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 Monthly Income Fund

Educators
FINANCIAL GROUP

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 2.32%, versus a Benchmark return of 7.99%. The Benchmark comprises 70% S&P/TSX Composite Total Return Index, 27% FTSE TMX Canada Bond Universe Index and 3% FTSE TMX Canada 91 Day Treasury Bill Index (the "Benchmark"). Note that investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in Benchmark.

The Fund's net assets increased by 0.8% to $50.3 million at the end of June 2016, up from $49.9 million at the end of December 2015.

At the end of the second quarter, the Fund was positioned with 60.4% in Canadian equities, 18.3% in U.S. equities, 19.6% in Canadian fixed income, and 1.7% in cash. In 2016, the Fund increased its target weight in fixed income securities by 2.5%, reducing the target weight in equities.

The S&P/TSX Index returned 9.84% during the first half of 2016, led by the Energy and Materials sectors. Gold companies produced nearly half of the index's gains. Higher volatility stocks led the market, with higher-risk, lower-quality equities sharply outperforming defensive names. The strong returns from the Canadian stock market reflected growing strength in the underlying commodities, as West Texas Intermediate crude oil prices rose 30%, and gold prices rose 24%. As a result of global macro-economic concerns and political uncertainty, investors sought a safe haven, consequently increasing gold company prices. In the U.S., during the first half of 2016 the S&P 500 Total Return Index returned 3.84% in U.S. dollars and -2.59% in Canadian dollars, underperforming the Canadian stock market for the first time in five years. The underperformance is due to the Canadian market's more significant weight in resource names. In terms of currency, the Canadian dollar appreciated 7%, vis-à-vis the U.S. dollar on a year-to-date basis, after hitting a low of $1.4579 USD on January 19th.

Within the equity portfolio, the Fund's allocation to large-cap U.S. stocks detracted from performance, as a result of the lower stock returns of the S&P 500 coupled with a weaker U.S. dollar. The portfolio managers reduced the Fund's weight in U.S. securities from 24.5% to 17.5% to take advantage of opportunities in the Canadian fixed income and equity markets. However, over the longer term, the portfolio managers continue to believe that these securities are an important component of the portfolio, given the breadth and depth of the U.S. market. Additionally, recent economic data indicates that the U.S. economy is resuming its momentum, which is stronger compared to Canada.

The Fund was selectively overweight in the following equity sectors relative to its benchmark: Health Care, Information Technology and Consumer Staples. The Fund continues to underweight the Materials and Financials sector. During the first half of the year, the Fund steadily increased its weight within the Energy Sector, bringing it closer to a market weight position.

The Health Care sector was a positive contributor to Fund performance due to stock selection. The Fund's holding of U.S large capitalization pharmaceutical and managed health care stocks outperformed the benchmark. We continue to view this sector positively, particularly in the U.S., with the favourable demographic conditions and a strong pipeline of drugs and strong cash flow resiliency demonstrated by the companies held in the portfolio.

Within the Financials sector, the Fund has benefitted from its growing holdings in real estate investment trusts (REITs). For the six months ending June 30, 2016, the total return for the S&P/TSX Capped REIT Index was 21.3%. The strong REIT returns reflect the defensive nature of the sector, and the attractive dividend yields within this benign interest rate environment. However, this strength was offset by weakness in the Fund's U.S. bank and Canadian insurance holdings, which faced challenging macro-economic conditions given global economic volatility and record low interest rates, which continued to weigh in on share price performance.

The Fund's relative underweight position in the Materials sector was the biggest performance detractor. The Materials sector was the strongest sector during the period, returning 52.3%. The strong performance was almost exclusively from gold stocks. The rally of Gold stocks during concern over the U.K.'s EU Referendum ("Brexit") eased monetary policy and weakness in the U.S. dollar. The best-performing securities in the Materials sector were not suitable investment choices for the Fund, given the specific income-generating focus of the mandate. Moreover, the Fund's holdings within the Materials sector, including fertilizer and packaging stocks, did not increase as significantly as the gold stocks.

Within the Energy sector, the Fund was defensively positioned, with higher exposure to integrated oil companies, pipeline and midstream stocks. This detracted from performance, as equities with greater exposure to oil and gas prices outperformed the Index. Most of these higher beta energy names do not pay a dividend and are more volatile investments, which do not meet the criteria for inclusion within an income mandate.

Canadian fixed income returns were strong during the first half of 2016, as interest rates fell. Within the fixed income portfolio, Infrastructure, a long duration sector, and Communications, a sector with current low capital spending requirements, were among the best-performing sectors and contributed positively to performance. Performance in the Energy sector was positive, but impacted the portfolio on a relative basis, as returns in the sector were primarily due to the rise in commodity prices. The portfolio continues to have no exposure to exploration and production companies, instead investing in the more stable, highly regulated, midstream and power generation issuers. Securities in these areas have limited exposure to commodity prices. On a ratings basis, "BBB" rated securities had stronger returns than higher-rated corporate securities. This rating category benefitted from the strong bid for corporate bonds, as market participants sought higher-yielding investments. The portfolio benefitted from its overweight position in this rating category. The fixed income portfolio will continue to focus on investments in corporate bonds complemented by government bonds to ensure adequate liquidity, and will maintain a neutral duration vis-à-vis its benchmark.

Recent Developments

Within the equity portfolio, the portfolio manager continues to seek out quality, income-generating stocks which will help to enhance outperformance over time, and focus on companies able to grow their dividends and cash flows above market rates. As many stocks within the Materials sector do not meet these criteria, the portfolio will continue to have an underweight position in the Materials sector for the foreseeable future.

The portfolio manager continues to favour U.S. large-cap equities for their breadth and depth. Recent data indicates that the U.S. economy is resuming its momentum, which is relatively stronger than Canada, providing a much broader exposure to high-growth and more diverse companies with international exposure. Accordingly, the Fund will maintain a U.S. overweight position, relative to its benchmark..

Within the fixed income portfolio, the portfolio managers believe that the significant exposure to non-government securities will capture returns going forward, while mitigating the risk of higher rates by adding strong correlation to the economy. The added yield that the portfolio captures, coupled with the forensic analysis of individual securities and issuers, should provide stability and downside protection in the current environment.

Across both Canadian and U.S. stock holdings, the portfolio managers continue to focus on companies that are growing their earnings and free cash-flow above their industry averages, while offering sustainable dividend yields and reasonable valuations. In addition, accommodative central banks both in North America and overseas should remain positive drivers of global growth, corporate earnings and stock valuations.

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	Year ended December 31 2015	2014	2013	2012	2011
Net Assets, beginning of period	$9.92	$10.29	$9.96	$9.85	$9.76	$10.00
Increase (decrease) from operations:						
Total revenue	$0.14	$0.30	$0.33	$0.34	$0.33	$0.33
Total expenses, including transaction costs [excluding distributions]	$(0.07)	$(0.16)	$(0.15)	$(0.14)	$(0.14)	$(0.11)
Realized gains (losses) for the period	$(0.13)	$0.41	$0.04	$(0.09)	$0.07	$(0.18)
Unrealized gains (losses) for the period	$0.29	$(0.39)	$0.67	$0.77	$0.57	$0.55
Total increase (decrease) from operations (2)	$0.23	$0.16	$0.89	$0.88	$0.83	$0.59
Distributions:						
From net investment income (excluding dividends)	$--	$--	$--	$--	$--	$0.01
From dividends	$0.30	$0.14	$0.18	$0.21	$0.18	$0.15
From capital gains	$--	$0.12	$--	$--	$--	$--
Return of capital	$--	$0.34	$0.46	$0.51	$0.54	$0.38
Total Annual Distributions (3)	$0.30	$0.60	$0.64	$0.72	$0.72	$0.54
Net Assets , end of period	$9.84	$9.92	$10.29	$9.96	$9.84	$9.76

(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	Year ended December 31 2015	2014	2013	2012	2011
Net Asset Value (000's) (1)	$50,334	$49,881	$40,835	$29,633	$18,035	$5,192
Number of units outstanding (1)	5,117,894	5,030,870	3,968,159	2,976,702	1,830,790	531,471
Management expense ratio (2)	1.31%	1.31%	1.31%	1.31%	1.32%	1.32%
Management expense ratio before waivers or absorptions	1.31%	1.31%	1.31%	1.31%	1.32%	1.32%
Trading expense ratio (3)	0.09%	0.10%	0.06%	0.13%	0.09%	0.17%
Portfolio turnover rate (4)	39.76%	77.75%	44.85%	102.91%	79.16%	60.87%
Net Asset Value per unit	$9.84	$9.92	$10.29	$9.96	$9.85	$9.77

(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 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.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rates in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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, Educators Financial Group is entitled to receive a fee, payable monthly and calculated daily, based on the Net Asset Value of the Fund, at the annual rate of 1.15%.

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

Approximately 14.9% 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

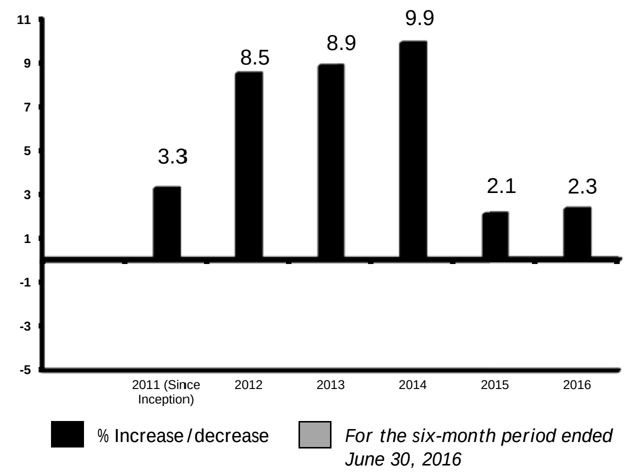
General

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

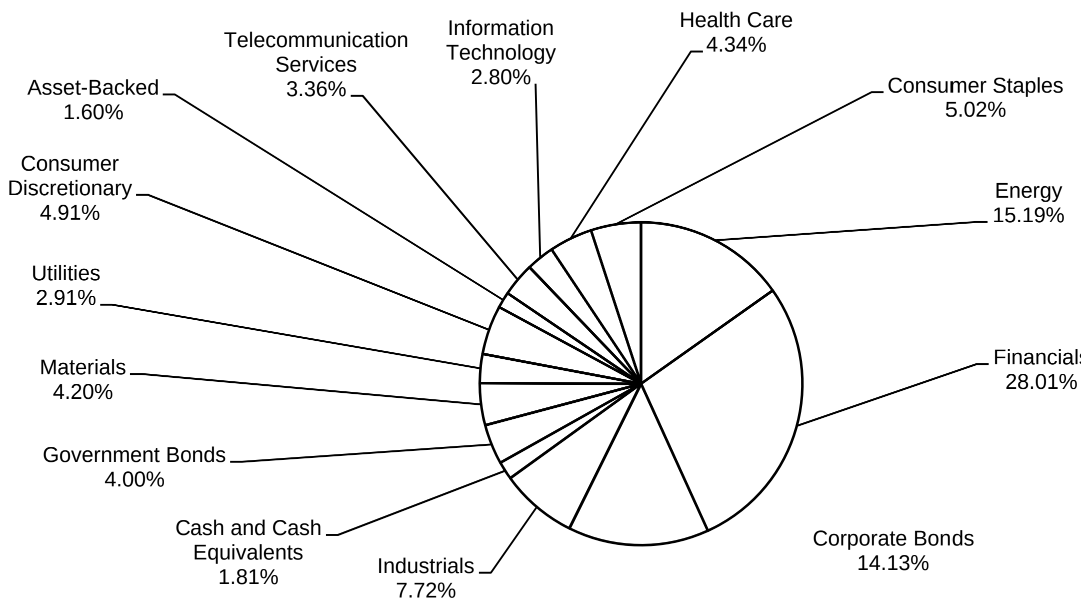
The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

The bar chart shows the Fund's performance since inception 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 25 Holdings

Security Name	Coupon Rate	Maturity Date	Percentage of Net Asset Value
Royal Bank of Canada			4.45%
Toronto-Dominion Bank			4.40%
Enbridge Inc.			3.15%
Canadian National Railway Co.			2.93%
TransCanada Corp.			2.60%
Rogers Communications Inc.			2.55%
Suncor Energy Inc.			2.53%
Bank of Montreal			2.44%
Canadian Natural Resources Ltd.			2.26%
Manulife Financial Corp.			2.23%
Government of Canada	3.50%	December 1, 2045	1.74%
JPMorgan Chase & Co.			1.70%
Intact Financial Corp.			1.60%
Allied Properties REIT			1.54%
Boyd Group Income Fund			1.43%
General Electric Co.			1.30%
Keyera Corp.			1.30%
First Capital Realty Inc.			1.29%
Alimentation Couche-Tard Inc.			1.29%
Lockheed Martin Corp.			1.28%
Loblaw Cos., Ltd.			1.24%
Government of Canada	1.50%	June 1, 2026	1.20%
Brookfield Asset Management Inc.			1.19%
Pfizer Inc.			1.18%
Eli Lilly & Co.			1.18%
Total Net Assets (000's)			**$50,334**

The top 25 holdings represent approximately 50.00% of the total net assets of the Fund.

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.

EDUCATORS FINANCIAL GROUP

2225 Sheppard Ave. East
Suite 1105
Toronto, Ontario M2J 5C2

Telephone: 416.752.6843
1.800.263.9541

Fax: 416.752.6649
1.888.662.2209

E-Mail: info@educatorsfinancialgroup.ca

Web: www.educatorsfinancialgroup.ca

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FINANCIAL GROUP