

2019

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

For the period ended June 30, 2019

Offered by Educators Financial Group
Portfolio Manager: HSBC Global Asset Management (Canada) Limited, Toronto, Ontario

Educators Monitored Aggressive Portfolio



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

The Fund's net assets increased by 27.3% to \$1.4 million at the end of June 2019, up from \$1.1 million at the end of December 2018.

Investment Performance

For the period ending June 30, 2019 (the 'period'), the Educators Monitored Aggressive Portfolio – Class A Series provided a return of 9.44%, versus a Benchmark return of 12.19%. The benchmark is a weighted composite consisting of 28.5% MSCI EAFE Index C\$ (net of withholding taxes), 34.0% S&P 500 Index C\$ (net of withholding taxes), 27.5% S&P/TSX Composite Index, and 10.0% FTSE TMX Canada Universe Bond Index (the 'Benchmark'). Investors cannot invest in the Benchmark without incurring fees, expenses and commissions which are not reflected in index returns.

Following the downturn at the end of last year, equity markets turned sharply positive in the first half of 2019. The catalyst of this reversal was clearly the change in messaging from the U.S. central bank from a tightening bias to an easing bias. The buoyant market sentiment was challenged in the second quarter by escalating U.S./China trade tensions, yet markets managed to push higher. Reasonable valuations and corporate fundamentals also proved supportive for corporate assets (equity and debt) while Government bond prices also rose (yields fell) in anticipation of lower central bank rates.

From a Canadian perspective, global equities – as measured by the MSCI World Index CAD, net of expenses – returned 11.9%, while the domestic stock market rose 16.2%. The domestic bond market gained 6.5%.

The Fund generated a solid positive result during the period but fell short of its benchmark. The main detraction was due to stock selection within some of the underlying equity funds, although asset mix decisions also had a modestly negative impact. The main stock selection weaknesses were within U.S. equities, international equities, and emerging market equities – which were only partially offset by slightly positive impacts from security selection within fixed income.

Meanwhile, although the Fund held an overweight exposure to equities in the quarter, market movements in the first several weeks of the year had pushed the Canadian and U.S. equity portfolio allocation to an underweight position. This reduced international equities to neutral weight, which caused a slight headwind.

Recent Developments

During the latter half of the reporting period, we reduced allocation to emerging market debt. This capital was deployed into emerging market equities, which had declined during May amid trade uncertainty. Within equities, we also trimmed U.S. equity for international equity at the end of June.

The global economy is moving away from the cyclical slowdown experienced at the end of 2018, led by improving momentum in both the U.S. and China. While ongoing trade tensions are a headwind for both market sentiment and overall growth, we continue to see a low risk of recession in North America for 2019 and 2020. Central banks in both the U.S. and Canada have strongly indicated that they stand prepared to provide accommodation, if necessary. Market expectations for the next twelve months have moved sharply in response, pricing in three to four rate cuts in the U.S. and at least one rate cut in Canada. Given our more sanguine view of the economy, we foresee one to two rate cuts in the U.S. and likely stable policy rates in Canada over this time frame.

We expect that Canadian economic activity will improve as the year progresses. Equity markets continue to enjoy positive earnings combined with relatively attractive valuations (compared to bonds). In Canada, gains in earnings are moderating after a few very strong years. However, following a 14% rise in 2018, we still foresee mid-single digit gains in both 2019 and 2020. The Fund remains overweight in equities. In fixed income, the strong rally in Government bonds over the last three quarters has left that sector extraordinarily expensive, as evidenced by the yield on the Government of Canada 10-year bond, which fell from 2.4% on September 30, 2018 to 1.50% on June 30, 2019. We continue to find better opportunities in corporate and shorter-term securities.

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 general economic, political and relevant market factors, such as interest rates,

foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

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

Pursuant to the Fund's investment strategies included in the Fund's Simplified Prospectus, the Fund may invest in other mutual funds and for the period has invested in HSBC International Equity Pooled Fund; HSBC Emerging Markets Pooled Fund; HSBC Emerging Markets Debt Fund, Institutional Series; HSBC Global High Yield Bond Pooled Fund; and HSBC Small Cap Growth Fund, Institutional Series which are funds managed by the Fund's Portfolio Manager.

In the first six months of 2019 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 and since inception.

Educators Monitored Aggressive Portfolio – Class A Series – Net Assets per Unit ⁽¹⁾

	Six months ended June 30	Year ended December 31
	2019	2018
Net Assets, beginning of period	\$9.05	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.10	\$0.23
Total expenses, including transaction costs [excluding distributions]	(\$0.10)	(\$0.19)
Realized gains (losses) for the period	(\$0.04)	\$0.39
Unrealized gains (losses) for the period	\$0.87	(\$1.46)
Total increase (decrease) from operations ⁽²⁾	\$0.83	(\$1.03)
Distributions:		
From net investment income (excluding dividends)	\$--	\$0.01
From dividends	\$0.01	\$--
From capital gains	\$--	\$0.27
Return of capital	\$--	\$--
Total Annual Distributions ⁽³⁾	\$0.01	\$0.28
Net Assets, end of period	\$9.90	\$9.05

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31
	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$1,166	\$876
Number of units outstanding ⁽⁴⁾	117,799	96,718
Management expense ratio ⁽⁵⁾	1.99%	1.99%
Management expense ratio before waivers or absorptions ⁽⁶⁾	1.99%	1.99%
Trading expense ratio ⁽⁷⁾	--%	--%
Portfolio turnover rate ⁽⁸⁾	25.32%	3.78%
Net Asset Value per unit	\$9.90	\$9.05

Educators Monitored Aggressive Portfolio – Class I Series – Net Assets per Unit⁽¹⁾

	Six months ended June 30	Year ended December 31
	2019	2018
Net Assets, beginning of period	\$9.10	\$10.00
Increase (decrease) from operations:		
Total revenue	\$0.10	\$0.17
Total expenses, including transaction costs [excluding distributions]	\$--	\$0.00
Realized gains (losses) for the period	(\$0.04)	\$0.30
Unrealized gains (losses) for the period	\$1.00	(\$1.10)
Total increase (decrease) from operations⁽²⁾	\$1.06	(\$0.63)
Distributions:		
From net investment income (excluding dividends)	\$--	\$0.10
From dividends	\$0.09	\$--
From capital gains	\$--	\$0.30
Return of capital	\$--	\$--
Total Annual Distributions⁽³⁾	\$0.09	\$0.40
Net Assets, end of period	\$9.96	\$9.10

Ratios and Supplemental Data (based on Net Asset Value)

	Six months ended June 30	Year ended December 31
	2019	2018
Total Net Asset Value (000's) ⁽⁴⁾	\$216	\$263
Number of units outstanding ⁽⁴⁾	21,656	28,861
Management expense ratio ⁽⁵⁾	0.01%	0.01%
Management expense ratio before waivers or absorptions ⁽⁶⁾	0.01%	0.01%
Trading expense ratio ⁽⁷⁾	--	--
Portfolio turnover rate ⁽⁸⁾	25.32%	3.78%
Net Asset Value per unit	\$9.96	\$9.10

(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 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.

(4) This information is provided as at June 30 or December 31 of the year shown.

(5) 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.

(6) 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.

(7) 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.

(8) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover 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 manager, 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% for the Class A Series. The Class I Series is identical in all aspects to the Class A Series, except that there is no management fee payable by the Fund in respect of the Class I units.

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

Approximately 18.5% of the total management fees collected from all series 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 period(s) shown were reinvested in additional units of the Fund.

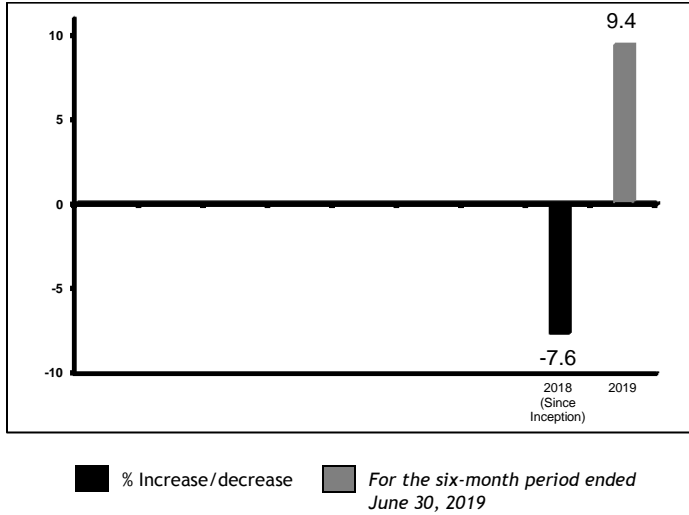
The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. The performance of different fund series may vary for a number of reasons, including differences in management fees and expenses. Please remember that how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-by-Year Returns

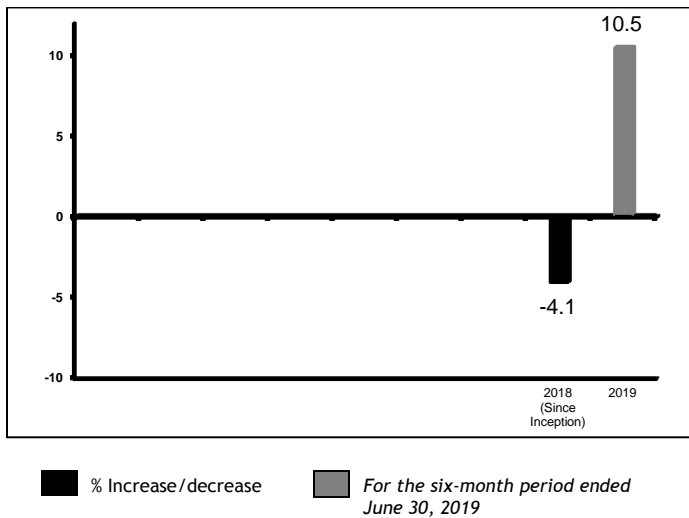
The bar chart shows the Fund's performance since inception and illustrates how the Fund's performance has changed for the 6-month period ended June 30, 2019 and for each 12-month period ending December 31. The chart shows, in percentage terms, how much an

investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

Annual Returns – Class A Series ⁽¹⁾



Annual Returns – Class I Series ⁽¹⁾



⁽¹⁾ The Class A and Class I Series commenced operation January 4, 2018

**SUMMARY OF INVESTMENT PORTFOLIO
(Based on Net Asset Value)**

As at June 30, 2019

Sector Mix	Percentage of Net Asset Value
Canadian Mutual Funds	98.42%
Net Other Assets	0.91%
Cash and Cash Equivalents	0.67%

Top Holdings

Security Name	Percentage of Net Asset Value
Educators U.S. Equity Fund, Class I	33.63%
Educators Growth Fund, Class I	24.64%
HSBC International Equity Pooled Fund	21.57%
HSBC Emerging Markets Pooled Fund	6.57%
HSBC Emerging Markets Debt Fund, Institutional Series	5.04%
HSBC Global High Yield Bond Pooled Fund	3.94%
HSBC Small Cap Growth Fund, Institutional Series	3.02%

Total Net Assets (000's)

\$1,382

The summary of investment portfolio of the Fund is as at June 30, 2019 and may change due to the Fund's ongoing portfolio transactions. Updates are available quarterly. Information about the holdings of the HSBC Funds owned by the Fund is contained in their simplified prospectus, annual information form and fund facts documents available on SEDAR at www.sedar.com.

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