

Interim Management Report of Fund Performance

June 2018

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, 31st Floor, P. O. Box 1116, Montréal, Québec H5B 1C2, or by visiting our website at www.professionalsf.com 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 mostly of steady income and also medium-term capital growth. The Portfolio invests primarily in debt instruments of Canadian and foreign issuers, and in equity securities of Canadian and foreign issuers. The Portfolio Manager uses a top-down global approach for both the asset allocation and geographic allocation, being mixes of Canadian, American, European, Asian and emerging markets equities. The Portfolio invests in different types of assets, including Canadian and foreign bonds and units of 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 Income Portfolio posted a net return of 0.7% for the first six-month period of 2018, versus 2.2% for 2017. This result stems partly from global stock market returns, specifically in the Canadian (+2.0%) and U.S. (+7.8%) equity components. Stock markets in general, and the U.S. market in particular, benefitted from good returns within the Information Technology sector, including FANG (Facebook, Amazon, Netflix and Google) stocks.

The bond market, as measured by the FTSE TMX Canada Universe Bond Index, posted a 0.6% return. The 10-year government of Canada bond yield increased by 11 basis points over the period. Meanwhile, the Canadian stock market, as measured by the S&P/TSX Composite Index, posted a 2.0% return over the first half of 2018. More than half of the index's component sectors posted positive returns. The rising oil price, which went from USD60.42 a barrel in late December 2017 to USD74.15 a barrel as at June 30, 2018, representing a 22.7% increase, enabled the Energy sector, which makes up over 21% of the Canadian index, to post a 5.6% return over the six-month period. Conversely, sectors sensitive to interest rate fluctuations, such as Utilities (-6.8%), Telecommunications (-5.0%) and Financials (-1.0%), were affected by the actual and anticipated increases of the Bank of Canada's bank rate.

The U.S. stock market, as measured by the S&P 500 Index, has been on an upswing since the beginning of the year, posting a 7.8% return in Canadian dollars over the first half of 2018. Stocks within the IT sector, particularly those linked to consumer goods, greatly contributed to the S&P 500's performance. The U.S. also put its protectionist stance into action by postponing further NAFTA renegotiations until November 2018 and imposing policies that exacerbate trade tensions with the rest of the world, inflating them to historic levels.

As central banks look to withdraw emergency policies implemented in the wake of the financial crisis and return to more normal market conditions, synchronized global economic growth, the U.S. income tax reform and corporate profits should improve companies' bottom lines. However, the overnight rate increase among several central banks, along with the heightened risk of a trade war, are generating uncertainty across

markets. Against this backdrop, eurozone markets still managed to post a 1.6% increase in Canadian dollars, with Asian markets also growing by 1.5%, thanks to the Canadian dollar's 4.8% devaluation versus its U.S. counterpart.

Despite the global economy's sustained growth, markets across emerging countries struggled over the six-month period due to the resurgence of volatility, after posting excellent returns in 2017. Trade war threats, the distinct political climate in certain emerging countries, as well as tightening monetary policies in the U.S. and the U.K., among other nations, had more severe repercussions on emerging markets than their developed counterparts.

Recent Developments

There are currently no events to report for 2018.

Related Party Transactions

The Manager of the FDP Balanced Income 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 audited annual financial statements and the June 30, 2018 unaudited interim financial statements of the Portfolio. You can obtain the financial statements on the website at www.professionalsf.com.

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

	Six months ended June 30		Years ended December 31			
	2018	2017	2016	2015	2014	2013
Net assets, beginning of period	11.362	11.040	10.863	10.881	10.638	10.099
Increase (decrease) from operations:						
Total revenue	0.079	0.166	0.159	0.449	0.570	0.412
Total expenses	(0.003)	(0.007)	(0.008)	(0.005)	(0.051)	(0.080)
Realized gains (losses)	(0.019)	0.132	0.032	0.274	0.093	(0.057)
Unrealized gains (losses)	0.025	0.185	0.139	(0.211)	0.122	0.466
Total increase (decrease) from operations ⁽¹⁾	0.082	0.476	0.322	0.507	0.734	0.741
Distributions:						
from income	0.108	0.123	0.118	0.125	0.140	0.139
from dividends	–	0.029	0.028	0.038	0.024	0.035
from capital gains	–	–	–	0.325	0.305	0.024
from capital returns	–	–	–	–	–	–
Total distributions ⁽²⁾	0.108	0.152	0.146	0.488	0.469	0.198
Net assets at the end of the period	11.365	11.362	11.040	10.863	10.881	10.638

⁽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 Fund.

FDP BALANCED INCOME PORTFOLIO, SERIES A (CONTINUED)

Ratios and Supplemental Data

	Six months ended June 30		Years ended December 31			
	2018	2017	2016	2015	2014	2013
Net asset value (in thousands of dollars) ⁽¹⁾	170,233	173,407	176,984	182,653	213,065	196,342
Number of units outstanding (thousands) ⁽¹⁾	14,979	15,262	16,031	16,814	19,580	18,456
Management expense ratio (%) ⁽²⁾	1.374	1.333	1.269	1.333	1.488	1.508
Management expense ratio before waivers and absorptions (%)	1.374	1.333	1.269	1.333	1.488	1.508
Portfolio turnover rate (%) ⁽³⁾	9.90	38.46	16.52	22.04	906.24	150.51
Trading expense ratio (%) ⁽⁴⁾	0.01	—	—	—	0.01	—
Net asset value per unit	11.365	11.362	11.040	10.863	10.881	10.638

⁽¹⁾ For the years ended December 31, 2015 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.

⁽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 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.

⁽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 period.

MANAGEMENT FEES

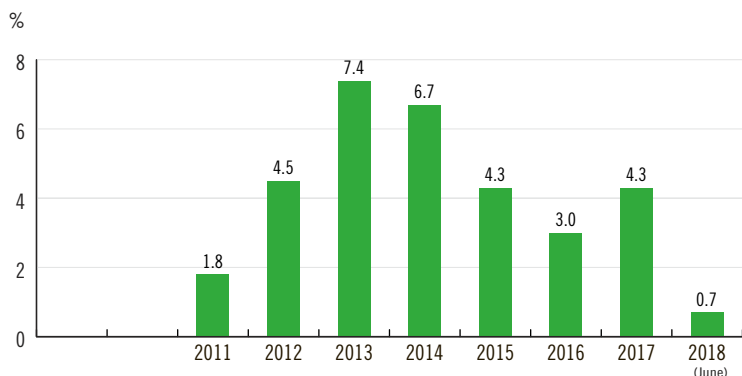
The Portfolio pays management fees to the Manager, Professionals' Financial – Mutual Funds Inc., for service rendered to the unitholders, and investment management and administration services. The annual management fees of 0.95% are calculated daily according to the net assets and paid monthly after deducting the value of interfund investments. For the first six months of the year 2018, the Portfolio paid \$13,000 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.

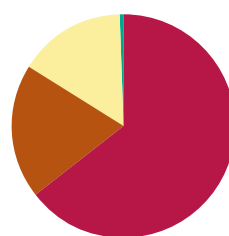
Annual Performance

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



OVERVIEW OF PORTFOLIO

Portfolio Mix



- 64.6% Bonds and Fixed-Income Securities
- 19.3% International Equities
- 15.7% Canadian Equities
- 0.4% Cash and Equivalents

Top Portfolio Holdings

	% of net asset value
FDP Canadian Bond Portfolio	44.6
FDP Global Fixed Income Portfolio	19.9
FDP Global Equity Portfolio	19.3
FDP Canadian Dividend Equity Portfolio	15.7
Cash and Equivalents	0.4

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.