

**Annual Management Report of Fund Performance**

**December 2019**

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 [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 a long-term global return through an appropriate stock selection, and by taking advantage of interest rate and currency rate shifts on world markets. The Portfolio invests primarily in debt instruments of foreign issuers, government and corporations that may be denominated in other currencies than the Canadian dollar and have different maturity dates. The issuers of securities may be established worldwide, including Canada and emerging countries. The Portfolio Manager may resort to both a top-down and a bottom-up approach with respect to the management of the portfolio. The top-down approach can be used for the appraisal of the prevailing economic conditions, to assess the financial soundness of sovereign countries, and to anticipate interest rate shifts and their impact on the term of maturity strategy on the portfolio. The bottom-up approach allows for an assessment of the specific securities of issuers, of the ability of the latter to meet their debt repayment obligations and of the balance sheet structure.

**Risk**

The Portfolio invests primarily in debt securities issued by governments and issuers that are not denominated in Canadian dollars and have different maturity dates. The Portfolio may also invest in shares from time to time. Derivatives may also be used for hedging purposes or to establish positions on the market. 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, specific issuer risk, credit risk, currency risk, sector risk, interest rate risk, foreign securities risk, derivatives risk, exchange-traded funds risk, securities lending risk, emerging markets risk, underlying funds risk, asset-backed and mortgage-backed securities risk, large transactions risk, multi-series risk, short selling risk and loss restrictions risk.

**Operating Results**

The FDP Global Fixed Income Portfolio, Series A posted a net return of 9.9% for 2019, versus -3.1% for 2018. The FDP Global Fixed Income Portfolio, Series I posted a net return of 11.2% for 2019. The global high-yield bond market, as measured by the ICE BofA Merrill Lynch Global High Yield Index, posted a 13.4% return for 2019.

Unlike in 2018, credit spreads narrowed in 2019 due in part to central banks, including the U.S. Federal Reserve (Fed) and European Central Bank (ECB), changing their stance and returning to a more accommodative monetary policy. The Fed cut its key interest rate three times in 2019. Meanwhile, the Bank of Canada held steady, and central banks' shift in monetary policy and the downward trend in government bond yields, mainly in the United States, helped drive interest for riskier assets.

**Recent Developments**

There are currently no events to report for 2020.

**Related Party Transactions**

The Manager of the FDP Global Fixed 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 since inception.

This information comes from the December 31, 2019 audited annual financial statements of the Fund. 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)**

Series A	Years ended December 31				
	2019	2018	2017	2016	2015
<b>Net assets, beginning of year</b>	<b>8.798</b>	<b>9.402</b>	<b>9.355</b>	<b>9.056</b>	<b>9.430</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.458	0.175	0.695	0.125	(0.429)
Total expenses	(0.148)	(0.151)	(0.171)	(0.095)	(0.139)
Realized gains (losses)	0.049	(0.011)	(0.152)	0.711	0.087
Unrealized gains (losses)	0.520	(0.308)	(0.122)	(0.181)	0.598
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	<b>0.879</b>	<b>(0.295)</b>	<b>0.250</b>	<b>0.560</b>	<b>0.117</b>
<b>Distributions:</b>					
from income	0.323	0.318	0.216	0.314	0.344
from dividends	–	–	–	–	0.008
from capital gains	–	–	–	–	–
from capital returns	–	–	–	–	–
<b>Total distributions <sup>(2)</sup></b>	<b>0.323</b>	<b>0.318</b>	<b>0.216</b>	<b>0.314</b>	<b>0.352</b>
<b>Net assets at the end of the year</b>	<b>9.332</b>	<b>8.798</b>	<b>9.402</b>	<b>9.355</b>	<b>9.056</b>

Series I	Years ended December 31				
	2019	2018	2017	2016	2015
<b>Net assets, beginning of year</b>	<b>9.383</b>	<b>10.031</b>	<b>9.979</b>	<b>9.652</b>	<b>10.000</b>
<b>Increase (decrease) from operations:</b>					
Total revenue	0.484	0.188	0.724	0.218	(0.517)
Total expenses	(0.039)	(0.040)	(0.025)	(0.017)	(0.020)
Realized gains (losses)	0.051	(0.013)	(0.152)	0.697	0.256
Unrealized gains (losses)	0.566	(0.315)	(0.113)	(0.196)	0.250
<b>Total increase (decrease) from operations <sup>(1)</sup></b>	<b>1.062</b>	<b>(0.180)</b>	<b>0.434</b>	<b>0.702</b>	<b>(0.031)</b>
<b>Distributions:</b>					
from income	0.465	0.464	0.389	0.406	0.424
from dividends	–	–	–	–	0.010
from capital gains	–	–	–	–	–
from capital returns	–	–	–	–	–
<b>Total distributions <sup>(2)</sup></b>	<b>0.465</b>	<b>0.464</b>	<b>0.389</b>	<b>0.406</b>	<b>0.434</b>
<b>Net assets at the end of the year</b>	<b>9.951</b>	<b>9.383</b>	<b>10.031</b>	<b>9.979</b>	<b>9.652</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 GLOBAL FIXED INCOME PORTFOLIO, SERIES A AND I (CONTINUED)

## Ratios and Supplemental Data

Series A	Years ended December 31				
	2019	2018	2017	2016	2015
<b>Net asset value</b> (in thousands of dollars) <sup>(1)</sup>	59,326	65,559	54,721	59,610	27,036
<b>Number of units</b> outstanding (thousands) <sup>(1)</sup>	6,357	7,451	5,820	6,372	2,985
<b>Management expense ratio (%)</b> <sup>(3)</sup>	1.608	1.630	1.813	1.116	1.744
<b>Management expense ratio before</b> <b>waivers and absorptions (%)</b>	1.608	1.630	1.813	1.116	1.744
<b>Portfolio turnover rate (%)</b> <sup>(4)</sup>	115.02	66.61	197.96	355.21	83.65
<b>Trading expense ratio (%)</b> <sup>(5)</sup>	0.02	–	0.02	0.07	–
<b>Net asset value per unit</b>	9.332	8.798	9.402	9.355	9.056

Series I	Years ended December 31				
	2019	2018	2017	2016	2015
<b>Net asset value</b> (in thousands of dollars) <sup>(2)</sup>	149,961	159,155	163,877	144,070	96,718
<b>Number of units</b> outstanding (thousands) <sup>(2)</sup>	15,070	16,962	16,338	14,437	10,020
<b>Management expense ratio (%)</b> <sup>(3)</sup>	0.403	0.398	0.252	0.265	0.204
<b>Management expense ratio before</b> <b>waivers and absorptions (%)</b>	0.403	0.398	0.252	0.265	0.204
<b>Portfolio turnover rate (%)</b> <sup>(4)</sup>	115.02	66.61	197.96	355.21	83.65
<b>Trading expense ratio (%)</b> <sup>(5)</sup>	0.02	–	0.02	0.07	–
<b>Net asset value per unit</b>	9.951	9.383	10.031	9.979	9.652

<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 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 in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund 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 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 of each series during the year.

## MANAGEMENT FEES

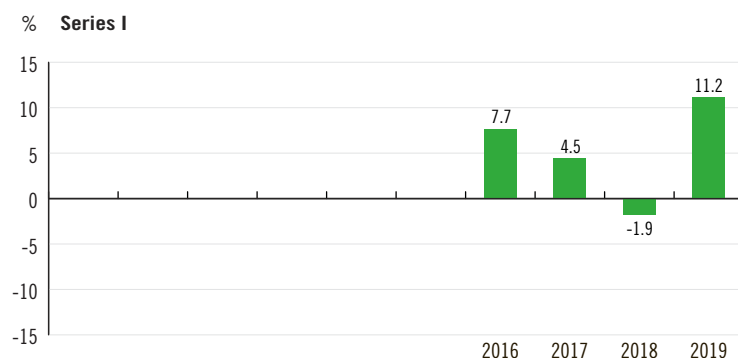
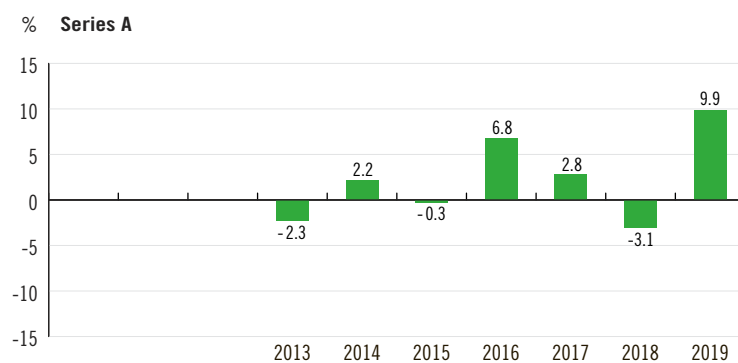
Series A and Series I units pay management fees to the Manager, Professionals' Financial – Mutual Funds Inc., for service rendered to the unitholders, and investment management and administration services. Series A units' annual management fees of 1.25% and 0.20% for Series I are calculated daily according to the net assets and paid monthly after deducting the value of interfund investments. For 2019, Series A units paid \$921,000 and \$351,000 for Series I to the 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 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 year, of an investment made on the first day of that year.



### Annual Compound Returns

The following graph 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.

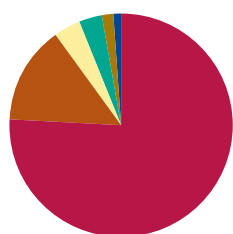
	1 yr %	3 yrs %	5 yrs %	10 yrs %
<b>FDP Global Fixed Income Portfolio, Series A</b>	9.87	3.08	3.13	–
<b>FDP Global Fixed Income Portfolio, Series I</b>	11.20	4.47	–	–
<b>Benchmark</b>	11.63	5.20	4.98	–

The benchmark is weighted as follows: 30% in JP Morgan EMBI Global Composite Index units (hedged to Canadian dollars), 30% in units of the Barclays Capital Global Aggregate Credit Index (hedged to Canadian dollars), 30% in units of the Merrill Lynch Global High Yield BB/B (Constrained 2%) Index (hedged to Canadian dollars), and 10% in units of the FTSE Univers Index.

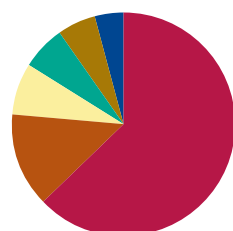
# FDP GLOBAL FIXED INCOME PORTFOLIO, SERIES A AND I (CONTINUED)

## OVERVIEW OF PORTFOLIO

### Portfolio Mix



- 76.0% Corporate Bonds
- 14.1% Government Bonds
- 3.9% Cash and Equivalents
- 3.3% Index Funds
- 1.8% Preferred Equities
- 0.9% Provincial Bonds



- 62.8% North America – United States
- 13.7% Europe
- 7.6% North America – Canada
- 6.2% Latin America
- 5.8% Asia
- 3.9% Cash and Equivalents

### Top 25 Portfolio Holdings

	% of net asset value
Cash and Cash Equivalent	3.9
iShares iBoxx \$ High Yield Corporate Bond Fund	3.3
United States Treasury Bond, 2.38%, May 15, 2029	1.0
United States Treasury Bond, 3.00%, Feb. 15, 2049	0.9
The Enterprise Development Authority, 12.00%, Jul. 15, 2024	0.6
United States Treasury Bond, 2.75%, Nov. 15, 2042	0.6
United States Treasury Bond, 3.13%, Feb. 15, 2043	0.6
Grupo Posadas SAB de CV, 7.88%, Jun. 30, 2022	0.6
Joseph T. Ryerson & Son, Inc., 11.00%, May 15, 2022	0.6
Federative Republic of Brazil, 10.00%, Jan. 1, 2023	0.6
American Midstream Partners LP / American Midstream Finance Corp. 9.50%, Dec. 15, 2021	0.5
Golden Nugget Inc., 8.75%, Oct. 1, 2025	0.5
Freedom Mortgage Corporation, 8.13%, Nov. 15, 2024	0.5
Frontier Communications Corporation, 8.50%, Apr. 1, 2026	0.5
Shelf Drilling Holdings, Ltd., 8.25%, Feb. 15, 2025	0.5
MDC Partners Inc., 6.50%, May 1, 2024	0.5
Belden Inc., 3.38%, Jul. 15, 2027	0.5
Japan Government Five Year Bond, 0.10%, Dec. 20, 2023	0.5
Aleris International, Inc., Term Loan, 0.00%, Feb. 27, 2023	0.5
CCO Holdings LLC / CCO Holdings Capital Corporation, 5.13%, May 1, 2027	0.5
Avation Capital SA, 6.50%, May 15, 2021	0.5
Republic of Singapore, 3.25%, Sep. 1, 2020	0.5
Blue Racer Midstream LLC / Blue Racer Finance Corp., 6.13%, Nov. 15, 2022	0.4
Horizon Therapeutics USA Inc., 5.50%, Aug. 1, 2027	0.4
Unifin Financiera, SAB de CV SOFOM ENR, 8.38%, Jan. 27, 2028	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](http://www.professionalsf.com).