

Annual Management Report of Fund Performance

December 2022

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can request a copy of the annual financial statements, at no cost, by calling 514-350-5050 or toll free 1-888-377-7337 or by writing to us at 2 Complexe Desjardins, East Tower, 31st Floor, P. O. Box 1116, Montréal, Québec H5B 1C2, or by visiting our website at fdpgp.ca/en or SEDAR's website at www.sedar.com.

You may also contact us using one of these methods to request a copy of the Portfolio's proxy voting policies and procedures, proxy voting disclosure records and quarterly portfolio disclosure.

Performance Analysis

Investment Objective and Strategies

The Portfolio seeks to achieve, through investment diversification, a return comprised of steady income and medium- and long-term capital growth. The Portfolio invests primarily in equity securities of Canadian and foreign issuers, and in debt instruments of Canadian and foreign issuers. The Portfolio Manager uses a top-down global approach for managing both the asset allocation and geographic allocation, being mixes of Canadian, American, European, Asian and emerging markets equities. The Portfolio's investments in the various asset types include mostly units issued by other investment funds. These underlying investment funds are selected according to their overall contribution to yield and risk/return profile of the Portfolio. The Portfolio invests mainly in its family of Portfolios, but could also invest in funds of other families of funds. To the extent that investments are made by certain of our Portfolios in underlying funds, the investment principles and strategies used to select the securities of the other funds will follow the same criteria as those used to select individual securities.

Risk

The Portfolio invests primarily in debt securities and equities, both Canadian and foreign. Derivatives may also be used for hedging or to establish market positions. The Portfolio's investment risks are as set forth in the Simplified Prospectus. The risks associated with the Portfolio and its holdings are as follows: stock market risk, credit risk, sector risk, foreign securities risk, specific issuer risk, currency risk, interest rate risk, derivatives risk, securities lending risk, emerging markets risk, exchange-traded funds risk, underlying funds risk, asset-backed and mortgage-backed securities risk, multi-series risk, short selling risk and loss restrictions risk.

Operating Results

The FDP Balanced Portfolio, Series A posted a net return of -9.8% for 2022, versus 11.3% for 2021.

The bond market, as measured by the FTSE Canada Universe Bond Index, posted a -11.7% return. The negative performance of the index was mainly attributable to rising interest rates driven by persistent high inflation. Recession fears also weighed heavily on corporate bonds.

The 10-year government of Canada bond yield climbed from 1.43% to 3.30% in 2022. While the 10-year yields increased substantially, short-term yields appreciated even more, causing the yield curve to invert. Both provincial and corporate credit spreads widened in 2022 amid slowing economic growth and soaring inflation.

Rate hikes and a potential recession had a negative effect on the Canadian market in the first six months of 2022. The Canadian stock market, as measured by the S&P/TSX Composite Index, posted a -5.8% return for 2022. Only four of the index's eleven component sectors posted positive returns for the period, including Energy (+30.3%) and Consumer Staples (+10.1%). Meanwhile, all the other component sectors of the index closed the period in negative territory, chiefly Health Care (-61.6%), Information Technology (-52.0%, mostly due to the sharp drop of Shopify) and Real Estate (-21.5%). Oil prices (WTI) soared from USD75.30 in late December 2021 to USD107.80 as at June 30, 2022, before dropping to USD80.30 by the end of the year. Moreover, value-style securities substantially outperformed their growth-style counterparts during the period, with each posting a 7.4% and -8.2% return, respectively.

The U.S. stock market, as measured by the S&P 500 Index, posted a net return of -12.2% in Canadian dollars for 2022. In turn, the Canadian dollar, like many other global currencies, weakened by 6.8% relative to the U.S. dollar, which bolstered returns

for Canadian investors. Value-style securities outperformed their growth-style counterparts during the year, with each posting a -5.3% and -29.4% return, respectively. Only two of the index's eleven component sectors posted positive returns, with Energy (+65.8%) leading the pack, bolstered by oil prices and the war in Ukraine. Utilities also posted positive returns (+1.4%). Conversely, Consumer Discretionary (-37.0%) and Communication Services (-39.9%) were the worst-performing sectors.

All eurozone markets (MSCI Europe Index) yielded negative returns of -8.9% and Asian markets returned -11.2% (MSCI AC Asia Pacific Index), while emerging markets (MSCI Emerging Markets Index (CAD)) fell by 14.3% in Canadian dollars.

Against this backdrop, the portfolio manager made few changes to the FDP Balanced Portfolio during the year. It maintained the portfolio's exposure to equities close to the upper permitted limit, with an overweight to Canadian equities.

The FDP Balanced Portfolio, before management fees, added value relative to the benchmark due to an overweight to equities along with an underweight to bonds. In terms of geographic allocation, the overweight to Canadian equities and underweight to U.S. equities contributed a few percentage points. Stock selection in Canadian equities detracted the most from returns, while selection in global equities contributed.

Equities' rise—an upward trend that started in 2020—was finally slowed by inflation, the labour shortage, rising interest rates and the fear of an economic slowdown. The FDP Balanced Portfolio was especially affected by the performance of Canadian and global equities and of fixed-income securities, since all major asset classes posted negative returns.

Recent Developments

There are currently no events to report for 2023.

Description of the Benchmark Index

The benchmark is weighted as follows: 35% in securities from the S&P/TSX Composite Index, 15% in securities from the MSCI World Index, 45% in securities from the FTSE Canada Universe Bond Index and 5% in securities from the FTSE 91-Day T-Bill Index.

Related Party Transactions

The Manager of the FDP Balanced Portfolio is Professionals' Financial – Mutual Funds Inc. The Manager is in charge of the portfolio's research, analyses, selections and transactions. The Investment Committee of Professionals' Financial – Mutual Funds Inc. supervises the execution of the mandates entrusted to the internal managers and to other external managers, as the case may be.

Monthly management fees, calculated daily at an annual percentage of the Portfolio's net assets after deducting the value of interfund investments, are paid to the Manager.

Financial Highlights

The following tables illustrate key financial data concerning the Portfolio. Their purpose is to help you understand its financial results for the past five years.

This information comes from the December 31, 2022 audited annual financial statements of the Portfolio. You can obtain the financial statements on the website at fdpgp.ca/en.

FDP Balanced Portfolio, Series A (continued)

Portfolio's Distributions and Net Assets per Unit (in dollars)

Series A (created in 1978)	Years ended December 31				
	2022	2021	2020	2019	2018
Net assets, beginning of year	19.737	18.331	17.009	14.945	15.789
Increase (decrease) from operations:					
Total revenue	0.281	0.252	0.227	0.198	0.195
Total expenses	(0.025)	(0.038)	(0.034)	(0.030)	(0.031)
Realized gains (losses)	0.529	1.430	0.215	0.332	0.317
Unrealized gains (losses)	(2.746)	0.418	1.066	1.768	(0.980)
Total increase (decrease) from operations ⁽¹⁾	(1.961)	2.062	1.474	2.268	(0.499)
Distributions:					
from income	0.125	0.113	0.136	0.164	0.168
from dividends	0.077	0.052	0.035	0.037	0.022
from capital gains	0.083	0.489	—	—	0.160
from capital returns	—	—	—	—	—
Total distributions ⁽²⁾	0.285	0.654	0.171	0.201	0.350
Net assets at the end of the year	17.523	19.737	18.331	17.009	14.945

⁽¹⁾ 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 over the financial period.

⁽²⁾ Distributions were reinvested in additional units of the Portfolio.

Ratios and Supplemental Data

Series A (created in 1978)	Years ended December 31				
	2022	2021	2020	2019	2018
Net asset value (in thousands of dollars) ⁽¹⁾	449,925	549,872	517,364	477,181	420,994
Number of units outstanding (thousands) ⁽¹⁾	25,676	27,860	28,223	28,055	28,169
Management expense ratio (%) ⁽²⁾	1.319	1.316	1.309	1.303	1.316
Management expense ratio before waivers and absorptions (%)	1.319	1.316	1.309	1.303	1.316
Portfolio turnover rate (%) ⁽³⁾	4.80	12.26	0.35	10.03	12.58
Trading expense ratio (%) ⁽⁴⁾	0.08	0.09	0.05	0.06	0.15
Net asset value per unit	17.523	19.737	18.331	17.009	14.945

⁽¹⁾ The information is derived from audited annual financial statements in accordance with International Financial Reporting Standards (IFRS). In compliance with these Standards, net assets per unit presented in the financial statements generally equal the net asset value calculated to establish unit prices.

⁽²⁾ Management expense ratio includes management fees and operating expenses. It excludes income tax withheld on dividend income and transaction costs, and is expressed as a percentage of the daily average annualized net asset value during the fiscal year.

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

⁽⁴⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

Management Fees

The Portfolio pays management fees to the Manager, Professionals' Financial – Mutual Funds Inc., for service rendered to the unitholders, and investment management and administration services. The annual management fees of 0.95% are calculated daily according to the net assets and paid monthly after deducting the value of interfund investments. For 2022, the Portfolio paid \$511,000 to its Manager.

Past Performance

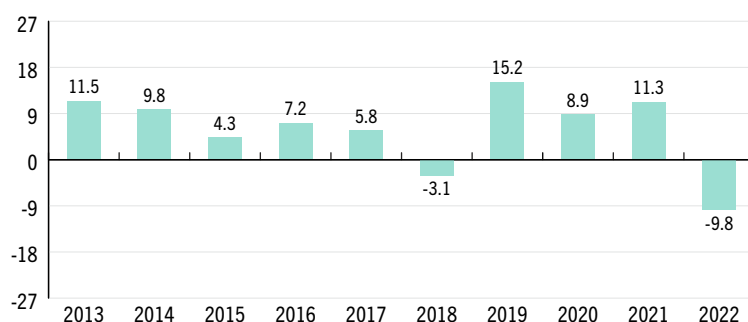
Information on performance presupposes that the Portfolio's distributions during the years presented have been totally reinvested in additional units. The returns do not include deductions for sales, transfer, redemption or other optional fees (because there are none) or income taxes payable, and would be lower if they

included such items. The Portfolio's past performance is not necessarily indicative of future performance.

Annual Performance

The following bar graph indicates the Portfolio's annual returns for each year. It shows the year-to-year variation in the Portfolio's return. The graph presents, in percentage form, what would have been the upward or downward variation, on the last day of the year, of an investment made on the first day of that year.

% Series A (created in 1978)



Annual Compound Returns

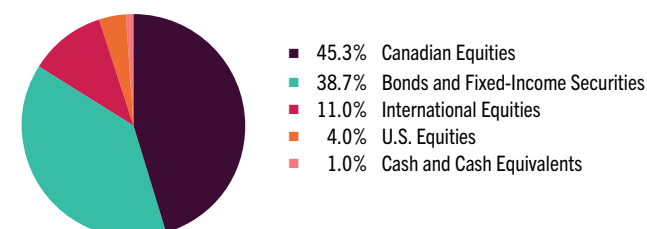
The following table indicates the Portfolio's annual composite returns and highlights Portfolio performance fluctuations from one fiscal year to the next, ending on December 31, for each year, as well as those of the Portfolio's benchmark index.

	1 yr %	3 yrs %	5 yrs %	10 yrs %
FDP Balanced Portfolio, Series A	-9.80	3.01	4.05	5.82
Benchmark index	-8.89	2.91	3.97	5.45

The benchmark index is weighted as follows: 35% in securities from the S&P/TSX Composite Index, 15% in securities from the MSCI World Index, 45% in securities from the FTSE Short- and Mid-Term Modified Index, and 5% in securities from the FTSE 91 Day T-Bill Index.

Overview of Portfolio

Portfolio Mix



Top Portfolio Holdings

	% of net asset value
FDP Canadian Equity Portfolio	45.2
FDP Canadian Bond Portfolio	33.6
FDP Global Equity Portfolio	10.0
FDP Global Fixed Income Portfolio	5.1
SPDR S&P 500 ETF Trust	3.3
FDP Emerging Markets Equity Portfolio	1.0
Cash and Cash Equivalents	1.0
FDP US Equity Portfolio	0.7

This portfolio may change due to continual trading in the Portfolio. An update of this data is available every quarter on our website at fdpgp.ca/en.