious metals prices remained relatively stable.

At the end of the fiscal year, the overweight to real return bonds was increased in light of very attractive implied inflation differentials.

With regard to environmental, social and governance (ESG) considerations, Baker Gilmore met with the management team of Brookfield Renewable Partners to assess the integration of ESG criteria into its activities and its progress in the area.

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Recent Developments

Addenda

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

In Canada, job and wage growth will continue to support household consumer spending in 2025. Addenda expects the BoC to examine the effects of wage growth on inflation in a context of low productivity before making any key rate cuts.

However, the arrival of the new president at the White House and the Republican takeover of Congress could lead to the implementation of inflationary economic policies, including tariffs. In Canada, the imposition of tariffs could have an adverse impact on economic activity. The scale and impact of such tariffs is hard to measure without knowing their exact details. Addenda will exercise caution and seek to fully understand the consequences of policy changes if necessary.

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 intensifying, 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, the financial strength of households points to relatively robust 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.

Meanwhile, worsening geopolitical conflicts have led many advanced and developing economies to hike defence spending, which is likely to exacerbate public deficits for many years to come. Furthermore, disruptions and tensions in supply chains and the 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.

In addition, numerous geopolitical conflicts combined with climate change have led to new economic, demographic and migration disruptions whose outcome remains highly uncertain. In the United States, the deficit is likely to widen further in view of the recent presidential election, with Donald Trump promising tax cuts and increased military spending. Imposing numerous tariffs and trade restrictions could also drive up inflation and hurt economic growth.

Although central banks (including the BoC) have signalled their intention to lower their rates within the next 12 months despite inflation persistently above the 2% target, strong wage growth and high government deficits, they are unlikely to meet market expectations. Additionally, high anticipated levels of government bond issuance are expected to contribute to rising medium- and long-term bond yields.

As a result, the portfolio manager will keep the portfolio duration shorter than the benchmark and underweight primarily long-term securities in anticipation of a steepening yield curve. With regard to sector allocation, the portfolio is overweight to provincial bonds. In corporate bonds, the portfolio is underweight in the Utilities and Industrials sectors but overweight in the Financials sector and asset-backed securities.

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

IRC: 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 fiscal year ended December 31, 2024, the Fund's portfolio managers, Addenda and Baker Gilmore, did not enter into any related party transactions as pertains to the management of the FÉRIQUE Canadian Bond Fund.

Financial Highlights

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

	Years ended				
Net Assets per Unit (1) (5)	**Dec. 31 2024 (12 months)**	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)
	$	$	$	$	$
Net assets, beginning of accounting period (4)	**36.57**	35.11	40.35	42.32	40.80
Increase (decrease) from operations					
Total revenues	**1.44**	1.17	1.07	1.08	1.09
Total expenses	**(0.28)**	(0.26)	(0.26)	(0.31)	(0.33)
Realized gains (losses)	**0.03**	(0.68)	(2.36)	(0.01)	1.16
Unrealized gains (losses)	**0.16**	2.18	(2.82)	(1.81)	1.08
Total increase (decrease) from operations (2)	**1.35**	2.41	(4.37)	(1.05)	3.00
Distributions					
From investment net income (excluding dividends)	**1.14**	0.91	0.80	0.78	0.75
From capital gains	**–**	–	–	0.15	0.81
Total annual distributions (3)	**1.14**	0.91	0.80	0.93	1.56
Net assets, end of accounting period (4)	**36.74**	36.57	35.11	40.35	42.32

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

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

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

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

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

Financial Highlights (continued)

Ratios and Supplemental Data	Dec. 31 2024 (12 months)	Dec. 31 2023 (12 months)	Dec. 31 2022 (12 months)	Dec. 31 2021 (12 months)	Dec. 31 2020 (12 months)
	Years ended				
Net asset value (in thousands of $)[1]	**718,488**	680,159	626,535	710,952	867,851
Number of units outstanding[1]	**19,555,526**	18,601,190	17,844,527	17,621,130	20,508,658
Management expense ratio (%)[2]	**0.78**	0.74	0.72	0.77	0.77
Management expense ratio before waivers or absorptions by the Manager (%)	**0.78**	0.74	0.72	0.77	0.77
Portfolio turnover rate (%)[3]	**107.12**	142.13	166.63	110.78	177.34
Trading expense ratio (%)[4]	**–**	–	–	–	–
Net asset value per unit ($)	**36.74**	36.57	35.11	40.35	42.32

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

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

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

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

Management Fees

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

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

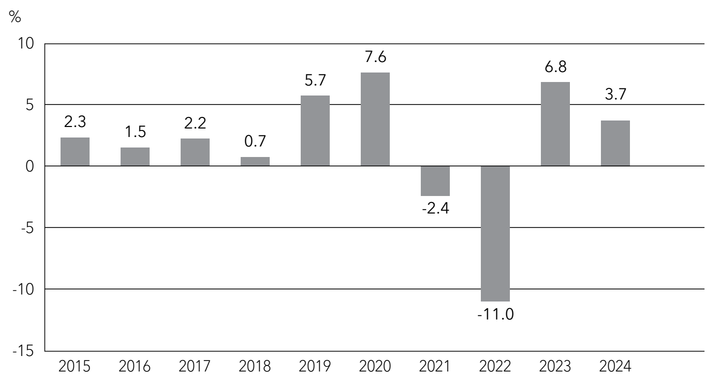
Administration fees include, among others, registrar custodian fees and fiduciary fees, expenses relating to accounting and valuation of the Fund, auditors' and legal advisors' fees and reporting fees to unitholders. Fund expenses are made up of regulatory filing fees and expenses of the Independent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

For the year, annualized management fees charged to the Fund before government taxes amounted to 0.68% and are detailed as follows:

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

Annual Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by December 31 of each financial year or on the last day of the year.



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 Compound Returns (%)

	1 year	3 years	5 years	10 years
FÉRIQUE Canadian Bond	3.7	(0.5)	0.7	1.6
FTSE Canada Universe Bond Index	4.2	(0.6)	0.8	2.0
Median*	3.9	(1.1)	0.3	1.2

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

FTSE Canada Universe Bond Index

The FTSE Canada Universe Bond Index includes nearly all marketable Canadian bonds with terms to maturity of over one year. Its objective is to reflect the evolution of the Canadian bond market.

Comparison with the Index

The Fund posted a net return of 3.7% for the fiscal year ended December 31, 2024, compared to 4.2% for its benchmark index. Unlike benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

Portfolio Overview

The Top 25 Holdings in the Portfolio	% of net asset value
Cash, Money Market and Other Net Assets	5.7
Government of Canada, 3.25%, due December 1, 2034	4.1
Government of Canada, 4.00%, due March 1, 2029	3.9
Government of Canada, 3.00%, due June 1, 2034	3.7
Government of Canada, 4.00%, due August 1, 2026	3.3
Province of Ontario, 4.15%, due December 2, 2054	2.8
Canada Housing Trust, 1.10%, due December 15, 2026	2.2
Province of Quebec, 4.40%, due December 1, 2055	2.1
Province of Ontario, 4.65%, due June 2, 2041	2.0
Government of Canada, 0.50%, due December 1, 2030	2.0
Province of Ontario, due December 2, 2028	1.9
Canada Housing Trust, 1.25%, due June 15, 2026	1.8
Canada Housing Trust, 4.25%, due March 15, 2034	1.5
Government of Canada, 4.25%, due December 1, 2026	1.4
Province of Ontario, 2.90%, due December 2, 2046	1.3
Royal Bank of Canada, 4.63%, due May 1, 2028	1.3
Province of Manitoba, 2.05%, due September 5, 2052	1.3
Government of Canada, 2.75%, due December 1, 2055	1.2
Government of Canada, 4.00%, due December 1, 2031	1.2
Province of Ontario, 1.90%, due December 2, 2051	1.2
Province of Ontario, 3.75%, due December 2, 2053	1.1
Province of Alberta, 3.10%, due June 1, 2050	1.1
Canada Housing Trust, 1.10%, due March 15, 2031	1.1
Canada Housing Trust, 3.65%, due June 15, 2033	1.1
Enbridge Inc., Floating, due September 27, 2077	1.1
	51.4

Asset Mix	% of net asset value
Canadian Federal Bonds	32.9
Canadian Provincial Bonds	28.9
Canadian Corporate Bonds	27.6
Cash, Money Market and Other Net Assets	5.7
Canadian Asset- and Mortgaged-Backed Seucrities	3.3
Canadian Municipal Bonds	0.9
Foreign Bonds	0.7
Net Asset Value	**718,488,382**

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

Other Material Information

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FÉRIQUE
FUND MANAGEMENT

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

ferique.com

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

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

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