

## Interim Management Report of Fund Performance

June 2017

This Interim Management Report of Fund Performance contains financial highlights but does not contain the complete interim financial statements of the Portfolio. You can request a copy of the interim 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 [www.professionalsf.com](http://www.professionalsf.com) or SEDAR's website at [www.sedar.com](http://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 mostly of long-term capital growth and also of steady income. 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 a majority of units issued by other investment funds. These underlying investment funds are selected according to their overall contribution to the 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 mainly in equities and debt securities, 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 Growth Portfolio posted a net return of 4.4% for the first six-month period of 2017, versus 4.5% for 2016. This result stems partly from the global stock market's performance, as measured by the MSCI World Index, which posted a 7.2% return, mainly driven by very positive returns in the Technology and Health Care sectors. Meanwhile, the Energy sector posted a -9.3% drop.

The Canadian bond market, as measured by the FTSE TMX Canada Universe Bond Index, posted a 2.4% return for the first half of 2017. Since last January, medium-term interest rates went up in Canada. Specifically, the Canadian government 10-year bond yield rose by four base points. Meanwhile, the Canadian stock market, as measured by the S&P/TSX Composite Index, posted a 0.7% return during the same period. It generated positive results across all sectors, except Materials and Energy, the latter of which posted a -13.3% return. Despite falling material prices, Canada's GDP saw an annualized growth of 3.7% over the first quarter, with expectations set at 2.2% over the second quarter.

Meanwhile, the U.S. GDP's annualized growth of 1.4% over the first quarter represented its weakest performance since the second quarter of 2016. GDP growth outlooks for the second quarter were downgraded from 5.9% in February to 3.5% in late May. Bottom line, growth remains strong in the U.S., with indicators simply backtracking after hitting significantly high peaks.

In the eurozone, economic outlooks and inflation were upgraded. As the political uncertainty hovering over France has ended, corporate investments and consumer confidence should grow. In England, Prime Minister and Conservative Party leader Theresa May lost her majority in the wake of an early election, which could weaken her government's position during upcoming Brexit negotiations.

China's GDP posted an annualized growth of 6.9% over the first quarter of 2017. Concerns over growth flared back up as regulatory authorities attempted to reduce the financial system's cash levels. Moreover, legal restrictions were imposed on property purchases in order to cool the overheating real estate market.

Lastly, economic conditions improved across emerging countries in the wake of global GDP growth. In fact, this market has been the top performer since the beginning of the year.

### Recent Developments

There are currently no events to report for 2017.

### Related Party Transactions

The Manager of the FDP Balanced Growth 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. A portion of the FDP Canadian Equity Portfolio is managed by Professionals' Financial – Private Management Inc., a subsidiary of Professionals' Financial Inc., according to specific mandates.

## 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 audited annual financial statements and the June 30, 2017 unaudited interim financial statements of the Portfolio. You can obtain the financial statements on the website at [www.professionalsf.com](http://www.professionalsf.com).

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

	Six months ended June 30		Years ended December 31			
	2017	2016	2015	2014	2013	2012
<b>Net assets, beginning of period</b>	<b>14.273</b>	<b>13.884</b>	<b>13.039</b>	<b>12.367</b>	<b>10.557</b>	<b>9.979</b>
<b>Increase (decrease) from operations:</b>						
Total revenue	0.091	0.215	0.369	0.456	0.256	0.242
Total expenses	(0.024)	(0.053)	(0.058)	(0.053)	(0.036)	(0.034)
Realized gains (losses)	0.042	0.419	0.765	0.483	0.238	(0.001)
Unrealized gains (losses)	0.513	0.041	0.144	0.357	1.520	0.511
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.622</b>	<b>0.622</b>	<b>1.220</b>	<b>1.243</b>	<b>1.978</b>	<b>0.718</b>
<b>Distributions:</b>						
from income	0.054	0.127	0.094	0.107	0.084	0.095
from dividends	–	0.021	0.023	0.022	0.036	0.046
from capital gains	–	0.077	0.180	0.469	0.016	–
from capital returns	–	–	–	–	–	–
<b>Total distributions<sup>(2)</sup></b>	<b>0.054</b>	<b>0.225</b>	<b>0.297</b>	<b>0.598</b>	<b>0.136</b>	<b>0.141</b>
<b>Net assets at the end of the period</b>	<b>14.850</b>	<b>14.273</b>	<b>13.884</b>	<b>13.039</b>	<b>12.367</b>	<b>10.556</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 Fund.

# FDP BALANCED GROWTH PORTFOLIO, SERIES A (CONTINUED)

## Ratios and Supplemental Data

	Six months ended June 30		Years ended December 31			
	2017	2016	2015	2014	2013	2012
<b>Net asset value (in thousands of dollars) <sup>(1)</sup></b>	118,527	108,890	99,379	113,530	86,079	70,715
<b>Number of units outstanding (thousands) <sup>(1)</sup></b>	7,981	7,629	7,158	8,707	6,961	6,698
<b>Management expense ratio (%) <sup>(2)</sup></b>	1.449	1.419	1.405	1.423	1.509	1.276
<b>Management expense ratio before waivers and absorptions (%)</b>	1.449	1.419	1.405	1.423	1.509	1.276
<b>Portfolio turnover rate (%) <sup>(3)</sup></b>	2.25	23.61	21.38	41.66	42.18	28.45
<b>Trading expense ratio (%) <sup>(4)</sup></b>	0.01	0.02	0.01	0.03	0.01	0.02
<b>Net asset value per unit</b>	14.850	14.273	13.884	13.039	12.367	10.557

<sup>(1)</sup> For the years ended December 31, 2013 and before, the information is derived from the audited annual financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the Canada CPA Handbook. As a result, net assets per unit presented in the financial statements differ from the net asset value calculated for the purposes of calculating unit prices and the differences are explained in the notes to the financial statements. For the following fiscal years, 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 turnover rate indicates how actively the 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 in the course of the period. The higher portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

<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 during the period.

## MANAGEMENT FEES

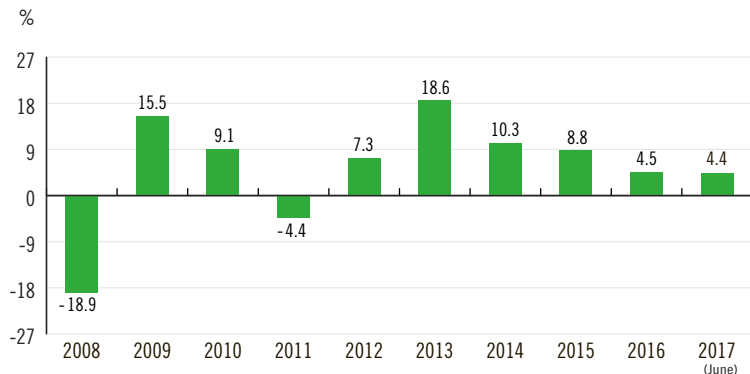
The Portfolio pays management fees to the Manager, Professionals' Financial – Mutual Funds Inc., for service rendered to the unitholders, and investment management and administration services. The annual management fees of 1.00% are calculated daily according to the net assets and paid monthly after deducting the value of interfund investments. For the first six months of the year 2017, the Portfolio paid \$137,000 to its Manager.

## PAST PERFORMANCE

Information on performance presupposes that the Portfolio's distributions during the periods presented have been totally reinvested in additional units. The returns do not include deductions for sales fees, 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.

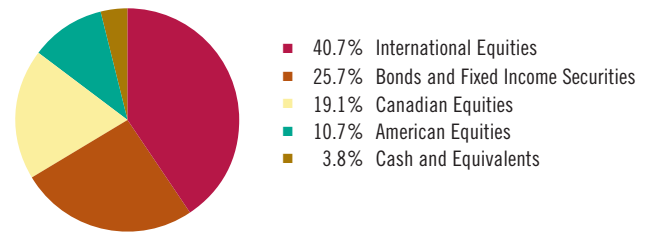
## Annual Performance

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 period, of an investment made on the first day of that year.



## OVERVIEW OF PORTFOLIO

### Portfolio Mix



### Top Portfolio Holdings

	% of net asset value
FDP Global Equity Portfolio	30.5
FDP Canadian Bond Portfolio	21.1
FDP Canadian Equity Portfolio	18.6
SPDR S&P 500 ETF Trust	9.6
FDP Global Fixed Income Portfolio	4.5
iShares MSCI World Index ETF	4.2
Cash and Equivalents	3.8
Vanguard FTSE Europe ETF	3.0
FDP Emerging Markets Equity Portfolio	1.5
Vanguard FTSE Emerging Markets ETF	1.4
Industrial Select Sector SPDR Fund	1.1
iShares S&P/TSX 60 Index ETF	0.5

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