

2016

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2016

Offered by Educators Financial Group
Portfolio Advisor: Foresters Asset Management Inc., Toronto, Ontario

Educators Money Market Fund



This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 1.800.263.9541, by writing to us at Educators Financial Group, 2225 Sheppard Ave. East, Suite 1105, Toronto, Ontario, M2J 5C2, or by visiting our website at www.educatorsfinancialgroup.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

For the six-month period ending June 30, 2016, the Fund provided a return of 0.04%, versus the FTSE TMX Canada 91 Day Treasury Bill Index (the "Benchmark") return of 0.26%. Note that investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

The Fund's net assets decreased by 16.5% to \$16.2 million at the end of June 2016, down from \$19.4 million at the end of December 2015.

At the end of the second quarter, the Fund held 28.1% of its investments in a combination of R-1 high rated corporate paper, R-1 high rated bank-sponsored asset-backed commercial paper, and bankers' acceptances, with the balance of the portfolio invested in Government of Canada treasury bills. The term of the portfolio has remained in line with that of the benchmark, and averaged 90 days over the quarter.

In the early months of the first quarter, yields of Government of Canada treasury bills had declined as the likelihood of a rate cut by the Bank of Canada was priced in. The rate cut was anticipated, and reflected declines in oil prices and slow economic growth. However, by March 31, a string of strong data releases had made a cut far less likely, and yields increased. This left yields of treasury bills relatively flat in the early part of the second quarter, with only a 0.10% of difference between one month and one year maturities. However, in June, immediately after the unexpected results of the U.K.'s EU Referendum ("Brexit"), there was a significant flight to quality, as investors sought to be invested in high-quality, less risky instruments. Also, though liquidity remained available in the market at level yields which were lower than previously, traders were initially reluctant to provide pricing on short-term instruments, preferring to remain on the sidelines while they tried to understand the implications of the U.K. decision.

Global equity markets were volatile in the first half of 2016. The tone was set by the Federal Open Market Committee's ("FOMC") rate increase in December 2015, slowing global growth, and collapsing commodity prices in early 2016. In the second quarter, there was significant uncertainty regarding Canada's growth prospects, due to the Alberta wildfires in Fort McMurray and the lead up to the Brexit vote.

As was widely expected by market participants, at the May 25 policy meeting the Bank of Canada ("BoC") left the overnight rate unchanged at 0.50%. The accompanying policy statement was neutral, indicating that conditions are evolving largely as expected. The BoC also noted that the U.S. economy is expected to "point to a return to solid growth in 2016" following soft results in the first quarter. Financial conditions in Canada "remain accommodative", and have been enhanced by a weaker Canadian dollar. The BoC believes that the Alberta wildfires will have a transitory impact on second quarter growth, and that growth is set to accelerate in the third quarter, once activity in the oil sector has been normalized and rebuilding has begun. In his speech in Whitehorse on June 16, Governor Stephen Poloz reiterated that the economy was evolving more or less as the Bank expected in the April Monetary Policy Report and that inflation is in line with expectations. Also, despite the continued presence of risks and uncertainty in the market, he concluded that "continued patience is required, but we have the right to be optimistic." Market participants expect the BoC to remain on the sidelines, with no change in rates until mid-2017.

On June 15, the FOMC also left interest rates unchanged, noting the recent weakness in the labour market and the effects of the Brexit vote. It also left its two-rate-hike median projection for 2016 unchanged. However, the dot plot projected a more dovish profile for future years, suggesting a much slower pace of tightening than initially anticipated.

Recent Developments

Canada's April GDP growth came in at 0.1% and the BoC estimates that the Alberta wildfires will reduce second quarter growth by 1 to 1.25%. On the employment front, Canadian employment weakened in the second quarter, as hiring stalled and the labour force declined. As a result, only a net 43,600 jobs were created in the first half of 2016, while the unemployment rate fell to 6.8%. U.S. non-farm payrolls rebounded in June, which quelled fears of a broader slowdown in the U.S. economy following soft April and May prints.

Looking forward, Canadian government Treasury bill yields continue to price in a small chance of a rate cut by the BoC over the next few quarters, despite market consensus that a cut is unlikely. Given the current and continued expected low rate environment, we continue to take advantage of yield-enhancing opportunities as they arise. The Fund will continue to hold between 25-30% in a combination of commercial paper, provincial guaranteed paper, bank-sponsored asset-backed commercial paper and banker's acceptances, to complement the Fund's holdings in Government of Canada Treasury Bills.

Caution Regarding Forward-looking Statements

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

It should be stressed that the above-mentioned list of factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements, whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

Related Party Transactions

On May 14, 2016, Foresters Financial, through Foresters Life Insurance Company, acquired 100 percent of the shares of Aegon Capital Management Inc.) and was renamed Foresters Asset Management Inc. ("FAM")., FAM the Fund's Portfolio Adviser, is an indirect wholly-owned subsidiary of The Independent Order of Foresters, which is not a publicly listed company.

In the first six months of 2016 Educators Financial Group did not refer any conflict of interest matters to the Fund's Independent Review Committee (IRC) and accordingly did not rely upon any recommendation of the IRC in respect of any related party transactions.

Educators Financial Group is the Manager and Trustee of the Fund. Educators Financial Group is a wholly-owned subsidiary of the Ontario Secondary School Teachers' Federation ("OSSTF"). OSSTF may from time to time invest in units of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2016, and for each year ended December 31 for the past five years.

The Fund's Net Assets per Unit ⁽¹⁾

| | Six months ended June 30 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Net Assets, beginning of period | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | \$0.03 | \$0.08 | \$0.10 | \$0.11 | \$0.10 | \$0.11 |
| Total expenses [excluding distributions] | \$(0.03) | \$(0.06) | \$(0.06) | \$(0.06) | \$(0.06) | \$(0.06) |
| Realized gains (losses) for the period | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |
| Unrealized gains (losses) for the period | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |
| Total increase (decrease) from operations ⁽²⁾ | \$-- | \$0.02 | \$0.04 | \$0.05 | \$0.04 | \$0.05 |
| Distributions: | | | | | | |
| From net investment income (excluding dividends) | \$-- | \$0.02 | \$0.04 | \$0.05 | \$0.04 | \$0.05 |
| From dividends | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |
| From capital gains | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |
| Return of capital | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |
| Total Annual Distributions ⁽³⁾ | \$-- | \$0.02 | \$0.04 | \$0.05 | \$0.04 | \$0.05 |
| Net Assets, end of period | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 |

- ⁽¹⁾ This information is derived from the Fund's interim financial report and audited annual financial statements. For the financial year beginning after January 1, 2014, the financial highlights were derived from the Fund's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). For the financial year ended December 31, 2013, the financial highlights numbers were restated to comply with IFRS reporting. For financial years beginning before January 1, 2013, the financial highlights were derived from the Fund's financial statements prepared in accordance with Canadian GAAP. For financial years beginning after January 1, 2013, all references to "Net Assets" or "Net Assets per Unit" in these financial highlights are references to net assets attributable to holders of redeemable units determined in accordance with IFRS as presented in the financial statements of the Fund.
- ⁽²⁾ Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
- ⁽³⁾ Distributions were either paid in cash or reinvested in additional units of the Fund.

Ratios and Supplemental Data (based on Net Asset Value)

| | Six months ended June 30 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------------------------------|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value (000's) ⁽¹⁾ | \$16,246 | \$19,434 | \$20,163 | \$20,931 | \$28,417 | \$33,644 |
| Number of units outstanding ⁽¹⁾ | 1,624,611 | 1,943,435 | 2,016,314 | 2,093,122 | 2,841,737 | 3,364,393 |
| Management expense ratio ⁽²⁾ | 0.49% | 0.53% | 0.59% | 0.59% | 0.59% | 0.59% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 0.61% | 0.62% | 0.62% | 0.62% | 0.62% | 0.62% |
| Trading expense ratio ⁽⁴⁾ | N/A | N/A | N/A | N/A | N/A | N/A |
| Net Asset Value per unit | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 | \$10.00 |

- ⁽¹⁾ This information is provided as at June 30 or December 31 of the year shown.
- ⁽²⁾ Management expense ratio is based on total expenses (excluding [distributions], commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.



- (3) The management expense ratio before waivers or absorptions shows what the management expense ratio of the Fund would have been if Educators Financial Group had not charged a lesser amount for its management fee.
- (4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

Management Fees

Educators Financial Group is the Manager-Trustee, promoter and principal distributor of the Fund, and is responsible for the day-to-day management and administration of the Fund.

The Manager-Trustee monitors and evaluates the performance of the Fund, and pays for the investment management services of the portfolio adviser, as well as all administrative services required by the Fund. As compensation for these services, the Manager-Trustee is entitled to receive a fee payable monthly, calculated daily, and based on the Net Asset Value of the Fund, at a maximum annual rate of 0.55%.

The Fund is responsible for paying any applicable tax owing on its management fee.

Approximately 22.8% of the management fees were used to pay for portfolio management services, with the remainder of the fees allocated to custodial services, marketing, technology and Manager-Trustee operating expenses.

PAST PERFORMANCE

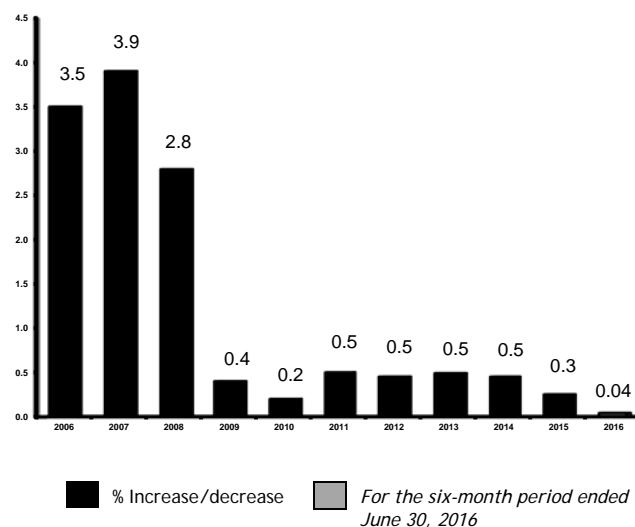
General

The Fund's performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

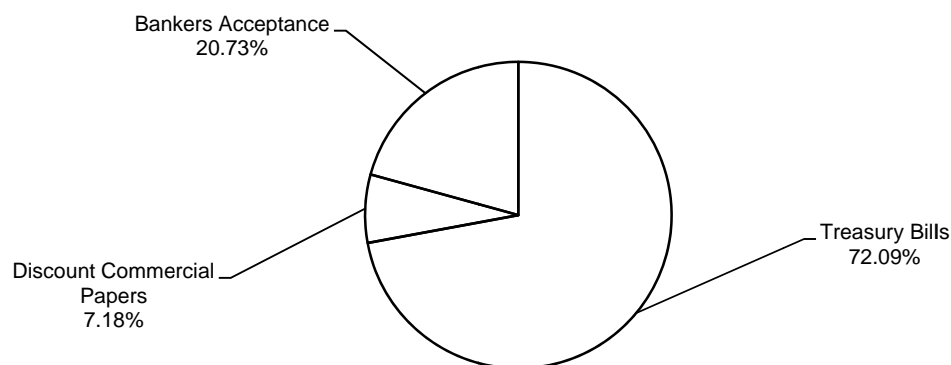
The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's performance for each of its past 10 financial years and illustrates how the Fund's performance has changed for the 6-month period ended June 30, 2016 and each 12-month period ending December 31. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.



SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)



Top Holdings

| Security Name | Coupon Rate | Maturity Date | Percentage of Net Asset Value |
|---------------------------------------|-------------|--------------------|-------------------------------|
| Canada Treasury Bill | 0.48% | September 8, 2016 | 20.88% |
| Canada Treasury Bill | 0.48% | July 14, 2016 | 11.61% |
| Canada Treasury Bill | 0.53% | December 15, 2016 | 8.99% |
| Canada Treasury Bill | 0.48% | August 11, 2016 | 7.19% |
| Canada Treasury Bill | 0.56% | October 6, 2016 | 6.14% |
| Canada Treasury Bill | 0.54% | January 12, 2017 | 5.12% |
| Canada Treasury Bill | 0.53% | December 1, 2016 | 4.73% |
| Canadian Imperial Bank of Commerce | 0.87% | October 18, 2016 | 4.30% |
| Toronto Dominion Bank | 0.85% | October 17, 2016 | 4.29% |
| Royal Bank of Canada | 0.87% | September 26, 2016 | 4.29% |
| OMERS Finance Trust | 0.81% | August 3, 2016 | 4.00% |
| Canada Treasury Bill | 0.48% | September 22, 2016 | 3.84% |
| Clarity Trust | 0.89% | July 6, 2016 | 3.18% |
| Bank of Montreal | 0.87% | October 24, 2016 | 2.94% |
| Bank of Nova Scotia | 0.80% | December 19, 2016 | 2.45% |
| Canada Treasury Bill | 0.44% | July 28, 2016 | 1.84% |
| Bank of Nova Scotia | 0.85% | November 16, 2016 | 1.84% |
| Canada Treasury Bill | 0.51% | December 29, 2016 | 1.60% |
| Bank of Montreal | 0.79% | August 19, 2016 | 0.62% |
| Canada Treasury Bill | 0.50% | November 3, 2016 | 0.15% |
| Total Net Assets (000's) | | | \$16,246 |

The summary of investment portfolio of the Fund is as at June 30, 2016 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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