

**Annual Management Report of Fund Performance**
**December 2023**

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, 31<sup>st</sup> Floor, P. O. Box 1116, Montréal, Québec H5B 1C2, or by visiting our website at fdpgp.ca/en or SEDAR+'s website at www.sedarplus.ca.

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 steady income and to ensure invested capital preservation. The Portfolio invests primarily in debt instruments of Canadian and foreign issuers. The Portfolio may also invest in equity securities of Canadian and foreign issuers paying dividends or income. The Portfolio Manager uses a top-down global active short-term management approach, including to set the duration of the portfolio. The implementation of dynamic positioning strategies on the yield curve, the choice of classes of issuers and the selection of securities are based on quantitative and qualitative comparisons, and simulations on interest rates, yield differentials, currencies and volatility.

**Risk**

The Portfolio invests primarily in debt securities, both Canadian and foreign. Derivatives may also be used for hedging purposes or to establish market positions. The risks related to investments in the Portfolio remain as set out in the Simplified Prospectus. The risks associated with the Portfolio and its holdings are as follows: credit risk, sector risk, foreign securities risk, large transactions risk, specific issuer risk, currency risk, interest rate risk, derivatives risk, securities lending risk, exchange-traded funds risk, asset-backed and mortgage-backed securities risk, multi-series risk, short selling risk, loss restrictions risk, cybersecurity risk and liquidity risk.

**Operating Results**

The FDP Canadian Bond Portfolio, Series A posted a net return of 6.6% for 2023, versus -11.9% for 2022.

The bond market, as measured by the FTSE Canada Universe Bond Index, posted a 6.7% return for the year. The index's positive return is mainly attributable to more reasonable key interest rate increases (the Bank of Canada [BoC] hiked its key interest rate by 75 basis points [bps] during the year), as well as narrowing credit spreads and rising yields to maturity.

Both the U.S. Federal Reserve and the BoC continued to tighten their monetary policy and hiked their respective key interest rates to ease persistent inflationary pressure. Central bank measures to cool the economy and curb inflation appear to be working, but the labour market's sustained strength has reduced the likelihood of a rate cut in the near term.

The yield curve inverted in 2022 and remained inverted in 2023. However, both provincial and corporate credit spreads generally narrowed during the year, reflecting easing fears of a recession and investors' optimism about central banks' ability to tamp down inflation and achieve a soft landing of the economy.

On a relative basis, the FDP Canadian Bond Portfolio added 105 bps in value thanks to its yield curve positioning and overweight to corporate bonds.

During the year, the portfolio was overweight to corporate bonds, especially to banking securities. The subsector experienced significant turmoil early in the year, during the crisis that erupted when U.S. regional banks such as Silicon Valley Bank, as well as Credit Suisse collapsed. The portfolio manager continues to believe in the soundness of Canadian financial institutions, especially their debt eligible for a bail-in conversion that comprises most of the bank bonds held in the portfolio. The portfolio manager also still favours companies with high credit ratings.

**Recent Developments**

There are no events to report for 2023.

**Description of the Benchmark Index**

The FTSE Canada Universe Bond Index is a benchmark index used to measure the performance of fixed-rate, investment-grade government and corporate bonds.

**Related Party Transactions**

The Manager of the FDP Canadian Bond 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. With regard to the management of the Portfolio, any transaction between related parties must receive the Independent Review Committee's (IRC) positive recommendation or approval beforehand.

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, 2023 audited annual financial statements of the Portfolio. You can obtain the financial statements on the website at fdpgp.ca/en.

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

Series A (created in 1978)	Years ended December 31				
	2023	2022	2021	2020	2019
<b>Net assets, beginning of year</b>	<b>10.550</b>	<b>12.183</b>	<b>12.725</b>	<b>12.092</b>	<b>11.602</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.354	0.312	0.320	0.359	0.364
Total expenses	(0.114)	(0.118)	(0.130)	(0.136)	(0.131)
Realized gains (losses)	(0.397)	(0.934)	(0.073)	0.345	0.361
Unrealized gains (losses)	0.826	(0.702)	(0.464)	0.439	0.130
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.669</b>	<b>(1.442)</b>	<b>(0.347)</b>	<b>1.007</b>	<b>0.724</b>
<b>Distributions:</b>					
from income	0.238	0.193	0.185	0.223	0.236
from dividends	–	–	0.006	–	–
from capital gains	–	–	0.007	0.157	–
from capital returns	–	–	–	–	–
<b>Total distributions<sup>(2)</sup></b>	<b>0.238</b>	<b>0.193</b>	<b>0.198</b>	<b>0.380</b>	<b>0.236</b>
<b>Net assets at the end of the year</b>	<b>10.998</b>	<b>10.550</b>	<b>12.183</b>	<b>12.725</b>	<b>12.092</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Distributions were reinvested in additional units of the Portfolio.

# FDP Canadian Bond Portfolio, Series A (continued)

## Ratios and Supplemental Data

Series A (created in 1978)	Years ended December 31				
	2023	2022	2021	2020	2019
<b>Net asset value</b> (in thousands of dollars) <sup>(1)</sup>	276,080	282,423	330,782	349,410	323,896
<b>Number of units</b> outstanding (thousands) <sup>(1)</sup>	25,103	26,769	27,150	27,459	26,786
<b>Management expense ratio (%)</b> <sup>(2)</sup>	1.075	1.078	1.067	1.071	1.084
<b>Management expense ratio before</b> <b>waivers and absorptions (%)</b>	1.075	1.078	1.067	1.071	1.084
<b>Portfolio turnover rate (%)</b> <sup>(3)</sup>	2,634.15	2,377.81	1,996.46	2,416.18	2,235.60
<b>Trading expense ratio (%)</b> <sup>(4)</sup>	–	–	0.01	–	–
<b>Net asset value per unit</b>	10.998	10.550	12.183	12.725	12.092

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

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

## Management Fees

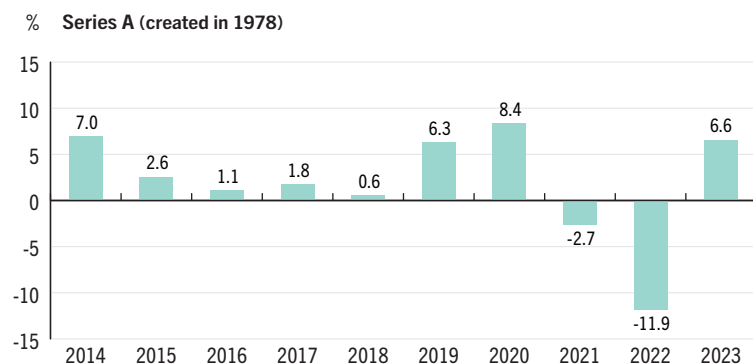
The Portfolio pays management fees to the Manager, Professionals' Financial – Mutual Funds Inc., for service rendered to the unitholders, and investment management and administration services. The annual management fees of 0.85% are calculated daily according to the net assets and paid monthly after deducting the value of interfund investments. For 2023, the Portfolio paid \$2,715,000 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 of the same series. 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 graphs indicate the Portfolio's annual returns for each year. They show the year-to-year variation in the Portfolio's return. The graphs present, 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.



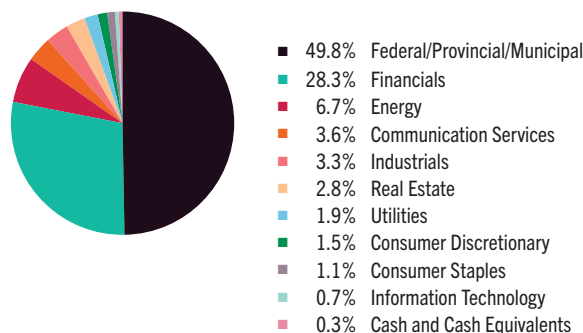
## Annual Compound Returns

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 %
<b>FDP Canadian Bond Portfolio, Series A</b>	6.61	-2.94	1.05	1.82
<b>FTSE Index</b>	6.69	-2.80	1.30	2.40

## Overview of Portfolio

### Portfolio Mix



### Top 25 Portfolio Holdings

	% of net asset value
Province of Ontario, 2.15%, Jun. 02, 2031	4.6
Province of Québec, 3.25%, Sep. 01, 2032	4.5
Government of Canada, 2.00%, Jun. 01, 2032	3.7
The Toronto-Dominion Bank, 2.67%, Sep. 09, 2025	3.3
Canadian Imperial Bank of Commerce, 2.00%, Apr. 17, 2025	3.1
Government of Canada, 1.75%, Dec. 01, 2053	3.1
Royal Bank of Canada, 4.63%, May 01, 2028	2.9
Fédération des caisses Desjardins du Québec, 1.09%, Jan. 21, 2026	2.5
HSBC Bank Canada, 4.81%, Dec. 16, 2024	2.4
Government of Canada, 1.50%, Jun. 01, 2031	2.4
Province of Ontario, 3.50%, Jun. 02, 2043	2.4
Province of Ontario, 2.05%, Jun. 02, 2030	2.3
Province of Québec, 5.00%, Dec. 01, 2038	2.3
Province of Québec, 3.50%, Dec. 01, 2045	2.1
Province of Ontario, 3.45%, Jun. 02, 2045	1.9
Province of Ontario, 3.65%, Jun. 02, 2033	1.9
Royal Bank of Canada, 5.34%, Jun. 23, 2026	1.8
Pembina Pipeline Corporation, 3.54%, Feb. 03, 2025	1.7
Province of Ontario, 4.70%, Jun. 02, 2037	1.6
Bank of Montreal, 5.04%, May 29, 2028	1.6
Bank of Montreal, 3.65%, Apr. 01, 2027	1.6
The Bank of Nova Scotia, 2.95%, Mar. 08, 2027	1.6
Province of Ontario, 4.60%, Jun. 02, 2039	1.6
CDP Financial Inc., 4.20%, Dec. 02, 2030	1.5
Suncor Energy Inc., 5.60%, Nov. 17, 2025	1.5

This portfolio may change due to continual trading in the Portfolio. An update of this data is available every quarter on our website at [fdppg.ca/en](http://fdppg.ca/en).