

2017

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2017

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

Educators Growth 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, 2017, the Fund provided a return of 0.09%, versus the S&P/TSX Composite Total Return Index (the "Benchmark") return of 0.74%. 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 increased by 1.3% to \$88.9 million at the end of June 2017, up from \$87.8 million at the end of December 2016.

During the period, Canadian equities, as measured by the S&P/TSX Composite Index (Index) posted a marginal gain of 0.7%, as a weak second quarter erased much of the earlier gains in 2017. The Energy sector, and to a lesser extent the Materials sector, detracted from the Index's performance, while other sectors contributed. West Texas Intermediate crude oil registered losses as a result of investor concerns about rising U.S. oil supply. While a meeting of the Organization of the Petroleum Exporting Countries (OPEC) at the end of May reassured markets that a number of large oil producers would extend their supply cuts into 2018, the rally in oil prices was short-lived. There were growing market concerns that the global supply of crude oil will outpace demand for the commodity despite those production cuts, as the U.S. rig count continues to rise. Also, Libya and Nigeria were exempt from the OPEC agreement and increased output, while Saudi Arabia may have boosted production in June. Gold equities posted small gains despite the fact that the price of gold bullion soared 8.2%. Copper and steel-related stocks, however, were relatively weak. As a result, Materials sector equities declined 0.7% over the period. The Financials sector had mixed performance, rising during the first quarter of 2017 and then giving back some of the gains as Home Capital Group's issues garnered market attention around Canadian housing and alternative lenders. Meanwhile, stocks in the Consumer Discretionary, Industrials and Utilities sectors posted low double-digit gains.

The Fund's allocation to the Industrials sector and non-bank Financials sector contributed to performance during the period. Positioning in transportation stocks was the largest contributor to the Fund's performance, with Air Canada outperforming railway stocks after the company announced the termination of its Aeroplan contract with Aimia Inc. The move has the potential to result in improved economics after Air Canada rolls out its own loyalty program in 2020. Franco-Nevada Corporation was another individual contributor, as it outperformed its gold-producing peers in a volatile gold market.

Security selection in the Energy sector detracted from performance as the Fund's overweight positioning in energy producers declined along with lower commodity prices. The largest individual detractor from performance was Cenovus Energy Inc., which continued to underperform as investors expressed displeasure with the company's increased debt after a recent acquisition in a declining commodity price environment.

The portfolio was transitioned to a more systematic investment process to improve risk/return characteristics while remaining consistent with the fund's mandate. Style exposures were moderated with a modest reduction in the overweight position in growth and an increase in the fund's underweight exposure to the value factor.

The portfolio manager added a new position in George Weston Ltd. for the high free cash flow from its Loblaw Companies Ltd. holdings following recent capital expenditures. The portfolio manager expects growth from the company's bakery business. The Fund's existing shares of Manulife Financial Corp. were increased as the company's new CEO may consider selling lower-performing divisions and redeploying those funds into more profitable businesses. Manulife Financial Corp. is also expected to benefit from economic growth.

The Fund's position in Cineplex Inc. was eliminated as a result of the stock's high valuation and the company's limited expansion prospects for its core movie theatre business. Its expansion efforts into digital media and entertainment segments come with higher risk. Holdings in Intact Financial Corp. were reduced as a result of limited acquisition prospects in the near term, and its shares' high valuation compared to the company's insurance peers.

Recent Developments

The portfolio manager expects that more moderate growth in the housing market should add stability to the Financials sector. The Fund will continue to be positioned in high-quality energy producers, with growth and free cash flow. These companies should benefit if energy prices improve in the second half of 2017 and into 2018. The portfolio manager has positioned the Fund with a balanced outlook on growth-style stocks versus value-style stocks.

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

BMO Asset Management Inc. (BMO AM), the Fund's Portfolio Adviser, is an affiliate of the BMO Financial Group. From time to time, BMO AM may on behalf of the Fund enter into transactions or arrangements with, or involving, other members of BMO Financial Group, or certain other persons or companies that are related or connected to the Portfolio Adviser of the Fund.

Buying and Selling Securities

Bank of Montreal Common Shares

Bank of Montreal (BMO) is an affiliate of the Fund's Portfolio Adviser BMO AM. The maximum amount of BMO common shares held during the period in the Fund was approximately 3.7% and at the end of the period was approximately 3.1%.

Brokerage Fees

The Fund pays standard brokerage commissions at market rates to BMO Capital Markets, an affiliate of the Portfolio Adviser. The brokerage fees charged to the Fund were as follows:

	<u>2017</u> <i>(June 30)</i>	<u>2016</u> <i>(June 30)</i>
<i>Total Brokerage Fees</i>	\$26,709	\$39,903
<i>Brokerage Fees Paid to BMO Capital Markets</i>	\$9,508	\$5,154

In the first six months of 2017 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, 2017 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		Year ended December 31			
	2017	2016	2015	2014	2013	2012
Net Assets, beginning of year	\$23.71	\$20.79	\$21.58	\$20.70	\$17.42	\$16.47
Increase (decrease) from operations:						
Total revenue	\$0.27	\$0.50	\$0.52	\$0.49	\$0.43	\$0.40
Total expenses, including transaction costs [excluding distributions]	\$(0.24)	\$(0.44)	\$(0.44)	\$(0.45)	\$(0.39)	\$(0.34)
Realized gains (losses) for the period	\$1.86	\$0.71	\$0.89	\$1.50	\$1.57	\$0.29
Unrealized gains (losses) for the period	\$(1.87)	\$2.21	\$(1.44)	\$0.15	\$1.99	\$0.56
Total increase (decrease) from operations ⁽²⁾	\$0.02	\$2.98	\$(0.47)	\$1.69	\$3.60	\$0.91
Distributions:						
From net investment income (excluding dividends)	\$--	\$--	\$--	\$--	\$--	\$--
From dividends	\$--	\$--	\$--	\$--	\$--	\$--
From capital gains	\$1.20	\$0.07	\$0.31	\$0.83	\$0.32	\$--
Return of capital	\$--	\$--	\$--	\$--	\$0.01	\$--
Total Annual Distributions ⁽³⁾	\$1.20	\$0.07	\$0.31	\$0.83	\$--	\$--
Net Assets, end of year	\$22.53	\$23.71	\$20.79	\$21.58	\$20.70	\$17.41

⁽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		Year ended December 31			
	2017	2016	2015	2014	2013	2012
Total Net Asset Value (000's) ⁽¹⁾	\$88,907	\$87,830	\$79,447	\$82,523	\$74,953	\$60,391
Number of units outstanding ⁽¹⁾	3,945,807	3,704,213	3,821,905	3,823,911	3,620,896	3,465,993
Management expense ratio ⁽²⁾	1.93%	1.93%	1.93%	1.93%	1.90%	1.90%
Management expense ratio before waivers or absorptions ⁽³⁾	1.98%	1.98%	1.98%	1.98%	1.98%	1.99%
Trading expense ratio ⁽⁴⁾	0.06%	0.05%	0.06%	0.07%	0.11%	0.15%
Portfolio turnover rate ⁽⁵⁾	45.93%	27.81%	40.63%	36.95%	54.08%	74.46%
Net Asset Value per unit	\$22.53	\$23.71	\$20.79	\$21.58	\$20.70	\$17.42

⁽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.
- (5) 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 1.75%.

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

Approximately 11.8% of the management fees were used to pay for portfolio management services, with the remainder of the fees being allocated to custodial services, marketing, technology and Manager-Trustee operating expenses.

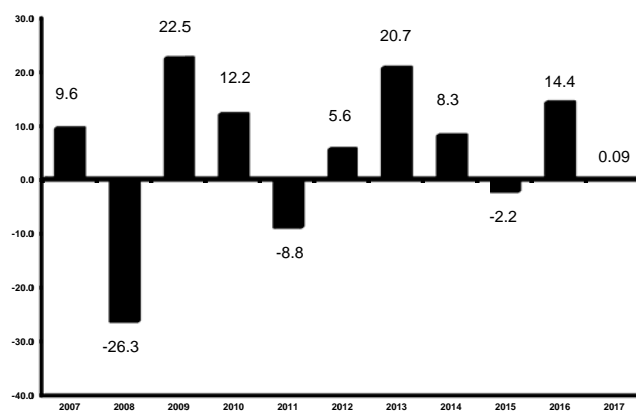
PAST PERFORMANCE

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.

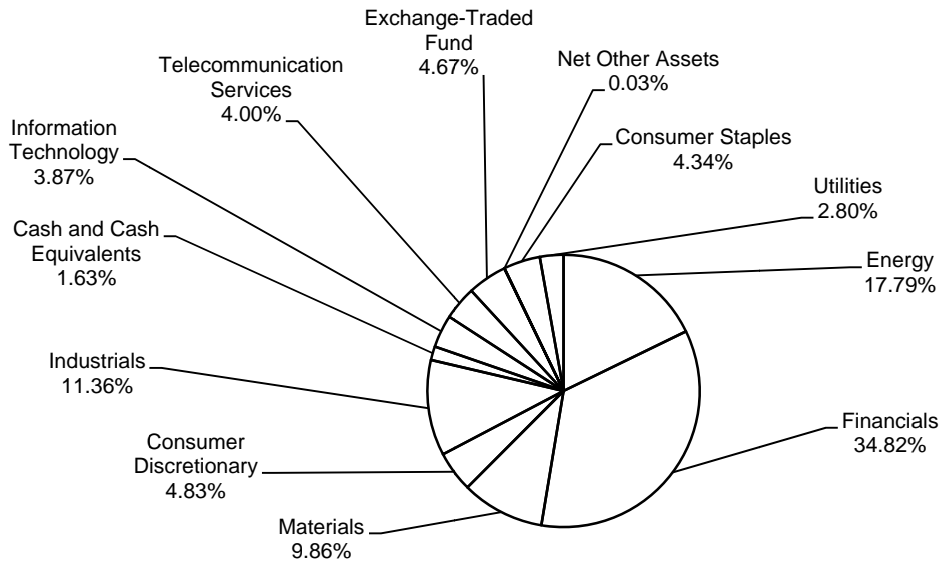
Year-by-Year Returns

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, 2017 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.



■ % Increase/decrease ■ For the six-month period ended June 30, 2017

SUMMARY OF INVESTMENT PORTFOLIO (Based on Net Asset Value)



Top 25 Holdings

Security Name	Percentage of Net Asset Value
Toronto-Dominion Bank	8.26%
Canadian National Railway Co.	5.70%
Manulife Financial Corp.	5.33%
Bank of Nova Scotia	5.17%
Royal Bank of Canada	4.41%
Canadian Natural Resources Ltd.	4.17%
Franco-Nevada Corp.	3.79%
TransCanada Corp.	3.23%
Bank of Montreal	3.11%
Enbridge Inc.	3.07%
Onex Corp.	3.05%
CGI Group Inc.	3.00%
BMO S&P 500 Index ETF	2.95%
Agrium Inc.	2.45%
Rogers Communications Inc.	2.43%
Cenovus Energy Inc.	2.35%
Suncor Energy Inc.	2.34%
Waste Connections Inc.	2.13%
Brookfield Asset Management Inc.	2.00%
George Weston Ltd.	1.98%
Dollarama Inc.	1.88%
Intact Financial Corp.	1.76%
BMO Junior Oil Index ETF	1.72%
Restaurant Brands International Inc.	1.65%
BCE Inc.	1.57%
Total Net Assets (000's)	\$88,907

The top 25 holdings represent approximately 79.50% of the total net assets of the Fund.

The summary of investment portfolio of the Fund is as at June 30, 2017 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly.

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