

UNAUDITED INTERIM FINANCIAL STATEMENTS

EDUCATORS FINANCIAL GROUP INC.



EDUCATORS MONEY MARKET FUND
EDUCATORS MORTGAGE & INCOME FUND
EDUCATORS BOND FUND
EDUCATORS BALANCED FUND
EDUCATORS MONTHLY INCOME FUND
EDUCATORS DIVIDEND FUND
EDUCATORS GROWTH FUND
EDUCATORS NORTH AMERICAN DIVERSIFIED FUND

Dated: June 30, 2016

Educators Financial Group Inc. Funds
Unaudited Interim Financial Statements

June 30, 2016

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NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

Educators Financial Group Inc., the Manager of the Funds, appoints independent auditors to audit the Funds' Annual Financial Statements. Under Canadian securities laws (National Instrument 81-106), if an auditor has not reviewed the Interim Financial Statements, it must be disclosed in an accompanying notice.

The Funds' independent auditors have not performed a review of these Interim Financial Statements in accordance with standards established by the Chartered Professional Accountants.

The next report on the Funds will contain annual audited financial information as of December 31, 2016.

Educators Money Market Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 47,084	\$ -
Interest receivable	19,080	15,516
Subscriptions receivable	1,079	87,916
Investments	<u>16,276,238</u>	<u>19,407,981</u>
Total assets	\$ 16,343,481	\$ 19,511,413
Liabilities		
Current liabilities		
Bank overdraft	-	50,207
Redemptions payable	90,236	19,393
Amounts due to Manager-Trustee (Note 6)	<u>7,140</u>	<u>7,461</u>
Total liabilities	97,376	77,061
Net assets attributable to holders of redeemable units	\$ 16,246,105	\$ 19,434,352
Number of redeemable units outstanding (Note 3)	<u>1,624,611</u>	<u>1,943,435</u>
Net assets attributable to holders of redeemable units per unit	\$ 10.00	\$ 10.00

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Money Market Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 49,400	\$ 86,028
Securities lending (Note 5)	1,629	2,080
Total income	<u>51,029</u>	<u>88,108</u>
Expenses		
Management fees (Note 6)	47,940	51,749
Harmonised sales tax	4,916	6,231
	<u>52,856</u>	<u>57,980</u>
Less expenses waived/absorbed by Manager-Trustee (Note 6)	(9,835)	(3,452)
Total expenses	<u>43,021</u>	<u>54,528</u>
Increase in net assets attributable to holders of redeemable units	\$ <u>8,008</u>	\$ <u>33,580</u>
Weighted average units outstanding during the period	<u>1,751,044</u>	<u>1,896,937</u>
Increase in net assets attributable to holders of redeemable units per unit	\$ <u>-</u>	\$ <u>0.02</u>

Educators Money Market Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 19,434,352	\$ 20,163,139
Increase in net assets attributable to holders of redeemable units	8,008	33,580
Distributions to holders of redeemable units		
From net investment income	(7,971)	(33,475)
Total distributions to holders of redeemable units	<u>(7,971)</u>	<u>(33,475)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	3,616,471	4,522,061
Redemption of redeemable units	(6,812,677)	(4,769,894)
Reinvestments of distributions to holders of redeemable units	7,922	33,157
Net decrease from redeemable unit transactions	<u>(3,188,284)</u>	<u>(214,676)</u>
Net decrease in net assets attributable to holders of redeemable units	<u>(3,188,247)</u>	<u>(214,571)</u>
Net assets attributable to holders of redeemable units, end of period	\$ <u>16,246,105</u>	\$ <u>19,948,568</u>

See accompanying notes to the financial statements

Educators Money Market Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Cash Flow from Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 8,008	\$ 33,580
Adjustments for:		
Purchase of investments	(30,177,506)	(32,563,650)
Proceeds from disposal of investments	33,309,249	32,804,922
Increase (decrease) in interest receivable	(3,564)	14,459
Decrease in amounts due to Manager-Trustee	(321)	(1,872)
Cash provided by operating activities	<u>3,135,866</u>	<u>287,439</u>
Cash Flow from Financing Activities		
Proceeds from redeemable units issued	3,703,308	4,401,885
Redemption of redeemable units	(6,741,834)	(4,693,076)
Distributions paid to holders of redeemable units, net of reinvested distributions	(49)	(305)
Cash used by financing activities	<u>(3,038,575)</u>	<u>(291,496)</u>
Increase (decrease) in cash	<u>\$ 97,291</u>	<u>\$ (4,057)</u>
Bank overdraft (cash), beginning of period	<u>\$ (50,207)</u>	<u>\$ 39,580</u>
Cash, end of period	<u>\$ 47,084</u>	<u>\$ 35,523</u>
Supplemental cash flow information:		
Interest received	\$ 45,836	\$ 100,487

See accompanying notes to the financial statements

Educators Money Market Fund

Schedule of Investments

As at June 30, 2016 (unaudited)

Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Bankers' Acceptances						
100,000	Bank of Montreal	0.792%	19-Aug-2016	99,812	99,812	
480,000	Bank of Montreal	0.872%	24-Oct-2016	478,258	478,258	
300,000	Bank of Nova Scotia	0.853%	16-Nov-2016	298,920	298,920	
400,000	Bank of Nova Scotia	0.802%	19-Dec-2016	398,480	398,480	
700,000	Canadian Imperial Bank of Commerce	0.872%	18-Oct-2016	697,459	697,459	
700,000	Royal Bank of Canada	0.873%	26-Sep-2016	697,256	697,256	
700,000	Toronto Dominion Bank	0.852%	17-Oct-2016	697,452	697,452	
				<u>3,367,637</u>	<u>3,367,637</u>	<u>20.73</u>
Discount Commercial Paper						
550,000	Clarity Trust	0.891%	6-Jul-2016	548,757	548,757	
650,000	OMERS Finance Trust	0.805%	3-Aug-2016	649,129	649,129	
				<u>1,197,886</u>	<u>1,197,886</u>	<u>7.37</u>
Treasury Bills						
1,890,000	Canada Treasury Bill	0.476%	14-Jul-2016	1,885,925	1,885,925	
300,000	Canada Treasury Bill	0.441%	28-Jul-2016	299,361	299,361	
1,170,000	Canada Treasury Bill	0.476%	11-Aug-2016	1,167,466	1,167,466	
3,400,000	Canada Treasury Bill	0.481%	8-Sep-2016	3,392,188	3,392,188	
625,000	Canada Treasury Bill	0.480%	22-Sep-2016	623,592	623,592	
1,000,000	Canada Treasury Bill	0.556%	6-Oct-2016	997,416	997,416	
25,000	Canada Treasury Bill	0.502%	3-Nov-2016	24,936	24,936	
770,000	Canada Treasury Bill	0.525%	1-Dec-2016	768,081	768,081	
1,465,000	Canada Treasury Bill	0.532%	15-Dec-2016	1,460,086	1,460,086	
260,000	Canada Treasury Bill	0.512%	29-Dec-2016	259,340	259,340	
835,000	Canada Treasury Bill	0.536%	12-Jan-2017	832,324	832,324	
				<u>11,710,715</u>	<u>11,710,715</u>	<u>72.09</u>
				<u>16,276,238</u>	<u>16,276,238</u>	<u>100.19</u>
Total Investments				<u>\$ 16,276,238</u>	16,276,238	100.19
Other Liabilities Less Assets					(30,133)	(0.19)
Net Assets Attributable to Holders of Redeemable Units					<u>\$ 16,246,105</u>	<u>100.00</u>

Educators Mortgage & Income Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 44,324	\$ 87,190
Interest receivable	960,692	791,246
Subscriptions receivable	453,274	115,920
Investments	<u>200,891,971</u>	<u>203,820,020</u>
Total assets	\$ <u>202,350,261</u>	\$ <u>204,814,376</u>
Liabilities		
Current liabilities		
Redemptions payable	648,476	259,378
Distributions payable	6,216	5,645
Amounts due to Manager-Trustee (Note 6)	195,846	206,141
Forward contracts (Note 10)	<u>15,336</u>	<u>27,417</u>
Total liabilities	<u>865,874</u>	<u>498,581</u>
Net assets attributable to holders of redeemable units	\$ <u>201,484,387</u>	\$ <u>204,315,795</u>
Number of redeemable units outstanding (Note 3)	<u>17,655,647</u>	<u>17,955,859</u>
Net assets attributable to holders of redeemable units per unit	\$ <u>11.41</u>	\$ <u>11.38</u>

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Mortgage & Income Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 3,154,207	\$ 3,461,273
Security lending (Note 5)	8,931	2,004
Other changes in fair value of investments:		
Net realized gain	370,430	330,220
Net realized gain (loss) on forward contracts	137,920	(105,417)
Net change in unrealized appreciation (depreciation) on forward contracts	12,081	(23,131)
Net change in unrealized appreciation	54,559	496,500
Total income	3,738,128	4,161,449
Expenses		
Management fees (Note 6)	1,108,159	1,127,525
Independent review committee fees	10,729	10,934
Harmonised sales tax	136,249	138,737
	1,255,137	1,277,196
Less expenses waived/absorbed by Manager-Trustee (Note 6)	(52,789)	(53,711)
Total expenses	1,202,348	1,223,485
Increase in net assets attributable to holders of redeemable units	\$ 2,535,780	\$ 2,937,964
Weighted average units outstanding during the period	17,827,119	17,951,935
Increase in net assets attributable to holders of redeemable units per unit	\$ 0.14	\$ 0.16

Educators Mortgage & Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 204,315,795	\$ 205,272,513
Increase in net assets attributable to holders of redeemable units	2,535,780	2,937,964
Distributions to holders of redeemable units		
From net investment income	(1,950,494)	(2,232,846)
Total distributions to holders of redeemable units	(1,950,494)	(2,232,846)
Redeemable unit transactions		
Proceeds from redeemable units issued	12,121,347	17,357,479
Redemption of redeemable units	(17,453,111)	(20,002,987)
Reinvestments of distributions to holders of redeemable units	1,915,070	2,190,422
Net decrease from redeemable unit transactions	(3,416,694)	(455,086)
Net decrease (increase) in net assets attributable to holders of redeemable units	(2,831,408)	250,032
Net assets attributable to holders of redeemable units, end of period	\$ 201,484,387	\$ 205,522,545

See accompanying notes to the financial statements

Educators Mortgage & Income Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Cash Flow from Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 2,535,780	\$ 2,937,964
Adjustments for:		
Net realized gain on sale of investments	(370,430)	(330,220)
Net change in unrealized appreciation in value of investments	(54,559)	(496,500)
Net change in unrealized (appreciation) depreciation on forward contracts	(12,081)	23,131
Purchase of investments	(74,166,744)	(38,659,198)
Proceeds from disposal of investments	77,519,782	39,034,212
Increase in interest receivable	(169,446)	(40,245)
Decrease in amounts due to Manager-Trustee	(10,295)	(6,948)
Cash provided by operating activities	<u>5,272,007</u>	<u>2,462,196</u>
Cash Flow from Financing Activities		
Proceeds from redeemable units issued	11,783,993	17,338,158
Redemption of redeemable units	(17,064,013)	(19,983,528)
Distributions paid to holders of redeemable units, net of reinvested distributions	(34,853)	(41,084)
Cash used by financing activities	<u>(5,314,873)</u>	<u>(2,686,454)</u>
Decrease in cash	<u>\$ (42,866)</u>	<u>\$ (224,258)</u>
Cash, beginning of period	<u>\$ 87,190</u>	<u>\$ 240,014</u>
Cash, end of period	<u>\$ 44,324</u>	<u>\$ 15,756</u>
Supplemental cash flow information:		
Interest received	\$ 2,984,761	\$ 3,421,028

See accompanying notes to the financial statements

Educators Mortgage & Income Fund Schedule of Investments

As at June 30, 2016 (unaudited)

Par Value or No. of Units	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
700,000	Canada Treasury Bill	0.481%	8-Sep-2016	699,321	699,321	
				<u>699,321</u>	<u>699,321</u>	0.35
Canadian Bonds						
Asset-Backed						
1,925,000	Institutional Mortgage Securities Canada Inc.	1.936%	12-Sep-2024	1,827,206	1,809,897	
1,200,000	MCAP CMBS Issuer Corp.	2.341%	12-Apr-2054	1,142,772	1,148,189	
300,000	MCAP CMBS Issuer Corp.	2.804%	12-Apr-2054	299,993	305,295	
300,000	MCAP CMBS Issuer Corp.	3.202%	12-Apr-2054	299,994	305,721	
300,000	MCAP CMBS Issuer Corp.	3.600%	12-Apr-2054	296,789	304,146	
2,710,000	MCAP RMBS Issuer Corp.	2.171%	15-Apr-2019	1,992,443	2,005,373	
750,000	Real Estate Asset Liquidity Trust	5.198%	12-Mar-2046	801,968	770,086	
2,075,000	Real Estate Asset Liquidity Trust	2.557%	12-Oct-2049	1,984,642	2,021,730	
500,000	Schooner Trust	5.194%	12-May-2017	452,655	513,099	
1,696,000	Schooner Trust	5.192%	12-Jun-2022	146,678	141,101	
				<u>9,245,140</u>	<u>9,324,637</u>	4.63
Corporate Bonds						
1,490,000	Bank of Montreal	3.340%	8-Dec-2025	1,513,838	1,514,333	
620,000	Bank of Montreal	3.320%	1-Jun-2026	619,913	627,528	
1,230,000	Bank of Nova Scotia	2.090%	9-Sep-2020	1,229,889	1,255,109	
1,160,000	Brookfield Asset Management Inc.	5.300%	1-Mar-2021	1,256,002	1,313,586	
840,000	Brookfield Infrastructure Finance ULC	3.538%	30-Oct-2020	840,000	864,787	
700,000	Brookfield Infrastructure Finance ULC	3.452%	11-Mar-2022	698,681	716,062	
3,020,000	Cameco Corp.	5.670%	2-Sep-2019	3,313,784	3,295,900	
1,675,000	Canadian Imperial Bank of Commerce	3.420%	26-Jan-2026	1,709,739	1,705,950	
660,000	Canadian Natural Resources Ltd.	3.050%	19-Jun-2019	663,003	665,208	
670,000	Canadian Natural Resources Ltd.	2.890%	14-Aug-2020	682,944	669,298	
2,020,000	Canadian Western Bank	3.077%	14-Jan-2019	2,068,342	2,053,368	
675,000	Canadian Western Bank	2.751%	29-Jun-2020	675,000	679,629	
2,770,000	CDP Financial Inc.	4.600%	15-Jul-2020	2,866,172	3,122,436	
230,000	CIBC Capital Trust, Floating Rate Note	9.976%	30-Jun-2108	301,070	275,128	
1,030,000	Enbridge Income Fund	4.100%	22-Feb-2019	1,085,002	1,079,307	
1,025,000	Equitable Bank	2.595%	7-Apr-2017	1,025,951	1,028,984	
675,000	Equitable Group Inc.	5.399%	23-Oct-2017	675,000	687,385	
340,000	Finning International Inc.	3.232%	3-Jul-2020	340,000	349,553	
850,000	First Capital Realty Inc.	4.950%	30-Nov-2018	922,420	912,031	
700,000	Ford Credit Canada Ltd.	2.939%	19-Feb-2019	700,000	715,548	
510,000	Ford Credit Canada Ltd.	3.140%	14-Jun-2019	510,000	524,732	
900,000	General Motors Financial of Canada Ltd.	3.080%	22-May-2020	902,829	912,166	
4,135,000	Genworth MI Canada Inc.	5.680%	15-Jun-2020	4,702,521	4,517,194	
1,758,000	Granite REIT Holdings LP	4.613%	2-Oct-2018	1,871,673	1,843,186	
500,000	Granite REIT Holdings LP	3.788%	5-Jul-2021	511,963	522,916	
235,000	HCN Canadian Holdings-1 LP	3.350%	25-Nov-2020	235,875	241,633	
570,000	Home Trust Co.	2.350%	24-May-2017	569,869	570,801	
875,000	Home Trust Co.	2.280%	6-Mar-2018	868,224	868,912	
1,970,000	Home Trust Co.	3.400%	10-Dec-2018	1,981,496	1,993,823	
1,210,000	Husky Energy Inc.	5.000%	12-Mar-2020	1,246,594	1,317,180	
1,500,000	Intact Financial Corp.	5.410%	3-Sep-2019	1,552,890	1,658,550	
2,000,000	Manufacturers Life Insurance Co.	2.926%	29-Nov-2023	2,018,400	2,034,212	
1,025,000	National Bank of Canada	2.404%	28-Oct-2019	1,025,000	1,054,960	
560,000	Penske Truck Leasing Canada Inc.	3.650%	1-Feb-2018	572,842	573,120	
2,010,000	Royal Bank of Canada	3.310%	20-Jan-2026	2,041,142	2,036,674	
350,000	Saputo Inc.	2.654%	26-Nov-2019	350,000	359,521	
930,000	Saputo Inc.	2.196%	23-Jun-2021	930,000	935,504	
1,000,000	Standard Life Assurance Co of Canada	3.938%	21-Sep-2022	1,052,200	1,023,779	
430,000	Sun Life Financial Inc.	5.590%	30-Jan-2023	455,654	453,882	
250,000	Sun Life Financial Inc., Floating Rate Note	2.600%	25-Sep-2025	249,838	251,648	
1,950,000	TMX Group Ltd.	3.253%	3-Oct-2018	1,979,219	2,023,653	
1,525,000	Toronto-Dominion Bank	2.692%	24-Jun-2025	1,530,438	1,513,384	
1,040,000	Toronto-Dominion Bank, Floating Rate Note	2.982%	30-Sep-2025	1,031,467	1,042,572	

Educators Mortgage & Income Fund Schedule of Investments

As at June 30, 2016 (unaudited)

Par Value or No. of Units	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
3,055,000	WestJet Airlines Ltd.	3.287%	23-Jul-2019	3,078,305	3,093,529	
				<u>54,455,189</u>	<u>54,898,661</u>	27.25
Government Bonds						
8,250,000	Canada Housing Trust No. 1	1.250%	15-Jun-2021	8,325,900	8,343,638	
1,250,000	Canada Housing Trust No. 1	1.250%	15-Jun-2021	1,256,250	1,264,142	
11,785,000	Canada Housing Trust No. 1	2.250%	15-Dec-2025	12,242,873	12,491,814	
				<u>21,825,023</u>	<u>22,099,594</u>	10.97
				<u>85,525,352</u>	<u>86,322,892</u>	42.85
Canadian Mutual Funds						
432,603	HSBC Global High Yield Bond Pooled Fund			3,621,401	3,450,185	
273,409	HSBC Global Inflation Linked Bond Pooled Fund			3,023,379	3,166,153	
7,937,979	HSBC Mortgage Fund, Institutional Series			84,746,659	84,672,829	
				<u>91,391,439</u>	<u>91,289,167</u>	45.30
Foreign Bonds						
United Kingdom						
690,000	Aviva PLC	4.500%	10-May-2021	700,847	718,235	
3,645,000	BAA Funding Ltd.	4.000%	3-Jul-2019	3,737,223	3,866,923	
2,450,000	BP Capital Markets PLC	3.497%	9-Nov-2020	2,494,085	2,609,064	
				<u>6,932,155</u>	<u>7,194,222</u>	3.57
United States						
4,280,000	AT&T Inc.	3.825%	25-Nov-2020	4,374,070	4,572,861	
1,500,000	Citigroup Inc.	3.390%	18-Nov-2021	1,554,300	1,577,171	
380,000	Citigroup Inc.	4.650%	11-Oct-2022	379,050	380,748	
3,900,000	Goldman Sachs Group Inc.	5.200%	19-Apr-2022	4,023,932	3,843,704	
775,000	JPMorgan Chase & Co.	1.910%	22-Feb-2021	803,833	756,594	
3,200,000	Merrill Lynch & Co. Inc.	5.290%	30-May-2022	3,250,509	3,144,407	
825,000	QVC Inc.	4.850%	1-Apr-2024	914,999	1,110,884	
				<u>15,300,693</u>	<u>15,386,369</u>	7.64
				<u>22,232,848</u>	<u>22,580,591</u>	11.21
Total Investments				<u>199,848,960</u>	<u>200,891,971</u>	99.71
Total Investments				<u>\$ 199,848,960</u>	<u>200,891,971</u>	99.71
Other Assets Less Liabilities					592,416	0.29
Net Assets Attributable to Holders of Redeemable Units					<u>\$ 201,484,387</u>	100.00

Educators Bond Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Interest receivable	\$ 63,144	\$ -
Subscriptions receivable	6,189	2,316
Due from brokers	-	12,251
Investments	<u>8,936,091</u>	<u>8,910,817</u>
Total assets	\$ <u>9,005,424</u>	\$ <u>8,925,384</u>
Liabilities		
Current liabilities		
Bank overdraft	233	-
Redemptions payable	11,667	12,563
Distributions payable	58	-
Amounts due to Manager-Trustee (Note 6)	<u>8,791</u>	<u>9,369</u>
Total liabilities	<u>20,749</u>	<u>21,932</u>
Net assets attributable to holders of redeemable units	\$ <u>8,984,675</u>	\$ <u>8,903,452</u>
Number of redeemable units outstanding (Note 3)	<u>881,826</u>	<u>896,328</u>
Net assets attributable to holders of redeemable units per unit	\$ <u>10.19</u>	\$ <u>9.93</u>

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Bond Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 143,637	\$ 154,552
Other changes in fair value of investments:		
Net realized loss	(8,223)	(592)
Net change in unrealized (depreciation) appreciation	234,462	(34,979)
Total income	<u>369,876</u>	<u>118,981</u>
Expenses		
Management fees (Note 6)	48,325	48,943
Independent review committee fees	474	475
Harmonised sales tax	6,175	6,270
Total expenses	<u>54,974</u>	<u>55,688</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 314,902</u>	<u>\$ 63,293</u>
Weighted average units outstanding during the period	<u>887,485</u>	<u>878,914</u>
Increase in net assets attributable to holders of redeemable units per unit	<u>\$ 0.35</u>	<u>\$ 0.07</u>

Educators Bond Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 8,903,452	\$ 8,868,143
Increase in net assets attributable to holders of redeemable units	314,902	63,293
Distributions to holders of redeemable units		
From net investment income	(88,084)	(98,437)
Total distributions to holders of redeemable units	<u>(88,084)</u>	<u>(98,437)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	229,741	607,825
Redemption of redeemable units	(463,304)	(667,769)
Reinvestments of distributions to holders of redeemable units	87,968	98,394
Net (decrease) increase from redeemable unit transactions	<u>(145,595)</u>	<u>38,450</u>
Net increase in net assets attributable to holders of redeemable units	<u>81,223</u>	<u>3,306</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 8,984,675</u>	<u>\$ 8,871,449</u>

Educators Bond Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016		2015
Cash Flow from Operating Activities			
Increase in net assets attributable to holders of redeemable units	\$ 314,902	\$	63,293
Adjustments for:			
Net realized loss on sale of investments	8,223		592
Net change in unrealized (appreciation) depreciation in value of investments	(234,462)		34,979
Purchase of investments	(191,806)		(404,023)
Proceeds from disposal of investments	405,022		399,557
Decrease in amounts due to Manager-Trustee	(578)		(427)
Cash provided by operating activities	<u>238,157</u>		<u>93,971</u>
Cash Flow from Financing Activities			
Proceeds from redeemable units issued	225,868		584,441
Redemption of redeemable units	(464,200)		(678,588)
Distributions paid to holders of redeemable units, net of reinvested distributions	(58)		(58)
Cash used by financing activities	<u>(238,390)</u>		<u>(94,205)</u>
Decrease in cash	<u>\$ (233)</u>	\$	<u>(234)</u>
Cash, beginning of period	<u>\$ -</u>	\$	<u>-</u>
Bank overdraft, end of period	<u>\$ (233)</u>	\$	<u>(234)</u>

Educators Bond Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units	Description	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
	Canadian Mutual Funds			
705,752	Beutel Goodman Income Fund, Class I	8,969,291	8,936,091	99.46
	Total Investments	<u>\$ 8,969,291</u>	8,936,091	99.46
	Other Assets Less Liabilities		48,584	0.54
	Net Assets Attributable to Holders of Redeemable Units		<u>\$ 8,984,675</u>	100.00

Educators Balanced Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 271,362	\$ 331,827
Interest and dividends receivable	493,197	439,935
Subscriptions receivable	180,690	257,593
Due from brokers	228,789	1,248,071
Investments	<u>184,503,382</u>	<u>180,172,225</u>
Total assets	\$ <u>185,677,420</u>	\$ <u>182,449,651</u>
Liabilities		
Current liabilities		
Due to brokers	224,502	1,261,495
Redemptions payable	391,768	97,782
Distributions payable	530	24,479
Amounts due to Manager-Trustee (Note 6)	<u>291,207</u>	<u>294,932</u>
Total liabilities	<u>908,007</u>	<u>1,678,688</u>
Net assets attributable to holders of redeemable units	\$ <u>184,769,413</u>	\$ <u>180,770,963</u>
Number of redeemable units outstanding (Note 3)	<u>10,595,026</u>	<u>10,565,315</u>
Net assets attributable to holders of redeemable units per unit	\$ <u>17.44</u>	\$ <u>17.11</u>

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Balanced Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 786,863	\$ 980,863
Dividends	1,097,862	986,754
Securities lending (Note 5)	7,132	3,920
Other changes in fair value of investments:		
Net realized gain	463,585	2,593,732
Net change in unrealized appreciation	2,860,392	2,052,041
	<u>5,215,834</u>	<u>6,617,310</u>
Expenses		
Management fees (Note 6)	1,565,712	1,558,122
Independent review committee fees	9,648	9,615
Transaction costs	4,665	6,847
Withholding taxes	494	(619)
Harmonised sales tax	196,114	195,163
	<u>1,776,633</u>	<u>1,769,128</u>
Less expenses waived/absorbed by Manager-Trustee (Note 6)	<u>(45,450)</u>	<u>(45,230)</u>
Total expenses	<u>1,731,183</u>	<u>1,723,898</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 3,484,651</u>	<u>\$ 4,893,412</u>
Weighted average units outstanding during the period	<u>10,578,337</u>	<u>10,089,178</u>
Increase in net assets attributable to holders of redeemable units per unit	<u>\$ 0.33</u>	<u>\$ 0.49</u>

Educators Balanced Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 180,770,963	\$ 171,914,337
Increase in net assets attributable to holders of redeemable units	3,484,651	4,893,412
Distributions to holders of redeemable units		
From net investment income	-	(580)
From net realized gains	-	-
Total distributions to holders of redeemable units	<u>-</u>	<u>(580)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	9,914,485	12,852,568
Redemption of redeemable units	(9,401,506)	(9,747,082)
Reinvestments of distributions to holders of redeemable units	820	1,287
Net increase from redeemable unit transactions	<u>513,799</u>	<u>3,106,773</u>
Net increase in net assets attributable to holders of redeemable units	<u>3,998,450</u>	<u>7,999,605</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 184,769,413</u>	<u>\$ 179,913,942</u>

See accompanying notes to the financial statements

Educators Balanced Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Cash Flow from Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 3,484,651	\$ 4,893,412
Adjustments for:		
Net realized gain on sale of investments	(463,585)	(2,593,732)
Net change in unrealized appreciation in value of investments	(2,860,392)	(2,052,041)
Purchase of investments	(92,946,497)	(112,639,027)
Proceeds from disposal of investments	91,921,606	109,371,318
Increase in interest and dividends receivable	(53,262)	(106,050)
(Decrease) increase in amounts due to Manager-Trustee	(3,725)	8,379
Cash used by operating activities	<u>(921,204)</u>	<u>(3,117,741)</u>
Cash Flow from Financing Activities		
Proceeds from redeemable units issued	9,991,388	12,761,658
Redemption of redeemable units	(9,107,520)	(9,754,599)
Distributions paid to holders of redeemable units, net of reinvested distributions	(23,129)	(28,339)
Cash provided by financing activities	<u>860,739</u>	<u>2,978,720</u>
Decrease in cash	\$ <u>(60,465)</u>	\$ <u>(139,021)</u>
Cash, beginning of period	\$ <u>331,827</u>	\$ <u>585,032</u>
Cash, end of period	\$ <u>271,362</u>	\$ <u>446,011</u>
Supplemental cash flow information:		
Dividends received, net of withholding taxes	\$ 1,064,075	\$ 980,149
Interest received	\$ 766,894	\$ 882,037

Educators Balanced Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
100,000	Canada Treasury Bill	0.529%	25-Aug-2016	99,860	99,860	
900,000	Canada Treasury Bill	0.510%	8-Sep-2016	898,842	898,842	
				<u>998,702</u>	<u>998,702</u>	<u>0.54</u>
Canadian Bonds						
Corporate Bonds						
56,000	AltaGas Ltd.	4.550%	17-Jan-2019	59,005	59,159	
66,000	AltaGas Ltd.	3.720%	28-Sep-2021	68,475	69,405	
129,000	AltaGas Ltd.	3.840%	15-Jan-2025	129,455	134,365	
144,000	AltaGas Ltd.	5.160%	13-Jan-2044	141,840	149,647	
47,000	AltaGas Ltd.	4.500%	15-Aug-2044	42,234	44,177	
42,000	AltaLink LP	5.243%	29-May-2018	45,178	45,013	
159,000	AltaLink LP	2.747%	29-May-2026	159,000	163,844	
254,000	AltaLink LP	5.381%	26-Mar-2040	326,619	330,956	
103,000	AltaLink LP	4.872%	15-Nov-2040	124,216	126,592	
57,000	AltaLink LP	4.446%	11-Jul-2053	65,200	66,864	
81,000	Bank of Montreal	2.240%	11-Dec-2017	82,243	82,219	
749,000	Bank of Montreal	2.430%	4-Mar-2019	769,474	770,538	
20,000	Bank of Montreal	2.840%	4-Jun-2020	21,033	21,043	
370,000	Bank of Montreal	2.100%	6-Oct-2020	376,544	379,099	
418,000	Bank of Montreal	1.880%	31-Mar-2021	417,979	424,102	
885,000	Bank of Montreal	3.400%	23-Apr-2021	949,044	959,174	
500,000	Bank of Montreal	2.120%	16-Mar-2022	496,200	511,177	
158,000	Bank of Nova Scotia	1.330%	1-May-2018	157,096	158,050	
159,000	Bank of Nova Scotia	2.130%	15-Jun-2020	161,343	162,510	
553,000	Bank of Nova Scotia	2.090%	9-Sep-2020	554,942	564,289	
123,000	Bruce Power LP	2.844%	23-Jun-2021	123,000	124,545	
946,000	Canadian Imperial Bank of Commerce	1.700%	9-Oct-2018	949,287	954,500	
305,000	Canadian Imperial Bank of Commerce	2.350%	24-Jun-2019	312,745	313,825	
627,000	Canadian Imperial Bank of Commerce	1.850%	14-Jul-2020	628,354	636,222	
597,000	Canadian Imperial Bank of Commerce	1.900%	26-Apr-2021	596,690	606,407	
3,000	Centra Gas Ontario Inc.	8.650%	19-Oct-2018	3,466	3,455	
2,000	CIBC Capital Trust, Floating Rate Note	9.976%	30-Jun-2108	2,402	2,392	
125,000	CU Inc.	4.947%	18-Nov-2050	153,984	158,334	
272,000	CU Inc.	3.857%	14-Nov-2052	256,115	286,414	
88,000	CU Inc.	4.558%	7-Nov-2053	101,904	105,618	
116,000	Emera Inc.	2.900%	16-Jun-2023	116,000	117,535	
49,000	Enbridge Gas Distribution Inc.	1.850%	24-Apr-2017	49,150	49,260	
187,000	Enbridge Gas Distribution Inc.	5.160%	4-Dec-2017	198,063	196,993	
74,000	Enbridge Gas Distribution Inc.	3.310%	11-Sep-2025	76,090	79,831	
15,000	Enbridge Gas Distribution Inc.	7.600%	29-Oct-2026	20,499	20,882	
242,000	Enbridge Gas Distribution Inc.	4.950%	22-Nov-2050	268,133	300,715	
65,000	Enbridge Pipelines Inc.	4.490%	12-Nov-2019	70,305	70,679	
200,000	Enbridge Pipelines Inc.	6.350%	17-Nov-2023	244,220	246,241	
359,000	Enbridge Pipelines Inc.	5.330%	6-Apr-2040	393,716	422,627	
7,000	Enbridge Pipelines Inc.	4.550%	17-Aug-2043	7,197	7,497	
51,000	FortisAlberta Inc.	5.370%	30-Oct-2039	59,991	65,949	
51,000	FortisAlberta Inc.	4.540%	18-Oct-2041	58,119	59,830	
4,000	FortisAlberta Inc.	4.270%	22-Sep-2045	4,093	4,562	
54,000	FortisAlberta Inc.	4.800%	27-Oct-2050	63,364	66,440	
100,000	FortisBC Energy Inc.	6.950%	21-Sep-2029	131,000	141,631	
87,000	FortisBC Energy Inc.	6.500%	1-May-2034	121,200	122,483	
108,000	FortisBC Energy Inc.	5.900%	26-Feb-2035	140,550	144,285	
52,000	FortisBC Inc.	5.000%	24-Nov-2050	63,377	65,352	
65,000	Hydro One Inc.	4.390%	26-Sep-2041	73,112	75,341	
93,000	Hydro One Inc.	5.000%	19-Oct-2046	114,967	119,432	
321,000	Inter Pipeline Ltd.	4.637%	30-May-2044	314,035	326,421	
120,000	Lower Mattagami Energy LP	2.228%	23-Oct-2017	121,349	121,471	
7,000	Lower Mattagami Energy LP	4.944%	21-Sep-2043	8,554	8,793	
108,000	Lower Mattagami Energy LP	4.176%	23-Feb-2046	109,843	121,497	
230,000	Nova Scotia Power Inc.	5.610%	15-Jun-2040	285,562	303,649	
374,000	Royal Bank of Canada	2.260%	12-Mar-2018	380,601	380,244	
368,000	Royal Bank of Canada	2.770%	11-Dec-2018	380,440	380,384	
1,047,000	Royal Bank of Canada	1.400%	26-Apr-2019	1,046,665	1,050,853	

Educators Balanced Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
43,000	Royal Bank of Canada	2.350%	9-Dec-2019	44,073	44,260	
1,823,000	Royal Bank of Canada	1.920%	17-Jul-2020	1,825,579	1,849,677	
697,000	Royal Bank of Canada	2.030%	15-Mar-2021	699,087	710,345	
600,000	Royal Bank of Canada	1.968%	2-Mar-2022	599,070	606,959	
107,000	Toronto Hydro Corp.	2.520%	25-Aug-2026	106,983	108,703	
407,000	Toronto-Dominion Bank	2.171%	2-Apr-2018	414,050	413,461	
255,000	Toronto-Dominion Bank	2.447%	2-Apr-2019	261,370	262,685	
17,000	Toronto-Dominion Bank	1.693%	2-Apr-2020	17,000	17,139	
890,000	Toronto-Dominion Bank	2.563%	24-Jun-2020	919,576	926,514	
1,031,000	Toronto-Dominion Bank	2.045%	8-Mar-2021	1,035,005	1,053,534	
1,303,000	Toronto-Dominion Bank	2.621%	22-Dec-2021	1,347,518	1,367,837	
260,000	TransCanada PipeLines Ltd.	3.650%	15-Nov-2021	276,874	280,505	
308,000	TransCanada PipeLines Ltd.	3.690%	19-Jul-2023	327,216	333,653	
54,000	TransCanada PipeLines Ltd.	3.300%	17-Jul-2025	55,258	56,707	
1,350,000	TransCanada PipeLines Ltd.	8.290%	5-Feb-2026	1,878,495	1,866,576	
28,000	TransCanada PipeLines Ltd.	7.900%	15-Apr-2027	37,579	37,906	
250,000	TransCanada PipeLines Ltd.	4.550%	15-Nov-2041	252,120	271,203	
168,000	TransCanada PipeLines Ltd.	4.350%	6-Jun-2046	171,264	175,402	
12,000	Union Gas Ltd.	4.850%	25-Apr-2022	13,592	13,931	
8,000	Union Gas Ltd.	8.650%	10-Nov-2025	11,581	11,794	
107,000	Union Gas Ltd.	2.810%	1-Jun-2026	107,000	109,938	
230,000	Union Gas Ltd.	5.200%	23-Jul-2040	286,865	291,663	
7,000	Union Gas Ltd.	4.200%	2-Jun-2044	7,004	7,851	
20,000	Westcoast Energy Inc.	8.500%	4-Sep-2018	22,655	22,703	
111,000	Westcoast Energy Inc.	5.600%	16-Jan-2019	121,170	120,747	
13,000	Westcoast Energy Inc.	9.900%	10-Jan-2020	16,105	16,256	
158,000	Westcoast Energy Inc.	4.570%	2-Jul-2020	171,540	172,112	
209,000	Westcoast Energy Inc.	3.883%	28-Oct-2021	221,073	224,528	
480,000	Westcoast Energy Inc.	3.430%	12-Sep-2024	479,856	498,113	
16,000	Westcoast Energy Inc.	8.850%	21-Jul-2025	21,702	22,361	
214,000	Westcoast Energy Inc.	3.770%	8-Dec-2025	214,288	224,657	
273,000	Westcoast Energy Inc.	7.300%	18-Dec-2026	353,611	356,920	
				25,511,421	25,961,452	14.05
Government Bonds						
1,755,000	Canada Housing Trust No. 1	2.350%	15-Dec-2018	1,831,776	1,822,850	
1,967,000	Canada Housing Trust No. 1	1.950%	15-Jun-2019	2,038,377	2,031,798	
621,000	Canada Housing Trust No. 1	1.250%	15-Dec-2020	621,166	628,863	
730,000	Canada Housing Trust No. 1	1.250%	15-Jun-2021	732,190	738,259	
646,000	Canada Housing Trust No. 1	1.250%	15-Jun-2021	651,943	653,332	
1,134,000	Canadian Government Bond	0.250%	1-May-2018	1,128,108	1,128,511	
1,814,000	Canadian Government Bond	0.750%	1-Mar-2021	1,818,613	1,829,063	
1,602,000	Canadian Government Bond	1.500%	1-Jun-2026	1,624,835	1,668,060	
1,968,000	Canadian Government Bond	3.500%	1-Dec-2045	2,619,622	2,776,355	
520,000	Province of Alberta	1.350%	1-Sep-2021	519,667	521,187	
119,000	Province of Alberta	2.550%	15-Dec-2022	124,403	126,286	
604,000	Province of Alberta	2.350%	1-Jun-2025	608,529	623,803	
114,000	Province of Alberta	3.500%	1-Jun-2031	120,727	125,460	
250,000	Province of Alberta	3.900%	1-Dec-2033	276,650	287,241	
650,000	Province of British Columbia	2.250%	1-Mar-2019	674,930	673,539	
277,000	Province of British Columbia	3.250%	18-Dec-2021	303,769	306,423	
85,000	Province of British Columbia	2.850%	18-Jun-2025	90,730	92,750	
300,000	Province of British Columbia	5.700%	18-Jun-2029	400,950	415,017	
280,000	Province of British Columbia	6.350%	18-Jun-2031	406,619	417,473	
195,000	Province of British Columbia	4.300%	18-Jun-2042	239,244	253,666	
387,000	Province of British Columbia	3.200%	18-Jun-2044	405,635	426,828	
135,000	Province of Manitoba	2.450%	2-Jun-2025	135,066	140,407	
153,000	Province of Manitoba	3.250%	5-Sep-2029	158,539	165,056	
262,000	Province of Manitoba	3.300%	2-Jun-2024	284,587	290,762	
153,000	Province of Manitoba	4.400%	5-Sep-2025	178,813	182,928	
109,000	Province of Manitoba	4.600%	5-Mar-2038	132,475	138,219	
26,000	Province of Manitoba	4.700%	5-Mar-2050	34,026	35,634	
1,133,000	Province of Ontario	4.200%	2-Jun-2020	1,277,443	1,266,660	
1,749,000	Province of Ontario	2.850%	2-Jun-2023	1,865,466	1,898,949	
1,412,000	Province of Ontario	3.500%	2-Jun-2024	1,554,677	1,601,345	
1,886,000	Province of Ontario	2.600%	2-Jun-2025	1,928,898	2,005,418	

Educators Balanced Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
157,000	Province of Ontario	6.200%	2-Jun-2031	221,248	229,116	
225,000	Province of Ontario	4.700%	2-Jun-2037	276,345	295,290	
1,050,000	Province of Ontario	2.100%	8-Sep-2018	1,080,645	1,078,200	
961,000	Province of Ontario	4.000%	2-Jun-2021	1,079,767	1,087,918	
1,283,000	Province of Ontario	3.150%	2-Jun-2022	1,396,403	1,411,581	
956,000	Province of Ontario	2.400%	2-Jun-2026	969,999	993,783	
130,000	Province of Ontario	4.650%	2-Jun-2041	163,351	174,139	
485,000	Province of Ontario	3.500%	2-Jun-2043	522,461	553,101	
325,000	Province of Ontario	3.450%	2-Jun-2045	352,824	370,299	
2,149,000	Province of Ontario	2.900%	2-Dec-2046	2,082,516	2,219,709	
350,000	Province of Ontario	2.800%	2-Jun-2048	347,654	355,034	
69,000	Province of Ontario	4.250%	1-Dec-2021	78,841	79,531	
42,000	Province of Ontario	3.500%	1-Dec-2045	45,639	47,876	
98,000	Province of Saskatchewan	5.800%	5-Sep-2033	133,869	138,378	
				<u>33,540,035</u>	<u>34,306,097</u>	<u>18.57</u>
				<u>59,051,456</u>	<u>60,267,549</u>	<u>32.62</u>
Canadian Common Stocks						
Consumer Discretionary						
18,453	Canadian Tire Corp., Ltd., Class A			1,870,961	2,597,260	
57,100	Magna International Inc.			2,143,345	2,589,485	
45,500	Quebecor Inc.			1,204,866	1,684,410	
26,100	Thomson Reuters Corp.			1,013,098	1,364,247	
				<u>6,232,270</u>	<u>8,235,402</u>	<u>4.46</u>
Consumer Staples						
9,150	Loblaws Cos., Ltd.			464,400	632,357	
17,700	Metro Inc.			418,455	796,677	
15,670	Molson Coors Canada Inc.			966,852	2,041,801	
				<u>1,849,707</u>	<u>3,470,835</u>	<u>1.88</u>
Energy						
90,260	Cameco Corp.			1,653,945	1,280,789	
91,200	Canadian Natural Resources Ltd.			2,867,527	3,635,232	
185,280	Cenovus Energy Inc.			4,681,226	3,310,954	
				<u>9,202,698</u>	<u>8,226,975</u>	<u>4.45</u>
Financials						
70,600	Bank of Nova Scotia			3,833,380	4,469,685	
73,420	Brookfield Asset Management Inc.			2,700,030	3,137,971	
29,300	Canadian Imperial Bank of Commerce			2,625,273	2,843,272	
74,200	Great-West Lifeco Inc.			2,311,639	2,528,736	
8,150	IGM Financial Inc.			398,216	286,636	
105,900	Manulife Financial Corp.			1,837,395	1,871,253	
4,600	Onex Corp.			209,620	363,400	
83,500	Royal Bank of Canada			5,263,970	6,374,389	
115,000	Toronto-Dominion Bank			4,701,432	6,380,199	
				<u>23,880,955</u>	<u>28,255,541</u>	<u>15.29</u>
Industrials						
30,980	Canadian National Railway Co.			1,487,437	2,363,464	
1,468	Brookfield Business Partners LP			39,881	35,990	
7,600	Canadian Pacific Railway Ltd.			1,384,236	1,264,108	
60,630	Finnish International Inc.			1,452,983	1,275,655	
30,500	SNC-Lavalin Group Inc.			1,355,504	1,654,930	
				<u>5,720,041</u>	<u>6,594,147</u>	<u>3.57</u>
Information Technology						
24,641	Open Text Corp.			1,208,656	1,882,326	
				<u>1,208,656</u>	<u>1,882,326</u>	<u>1.02</u>
Materials						
17,240	Agrium Inc.			1,981,888	2,015,184	
42,700	Potash Corp. of Saskatchewan Inc.			1,413,581	896,700	
26,000	Teck Resources Ltd., Class B			757,970	442,260	
				<u>4,153,439</u>	<u>3,354,144</u>	<u>1.82</u>

Educators Balanced Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Telecommunication Services						
104,550	Rogers Communications Inc.			4,744,725	5,467,964	
55,600	TELUS Corp.			1,940,375	2,312,960	
				<u>6,685,100</u>	<u>7,780,924</u>	4.21
				<u>58,932,866</u>	<u>67,800,294</u>	36.70
Canadian Mutual Funds						
1,703,888	Beutel Goodman American Equity Fund, Class I			20,208,142	24,872,166	
5,059,529	Beutel Goodman International Equity Fund, Class I			26,033,609	24,917,167	
205,289	Beutel Goodman Small Cap Fund, Class I			4,789,553	5,647,504	
				<u>51,031,304</u>	<u>55,436,837</u>	30.00
	Total Investments			170,014,328	184,503,382	99.86
	Transaction Costs			(42,191)		
	Net Investments			<u>\$ 169,972,137</u>	184,503,382	99.86
	Other Assets Less Liabilities				266,031	0.14
	Net Assets Attributable to Holders of Redeemable Units				<u>\$ 184,769,413</u>	100.00

Educators Monthly Income Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 222,964	\$ 45,015
Interest and dividends receivable	140,102	110,680
Subscriptions receivable	100,650	110,381
Due from brokers	92,488	79,122
Investments	<u>50,179,752</u>	<u>49,682,480</u>
Total assets	\$ <u>50,735,956</u>	\$ <u>50,027,678</u>
Liabilities		
Current liabilities		
Due to brokers	77,685	62,628
Redemptions payable	260,867	17,584
Distributions payable	9,562	11,270
Amounts due to Manager-Trustee (Note 6)	<u>53,384</u>	<u>55,114</u>
Total liabilities	<u>401,498</u>	<u>146,596</u>
Net assets attributable to holders of redeemable units	\$ <u>50,334,458</u>	\$ <u>49,881,082</u>
Number of redeemable units outstanding (Note 3)	<u>5,117,894</u>	<u>5,030,870</u>
Net assets attributable to holders of redeemable units per unit	\$ <u>9.84</u>	\$ <u>9.92</u>

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Monthly Income Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 163,913	\$ 132,677
Dividends	541,739	534,214
Securities lending (Note 5)	15,259	2,527
Other changes in fair value of investments:		
Net realized (loss) gain	(685,801)	842,154
Net change in unrealized appreciation	1,480,874	508,391
Total income	<u>1,515,984</u>	<u>2,019,963</u>
Expenses		
Management fees (Note 6)	281,489	259,947
Independent review committee fees	2,646	2,509
Transaction costs	23,154	28,867
Withholding taxes	20,966	36,388
Harmonised sales tax	36,480	33,688
Total expenses	<u>364,735</u>	<u>361,399</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 1,151,249</u>	<u>\$ 1,658,564</u>
Weighted average units outstanding during the period	<u>5,116,081</u>	<u>4,321,074</u>
Increase in net assets attributable to holders of redeemable units unit	<u>\$ 0.23</u>	<u>\$ 0.38</u>

Educators Monthly Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 49,881,082	\$ 40,835,352
Increase in net assets attributable to holders of redeemable units	1,151,249	1,658,564
Distributions to holders of redeemable units		
From net investment income and return of capital	(1,531,947)	(1,311,338)
Total distributions to holders of redeemable units	<u>(1,531,947)</u>	<u>(1,311,338)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	3,790,685	8,280,977
Redemption of redeemable units	(4,429,601)	(2,282,802)
Reinvestments of distributions to holders of redeemable units	1,472,990	1,248,428
Net increase from redeemable unit transactions	<u>834,074</u>	<u>7,246,603</u>
Net increase in net assets attributable to holders of redeemable units	<u>453,376</u>	<u>7,593,829</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 50,334,458</u>	<u>\$ 48,429,181</u>

See accompanying notes to the financial statements

Educators Monthly Income Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

		2016		2015
Cash Flow from Operating Activities				
Increase in net assets attributable to holders of redeemable units	\$	1,151,249	\$	1,658,564
Adjustments for:				
Net realized loss (gain) on sale of investments		685,801		(842,154)
Net change in unrealized appreciation in value of investments		(1,480,874)		(508,391)
Purchase of investments		(24,668,099)		(30,818,542)
Proceeds from disposal of investments		24,967,591		24,459,680
(Increase) decrease in interest and dividends receivable		(29,422)		24,147
(Decrease) increase in amounts due to Manager-Trustee		(1,730)		8,049
Cash provided (used) by operating activities		624,516		(6,018,647)
Cash Flow from Financing Activities				
Proceeds from redeemable units issued		3,800,416		8,268,922
Redemption of redeemable units		(4,186,318)		(2,218,894)
Distributions paid to holders of redeemable units, net of reinvested distributions		(60,665)		(62,736)
Cash (used) provided by financing activities		(446,567)		5,987,292
Increase (decrease) in cash	\$	177,949	\$	(31,355)
Cash, beginning of period	\$	45,015	\$	73,029
Cash, end of period	\$	222,964	\$	41,674
Supplemental cash flow information:				
Dividends received, net of withholding taxes	\$	501,357	\$	526,503
Interest received	\$	153,907	\$	128,388

See accompanying notes to the financial statements

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
45,000	Canada Treasury Bill	0.518%	8-Sep-2016	44,942	44,942	
670,000	Canada Treasury Bill	0.480%	22-Sep-2016	669,144	669,144	
40,000	Canada Treasury Bill	0.566%	6-Oct-2016	39,896	39,896	
				<u>753,982</u>	<u>753,982</u>	1.50
Canadian Bonds						
Asset-Backed						
24,000	Ford Auto Securitization Trust	2.523%	15-Apr-2018	24,000	24,091	
41,000	Ford Auto Securitization Trust	3.422%	15-Mar-2021	41,000	41,567	
15,000	Institutional Mortgage Securities Canada Inc.	4.336%	12-Jan-2023	14,594	15,019	
27,000	Institutional Mortgage Securities Canada Inc.	4.240%	12-Oct-2023	26,998	30,155	
110,000	Institutional Mortgage Securities Canada Inc.	4.186%	12-May-2024	109,995	116,116	
48,000	Institutional Mortgage Securities Canada Inc.	4.192%	12-Jul-2045	47,997	50,584	
68,000	MCAP CMBS Issuer Corp.	2.171%	15-Apr-2019	50,910	50,319	
80,000	MCAP CMBS Issuer Corp.	3.600%	12-Apr-2054	79,144	81,106	
18,000	Merrill Lynch Financial Assets Inc.	5.022%	12-Jan-2040	16,532	17,715	
54,000	Real Estate Asset Liquidity Trust	5.039%	12-Apr-2023	54,606	54,804	
70,000	Real Estate Asset Liquidity Trust	3.451%	12-May-2025	69,995	70,336	
73,000	Real Estate Asset Liquidity Trust	3.659%	12-Jul-2025	68,670	67,905	
100,000	Real Estate Asset Liquidity Trust	3.179%	12-Jan-2026	99,992	102,440	
84,000	Schooner Trust	5.198%	12-Jun-2022	88,834	85,554	
				<u>793,267</u>	<u>807,711</u>	1.60
Corporate Bonds						
99,000	407 International Inc.	3.830%	11-May-2046	98,420	106,054	
100,000	407 International Inc.	3.600%	21-May-2047	99,888	103,638	
196,000	Aimia Inc.	5.600%	17-May-2019	214,530	200,334	
102,000	Algonquin Power Co.	4.650%	15-Feb-2022	105,189	108,230	
115,000	AltaGas Ltd.	4.400%	15-Mar-2024	120,894	124,521	
170,000	Bank of Montreal	3.320%	1-Jun-2026	169,976	172,064	
45,000	Bank of Nova Scotia	3.270%	11-Jan-2021	46,384	48,247	
170,000	Bank of Nova Scotia, Floating Rate Note	3.367%	8-Dec-2025	171,006	172,510	
61,000	bclMC Realty Corp.	3.510%	29-Jun-2022	65,019	66,766	
115,000	bclMC Realty Corp.	2.840%	3-Jun-2025	114,931	120,457	
195,000	Bell Canada	4.400%	16-Mar-2018	204,941	204,298	
100,000	Blackbird Infrastructure 407 GP	1.713%	8-Oct-2021	99,221	100,095	
100,000	BMW Canada Inc.	1.830%	15-Jun-2021	99,957	100,551	
80,000	Cameco Corp.	4.190%	24-Jun-2024	79,968	84,512	
80,000	Canadian Tire Corp., Ltd.	6.445%	24-Feb-2034	91,710	103,886	
99,000	Canadian Western Bank	3.463%	17-Dec-2024	99,853	99,395	
74,000	CARDS II Trust	2.155%	15-Oct-2020	74,000	75,969	
50,000	Chip Mortgage Trust	2.330%	29-Apr-2020	50,000	50,410	
190,000	CIBC Capital Trust, Floating Rate Note	9.976%	30-Jun-2108	245,298	227,279	
97,000	CU Inc.	4.085%	2-Sep-2044	99,014	107,533	
75,000	Daimler Canada Finance Inc.	1.780%	19-Aug-2019	74,974	75,332	
75,000	Eagle Credit Card Trust	2.849%	17-Oct-2018	75,000	77,499	
75,000	Eagle Credit Card Trust	3.469%	17-Oct-2018	75,000	76,924	
192,000	EnerCare Solutions Inc.	4.600%	3-Feb-2020	197,874	201,916	
173,000	Finning International Inc.	5.077%	13-Jun-2042	182,390	189,891	
35,000	FortisAlberta Inc.	4.850%	11-Sep-2043	44,947	42,870	
50,000	FortisBC Energy Inc.	2.580%	8-Apr-2026	49,970	51,074	
175,000	Genesis Trust II	1.675%	17-Sep-2018	175,499	176,401	
118,000	Genworth MI Canada Inc.	4.242%	1-Apr-2024	120,120	122,480	
155,000	Glacier Credit Card Trust	3.237%	20-Sep-2020	156,073	156,705	
180,000	Hollis Receivables Term Trust II	1.788%	26-Feb-2020	179,803	181,618	
70,000	Home Trust Co.	2.280%	6-Mar-2018	69,841	69,513	
50,000	Home Trust Co.	3.400%	10-Dec-2018	50,865	50,605	
34,000	Hydro Ottawa Holdings Inc.	3.991%	14-May-2043	34,000	36,789	
190,000	Intact Financial Corp.	3.770%	2-Mar-2026	189,968	203,390	

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
100,000	Laurentian Bank of Canada	2.750%	22-Apr-2021	99,787	101,526	
104,000	Leisureworld Senior Care LP	3.474%	3-Feb-2021	106,305	110,945	
66,000	Loblaw Cos., Ltd.	4.860%	12-Sep-2023	66,000	76,442	
50,000	Master Credit Card Trust II	2.200%	21-Apr-2017	50,000	50,157	
65,000	Master Credit Card Trust II	2.447%	21-Apr-2017	65,000	65,151	
56,000	Master Credit Card Trust II	3.223%	21-Nov-2018	56,000	57,610	
83,000	Master Credit Card Trust II	3.623%	21-Nov-2018	83,000	85,548	
26,000	MCAP Commercial LP	3.955%	11-Mar-2019	26,000	26,098	
140,000	OMERS Realty Corp.	2.858%	23-Feb-2024	140,000	147,839	
28,000	Pembina Pipeline Corp.	4.750%	30-Apr-2043	27,062	26,584	
115,000	Pembina Pipeline Corp.	4.810%	25-Mar-2044	115,450	110,067	
120,000	PowerStream Inc.	3.239%	21-Nov-2024	126,809	129,521	
113,000	Rogers Communications Inc.	6.680%	4-Nov-2039	136,342	151,633	
50,000	Royal Bank of Canada	3.310%	20-Jan-2026	49,980	50,664	
160,000	Shaw Communications Inc.	4.350%	31-Jan-2024	163,138	174,423	
73,000	TD Capital Trust IV, Floating Rate Note	9.523%	30-Jun-2049	96,294	86,642	
110,000	TELUS Corp.	4.850%	5-Apr-2044	109,573	116,473	
65,000	TELUS Corp.	4.400%	29-Jan-2046	64,982	64,175	
100,000	Toronto Hydro Corp.	2.520%	25-Aug-2026	99,984	101,591	
60,000	Toronto Hydro Corp.	4.080%	16-Sep-2044	59,969	66,559	
291,000	Toronto-Dominion Bank	4.859%	4-Mar-2031	297,587	318,596	
55,000	Toronto-Dominion Bank, Floating Rate Note	2.982%	30-Sep-2025	55,000	55,136	
95,000	Toyota Credit Canada Inc.	2.200%	25-Feb-2021	94,812	97,282	
100,000	TransCanada PipeLines Ltd.	4.350%	6-Jun-2046	99,767	104,406	
55,000	WTH Car Rental ULC	2.542%	20-Aug-2019	55,000	55,589	
55,000	WTH Car Rental ULC	3.323%	20-Aug-2019	55,000	55,193	
175,000	WTH Car Rental ULC	1.912%	20-Jul-2020	175,000	172,655	
				6,600,364	6,748,261	13.41
Government Bonds						
93,000	Government of Canada	0.750%	1-Sep-2020	93,686	93,753	
386,000	Government of Canada	0.750%	1-Mar-2021	386,525	389,205	
579,000	Government of Canada	1.500%	1-Jun-2026	589,888	602,875	
35,000	Government of Canada	5.750%	1-Jun-2029	52,917	53,070	
621,000	Government of Canada	3.500%	1-Dec-2045	823,444	876,076	
				1,946,460	2,014,979	4.00
				9,340,091	9,570,951	19.01
Canadian Common Stocks						
Consumer Discretionary						
5,000	Cineplex Inc.			249,579	257,900	
35,000	Corus Entertainment Inc.			332,166	466,200	
				581,745	724,100	1.44
Consumer Staples						
11,700	Alimentation Couche-Tard Inc.			538,720	649,116	
9,000	Loblaw Cos., Ltd.			603,369	621,990	
9,800	Metro Inc.			387,270	441,098	
				1,529,359	1,712,204	3.40
Energy						
28,600	Canadian Natural Resources Ltd.			791,800	1,139,996	
19,700	Crescent Point Energy Corp.			402,463	402,077	
29,009	Enbridge Inc.			1,590,187	1,587,663	
16,526	Keyera Corp.			554,081	653,108	
17,900	Parkland Fuel Corp.			403,334	402,571	
10,000	Pembina Pipeline Corp.			250,000	258,600	
35,489	Suncor Energy Inc.			1,241,774	1,271,926	
22,400	TransCanada Corp.			1,040,323	1,309,504	
37,800	Veresen Inc.			363,408	413,910	
5,000	Vermilion Energy Inc.			209,173	205,700	
				6,846,543	7,645,055	15.19

Educators Monthly Income Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Financials						
20,074	Allied Properties REIT			638,859	776,462	
15,000	Bank of Montreal			1,181,399	1,229,250	
8,000	Bank of Nova Scotia			501,776	506,480	
14,000	Brookfield Asset Management Inc.			611,851	598,360	
7,800	Canadian Apartment Properties REIT			225,169	258,648	
28,800	Element Financial Corp.			456,424	394,560	
29,300	First Capital Realty Inc.			579,715	649,288	
10,000	H&R Real Estate Investment Trust			220,000	225,100	
8,700	Intact Financial Corp.			788,479	802,923	
30,000	Mainstreet Health Investments Inc.			393,210	405,195	
63,400	Manulife Financial Corp.			1,274,290	1,120,278	
24,353	Milestone Apartments REIT			335,626	460,028	
61,000	Pure Industrial Real Estate Trust			298,344	314,150	
29,323	Royal Bank of Canada			1,969,696	2,238,517	
5,500	Sun Life Financial Inc.			241,528	233,420	
39,946	Toronto-Dominion Bank			1,854,375	2,216,204	
				<u>11,570,741</u>	<u>12,428,863</u>	<u>24.69</u>
Industrials						
9,700	Boyd Group Income Fund			454,933	720,322	
19,360	Canadian National Railway Co.			1,088,453	1,476,974	
65,224	Chorus Aviation Inc.			394,642	391,344	
				<u>1,938,028</u>	<u>2,588,640</u>	<u>5.14</u>
Information Technology						
11,200	DH Corp.			330,781	359,632	
				<u>330,781</u>	<u>359,632</u>	<u>0.71</u>
Materials						
7,000	Agnico Eagle Mines Ltd.			381,624	483,980	
3,300	Agrium Inc.			435,002	385,737	
2,000	CCL Industries Inc.			285,117	449,680	
4,800	Franco-Nevada Corp.			413,917	471,552	
13,000	Goldcorp Inc.			294,430	321,360	
				<u>1,810,090</u>	<u>2,112,309</u>	<u>4.20</u>
Telecommunication Services						
6,700	BCE Inc.			386,659	409,638	
24,500	Rogers Communications Inc.			1,125,527	1,281,350	
				<u>1,512,186</u>	<u>1,690,988</u>	<u>3.36</u>
Utilities						
7,488	Brookfield Infrastructure Partners LP			353,427	437,674	
5,000	Brookfield Renewable Partners LP			187,897	192,300	
19,200	Northland Power Inc.			370,144	426,240	
				<u>911,468</u>	<u>1,056,214</u>	<u>2.10</u>
				<u>27,030,941</u>	<u>30,318,005</u>	<u>60.23</u>
Foreign Bonds						
United States						
60,000	Metropolitan Life Global Funding I	2.682%	16-Apr-2019	60,412	61,698	
100,000	Wells Fargo & Co.	2.222%	15-Mar-2021	101,232	101,559	
196,000	Wells Fargo & Co.	2.975%	19-May-2026	196,000	198,582	
				<u>357,644</u>	<u>361,839</u>	<u>0.72</u>

Educators Monthly Income Fund

Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Foreign Common Stocks						
Bermuda						
Financials						
13,800	Brookfield Property Partners LP			409,293	400,890	
				<u>409,293</u>	<u>400,890</u>	0.80
United States						
Consumer Discretionary						
8,000	Newell Rubbermaid Inc.			383,591	504,623	
7,100	Starbucks Corp.			338,826	526,691	
3,100	TJX Cos Inc.			305,779	310,926	
3,200	Walt Disney Co.			425,932	406,525	
				<u>1,454,128</u>	<u>1,748,765</u>	3.47
Consumer Staples						
2,900	Costco Wholesale Corp.			517,533	591,449	
3,800	Mondelez International Inc.			236,601	224,595	
				<u>754,134</u>	<u>816,044</u>	1.62
Financials						
10,600	JPMorgan Chase & Co.			652,906	855,434	
4,300	Visa Inc.			304,673	414,196	
				<u>957,579</u>	<u>1,269,630</u>	2.52
Health Care						
3,300	Aetna Inc.			484,320	523,414	
5,800	Eli Lilly & Co.			636,048	593,182	
3,000	Johnson & Johnson			419,751	472,597	
13,000	Pfizer Inc.			497,357	594,455	
				<u>2,037,476</u>	<u>2,183,648</u>	4.34
Industrials						
16,000	General Electric Co.			529,470	654,130	
2,000	Lockheed Martin Corp.			463,945	644,597	
				<u>993,415</u>	<u>1,298,727</u>	2.58
Information Technology						
1,500	Apple Inc.			218,953	186,234	
12,000	Cisco Systems Inc.			425,219	447,117	
6,300	Microsoft Corp.			335,116	418,664	
				<u>979,288</u>	<u>1,052,015</u>	2.09
Utilities						
2,393	NextEra Energy Inc.			297,448	405,256	
				<u>297,448</u>	<u>405,256</u>	0.81
				<u>7,882,761</u>	<u>9,174,975</u>	18.23
Total Investments				45,365,419	50,179,752	99.69
Transaction Costs				(25,173)		
Net Investments				<u>\$ 45,340,246</u>	50,179,752	99.69
Other Assets Less Liabilities					154,706	0.31
Net Assets Attributable to Holders of Redeemable Units					<u>\$ 50,334,458</u>	100.00

Educators Dividend Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 71,703	\$ 97,364
Interest and dividends receivable	170,585	199,235
Subscriptions receivable	144,890	57,573
Due from brokers	1,365,239	-
Forward contracts (Note 10)	175,705	106,650
Investments	104,761,671	101,328,701
Total assets	\$ 106,689,793	\$ 101,789,523
Liabilities		
Current liabilities		
Due to brokers	1,041,724	-
Redemptions payable	131,489	70,605
Distributions payable	7,501	8,237
Amounts due to Manager-Trustee (Note 6)	148,557	147,484
Forward contracts (Note 10)	14,285	1,129,194
Total liabilities	1,343,556	1,355,520
Net assets attributable to holders of redeemable units	\$ 105,346,237	\$ 100,434,003
Number of redeemable units outstanding (Note 3)	4,366,194	4,330,034
Net assets attributable to holders of redeemable units per unit	\$ 24.13	\$ 23.19

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Dividend Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 89,623	\$ 41,771
Dividends	1,367,711	1,430,313
Securities lending (Note 5)	8,826	6,638
Other changes in fair value of investments:		
Net realized gain (loss)	708,850	(19,083)
Net realized gain (loss) on forward contracts	193,699	(2,289,695)
Net change in unrealized appreciation on forward contracts	1,183,964	442,747
Net change in unrealized appreciation	1,813,378	2,180,076
Total income	<u>5,366,051</u>	<u>1,792,767</u>
Expenses		
Management fees (Note 6)	807,659	825,007
Independent review committee fees	5,518	5,588
Transaction costs	18,561	11,523
Withholding taxes	31,843	39,191
Harmonised sales tax	99,302	101,357
	<u>962,883</u>	<u>982,666</u>
Less expenses waived/absorbed by Manager-Trustee (Note 6)	(38,465)	(39,291)
Total expenses	<u>924,418</u>	<u>943,375</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 4,441,633</u>	<u>\$ 849,392</u>
Weighted average units outstanding during the period	<u>4,340,076</u>	<u>4,199,836</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 1.02</u>	<u>\$ 0.20</u>

Educators Dividend Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 100,434,003	\$ 100,510,320
Increase in net assets attributable to holders of redeemable units	4,441,633	849,392
Distributions to holders of redeemable units		
From net investment income	(396,378)	(332,078)
Total distributions to holders of redeemable units	<u>(396,378)</u>	<u>(332,078)</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	6,628,392	9,220,988
Redemption of redeemable units	(6,150,314)	(5,976,872)
Reinvestments of distributions to holders of redeemable units	388,901	324,859
Net increase from redeemable unit transactions	<u>866,979</u>	<u>3,568,975</u>
Net increase in net assets attributable to holders of redeemable units	<u>4,912,234</u>	<u>4,086,289</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 105,346,237</u>	<u>\$ 104,596,609</u>

See accompanying notes to the financial statements

Educators Dividend Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

		2016		2015
Cash Flow from Operating Activities				
Increase in net assets attributable to holders of redeemable units	\$	4,441,633	\$	849,392
Adjustments for:				
Net realized (gain) loss on sale of investments		(708,850)		19,083
Net change in unrealized appreciation on forward contracts		(1,183,964)		(442,747)
Net change in unrealized appreciation in value of investments		(1,813,378)		(2,180,076)
Purchase of investments		(23,092,153)		(26,047,007)
Proceeds from disposal of investments		21,857,896		24,307,385
Decrease in interest and dividends receivable		28,650		1,417
Increase in amounts due to Manager-Trustee		1,073		6,311
Cash used by operating activities		<u>(469,093)</u>		<u>(3,486,242)</u>
Cash Flow from Financing Activities				
Proceeds from redeemable units issued		6,541,075		9,232,683
Redemption of redeemable units		(6,089,430)		(5,939,158)
Distributions paid to holders of redeemable units, net of reinvested distributions		(8,213)		(5,847)
Cash provided by financing activities		<u>443,432</u>		<u>3,287,678</u>
Decrease in cash	\$	<u>(25,661)</u>	\$	<u>(198,564)</u>
Cash, beginning of period	\$	<u>97,364</u>	\$	<u>194,597</u>
Cash (bank overdraft), end of period	\$	<u>71,703</u>	\$	<u>(3,967)</u>
Supplemental cash flow information:				
Dividends received, net of withholding taxes	\$	1,364,761	\$	1,394,173
Interest received	\$	89,380	\$	40,137

See accompanying notes to the financial statements

Educators Dividend Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
550,000	Canada Treasury Bill	0.532%	14-Jul-2016	549,319	549,319	
50,000	Canada Treasury Bill	0.550%	28-Jul-2016	49,931	49,931	
700,000	Canada Treasury Bill	0.516%	11-Aug-2016	699,034	699,034	
100,000	Canada Treasury Bill	0.542%	25-Aug-2016	99,855	99,855	
2,800,000	Canada Treasury Bill	0.506%	8-Sep-2016	2,796,724	2,796,723	
100,000	Canada Treasury Bill	0.480%	22-Sep-2016	99,890	99,890	
				<u>4,294,753</u>	<u>4,294,752</u>	<u>4.08</u>
Canadian Common Stocks						
Consumer Discretionary						
31,400	Cineplex Inc.			1,033,924	1,619,612	
32,100	Dollarama Inc.			1,429,534	2,895,420	
57,000	Gildan Activewear Inc.			1,598,181	2,156,880	
34,600	Magna International Inc.			707,793	1,569,110	
				<u>4,769,432</u>	<u>8,241,022</u>	<u>7.82</u>
Consumer Staples						
19,400	Alimentation Couche-Tard Inc.			1,041,724	1,076,312	
24,000	Metro Inc.			1,057,072	1,080,240	
28,991	Loblaw Cos., Ltd.			1,519,471	2,003,548	
				<u>3,618,267</u>	<u>4,160,100</u>	<u>3.95</u>
Energy						
64,200	ARC Resources Ltd.			1,423,997	1,419,462	
35,900	Crescent Point Energy Corp.			1,459,552	732,719	
64,100	Enbridge Inc.			1,522,975	3,508,193	
34,900	Inter Pipeline Ltd.			881,267	956,260	
39,900	Keyera Corp.			1,059,741	1,576,848	
26,700	Pembina Pipeline Corp.			825,521	1,048,242	
28,100	Peyto Exploration & Development Corp.			579,957	974,508	
23,448	Suncor Energy Inc.			847,971	840,376	
34,600	TransCanada Corp.			1,238,068	2,022,716	
25,500	Vermilion Energy Inc.			1,194,740	1,049,070	
107,500	Whitecap Resources Inc.			1,223,065	1,062,100	
				<u>12,256,854</u>	<u>15,190,494</u>	<u>14.42</u>
Financials						
47,000	Allied Properties REIT			1,606,708	1,817,960	
76,900	Bank of Nova Scotia			3,377,577	4,868,539	
17,200	Boardwalk REIT			1,041,816	990,032	
96,850	Brookfield Asset Management Inc., Class A			3,227,462	4,139,369	
35,200	Intact Financial Corp.			1,619,893	3,248,608	
110,184	Manulife Financial Corp.			2,180,515	1,946,951	
48,200	RioCan REIT			1,185,223	1,413,706	
63,800	Royal Bank of Canada			2,920,884	4,870,492	
128,600	Toronto-Dominion Bank			3,757,474	7,134,728	
				<u>20,917,552</u>	<u>30,430,385</u>	<u>28.90</u>
Industrials						
31,100	Boyd Group Income Fund			898,450	2,309,486	
1,937	Brookfield Business Partners LP			52,608	47,476	
48,400	Canadian National Railway Co.			1,832,718	3,692,436	
23,593	Waste Connections Inc.			1,139,767	2,202,171	
				<u>3,923,543</u>	<u>8,251,569</u>	<u>7.83</u>

Educators Dividend Fund

Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Materials						
12,100	Franco-Nevada Corp.			1,128,003	1,188,704	
				<u>1,128,003</u>	<u>1,188,704</u>	1.13
Information Technology						
60,800	DH Corp.			1,992,224	1,952,288	
21,744	MacDonald, Dettwiler & Associates Ltd.			1,558,010	1,832,367	
				<u>3,550,234</u>	<u>3,784,655</u>	3.59
Telecommunication Services						
41,000	Rogers Communications Inc.			2,036,120	2,144,300	
49,900	TELUS Corp.			1,311,909	2,075,840	
				<u>3,348,029</u>	<u>4,220,140</u>	4.01
Utilities						
58,600	Brookfield Infrastructure Partners LP			2,311,841	3,425,170	
41,700	Brookfield Renewable Energy Partners LP			1,278,846	1,603,782	
50,200	Fortis Inc.			1,674,537	2,192,234	
				<u>5,265,224</u>	<u>7,221,186</u>	6.85
				<u>58,777,138</u>	<u>82,688,255</u>	78.50
Foreign Common Stocks						
United States						
Consumer Discretionary						
22,000	Starbucks Corp.			762,745	1,632,000	
22,500	TJX Cos., Inc.			1,974,806	2,256,721	
8,300	Walt Disney Co.			1,058,450	1,054,423	
				<u>3,796,001</u>	<u>4,943,144</u>	4.69
Consumer Staples						
19,600	Walgreens Boots Alliance Inc.			1,709,176	2,119,600	
				<u>1,709,176</u>	<u>2,119,600</u>	2.01
Financials						
32,200	JPMorgan Chase & Co.			1,933,679	2,598,582	
34,400	Wells Fargo & Co.			1,457,206	2,114,483	
23,800	Visa Inc.			1,452,690	2,292,527	
				<u>4,843,575</u>	<u>7,005,592</u>	6.65
Information Technology						
11,900	Apple Inc.			1,832,060	1,477,455	
33,600	Microsoft Corp.			1,001,296	2,232,873	
				<u>2,833,356</u>	<u>3,710,328</u>	3.52
				<u>13,182,108</u>	<u>17,778,664</u>	16.87
Total Investments				76,253,999	104,761,671	99.45
Transaction Costs				(47,346)		
Net Investments				<u>\$ 76,206,653</u>	104,761,671	99.45
Other Assets Less Liabilities					584,566	0.55
Net Assets Attributable to Holders of Redeemable Units					<u>\$ 105,346,237</u>	100.00

Educators Growth Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ 32,161	\$ 37,657
Interest and dividends receivable	173,176	143,274
Subscriptions receivable	66,559	91,215
Forward contracts (Note 10)	73,162	7,352
Investments	<u>80,929,088</u>	<u>79,680,182</u>
Total assets	\$ <u>81,274,146</u>	\$ <u>79,959,680</u>
Liabilities		
Current liabilities		
Redemptions payable	35,822	42,568
Distributions payable	-	7,644
Amounts due to Manager-Trustee (Note 6)	127,287	130,711
Forward contracts (Note 10)	<u>20,659</u>	<u>332,101</u>
Total liabilities	<u>183,768</u>	<u>513,024</u>
Net assets attributable to holders of redeemable units	\$ <u>81,090,378</u>	\$ <u>79,446,656</u>
Number of redeemable units outstanding (Note 3)	<u>3,731,655</u>	<u>3,821,905</u>
Net assets attributable to holders of redeemable units per unit	\$ <u>21.73</u>	\$ <u>20.79</u>

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators Growth Fund

Statements of Comprehensive Income

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Income		
Interest for distribution purposes	\$ 4,997	\$ 9,386
Dividends	972,486	969,241
Securities lending (Note 5)	2,563	3,176
Other changes in fair value of investments:		
Net realized gain	503,093	1,047,473
Net realized gain (loss) on forward contracts	63,103	(17,666)
Net change in unrealized appreciation on forward contracts	377,252	3,518
Net change in unrealized appreciation	2,397,440	526,751
Total income	<u>4,320,934</u>	<u>2,541,879</u>
Expenses		
Management fees (Note 6)	685,565	735,411
Independent review committee fees	4,235	4,507
Transaction costs	22,633	17,800
Withholding taxes	8,584	9,771
Harmonised sales tax	85,738	92,042
	<u>806,755</u>	<u>859,531</u>
Less expenses waived/absorbed by Manager-Trustee (Note 6)	(19,901)	(21,348)
Total expenses	<u>786,854</u>	<u>838,183</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 3,534,080</u>	<u>\$ 1,703,696</u>
Weighted average units outstanding during the period	<u>3,768,654</u>	<u>3,802,314</u>
Increase in net assets attributable to holders of redeemable units per unit	<u>\$ 0.94</u>	<u>\$ 0.45</u>

Educators Growth Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 79,446,656	\$ 82,522,990
Increase in net assets attributable to holders of redeemable units	3,534,080	1,703,696
Distributions to holders of redeemable units		
From net investment income	-	-
Total distributions to holders of redeemable units	<u>-</u>	<u>-</u>
Redeemable unit transactions		
Proceeds from redeemable units issued	2,784,810	4,932,136
Redemption of redeemable units	(4,675,330)	(5,606,584)
Reinvestments of distributions to holders of redeemable units	162	-
Net decrease from redeemable unit transactions	<u>(1,890,358)</u>	<u>(674,448)</u>
Net increase in net assets attributable to holders of redeemable units	<u>1,643,722</u>	<u>1,029,248</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 81,090,378</u>	<u>\$ 83,552,238</u>

See accompanying notes to the financial statements

Educators Growth Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016		2015
Cash Flow from Operating Activities			
Increase in net assets attributable to holders of redeemable units	\$ 3,534,080	\$	1,703,696
Adjustments for:			
Net realized gain on sale of investments	(503,093)		(1,047,473)
Net change in unrealized appreciation in value of investments	(2,397,440)		(526,751)
Net change in unrealized appreciation on forward contracts	(377,252)		(3,518)
Purchase of investments	(18,296,061)		(20,654,992)
Proceeds from disposal of investments	19,947,688		21,202,260
(Increase) decrease in interest and dividends receivable	(29,902)		11,970
(Decrease) increase in amounts due to Manager-Trustee	(3,424)		165
Cash provided by operating activities	<u>1,874,596</u>		<u>685,357</u>
Cash Flow from Financing Activities			
Proceeds from redeemable units issued	2,809,466		4,717,707
Redemption of redeemable units	(4,682,076)		(5,465,026)
Distributions paid to holders of redeemable units, net of reinvested distributions	(7,482)		(14,724)
Cash used by financing activities	<u>(1,880,092)</u>		<u>(762,043)</u>
Decrease in cash	\$ <u>(5,496)</u>	\$	<u>(76,686)</u>
Cash, beginning of period	\$ <u>37,657</u>	\$	<u>162,573</u>
Cash, end of period	\$ <u>32,161</u>	\$	<u>85,887</u>
Supplemental cash flow information:			
Dividends received, net of withholding taxes	\$ 934,023	\$	970,080
Interest received	\$ 4,974	\$	10,747

See accompanying notes to the financial statements

Educators Growth Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
150,000	Canada Treasury Bill	0.530%	14-Jul-2016	149,821	149,821	
200,000	Canada Treasury Bill	0.482%	28-Jul-2016	199,792	199,792	
250,000	Canada Treasury Bill	0.510%	11-Aug-2016	249,659	249,659	
350,000	Canada Treasury Bill	0.506%	8-Sep-2016	349,594	349,594	
1,350,000	Canada Treasury Bill	0.480%	22-Sep-2016	1,348,362	1,348,362	
				<u>2,297,228</u>	<u>2,297,228</u>	<u>2.83</u>
Canadian Common Stocks						
Consumer Discretionary						
36,600	Cineplex Inc.			1,527,626	1,887,828	
19,500	Dollarama Inc.			572,014	1,758,900	
33,100	Gildan Activewear Inc.			919,266	1,252,504	
19,900	Restaurant Brands International Inc.			1,013,877	1,070,222	
				<u>4,032,783</u>	<u>5,969,454</u>	<u>7.36</u>
Consumer Staples						
52,400	Alimentation Couche-Tard Inc.			2,876,137	2,907,152	
				<u>2,876,137</u>	<u>2,907,152</u>	<u>3.59</u>
Energy						
85,600	Canadian Natural Resources Ltd.			2,878,255	3,412,016	
115,900	Cenovus Energy Inc.			3,232,621	2,071,133	
43,800	Pembina Pipeline Corp.			1,455,142	1,719,588	
53,000	Peyto Exploration & Development Corp.			1,219,283	1,838,040	
53,994	PrairieSky Royalty Ltd.			1,647,030	1,323,934	
23,100	Suncor Energy Inc.			807,681	827,904	
28,800	Tourmaline Oil Corp.			801,861	979,488	
28,000	TransCanada Corp.			1,470,464	1,636,880	
				<u>13,512,337</u>	<u>13,808,983</u>	<u>17.03</u>
Financials						
23,400	Bank of Montreal			1,685,736	1,917,630	
58,900	Bank of Nova Scotia			3,134,929	3,728,959	
83,450	Brookfield Asset Management Inc.			3,570,079	3,566,653	
39,400	Intact Financial Corp.			2,818,815	3,636,226	
82,700	Manulife Financial Corp.			1,714,871	1,461,309	
32,300	Onex Corp.			2,070,949	2,551,700	
23,500	Power Financial Corp.			764,350	696,775	
12,200	Royal Bank of Canada			699,411	931,348	
36,700	Sun Life Financial Inc.			1,438,221	1,557,548	
104,700	Toronto-Dominion Bank			3,861,923	5,808,756	
				<u>21,759,284</u>	<u>25,856,904</u>	<u>31.89</u>
Industrials						
1,569	Brookfield Business Partners LP			42,613	38,456	
54,800	Canadian National Railway Co.			2,798,918	4,180,692	
11,200	Canadian Pacific Railway Ltd.			2,446,914	1,862,896	
25,300	Stantec Inc.			782,862	792,649	
8,922	Waste Connections Inc.			787,348	832,779	
				<u>6,858,655</u>	<u>7,707,472</u>	<u>9.50</u>

Educators Growth Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Units or Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Information Technology						
54,000	CGI Group Inc., Class A			1,734,536	2,980,260	
4,300	Descartes Systems Com Npv			62,079	106,606	
62,800	Descartes Systems Group Inc.			999,420	1,551,788	
18,535	MacDonald, Dettwiler & Associates Ltd.			1,215,479	1,561,944	
				<u>4,011,514</u>	<u>6,200,598</u>	<u>7.65</u>
Materials						
13,300	Agrium Inc.			1,516,331	1,554,637	
45,400	Franco-Nevada Corp.			3,016,799	4,460,096	
				<u>4,533,130</u>	<u>6,014,733</u>	<u>7.42</u>
Telecommunication Services						
51,500	Rogers Communications Inc.			2,448,513	2,693,450	
				<u>2,448,513</u>	<u>2,693,450</u>	<u>3.32</u>
				<u>60,032,353</u>	<u>71,158,746</u>	<u>87.76</u>
Foreign Common Stocks						
United States						
Consumer Discretionary						
11,300	Starbucks Corp.			829,495	838,255	
				<u>829,495</u>	<u>838,255</u>	<u>1.03</u>
Consumer Staples						
5,800	Constellation Brands Inc.			1,025,858	1,245,870	
				<u>1,025,858</u>	<u>1,245,870</u>	<u>1.54</u>
Financials						
10,700	Moody's Corp.			1,313,409	1,302,204	
10,000	Visa Inc.			405,520	963,247	
				<u>1,718,929</u>	<u>2,265,451</u>	<u>2.79</u>
Health Care						
6,300	Becton Dickinson and Co.			1,174,650	1,387,555	
				<u>1,174,650</u>	<u>1,387,555</u>	<u>1.71</u>
Information Technology						
1,900	Alphabet Inc.			1,802,031	1,735,983	
				<u>1,802,031</u>	<u>1,735,983</u>	<u>2.14</u>
				<u>6,550,963</u>	<u>7,473,114</u>	<u>9.21</u>
Total Investments				68,880,544	80,929,088	99.80
Transaction Costs				(44,203)		
Net Investments				<u>\$ 68,836,341</u>	80,929,088	99.80
Other Assets Less Liabilities					161,290	0.20
Net Assets Attributable to Holders of Redeemable Units					<u>\$ 81,090,378</u>	<u>100.00</u>

Educators North American Diversified Fund

Statements of Financial Position

As at June 30, 2016 (unaudited) and December 31, 2015 (audited)

	2016	2015
Assets		
Current assets		
Cash	\$ -	\$ 145,209
Interest and dividends receivable	124,893	110,156
Subscriptions receivable	1,717	50,906
Due from brokers	1,020,019	-
Investments	94,327,851	96,049,705
Total assets	\$ 95,474,480	\$ 96,355,976
Liabilities		
Current liabilities		
Bank overdraft	142,107	-
Due to brokers	815,055	-
Redemptions payable	116,949	128,098
Amounts due to Manager-Trustee (Note 6)	146,341	155,811
Forward contracts (Note 10)	466,979	1,617,692
Total liabilities	1,687,431	1,901,601
Net assets attributable to holders of redeemable units	\$ 93,787,049	\$ 94,454,375
Number of redeemable units outstanding (Note 3)	4,929,828	5,089,059
Net assets attributable to holders of redeemable units per unit	\$ 19.02	\$ 18.56

On behalf of the Manager-Trustee: Educators Financial Group Inc.

Signed " *Chuck Hamilton* ", President & CEO

Signed " *Stuart Mulcahy* ", CFO

Educators North American Diversified Fund**Statements of Comprehensive Income***For the six months ended June 30, 2016 and 2015 (unaudited)*

	2016		2015
Income			
Interest for distribution purposes	\$ 10,570	\$	29,239
Dividends	916,800		1,076,383
Securities lending (Note 5)	14,043		3,176
Other income	16,634		-
Other changes in fair value of investments:			
Net realized gain	249,003		4,077,582
Net realized gain (loss) on forward contracts	1,353,148		(4,324,440)
Net change in unrealized (depreciation) appreciation	(499,698)		1,584,326
Net change in unrealized gain on forward contracts	1,150,713		777,745
Total income	<u>3,211,213</u>		<u>3,224,011</u>
Expenses			
Management fees (Note 6)	791,083		897,199
Independent review committee fees	4,894		5,544
Transaction costs	49,088		55,534
Withholding taxes	56,183		48,752
Harmonised sales tax	99,164		112,553
	1,000,412		1,119,582
Less expenses waived/absorbed by Manager-Trustee (Note 6)	(22,964)		(26,044)
Total expenses	<u>977,448</u>		<u>1,093,538</u>
Increase in net assets attributable to holders of redeemable units	<u>\$ 2,233,765</u>	\$	<u>2,130,473</u>
Weighted average units outstanding during the period	<u>5,013,832</u>		<u>5,289,077</u>
Increase in net assets attributable to holders of redeemable units per unit \$	<u>0.45</u>	\$	<u>0.40</u>

Educators North American Diversified Fund**Statements of Changes in Net Assets Attributable to Holders of Redeemable Units***For the six months ended June 30, 2016 and 2015 (unaudited)*

	2016		2015
Net assets attributable to holders of redeemable units, beginning of period	\$ 94,454,375	\$	101,687,683
Increase in net assets attributable to holders of redeemable units	2,233,765		2,130,473
Redeemable unit transactions			
Proceeds from redeemable units issued	2,500,777		5,168,361
Redemption of redeemable units	(5,401,868)		(6,670,875)
Reinvestments of distributions to holders of redeemable units	-		-
Net decrease from redeemable unit transactions	<u>(2,901,091)</u>		<u>(1,502,514)</u>
Net (decrease) increase in net assets attributable to holders of redeemable units	<u>(667,326)</u>		<u>627,959</u>
Net assets attributable to holders of redeemable units, end of period	<u>\$ 93,787,049</u>	\$	<u>102,315,642</u>

See accompanying notes to the financial statements

Educators North American Diversified Fund

Statements of Cash Flows

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
Cash Flow from Operating Activities		
Increase in net assets attributable to holders of redeemable units	\$ 2,233,765	\$ 2,130,473
Adjustments for:		
Net realized gain on sale of investments	(249,003)	(4,077,582)
Net change in unrealized depreciation (appreciation) in value of investments	499,698	(1,584,326)
Net change in unrealized gain on forward currency contracts	(1,150,713)	(777,745)
Purchase of investments	(40,283,622)	(43,245,637)
Proceeds from disposal of investments	41,549,817	49,105,366
(Increase) decrease in interest and dividends receivable	(14,737)	44,155
Decrease in amounts due to Manager-Trustee	(9,470)	(519)
Cash provided by operating activities	<u>2,575,735</u>	<u>1,594,185</u>
Cash Flow from Financing Activities		
Proceeds from redeemable units issued	2,549,966	5,188,343
Redemption of redeemable units	(5,413,017)	(6,740,201)
Distributions paid to holders of redeemable units, net of reinvested distributions	-	-
Cash used by financing activities	<u>(2,863,051)</u>	<u>(1,551,858)</u>
(Decrease) increase in cash	\$ (287,316)	\$ 42,327
Cash, beginning of period	\$ 145,209	\$ 71,961
(Bank overdraft) cash, end of period	\$ (142,107)	\$ 114,288
Supplemental cash flow information:		
Dividends received, net of withholding taxes	\$ 845,759	\$ 1,070,648
Interest received	\$ 10,691	\$ 30,377

See accompanying notes to the financial statements

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Short-Term Investments						
Treasury Bills						
920,000	Canada Treasury Bill	0.508%	8-Sep-2016	918,789	918,789	
690,000	Canada Treasury Bill	0.480%	22-Sep-2016	689,168	689,168	
825,000	Canada Treasury Bill	0.521%	1-Dec-2016	822,880	822,880	
				<u>2,430,837</u>	<u>2,430,837</u>	<u>2.59</u>
Canadian Common Stocks						
Consumer Discretionary						
4,100	Canadian Tire Corp Ltd.			567,467	577,075	
10,000	Cineplex Inc.			475,855	515,800	
8,506	Dollarama Inc.			437,272	767,241	
17,300	Quebecor Inc.			570,018	640,446	
13,900	Restaurant Brands International Inc.			728,605	747,542	
				<u>2,779,217</u>	<u>3,248,104</u>	<u>3.46</u>
Consumer Staples						
17,500	Alimentation Couche-Tard Inc.			572,784	970,900	
14,700	Loblaw Cos., Ltd.			912,027	1,015,917	
16,500	Metro Inc.			633,081	742,665	
				<u>2,117,892</u>	<u>2,729,482</u>	<u>2.91</u>
Energy						
76,000	Advantage Oil & Gas Ltd.			546,951	548,720	
36,071	Canadian Natural Resources Ltd.			1,147,195	1,437,790	
36,300	Crescent Point Energy Corp.			741,402	740,883	
25,211	Enbridge Inc.			1,194,084	1,379,798	
11,400	Keyera Corp.			418,869	450,528	
63,500	Raging River Exploration Inc.			594,873	652,780	
51,950	Suncor Energy Inc.			1,774,253	1,861,888	
17,000	Tourmaline Oil Corp.			529,002	578,170	
20,800	TransCanada Corp.			1,029,262	1,215,968	
13,479	Vermilion Energy Inc.			632,051	554,526	
				<u>8,607,942</u>	<u>9,421,051</u>	<u>10.05</u>
Financials						
17,300	Bank of Montreal			1,354,312	1,417,735	
22,660	Bank of Nova Scotia			1,338,679	1,434,605	
24,700	Brookfield Asset Management Inc.			1,094,741	1,055,678	
24,000	Canadian Apartment Properties REIT			686,300	795,840	
49,500	Chartwell Retirement Residences			610,291	780,615	
5,300	Chubb Ltd.			840,212	899,692	
60,547	Element Financial Corp.			913,241	829,494	
35,500	Element Financial Corp.			701,466	786,680	
10,000	Intact Financial Corp.			909,012	922,900	
46,380	Manulife Financial Corp.			893,331	819,535	
39,500	Milestone Apartments REIT			517,840	746,155	
11,700	Onex Corp.			904,610	924,300	
39,501	Royal Bank of Canada			2,430,560	3,015,505	
25,000	Sun Life Financial Inc.			1,026,782	1,061,000	
57,954	Toronto-Dominion Bank			2,054,763	3,215,288	
				<u>16,276,140</u>	<u>18,705,022</u>	<u>19.95</u>
Industrials						
34,500	Aecon Group Inc.			479,063	606,510	
14,200	Boyd Group Income Fund			705,578	1,054,492	
23,100	Canadian National Railway Co.			990,166	1,762,299	
9,500	Toromont Industries Ltd.			309,696	357,580	
3,000	Waste Connections Inc.			270,316	280,020	

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
				2,754,819	4,060,901	4.33
	Information Technology					
2,500	Broadcom Ltd.			477,705	504,545	
22,000	CGI Group Inc., Class A			821,452	1,214,180	
10,000	Open Text Corp.			662,398	763,900	
				1,961,555	2,482,625	2.65
	Materials					
25,000	Agnico Eagle Mines Ltd.			954,463	1,728,500	
3,900	Agrium Inc.			513,129	455,871	
3,100	CCL Industries Inc.			471,094	697,004	
5,700	Franco-Nevada Corp.			415,929	559,968	
117,000	Lundin Mining Corp.			505,026	510,120	
27,000	Silver Wheaton Corp.			653,915	821,070	
				3,513,556	4,772,533	5.09
	Telecommunication Services					
27,500	Rogers Communications Inc.			1,324,799	1,438,250	
9,360	TELUS Corp.			314,765	389,376	
				1,639,564	1,827,626	1.95
	Utilities					
4,000	Brookfield Infrastructure Partners LP			205,736	233,800	
13,500	Emera Inc.			637,759	656,370	
18,000	Fortis Inc.			688,427	786,060	
				1,531,922	1,676,230	1.79
				41,182,607	48,923,574	52.18
	Foreign Common Stocks					
	Ireland					
	Health Care					
2,200	Allergan PLC			560,396	660,257	
10,200	Medtronic PLC			712,834	1,149,421	
				1,273,230	1,809,678	1.93
	United States					
	Consumer Discretionary					
1,100	Amazon.com Inc.			796,172	1,022,314	
11,500	Comcast Corp.			574,392	973,617	
6,700	Lowe's Cos., Inc.			626,967	688,882	
10,300	Newell Rubbermaid Inc.			555,499	649,703	
5,000	NIKE Inc.			330,157	358,442	
10,100	Starbucks Corp.			519,631	749,236	
4,900	The Walt Disney Co.			379,677	622,491	
6,200	TJX Cos., Inc.			605,168	621,852	
				4,387,663	5,686,537	6.06
	Consumer Staples					
4,500	Constellation Brands Inc.			541,186	966,623	
5,800	Costco Wholesale Corp.			1,067,071	1,182,899	
8,200	CVS Caremark Corp.			785,415	1,019,569	
2,000	Estee Lauder Cos., Inc.			233,077	236,416	
9,500	Kroger Co.			468,410	453,903	
3,000	Mondelez International Inc.			174,602	177,312	
5,800	PepsiCo Inc.			756,973	797,990	
				4,026,734	4,834,712	5.15

Educators North American Diversified Fund Schedule of Investments

As at June 30, 2016 (unaudited)

No. of Shares or Par Value	Description	Coupon Rate	Maturity Date	Average Cost	Fair Value	% of Net Assets Attributable to Holders of Redeemable Units
Energy						
8,900	EOG Resources Inc.			873,065	964,205	
9,400	Exxon Mobil Corp.			1,032,474	1,144,358	
10,000	Halliburton Co.			513,978	588,182	
1,000	Pioneer Natural Resources Co.			197,584	196,377	
				<u>2,617,101</u>	<u>2,893,122</u>	<u>3.08</u>
Financials						
2,309	BlackRock Inc.			790,840	1,027,145	
3,800	Citigroup Inc.			253,941	209,197	
3,200	Intercontinental Exchange Inc.			986,231	1,063,730	
17,900	JPMorgan Chase & Co.			1,053,808	1,444,553	
3,400	Simon Property Group Inc.			886,692	957,740	
15,880	Visa Inc.			915,622	1,529,636	
6,195	Wells Fargo & Co.			308,328	380,791	
				<u>5,195,462</u>	<u>6,612,792</u>	<u>7.05</u>
Health Care						
6,700	Aetna Inc.			767,078	1,062,690	
4,200	Celgene Corp.			641,786	537,982	
10,600	Eli Lilly & Co.			1,097,767	1,084,091	
7,300	Johnson & Johnson			751,671	1,149,987	
16,000	Pfizer Inc.			699,274	731,636	
				<u>3,957,576</u>	<u>4,566,386</u>	<u>4.87</u>
Industrials						
2,600	3M Co.			488,918	591,314	
30,300	General Electric Co.			1,226,603	1,238,758	
7,600	Honeywell International Inc.			852,493	1,148,094	
3,900	Lockheed Martin Corp.			978,861	1,256,965	
				<u>3,546,875</u>	<u>4,235,131</u>	<u>4.52</u>
Information Technology						
16,500	Activision Blizzard Inc.			539,494	849,214	
7,100	Adobe Systems Inc.			529,761	883,258	
1,800	Alphabet Inc.			1,323,889	1,644,616	
5,000	Apple Inc.			671,195	620,779	
16,600	Cisco Systems Inc.			588,307	618,512	
5,400	Facebook Inc.			658,936	801,444	
23,000	Microsoft Corp.			1,190,489	1,528,455	
9,300	Texas Instruments Inc.			423,479	756,682	
				<u>5,925,550</u>	<u>7,702,960</u>	<u>8.21</u>
Utilities						
7,300	NextEra Energy Inc.			987,027	1,236,260	1.32
Exchange Traded Fund						
15,683	Vanguard Small-Cap ETF			1,536,494	2,356,116	2.51
				<u>33,087,852</u>	<u>41,163,762</u>	<u>43.88</u>
				<u>34,361,082</u>	<u>42,973,440</u>	<u>45.81</u>
	Total Investments			77,974,526	94,327,851	100.58
	Transaction Costs			(81,804)		
	Net Investments			<u>\$ 77,892,722</u>	94,327,851	100.58
	Other Liabilities Less Assets				(540,802)	(0.58)
	Net Assets Attributable to Holders of Redeemable Units				<u>\$ 93,787,049</u>	<u>100.00</u>

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

1. Educators Financial Group Inc. Funds

The Educators Financial Group Inc. Funds (individually "Fund" and collectively "Funds") consist of eight mutual fund trusts. The Funds are open-end trustee investment funds established under the laws of Ontario issuing units of the Funds to eligible purchasers on a continuous basis, with the objective of providing a means to invest through professionally managed pools of money.

Educators Financial Group Inc. is the manager and trustee ("Manager-Trustee") of the Funds.

Each Fund has authorized an unlimited number of Class A non-transferable, redeemable trust units ("units") which may only be issued as fully paid. The unit continuity of Class A units is shown in Note 3.

<u>Fund</u>	<u>Date of Inception</u>
Money Market Fund	June 24, 1984
Mortgage & Income Fund	June 24, 1984
Bond Fund	March 14, 2011
Balanced Fund	June 24, 1984
Monthly Income Fund	March 14, 2011
Dividend Fund	February 7, 2000
Growth Fund	June 24, 1984
North American Diversified Fund	June 24, 1984

The address of the Funds' registered office is 2225 Sheppard Avenue East, Suite 1105, Toronto, Ontario M2J 5C2.

These financial statements were authorized for issue by the Board of Directors on August 16, 2016.

2. Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") including International Accounting Standards ("IAS") 34: Interim Financial Reporting, as published by the International Accounting Standards Board ("IASB").

The financial statements are presented in Canadian dollars, the functional currency of the Funds, and are rounded to the nearest dollar unless otherwise noted.

The following summarizes the accounting policies of the Funds for the periods ended June 30, 2016 and December 31, 2015:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are required to be classified into one of the following categories: held-for-trading, fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, assets held to maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent years depends on the classification of the financial instrument.

The Funds' financial instruments consist of cash, interest and dividends receivable, subscriptions receivable, amounts due from brokers, investments, bank overdraft, redemptions payable, distributions payable, amounts due to brokers, foreign currency forward contracts, amounts due to Manager-Trustee and net assets attributable to holders of redeemable units. Investments are subsequently measured at fair value based on the policies described below. Other financial assets are categorized as loans and receivables and financial liabilities are categorized as other financial liabilities. The Funds' obligations for net assets attributable to holders of redeemable units are presented at the redemption amount. Financial instruments other than investments and foreign currency forward contracts are subsequently measured at amortized cost using the effective interest method and their carrying values approximate their fair values given their short-term nature.

Valuation of investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investments and derivative assets and liabilities are measured at fair value through profit or loss ("FVTPL"). The Funds' accounting policies for measuring the fair value of their investments and derivatives are consistent with those used in measuring its Net Asset Value ("NAV") for transactions with unitholders. Investments held include common stocks, short-term investments, bonds, debentures, mutual funds, asset-backed securities and other debt instruments. The fair value of investments is determined as follows:

- (a) Investments that are publicly traded are valued at last traded market price where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager-Trustee determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.
- (b) Investments held that are not traded in an active market are valued based on the results of using valuation techniques, using observable market inputs, to the extent available, on such basis and in such manner established by the Manager-Trustee.
- (c) Investments in underlying funds are valued at the NAV per unit as at the valuation date, as this value is the most readily and regularly available.

Investments at fair value through profit or loss

Under IFRS, the Funds measure the fair values of their investments using the guidance in IFRS 13 *Fair Value Measurement* ("IFRS 13"), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Summary of significant accounting policies (continued)

participants as a practical expedient for fair value measurements within a bid-ask spread. Investments that are publicly traded are valued at last traded market price where the last traded price falls within that day's bid-ask spread. In cases where the last traded price is not within the bid-ask spread, the Manager-Trustee determines a point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Cost of investments

The cost of investments represents the amount paid for each security and is determined on an average cost basis, excluding transaction costs.

Transaction costs

Transaction costs are expensed as incurred in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors and brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

Forward currency contracts

Forward currency contracts are recognized in the Statements of Financial Position when the Funds become a party to the contractual provisions of the instrument. The instrument is derecognized from the Statements of Financial Position when the contractual rights or obligations arising from that instrument expire or are extinguished. Forward currency contracts are recognized at fair value, which is the gain or loss, if any, that would be realized if the position in the contracts were to be settled on the valuation date. The resulting unrealized gain or loss is presented as a Forward contract asset or liability in the Statements of Financial Position and is included in Change in unrealized appreciation (depreciation) on forward currency contracts in the Statements of Comprehensive Income. Any gain or loss arising from forward currency contracts at close or delivery will be recorded as Realized gain (loss) on forward currency contracts in the Statements of Comprehensive Income. As described in Note 10, the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund use forward currency contracts to deliver currencies at specified future dates.

Investment transactions and investment income

Investment transactions are accounted for on the trade date. The dividend income is recognized on the ex-dividend date. The interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the Fund accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Realized gain (loss) on sale of investments and change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Summary of significant accounting policies (continued)

Unit valuation

The Funds' units are issued and redeemed at the NAV per unit. For the Mortgage & Income, North American Diversified, Growth, Balanced, Dividend, Bond and Monthly Income Funds, the NAV per unit is determined by dividing the NAV at the close of business of each day by the total number of units outstanding at such time. For the Money Market Fund, the month end NAV per unit is fixed at \$10 per unit by distributing net investment income monthly.

Foreign currency translation

The Funds' subscriptions and redemptions are denominated in Canadian dollars, which is also the Funds' functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that the transactions occur. Foreign currency assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to investments are presented within Realized gain (loss) on sale of investments and Change in unrealized appreciation (depreciation) in value of investments in the Statements of Comprehensive Income.

Per unit from operations

Increase (decrease) in net assets attributable to holders of redeemable units per unit on the Statements of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the daily weighted average number of units outstanding during the period.

Use of estimates and judgments

These financial statements, prepared in accordance with IFRS, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and income and expenses during the period. Actual results could differ from these estimates.

Use of estimates and judgments (continued)

In classifying and measuring financial instruments held by the Funds, the Manager-Trustee is required to make significant judgments about whether the Funds meet the definition of an investment entity, whereby the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for the financial assets under IAS 39 *Financial instruments – Recognition and Measurement* ("IAS 39"). A significant judgment in these financial statements is the determination that certain investments are held-for-trading and that the fair value option can be applied to investments which are not.

Management uses valuation techniques in measuring the fair value of investments where active market quotes are not available. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

2. Summary of significant accounting policies (continued)

Distribution to unitholders

The net investment income and net realized capital gains of each of the Funds are distributed in cash or reinvested in additional units, as follows:

<u>Fund</u>	<u>Distribution of Net Investment Income</u>	<u>Distribution of Net Realized Capital Gain</u>
Money Market Fund	Monthly	N/A
Mortgage & Income Fund	Monthly	Annually
Bond Fund	Quarterly	Annually
Balanced Fund	Semi-annually	Annually
Monthly Income Fund	Monthly	Annually
Dividend Fund	Semi-annually	Annually
Growth Fund	Semi-annually	Annually
North American Diversified Fund	Semi-annually	Annually

3. Redeemable unit continuity

Each redeemable unit represents a beneficial interest ranking equally in all distributions when and as declared payable, including the proceeds of liquidation of Fund property.

An unlimited number of the Funds' redeemable units may be issued, which are redeemable at the Unitholder's option in accordance with the terms of the Declaration of Trust of the Funds. The capital of the Funds is represented by its redeemable units. The Funds' units are managed by the Manager-Trustee in accordance with the Funds' investment objectives, strategies and restrictions as outlined in the Simplified Prospectus, while maintaining sufficient liquidity to meet redemptions.

Classification of redeemable units issued by the Fund

Under IFRS, IAS 32 *Financial Instruments – Presentation* ("IAS 32") requires that issued capital of an entity which includes a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liabilities. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore, have been classified as financial liabilities on transition to IFRS.

The following redeemable units were issued for cash, issued on reinvestment of distributions and redeemed during the period ended June 30, 2016 and year ended December 31, 2015.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

3. Redeemable unit continuity (continued)

<u>Fund</u>	<u>Period</u>	Number of units, Beginning of <u>Period</u>	Units <u>Issued</u>	Units Issued from Reinvested <u>Distributions</u>	Units <u>Redeemed</u>	Number of units, End of <u>Period</u>
Money Market Fund	2016	1,943,435	362,233	792	(681,849)	1,624,611
	2015	2,016,314	858,874	4,725	(936,478)	1,943,435
Mortgage & Income Fund	2016	17,955,859	1,072,085	168,626	(1,540,923)	17,655,647
	2015	17,939,038	2,885,507	356,118	(3,224,804)	17,955,859
Bond Fund	2016	896,328	22,980	8,743	(46,225)	881,826
	2015	881,460	137,363	16,820	(139,315)	896,328
Balanced Fund	2016	10,565,315	584,539	48	(554,876)	10,595,026
	2015	10,017,434	1,541,194	197,582	(1,190,895)	10,565,315
Monthly Income Fund	2016	5,030,870	397,298	152,577	(462,851)	5,117,894
	2015	3,968,159	1,332,252	256,758	(526,299)	5,030,870
Dividend Fund	2016	4,330,034	285,232	16,118	(265,190)	4,366,194
	2015	4,121,188	719,232	30,859	(541,245)	4,330,034
Growth Fund	2016	3,821,905	135,012	8	(225,270)	3,731,655
	2015	3,823,911	419,816	56,037	(477,859)	3,821,905
North American Diversified Fund	2016	5,089,059	138,422	-	(297,653)	4,929,828
	2015	5,316,626	492,422	-	(719,989)	5,089,059

4. Income taxes

The Funds qualify as Mutual Fund Trusts under the Income Tax Act (the "Act"). The Funds are subject to tax under the Act on all of their taxable income for the year (including net taxable capital gains) and are permitted a deduction in computing taxable income for all amounts which are paid or payable in the year to the Unitholders. It is the policy of the Funds to allocate to the Unitholders all income of the Funds for the year, which then becomes taxable for the Unitholders. Accordingly, no provision for income taxes has been made in these financial statements. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses have not been reflected in the Statements of Financial Position as deferred tax assets.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Income taxes (continued)

As at the Funds most recent taxation year end of December 31, 2015, the Funds had capital losses carried forward as follows:

	2015	2014
Money Market Fund	\$ -	\$ -
Mortgage & Income Fund	2,231,150	2,231,150
Bond Fund	43,311	45,037
Balanced Fund	-	-
Monthly Income Fund	211,924	211,924
Dividend Fund	6,963,017	4,496,326
Growth Fund	-	-
North American Diversified Fund	3,172,517	3,172,517

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statements of Comprehensive Income.

5. Securities lending

The Funds lend portfolio securities to earn additional income. Income from securities lending is included in the Statements of Comprehensive Income of the Funds.

The Funds have entered into a securities lending program with RBC Investor Services Trust (the "Custodian" and "Securities Lending Agent"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of the Fund. The Funds receive collateral of at least 102% of the value of securities on loan. Collateral consists primarily of fixed income securities.

The aggregate dollar value of the securities that were on loan and the collateral received by the Funds that remains outstanding as at June 30, 2016 are as follows:

	Market Value of Securities On Loan \$	Market Value of Collateral Received \$
Money Market Fund	2,692,420	2,746,269
Mortgage & Income Fund	15,400,159	15,708,164
Balanced Fund	24,301,878	24,801,089
Monthly Income Fund	6,902,757	7,044,481
Dividend Fund	10,420,222	10,628,631
Growth Fund	3,729,727	3,804,327
North American Diversified Fund	13,235,435	13,500,155

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

5. Securities lending (continued)

The aggregate dollar value of the securities that were on loan and the collateral received by the Funds that remains outstanding as at December 31, 2015 are as follows:

	Market Value of Securities On Loan \$	Market Value of Collateral Received \$
Money Market Fund	8,460,581	8,629,795
Mortgage & Income Fund	17,935,918	18,294,642
Balanced Fund	14,037,706	14,332,732
Monthly Income Fund	7,562,638	7,740,941
Dividend Fund	17,414,200	17,762,490
Growth Fund	8,227,654	8,392,212
North American Diversified Fund	9,589,079	9,780,869

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Funds' Securities Lending Agent is entitled to receive. The Securities Lending Agent manages the Funds' securities lending program in accordance with NI 81-102 Investment Funds and charges a fee for the service.

The securities lending charges represent 40% of the gross securities lending income.

For the period ended June 30, 2016, the securities lending income were as follows:

	Gross securities lending income \$	Securities lending charges \$	Net securities lending income \$	Withholding taxes on securities lending income \$	Net securities lending income received by the Fund \$
Money Market Fund	2,715	(1,086)	1,629	-	1,629
Mortgage & Income Fund	23,445	(9,378)	14,067	(5,136)	8,931
Balanced Fund	14,916	(5,966)	8,950	(1,818)	7,132
Monthly Income Fund	25,597	(10,239)	15,358	(99)	15,259
Dividend Fund	14,754	(5,902)	8,852	(26)	8,826
Growth Fund	4,539	(1,815)	2,724	(161)	2,563
North American Diversified Fund	25,934	(10,374)	15,560	(1,517)	14,043

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

5. Securities lending (continued)

For the period ended June 30, 2015, the securities lending income were as follows:

	Gross securities lending income	Securities lending charges	Net securities lending income	Withholding taxes on securities lending income	Net securities lending income received by the Fund
	\$	\$	\$	\$	\$
Money Market Fund	3,467	(1,387)	2,080	-	2,080
Mortgage & Income Fund	4,880	(1,952)	2,928	(924)	2,004
Balanced Fund	6,650	(2,660)	3,990	(70)	3,920
Monthly Income Fund	4,532	(1,813)	2,719	(192)	2,527
Dividend Fund	11,171	(4,469)	6,702	(64)	6,638
Growth Fund	5,647	(2,259)	3,388	(212)	3,176
North American Diversified Fund	5,791	(2,317)	3,474	(298)	3,176

6. Management fees

The Manager-Trustee is responsible for the management of the overall business and operations of the Funds. The annual management fee rate applicable to each Fund is as follows:

Fund	2016	2015
Money Market Fund	0.55%	0.55%
Mortgage & Income Fund	1.10%	1.10%
Bond Fund	1.10%	1.10%
Balanced Fund	1.75%	1.75%
Monthly Income Fund	1.15%	1.15%
Dividend Fund	1.60%	1.60%
Growth Fund	1.75%	1.75%
North American Diversified Fund	1.75%	1.75%

The Manager-Trust has elected to reduce the management fees for certain of the Funds. The management fee rates presented above relate to the contractual rates prior to any reduction. Management fees and related reductions are presented on a gross basis on the Statements of Comprehensive Income.

Expenses related to the Funds, including bookkeeping, accounting, registry and transfer agency services, services required in connection with the provision of information to investors, interest expenses, audit and legal fees, RSP fees and custodial charges are paid by the Manager-Trustee from management fees received. The Funds are responsible for paying any applicable harmonized sales taxes owing on management fees or expenses of the Funds.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

7. Related party transactions

At June 30, 2016 and December 31, 2015, the parent company of the Manager-Trustee and the Manager-Trustee hold units of the Funds with an aggregate fair market value of the following:

Funds	Parent company of Manager-Trustee		Manager-Trustee	
	2016 \$	2015 \$	2016 \$	2015 \$
Money Market Fund	2,584,615	2,522,661	-	1,492,198
Mortgage & Income Fund	3,213,064	3,972,848	-	-
Bond Fund	172,885	166,897	-	-
Balanced Fund	10,220,015	10,006,816	-	-
Monthly Income Fund	284,970	354,483	-	-
Dividend Fund	94,602	108,922	-	-
Growth Fund	65,410	77,684	-	-
North American Diversified Fund	281,676	274,805	-	-
Total	\$16,917,237	\$ 17,485,116	\$ -	\$ 1,492,198

8. Financial risk management

The Funds are exposed to various types of risks that are associated with their investment strategies, financial instruments and markets in which they invest. The most important risks include market risk (which includes other price risk, interest rate risk and currency risk), liquidity risk and credit risk. These risks and related risk management practices employed by the Funds are discussed below:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: other price risk, interest rate risk and currency risk. The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The Manager-Trustee moderates this risk through a careful selection of securities within specified limits and the Funds' market risk is managed through diversification of the investment portfolio. The Manager-Trustee also manages this risk by using four external investment managers to manage the investment portfolios. These investment managers monitor the Funds' overall market positions on a daily basis and positions are maintained within established ranges. Financial instruments held by each Fund are susceptible to market risk arising from uncertainties about future prices of the instruments.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

Market risk (continued)

At June 30, 2016 and December 31, 2015, the overall market exposures were as follows:

	Investments	
	Fair value	% of Net Assets attributable to
June 30, 2016	\$	holders of redeemable units
		%
Money Market Fund	16,276,238	100.19
Mortgage & Income Fund	200,891,971	99.71
Bond Fund	8,936,091	99.46
Balanced Fund	184,503,382	99.86
Monthly Income Fund	50,179,752	99.69
Dividend Fund	104,761,671	99.45
Growth Fund	80,929,088	99.80
North American Diversified Fund	94,327,851	100.58

	Investments	
	Fair value	% of Net Assets attributable to
December 31, 2015	\$	holders of redeemable units
		%
Money Market Fund	19,407,981	99.86
Mortgage & Income Fund	203,820,020	99.76
Bond Fund	8,910,817	100.08
Balanced Fund	180,172,225	99.67
Monthly Income Fund	49,682,480	99.60
Dividend Fund	101,328,701	100.89
Growth Fund	79,680,182	100.29
North American Diversified Fund	96,049,705	101.69

(i) Other price risk and interest rate risk

At June 30, 2016 and December 31, 2015, the Funds' market risk is affected by two main components: changes in actual equity prices for equity securities and changes in interest rates for debt securities. As at June 30, 2016 and December 31, 2015, if the following indexes had increased (decreased) by 1%, using historical correlation between the return of the Funds' investments as compared to the return of the Funds' benchmark index, with all other variables held constant, this would have approximately increased (decreased) the net assets as follows:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

	Index ⁽¹⁾	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
June 30, 2016			
Money Market Fund	FSTE TMX Canada 91-Day T-Bill Index	160,000	(160,000)
Mortgage & Income Fund	FSTE TMX Canada short-term bond index	2,015,000	(2,015,000)
Bond Fund	FSTE TMX Canada Universe Bond Index	92,000	(92,000)
Balanced Fund	S&P\TSX composite TR (35%), S&P 500 (12%), FTSE TMX Canada Universe Bond (40%) and MCSI EAFE TR (13%)	1,728,000	(1,728,000)
Monthly Income Fund	FSTE TMX Index (3%), FSTE TMX Canada Universe Bond Index (27%) and S&P\TSX Composite (70%)	470,000	(470,000)
Dividend Fund	S&P\TSX 60	705,000	(705,000)
Growth Fund	S&P\TSX composite	709,000	(709,000)
North American Diversified Fund	S&P/TSX Composite Total Return Index (55%), S&P 500 Total Return Index (40%) and MSCI US Small Cap 1750 Index (5%)	881,000	(881,000)

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

		Index ⁽¹⁾	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
December 31, 2015				
Money Market Fund	FSTE TMX Canada 91-Day T-Bill Index		191,000	(191,000)
Mortgage & Income Fund	FSTE TMX Canada short-term bond index		2,043,000	(2,043,000)
Bond Fund	FSTE TMX Canada Universe Bond Index		81,000	(81,000)
Balanced Fund	S&P\TSX composite TR (35%), S&P 500 (12%), FTSE TMX Canada Universe Bond (40%) and MCSI EAFE TR (13%)		1,623,000	(1,623,000)
Monthly Income Fund	FSTE TMX Index (3%), FSTE TMX Canada Universe Bond Index (27%) and S&P\TSX Composite (70%)		476,000	(476,000)
Dividend Fund	S&P\TSX 60		672,000	(672,000)
Growth Fund	S&P\TSX composite		701,000	(701,000)
North American Diversified Fund	S&P\TSX Composite Total Return Index (55%), S&P 500 Total Return Index (40%) and MSCI US Small Cap 1750 Index (5%)		905,000	(905,000)

The historical correlation may not be representative of the future correlation, and accordingly the impact on Net assets attributable to holders of redeemable units could be materially different.

At June 30, 2016 and December 31, 2015, should interest rates have decreased (increased) by 100 basis points, with all other variables held constant, this would have approximately increased (decreased) the Net assets attributable to holders of redeemable units as follows:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
June 30, 2016		
Money Market Fund	40,000	(40,000)
Mortgage & Income Fund	5,782,000	(5,782,000)
Bond Fund	709,000	(709,000)
Balanced Fund	4,678,000	(4,678,000)
Monthly Income Fund	757,000	(757,000)
Dividend Fund	6,000	(6,000)
Growth Fund	4,000	(4,000)
North American Diversified Fund	6,000	(6,000)

	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
December 31, 2015		
Money Market Fund	48,000	(48,000)
Mortgage & Income Fund	5,292,000	(5,292,000)
Bond Fund	604,000	(604,000)
Balanced Fund	3,967,000	(3,967,000)
Monthly Income Fund	648,000	(648,000)
Dividend Fund	9,000	(9,000)
Growth Fund	4,000	(4,000)
North American Diversified Fund	8,000	(8,000)

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

At June 30, 2016 and December 31, 2015, the exposure to debt instruments by the Funds by maturity is as follows:

June 30, 2016	Less than 1 month \$	1 - 3 months \$	3 months - 1 year \$	1 - 5 years \$	More than 5 years \$
Mortgage & Income Fund	-	699,321	2,112,884	63,717,637	43,072,962
Bond Fund	-	47,541	18,541	3,971,344	4,941,253
Balanced Fund	-	998,702	49,260	27,013,201	33,205,088
Monthly Income Fund	-	714,086	155,205	3,270,959	6,546,522

December 31, 2015	Less than 1 month \$	1 - 3 months \$	3 months - 1 year \$	1 - 5 years \$	More than 5 years \$
Mortgage & Income Fund	-	1,618,344	453,674	80,947,356	31,944,115
Bond Fund	-	15,890	1,869	4,183,297	4,671,681
Balanced Fund	1,541,222	-	-	27,890,433	29,706,273
Monthly Income Fund	-	1,029,716	42,453	2,421,616	6,274,370

For the remaining Funds, debt instruments have contractual maturities of less than one year and the balance of investments in these Funds are represented by equity instruments.

(ii) Currency risk

The Mortgage & Income Fund, Balanced Fund, Monthly Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund hold assets and liabilities that are denominated in currencies other than the Canadian Dollar - the functional currency of the Funds. They are therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates. The Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund use forward current contracts to mitigate exposure to currency risk. The tables below summarize the Funds' exposure to currency risks as at June 30, 2016 and December 31, 2015:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

	2016	2015
	\$	\$
Mortgage & Income Fund		
Investments at fair value	1,110,884	1,939,894
Other assets	12,847	25,217
Forward currency contracts	(1,103,895)	(2,014,195)
Total assets	<u>19,836</u>	<u>(49,084)</u>
Balanced Fund		
Cash	12,750	9,760
Other assets	19,591	21,940
Total assets	<u>32,341</u>	<u>31,700</u>
Monthly Income Fund		
Investments at fair value	9,179,280	12,182,373
Cash	13,856	5,055
Other assets	10,884	15,493
Total assets	<u>9,204,020</u>	<u>12,202,921</u>
Dividend Fund		
Investments at fair value	17,778,664	24,297,118
Cash	76,374	65,804
Other assets	-	9,976
Forward currency contracts	(17,922,060)	(24,170,340)
Total assets	<u>(67,022)</u>	<u>202,558</u>
Growth Fund		
Investments at fair value	7,579,719	7,696,065
Cash	29,492	14,185
Other assets	18,990	42,585
Forward currency contracts	(7,391,222)	(7,659,497)
Total assets	<u>236,979</u>	<u>93,338</u>
North American Diversified Fund		
Investments at fair value	44,377,677	45,077,596
Cash	23,176	17,021
Other assets	24,768	33,582
Forward currency contracts	(38,701,260)	(45,701,390)
Total assets	<u>5,724,361</u>	<u>(573,191)</u>

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

All exposure to currency risk relates to the United States Dollar, the currency in which all foreign assets are held. As at June 30, 2016 and December 31, 2015, had the exchange rate between the Canadian Dollar and the United States Dollar increased (decreased) by 1%, with all other variables held constant, this would have approximately increased (decreased) the net assets of the Funds as follows:

	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
June 30, 2016		
Mortgage & Income Fund	-	-
Balanced Fund	-	-
Monthly Income Fund	92,000	(92,000)
Dividend Fund	(1,000)	1,000
Growth Fund	2,000	(2,000)
North American Diversified Fund	57,000	(57,000)
	Increase in Net Assets attributable to holders of redeemable units \$	Decrease in Net Assets attributable to holders of redeemable units \$
December 31, 2015		
Mortgage & Income Fund	-	-
Balanced Fund	-	-
Monthly Income Fund	122,000	(122,000)
Dividend Fund	2,000	(2,000)
Growth Fund	1,000	(1,000)
North American Diversified Fund	(6,000)	6,000

The remaining Funds did not have significant exposure to currency risk as they are mainly invested in securities denominated in Canadian dollars.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds are exposed to daily cash redemptions of units on demand by the unitholders and other operating expenses. The ability to meet these needs is managed by retaining sufficient cash within the Funds, and by investing in securities which are highly liquid and readily convertible to cash. Therefore, the Funds' liquidity risk is considered to be minimal.

(c) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Funds. The Funds' main credit risk concentrations are investments in short-term debt securities, fixed income bonds and asset backed securities. The maximum exposure to credit risk is the fair value of the short-term investments, bonds, debentures, asset-backed securities and other debt instruments. The Funds' exposure to credit risk relating to forward currency contracts is limited to the fair value recorded at period end.

The Funds limit their exposure to credit loss by placing the cash and short-term investments with high credit quality issuers. To maximize the credit quality of the investments, the Funds' investment managers perform ongoing credit evaluations based upon factors surrounding the credit risk of the issuer, historical trends and other information.

The Funds invest in financial assets, which have an investment grade as rated primarily by *Dominion Bond Rating Service*. Ratings for securities that subject the Funds to credit risk at June 30, 2016 and December 31, 2015 are noted below:

June 30, 2016	AAA %	AA %	A %	BBB %	BB %	Not Rated %	Total %
Money Market Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
Mortgage & Income Fund							
Bonds	23.01	6.23	35.69	25.92	-	-	90.85
Asset backed	7.67	0.28	0.28	0.28	-	-	8.51
Short-term investments	0.64	-	-	-	-	-	0.64
Bond Fund							
Bonds	28.49	21.17	38.18	11.63	-	-	99.47
Short-term investments	0.53	-	-	-	-	-	0.53
Balanced Fund							
Bonds	25.28	54.42	16.63	2.04	-	-	98.37
Short-term investments	1.63	-	-	-	-	-	1.63
Monthly Income Fund							
Bonds	26.25	10.04	31.23	17.87	-	-	85.39
Asset backed	1.43	2.44	2.29	1.39	-	-	7.55
Short-term investments	7.06	-	-	-	-	-	7.06
Dividend Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
Growth Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
North American Diversified Fund							
Short-term investments	100.00	-	-	-	-	-	100.00

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

December 31, 2015	Portfolio by rating category						Total %
	AAA %	AA %	A %	BBB %	BB %	Not Rated %	
Money Market Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
Mortgage & Income Fund							
Bonds	21.91	5.91	27.93	12.70	-	21.47	89.92
Asset backed	7.19	0.27	0.27	0.26	-	0.68	8.67
Short-term investments	1.41	-	-	-	-	-	1.41
Bond Fund							
Bonds	0.20	-	-	-	-	-	0.20
Short-term investments	37.15	15.06	33.79	13.80	-	-	99.80
Balanced Fund							
Bonds	40.69	35.00	20.89	1.42	-	0.40	98.40
Short-term investments	1.60	-	-	-	-	-	1.60
Monthly Income Fund							
Bonds	32.45	8.74	20.43	19.29	-	1.06	81.97
Asset backed	0.56	2.70	2.50	1.53	-	0.20	7.49
Short-term investments	10.54	-	-	-	-	-	10.54
Dividend Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
Growth Fund							
Short-term investments	100.00	-	-	-	-	-	100.00
North American Diversified Fund							
Short-term investments	100.00	-	-	-	-	-	100.00

(d) Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographic region, asset type or sector. Individual Fund's concentration risk is mitigated by the monitoring of the Fund's investment portfolio to ensure compliance with Fund's investment guidelines. The Manager regularly monitors the Funds' positions and market events, and diversifies investment portfolios within the constraints of the investment guidelines.

The following is a summary of concentration as at June 30, 2016 and December 31, 2015:

Money Market Fund

Asset Type	As a % of Fund's Net Assets attributable to holders of redeemable units	
	2016	2015
Treasury Bills	72.09%	73.42%
Bankers' Acceptances	20.73%	19.40%
Discount Commercial Paper	7.37%	7.04%
Cash	0.29%	-0.26%
Net Other Assets	-0.48%	0.40%
	100.00%	100.00%

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

Mortgage & Income Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Asset Type	2016	2015
Canadian Mutual Funds	45.30%	43.49%
Corporate Bonds	38.46%	39.81%
Government Bonds	10.97%	10.79%
Asset-Backed Securities	4.63%	4.88%
Short-term investments	0.35%	0.79%
Net Other Assets	0.29%	0.24%
	100.00%	100.00%

Bond Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Asset Type	2016	2015
Mutual Fund	99.46%	100.08%
Net Other Liabilities	0.54%	-0.08%
	100.00%	100.00%

Balanced Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Sector	2016	2015
Canadian Mutual Funds	30.00%	31.36%
Government Bonds	18.57%	19.99%
Financials	15.29%	15.27%
Corporate Bonds	14.05%	12.21%
Consumer Discretionary	4.46%	4.28%
Energy	4.45%	4.08%
Telecommunication Services	4.21%	4.02%
Industrials	3.57%	3.39%
Consumer Staples	1.88%	2.18%
Materials	1.82%	1.45%
Information Technology	1.02%	0.92%
Short-term investments	0.54%	0.52%
Net Other Assets	0.14%	0.33%
	100.00%	100.00%

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

Monthly Income Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Sector	2016	2015
Financials	28.01%	32.78%
Energy	15.19%	10.81%
Corporate Bonds	14.13%	11.26%
Industrials	7.72%	7.20%
Consumer Staples	5.02%	5.25%
Consumer Discretionary	4.91%	6.38%
Health Care	4.34%	6.24%
Materials	4.20%	1.99%
Government Bonds	4.00%	4.78%
Telecommunication Services	3.36%	2.79%
Utilities	2.91%	2.23%
Information Technology	2.80%	4.36%
Asset-Backed Securities	1.60%	1.47%
Short-term investments	1.50%	2.06%
Net Other Assets	0.31%	0.40%
	100.00%	100.00%

Dividend Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Sector	2016	2015
Financials	35.55%	39.66%
Energy	14.42%	14.19%
Consumer Discretionary	12.51%	14.05%
Industrials	7.83%	8.63%
Information Technology	7.11%	7.81%
Utilities	6.85%	5.54%
Consumer Staples	5.96%	3.74%
Short-term investments	4.08%	5.37%
Telecommunication Services	4.01%	1.90%
Materials	1.13%	-
Net Other Assets (Liabilities)	0.55%	-0.89%
	100.00%	100.00%

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

8. Financial risk management (continued)

Growth Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Sector	2016	2015
Financials	34.68%	44.71%
Energy	17.03%	13.71%
Information Technology	9.79%	9.27%
Industrials	9.50%	8.46%
Consumer Discretionary	8.39%	6.79%
Materials	7.42%	5.56%
Consumer Staples	5.13%	4.75%
Telecommunication Services	3.32%	3.05%
Short-term investments	2.83%	2.45%
Health Care	1.71%	1.54%
Net Other Assets (Liabilities)	0.20%	-0.29%
	100.00%	100.00%

North American Diversified Fund

	As a % of Fund's Net Assets attributable to holders of redeemable units	
Sector	2016	2015
Financials	27.00%	30.10%
Energy	13.13%	9.74%
Information Technology	10.86%	10.37%
Consumer Discretionary	9.52%	10.24%
Industrials	8.85%	8.24%
Consumer Staples	8.06%	7.37%
Health Care	6.80%	8.96%
Materials	6.20%	3.57%
Utilities	3.11%	2.20%
Short-term investments	2.59%	3.55%
Exchange Traded Fund	2.51%	5.03%
Telecommunication Services	1.95%	2.32%
Net Other Liabilities	-0.58%	-1.69%
	100.00%	100.00%

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

9. Financial instruments – Disclosures

Fair value disclosure

IFRS 13 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager-Trustee has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

All fair value measurements are recurring. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

(a) Equities

The Funds' common stocks positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Funds' common stocks do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

(b) Warrants

Warrants that are not traded on an exchange have no market value readily available. When there are sufficient and reliable observable market inputs, a valuation technique is used. Warrants are classified as Level 2.

(c) Fixed income investments

Bonds are comprised primarily of government and corporate bonds, which are valued using models with inputs including interest rate curves, credit spreads and volatilities. The inputs that are significant to valuation are generally observable and therefore the Funds' bonds have been classified as Level 2. Asset backed securities are recorded in the financial statements at their estimated fair values determined by discounting the expected future cash flows at current market interest rates for loans with similar terms and credit risks.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

9. Financial instruments – Disclosures (continued)

(d) Short-term investments

Short-term investments are classified as Level 2.

(e) Forward contracts

Forward contracts are valued based primarily on the contract notional amount, the difference between the contract rate and the forward market rate for the same currency, interest rates and credit spreads. Forward contracts are classified as Level 2.

(f) Mutual funds

Investments in mutual funds are classified as Level 2.

Financial instruments by category

The carrying values of cash, interest and dividends receivable, subscriptions receivable, amounts due from brokers, bank overdraft, redemptions payable, distributions payable, amounts due to brokers, amounts due to Manager-Trustee and net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

As at June 30, 2016 and December 31, 2015 the Funds' investments, with the exception of derivative instruments, are designated as FVTPL. The Funds' derivative instruments are categorized as held for trading ("HFT").

For the period ended June 30, 2016 and year ended December 31, 2015 the Funds' net gains (losses) on investments, with the exception of derivative instruments, were all from financial instruments designated as FVTPL. The Funds' net gains (losses) that are from derivative instruments are categorized as HFT.

The following fair value hierarchy tables present information about the Funds' investments as at June 30, 2016 and December 31, 2015.

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

9. Financial instruments – Disclosures (continued)

	Financial Assets at fair value as at June 30, 2016			
	Level 1	Level 2	Level 3	Total
Money Market Fund				
Short Term Investments	-	16,276,238	-	16,276,238
Mortgage & Income Fund				
Asset Backed	-	9,324,637	-	9,324,637
Bonds	-	99,578,846	-	99,578,846
Mutual Funds	-	91,289,167	-	91,289,167
Short Term Investments	-	699,321	-	699,321
Total Investments	-	200,891,971	-	200,891,971
Derivative Liabilities - forward contracts	-	(15,336)	-	(15,336)
Bond Fund				
Mutual Funds	-	8,936,091	-	8,936,091
Balanced Fund				
Bonds	-	60,267,549	-	60,267,549
Mutual Funds	-	55,436,837	-	55,436,837
Equities	67,800,294	-	-	67,800,294
Short Term Investments	-	998,702	-	998,702
Total Investments	67,800,294	116,703,088	-	184,503,382
Monthly Income Fund				
Asset Backed	-	807,711	-	807,711
Bonds	-	9,125,079	-	9,125,079
Equities	39,492,980	-	-	39,492,980
Short Term Investments	-	753,982	-	753,982
Total Investments	39,492,980	10,686,772	-	50,179,752
Dividend Fund				
Equities	100,466,919	-	-	100,466,919
Short Term Investments	-	4,294,752	-	4,294,752
Total Investments	100,466,919	4,294,752	-	104,761,671
Derivative Assets - forward contracts	-	175,705	-	175,705
Derivative Liabilities - forward contracts	-	(14,285)	-	(14,285)
Growth Fund				
Equities	78,631,860	-	-	78,631,860
Short Term Investments	-	2,297,228	-	2,297,228
Total Investments	78,631,860	2,297,228	-	80,929,088
Derivative Assets - forward contracts	-	73,162	-	73,162
Derivative Liabilities - forward contracts	-	(20,659)	-	(20,659)
North American Diversified Fund				
Equities	91,897,014	-	-	91,897,014
Short Term Investments	-	2,430,837	-	2,430,837
Total Investments	91,897,014	2,430,837	-	94,327,851
Derivative Liabilities - forward contracts	-	(466,979)	-	(466,979)

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

9. Financial instruments – Disclosures (continued)

	Financial Assets at fair value as at December 31, 2015			
	Level 1	Level 2	Level 3	Total
Money Market Fund				
Short Term Investments	-	19,407,981	-	19,407,981
Mortgage & Income Fund				
Asset Backed	-	9,968,012	-	9,968,012
Bonds	-	103,377,133	-	103,377,133
Mutual Funds	-	88,856,531	-	88,856,531
Short Term Investments	-	1,618,344	-	1,618,344
Total Investments	-	203,820,020	-	203,820,020
Derivative Liabilities - forward contracts	-	(27,417)	-	(27,417)
Bond Fund				
Mutual Funds	-	8,910,817	-	8,910,817
Balanced Fund				
Bonds	-	58,188,960	-	58,188,960
Mutual Funds	-	56,697,818	-	56,697,818
Equities	64,336,479	-	-	64,336,479
Short Term Investments	-	948,968	-	948,968
Total Investments	64,336,479	115,835,746	-	180,172,225
Monthly Income Fund				
Asset Backed	-	731,430	-	731,430
Bonds	-	8,007,009	-	8,007,009
Equities	39,914,325	-	-	39,914,325
Short Term Investments	-	1,029,716	-	1,029,716
Total Investments	39,914,325	9,768,155	-	49,682,480
Dividend Fund				
Equities	95,934,782	-	-	95,934,782
Short Term Investments	-	5,393,919	-	5,393,919
Total Investments	95,934,782	5,393,919	-	101,328,701
Derivative Assets - forward contracts	-	106,650	-	106,650
Derivative Liabilities - forward contracts	-	(1,129,194)	-	(1,129,194)
Growth Fund				
Equities	77,732,571	-	-	77,732,571
Short Term Investments	-	1,947,611	-	1,947,611
Total Investments	77,732,571	1,947,611	-	79,680,182
Derivative Assets - forward contracts	-	7,352	-	7,352
Derivative Liabilities - forward contracts	-	(332,101)	-	(332,101)
North American Diversified Fund				
Equities	92,694,044	-	-	92,694,044
Short Term Investments	-	3,355,661	-	3,355,661
Total Investments	92,694,044	3,355,661	-	96,049,705
Derivative Liabilities - forward contracts	-	(1,617,692)	-	(1,617,692)

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

9. Financial instruments – Disclosures (continued)

There were no significant transfers from Level 1 to Level 2 during the period ended June 30, 2016 and year ended December 31, 2015.

10. Forward currency contracts

For the period ended June 30, 2016 the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund had the following forward currency contracts:

June 30, 2016

	Buy Currency		Sell Currency		Maturity Date	Forward Contract Asset (Liability)
Mortgage & Income Fund						
	1,088,425	CAD	850,000	USD	29-Jul-16	(15,336)
Dividend Fund						
	17,905,638	CAD	13,800,000	USD	03-Aug-16	(14,285)
	22,755,720	CAD	17,400,000	USD	06-Jul-16	158,830
	17,400,000	USD	22,579,980	CAD	06-Jul-16	16,875
Growth Fund						
	7,369,670	CAD	5,691,247	USD	03-Aug-16	(20,659)
	7,589,381	CAD	5,803,570	USD	06-Jul-16	52,447
	5,803,570	USD	7,516,204	CAD	06-Jul-16	20,715
North American Diversified Fund						
	38,227,440	CAD	29,800,000	USD	30-Sep-16	(466,979)

For the year ended December 31, 2015 the Mortgage & Income Fund, Dividend Fund, Growth Fund and North American Diversified Fund had the following forward currency contracts:

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

10. Forward currency contracts (continued)

December 31, 2015

	Buy Currency	Sell Currency		Maturity Date	Forward Contract Asset (Liability)	
Mortgage & Income Fund						
	1,986,660	CAD	1,450,000	USD	22-Jan-16	(27,417)
Dividend Fund						
	24,275,088	CAD	17,400,000	USD	03-Feb-16	106,650
	25,241,328	CAD	18,900,000	USD	06-Jan-16	(1,012,127)
	18,900,000	USD	26,370,698	CAD	06-Jan-16	(117,067)
Growth Fund						
	7,718,070	CAD	5,790,000	USD	06-Jan-16	(324,653)
	7,651,419	CAD	5,514,000	USD	03-Feb-16	(7,448)
	5,790,000	USD	8,035,420	CAD	06-Jan-16	7,352
North American Diversified Fund						
	44,074,485	CAD	32,900,000	USD	04-Mar-16	(1,617,692)

11. Investments with associates

The individual Funds have determined that all of the other mutual funds ('Investee Fund') in which they invest are unconsolidated associates. The table below describes the types of associates that the Fund does not consolidate but in which it can exercise significant influence.

The tables below set out interest held by the Balanced Fund in Beutel Goodman International Equity Fund (Class I). The maximum exposure to loss is the carrying amounts of the financial assets held.

These assets are financed through the issue of units to investors. The Beutel Goodman & Company Ltd. is the Portfolio Adviser of the Balanced Fund and the investee fund.

June 30, 2016

Underlying Fund	Relationship	Principal place of business	Total Net Assets of investee fund	Ownership interest	Carrying amount included in investments in Statement of Financial Position
Beutel Goodman International Equity Fund, Class I	Investment	Canada	\$120,463,963	20.68%	\$24,917,167

Educators Financial Group Inc. Funds

Notes to the Financial Statements

June 30, 2016 (Unaudited)

11. Investments with associates (continued)

December 31, 2015					
Underlying Fund	Relationship	Principal place of business	Total Net Assets of investee fund	Ownership interest	Carrying amount included in investments in Statement of Financial Position
Beutel Goodman International Equity Fund, Class I	Investment	Canada	\$135,847,255	19.75%	\$26,833,210

During the current period and prior year, the Balanced Fund did not provide financial support to Beutel Goodman International Equity Fund (Class I) and has no intention of providing financial or other support. The Balanced Fund can redeem its units in the above Investee Fund at any time, subject to liquidity of the Investee Fund.

12. Future accounting changes

IFRS 9 - *Financial Instruments*

The IASB published IFRS 9 *Financial Instruments* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 fundamentally rewrites the accounting rules for financial instruments. IFRS 9 introduces a new approach for financial asset classification, a more-forward looking expected loss model, and major new requirements on hedge accounting.

IFRS 9 divides all financial assets into two classifications – those measured at amortised cost and those measured at fair value. Classification is made at the time the financial asset is initially recognized when the entity becomes a party to the contractual provisions of the instrument. The transition guidance is complex and mainly requires retrospective application.

A new measurement category of 'fair value through other comprehensive income' is also included in IFRS 9. The Standard requires an entity to measure a financial asset at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Most of the requirements in IAS 39 for the classification and measurement of financial liabilities have been carried forward unchanged to IFRS 9. The requirements in IAS 39 related to de-recognition of financial assets and financial liabilities have been incorporated unchanged into IFRS 9.

The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018. The Manager-Trustee has yet to assess the impact of IFRS 9 on these financial statements.

EDUCATORS MONEY MARKET FUND
EDUCATORS MORTGAGE & INCOME FUND
EDUCATORS BOND FUND
EDUCATORS BALANCED FUND
EDUCATORS MONTHLY INCOME FUND
EDUCATORS DIVIDEND FUND
EDUCATORS GROWTH FUND
EDUCATORS NORTH AMERICAN DIVERSIFIED FUND

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