FÉRIQUE
FUND MANAGEMENT

ANNUAL MANAGEMENT REPORT

of Fund Performance for the year ended December 31, 2024

FÉRIQUE PORTFOLIO SOLUTIONS

FÉRIQUE **Growth** Portfolio

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 Growth Portfolio (the Fund) seeks to maximize long-term capital growth by a policy of diversification across different types of investments. The Fund mainly invests in mutual funds with exposure in Canadian and foreign equities, bond securities, and money market securities.

The Fund aims to hold a well-diversified portfolio composed mainly of Canadian and foreign equity securities and of Canadian and foreign fixed-income securities.

In accordance with the Fund's current investment strategy, the long-term target portfolio is broken down as follows (all percentages presented in the investment strategies are expressed as a percentage of the Fund's net assets):

- Fixed-income funds and money market securities 30%
- Equity funds 70%

The maximum exposure to foreign securities is approximately 65%.

This weighting may vary depending on market fluctuations and investors' transactions in the Fund. Asset class weightings are reviewed monthly. The Fund is rebalanced when the thresholds set by the Fund's portfolio manager are exceeded.

The Fund invests mainly in units of underlying funds administered by the manager or by third parties in order to obtain the target exposure to the different asset classes.

Gestion FÉRIQUE, the Fund's portfolio manager, is responsible for allocation among asset classes. The portfolio manager may, at its sole discretion and to maximize the potential of achieving the Fund's objectives, select the underlying funds for the different asset classes, modify the asset allocation, remove any underlying fund or add other underlying funds.

The following criteria are taken into account when allocating the assets of the Fund among the underlying funds: the asset class exposure threshold set out in the investment policy, anticipated return and risk, and fees. There will be no duplication of fees between the Fund and the underlying funds.

The underlying funds, as well as the money market securities, are managed by portfolio managers or portfolio sub-managers that apply proprietary strategies in their security selection.

Risk

The risks of investing in the Fund remain the same as those described in the Prospectus. The Fund is intended for investors with a low to medium risk tolerance who want to invest for the medium or long term. It can also be used by investors looking for diversification within a single portfolio. During the period, there were no changes to the Fund that materially affected the overall risk level associated with an investment in the Fund.

Results of Operations

The FÉRIQUE Growth Portfolio posted a net return of 14.7% for the fiscal year ended December 31, 2024, compared to a 17.3% return 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 a return of 16.5%, net of management fees for the fiscal year.

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

Effective October 25, 2024, Gestion FÉRIQUE reorganized the FÉRIQUE European Equity Fund with the FÉRIQUE Asian Equity Fund, two underlying funds held by the FÉRIQUE Growth Portfolio. The investment objective of the FÉRIQUE European Equity Fund was then changed as it became the FÉRIQUE International Equity Fund. Unitholders of the funds involved approved the reorganization of the FÉRIQUE Asian Equity Fund with the FÉRIQUE European Equity Fund and change to the investment objectives of the FÉRIQUE European Equity Fund during the extraordinary meeting held on October 21, 2024.

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.

Money Market
(1.4% of the Fund as at December 31, 2024)

Over the fiscal year, the weighting of provincial and financial sector securities within the portfolio varied due to fluctuating credit spreads, which generally tightened, as well as the volume and frequency of fund inflows and outflows. Interest rate fluctuations driven by economic and market conditions were the primary factor impacting the Fund's performance during the fiscal year. Additionally, the Bank of Canada cut its key interest rate several times, lowering it from 5.00% to 3.25%.

FÉRIQUE Canadian Bond Fund
(17.1% of the Fund as at December 31, 2024)

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.

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

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.

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.

FÉRIQUE Global Sustainable Development Bond Fund (5.9% of the Fund as at December 31, 2024)

The FÉRIQUE Global Sustainable Development Bond Fund posted a net return of 2.9% for the fiscal year ended December 31, 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 3.7% return for the same period. Contrary to benchmark returns, which include no investment fees, returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 2.7% net of fees for the fiscal year.

AlphaFixe Capital

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

The portfolio's duration was kept near its benchmark, or occasionally slightly shorter, providing a modest contribution to relative performance. However, this strong performance was offset by positioning on the curve, particularly the overweight to 10-year maturity securities and the underweight to 5-year maturity securities. Credit spreads, or the additional yield offered to investors to hold provincial and corporate bonds compared with government bonds, narrowed across the board throughout the year. This trend was particularly pronounced in corporate bonds, which are overweight in the portfolio. This positioning contributed to returns during the fiscal year.

Security selection and maintaining portfolio duration (a measure of sensitivity to interest rate changes) aligned with the benchmark also paid off.

In accordance with the Fund's objective, 95% of the portfolio was invested in green, social or sustainable bonds at the end of the year. Such bonds help finance projects or companies upholding sustainability principles.

With regard to environmental, social and governance (ESG) matters, AlphaFixe engaged in dialogue with companies and government agencies on 48 occasions over the year. Of these, 11 involved entities whose bonds are held in the portfolio. The portfolio sub-manager strives to raise awareness among issuers of ESG issues related to their activities and sustainable development efforts, in addition to addressing topics like the energy transition, biodiversity and equity, diversity and inclusion. Issuers' reporting practices have generally improved in recent years due to increased demand for information from the portfolio sub-manager and other stakeholders.

During the year, the portfolio sub-manager participated in a new issue of green bonds by electricity transmission and distribution utility Hydro One. The proceeds from this issue will be used to fund various electricity transmission and distribution projects and ensure a clean energy grid. It also invests in Ontario Power Generation (OPG), the largest energy producer in Ontario. The company produces 90% of its electricity from hydroelectric and nuclear power. OPG is a global reference in the nuclear energy sector owing to its technical expertise and operational excellence. The company built the first small modular reactor in North America in collaboration with international partners, marking a key milestone in the energy transition.

BMO Global Asset Management

An overweight to government bonds, primarily in the eurozone and, to a lesser extent, the United Kingdom, detracted from returns as interest rates rose. With U.S. bond valuations being on the pricier side, the portfolio sub-manager protected the Fund from the negative impact of rising U.S. interest rates by reducing risk and increasing the allocation to the eurozone in late August. BMO also maintained a strategic bias to Europe to increase Fund diversification because of the amount of green bond issuance in the eurozone. The portfolio sub-manager's defensive strategy in response to the yield curve steepening in the United Stated detracted marginally from performance, as late-year capital gains were offset by early-year losses.

The portfolio sub-manager will maintain the portfolio's positioning on the steepening yield curve for the near term as the long-term portion of the global curve is expected to remain under pressure from a sticky inflation and higher-for-longer interest rate environment.

Meanwhile, the allocation to U.S. Treasury bonds modestly impeded performance, as corporate bonds outperformed their government counterparts. Exposure to U.S. Treasuries provides the Fund with sufficient liquidity since corporate green bonds are fairly illiquid. A marginal underweight to credit risk also detracted from returns. While corporate bond fundamentals were positive, their prices were relatively high. The portfolio sub-manager thus shied away from investing in this asset class.

The portfolio's structural bias to eurozone corporate bonds and an underweight to U.S. corporate bonds helped returns due to eurozone corporate bonds outperforming their U.S. counterparts. The Fund benefitted from green bond selection in the eurozone Real Estate, Communication Services and Utilities sectors and in the U.S. Financials sector.

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.

In keeping with the Fund's objective, 70% of the portfolio was invested in green bonds, 12% in sustainability bonds and 10% in social bonds at the end of the year. The rest of the portfolio is primarily held in cash and U.S. Treasury bonds for liquidity purposes.

FÉRIQUE Globally Diversified Income Fund
(4.2% of the Fund as at December 31, 2024)

The FÉRIQUE Globally Diversified Income Fund, managed by Addenda Capital Inc. (Addenda), posted a net return of 4.7% for the fiscal year ended December 31, 2024. Its benchmark, composed of the FTSE Canada Short Term Overall Bond Index (30%), the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged) (60%) and the Dow Jones Canada Select Dividend Index (10%), posted a 5.3% 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 8.4% net of fees for the fiscal year.

The portfolio's Canadian equity portion underperformed mainly due to sector allocation to Communication Services and weak stock selection in Financials.

The portfolio's asset allocation, especially to Canadian and global bonds, drove up relative returns. The overweight to corporate bonds and modest allocation to high-yield bonds also added value as credit spreads, which is the additional rate over government bonds offered to investors to hold these securities, tightened throughout the year.

The Canadian bonds' underweight duration positioning contributed positively to relative returns. The allocation to Canadian bonds also added value but was partially offset by the allocation to global bonds, which underperformed the Canadian market.

During the year, the allocation to global bonds was increased but kept underweight, while the allocation to Canadian equities was increased to an overweight position. The portfolio sub-manager added a small allocation to preferred shares late in the year because of their attractive returns outlook.

The portfolio sub-manager had 38 engagements with companies held in the portfolio to address environmental, social and governance (ESG) issues, focusing on environmental matters.

FÉRIQUE Canadian Equity Fund
(19.8% of the Fund as at December 31, 2024)

The FÉRIQUE Canadian Equity Fund posted a net return of 19.4% for the fiscal year ended December 31, 2024. Its benchmark, the S&P/TSX Composite Index, posted 21.7% for the same period. Contrary to benchmark returns, which include no investment fees, Fund returns are expressed net of management and operating expenses payable by the Fund.

On a relative basis, the Fund outperformed its industry median[1], which posted 17.8%, net of management fees for the fiscal year.

CC&L

In 2024, the portfolio outperformed the benchmark. Stock picking across Information Technology, Utilities and Materials drove the outperformance while sector positioning detracted value.

In Information Technology, the overweight to Celestica was the top contributor during the year. In Utilities, the overweight to Capital Power Corporation also added value. Sector allocation hampered performance due to a significant underweight to Financials. Conversely, underweights to defensive, more interest rate-sensitive sectors such as Communication Services and Real Estate helped returns. They posted negative returns in 2024 as the 10-year interest rates remained elevated.

Throughout the year, the portfolio sub-manager had 41 engagements with companies held in the portfolio where they discussed environmental, social and governance (ESG) issues, including board composition and renewal best practices, energy transition, waste management, remuneration, carbon governance and reduction targets and various social issues.

In March 2024, the portfolio sub-manager exited its position in Barrick Gold Corporation due to operational challenges driven by social considerations. 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. As a result, the stock's target multiple was lowered, and then sold off.

Several companies held in the portfolio will benefit from the transition to cleaner energy sources. Copper is a critical metal used in electric batteries and solar and wind infrastructures. There is sustainable long-term demand for copper and, as a result, the portfolio holds high-quality copper producers, including Hudbay Minerals and Capstone Copper.

Franklin Templeton

For the full year 2024, the mandate underperformed its benchmark. The Fund experienced negative security selection as well as negative sector allocation. The largest detractors from relative performance included an overweight to Communication Services sector, as well as an underweight and poor security selection in the outperforming Information Technology and Financials sectors. This was partially offset by strong security selection in the Consumer Discretionary and Utilities sectors.

Communication Services was the worst performing sector and the only one to post negative returns in 2024. The sector faced competitive challenges following the Rogers Communications and Quebecor transactions finalized in early 2023. In Information Technology, weak security selection was largely due to a position in underperforming Open Text Corporation and an underweight to well performing but volatile Shopify. In Consumer Discretionary, positive security selection was attributable to a position in Dollarama and a lack of holdings in underperforming Magna International and Restaurant Brands International.

Last year, the portfolio sub-manager had over 100 meetings with companies held in the portfolio to discuss environmental, social and governance (ESG) issues.

As part of this process, the portfolio sub-manager engaged with Alimentation Couche-Tard about their shift in carbon strategy. While the company remains committed to helping customers transition to cleaner mobility solutions, fossil fuels remain a significant part of their business. Consequently, Alimentation Couche-Tard had to revise their strategies and targets to ensure that they make a significant impact, while focusing on elements they can control. Notably, the company recently adjusted its targets but left its overall climate strategy unchanged. Alimentation Couche-Tard is proactively assessing material climate-related risks and remains committed to putting in place a corporate sustainability strategy that translates to tangible results. The position was added to the portfolio in 2024 by taking advantage of share price weakness.

The portfolio sub-manager also met with Saputo to gain a better understanding of the company's climate action plan and how its corporate sustainability strategy has evolved.

Saputo announced it sought to reduce CO_2 emission intensity by 20% by 2025. It also allocated capital to tackle water and wastewater management. Saputo is proactively assessing material environmental risks and remains committed to tangible results.

FÉRIQUE American Equity Fund
(11.4% of the Fund as at December 31, 2024)

The FÉRIQUE American Equity Fund posted a net return of 31.6% for the fiscal year ended December 31, 2024. Its benchmark, the S&P 500 Index, posted a 36.4% 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 30.0%, net of fees for the fiscal year.

Columbia Threadneedle

Stock selection was the main cause of the portfolio's modest relative underperformance, with selection in Communication Services, Health Care and Consumer Staples having the most negative impact.

Conversely, sector allocation contributed positively to performance and partially offset less favourable stock selection. The large overweight to Communication Services, followed by the underweight to Real Estate, contributed the most.

From an individual stock standpoint, the portfolio's holdings in Elevance Health (Health Care), Coty (Consumer Staples) and BioMarin Pharmaceutical (Health Care) were the top relative detractors during the fiscal year.

While Elevance Health performed well throughout most of the year, the stock experienced a pullback in the fourth quarter of 2024, leading the name to be a top detractor. In October, the company released its third quarter earnings, reporting below-consensus earnings per share and taking down guidance. Elevance Health fell on cost pressures on its Medicaid business, which weighed on margins and earnings alike. Medicaid pressures also contributed to management trimming 2024 guidance and 2025 earnings per share forecast as they see those pressures persisting into next year, but then likely moderating in the latter part of the year. Despite the pullback and the Medicaid headwind, other segments of Elevance's business are still showing signs of strength.

Meanwhile, positions in NVIDIA Corporation, Tapestry and Boeing Company contributed the most.

NVIDIA posted another strong performance for the year as generative artificial intelligence (AI) continued to drive the market in 2024. It enjoyed persistent demand for its AI computing chips as a growing number of companies started to integrate AI into their daily operations, which generated significant earnings. As AI's potential continues to grab investors' imagination, NVIDIA remains as the indisputable leader in the space and will unlikely be challenged for many years ahead.

During the year, Columbia engaged in a dialogue with EOG Resources about its greenhouse gas emissions target. The company's responsiveness to feedback on improving the quantification of disclosures is promising, and the portfolio sub-manager is looking forward to the upcoming release of its new sustainability report later this year.

River Road

From January 1 to December 31, 2024, the portion of the FÉRIQUE American Equity Fund managed by River Road underperformed the fund's benchmark.

From a sector allocation perspective, an underweight to Information Technology and an overweight to Energy detracted the most from relative performance.

Less favourable stock selection, especially in the Communication Services sector, also had a negative impact on performance. However, selection in the Energy sector, whose allocation was significantly increased over the year, helped.

Positions in outperforming Williams Companies and Kinder Morgan added value. Meanwhile, new positions in Expand Energy Corporation and EOG Resources also helped relative performance.

During the year, the portfolio sub-manager engaged in dialogue with companies on six different occasions to discuss environmental, social, and governance-related issues focused on carbon intensity, disclosures and targets.

FÉRIQUE International Equity Fund
(20.0% of the Fund as at December 31, 2024)

The FÉRIQUE International Equity Fund posted a net return of 9.7% for the fiscal year ended December 31, 2024. Its benchmark, the MSCI EAFE Index, posted a 13.8% 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 underperformed its industry median[1], which posted 11.6%, net of fees for the fiscal year.

Effective October 25, 2024, Gestion FÉRIQUE reorganized the FÉRIQUE European Equity Fund (the "Continuing Fund") with the FÉRIQUE Asian Equity Fund. The investment objective of the FÉRIQUE European Equity Fund was then changed as it became the FÉRIQUE International Equity Fund. Effective October 25, 2024, the International Equity Fund is managed by portfolio sub-managers Threadneedle Asset Management Limited and Goldman Sachs Asset Management L.P., thereby replacing the portfolio sub-managers Lazard Asset Management (Canada) Inc. and Walter Scott & Partners Limited. Gestion FÉRIQUE remained the portfolio manager of the Continuing Fund. Performance prior to the reorganization's effective date reflects the performance of the FÉRIQUE European Equity Fund (now the FÉRIQUE International Equity Fund) with its prior investment objectives. The reorganization and the investment objectives changes could have materially affected performance of the Fund had they been in effect throughout the entire performance measurement period.

Lazard
(January to October 2024)

The portfolio outperformed a rising market in the first quarter, when 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 European elections, markets have climbed to all-time highs in the second quarter. The portfolio then underperformed due to stock-specific issues. Market conditions were challenging in the third quarter due to geopolitical events, including the unwind of the Japanese carry trade, a strategy of borrowing money in a low-interest currency to invest in a currency with a higher interest rate, and new government stimulus in China.

Stock selection was the main driver of underperformance during the fiscal year. In particular, selection in Consumer Discretionary and Industrials weighed on returns, while selection in Consumer Staples and Financials contributed.

At the individual stock level, 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. 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.

Wind turbine manufacturer Vestas Wind Systems also underperformed. With companies prioritizing power grid capital expenditure over renewables and the election of the new U.S. president, the outlook for wind has deteriorated. Vestas' operating performance is back to its 2020 levels, at a time when wind energy companies were competitive without government subsidies. Since such subsidies are increasing, demand for Vestas' products should increase.

French global automotive supplier Forvia also underperformed the market. An inflationary cost setup, alongside flat production, led to disappointing results.

Conversely, 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.

Unilever also contributed to returns. The company enjoyed positive share price momentum following a strong earnings report late in July with above-expectation volume growth.

The portfolio had no position in underperforming Nestlé, which helped relative returns. The portfolio sub-manager prefers to invest in other consumer goods businesses with more attractive fundamental cases.

From an environmental, social and governance (ESG) perspective, the portfolio sub-manager engaged with Hexagon to discuss the Science Based Targets initiative for emission reduction targets.

Walter Scott & Partners
(January to October 2024)

An underweight to the strong Financials sector detracted most from relative performance. The allocation to underperforming Industrials, especially positions in AutoStore Holdings and Spirax Group, weighed on relative return. The allocation to the underperforming Health Care sector also hampered relative performance. Meanwhile, the portfolio's allocation to outperforming Consumer Discretionary, especially positions in Ferrari and Inditex, helped returns.

From a regional perspective, the portfolio's U.K., Norwegian and French holdings detracted the most from relative performance as they underperformed their respective indices. Danish companies outperformed and contributed most to relative return. From an individual stock standpoint, AutoStore Holdings, Spirax Group and Dassault Systèmes were the top performers while Swiss companies Kuehne + Nagel International and VAT Group, underperformed and weighed on relative performance.

During the period, the portfolio sub-manager engaged in a dialogue with Swedish multinational industrial company Atlas Copco regarding its governance structure. They were encouraged to follow international best practices for corporate governance to minimize risk and potential financial consequences of mismanagement.

Threadneedle
(November to December 2024)

Both stock selection and sector allocation contributed to relative returns. Selection in Communication Services and Financials added the most value, more than offsetting a moderate drag from picks in Industrials. In terms of sector allocation, the underweight to Health Care had a positive impact. The underweight to Utilities was also helpful as the rate-sensitive sector underperformed amid moderating expectations for monetary easing in 2025.

At the stock level, an off-benchmark position in Shopify was the largest contributor. Shares rose after the company released quarterly results with above-forecast revenues. Management's guidance was higher than anticipated as well. As a leading e-commerce payments platform, Shopify benefits from a strong competitive position, attractive secular tailwinds and significant opportunities to cross-sell products. It also benefits from fast-paced organic innovation, which is difficult for competitors to replicate, to make a product that customers genuinely like. In addition, Shopify has low distribution costs.

British multinational private equity and venture capital company 3i Group also outperformed, helped by strong half-year results announced during the period. Its investment in European non-food discount retailer Action yielded strong sales growth, while most other companies in 3i's private equity division delivered positive earnings growth.

Conversely, a position in Ashtead Group weighed on relative performance. The stock underperformed after the company lowered its full-year revenue and profit guidance, citing high interest rates and soft demand in the United States. However, the portfolio sub-manager still has conviction in the position. Ashtead is a major leader in the U.S. equipment rental sector with strong end markets, which are being boosted by major U.S. infrastructure projects. Ashtead also benefits from sound management and a good capital allocation policy.

Following the inception of the portfolio, the portfolio sub-manager has not made any material changes that impact the overall asset mix. However, it has initiated new positions in some individual stocks, including Munich Re, Legrand, Taisei Corporation and Sekisui Chemical.

Munich Re is a leading player in the reinsurance industry, which should benefit from easing inflation. The company recently reported strong results despite several natural disasters in the third quarter and is on track to exceed profit estimates for 2024.

Legrand is a global electrical and digital building infrastructure specialist. The company operates worldwide and is set to increase its presence in the United States and emerging markets. Its capacity to adjust its costs contributes to its strong competitive edge.

The portfolio sub-manager did not engage with companies over environment, social and governance (ESG) issues yet.

Goldman Sachs
(November to December 2024)

Stock selection contributed to portfolio performance across all regions while regional allocation detracted. The underweight to Japan was the largest detractor as the country's market continued to benefit from a weak yen.

From a sector standpoint, stock selection was broadly additive while sector allocation detracted. Stock selection and the overweight to Financials helped performance as a more hawkish U.S. Federal Reserve suggested maintaining rates higher for longer, which would benefit banks. The underweight to Health Care also contributed.

On the other hand, the underweight to Consumer Discretionary and overweight to Utilities detracted the most from portfolio performance. Rate-sensitive sectors like Utilities suffered over the period due to the prospect of rates staying higher for longer.

From an individual stock perspective, Sumitomo Mitsui Financial Group (SMFG) and Swiss Re were the top contributors. SMFG, a Japanese financial conglomerate, outperformed on the back of rising rates in Japan and high year-over-year net profit. Their diversified business model allows the group to generate stable earnings through the economic cycle and easily adapt to Bank of Japan (BoJ) policy changes.

Swiss Re, a global reinsurer, enjoy boosted reserves while delivering strong underwriting results. The portfolio sub-manager remains confident that Swiss Re's strong capital position, resilient underwriting performance and focused growth prospects will allow them to outperform in this challenging environment.

Meanwhile, Ferguson Enterprises and Rio Tinto were the top detractors during the period. Ferguson is the largest plumbing supplies distributor in the United States. The company posted disappointing quarterly earnings and a worsening outlook for U.S. residential markets amidst higher rates, which prompted downgrades. However, they have a strong track record of capital allocation, with expanding cash returns. They benefit from significant scale benefits thanks to their investments in technology, distribution centres and logistics, as well as a market leading position. Rio Tinto, a British-Australian mining company, also detracted from returns as the company suffered from economic uncertainty in China and weaker iron ore prices.

Over the period, the portfolio sub-manager exited the position in French bank BNP Paribas over deteriorating outlook due to political uncertainty in France and the impacts of such uncertainty on tax and regulation policies.

The portfolio sub-manager initiated a position in ING Group, a Dutch financial institution with stable net interest income growth and strong capital return to shareholders in the form of dividends and buy backs.

Given its defensive positioning and value bias, the portfolio should prove resilient and provide downside protection in volatile markets. Furthermore, value stocks outperformed their growth counterparts over the period, which bolstered performance.

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

FÉRIQUE Asian Equity Fund (until October 25, 2024)

The FÉRIQUE Asian Equity Fund posted a net return of 17.3% for the period ended October 25, 2024, compared to 18.5% 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.

Over the period, country allocation detracted from relative performance. An underweight to China and overweight to Japan dragged down returns and offset the positive impact of an underweight to Hong Kong and South Korea and overweight to India.

Stock selection in Taiwan and India helped relative performance and offset negative selection in China, Australia and South Korea.

In Japan, stock selection hampered performance while sector allocation marginally helped. Stock selection in Information Technology proved particularly challenging, mainly due to concerns about escalating U.S.-China trade tensions and prolonged inventory adjustments. This was partially offset by positive selection in the Consumer Staples and Consumer Discretionary sectors, thanks in part to an overweight to ASICS. Led by sales of its high-end running shoes, the sportswear and athletic shoes company recorded substantial profit growth, causing the stock price to soar.

The portfolio's holdings in China underperformed amid market volatility driven by new government stimulus packages announced in September. The lack of exposure to defensive stocks weighed on relative performance.

In Australia, Lifestyle Communities' share price slumped after the company raised equity capital and issued soft earnings results. Uncertainty around China's demand outlook weighed on the mining sector.

In South Korea, an overweight to Samsung Electronics hurt performance as memory prices started to soften given weak demand for conventional non-high bandwidth memory chips.

The portfolio sub-manager reduced the overweight to Japan. While the earnings outlook remains positive, the government's growing focus on corporate reforms herald more shareholder-friendly policies, which bode well for the market. However, the plunging Japanese yen could rattle investor confidence.

China's recovery is still very much in play, and there were no immediate solutions to the property sector's woes. However, the portfolio sub-manager moved to a slight overweight after the government announced a multi-pronged stimulus package in September. While there are still structural threats, the portfolio sub-manager maintained extremely light positions in companies with very cheap valuations.

In Taiwan, the portfolio sub-manager moved from an underweight to an overweight early in the year. Taiwanese companies are capitalizing on the AI trend and Information Technology is supporting the overall performance. The portfolio sub-manager took profits ahead of the U.S. election, reducing the allocation to an underweight. The portfolio sub-manager also monitors valuations and potential inventory buildup in the short term.

With regard to environmental, social and governance (ESG) matters, the portfolio sub-manager held positions in utility companies (Sembcorp Industries, Tenaga Nasional) and uranium extraction stocks (Paladin Energy) benefitting from the transition to clean and renewable energy. It invested in Chinese electric vehicle manufacturer BYD, the first automotive company to suspend internal combustion engine vehicle production. The portfolio is also invested in Larsen & Toubro and Ultratech Cement in India, where the government's focus on infrastructure is likely to drive outperformance.

Templeton Emerging Markets Fund (1.5% of the Fund as at December 31, 2024)

For the fiscal year ended December 31, 2024, Templeton Emerging Markets Fund posted a return of 16.9% gross of management fees, compared to 17.9% for its benchmark, the MSCI Emerging Markets Index.

During the year, stock selection in the Communication Services, Health Care and Information Technology sectors detracted the most from relative performance. In Information Technology, Samsung Electronics and Samsung SDI were major detractors.

Samsung Electronics is one of the world's largest memory semiconductor manufacturers. It also makes a wide range of consumer and industrial electronic devices and equipment. The stock struggled as investors worried about a weaker memory cycle in the near term and the company's loss of leadership in advanced memory products. The memory cycle's weakness is expected to be short lived, as demand for high bandwidth memory (HBM) should remain strong and supply for conventional dynamic random access memory products should be tight as capacity shifts to HBM.

Samsung SDI 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 due to weaker-than-expected growth in demand for its products. Late in the year, concerns that a key U.S. consumer tax credit aimed at boosting EV adoption and manufacturing incentives may be cut under the new U.S. administration also harmed the stock price.

Stock selection in China and Brazil and an overweight to South Korea and Brazil also hampered relative performance.

A position in Banco Bradesco, Brazil's leading private sector bank, which provides services across the banking and insurance segments, detracted from performance. Its share price fell along with the whole Brazilian equity market over higher inflation and concerns about the country's fiscal deficit.

Stock selection in Consumer Discretionary and Consumer Staples, along with underweights to Materials and Consumer Staples, drove relative performance.

At the security level, Taiwan Semiconductor Manufacturing Company (TSMC) was the top performer. The Taiwan-based Information Technology company is the world's largest semiconductor foundry.

Its chips are used in a vast array of solutions, including servers, phones, personal computers, automobiles and industrial equipment. TSMC's stock price rose over an optimistic outlook and at- or above-guidance sales and earnings. Strong demand growth for artificial intelligence (AI) chips also supported sentiment in the stock.

From a regional standpoint, stock selection in Taiwan, India and South Africa contributed to relative performance.

During the year, Franklin Templeton primarily increased allocations to Brazil, South Korea and South Africa by investing in companies with sustainable earnings power trading at a discount to their intrinsic worth. In terms of sectors, new positions were mainly introduced in Financials, Communication Services and Information Technology. New additions to the portfolio include South Korean semiconductor company SK Hynix.

The South Korean semiconductor company makes memory chips used globally across a wide range of solutions. AI chip market's strong growth drove demand for HBM chips, in which SK Hynix currently has a leadership position.

Conversely, allocations to Taiwan, China and the United Kingdom were reduced. The Sub-Advisor also trimmed the position in TSMC after its share rallied to manage its active weight in the portfolio and sold off Unilever, a U.K.-based consumer goods company with significant activities in emerging markets.

In 2024, Franklin Templeton engaged with companies held in the portfolio on more than 25 environmental, social and governance (ESG) topics ranging from corporate governance to social capital issues.

NEI Emerging Markets Fund
(1.5% of the Fund as at December 31, 2024)

For the fiscal year ended December 31, 2024, the NEI Emerging Markets Fund posted a return of 18.6% gross of management fees, compared to 17.9% for its benchmark, the MSCI Emerging Markets Index.

Emerging market equities performed well in 2024 as the Information Technology sector benefitted from the AI boom, the Chinese market recovered thanks to stimulus measures implemented by the People's Bank of China and global central banks adopted more dovish monetary policies, with some even starting their easing cycle. Later in the year, market sentiment dampened following the U.S. election and the resulting concerns that the new administration might impose tariffs on emerging markets, particularly China and Mexico. Against this backdrop, the U.S. dollar strengthened, which proved a further headwind for emerging market equities.

In Asia, China's stock market significantly outperformed. The market was initially weighed down by ongoing concerns caused by its real estate sector and deflation, as well as ongoing weakness in both domestic and external demand. It then staged a major turnaround after the government announced a stimulus package, that included monetary easing, property support policies and liquidity provision for the stock market.

In India, the market rose as strong economic data, including strong industrial production and robust performance from key exports, was released.

In Taiwan, markets rallied, driven by outperforming Information Technology stocks and fuelled by continuing excitement around AI. The country's industrial production growth accelerated in August as exports surged, buoyed by sharp demand increase for electronic and communication products.

In South Korea, the market significantly underperformed the index. Despite robust demand for semiconductors, both import and export growth disappointed, dragged down by lower car exports as wage negotiations disrupted production.

Meanwhile, in Latin America, the Brazilian market fell early in the year when 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. Long-awaited measures to curb public spending were overshadowed by the president's plan to increase income-tax relief for low-income earners, raising concerns about fiscal deficit and sparking a Brazilian real sell-off, which hit a low in November.

In Mexico, equity markets underperformed because of political uncertainty following the presidential election.

In Europe, the Middle East and Africa, South Africa's market was buoyed by optimism over the newly formed national unity government. Later in the year, the rand depreciated while gold and industrial metals suffered from the stronger U.S. dollar.

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

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

From a security standpoint, TSMC (a Taiwanese semiconductor manufacturer) and Trip.com Group (a Chinese online travel business) contributed the most to portfolio performance.

TSMC continued to benefit from robust demand from generative AI and HBM. Trip.com Group reported stronger-than-expected results for the third quarter, with higher profits and sales. Shares also rose amidst positive macro sentiment in China and a surge in travel bookings ahead of Japan's Golden Week.

Conversely, positions in Bank Rakyat Indonesia and AIA Group (a Hong Kong-based life insurance company) detracted the most from performance.

Bank Rakyat Indonesia suffered from higher credit costs following the central bank's decision to raise rates. Their long-term structural outlook is intact and they should be able to resolve the credit quality issues and sustain future growth in Kupedes loans.

The portfolio was most overweight to Greece, Indonesia and Argentina and to Information Technology, Financials and Health Care.

In 2024, NEI engaged in dialogue on 30 occasions with 19 companies held in the portfolio about environmental, social and governance (ESG) issues. Most discussions were focused on climate change, corporate governance, environmental stewardship and labour rights. The engagements achieved a biodiversity risk assessment inclusion, improvements of gender diversity and members' independence on various boards, and the implementation of AI governance structures.

RBC Emerging Markets Dividend Fund
(1.5% of the Fund as at December 31, 2024)

For the fiscal year ended December 31, 2024, RBC Emerging Markets Dividend Fund posted a return of 14.9% gross of management fees, compared to 17.9% for its benchmark, the MSCI Emerging Markets Index.

The portfolio's country allocation detracted from performance. Overweights to Brazil, Chile and Egypt detracted the most from relative returns while underweights to South Korea and Saudi Arabia contributed the most.

Meanwhile, sector allocation helped performance. Overweight to Consumer Discretionary and Information Technology, alongside underweight to Energy and Materials added the most value. On the other hand, an underweight to Communication Services was the largest detractor.

Stock selection weighed on returns. In China, the portfolio's largest overweights, Topsports International Holdings and CSPC Pharmaceutical Group, and lack of holdings in heavyweights Tencent Holdings and Meituan detracted from performance. Conversely, overweights to Trip.com Group and China Merchants Bank added value. In India, the Industrial conglomerate KEC International and Shriram Financial were also among the top contributors.

No material changes were made to the portfolio's country or sector positioning. The Sub-Advisor seeks to invest in companies offering the best risk/reward ratio.

In 2024, RBC engaged in dialogue with companies about environmental, social and governance (ESG) matters on 214 occasions, discussing topics ranging from climate change, employee engagement and culture, disclosure, governance, diversity, supply chain integrity and executive compensation. One example of a recent engagement is with Antofagasta, a Chilean copper mining company. The company recently updated its environmental targets to include a 50% reduction in scope 1 and 2 emissions by 2035 and a 10% reduction in scope 3 emissions by 2030. While Chile has a commitment to be net-zero by 2050, the company is currently on track to meet the target. Water scarcity is a key risk in Chile and the copper mining industry. Currently 65% of the water used in Antofagasta's mines is sea water and this is set to increase to 90% by 2027. In terms of diversity, Antofagasta has made progress to bolster gender diversity in recent years. In 2018, only 8% of the workforce was female. It is now approximately 25%, with a longer-term target of 30%.

FÉRIQUE Global Sustainable Development Equity Fund
(7.1% of the Fund as at December 31, 2024)

The FÉRIQUE Global Sustainable Development Equity Fund posted a net return of 14.4% for the fiscal year ended December 31, 2024. Its benchmark, the MSCI ACWI Sustainable Index (CA$), posted a -0.8% 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 underperformed its industry median[1], which posted 20.6%, net of fees for the fiscal year.

The allocation to Information Technology contributed to returns, as companies in the semiconductor industry outperformed in the first half of the year. However, execution challenges at some clients caused delays in fulfilling orders. The portfolio sub-manager remains optimistic that onshoring trends will support construction of new facilities. While Information Technology companies lagged due to their economic sensitivity, they are expected to benefit from pro-growth policies implemented by the new U.S. administration in 2025.

An overweight to Financials proved beneficial amid declining interest rates and the election of a new pro-deregulation U.S. president. Mastercard laid out a confident medium-term growth and earnings outlook on the back of consumer payment opportunities, growing commercial payment flows and services.

The allocation to Industrials also added value. Companies offering energy and resource efficiency solutions and those in the sharing economy benefitted from end-market growth and strong pricing power. Schneider Electric is a global energy efficiency solution supplier. It announced robust results supported by rising interest in artificial intelligence and steady demand to upgrade electricity grids, improve energy efficiency and build datacentres across its end markets.

In Health Care, medical technology companies performed well as resilient demand and product innovation drove revenue growth. Boston Scientific 's innovative product launches helped it transcend the medical technology industry and deliver strong earnings growth. The company introduced a safer treatment for irregular heartbeats and expanded the addressable market for their Watchman device. Meanwhile Consumer Staples holdings also had a positive impact, backed by solid earnings and growing end markets.

Conversely, the allocation to Consumer Discretionary and underweight to Communication Services detracted from performance. Automotive technology supplier Aptiv 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 in Europe.

During the year, allocations to Information Technology and Financials were increased while allocations to Communication Services, Consumer Discretionary and Health Care were reduced. Exposure to North American equities was boosted but exposure to Asian equities was reduced.

The portfolio sub-manager added positions in Voya Financial, Intuitive Surgical, Xylem, London Stock Exchange, NVIDIA Corporation, Hubbell, Oracle, Sika and RenaissanceRe Holdings. Voya Financial, a U.S. insurance company with a capital-light fee-based business model and strong earnings growth. Intuitive Surgical creates innovative robotic-assisted surgical solutions. Xylem is a leader in the water sector. NVIDIA Corporation is a leading GPU chip manufacturer. Hubbell contributes to grid modernization and energy efficiency. Oracle is a leading U.S. database provider whose products help businesses in virtually every industry. Sika is a Swiss construction chemical company involved in green industrial materials. Reinsurance company RenaissanceRe Holdings plays an important role in the climate transition.

Meanwhile, positions in Becton Dickinson and Company, IQVIA Holdings, United Rentals, Vestas Wind Systems and Sartorius were sold off. Becton Dickinson and Company was exited due to China business risk, IQVIA Holdings due to elevated cancellation risk. United Rentals was sold off because of its extended valuations. Sartorius was exited to consolidate the portfolio's life sciences holdings. Vestas Wind Systems was sold to reinvest in companies with less execution risk.

During the fiscal year, the portfolio sub-manager undertook 25 environmental, social and governance (ESG) engagements with 19 companies over issues relating to climate, nature, human capital and governance.

FÉRIQUE Global Innovation Equity Fund
(8.6% of the Fund as at December 31, 2024)

The FÉRIQUE Global Innovation Equity Fund posted a net return of 26.8% for the fiscal year ended December 31, 2024. Its benchmark, the MSCI ACWI Index (CA$), posted a 28.7% 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 20.6%, net of fees for the fiscal year.

A result of the bottom-up stock-selection process, sector allocation contributed the most to relative performance during the year. Underweights to Materials, Consumer Staples and Energy helped returns while an overweight to Health Care dragged them down. Less favourable stock selection in Information Technology, Financials and Real Estate detracted the most, but was partially offset by stronger selection in Health Care.

From a regional perspective, the portfolio's overweight to Europe contributed the most to performance.

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

From a stock allocation standpoint, Amazon.com and Netflix were the top contributors to relative performance while Aptiv and MongoDB were the top detractors. Shares of Amazon.com rose early in the year as an artificial intelligence-fuelled (AI) rally pushed the e-commerce and cloud platform provider above the $2 trillion market capitalization threshold for the first time. The company announced its plan to launch a new online storefront for low-priced apparel and home goods to compete against discount startups like Temu and Shein. Shares continued to rise towards the end of the year as the e-commerce giant reported better-than-expected third-quarter results. Meanwhile, shares of Aptiv, an Irish-American automotive technology supplier, fell over the year after the company cut its net sales guidance for the full year. Management cited incremental customer schedule reductions and broader weakness in automotive production volumes to justify the move.

Over the fiscal year, the portfolio sub-manager initiated positions in Clean Harbors and Synopsys. Clean Harbors stands to benefit from increased hazardous waste processing and disposal needs. The company is innovating by using machine learning algorithms to improve operational efficiencies and reduce operational risk. Clean Harbors is a leader in the hazardous waste management space due to limited competition and their comprehensive service offering. Synopsys is an electronic design automation (EDA) company focused on silicon design and verification, silicon intellectual property and software security and quality. Advanced chip development and complexity will likely continue to accelerate over the foreseeable future, which, in turn, will increase demand for EDA solutions like those offered by Synopsis. Additionally, the company is well positioned to integrate into their software design products new AI functionalities that will boost their customers' productivity.

Meanwhile, the portfolio sub-manager sold off its positions in Mastercard and Visa due to slowing structural growth on card penetration. In addition, Mastercard faced regulatory scrutiny and allegations of a duopoly.

The portfolio sub-manager actively engaged with companies held in the portfolio on environmental, social and governance (ESG) matters throughout the year. For example, they engaged with Genus and MongoDB on their climate goals and environmental initiatives.

Recent Developments

FÉRIQUE Canadian Bond Fund
(17.1% of the Fund as at December 31, 2024)

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.

FÉRIQUE Global Sustainable Development Bond Fund (5.9% of the Fund as at December 31, 2024)

AlphaFixe Capital

Rising consumer prices and persistent inflation were the main concerns for central banks last year. A year later, inflation has been brought within the target range as a result of restrictive monetary policy. Central banks are now shifting gears and placing more emphasis on employment and economic growth. Keeping key rates high for a long period risks pushing some economies into recession. The Bank of Canada (BoC) was the first central bank in the industrialized world to initiate monetary easing, with others following suit over the summer. The European Central Bank and the Bank of England also announced rate cuts for the same reasons. In September, the U.S. Federal Reserve (Fed) echoed the decision of other central banks, lowering its key rate by 0.50%.

The rate cut cycle is now underway, but investors remain unsure of the scale of these cuts in each country. In the United States, the Fed adjusted its course at the end of the year, adopting a more measured approach. Inflation is gradually normalizing, but the economy continues to grow at a rate above its potential, creating favourable conditions for inflationary pressure. The economic landscape has also shifted since the election of the new U.S. president.

In Canada, the situation is different. The effects of monetary policy are being felt much more quickly by households refinancing or renewing their mortgages. GDP growth is slow, which points to weakness considering the rapid population growth over the past year.

Canada's more vigorous monetary easing compared to south of the border hurt the Canadian dollar, which depreciated at the end of the year. The risk of a trade war with the United States also weighed on the currency.

Finally, the U.S. president's threat to impose tariffs on all Canadian imports is a cause for concern, especially with Canada's federal government in paralysis until a spring election is held. There is a very real risk of tariffs being imposed at the beginning of the year, as the president is aware of his current leverage over Canada.

If tariffs are put into effect, the BoC will need to respond forcefully to counter the risks of a severe recession in Canada. The economic outlook for 2025 ultimately hinges on various decisions by the U.S. government, which is currently led by a president known for his unpredictability. Overheating the economy could cause inflation to surge again and create concerns for American consumers. A trade war would also be very harmful to the Canadian economy. Given the uncertainty ahead, the portfolio sub-manager advises a cautious approach to managing interest rate and credit risk at the start of the year.

BMO Global Asset Management

The bond market started 2024 with a sense of euphoria following the Fed's pivot to a looser monetary policy in late 2023. In the first quarter of 2024, however, U.S. inflation's stickiness hampered the Fed's efforts to cut rates. By late spring, evidence slowly began to emerge that U.S. inflation was slowly edging down, allowing the Fed to start cutting interest rates, which caused a bond market rally. In August, a sharp drop in U.S. employment numbers caused concerns in the market, as investors were worried that the Fed might have fallen behind the curve in loosening its monetary policy. In response, the Fed announced a 50 basis point cut in September, announcing it as a policy recalibration to support both the labour market and the disinflation process. By October, however, yields had begun to ratchet higher, as inflation stopped falling.

The election of a new U.S. president exacerbated upward pressure on yields due to the uncertainty over the exact impacts of implementing his flagship policies such as tax cuts, tariffs and the deportation of illegal migrants. While the Fed cut its key interest rate by 0.25 basis points twice more before the end of December, the central bank appears to be taking a more hawkish tone, as policymakers called for a more gradual approach.

In Europe, a similar picture emerged, as the European Central Bank and the Bank of England also eased their monetary policy. However, the risk of persisting inflation in the services sector was emphasized. Unlike in the United States, economic growth slowed in the United Kingdom and eurozone due to declining manufacturing activity. Good performance from peripheral eurozone markets such as Spain was not sufficient to offset the weak performance of larger economies, such as France and Germany. Corporate bonds outperformed their government counterparts thanks to a benign macro environment, declining discount rates and positive corporate bond fundamentals, such as sufficient interest cover and relatively stable levels of financial leverage.

FÉRIQUE Globally Diversified Income Fund (4.2% of the Fund as at December 31, 2024)

Global uncertainty increased in recent months, fuelled by intensifying armed conflicts (especially in the Middle East) and the election of a new U.S. president who threatens to impose major tariffs on Canada and Mexico. The global economy has yet to feel the full impact of these upheavals.

Economic growth is expected to be driven by strong domestic demand. Real disposable income and household savings are high and continue to support consumer spending in both Canada and the United States. Fiscal deficit projections remain high due to increased government spending.

Against this backdrop of positive but slowing economic growth and moderating inflation, central banks are now managing their monetary policy to bolster economic growth. Central banks are in no hurry to substantially cut rates in this current economic environment characterized by stable growth and inflation uncertainty.

In Canada, reflation risks are significant, especially if goods deflation were to reverse in the future. In the United States, productivity gains are easing inflationary pressures, while falling productivity in Canada is expected to contribute to rising inflation. Market volatility is fuelled by uncertainty over potential monetary policy shifts, geopolitical risks and the implementation of the new U.S. administration's policy. Risks to the outlook are that the U.S. Federal Reserve has waited too long to loosen its monetary policy, and that an overly tight monetary policy could drive inflation below the 2% target, or that Canadian inflation remains sticky and above target as economic growth and the labour market are still affected by inflation.

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. The portfolio sub-manager will maintain an overweight position to Canadian bonds with short maturities and to corporate bonds, especially those with strong fundamentals in defensive sectors. Addenda will look to change duration based on market valuations. It will also maintain a modest allocation to high-yield bonds and preferred shares to capture additional yield.

The portfolio sub-manager is looking to add to the portfolio's global bond allocation to improve diversification and returns as global credit spreads are widening relative to those in Canada. As for equities, Canadian equity valuations are below their long-term averages and earnings forecasts appear achievable, while central banks are cutting rates. As a result, the portfolio sub-manager is maintaining an overweight position. Due to the current market uncertainty, the equity portion of the portfolio is invested in a mix of cyclical and defensive stocks with a focus on quality companies trading at attractive discounts relative to their intrinsic value.

FÉRIQUE Canadian Equity Fund
(19.8% of the Fund as at December 31, 2024)

CC&L

Canada's economy exceeded expectations by avoiding a recession in 2024. For 2025, economic growth is projected to be low but positive. Canada will likely benefit from a strong U.S. economy and lower key interest rates. The Bank of Canada (BoC) started its monetary policy easing early and aggressively and became the first G7 central bank to cut its key interest rate. Canada's rate-sensitive economy is expected to benefit from the BoC intervention.

While the general outlook is positive, the Canadian economy is still facing risks that could tip the country into a recession. Potential tariffs on imports to the United States creates the most uncertainty. U.S. inflation will be closely monitored, as reaccelerating growth and inflation could result in more restrictive monetary policy in 2025.

Investor sentiment is positive despite market volatility expected to be higher than in 2024. A recession is off the table and strong earnings growth is forecast according to consensus views. Any developments that derail this outlook will increase market volatility.

During the fourth quarter, as the risk of recession continued to subside, the portfolio sub-manager added quality cyclical stocks to the portfolio and reduced its exposure to lower growth, interest rate-sensitive companies. The portfolio maintains a significant allocation to companies capable of delivering above-average earnings growth regardless of economic conditions. It now maintains a balance exposure to quality cyclicals and resilient growth stocks. The portfolio sub-manager also increased allocations to Utilities and Industrials by adding to existing positions in companies benefitting from AI-related capital expenditure.

Franklin Templeton

In 2024, the Canadian stock market made impressive gains despite modest earnings growth and headwinds from higher interest rates. Ten out of the eleven GICS sectors posted positive total returns for the year, led by Information Technology and Financials, followed by Materials and Energy.

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 maintaining downside protection. This bottom-up strategy that identifies and capitalizes on market efficiencies ensures consistent positive, risk-adjusted returns over the long term regardless of market environment.

FÉRIQUE American Equity Fund
(11.4% of the Fund as at December 31, 2024)

Columbia Threadneedle

The U.S. stock market made impressive gains for a second year in a row, with the S&P 500 Index ($CA) rising over 30%. Like in 2023, growth stocks continued to outperform value stocks for much of 2024 as mega-cap technology stocks (particularly those linked to generative AI) drove markets higher.

Heading into the final quarter of 2024, investors took a keen interest in the upcoming U.S. presidential election. While there were pockets of volatility leading up to the election, the clear and decisive outcome ultimately moved markets up. The election result removed a long-standing source of uncertainty for investors and sparked hopes of a government policy shift to one that more significantly favours growth and a market economy.

As 2024 came to a close, the U.S. economy's health and resilience remains a focus. While the lagged impact of interest rate increases still poses a potential risk for markets, this risk has been mitigated by the U.S. Federal Reserve's monetary easing through the second half of the year. However, uncertainty surrounding the new administration and the ongoing geopolitical tensions remain.

The portfolio sub-manager maintains a balanced portfolio and emphasizes a company's ability to deliver on earnings expectations in a weaker economy based on its business model and individual situation. In the current environment, the portfolio sub-manager favours companies able to grow their earnings in tough economic environments.

River Road

The outcome of the U.S. presidential election heralded an end to the status quo, but little changed for the economy in the fourth quarter, with growth expected to come in at just 2.5%. Meanwhile, consumer price inflation remained sticky at more than 3%. The labour market proved resilient, but job growth slowed.

Following the 2024 elections, investors are anticipating a string of disruptive economic policy decisions from the new president's administration to be announced in the first half of 2025. The president is expected to capitalize on his electoral mandate to launch a multi-pronged assault on U.S. tax policy and regulation.

Looking ahead, the portfolio sub-manager expects a favourable backdrop for dividend stocks in the United States. Lower corporate taxes have eased the regulatory burden and supply chain improvements should reduce the impact of new tariffs and allow profits to expand. Lower interest rates should also provide some relief. As a consequence, the portfolio sub-manager will continue to focus on cheaper, more defensive sectors but may turn to cyclical sectors if the economy gathers steam.

FÉRIQUE International Equity Fund
(20.0% of the Fund as at December 31, 2024)

Threadneedle

The election of a new U.S. president and potential new tariffs significantly affected markets at the end of the year. While the president's pro-growth agenda triggered a rally in the United States, international equities delivered mixed performance due to the possibility of wide-ranging U.S. tariffs. Rising benchmark government bond yields and concerns about economic growth in some regions also dampened appetite for risk.

However, there are expectations of monetary easing and signs that the BoJ may proceed more cautiously with interest-rate hike supported markets.

Looking ahead, the macro environment has shifted now that the U.S. presidential election is over and lower interest rates are easing some of the financial pressure on companies and consumers. Additionally, while the so-called Magnificent Seven continue to dominate markets, the market rally is starting to broaden.

Markets will face a number of geopolitical risks going into 2025, from tensions in the Middle East to uncertainty around the U.S. president's economic policies. Trade tariffs pose a key threat to global economic stability. However, the portfolio sub-manager remains bullish on equities as high-quality, well-managed companies should continue to perform well over the longer term. Companies with strong fundamentals that have weathered the challenging operating environment of the past few years will likely continue to outperform.

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

Goldman Sachs

Markets were volatile with tariff uncertainty, recession concerns and political uncertainty particularly in France and Germany. Recessionary fears resurfaced in the European Union (EU) as the Purchasing Managers Index (PMI) remained in contractionary territory despite rising. Contending with the lack of economic growth, the European Central Bank (ECB) cut rates by 25 basis points in December. On the other hand, the Fed took a more hawkish stance, which caused bond yields to spike and risk assets to sell off. The U.K. market was buoyed by companies with geographically diversified revenues amidst trade tariff concerns. Nonetheless, like in the EU, the macroeconomic outlook for the U.K. economy was a drag on equity markets.

Japanese equities performed well over the period. The Japanese market has continued to benefit from a weak yen, which boosted export stocks. A strong U.S. economy also helped Japanese equities. Corporate governance reforms are ongoing with companies announcing further share buybacks. After hiking rates in the third quarter, the BoJ elected to leave them unchanged in the fourth quarter to avoid stunting inflation and wage growth.

Markets may experience significant volatility due to economic, political, and geopolitical uncertainty heading into 2025. New realities that emerged early last year, including higher-for-longer interest rates, elevated geopolitical risk and megatrends rapidly transforming industries, continue to create a complex environment of evolving opportunities and risks in the markets. Against this backdrop, the portfolio sub-manager will seek opportunities to increase the portfolio's exposure to smaller U.S. names and to international markets. For instance, the structural drivers and corporate governance reforms in Japanese equity markets appear promising.

Investors are reverting their focus to companies with resilient earnings, strong pricing power and competitive positioning able to defend margins. Against this backdrop, the portfolio sub-manager will seek to build meaningful positions in high quality, resilient companies, along with select cyclical exposure to companies that are likely to extend their leadership. Companies held in the portfolio can grow and outperform the market over the long term despite challenging economic circumstances and market fluctuations.

Templeton Emerging Markets Fund
(1.5% of the Fund as at December 31, 2024)

Elections in major countries and political shifts caused significant uncertainty and market volatility in 2024. Uncertainty over the incoming U.S. administration's policies and tariffs is expected to keep driving volatility in 2025.

China's government is attempting to minimize the inherent risks caused by geopolitical tensions by supporting its economy. These support measures may help support the global economy in 2025 by enabling a cyclical recovery. Taiwan and South Korea are vulnerable to changes in tariffs and regulations as they rely heavily on trade. However, their key technology-related exports have either few or no substitutes, allowing companies to pass on the increased tariffs to their customers. Implementing tariffs on key strategic allies and trading partners such as Taiwan and South Korea could be challenging. The Sub-Advisor will monitor the situation.

In contrast, the Indian economy and stock market are more decoupled from the United States than other emerging market countries. While a market correction cannot be ruled out, Franklin Templeton sees attractive longer-term opportunities in the country's well-run private sector banks. They are key beneficiaries of rising credit penetration and credit growth.

The market's low visibility and high volatility can lead to a wide range of outcomes. Given this backdrop, the Sub-Advisor continues to follow a bottom-up strategy that favours companies with durable competitive advantages and management teams that are open to change. These stocks will more successfully weather the uncertain outlook and provide some stability to the portfolio.

NEI Emerging Markets Fund
(1.5% of the Fund as at December 31, 2024)

Markets were volatile following the U.S. presidential election due to concerns over potential tariffs on emerging markets, the U.S. Federal Reserve's (Fed) slower pace of rate cuts, a stronger U.S. dollar and geopolitical instability.

The current uncertainty over the Fed's strategy may result in many emerging market central banks pausing their own monetary easing. However, many emerging market economies are experiencing lower inflation, which allows these central banks to cut their relatively high key interest rates if inflation remains on a downward trajectory.

In China, deflationary concerns, a troubled property sector, weak consumer spending and geopolitical tensions are serious hurdles for the economy. However, announcements by the government and central bank of fiscal support and monetary stimulus drastically improved market sentiment. Whether these measures boost economic activity or demand remains to be seen. Deleveraging the country's property and credit risk would improve the outcome.

North Asian economies such as Taiwan and South Korea are benefitting from the semiconductor recovery, 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. Malaysia is capitalizing on supply chains' global diversification thanks to its sophisticated manufacturing base, developed infrastructure and growth-oriented reforms. The country's strategic location and neutral geopolitical stance are further advantages. As a result, foreign direct investments have been improving in recent years.

India's new coalition government is continuing its reform agenda. The government is prioritizing infrastructure investment and the expansion of the manufacturing sector to attract foreign direct investment and private capital expenditure. It also kick-started a new property and credit cycle that should be supported by favourable demographics over the long term. Funding was also allocated to address the country's skills gap, a concern identified in the last election.

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

In Latin America, Brazil is still struggling with inflation and fiscal policy. With one of the highest real interest rates in the world, economic growth has been stifled. However, this should give the central bank room to ease policy once inflation is under control.

Meanwhile, Mexico is facing uncertainty amid concerns about higher tariffs on U.S. exports. It will be important to see how the new Mexican government will navigate this challenge with their largest trading partner.

RBC Emerging Markets Dividend Fund
(1.5% of the Fund as at December 31, 2024)

Emerging market equities have significantly underperformed their developed market counterparts in the last decade. Some emerging markets have performed in line with their developed market counterparts for the past three years However, emerging market equities as a whole were negatively impacted by continued weakness in China.

China's market sharply declined in recent years due to a relatively tight monetary policy, particularly towards the property sector, impacts of the country's economic policies on consumer confidence and growth and regulatory uncertainty surrounding the technology sector. Looking ahead, government support for the economy and corporate sector and extremely attractive valuations are likely to bolster equity performance.

China's government announced a first stimulus package in September 2024, which prompted an aggressive stock rally. While some of the more recent easing announcements have disappointed, more measures are expected as the government increasingly recognizes the need to restore household confidence. Despite the negative headlines, the new U.S. administration will not necessarily be viewed negatively by the Chinese government as it creates an opportunity to negotiate a new deal with less focus on preventing China from upgrading its technology.

The strengthening U.S. dollar was another headwind to emerging market equity performance. While the dollar jumped immediately after the U.S. election, several factors such as rising U.S. inflation, high budget and trade deficits and the new president's preference for a weaker dollar to make local industries more competitive, point a future weakening.

Meanwhile both earnings and relative emerging market growth look set to improve from cyclically low levels thanks to rising productivity, structural reforms and growth-friendly fiscal policies. Emerging market valuation remains attractive, particularly relative to developed markets. Despite emerging markets' relatively disappointing performance in recent years, some companies outperformed. In this environment, the Sub-Advisor will manage the portfolio actively and focus on controlling risk.

While India's outlook is positive due to a long-awaited pick up in private fixed-asset investment after years of underinvestment, pockets of the market still look expensive. The Sub-Advisor will be selective when investing in the country. Southeast Asia looks attractive with solid economic growth despite higher real rates thanks to improved fundamentals.

In terms of sector positioning, the Sub-Advisor prefers domestic areas driven by high returns and supportive tailwinds such as rising incomes, positive reform momentum, attractive demographics, expanding urbanization and positive employment trends. Within cyclicals, it favours Financials due to attractive valuations, improving asset quality, low penetration and structural growth.

FÉRIQUE Global Sustainable Development Equity Fund (7.1% of the Fund as at December 31 , 2024)

The macroeconomic environment remains complex following the U.S. election. The new president's pro-growth policies reduced near-term recession risks. However, issues such as the debt ceiling, bond market reactions and geopolitical uncertainties due to potential tariffs are still challenging.

The portfolio sub-manager seeks to invest in companies that offer attractive operational metrics at reasonable valuations. Companies that can deliver consistent returns while capturing secular growth in more stable end markets may benefit the current market environment as investors focus on actual outcomes over the coming year, rather than reacting to the election news.

The portfolio sub-manager maintains high conviction in the domestic onshoring of the semiconductor industry, AI enablers and integrators and manufacturing re-shoring more broadly, which should be supportive of equipment rental companies, factory automation and datacentre efficiency businesses held in the portfolio. It also remains positive on health care innovation, driven by an ageing population, rising incidence of chronic disease and the need to reduce health care costs. Furthermore, the consistent compounding nature and attractive valuations of insurance companies and financial service providers should generate returns over the next year.

FÉRIQUE Global Innovation Equity Fund (8.6% of the Fund as at December 31, 2024)

With the U.S. election out of the way, investors have been looking forward to earnings and fundamentals supporting global equity markets. Against this backdrop, the portfolio sub-manager continues to invest in innovative and growing companies at attractive prices. These companies found across all sectors, geographies and market capitalizations have innovative business models or processes. They leverage key secular megatrends such as AI and machine learning, digital transformation, personalized medicine, obesity drugs, cloud migration, sustainability and direct-to-consumer models.

Generative AI remains a focus for most companies, as either an enabler of future product innovation or a driver of demand for silicon and hardware. Demand will likely remain quite robust for the foreseeable future as research wins are starting to drive real business use cases for the technology. As a result, the portfolio sub-manager increased the allocation to AI-related stocks. Wellington believes that machine learning—and now the emergence of AI—is a secular trend that will continue, if not accelerate, as new technology is created and adopted.

In this sector, the portfolio sub-manager added a position in Taiwan Semiconductor Manufacturing Company (TSMC), a key enabler in bringing about advancements in AI chip architecture with a meaningful and growing lead over its competition. Demand for its products will remain high, especially as there are few substitutes available from Intel and Samsung. The company also continued to ramp up its manufacturing capacity to meet global demand despite potential U.S. tariffs.

The portfolio sub-manager also initiated a position in Recruit Holdings Co, a global talent and job-matching company headquartered in Japan. The company is benefitting from a growing pool of digital-native employers and job seekers that creates demand for digital solutions to simplify hiring and make job matching easier. Recruit owns multiple leading job search engines worldwide and is leveraging secular trends such as increased employee mobility, greater turnover and higher costs to attract, retain and develop talent for companies.

The portfolio remains overweight to Consumer Discretionary, Health Care and Information Technology as the portfolio sub-manager sees attractive idiosyncratic opportunities within those sectors. Changes were made to outperform over a five-to-ten-year investment horizon.

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, Baker Gilmore did not enter into any related party transactions as pertains to the management of the money market portion of the FÉRIQUE Growth Portfolio.

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

For the fiscal year ended December 31, 2024, AlphaFixe Capital did not enter into any related party transactions and BMO Global Asset Management did not pay any commissions to related parties as pertains to the management of the FÉRIQUE Global Sustainable Development Bond Fund. However, BMO Global Asset Management, which manages part of the Fund, traded currency forward contracts with a related party. The Independent Review Committee is of the opinion that the actions proposed by the manager achieve a fair and reasonable result for the unitholders of the Fund.

For the fiscal year ended December 31, 2024, Addenda did not enter into any related party transactions as pertains to the management of the FÉRIQUE Globally Diversified Income Fund.

For the fiscal year ended December 31, 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 fiscal year ended December 31, 2024, Columbia Threadneedle and River Road did not enter into any related party transactions as pertains to the management of the FÉRIQUE American Equity Fund.

For the fiscal year ended December 31, 2024, Threadneedle and Goldman Sachs did not enter into any related party transactions as pertains to the management of the FÉRIQUE International Equity Fund.

For the fiscal year ended December 31, 2024, Lazard and Walter Scott & Partners did not enter into any related party transactions as pertains to the management of the FÉRIQUE European Equity Fund.

For the fiscal year ended December 31, 2024, Nomura did not enter into any related party transactions as pertains to the management of the FÉRIQUE Asian Equity Fund.

For the fiscal year ended December 31, 2024, Franklin Templeton did not enter into any related party transactions as pertains to the management of the Templeton Emerging Markets Fund.

For the fiscal year ended December 31, 2024, NEI did not enter into any related party transactions as pertains to the management of the NEI Emerging Markets Fund.

For the fiscal year ended December 31, 2024, RBC did not enter into any related party transactions as pertains to the management of the RBC Emerging Markets Dividend Fund.

For the fiscal year ended December 31, 2024, Impax did not enter into any related party transactions as pertains to the management of the FÉRIQUE Global Sustainable Development Equity Fund.

For the fiscal year ended December 31, 2024, Wellington did not enter into any related party transactions as pertains to the management of the FÉRIQUE Global Innovation Equity Fund.

Financial Highlights

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

	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)	**12.74**	11.57	13.59	13.13	11.99
Increase (decrease) from operations					
Total revenues	**0.21**	0.18	0.17	0.13	0.15
Total expenses	**(0.01)**	(0.01)	(0.01)	(0.02)	(0.02)
Realized gains (losses)	**0.88**	0.11	0.27	0.73	0.19
Unrealized gains (losses)	**0.78**	1.10	(2.01)	0.22	0.97
Total increase (decrease) from operations (2)	**1.86**	1.38	(1.58)	1.06	1.29
Distributions					
From investment net income (excluding dividends)	**0.10**	0.08	0.06	0.04	0.04
From dividends	**0.09**	0.09	0.09	0.06	0.09
From capital gains	**0.64**	0.05	0.27	0.51	–
Total annual distributions (3)	**0.83**	0.22	0.42	0.61	0.13
Net assets, end of accounting period (4)	**13.77**	12.74	11.57	13.59	13.13

(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 $)(1)	**751,033**	627,673	529,073	582,783	471,375
Number of units outstanding(1)	**54,557,639**	49,280,683	45,743,140	42,890,004	35,900,026
Management expense ratio (%)(2)	**1.18**	1.14	1.12	1.20	1.15
Management expense ratio before waivers or absorptions by the Manager (%)	**1.18**	1.14	1.12	1.20	1.15
Portfolio turnover rate (%)(3)	**n/a**	n/a	n/a	n/a	n/a
Trading expense ratio (%)(4)	**0.10**	0.05	0.05	0.06	0.08
Net asset value per unit ($)	**13.77**	12.74	11.57	13.59	13.13

(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. 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 year, annualized management fees charged to the Fund before government taxes amounted to 1.03% and are detailed as follows:

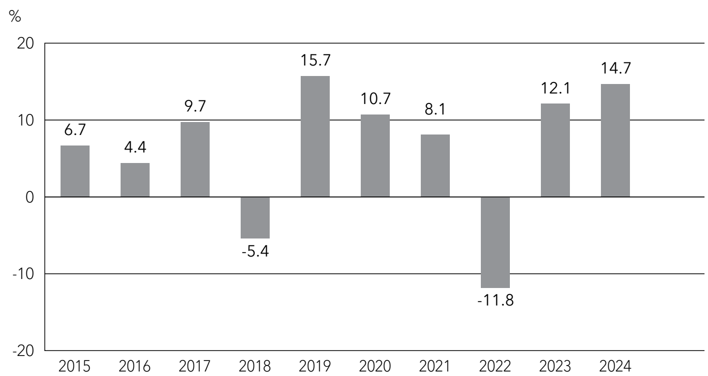
- Management fees: 0.92%
- Administration fees: 0.10%
- Fund fees: 0.01%

Past Performance

The performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional securities of the Fund. The information does not take into account purchase, redemption, investment or other optional charges that would have reduced returns or performance. The Fund's past performance is not necessarily indicative of how it will perform in the future.

Annual Returns

The bar chart shows the Fund's annual performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. 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.



Annual Compound Returns (%)

	1 year	3 years	5 years	10 years
FÉRIQUE Growth	14.7	4.3	6.3	6.1
Benchmark Index	17.3	6.0	7.8	7.8
Median*	16.5	4.0	6.5	6.0

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

Benchmark Index

The benchmark index reflects the performance of a benchmark portfolio invested 25% in the FTSE Canada Universe Bond Index, 5% in the Bloomberg Barclays Global Aggregate Bond Index (CA$ hedged), 20% in the S&P/TSX Composite Index, 20% in the S&P 500 Index (CA$), 20% in the MSCI EAFE Index (CA$) and 10% in the MSCI Emerging Markets Index (CA$).

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.

The **Bloomberg Barclays Global Aggregate Bond Index** (CA$ hedged) measures global investment-grade debt from a multitude of issuers in different countries.

The **S&P/TSX Composite Index** is the benchmark index used for the entire Canadian mid- and large-cap securities market. This index is the most diversified in Canada, representing close to 90% of market capitalization of all Canadian corporations listed on the Toronto Stock Exchange.

The **S&P 500 Index** (CA$) is used to measure the growth of the entire American economy through fluctuations in the market value of 500 securities representing the main sectors of the economy.

The **MSCI EAFE Index** (CA$) measures the total return of equity securities of developed markets in Europe, Australasia and the Far East.

The **MSCI Emerging Markets Index** (CA$) measures the total return of equity securities of emerging markets.

Comparison with the Index

The Fund posted a net return of 14.7% for the fiscal year ended December 31, 2024. Its benchmark recorded a 17.3% return for the same period. Unlike benchmark returns, which include no investment fees, Fund returns are expressed net of management and administration expenses payable by the Fund.

Portfolio Overview

The Top Holdings in the Portfolio	% of net asset value
FÉRIQUE International Equity Fund	20.0
FÉRIQUE Canadian Equity Fund	19.8
FÉRIQUE Canadian Bond Fund	17.1
FÉRIQUE American Equity Fund	11.4
FÉRIQUE Global Innovation Equity Fund	8.6
FÉRIQUE Global Sustainable Development Equity Fund	7.1
FÉRIQUE Global Sustainable Development Bond Fund	5.9
FÉRIQUE Globally Diversified Income Fund	4.2
NEI Northwest Emerging Markets Fund, Series I	1.5
Templeton Emerging Markets Fund, Series O	1.5
RBC Emerging Markets Dividend Fund, Series O	1.5
Cash, Money Market and Other Net Assets	1.4
	100.0

Asset Mix	% of net asset value
International Equity	29.9
Canadian Equity	20.8
U.S. Equity	20.3
Canadian Corporate Bonds	6.6
Canadian Federal Bonds	6.6
Canadian Provincial Bonds	6.1
Foreign Bonds	5.2
Cash, Money Market and Other Net Assets	3.4
Canadian Asset- and Mortgage-Backed Securities	0.6
Canadian Municipal Bonds	0.5
Net Asset Value	**751,033,137**

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

Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

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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.